



WE RESPECT ANIMALS.

# 2022

## INTEGRATED REPORT

SAVE THE DUCK GROUP AS OF 31/12/2022

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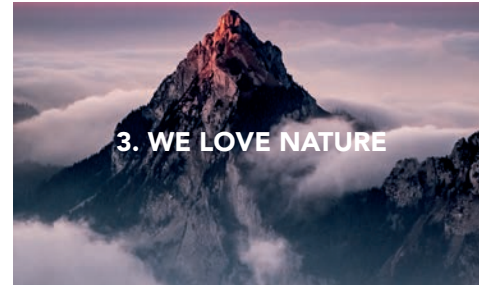
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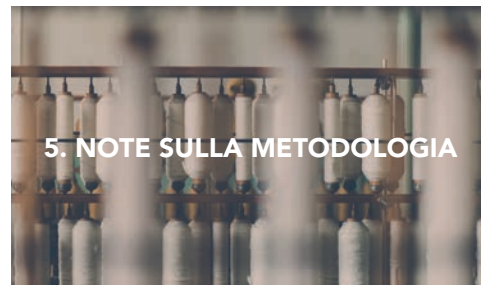
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# LETTER TO STAKEHOLDERS

## NICOLAS BARGI CEO & Founder

2022 marked an important anniversary for Save The Duck: **10 years of challenges**, successes, and commitments. This occasion represented a moment for us all to reflect on the road covered so far and the future that lies ahead. When I embarked on this entrepreneurial adventure, I imagined a world where human beings would no longer inflict suffering on other living beings. Today, many steps have been taken in this direction, but many more are to come, and we aim to do our part. Our commitment to fashion without exploitation and cruelty to animals is always at the heart of our aims.

Our commitment goes through the protection and respect of people and the safeguarding of animals to make the Planet a better place for all.

As a Company, we are proud to publish the Group's **first integrated report**. From this edition, the financial report incorporates the sustainability which, for the first time, is subject to assurance. This is an important achievement, for which I would like to thank all the colleagues who have contributed over the years to build this path and who continue to participate in the future challenges for the growth of our corporate culture, based on innovation, transparency, and regeneration.

B Corp shared **concept of interdependence** guides us to foster our engagement and inspire all stakeholders and partners to preserve the Planet for future generations.

The NetZero 2030 goal still pushes us to reduce emissions across our value chain and we are aware of how important is to keep investing 1% of our incomes in charity initiatives yearly supported to defending fundamental human and animal rights.

Despite operating in a market that is constantly changing and shaken by traumatic events such as wars and natural catastrophes, the actions that guided our business decisions have allowed us to record **significant growth** with financial results well above the pre-pandemic period.

The Company's growth is also driven by the expansion of our retail network, which now counts **7 shops across 3 continents**.

These results are important above all because they have been achieved thanks to our business model, which increasingly creates all-around value, today, and for the future.

The background of the page features a photograph of five people in silhouette, standing in a line and facing each other as if in a meeting. The background is a gradient of blue, transitioning from a darker shade at the top to a lighter shade at the bottom. The silhouettes are dark against this light background.

# 1. SAVE THE DUCK GROUP

“We are in business not just to make money, but to make a difference in the fashion system”

Nicolas Bargi

# OUR HISTORY

## 1914

### THE STRENGTH OF AN IDEA

From the entrepreneurial spirit of Forresto Bargi, **Forest S.r.l.** was born in Pisa, a small workshop producing garments made with a special water-repellent fabric.

In the years that followed, the Company became one of the Italian largest clothing factories.



## 1960s

### A NEW BRANCH

A new branch, called "**Forest Mec**", is founded by his son Cirano. With the aim of reflecting the new collective mood, it offered sweaters, jeans, and jackets inspired by American workers' clothing.

## 1990s

### A STRATEGIC CHOICE

Forest S.r.l. opened an **office in China**, a strategic choice for the management and control of its suppliers.



Hangzhou office

## 2000s

### THE REBIRTH

In 2010, Nicolas Bargi takes over the management of the Company and creates **Ganesh** brand.

In 2012, the Company registers **Save The Duck** brand, a high-quality brand offering a wide range of 100% animal-free outdoor clothing.



WE RESPECT ANIMALS.

## 2014

Alchimia Group acquires a share in Forest S.r.l., contributing to the strengthening of the Company in administrative, financial, and logistical terms.

# 2018

Progressio SGR acquires the majority of Forest S.r.l., while Alchimia Group exits the shareholding structure. Save The Duck opens its first **flagship store** in Milan, Via Solferino, 12, made mainly of innovative and sustainable materials, and launches its opening plan for the coming years. Forest S.r.l. changes its name to **Save The Duck S.r.l.** in November 2018. In the latter part of the year, the APAC branch is opened in Hong Kong.

# 2019

Save The Duck S.r.l. changes its corporate form to **Save The Duck S.p.A.** and assumes the corporate form of **Società Benefit**. Save The Duck becomes the first fashion company in Italy to obtain the **B Corp certification** with a score of 95.



# 2020

Save The Duck joins the United Nations Global Compact and commits to annually report on its achieved progress against the 10 Principles of Social Responsibility in a Communication on Progress. Save The Duck also signs up the **Women's Empowerment Principles (WEPs)** for the promotion of gender equality along the value chain. In the latter part of the year, the USA branch is opened.

# 2021

Save The Duck becomes Carbon Neutral and gets a **Sustainability-linked Loan** with Banca Intesa Sanpaolo. Opening of the **Save The Duck Suisse SA** and our flagship store in St. Moritz. Save The Duck Trading Shanghai Limited China becomes operative.

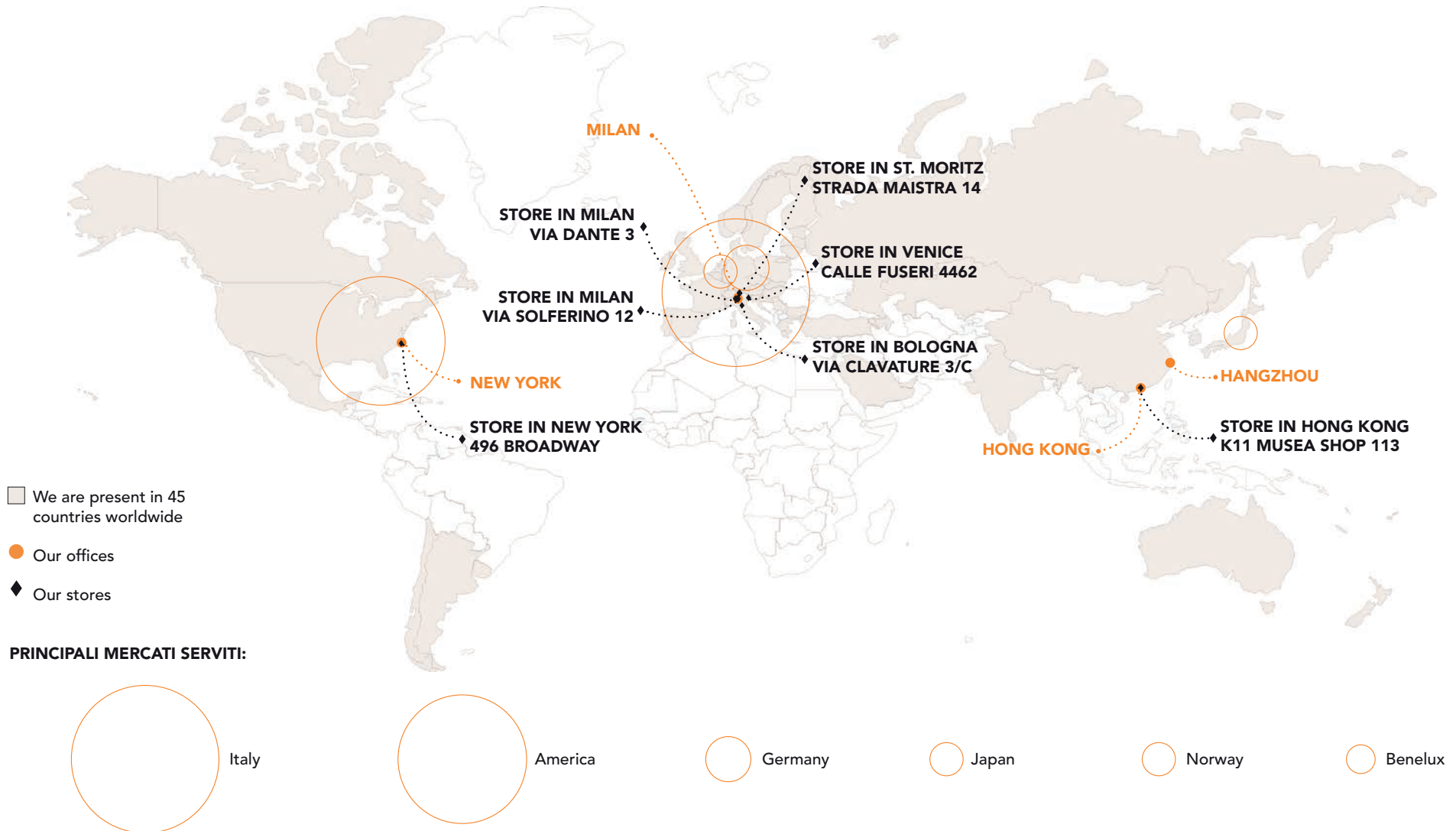
# 2022

Opening of the 6th flagship store in Bologna, Via Clavature, 3C, in September. Beginning of October opening of New York 1st USA flagship store in New York, 496, Broadway. **SBTi** approves Save The Duck GHG decreasing targets and the Company's by-law is modified: new benefit goals are added, including the Net-Zero goal. Progressio SGR exits the shareholding structure and **Anatra Investments Ltd and Société D'Investissements Cime S.A.** acquired a **majority (80%) stake** in the Group's capital.



# WHERE WE ARE

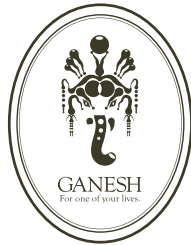
Since 2019, we have been a Società Benefit and certified B Corp. To date, we have "saved" over 40million ducks.





# OUR BRANDS

About us today



## GANESH

A crossroads of stories and experiences that meet and mix.

Ganesh brand is born under the sign of the most sympathetic deity of the Hindu religion. Its sympathy is due to its being the God of good fortune, success, and health, and therefore responsible for everything good, positive, and propulsive that can happen to a person.

Ganesh lover is a hippie who wears a bright flower shirt under a field jacket and easy-going cotton trousers. No formalities are required: Ganesh clothing is developed to be treated like old friends, built with care, and designed to be easy-care.



## SAVE THE DUCK

100% animal cruelty-free outerwear brand and the first fashion company in Italy to become in 2019 a B Corp.

The brand is also a Società Benefit since 2019 and caters to the global market and to a growing target audience, that is highly sensitive to environmental and animal welfare issues.

The logo is a whistling duck, carefree because it has been saved. It has been estimated that about 40 million ducks have been "saved" in its ten years of activity. Save The Duck garments are not only featherless, but also 100% animal and cruelty-free and, therefore, do not use leather, fur, or any animal-derived raw materials.



## PRO-TECH

Pro-Tech is the premium brand by Save The Duck. Pro-tech collections are performance-driven through technical aesthetics.

The products feature high-performance breathability, wind and water resistance, and a PFC-free face finishing and membrane.

# HIGHLIGHTS

> In the year of our 10th anniversary, we achieved new positive results: we recorded a turnover of more than €60 million, up 28% on 2021 performance; this result has been achieved thanks to a broad distribution of our products in 45 countries around the world, which allowed us to reach more and more appreciators.

Our approach of offering products that convey messages of responsibility towards people, animals, and the environment has rewarded us.

> The number of sold garments has increased by 17% compared to 2021 performance, with the production of more than 875,000 garments under our Save The Duck, Pro-tech, and Ganesh brands.

> The NetZero2030 commitment evolved with our membership of CO<sub>2</sub>alizione and the related amendment of the by-law, which now also includes the achievement of zero emissions, in line with the objectives pursued at the European and Italian levels.

> To enhance the commitment of our people, we started **new training courses** for their personal and professional growth and carried out **teambuilding and volunteer activities**. An example of these initiatives, it is the collaboration with **WAU! We Are Urban Milano**, which through cleaning operations drove us to restore degraded areas. Their goal is to live in a more decent city, restore abandoned and decayed urban spaces, fostering a new sense of active civic participation.

> We are looking beyond our borders, and in 2022 we have decided to dedicate a large part of our **1% Coefficient to the Ukrainian emergency**, sending clothing, financial aid, and essential goods, collected as a voluntary gesture by our people, to support the Ukrainian population afflicted by the conflict that is unfortunately still ongoing.

## CO<sub>2</sub>ALIZIONE

> This private companies alliance faces the challenge of climate neutrality and aims at becoming a working and sharing platform in Italy among companies committed to climate neutrality. It is based on an innovative model of stable collaboration, for the creation of a pathway for training and sharing strategies, best practices, tools, best available solutions and technologies on a solid scientific knowledge base and community participation.

The know-how generated supports companies in identifying specific actions and the development of position papers to be submitted to policymakers, with the aim of stimulating the acceleration of the transition.

GOALS	PROGRESS
WHAT WE COMMITTED TO	WHAT WE ACHIEVED
Implement the WEPs action plan.	We started working on the implementation of our WEPs action plan by involving our supply chain in data collection about their D&I situation.
Continue to actively participate in B Corp networking.	We are continuing to maintain an active role in the B Corp network, participating to working groups launched by the #UnlockTheChange initiative and undergoing the BIA assessment for B Corp certification renewal.

## FUTURE TARGETS

### WHAT WE WILL ENGAGE IN

- > Keep implementing the WEPs action plan.
- > Continue to actively participate in B Corp networking.
- > Participate to working tables aiming to bring sector experience to the international legislator.
- > Be involved in the MUSA Milanese community project.

# COMPLAINTS HANDLING

Tracking the effectiveness of complaints mechanisms and other remedial processes is critical for Save The Duck to ensure that we are meeting the needs of our customers and stakeholders. By gathering stakeholder feedback, we can continually improve the complaints-handling processes and maintain positive relationships with our community and clients.

In addition to serving as key catalysts for reviews of our Company's performance and employee behavior, complaints are a crucial means to demonstrate transparently to our public our accountability. Dissatisfaction related to our products or our activity provides valuable prompts to improve their quality. We have a system in place to resolve issues raised by discontent people in a timely manner. By handling complaints properly, we hope to strengthen customers' and stakeholders' confidence in our Company.

Save The Duck is committed to handling complaints effectively and to valuing feedback received. Our Organization is endowed with a mechanism for accepting feedback, handled by the social media team and the customer care team that records complaint data and provides remedies, involving due departments to get valuable support.

Our effective complaint-handling system consists in:

## > **Accepting complaints**

We collect all the comments received through our social media channels, website, and directly in our shops and with our customer services.

## > **Answering complaints**

Complaints are quickly addressed and treated impartially, equitably, and in confidence. When these are upheld, the review mechanism involves internal specialists, and remedies are offered.

## > **Learning**

Complaints are used to stimulate internal process improvements.

Here is an example of how we deal with and resolve complaints: because of numerous reports of problems related to zipper malfunctions, we promptly sent replacement zippers to customers. We then approached our vendor and worked with it to improve the performance of its product.

# B IMPACT ASSESSMENT

It has been the continuous improvement drive that has led us to take concrete action by becoming a Società Benefit in 2019 and certifying ourselves as a B Corp.

**Società Benefit** is the Italian legal form for companies that combine in their By-laws the aim of making a profit with that of creating positive impacts on society and the biosphere.

**B Lab** is the non-profit organization that assesses through the international standard 'B Impact Assessment' comprehensively all the company's impacts on five main areas of interest:

- > **Governance:** including issues associated with ethics, transparency, and corporate mission;
- > **Workers** with reference to health and safety, employee well-being and satisfaction;
- > **Community:** covering inclusion, supply chain management and community engagement;
- > **Environment:** covers relevant climate change and impacts on air, water and earth issues;
- > **Clients:** covers customer and end-user issues.

The result of the B impact assessment is as an overall score, ranging from 0 to over 200, detailed per each of the five impact areas considered, including the corporate mission.

Our full B Impact Report, certified by B Lab, is available in the dedicated section of our website<sup>1</sup>. B Lab provides a formal and public **Compliant Process** as an essential complement to the B Corp Certification verification and review.

B Lab acts on misconduct or misrepresentation by certified B Corporations, prioritizing stakeholders' inquiries and complaints. B Lab investigates material, credible, and specific claims against a current B Corp in case of an intentional misrepresentation of practices, policies, or outcomes claimed during a

company's certification process or when breaches of the B Corp Community's core values as expressed in our Declaration of Interdependence happen.

**B Lab conducts a full investigation and presents the results to its independent "Standards Advisory Council"**. Investigations will require direct engagement with the B Corporation in question, to ensure fairness in the proceedings.

