



Consolidated Financial Statements and Financial Statements as at 31 December 2022

**TRANSLATION FROM THE ORIGINAL ITALIAN TEXT
ONLY FOR THE CONVENIENCE OF INTERNATIONAL READERS**

MARZOTTO S.p.A.

Company with sole partner

Registered and Administrative office in Largo S. Margherita 1, 36078 Valdagno (VI)

Subject to Trenora S.r.l. management and coordination activities

Tax ID, V.A.T. registration number 00166580241 - REA Vicenza nr. 801 - PEC: Marzotto@legalmail.it



Consolidated Financial Statements as at 31 December 2022

MARZOTTO GROUP

Parent company: MARZOTTO S.p.A.
Company with sole partner

Registered and Administrative office in Largo S. Margherita 1, 36078 Valdagno (VI)
Subject to Trenora S.r.l. management and coordination activities
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GROUP

Marzotto group

- Report on operations
- Consolidated financial statements

Report on operations

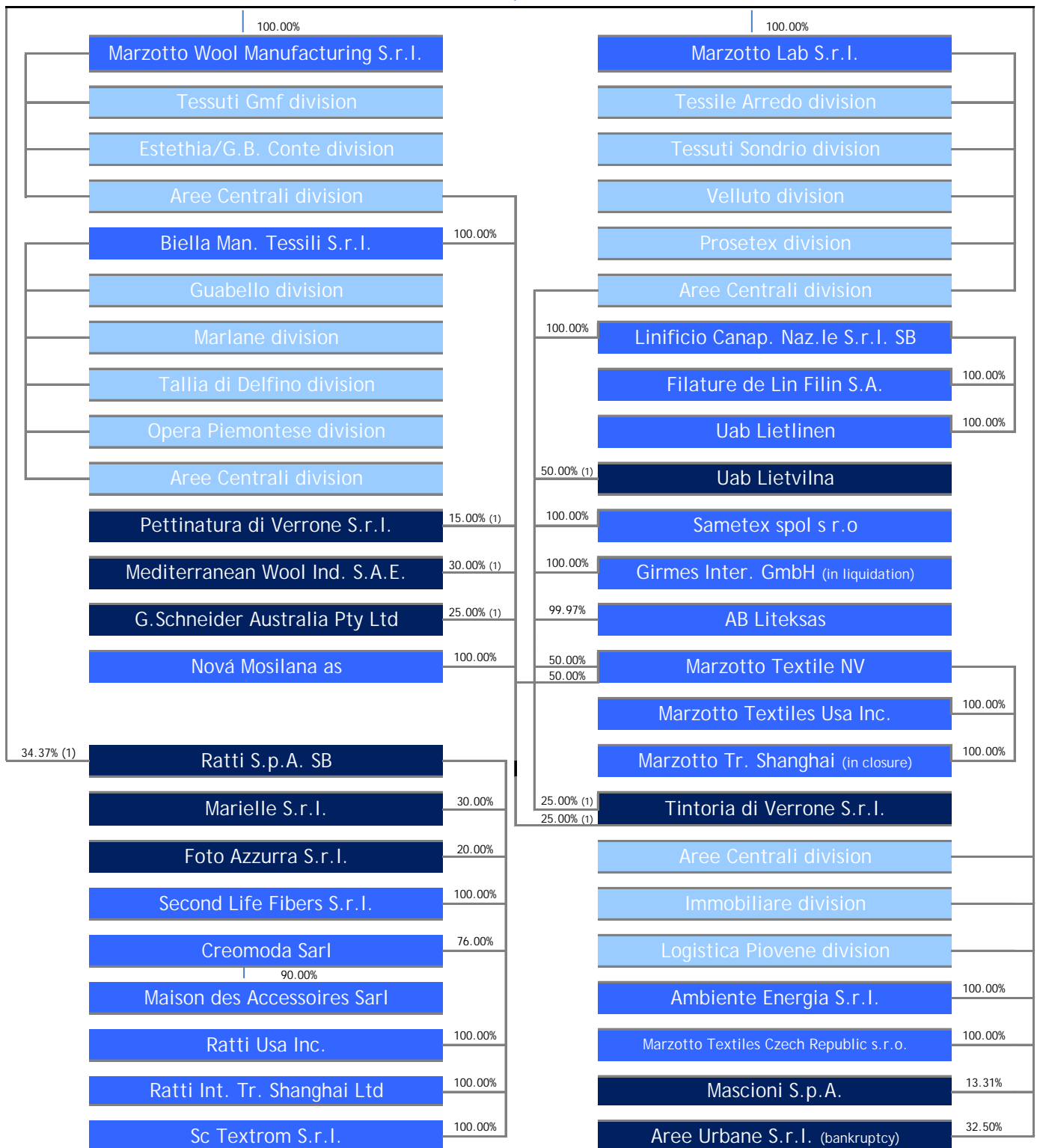


Parent Company: Marzotto S.p.A.
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[Group structure dated 31 december 2022]

Marzotto
S.p.A.



[1] Consolidated using the equity method

Subsidiaries companies
Affiliated companies

[Management Report]

Introduction

Dear Shareholders,

The consolidated financial statements for the Marzotto Group closed 2022 with net revenues of 369.5 million euros and a net profit of 17.0 million euros.

Basis of preparation of the financial statements

The consolidated financial statements provided below have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Commission, as subsequently amended and supplemented.

Please see to the notes to the financial statements for comments on the figures in the financial statements. Below, please find information and comparisons regarding the Group's position and outlook and the information required by current regulations.

[Management Report]

Group activities

The Marzotto Group operates in the following sectors:

- ❖ Wool Fabrics;
- ❖ Sundry Textiles;
- ❖ Other Operations.

The Wool Fabrics sector (where the Marzotto Wool Manufacturing group operates) includes the manufacturing and distribution of wool fabrics, mainly under the following brands:

- **Marzotto**: a leading collection by sales volume worldwide, characterised by its strong product research, aimed at the world of fashion, brands in both the men's wear and women's wear sectors, and international markets. The collection is divided into several themes and labels ranging from formal wear to sportswear, outerwear and pure wool performance fabrics that are also used in the shirts segment.
- **Guabello**: a prestigious traditional Italian textile label, with strong regional roots that recognises the people behind its development and success. The collection includes a new K-easy product line inspired by knitwear but reinterpreted in a more modern way and easier to use in the packaging phases. The collections are made using select Merino wools and exclusive quality fibres, combining tradition, fashion and research. The Guabello collection is also divided into multiple capsules/labels ranging from the more classic formal suit with a heritage flavour to a more modern line of fabrics that are comfortable and easy to maintain and transport.
- **Marlane**: The brand offers fabrics primarily focused on market trends, providing the right balance between formal, high-quality and performance/comfort fabrics, with a high level of competitiveness in terms of price and customer service.
- **Tallia di Delfino**: a historical fine fabrics brand known internationally since 1903 for its high-quality men's outerwear, positioned in the luxury segment; it combines age-old traditions with a meticulous attention to detail, a sense of refinement, and constant technological innovation. The collection is made up of the best and most refined raw materials, such as Australian wools, Mongolian cashmere and South African mohair. Starting in 2019, Tallia di Delfino presented the new "Gentleman's Wardrobe" collection for the made-to-measure segment and the best international tailoring, with the distribution of a range of fabrics of the highest quality that are always in stock.
The Gentleman's Wardrobe collection was enhanced in 2020 and 2021 with fabrics that are informal and sporty but always made with fine, luxurious raw materials.
- **Opera Piemontese**: a new collection that debuted in 2020 that works to create women's fabrics for the world of sartorial luxury, using fine fibres such as cashmere, alpaca, camel hair, silk, linen and ultra-fine wool. This collection was created not only using BMT's production facilities, but also in collaboration with external partners for specific artisanal finishing work.
- **Estethia/G.B. Conte**: this comprises the **Estethia** division, a dynamic collection present mainly in the women's market and consisting of combed, crepe, monostretch and bistretch fabrics, solid colours and patterned fabrics with innovative finishes with a high quality and research content; **G.B. Conte** is a specialised collection of carded and combed patterned fabrics for outerwear, boiled wool and jersey. The original **Harris Tweed** carded fabric continued to be marketed in Europe (excluding the UK), China, South-east Asia and the Middle East, through an exclusive distribution agreement with Scottish company Harris Tweed Hebrides, located in the Outer Hebrides.

[Management Report]

Group activities

The **Sundry Textiles** sector (in which the Group operates through the Marzotto Lab group) includes the manufacturing and distribution of cotton and velvet fabrics, linen yarns and fabrics, wool yarns, and textiles and accessories for interior decoration:

- The **Linen** business, through the Linificio e Canapificio Nazionale group, is a leading manufacturer and distributor of yarns and fabrics made from flax fibre;

- The **Cotton** business represents the Marzotto Lab division, which produces and markets premium cotton fabrics. The company manages these owned brands: **Tessuti di Sondrio**, a leading brand and collection in terms of image for cotton and linen fabrics in the high-end segment; **Dal Sasso**, an historic brand which is known for its elegant, sophisticated sportswear in wool and cotton/wool, which complements the Sondrio lifestyle project; and **NTB Nuova Tessilbrenta**, which completes the product range with cotton and cotton blend fabrics for men's and women's sportswear;

The **Velvet** business includes the brands **Redaelli Velluti**, **Redaelli 1893**, **Niedieck** and **Girmes**. The Redaelli 1893 brand is intended for the formal and elegant clothing market and also operates in the interior decoration sector, with continuous growth in market share. The Niedieck brand, meanwhile, operates in the sportswear segment;

- The **furnishing fabrics** business, with **Marzotto Interiors**, consists of **Prosetex** and **Redaelli Velluti**. Prosetex was acquired in October 2021 (the operational headquarters is in Bulciago in the province of Lecco). The company has been located in the Brianzolo district for more than 60 years. Prosetex is a recognised manufacturer of textiles for interior decoration, including fabrics and velvet jacquard, and operates in the designer, furniture and contract markets. In this particular market, Prosetex is present in the hotels, mobility and cruise sectors. With Redaelli Velluti, a new entity will be created in the world of international interior decoration with an extensive, highly specialised offering.

The **textile accessories** business includes the manufacture and distribution of blankets, throws, duvets, sheets, towels, cushions and other textile accessories under the **Lanerossi** and **Marzotto Home** brands. These are leading collections in the sector, standing out for their strong level of product research, focused on comfort, environmental sustainability, practicality and the development of new processes relating to consumer health and well-being.

The Group is also engaged in the wool yarns segment through associates Uab Lietvilna and Tintoria di Verrone S.r.l.

The **Other Operations** segment mainly includes coordination and strategic direction activities, as well as service activities (administration and finance, legal and investor relations, human resources management, information technology) performed centrally for the operating sectors. This area also includes the result of managing the Schio water treatment plant (through the subsidiary Ambiente Energia S.r.l., which operates independently with a sole director vested with full powers) and other equity investments that are not fully consolidated. In particular, please note the 34.37% shareholding in the **Ratti** group, through which Marzotto has also been operating since 2010 in the **Silk** sector. The **Ratti group** is a leader in the design and manufacturing of printed fabrics, solid and yarn dyed fabrics for clothing (shirts, ties, underwear and swimwear) and home décor, and in the production and distribution of finished products, mainly men's and women's accessories (such as ties, shawls, and scarves).

[Management Report]

Group performance

In 2022, the Marzotto group recorded consolidated revenues of 369.5 million euros (compared with 238.6 million euros in 2021), and a gross margin of 81.1 million euros (21.9% of net revenues), compared with a gross margin of 36.5 million euros (15.3% of revenues) in the previous year, and a net profit of 17.0 million euros (compared with a net loss of 8.0 million euros in 2021).

The EBIT was positive and amounted to +23.6 million euros (+6.3% of net revenues), compared with -9.8 million euros (-4.1% of net revenues) in 2021.

Financial operations showed a negative balance of 1.9 million euros (negative balance of 0.8 million euros in 2021) and mainly included net financial expenses of -3.1 million euros (-1.9 million euros in 2021), income from the measurement at equity of associates of +1.3 million euros (+1.2 million euros in 2021) and other financial income/expenses of -0.1 million euros (-0.1 million euros in 2021).

The analyses described so far result in a net profit for the Group of 17.0 million euros (compared with a net loss of 8.0 million euros at 31 December 2021).

[Main events of the year]

Before addressing the Group's business in 2022, we would first like to note the highlights for the year just ended and in the current year.

Praia a Mare litigation

With regard to the Praia a Mare plant, which was acquired by the Company in 1988 and whose operations ceased in 2004, the following proceedings are pending:

- 1) Proceeding no. 481/16 Criminal Records Registry, Form 21 before the Public Prosecutor's Office at the Court of Paola, for the offences of manslaughter and injury through negligence. In the initial phase, the Public Prosecutor requested a special evidentiary hearing, which ended on 31 May 2021 with the hearing at which experts described the conclusions drawn from the report filed with the Examining Judge, ruling out the existence of a causal link between the disease found in some former employees of the company and the alleged exposure to any harmful substances at the same company. On 28 October 2022, the Public Prosecutor filed a request with the Examining Judge to dismiss the proceedings for all the suspects. Since the injured parties objected to dismissal at a later date, the relevant hearing will presumably be held by the end of 2023.
- 2) In February 2021, the Court of Paola rejected the civil appeals filed by a group of employees, in large part the same persons who filed the complaints that formed the basis of the above criminal proceedings, in order to obtain compensation for the damage allegedly suffered for injury or death resulting from the illness caused by the alleged exposure to harmful substances at the company. Proceedings relating to the appeals of judgements are pending before the Catanzaro Court of Appeal. A first-instance discussion of and decision on a second group of cases is still pending. These will be completed in 2023.
- 3) Civil proceedings no. 750/2020 RG before the Court of Appeal of Catanzaro. This relates to the resumption of civil proceedings following the ruling of the Court of Cassation relating to the first criminal proceedings, which, rejecting the appeal by the Chief Prosecutor, confirmed the acquittals of the offences that were contested at the time, but criticised the second instance ruling for failure to deal with the position of the Municipality of Tortora on the issues raised in relation to alleged damage resulting from an environmental disaster. The Court of Appeal has reserved its decision on the preliminary petitions submitted by the Municipality of Tortora and it is not possible to make any predictions on this matter.

Bankruptcy of Aree Urbane S.r.l. in liquidation

Aree Urbane S.r.l. in liquidation, in which Marzotto held a 32.50% stake, was declared bankrupt in June 2021. In the next few months, the application to be admitted as a creditor in this company's receivership, filed by Marzotto due to the receivable it held by way of a shareholder loan of 25,720,719.85 euros, was approved, while the insolvency administrator sought clarification of the remediation costs relating to the properties transferred to that company in 2003, and not yet sold, located in Schio, Vicenza and Piovene Rocchette. Although a conciliation attempt has been made, at present there is no agreement between the parties on the obligation and the value of the possible works.

[Management Report]

Highlights of the Group's income statement and statement of financial position

The table below summarises the Group's main income and financial position indicators for the year ended 31 December 2022.

(in milioni di euro)	2022	2021	change	change %
Consolidated net revenues	369.5	238.6	130.9	+ 54.9%
Operating income	23.6	(9.8)	33.4	n.c.
% of net revenues	6.3%	(4.1%)		
EBITDA (1)	39.2	6.4	32.8	>100,0%
% of net revenues	10.6%	2.7%		
Income before taxes	21.7	(10.6)	32.3	n.c.
% of net revenues	5.9%	(4.4%)		
Group net income	17.0	(8.0)	25.0	n.c.
% of net revenues	4.6%	(3.3%)		
Net working capital	93.1	77.3	15.8	+ 20.4%
Net employed capital	220.2	204.7	15.5	+ 7.6%
Net financial position	83.8	89.5	(5.7)	- 6.4%
Investments for the period	10.9	6.1	4.8	+ 78.7%
Active staff: employees	2,991	2,816	175	+ 6.2%

	2022	2021	change
ROI	10.7%	-4.8%	15.5%
ROE	12.5%	-6.9%	19.4%
ROS	6.3%	-4.1%	10.4%
Debt/Equity	61.4%	77.7%	-16.3%
Capitalisation ratio	61.9%	56.3%	5.7%
Financial coverage rate of assets	50.8%	46.2%	4.6%
Inventory rotation index	198	216	-18
Number of days of credit to clients	67	71	-5

Legend:

ROI: EBIT/Capital employed

ROE: Net result/Shareholders' equity

ROS: EBIT/Net revenues

Debt/Equity: Net financial position/Shareholders' equity

Capitalisation index: Ratio of shareholders' equity to capital employed net of operating liabilities

Financial hedging of fixed assets: Fixed assets + ML-term provisions/Shareholders' equity + ML-term financial borrowing

Inventory rotation index: Net inventory/Cost of goods sold x 360 days

Credit days to customers: Gross trade receivables/Net revenues x 360 days

(1). EBIT + Amortisation/depreciation.

Management Report

Consolidated income statement

At 31 December 2022, the Group's net result was positive for 17.0 million euros, a strong recovery compared with the final figure of -8.0 million euros at end-2021. The summary consolidated income statement data for the period, compared with 2021, are as follows⁽¹⁾:

(in millions of euro)	2022		2021	
Net revenues	369.5	100.0%	238.6	100.0%
Cost of sales	(288.4)	(78.1%)	(202.1)	(84.7%)
Gross income	81.1	21.9%	36.5	15.3%
R&D and marketing costs	(39.4)	(10.7%)	(29.5)	(12.4%)
General and administrative costs	(18.2)	(4.9%)	(15.8)	(6.6%)
Profit from core businesses	23.5	6.3%	(8.8)	(3.7%)
Non-recurring income/(charges)	0.1	=	(1.0)	(0.4%)
Operating income	23.6	6.3%	(9.8)	(4.1%)
Net financial charges	(3.1)	(0.8%)	(1.9)	(0.8%)
Dividends and valuation at equity	1.3	0.4%	1.2	0.5%
Other financial income/charges	(0.1)	=	(0.1)	=
Income before taxes	21.7	5.9%	(10.6)	(4.4%)
Taxes	(4.7)	(1.3%)	2.6	1.1%
Group net income	17.0	4.6%	(8.0)	(3.3%)

Net revenues⁽²⁾

Total turnover of 369.5 million euros was reported for the year just ended, up compared with 2021.

With regard to product type, the Wool Fabrics business (Marzotto Wool group) closed the year with an increase in business volumes of 77.4%, or 92.1 million euros, while the Sundry Textiles sector (Marzotto Lab group) booked an increase of 34.6%, or 39.0 million euros.

As regards the end market, the Group recognised growth in business performance in both the domestic market and other European countries, totalling 290.8 million euros (+48.4% compared with the final figure for 2021), while on the international market, sales totalled 78.7 million euros (+84.7% compared with the final figure for 2021).

Below is a brief breakdown of net revenues by sector and geographical area, compared with the results for the previous year.

by sector

(in millions of euro)	2022		2021	
Textile Sector	362.7	98.1%	231.6	97.1%
Wool fabrics	211.1	57.1%	119.0	49.9%
Sundry textiles	151.6	41.0%	112.6	47.2%
Other Operations	20.2	5.5%	17.0	7.1%
Aggregate total	382.9	103.6%	248.6	104.2%
<i>Inter-company sales/other</i>	<i>(13.4)</i>	<i>(3.6%)</i>	<i>(10.0)</i>	<i>(4.2%)</i>
Consolidated total	369.5	100.0%	238.6	100.0%
of which: Italy	120.6	32.6%	87.3	36.6%
of which: Other markets	248.9	67.4%	151.3	63.4%

- (1). The Ratti Group, Tintoria di Verrone S.r.l. and Uab Lietvilna are consolidated with the equity method, in application of IFRS 11.
- (2). compared with 2021, the following trends against the euro were recorded in the main foreign currencies of interest to the Group:
 GBP - Pound sterling: 0.853 (2022 average); 0.860 (2021 average);
 JPY - Japanese Yen 138.005 (2022 average); 129.857 (2021 average);
 USD - US Dollar 1.054 (2022 average); 1.184 (2021 average);
 CZK - Czech Crown 24.560 (2022 average); 25.647 (2021 average).

[Management Report]

Below is a brief breakdown of net revenues by geographical area, compared with the results for the previous year.

by geographical area

(in millions of euro)	2022		2021	
Italy	120.6	32.6%	87.3	36.6%
Other European countries	170.2	46.1%	108.7	45.6%
North America	17.5	4.7%	8.9	3.7%
Asia	50.1	13.6%	27.0	11.3%
Other countries	11.1	3.0%	6.7	2.8%
Total	369.5	100.0%	238.6	100.0%

Result of ordinary operations

The result of ordinary operations was +23.5 million euros (+32.3 million euros compared with the end of 2021), amounting to 6.3% of net sales revenues.

The breakdown by business segment is as follows:

by business segment

(in millions of euro)	2022		2021	
	Amount	% on rev.	Amount	% on rev.
Textile Sector	20.0	5.5%	(11.2)	(4.8%)
Wool fabrics	14.9	7.1%	(12.5)	(10.5%)
Sundry textiles	5.1	3.4%	1.3	1.2%
Other Operations	3.5	17.3%	2.4	14.1%
<i>Adjustments/other</i>	=	=	=	=
Total	23.5	6.3%	(8.8)	(3.7%)

Non-recurring income and expenses

In the year under review, non-recurring operations showed a balance of +0.1 million euros (negative for -1.0 million in 2021).

Financial expenses

At the reporting date, net financial expenses amounted to -3.1 million euros, an increase compared with the figure for 2021 (-1.9 million euros).

Dividends and measurements at equity

The item "Dividends from non-consolidated equity investments and measurements at equity", which totalled 1.3 million euros (compared with +1.2 million euros in 2021), includes the economic impact of measuring investments in associates using the equity method.

Income taxes

Starting in the fiscal year 2008, Marzotto S.p.A. and Linificio e Canapificio Nazionale S.r.l., and starting in the fiscal year 2009, Biella Manifatture Tessili S.r.l. (formerly Tallia di Delfino S.p.A.), Le Cotonerie S.r.l. (formerly Immobiliare Isola S.r.l.) and Ambiente Energia S.r.l., and starting in 2016, Marzotto Wool Manufacturing S.r.l. and Marzotto Lab S.r.l. opted for the national tax consolidation scheme, for which the consolidating company is Wizard S.r.l., the effects of which are taken into account in the figures as at 31 December 2022.

The impact of the tax burden on the result for the period was negative for 4.7 million euros (positive for 2.6 million in 2021), including current tax for -3.3 million euros and deferred tax assets for -1.4 million euros.

Net result

The analyses performed to date show a net profit for the year of +17.0 million euros, compared with a loss of -8.0 million in 2021.

[Management Report]

Consolidated financial position

The Marzotto Group's financial position is summarised in the table below, and compared with the corresponding amounts as at 31 December 2021:

(in millions of euro)	31.12.22	31.12.21
Net trade receivable	62.7	41.6
Other receivables	16.6	13.1
Inventory	158.9	121.4
Commercial suppliers	(120.9)	(82.3)
Other payables	(24.2)	(16.5)
A) Net working capital	93.1	77.3
B) Assets/liabilities held for sale	=	=
Receivables beyond 12 months	18.9	20.5
Equity investments	32.8	31.7
Tangible fixed assets	91.5	93.0
Intangible fixed assets	9.2	9.3
C) Net fixed assets	152.4	154.5
D) Employee severance fund, reserves, and other non-financial M/L term payables	(20.6)	(22.6)
E) Deferred taxes reserve	(4.7)	(4.5)
F) Invested capital net of current liabilities (A+B-C-D-E)	220.2	204.7
Covered by:		
Short-term financial payables	53.0	58.3
Cash and short-term financial receivables	(82.9)	(129.1)
Medium/long term financial payables	116.4	160.5
Medium/long term financial receivables	(2.7)	(0.2)
G) Net borrowing	83.8	89.5
H) Group shareholders' net equity	136.4	115.2
I) Total (G+H) as in F	220.2	204.7

Net capital employed

At the reporting date, the capital employed net of operating liabilities totalled 220.2 million euros, compared with 204.7 million as at 31 December 2021.

The increase of 15.5 million euros mainly reflects the increase in working capital (+15.8 million euros) and the decrease in medium/long-term provisions (+1.8 million euros) and in net fixed assets (-2.1 million euros).

Overall net working capital increased by 15.8 million euros, mainly due to the combined effect of the increase in the balance of trade receivables (+21.1 million euros) and particularly trade payables (-38.6 million euros), as well in inventory (+37.5 million euros).

The change of -2.1 million euros in net fixed assets was due to investments in the period (net of the normal amortisation/depreciation process in the period) for -1.6 million euros, the decrease in medium/long-term receivables (essentially prepaid tax) for -1.6 million euros and the +1.1 million increase in the value of equity investments, mainly related to the measurement of associates using the equity method.

The table below highlights the investments made in each business sector.

(in millions of euro)	2022		2021	
Textile Sector	10.0	91.7%	4.3	70.5%
Wool fabrics	4.7	43.1%	1.8	29.5%
Sundry textiles	5.3	48.6%	2.5	41.0%
Other Operations/other	0.9	8.3%	1.8	29.5%
Total	10.9	100.0%	6.1	100.0%

Investments were mostly in renovations and upgrades to plants and machinery, the efficiency of the production process and logistics service, as well as the adjustment and bringing up to standard of systems and buildings.

[Management Report]

Net debt

Net debt was 83.8 million euros, with an indebtedness ratio⁽¹⁾ of 38.1% of net capital employed (compared with 43.7% at 31 December 2021).

(in millions of euro)	2022	2021
Net income	17.0	(8.0)
Adjustments to income line items	(1.1)	(1.1)
Depreciation, amortization and write-downs	15.6	16.2
Provision and use of reserve	0.1	(3.3)
Cash Flow	31.6	3.8
Change in trade receivables	(21.6)	(10.9)
Change in inventory	(37.5)	3.4
Change in payables	46.1	40.9
Cash Flow from current assets	18.6	37.2
Investment in tangible and intangible fixed assets	(10.9)	(6.1)
Disposals of tangible and intangible fixed assets	0.5	0.1
IFRS16 effect	(2.6)	(5.0)
Acquisitions/change in shareholdings	0.1	0.1
Cash Flow from investments	(12.9)	(10.9)
Free Cash Flow	5.7	26.3
Conversion differences from net borrowing and minority interests	=	(0.9)
Free Cash Flow before dividends	5.7	25.4
Shareholders' dividends	=	=
Capital increase in Parent company	=	=
Change in net financial position for the year	5.7	25.4
Initial net borrowing	(89.5)	(114.9)
Final net borrowing	(83.8)	(89.5)

Cash flow generated by current assets was positive for 18.6 million euros (compared with +37.2 million euros as at 31 December 2021), 10.4 million euros of which were used to make investments (compared with 6.0 million euros as at 31 December 2021).

Final net debt includes 7.5 million more euros of financial payables as an effect of IFRS 16.

Shareholders' equity

Group shareholders' equity as at 31 December 2022 was 136.4 million euros, up 21.2 million euros compared with the previous year. The change was mainly due to the overall result for the period, which was a net profit of 17.0 million euros. The residual increase, amounting to 4.2 million euros, consists of the comprehensive income statement items recognised in equity (fair value reserve, IAS 19 and conversion reserve).

The capitalisation index⁽²⁾, calculated as the ratio of shareholders' equity to net invested capital, is 61.9% (compared with 56.3% in 2021).

(1). Ratio of net debt to capital employed, net of operating liabilities.

(2). Ratio of shareholders' equity to capital employed net of operating liabilities.

[Equity investments]

Equity investments in subsidiaries

Marzotto Wool Manufacturing Group

Below is a report on the performance of the main subsidiaries of the Marzotto Group.

The main object of Marzotto Wool Manufacturing Group, with parent company Marzotto Wool Manufacturing S.r.l., which has its registered office in Valdagno (Vicenza), is the development, production and distribution of high-end fabrics for men's and women's collections, mainly in wool, and also in fine fibres such as alpaca, cashmere, linen and silk.

The Marzotto Wool Group includes subsidiaries Nová Mosilana a.s. (wholly owned), Biella Manifatture Tessili S.r.l. (wholly owned), associates Tintoria di Verrone S.r.l. (25% owned), Mediterranean Wool Industries SAE (30% owned), Marzotto Textiles USA (50% owned), Schneider Australia (25% owned) and investee company Pettinatura di Verrone S.r.l. (15% owned).

The total turnover generated increased compared with the previous year, to 211.1 million euros, with EBIT of 14.5 million euros and a net profit of 9.6 million euros.

As concerns the breakdown of turnover by operating business unit, the Lanificio Gmf segment recognised turnover of 109.4 million euros (51.8% of the total) and Biella Manifatture Tessili recognised 87.2 million euros (41.3%), while Estethia/G.B. Conte closed the year with 13.9 million euros in turnover (6.6%).

The table below shows turnover contribution and performance by business.

(in millions of euro)	2022		2021	
Lanificio Gmf	109.4	51.8%	61.8	51.9%
Biella Manifatture Tessili	87.2	41.3%	44.4	37.3%
Estethia/G.B. Conte	13.9	6.6%	12.3	10.3%
Other	0.6	0.3%	0.5	0.5%
Total	211.1	100.0%	119.0	100.0%

Net revenues by business

[Equity investments]

Below are some comments on the performance of the main segments in which the Group operates.

MARZOTTO WOOL MANUFACTURING

The recovery, which was already taking place in the last quarter of 2021, accelerated further during 2022, driven by growth in consumption and the need to restore inventory along the supply chain and in the warehouses of the main international retail stores.

The return to working at the office, the option of travel and the resumption of social life, events and ceremonies were already driving trends in consumption, particularly of classic clothes, in Europe and the US in the first half of 2022, while in the other markets the recovery took place in the second half of the year, with the exception of China, where the ongoing effects of the Covid-19 pandemic have slowed consumption, mainly physical retail purchases.

2022 was marked by a tragic event of war, with Russia's invasion of Ukraine. The war intensified during 2022 and continues to have devastating human and economic impacts on the Ukrainian state and also significant repercussions for world economies. In particular, the restrictions imposed by the European Community on trade with Russia eliminated exports of fabrics to this market, which is not particularly significant for Marzotto Wool. However, the restrictions did have major consequences in terms of electricity and gas costs.

The increase in utility costs also had a significant impact on Marzotto Wool, partially limited by the hedging policy implemented by the Company.

In 2022, a prudent policy to contain fixed costs, which began during the pandemic years, continued, with a careful assessment of real value-added activities that allowed for further growth in operating results.

Investments mainly related to the updating of production systems, including in view of 4.0, reducing thermal and electrical energy consumption and increasing self-generation of energy from photovoltaics.

The result for 2022 was better than forecast in the budget, due to an increase in the margins of all the commercial lines, partly achieved by improving the sales mix.

LANIFICIO GMF

In the year under review, Lanificio GMF booked net revenues of 109.4 million euros (61.8 million euros in the previous year).

The increase in turnover was driven not only by higher volumes and higher prices due to a better product mix, but also by a different customer mix with a more high-end and luxury customer base. The increase in volumes affected all markets with different trends and timeframes; in particular, there was a robust recovery in the American market and in northern Europe, where Tessuti GMF has always had a strong presence. The sale of fabrics for women's clothing contributed to the growth of volumes and margins with the same trends as fabrics for men's clothing.

The production structure proved to be one of the Company's strengths, adapting to the increased volumes very quickly and always ensuring a high level of service to the market, a service recognised by its main customers that enabled it to win more market share.

Sustainability: In 2022, we continued to invest in sustainability with environmental certification and protection projects that start with the supply of wools from selected farms that pay particular attention to animal welfare and protection of the ecosystem, investing in the training of our employees and implementing the use of production processes with less environmental impact. In particular, in 2022 significant investments were planned, and already partly implemented, aimed at increasing the percentage of self-generated energy, reducing the use of thermal energy sources and recovering and recirculating water in the production process.

These investments were made with a view not only to containing costs, but also - and above all - to reducing the Company's environmental impact.

Sustainability is becoming a necessity for dialogue with the successful brands that will grow in the next few years; Tessuti GMF, as well as the entire Marzotto Wool group, has embraced this philosophy for years, and today this represents a significant competitive advantage.

[Equity investments]

BIELLA MANIFATTURE TESSILI

In 2022, the company achieved revenues of 87.3 million euros (44.4 million euros at 31 December 2021) and a net profit of 2.0 million euros (compared with a loss of 4.7 million euros at 31 December 2021).

The results achieved summarise the varying performances of the company brands, which include turnover of 34.7 million euros for the Guabello division (+110% compared with the previous year), 30.5 million euros for the Marlane division (+131% compared with 2021), 18.9 million euros for the Tallia di Delfino division (+45% compared with 31 December 2021) and 2.3 million euros for the Opera Piemontese division (+77% compared with 31 December 2021).

Below are comments on the performance of the individual brands:

Guabello closed 2022 with strong turnover growth (+110%) compared with the previous year, not only in all the main European markets, but also North America and the Far East. Investment has continued in the Chinese market, thanks in part to a new sales structure with more emphasis on high-end Chinese brands, alongside the existing structure, which is more focused on the market for work uniforms. The modern collection, with comfortable and easy-to-maintain fabrics aimed at fine formal wear, has helped win increasing market share. The sales mix of innovative products has allowed for an increase in sales prices and a considerable recovery of margins.

The **Marlane** division achieved the biggest turnover growth in 2022 (+131%), thanks to careful positioning in the younger formal clothing market and a good level of service, partly achieved through careful management of stock service inventories. The collection aimed at a younger market, with the inclusion of fibres alternative to wool, but with a good level of comfort and modernity, has facilitated the product's sales growth and margins.

Tallia di Delfino continued to consolidate its presence in the high-end and sartorial segment of the market, thanks to a collection made with more fine fibres, such as cashmere and silk, and also due to the development of the Gentleman's Wardrobe offer, with new bunches for outerwear and luxury sports jackets. This line also recorded a significant recovery in sales volumes. In 2022, its main goal was also to increase its presence in luxury men's formal clothing brands in Europe, the Middle East, Japan and Korea and in "made to measure".

Opera Piemontese is the new Donna di Lusso fabric line, made mainly with fine fibres such as cashmere, alpaca, silk and fine wools. It continued to grow in 2022, increasing its presence in Italian and French luxury brands, partly due to investments in the production of exclusive products. In order to make growth even more efficient and rapid, further investments were planned for 2023, in particular in more flexible weaving machines suitable for the production of almost artisanal luxury fabrics made with special yarns.

[Equity investments]

ESTETHIA/G.B. CONTE

In the year under review, the division booked net revenues of 13.9 million euros (12.3 million euros in the previous year).

The increase in turnover is mainly due to a richer product mix aimed at the highest and luxury end of the women's clothing market.

Estethia G.B. Conte has diversified further towards a more modern and high-performance product, also using fibres other than wool, but with a focus on the environment (circular economy synthetic and natural fibres).

In 2022, both product and commercial investment continued in the "Prima Donna" product line, which reported good sales results, particularly in the Far East market, mainly in China, but also in Europe thanks to major brands.

The distribution of Harris Tweed products continued to perform well in 2022, enabling relations with the company to become even more streamlined.

The table below shows turnover contributions and trends by geographical area.

Net revenues
by geographical area

(in millions of euro)	2022		2021	
Italy	50.8	24.1%	34.4	28.9%
Other European countries	100.6	47.7%	53.3	44.8%
North America	12.3	5.8%	6.0	5.0%
Asia	42.1	19.9%	22.1	18.6%
Other countries	5.3	2.5%	3.2	2.7%
Total	211.1	100.0%	119.0	100.0%

Below are the key indicators of the Marzotto Wool Manufacturing Group.

Key indicators

(in millions of euro)	2022	2021	change	change %
Consolidated net revenues	211.1	119.0	92.1	+ 77.4%
Profit from core businesses	14.9	(12.5)	27.4	n.c.
% of net revenues	7.0%	(10.5%)	17.5%	
Operating income	14.5	(12.6)	27.1	n.c.
% of net revenues	6.8%	(10.6%)	17.4%	
Net income	9.6	(10.9)	20.5	n.c.
Consolidated net invested capital	115.9	108.3	7.6	+ 7.0%
Investments for the period	4.7	1.8	2.9	>100,0%
Active staff at 31 December: employees	1,504	1,385	119	+ 8.6%

Net capital employed in 2022 was up by 7.6 million euros, reflecting an increase in working capital of 11.2 million euros, a decrease in fixed assets of 4.0 million euros and a reduction of medium/long-term provisions of 0.4 million euros.

[Equity investments]

Marzotto Lab Group

The main object of the Marzotto Lab Group, with parent company Marzotto Lab S.r.l., which has its registered office in Valdagno (Vicenza), is to carry out industrial and commercial operations relating to the purchase, and main and accessory manufacture, of textile fibres of all kinds.

The Marzotto Lab Group, which comprises parent company Marzotto Lab S.r.l., its subsidiary, Linificio e Canapificio Nazionale S.r.l. SB (wholly owned) and the relative investee companies, AB Liteksas (99.97% owned), Uab Lietvilna (50% owned), Sametex spol s r.o (wholly owned), Girmes G.m.b.H. (in liquidation - wholly owned), Tintoria di Verrone S.r.l. (25% owned) and Marzotto Textiles Usa (50% owned), is active in the Linen, Cotton, Velvet, Furnishings and Other segments (mainly including coordination functions and service activities carried out by the parent company for the operating businesses).

Turnover volume for the year just ended was 151.6 million euros, up 34.6% compared with the previous year (2021: 112.6 million euros).

Below is the opening according to product type:

Net revenues by product

(in millions of euro)	2022		2021	
Linen	60.5	39.9%	50.0	44.4%
Cotton	47.7	31.4%	29.0	25.8%
Velvet	24.2	16.0%	18.4	16.3%
Furnishing	14.7	9.7%	12.5	11.1%
Other	4.5	3.0%	2.7	2.4%
Total	151.6	100.0%	112.6	100.0%

The Marzotto Lab Group's activities bring together divisions and companies relative to diversified textile sectors, even if they are in part complementary or belong to a single chain.

LINEN

The Linificio e Canapificio Nazionale Group closed 2022 with turnover growth of 25% compared with the previous year and 79% compared with 2020. The group has therefore returned to the path of growth that began in 2018 and came to an abrupt halt in 2020, when, due to the outbreak of the Sars Covid-19 pandemic, there was a sharp drop in consumption of linen yarns worldwide.

In the first half of 2022, demand for linen yarns from the furnishing sector was very strong, offsetting historically weak demand from the clothing segment in the first part of the year.

Since the end of spring, however, there has been a reversal of the trend: the clothing sector has shown a strong interest in linen yarns, probably partly due to the increasing attention that the sector is placing on questions of sustainability, proximity and traceability, to which the linen industry is providing responses. In the same period of the year, meanwhile, there was a hard-to-foresee reversal in the trend in the furnishing segment, probably due to the sudden rise in yarn prices as a direct result of a commercial policy adopted by the linen agricultural cooperatives, the sellers of the fibre, which did not take into account the dynamics and timescales of this sector, which is culturally not very inclined towards sudden changes, particularly in prices.

This trend in the price of flax fibres, the Company's main raw material and the main cost item, has resulted in considerable difficulties in the ordinary operations of the business: the prices and availability of the raw material have been two uncertainties throughout the year, for which it was impossible to make or receive forecasts. This has created considerable difficulties in sales management, particularly in balancing the increase in the price of yarns with the ability of the main sectors in which Linificio and Canapificio Nazionale operates to absorb these increases.

The increase in the price of flax fibre is due, even more than a mismatch between flax fibre supply and demand, to the increase in the price of other crops, such as wheat, due to the war between Russia and Ukraine, which directly resulted in difficulty obtaining certain agricultural products, primarily wheat.