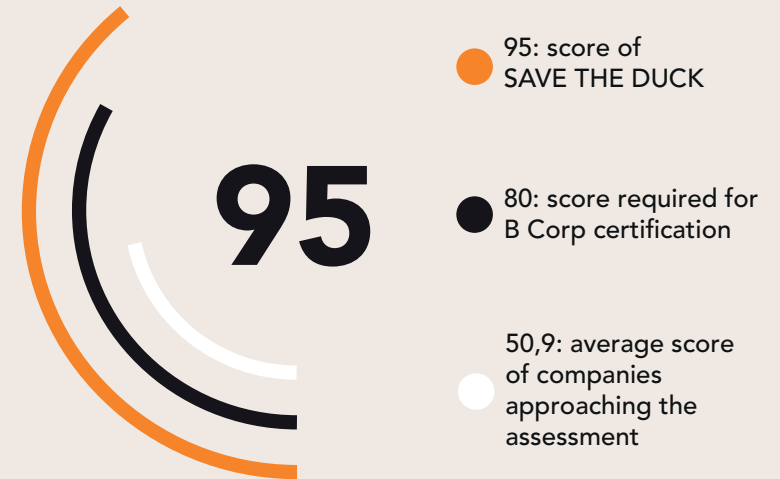
## RESOLUTION OF COMPLAINTS

Issues related to a public complaint process can be resolved with:

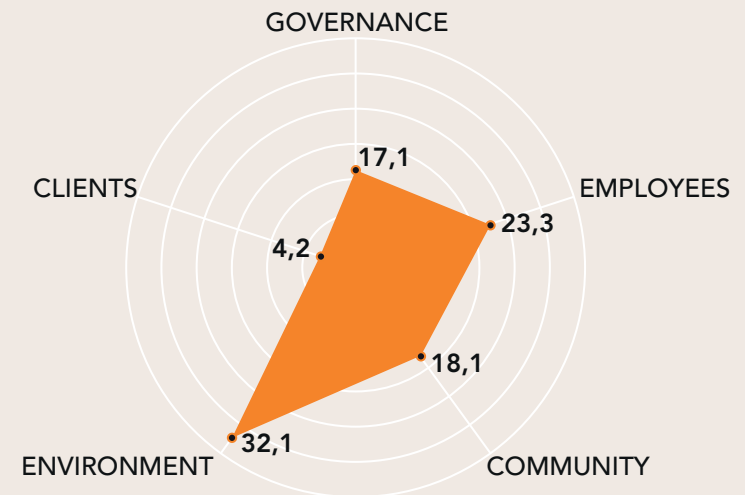
- > the revocation of the certification;
- > the certification suspension with remediation required to maintain the certification;
- > the certification probation with disclosure and remediation required to maintain the certification;
- > the certification upheld with disclosure required, without remediation;
- > the certification upheld with no further action.

<sup>1</sup>[https://www.savetheduck.it/it\\_en/bethechange](https://www.savetheduck.it/it_en/bethechange)

## OVERALL B IMPACT SCORE



## SCORE BY IMPACT AREA



# #UnlockTheChange

## Cambiare il mondo è un'impresa. Possibile.

#UnlockTheChange is an Italian movement of B Corp companies which through the sharing of best practices, know-how, solutions, and ideas is working to evolve to the best of their ability, improving and streamlining their processes, tightening their standards, and working on the most important challenges to be addressed to build a regenerative future.

In 2022 #UnlockTheChange published its first collective report on the initiative activities. During the year we took part in **#UnlockNetZero** working group, for which the aim is to draw up guidelines for companies to reach climate neutrality, which will become the heritage of the entire community and of Italian companies that want to use them.



We got involved also in operations related to:

> **#UnlockEducation**

The aim is to run a sustainability training campaign for boys and girls from 14 to 25, involving high schools and universities.

> **#UnlockGenderEquality**





The aim is to align company visions and define concrete practices on the issue of the gender representation and the gender pay gap.

# UNITED NATIONS GLOBAL COMPACT

## “INSPIRING, GUIDING, AND CATALYZING CHANGE”

UNGC is an initiative that provides a principle-based framework, best practices, resources, and networking events that aim to guide companies to do business responsibly and keep commitments to society. By catalyzing action, partnerships, and collaboration, UNGC aspires to lead a transformation in the world, which is possible and achievable for all organizations, large and small, anywhere around the globe.

The 10 UNGC guiding principles are disclosed in Save The Duck pillars as follows:

UNGC	UNGC PRINCIPLES	SAVE THE DUCK
<p>HUMAN RIGHTS</p> 	<ol style="list-style-type: none"> <li>1. Businesses should support and respect the protection of internationally proclaimed human rights</li> <li>2. Make sure that they are not complicit in human rights abuses</li> </ol>	<p>4. WE CARE FOR PEOPLE.</p> <p>4. WE CARE FOR PEOPLE.</p>
<p>LABOUR</p> 	<ol style="list-style-type: none"> <li>3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</li> <li>4. The elimination of all forms of forced and compulsory labor</li> <li>5. The effective abolition of child labor</li> <li>6. The elimination of discrimination in respect of employment and occupation</li> </ol>	<p>4. WE CARE FOR PEOPLE.</p> <p>4. WE CARE FOR PEOPLE.</p> <p>4. WE CARE FOR PEOPLE.</p> <p>4. WE CARE FOR PEOPLE.</p>
<p>ENVIRONMENT</p> 	<ol style="list-style-type: none"> <li>7. Businesses should support a precautionary approach to environmental challenges</li> <li>8. Undertake initiatives to promote greater environmental responsibility</li> <li>9. Encourage the development and diffusion of environmentally friendly technologies</li> </ol>	<p>3. WE LOVE NATURE.</p> <p>3. WE LOVE NATURE.</p> <p>3. WE LOVE NATURE.</p> <p>3.1 Circular approach and protection of the ecosystem</p> <p>3.2 Fighting climate change</p>
<p>ANTI-CORRUPTION</p> 	<ol style="list-style-type: none"> <li>10. Businesses should work against corruption in all its forms, including extortion and bribery</li> </ol>	<p>1. SAVE THE DUCK GROUP</p> <p>Our business transparency</p>

# MONITOR FOR CIRCULAR FASHION

For the second year, we participated in The Monitor for Circular Fashion, a **multi-stakeholder** project involving fashion companies and supply chain actors with the scientific contribution of the **SDA Bocconi Sustainability Lab** for the identification of circularity KPIs.

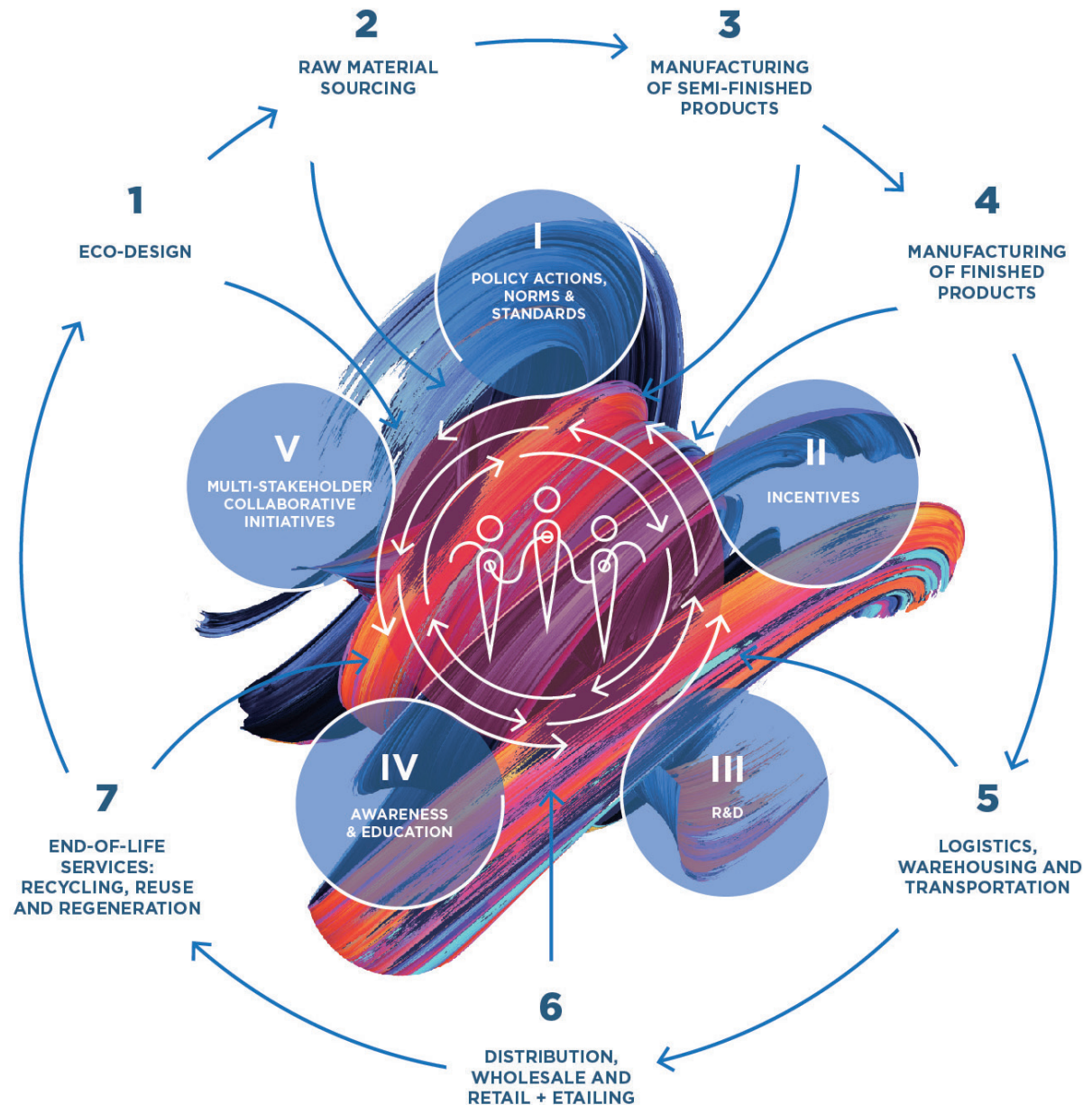
The main activities where we are involved in are:

- > analyze the evolutionary dynamics of the sector and its main segments over the next decade;
- > examine the impact of these dynamics and the alignment with the Sustainable Development Goals, of the United Nations 2030 Agenda;
- > identify the main qualitative and quantitative indicators of circular fashion;
- > give voice to the Italian fashion industry by creating the Circular Fashion Manifesto to be presented to Institutions, and National and International Summits.

The SDA Bocconi Sustainability Lab's Monitor for Circular Fashion joined the **UNECE (United Nations Economic Commission for Europe)** project "Enhancing Transparency and Traceability of Sustainable Value Chains in the Garment and Footwear sector".

In collaboration with Vibram, Radici Group and with the technical support of Temera, we developed a pilot project named Anima: an eco-designed backpack that complies with the circular KPI identified by the study conducted.

The Monitor 2022 activities were presented in a report for public dissemination, which is intended as a guideline for companies in the sector wishing to apply circularity principles. This report, the Manifesto and the pilot projects have been presented to UNECE, to share the acquired knowledge with high-level legal institutions which are working on reporting criteria for the fashion sector.

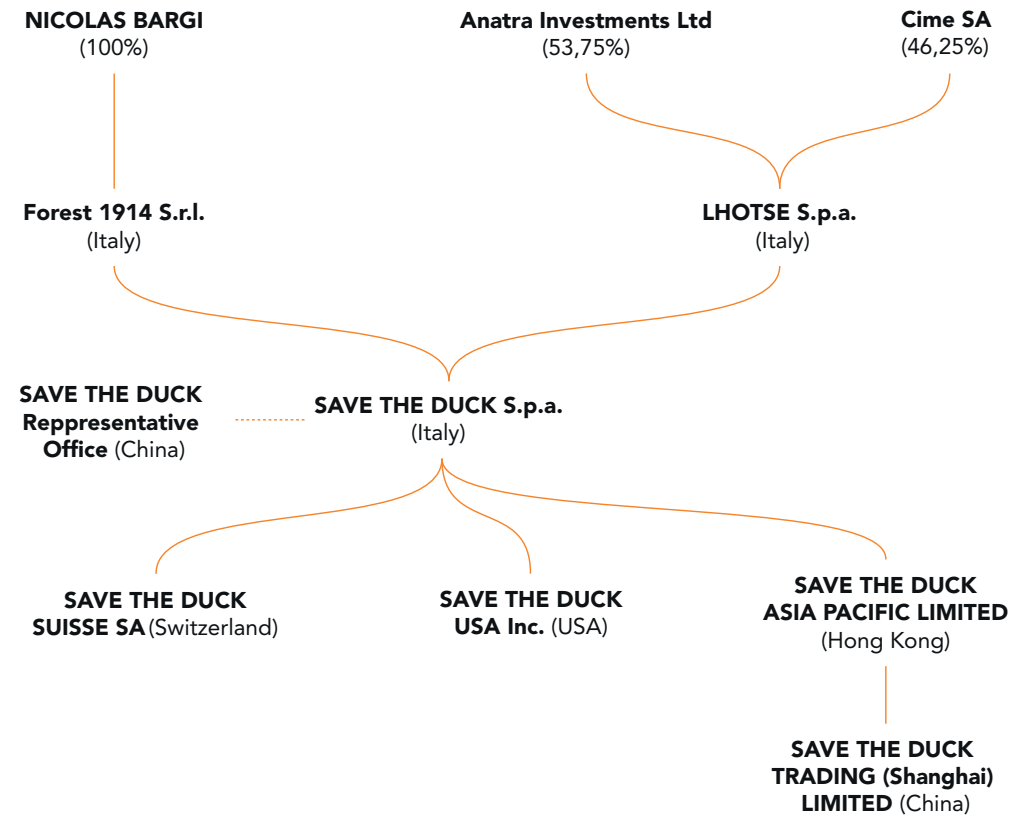






# OUR ORGANIZATION

Save The Duck as of 31 December 2022 is owned by Lhotse S.p.A. and Forest 1914 S.r.l. with respectively shareholding of 80% and 20%. In addition to its headquarters in Italy, it is present in China, Hong Kong, the USA, and Switzerland.



Save The Duck governance structure consists of:

### BOARD OF DIRECTORS (BOD)

The Company is managed by a Board of Directors consisting of 5 members appointed by the shareholders' Assembly, chaired by the Chairman of the Board of Directors.

The board members are appointed by majority vote during the shareholders' assembly called to appoint the Board of Directors; they hold office for a duration of three business years and they are re-eligible. The chairman of the board is elected by the shareholders' assembly, and the CEO is appointed by the board itself.

This body is guided by André Hoffmann, who covers the role of President while Nicolas Bargi is CEO and the only Save The Duck S.p.A. executive member. The Board includes one feminine member and counts 3 shareholders and 2 independent members. Being Save The Duck's Board a small body, it doesn't include any member from underrepresented social groups.

Directors are required to comply with the non-competition clause of Article 2390 of the Civil Code, with Save The Duck's Code of Ethics and Organization, Management and Control Model 231 for managing activities related to the Organization with integrity, preventing and avoiding conflicts of interest. No cases of conflict of interest have ever been identified and therefore no communications to stakeholders have been necessary in this regard.

The criteria used for the appointment and selection of board members are not formalized in a dedicated document to date. Aspects such as diversity, independence, competence, and stakeholders' opinions are considered informally and are in line with what is expressed in the Code of Ethics and the MOGC 231 model.

The BoD plays a central role in the corporate governance system; it has the widest power for the ordinary and extraordinary management of the Company, in strategic, economic, and financial terms; it has the power to carry out all the acts it deems appropriate to implement and achieve the corporate purposes, excluding only those that the law or the Articles of Association reserve strictly to

the Shareholders' Meeting. The Boards of Save The Duck APAC Limited, SAVE THE DUCK USA Inc., and Save The Duck Suisse SA are composed of two people respectively. André Hoffmann is the Executive Director of Save The Duck APAC Limited.

The board of directors is responsible for the Company's impact. It oversees the Company's management and ensures that it is acting in the best interests of our stakeholders, including employees, customers, and the broader community.

The key roles of the board of directors in managing the Company's impacts include:

> **Setting the Company's strategic direction:** The Board of Directors is responsible for setting the Company's overall strategic direction, including its sustainability goals and objectives, and establishing policies and guidelines for managing its environmental, social, and economic impacts.

> **Monitoring performance:** The Board of Directors is responsible for monitoring the Company's performance against its sustainability goals and objectives and ensuring that the Company is meeting its commitments to stakeholders. This includes reviewing and approving yearly sustainability report.

> **Providing oversight:** The Board of Directors is responsible for overseeing the management of the Company's impacts, including ensuring that the Company has appropriate systems and processes in place to manage its environmental, social, and economic risks, and creating long-term value for all its stakeholders. At present, the Board of Directors has not appointed an impact officer. Save The Duck has an internal sustainability team, which is in charge of managing ESG issues, and quarterly reports to the Board an overview of ESG actions and eventual critical concerns. No critical concerns (or issues) were reported in 2022.

> **Holding management accountable:** The Board of Directors is responsible for holding management accountable for the Company's sustainability performance. This can include setting executive compensation tied to sustainability targets and ensuring that sustainability is integrated into management's performance evaluations.

> **Communicating with stakeholders:** The Board of Directors is responsible for communicating with stakeholders about the Company's sustainability performance through the publishing of the sustainability reporting.

### BOARD OF STATUTORY AUDITORS

It is called upon to supervise, under the Civil Code, compliance with the law and the Articles of Association, respect for the principles of proper administration, and the adequacy of the Company organizational structure, internal control system, and administrative and accounting system. It is composed of three regular members and two alternates.

### SUPERVISORY BOARD (SB)

This is a collegial body that reports directly to the Board of Directors and is committed to complying with the characteristics of professionalism, continuity of action, autonomy, and independence, fulfilling the supervisory functions set out in the Legislative Decree 231/2001. Currently, the Supervisory Board is composed of two members from outside the Company and one internal member.



# ENHANCING ENGAGEMENT

The 'triple bottom line' is the holistic approach to economic performance, which leads us to also better understand our impact on society and the environment, in addition to our financial impact, in order to promote business practices aimed at creating long-term value for all our stakeholders. It embodies the economic value generated, distributed, and retained during the year.

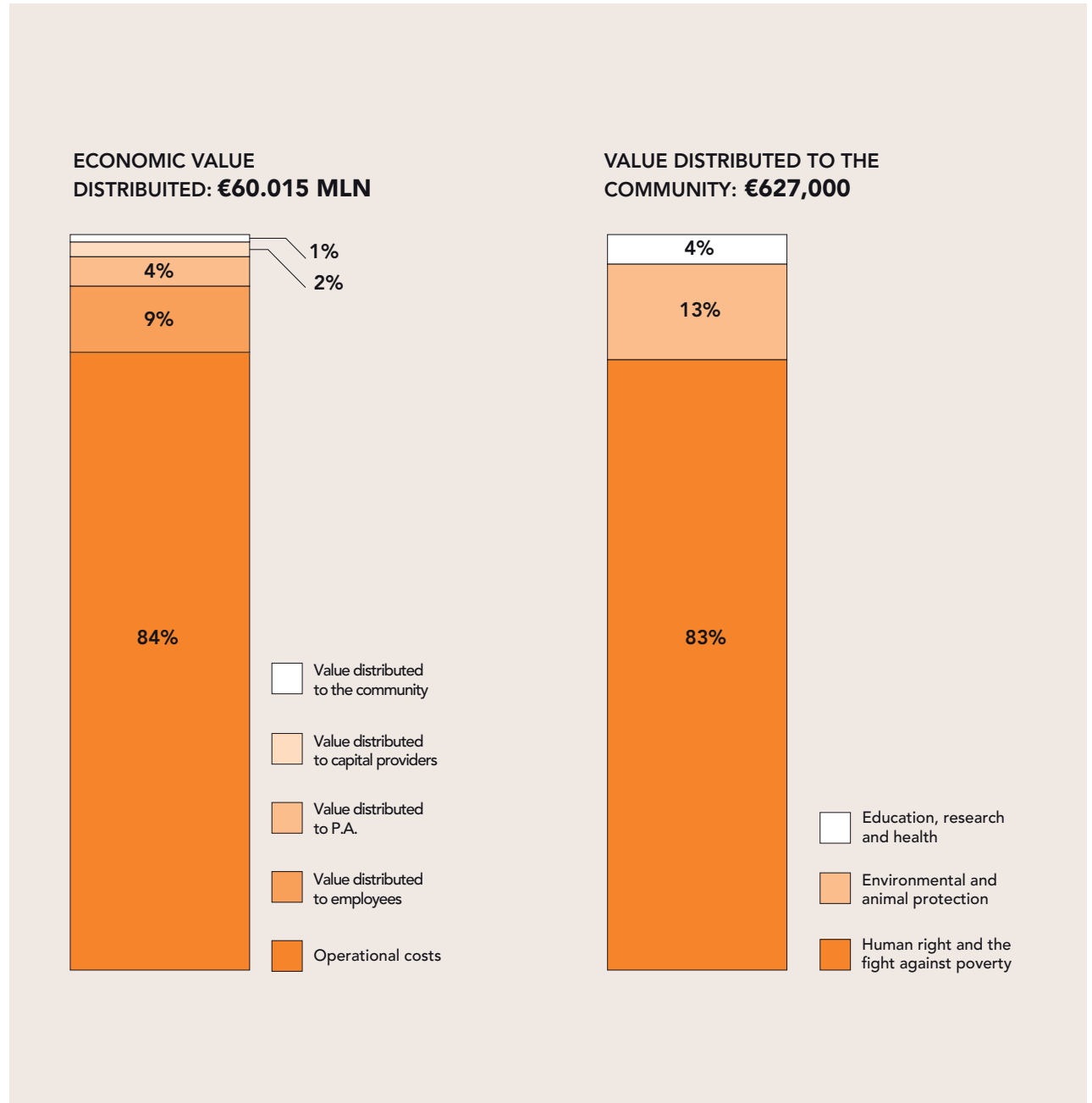
In 2022, the value generated by the Company amounted to **over 60 million euros** and 90% of it has been distributed to suppliers, employees, the Public Administration, and the community<sup>2</sup>.

As in previous years, **we donated 1% of turnover** (in cash and in kind ) to non-profit organizations and associations that we support and with which we share values and principles.

Confirming our commitment to integrating responsible design concepts and both ethical and environmental principles into our business, this year we once again saw an increase in the number of garments made from **recycled materials**. In 2022, these garments reached a value of approximately **17 million euros**, which is 30% of our turnover.

The economic performance of our direct distribution chain saw a **growth of 57%** over the past year, thanks to the opening of new retail stores in Bologna and New York, as well as temporary single-brand stores.

<sup>2</sup>For the purpose of calculating the economic value distributed, donations in kind have been valued at retail price list.





## OUR BUSINESS TRANSPARENCY

Save The Duck has developed and adopted an Organization, Management, and Control Model, lately updated in 2020, in compliance with Legislative Decree n. 231 of 8th June 2001 (hereinafter also Model 231). The purpose of **Model 231** is to ensure that any unlawful behaviour, sanctioned by Legislative Decree no. 231/2001, eventually committed by those who work in the name and on behalf of the Company are strongly condemned by the Company itself. It provides for the appointment of a **Supervisory Board** (hereinafter also referred to as SB) which is in charge of supervising the functioning of and compliance with the Model, as well as updating it.

Any violation of the Model 231 or behaviour that does not comply with the rules of conduct can be reported by physical mail or e-mail to Save The Duck Supervisory Board, following the whistleblowing regulations. In 2022, as in the previous year, Save The Duck did not record any incident of corruption or instance of non-compliance with applicable environmental, social, and economic legislation.

The main organization and internal control systems adopted are:

- > **the By-Laws**, which ensure the proper conduct of management activities, including several provisions on corporate governance; the Organizational System, which defines organizational positions and areas of responsibility;

- > **the Code of Ethics**, sets out the rights, duties, and responsibilities of the Company towards its stakeholders in economic, social, and environmental terms. The Code expresses a set of behavioral rules that all those who work in the name and on behalf of Save The Duck undertake to respect, such as the pursuit of human welfare, respect for animals, and environmental responsibility;

- > **the D&I (Diversity and Inclusion) Policy**, which aims to guide all Save The Duck employees in the daily integration of principles of fairness and respect for the human person;

- > **the Code of Interdependence**, policies that guides Supply Chain partners in their development towards environmental and social responsibility, respect for the law, and business ethics;

- > **the Responsible Design Guidelines**, aimed at providing suggestions and design strategies concerning the main issues of innovation, sustainability, and product circularity;

- > **the Ethical Marketing Procedure**, inspired by Save The Duck's ethical principles, philosophy, and corporate values, defines the Company's marketing and communication processes.

- > **the Corporate Events Procedure**, completed by a detailed guideline, that embodies Save The Duck DNA to be brought into the organization and while performing its events.

Commitments, in terms of policy, are communicated to employees through dedicated e-mail communications, while they are shared with business partners as a set of documents. All other stakeholders can easily reach these contents on our website.

Save The Duck integrates policy commitments for responsible business conduct through its business activities and relationships.

Once specific commitments that need to be implemented are identified, related responsibilities are shared internally during dedicated meetings. It is valued which level of the Organization is most appropriate to involve for the implementation of each goal. For example, some commitments may need to be implemented at the senior management level, while others may be more appropriate for mid-level managers or front-line employees. When the appropriate level is identified, each team is assigned responsibility and specific activities that it has to perform and explain the how it can contribute to the development of the Company.

It is important to establish clear expectations to each team responsible for implementing commitments. This includes specific goals, timelines, and reporting requirements, to be regularly monitored for the evaluation of progress.

Policies, procedures, and guidelines related to Company's ESG commitment are fully integrated in the Organization's strategies and are an inherent part of the efficient conduct and development of the Company's activities.

Dedicated training is supplied to all the internal teams and to the external partners involved in the commitment's implementation.





### DIVERSITY & INCLUSION POLICY

In line with the commitments we undertook, the Diversity & Inclusion Policy aims to guide our decisions, raise awareness, and bring attention to this principles.

The D&I policy seeks to ensure that universal human rights and the means to overcome social injustice are fully incorporated into our business, focusing on the following issues:

- > Agile thinking;
- > Talents diversity;
- > Equal opportunities;
- > Product offering and gender-neutral marketing.

### RESPONSIBLE DESIGN GUIDELINES

The guidelines provide input and suggestions to the Style department and consultant designers to create innovative, long-lasting, and circular products. The document covers various topics including:

- > Materials selection;
- > Reducing and minimizing waste;
- > Garments durability;
- > Chemical management;
- > Ethical and responsible production.

### ETHICAL MARKETING PROCEDURE

The procedure is designed to define, track, and analyze communication and marketing workflows in full compliance with ethical principles and corporate values. Specifically, the issues addressed within the procedure deal with aspects related to the following activities:

- > Creative department;
- > Communication;
- > Social media (influencers and communities);
- > Charity initiatives selection;
- > Trade marketing;
- > Retail.

### CORPORATE EVENTS PROCEDURE

This procedure defines the methodology to be adopted when organizing events in and for Save The Duck S.p.A., in line with the Company's philosophy and values. The purpose of the document is to list and describe all the steps for the realization

of any corporate event so that it has a minimal environmental and social impact and can be defined sustainable.

In the document are defined criteria related to the selection of:

- > Location;
- > Partners;
- > Catering;
- > Waste management;
- > Equipment;
- > Gadgets.

During the update of the below-mentioned procedures, in 2022, we included specific sustainability topics to stimulate low-impact and more conscious approaches in our people:

### CORRECT COMPANY BEHAVIOUR PROCEDURE

The purpose of this procedure is to provide the Company's team with an essential tool for operating in an ethical, polite, and civilized manner, in line with our values. The procedure has been revised as per the below topics:

- > use by third parties of cleaning products with reduced environmental impact;
- > inclusion of healthy snacks inside vending machines for healthier breaks;
- > responsible use of paper, with purchase preference given to certified materials;
- > responsible use of IT devices;
- > minimizing energy waste.

### STAFF TRAVEL MANAGEMENT AND EXPENSES REFUNDS PROCEDURE

The purpose of this procedure is to provide the Company's team with information and guidance on how best to manage business travel, including reducing its impact.

The following aspects have been highlighted:

- > prefer low-impact vehicles or cars, such as hybrids or electric;
- > selecting accommodation facilities with a low social and environmental impact.

# OUR COMMITMENT TO A SUSTAINABLE TOMORROW

## SUSTAINABILITY PLAN AND POLICY

Our Sustainability Plan has been our guideline in recent years, enabling us to consistently enhance our ESG performance.

The Plan runs along our 3 main pillars:

WE CARE FOR PEOPLE  
WE RESPECT ANIMALS  
WE LOVE NATURE



By following the actions identified in the Plan, we have been able to take many steps forward and transparently communicate the progress of our projects.

Since 2021, Save The Duck can benefit of the **Banca Intesa San Paolo "Sustainability-Linked Loan"**, entailing an interest rate conditional on the achievement of two sustainability objectives: the introduction of a procurement policy that integrates environmental criteria and the involvement of at least 50% of suppliers on sustainability issues; the procurement document is active and currently 62%<sup>3</sup> of suppliers have been involved.

To confer formal structure to the Sustainability Plan commitment, we developed our **Sustainability Policy**, rooted on values concerning our Plan and is developed in four principles, aligned with those of the United Nations Global Compact (UNGC): protection of human rights, diversity and inclusion, environmental protection, and anti-corruption.

Since 2020, our Sustainability Report integrates the 10 UNGC principles. We yearly highlight our progress in implementing the principles on the UNGC website through our **Communication on Progress (COP)**.

We promote gender equality in our workspace, among our partners of the value chain and among our clients. Joining the **Women's Empowerment Principles (WEPs)** in 2020, we signed the Declaration of Support which marked and officialized our commitment to this theme which we still carry out today through **our D&I Policy and the related plan**. The WEPs have been established by the United Nations and UN Women to guide companies in promoting gender equality in the workplace, marketplace, and community.

<sup>3</sup>The percentage is lower than the past year due to the increasing number of partners and the growth of the Company.



# OUR ONGOING RESPONSIBILITY

Everything started 10 years ago under the motto:

## SAVE THE DUCK

This distinctive claim became the brand name and the grounding concept behind our guiding principles which include social and environmental responsibility.

As a Company, our ongoing responsibility to generate benefits for the Planet, people, and animals is to prioritize and integrate consistent practices into all aspects of our operations.

In these first 10 years, we selected and used cutting-edge materials and methods to make our products and operations more socially and environmentally oriented.

By prioritizing animal welfare and the environment protection in our products, we want to contribute to a more **animal cruelty-free** and ethical fashion industry.

Our collections ensure that no animals or human beings were harmed or exploited in the production of our products. This can be achieved using innovative raw materials and accessories, which guarantee the customers expected performance.

By choosing our alternative materials, we aim at reducing the demand for animal products, such as duck feathers, and therefore helping to reduce the environmental impact of animal farming.

For this reason, we support movements, implement strategies, and adopt methodologies that generate a strong echo towards change.

## RISK AND OPPORTUNITIES

Risk is about uncertainty. We have built a structure around the uncertainties associated with our scope in order to mitigate the risks. While it is not possible for us to completely eliminate risk, its identification and subsequent management of potential implications prevents us from experiencing problems and bring out potential opportunities.

The process of identifying risks and opportunities helped us to clearly identify and assess problems that might arise and then make plans to deal with them. The expected outcome of this analysis is to minimize the impacts generated by threats and maximize the opportunities that emerge.





# VALUE CREATION MODEL


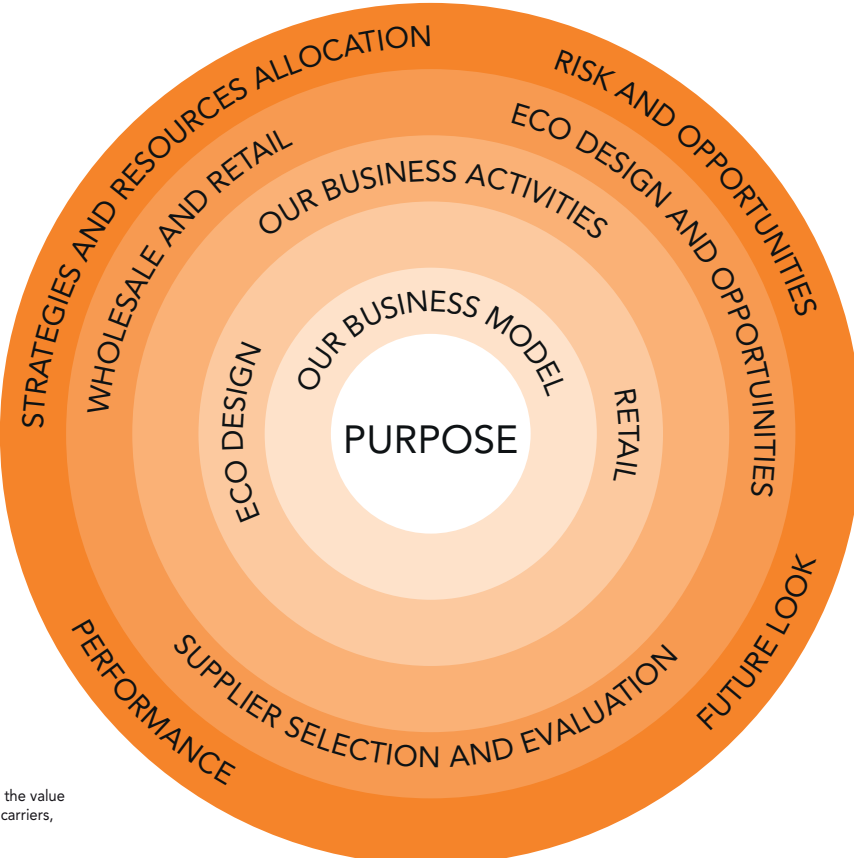






















The value creation model is the strategic framework we have chosen to outline how our Organization operates for long-term sustainable growth. In line with our status of Società Benefit, this model emphasises the importance of creating value for all stakeholders: **customers, employees, and society as a whole**, as well as **generating profits for shareholders**.


















We have identified the needs and preferences of customers, employees, shareholders, and other stakeholders in order to be able to develop strategies in line with their expectations and to envisage a development aligned with our guiding principles.