The military conflict, which began in February, was a catalyst for a process that had already started a few months earlier, linked to the difficulty of procuring many raw materials, including energy, with an associated uncontrolled increase in purchasing prices, particularly in Europe.

This phenomenon made managing the prices and sales volumes of yarns even more complex during the year, also because, in February, Linificio e Canapificio Nazionale already had an order book equal to 50% of the sales volumes forecast during the year, in terms of volumes.

[Equity investments]

Despite these three main adverse aspects, the economic result for 2022 is positive, higher than the results for the last few years, including the “pre-pandemic” years, and in line with the budget presented at the beginning of the year.

This result was made possible by the Company's consolidation of its global leadership role in terms of innovation, environmental sustainability and social over the years.

Thanks to this position of privilege, the close attention paid to proximity and valorisation of the region, the development of new, highly sustainable products and the creation “ex novo” of new markets with a strong positive impact on the environment, Linificio e Canapificio Nazionale succeeded in penetrating some markets more effectively and in opening new ones.

Among the developed markets, primarily in the last two years, the following are regarded as of particular strategic importance in the short and medium term:

- the food packaging market, already a reality in France, Germany and Spain, where the need to find alternatives to plastic in the food sector is ever more urgent, also for national policies to reduce environmental impacts;
- the composite materials market, where the search for performance must increasingly take account of the use of more environmentally friendly materials.

Thanks in part to the presence of these new markets and very careful commercial management, the average sale price of yarns and the total turnover were higher than in 2021, leading to an even better result than that budgeted in the three-year plan presented in 2020 and revised with further improvements in December 2021.

In 2023, the average sale price will have to increase even further compared with 2021 and 2022. This commercial policy will be necessary in order to cope with further increases in raw materials prices, which will certainly occur during the year.

On the other hand, we expect a decrease in sales volumes in the furnishings market, which we will try to offset, partly with an increase in sales volumes in the clothing sector and partly with an increase in sales prices in new sectors such as packaging and composite materials.

In 2023, the aim will also be to consolidate the linen yarn market at zero km: a project launched in 2020 and developed in the following two years, the aim of which is to recreate a local linen supply chain within Italy. The project is not only virtuous due to its environmental sustainability, but also due to high social impact, as with this project we intend to recover a historical Italian crop, abandoned over the years due to economic expedience, which the Linificio e Canapificio Nazionale now feels a responsibility to recover. Many Italian brands have taken an interest in this project.

In accordance with its corporate object as a benefit corporation and in the spirit of the actions of Linificio e Canapificio Nazionale in recent years, the Company has focused even more on sustainability issues, undertaking to make a concrete contribution to reducing environmental, social and territorial impacts, through concrete strategies and actions, in order to contribute to the necessary ecological transition process aimed at preserving well-being, also of future generations. For further analysis and information, please see the relevant benefit corporation report.

COTTON

The Tessuti di Sondrio BU closed the year with turnover growth of approximately 64% compared with the previous year. The higher costs of energy, raw materials and many other products had a significant impact, but the strength of the brand, production capacity and increased market demand allowed these gains to be transferred to the market.

Growth in volumes and turnover continued from the start of the year. The plant worked at full capacity, particularly from September to December. The turnover growth showed that the Tessuti di Sondrio and NTB brands were able to capture demand for high-quality products as soon as the market responded.

Action continued to obtain environmentally sustainable products, which are increasingly requested by customers. There has also been a drive towards products that meet the changing needs of consumers who want to follow the athletic leisure and sportswear trend.

[Equity investments]

VELVET

Fashion fabrics: in 2022 there was a significant increase in volumes for fashion velvet. A review of the clothing collection was launched during the year, in the belief that the market may value Redaelli's quality and production capacity also through specific collaborations in the sector. The introduction of sustainable products with recycled material and the launch of a fake fur collection continued. In the case of velvet, by specific type of product related to the production process, the impact of energy costs was particularly significant and involved an adjustment of final sale prices to compensate for the higher costs. Despite this difficult situation, the business unit continued the process of recovery of the income statement.

Furnishing fabrics: in April, the Marzotto Interiors brand was launched, combining the history and expertise of the Prosetex and Redaelli brands. It was decided to launch this new brand following an analysis that identified a need to provide a single representation of the two existing collections and, at the same time, to also convey the strength of the Marzotto brand in the furnishing sector. In terms of volumes, two trends were recorded during the year: growth in the first half and a decline in the second half, particularly in September. This was partly connected to the Western countries coming out of the pandemic period, which resulted in people focusing their purchases more on clothing than their homes, after home spending benefited from the reverse situation during the months when people had to spend longer at home. Additional contract products that require specific technical specifications (Trevira, FR) were created.

FURNISHING ACCESSORIES

This business unit operates in the home textile accessories sector, offering a range of finished products, including bedlinen and living room products. The distribution structure for the retail channel is based on an extensive network of agents located both in Italy and abroad.

In March, the new e-commerce channel was launched. A need for adaptation was identified, in terms of both technology and image/content.

In October, the first store opened in Brera, Milan. Brera is one of the most important design districts in the world. With the store opening, the collection was strengthened with its first expansion into towelling items (bathrobes and towels) and sheets. Partnerships have also begun with major designers (Paola Navone and Matteo Menotto) to offer a product that will capture new consumers of the Lanerossi brand. This activity received a great deal of attention from the national and European press. A major online and offline communication plan was launched when the new Milan store was launched.

The brand therefore benefited from media exposure that gave it renewed recognition in the home accessory textiles market. The various initiatives have resulted in significant turnover growth.

[Equity investments]

With regard to the end markets, it should be noted that the domestic market accounts for 41.5% of the total (compared with 40.7% in the previous year), while the rest of Europe, which covers around an additional 45.9% of the total, was down (49.2% in 2021).

Net revenues
by geographical area

(in millions of euro)	2022		2021	
Italy	63.0	41.5%	45.9	40.7%
Other European countries	69.6	45.9%	55.4	49.2%
North America	5.1	3.4%	3.0	2.7%
Asia	8.0	5.3%	4.8	4.3%
Other countries	5.9	3.9%	3.5	3.1%
Total	151.6	100.0%	112.6	100.0%

Below are the key indicators of the Marzotto Lab Group.

Key indicators

(in millions of euro)	2022	2021	change	change %
Consolidated net revenues	151.6	112.6	39.0	+ 34.6%
Profit from core businesses	5.1	1.3	3.8	>100,0%
% of net revenues	3.4%	1.2%	2.2%	
Operating income	4.8	0.8	4.0	>100,0%
% of net revenues	3.2%	0.8%	2.4%	
Net income	3.5	0.5	3.0	>100,0%
Consolidated net invested capital	73.1	65.9	7.2	+ 10.9%
Investments for the period	5.3	2.5	2.8	>100,0%
Active staff at 31 December: employees	1,386	1,334	52	+ 3.9%

Net capital employed in 2022 was up by 7.2 million euros, reflecting an increase of 4.5 million euros in net working capital and 2.9 million euros in fixed assets and a reduction of medium/long-term provisions of 0.2 million euros.

[Equity investments]

Other operations

(in millions of euro)	2022	2021	change	change %
Net revenues	20.2	17.0	3.2	+ 18.8%
Profit from core businesses	3.5	2.4	1.1	+ 45.8%
Operating income	4.3	2.1	2.2	+ 104.8%
Investments for the period	0.9	1.8	(0.9)	- 50.0%
Active staff at 31 December: employees	101	97	4	+ 4.1%

The **Other Operations** segment mainly includes coordination and strategic management activities, as well as service activities (administration and finance, legal and investor relations, human resources management, information technology) performed centrally for the line operating segments.

This sector also includes the results of the management of the Schio water treatment plant (held through subsidiary Ambiente Energia S.r.l., which operates independently with a sole director vested with full powers), activities relating to renewable energy and equity investments in associates held by Marzotto S.p.A. and consolidated using the equity method (mainly Ratti S.p.A. SB).

The Ratti Group operates in the silk sector, producing and marketing printed, solid-colour and yarn-dyed fabrics for clothing and furnishings. It also develops and distributes finished products, mainly men's and women's accessories.

The Ratti Group earned revenues of 89.1 million euros (compared with 78.7 million euros in FY 2021) and a net profit of 2.6 million euros (compared with 2.9 million euros in 2021).

[Other information]

Industrial relations

Between January and February 2022, the HR department signed a one-year extension of second-level company agreements with the regional trade unions for the sector at the various plants. In particular, the company agreements of the plants in Valdagno, Sondrio and Biella were extended, with no increase in cost.

With regard to second-level supplementary company agreements, from the point of view of the organisation of work, it should be noted that the health crisis continued to have major consequences for the Marzotto Group, including in the first half of 2022. In particular, there was a need to deal with numerous absences due to illness, quarantines and parental leave related to SARS CoV-2.

The Group, for its part, to avoid any risk of contagion in the workplace, has strengthened the measures already in place in all companies, i.e. the constant application of anti-infection protocols, incentives for smart working, where possible, the use of electronic tools such as thermoscanners, Green Pass automatic controls, etc. From the trade union point of view, periodic meetings were held with the Committees to verify and apply the Anti-Infection Protocol ("CARA"), which was set up at various plants to identify additional measures to combat and contain the spread of the virus.

In the second half of the year, the situation described above gradually eased; despite the general relaxation of the rules imposed to deal with the pandemic, the Group has maintained a high level of alert. A series of measures were reinforced at all the Group companies that were intended to prevent gatherings and ensure that shared spaces are always clean and well-ventilated, in order to prevent the spread of the virus.

Despite what occurred in 2020 and 2021, the ongoing crisis did not have a significant impact on production activities: in 2022, there was a substantial recovery in terms of orders, enabling the use of the wage guarantee fund (*Cassa Integrazione Guadagni Ordinaria* - CIGO) to be avoided at the Group's plants throughout the year (with some exceptions relating to the Marzotto Lab Group).

In accordance with usual practice and contractual provisions, in April 2022, the CEOs of Marzotto Wool Manufacturing S.r.l. and Marzotto Lab S.r.l., the HR Department and representatives of the national trade unions met to receive information on the Group's general situation: the results in the 2021 financial statements, the medium and long-term business strategies and market trends in the textile sector.

This information was subsequently reported by the HR Department to the regional trade unions and sector trade unions of the various Group plants at specific meetings in Valdagno, Villa D'Almè, Sondrio, Biella and Bulciago.

Marzotto S.p.A.

The following also applied to Marzotto S.p.A.:

the trade union agreement of 27 June 2022, signed with the regional trade unions for the sector, which cancels the effects of the second-level agreement (the Company Supplementary Agreement previously extended) and cancels the disbursement of the 2021 Performance Bonus, to be paid in June 2022, to the office staff at the registered office in Valdagno (Vicenza) and the logistics/warehouse staff based in Piovone Rocchette (Vicenza). To replace this bonus, the Company decided to pay welfare vouchers to staff to purchase food or fuel, excluding the amount of the bonus from taxable income for both social security and tax purposes pursuant to Article 51 of the TUIR, or, as an alternative to welfare vouchers, a one-off gross payment of 200.00 euros.

[Other information]

Marzotto Wool
Manufacturing Group

The above information for the Group and Marzotto S.p.A. is confirmed for Marzotto Wool Manufacturing S.r.l.

At Marzotto Wool Manufacturing S.r.l. (headquarters at Valdagno - GMF and Estethia G.B Conte divisions), as above for Marzotto S.p.A., it has been agreed that the 2021 Performance Bonus will be cancelled. The company paid out the aforementioned welfare vouchers to staff or, as an alternative to welfare vouchers, a gross one-off payment of 200.00 euros.

Nová Mosilana

At the Czech subsidiary, Nová Mosilana a.s., the trade union agreement, valid for 2023, was signed in December 2022.

Biella Manifatture
Tessili S.r.l.

As mentioned in the introductory section, at Biella Manifatture Tessili S.r.l., on 8 February 2022, the extension of the second-level agreement (Company Supplementary Agreement previously extended on 13 November 2019) until the new date of 31 December 2022 was signed with the regional trade unions for the sector.

Marzotto Lab Group

The Covid prevention and protection measures described in the introductory section were also applied at the Marzotto Lab S.r.l. offices in the provinces of Vicenza, Sondrio and Bulciago. As mentioned above, the Bulciago production unit of Marzotto Lab - Prosetex/Redaelli Division found it necessary to request recourse to the CIGO due to a lack of work and/or orders in two periods:

- from 27 June 2022 to 31 July 2022 with suspension from work - maximum two days per week (tot. 16 hours) - reduced hours in relation to the weekly workload;
- from 10 October 2022 to 24 December 2022 with suspension from work - maximum two days per week (tot. 16 hours) - reduced hours in relation to the weekly workload.

Meanwhile, the Sondrio production unit of Marzotto Lab S.r.l. used CIGO due to the market crisis, from 21 March 2022 until 18 June 2022, when volumes fell as a result of the conflict between Russia and Ukraine, with repercussions on the high-end fashion and clothing market. Fortunately, the decrease was temporary and in any case reduced by the inflow of new orders. This resulted in the amount of the CIGO that was used being much smaller than initially assumed.

Liteksas, Lietlinen and
Lietvilna

In November 2022, annual economic and profit agreements were renewed for the Saunas plants for 2023.

Filature de Lin Filin

In November, the annual economic and profit agreement for 2023 was renewed.

[Other information]

Training and development of human resources

In 2022, following the end of the health crisis caused by the pandemic, the normal functioning of the organisation was restored, enabling staff training and development to resume.

The Marzotto Group (Marzotto S.p.A., Marzotto Wool Manufacturing S.r.l., Marzotto Lab S.r.l., Linificio e Canapificio Nazionale S.r.l. SB and Ambiente Energia S.r.l.) paid its customary attention to training activities, particularly in terms of occupational health and safety, and once again delivered in-person training courses.

The total investment in training in Italy took place through the use of the inter-professional funds, Fondimpresa and Findirigenti.

The aim of training and development activities was to strengthen managerial skills in strategic business areas, as well as specialist and linguistic technical skills.

Marzotto S.p.A.

In 2022, Marzotto S.p.A. delivered 72 hours of health and safety refresher and training courses to 17 people between the Valdagno holding company and the Piovene Rocchette logistics hub.

Marzotto Wool Manufacturing Group

To respond more effectively to market demand and to strengthen the commercial team, in 2022 Marzotto Wool Manufacturing s.r.l. designed a training course to develop communication and negotiation skills for all sales, lasting 16 hours, and a subsequent pathway to developing creativity and lateral thinking. Work will continue on this front in 2023.

It also delivered 1,976 hours of safety training to 400 people during the year, 66 hours on environmental regulations to 41 people and 9 hours on social responsibility to 3 people.

Biella Manifatture Tessili

Biella Manifatture Tessili and its commercial teams took part in the project to strengthen the sales area, together with colleagues from Marzotto Wool Manufacturing, in activities to develop communication skills and lateral creative thinking.

The company also delivered 920 hours of in-house refresher training on health and safety (first aid, fire prevention, compliance officers, forklift trucks, general and specific) to 149 people.

Nová Mosilana

At the Czech subsidiary, Nová Mosilana, all employees are trained twice a year in health and safety and fire prevention, in compliance with local legislation (a total of 776 people and 776 hours).

682 employees received legal training (electricians, chemists, pressure tanks, cranes, gas ovens, windmills, elevator) totalling 1,332 hours.

The safety training of new hires involved 242 employees for a total of 1815 hours.

Fire and first aid training involved 250 people for 250 hours.

200 employees took part in language training courses (Czech, Italian, English and Russian) totalling 4,000 hours.

Management skills training involved 68 people, including managers and assistants, for 2646 hours.

Free online courses for HR, accounting and payroll staff were attended by 20 people for a total of 160 hours.

Marzotto Lab

With regard to Marzotto Lab, in 2022, at Bulciago, Redaelli Velluti and Prosetex, 16 hours of specialised technical training for the product office on Photo shop were delivered to 4 people and 150 hours of health and safety refresher and training courses were provided to 19 people.

At Sondrio, 48 people were offered various safety refresher courses totalling 290 hours, and at Piovene Rocchette, 30 hours of safety training and refresher courses were delivered to 5 people.

[Other information]

Linificio

In 2022, Linificio e Canapificio Nazionale involved all the staff of the Villa D'Almè office in a team-building day to strengthen the cohesiveness of the team and to share goals and projects for the next few years. As usual, an investment was also made in safety, with 200 hours of training and refresher sessions for 16 people.

Liteksas - Lietlinen - Lietvilna - Filin

The Lithuanian companies, AB Liteksas, UAB Lietlinen and UAB Lietvilna, delivered 11,132 hours of training.

AB Liteksas delivered 2,566 hours of training to 28 people, divided into management training (6 hours), technical training on new machinery (80 hours), safety training (80 hours) and on-the-job professional training (2,400 hours);

UAB Lietlinen delivered 8,254 hours of training, divided into new hire training, safety, first aid and fire prevention courses, English-language courses and employee management courses, to a total of 78 people;

UAB Lietvilna delivered 312 hours of training in safety and anti-bullying to 55 people.

In Tunisia, at subsidiary Filin, courses were delivered on safety (4,400 hours), fire prevention and first aid (360 hours), forklift driving (84 hours) and Italian language (85 hours) and courses were also provided for administrative employees and managers on leadership and management of employees: in total, 5,289 hours of training were delivered in 2022, to 604 people.

Ambiente Energia

At Ambiente Energia S.r.l. in 2022, all employees were involved in safety refresher courses totalling 200 hours.

[Other information]

Employees by sector

The number of active operational employees increased from 2,816 at the end of 2021 to 2,991 at 31 December 2022. Specifically, in 2022, the Group increased its operational workforce both nationally (+27 compared with 2021) and internationally (+148 compared with 2021).

	Year-end staff				Average			
	at 31.12.2022		at 31.12.2021		2022		2021	
Wool fabrics	1,504	50.3%	1,385	49.2%	1,480	50.0%	1,375	49.3%
Sundry textiles	1,386	46.3%	1,334	47.4%	1,382	46.8%	1,315	47.2%
Textile Sector	2,890	96.6%	2,719	96.6%	2,862	96.8%	2,690	96.5%
Other Operations	101	3.4%	97	3.4%	96	3.2%	99	3.5%
Total	2,991	100.0%	2,816	100.0%	2,958	100.0%	2,789	100.0%
Laid off/dismissed	4		3		4		3	
Total staff year end	2,995		2,819		2,962		2,792	

Operational employees by country

	Year-end staff				Average			
	at 31.12.2022		at 31.12.2021		2022		2021	
Italy	1,047	35.0%	1,020	36.2%	1,026	34.7%	1,035	37.1%
Czech Republic	914	30.5%	816	29.0%	908	30.7%	794	28.5%
Lithuania	331	11.1%	313	11.1%	329	11.1%	313	11.2%
Tunisia	696	23.3%	664	23.6%	691	23.4%	642	23.0%
Other countries	3	0.1%	3	0.1%	4	0.1%	5	0.2%
Total	2,991	100.0%	2,816	100.0%	2,958	100.0%	2,789	100.0%

Research and development

Marzotto Lab S.r.l.

During 2022, the company pursued innovative pre-competitive activities, focusing its efforts on the following projects:

Activity 1: Continuation of conception, design, research and development activities aimed at creating new collections of items in velvet and fur (Redaelli Velluti).

Activity 2: Research and experimental development activities for new products and processes, innovative for the core market (PROSETEX): - 02.1 Experimental development of fibre (hemp) for external use for yarn dyed fabrics that improve light resistance (OD HEMP) - 02.2 "New Life" project: technical fabrics in recycled polyester for outdoor use (BLUE ISLAND) - 02.3 Experimental development of an innovative high-pile velvet (fur) to produce high-end car body polishing pads (AUTO PADS) - 02.4 Eco-sustainable and washable fabric of recycled cotton but with an innovative use of linen (GRS) - 02.5 Fabric made of recycled polyester for green furnishings for trains with fire-retardant and anti-vibration features (GREEN MOBILITY).

Activity 3: Aesthetic conception and design activities aimed at creating new collections for Tessuti di Sondrio (Tessuti di Sondrio).

Activity 4: Aesthetic conception, design, planning and development of new textile articles for the home (Marzotto Home).

Activity 5: Continued experimental development of innovative product and process technological solutions: "Absolute"/"Academy" project (Tessuti di Sondrio).

Activity 6: Experimental development activities relating to projects with green transition features (PROSETEX) 06.1 - GREEN JACQUARD VELVET 06.2 - GREEN LINEN AND HEMP INDOOR.

The projects were carried out at the following plants:

- VIA ROMA 76 - 23892 BULCIAGO (LECCO)
- VIA MADONNA 30 - 22070 GUANZATE (COMO)
- VIA TONALE 4 - 23100 SONDRIO (SONDRIO)
- LARGO S. MARGHERITA, 1 - 36078 VALDAGNO (VICENZA)

[Other information]

For the development of the above projects, the company incurred costs of 1,986,347.43 euros, of which 1,936,295.09 was eligible for the purposes of the tax credit for research, development, technological innovation, design and aesthetic conception activities, pursuant to Article 1, paragraphs 198-209 of Law no. 160 of 27 December 2019, as amended.

Marzotto Wool Manufacturing S.r.l.

During 2022, the company pursued innovative pre-competitive activities, focusing its efforts on the following projects:

Activity 1: Industrial research and experimental development activities with the aim of creating innovative fabrics for apparel made mainly in wool and wool blends: 01.1 Continued development of WARP-KNIT mixed wool fabric 01.2 Continued development of enzymatic treatment for UNSHRINKABLE WOOL 01.3 Innovative class of dyes 01.4 Automatic AI defect inspection (AUTOMATIC VIEW PROJECT) 01.5 Development and testing to identify new types of sustainable textile dyes.

Activity 2: conception, study, industrial research, design and experimental development activities with the aim of creating innovative fabrics for apparel made mainly in wool and wool blends.

Activity 3: Technical analysis, analysis of technologies on the market, co-design and co-development for the implementation of the following 4.0 plants: 03.1 Primary water treatment plant 03.2 Air treatment filtration system for weaving department 03.3 Air treatment filtration system for warping department 03.4 Internal transport equipment monitoring system.

The projects were carried out at the following plant:
- LARGO S. MARGHERITA, 1 - 36078 VALDAGNO (VICENZA)

For the development of the above projects, the company incurred costs of 1,529,192.75 euros, of which 786,211.77 was eligible for the purposes of the tax credit for research, development, technological innovation, design and aesthetic conception activities, pursuant to Article 1, paragraphs 198-209 of Law no. 160 of 27 December 2019, as amended.

Biella Manifatture Tessili S.r.l.

During 2022, the company pursued innovative pre-competitive activities, focusing its efforts on the following projects:

Activity 1: Continued experimental development activities aimed at creating innovative fabrics for the wool and other natural fibres sector for clothing with the "Guabello", "Marlane" and "Fratelli Tallia di Delfino" brands - 1.1 K-EASY simil jersey project (Guabello) - 1.2 Polyamide elastane wool suitable for packaging any product for any use (Guabello) - 1.3 Fratelli Tallia di Delfino: an innovative seersucker fabric in pure wool and therefore no elastomers - 1.4 Experimental development for the recovery of waste materials to be used to create an innovative filling for winter clothing as an alternative to goose down, with a thermal insulation function.

Activity 2: Conception, research, design and development of new collections that are innovative compared with previous collections.

Activity 3: Continued development as part of the digital transformation of business processes: Implementation of the RFID system that can significantly improve real-time progress and control of the time frame for entering and exiting machinery in the finishing department.

The projects were carried out at the following plant:
- VIA XXIV MAGGIO, 4 - 13888 MONGRANDO (BIELLA)
- LARGO SANTA MARGHERITA, 1 - 36078 VALDAGNO (VICENZA)

For the development of the above projects, the company incurred costs of 1,812,633.84 euros, of which 1,301,425.97 was eligible for the purposes of the tax credit for research, development, technological innovation, design and aesthetic conception activities, pursuant to Article 1, paragraphs 198-209 of Law no. 160 of 27 December 2019, as amended.

[Other information]

Linificio e Canapificio Nazionale S.r.l. SB

During 2022, the company pursued innovative pre-competitive activities, focusing its efforts on the following projects:

Activity 1: continuation of experimental development activities as part of the SSUCHY.

Activity 2: Continuation of experimental development of projects in the textile field, particularly relating to the creation of innovative yarns and machinery in the linen spinning process. 2.1 - Research and experimental development of an innovative linen biocomposite for automotive use 2.2 - Development and creation with patenting of elasticated linen yarn. 2.3 - Intimate linen/nylon mix with wool-type spinning using by-products. 2.4 - Multicolour printed dry and wet yarns. 2.5 - Research and development activities for the "Lincredible" food networks project. 2.6 - Research and experimental development activities on short hemp fibre. 2.7 - Development of innovative miniature machines for miniature spinning. 2.8 - Design and prototyping of a new self-lubricating spinning ring. 2.9 - Experimental development using Solucell in order to significantly improve the spinnability of flax in an innovative way for the market in which the company operates.

Activity 3: Continuation of experimental development in the area of industry 4.0 with the aim of validating the technology of innovative machinery for yarn fibre processing. Continuation of transformation of existing business processes with a view to the interconnection and integration of internal and external production factors, with particular reference to the digitalisation of processes through development and testing. 3.1 - Digitised breakage detection system. 3.2 - Automatic process data collection system.

Activity 4: Continued development in sustainability and innovative technologies aimed at producing linen yarn with replicable standards, by means of new, chemical-free growing and transformation processes. 4.1 - Development of new spinning processes based on flax fibre grown in an innovative way. 4.2 - LINO D'ITALIA Italian-made linen, with block chain traceability.

The projects were carried out at the following plant:

- VIA GHIAIE, 55 - 24018 VILLA D'ALME' (BERGAMO)
- LARGO SANTA MARGHERITA, 1 - 36078 VALDAGNO (VICENZA)

For the development of the above projects, the company incurred costs of 591,470.49 euros eligible for the purposes of the tax credit for research, development, technological innovation, design and aesthetic conception activities, pursuant to Article 1, paragraphs 198-209 of Law no. 160 of 27 December 2019, as amended.

Ambiente Energia S.r.l.

During 2022, the company pursued innovative pre-competitive activities, focusing its efforts on the following projects:

Activity 1: Continued experimental development and testing activities for the construction of pilot plants for the abatement/treatment of additional pollutants present in waste as part of a plant waste water reuse project, innovative for the sector in question: (optimisation of the system of abatement of perfluoroalkyl substances (PFAS) present in industrial waste).

Activity 2: Continued experimental development and testing for the construction of an innovative sludge drying plant with automatic control of pressure and depression on the air circuit.

Activity 3: continuation of experimental development aimed at an innovative sludge drying plant with automatic control of pressure and depression on the air circuit.

The projects were carried out at the following plant:

- VIA CAZZOLA - 36015 SCHIO (VICENZA)

For the development of the above projects, the company incurred costs of 131,999.93 euros eligible for the purposes of the tax credit for research, development, technological innovation, design and aesthetic conception activities, pursuant to Article 1, paragraphs 198-209 of Law no. 160 of 27 December 2019, as amended.

[Other information]

Risk management (IFRS 7)

The Group acts to identify and assess risks, thereafter implementing procedures for managing any risk factors that may influence company results.

In addition to the above approach, the Group, in order to minimise exposure to, and consequently the financial impact of, any damaging event, transferred the remaining insurable risks to the insurance market.

Over the years, the specific needs of the Marzotto Group companies have involved the significant specific personalisation of insurance cover, to adapt it to the operational specificities and their inherent risk profiles.

All the companies in the Marzotto Group are currently insured against the main risks regarded as strategically important, such as property all risk, third-party liability and product liability.

The analysis, management and insurance transfer of the risks borne by the Group is carried out in collaboration with an insurance broker of prime standing, which also supports this activity through its international organisation.

During the year, the Marzotto Group underwent an in-depth risk assessment process with a focus on the main cyber risks to which the various companies within the consolidation scope may be exposed. The process involved the Group's entire IT structure, testing the effectiveness and adequacy of the protection, storage and defence systems of the computing architectures currently in place. At the end of the process, an international insurance programme to protect against major cyber risks was activated with a leading operator in the sector.

Below, we will analyse the risk factors, distinguishing between external (contextual) risks and internal (processing) risks.

External risks (contextual)

Risks connected with the economic outlook

The Group products are addressed to markets subject to demand cycles and are influenced by the general economic trend. Major downturns in consumption levels can have a considerable impact on the Group's economic, equity and financial position. In order to mitigate the possible negative impact, the Group has a flexible structure, outsourcing part of production and splitting sales over a portfolio of clients diversified according to product/brand and market and, in order to ensure adequate volume flexibility, the Group began to rebalance its production capacity. The Group is also implementing measures to increase efficiency in both industrial and general costs in order to achieve economic and financial equilibrium.

Risks related to competition in the sectors in which the Group operates

The Group operates in a competitive environment; it is possible that the competition pressure due to a drop in demand translates to pressure on prices. Part of the Group's offering, especially its more basic products, are interchangeable with products offered by our main competitors and therefore, in such cases, price is a significant sales factor.

Should there be a particularly significant drop in volume and/or sale prices, the Group believes that it can take action to cut its own cost structure to minimise the possible negative effects on its economic, financial, equity, and financial position.

Country risk

The Group operates in Tunisia through subsidiary Filature de Lin SA and in Egypt through associate Mediterranean Wool Industries S.A.E.

In order to hedge the risks of losses in relation to these investments that may derive from unfavourable political and economic developments in that area, including war and civil disorder, the Group has taken out a specific insurance policy with a major insurer.

Internal risks (procedural)

Risks related to financing sources and liquidity risk

The effects of potential turmoil in the global financial system could represent a risk factor in relation to the possibility of obtaining further financial resources at current conditions.

However, the Group believes that the present debt level and structure, in particular the immediately available financial resources (cash deposits) and the lines of credits not used, will limit the negative impacts of a possible difficulty in obtaining credit.

[Other information]

Credit risk

Credit risk is the risk that a customer or one of the counter-parties in a financial instrument may cause a financial loss by not complying with an obligation; it pertains mainly to the Group's trade receivables and financial investments.

- Trade receivables

The credit risk is partly essentially reduced considering the type of customer, which is diversified and not significantly concentrated in any one end market.

The risk is managed by a specific office within the company, also through an insurance policy, together with the sales departments.

The Group also uses specialised agencies on a regular basis to obtain business information in order to have detailed knowledge of the geographical areas it serves.

- Financial investments

The Group limits its exposure to credit risk by investing exclusively in highly liquid securities and only with counterparties with high credit ratings.

The book value of financial assets represents the Group's maximum exposure to the credit risk. At the end of the year the exposure was as follows:

(thousands of euro)	2022	2021
Financing and cash equivalents	85,570	129,285
Trade and other receivables	80,514	55,606
Total	166,084	184,891

The age of trade receivables at the date of the financial statements was as follows:

(thousands of euro)	2022		2021	
	gross	fund	gross	fund
Current	51,867	(1,333)	35,080	(1,337)
Overdue from 0 to 90 days	11,753	(1,392)	7,878	(1,434)
Overdue over 90 days	3,465	(2,867)	3,680	(2,847)
Total	67,085	(5,592)	46,638	(5,618)

The information on guarantees given and received is contained in the section entitled "Contractual commitments and guarantees" (memorandum accounts in the Group's explanatory notes). Information on provisions for bad debt is provided in point 3.2 of the Group note.

Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument might change following variations in the market prices, exchange rates, tax rates or quotations of the instruments representing the capital.

- Exchange rate risk

Considering the Group's exposure to exchange rate fluctuations in foreign currency transactions, we carry out hedging transactions to determine the exchange rate based on estimates of net sales and net purchasing volumes for each Group company and the currency exchange rate considered when the price lists are prepared.

Specifically, the Company uses the following hedging instruments:

- foreign currency loans;
- forward sales and purchases in foreign currency.

These hedging instruments were agreed upon with primary banks with a high credit rating. The Group did not enter into currency forward or options contracts for speculative purposes.

The hedged cash flows are expected within the next 12 months.

The impact of the conversion of foreign currencies on the subsidiaries' own equity capital is recorded under a separate item within the shareholders' equity.

With reference to the most significant currencies, the table below shows the Group's exposure to the exchange rate risk at the date of the financial statements.

[Other information]

(thousands of euro)	2022		2021	
	Usd	Jpy	Usd	Jpy
Trade receivables	5,703	45,523	5,865	10,604
Short term financial assets and cash and cash equivalents	7,478	10,638	1,473	34,577
Trade payables	(1,840)	(11,365)	(1,318)	(9,636)
Total	11,341	44,796	6,020	35,545

- Interest rate risk

The Group is exposed to the risk of volatility of interest rates associated with both its cash and cash equivalents and its loans.

The effects of potential turmoil, already experienced in the banking system, could represent a potential risk in relation to the cost of obtaining financial resources. The benchmark rates and the spreads granted by lending banks call for a constant monitoring of the risk described above. However, this risk is not believed to be significant in terms of impact, given the current level of net debt.

Interest rate hedging contracts are in place on medium/long-term loans at variable rates, through financial derivatives, to avoid market fluctuations.

Environmental and safety risk

The Group manages the environmental safety risk with suitable staff training on new regulations and by introducing systems to prevent and improve health and safety in the workplace.

In terms of safety, the Group invests constantly in protecting and ensuring the safety of the workplace, both inside and outside the production facilities.

The activities of the Group are subject to (local, national and international) laws and regulations on the environment. In particular, the production facilities are affected by regulations on atmospheric emissions, waste management and wastewater management, especially because we have finishing and purification plants.

The organisation is always committed to respecting environmental standards in compliance with the environmental regulations in force in each local area with regard to the specific business segments.

New investments are being considered, also in view of their environmental impact, the potential savings in terms of a reduction in the consumption of resources and energy during operations, as well as the reduction of total waste materials produced.

Price risk

The Company is exposed to the risk of changes in the prices of the raw materials and auxiliary materials used in production. This risk mainly lies in the difficulty in rapidly transferring any increase in the cost of provisioning to sale prices and in the need to keep sufficient stocks in order to constantly supply the production process.

In order to cope with these risks, when preparing the budget and connected economic planning, the Management defines net requirements, which are covered by placing orders with suppliers in order to stabilise the price of raw materials and auxiliary materials, seeking to maintain adequate inventories in order to provide a continuous supply to the production process.

Other risks

The risk of price increases for raw materials, where significant, is analysed when the sale lists are prepared. At that same time, the net demand generated by the purchase budget is covered by placing the orders with the suppliers, in order to minimise the effect on the income statement, should the cost of raw materials increase during the year.

Considering the type of production and the financial structure, there are no other significant risks.

At the date of this document, there are no significant events to report after the close of the year.

Significant events after
year-end

[Performance news and outlook for the current year]

As regards the economic trend during the first two months of this year, we note that consolidated net revenues totalled 60.3 million euros, up by approximately 37% from the 43.9 million recognised for the same period in 2022.

(in millions of euro)	02. 2023		02. 2022	
Textile Sector	59.1	98.0%	42.8	97.5%
Wool fabrics	36.8	61.0%	22.1	50.3%
Sundry textiles	22.3	37.0%	20.7	47.2%
Other Operations	3.3	5.5%	2.9	6.6%
Aggregate total	62.4	103.5%	45.7	104.1%
<i>Inter-company sales</i>	<i>(2.1)</i>	<i>(3.5%)</i>	<i>(1.8)</i>	<i>(4.1%)</i>
Consolidated total	60.3	100.0%	43.9	100.0%

Business outlook

The launch in 2023, in terms of both order acquisitions and turnover in the first two months, for the wool business, is in line with the 2023 budget; for the other businesses, demand has remained stable, although the linen market may experience specific impacts related to the increase in raw materials costs. Energy costs have continued to decrease, despite the adoption by the Group of a policy at the beginning of 2022 to define quantities and the relevant prices. However, the invasion of Ukraine resulted in a sharp rise in inflation, combined with a recessionary spiral, owing in part to rising interest rates, which could help slow demand.

In the meantime, in 2023, more actions will be taken to improve the efficiency of the business model, re-adjust production capacity, streamline the lines and pursue technological innovation for more performance-oriented fabrics and products, including for new market niches.

Valdagno (Vicenza), 28 March 2023

FOR THE BOARD OF DIRECTORS
THE CHIEF EXECUTIVE OFFICER
DAVIDE FAVRIN

Marzotto group

- Report on operations
- Consolidated financial statements

Consolidated financial statements



Parent Company: Marzotto S.p.A.
Company with sole partner

Registered and Administrative office in Largo S. Margherita 1, 36078 Valdagno (VI)

Subject to Trenora S.r.l. management and coordination activities

Tax ID, V.A.T. registration number 00166580241 - REA Vicenza nr. 801 - PEC: Marzotto@legalmail.it

(thousands of euro)	31.12.2022		31.12.2021	
	Partial	Total	Partial	Total
1. Non-current assets				
1.1 Property, plant and equipment		89,578		91,314
1.2 Civil buildings		1,969		1,631
1.3 Goodwill, trademarks and other intangible assets		9,206		9,313
1.4 Equity Investments		32,577		31,536
1.5 Other investments		186		178
1.6 Long-term receivables		1,209		928
1.7 Deferred tax assets		17,665		19,578
1.8 Long-term financial receivables third parties	2,673		187	
Long-term financial receivables affiliates	=	2,673	=	187
Total non-current assets		155,063		154,665
2. Non-current assets held for sale		=		10
3. Current assets				
3.1 Inventories		158,904		121,435
3.2 Trade receivables third parties	58,065		39,647	
Trade receivables affiliates	4,630	62,695	1,909	41,556
3.3 Other receivables	15,980		12,171	
Other receivables affiliates	630	16,610	951	13,122
3.4 Current financial assets, cash and cash equivalents third parties	81,795		127,996	
Current financial assets, cash and cash equivalents affiliates	1,102	82,897	1,102	129,098
Total current assets		321,106		305,211
Total assets		476,169		459,886
4. Shareholders' equity				
4.1 Share capital and reserves		119,345		123,226
4.2 Income/(Loss) for the year		17,015		(8,042)
Group shareholders' equity		136,360		115,184
4.3 Non controlling interests		=		=
Total shareholders' equity		136,360		115,184
5. Non-current liabilities				
5.1 Long-term provisions		20,615		22,614
5.2 Other long-term payables		62		54
5.3 Deferred tax liabilities		4,679		4,497
5.4 Long-term financial payables		116,391		160,460
Total non-current liabilities		141,747		187,625
6. Non-current liabilities held for sale		=		=
7. Current liabilities				
7.1 Trade payables and other payables third parties	137,218		94,536	
Trade payables and other payables affiliates	7,890	145,108	4,223	98,759
7.2 Current financial payables		52,954		58,318
Totale passività correnti		198,062		157,077
Total shareholders' equity and liabilities		476,169		459,886
Net financial debt		(83,775)		(89,493)

[Consolidated statement of profit/(loss)
and consolidated other comprehensive income]

(thousands of euro)	Year 2022		Year 2021	
	Amounts	%	Amounts	%
8. Net revenues third parties	360,467	97.5	233,212	97.8
Net revenues affiliates	9,075	2.5	5,360	2.2
Totale net revenues	369,542	100.0	238,572	100.0
9. Cost of sales third parties	(270,742)	(73.3)	(192,785)	(80.8)
Cost of sales affiliates	(17,641)	(4.8)	(9,254)	(3.9)
10. Gross income	81,159	22.0	36,533	15.3
11. R&D and marketing costs	(39,457)	(10.7)	(29,568)	(12.4)
12. General and administrative costs	(18,212)	(4.9)	(15,758)	(6.6)
13. Other income and charges	120	=	(987)	(0.4)
14. Operating income	23,610	6.4	(9,780)	(4.0)
15. Net financial charges third parties	(3,187)	(0.9)	(1,992)	(0.8)
Net financial charges affiliates	20	=	16	=
16. Dividends from non consol. equity investments and valuations to equity	1,333	0.4	1,183	0.5
17. Valuation of equity investments held for sale	=	=	=	=
18. Other financial income and charges	(90)	=	(58)	=
19. Income before taxes	21,686	5.9	(10,631)	(4.5)
20. Taxes	(4,671)	(1.3)	2,589	1.1
21. Net income from continuing operations	17,015	4.6	(8,042)	(3.4)
22. Net profit/(loss) from discontinued operations	=	=	=	=
23. Net income (before non controlling interests)	17,015	4.6	(8,042)	(3.4)
24. Income attributable to non-controlling interests	=	=	=	=
25. Group net income	17,015	4.6	(8,042)	(3.4)
26. Fair Value adjustments ⁽¹⁾	2,413	0.7	182	0.1
27. Other adjustments ⁽¹⁾	1,573	0.4	3,482	1.5
Items that will be reclassified subsequently to profit and loss	3,986	1.1	3,664	1.5
28. IAS 19 adjustments ⁽¹⁾	155	=	112	=
Items that will not be reclassified subsequently to profit and loss	155	=	112	=
29. Total comprehensive income for the period	21,156	5.7	(4,266)	(1.8)

1. The Change in Fair Value Reserve, IAS 19 Reserve and the Other adjustments are components of the comprehensive income statement accounted for in equity.