VALUE CREATION MODEL

SAVE THE DUCK CAPITALS AND INPUTS		OUTCOMES			
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CAPITALS	INPUT	OUR BUSINESS MODEL				CAPITALS	OUTCOME	STAKEHOLDERS	SDGS
 <p><b>Human Capital</b></p> <p>Our People's competencies, skills and experience and their motivation to innovate include:                      -Sharing and support of the organisation's governance model, risk management approach and ethical values.                      -Ability to understand, develop and implement the strategy of an organisation's strategy;                      -Loyalty and commitment to the improvement of processes, goods and services, including their ability to lead, manage and collaborate.</p>	<p>Technical skills                      Marketing and digital skills                      Corporate culture</p>					Human Capital Financial capital	Employee Engagement	Employees Shareholders	 
 <p><b>Intellectual capital</b></p> <p>Intangible assets correspond to our organisational capital and the value of knowledge. They include:                      -Intellectual property, such as patents, copyrights, software, rights and licences                      -Organisational capital, such as implicit knowledge, systems, procedures and protocols</p>	<p>Know-how in ecodesign                      Ability to innovate                      Plumtech®</p>					Human Capital Natural capital Relational capital Financial capital	Contribution to the creation of an inclusive, equitable and regenerative economic system	Employees Shareholders Society Biodiversity	 
 <p><b>Natural capital</b></p> <p>The past, present and future success of our organisation relies on the renewable and non-renewable resources provided by the environment. They consist of:                      - Air, water, land, minerals and forests;                      - Biodiversity and ecosystem integrity.</p>	<p>Cruelty-free raw materials                      Energy and other natural resources (e.g. water)</p>					Human Capital Intellectual capital Relational capital	Development of skills in ecodesign and sustainable fashion	Employees Society Biodiversity	
 <p><b>Infrastructural capital</b></p> <p>Infrastructure is the physical components of interrelated systems providing commodities and services essential to enable, sustain, or enhance our Organization's functions. Our infrastructure is composed of public structures such as roads, railways, bridges, tunnels, water supply, electrical grids, and telecommunications (including Internet connectivity) and private, such as buildings, machinery, plant and equipment.</p>	<p>Digital channels                      Flagship stores                      Supplier's finished product</p>					Intellectual capital Natural capital Relational capital	Contribution to innovation in the field of raw materials	Employees Society Biodiversity	 
 <p><b>Relational capital</b></p> <p>Valuing relationships with stakeholders, including the local communities in which we operate, is recognition of the role we play in building a prosperous society and a healthier fashion industry. It includes:                      - relationships, trust and commitment built with our key stakeholders to benefit them in the present and in the future;                      - Intangible assets associated with our brand reputation.</p>	<p>Relations with other actors in the value chain (e.g. suppliers, agents, carriers, distributors, etc.)                      Relations with universities                      Relations with trade associations and NGOs                      Partnership with other Italian B Corp                      Reputation and relationship with custom</p>					Natural capital Relational capital	Raising awareness on animal welfare issues	Employees Society Biodiversity Clients	 
 <p><b>Financial capital</b></p> <p>The set of funds that our organisation uses to produce goods, obtained through forms of financing such as debt, equity, and bonds or generated through operating activities or from the results of investments.</p>	<p>Equity                      Debt</p>					Human Capital Natural capital Relational capital Financial capital	Increasing the resilience of value-chain operators	Employees Shareholders Society	
						Natural capital Relational capital	Mitigation of environmental impacts and safeguarding of ecosystems	Society Employees Biodiversity	   
						Natural capital	Enhancing Circular Thinking throughout the product life cycle	Employees Society Biodiversity Regulators	
						Human Capital Infrastructural capital Financial capital	Growth and return for shareholders	Employees Shareholders Clients	
						Natural capital	Contribution to the energy transition and climate neutrality goal	Society Biodiversity Clients	
			<p><b>OUTPUTS</b></p> <p>employees management                      animal protection                      monitoring                      community                      distribution                      innovation                      use of resources                      economic</p>						

FOCUS ON OUTCOMES			
OUTCOME	DESCRIPTION	CAPITALS	SDGS
Employee Engagement	Save The Duck through: - a corporate culture based on respect for nature and founded on solid values and principles; - an attractive, innovative and distinctive business proposition in the sector; - the ever-increasing investment in the training and professional development of its employees; - continuous attention to the well-being of its employees; contributes to increasing the general level of satisfaction and commitment (employment engagement) of its employees and collaborators. This, consequently, allows the Group to increase its retention and attraction capacity and create a more productive work environment.	Human Capital Financial capital	 
Contribution to the creation of an inclusive, equitable and regenerative economic system	Save The Duck has chosen to become a Società Benefit by integrating common benefit purposes within its by-law. In 2019, Save The Duck became part of the B-Corp movement, with the aim of measuring its impact and shifting from an extractive to a regenerative paradigm, with a view to opportunities for continuous improvement, meeting high standards in terms of transparency and accountability. Save The Duck's action, combined with that of other B Corps around the world, generates positive impacts on society and the environment by reconciling sustainability, well-being, ethics and profit.	Human Capital Natural capital Relational capital Financial capital	 
Development of skills in ecodesign and sustainable fashion	Save The Duck invests in the development of eco-design skills, both internally (employees) and outside the organisation (through collaborations with universities). In the former case, the skills remain within the company, influencing product design and aligning it more and more with the brand's vision/mission/purpose. Through university collaborations, on the other hand, Save The Duck creates relationships with young generations and spreads among students (future employees of tomorrow) the skills it needs to continue innovating over time.	Human Capital Intellectual capital Relational capital	
Contribution to innovation in the field of raw materials	Save The Duck, by making recycled and animal cruelty-free raw materials the cornerstone of its brand, stimulates other market players to search for innovative and sustainable raw materials.	Intellectual capital Natural capital Relational capital	 
Raising awareness on animal welfare issues	Through its communication campaigns, collaborations with other brands and its own brand Save The Duck raises awareness of animal welfare issues among customers, employees, agents, suppliers, competitors and citizens, helping to foster a culture aimed at protecting nature and its inhabitants and becoming an authoritative source on the subject.	Natural capital Relational capital	 
Increasing the resilience of value-chain operators	Save The Duck, through the implementation of both supply chain and distribution chain monitoring practices, promotes the dissemination of good sustainability practices, contributing to the resilience of value chain operators, the protection of its brand reputation and the continuity of its business model.	Human Capital Natural capital Relational capital Financial capital	
Mitigation of environmental impacts and safeguarding of ecosystems	Save The Duck, through the adoption of supplier and distributor evaluation systems, the application of production specifications and specific procedures on responsible design, ethical marketing and through the application of the Code of Interdependence, mitigates its negative externalities along the entire value chain, protecting ecosystems and biodiversity.	Natural capital Relational capital	   
Enhancing Circular Thinking throughout the product life cycle	Save The Duck is committed to measuring the environmental impacts of its products throughout their lifecycle, in order to adopt and promote 'circular' measures at all stages of the value chain, through the selection of recycled/recyclable materials for its collections and the adoption of eco-design principles at the product development stage, in order to harmonise the materials and processes used from the outset to allow for more efficient production and disposal.	Natural capital	
Growth and return for shareholders	Save The Duck, in line with its expansion and development plans and thanks to its ability to innovate and meet the preferences of end consumers, guarantees economic returns for its shareholders and supports the growth of its organisation.	Human Capital Infrastructural capital Financial capital	
Contribution to the energy transition and climate neutrality goal	Save The Duck has achieved B Corp certification as of 2019. As part of the network of certified companies, together with other B Corps from around the world Save The Duck has made a commitment to achieve NetZero by 2030. To achieve the goal Save The Duck is engaged in the process of quantifying CO2 emissions and is embarking on a path of mitigation and offsetting to reduce the climate impact of its operations.	Natural capital	

# FOCUS ON STAKEHOLDERS

## EMPLOYEES

Employees are an essential stakeholder group and have a vested interest in the success of the company, as it directly impacts their livelihoods, career growth, and overall well-being. Considering the perspectives and insights of employees helps businesses to make better decisions and leads to a more responsible and successful business in the long term.

## SHAREHOLDERS

Shareholders own shares or stocks in the company, representing a portion of ownership in the business. They have a financial interest in the success and performance of the company and are entitled to a portion of its profits through dividends or an increase in the value of their shares. They play an important role in influencing the strategic direction and decision-making of the company.

## SOCIETY

Society refers to a group of people who share common values, and behaviours, and who interact with the Company. Society encompasses suppliers, competing companies, communities and associations, media, online communities, influencers, and environmental and human rights associations.

## BIODIVERSITY

Biodiversity refers to the variety of life on Earth, including all living organisms and the complex ecosystems and ecological processes that sustain them. Biodiversity encompasses human, animal and ecosystem diversity and it is essential for maintaining the balance and functioning of the Planet.

## REGULATORS

Regulators are government or independent bodies that are responsible for overseeing and enforcing rules, regulations, and laws. The primary regulator's role is to ensure that businesses and organizations operate in compliance with established standards and guidelines and to protect the interests of stakeholders.

## CLIENTS

Clients are individuals, groups, or organizations that purchase products for business purposes or for personal use. Understanding and meeting the needs of clients is essential to the growth and success of our business.



# MISSION

Being reliable and relevant to our people by creating timeless and innovative garments that embody and keep up with the needs and demands of our time.

# VISION

Guiding people towards a regenerative and modern paradigm.

# PURPOSE

Creating products that are the ultimate life companion, designed to respect the Earth's resources and safeguard its inhabitants.

# WE RESPECT ANIMALS

- > We sell 100% animal cruelty free products
- > We fight for animal rights
- > We contribute to animal protection



# WE LOVE NATURE

- > We act for the climate
- > We preserve ecosystems
- > We improve circular thinking throughout the product life cycle
- > We work for a sustainable shop concept



# WE CARE FOR PEOPLE

- > We promote inclusion and trust at work
- > We value the growth and passion of our people
- > We promote respect for human rights
- > We support our communities



# 2. WE RESPECT ANIMALS

“Animal protection is education to humanity”  
Albert Schweitzer



# HIGHLIGHTS

The estimated number of ducks 'protected' by plucking operations stands around 40 million

## MILLIONS OF "SAVED" DUCKS

> The Save The Duck brand was founded with the goal of **protecting geese and their welfare** by using animal-free materials in our products. Thanks to this commitment and dedication, we estimate that **over 40 million geese** have been 'saved' since our inception. By using animal-free materials, we seek to reduce the demand for animal-derived products, such as goose down and fur, and to promote the use of low-impact, cruelty-free materials in order to take positive steps towards a more ethical and sustainable fashion industry.

> The calculation of '**duck equivalent**s' is the tool we created to estimate the amount of feathers needed to stuff our garments and the approximate number of geese that would be needed to supply those feathers.

> The growing volume of garments sold by Save The Duck indicates that an **increasing number of customers** are also embracing our ethical approach and becoming more aware of these issues. By pioneering ethical and cruelty-free fashion for animals, we aim to set an example for other fashion brands.

## INSIDE THE CREATION PROCESS

Design is a fundamental phase because the impacts we generate depend on it.

The process of creating our collections involves several stages.

The in-depth study of customer needs and market trends ensures that the **products developed are both functional and emotionally durable**. Once the direction to be taken has been defined, the style and design team start translating their ideas into practice by developing the models.

At the same time, the product managers select materials considering their technical performance to ensure **physical durability** and make sure they come from monitored and certified supply chains. The teams pay meticulous attention to every aspect of the product, from fabrics to padding and accessories, and identify any possible criticality in advance by carrying out detailed **technical tests on the materials**, which guarantee the distribution of high-quality garments on the market.

Once the material selection is complete, Save The Duck moves on to the prototype analysis phase, where it assesses the physical performance of the product. This is a crucial phase to ensure that the product meets their standards and is functional and comfortable to wear.

Each season we verify that, in addition to being animal cruelty-free, none of the components we use are tested on any animals by the manufacturers.

Once all tests have been passed, the product can finally be realized and presented to the public at dedicated events. This thorough process ensures that Save The Duck garments are timeless, functional, and accompanied by verification and certifications to support the raw materials used.





GOALS	PROGRESS
WHAT WE COMMITTED TO	WHAT WE ACHIEVED
In order to continue to increase final users' awareness, we are committed to promoting at least one animal protection awareness campaign.	WildAid We promoted this special partnership on protecting and preserving wildlife.
Maintain a donation volume of 1%, to be increased in proportion to turnover increase.	621,207 euros donated in 2022 in kind and money, equivalent to 1% of our yearly turnover.

## FUTURE TARGETS

### WHAT WE WILL ENGAGE IN

> We keep committing to promoting at least one animal protection awareness campaign to foster final users' awareness.

> Maintain a donation volume of 1%, to be increased in proportion to turnover increase.

# SUSTAINABILITY PLAN

## WE SELL 100% ANIMAL CRUELTY FREE PRODUCTS

- > Make only 100% animal cruelty free products

## WE STAND-UP FOR ANIMAL RIGHTS

- > Raising the fashion world's awareness of the use of materials of animal origin in products

## WE CONTRIBUTE TO ANIMAL PROTECTION

- > Address donations made during one year to a maximum of two projects/ causes related to the protection of animals and ecosystems by 2025



# COMMITMENT TO A 100% ANIMAL CRUELTY-FREE WORLD

“My life has been saved!” This is the message represented by our logo. Inherent in the relieved expression of our whistling, cheerful duck is our **100% animal cruelty-free DNA** and our uncompromising commitment to animal welfare. Over the past 10 years, we have passionately spread our message, values, and principles to the world through our products.

It is important to us to keep our stakeholders updated through the sustainability content on our website and spread via our social networks. We want to establish an ongoing and transparent dialogue with the **Duckers** community through the dissemination of news and updates on the initiatives and activities we promote.

In 2021, Save The Duck conducted a survey to analyze the perception of its products and brand in the markets in which it operates. The analysis showed that customers follow and choose **our products for the whole family**.

Customers are increasingly aware of their purchasing decisions and are looking for brands in line with their values.

Inspired by the results of this survey, in 2022 we increasingly tracked the **interactions stakeholders had with us** through social channels and our flagship stores. This analysis allowed us to draw positive and negative observations and implement them in our processes.

“Save The Duck commitment towards being **ANIMAL CRUELTY-FREE** means avoiding in any way any animal suffering; hence the choice not to use animal origin materials such as feathers, skins, furs, silks, wools, horns, bones, nacre, waxes, glues, and dyes”

## PLUMTECH® PADDING RESPECTS ANIMALS

PLUMTECH® is the brand name for the 100% polyester padding used for Save The Duck garments. **PLUMTECH®** padding range is Bluesign® Approved certified and has been created to guarantee thermal protection that recreates the softness of real down. **RECYCLED PLUMTECH®** paddings are made of 100% recycled polyester from PET bottles; a part of it uses fibers produced by REPREVE, which are STANDARD 100 by OEKO-TEX and GRS certified. These certifications guarantee that products made from both virgin and recycled materials respect all environmental and social criteria in their production chains.

Due to the high density of their component fibers, **PLUMTECH®** and **RECYCLED PLUMTECH®** trap a high amount of air, which can create excellent thermal insulation.



# PLUMTECH®

This type of synthetic padding protects against the cold even in extreme weather conditions, as demonstrated by the successful 2019 **Everest** expedition of climber Kuntal A. Joisher and his colleague Mingma Tenzi Sherpa who wore Save The Duck suits padded with **PLUMTECH®**.

For the first time in history, a garment with 100% animal cruelty-free padding has reached the highest peak in the world, proving itself perfectly up to such a challenge!



# COLLAB

## > PRO-TECH IS OUR TECHNOLOGICAL RE(E)VOLUTION 100% CRUELTY FREE

The whole PRO-TECH brand, on the market since 2019, is made up of high-tech and sustainable materials for optimal and long-lasting performance: 100% RECYCLED PLUMTECH® padding and 100% recycled and PFC Free fabrics, Bluesign® approved certified.

In 2022, PRO-TECH returns to its roots choosing once again Satoshi Yamane as its designer, already featured in the 2019 collections. The designer brings inspiration from global culture, combining contemporary fashion and functionality to enrich our daily lives.

## > TAO WE WILL BE HONEST LIKE ANIMALS AND CLEVER LIKE CHILDREN

In 2022 we experienced a collaboration with The Animals Observatory, the timeless brand of unique artist Laia Aguilar. Children and adults alike will be attracted to her sense of playfulness, comfort, and aesthetic pleasure, all based on the philosophy of an old motto Laia often repeats to her children, "Be a good animal, true to your instincts." This is the spirit behind the collection of junior garments customized by the Portuguese brand's iconic prints and made from 100% recycled materials.

## > B CORP SCHOOL B CORP SCHOOL BY INVENTO LAB

B Corp School is an initiative where students are guided by mentor companies in creating a real innovative B Startup based on the model of B Corp companies.

At the end of the course, all startups, along with the B Corp companies that guided them, participate in the Changemaker Competition, a networking opportunity for young talent and companies. Save The Duck for the past 3 years has been a judge in the Changemaker competition and a sponsor of the awards that are given to the most innovative startups.



# COLLAB

## OUR SUPPORT FOR ANIMALS

It is in our philosophy to recognize the value of animals and nature. We actively work to preserve them for future generations by promoting initiatives that foster a cohesive relationship between humans, animals, and nature and ensure that we can continue to enjoy the benefits of the natural world without depleting it.

### > SAVE THE DUCK FOR UKRAINE

After February 2022, we felt a responsibility to support the people of Ukraine and their animals, all equally victimized by the conflict and torn from their daily lives.

### > PETS FLEEING THE WAR TOGETHER WITH THEIR OWNERS

Thousands of people fleeing the war have suddenly fled, scrambling to take their animals with them, squeezed into their jackets or improvised suitcases.

We immediately took actions, providing our support to many charitable initiatives, including LAV and SAVE THE DOGS AND OTHER ANIMALS who networked with Ukrainian and international animal shelters and associations active at the borders and also from Italy, to bring to safety countries citizens and their animals or provide rescue to those animals who had been suddenly abandoned.

### > SAVE THE DUCK AND UNITED PETS

Save The Duck once again teams up with United Pets to create a line of pet coats featuring design that convey the beauty of such a special relationship.



# 3. WE LOVE NATURE

“Look deep into nature, and then you will understand everything better”  
Albert Einstein



# HIGHLIGHTS

- > **100%**: electricity produced from certified renewable sources
- > Residual carbon emissions compensated through carbon credits
- > **Installation of an electric vehicle charging station** at the headquarters
- > **28%** recycled materials on total material consumption





GOALS	PROGRESS
WHAT WE COMMITTED TO	WHAT WE ACHIEVED
Continue to further reduce the use of PFC containing materials.	20% <sup>4</sup> PFC free finish fabrics used in 2022. Our Pro-Tech line is 100% made of PFC free finished fabrics.
Continue to increase the percentage of recycled fabrics in our collections.	The percentage of recycled textiles in 2022 increased by 8% compared to 2021 and is now 28% <sup>5</sup> .
Increase spending on suppliers participating in the ZDHC programme.	The process of engaging our suppliers on ZDHC Network issues is slow, but still proceeding: the expenditure on ZDHC monitored partners is 38%, increasing by 23% comparing to 2020 (in 2021 we had to postpone the activity due to pandemic).
Continue to analyse the impacts of our products through Life Cycle Assessment (LCA).	We decided to postpone the LCA analysis of our Arctic parkas to 2023.
50% renewable energy To purchase renewable electricity with Guarantee of Origin and neutralise Scope 1 emissions by 2021.	100% of the electricity come from certified renewable sources. In 2022, we offset all remaining CO2 emissions, through the buying of carbon credits.

<sup>4</sup>The percentage refers to linear meters

<sup>5</sup>The percentage refers to Save The Duck and excludes Ganesh

## FUTURE TARGETS

### WHAT WE WILL ENGAGE IN

> Keep reducing the use of materials containing PFC finishing.

> Reach a higher percentage of recycled fabrics in our collections.

> Continue increasing spending on suppliers participating in the ZDHC programme.

> Analyse the impacts of our Arctic line through Life Cycle Assessment (LCA).

# SUSTAINABILITY PLAN

## WE TAKE ACTION FOR CLIMATE

- > Achieve NetZero by 2030

## PRODUCT ENVIRONMENTAL FOOTPRINT

- > 50% of garments with >40% (by weight) of recycled fabrics, padding and accessories by 2022
- > Integrate environmental criteria into the Save The Duck product design process with the aim of minimizing environmental impact by 2030

## WE PRESERVE THE ECOSYSTEMS

- > 100% certified organic cotton by 2025
- > 100% PFC-free fabrics by 2025
- > 100% of Suppliers participating in the ZDHC program by 2030
- > Contribute to research and debate on the impact of microfibers

## WE WORK FOR A SUSTAINABLE STORE CONCEPT

- > 100% of stores built according to eco-design guidelines
- > 100% of shopping bags made of sustainable materials by 2021
- > ESG Ratings on 100% of resellers/distributors by 2030

## WE ENHANCE CIRCULAR THINKING ALONG THE PRODUCTS LIFECYCLE

- > Longer Life-cycle
- > Raise awareness among final consumers about the possibility of extending the life of jackets
- > Activate the pilot project "MODA DEMOCRATICA" in Italy by 2025: recover jackets at the end of their life and donate to associations
- > Establish collaborative relationships with associations that are able to reuse the materials of jackets for the creation of other objects



# RESPONSIBLE DESIGN GUIDELINES

A thoughtful and responsible approach to product development: this is how we select materials, taking the utmost care in incorporating their technical characteristics, functionality, durability, and color and finish to ensure that our products are not only aesthetically appealing but also of high quality and long-lasting.

Consistent with the **principles of circularity**, each material and component are carefully evaluated against the principles and criteria outlined in our **Standard for the material selection**, by which we promote the protection of people, animals, and the Planet throughout the supply chain.

In implementing our product development process, our designers follow the **Responsible Design Guidelines**, which outline practical suggestions to follow in creating our collections to minimize waste and maximize resource efficiency.

## > MATERIAL SELECTION

The creation of a sustainable product starts with the choice of materials. Choosing products that have a low environmental impact, have certifications, and are easily recyclable are preconditions for a more sustainable garment.

## > REDUCING WASTE

Optimizing the working phases from design to production generates less waste. Minimalist design and uncomplicated production processes guarantee that the garment does not have an excessive impact on the environment.

## > DURABILITY

The creation of minimal and high emotional content garments leads to longer uses over time, avoiding premature disposal.

## > SMART DESIGN

Innovation in the design phase, using the latest technologies and tools, helps to improve the quality of work and reduce the environmental and social impacts of the garment production phase.

## > GOOD CHEMISTRY

When designing and sourcing a garment, preference should be given to products from supply chains that certify compliance with regulations, especially about chemical usage limits and wastewater management.

## > ETHICAL PRODUCTION

People are the true drivers of production chains. The respect for human rights and a supply chain with reduced environmental impacts allow our garments to be more sustainable.

## > CIRCULAR PERSPECTIVE

The design phase must consider the entire value chain of the garment. The use of recycled and recyclable raw materials and the creation of easily disassemble products that are durable in terms of quality and design reduces the generation of textile waste and its environmental impact.



# THE RAW MATERIALS OF OUR PRODUCT

The main materials used to make our garments are:

- > Synthetic fabrics, such as polyamide and polyester, for outer fabrics and linings;
- > Padding (PLUMTECH® and RECYCLED PLUMTECH®), made of virgin and recycled polyester;
- > Plastic and metal zippers; accessories, such as badges attached to garments and buttons;
- > Cotton fabrics, used for the athleisure line of garments (sweatshirts, polo shirts, and t-shirts);
- > Linen fabrics, used for the Ganesh collections

For the 2023 collections, produced in 2022, we used:

SAVE THE DUCK and PROTECH brands	U.M.	2022	
		Materials used	% of recycled materials
<b>FABRICS</b>	kg	251,273	41%
Synthetic fibre (mainly nylon, polyester, acrylic, PU)	kg	234,596	44%
Cotton*	kg	16,677	-
of which BCI or GOTS certified	kg	16,305	-
<b>PADDINGS</b>	kg	246,558	21%
polyester	kg	246,558	21%
<b>ACCESSORIES</b>	kg	39,460	-
synthetic raw materials (polyester, plastic, silicon, nylon, rubber and polyuretan)	kg	33,471	-
metallic raw materials (metal)	kg	4,454	-
natural raw materials (cotton*)	kg	1,535	-
<b>AUXILIARY</b>	kg	31,458	18%
synthetic raw materials (polyester and biodegradable plastic)	kg	24,908	-
natural raw materials (paper*, cotton*)	kg	6,550	87%
<b>TOTAL</b>	kg	568,749	28%

GANESH brand	U.M.	2022	
		Materials used	
<b>FABRICS</b>	kg	12,578	
Linen*	kg	2,985	
Cotton*	kg	9,592	
of which BCI or GOTS certified	kg	5,968	
<b>ACCESSORIES</b>	kg	1,121	
synthetic raw materials	kg	1,121	
<b>AUXILIARY</b>	kg	841	
natural raw materials (paper*, cotton*)	kg	700	
synthetic raw materials (Polyester and plastic)	kg	140	
<b>TOTAL</b>	kg	14,540	

\*renewable materials



The concept of circular economy is centered on the idea of **keeping resources in use as long as possible and reducing waste**. Therefore, in the selection of raw materials, we prefer renewable and recyclable ones with maintaining performance that will guarantee the products' durability.

In 2022, we increase the **amount of recycled synthetic fabrics**, both nylon and polyester, to **28%**, all Global Recycled Standard certified.

**RECYCLED PLUMTECH®** padding, which is Bluesign® approved, STANDARD 100 by OEKO-TEX® and GRS (Global Recycle Standard) certified and made of 100% recycled polyester obtained from the recovery of used PET bottles recorded in 2022 a volume of **52,461.02kgs**.

In 2022, we used recycled materials from the recovery of approximately 4 million 0.5l PET bottles. Since our first RECYCLED collection, we estimate that around **15 million bottles** have been recycled.



GIGA	
number of items GIGA sold during 2022 seasons	<b>264,785</b>
Meters for external fabrics and linings	<b>895,686.60</b> about 2 meters per puffer
Kg of Plumtech @ padding	<b>79,435.500</b> about 300 grs per puffer

SMEG	
number of items SMEG sold during 2022 seasons	<b>31,222</b>
Meters for external fabrics and linings	<b>86,497</b> about 3 meters per jacket
Kg of Plumtech @ padding	<b>12,488.800</b> about 400 grs per jacket



At the time being, we have not yet activated any take-back projects for end-of-life garments

# SPOTLIGHT ON PACKAGING

77% FSC CERTIFIED

The new regulations concerning the recycling of packaging confirmed the path we had already been on for years of taking the utmost care in choosing the materials in which we pack and sell our garments.

To enhance the awareness regarding the importance of recycling, in July 2023 a guideline will be released on our website to clearly explain to our stakeholders how to recycle properly and how to handle our product packaging, adding suggestions for alternative uses and disassembly before they are thrown away.

Since 2019, we have been using **compostable bioplastic** bags as packaging for individual garments. For some specific product categories and for garments that need to be reconditioned before shipping, we use **100% biodegradable plastic** bags. For the distribution of our garments from warehouses to stores and retailers around the world, we used about 130.13 tons of cardboard in 2022, of which about **77% of tons** are **Forest Stewardship Council (FSC)** certified and 90% recycled.

**BY 2022, AROUND 90% OF THE CARDBOARD USED FOR PACKAGING IS 100% RECYCLED.**



## RAW MATERIAL CERTIFICATIONS

As in the former years, in 2022 we continued to select for our products as many raw materials coming from certified<sup>6</sup> supply chains as possible: 82% of the garments are made of materials certified according to STANDARD 100 by OEKO-TEX®, i.e. tested to ensure that these materials do not contain or release substances that are harmful to the environment and human health; 90% of the garments are made of Bluesign® approved certified materials, a certification that guarantees the highest level of safety for the end-user, responsible use of resources, and production with the least possible impact on people and the environment; 22% of the garments are made of materials certified according to the Global Recycle Standard (GRS), which verifies that production processes are environmentally friend-

dly, people-friendly, and customer-safe; 6% of the garments have Global Organic Textile Standards (GOTS) and/or Better Cotton Initiative (BCI) certification; 38% of the fabrics we use in our Save The Duck collections are controlled according to ZDHC MRSL - Zero Discharge Hazardous Chemicals Manufacturer restricted Substances List, an initiative that aims to limit and replace the use of hazardous and polluting chemicals within textile supply chains.

<sup>6</sup>The sum of the percentages of certified fabrics with specific certification is greater than 100 because some fabrics are covered by more than one certification.



## SAFETY AND PROTECTION OF ECOSYSTEMS IN THE MANUFACTURE OF OUR PRODUCTS

We take raw material selection operations extremely seriously because this has to do with the health of customers, workers and the environment. All materials in our products are analyzed according to **specific chemical tests** in cooperation with Intertek laboratories<sup>7</sup>.

We base these tests on our **RSL - Restricted Substances List**. This protocol defines specific limits for the use of many chemicals and goes well beyond the regulatory standards required by the countries where we distribute our products, including for example REACH Regulation, SVHC list, and RoHS Directive. All our tier 1 and 2 suppliers are asked to sign the RSL to become an active part of the journey towards responsible use of chemicals in our supply chain.

Thanks to our continuous attention and the robust

control processes we put in place, there have been no cases of nonconformity relating to product safety in the last three years.

We are progressively phasing out the use of perfluorinated chemicals (PFCs) in the finishing of fabrics we use for our products, because PFCs are non-biodegradable substances that are highly harmful to the environment. We are replacing the PFC water repellent finishing using less impactful solutions to the ecosystem. By 2022, **20%** of the fabrics used for Save The Duck collections are **PFC free**, with an increase of 53% comparing to 2021.

<sup>7</sup>For more information, please refer to <https://www.intertek.com/>



The European Community published the Full list of Technical Screening Criteria, a draft document which outlines the guidelines for numerous sectors, including the textile-clothing sector. This document suggests the criteria to be applied to textile materials and their finishes and aims to improve their properties to enhance their appearance, and durability, providing substantial contribution to water, air, and ground pollution prevention and control.

We decided to implement these guidelines<sup>8</sup> into our RSL and Standard for Materials Selection, to already start working according to what is indicated by the EU Commission draft. Therefore, starting from 2023, we will make the selection and control criteria of the raw materials we use even more stringent.

In 2021, we carried out a **Life Cycle Assessment (LCA)** on several types of outerwear to assess and compare their environmental impact throughout their life cycle.

Comparing the virgin and recycled origins of the two types of material brought out the different impacts. The analysis showed that greater environmental impact occurs in upstream phases of the life cycle, mainly related to the production and finishing of raw materials, and garments made of recycled nylon have a lower impact compared to recycled polyester. The overall result of the analysis confirmed the trend we are following in increasing the use of materials of recycled origin: recycled fabrics and padding avoid the exploitation of virgin resources, significantly reducing the impacts of garments.

**Recycled polyester garment -23% CO2 emissions compared to a virgin polyester garment**  
**Recycled nylon garments 45% lower CO2 emissions than a virgin nylon garment.**

In 2023 LCA studies are planned, specifically to deepen the knowledge of our Arctic line products<sup>8</sup> impact and work proactively to decrease them.

<sup>8</sup>For more information, please refer to [https://finance.ec.europa.eu/system/files/2022-04/220330-sustainable-finance-platform-finance-report-remaining-environmental-objectives-taxonomy\\_en.pdf](https://finance.ec.europa.eu/system/files/2022-04/220330-sustainable-finance-platform-finance-report-remaining-environmental-objectives-taxonomy_en.pdf)



# FIGHTING CLIMATE CHANGE

Our commitment to decarbonization speaks to our desire to make a meaningful contribution to an urgent and global challenge.

That's why we decided to join the CO<sub>2</sub>alizione Italia initiative to strengthen the activities of domestic companies toward climate change mitigation. To follow up on this new commitment, **we amended our By-laws** in 2022 by adding new purposes of benefit: the implementation and promotion of a business model that identifies increasingly effective solutions and processes with a view to the responsible use of natural resources for the benefit of future generations; the progressive achievement of a zero-carbon economy, in line with the objectives pursued at the European level, in terms of climate neutrality, and at the national level, in terms of ecological transition.

Decarbonization plays a central role in the ecological transition and in our own development process. There are many initiatives and projects activated in recent years to mitigate our impact on climate change.

## > 2018

we begin measuring and monitoring our GHG emissions of **scopes 1 and 2**.

## > 2019

we report the **measurement of our emissions** on the three scopes.

## > 2020

we commit to achieving **NetZero** by 2030; we reduce the impact of our products by increasing the proposal of recycled source materials.

## > 2021

we draft our **action plan** to reduce emissions; we certify our inventory according to **ISO 14064**; we continue to increase the proposal of "recycled" products.

**ISO 14064-1** aims to support organizations that want to quantify their GHG emissions by providing clarity and consistency for monitoring and reporting GHG inventories and communicating

their commitment to environmental sustainability to their stakeholders.

## > 2022

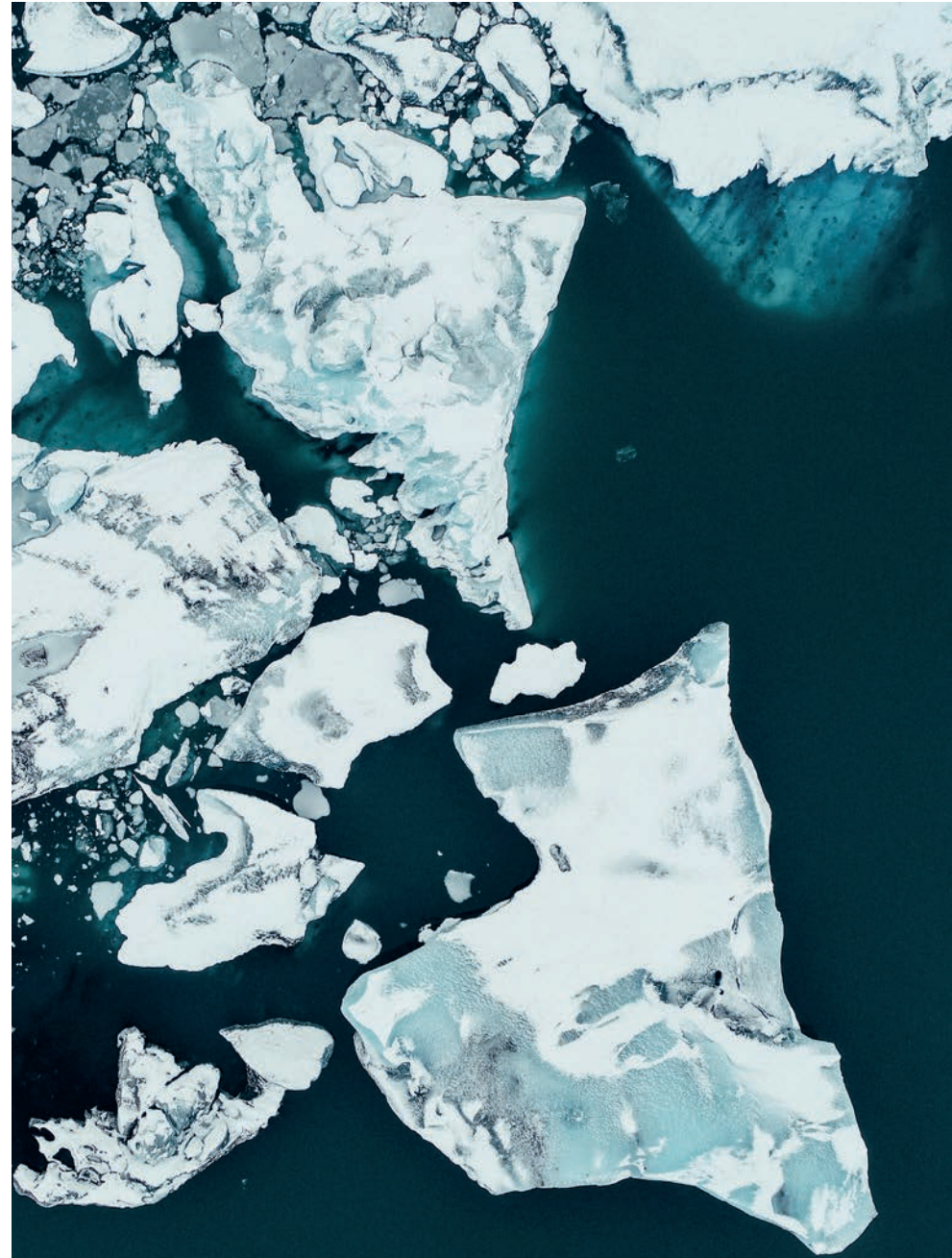
**Science Based Targets** initiative endorses our reduction targets; we join CO<sub>2</sub>alizione Italia and modify our By-laws adding purposes of benefit linked to carbon emission reduction.

## SBTi

In 2022, to further strengthen our path towards reducing climate-changing gas emissions, we decided to join the SBTi - Science-Based Target Initiative - for SMEs, committing to the target "**Near Term: 1.5 °C**". In March 2022, SBTi approved our Scope 1 and Scope 2 emissions reduction targets: -50% by 2030, compared to 2018. We have also declared to SBTi our commitment to monitor and reduce our Scope 3 emissions where possible.

The initiative drives ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets.

These targets provide clearly-defined pathways for companies to reduce greenhouse gas (GHG) emissions, helping **prevent the worst impacts** of climate change and future-proof **business growth**. The private sector must play a fundamental role in reducing GHG emissions, embedding science-based targets in sustainability management.