(thousands of euro)	2022	2021
Net income (including non controlling interests)	17,015	(8,042)
Amortisation and depreciation	15,646	16,185
Change in provisions	(666)	(5,922)
(Gains)/losses on disposal of fixed assets	33	(526)
Investments valued at equity	(144)	(1,183)
Change in inventories	(37,469)	3,348
Change in trade receivables and other receivables third parties	(21,497)	(5,681)
Change in trade receivables and other receivables affiliates/parent	(2,400)	(1,623)
Change in trade payables and other payables third parties	42,020	37,248
Change in trade payables and other payables affiliates/parent	3,667	1,689
Change in other long term receivables and payables	(273)	(646)
Operating cash flow (A)	15,932	34,847
Investments in intangible and tangible fixed assets	(10,917)	(6,072)
Disposals in intangible and tangible fixed assets	678	752
(Investments in) /disposals of other equity investments	(138)	(59)
Extraordinary operations	=	(944)
Cash flow from investments (B)	(10,377)	(6,323)
Translation exchange differences and other equity changes (C)	583	1,621
Extraordinary operations (D)	=	=
Cash flow before dividends (A+B+C+D)	6,138	30,145
Dividends paid	(85)	=
Increase in capital share of Parent Company	=	=
Change in net financial position	6,053	30,145
Change in long-term financial payables	(45,220)	(13,346)
Change in current financial payables third parties	(5,665)	(10,209)
Change in current financial payables for leasing	(1,384)	(1,212)
Change in current financial payables affiliates/parent	=	=
Change in long-term financial receivables third parties	15	(54)
Change in long-term financial receivables affiliates/parent	=	=
Total change in current financial assets, cash and cash equivalent	(46,201)	5,324
Cash and current financial assets - beginning of the period	129,098	123,774
Cash and current financial assets - end of the period	82,897	129,098

(thousand euro)	Share capital	Legal reserve	Payment reserve	Conversion reserve	Extraordinary reserve	Fair value reserve	IAS 19 reserve	Other reserves	Profits carried forward	Group result	Group s/holders' equity
Balance as at 31.12.2020	40,000	8,000	10,100	3,207	76	244	(847)	28,173	57,167	(26,590)	119,530
Allocation of net income 2020											
carried forward									(26,590)	26,590	=
Net income for the year 2021										(8,042)	(8,042)
Other total profit/ (losses) ⁽¹⁾				3,482		182	112				3,776
Total other income/charges	=	=	=	3,482	=	182	112	=	=	(8,042)	(4,266)
Other movements							93	(80)	(93)		(80)
Balance as at 31.12.2021	40,000	8,000	10,100	6,689	76	426	(642)	28,093	30,484	(8,042)	115,184
Allocation of net income 2021											
to dividends									(85)		(85)
carried forward									(8,042)	8,042	=
Net income for the year 2022										17,015	17,015
Other total profit/ (losses) ⁽¹⁾				1,573		2,413	155				4,141
Total other income/charges	=	=	=	1,573	=	2,413	155	=	=	17,015	21,156
Other movements									105		105
Balance as at 31.12.2022	40,000	8,000	10,100	8,262	76	2,839	(487)	28,093	22,462	17,015	136,360

1. Profits and Losses of the Comprehensive Income Statement recognized in the Shareholders' Equity.

Introduction

[Notes to the consolidated financial statements]

General information

The Marzotto Group is one of the main international players in the textile field, mainly operating in the development, production and distribution of high-end wool fabrics (through the Marzotto Wool Manufacturing Group), cotton, wool yarns and linens, furnishing textiles, velvets (through the Lab Group) and silk (with a 34.374% investment in the Ratti Group).

The section entitled "Consolidation scope and method" provides information on the companies included in the Group's consolidation scope.

Management and coordination activities

Parent company Marzotto S.p.A. is subject to the management and coordination of Trenora S.r.l., which has its registered office at Largo S. Margherita 1, Valdagno (Vicenza). In compliance with the provisions of Article 2497 *b/s*, paragraph 4, of the Italian Civil Code, below is the summary statement of the key data of the last approved financial statements.

Balance sheet	31.12.2021		31.12.2021
(thousands of euro)			
B) Fixed assets	100,134	A) Shareholders' equity	100,701
C) Current assets	664	B) Accounts payable	=
D) Accruals and deferrals	2	D) Accruals and deferrals	99
Total assets	100,800	Total liabilities	100,800

Income statements	Esercizio 2021
(thousands of euro)	
A) Value of production	5
B) Cost of goods sold	(163)
Difference between value and cost of goods sold (A+B)	(158)
C) Financial income and charges	17
D) Adjustment to value of financial assets	=
Income before taxes (A+B+C+D+E)	(141)
Income taxes	(11)
Profit (loss) for the year	(152)

The consolidated financial statements of the Marzotto Group were approved by the Marzotto S.p.A. Board of Directors on 28 March 2023. These are published in accordance with the law.

Introduction

[Notes to the consolidated financial statements]

Compliance with IFRS/IAS

These consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as with the orders issued in implementation of Italian Legislative Decree 38/2005.

IFRS also means all revised international accounting standards (IAS) and all interpretations by the International Financial Reporting Interpretations Committee (IFRIC), previously named the Standing Interpretations Committee (SIC).

Financial statements

These financial statements consist of the consolidated statement of financial position, the consolidated statement of profit/(loss) and consolidated other comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in shareholders' equity and the notes to the financial statements.

More specifically:

- in the consolidated statement of financial position, current and non-current assets and current and non-current liabilities are shown separately. Current assets are expected to be realised, transferred or consumed during the regular operating cycle of the Group; current liabilities are those that are expected to be paid off during the regular operating cycle of the Group or in the 12 months following the close of the period;
- for the consolidated statement of profit/(loss) and consolidated other comprehensive income, costs are broken down according to their intended purpose;
- for the consolidated statement of cash flows we have used the indirect method.

Unless otherwise specified, all figures stated in the financial statements and the notes are in thousands of euros.

Identification of the segments

Information by business segment and geographic area is provided in accordance with the requirements of IFRS 8 - Operating Segments.

The criteria applied to identify these segments are based on the ways in which the management manages the Group and attributes managerial responsibilities.

The information by sector is primarily organised by product line, as follows:

- Wool Fabrics;
- Sundry Textile;
- Other Operations.

The Group also operates through associates in the silk and wool yarns sector.

Its activities are carried out at various plants located throughout Italy (wool and cotton weaving, linen yarns, silk making, velvet fabric production), in Tunisia (linen spinning and weaving), in Egypt (combing), in Lithuania (linen spinning, wool spinning, blankets), in the Czech Republic (woollen spinning and weaving and velvet fabric production) and by qualified contractors. Furthermore, the Group operates in the textile machinery sector in the linen area (through Linificio e Canapificio Nazionale S.r.l. SB).

The information is presented secondarily by geographical area.

Going concern

The consolidated financial statements have been prepared on the basis of the accounting records as at 31 December 2022 and on a going concern basis.

Change to accounting standards

Accounting standards, amendments and interpretations adopted by the Group from 1 January 2022.

The same accounting standards and drafting criteria were used in the preparation of this document as in the preparation of the financial statements for the year ended 31 December 2021, except for the new standards, amendments and interpretations in force from 1 January 2022. The new standards have had no material impact on the Group's consolidated financial statements and are described below.

Accounting standards that came into force on 1 January 2022

The Group has adopted for the first time certain standards or amendments that came into force on 1 January 2022. The Group has not adopted early any new standards, interpretations or amendments issued but not yet in force.

Onerous contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

A onerous contract is a contract in which the non-discretionary costs (i.e. costs that the company cannot avoid as it is a party to a contract) necessary to fulfil the obligations assumed outweigh the economic benefits presumed to be obtainable through the contract.

The amendment specifies that, when determining whether a contract is onerous or generates losses, an entity must consider the costs directly relating to the contract for the supply of goods or services that include both incremental costs (i.e. direct costs of labour and materials) and costs directly attributable to the contractual activities (i.e. the depreciation of the equipment used to fulfil the contract and the costs of managing and overseeing the contract). General and administrative expenses are not directly related to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments aim to replace references to the Framework for the Preparation and Presentation of Financial Statements with references to the Conceptual Framework for Financial Reporting published in March 2018, with no significant change in the requirements of the standard.

The amendment added an exception to the valuation principles of IFRS 3 to avoid the risk of potential losses or gains “on the following day” arising from contingent liabilities and liabilities that would fall within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRS 21 Levies, if contracted separately. The exemption requires entities to apply the requirements of IAS 37 or IFRIC 21, rather than the Conceptual Framework, to determine whether a current obligation exists at the acquisition date.

The amendment also added a new paragraph to IFRS 3 to clarify that potential assets do not qualify as recognisable assets at the acquisition date.

In accordance with the transition rules, the Group is applying the amendment prospectively, i.e. to business combinations occurring after the beginning of the year in which the amendment is adopted for the first time (date of first adoption). These amendments have had no impact on the Group's financial statements, as no contingent assets, liabilities or contingent liabilities have been recognised for these amendments.

Property, plant and equipment: Amendment of IAS 16: Proceeds before intended use

The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment any revenue from the sale of products sold during the period in which such an assets are brought to the location and condition necessary for them to be capable of operating in the manner intended by management. An entity accounts for revenues from the sale of such products and the costs of producing such products in the income statement.

In accordance with the transition rules, the Group is applying the amendment retrospectively, only for items of property, plant and equipment commissioned on or after the beginning of the year that is compared with the year in which the amendment is applied for the first time (date of first adoption).

These amendments have had no impact on the Group's financial statements, as no sales took place relating to these items of property, plant and equipment before they were commissioned before or after the beginning of the previous comparative period.

IFRS 9 Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities

The amendment clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and lender, including fees paid or received by the borrower or lender on behalf of others. No such amendment has been proposed with respect to IAS 39 Financial Instruments: Recognition and Measurement. This amendment had no impact on the Group's financial statements.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirements in paragraph 22 of IAS 41 relating to the exclusion of cash flows for taxes when the fair value of an asset is measured within the scope of IAS 41. This amendment has had no impact on the company's financial statements as the Group does not hold any assets within the scope of IAS 41 at the reporting date.

Accounting standards, amendments and interpretations not yet applicable and not adopted early by the Group

On 12 February 2021, the IASB published two amendments entitled “Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2” and “Definition of Accounting Estimates—Amendments to IAS 8”. The amendments are intended to improve disclosure of accounting policy in order to provide more useful information to investors and other primary users of the financial statements as well as helping companies to distinguish changes in accounting estimates from changes in accounting policies. These amendments, endorsed by the EU with Regulation 2022/357 of 2 March 2022, will come into force on 1 January 2023; the Group does not expect the adoption of these amendments to have a material impact.

On 7 May 2021, the IASB published an amendment entitled “Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”. The document clarifies how deferred taxes must be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leasing and dismantling obligations. This amendment, endorsed by the EU by Reg. No. 2022/1392 of 11 August 2022 will apply from 1 January 2023; the Group does not expect any material impact from the application of these amendments.

On 23 January 2020, the IASB published the document “Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”, which is intended to clarify the classification of payables as short-term or long-term liabilities. This amendment, initially in force from 1 January 2022, was subsequently amended on 15 July 2020 and supplemented by the document “Non-current Liabilities with covenants” on 31 October 2022; its entry into force was further postponed to 1 January 2024. The Group does not expect the application of this amendment to have a material impact on its financial statements.

The consolidated financial statements of the Marzotto Group include the economic, equity and financial position of parent company Marzotto and the companies over which it has the right to exercise control.

The definition of control is not based exclusively on the concept of legal ownership. Control exists when a Group has the direct or indirect power to govern the financial and operating policies of a company in order to obtain the relevant benefits. Generally speaking, control is assumed to exist when the Group directly or indirectly holds more than half the voting rights, also considering those that can be potentially exercised immediately. The financial statements of the subsidiaries are included in the consolidated financial statements starting from the date on which control is assumed and until such time as the control ceases to exist, adopting the full method by way of consolidation criteria.

The Group uses the purchase accounting method for business combinations. The cost of the business combination is calculated as at the acquisition date in consideration of the fair value of the assets sold and/or liabilities accepted and the capital instruments issued in order to obtain control. The cost of the combination includes the fair value of all liabilities incurred or assumed. The costs of the acquisition are recorded on the consolidated income statement when incurred.

The assets, liabilities and contingent liabilities acquired and identifiable are noted at fair value at the date of acquisition. At each acquisition, the Group decides whether or not to recognise the minority interests of the company acquired at fair value or according to their interest share in the fair value of the net assets acquired. The surplus between the total cost of the business acquired, the amount of each minority interest in the company acquired and the fair value as at the acquisition date of each minority interest pre-existing in the company acquired with respect to the portion of the buyer in the fair value of the assets and liabilities that can be identified and contingent liabilities, is recorded as goodwill. If the buyer's share of the fair value of the assets and liabilities that can be identified and the contingent liabilities of the business acquired exceeds the cost of the combination, the difference is recognised directly in the income statement.

As regards the accounting treatment of transactions or events that modify the interest shares in subsidiaries and the attribution of the subsidiary's losses pertaining to minorities, IAS 27 (revised 2008) establishes that, once control has been obtained of a business, the transactions in which the parent company acquires or transfers further minority shares without altering the control exerted over the subsidiary are transactions with shareholders and should therefore be recognised as equity. Accordingly, it follows that the book value of controlling interests and minority interests must be adjusted to reflect the change in the interest in the subsidiary and all differences between the amount of the adjustment made to the minority interest and fair value of the price paid or received against this transaction, is noted directly as equity and attributed to the shareholders of the parent company. There will be no adjustments to the value of goodwill and profits or losses recognised in the income statement.

The main consolidation criteria adopted are as follows:

- for fully consolidated equity investments, the book value of the individual equity investments consolidated is derecognised against the related shareholders' equity, with the assumption of the assets, liabilities, costs and revenues of the subsidiaries, regardless of the size of the investment held, with the share of the capital and reserves pertaining to the minority shareholders of the subsidiaries and the portion pertaining to minority shareholders of the profit or loss for the period of the consolidated subsidiaries identified separately in the consolidated statement of financial position and the consolidated income statement;
- for the booking of the acquisitions of subsidiaries, the purchase method is used, as envisaged by IFRS 3 Revised (see the section on "Business combinations");
- all balances and significant transactions between group companies are eliminated, as are profits and losses (the latter unless representative of an effective lesser value of the asset sold) deriving from commercial or financial intra-group transactions not yet performed towards third parties;
- increases/decreases in the shareholders' equity of the consolidated companies allocated to a result achieved after the date of acquisition of the equity investment, are recognised at the time of consolidation eliminations under a specific equity reserve called "Profits (losses) carried forward";
- the dividends distributed by Group companies were eliminated from the income statement during consolidation.

The consolidated financial statements include the portion pertaining to the Group of the results of the companies booked using the equity method starting from the date on which the significant influence or joint control takes effect and until such time as said significant influence or joint control ceases to apply. Intra-group profits not yet realised with regards to third parties are eliminated for the portion pertaining to the Group in the investee company. Intra-group losses not yet realised with regards to third parties are also eliminated unless representing an effective lesser value of the asset sold.

Any losses exceeding shareholders' equity are recognised to the extent to which the investing company is committed to fulfilling legal or implicit obligations with regards to the investee or in any case to covering its losses.

Equity investments in associates

These are equity investments held in companies over whose financial and operational policies the Group exercises significant influence. Equity investments in companies over which significant influence is exerted ("associates"), which is assumed to exist when the percentage of the investment held ranges between 20% and 50%, are measured using the equity method. By virtue of the application of the equity method, the book value of the investment is aligned to shareholders' equity, adjusted, where necessary, to reflect the application of the IFRSs approved by the European Commission, and includes the registration of any goodwill identified at the time of acquisition. The portion of profits/losses generated by the associate after acquisition is recognised in the income statement, whilst the portion of changes to reserves subsequent to acquisition is recognised in the equity reserves. When the portion of Group losses in an associate equals or exceeds its share pertaining to the associate, considering all receivables that are not guaranteed, the value of the equity investment can be reduced to zero and the Group does not book any additional losses with respect to those within its remit, apart from those for which the Group is liable. Profits and losses not realised and generated on transactions with associates are eliminated according to the value of the investment of the Group held in them.

Equity investments in joint ventures or companies under joint control

Joint ventures are companies subject to the joint control of companies over which the Group has the power to govern the operating and financial policies if there is unanimous consent by the other parties with joint control. Investments in joint ventures or companies under joint control are consolidated using the equity method and the homogeneous accounting standards as applicable to the Group.

Equity investments in other companies

Equity investments in other companies constituting "financial assets available for sale" are measured at fair value and all profits and losses deriving from the changes in fair value are allocated directly to shareholders' equity until sold. Comprehensive profits and losses are booked to the income statement of the year during which the sale is made, unless a financial asset available for sale has accumulated a significant or prolonged reduction in fair value. In this case, the accumulated capital loss in the fair value reserve is transferred from shareholders' equity to the income statement.

[Notes to the consolidated financial statements]

The subsidiaries and associates included within the scope of consolidation as at 31 December 2022 are set out below.

Company	Reg. office	Share Capital	Currency	% Ownership	
				2022	2021
Ambiente Energia S.r.l.	Schio (I)	100.00	K EUR	100.00	100.00
Marzotto Textiles Czech Republic s. r.o.	Praga (CZ)	200.00	K CZK	100.00	100.00
Marzotto Wool Manufacturing S.r.l.	Valdagno (I)	10,000.00	K EUR	100.00	100.00
and it's subsidiaries:					
Biella Manifatture Tessili S.r.l.	Valdagno (I)	1,000.00	K EUR	100.00	100.00
Novà Mosilana a.s.	Brno (CZ)	1,095,000.00	K CZK	100.00	100.00
Marzotto Lab S.r.l.	Valdagno (I)	10,000.00	K EUR	100.00	100.00
and it's subsidiaries:					
AB Liteksas	Kaunas (LT)	11,890.00	K EUR	99.97	99.97
Sametex spol. s r.o	Kraslice (CZ)	565,863.00	K CZK	100.00	100.00
Girmes International G.m.b.h.	Tonsvorst (DE)	800.00	K EUR	100.00	100.00
Marzotto Textile N.V.	Amsterdam (NL)	45.00	K EUR	100.00	100.00
and it's subsidiaries:					
Marzotto Int.Trad. (Shanghai) Ltd.	Shanghai (RPC)	1,001.46	K CNY	=	100.00
Marzotto Textiles USA Inc.	New York (USA)	410.00	K USD	100.00	100.00
Linificio e Canapificio Nazionale S.r.l. SB	Valdagno (I)	27,648.00	K EUR	100.00	100.00
and it's subsidiaries:					
Filature de Lin Filin S.A.	Chbedda (TN)	16,155.00	K TND	100.00	100.00
UAB Lietlinen	Kaunas (LT)	8,445.00	K EUR	100.00	100.00

Operating Companies consolidated at equity:

Company	Reg. office	Share Capital	Currency	% Ownership	
				2022	2021
Mascioni S.p.A.	Milan (I)	5,560.00	K EUR	13.31	13.31
Mediterranean Wool Industries Co. S.A.E.	Sadat City (ET)	9,208.00	K EUR	30.00	30.00
G. Schneider PTY Limited	Greenwich (AUS)	84.00	K AUD	25.00	25.00
UAB Lietvilna	Kaunas (LT)	4,550.00	K EUR	50.00	50.00
Tintoria di Verrone S.r.l.	Verrone (I)	100.00	K EUR	50.00	50.00
Pettinatura di Verrone S.r.l.	Verrone (I)	3,000.00	K EUR	15.00	15.00
Ratti S.p.A. SB	Guanzate (I)	11,115.00	K EUR	34.37	34.24
and it's subsidiaries:					
Creomoda S.a.r.l.	Sousse (TN)	660.00	K TND	26.12	26.02
La Maison des Accessoires S.a.r.l.	Sousse (TN)	120.00	K TND	23.51	23.42
Second Life Fibers S.r.l.	Guanzate (I)	10.00	K EUR	34.37	34.24
Foto Azzurra S.r.l.	Cassina Rizzardi (CO)	20.00	K EUR	6.87	6.85
Ratti USA Inc.	New York (USA)	500.00	K USD	34.37	34.24
Ratti Int. Trading (Shanghai) Co. Ltd	Shanghai (RPC)	110.00	K EUR	34.37	34.24
Textrom S.r.l.	Cluj - Napoca (RO)	0.20	K RON	34.37	34.24
Marielle S.r.l.	Firenze (FI)	17.25	K EUR	10.31	10.27

Operating Companies classified among non-current assets held for sale:

Company	Reg. office	Share Capital	Currency	% Ownership	
				2022	2021
Aree Urbane S.r.l. in bankruptcy	Milan (I)	100.00	K EUR	32.50	32.50

Scope and principles of consolidation

Conversion of accounts carried in foreign currencies

[Notes to the consolidated financial statements]

The presentation currency adopted by the Group is the euro, which is also the functional currency of parent company Marzotto S.p.A.

As at the closing date, the accounts of foreign companies carried in functional currencies that differ from the euro are converted into the presentation currency as follows:

- assets and liabilities are converted using the exchange rates in force as at the year end date;
- income statement items are converted using average exchange rates for the financial year/period.

Any exchange differences emerging from this conversion process are accrued within a separate item of equity (conversion reserve) until disposal of the foreign company.

The exchange rates applied for the conversion of the financial statements of the companies included in the consolidation scope are provided in the table below:

Currency (units per 1 euro)		2022	2021	% change
- for the profit and loss account (average prevailing exchange rates for the year)				
AUD	Australian Dollar	1.517	1.575	(3.6)
CZK	Czech Crown	24.560	25.647	(4.2)
CNY	China Renmimbi	7.080	7.634	(7.3)
TND	Tunisian Dinar	3.251	3.288	(1.1)
RON	New Leu	4.932	4.921	0.2
NZD	New Zeland Dollar	1.659	1.673	(0.8)
USD	USA Dollar	1.054	1.184	(11.0)
- for the balance sheet (year-end prevailing exchange rates)				
AUD	Australian Dollar	1.569	1.562	0.5
CZK	Czech Crown	24.116	24.858	(3.0)
CNY	China Renmimbi	7.358	7.195	2.3
TND	Tunisian Dinar	3.322	3.260	1.9
RON	New Leu	4.950	4.949	=
NZD	New Zeland Dollar	1.680	1.658	1.3
USD	USA Dollar	1.067	1.133	(5.8)

Valuation criteria

[Notes to the consolidated financial statements]

The most significant valuation criteria adopted when preparing the financial statements are as follows:

1.1 Real estate, plants and machinery

Property, plant and equipment is carried at historical cost, including directly attributable accessory costs.

1.2 Civil real estate

Land, both vacant and annexed to residential or industrial buildings, is not amortised since its useful life is indefinite.

Some assets written up in previous periods are recognised on the basis of the remeasured value, regarded as the substitute value of the cost at the date of transition to IAS.

Assets acquired through business combination operations are recognized at fair value defined provisionally at the acquisition date and adjusted, if necessary, within the following twelve months.

Maintenance and repair expenses that do not increase the value and/or prolong the remaining useful life of assets are recognised in the income statement in the financial year in which they are incurred.

Tangible assets are shown net of accumulated depreciation and any impairment, determined using the methods described below. Depreciation is straight-line, based on the estimated useful life of the asset.

The estimated useful life of the main property, plant and equipment is as follows:

Land	indefinite
Buildings	10/33 years
Plant and machinery:	
- Textiles	4/8 years
- Textiles in corrosive environment	5/6 years
- Other	5/25 years
Industrial and commercial equipment	4/7 years
Other assets:	
- Electronic office machinery	5 years
- Office furniture and fixtures	7/9 years
- Vehicles	3/5 years

Assets classified under IFRS 16 are depreciated according to their residual useful life, which is determined on the basis of the contracts in question.

Leases

Leases are recognised on the basis of the right to control the use of an identified asset for a period of time, excluding leases relating to low-value assets or with a term of 12 months or less.

Right of use assets are valued at cost, which is equal to the lease liability, including the initial direct costs incurred and payments made at the inception date or before the commencement date, net of depreciation, amortisation, impairment and adjusted for any change in the lease liability. Depreciation is calculated over the lease term; if the lease provides for the transfer of ownership of the asset or the lessee exercises the purchase option, depreciation is over the useful life of the asset.

Lease liabilities are measured on the basis of the present value of the payments still due, applying an interest rate equal to the company's medium/long-term loan rate. After the inception date, the amount of the lease liability increases to take account of the interest on the lease liability and decreases to take account of the payments made. The book value of lease payables is recalculated in the event of any changes in the lease or for the revision of the contractual terms due to changes to payments.

Lease liabilities also include the exercise price of an option, if this is certain or probable, as well as any penalty for termination of the lease.

1.3 Goodwill, trademarks and other intangible fixed assets

Intangible assets with a "finite useful life" are recognised at cost, determined according to the methods prescribed for tangible assets, and shown net of accumulated amortisation and any impairment.

Intangible assets with an "indefinite useful life" are not amortised.

Intangible assets acquired through business combination operations are recognized at fair value defined provisionally at the acquisition date and adjusted, if necessary, within the following twelve months.

Valuation criteria

[Notes to the consolidated financial statements]

Impairment

In application of the reference accounting standards (IAS 36), the Group verifies, at every reporting date, whether there is any indication of asset impairment.

If these indications exist, an estimate is prepared of the value that can be recovered on the asset, i.e. the greater of the fair value of an asset or cash generating unit, less the costs of sale, and its use value. In determining its value in use, estimated future cash flows are discounted to present value, using a rate gross of tax that reflects current market appraisals of the value of money and the specific risks of the asset.

A reduction in value is recognised in the income statement when the book value of the asset, or of the related cash generating unit to which it is allocated, is greater than the estimated realisable value.

Impairment losses are written back if the reasons for generating them no longer exist.

1.4 Investments measured at equity

Equity investments in associates and joint ventures are measured according to the equity method, according to which the income statement reflects the share of the company's net profit or loss for the year attributable to the parent. If a company recognises adjustments directly through equity, the Group recognises its share of such adjustments and presents them, where applicable, in the statement of changes in shareholders' equity. Gains and losses arising from transactions between the Group and the associate (or joint venture), are derecognised in proportion to the equity investment in the company.

1.5 Other equity investments

Equity investments in companies other than subsidiaries and associates are measured at fair value, with any profits or losses recognised directly in shareholders' equity. At the time of their sale, such accumulated profits and losses are recognised in the income statement.

When their fair value cannot be reliably determined, equity investments in other companies are valued at cost, adjusted for impairment where applicable, the effect of which is recognised in the income statement.

At every reporting date, the Group verifies whether there are any indicators of impairment to its equity investments and makes the appropriate adjustments, as described above.

1.8) Medium/long-term financial receivables

Financial assets are initially carried at their nominal value, representative of the fair value, and later recognized at the lower between the book value and the estimated sale value.

2. Non-current assets held for sale

Assets or groups of assets and liabilities whose value will be recovered mainly through their sale rather than their ongoing use are recognised separately from other assets and liabilities in the statement of financial position.

Non-current assets or groups of assets and liabilities held for sale are recognized at the lower between the book value and the fair value net of the costs of sale.

3.1 Inventory

Inventory of raw materials, semi-finished goods and finished products is measured at the lesser of the purchase or production cost (determined according to the FIFO method) and the presumed net realisable value.

Inventory of consumables is measured at the lower of cost (determined using the weighted average cost method) and the presumed net realisable value.

The inventory valuation includes direct material and labour costs and indirect costs (variable and fixed) attributable to production.

3.2 Trade receivables 3.3 Other receivables

Trade receivables due within standard business terms and other operating receivables (other receivables) are not discounted and are carried at nominal value net of any write-downs. The adjustment to the estimated realisable value is recognised in special adjustment provisions.

Valuation criteria

[Notes to the consolidated financial statements]

3.4 Short-term financial assets and cash and cash equivalents

Financial assets held for trading are recognised at the fair value shown in the income statement. Cash and cash equivalents are made up of cash in hand, i.e. cash that is readily available or available in the very short term, successfully, and without collection expenses.

A financial asset (or, if applicable, a portion of a financial asset or a portion of a group of similar financial assets) is cancelled from the statement of financial position when:

- the rights to receive cash flows from the asset expire;
- the Group has transferred the right to receive financial flows from the asset or has taken over the contractual obligation to pay them fully and without delay to a third party and (a) it has basically transferred all risks and benefits of the ownership of the financial asset or (b) it has not transferred nor retained basically all risks and benefits of the asset, but it has transferred the control of the same.

5.1 Long-term provisions

Allocations to long-term provisions are recognised when there is a legal or implicit obligation towards a third party and it is likely that there will be an outlay of resources, the amount of which can be reliably estimated. If the effect is significant, the allocations are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market value of the cost of money in relation to time.

When the amount is discounted, the increase in the provision due to the passing of time is recognised as a financial expense.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions to a separate entity and has no legal or implicit obligation to pay additional contributions. The contributions to be paid into defined contribution plans are recorded as a cost in the result of the period in which they are incurred. Contributions paid in advance are recorded amongst assets to the extent to which the advance payment will determine a reduction in future payments or a refund.

Defined benefit plans

The amount payable for employee termination indemnities falls within the scope of defined benefit pension plans, which are plans based on the working life of employees and on the remuneration received by the employee during a pre-determined period of service.

More specifically, the liability relating to the employee termination indemnity is booked at its actuarial value, insofar as it can be classified as an employee benefit due on the basis of a defined benefit plan. The booking of defined benefit plans requires an estimate using actuarial techniques of the amount of the benefits accrued by employees in exchange for work performed during the current and previous years, and the discounting of these benefits in order to determine the current value of the company's commitments (IAS 19).

According to Law 296/06, effective from 30 June 2007, employee termination indemnities accrued after 1 January 2007 must be paid in an appropriate treasury fund opened with INPS (National Institute for Social Protection) or, at the employee's indication, to a specific supplementary pension fund. With these payments, the item relating to employee termination indemnities is no longer subject to allocations, unlike employee termination indemnities accrued by 31 December 2006, which are within the scope of defined benefit pension plans.

In June 2012, IAS 19 was amended to provide for the recording of changes to actuarial gains/losses of defined benefit plans, including employee termination indemnities, to other comprehensive income as from 1 January 2013. The Group has decided to apply this amendment early, as from the financial statements as at 31 December 2012.

Valuation criteria

[Notes to the consolidated financial statements]

5.4 Medium/long-term financial payables

Financial liabilities, except for derivatives, are initially carried at fair value net of directly attributable transaction costs. They are later measured using the effective interest rate method.

6. Non-current liabilities held for sale

The groups of assets and liabilities whose value will be recovered mostly through their sale rather than through their continued use are recognised separately from other assets and liabilities in the statement of financial position.

The groups of non-current assets and liabilities classified as held for sale are shown at the lower of the book value and the fair value net of selling costs.

7.1 Trade payables and other payables

Trade payables due within standard business terms, and other operating payables, are not discounted and are carried at nominal value.

7.2 Short-term financial payables

Financial liabilities, except for derivatives, are carried at fair value net of directly attributable transaction costs.

Derivative financial instruments

Derivatives are carried at fair value. They are designated as hedging instruments when the relationship between the derivative and the underlying instrument is formally documented and the effectiveness of the hedge, which is verified periodically, is adequate.

When the derivatives cover the risk of change in fair value of the underlying instruments (fair value hedge), they are carried at fair value, and the difference is recognised in the income statement; consistently, the underlying instruments are adjusted to reflect the change in fair value associated with the hedged risk, and the difference is also recognised in the income statement.

When derivatives cover the risk of changes in cash flows from the underlying instruments (cash flow hedge), the changes in fair value are initially recognised in shareholders' equity and later in the income statement, in line with the effects produced by the hedging transaction.

Changes in the fair value of derivatives that do not satisfy the conditions for being qualified as hedges are recognised in the income statement.

The fair values used to prepare the financial statements, relating to the valuation of term purchases and sales of foreign currency, foreign exchange options and interest rate swaps, were established based on the rates provided by the banking system.

Translation of items in foreign currency

The financial statements of each consolidated company are prepared using the currency of the economy in which the company operates.

In such cases, all transactions in currencies other than the unit of account are recorded at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in currencies other than the unit of account are later adjusted by the exchange rate prevailing at the end-date of the accounting period.

Contributions

Contributions from both government agencies and private third parties are carried at fair value when there is the reasonable certainty that they will be received and the prescribed conditions for obtaining them are satisfied.

Contributions received for specific expenses are recognised among other liabilities and credited to the income statement on a straight-line basis throughout the same period in which the related costs accrue.

Contributions received for specific assets the value of which is stated among tangible and intangible assets, are shown among liabilities and credited in the income statement in relation to the depreciation period for the assets to which they refer.

Operating contributions are fully recognised in the income statement when the conditions for recognising them are met.

Valuation criteria

[Notes to the consolidated financial statements]

8. Revenues

Revenues from the sale of goods from contracts with customers are recognised if the following criteria are met: 1- identification of the contract, which has commercial substance, and identification of the contractual obligations to the transfer of goods/services to a customer; 2- approval of the contract; 3- determination of the price of the transaction; 4- recognition of the revenue when the contractual obligations are met, or at the time of the transfer to the customer of the asset/service promised.

Revenues are recognised when control of the assets is transferred to the customer, i.e. when the risks and benefits are effectively transferred.

Revenues are recognised in an amount equal to the fair value of the consideration to which the company believes it is entitled in exchange for the goods and/or services promised to the customer, net of returns, discounts and rebates.

Revenues from services are recognised upon completion of the service.

15. Net financial expenses

Financial income and expenses are recognised on the basis of accrued interest on the net value of the relevant financial assets and liabilities using the effective interest rate.

16. Dividends

Dividends are recognised when the right to receive payment is established.

Dividends payable to third parties are shown as changes in shareholders' equity on the date at which they are approved by the Shareholders' Meeting of the parent company.

20. Taxes

Current income taxes for the financial year are determined based on estimates of taxable income and according to law.

Deferred and advance income taxes are calculated on the temporary differences between the recorded asset values and the respective recognised values for tax purposes, applying the tax rate in effect at the date the temporary difference will be reversed, calculated on the basis of the tax rates provided by the law or substantially in force at the accounting reference date.

The asset entry for advance tax payments is made when recovery is likely, that is when it is estimated that in the future there will be taxable amounts sufficient to recover the asset. The ability to recover assets for advance tax payments is reassessed at the end of each accounting period.

In addition deferred tax receivables and payables are set aside following the adjustments made, upon consolidation, to the financial statements of the companies of the Group.

Use of estimates

In application of IFRS, preparing the consolidated financial statements requires the use of estimates and assumptions that affect the values of the assets and liabilities in the statement of financial position and the relevant information, as well as of any contingent assets and liabilities at the reference date.

Estimates and their underlying assumptions are based on past experience and on other factors that are deemed reasonable in each case. Actual results may differ from these estimates.

Estimates and assumptions are reviewed periodically and the effects of each change are reflected in the income statement.

A significant discretionary valuation is required from the directors to establish the amount of deferred tax assets that may be booked. They have to estimate the likely time of occurrence and the amount of future profit subject to tax as well as a planning strategy for future taxes.

Estimates are also used to record provisions for bad debt, inventory obsolescence, amortisation and depreciation, employee benefits and provisions for risks and charges and for purchase price allocation.

At every reporting date, the Group verifies whether there are any indicators of impairment for all non-financial assets. Goodwill and other intangible assets with an indefinite useful life are subject to review each year to identify any decrease in value. The recoverable value of non-current assets is typically established with regard to the value in use, based on the present value of financial flows expected from the continuous use of the asset. This verification also involves the choice of an appropriate discount rate to calculate the present value of the expected cash flows.

Other information

[Notes to the consolidated financial statements]

Tax consolidation

Parent company Marzotto S.p.A., together with other companies of the Marzotto Group, joined the national tax consolidation scheme with Wizard S.r.l. as the parent company.

Adhesion to the tax consolidation of Wizard S.r.l. is governed by a specific regulation in force for the entire period for which the option is valid.

Economic relations for tax consolidation are regulated as follows:

- Subsidiaries which have positive taxable income for the years concerned pay Wizard S.r.l. the greater tax payable by the latter;
- Consolidated companies with negative taxable income receive compensation amounting to 100% of the tax saving achieved on a Group level and corresponding to the tax generated by the subsidiary from Wizard S.r.l. This compensation is due when effectively used by Wizard S.r.l.;
- Consolidated companies with interest expense not deducted pursuant to Article 96 of the TUIR and transferred to the tax consolidation scheme receive from Wizard S.r.l. compensation corresponding to 100% of the tax savings achieved at the Group level and corresponding to the tax generated by the subsidiary in relation to its interest expense. This compensation is due at the time of actual use of the EBIT surplus transferred to the tax consolidation;
- In the event that the consolidated companies have surpluses of ACE (Support for Economic Growth pursuant to Article 1 of Legislative Decree No. 201/2011) to be transferred to the Group, within the limits of the Group's comprehensive income, these companies receive compensation corresponding to 100% of the tax savings achieved at Group level from Wizard S.r.l.;
- If Wizard S.r.l. and the subsidiaries do not renew the national tax consolidation option, or if the requirements to continue to apply it are no longer met prior to the end of the three years for which the option is valid, the tax losses that can be reported as resulting from the declaration are allocated proportionally to the companies that produced them.

Deferred and advance corporation tax is calculated on the temporary differences between the values of assets and liabilities determined according to statutory criteria and the corresponding tax values exclusively with reference to the company.

Current, deferred and advance IRAP is determined exclusively with reference to the company.

Other information

All figures in the consolidated statement of financial position, the consolidated statement of profit/(loss) and consolidated other comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in shareholders' equity and the notes to the financial statements are expressed in thousands of euros.

For ease of comparison, the figures for the previous year have been reclassified as needed, and adequate information has been provided.

Please refer to the Management Report for further information regarding:

- main events of the 2022 financial year;
- events after the close of the financial year;
- foreseeable development of operations;
- risk factors (IFRS 7);
- other relevant information on operating performance and financial position.