It is essential to create a structured plan to activate a gradual reduction in GHG emissions and achieve a challenging goal such as Net Zero by 2030. That is why we have defined a specific **Action Plan** for each scope and, for each, outlined concrete actions to be taken.

- > **Optimize the car fleet**, choosing cars with reduced emissions.
- > **Maintain air conditioning systems** to keep them working effectively.
- > Purchase **100% electricity with Renewable Guarantee of Origin** for all flagship stores.
- > Purchase **100% electricity with Renewable Guarantee of Origin** for all offices.
- > **Involve suppliers** in purchasing electricity covered by Renewable Origin Guarantee Certificates (Tier 1 and Tier 2 suppliers).
- > **Involve employees** in awareness-raising initiatives related to the impact of vehicles used for home-to-work and business travel.
- > **Clearly communicate** on our e-commerce platforms about offsetting actions related to GHG emissions for products purchased and their shipping.

From 2021, we began offsetting our remaining emissions through the purchase of certified carbon credits with positive environmental and social impact.

In 2022, we saw an improvement in the processes of some key players in our supply chain: some tier 1 and tier 2 suppliers started to **self-produce electricity from renewable sources**. Driven by this regenerative approach, in the same year we started purchasing **electricity covered by Certificates of Origin** for the energy consumption generated by our suppliers for activities carried out on our behalf, such as the production of garments and textiles.

# 2022 RESULTS

Our **electricity consumption** increased by +57% compared to 2021, mainly due to the opening of the new USA showroom and new stores in Bologna, St Moritz, and New York that, together with those opened previously, became fully operational after the first pandemic period. As of 2022, we continued to provide our premises with renewable energy and expanded our commitment to our new assets, thus covering 100% of our electricity consumption with Renewable Energy Guarantee Certificates. Since 2018 we have taken steps to reduce emissions by introducing hybrid models in the Company fleet: today 50% of Company cars<sup>9</sup> are hybrids.

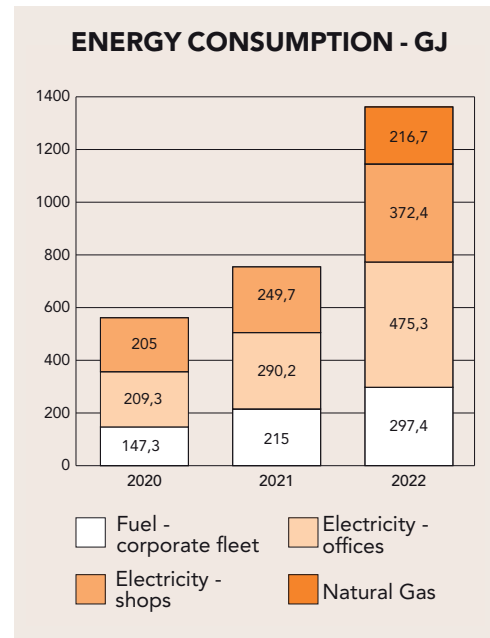
Indirect emissions from the purchase of goods and services, amounting to **6,142 tons CO<sub>2</sub>eq<sup>10</sup>**, include GHG emissions generated for:

- > Production, including emissions related to raw materials, fabrics, and the assembly of the finished products (the latter have been calculated directly by collecting energy consumption from suppliers);
- > Packaging of products;
- > Logistics flows from tier 2 suppliers towards tier 1 suppliers;
- > Other auxiliary activities (such as paper used in the office).

GHG emissions related to the transport and handling of raw materials and finished products amount to **1,773 tonCO<sub>2</sub>eq** and include transport and distribution flow up and down the value chain. This category includes impacts from e-commerce activities and emissions related to the installation and opening of pop-up stores, and small stands for Save The Duck brand products sales. Among this year impacts, we tracked and monitored the emissions produced by Save The Duck employees for commuting (42 tonCO<sub>2</sub>eq) and business travel (10 tonCO<sub>2</sub>eq).

We also calculated the GHG emissions related to customers' garments use throughout the life of products, for example, the washing; these amount to **747 tonnesCO<sub>2</sub>eq<sup>11</sup>**.

The remaining indirect emissions come from estimated waste disposal (266 tonCO<sub>2</sub>eq) and the extraction and transmission of the energy sources consumed the Save The Duck (7 tonCO<sub>2</sub>eq)<sup>12</sup>.



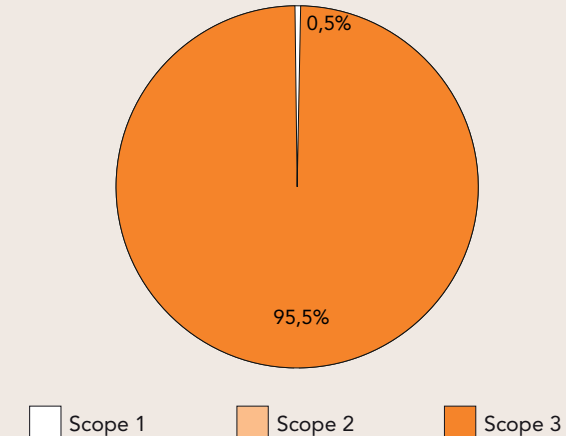
<sup>9</sup>Save The Duck corporate fleet consists of one owned and three leased vehicles. Of these, two are hybrid models, one of which is an electric plug-in.

<sup>10</sup>The value was calculated with the market-based approach, thus considering as zero emissions the electricity purchased from renewable sources. It should be noted that the indirect emissions from the purchase of goods and services calculated with the location-based method amount to 8,721 tonsCO<sub>2</sub>eq

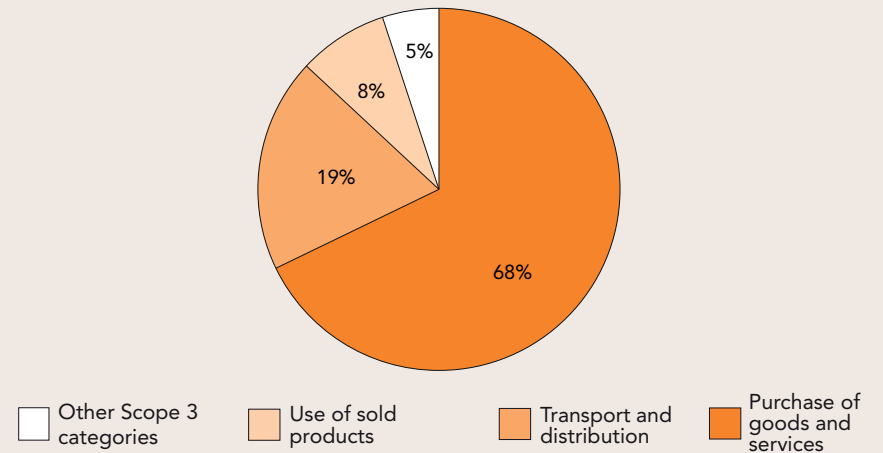
<sup>11</sup>The value amounts to 556 tonsCO<sub>2</sub>eq with the location-based method

<sup>12</sup>The value amounts to 31 tonsCO<sub>2</sub>eq without taking into consideration the renewable electricity purchased.

## SAVE THE DUCK 2022 - CARBON FOOTPRINT - MARKET BASED



## GHG EMISSIONS - SCOPE 3

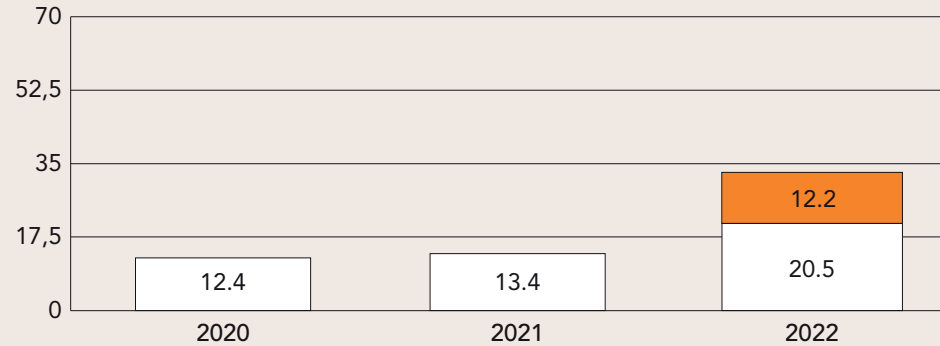


# 2022 RESULTS

In 2022, our direct CO<sub>2</sub>eq emissions (Scope 1) were **32.60 tonnes**, a 144% increase compared to 2021 due to the natural gas consumption of our showroom in the USA and for the increase in fuel consumption brought about by the lifting of restrictions related to the Covid-19 pandemic. The CO<sub>2</sub>eq emissions corresponding to electricity consumption (Scope 2) amount to **81.30 tonnes** calculated using the "location based" method and are up 12% compared to 2021, mainly due to the opening of our new stores and the full operation of the shops.

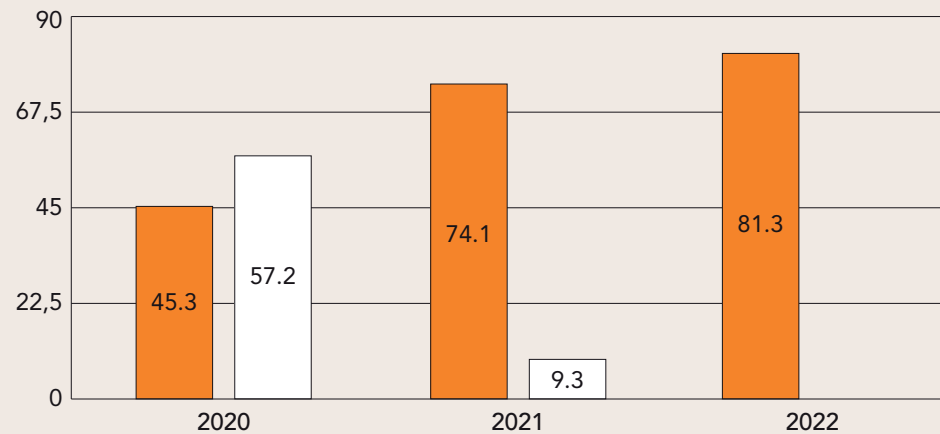
Scope 2 emissions, calculated using the "market-based" method, were **reduced by 100%** compared to 2021, thanks to the electricity from certified renewable sources (100%) purchased during the year. Scope 2 emissions are 0 tons CO<sub>2</sub>eq.

GHG EMISSION SCOPE 1 - TONNES CO<sub>2</sub>eq



■ Emission related to Natural Gas consumption
 ■ Emissions related to refrigerant gas leaks
 ■ Emissions related to the consumption of the company fleet

GHG EMISSION SCOPE 2 - TONNES CO<sub>2</sub>eq



■ Location based
 ■ Market based

<b>GRI 302-1: ENERGY</b>				
<b>ENERGY CONSUMPTION</b>	<b>U.M.</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
fuel used for company fleet	GJ	147.3	215 <sup>13</sup>	297.4
natural gas	GJ	0	0	216.7
electricity	GJ	414.3	539.9	847.7
offices	GJ	209.3	290.2	475.3
stores	GJ	205.0	249.7	372.4
total energy consumption	GJ	536.1	754.9	1361.9
of which from renewable sources	GJ	0	467.3	803.5

<sup>13</sup>Data updates due to a change in methodology

GRI 305-1, 2 AND 3: GHG EMISSIONS SCOPE 1, 2				
CO <sub>2</sub> eq EMISSIONS	U.M.	2020	2021	2022
DIRECT EMISSIONS (SCOPE 1)	ton CO <sub>2</sub> eq	6.9	13.40	32.6
fuel-related emissions for company cars	ton CO <sub>2</sub> eq	6.9	13.40	20.5
emissions related to refrigerant gas leaks from air-conditioning system	ton CO <sub>2</sub> eq	0	0	0
natural gas emissions	ton CO <sub>2</sub> eq	0	0	12.2
INDIRECT ENERGY EMISSIONS (SCOPE 2) – LOCATION BASED	ton CO <sub>2</sub> eq	45.3	74.09	81.3
emissions related to the purchase of electricity from the national grid	ton CO <sub>2</sub> eq	45.3	74.09	81.3
INDIRECT ENERGY EMISSIONS (SCOPE 2) – MARKET BASED	ton CO <sub>2</sub> eq	57.2	9.30	0
emissions related to the purchase of electricity from the national grid	ton CO <sub>2</sub> eq	57.2	9.30	0

GRI 305-3: GHG EMISSIONS SCOPE 3		
CO <sub>2</sub> eq EMISSIONS	U.M.	2022
OTHER INDIRECT EMISSIONS (SCOPE 3):	ton CO <sub>2</sub> eq	8,987 <sup>14</sup>
from the purchase of goods and services	ton CO <sub>2</sub> eq	6,142
From fuel and energy related activities (not included in Scope 1 and 2)	ton CO <sub>2</sub> eq	7
from upstream transport and distribution	ton CO <sub>2</sub> eq	1,746
from waste	ton CO <sub>2</sub> eq	266
from business trips	ton CO <sub>2</sub> eq	10
by employee commuting	ton CO <sub>2</sub> eq	42
from transport and downstream distribution	ton CO <sub>2</sub> eq	27
by use of the products sold	ton CO <sub>2</sub> eq	747

<sup>14</sup>The value amounts to 11,431 tons of CO<sub>2</sub>eq with the Location Based method

# PROJECTS SUPPORTED THROUGH THE PURCHASE OF CARBON CREDITS

## > MUSI RIVER HYDRO, INDONESIA

### RENEWABLE HYDROPOWER ON THE ISLAND OF SUMATRA.

The main objective of the project is to produce clean energy through the installation of a **hydroelectric plant** using the flow of water from the Musi River. In addition to ensuring an environmental benefit due to the use and production of renewable energy, this project generates additional impacts linked to the creation of **new jobs** for local populations, the provision of training courses on natural fertilizer production and composting, and the realization of **public works** aimed at improving the standard of living of local populations. In parallel, the project supports a **reforestation** initiative aimed at protecting local natural ecosystems.

## > KARIBA FOREST PROTECTION, ZIMBABWE

### SAVING FORESTS, PROTECTING WILDLIFE, AND IMPROVING LIVES OF LOCAL PEOPLE.

Launched in 2011, the project promotes the sustainable development, independence, and well-being of local populations. It aims to **prevent deforestation and soil degradation** on approximately 800,000 hectares of forest. The main benefits deriving from the implementation of the project are the improvement of the life of the local populations through the **supply of well water** to about 37,000 people, the creation and modernization of public facilities, the **creation of new jobs**, the improvement of the quality of life through the **training of the local population** and, obviously, the **protection of the landscape and biodiversity** through the protection of forests.

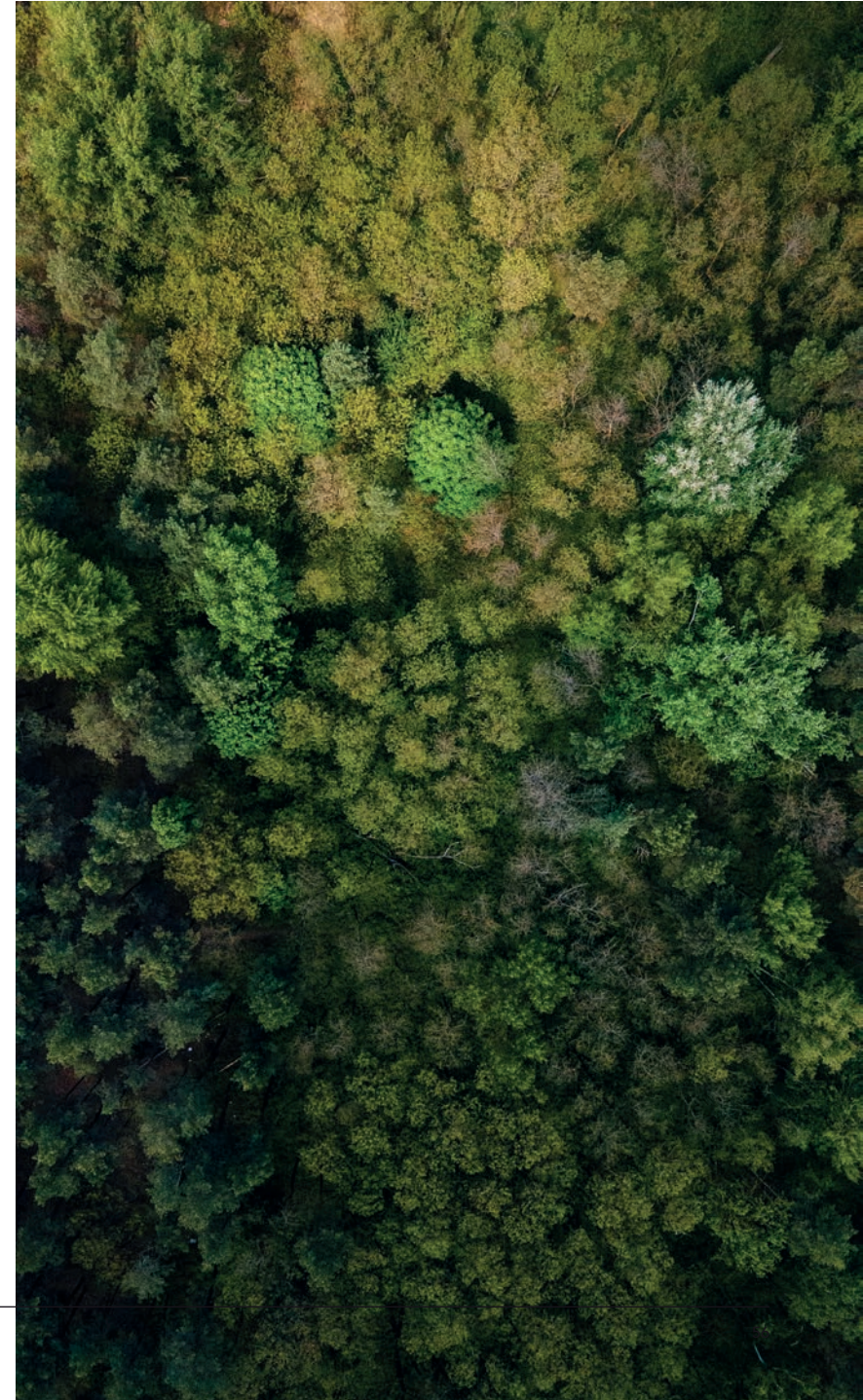
## CARBON NEUTRAL

### WHAT WAS THE PATH THAT LED US TO THIS STAGE?

> Since 2018, we have been measuring and monitoring all scope 1 and 2 emissions generated by activities under our direct control, which we have minimized using energy from renewable sources and energy efficiency.