Contributions

With reference to the publicising regime applicable to grants, subsidies, benefits, contributions and aid in cash or in kind, not of a general nature and not for consideration, remuneration or compensation paid by public administrations and entities treated as equivalent pursuant to Article 2-*bis* of Legislative Decree No. 33 of 2013, commercial companies, in accordance with Article 1, paragraph 125-*bis* of Law No. 124 of 2017 as amended, are required to present in the notes to the financial statements each of the amounts actually received of the above securities, also indicating the relevant reason and any granting party.

However, with specific reference to "state aid" and "*de minimis* aid" in the "National Register of State Aid", pursuant to Article 52 of Law No. 234 of 2012 (hereinafter also the "RNA"), the general rules described above are ineffective, and instead the provisions referred to in paragraph 125-*quinquies* of Article 1 of the aforementioned Law No. 124 of 2017 must be applied because they are special in nature.

In particular, pursuant to the aforementioned paragraph 125-*quinquies*, the registration of the aforementioned "aid" in the "RNA" system, with subsequent publication in the transparency section provided for therein, by the persons granting or managing the aid pursuant to the relevant regulations, takes place in accordance with the publication obligations imposed on recipients provided that the existence of aid subject to an obligation to publish in the context of the National Register of State Aid is declared in the notes.

This latter condition can clearly be affirmed here and, therefore, in declaring that the Company has received aid for which publication in the RNA is mandatory, expressly including aid received in compliance with the requirements of Sections 3.1 and/or 3.2 of the Temporary Framework, concerning aid measures to support the economy during the Covid-19 epidemiological emergency, the reporting obligations pursuant to Article 1, paragraphs 125 to 125-*quinquies* of Law No. 124 of 2017, as amended, are understood to have been fulfilled.

Accordingly, for reasons of clarity and completeness of presentation, we hereby specify that the Company actually received the following contributions:

Marzotto S.p.A.

- Income of 441,000 euros recognised in the period for the production of electricity from solar farms, including 372,000 euros for contributions to electricity production (TPA) and 69,000 for fees for energy produced and sold (TFO). During the year, 481,000 euros were collected by the Energy Services Operator (net of withholding tax and compensation paid by the Operator) relating to the production of electricity from photovoltaic plants, including 402,000 euros for contributions (TPA) and 79,000 euros for energy produced and sold (TFO);
- Income recognised for tax credits in respect of an extraordinary contribution to the high cost of electricity and gas bills (Article 6 of Legislative Decree No. 115/2022) of 7,000 euros (electricity) and 4,000 euros (gas); 3,000 euros was used for offsetting;
- Income received from Fondimpresa of 21,000 euros.

Marzotto Wool Manufacturing S.r.l.

- Income of 21,000 euros recognised in the period for contributions to investments in new capital goods (pursuant to Article 18 of Legislative Decree 91 of 24 June 2014);
- Tax credits on investments in new capital goods (Article 1, paragraph 188 of Law No. 160/2019) granted for 2,000 euros and recognised in income for 3,000 euros; 7,000 euros was offset in the period;
- Tax credits on investments in new capital goods (Article 1, paragraph 1054-1058 of Law No. 178/2020) granted for 26,000 euros and recognised in income for 4,000 euros; 15,000 euros was offset in the period;
- Income of 81,000 euros recognised in the period for tax credits for research and development; an amount of 36,000 euros was offset during the year;
- The loan of 20,000 euros disbursed and the income collected by way of a non-repayable grant of 13,000 euros, on 23 February 2022, relating to subsidies for participation in trade fairs and exhibitions (Milano UNICA 2020), provided by SIMEST S.p.A.;
- Income recognised for tax credits in respect of an extraordinary contribution to the high cost of electricity and gas bills (Article 6 of Legislative Decree No. 115/2022) of 239,000 euros (electricity) and 489,000 euros (gas); 387,000 euros was used for offsetting;
- Income of 11,000 euros recognised in the period for the production of electricity from photovoltaic facilities for fees on the energy produced and sold (TFO). During the year, 11,000 euros were collected by the Energy Services Operator (net of withholding tax and compensation paid by the Operator) relating to the production of electricity from photovoltaic plants, for energy produced and sold (TFO);
- Income of 7,000 euros booked and received from Fondimpresa: income of 15,000 euros was also appropriated;

[Notes to the consolidated financial statements]

- Income of 2,000 euros received from Fondirigenti; income of 4,000 euros was also appropriated;
- The company also took part in two FSE projects in the Veneto Region for the training activities "Improving the workflow from the Sales Area to the Operation Area" and "L2-@NEW START: INNOVATION AND CSR CULTURE IN VENETO BUSINESSES" already published in the National Register of State Aid.

Biella Manifatture Tessili S.r.l.

- Income of 92,000 euros recognised in the period for the production of electricity from solar farms, including 53,000 for contributions to electricity production (TPA) and 39,000 for fees for energy produced and sold (TFO). During the year, 86,000 euros were collected by the Energy Services Operator (net of withholding tax and compensation paid by the Operator) relating to the production of electricity from photovoltaic plants, including 41,000 euros for contributions (TPA) and 45,000 euros for energy produced and sold (TFO);
- Income recognised in the period for contributions to investments in new capital goods (pursuant to Article 18 of Legislative Decree No. 91 of 24 June 2014) of 65,000 euros;
- Income of 141,000 euros recognised in the period for tax credits for research and development; an amount of 63,000 euros was offset during the year;
- Tax credits on investments in new capital goods (Article 1, paragraph 188 of Law No. 160/2019) granted for 19,000 euros and recognised in income for 7,000 euros; 8,000 euros was offset during the year;
- Tax credits on investments in new capital goods (Article 1, paragraph 188 of Law No. 160/2019) granted for 19,000 euros and recognised in income for 7,000 euros; 2,000 euros was offset in the period;
- Tax credits on investments in new capital goods (Article 1, paragraph 1054-1058 of Law No. 178/2020) granted for 15,000 euros and recognised in income for 2,000 euros; 8,000 euros was offset in the period;
- Income recognised for tax credits in respect of an extraordinary contribution to the high cost of electricity and gas bills (Article 6 of Legislative Decree No. 115/2022) of 161,000 euros (electricity) and 293,000 euros (gas); 211,000 euros was used for offsetting;
- The loan of 20,000 euros disbursed on 23 February 2022 and income collected by way of a non-repayable grant of 14,000 euros, relating to subsidies for participation in trade fairs and exhibitions (Milano UNICA 2020), provided by SIMEST S.p.A.;
- Contribution of 42,000 euros received by the Piedmont Region relating to a "SILKNET" research and innovation project on 11 April 2022;
- Income of 14,000 euros allocated in the period to Fondimpresa.

Marzotto Lab S.r.l.

- Income of 82,000 euros recognised in the period for the production of electricity from solar farms, including 79,000 for contributions to electricity production (TPA) and 3,000 for fees for energy produced and sold (TFO). During the year, 77,000 euros were collected by the Energy Services Operator (net of withholding tax and compensation paid by the Operator) relating to the production of electricity from photovoltaic plants, including 75,000 euros for contributions (TPA) and 2,000 euros for energy produced and sold (TFO);
- Tax credits on investments in new capital goods (Article 1, paragraph 188 of Law No. 160/2019) granted for 3,000 euros and recognised in income for 3,000 euros; 6,000 euros was offset in the period;
- Tax credits on investments in new capital goods (Article 1, paragraph 1054-1058 of Law No. 178/2020) granted for 37,000 euros and recognised in income for 4,000 euros; 5,000 euros was offset in the period;
- Income of 234,000 euros recognised in the period for tax credits for research and development of; an amount of 110,000 euros was used for offsetting during the year;
- The loan of 13,000 euros disbursed on 2 February 2022 and income collected by way of a non-repayable grant of 8,000 euros, relating to subsidies for participation in trade fairs and exhibitions (Milano UNICA 2020), provided by SIMEST S.p.A. (aid published in the National Register of State Aid);

Contributions

- Loan granted on 26 October 2022 of 83,000 euros and income recognised as a non-repayable grant of 55,000 euros (28,000 euros of which was collected on 26 October 2022), relating to subsidies for the development of electronic commerce in Germany, provided by SIMEST S.p.A. (aid published in the National Register of State Aid);
- Income recognised for tax credits in respect of an extraordinary contribution to the high cost of electricity and gas bills (Article 6 of Legislative Decree No. 115/2022) of 142,000 euros (electricity) and 582,000 euros (gas); 385,000 euros was used for offsetting.

Linificio e Canapificio Nazionale S.r.l. SB

- Income of 109,000 euros recognised during the period for tax credits for research and development; an amount of 65,000 euros was used for offsetting during the year;
- Income recognised for participation in international fairs "FAIRS BONUS" (Decree-Law No. 50/2022, Article 25-*bis*), amounting to 10,000 euros;
- Income recognised for tax credits in respect of an extraordinary contribution to the high cost of electricity and gas bills (Article 6 of Legislative Decree No. 115/2022) of 40,000 euros; 19,000 euros was used for offsetting;
- Income of 1,000 euros recognised and received from Fondimpresa relating to ongoing training projects;
- Income of 1,000 euros recognised for the period for tax credits on investments in new capital goods (Article 1, paragraphs 184-197 of Law No. 160/2019); 1,000 euros was used for offsetting;
- Tax credits on investments in new capital goods (Article 1, paragraph 1054-1058 of Law No. 178/2020) granted for 97,000 euros and recognised in income for 7,000 euros; 7,000 euros was used for offsetting.

Ambiente Energia S.r.l.

- Income of 24,000 euros recognised during the period for tax credits for research and development; an amount of 21,000 euros was offset during the year;
- Tax credits on investments in new capital goods (Article 1, paragraph 188 of Law No. 160/2019) granted for 13,000 euros and recognised in income for 5,000 euros; 8,000 euros was used for offsetting;
- Tax credits on investments in new capital goods (Article 1, paragraphs 1054-1058 of Law No. 178/2020) granted for 219,000 euros and recognised in income for 22,000 euros; 37,000 euros was offset;
- Income recognised for tax credits in respect of an extraordinary contribution to the high cost of electricity and gas bills (Article 6 of Legislative Decree No. 115/2022) of 63,000 euros (electricity) and 65,000 euros (gas); 64,000 euros was used for offsetting;
- Income received from Fondimpresa of 4,000 euros.

Tintoria di Verrone S.r.l. (100%)

- Tax credits recognised of 83,000 euros, with 30,000 euros booked in income for the period, for the purchase of a 4.0 plant; during the year, contributions of 177,000 euros were used;
- Income recognised for tax credits in respect of an extraordinary contribution to the high cost of electricity and gas bills (Article 6 of Legislative Decree No. 115/2022) of 477,000 euros; 260,000 euros was used for offsetting;
- Non-repayable grant collected of 96,000 euros and recognised in the amount of 8,000 euros, to Finpiemonte S.p.A., for a planned installation of a photovoltaic plant under "Energy efficiency and renewable energy in companies" (already included in the Register of government aid).

Statement of financial position

Notes to the consolidated financial statements

The tables below are in **thousands of euros**.

1.1) Property, plant and machinery
1.2) Civil buildings

1.1) Property, plant and machinery 1.2) Civil buildings					2022	2021	Change
	Amounts to:				91,547	92,945	(1,398)
	broken down as follows:						
	A)	B)	C)	D)	E)	F)	
	Civil land and buildings	Industrial land and buildings	Plant and machinery	Industrial and comm. equipment	Other tangible fixed assets	Tangible fixed assets under cons./ advances	Total
Description							
Original cost (at exchange rate of 31/12)	2,524	135,984	275,337	12,305	16,491	1,514	444,155
Depreciation funds	(893)	(85,727)	(239,682)	(10,782)	(14,127)	=	(351,210)
Balances as at 31.12.2021	1,631	50,257	35,656	1,523	2,364	1,514	92,945
Movements during the year:							
Original cost:							
acquisitions	=	1,287	5,906	571	314	2,440	10,518
acquisitions IFRS16	718	1,639	=	=	500	=	2,857
exchange rate differences	31	1,582	2,593	53	217	2	4,478
disposals	(105)	(409)	(2,029)	(48)	(391)	=	(2,982)
Depreciation funds:							
depreciation for the year	(43)	(2,774)	(9,845)	(378)	(673)	=	(13,713)
depreciation IFRS16	(321)	(628)	(27)	=	(454)	=	(1,430)
exchange rate differences	(22)	(1,019)	(2,119)	(51)	(196)	=	(3,407)
disposals	80	195	1,595	48	363	=	2,281
Total movements for the year	338	(127)	(3,926)	195	(320)	2,442	(1,398)
Original cost (at exchange rate of 31/12)	3,168	140,083	281,807	12,881	17,131	3,956	459,026
Depreciation funds	(1,199)	(89,953)	(250,078)	(11,163)	(15,087)	=	(367,479)
Balances as at 31.12.2022	1,969	50,130	31,730	1,718	2,044	3,956	91,547

The changes that took place pertained to the acquisitions carried out by Marzotto S.p.A. (336,000 euros), Marzotto Wool Manufacturing S.r.l. (2,238,000 euros), Marzotto Lab S.r.l. (1,595,000 euros), Ambiente Energia S.r.l. (522,000 euros), Novà Mosilana a.s. (1,475,000 euros), Sametex spol s r. o (397,000 euros), AB Liteksas (388,000 euros), Biella Manifatture Tessili S.r.l. (966,000 euros) and Linificio Group (2,601,000 euros).

The changes relating to IFRS 16 acquisitions mainly relate to a lease agreement for the Milan household textile products store entered into by Marzotto Lab S.r.l.

The sale of assets during the year involved booking net capital losses gross of tax of 33,000 euros (of which gains of 62,000 euros and losses of 95,000 euros).

At 31 December 2022, the fixed assets of the subsidiary Filature de Lin Filin S.A. (Tunisia), consolidated on a line-by-line basis, were encumbered by mortgages to guarantee a short-term bank loan.

1.3) Goodwill,
trademarks and
other intangible
assets

1.3) Goodwill, trademarks and other intangible assets							2022	2021	Change
	Amounts to:						9,206	9,313	(107)
	broken down as follows:								
	A)	B)	C)	D)	E)	F)			
		Ind. patent and intellectual property rights	Concessions, licenses, trade-marks and similar rights	Goodwill	Other intangible fixed assets	Intangible fixed assets being developed and advances			
Description	Costs of development						Total		
Original cost	257	8,151	7,775	426	237	26	16,872		
Depreciation funds	(103)	(7,020)	(300)	=	(136)	=	(7,559)		
Balances as at 31.12.2021	154	1,131	7,475	426	101	26	9,313		
Movements during the year:									
Original cost:									
acquisitions	=	321	=	=	=	78	399		
exchange rate differences	=	49	=	=	=	=	49		
reversal due to amort. being completed	=	(13)	=	=	=	=	(13)		
Amortisation:									
for the year	(51)	(435)	(15)	=	(2)	=	(503)		
exchange rate differences	=	(48)	(4)	=	=	=	(52)		
reversal due to amort. being completed	=	13	=	=	=	=	13		
Total movements for the year	(51)	(113)	(19)	=	(2)	78	(107)		
Original cost	257	8,508	7,775	426	237	104	17,307		
Depreciation funds	(154)	(7,490)	(319)	=	(138)	=	(8,101)		
Balances as at 31.12.2022	103	1,018	7,456	426	99	104	9,206		

Concessions, licences, trademarks and similar rights include the values of the trademarks of Guabello for 2,300,000 euros and of Tallia di Delfino for 1,170,000 euros, the value of the Lanerossi trademark for 2,900,000 euros, and the value of the velvet trademarks "Redaelli Velluti", "Redaelli 1893", "Niedieck" and "Christoph Andreae" of the Marzotto Group. The increase in the period mainly refers to the purchase of software for 321,000 euros.

The trademarks, which are considered intangible assets with an indefinite useful life, are not amortised, but rather are tested periodically for any impairment in compliance with IAS 36. Impairment testing of the value of trademarks is carried out by establishing their value in use according to the method of comparable royalty rates. Cash flows are discounted at a rate equal to the current interest rate without market risk, in relation to a time frame consistent with the duration of the flows (according to the historical value of the trademarks), plus the risk coefficient specific to the activity.

Goodwill includes 167,000 euros for the purchase of the "Logistics Services" business unit of Piovene, as well as the purchase of the business unit from Prosetex S.p.A. for 259,000 euros.

In compliance with international accounting standards, this item is not subject to amortisation, but rather to annual impairment testing. This analysis is carried out by comparing the book value of goodwill with the greater of the value in use and fair value.

In 2022 there were no significant events to suggest that the values in the financial statements were impaired.

However, the estimated recoverable value of the CGU is discretionary and subject to the use of estimates by the management. In fact there are several factors connected to the difficult market situation which may require a new calculation of the value of goodwill. The Company will monitor closely the circumstances and events which may cause a new assessment of losses of value. Research and development expenses paid during the year, pertaining to product innovation and applications for the rationalisation of production and logistics, have been charged to the income statement.

1.4) Equity investments

	2022	2021	Change
Amounts to:	32,577	31,536	1,041
made up as follows:			

Description	A) Ratti Group	B) Mediterranean Wool Ind.	C) Pettinatura di Verrone	D) Tintoria di Verrone S.r.l.	Sub total
Original cost	11,073	2,027	1,667	108	14,875
Adjustment to equity	11,922	(421)	147	(60)	11,588
Balances as at 31.12.2021	22,995	1,606	1,814	48	26,463
Movements during the year:					
Original cost:					
acquisitions	130	=	=	=	130
Adeguamento ad equity:					
accrued pro-quota profit/(loss)	913	(279)	246	98	978
pro-quota dividends paid in 2022	(939)	=	=	=	(939)
effect of change in shareholders' equity	290	421	=	56	767
Total movements for the year	394	142	246	154	936
Original cost	11,203	2,027	1,667	108	15,005
Adjustment to equity	12,186	(279)	393	94	12,394
Balances as at 31.12.2022	23,389	1,748	2,060	202	27,399

Description	E) Schneider Australia	F) Uab Lietvilna	Total
Original cost	52	2,848	17,775
Adjustment to equity	46	2,127	13,761
Balances as at 31.12.2021	98	4,975	31,536
Movements during the year:			
Original cost:			
acquisitions	=	=	130
Adeguamento ad equity:			
accrued pro-quota profit/(loss)	5	350	1,333
pro-quota dividends paid in 2022	=	(250)	(1,189)
effect of change in shareholders' equity	(1)	1	767
Total movements for the year	4	101	1,041
Original cost	52	2,848	17,905
Adjustment to equity	50	2,228	14,672
Balances as at 31.12.2022	102	5,076	32,577

The above table shows the shares held by the Group in associates/investee companies.

In compliance with the reference standard (IFRS 11), the Group uses the equity method to account for Ratti S.p.A. companies. (34.374% owned), Uab Lietvilna (50% owned), Tintoria di Verrone S.r.l. (50% owned).

The Group also holds equity investments in associates Mediterranean Wool Industries Co. S.A.E. (30% owned), Schneider Australia PTY Limited (25%) and investee companies Mascioni S.p.A. (13.31%) and Pettinatura di Verrone S.r.l. (15%), which are all measured using the equity method.

The adjustment in the period reflects the measurement using the equity method of the above equity investments.

Statement of financial position

[Notes to the consolidated financial statements]

1.5) Other investments

	2022	2021	Change
Amounts to:	186	178	8

1.6) Other medium/long-term receivables

	2022	2021	Change
Amounts to:	1,209	928	281
made up as follows:			
Receivables from the tax authorities	893	650	243
Other receivables	316	278	38
Total	1,209	928	281

Other medium/long-term receivables of 1,209,000 euros consist of tax credits for research and development (703,000 euros) and for investments in new capital goods (190,000 euros) and security deposits (316,000 euros).

1.7) Deferred tax assets

	2022	2021	Change
Amounts to:	17,665	19,578	(1,913)
made up as follows:			
Depreciation of inventory	3,865	3,047	818
Depreciation of receivables	1,317	1,322	(5)
Accrual for risks and charges	3,541	3,987	(446)
Fair value of forward foreign exchange / IRS transactions	73	46	27
Tax losses	7,222	9,689	(2,467)
Other temporary differences	1,647	1,487	160
Total	17,665	19,578	(1,913)

The table above gives details of the items involved by temporary differences on which prepaid tax assets have been calculated.

At the reporting date, prepaid tax credits totalled 17,665,000 euros, down by 1,913,000 euros, mainly due to the use of receivables relating to tax losses set aside in previous years, taking into account the business outlook, as well as Italian legislation on the unlimited possibility of carrying forward tax losses and participation in the tax consolidation scheme of parent company Wizard S.r.l. by the Group's Italian companies.

These receivables mainly regard the parent company for 2,400,000 euros, Marzotto Wool Manufacturing S.r.l. for 5,458,000 euros, Biella Manifatture Tessili S.r.l. for 4,544,000 euros, Marzotto Lab S.r.l. for 3,172,000 euros, the Linificio e Canapificio Nazionale group for 1,532,000 euros, Novà Mosilana a.s. for 485,000 euros, and other Group companies.

1.8) Medium/long-term financial receivables

	2022	2021	Change
Amounts to:	2,673	187	2,486
made up as follows:			
Guarantee deposits (financial)	29	33	(4)
Other receivables	2,644	154	2,490
Total	2,673	187	2,486

[Notes to the consolidated financial statements]

Financial Activities - IRS Bank	2022		
	Fair value	Residual Notional	Expiration
Banca Nazionale del Lavoro	43	2,000	2023
Banca Montepaschi di Siena	14	1,250	2023
Banca Nazionale del Lavoro	17	800	2023
Banca Montepaschi di Siena	157	3,146	2025
Credit Agricole	539	8,750	2026
Banca Montepaschi di Siena	1,501	17,000	2027
Unicredit	367	4,400	2027
Total	2,638	37,346	

Other medium/long-term financial receivables of 2,644,000 euros include 2,638,000 euros of fair value relating to financial derivatives (interest rate swaps) booked using the hedge accounting method.

To stabilise future flows relating to hedged loans, interest rate swap agreements were entered into in 2020 and 2021, with characteristics that fully mirror the characteristics of the related loans; therefore, the hedging relationship is effective.

The interest rate swaps relate to:

- Marzotto S.p.A.: Banca Credit Agricole Friuladria, notional 10,000,000 euros, fixed rate 0.69% - agreed during 2020, Banco BPM, notional 17,000,000 euros, fixed rate 0.611% - agreed during 2021;
- Marzotto Wool Manufacturing S.r.l.: Banca Montepaschi di Siena, notional 5,000,000 euros, fixed rate 0.70%, Banca Nazionale del Lavoro, notional 10,000,000 euros, fixed rate 0.89%, and Unicredit, notional 4,400,000 euros, fixed rate 0.56%;
- Biella Manifatture Tessili S.r.l.: Banca Montepaschi di Siena, notional 5,000,000 euros, fixed rate 0.70% and Banca Nazionale del Lavoro, notional 4,000,000 euros, fixed rate 0.89%;
- Linificio e Canapificio Nazionale S.r.l. SB: Banca Montepaschi di Siena, notional 5,000,000 euros, fixed rate 1.05%.

2. Assets held for
sale/discontinued
operations

	2022	2021	Change
Amounts to:	=	10	(10)
made up as follows:			
Plant and machinery	=	10	(10)
Total	=	10	(10)

Included in assets held for sale was a piece of machinery not strategic for production purposes, deriving from the acquisition of the business unit from Prosetex S.p.A. and fully written off in this financial year.

The item also includes the equity investment in the insolvent associate Aree Urbane S.r.l. of 6,472,000 euros, which was written off in previous years.

[Notes to the consolidated financial statements]

3.1) Inventory

	2022	2021	Change
Amounts to:	158,904	121,435	37,469
and can be broken down as follows:			
Raw, ancillary and consumable materials	53,934	39,618	14,316
Unfinished, semi-finished goods and work in progress	52,587	40,085	12,502
Finished products and goods for resale	52,383	41,732	10,651
Total	158,904	121,435	37,469

Inventory of raw materials, semi-finished goods and finished products is measured at the lesser of the purchase or production cost (determined according to the FIFO method) and the presumed net realisable value. Inventory of consumables is measured at the lower of cost (determined using the weighted average cost method) and the presumed net realisable value.

The inventory valuation includes direct material and labour costs and indirect costs (variable and fixed) attributable to production.

The group operates in a sector subject to changes in fashion. It should be noted that unsold seasonal fashion articles still held in inventory at year-end are appropriately written down to their presumed realisable value.

The **Inventories** item shows a net increase of 37,469,000 euros compared with the previous year. The breakdown and change in the item is as follows:

- inventories in the Wool Fabrics sector for 104,837,000 euros (79,215,000 euros at 31 December 2021);
- inventories in the Sundry Textile sector for 54,067,000 euros (42,220,000 euros at 31 December 2021).

3.2) Trade receivables

	2022	2021	Change	
Amounts to	62,695	41,556	21,139	
and refers to:				
	2022		2021	
	Amount	%age	Amount	%age
Active customers receivables	64,792	100.0	44,610	100.0
- Bad debt provision	(4,045)	(6.2)	(4,035)	(9.0)
= Net active customers receivables	60,747	93.8	40,575	91.0
Bad debt	2,293	100.0	2,028	100.0
- Bad debt provision	(1,547)	(67.5)	(1,583)	(78.1)
= Net bad debt	746	32.5	445	21.9
Receivables from parent companies	43	100.0	44	100.0
Receivables from affiliates	1,159	100.0	492	100.0
Total face value of receivables	68,287	100.0	47,174	100.0
- Bad debt provision	(5,592)	(8.2)	(5,618)	(11.9)
Net receivables from customers	62,695	91.8	41,556	88.1

Trade receivables total 62,695,000 euros, net of the provision for doubtful debt of 5,592,000 euros (provision of 5,618,000 euros at 31 December 2021).

The carrying amount of the provision is considered appropriate in terms of bringing the par value of receivables in line with the presumed realisable value, and is consistent with the provisions of the reference accounting standard.

In order to provide complete information, please note that as at the reporting date, the impact of the transfer of receivables without recourse is 38,233,000 euros.

We believe that the book value of the trade receivables, settled under normal market conditions, approximates their fair value.

[Notes to the consolidated financial statements]

Trade receivables by geographical area are shown in the table below:

	Italy	Other European Countries	North America	Asia	Other Countries	Total
Towards clients	27,811	24,120	3,291	4,839	7,024	67,085
Towards parent companies	43	=	=	=	=	43
Towards affiliates	277	729	=	=	153	1,159
Gross receivables	28,131	24,849	3,291	4,839	7,177	68,287

Trade receivables from associates/investees relate to:

	2022	2021	Change
Tintoria di Verrone S.r.l.	8	7	1
Uab Lievilna	729	169	560
Mediterranean Wool Industries CO. S.A.E.	153	205	(52)
Ratti S.p.A. SB	269	110	159
Mascioni S.p.A.	=	1	(1)
Total	1,159	492	667

Trade receivables from associates result from business relations and are settled under normal market conditions.

3.3) Other receivables

	2022	2021	Change
Amounts to	16,610	13,122	3,488
made up as follows:			
Due from Tax Authorities	9,136	7,011	2,125
Other receivables	4,924	3,622	1,302
Other receivables from parent companies	630	944	(314)
Other receivables from affiliates	=	7	(7)
Accrued income and prepaid expenses	1,920	1,538	382
Total	16,610	13,122	3,488

The amount of the item **Other receivables** is 16,610,000 euros; below are the main items comprising this value.

Receivables from tax authorities relate to:

	2022	2021	Change
Added value tax	5,734	4,659	1,075
Other taxes and interest	3,402	2,352	1,050
Total	9,136	7,011	2,125

In detail, "Receivables from tax authorities for VAT", amounting to 5,734,000 euros, comprise 12,000 euros for the parent company, 859,000 euros for the Linificio Group, 1,281,000 euros for Novà Mosilana a.s., 238,000 euros for Sametex spol s r.o, 3,242,000 euros for Biella Manifatture Tessili S.r.l., 46,000 euros for Marzotto Lab S.r.l., 35,000 euros for AB Liteksas and 21,000 euros for Ambiente Energia S.r.l.

Other tax and interest of 3,402,000 euros includes receivables for IRAP regional productivity tax, IRES corporate income tax and other receivables due from the tax authorities.

Other receivables from third parties, amounting to 4,924,000 euros, include the valuation of the currency hedging agreements in place at the reporting date for 2,338,000 euros.

Other receivables from the parent company include receivables from parent company Wizard S.r.l. as a result of the joining by some Group companies of the tax consolidation scheme, amounting to 630,000 euros.

Accrued income and deferred expenses come to 1,920,000 euros and mainly relate to the deferral of insurance costs.

Statement of financial position

3.4) Short-term financial assets and cash and cash equivalents

[Notes to the consolidated financial statements]

	2022	2021	Change
Amounts to and refers to:	82,897	129,098	(46,201)
Financial assets			
Due from affiliates	1,102	1,102	=
Other financial receivables	6	6	=
Cash			
Bank and post-office accounts	81,721	127,940	(46,219)
Cash and cash equivalent on hand	68	50	18
Total	82,897	129,098	(46,201)

The total amount of the Group's **short-term financial assets and cash and cash equivalents** is 82,897,000 euros, compared with 129,098,000 euros in the previous year.

More specifically, short-term financial assets include financial receivables from associates of 1,102,000 euros, held towards the company Mediterranean Wool Industries Co. S.A.E.

Cash and cash equivalents amounted to 81,789,000 euros (127,990,000 euros in 2021) and include cash temporarily available in bank accounts and amounts held as cash for future use.

We believe that the book value of the cash and cash equivalents and short-term financial assets is in line with their fair value as at the reporting date.

4. Shareholders' equity

Shareholders' equity at 31 December 2022 was 136,360,000 euros, increasing by 21,176,000 euros compared with the previous year.

Share capital

Number of Shares	Share capital al 31.12.2021	Share capital change	Share capital al 31.12.2022
Ordinary shares	40,000,000	=	40,000,000
Total	40,000,000	=	40,000,000

As at 31 December 2022, the fully subscribed and paid-up share capital was 40,000,000 euros.

Legal reserve

Balances equity as at 31 December 2021	8,000
+/- change	=
Total	8,000

The **legal reserve**, amounting to 8,000,000 euros, did not change during the year.

Share capital payment reserve

Balances equity as at 31 December 2021	10,100
+/- change	=
Total	10,100

The **capital contributions reserve**, amounting to 10,100,000 euros, did not change.

Conversione reserve

Balances equity as at 31 December 2021	6,689
+/- change	1,573
Total	8,262

The conversion reserve totals 8,262,000 euros, increasing by 1,573,000 euros due to the exchange differences deriving from the conversion into euros of the financial statements of the consolidated companies denominated in currencies other than the euro.

Extraordinary reserve

Balances equity as at 31 December 2021	76
+/- change	=
Total	76

The **extraordinary reserve**, amounting to 76,000 euros, did not change during the year.

[Notes to the consolidated financial statements]

<i>IAS Reserve</i>	2022	2021	Change
IAS 19 Reserve	(487)	(642)	155
Fair value Reserve	645	352	293
Fair value IRS Reserve	2,194	74	2,120
Total	2,352	(216)	2,568

In order to address the risks of changes in the variable interest rates on medium/long-term loans, the Group carries out interest rate hedging transactions (interest rate swaps to predefine a fixed interest rate).

To address exchange rate risks relating to purchases and sales in foreign currencies, the Group also carries out hedging transactions to predefine the exchange rate on projected requirements (cash flow hedging).

Specifically, the following hedging instruments are used:

- foreign currency loans;
- forward sales and purchases in foreign currency.

These transactions fall within the scope of “cash flow hedges” insofar as they are stipulated to cover a risk of fluctuations in cash flows deriving from either an existing asset or liability or a future operation.

As established by international accounting standards, the portion of the gain or loss relating to the measurement of such derivatives (mark to market) has been booked net of the tax effect, amongst the items of the statement of comprehensive income, as the effectiveness of the cover guaranteed by these financial instruments has been proven.

The **fair value reserve** includes the market value of these transactions, net of tax, which as at the reporting date came to 645,000 euros relating to “cash flow hedging transactions” (currency) and 2,194,000 euros relating to interest rate hedges (IRS).

The gain or loss recorded under shareholders' equity is booked to the income statement when the operation hedged affects it.

Below is a reconciliation of the shareholders' equity and result of the parent company with the corresponding consolidated values:

	2022		2021	
	Income	Net equity	Income	Net equity
Marzotto S.p.A.	7,760	142,133	180	133,045
Elimination of shareholdings consolidated line-by-line	15,369	(15,359)	(9,734)	(27,359)
Valuations at equity	176	13,248	1,185	13,866
Intercompany dividends	(7,001)	=	=	=
Consolidation adjustments	711	(3,662)	327	(4,367)
Total	17,015	136,360	(8,042)	115,184

Statement of financial position

5.1) Long-term provisions

[Notes to the consolidated financial statements]

	2022	2021	Change			
Amounts to	20,615	22,614	(1,999)			
and refer to:						
	2022	2021	Change	due to		
Provision for staff term.indemnities				Accruals	Utilisation	Exch. Diff.
Amounts to	7,093	7,649	(556)	3,184	(3,740)	=
and refer to:						
Marzotto S.p.A.	468	499	(31)	367	(398)	=
Marzotto Wool S.r.l.	3,657	3,838	(181)	1,205	(1,386)	=
Marzotto Lab S.r.l.	941	1,102	(161)	562	(723)	=
B.M.T. S.r.l.	1,353	1,564	(211)	821	(1,032)	=
Ambiente Energia S.r.l.	105	98	7	50	(43)	=
AB Liteksas	140	110	30	30	=	=
Linificio S.r.l. SB	429	438	(9)	149	(158)	

Employee termination indemnities reflect the indemnity, calculated in accordance with current legislation, accrued by employees as at 31 December 2006, which will be liquidated when they leave. Where specific conditions apply, they may be partially advanced to employees during the course of their working life.

The provision for employee termination indemnities is treated from an accounting point of view as a defined benefit and as such is recalculated at the end of each period according to a statistical and actuarial criterion which also takes account of financial discounting.

This liability has been calculated according to the actuarial criterion of the "projected unit credit method" which "considers each working period as the source of one additional unit of right to the benefits and measures each unit separately to calculate the final obligation".

The following parameters are used: an annual discount rate of 3.91% and an annual inflation index of 2.50%.

The recognition of employee benefits is made in accordance with IAS 19 for defined benefits plans; the Company decided to apply the amendments made by IAS 19 early, as from the financial statements as at 31 December 2012, with the consequent recognition of changes in actuarial gains/losses amongst other items of the comprehensive income statement, whilst financial gains/losses are recognised in the income statement.

According to Italian Law no. 296/06, effective from 30 June 2007, employee termination indemnities accrued after 1 January 2007 must be paid into an appropriate treasury fund opened with the INPS (National Institute for Social Protection) or, at the employee's indication, to a specific supplementary pension fund. With these payments, the item relating to employee termination indemnities is no longer affected by provisions other than the revalued share of the accumulated past debt.

Pension	2022	2021	Change
Amounts to	352	403	(51)

The provision relates to supplementary pension schemes of the Parent Company currently in place for the secondary beneficiary.

[Notes to the consolidated financial statements]

	2022	2021	Change	due to		
Other provisions				Accruals	Utilisation	Exch. Diff.
Amounts to	13,170	14,562	(1,392)	802	(2,195)	=
and refer to:						
Agents' severance pay provision	4,706	4,594	112	200	(89)	=
Legal risk fund	899	1,054	(155)	305	(460)	=
Restructuring and relocation provisions	2,710	2,861	(151)	=	(151)	=
Tax provisions	53	53	=	=	=	=
Other provisions for risk/charges	4,802	6,000	(1,198)	297	(1,495)	=

Allocations to provisions for risks and charges during the year relate to the management's best estimate of the contingent liabilities connected to disputes in progress. Where applicable, their estimate takes account of the opinion of legal advisors and other experts, previous experience in the history of the company and other entities in similar situations and the company's intention as regards taking further action.

Below are comments on the main provisions booked.

The **agents' indemnity provision**, allocated to cover any risks of the termination of agency contracts, was adjusted to take into account foreseeable contingent liabilities connected to contracts in existence at the end of the financial year. This provision was calculated on the basis of the provisions of law in force as at the reporting date, and the change during the year takes account of expected future cash flows.

The **provision for litigation risk** is intended to cover liabilities that may arise from litigation or other disputes. This includes an estimate of charges from ongoing litigation, updated based on indications from internal and external legal counsel.

The **restructuring and relocation provisions** are allocated mainly to offset planned charges and costs related to the industrial reorganisation plan of some production operations.

The **tax provision** includes accruals made to cover losses that may be incurred by the company in connection with tax liabilities.

Provisions for future risks and charges relate to the process of streamlining the business units most affected by the observed ongoing decline in demand during the year, as well as the foreseeable risks due to operations relating to Aree Urbane S.r.l. and expenses relating to the Praia a Mare plant.

Please see the Management Report for more information.

5.2) Other
medium/long-term
payables

	2022	2021	Change
Amounts to	62	54	8
and refers to:			
Payables due to social security institutions	62	54	8
Total	62	54	8

5.3) Deferred taxes
payables

	2022	2021	Change
Amounts to	4,679	4,497	182
and can be broken down as follows:			
Tangible and intangible assets differences	3,142	3,304	(162)
Capitalized installment	601	432	169
Forex	881	160	721
Other temporary differences	55	601	(546)
Total	4,679	4,497	182

This item includes deferred taxes reported by the consolidated companies, mainly attributable to the difference between depreciation and amortisation based on tax rates and on the useful life of the asset, as well as the tax effect of the consolidation entries.

Statement of financial position

5.4) Medium/long term financial payables

[Notes to the consolidated financial statements]

	2022	2021	Change
Amounts to	116,391	160,460	(44,069)
and can be broken down as follows:			
Funding with state guarantee	78,596	102,556	(23,960)
Non-secured financing received	31,429	52,822	(21,393)
Financial payables for leasing	6,313	4,990	1,323
Other medium/long-term debt	53	92	(39)
Total	116,391	160,460	(44,069)

Medium/long-term financial payables are financial liabilities due to banks and other lenders beyond twelve months.

At the reporting date, the portion due within 12 months is reclassified to current financial liabilities.

State guaranteed loans of 106,525,000 euros, including 78,596,000 euros falling due after 12 months, were taken out in previous financial years with the banks listed below, to ensure the liquidity necessary for the operations of the Italian Group companies affected by the Covid-19 epidemic (Legislative Decree No. 23 of 8 April 2020, as amended).

Funding with state guarantee	nominal value	residual debt	overdue beyond one year
Bank			
Banca Popolare di Sondrio	20,500	20,500	14,675
Friuladria Credit Agricole	15,625	14,375	10,821
Cassa depositi e prestiti	20,000	18,750	13,750
Unicredit	4,400	4,400	3,850
Banco BPM	29,500	28,719	23,469
Cassa di Risparmio di Bolzano Sparkasse	11,000	10,312	7,562
Banca Intesa	5,500	5,500	4,469
Total	106,525	102,556	78,596

More specifically, the unsecured medium/long-term loans item, which amounted to 31,429,000 euros as at 31 December, consists of the non-current portion of loans. It is broken down as follows:

Non-secured financing received	nominal value	residual debt	overdue beyond one year
Bank			
Banco BPM	30,000	11,500	7,500
Banca Nazionale del Lavoro	14,000	5,600	2,800
Unicredit	3,000	500	=
Friuladria Credit Agricole	5,000	2,100	700
Banca Popolare dell'Emilia	9,000	3,645	1,831
Banca Popolare di Sondrio	20,500	10,202	6,215
BVR Banca	1,500	1,352	1,056
Cassa di Risparmio di Bolzano Sparkasse	7,500	3,750	1,875
Banca Montepaschi di Siena	15,000	6,896	3,147
Banca Sella	6,000	504	=
Biver Banca	8,000	6,354	4,535
Simest S.p.A.	188	153	153
UniCredit Bank Czech Republic and Slovakia, a.s.	2,156	539	1,617
Total	121,844	53,095	31,429

There are no debts backed by collateral over company assets.

Statement of financial position

7.1) Trade payables and other payables

[Notes to the consolidated financial statements]

	2022	2021	Change
Amounts to:	145,108	98,759	46,349
and can be broken down as follows:			
Trade payables	112,249	77,903	34,346
Trade payables due to affiliates	6,629	3,297	3,332
Advance payments received	2,050	1,053	997
Payables due to Inland Revenue	6,201	3,709	2,492
Payables due to social security institutions	3,631	3,241	390
Payables due to employees	10,892	7,624	3,268
Other payables	1,127	359	768
Other payables to parent companies	1,261	927	334
Accrued liabilities and deferred income	1,068	646	422
Total	145,108	98,759	46,349

Trade payables are due within the year, and pertain to debts for the purchase of goods and services relating to ordinary operations and settled under normal market conditions.

Trade payables to associates/investees relate to:

	2022	2021	Change
Mediterranean Wool Industries Co. S.A.E.	484	180	304
Pettinatura di Verrone S.r.l.	442	61	381
Ratti S.p.A. SB	=	170	(170)
Tintoria di Verrone S.r.l.	7	886	(879)
Schneider Australia	5,696	1,146	4,550
UAB Lietvilna	=	854	(854)
Total	6,629	3,297	3,332

Advance payments from customers are advances received from customers on supplies.

Payables to tax authorities can be broken down as follows:

	2022	2021	Change
Taxes withheld	2,418	2,164	254
Income taxes	1,579	662	918
Regional manufacturing tax	840	221	619
Value added tax	549	34	515
Other amounts due to Inland Revenue	815	629	186
Total	6,201	3,709	2,492

Other payables to tax authorities, in the amount of 6,201,000 euros, represent an increase of 2,492,000 euros.

Payables to social security institutions relate to:

	2022	2021	Change
INPS	1,971	1,665	306
Other Italian institutions	770	800	(30)
Foreign social security agencies	890	776	114
Total	3,631	3,241	390

Payables to social security institutions reflect non-matured positions at the end of the financial year, regularly paid upon maturity.

Payables to other institutions include amounts payable to supplementary pension funds.

[Notes to the consolidated financial statements]

Payables to employees can be broken down as follows:

	2022	2021	Change
December salaries paid in January	2,682	2,593	89
Staff termination indemnities paid after year-end	109	83	26
Deferred salaries	7,819	4,724	3,095
Miscellaneous amounts due	282	224	58
Total	10,892	7,624	3,268

Other payables can be broken down as follows:

	2022	2021	Change
Other payables due to parent companies	1,261	927	334
Other amounts due to third parties	1,127	359	768
Total	2,388	1,286	1,102

Other payables to parent companies, amounting to 1,261,000 euros, relate to the tax consolidation scheme for parent company Wizard S.r.l.

Other payables to third parties, amounting to 1,127,000 euros, includes the valuation of the currency hedging agreements in place at the reporting date for 842,000 euros.

7.2) Short-term financial
payables

	2022	2021	Change
Amounts to	52,954	58,318	(5,364)
and can be broken down as follows:			
Payables due to bank and other lenders	27,762	53,204	(25,442)
Payables for leasing	1,232	1,141	91
Secured financing received	23,960	3,969	19,991
Other amounts due to third parties	=	4	(4)
Total	52,954	58,318	(5,364)

Short-term financial payables, equal to 52,954,000 euros as at the reporting date, include amounts payable to banks and other lenders of 27,762,000 euros for the use of facilities and the current portion of medium/long-term loans (amounting to 21,842,000 euros), and payables to banks with state guarantees of 23,960,000 euros for the current portion of medium/long-term loans.

Below is a breakdown of the net financial position as at 31 December 2022, showing changes occurring during the year in question.

Net financial position

	2022	2021	Change
Amounts to	(83,775)	(89,493)	5,718
and can be broken down as follows:			
1.8 Long term financial receivables	2,673	187	2,486
3.4 Current financial assets	82,897	129,098	(46,201)
5.4 Long term financial payables	(116,391)	(160,460)	44,069
7.2 Current financial payables	(52,954)	(58,318)	5,364
Total	(83,775)	(89,493)	5,718

Net debt totalled -83,775 million euros.

Please see the statement of cash flows for evidence of the individual factors that went towards determining the change during the period.

[Notes to the consolidated financial statements]

Comments on the commitments as at 31 December 2022 are provided below:

"Guarantees to subsidiaries and associates" were given:

- by the Parent company in favour of the subsidiary Marzotto Lab S.r.l. for 16,000,000 euros for transfers of receivables without recourse;
- by the parent company to subsidiary Marzotto Lab S.r.l. for 28,500,000 euros to guarantee loans;
- by the parent company to subsidiary Marzotto Lab S.r.l. for 31,100,000 euros for lines of credit;
- by the parent company to the subsidiary Linificio e Canapificio Nazionale S.r.l. SB for 2,000,000 euros for transfers of receivables without recourse;
- to other subsidiaries/associates to guarantee loans for 7,895,000 euros and to guarantee miscellaneous securities for 1,220,000 euros.

"Guarantees received from third parties" were given:

- to subsidiaries/associates for 363,000 euros as a guarantee for miscellaneous securities;
- to the Parent Company to guarantee miscellaneous securities for 72,000 euros and to guarantee medium/long-term loans for 9,000,000 euros.

"Foreign currency hedging contracts" for the group's Italian companies regard forward purchasing contracts of 72,279,000 euros and forward sale agreements of 35,255,000 euros.

As at 31 December 2022, currency forward purchasing agreements totalled 37,300,000 US dollars, with an equivalent value of 34,161,000 euros, and 150,000,000 Japanese yen, with an equivalent value of 1,094,000 euros. Currency forward purchasing agreements totalled 1,330,000 Czech crowns, with an equivalent value of 51,514,000 euros, and 32,000,000 Australian dollars with an equivalent value of 20,765,000 euros.

Currency forward purchasing agreements for the foreign companies were 1,800,000 euros, with an equivalent value of 44,510,000 Czech crowns.

Currency forward sale agreements for the foreign companies were 2,050,000 euros, with an equivalent value of 53,227,000 Czech crowns.

"Interest rate hedging contracts" relate to:

- Marzotto S.p.A. has two interest rate swaps on a notional amount of 27,000,000 euros;
- Marzotto Wool Manufacturing S.r.l. has three interest rate swaps on a notional amount of 19,400,000 euros;
- Biella Manifatture Tessili S.r.l. has two interest rate swaps on a notional amount of 9,000,000 euros;
- Linificio e Canapificio Nazionale S.r.l. SB has one interest rate swap on a notional amount of 5,000,000 euros.

For comments on the income performance of the Group during the year in question, reference is made to the specific section of the Management Report.

8. Net revenues

The table below gives the breakdown of **Net revenues** according to business sector.

	2022	2021	% change
Marzotto Wool M.	211,140	118,991	77.4
Marzotto Lab	151,561	112,638	34.6
Other operations	20,245	17,007	19.0
Eliminations/adjustments	(13,404)	(10,064)	33.2
Total	369,542	238,572	54.9

Net revenues earned by the Group during the year amounted to 369,542,000 euros, up by 54.9% compared with the previous year.

The item "Net revenues" includes the following **other revenues**:

	2022	2021	% change
Amounts to	24,727	19,251	28.4
and refers to:			
Real estate income	1,633	1,468	11.2
Other revenues and miscellaneous income	23,094	17,783	29.9
Total	24,727	19,251	28.4

Other revenues and miscellaneous income mainly relates to the sale of semi-finished products, processes and the provision of other services relating to ordinary operations, as well as income deriving from photovoltaic management (625,000 euros), tax credits for research and development (589,000 euros), the one-off contribution to the high cost of bills (2,074,000) and investments in new capital goods (142,000 euros), as well as contributions (133,000 euros).

9. Cost of goods sold

	2022	2021	% change
Amounts to	(288,383)	(202,039)	42.7
and refers to:			
Third party production	(12,707)	(7,158)	77.5
In house manufacturing	(120,694)	(78,849)	53.1
Purchase of raw materials, finished and semi-finished products	(154,943)	(96,788)	60.1
Change in stock of raw materials, finished and semi-finished products	22,298	(927)	>100,0
Commercial exchange differences	1,150	1,357	(15.3)
Other logistic and industrial costs	(23,487)	(19,674)	19.4
Total	(288,383)	(202,039)	42.7

Trade exchange rate differences are detailed below:

Trade exchange rate differences	2022	2021	% change
Amounts to:	1,150	1,357	(15.3)
and refers to:			
Exchange rate on cash			
from customers in foreign currency	1,289	839	
Exchange rate gains on payments			
to suppliers in foreign currency	(761)	(1,036)	
Exchange rate on extinguishing			
of trade financing in foreign currency	622	1,555	
Total	1,150	1,357	(15.3)

Exchange differences on hedging transactions are all related to hedging instruments put in place to determine the exchange rate based on estimates of net sales and purchasing volumes for each Group company and the currency exchange rate considered when the price lists are prepared. The Group did not enter into currency forward contracts for speculative purposes.

11. Marketing and product development costs

The breakdown of **commercial and development costs** produced as at 31 December 2022 is given in the table below:

	2022	2021	% change
Amounts to	(39,457)	(29,568)	33.4
and refers to:			
Variable sales costs	(13,486)	(9,210)	46.4
Losses, write-down, accounts receivables	(1,043)	(627)	66.3
Product research and development	(12,158)	(10,077)	20.7
Advertising, marketing and public relations	(2,518)	(1,430)	76.1
Other fixed sales and marketing costs	(10,252)	(8,224)	24.7
Total	(39,457)	(29,568)	33.4

Variable selling costs of 13,486,000 euros include:

- premiums, commissions and agent contributions of 8,274,000 euros;
- transport and transport insurance costs of 5,170,000 euros;
- costs for royalties and agent indemnities of 42,000 euros.

Losses, impairment and credit management, amounting to 1,043,000 euros, includes the change in provisions for doubtful debt and losses on loans recorded during the period (-127,000 euros), insurance costs (-748,000 euros) and other credit management expenses (-168,000 euros).

Other fixed commercial costs of 10,252,000 euros mainly include commercial staff costs, expenses incurred for travel and transfers and other minor expenses.

12. General and administrative costs

	2022	2021	% change
Amounts to	(18,212)	(15,758)	15.6

General and administrative costs as at 31 December 2022 include payroll costs (around 10,443,000 euros), consultancy costs and fees (legal, administrative and other minor), third-party costs (870,000 euros), insurance expenses (530,000 euros) and other costs (maintenance, depreciation/amortisation, utilities and transport) of 6,369,000 euros.

Income statement

[Notes to the consolidated financial statements]

13. Other income and expenses

	2022	2021	% change
Amounts to	120	(987)	n.c.
and refers to:			
Gain on disposal of tangible and intangible assets	62	536	
Loss on disposal of tangible and intangible assets	(95)	(10)	
Write-down of tangible assets	(10)	(30)	
Allocation/use to legal risk fund and future charges	795	(71)	
Other income/charges	(632)	(1,412)	
Total other income/charges	120	(987)	n.c.

14. EBIT

The table below provides a breakdown of EBIT by business segment.

	2022	2021	% change
Amounts to	23,610	(9,780)	n.c.
and refers to:			
Marzotto Wool M.	14,462	(12,594)	n.c.
Marzotto Lab	4,784	806	>100,0
Other operations	4,345	2,077	>100,0
Eliminations/Adjustments	19	(69)	n.c.
Total	23,610	(9,780)	n.c.

EBIT amounted to 23,610,000 euros, up by 33,390,000 compared with the previous reporting date.

Below are the details of payroll costs and the depreciation and amortisation included in the EBIT calculation.

Payroll costs:

	2022	2021	% change
Amounts to:	(84,279)	(66,181)	27.3
and refers to:			
Marzotto Wool M.	(49,664)	(37,050)	34.0
Marzotto Lab	(25,937)	(22,269)	16.5
Other operations	(8,678)	(6,862)	26.5
Total	(84,279)	(66,181)	27.3

The number of active employees had the following trend:

	Year End Staff			Average		
	31.12.2022	31.12.2021	% change	2022	2021	% change
Blue-collar workers	2,381	2,229	6.8	2,360	2,198	7.4
White-collar workers	577	554	4.2	568	558	1.8
Managers	38	36	5.6	37	36	2.8
Total	2,996	2,819	6.3	2,965	2,792	6.2

Amortisation and depreciation was as follows:

	2022	2021	% change
Amounts to	(15,646)	(16,185)	(3.3)
and refers to:			
amortization of intangible fixed assets	(503)	(529)	
depreciation of tangible fixed assets	(15,143)	(15,656)	

Income statement

[Notes to the consolidated financial statements]

15. Net financial expenses

	2022	2021	% change
Amounts to	(3,167)	(1,976)	60.3
and refers to:			
Financial income			
Interests received from affiliates	20	16	25.0
Interests received from banks	215	18	>100,0
Interests received from other	9	=	n.c.
Exchange rate gains on financial transactions	693	793	(12.6)
Total financial income	937	827	13.3
Financial charges			
Interests payable to banks	(1,087)	(878)	23.8
Interests payable to other creditors	(950)	(636)	49.4
Bank charges	(1,136)	(741)	53.3
Exchange rate losses on financial transactions	(396)	(379)	4.5
Other financial charges	(535)	(169)	>100,0
Total financial charges	(4,104)	(2,803)	46.4
Total	(3,167)	(1,976)	60.3

The balance of financial operations as at 31 December 2022 is a loss of 3,167,000 euros, representing an increase of 1,191,000 euros.

In addition, it should be noted that interest income from associates relates to Mediterranean Wool Industries Co. S.A.E. for 20,000 euros.

16. Dividends from unconsolidated equity investments and valuations at equity

	2022	2021	% change
Amounts to	1,333	1,183	12.7
and refer to:			
Valuations to equity			
Ratti Group	913	1,002	
Mediterranean Wool Industries Co. S.A.E.	(279)	=	
G. Schneider Australia Pty Ltd	5	17	
Pettinatura di Verrone S.r.l.	246	(45)	
Uab Lietvilna	350	385	
Tintoria di Verrone S.r.l.	98	(176)	
Total valuations to equity	1,333	1,183	12.7

The above investments are measured according to the equity method; accordingly, their book value has been aligned to incorporate the results for the year.

Income statement

[Notes to the consolidated financial statements]

18. Other financial income and expenses

	2022	2021	% change
Amounts to	(90)	(58)	55.2
and refers to:			
Loss on equity investment in Le Cotonerie S.r.l.	=	(4)	
Loss on equity investment in Schneider New Zealand Limited	=	(10)	
Adjustment TFR IAS 19	(90)	(44)	
Total	(90)	(58)	55.2

The item **Other financial income and charges**, negative for 90,000 euros, includes the financial component of the adjustment of employee termination indemnities, in application of IAS 19.

20. Income taxes

	2022	2021	% change
Amounts to	(4,671)	2,589	>100,0
and refer to:			
Current taxes	(3,308)	(1,052)	
Deferred taxes receivable	(2,146)	2,911	
Deferred taxes payable	787	1,270	
Other variations	(4)	(540)	
Total	(4,671)	2,589	>100,0

The estimated taxes for 2022 of 4,671,000 euros essentially relate to current income taxes and the use of receivables for deferred tax assets, mainly attributable to tax losses, as described in point 1.7.

The reconciliation of the theoretical tax rate with the effective tax rate on income before taxes is set out in the table below.

	2022		2021	
	Amount	%age	Amount	%age
Pre-tax profit	21,686		(10,631)	
Theoretical taxes	(5,205)	(24.0)	2,551	(24.0)
IRAP	(783)	(3.6)	(174)	1.6
Deferred taxes	(1,359)	(6.3)	4,181	(39.3)
Other variations	2,676	12.3	(3,969)	37.3
Total taxes	(4,671)	(21.5)	2,589	(24.4)

Other information

Notes to the consolidated financial statements

Equity investments held directly or indirectly by the parent company

Below is the list of equity investments in which the parent company directly or indirectly holds more than 10% of the voting shares as at 31 December 2022. All equity investments represent ownership:

Company name	Head office	Direct investor	% owned	% group owned
Ambiente Energia S.r.l.	Schio (I)	Marzotto S.p.A.	100.00%	100.00%
Marzotto Textiles Czech Republic s. r.o.	Praga (CZ)	Marzotto S.p.A.	100.00%	100.00%
Aree Urbane S.r.l. in bankruptcy	Milan (I)	Marzotto S.p.A.	32.50%	32.50%
Mascioni S.p.A.	Milan (I)	Marzotto S.p.A.	13.31%	13.31%
Marzotto Wool Manufacturing S.r.l.	Valdagno (VI)	Marzotto S.p.A.	100.00%	100.00%
Biella Manifatture Tessili S.r.l.	Valdagno (I)	Marzotto Wool Manufacturing S.r.l.	100.00%	100.00%
Novà Mosilana a.s.	Brno (CZ)	Marzotto Wool Manufacturing S.r.l.	100.00%	100.00%
Pettinatura di Verrone S.r.l.	Verrone (I)	Marzotto Wool Manufacturing S.r.l.	15.00%	15.00%
Mediterranean Wool Industries Co. S.A.E.	Sadat City (ET)	Marzotto Wool Manufacturing S.r.l.	30.00%	30.00%
Tintoria di Verrone S.r.l.	Verrone (I)	Marzotto Wool Manufacturing S.r.l.	25.00%	50.00%
G. Schneider PTY Limited	Greenwich (AUS)	Marzotto Wool Manufacturing S.r.l.	25.00%	25.00%
Marzotto Lab S.r.l.	Valdagno (VI)	Marzotto S.p.A.	100.00%	100.00%
AB Liteksas	Kaunas (LT)	Marzotto Lab S.r.l.	99.97%	99.97%
Sametex spol s r.o	Kraslice (CZ)	Marzotto Lab S.r.l.	100.00%	100.00%
Girmes International G.m.b.h.	Tonisevst (DE)	Marzotto Lab S.r.l.	100.00%	100.00%
Tintoria di Verrone S.r.l.	Verrone (I)	Marzotto Lab S.r.l.	25.00%	50.00%
UAB Lietvilna	Kaunas (LT)	Marzotto Lab S.r.l.	50.00%	50.00%
Marzotto Textile N.V.	Amsterdam (NL)	Marzotto Wool S.r.l./Marzotto Lab S.r.l.	100.00%	100.00%
Marzotto Textiles USA Inc.	New York (USA)	Marzotto Textile N.V.	100.00%	100.00%
Linificio e Canapificio Nazionale S.r.l. SB	Valdagno (I)	Marzotto Lab S.r.l.	100.00%	100.00%
Filature de Lin Filin S.A.	Chbedda (TN)	Linificio e Canapificio Nazionale S.r.l. SB	100.00%	100.00%
UAB Lietlinen	Kaunas (LT)	Linificio e Canapificio Nazionale S.r.l. SB	100.00%	100.00%
Ratti S.p.A. SB	Guanzate (I)	Marzotto S.p.A.	34.37%	34.37%
Creomoda S.a.r.l.	Soussa (TN)	Ratti S.p.A. SB	76.00%	26.12%
La Maison des Accessoires S.a.r.l.	Soussa (TN)	Ratti S.p.A. SB	68.40%	23.51%
Second Life Fibers S.r.l.	Guanzate (I)	Ratti S.p.A. SB	100.00%	34.37%
Ratti USA Inc.	New York (USA)	Ratti S.p.A. SB	100.00%	34.37%
Ratti Int. Trading (Shanghai) Co. Ltd	Shanghai (RPC)	Ratti S.p.A. SB	100.00%	34.37%
Textrom S.r.l.	Cluj - Napoca (RO)	Ratti S.p.A. SB	100.00%	34.37%
Foto Azzurra S.r.l.	Cassina Rizzardi (CO)	Ratti S.p.A. SB	20.00%	6.87%
Marielle S.r.l.	Firenze (FI)	Ratti S.p.A. SB	30.00%	10.31%

Other information

[Notes to the consolidated financial statements]

Related parties

It is in the economic interest of the parent company to carry out operations with related parties, to realise the existing synergies within the Group, especially with reference to the integration of production and sales, the efficient use the acquired knowledge, the rationalisation of the use of central structures and financial resources.

All relations with subsidiaries, associates and other related parties, whether in relation to the exchange of goods and services or to financial transactions, are carried out at arm's length.

The relations with subsidiaries have been eliminated from the consolidated financial statements. Relations with associates are shown in the financial statements and the relevant notes.

Other information

[Notes to the consolidated financial statements]

Directors and Statutory Auditors

Amounts paid to the Directors and Statutory Auditors of the Marzotto Group

(thousands of euro)	Office		Total
	Directors	Auditors	
Remuneration	1,022	43	1,065

In the year in question, compensation for the supervisory body of 16,000 euros was recognised.

Independent Auditors

Remuneration due for the financial year for services provided by the Independent Auditors

(thousand of euro)	Company		Total
	Marzotto S.p.A.	Subsidiaries	
Auditing services	12	201	213

Other information

During the financial year there were no atypical or unusual transactions.

Events after the date of these financial statements

Please see the Management Report for events subsequent to 31 December 2022.

Segment reporting

The tables below provide segment reporting information.

Segment reporting
2022

(thousands of euro)

Segment reporting Income statement	Marzotto Wool M.	Marzotto Lab	Other Operations	Eliminations	Total
Other revenues	210,236	150,243	9,062	=	369,542
Inter-sector revenues	904	1,318	11,182	(13,403)	=
Totale revenues	211,140	151,561	20,244	(13,403)	369,542
Sector costs	(196,678)	(146,777)	(15,900)	13,423	(345,932)
of which depreciation & amortization	(9,522)	(4,679)	(1,760)	315	(15,646)
of which other non monetary costs	(24)	(151)	48	=	(127)
Operating income	14,462	4,784	4,344	20	23,610
Financial charges net	=	=	=	=	(3,167)
Dividends from non cons. equity invest. and valuation to equity	=	=	=	=	1,333
Other financial income/charges	=	=	=	=	(90)
Pre-tax profit	=	=	=	=	21,686
Taxes	=	=	=	=	(4,671)
Net profit	=	=	=	=	17,015

Segment reporting Balance sheet	Marzotto Wool M.	Marzotto Lab	Other Operations	Eliminations	Total
Assets by segment	114,623	72,010	(7,203)	178,592	358,022
Equity investments in subsidiaries companies	93,317	54,164	100,790	(248,271)	=
Equity investments in affiliated companies	3,978	3,080	25,519	=	32,577
Non-allocated assets	=	=	=	=	85,570
Total assets	211,918	129,254	119,106	(69,679)	476,169
Shareholders' equity	=	=	=	=	136,360
Liabilities by segment	100,106	61,396	16,900	(7,938)	170,464
Non-allocated liabilities	=	=	=	=	169,345
Total liabilities and shareholders' equity	100,106	61,396	16,900	(7,938)	476,169
Investments	4,741	5,306	870	=	10,917

Information by geographical area	Italy	Other Europ. Countries	North America	Asia	Other Countries	Total
Revenues	120,609	170,193	17,481	50,076	11,183	369,542
Fixed assets	352,758	106,762	331	37	16,281	476,169
Investments	6,651	2,933	=	=	1,333	10,917

It should be noted that the unallocated assets and liabilities respectively correspond to the assets and liabilities making up net debt.

Other information

Segment reporting 2021

[Notes to the consolidated financial statements]

(thousands of euro)

Segment reporting Income statement	Marzotto Wool M.	Marzotto Lab	Other Operations	Eliminations	Total
Other revenues	118,504	111,993	8,076	=	238,572
Inter-sector revenues	487	645	8,932	(10,065)	=
Totale revenues	118,991	112,638	17,008	(10,065)	238,572
Sector costs	(131,585)	(111,832)	(14,930)	9,995	(248,352)
of which depreciation & amortization	(10,199)	(4,446)	(1,872)	332	(16,185)
of which other non monetary costs	37	(73)	=	=	(36)
Operating income	(12,594)	806	2,078	(70)	(9,780)
Financial charges net	=	=	=	=	(1,976)
Dividends from non cons. equity invest. and valuation to equity	=	=	=	=	1,183
Other financial income/charges	=	=	=	=	(58)
Pre-tax profit	=	=	=	=	(10,631)
Taxes	=	=	=	=	2,589
Net profit	=	=	=	=	(8,042)

Segment reporting Balance sheet	Marzotto Wool M.	Marzotto Lab	Other Operations	Eliminations	Total
Assets by segment	72,085	53,091	(6,063)	179,953	299,065
Equity investments in subsidiaries companies	93,317	54,164	100,790	(248,271)	=
Equity investments in affiliated companies	4,346	3,448	23,742	=	31,536
Non-allocated assets	=	=	=	=	129,285
Total assets	169,748	110,703	118,469	(68,318)	459,886
Shareholders' equity	=	=	=	=	115,184
Liabilities by segment	65,003	49,841	16,851	(5,771)	125,924
Non-allocated liabilities	=	=	=	=	218,778
Total liabilities and shareholders' equity	65,003	49,841	16,851	(5,771)	459,886
Investments	1,843	2,482	1,747	=	6,072

Information by geographical area	Italy	Other Europ. Countries	North America	Asia	Other Countries	Total
Revenues	87,268	108,676	8,929	26,981	6,718	238,572
Fixed assets	341,742	103,592	418	61	14,073	459,886
Investments	4,131	1,183	=	=	758	6,072

It should be noted that the unallocated assets and liabilities respectively correspond to the assets and liabilities making up net debt.

Valdagno (Vicenza), 28 March 2023

FOR THE BOARD OF DIRECTORS
THE CHIEF EXECUTIVE OFFICER
DAVIDE FAVRIN



The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Manifattura Lane Gaetano Marzotto & Figli S.p.A. are responsible for the preparation of the Report on Operations of Marzotto Group as at December 31, 2022, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of Marzotto Group as at December 31, 2022 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Marzotto Group as at December 31, 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, April 12, 2023

EY S.p.A.
Signed by: Gabriele Grignaffini, Auditor

This report has been translated into the English language solely for the convenience of international readers.

PARENT COMPANY: MARZOTTO S.p.A.

Company with Sole Shareholder - subject to management and coordination by Trenora S.r.l.

Tax ID and V.A.T. registration number 00166580241

REA Vicenza nr. 801

PEC: Marzotto@legalmail.it

Registered and Administrative office:

Largo S. Margherita, 1

36078 Valdagno (VI)

Tel. 0445 429411

Secondary offices:

Piovene Rocchette (VI), Via A. Rossi 50



Financial Statements as at 31 December 2022

MARZOTTO S.p.A.

MARZOTTO S.p.A.
Company with sole partner

Registered and Administrative office in Largo S. Margherita 1, 36078 Valdagno (VI)
Subject to Trenora S.r.l. management and coordination activities
Tax ID, V.A.T. registration number 00166580241 - REA Vicenza nr. 801 - PEC: Marzotto@legalmail.it



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MARZOTTO

GROUP

Marzotto S.p.A.

- General information
- Report on operations
- Financial statements

General information



Marzotto S.p.A.
Company with sole partner

Registered and Administrative office in Largo S. Margherita 1, 36078 Valdagno (VI)
Subject to Trenora S.r.l. management and coordination activities
Tax ID, V.A.T. registration number 00166580241 - REA Vicenza nr. 801 - PEC: Marzotto@legalmail.it

[Corporate management and shareholders]

Corporate management

Board of Directors

Chairman

Antonio Favrin ⁽¹⁾

Deputy Chairman

Andrea Guaccero

Board Members

Federica Favrin

Vittorio Marzotto

Donatella Ratti

Federico Torresi

Chief Executive Officer

Davide Favrin ⁽¹⁾

1. Members of Executive Committee

Board of statutory auditors

Acting Auditors

Sandro Miotto - Chairman

Marco Della Putta

Federico Giorgione

Substitute Auditors

Paolo Corgnati

Stefano Rudelli

Independent auditors

EY S.p.A.

Shareholders

As at 31.12.2022 the share capital amounted to 40,000,000 euros, totally owned by the Sole Shareholder **Wizard S.r.l.**

Marzotto S.p.A.

- General information
- Report on operations
- Financial statements

Report on operations



Marzotto S.p.A.
Company with sole partner

Registered and Administrative office in Largo S. Margherita 1, 36078 Valdagno (VI)
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Tax ID, V.A.T. registration number 00166580241 - REA Vicenza nr. 801 - PEC: Marzotto@legalmail.it

[Management Report]

Dear Shareholders,

The financial statements for the year ended 31 December 2022, submitted herewith for your review and approval, closed with revenues of 11.8 million euros and a profit of 7.8 million euros.

Basis of preparation of
the financial statements

Marzotto S.p.A.'s financial statements have been prepared in compliance with the International Financial Reporting Standards (IAS/IFRS) and the related interpretations of the International Accounting Standards Board (IASB), approved by the European Commission and transposed into Italian law by Legislative Decree no. 38/2005.

Please see the explanatory notes for comments on the results of the financial statements. Below, please find information on the Company's position and future outlook, as well as that required by current legislation.

General information

Marzotto S.p.A. is the parent company of the Marzotto Group, which is one of the main international players in the textile sector, operating in the development, production and distribution of high-end wool fabrics (through the Marzotto Wool Manufacturing Group), cotton, wool yarns and linens, furnishing textiles, velvets (through the Marzotto Lab Group) and silk (with the Ratti Group).

[Main events of the year]

To begin this report, before addressing the Company's operational activity in 2022, we would like to mention the main events that took place during the year just ended and in the current year.

Praia a Mare litigation

With regard to the Praia a Mare plant, which was acquired by the Company in 1988 and whose operations ceased in 2004, the following proceedings are pending:

- 1) Proceeding No. 481/16 Criminal Records Registry - Form 21 before the Public Prosecutor's Office at the Court of Paola, for the offences of manslaughter and injury through negligence. In the initial phase, the Public Prosecutor requested a special evidentiary hearing, which ended on 31 May 2021 with the hearing at which experts described the conclusions drawn from the report filed with the Examining Judge, ruling out the existence of a causal link between the disease found in some former employees of the company and the alleged exposure to any harmful substances at the same company. On 28 October 2022, the Public Prosecutor filed a request with the Examining Judge to dismiss the proceedings for all the suspects. Since the injured parties objected to dismissal at a later date, the relevant hearing will presumably be held by the end of 2023.
- 2) In February 2021, the Court of Paola rejected the civil appeals filed by a group of employees, in large part the same persons who filed the complaints that formed the basis of the above criminal proceedings, in order to obtain compensation for the damage allegedly suffered for injury or death resulting from the illness caused by the alleged exposure to harmful substances at the company. Proceedings relating to the appeals of judgements are pending before the Catanzaro Court of Appeal. A first-instance discussion of and decision on a second group of cases is still pending. These will be completed in 2023.
- 3) Civil proceedings no. 750/2020 RG before the Court of Appeal of Catanzaro. This relates to the resumption of civil proceedings following the ruling of the Court of Cassation relating to the first criminal proceedings, which, rejecting the appeal by the Chief Prosecutor, confirmed the acquittals of the offences that were contested at the time, but criticised the second instance ruling for failure to deal with the position of the Municipality of Tortora on the issues raised in relation to alleged damage resulting from an environmental disaster. The Court of Appeal has reserved its decision on the preliminary petitions submitted by the Municipality of Tortora and it is not possible to make any predictions on this matter.

Bankruptcy of Aree Urbane S.r.l. in liquidation

Aree Urbane S.r.l. in liquidation, in which Marzotto held a 32.50% stake, was declared bankrupt in June 2021. In the next few months, the application to be admitted as a creditor in this company's receivership, filed by Marzotto due to the receivable it held by way of a shareholder loan of 25,720,719.85 euros, was approved, while the insolvency administrator sought clarification of the remediation costs relating to the properties transferred to that company in 2003, and not yet sold, located in Schio, Vicenza and Piovene Rocchette. Although a conciliation attempt has been made, at present there is no agreement between the parties on the obligation and the value of the possible works.

[Management Report]

Highlights of the
income statement and
statement of financial
position

The table below contains summaries of the Company's main economic, income and financial indicators for the year ended 31 December 2022.

(in millions of euro)	2022	2021	change	change %
Net revenues	11.8	9.6	2.2	+ 22.9%
Operating income	2.4	0.7	1.7	>100,0%
% of net revenues	20.3%	7.3%		
EBITDA (1)	3.4	1.9	1.5	+ 78.9%
% of net revenues	28.8%	19.8%		
Income before taxes	8.7	0.6	8.1	>100,0%
% of net revenues	73.7%	6.3%		
Net income	7.8	0.2	7.6	>100,0%
% of net revenues	66.1%	2.1%		
Net working capital	0.7	0.8	(0.1)	- 12.5%
Net employed capital	117.3	116.7	0.6	+ 0.5%
Net financial position (*)	(24.8)	(16.3)	(8.5)	+ 52.1%
Investments for the period	0.4	1.3	(0.9)	- 69.2%
Active staff: employees	76	71	5	+ 7.0%

(*) Net financial debt in the table = positive NFP

	2022	2021	change
ROI	2.0%	0.6%	1.4%
ROE	5.5%	0.2%	5.3%
ROS	20.3%	7.3%	13.0%
Debt/Equity (*)	-17.5%	-12.3%	-5.2%
Capitalisation ratio	121.1%	114.0%	7.2%
Financial coverage rate of assets	80.3%	83.0%	-2.7%
Inventory rotation index	=	=	=
Number of days of credit to clients	168	158	10

Legend:

ROI: EBIT/Capital employed

ROE: Net result/Shareholders' equity

ROS: EBIT/Net revenues

Debt/Equity: Net financial position/Shareholders' equity

Capitalisation index: Ratio of shareholders' equity to capital employed net of operating liabilities

Financial hedging of fixed assets: Fixed assets + ML-term provisions/Shareholders' equity + ML-term financial borrowing

Inventory rotation index: Net inventory/Cost of goods sold x 360 days

Credit days to customers: Gross trade receivables/Net revenues x 360 days

(1). EBIT + Amortisation/depreciation.

[Management Report]

Income statement

The income statement is summarised below.

(in millions of euro)	2022		2021	
Net revenues	11.8	100.0%	9.6	100.0%
Cost of sales	(1.6)	(13.6%)	(1.6)	(16.7%)
Gross income	10.2	86.4%	8.0	83.3%
R&D and marketing costs	=	=	=	=
General and administrative costs	(8.7)	(73.7%)	(7.3)	(76.0%)
Profit from core businesses	1.5	12.7%	0.7	7.3%
Non-recurring income/(charges)	0.9	7.6%	0.0	=
Operating income	2.4	20.3%	0.7	7.3%
Net financial charges	(0.1)	(0.8%)	(0.1)	(1.0%)
Dividends	6.4	54.2%	=	=
Other financial income/charges	=	=	=	=
Income before taxes	8.7	73.7%	0.6	6.3%
Taxes	(0.9)	(7.6%)	(0.4)	(4.2%)
Net income	7.8	66.1%	0.2	2.1%

Net revenues

Net revenues achieved by the Company in FY 2022 come to 11.8 million euros and relate to the following businesses:

(in millions of euro)	2022		2021	
Holding and coordination	8.8	74.6%	7.3	76.0%
Real estate	=	=	=	=
Logistics	2.9	24.6%	2.1	21.9%
Other	0.1	0.8%	0.2	2.1%
Total	11.8	100.0%	9.6	100.0%

by geographical area

(in millions of euro)	2022		2021	
Italy	11.7	99.2%	9.1	94.8%
Other European Countries	0.1	0.8%	0.5	5.2%
Total	11.8	100.0%	9.6	100.0%

Result of ordinary operations

The result from ordinary operations as at 31 December 2022 was positive for 1.5 million euros, deriving from revenues achieved during the period of 11.8 million euros, net of the cost of goods sold (1.6 million euros) and general and administrative costs (8.7 million euros).

Non-recurring income and expenses

As at the reporting date, the net balance of non-recurring operations totalled 0.9 million euros, compared with a balance of 0.0 million euros in 2021.

Net financial expenses

In 2022, the Company booked net financial expenses with a negative balance of 0.1 million euros, unchanged compared with the previous year.

Dividends from investees

In the current year, the Company received dividends of 6.4 million euros (0.9 million euros from associate Ratti S.p.A. and 5.5 million euros from subsidiary Ambiente Energia S.r.l., including 4.5 million euros by way of distribution of retained earnings/share premium reserve) compared with 0.0 million euros received in 2021.

[Management Report]

Income taxes

Marzotto S.p.A. and the subsidiaries Linificio e Canapificio Nazionale S.r.l., Biella Manifatture Tessili S.r.l., Le Cotonerie S.r.l., Ambiente Energia S.r.l., Marzotto Wool Manufacturing S.r.l. and Marzotto Lab S.r.l. opted for the national tax consolidation scheme, for which the parent company is Wizard S.r.l., and its effects are reflected in the results as of 31 December 2022.

The balance of tax operations for the period is negative for 0.9 million euros (-0.4 million euros at 31 December 2021).

Net result

On the basis of the aforementioned analyses, net profit for the year was +7.8 million, compared with a net profit of +0.2 million in 2021.

[Management Report]

Financial position

The Company's financial position as at 31 December 2022 is summarised in the table below, compared with the corresponding amounts for the previous year.

(in millions of euro)	31.12.2022	31.12.2021
Net trade receivable	5.5	4.1
Other receivables	0.7	0.9
Inventory	=	=
Commercial suppliers	(1.6)	(1.6)
Other payables	(3.9)	(2.6)
A) Net working capital	0.7	0.8
B) Assets/liabilities held for sale	=	=
Receivables beyond 12 months	2.4	2.8
Equity investments	112.1	112.0
Tangible fixed assets	10.0	10.4
Intangible fixed assets	0.8	0.9
C) Net fixed assets	125.3	126.1
D) Employee severance fund, reserves, and other non-financial M/L term payables	(8.1)	(9.6)
E) Deferred taxes reserve	(0.6)	(0.6)
F) Invested capital net of current liabilities (A+B-C-D-E)	117.3	116.7
Covered by:		
Short-term financial payables	17.0	3.6
Cash and short-term financial receivables	(44.9)	(26.6)
Medium/long term financial payables	55.3	72.2
Medium/long term financial receivables	(52.2)	(65.5)
G) Net borrowing	(24.8)	(16.3)
H) Shareholders' net equity	142.1	133.0
I) Total (G+H) as in F	117.3	116.7

Net capital employed

Capital employed, net of operating liabilities, came to 117.3 million euros, including net fixed assets of 125.3 million euros and provisions for employee termination indemnities and other non-financial medium/long-term liabilities of 8.7 million euros.

In detail, fixed assets include long-term receivables in the amount of 2.4 million euros, which represent prepaid tax credits deemed likely to be recovered; investments for 112.1 million euros, which include the book value of equity investments in subsidiaries and associates (see Section 1.5 of the notes to the financial statements); fixed assets for 10.8 million euros, including land and buildings for 6.0 million euros and plant, machinery and equipment (mainly relating to the Piovene logistics business) for 3.8 million euros.