> We started to monitor and measure scope 3 emissions from our suppliers since 2019 and are working with them to implement reduction initiatives.

> Starting from 2021, we neutralize the remaining emissions by supporting a forest protection project and a clean energy generation project; these certified projects allow the issuance of high-quality carbon credits.







Our next goal is to achieve **NetZero by 2030**:

- > We have **purchased renewable energy** covered by Guarantee of Origin for 100% of our operations;
- > We have recorded the actual use of **renewable electricity by 6 suppliers**;
- > **Guidelines have been disseminated to employees and collaborators** to stimulate soft mobility and reduction of impacts in general.

### 2023 COMMITMENTS

- > **Optimize the car fleet** by choosing cars with reduced emissions;
- > **Maintain GHG inventory certification** according to ISO 14046-1;
- > Clearly communicate on all our **e-commerce platforms** the GHG emissions offsetting actions for purchased products and their shipping;
- > Continue to **engage Tier 1 and 2 suppliers** in purchasing renewable electricity covered by Guarantee of Origin Certificates.



# 4. WE CARE FOR PEOPLE

"As human beings, we each have a responsibility to care for Humanity. As social animals, human beings need friendship, but friendship doesn't come from wealth and power, but from showing compassion and concern for others"

Dalai Lama

# HIGHLIGHTS

- > The team is growing: by +17% compared to 2021
- > Who we are: 21% men-79% women in 2022



GOALS	PROGRESS
WHAT WE COMMITTED TO	WHAT WE ACHIEVED
Maintain a high level of control over Tier 1 suppliers minimum 80% of expenditure. Increase the number of Tier 2 suppliers to be audited by third parties 50% of expenditure.	90% Tier 1 suppliers audited 18% Tier 2 suppliers audited
Continue to promote initiatives to raise final users' awareness of sustainability issues at flagship stores and/or through the communication channels already in place.	"One tip a week" project: aimed at enhancing end-users' awareness, suggesting virtuous approaches on environmental and social issues to our followers.
Further, increase customers' awareness by launching a campaign about garment maintenance to ensure proper disposal at the end of life.	The project started in December 2022 but hasn't been released yet.
Monitor and share with our partners the minimum decent living wage levels for the different countries in which they operate. Screening at least 50% of manufacturers and raw material suppliers' wage policies.	We collected and we are still under monitoring the minimum living wage data of our partners. Screening has been conducted on 11% of Tier 1 suppliers. We will foster the activity during 2023.

## FUTURE TARGETS

### WHAT WE WILL ENGAGE IN

- > 90% of expenditure on audited Tier 1 suppliers  
60% of expenditure on audited Tier 2
- > Continue to advance efforts to raise sustainability awareness among customers through existing communication channels and flagship stores.
- > Launch a campaign to educate customers on proper garment maintenance and disposal at the end of life, in order to increase their understanding of sustainability.
- > Regularly monitor and share information on minimum decent living wage levels for the various countries in which our partners operate, including at least 50% of our manufacturers and raw material suppliers.

# SUSTAINABILITY PLAN

## WE PROMOTE INCLUSIVENESS AND TRUST AT WORK

- > Get at least 85% positive responses to the corporate climate survey

## WE VALUE OUR PEOPLE GROWTH AND PASSION

- > 24 hours of training per capita per year by 2025

## WE SUPPORT OUR COMMUNITIES

- > 12 volunteer hours per year
- > Address yearly donations to support projects/associations of local communities

## WE FOSTER THE RESPECT FOR HUMAN RIGHTS

- > Contribute to the protection of workers and workers' families along the Supply Chain
- > Social Audits on Tier 1 suppliers amounting to at least 80% of expenditure by 2021
- > Social assessment of at least 50% of Tier 2 suppliers by 2025



# OUR PEOPLE

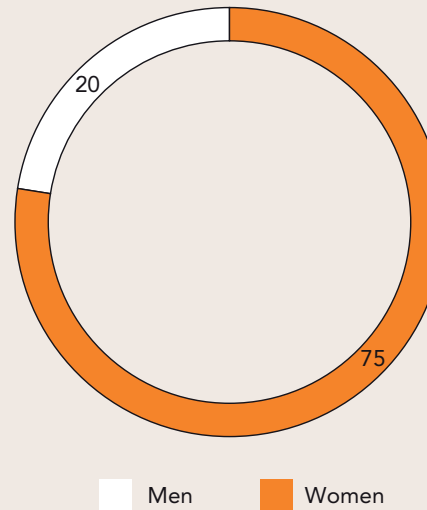
On a daily basis, our aim is to establish a workplace that is **comprehensive, healthful, and unambiguous**, where every person can reach their maximum potential. As a collective, we collaborate to achieve a shared objective, and we are dedicated to continually advocating for our principles and beliefs. The Group workforce as of 31st December 2022 includes **95 people** (75 women and 20 men), up 17% compared to 2021.

The pace of recent recruitment is evidence of a growing trend, as the statistics for the year 2022 currently count 38% growth (64% of which are women).

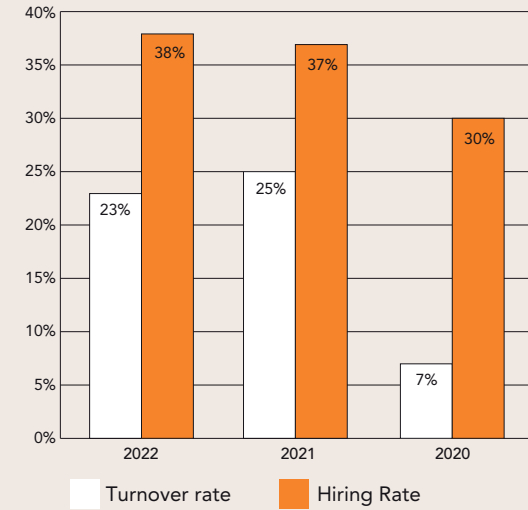
In our Group, 84% of our colleagues are employed on permanent contracts, which is an increase of 14% from the previous year; 84% of our people have full-time contracts. We collaborate with few workers who are not employees, 6 in total at 31/12/22 only in Italy, as interns (3) and by staff leasing contracts (3).

From 2018 to 2021 the number of employees increased by 132%<sup>15</sup>.

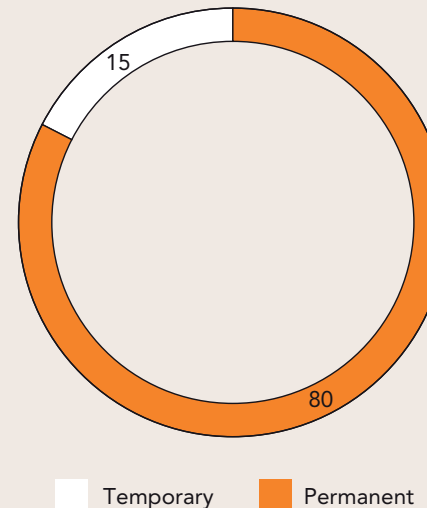
EMPLOYEES AT 31.12.2022



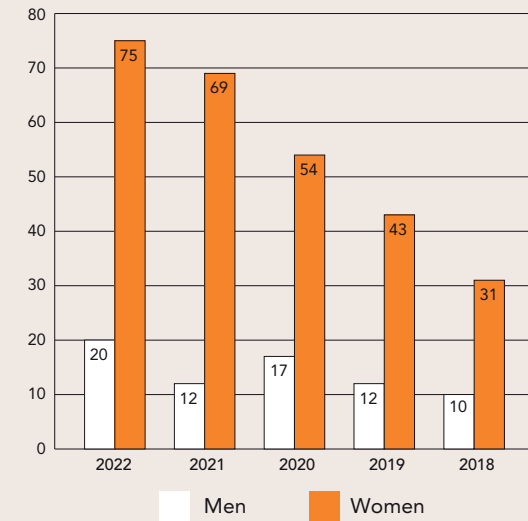
RECRUITMENT AND TERMINATION



EMPLOYEE BY TYPE OF CONTRACT



EMPLOYEES GROWTH FROM 2018



<sup>15</sup>The rate of new hires is calculate in relation to the total number of employees as of 31.12

# EMPLOYEES BY REGION

Employees are located in 5 countries:



EMPLOYEES BY GENDER				
FEMALE	MALE	OTHER	NOT DISCLOSED	TOTAL
Number of employees				
75	20	n.a.	n.a.	95
Number of permanent employees				
62	18	n.a.	n.a.	80
Number of temporary employees				
10	2	n.a.	n.a.	12
Number of non-guaranteed hours employees				
3	0	n.a.	n.a.	3
Number of full-time employees				
60	20	n.a.	n.a.	80
Number of part-time employees				
15	0	n.a.	n.a.	15

LAVORATORI PER REGIONE			
ITALY	EUROPE	EXTRA EU	TOTAL
Number of employees			
54	4	37	95
Number of permanent employees			
51	2	27	80
Number of temporary employees			
3	2	7	12
Number of non-guaranteed hours employees			
0	0	3	3
Number of full-time employees			
50	3	27	80
Number of part-time employees			
4	1	10	15



# DIVERSITY AND INCLUSION POLICY

## > AGILE THINKING

We aim to provide equal and exciting opportunities to our colleagues, stimulate the growth of talented profiles through senior leadership mentorship, and provide career mobility options to accommodate the personal life choices of our People. This will ensure our Organization remains agile and prepared for future growth.

## > TALENTS DIVERSITY

We want to attract, develop and retain people with diverse backgrounds and experiences supporting the growth of the Company. Diversity and Inclusion are key elements in all recruitment and selection activities in our Organization and are transparently visible in all job advertisements, our selection criteria, and vacancy lists. We ensure that job description, screening, and decision-making processes are unbiased.

## > EQUAL OPPORTUNITIES

We offer equal opportunities to all our People, regardless of their social identity. Our colleague's development of diverse experiences and perspectives, from internships to training opportunities, gives our Organization a competitive advantage. We provide our resources with pay equity based on market benchmarks for the role, skills, and attributes of the resource, never on gender or other personal characteristics.

## > PRODUCT OFFERING AND GENDER-NEUTRAL MARKETING

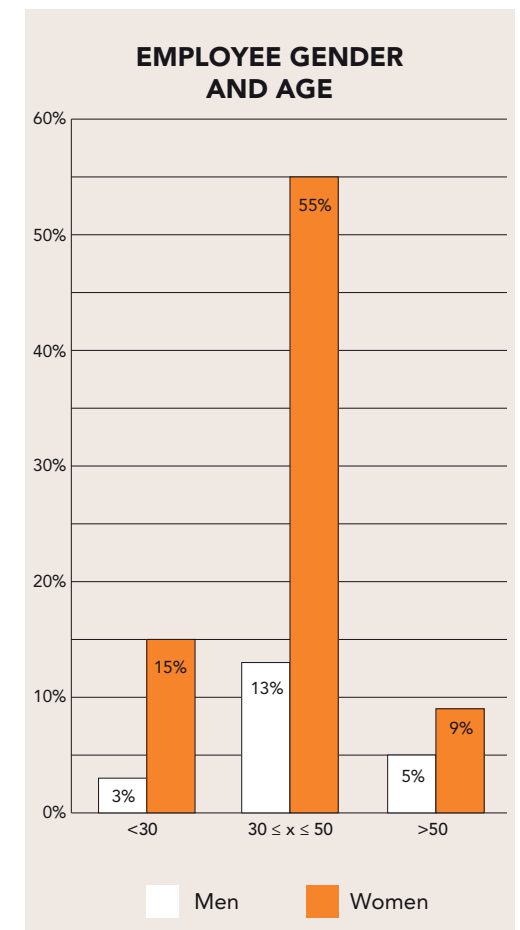
Our products are always developed with the needs of every human being in mind. We aim to develop gender-neutral communication and marketing projects to not perpetuate any kind of negative stereotype.

# WE RESPECT THE INDIVIDUAL AND HIS/HER RIGHTS

Our daily dedication involves conducting all our actions regarding and safeguarding of each individual's distinctiveness, as we strive towards a progressively responsible future. Our **Code of Ethics** stresses our commitment to respecting human rights and fostering a secure, violence-free workplace, principles that we seek to uphold throughout our value chain. Thus, in 2020, we adopted the UN Global Compact's ten principles and endeavored to contribute to the realization of the Sustainable Development Goals (SDGs) of the UN Agenda 2030. In line with these commitments, we have also embraced the **Women's Empowerment Principles (WEPs)**, with the objective of integrating gender equality promotion throughout our supply chain.

To this end, our **Diversity and Inclusion Policy** was formulated in 2021 and sanctioned by our Board of Directors. We pledge to ensure equal dignity and rights for all, without discrimination of any kind and had zero cases of discrimination in 2022, striving to eliminate any form of injustice among our employees, partners, and the communities with which we operate. Furthermore, in line with the objectives of the WEPs, we have devised an action plan to implement our Diversity and Inclusion Policy.

As of the 31st of December 2022, the proportion of women in the total workforce is 79% (85% in 2021).



In Milan, where our headquarter is located, we developed two projects of social utility:

> We activated a special sale of our products, the proceeds of which went to support **TOG - TOGETHER TO GO Foundation**, which offers neurological rehabilitation pathways to children with Central Nervous System injuries.

> In collaboration with **WAU! Milan - We Are Urban** assosiaction, our team together with the volunteers take care of a corner of our city, repainting vandalized urban walls. It was an activity that increased our awareness of the territory and nurtured a sense of participation in civic activities.

Our involvement in the B Corp network continues. We played an active role in the new **#UnlockTheChange** campaign. Our collective activity brought a breath of art, oxygen, and awareness to the exterior wall of a middle school in the Naples suburbs, damaged over the years by impacts generated by polluting industries. An eco-mural of 370 square meters was created by the street artist Zed1 and PalomArt, an international independent art platform. It is the largest mural in southern Italy, an eco-mural to be precise, because it is made with the use of eco-paintings that can contrast air pollution by absorbing the smog of 79 vehicles every day.

For the second year, we partnered with **Davines** in fostering and spreading the principle of interdependence among hair and beauty salon customers.



# WE PROMOTE PEOPLE'S WELL-BEING AND DEVELOPMENT

Our focus on people is reflected in our commitment to providing a welcoming and inclusive work environment that promotes a healthy work-life balance. For years, we have offered support plans to our employees, and our Italian colleagues benefit from a structured **welfare plan** that includes various initiatives available to all employees regardless of their employment status. In 2022, 100% of our Italian employees accessed the plan, with 41 women and 13 men taking advantage of the benefits, which include a budget for education and training, health services, sports activities, and transportation, among others.

In addition to our Italian colleagues, our foreign offices provide **bonuses and insurance benefits** to support their employees.

Concerning remuneration, Save The Duck doesn't have a formalized remuneration policy, nor is any team or board compensation tied to the achievement of specific sustainability goals.

Some internal team members have a portion of their compensation which is variable, linked to the achievement of specific goals. Targets are assigned on an annual basis. Our commitment to a fair retribution is consistent, in fact the annual total compensation ratio for the organization's highest-paid individual to the median annual total compensation for all employees is: 10.13<sup>16</sup>.

No specific transition assistance programs are in place for our employees.

To ensure that we continue to meet our employees' needs, we conduct an **annual corporate climate survey** that involves colleagues from our offices in Italy, Switzerland, the USA, China, and Hong Kong. The latest survey showed that our employees are satisfied with their work environment; the identified improvement areas relate to a demand for increased internal communication.

67% of our employees are covered by collective labour agreements, in particular the 100% of the Italian and US employees.

To promote our employees' development and enhance their skills, we provide **training opportunities** every year, with 814 hours of training provided to 29 employees in 2022, both for technical and soft skills to customize the learning journey of each employee. Specific training is also provided to managers thanks to Quadrifor.

Specifically, in 2022, the 54% of our team underwent Excel training courses, based on different levels of knowledge and specialization.

In 2022, we also promoted, with the support of the Board, a training activity dedicated to all Save The Duck employees and direct collaborators based on **video training on issues related to the Company's ESG** approach and dedicated to the various topics that the Company is pursuing. The project is still ongoing for all incoming employees and with the proposal of new topics. The 54% of the workforce attended the course and took verification tests, obtaining a certificate of attendance on the basic modules. No specific training was provided on ESG topics to the Board of Directors in 2022.

We take our employees' **health and safety** seriously. Our team members' training and our commitment to spreading a culture of health and safety in the workplace are the pillars of our strategy. We comply with national legislation for the management of health and safety aspects in the workplace, including the Legislative Decree 81/2008 in Italy and applicable local legislation in China, Switzerland, and the USA.

With the risk assessment carried out by occupational safety technicians, our business is identified as low risk.

Nevertheless, we have a specific guide called **"General Information Form"** that provides guidance on safety in the workplace and mandatory training courses for all Save The Duck employees. Within the Organization, there is a prevention and protection representative for health & safety and specific first aid and fire and evacuation emergency management officers.

In 2022 we detected 2 work injuries, none of them with high-consequence, and zero fatalities, with a rate of recordable work-related injuries of 15.24. No injuries connected to workers who are not employees in the last three years.