The item "Employee termination indemnities and other non-financial medium/long-term liabilities" includes the indemnity, calculated in accordance with current legislation, accrued by employees up until 31 December 2006 for 0.5 million euros; the pension provision for 0.4 million euros; the provision for restructuring and relocation for 2.7 million euros, intended to cover expenses connected with the plan to restructure some industrial activities; the provision for legal risks and disputes for 0.8 million euros, intended to cover liabilities that may ensue from legal and other disputes; and other provisions for risks and charges for 3.7 million euros, related to the foreseeable risks consequent to the operations relating to the company Aree Urbane S.r.l. and the plant at Praia a Mare.

Net debt

The Company's net debt was positive for 24.8 million euros at the reporting date, compared with a positive balance of 16.3 million euros in 2021. Final net debt includes 1.1 million euros of higher financial payables, due to the adoption of IFRS 16.

Shareholders' equity

Shareholders' equity came in at 142.1 million euros, up 9.1 million euros on 2021. The change is mainly due to the result for the period and the change in the fair value reserve.

To aid comprehension of the Company's equity position, we should point out that the index measuring the ratio of own funds and net capital employed increased from 114.0% at the end of 2021 to 121.1% at the end of 2022.

[Equity investments]

Equity investments in subsidiaries

The main news and information on the performance of subsidiaries and associates is provided below. Transactions with subsidiaries and associates and other related parties are presented in the financial schedules and the relevant notes.

Marzotto Wool Manufacturing Group

The main object of Marzotto Wool Manufacturing Group, with parent company Marzotto Wool Manufacturing S.r.l., which has its registered office in Valdagno (Vicenza), is the development, production and distribution of high-end fabrics for men's and women's collections, mainly in wool, and also in fine fibres such as alpaca, cashmere, linen and silk.

The Marzotto Wool Group includes subsidiaries Nová Mosilana a.s. (wholly owned), Biella Manifatture Tessili S.r.l. wholly owned), and associates Tintoria di Verrone S.r.l. (25% owned), Mediterranean Wool Industries SAE (30% owned), Marzotto Textiles USA (50% owned), Schneider Australia (25% owned) and investee company Pettinatura di Verrone S.r.l. (15% owned).

The total turnover generated increased compared with the previous year, to 211.1 million euros, with EBIT of 14.5 million euros and net profit of 9.6 million euros.

As concerns the breakdown of turnover by operating business unit, the Lanificio Gmf segment recognised turnover of 109.4 million euros (51.8% of the total) and Biella Manifatture Tessili recognised 87.2 million euros (41.3%), while Estethia/G.B. Conte closed the year with 13.9 million euros in turnover (6.6%).

The table below shows turnover contribution and performance by business.

Net revenues by business

(in millions of euro)	2022		2021	
Lanificio Gmf	109.4	51.8%	61.8	51.9%
Biella Manifatture Tessili	87.2	41.3%	44.4	37.3%
Estethia/G.B. Conte	13.9	6.6%	12.3	10.3%
Other	0.6	0.3%	0.5	0.5%
Total	211.1	100.0%	119.0	100.0%

[Equity investments]

Below are some comments on the performance of the main segments in which the Group operates.

MARZOTTO WOOL MANUFACTURING

The recovery, which was already taking place in the last quarter of 2021, accelerated further during 2022, driven by growth in consumption and the need to restore inventory along the supply chain and in the warehouses of the main international retail stores.

The return to working at the office, the option of travel and the resumption of social life, events and ceremonies were already driving trends in consumption, particularly of classic clothes, in Europe and the US in the first half of 2022, while in the other markets the recovery took place in the second half of the year, with the exception of China, where the ongoing effects of the Covid-19 pandemic have slowed consumption, mainly physical retail purchases.

2022 was marked by a tragic event of war, with Russia's invasion of Ukraine. The war intensified during 2022 and continues to have devastating human and economic impacts on the Ukrainian state and also significant repercussions for world economies. In particular, the restrictions imposed by the European Community on trade with Russia eliminated exports of fabrics to this market, which is not particularly significant for Marzotto Wool. However, the restrictions did have major consequences in terms of electricity and gas costs.

The increase in utility costs also had a significant impact on Marzotto Wool, but this was partially limited by the hedging policy implemented by the Company.

In 2022, a prudent policy to contain fixed costs, which began during the pandemic years, continued, with a careful assessment of real value-added activities that allowed for further growth in operating results.

Investments mainly related to the updating of production systems, including in view of 4.0, reducing thermal and electrical energy consumption and increasing self-generation of energy from photovoltaics.

The result for 2022 was better than forecast in the budget, due to an increase in the margins of all the commercial lines, partly achieved by improving the sales mix.

LANIFICIO GMF

In the year under review, Lanificio GMF booked net revenues of 109.4 million euros (61.8 million euros in the previous year).

The increase in turnover was driven not only by higher volumes and higher prices due to a better product mix, but also by a different customer mix with a more high-end and luxury customer base. The increase in volumes affected all markets with different trends and timeframes, in particular, there was a robust recovery in the American market and in northern Europe, where Tessuti GMF has always had a strong presence. The sale of fabrics for women's clothing contributed to the growth of volumes and margins with the same trends as fabrics for men's clothing.

The production structure proved to be one of the Company's strengths, adapting to the increased volumes very quickly and always ensuring a high level of service to the market, a service recognised by its main customers that enabled it to win more market share.

Sustainability: In 2022, we continued to invest in sustainability with environmental certification and protection projects that start with the supply of wools from selected farms that pay particular attention to animal welfare and protection of the ecosystem, investing in the training of our employees and implementing the use of production processes with less environmental impact. In particular, in 2022 significant investments were planned, and already partly implemented, aimed at increasing the percentage of self-generated energy, reducing the use of thermal energy sources and recovering and recirculating water in the production process.

These investments were made with a view not only to containing costs, but also - and above all - to reducing the Company's environmental impact.

Sustainability is becoming a necessity for dialogue with the successful brands that will grow in the next few years; Tessuti GMF, as well as the entire Marzotto Wool group, has embraced this philosophy for years, and today this represents a significant competitive advantage.

[Equity investments]

BIELLA MANIFATTURE TESSILI

In 2022, the company achieved revenues of 87.3 million euros (44.4 million euros at 31 December 2021) and a net profit of 2.0 million euros (compared with a loss of 4.7 million euros at 31 December 2021).

The results achieved summarise the varying performances of the company brands, which include turnover of 34.7 million euros for the Guabello division (+110% compared with the previous year), 30.5 million euros for the Marlane division (+131% compared with 2021), 18.9 million euros for the Tallia di Delfino division (+45% compared with 31 December 2021) and 2.3 million euros for the Opera Piemontese division (+77% compared with 31 December 2021).

Below are comments on the performance of the individual brands:

Guabello closed 2022 with strong turnover growth (+110%) compared with the previous year, not only in all the main European markets, but also North America and the Far East. Investment has continued in the Chinese market, thanks in part to a new sales structure with more emphasis on high-end Chinese brands, alongside the existing structure, which is more focused on the market for work uniforms. The modern collection, with comfortable and easy-to-maintain fabrics aimed at fine formal wear, has helped win increasing market share. The sales mix of innovative products has allowed for an increase in sales prices and a considerable recovery of margins.

The **Marlane** division achieved the biggest turnover growth in 2022 (+131%), thanks to careful positioning in the younger formal clothing market and a good level of service, partly achieved through careful management of stock service inventories. The collection, aimed at a younger market, with the inclusion of fibres alternative to wool, but with a good level of comfort and modernity, has facilitated the product's sales growth and margins.

Tallia di Delfino continued to consolidate its presence in the high-end and sartorial segment of the market, thanks to a collection made with more fine fibres, such as cashmere and silk, and also due to the development of the Gentleman's Wardrobe offer, with new bunches for outerwear and luxury sports jackets. This line also recorded a significant recovery in sales volumes. In 2022, its main goal was also to increase its presence in luxury men's formal clothing brands in Europe, the Middle East, Japan and Korea and in "made to measure".

Opera Piemontese is the new Donna di Lusso fabric line, made mainly with fine fibres such as cashmere, alpaca, silk and fine wools. It continued to grow in 2022, increasing its presence in Italian and French luxury brands, partly due to investments in the production of exclusive products. In order to make growth even more efficient and rapid, further investments were planned for 2023, in particular in more flexible weaving machines suitable for the production of almost artisanal luxury fabrics made with special yarns.

[Equity investments]

ESTETHIA/G.B. CONTE

In the year under review, the division booked net revenues of 13.9 million euros (12.3 million euros in the previous year).

The increase in turnover is mainly due to a richer product mix aimed at the highest and luxury end of the women's clothing market.

Estethia G.B. Conte has diversified further towards a more modern and high-performance product, also using fibres other than wool, and with a focus on the environment (circular economy synthetic and natural fibres).

In 2022, both product and commercial investment continued in the "Prima Donna" product line, which reported good sales results, particularly in the Far East market, mainly in China, but also in Europe thanks to major brands.

The distribution of Harris Tweed products continued to perform well in 2022, enabling relations with the company to become even more efficient.

Net revenues by geographical area

(in millions of euro)	2022		2021	
Italy	50.8	24.1%	34.4	28.9%
Other European countries	100.6	47.7%	53.3	44.8%
North America	12.3	5.8%	6.0	5.0%
Asia	42.1	19.9%	22.1	18.6%
Other countries	5.3	2.5%	3.2	2.7%
Total	211.1	100.0%	119.0	100.0%

Below are the key indicators of the Marzotto Wool Manufacturing Group.

Key indicators

(in millions of euro)	2022	2021	change	change %
Consolidated net revenues	211.1	119.0	92.1	+ 77.4%
Profit from core businesses	14.9	(12.5)	27.4	n.c.
% of net revenues	7.0%	(10.5%)	17.5%	
Operating income	14.5	(12.6)	27.1	n.c.
% of net revenues	6.8%	(10.6%)	17.4%	
Net income	9.6	(10.9)	20.5	n.c.
Consolidated net invested capital	115.9	108.3	7.6	+ 7.0%
Investments for the period	4.7	1.8	2.9	>100,0%
Active staff at 31 December: employees	1,504	1,385	119	+ 8.6%

Net capital employed in 2022 was up by 7.6 million euros, reflecting an increase in working capital of 11.2 million euros, a decrease in fixed assets of 4.0 million euros and a reduction of medium/long-term provisions of 0.4 million euros.

[Equity investments]

Marzotto Lab Group

The main object of the Marzotto Lab Group, with parent company Marzotto Lab S.r.l., which has its registered office in Valdagno (Vicenza), is to carry out industrial and commercial operations relating to the purchase, and main and accessory manufacture, of textile fibres of all kinds.

The Marzotto Lab Group, which comprises parent company Marzotto Lab S.r.l., its subsidiary, Linificio e Canapificio Nazionale S.r.l. (wholly owned) and the relative investee companies, AB Liteksas (99.97% owned), Uab Lietvilna (50% owned), Sametex spol s r.o (wholly owned), Girmes G.m.b.H. (in liquidation - wholly owned), Tintoria di Verrone S.r.l. (25% owned) and Marzotto Textiles Usa (50% owned), is active in the Linen, Cotton, Velvet, Furnishings and Other segments (mainly including coordination functions and service activities carried out by the parent company for the operating businesses).

Turnover volume for the year just ended was 151.6 million euros, up 34.6% compared with the previous year (2021: 112.6 million euros).

Below is the opening according to product type:

Net revenues by product

(in millions of euro)	2022		2021	
Linen	60.5	39.9%	50.0	44.4%
Cotton	47.7	31.4%	29.0	25.8%
Velvet	24.2	16.0%	18.4	16.3%
Furnishing	14.7	9.7%	12.5	11.1%
Other	4.5	3.0%	2.7	2.4%
Total	151.6	100.0%	112.6	100.0%

The Marzotto Lab Group's activities bring together divisions and companies relating to diversified textile sectors, even if they are in part complementary or belong to a single chain.

LINEN

The Linificio e Canapificio Nazionale Group closed 2022 with turnover growth of 25% compared with the previous year and 79% compared with 2020. The group has therefore returned to the path of growth that began in 2018 and came to an abrupt halt in 2020, when, due to the outbreak of the Sars Covid-19 pandemic, there was a sharp drop in consumption of linen yarns worldwide.

In the first half of 2022, demand for linen yarns from the furnishing sector was very strong, offsetting historically weak demand from the clothing segment in the first part of the year.

Since the end of spring, however, there has been a reversal of the trend: the clothing sector has shown a strong interest in linen yarns, probably partly due to the increasing attention that the sector is placing on questions of sustainability, proximity and traceability, to which the linen industry is providing responses. In the same period of the year, meanwhile, there was a hard-to-foresee reversal in the trend in the furnishing segment, probably due to the sudden rise in yarn prices, a direct result of the commercial policy adopted by the linen agricultural cooperatives, the sellers of the fibre, which did not take into account the dynamics and timescales of this sector, which is culturally and usually not very inclined towards sudden changes in prices.

This trend in the price of flax fibres, the Company's main raw material and the main cost item, has resulted in considerable difficulties in the ordinary operations of the business: the prices and availability of the raw material have been two uncertainties throughout the year, for which it was impossible to make or receive forecasts. This has created considerable difficulties in sales management, particularly in balancing the increase in the price of yarns with the ability of the main sectors in which Linificio e Canapificio Nazionale operates to absorb these increases.

The increase in the price of flax fibre is due, even more than a mismatch between flax fibre supply and demand, to the increase in the price of other crops, such as wheat, due to the war between Russia and Ukraine, which directly resulted in difficulty obtaining certain agricultural products, primarily wheat.

The military conflict, which began in February, was a catalyst for a process that had already started a few months earlier, linked to the difficulty of procuring many raw materials, including energy, with an associated uncontrolled increase in purchasing prices, particularly in Europe.

This phenomenon made managing the prices and sales volumes of yarns even more complex during the year, also because, in February, Linificio e Canapificio Nazionale already had an order book equal to 50% of the sales volumes forecast during the year, in terms of volumes.

[Equity investments]

Despite these three main adverse aspects, the economic result for 2022 is positive, higher than the results for the last few years, including the “pre-pandemic” years, and in line with the budget presented at the beginning of the year.

This result was made possible by the Company's consolidation of its global leadership role in terms of innovation, environmental sustainability and social over the years.

Thanks to this position of privilege, the close attention paid to proximity and valorisation of the region, the development of new, highly sustainable products and the creation “ex novo” of new markets with a strong positive impact on the environment, Linificio e Canapificio Nazionale succeeded in penetrating some markets more effectively and in opening new ones.

Among the developed markets, primarily in the last two years, the following are regarded as of particular strategic importance in the short and medium term:

- the food packaging market, already a reality in France, Germany and Spain, where the need to find alternatives to plastic in the food sector is ever more urgent, also for national policies to reduce environmental impacts;
- the composite materials market, where the search for performance must increasingly take account of the use of more environmentally friendly materials.

Thanks in part to the presence of these new markets and very careful commercial management, the average sale price of yarns and the total turnover were higher than in 2021, leading to an even better result than that budgeted in the three-year plan presented in 2020 and revised with further improvements in December 2021.

In 2023, the average sale price will have to increase even further compared with 2021 and 2022. This commercial policy will be necessary in order to cope with further increases in raw materials prices, which will certainly occur during the year.

On the other hand, we expect a decrease in sales volumes in the furnishings market, which we will try to offset, partly with an increase in sales volumes in the clothing sector and partly with an increase in sales prices in new sectors such as packaging and composite materials.

In 2023, the aim will also be to consolidate the linen yarn market at zero km: a project launched in 2020 and developed in the following two years, the aim of which is to recreate a local linen supply chain within Italy. The project is not only virtuous due to its environmental sustainability, but also due to high social impact, as with this project we intend to recover a historical Italian crop, abandoned over the years due to economic expedience, which the Linificio e Canapificio Nazionale now feels a responsibility to recover. Many Italian brands have taken an interest in this project.

In accordance with its corporate object as a benefit corporation and in the spirit of the actions of Linificio e Canapificio Nazionale in recent years, the Company has focused even more on sustainability issues, undertaking to make a concrete contribution to reducing environmental, social and territorial impacts, through concrete strategies and actions, in order to contribute to the necessary ecological transition process aimed at preserving well-being, also of future generations. For further analysis and information, please see the relevant benefit corporation report.

COTTON

The Tessuti di Sondrio BU closed the year with turnover growth of approximately 64% compared with the previous year. The higher costs of energy, raw materials and many other products had a significant impact, but the strength of the brand, production capacity and increased market demand allowed these gains to be transferred to the market.

Growth in volumes and turnover continued from the start of the year. The plant worked at full capacity, particularly from September to December. The turnover growth showed that the Tessuti di Sondrio and NTB brands were able to capture demand for high-quality products as soon as the market responded.

Action continued to obtain environmentally sustainable products, which are increasingly requested by customers. There has also been a drive towards products that meet the changing needs of consumers who want to follow the athletic leisure and sportswear trend.

[Equity investments]

VELVET

Fashion fabrics: in 2022 there was a significant increase in volumes for fashion velvet. A review of the clothing collection was launched during the year, in the belief that the market may value Redaelli's quality and production capacity also through specific collaborations in the sector. The introduction of sustainable products with recycled material and the launch of a fake fur collection continued. In the case of velvet, by specific type of product related to the production process, the impact of energy costs was particularly significant and involved an adjustment of final sale prices to compensate for the higher costs. Despite this difficult situation, the business unit continued the process of recovery of the income statement.

Furnishing fabrics: in April, the Marzotto Interiors brand was launched, combining the history and expertise of the Prosetex and Redaelli brands. It was decided to launch this new brand following an analysis that identified a need to provide a single representation of the two existing collections and, at the same time, to also convey the strength of the Marzotto brand in the furnishing sector. In terms of volumes, two trends were recorded during the year: growth in the first half and a decline in the second half, particularly in September. This was partly connected to the Western countries coming out of the pandemic period, which resulted in people focusing their purchases more on clothing than their homes, after home spending benefited from the reverse situation during the months when people had to spend longer at home. Additional contract products that require specific technical specifications (Trevira, FR) were created.

FURNISHING ACCESSORIES

This business unit operates in the home textile accessories sector, offering a range of finished bedlinen and living room products. The distribution structure for the retail channel is based on an extensive network of agents located both in Italy and abroad.

In March, the new e-commerce channel was launched. A need for adaptation was identified, in terms of both technology and image/content.

In October, the first store opened in Brera, Milan. Brera is one of the most important design districts in the world. With the store opening, the collection was strengthened with its first expansion into towelling items (bathrobes and towels) and sheets. Partnerships have also begun with major designers (Paola Navone and Matteo Menotto) to offer a product that will capture new consumers of the Lanerossi brand. This activity received a great deal of attention from the national and European press. A major online and offline communication plan was launched when the new Milan store was launched.

The brand therefore benefited from media exposure that gave it renewed recognition in the home accessory textiles market. The various initiatives have resulted in significant turnover growth.

[Equity investments]

With regard to the end markets, it should be noted that the domestic market accounts for 41.5% of the total (compared with 40.7% in the previous year), while the rest of Europe, which covers around an additional 45.9% of the total, was down (49.2% in 2021).

Net revenues
by geographical area

(in millions of euro)	2022		2021	
Italy	63.0	41.5%	45.9	40.7%
Other European countries	69.6	45.9%	55.4	49.2%
North America	5.1	3.4%	3.0	2.7%
Asia	8.0	5.3%	4.8	4.3%
Other countries	5.9	3.9%	3.5	3.1%
Total	151.6	100.0%	112.6	100.0%

Below are the key indicators of the Marzotto Lab Group.

Key indicators

(in millions of euro)	2022	2021	change	change %
Consolidated net revenues	151.6	112.6	39.0	+ 34.6%
Profit from core businesses	5.1	1.3	3.8	>100,0%
% of net revenues	3.4%	1.2%	2.2%	
Operating income	4.8	0.8	4.0	>100,0%
% of net revenues	3.2%	0.8%	2.4%	
Net income	3.5	0.5	3.0	>100,0%
Consolidated net invested capital	73.1	65.9	7.2	+ 10.9%
Investments for the period	5.3	2.5	2.8	>100,0%
Active staff at 31 December: employees	1,386	1,334	52	+ 3.9%

Net capital employed in 2022 was up by 7.2 million euros, reflecting an increase of 4.5 million euros in net working capital and 2.9 million euros in fixed assets and a reduction of medium/long-term provisions of 0.2 million euros.

[Equity investments]

Ambiente Energia S.r.l.
Share capital
100,000 euros

Established on 22 May 2009, Ambiente Energia S.r.l. is a limited liability company with its registered office at Viale dell'Industria, Schio (Vicenza).

The Company operates independently with a single director vested with full powers, and mainly carries out integrated industrial and other waste management activities, in the capture, collection, supply, purification and drainage phases, and carries out waste, water, sludge treatment and similar activities.

The subsidiary closes the year with revenues of 7.5 million euros, (6.7 million euros in 2021) and a net result of 1.3 million euros (1.0 million euros in 2021).

[Equity investments]

Equity investments in
Associated
companies/investee
companies

Ratti S.p.A.
Share capital
11,115,000 euros

Below is a list of other equity investments in associates:

	2022	2021
Equity investments	34.37%	34.24%
no. of shares owned	9,401,300	9,364,000
Marzotto S.p.A. book value	11.2 euro/millions	11.1 euro/millions

In 2010, Marzotto S.p.A. purchased an initial equity investment of 33.36% in Ratti S.p.A., a company listed on the Milan stock exchange with its registered office in Guanzate (CO).

The Ratti Group operates in the silk sector, producing and marketing printed, solid-colour and yarn-dyed fabrics for clothing and furnishings. It also develops and distributes finished products, mainly men's and women's accessories.

The Ratti Group earned revenues of 89.1 million euros (compared with 78.7 million euros in FY 2021) and a net profit of 2.6 million euros (compared with 2.9 million euros in 2021).

Mascioni S.p.A. (MI)
Share capital
5,560,000 euros

	2022	2021
Equity investments	13.31%	13.31%
no. of shares owned	283,500	283,500
Marzotto S.p.A. book value	=	=

It should be recalled that the company entered into composition proceedings in 2015. The equity investment was written off.

Aree Urbane S.r.l. (MI)
in liquidation
Share capital
100,000 euros

	2022	2021
Equity investments	32.50%	32.50%
Marzotto S.p.A. book value	=	=

See in this regard the contents of the "Main events of the year" section at the beginning of this document.

[Other information]

Employees

As of 31 December 2022, the Company had 77 active employees, compared with 72 in the previous year.

	Year-end staff				Average staff			
	at 31.12.2022		at 31.12.2021		2022		2021	
Fabrics	1	1.3%	1	1.4%	1	1.4%	1	1.3%
Other Operations	75	98.7%	70	98.6%	72	98.6%	74	98.7%
Total	76	100.0%	71	100.0%	73	100.0%	75	100.0%
Laid off/dismissed	1		1		1		1	
Total staff year end	77		72		74		76	

Industrial relations

Between January and February 2022, the HR department signed a one-year extension of second-level company agreements with the regional trade unions for the sector at the various plants. In particular, the company agreements of the plants in Valdagno, Sondrio and Biella were extended, with no increase in cost.

With regard to second-level supplementary company agreements, from the point of view of the organisation of work, it should be noted that the health crisis continued to have major consequences for the Marzotto Group, including in the first half of 2022. In particular, there was a need to deal with numerous absences due to illness, quarantines and parental leave related to SARS CoV-2.

The Group, for its part, to avoid any risk of contagion in the workplace, has strengthened the measures already in place in all companies, i.e. the constant application of anti-infection protocols, incentives for smart working, where possible, the use of electronic tools such as thermoscanners, Green Pass automatic controls, etc. From the trade union point of view, periodic meetings were held with the Committees to verify and apply the Anti-Infection Protocol ("CARA"), which was set up at various plants to identify additional measures to combat and contain the spread of the virus.

In the second half of the year, the situation described above gradually eased; despite the general relaxation of the rules imposed to deal with the pandemic, the Group has maintained a high level of alert. A series of measures were reinforced at all the Group companies that were intended to prevent gatherings and ensure that shared spaces are always clean and well-ventilated, in order to prevent the spread of the virus.

Despite what occurred in 2020 and 2021, the ongoing crisis did not have a significant impact on production activities: in 2022, there was a substantial recovery in terms of orders, enabling the use of the wage guarantee fund (*Cassa Integrazione Guadagni Ordinaria* - CIGO) to be avoided at the Group's plants throughout the year (with some exceptions relating to the Marzotto Lab Group).

In accordance with usual practice and contractual provisions, in April 2022, the CEOs of Marzotto Wool Manufacturing S.r.l. and Marzotto Lab S.r.l., the HR Department and representatives of the national trade unions met to receive information on the Group's general situation: the results in the 2021 financial statements, the medium and long-term business strategies and market trends in the textile sector.

This information was subsequently reported by the HR Department to the regional trade unions and sector trade unions of the various Group plants at specific meetings in Valdagno, Villa D'Almè, Sondrio, Biella and Bulciago.

The following also applied to Marzotto S.p.A.:

the trade union agreement of 27 June 2022, signed with the regional trade unions for the sector, which cancels the effects of the second-level agreement (the Company Supplementary Agreement previously extended) and cancels the disbursement of the 2021 Performance Bonus, to be paid in June 2022, to the office staff at the registered office in Valdagno (Vicenza) and the logistics/warehouse staff based in Piovene Rocchette (Vicenza). To replace this bonus, the Company decided to pay welfare vouchers to staff to purchase food or fuel, excluding the amount of the bonus from taxable income for both social security and tax purposes pursuant to Article 51 of the TUIR, or, as an alternative to welfare vouchers, a gross one-off payment of 200.00 euros.

In 2022, Marzotto S.p.A. delivered 72 hours of health and safety refresher and training courses to 17 people between the Valdagno holding company and the Piovene Rocchette logistics hub.

Training and development of human resources

Secondary offices

In accordance with the provisions of Article 2428, paragraph 5, of the Italian Civil Code, evidence is provided of the secondary operating offices at which the Company carries out its activities:

- Piovene Rocchette (Vicenza), Via A. Rossi 50.

[Other information]

Risk management (IFRS 7)

The Company acts to identify and assess risk, in order to implement procedures for managing any risk factors that may influence business results.

In addition to the above approach, the Company, in order to minimise exposure to, and consequently the financial impact of, any damaging event, has prepared the transfer of the remaining risks to the insurance market, if they are insurable.

Over the years, the specific needs of the Marzotto Group companies have involved the significant specific personalisation of insurance cover, to adapt it to the operational specificities and their inherent risk profiles.

All the companies in the Marzotto Group are currently insured against the main risks regarded as strategically important, such as, for example, property all risk, third-party liability and products.

The analysis, management and insurance transfer of the risks borne by the Group is carried out in collaboration with an insurance broker of prime standing, which also supports this activity through its international organisation.

During the year, the Marzotto Group underwent an in-depth risk assessment process with a focus on the main cyber risks to which the various companies within the consolidation scope may be exposed. The process involved the Group's entire IT structure, testing the effectiveness and adequacy of the protection, storage and defence systems of the computing architectures currently in place. At the end of the process, an international insurance programme to protect against major cyber risks was activated with a leading operator in the sector.

Internal risks (processing risks)

Risks related to financing sources and liquidity risk

The effects of potential turmoil in the global financial system could represent a risk factor in relation to the possibility of obtaining further financial resources at current conditions.

However, the Company believes that the present debt structure, in particular the immediately available financial resources (deposits) and unused lines of credit, will limit the negative effects of any difficulty in obtaining credit.

Credit risk

Credit risk is the risk that a customer or one of the counterparties to a financial instrument may cause a financial loss by not complying with an obligation, and mainly pertains to the Company's trade receivables and financial investments.

The **commercial credit risk** is essentially reduced also in view of the type of customers, which are diversified and not significantly concentrated in the new outlet markets.

Through a specific department, the Company adopts procedures for verifying the credit rating of its customers when they request extended payments. Exposure is regularly monitored and suitable action is taken to combat delays, minimise exposure and reduce the risk of loss.

With regard to **financial credit risk**, the Company limits its exposure to credit risk by investing exclusively in high liquidity securities and only with high credit rating parties.

The age of trade receivables at the date of the financial statements was as follows:

(thousands of euro)	2022		2021	
	gross	fund	gross	fund
Current	169	=	179	=
Overdue from 0 to 90 days	66	=	77	=
Overdue over 90 days	168	(11)	150	(71)
Total	403	(11)	406	(71)

[Other information]

Interest rate risk

The Company is exposed to the risk of volatility of interest rates associated both with liquidity and loans.

The effects of potential turmoil, already experienced in the banking system, could represent a potential risk in relation to the cost of obtaining financial resources. The benchmark rates and the spreads granted by lending banks call for a constant monitoring of the risk described above. However, this risk is not believed to be material in terms of impact, given the current level of net debt.

Interest rate hedging contracts are in place on medium/long-term loans at variable rates, through financial derivatives, to avoid market fluctuations.

Environmental and safety risk

The Company manages the environmental risk and safety with suitable staff training according to new legislation and by introducing systems to prevent and improve health and safety at work. In terms of safety, the Company invests constantly in protecting and ensuring the safety of the workplace, both inside and outside the production facilities.

The organisation is always committed to respecting environmental standards in compliance with the environmental regulations in force in each local area with regard to the specific business segments.

New investments are being considered, also in view of their environmental impact, the potential savings in terms of a reduction in the consumption of resources and energy during operations, as well as the reduction of total waste materials produced.

Considering the sector in which the Company operates and its financial structure, there are no other significant risks.

With regard to the risks of the Group, of which Marzotto is the parent, please see the Management Report for the consolidated financial statements. With regard to the specific risks of the subsidiaries, please see the risks described in the consolidated financial statements.

Significant events after
year-end

At the date of this document, there are no significant events to report after the close of the year.

[Performance news and outlook for the current year]

The management of Marzotto S.p.A., whose purpose is to manage the operative Companies, is influenced by the performance of the investee companies.

As regards economic performance during the first two months of this year, we note that the consolidated net revenues of the Marzotto Group came to 60.3 million euros, up by around 37% on the 43.9 million booked for the same period of 2022.

Business outlook

The launch in 2023, in terms of both order acquisitions and turnover in the first two months, for the wool business, is in line with the 2023 budget; for the other businesses, demand has remained stable, although the linen market may experience specific impacts related to the increase in raw materials costs. Energy costs have continued to decrease, despite the adoption by the Group of a policy at the beginning of 2022 to define quantities and the relevant prices. However, the invasion of Ukraine resulted in a sharp rise in inflation, combined with a recessionary spiral, owing in part to rising interest rates, which could help slow demand.

In the meantime, in 2023, more actions will be taken to improve the efficiency of the business model, re-adjust production capacity, streamline the lines and pursue technological innovation for more performance-oriented fabrics and products, including for new market niches.

Valdagno (Vicenza), 28 March 2023

FOR THE BOARD OF DIRECTORS
THE CHIEF EXECUTIVE OFFICER
DAVIDE FAVRIN

Marzotto S.p.A.

- General information
- Report on operations
- Financial statements

Financial statements



Marzotto S.p.A.
Company with sole partner

Registered and Administrative office in Largo S. Margherita 1, 36078 Valdagno (VI)
Subject to Trenora S.r.l. management and coordination activities
Tax ID, V.A.T. registration number 00166580241 - REA Vicenza nr. 801 - PEC: Marzotto@legalmail.it

(thousands of euro)	31.12.2022		31.12.2021	
	Partial	Total	Partial	Total
1. Non-current assets				
1.1 Property, plant and machinery		9,354		9,716
1.2 Civil buildings		690		719
1.3 Goodwill, trademarks and other intangible assets		759		907
1.5 Other investments (participations)		112,147		112,017
1.6 Long-term receivables		8		8
1.7 Deferred tax assets		2,400		2,756
1.8 Long-term financial receivables third parties	2,043		147	
Long-term financial receivables subsidiaries and affiliates	50,177	52,220	65,344	65,491
Total non-current assets		177,578		191,614
2. Non-currents assets held for sale		=		=
3. Current assets				
3.1 Inventories		=		=
3.2 Trade receivables third parties	392		335	
Trade receivables subsidiaries and affiliates	5,136	5,528	3,835	4,170
3.3 Other receivables third parties	625		790	
Other receivables subsidiaries and affiliates	22	647	94	884
3.4 Current financial assets, cash and cash equivalents third parties	19,526		23,215	
Current financial assets, cash and cash equivalents subs. and affiliates	25,373	44,899	3,432	26,647
Total current assets		51,074		31,701
Total assets		228,652		223,315
4. Shareholders' equity				
4.1 Share capital and reserves		134,373		132,865
4.2 Income/(Loss) for the year		7,760		180
Shareholders' equity		142,133		133,045
5. Non-current liabilities				
5.1 Long-term provisions		8,087		9,656
5.2 Other long-term payables		=		=
5.3 Deferred tax liabilities		602		572
5.4 Long-term financial payables		55,266		72,197
Total non-current liabilities		63,955		82,425
6. Current liabilities				
6.1 Trade payables and other payables third parties	4,551		3,556	
Trade payables and other payables subsidiaries and affiliates	963	5,514	690	4,246
6.2 Current financial payables third parties	17,050		3,599	
Current financial payables subsidiaries and affiliates	=	17,050	=	3,599
Total current liabilities		22,564		7,845
Total shareholders' equity and liabilities		228,652		223,315
Net financial debt		24,803		16,342

(thousand euro)	Year 2022		Year 2021	
	Amounts	%	Amounts	%
7. Net revenues third parties	1,366	11.6	1,177	12.3
Net revenues subsidiaries and affiliates	10,443	88.4	8,423	87.7
Total net revenues	11,809	100.0	9,600	100.0
8. Cost of sales third parties	(1,632)	(13.8)	(1,557)	(16.2)
Cost of sales subsidiaries and affiliates	=	=	(12)	(0.1)
9. Gross income	10,177	86.2	8,031	83.7
10. R&D and marketing costs	35	0.3	(16)	(0.2)
11. General and administrative costs	(8,684)	(73.5)	(7,265)	(75.7)
12. Other income and charges	846	7.2	(14)	(0.1)
13. Operating income	2,374	20.2	736	7.7
14. Net financial charges third parties	(721)	(6.1)	(537)	(5.6)
Net financial charges subsidiaries and affiliates	694	5.9	417	4.3
15. Dividends	6,389	54.1	=	=
16. Valuation of equity investments held for sale	=	=	=	=
17. Other financial income and charges	(6)	(0.1)	(7)	(0.1)
18. Income before taxes	8,730	74.0	609	6.3
19. Taxes	(970)	(8.2)	(429)	(4.5)
20. Net income	7,760	65.8	180	1.8
21. Fair Value adjustments ⁽¹⁾	1,444	12.2	203	2.1
22. Other adjustments ⁽¹⁾	=	=	=	=
Items that will be reclassified subsequently to profit and loss	1,444	12.2	203	2.1
23. IAS 19 adjustments ⁽¹⁾	(31)	(0.3)	12	0.1
Items that will not be reclassified subsequently to profit and loss	(31)	(0.3)	12	0.1
24. Total comprehensive income for the period	9,173	77.7	395	4.0

1. The Change in Fair Value Reserve, IAS 19 Reserve and the Other adjustments are components of the comprehensive income statement accounted for in equity.

(thousands of euro)	2022	2021
Net income	7,760	180
Amortisation and depreciation	995	1,141
Change in provisions	(1,671)	(911)
Gain/(losses) on disposal of fixed assets	(1)	(97)
Change in inventories	=	=
Change in trade receivables and other receivables third parties	108	2,050
Change in trade receivables and other receivables subsidiaries and affiliates	(1,229)	1,264
Change in trade payables and other payables third parties	995	(103)
Change in trade payables and other payables subsidiaries and affiliates	273	168
Change in long-term other financial receivables and payables	=	1
Operating cash flow (A)	7,230	3,693
Investments in intangible and tangible fixed assets	(348)	(1,294)
Disposals in intangible and tangible fixed assets	28	106
Investments in equity investments	(130)	(248)
Disposals of other equity investments	=	=
Cash flow from investments (B)	(450)	(1,436)
Other equity changes (C)	=	=
Extraordinary operations (D)	=	=
Cash flow before dividends (A+B+C+D)	6,780	2,257
Dividends paid	(85)	=
Increase in share capital of Parent Company	=	=
Change in net financial position	6,695	2,257
Change in long-term financial payables	(16,742)	13,733
Change in current financial payables third parties	13,443	(2,714)
Change in leasing financial receivables	(316)	(309)
Change in current financial payables subsidiaries and affiliates	=	=
Change in long-term financial receivables third parties	5	=
Change in long-term financial receivables subsidiaries and affiliates	15,167	(13,844)
Total Change in current financial assets, cash and cash equivalent	18,252	(877)
Cash and current financial assets - beginning of the period	26,647	27,524
Cash and current financial assets - end of the period	44,899	26,647

(thousand euro)	Share capital	Legal reserve	Share Capital payment reserve	Extra-ordinary reserve	Fair Value reserve	Transfer reserve	IAS 19 reserve	Profits carried forward	Income for the year	Total share-holders' equity
Balances as at 31.12.2020	40,000	8,000	10,100	76	(97)	51,998	(28)	23,217	(616)	132,650
Net income for the year 2021									180	180
Other total profit/(losses) ⁽¹⁾					203		12			215
Total other income/charges	=	=	=	=	203	=	12	=	180	395
Altri movimenti							7	(7)		=
Allocation of net income 2020										
carried forward								(616)	616	=
Balances as at 31.12.2021	40,000	8,000	10,100	76	106	51,998	(9)	22,594	180	133,045
Net income for the year 2022									7,760	7,760
Other total profit/(losses) ⁽¹⁾					1,444		(31)			1,413
Total other income/charges	=	=	=	=	1,444	=	(31)	=	7,760	9,173
Allocation of net income 2021										
to dividends								(85)		(85)
carried forward								180	(180)	=
Balances as at 31.12.2022	40,000	8,000	10,100	76	1,550	51,998	(40)	22,689	7,760	142,133

1. Profits and Losses of the Comprehensive Income Statement recognized in Shareholders' Equity.

Introduction

[Notes to the Company's financial statements]

General information

Marzotto S.p.A. is a joint stock company with a sole shareholder and registered office in Valdagno (Vicenza).

As of 2015, Marzotto S.p.A. has mainly been providing strategic management and coordination activities in support of the operative companies (administration and finance, legal and corporate, human resource management and information systems) and distribution logistics activities at the site of Piovene Rocchette (Vicenza), on behalf of the Group companies and third parties.

Management and coordination activities

Marzotto S.p.A. is managed and coordinated by Trenora S.r.l. (Valdagno); a summary table of key data for this company from the last approved financial statements is shown below.

Balance sheet	31.12.2021		31.12.2021
(thousands of euro)			
B) Fixed assets	100,134	A) Shareholders' equity	100,701
C) Current assets	664	B) Accounts payable	=
D) Accruals and deferrals	2	D) Accruals and deferrals	99
Total assets	100,800	Total liabilities	100,800

Income statements	Year 2021
(thousands of euro)	
A) Value of production	5
B) Cost of goods sold	(163)
Difference between value and cost of goods sold (A+B)	(158)
C) Financial income and charges	17
D) Adjustment to value of financial assets	=
Income before taxes (A+B+C+D+E)	(141)
Income taxes	(11)
Profit (loss) for the year	(152)

Publication

The Company, which has equity investments in subsidiaries and associates, has prepared the Group's consolidated financial statements at the same time as the separate financial statements. These are published in accordance with the law.

Compliance with IFRS/IAS

These financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as with the orders issued in implementation of Italian Legislative Decree 38/2005.

IFRS also means all revised international accounting standards (IAS) and all interpretations by the International Financial Reporting Interpretations Committee (IFRIC), previously named the Standing Interpretations Committee (SIC).

Financial statements

This document consists of the statement of financial position, the statement of profit/(loss) and other comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity and the notes to the financial statements.

With regard to the presentation of the financial statements, the Company has made the following choices:

- in the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately. Current assets are expected to be realised, transferred or consumed during the Company's normal operating cycle; current liabilities are expected to be paid off during the Company's normal operating cycle or in the 12 months following the end of the period;
- for the statement of profit/(loss) and other comprehensive income, costs are broken down according to their intended purpose;
- for the statement of cash flows, the indirect method has been used.

Introduction

[Notes to the Company's financial statements]

Identification of the segments

Disclosure according to business segment and geographical area is provided in accordance with IFRS 8 - Operating Segments.

The criteria applied to identify these segments are based on the ways in which the management manages the Group and attributes managerial responsibilities.

The information by segment is primarily organised by business type, as follows:

- Holding and coordination;
- Logistics;
- Other.

Going concern

The separate financial statements have been prepared on the basis of the accounting records as at 31 December 2022 and on a going concern basis.

Accounting standards that came into force on 1 January 2022

The Company has adopted for the first time certain standards or amendments that came into force on 1 January 2022. The Company has not adopted early any new standards, interpretations or amendments issued but not yet in force.

Onerous contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

A onerous contract is a contract in which the non-discretionary costs (i.e. costs that the company cannot avoid as it is a party to a contract) necessary to fulfil the obligations assumed outweigh the economic benefits presumed to be obtainable through the contract.

The amendment specifies that, when determining whether a contract is onerous or generates losses, an entity must consider the costs directly relating to the contract for the supply of goods or services that include both incremental costs (i.e. direct costs of labour and materials) and costs directly attributable to the contractual activities (i.e. the depreciation of the equipment used to fulfil the contract and the costs of managing and overseeing the contract). General and administrative expenses are not directly related to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments aim to replace references to the Framework for the Preparation and Presentation of Financial Statements with references to the Conceptual Framework for Financial Reporting published in March 2018, with no significant change in the requirements of the standard.

The amendment added an exception to the valuation principles of IFRS 3 to avoid the risk of potential losses or gains “on the following day” arising from contingent liabilities and liabilities that would fall within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRS 21 Levies, if contracted separately. The exemption requires entities to apply the requirements of IAS 37 or IFRIC 21, rather than the Conceptual Framework, to determine whether a current obligation exists at the acquisition date.

The amendment also added a new paragraph to IFRS 3 to clarify that potential assets do not qualify as recognisable assets at the acquisition date.

In accordance with the transition rules, the Company is applying the amendment prospectively, i.e. to business combinations occurring after the beginning of the year in which the amendment is adopted for the first time (date of first adoption). These amendments have had no impact on the Company's financial statements, as no contingent assets, liabilities or contingent liabilities have been recognised for these amendments.

Property, plant and equipment: Amendment of IAS 16: Proceeds before intended use

The amendments prohibit entities from deducting from the cost of an item of property, plant and equipment any revenue from the sale of products sold during the period in which such an assets are brought to the location and condition necessary for them to be capable of operating in the manner intended by management. An entity accounts for revenues from the sale of such products and the costs of producing such products in the income statement.

In accordance with the transition rules, the Company is applying the amendment retrospectively, only for items of property, plant and equipment commissioned on or after the beginning of the year that is compared with the year in which the amendment is applied for the first time (date of first adoption).

These amendments have had no impact on the Company's financial statements, as no sales took place relating to these items of property, plant and equipment before they were commissioned before or after the beginning of the previous comparative period.

IFRS 9 Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities

The amendment clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and lender, including fees paid or received by the borrower or lender on behalf of others. No such amendment has been proposed with respect to IAS 39 Financial Instruments: Recognition and Measurement. This amendment had no impact on the Company's financial statements.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirements in paragraph 22 of IAS 41 relating to the exclusion of cash flows for taxes when the fair value of an asset is measured within the scope of IAS 41. This amendment has had no impact on the Company's financial statements as it did not hold any assets within the scope of IAS 41 at the reporting date.

Accounting standards, amendments and interpretations not yet applicable and not adopted early by the Company

On 12 February 2021, the IASB published two amendments entitled “Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2” and “Definition of Accounting Estimates—Amendments to IAS 8”. The amendments are intended to improve disclosure of accounting policy in order to provide more useful information to investors and other primary users of the financial statements as well as helping companies to distinguish changes in accounting estimates from changes in accounting policies. These amendments, endorsed by the EU by Reg. No. 2022/357 of 2 March 2022, will enter into force on 1 January 2023; the Company does not expect the application of these amendments to have a material impact.

On 7 May 2021, the IASB published an amendment entitled “Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”. The document clarifies how deferred taxes must be accounted for on certain transactions that may generate assets and liabilities of equal amounts, such as leasing and dismantling obligations. This amendment, endorsed by the EU by Reg. No. 2022/1392 of 11 August 2022 will apply from 1 January 2023; the company does not expect any material impact from the application of these amendments.

On 23 January 2020, the IASB published the document “Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current”, which is intended to clarify the classification of payables as short-term or long-term liabilities. This amendment, initially in force from 1 January 2022, was subsequently amended on 15 July 2020 and supplemented by the document “Non-current Liabilities with covenants” on 31 October 2022; its entry into force was further postponed to 1 January 2024. The Company does not expect the application of this amendment to have a material impact on its financial statements.

Valuation criteria

[Notes to the Company's financial statements]

1.1 Property, plant and equipment

1.2 Civil real estate

The most significant valuation criteria adopted in preparing the financial statements are indicated below:

Property, plant and equipment is carried at historical cost, including directly attributable accessory costs.

Land, both vacant and annexed to civil or industrial buildings, has not been amortised since its useful life is indefinite.

Some assets written up in previous periods are recognised on the basis of the remeasured value, regarded as the substitute value of the cost at the date of transition to IAS.

Maintenance and repair expenses that do not increase the value or prolong the remaining useful life of assets are recognised as expenses in the period in which they are incurred.

Tangible assets are shown net of accumulated depreciation and any impairment, determined using the methods described below. Depreciation is straight-line, based on the estimated useful life of the asset.

The estimated useful life of the main property, plant and equipment is as follows:

Land	indefinite
Buildings	10/33 years
Plant and machinery:	
- Textiles	8 years
- Textiles in corrosive environment	5/6 years
- Other	6/25 years
Industrial and commercial equipment	4/7 years
Other assets:	
- Electronic office machinery	5 years
- Office furniture and fixtures	7/9 years
- Vehicles	4/5 years

Leases

Leases are recognised on the basis of the right to control the use of an identified asset for a period of time, excluding leases relating to low-value assets or with a term of 12 months or less.

Right of use assets are valued at cost, which is equal to the lease liability, including the initial direct costs incurred and payments made at the inception date or before the commencement date, net of depreciation, amortisation, impairment and adjusted for any change in the lease liability. Depreciation is calculated over the lease term; if the lease provides for the transfer of ownership of the asset or the lessee exercises the purchase option, depreciation is over the useful life of the asset.

Lease liabilities are measured on the basis of the present value of the payments still due, applying an interest rate equal to the company's medium/long-term loan rate. After the inception date, the amount of the lease liability increases to take account of the interest on the lease liability and decreases to take account of the payments made. The book value of lease payables is recalculated in the event of any changes in the lease or for the revision of the contractual terms due to changes to payments.

Lease liabilities also include the exercise price of an option, if this is certain or probable, as well as any penalty for termination of the lease.

1.3 Goodwill, trademarks and other intangible fixed assets

Intangible assets with a "finite useful life" are recognised at cost, determined according to the methods prescribed for tangible assets, and shown net of accumulated amortisation and any lasting impairment, determined according to the methods described below.

Intangible assets with an "indefinite useful life" (e.g. trademarks) are not amortised.

Impairment

At every reporting date, the Company verifies whether there are any indicators of asset impairment.

If these indications exist, an estimate is prepared of the value that can be recovered on the asset, i.e. the greater of the fair value of an asset or cash generating unit, less the costs of sale, and its use value. In determining its value in use, estimated future cash flows are discounted to present value, using a rate gross of tax that reflects current market appraisals of the value of money and the specific risks of the asset.

A reduction in value is recognised in the income statement when the book value of the asset, or of the related cash generating unit to which it is allocated, is greater than the estimated realisable value.

Impairment losses are written back if the reasons for generating them no longer exist.

Valuation criteria

[Notes to the Company's financial statements]

1.5 Equity investments

Equity investments in subsidiaries, joint ventures and associates that represent long-term investments are shown at the cost of acquisition or establishment, insofar as it is representative of the fair value. At every reporting date, the Company checks whether there are any indicators of impairment for all equity investments in respect of their value at initial recognition. Equity investments in subsidiaries, joint ventures and associates that represent long-term investments therefore maintain their value at initial recognition unless there is impairment. Equity investments in other companies are measured at fair value, with any profits or losses recognised directly in equity. At the time of their sale, such accumulated profits and losses are recognised in the income statement. When fair value cannot be reliably determined, equity investments in other companies are measured at cost adjusted for impairment, with the difference recognised in the income statement. In particular, equity investments in subsidiaries and associates are tested for impairment at least once a year; this test requires an estimate of the recoverable value of the asset, i.e. the greater of the fair value of an asset or cash generating unit less selling costs and value in use.

1.8) Medium/long-term financial receivables

Financial assets are initially recognised at the amount incurred, which is representative of fair value, and later recognised at the lower of the book value and the presumed realisable value.

2. Non-current assets held for sale

Assets or groups of assets and liabilities whose value will be recovered mainly through their sale rather than their ongoing use are recognised separately from other assets and liabilities in the statement of financial position. Non-current assets or groups of assets and liabilities held for sale are recognised at the lower between the book value and the fair value net of the costs of sale.

3.1 Inventory

Inventories are measured at the lower of cost and the presumed net realisable value, using the weighted average cost criterion to determine the cost. The inventory valuation includes direct material and labour costs and indirect costs (variable and fixed) attributable to production.

3.2 Trade receivables

3.3 Other receivables

Trade receivables due within standard business terms and other operating receivables (other receivables) are not discounted and are carried at nominal value net of any write-downs (fair value). The adjustment to the estimated realisable value is recognised in a special adjustment reserve.

3.4 Short-term financial assets and cash and cash equivalents

Financial assets held for trading are recognised at the fair value shown in the income statement. Cash and cash equivalents are made up of cash in hand, i.e. cash that is readily available or available in the very short term, successfully, and without collection expenses.

A financial asset (or, if applicable, a portion of a financial asset or a portion of a group of similar financial assets) is cancelled from the statement of financial position when:

- the rights to receive cash flows from the asset expire;
- the Company has transferred the right to receive cash flows from the asset or has taken over the contractual obligation to pay them fully and without delay to a third party and (a) it has substantially transferred all risks and benefits of the ownership of the financial asset or (b) it has not substantially transferred nor retained all risks and benefits of the asset, but has transferred control of the same.

Valuation criteria

[Notes to the Company's financial statements]

5.1 Long-term provisions

Allocations to long-term provisions are recognised when there is a legal or implicit obligation towards a third party and it is likely that there will be an outlay of resources, the amount of which can be reliably estimated. If the effect is significant, the allocations are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects the current market value of the cost of money in relation to time.

When the amount is discounted, the increase in the provision due to the passing of time is recognised as a financial expense.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the entity pays fixed contributions to a separate entity and has no legal or implicit obligation to pay additional contributions. The contributions to be paid into defined contribution plans are recorded as a cost in the result of the period in which they are incurred. Contributions paid in advance are recorded amongst assets to the extent to which the advance payment will determine a reduction in future payments or a refund.

Defined benefit plans

The amount payable for employee termination indemnities falls within the scope of defined benefit pension plans, which are plans based on the working life of employees and on the remuneration received by the employee during a pre-determined period of service.

More specifically, the liability relating to the employee termination indemnity is booked at its actuarial value, insofar as it can be classified as an employee benefit due on the basis of a defined benefit plan. The booking of defined benefit plans requires an estimate using actuarial techniques of the amount of the benefits accrued by employees in exchange for work performed during the current and previous years, and the discounting of these benefits in order to determine the current value of the company's commitments (IAS 19).

According to Italian Law no. 296/06, effective from 30 June 2007, employee termination indemnities accrued after 1 January 2007 must be paid into an appropriate treasury fund opened with the INPS (National Institute for Social Protection) or, at the employee's indication, to a specific supplementary pension fund. With these payments, the item relating to employee termination indemnities is no longer subject to allocations, unlike employee termination indemnities accrued by 31 December 2006, which come under the scope of defined benefit pension plans.

In June 2012, IAS 19 was amended to provide for the recording of changes to actuarial gains/losses of defined benefit plans, including employee termination indemnities, to other comprehensive income as from 1 January 2013. The Company decided to apply this amendment early, as from the financial statements as at 31 December 2012.

5.4 Medium/long-term financial payables

Financial liabilities, except for derivatives, are initially carried at fair value net of directly attributable transaction costs. They are later measured using the effective interest rate method.

6.1 Trade payables and other payables

Trade payables due within standard business terms, and other operating payables, are not discounted and are carried at nominal value.

6.2 Short-term financial payables

Financial liabilities, except for derivatives, are carried at fair value net of directly attributable transaction costs.

Valuation criteria

[Notes to the Company's financial statements]

Derivative financial instruments

Derivatives are carried at fair value. They are designated as hedging instruments when the relationship between the derivative and the underlying instrument is formally documented and the effectiveness of the hedge, which is verified periodically, is adequate.

When the derivatives cover the risk of change in fair value of the underlying instruments (fair value hedge), they are carried at fair value, and the difference is recognised in the income statement; consistently, the underlying instruments are adjusted to reflect the change in fair value associated with the hedged risk, and the difference is also recognised in the income statement.

When derivatives cover the risk of changes in cash flows from the underlying instruments (cash flow hedge), the changes in fair value are initially recognised in shareholders' equity and later in the income statement, in line with the effects produced by the hedging transaction.

Changes in the fair value of derivatives that do not satisfy the conditions for being qualified as hedges are recognised in the income statement.

The fair values used to prepare the financial statements, relating to the valuation of term purchases and sales of foreign currency, foreign exchange options and interest rate swaps, were established based on the rates provided by the banking system.

Translation of items in foreign currency

Transactions in foreign currencies are recorded at the exchange rate prevailing on the day of the transaction.

At the closing date, trade and financial receivables and payables are adjusted to the exchange rate at end of the year.

Instruments used to hedge the exchange rate risk, in relation to specific assets and liabilities or groups of assets and liabilities, are shown in the income statement on an accrual basis.

Contributions

Contributions from both government agencies and private third parties are carried at fair value when there is the reasonable certainty that they will be received and the prescribed conditions for obtaining them are satisfied.

Contributions received for specific expenses are recognised among other liabilities and credited to the income statement on a straight-line basis throughout the same period in which the related costs accrue.

Contributions received for specific assets whose value is stated among tangible and intangible assets are shown among liabilities and credited to the income statement in relation to the depreciation period for the assets to which they refer.

Operating contributions are fully recognised in the income statement when the conditions for recognising them are met.

Valuation criteria

[Notes to the Company's financial statements]

7. Revenues

Revenues from the sale of goods from contracts with customers are recognised if the following criteria are met: 1- identification of the contract, which has commercial substance, and identification of the contractual obligations to the transfer of goods/services to a customer; 2- approval of the contract; 3- determination of the price of the transaction; 4- recognition of the revenue when the contractual obligations are met, or at the time of the transfer to the customer of the asset/service promised.

Revenues are recognised when control of the assets is transferred to the customer, i.e. when the risks and benefits are effectively transferred.

Revenues are recognised in an amount equal to the fair value of the consideration to which the company believes it is entitled in exchange for the goods and/or services promised to the customer, net of returns, discounts and rebates.

Revenues from services are recognised upon completion of the service.

14. Net financial expenses

Financial income and expenses are recognised on the basis of accrued interest on the net value of the relevant financial assets and liabilities using the effective interest rate.

15. Dividends

Dividends are recognised when the right to receive payment is established.

Dividends payable to third parties are shown as changes in shareholders' equity on the date of approval by the Shareholders' Meeting.

19. Taxes

Current income taxes for the financial year are determined based on estimates of taxable income and according to law.

Deferred and advance income taxes are calculated on the basis of the temporary differences between the recorded asset values and the respective recognised values for tax purposes, applying the tax rate in effect at the date on which the temporary difference will be reversed, calculated on the basis of the tax rates provided by law or substantively in force at the reference date.

The asset entry for advance tax payments is made when recovery is likely, that is when it is estimated that in the future there will be taxable amounts sufficient to recover the asset. The ability to recover assets for advance tax payments is reassessed at the end of each accounting period.

Use of estimates

In application of IFRS, preparing the financial statements requires the use of estimates and assumptions that affect the values of assets and liabilities in the statement of financial position and the relevant information on any contingent assets and liabilities at the reference date.

The estimates and assumptions are made by the directors with the support of the company departments and, where appropriate, by independent specialists; they are revised regularly, booking the effects of each change in the income statement.

Actual results may differ from these estimates.

Estimates and assumptions are reviewed periodically and the effects of each change are reflected in the income statement.

A significant discretionary valuation is required from the directors to establish the amount of deferred tax assets that may be booked. They have to estimate the likely time of occurrence and the amount of future profit subject to tax as well as a planning strategy for future taxes.

Estimates are also used to record provisions for bad debt, inventory obsolescence, amortisation and depreciation, employee benefits and provisions for risks and charges.

At every reporting date, the Group checks whether there are any indicators of impairment for all non-financial assets. Goodwill and other intangible assets with an indefinite useful life are subject to review each year to identify any decrease in value. The recoverable value of non-current assets is typically established with regard to the value in use, based on the present value of financial flows expected from the continuous use of the asset.

This verification also involves the choice of an appropriate discount rate to calculate the present value of the expected cash flows.

Valuation criteria

[Notes to the Company's financial statements]

Tax consolidation

The Company, together with other companies of the Marzotto Group, joined the national tax consolidation scheme with Wizard S.r.l. as the parent company. Adherence to the tax consolidation of Wizard is governed by a specific regulation in force for the entire period for which the option is valid.

Economic relations for tax consolidation are regulated as follows:

- Subsidiaries which have positive taxable income for the years concerned pay Wizard S.r.l. the greater tax payable by the latter;
- Consolidated companies with negative taxable income receive compensation amounting to 100% of the tax saving achieved on a Group level and corresponding to the tax generated by the subsidiary from Wizard S.r.l. This compensation is due when effectively used by Wizard S.r.l.;
- Consolidated companies with interest expense not deducted pursuant to Article 96 of the TUIR and transferred to the tax consolidation scheme receive from Wizard S.r.l. compensation corresponding to 100% of the tax savings achieved at the Group level and corresponding to the tax generated by the subsidiary in relation to its interest expense. This compensation is due at the time of actual use of the EBIT surplus transferred to the tax consolidation;
- In the event that the consolidated companies have surpluses of ACE (Support for Economic Growth pursuant to Article 1 of Legislative Decree No. 201/2011) to be transferred to the Group, within the limits of the Group's comprehensive income, these companies receive compensation corresponding to 100% of the tax savings achieved at Group level from Wizard S.r.l.;
- If Wizard S.r.l. and the subsidiaries do not renew the national tax consolidation option, or if the requirements to continue to apply it are no longer met prior to the end of the three years for which the option is valid, the tax losses that can be reported as resulting from the declaration are allocated proportionally to the companies that produced them.

Deferred and advance corporation tax is calculated on the temporary differences between the values of assets and liabilities determined according to statutory criteria and the corresponding tax values exclusively with reference to the company.

Current, deferred and advance IRAP is determined exclusively with reference to the Company.

Other information

For ease of reading, all figures in the consolidated statement of financial position, the statement of profit/(loss) and other comprehensive income, the statement of cash flows, the statement of changes in shareholders' equity and the notes to the financial statements are expressed in thousands of euros.

For ease of comparison, the figures for the previous year have been reclassified as needed, and adequate information has been provided.

Again in order to improve comparability, the revised tables resulted in a different presentation of data compared with the previous year.

Please refer to the Management Report for further information regarding:

- main events of the 2022 financial year;
- events after the close of the financial year;
- outlook (IFRS 7);
- other relevant information on operating performance and financial position.

With reference to the publicising regime applicable to grants, subsidies, benefits, contributions and aid in cash or in kind, not of a general nature and not for consideration, remuneration or compensation paid by public administrations and entities treated as equivalent pursuant to Article 2-*bis* of Legislative Decree No. 33 of 2013, commercial companies, in accordance with Article 1, paragraph 125-*bis* of Law No. 124 of 2017 as amended, are required to present in the notes to the financial statements each of the amounts actually received of the above securities, also indicating the relevant reason and any granting party.

However, with specific reference to "state aid" and "*de minimis* aid" in the "National Register of State Aid", pursuant to Article 52 of Law No. 234 of 2012 (hereinafter also the "RNA"), the general rules described above are ineffective, and instead the provisions referred to in paragraph 125-*quinquies* of Article 1 of the aforementioned Law No. 124 of 2017 must be applied because they are special in nature.

In particular, pursuant to the aforementioned paragraph 125-*quinquies*, the registration of the aforementioned "aid" in the "RNA" system, with subsequent publication in the transparency section provided for therein, by the persons granting or managing the aid pursuant to the relevant regulations, takes place in accordance with the publication obligations imposed on recipients provided that the existence of aid subject to an obligation to publish in the context of the National Register of State Aid is declared in the notes.

This latter condition can clearly be affirmed here and, therefore, in declaring that the Company has received aid for which publication in the RNA is mandatory, expressly including aid received in compliance with the requirements of Sections 3.1 and/or 3.2 of the Temporary Framework, concerning aid measures to support the economy during the Covid-19 epidemiological emergency, the reporting obligations pursuant to Article 1, paragraphs 125 to 125-*quinquies* of Law No. 124 of 2017, as amended, are understood to have been fulfilled.

Accordingly, for reasons of clarity and completeness of presentation, we hereby specify that the Company actually received the following contributions:

- Income of 441,000 euros recognised in the period for the production of electricity from solar farms, including 372,000 euros for contributions to electricity production (TPA) and 69,000 for fees for energy produced and sold (TFO). During the year, 481,000 euros were collected by the Energy Services Operator (net of withholding tax and compensation paid by the Operator) relating to the production of electricity from photovoltaic plants, including 402,000 euros for contributions (TPA) and 79,000 euros for energy produced and sold (TFO);
- Income recognised for tax credits in respect of an extraordinary contribution to the high cost of electricity and gas bills (Article 6 of Legislative Decree No. 115/2022) of 7,000 euros (electricity) and 4,000 euros (gas); 3,000 euros was used for offsetting;
- Income received from Fondimpresa of 21,000 euros.

The tables below are in **thousands of euros**.

1.1) Property,
plant and
machinery
1.2) Civil building

1.1) Property, plant and machinery 1.2) Civil building						2022	2021	Change
	Amounts to					10,044	10,435	(391)
	broken down as follows:							
	A)	B)	C)	D)	E)	F)		
	Civil land and buildings	Industrial land and buildings	Plant and machinery	Industrial and comm. equipment	Other tangible fixed assets	Tangible fixed assets under cons./ advances	Total	
Description								
Original cost	982	13,051	8,543	1,429	927	=	24,932	
Depreciation funds	(263)	(7,620)	(5,249)	(600)	(765)	=	(14,497)	
Balances as at 31.12.2021	719	5,431	3,294	829	162	=	10,435	
Movements during the year:								
Original cost:								
acquisitions	=	175	53	24	13	71	336	
acquisitions IFRS16	=	71	=	=	64	=	135	
gross disposal	=	=	(1)	(8)	(68)	=	(77)	
Depreciation funds:								
depreciation for the year	(29)	(118)	(356)	(9)	(12)	=	(524)	
depreciation IFRS16	=	(228)	=	=	(83)	=	(311)	
gross disposal	=	=	1	8	41	=	50	
Total movements for the year	(29)	(100)	(303)	15	(45)	71	(391)	
Original cost	982	13,297	8,595	1,445	936	71	25,326	
Depreciation funds	(292)	(7,966)	(5,604)	(601)	(819)	=	(15,282)	
Balances as at 31.12.2022	690	5,331	2,991	844	117	71	10,044	

Tangible fixed assets at 31 December 2022 were 10,044,000 euros, down by 391,000 euros.

In detail, the increases for investments in the period (336,000 euros) mainly relate to the following categories of assets:

- **Industrial land and buildings** for 175,000 euros. These capitalisations refer, in the amount of approximately 102,000 euros, to the adaptation of the plants at Piovene, to extend the warehouse and change the layout, and for extraordinary maintenance, with another 53,000 euros relating to maintenance of hedges; the remaining 20,000 euros relates to measures in the former Tintoria area;
- **Plant and machinery** for 53,000 euros. These capitalisations relate to fire prevention systems at the Piovene warehouse for 42,000 euros, the safety, maintenance and system adjustment at the former Tintoria in Piovene for 7,000 euros and the revamping of the automatic warehouse for 4,000 euros;
- **Industrial and commercial equipment** for 24,000 euros. These investments mainly relate to various equipment for the Piovene warehouse;
- **Other material goods** of 13,000 euros, mainly relating to hardware (10,000 euros) and furniture and furnishings (3,000 euros).

Work in progress from the previous year has been reclassified to the relevant categories.

As of 31 December 2022, the fixed assets of the Company were not encumbered by mortgages or third party liens.

1.3) Goodwill,
trademarks and
other intangible
assets

1.3) Goodwill, trademarks and other intangible assets						2022	2021	Change
	Amounts to					759	907	(148)
	made up as follows:							
	A)	B)	C)	D)	E)			
	Ind. patent and intellectual property rights	Concessions, licenses, trade-marks and similar rights		Other intangible fixed assets	Intangible fixed assets being developed and advances			Total
Description								
Original cost	4,407	548	167	=	=			5,122
Accumulated depreciation	(3,923)	(292)		=	=			(4,215)
Balances as at 31.12.2021	484	256	167	=	=			907
Movements during the year:								
Original cost:								
acquisitions	12	=	=	=	=			12
disposals/depreciations	=	=	=	=	=			=
Amortisation:								
for the year	(148)	(12)	=	=	=			(160)
disposals/depreciations	=	=	=	=	=			=
Total movements for the year	(136)	(12)	=	=	=			(148)
Original cost	4,419	548	167	=	=			5,134
Depreciation funds	(4,071)	(304)	=	=	=			(4,375)
Balances as at 31.12.2022	348	244	167	=	=			759

Intangible assets at 31 December 2022 came to 759,000 euros, a decrease of 148,000 euros compared with the previous year (which included -160,000 euros of amortisation in the period).

The main increases in the period relate to industrial patent rights and intellectual property rights for 12,000 euros (mainly software and EDP applications).

Goodwill relates to the "Logistics Services" business unit of Piovene in 2011. This item is recognised with the consent of the Board of Statutory Auditors.

Research expenses paid during the year, mainly pertaining to product innovation and applications for the rationalisation of production and logistics, have been charged to the income statement.

Intangible assets with a "finite useful life" are recognised at cost, determined according to the methods prescribed for tangible assets, and shown net of accumulated amortisation.

The average amortisation rates applied are shown, by individual category, in the following table:

	2022
Software	12.00%
Concessions, licenses, trade-marks and similar rights	10.60%

1.5) Equity investments

	2022	2021	Change
Amounts to	112,147	112,017	130
made up as follows:			
	A) Shareholdings in Subsidiaries	B) Shareholdings in Affiliates	C) Shareholdings in other companies
Description			Total
Original cost	100,790	11,072	155
Adjust. for permanent decrease in value	=	=	=
Balances as at 31.12.2021	100,790	11,072	155
Movements during the year:			
Original cost:			
acquisitions	=	130	=
disposal	=	=	=
Adjust. for permanent decrease in value			
disposal	=	=	=
Total movements for the year	=	130	=
Original cost	100,790	11,202	155
Adjust. for permanent decrease in value	=	=	=
Balances as at 31.12.2022	100,790	11,202	155

The investments are intended to be strategic and long-term for the Company and are measured, in compliance with the principle of continuity of measurement criteria, at purchase or subscription cost.

Equity investments are measured pursuant to IAS 36 (Impairment of assets), on which basis the Company checks whether there is any indication of impairment.

A financial asset or group of financial assets should be regarded as impaired if, and only if, there is objective evidence of impairment as a result of one or more events that took place after initial recognition (when a loss event occurs) and this loss event has an impact, which can be reliably estimated, on the estimated future cash flows of the financial asset or group of financial assets. Evidence of impairment may be represented by indicators such as financial difficulties, inability to honour obligations, insolvency in paying interest or making major payments, by debtors or a group of debtors; the probability of default or subjection to another form of financial reorganisation, and where the data that can be observed shows that there is a measurable decline in estimated future cash flows, such as changes in the circumstances or economic conditions connected with obligations.

In particular, where the conditions are met, material equity investments are tested for impairment using an estimate of the recoverable value of the asset, i.e. the greater of the fair value of an asset or cash generating unit less selling costs and value in use.

The parameters used for the valuations are in line with current market standards for the valuation of equity investments in industrial contexts with a long-term time frame.

For details of the equity investments, please see the tables below.

At 31 December 2022, the item amounted to 112,147,000 euros; during the year, 37,300 shares of associate Ratti S.p.A. SB were acquired for 130,000 euros.

1.6) Other
medium/long-term
receivables

	2022	2021	Change
Amounts to	8	8	=
made up as follows:			
Other receivables	8	8	=
Total	8	8	=

Sundry medium/long-term receivables, of 8,000 euros, include the caution deposits paid and still in place as at 31 December 2022.

Statement of financial position

[Notes to the Company's financial statements]

1.7) Deferred tax assets

	2022	2021	Change
Amounts to	2,400	2,756	(356)
made up as follows:			
Depreciation of receivables	3	17	(14)
Accrual for risk and charges	2,155	2,646	(491)
Other temporary differences	242	93	149
Total	2,400	2,756	(356)

The table above gives details of the items involved by temporary differences on which prepaid tax assets have been calculated.

1.8) Medium/long-term financial receivables

	2022	2021	Change
Amounts to:	52,220	65,491	(13,271)
made up as follows:			
Receivables from subsidiaries	50,177	65,344	(15,167)
Other medium / long-term financial receivables	2,040	139	1,901
Guarantee deposits (financial)	3	8	(5)
Total	52,220	65,491	(13,271)

Other medium/long-term financial receivables of 2,040,000 euros represent the fair value relating to financial derivatives (interest rate swaps) booked using hedge accounting.

To stabilise future flows relating to hedged loans, interest rate swap agreements were entered into in 2020 and 2021, with characteristics that fully mirror the characteristics of the related loans; therefore, the hedging relationship is effective.

The interest rate swaps relate to:

- Marzotto S.p.A.: Banca Credit Agricole Friuladria, notional 10,000,000 euros, fixed rate 0.69% - agreed during 2020;
- Marzotto S.p.A.: Banco BPM, notional 17,000,000 euros, fixed rate 0.611% - agreed during 2021.

The interest rate swaps relate to:

Financial Activities - IRS	2022		
	Fair value	Residual Notional	Expiration
Bank			
Banca Montepaschi di Siena	1,501	17,000	2027
Credit Agricole	539	8,750	2026
Total	2,040	25,750	

Medium/long-term financial receivables from subsidiaries relate to:

	2022	2021	Change
Marzotto Wool Manufacturing S.r.l.	22,735	29,172	(6,437)
Biella Manifatture Tessili S.r.l.	7,333	10,000	(2,667)
Marzotto Lab S.r.l.	20,109	26,172	(6,063)
Total	50,177	65,344	(15,167)

Medium/long-term financial receivables from subsidiaries of 50,177,000 euros derive from the use of cash obtained by taking out medium/long-term loans with various credit institutions backed by state guarantees (Article 1 of Legislative Decree No. 23 of 8 April 2020, as amended) in previous year, which the Company in turn granted to the Group's main operating companies.

3.2) Trade receivables

	2022	2021	Change
Amounts to	5,528	4,170	1,358
and refer to:			
	2022		2021
	Amounts	%age	Amounts %age
Active customers receivables	402	100.0	334 100.0
- Bad debt provision	(10)	(2.5)	= =
= Net active customers receivables	392	97.5	334 100.0
Bad debt	1	100.0	72 100.0
- Bad debt provision	(1)	(100.0)	(71) (98.6)
= Net bad debt	=	=	1 1.4
Receivables from subsidiaries	4,808	100.0	3,668 100.0
Receivables from parent	43	100.0	44 100.0
Receivables from affiliates	285	100.0	123 100.0
Total face value of receivables	5,539	100.0	4,241 100.0
- Bad debt provision	(11)	(0.2)	(71) (1.7)
Net receivables from customers	5,528	99.8	4,170 98.3

Trade receivables total 5,528,000 euros, net of the provision for doubtful debt of 11,000 euros.

The carrying amount of the provision is considered appropriate in terms of bringing the par value of receivables in line with the presumed realisable value, and is consistent with the provisions of the reference accounting standard.

We believe that the book value of the trade receivables, settled under normal market conditions, approximates their fair value.

Trade receivables by geographic area is as follows:

	Italy	Other European Countries	North America	Asia	Other Countries	Total
Towards customers	397	3	=	=	3	403
Towards subsidiaries	4,655	141	3	=	9	4,808
Towards parent	43	=	=	=	=	43
Towards affiliates	277	8	=	=	=	285
Gross receivables	5,372	152	3	=	12	5,539

Trade receivables due from subsidiaries relate to:

	2022	2021	Change
Novà Mosilana a.s.	76	67	9
AB Liteksas	23	19	4
Marzotto Textiles USA Inc.	3	3	=
Ambiente Energia S.r.l.	170	152	18
Sametex spol s r. o	33	75	(42)
Marzotto Wool Manufacturing S.r.l.	1,412	896	516
Marzotto Lab S.r.l.	993	893	100
Biella Manifatture Tessili S.r.l.	1,193	763	430
Linificio e Canapificio Nazionale S.r.l. SB	887	782	105
UAB Lietlinen	9	9	=
Filature de Lin Filin s.a.	9	9	=
Total	4,808	3,668	1,140

Trade receivables due from lead companies relate to:

	2022	2021	Change
Trenora S.r.l.	10	19	(9)
Wizard S.r.l.	33	25	8
Total	43	44	(1)

Trade receivables from associates relate to:

	2022	2021	Change
Tintoria di Verrone S.r.l.	8	7	1
Uab Lietvilna	8	5	3
Ratti S.p.A. SB	269	110	159
Mascioni S.p.A.	=	1	(1)
Total	285	123	162

Trade receivables from parent companies, subsidiaries and associates result from business relations and are settled under normal market conditions.

3.3) Other receivables

	2022	2021	Change
Amounts to	647	884	(237)
made up as follows:			
Due from Tax Authorities	291	445	(154)
Other receivables	248	328	(80)
Accrued income and prepaid expenses	108	111	(3)
Total	647	884	(237)

Receivables from tax authorities relate to:

	2022	2021	Change
Added value tax	43	43	=
Income taxes	185	267	(82)
IRAP	35	35	=
Advance payments	5	6	(1)
Credits for taxes withheld	=	91	(91)
Other items	23	3	20
Total	291	445	(154)

Other receivables relate to:

	2022	2021	Change
Due from State pension funds	74	78	(4)
Due from employees	150	156	(6)
Due from subsidiaries	22	87	(65)
Due from affiliates	=	7	(7)
Other receivables	2	=	2
Total	248	328	(80)

The item **Other receivables from subsidiaries** relates to:

	2022	2021	Change
Marzotto Wool Manufacturing S.r.l.	=	42	(42)
Marzotto Lab S.r.l.	22	45	(23)
Total	22	87	(65)

The item **Other receivables from associates** related to Mascioni S.p.A. in the previous year.

Statement of financial position

3.4) Short-term financial assets and cash and cash equivalents

[Notes to the Company's financial statements]

	2022	2021	Change
Amounts to	44,899	26,647	18,252
and refers to:			
Financial assets			
Due from subsidiaries	25,373	3,432	21,941
Cash			
Bank and post-office accounts	19,517	23,209	(3,692)
Cash and cash equivalent on hand	9	6	3
Total	44,899	26,647	18,252

The total amount of the Company's **short-term financial assets and cash and cash equivalents** is 44,899,000 euros.

Cash and cash equivalents amounted to 19,526,000 and include cash temporarily available in bank accounts and amounts held as cash for future use.

The values stated can be converted readily into cash and are subject to insignificant value risk.

Please see the cash flow statement for details of the sources of funds and uses that gave rise to the change in available cash as at 31 December 2022.

Financial receivables due from subsidiaries relate to:

	2022	2021	Change
Marzotto Textile N.V.	319	276	43
Marzotto Lab S.r.l.	10,949	1,578	9,371
Marzotto Wool Manufacturing S.r.l.	11,438	1,578	9,860
Biella Manifatture Tessili S.r.l.	2,667	=	2,667
Total	25,373	3,432	21,941

Financial receivables from subsidiaries refer, in relation to Marzotto Textile N.V., to a third-party giro account, governed by market conditions, while the remainder relate to the short-term portion of medium/long-term loans already described in section 1.8) Medium/long-term financial receivables.

4. Shareholders' equity

Shareholders' equity was 142,133,000 euros at 31 December 2022, increasing by 9,088,000 euros compared with the previous year.

Share capital

Number of Shares	Share capital at 31.12.2021	Share capital change	Share capital at 31.12.2022
Ordinary shares	40,000,000	=	40,000,000
Total	40,000,000	=	40,000,000

As at 31 December 2022, the fully subscribed and paid-up **share capital** was 40,000,000 euros.

Legal reserve

Balances equity as at 31 December 2021	8,000
+/- change	=
Total	8,000

The **legal reserve**, amounting to 8,000,000 euros, did not change during the year.

Share capital payment reserve

Balances equity as at 31 December 2021	10,100
+/- change	=
Total	10,100

The **capital contributions reserve**, amounting to 10,100,000 euros, did not change during the year.

Extraordinary reserve

Balances equity as at 31 December 2021	76
+/- change	=
Total	76

The **extraordinary reserve**, amounting to 76,000 euros, did not change during the year.

Other reserves

	2022	2021	Change
IAS 19 reserve	(40)	(9)	(31)
Fair value IRS	1,550	106	1,444
Total	1,510	97	1,413

In order to address the risks of changes in the variable interest rates on medium/long-term loans, the Company carries out interest rate hedging transactions (interest rate swaps) to predefine a fixed interest rate.

The **fair value reserve** includes the market value of these transactions, net of tax, which at the reporting date came to 1,550,000 euros relating to interest rate hedges (IRS).

The gain (or loss) recorded under shareholders' equity is taken to the income statement when the hedged transaction affects the income statement.

Transfer reserve

Balances equity as at 31 December 2021	51,998
+/- change	=
Total	51,998

The **transfer reserve**, amounting to 51,998,000 euros, includes capital gains arising as part of the reorganisation due to the transfer in 2015.

Profits (losses) carried forward

Profits previous exercises	22,594
+ destination profits previous exercises	180
- dividends distribution	(85)
Total	22,689

Statutory and tax regulations to which share capital and reserves as at 31 December 2022 are subject, in case of their reimbursement

Description	Total amount of reserves and undistributed profits	Capital reserves which represent income for the Company	Capital and reserves which are not income for the Company or Shareholder	Total
Share capital	=	=	40,000	40,000
Legal reserve	3,267	884	3,849	8,000
Extraordinary reserve	76	=	=	76
Share capital payment reserve	=	=	10,100	10,100
IAS 19 reserve	(40)	=	=	(40)
Fair Value reserve	1,550	=	=	1,550
Transfer reserve	51,998	=	=	51,998
Profits carried forward	22,689	=	=	22,689
Total	79,540	884	53,949	134,373

Capital and reserves with tax constraints

The capital constraint as at 31 December 2022 can be broken down as follows:

- the capital constraint for IRES purposes amounts to 138,000 euros, consisting of the tax reversal in 2004 and higher tax amortisation than accounting amortisation in 2007.

Capital and reserves with statutory constraints

Description	12/31/2022	Possibility of use	Notes
Share capital	40,000		
Legal reserve	8,000	B	
Extraordinary reserve	76	A B C	
Fair value reserve	1,550		
IAS 19 reserve	(40)		
Share capital payment reserve	10,100	A B C	
Transfer reserve	51,998	A B C	
Profits carried forward	22,689	A B C	
Total	134,373		

A: for capital increase

B: to cover losses

C: for distribution to shareholders

D: for other statutory constraints

5.1) Long-term
provisions

	2022	2021	Change
Amounts to	8,087	9,656	(1,569)
and refer to:			

Provision for staff termination indemnities	2022	2021	Change
Amounts to	468	499	(31)
the change is due to:			
Accrual in income statement	367	321	46
Disbursements for terminations	(39)	(67)	28
Disbursements for advances	(23)	=	(23)
0.50% contributions on accruals for the year	(21)	(19)	(2)
Transfer to other reserves/other companies	(302)	(299)	(3)
Transfer to tax authorities for personal income taxes ("IRPEF")	(16)	(10)	(6)
Adjustment as per IAS 19	3	(16)	19
Total	(31)	(90)	59

Employee termination indemnities reflect the indemnity, calculated in accordance with current legislation, accrued by employees as at 31 December 2006, which will be settled when they leave. Where specific conditions apply, they may be partially advanced to employees during the course of their working life.

The provision for employee termination indemnities is treated from an accounting point of view as a defined benefit and as such is recalculated at the end of each period according to a statistical and actuarial criterion which also takes account of financial discounting.

This liability has been calculated according to the actuarial criterion of the "projected unit credit method" which "considers each working period as the source of one additional unit of right to the benefits and measures each unit separately to calculate the final obligation".

The following parameters are used: an annual discount rate of 3.91% and an annual inflation index of 2.50%.

Employee benefits are booked in accordance with IAS 19 for defined benefit plans; the Company opted for early application of the amendments introduced by IAS 19, as from the financial statements as at 31 December 2012, with the consequent recognition of changes in actuarial gains/losses amongst items of other comprehensive income, whilst financial gains/losses are recognised in the income statement.

According to Italian Law no. 296/06, effective from 30 June 2007, employee termination indemnities accrued after 1 January 2007 must be paid into an appropriate treasury fund opened with the INPS (National Institute for Social Protection) or, at the employee's indication, to a specific supplementary pension fund. With these payments, the item relating to employee termination indemnities is no longer affected by provisions other than the revalued share of the accumulated past debt.

[Notes to the Company's financial statements]

Pension	2022	2021	Change
Amounts to	352	403	(51)

The provision relates to supplementary pension schemes currently in place for the secondary beneficiary.

	2022	2021	Change	due to	
Other provisions				Accrual	Utilization
Amounts to	7,267	8,754	(1,487)	504	(1,991)
and refers to:					
Legal risk fund	807	925	(118)	245	(363)
Restructuring and relocation provisions	2,710	2,861	(151)	=	(151)
Other provisions for risk/charges	3,750	4,968	(1,218)	259	(1,477)

Allocations to provisions for risks and charges during the year relate to the management's best estimate of the contingent liabilities connected to disputes in progress. Where applicable, their estimate takes account of the opinion of legal advisors and other experts, previous experience in the history of the company and other entities in similar situations and the company's intention as regards taking further action.

Below are comments on the main provisions booked.

The **provision for litigation risk** is intended to cover liabilities that may arise from litigation or other disputes. This includes an estimate of charges from ongoing litigation, updated based on indications from internal and external legal counsel.

The **restructuring and relocation provisions** are allocated mainly to offset planned charges and costs related to the industrial reorganisation plan of some production operations.

Other provisions for risks and charges take into account foreseeable risks resulting from transactions relating to Aree Urbane S.r.l., and expenses associated with the Praia a Mare plant. Please see the Management Report for more information.

5.3) Deferred taxes
payables

	2022	2021	Change
Amounts to	602	572	30
and can be broken down as follows:			
Tangible and intangible assets differences	112	107	5
Deferred tax liabilities	=	432	(432)
Fair value IRS	490	33	457
Total	602	572	30

This item includes deferred taxes reported by the Company, attributable to the difference between depreciation and amortisation based on tax rates and on the useful life of the asset and to the division of capital gains into instalments.

5.4) Medium/long term
financial payables

	2022	2021	Change
Amounts to	55,266	72,197	(16,931)
and can be broken down as follows:			
Funding with state guarantee	54,469	71,219	(16,750)
Non-secured financing received	=	=	=
Financial payables for leasing	791	972	(181)
Due to other lenders	6	6	=
Total	55,266	72,197	(16,931)

Medium/long-term financial payables are financial liabilities due to banks and other lenders beyond twelve months.

More specifically, the state guaranteed medium/long-term loans item (Covid-19 - Sace Garanzia Italia), which amounted to 54,469,000 euros at 31 December, consists of the non-current portion of the loans and breaks down as follows:

Funding with state guarantee	nominal value	residual debt	due beyond financial year
Bank			
Banca Popolare di Sondrio	15,000	15,000	11,000
Friuladria Credit Agricole	10,000	8,750	6,250
Cassa depositi e prestiti	20,000	18,750	13,750
Banco BPM	29,500	28,719	23,469
Total	74,500	71,219	54,469

State guaranteed loans of 54,469,000 euros were taken out in previous years with the banks listed above, to ensure the liquidity necessary for transactions performed by the Italian Group companies affected by the Covid-19 epidemic (Legislative Decree No. 23 of 8 April 2020, as amended).

6.1) Trade payables and
other payables

[Notes to the Company's financial statements]

	2022	2021	Change
Amounts to	5,514	4,246	1,268
and can be broken down as follows:			
Trade payables	1,560	1,506	54
Trade payables due to parent companies	97	93	4
Payables due to Inland Revenue	768	583	185
Payables due to social security institutions	323	305	18
Payables due to employees	1,701	975	726
Other payables	192	180	12
Other payables due to parent companies	866	597	269
Accrued liabilities and deferred income	7	7	=
Total	5,514	4,246	1,268

The balance of the item **Trade payables and other payables**, amounting to 5,514,000 euros, increased by 1,268,000 euros compared with 31 December 2021.

Trade payables consist of trade payables arising from transactions with third party supplies and with Group companies registered net of commercial discounts and billing adjustments (returns and/or bonuses) in the amount corresponding to the amount defined with the counterparty.

The value of trade payables at the reporting date is a consequence, in particular, of the trend in purchases and investments.

Trade payables are due within the year, and pertain to debts for the purchase of goods and services relating to ordinary operations and settled under normal market conditions.

Trade payables to subsidiaries relate to:

	2022	2021	Change
Marzotto Lab S.r.l.	25	7	18
Marzotto Wool Manufacturing S.r.l.	63	46	17
Sametex spol s r. o	=	2	(2)
Ambiente Energia S.r.l.	=	2	(2)
Biella Manifatture Tessili S.r.l.	4	36	(32)
Total	97	93	4

Payables to tax authorities can be broken down as follows:

	2022	2021	Change
Regional manufacturing tax	168	86	82
Withholding taxes	522	452	70
Value added tax	27	=	27
Other amounts due	51	45	6
Total	768	583	185

Payables to tax authorities, amounting to 768,000 euros, mainly consist of tax withholdings on income from employment and other taxes for the period.

Payables to social security institutions relate to:

	2022	2021	Change
INPS for current taxes	221	210	11
Due to other institutions	102	95	7
Total	323	305	18

Payables to social security institutions reflect non-matured positions at the end of the financial year, regularly paid upon maturity.

Payables to other institutions include amounts due to supplementary pension funds.

[Notes to the Company's financial statements]

Payables to employees can be broken down as follows:

	2022	2021	Change
December salaries paid in January	376	333	43
Staff termination indemnities paid after year-end	10	12	(2)
Deferred salaries for vacation days accrued and not taken	497	476	21
Deferred salaries for other deferrals	818	153	665
Other items	=	1	(1)
Total	1,701	975	726

These debt positions mainly relate to salaries and wages for December, to accrued holiday entitlement not yet taken and other deferred remuneration.

Other payables relate to:

	2022	2021	Change
Other payables due to parent companies	866	597	269
Other amounts due to third parties	192	180	12
Total	1,058	777	281

Other payables to parent companies, amounting to 866,000 euros, relate to the tax consolidation scheme for parent company Wizard S.r.l.

6.2) Short-term financial
payables

	2022	2021	Change
Amounts to	17,050	3,599	13,451
and can be broken down as follows:			
Payables due to banks and other lenders	16,757	3,286	13,471
Financial payables for leasing	293	313	(20)
Total	17,050	3,599	13,451

Payables to banks mainly relate to the use and the current portion of medium/long-term secured loans.

The breakdown of net debt is provided in the table below.

Net financial position

	2022	2021	Change
Amounts to:	24,803	16,342	8,461
and can be broken down as follows:			
1.8 Long term financial receivables	52,220	65,491	(13,271)
3.4 Current financial assets, cash and cash equivalents	44,899	26,647	18,252
5.4 Long term financial payables	(55,266)	(72,197)	16,931
6.2 Current financial payables	(17,050)	(3,599)	(13,451)
Total	24,803	16,342	8,461

The net financial position at the reporting date was positive for 24,803,000 euros, representing an increase of 8,461,000 euros.

Please see the statement of cash flows for evidence of the individual factors that went towards determining the change during the period.

Statement of financial position

Contractual commitments and guarantees

[Notes to the Company's financial statements]

Comments on the commitments as at 31 December 2022 are provided below:

"Guarantees to subsidiaries and associates" were given:

- to the subsidiary Marzotto Lab S.r.l. for 5,500,000 euros for assignments of receivables without recourse;
- to the subsidiary Marzotto Lab S.r.l. for 28,500,000 euros to guarantee loans granted;
- to the subsidiary Marzotto Lab S.r.l. for 41,600,000 euros for lines of credit;
- to the subsidiary Linificio e Canapificio Nazionale S.r.l. SB for 2,000,000 euros for transfers of receivables without recourse;
- in the interest of Sametex Spol s.r. or as a guarantee of credit lines for 4,939,000 euros.

"Guarantees received from subsidiaries and associates" were given:

- by the subsidiary Marzotto Wool Manufacturing S.r.l. for 31,250,000 euros to guarantee loans used by this company;
- by the subsidiary Marzotto Lab S.r.l. for 28,250,000 euros to guarantee loans used by this company.

"Guarantees received from third parties" were given:

- to the Company to guarantee rental income for 72,000 euros and to guarantee medium/long-term loans for 9,000,000 euros.

Interest rate hedging contracts relate to two interest rate swaps on a notional amount of 27,000,000 euros.

For comments on the income performance of the Company during the year in question, reference is also made to the specific paragraph of the Management Report.

7. Net revenues

The table below gives the breakdown of net revenues by business segment:

	2022	2021	% change
Holding/coordination	8,862	7,319	21.1
Logistics	2,859	2,110	35.5
Other	88	171	(48.5)
Total	11,809	9,600	23.0

Revenues relating to the business holding and coordination mainly include proceeds from the billing of services provided by the Company to Group companies for support and assistance in defining operative guidelines, administrative management, financial management and control, legal advisory and advisory services on corporate law, procurement services and IT services. The revenues included in the Real Estate sector related to proceeds deriving from property management, such as rental income for the lease of the portion of the property situated in Piovene Rocchette (Vicenza).

It also includes revenues from photovoltaic management of 441,000 euros, as well as tax credits for a one-off contribution to the high cost of bills of 10,000 euros.

8. Cost of goods sold

	2022	2021	% change
Amounts to	(1,632)	(1,569)	4.0
and refers to:			
Other logistic and industrial costs	(1,632)	(1,569)	4.0
Total	(1,632)	(1,569)	4.0

The item in question totals 1,632,000 euros and mainly comprises costs of 1,020,000 euros relating to the Logistics business at the Piovene (Vicenza) site.

10. Product marketing and development costs

	2022	2021	% change
Amounts to	35	(16)	>100,0
and refer to:			
Credit losses and write-downs, credit management	48	=	n.c.
Advertising, marketing and public relations	(13)	(16)	(18.8)
Total	35	(16)	>100,0

11. General and administrative costs

	2022	2021	% change
Amounts to	(8,684)	(7,265)	19.5

General and administrative costs as at 31 December 2022 mainly include payroll costs of 5,655,000 euros, costs for directors and auditors of 799,000 euros, consultancy costs and fees (legal, administrative and other minor) of 140,000 euros, insurance expenses of 85,000 euros and maintenance, utilities and transport costs of 2,005,000 euros.

12. Other income and expenses

	2022	2021	% change
Ammontano a	846	(14)	>100%
e sono relativi a:			
Disposal of tangible and intangible assets	1	97	
Change in relocation/restructuring provision	151	=	
Provision for legal risks and future charges	(504)	=	
Use of provisions for legal risks and future charges	1,178	=	
Contingent assets/liabilities	212	=	
Other income/charges	(192)	(111)	
Total other income/charges	846	(14)	>100%

13. EBIT

	2022	2021	% change
Amounts to	2,374	736	>100,0

Below are the details of payroll costs and the depreciation and amortisation included in the EBIT calculation.

Payroll costs

	2022	2021	% change
Amounts to	(6,871)	(5,264)	30.5
and refers to:			
Wages and salaries	(5,071)	(3,801)	33.4
Social security contributions	(1,387)	(1,128)	23.0
Staff termination indemnities	(367)	(317)	15.8
Pension funds and similar liabilities	(18)	(18)	=
Other labour costs	(28)	=	n.c.

The table above gives the costs relating to employees. Salaries and wages also include labour costs for temporary staff.

The number of active **employees** had the following trend:

	Year End Staff			Average		
	31.12.2022	31.12.2021	% change	2022	2021	% change
Blue-collar workers	11	8	37,5	9	10	(10,0)
White-collar workers	56	55	1,8	58	57	1,8
Managers	10	9	11,1	10	9	11,1
Total	77	72	6,9	77	76	1,3

Amortisation and depreciation was as follows:

Ammortization	2022	2021	% change
Amounts to	(995)	(1,141)	(12.8)
and refers to:			
amortization of intangible fixed assets	(160)	(197)	
depreciation of tangible fixed assets	(835)	(944)	

14. Net financial expenses

	2022	2021	% change
Amounts to:	(27)	(120)	(77.5)
and refer to:			
Financial income			
Interest received from subsidiaries	694	420	65
Other financial income	=	1	n.c.
Total financial income	694	421	64.8
Financial charges			
Interest payable to subsidiaries	=	(3)	n.c.
Bank interest expenses	(622)	(447)	39.1
Bank services	(79)	(58)	36.2
Other financial charges	(20)	(33)	(39.4)
Total financial charges	(721)	(541)	33.3
Total	(27)	(120)	(77.5)

Interest received from subsidiaries is detailed as follows:

	2022	2021	% change
Amounts to	694	420	65.2
and refers to:			
Marzotto Wool Manufacturing S.r.l.	335	189	77.2
Marzotto Lab S.r.l.	245	169	45.0
Marzotto Textile N.V.	3	1	>100.0
Biella Manifatture Tessili S.r.l.	111	61	82.0
Total	694	420	65.2

17. Other financial income and expenses

	2022	2021	% change
Amounts to	(6)	(7)	(14.3)
and refers to:			
Loss on equity investment in Le Cotonerie S.r.l.	=	(4)	
Adjustement TFR IAS 19	(6)	(3)	
Total	(6)	(7)	(14.3)

19. Income taxes

	2022	2021	% change
Amounts to	(970)	(429)	n.c.
and refers to:			
Current taxes	(1,050)	(698)	
Deferred taxes payable	427	447	
Deferred taxes receivable	(370)	(73)	
Other variations	23	(105)	
Total	(970)	(429)	n.c.

The reconciliation of the theoretical tax rate with the effective tax rate on income before taxes is set out in the table below.

	2022		2021	
	Amount	%age	Amount	%age
Pre-tax profit	8,730		609	
Theoretical taxes	(2,095)	(24.0)	(146)	(24.0)
Exempt dividends	1,468	=	=	=
Other permanent changes	(43)	(0.5)	(116)	(19.0)
IRAP	(168)	(1.9)	(86)	(14.1)
Other variations	(155)	(1.8)	(51)	(8.4)
Taxes from previous year	23	0.3	(30)	(4.9)
Total taxes	(970)	(11.1)	(429)	(70.5)

Other information

[Notes to the Company's financial statements]

Related parties

It is in the economic interest of the single participating entities to carry out operations with related parties.

All transactions with subsidiaries, associates and other related parties, whether in relation to the exchange of goods and services or to financial operations, are carried out at arm's length.

Relations with subsidiaries and associates are also shown in the financial schedules and the notes.

The tables below detail the equity and economic values of the transactions performed with parent companies, subsidiaries, associates and affiliates as at 31 December 2022.

Receivables and payables existing with Group Companies as at 31 December 2022

Company	Receivables				Payables			
	Trade	Other	Financial	Total	Trade	Other	Financial	Total
Biella Manifatture Tessili S.r.l.	1,193	=	10,000	11,193	4	=	=	4
Marzotto Wool Manufacturing S.r.l.	1,412	=	34,173	35,585	63	=	=	63
Marzotto Lab S.r.l.	993	22	31,058	32,073	25	=	=	25
Ambiente Energia S.r.l.	170	=	=	170	=	=	=	=
Marzotto Textile NV	=	=	319	319	=	=	=	=
Novà Mosilana a.s.	76	=	=	76	=	=	=	=
AB Liteksas	23	=	=	23	=	=	=	=
Marzotto Textiles U.S.A. Inc.	3	=	=	3	=	=	=	=
Sametex spol s r. o	33	=	=	33	=	=	=	=
UAB Lietlinen	9	=	=	9	=	=	=	=
Linificio e Canapificio Nazionale S.r.l. SB	887	=	=	887	5	=	=	5
Filature de Lin Filin s.a.	9	=	=	9	=	=	=	=
Uab Lietvilna	8	=	=	8	=	=	=	=
Tintoria di Verrone S.r.l.	8	=	=	8	=	=	=	=
Ratti S.p.A. SB	269	=	=	269	=	=	=	=
Trenora S.r.l.	10	=	=	10	=	=	=	=
Wizard S.r.l.	33	=	=	33	=	866	=	866
Total	5,136	22	75,550	80,708	97	866	=	963

Revenues, income, costs and charges with the Group Companies for the year 2022

Company	Revenues and other income				Costs and charges			
	Products	Services	Finance	Total	Products	Services	Finance	Total
Biella Manifatture Tessili S.r.l.	2,257	=	111	2,368	=	=	=	=
Marzotto Wool Manufacturing S.r.l.	3,190	=	335	3,525	=	387	=	387
Marzotto Lab S.r.l.	2,528	=	245	2,773	=	=	=	=
Ambiente Energia S.r.l.	279	=	=	279	=	=	=	=
Marzotto Textile NV	=	=	3	3	=	=	=	=
Novà Mosilana a.s.	296	=	=	296	=	=	=	=
AB Liteksas	45	=	=	45	=	=	=	=
Sametex spol s r. o	97	=	=	97	=	=	=	=
Linificio e Canapificio Nazionale S.r.l. SB	1,475	=	=	1,475	=	=	=	=
UAB Lietlinen	18	=	=	18	=	=	=	=
Filature de Lin Filin s.a.	17	=	=	17	=	=	=	=
Uab Lietvilna	16	=	=	16	=	=	=	=
Tintoria di Verrone S.r.l.	11	=	=	11	=	=	=	=
Ratti S.p.A. SB	156	=	=	156	=	=	=	=
Trenora S.r.l.	31	=	=	31	=	=	=	=
Wizard S.r.l.	27	=	=	27	=	=	=	=
Total	10,443	=	694	11,137	=	387	=	387

Other information

[Notes to the Company's financial statements]

Directors and Statutory Auditors

Remuneration paid to the Directors and Statutory Auditors of Marzotto S.p.A.

(thousand of euro)	Office		Total
	Directors	Auditors	
Remuneration	759	40	799

The remuneration paid to the Statutory Auditors also includes remuneration for the supervisory body.

Independent Auditors

Remuneration due for the financial year for services provided by the Independent Auditors

(thousand of euro)	Company		Total
	Marzotto S.p.A.	Subsidiaries	
Auditing services	12	201	213

Other information

[Notes to the Company's financial statements]

Non-typical/unusual
operations

During FY 2022, the Company has implemented no non-typical and/or unusual operations.

Events after the date of
these financial
statements

Please see the Management Report for events subsequent to 31 December 2022.

Equity investments

[Notes to the Company's financial statements]

Equity investments held directly and indirectly by the Company

Below is the list of equity investments in which Marzotto S.p.A. directly or indirectly holds more than 10% of the voting shares as at 31 December 2022. All equity investments represent ownership:

Company name	Head office	Direct investor	% direct owned	% Marzotto S.p.A. owned
Marzotto Wool Manufacturing S.r.l.	Valdagno (VI)	Marzotto S.p.A.	100.00%	100.00%
Biella Manifatture Tessili S.r.l.	Valdagno (I)	Marzotto Wool Manufacturing S.r.l.	100.00%	100.00%
Nová Mosilana a.s.	Brno (CZ)	Marzotto Wool Manufacturing S.r.l.	100.00%	100.00%
Marzotto Textile N.V.	Amsterdam (NL)	Marzotto Wool/Marzotto Lab	100.00%	100.00%
Marzotto Textiles USA Inc.	New York (USA)	Marzotto Textile N.V.	100.00%	100.00%
Ambiente Energia S.r.l.	Schio (I)	Marzotto S.p.A.	100.00%	100.00%
Marzotto Lab S.r.l.	Valdagno (VI)	Marzotto S.p.A.	100.00%	100.00%
AB Liteksas	Kaunas (LT)	Marzotto Lab S.r.l.	99.97%	99.97%
Sametex spol s r. o	Kraslice (CZ)	Marzotto Lab S.r.l.	100.00%	100.00%
Girmes International G.m.b.h.	Tonisevst (DE)	Marzotto Lab S.r.l.	100.00%	100.00%
Marzotto Textiles Czech Republic s. r. o.	Praga (CZ)	Marzotto S.p.A.	100.00%	100.00%
Pettinatura Verrone S.r.l.	Verrone (I)	Marzotto Wool Manufacturing S.r.l.	15.00%	15.00%
UAB Lietvilna	Kaunas (LT)	Marzotto Lab S.r.l.	50.00%	50.00%
Tintoria di Verrone S.r.l.	Verrone (BI)	Marzotto Wool/Marzotto Lab	50.00%	50.00%
Aree Urbane S.r.l. in bankruptcy	Milan (I)	Marzotto S.p.A.	32.50%	32.50%
Mascioni S.p.A.	Milan (I)	Marzotto S.p.A.	13.31%	13.31%
G. Schneider PTY Limited	Greenwich (AUS)	Marzotto Wool Manufacturing S.r.l.	25.00%	25.00%
Mediterranean Wool Industries Co. S.A.E.	Sadat City (ET)	Marzotto Wool Manufacturing S.r.l.	30.00%	30.00%
Linificio e Canapificio Nazionale S.r.l. SB	Valdagno (I)	Marzotto Lab S.r.l.	100.00%	100.00%
Filature de Lin Filin S.A.	Chbedda (TN)	Linificio e Canapificio N. S.r.l. SB	100.00%	100.00%
UAB Lietlinen	Kaunas (LT)	Linificio e Canapificio N. S.r.l. SB	100.00%	100.00%
Ratti S.p.A. SB	Guanzate (I)	Marzotto S.p.A.	34.37%	34.37%
Creomoda S.a.r.l.	Sousse (TN)	Ratti S.p.A. SB	76.00%	26.12%
La Maison des Accessories S.r.a.l.	Sousse (TN)	Ratti S.p.A. SB	68.40%	17.87%
Marielle S.r.l.	Firenze (FI)	Ratti S.p.A. SB	30.00%	10.31%
Foto Azzurra S.r.l.	Cassina Rizzardi (CO)	Ratti S.p.A. SB	20.00%	6.87%
Ratti USA Inc.	New York (USA)	Ratti S.p.A. SB	100.00%	34.37%
Ratti Int. Trading (Shanghai) Co. Ltd	Shanghai (RPC)	Ratti S.p.A. SB	100.00%	34.37%
Textrom S.r.l.	Cluj - Napoca (RO)	Ratti S.p.A. SB	100.00%	34.37%

We provide further details on the equity investments held by the Company below.

Company	Reg. office	Share Capital	Currency	% Ownership	
				2022	2021
Ambiente Energia S.r.l.	Schio (I)	100.00	K EUR	100.00	100.00
Marzotto Textiles Czech Republic s. r.o.	Praga (CZ)	200.00	K CZK	100.00	100.00
Marzotto Wool Manufacturing S.r.l.	Valdagno (I)	10,000.00	K EUR	100.00	100.00
and it's subsidiaries:					
Biella Manifatture Tessili S.r.l.	Valdagno (I)	1,000.00	K EUR	100.00	100.00
Novà Mosilana a.s.	Brno (CZ)	1,095,000.00	K CZK	100.00	100.00
Marzotto Lab S.r.l.	Valdagno (I)	10,000.00	K EUR	100.00	100.00
and it's subsidiaries:					
AB Liteksas	Kaunas (LT)	11,890.00	K EUR	99.97	99.97
Sametex spol. s r.o	Kraslice (CZ)	565,863.00	K CZK	100.00	100.00
Girmes International G.m.b.h.	Tonisevort (DE)	800.00	K EUR	100.00	100.00
Marzotto Textile N.V.	Amsterdam (NL)	45.00	K EUR	100.00	100.00
and it's subsidiaries:					
Marzotto Int. Trad. (Shanghai) Ltd.	Shanghai (RPC)	1,001.46	K CNY	=	100.00
Marzotto Textiles USA Inc.	New York (USA)	410.00	K USD	100.00	100.00
Linificio e Canapificio Nazionale S.r.l. SB	Valdagno (I)	27,648.00	K EUR	100.00	100.00
and it's subsidiaries:					
Filature de Lin Filin S.A.	Chbedda (TN)	16,155.00	K TND	100.00	100.00
UAB Lietlinen	Kaunas (LT)	8,445.00	K EUR	100.00	100.00
Mascioni S.p.A.	Milan (I)	10,000.00	K EUR	13.31	13.31
Mediterranean Wool Industries Co. S.A.E.	Sadat City (ET)	9,208.00	K EUR	30.00	30.00
G. Schneider PTY Limited	Greenwich (AUS)	84.00	K AUD	25.00	25.00
UAB Lietvilna	Kaunas (LT)	4,550.00	K EUR	50.00	50.00
Tintoria di Verrone S.r.l.	Verrone (I)	100.00	K EUR	50.00	50.00
Pettinatura di Verrone S.r.l.	Verrone (I)	3,000.00	K EUR	15.00	15.00
Ratti S.p.A. SB	Guanzate (I)	11,115.00	K EUR	34.37	34.24
and it's subsidiaries/affiliates:					
Creomoda S.a.r.l.	Sousse (TN)	660.00	K TND	26.12	26.02
La Maison des accessories S.a.r.l.	Sousse (TN)	120.00	K TND	23.51	23.42
Ratti USA Inc.	New York (USA)	500.00	K USD	34.37	34.24
Ratti Int. Trading (Shanghai) Co. Ltd	Shanghai (RPC)	110.00	K EUR	34.37	34.24
Textrom S.r.l.	Cluj - Napoca (RO)	0.20	K RON	34.37	34.24
Foto Azzurra S.r.l.	Cassina Rizzartdi (CO)	20.00	K EUR	6.87	6.85
Marielle S.r.l.	Firenze (FI)	17.25	K EUR	10.31	10.27
Aree Urbane S.r.l. in bankruptcy	Milan (I)	100.00	K EUR	32.50	32.50

(thousand euro)		Situation as at 31.12.2021			Changes during the year 2022			
Description	Number of shares owned	% owned	Pro-quota net equity ⁽¹⁾	Net book value	Number of shares (+/-)	Gross book value		Adjustments
						Increases	Decreases	
Ambiente Energia S.r.l.	1	100.00	10,730	8,010	=	=	=	=
Marzotto Wool Manufacturing S.r.l.	1	100.00	54,762	49,371	=	=	=	=
Mrzotto Lab S.r.l.	1	100.00	25,084	43,401	=	=	=	=
Marzotto Textiles Czech Rep. s r.o	1	100.00	186	7	=	=	=	=
Shareholdings in subsidiaries			90,762	100,789	=	=	=	=
Mascioni S.p.A.	283,500	13.31	868	=	=	=	=	=
Aree Urbane S.r.l. in bankruptcy	1	32.50	(35,888)	=	=	=	=	=
Ratti S.p.A. SB	9,364,000	34.24	21,421	11,073	37,300	130	=	=
Shareholding in affiliates/participate			(13,599)	11,073	37,300	130	=	=
Società Editrice Il Mulino S.p.A.	224,989	4.79	211	143	=	=	=	=
Next Technology Tecnotessile S.r.l.	19,968	1.58	9	10	=	=	=	=
Tollegno Holding S.p.A.	2,270	0.01	3	1	=	=	=	=
Consorzio Ivrea Energia (in liquid.)	1	11.11	1	1	=	=	=	=
Shareholdings in other companies			224	155	=	=	=	=
Total equity investments			77,387	112,017	37,300	130	=	=

- For subsidiary and affiliated companies, the net equity attributable to Marzotto is shown in the Parent Company's Financial Statements, or in the consolidated Financial Statements if prepared.

Situation as at 31.12.2022						
Net equity as of	Number of shares owned	% owned	Pro-quota Net Income	Pro-quota net equity ⁽¹⁾	Net book value	Description
Dec. 2022	1	100.00	1,327	6,607	8,010	Ambiente Energia S.r.l.
Dec. 2022	1	100.00	4,950	60,350	49,371	Marzotto Wool Manufacturing S.r.l.
Dec. 2022	1	100.00	1,439	26,547	43,401	Marzotto Lab S.r.l.
Dec. 2022	1	100.00	31	224	7	Marzotto Textiles Czech Rep. s.r.o
			7,747	93,728	100,789	Shareholdings in subsidiaries
Dec. 2021	283,500	13.31	(208)	417	=	Mascioni S.p.A.
Dec. 2019	1	32.50	(5,383)	(35,888)	=	Aree Urbane S.r.l. in bankruptcy
Dec. 2022	9,401,300	34.37	913	21,770	11,203	Ratti S.p.A. SB
			(4,678)	(13,701)	11,203	Shareholding in affiliates/participate
Dec. 2021	224,989	4.79	27	237	143	Società Editrice Il Mulino S.p.A.
Dec. 2021	19,968	1.58	1	14	10	Next Technology Tecnotessile S.r.l.
Dec. 2021	2,270	0.01	=	3	1	Tollegno Holding S.p.A.
Dec. 2012	1	11.11	n.d.	1	1	Consorzio Ivrea Energia (in liquidazione)
			28	255	155	Shareholdings in other companies
			3,097	80,282	112,147	Total equity investments

Allocation of earnings
for the year

[Proposals to the Shareholders' Meeting]

Dear Shareholders,

We invite you to approve the presented financial statements and propose to allocate the profits for the period of 7,759,501.45 euros as follows:

- retained: 2,759,501.45 euros
- distributed to the shareholder: 5,000,000.00 euros.

After this allocation, the profits carried forward will amount to 25,448,338.44.

Valdagno (Vicenza), 28 March 2023

FOR THE BOARD OF DIRECTORS
THE CHIEF EXECUTIVE OFFICER
DAVIDE FAVRIN



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Manifattura Lane Gaetano Marzotto & Figli S.p.A. are responsible for the preparation of the Report on Operations of Manifattura Lane Gaetano Marzotto & Figli S.p.A. as at December 31, 2022, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the financial statements of Manifattura Lane Gaetano Marzotto & Figli S.p.A. as at December 31, 2022 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the financial statements of Manifattura Lane Gaetano Marzotto & Figli S.p.A. as at December 31, 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, April 12, 2023

EY S.p.A.

Signed by: Gabriele Grignaffini, Auditor

This report has been translated into the English language solely for the convenience of international readers.

[Report of the Board of Statutory Auditors]

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING AT THE TIME OF APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 PREPARED PURSUANT TO ARTICLE 2429, PARA. 2, OF THE ITALIAN CIVIL CODE

To the Shareholder of Marzotto S.p.A. a Socio Unico

During the year ended 31 December 2022, our work was based on the provisions of law and the code of conduct for statutory auditors of unlisted companies issued by the National Council of Chartered Accountants and Accounting Experts, published in December 2020 and in effect as of 1 January 2021.

This work and its results are brought to your attention in this report.

We have submitted for your review the annual financial statements of Marzotto S.p.A. as at 31 December 2022, prepared in accordance with the Italian regulations governing their preparation. The directors prepared the annual financial statements in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as with the orders issued in implementation of Italian Legislative Decree 38/2005. The financial statements show net profit for the year of 7,760,000 euros and comprehensive net profit of 9,173,000 euros. The financial statements were provided to us in accordance with the law.

As it is not responsible for the statutory audit, the Board of Statutory Auditors has performed the supervisory activities on the financial statements provided for in Regulation 3.8. of the code of conduct for statutory auditors of unlisted companies, which consist of a summary overall control to ascertain whether the financial statements have been drafted correctly. Verification of consistency with the accounting data is, in fact, the responsibility of the entity responsible for the statutory audit.

The entity responsible for the statutory audit of the financial statements, EY S.p.A., provided us with its report dated 12 April 2023, which contains an opinion without changes.

According to the report of the entity responsible for the statutory audit, the annual financial statements as at 31 December 2022 provide a true and fair view of the financial position, profit and loss and cash flows of your Company in accordance with the International Financial Reporting Standards adopted by the European Union.

The management body of Marzotto S.p.A. also prepared the consolidated financial statements as at 31 December 2022: as provided for and permitted by Regulation 3.9. of the code of conduct for statutory auditors of unlisted companies, we have summarised the conclusions of the supervisory activity carried out, relating to the consolidated financial statements, in a specific section of this report.

1) Supervisory activity pursuant to Articles 2403 *et seq.* of the Italian Civil Code

We monitored compliance with the law and the articles of association, respect for the principles of proper administration and, in particular, the adequacy of the organisational structures and the administrative and accounting system and how these actually function.

We attended shareholders' meetings and meetings of the Board of Directors and, based on the information available, we have no particular findings to report.

We obtained information from the directors sufficiently in advance of, and during, meetings regarding the general business performance and business outlook, as well as on the most significant transactions, due to their size or characteristics, carried out by the company and its subsidiaries and, based on the information obtained, we have no particular observations to make.

We exchanged data and information relevant to our supervisory activity on a timely basis with the independent auditors.

We acted as a supervisory body and, in performing this function, the controls carried out did not reveal any significant risks or hazardous situations, and no actions have emerged that constitute breaches of the Organisational Model adopted, as also indicated in the report issued on 20 March 2023.

We obtained information and verified the adequacy of the organisational, administrative and accounting structure and its actual functioning, including through the collection of information from the department managers, and in this regard we have no particular observations to report.

We have acquired knowledge of, and supervised, to the extent of our competence, the adequacy and functioning of the administrative and accounting system, as well as the reliability of the latter in correctly representing operating events, by obtaining information from the department managers and the examination of company documents, and we have no particular observations to report in this regard.

No complaints were received from shareholders pursuant to Article 2408 or Article 2409 of the Italian Civil Code.

We have not made any reports to the management body pursuant to and for the purposes of Article 15 of Legislative Decree No. 118/2021 or pursuant to and for the purposes of Article 25-*octies* of Legislative Decree No. 14 of 12 January 2019. We have not received any reports from public creditors pursuant to and for the purposes of Article 25-*novies* of Legislative Decree No. 14 of 12 January 2019, or pursuant to and for the purposes of Article 30-*sexies* of Legislative Decree No. 152 of 6 November 2021, converted by Law No. 233 of 29 December 2021, as amended.

The Board of Statutory Auditors did not issue any opinions or observations required by law during the year. In the course of the supervisory activity described above, no other material facts emerged requiring mention in this report.

2) Observations concerning the annual financial statements

According to the report of the entity responsible for the statutory audit, "the annual financial statements as at 31 December 2022 provide a true and fair view of the financial position, profit and loss and cash flows of the Company in accordance with the International Financial Reporting Standards adopted by the European Union".

As far as we are aware, the directors did not derogate from the provisions of law pursuant to Article 2423, paragraph 5, of the Italian Civil Code.

Pursuant to Article 2426, paragraph 6, of the Italian Civil Code, we have given our consent to the recognition of goodwill of 166,000 euros on the assets side of the statement of financial position.

3) Observations concerning the consolidated financial statements

We have reviewed the consolidated financial statements as at 31 December 2022, prepared by your Company in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, as well as with the orders issued in implementation of Italian Legislative Decree 38/2005.

Also as regards the consolidated financial statements, the entity responsible for the statutory audit of the financial statements, EY S.p.A., provided us with its report dated 12 April 2023, which contains an opinion without changes.

According to the report of the entity responsible for the statutory audit, "the consolidated financial statements provide a true and fair view of the financial position, profit and loss and cash flows of the Group as at 31 December 2022, in accordance with the International Financial Reporting Standards adopted by the European Union".

The consolidated financial statements show Group net profit of 17,015,000 euros and Group comprehensive net profit of 20,791,000 euros.

We have verified the general layout of the consolidated financial statements and their compliance with the law in terms of preparation and structure.

We also verified that the consolidated financial statements correspond to the facts and information of which we have become aware, and we have no observations to make in this regard.

4) Observations and proposals regarding the approval of the financial statements

In view of the results of our work and the opinion expressed in the audit report of the person responsible for the statutory audit of the financial statements, we have not found any impediments to the approval by the shareholder of the financial statements for the year ended 31 December 2022, as prepared by the directors.

The Board of Statutory Auditors agrees with the proposal for allocation of the profit for the year formulated by the directors in the notes.

Valdagno (Vicenza), 12 April 2023

Sandro Miotto, Chairman

[signature] _____

Marco Della Putta, Standing Auditor

[signature] _____

Federico Giorgione, Standing Auditor

[signature] _____

[Summary of the main resolutions of the Shareholders' Meeting]

With regard to the financial statements for the year ended 31 December 2022, the Marzotto S.p.A. Shareholders' Meeting of 28 April 2023 resolved:

- to approve the Company's financial statements and Management Report at 31 December 2022;
- to allocate the profits for the period of 7,759,501.45 euros as follows:
 - retained: 2,759,501.45 euros;
 - dividends: 5,000,000.00 euros.

After this allocation, retained earnings will amount to 25,448,338.44 euros.

- to confer the task of auditing the financial statements for the three-year period 2023-2024-2025 to the independent auditors EY S.p.A.



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MARZOTTO

GROUP

MARZOTTO S.p.A.

Company with Sole Shareholder - subject to management and coordination by Trenora S.r.l.

Tax ID and V.A.T. registration number 00166580241

REA Vicenza nr. 801

PEC: Marzotto@legalmail.it

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36078 Valdagno (VI)

Tel. 0445 429411

Secondary offices:

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