To foster worker health protection outside of work activities we have provided specific health care initiatives within our welfare plan.

As to our supply chain, we try to enhance the awareness of our partners so that they monitor and implement the levels of health and safety protection of their workforce both through auditors suggesting improvement actions and through the commitment we share with them in our Code of Interdependence.

<sup>16</sup>Only Italian and China employees included.





# OUR VALUE CHAIN

As a Company without in-house production facilities, we rely on Tier 1 external suppliers to produce our garments. These suppliers, in turn, source their materials from Tier 2 suppliers mainly selected and appointed by us. This direct selection of component producers allows us to maintain control over a crucial aspect of our production chain. For our Save The Duck, Pro-Tech and Ganesh brands, we work with **96 suppliers** (20 Tier 1 and 76 Tier 2), the most located in the Hangzhou area of Zhejiang, China. Garments produced for the European market are sent to our Treviso logistics hub before being distributed to various points of sale throughout Italy and Europe via local couriers. Garments assigned to China, Japan, Korea, the USA, and Canada are shipped directly from our manufacturers to their respective sales networks.

We ensure that our entire supply chain meets our **environmental and social standards**, which we strive to uphold through collaboration with our partners. We are aware that our supply chain, if managed incorrectly, can have negative impacts on ecosystems and human rights, for this reason since 2018, we have asked all Tier 1 and Tier 2 suppliers to sign our **Code of Interdependence**, which outlines the minimum requirements for environmental sustainability, social responsibility, health and safety

in the workplace, law compliance, and ethics. Our select circle of partners undergoes social and qualitative assessments.

Up to date no environmental assessments were performed on specific suppliers in 2022, instead, we provide robust guidance and require a strong commitment to our policies, in particular the Code of Interdependence, the RSL and the Standard for materials selection.

We monitor our suppliers' consumptions in order to assess our impacts and provide mitigation actions to reduce our environmental footprint.

In 2017, we began to partner with **amfori BSCI**, an initiative that upholds social responsibility principles defined in its Code of Conduct. Through independent third-party audits, we assess our suppliers and support them in implementing improvement plans to address any critical issues. Additionally, we accept audit reports from other internationally recognized initiatives such as Sedex SMETA, Wrap, Higg Index, and SA8000, in the spirit of cooperation and to avoid burdening our suppliers.



# THE SUPPLIER VERIFICATION PROCESS

All our Tier 1 Suppliers (20 in total) are assessed for social impact. A total of **32 third-party social audits** were identified in 2022, with 18 being conducted on Tier 1 suppliers, accounting for nearly all of the expenditure on Tier 1 suppliers for the Save The Duck and Pro-Tech brands. 3 of these manufacturers are producers of Ganesh brand. This marks an increase in audits compared to 2021, with 14 additional audits carried out on Tier 2 suppliers. All suppliers were rated as “acceptable” in the assessment areas, but we are still committed to ensure a continuous monitoring.

No cases of forced or compulsory labour identified in 2022.

In 2023 we are planning to visit our Asian partners in person, after years of absence, due to pandemic.

# THE AMFORI BSCI CODE OF CONDUCT

## FAIR REMUNERATION

We respect the right of workers to receive fair remuneration.



## NO DISCRIMINATION

We provide equal opportunities and do not discriminate against workers.



## OCCUPATIONAL HEALTH AND SAFETY

We ensure a healthy and safe working environment, assessing risk and taking all necessary measures to eliminate or reduce it.



## DECENT WORKING HOURS

We observe the law regarding hours of work.



## SPECIAL PROTECTION FOR YOUNG WORKERS

We provide special protection to any workers that are not yet adults.



## NO CHILD LABOUR

We do not hire or cooperate with partners hiring any worker below the legal minimum age.



## NO BOND LABOUR

We do not engage in any form of forced servitude, trafficked or non-voluntary labour.



## NO PRECARIOUS EMPLOYMENT

We hire workers on the basis of documented contracts according to the law.



## ETHICAL BUSINESS BEHAVIOUR

We do not tolerate any acts of corruption, extortion, embezzlement or bribery.



## PROTECTION OF THE ENVIRONMENT

We take the necessary measures to avoid environmental degradation.



## THE RIGHTS OF FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

We respect the right of workers to form unions or other kinds of worker associations and to engage in collective bargaining.



<p><b>CODE OF INTERDEPENDENCE</b></p>  <p>It is the first step to start a collaboration</p>	<p><b>THIRD-PARTY AUDITS</b></p>  <p>Verifying suppliers compliance according to BSCI or internationally recognised checklist</p>	<p><b>INTERNAL MONITORING</b></p>  <p>Follow up visits carried out by Save The Duck QC staff, who verify working conditions in the field</p>
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Recognizing the strategic meaning of dialogue and communication in our dealings with customers, we are dedicated to ensuring **complete transparency and equity** in communicating our messages through our various communication channels. Our stores, pop-ups, and temporary shops embody our values of environmental and animal preservation, utilizing recycled and natural materials for mannequins and hangers, 100% recycled paper shopping bags, rice husk-derived dyes and fillers, energy-efficient LED lighting, and bamboo floors.

This philosophy enables us to deliver a distinctive and unique customer experience. For this reason, we write an internal guide dedicated to sustainable design for our flagship stores. Every year, we establish our pop-up shops in leading department stores across the world, providing a direct platform for promoting our principles to customers.

It is equally critical to provide dedicated training on sustainability issues to the growing number of sales teams so that they can convey the brand's principles and values to customers who visit our stores.

> **2018:**

Opening of first flagship store in Via Solferino, 12, Milan;

> **2019:**

Opening of the second Flagship Store in Venice, at Calle Fuseri, 4462, and the third in Hong Kong at the K11 Musea shopping centre;

> **2020:**

Opening of the fourth Flagship Store in Milano Cordusio;

> **2021:**

Opening of the fifth Flagship Store in Saint Moritz (Switzerland);

> **2022:**

Opening of Bologna Store, via Clavature, 3C, and opening of New York Flagship Store in 496 Broadway.

As every year, we maintained our support for universities, institutions, and students. Our dedication to influencing the fashion industry drives us to share our values every day, especially with the next generation of students: our aim is to invest in the future generation of professionals and increase their awareness and sense of responsibility. For four years running, we have collaborated with the **Academy of Sustainable Luxury of the School of Management of the Politecnico di Milano** to award prizes for the most interesting thesis projects focusing on sustainable fashion.

Students from the **Istituto Europeo di Design (IED)** analyzed our brand, and the market, for a project aimed at communicating our brand's guiding principles to a young audience through innovative proposals they presented to us. In 2022, we also partnered with **Università Cattolica del Sacro Cuore of Milan** to build with a Master in Science of Management student team an experimental social and environmental performance evaluation model for our B2B partners.

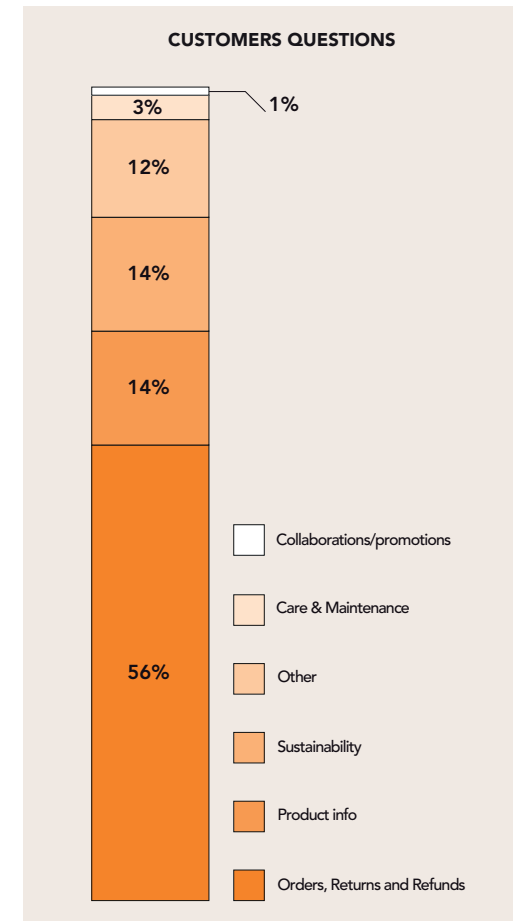
In 2022, we keep delivering lectures and interviews at various universities and institutions, as we assist students in writing theses based on our company's business model.

We took a leading role in spreading our messages to upcoming generations also participating in the Design Pride Milan event celebrating our collaboration with the non-profit **WildAid**, which protects wildlife and fights against poaching. We paraded carrying our messages on signs and then celebrated in front of over 3,000 people with **#OPENTHE-CAGE DJ set** in Piazza Affari.



## INTERACTION WITH OUR CLIENTS

Our customer service remains highly responsive, delivering top-quality assistance on all purchased products. In 2022, we addressed over 7,000 queries and requests through ticket-based channels. Additionally, end-users reach out to us through various social media platforms to seek information and pose questions about our products and the Company as a whole.



# OUR COMMUNITY

Throughout our history, we have consistently backed and endorsed social and community ventures promoted by Italian and international associations and organizations. In 2022, we were eager to support The Society of friends of Ukraine (TPU) in supporting war victims.

We supported SOS Villaggi dei Bambini, MILOVE Panda, and Merish for Kenia ODV to allow these associations to pursue their goals of bringing relief to people in disadvantaged situations. We promoted an online charity sale, with proceeds have been donated to TOG association, entirely dedicated to financing the care of young patients suffering from neurological pathology.

## SAVE THE DUCK'S ORANGE FRIDAY WITH PANGEA

The 25th of November, the International Day for the Elimination of Violence against Women coincided with the Black Friday sales period in 2022. To mark the occasion, we have decided to launch our Orange Friday and donate 20% of the proceeds from every online order and in-store purchase to support Pangea's Afghanistan Emergency Project, which supports the social and economic empowerment of Afghan women. Active in Kabul since 2003, Pangea is a non-profit foundation working to restore hope and dignity to Afghan women.



**TOG Together To Go**



**Pangea**



**The Society of Friends of Ukraine (TPU)**



**SOS Villaggi dei Bambini**



**Milove Panda Onlus**



**Merisha for Kenia ODV**





# 5. NOTES ON THE METHODOLOGY

Save The Duck S.p.A. has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 in accordance to the GRI Standards.

This report is also drafted taking into account the principles of the “International Framework”, issued in December 2013 by the International Integrated Reporting Council (IIRC).

The qualitative and quantitative information of a social, environmental, and economic-financial nature contained in this Report was collected through direct interviews with the heads of the various corporate functions and by sending special data collection forms, according to an annual reporting process.

Consistent with the reporting standards, the following principles were applied to ensure the quality of content: accuracy, reliability, clarity, comparability, balance, and timeliness.

The report boundaries contain the Group Save The Duck S.p.A. and its subsidiaries: Save The Duck Asia-Pacific Limited, Save The Duck USA Inc., Save The Duck Suisse SA. Save The Duck Trading (Shanghai) Limited is not included in this report since it is only a commercial entity without employees. All data reported refer to all the Companies with the exception of some data expressly indicated in the text. In particular, Save The Duck Suisse SA was established in 2021, therefore no information is available for the year 2020. Due to an extension of the reporting boundary, HR figures from Save The Duck Suisse SA of 2021 were integrated in the report.

The data refers, where possible, to a three years’ time-frame, to ensure comparability and performance evaluation of the Company, restatements are expressly indicated in this report.

The Board of Directors approved this document on: 31/03/2023

The quantitative indicators, which do not refer to any general or topic-specific disclosure of the GRI Standards, reported on the pages indicated in the Content Index, are not subject to a limited examination by EY S.p.A.



# THE REPORTING PROCESS AND CALCULATION METHODOLOGIES

For the calculation of the health and safety indices, accidents that resulted in at least one day of absence are taken into account, excluding commuting accidents.

In particular, the accident frequency index was calculated as follows: Frequency index = number of accidents at work/hours worked\*1,000,000. Concerning GRI 2-21, for this first year of reporting, the Group was unable to retrieve compensation data for all employees, which is necessary for the median calculation. In particular, only data for Italy and China were reported. The Group has taken steps to retrieve the missing information. The Group is committed to improving its reporting methodology and extending the representativeness of the data.

In the figures reported using the total cash compensation (RAL + Monetary Benefits) and by normalizing the amounts of part-time employees with the effective worked hours. For Employees employed after 01/01/2022 no repropotion was made. Concerning the calculation of the employee figure, more detailed data became available than was considered for the calculation made in the past year and reported in the 2021 Sustainability Report. The data that became available during 2022 made it possible to refine the calculation for both the current reporting year (2022) and, consistently, for the previous years (2020 and 2021), in order to give a representation as reliable and consistent as possible; this document therefore reports the most accurate figure for 2021 and 2020 and 2019. For environmental data, where not available, conservative estimation approaches were used, which led to the selection of assumptions associated with the least positive environmental performance for the Company.

The 2022 Greenhouse gas emissions were calculated using the following formula: activity data (e.g. kWh of electricity) multiplied by the respective emission factor. The emission factors and GWPs

used to calculate GHG emissions are as follows:

- > **Scope 1:** the emission factors were taken from DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2022
- > **Scope 2:** the emission factors were taken from Terna, Confronti Internazionali (2019) for the location-based method and AIB - European Residual Mixes (2021) for the market-based method.
- > **Scope 3:** main emission factors were taken from Ecoinvent, v.3.9.1 and DEFRA (Department of Environment, Food & Rural Affairs), Conversion factors - Full set, 2022.

For information and further details on this document, please contact:

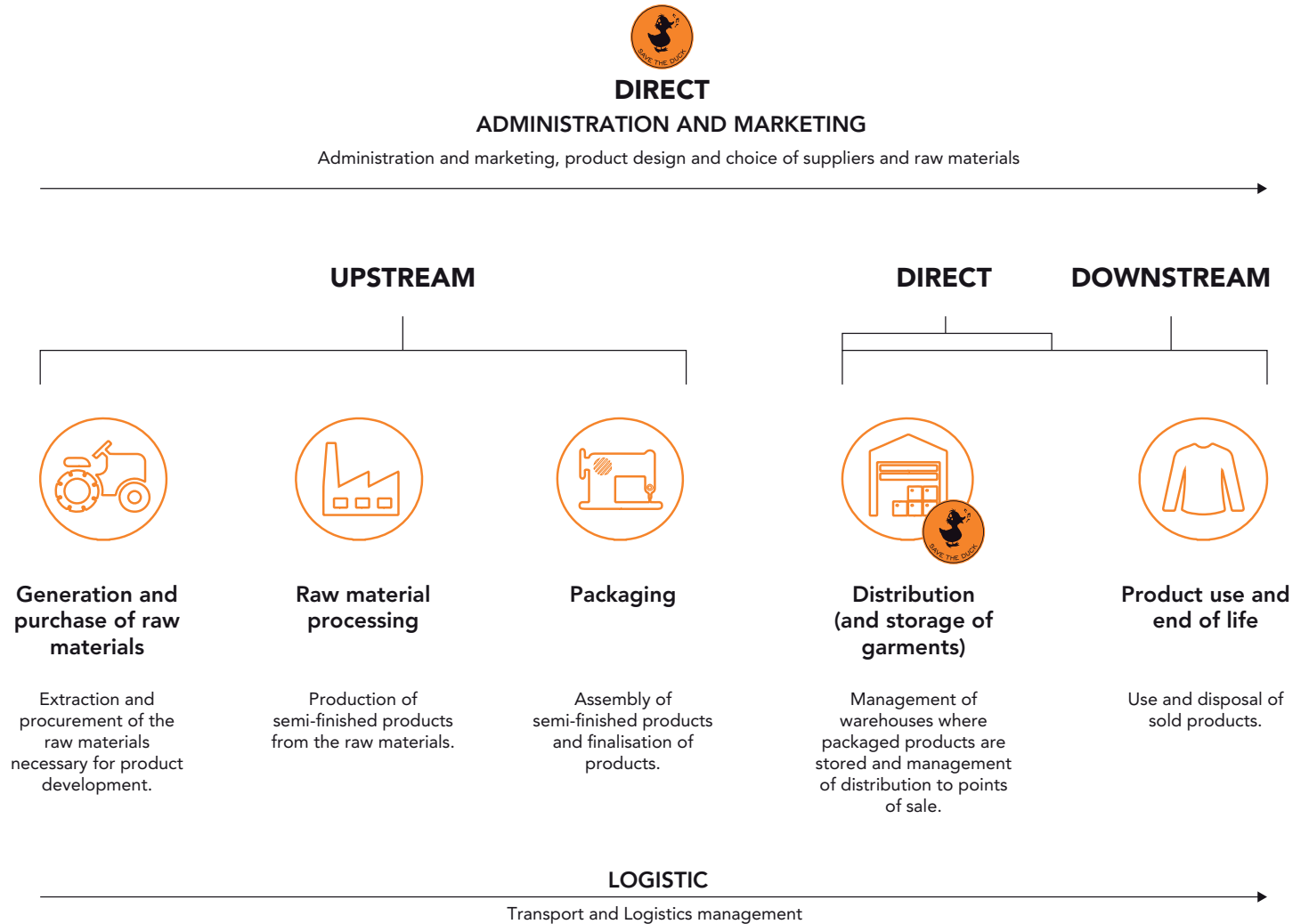
[info@savetheduck.com](mailto:info@savetheduck.com)



# IMPACT MATERIALITY

Materiality is the principle for defining the content of non-financial reporting. The objective is to ensure that the topics included in the Report are consistent with the impacts of the Company and its value chain. The depth and detail of the various topics presented and disclosed in this Report reflect the result of a materiality analysis updated with the requirements of the new GRI Standards 2021; material topics represent Save The Duck's most significant impacts on the economy, the environment, and people, including impacts on human rights.

The list of material issues was identified by assessing the actual and potential impacts, negative and positive<sup>17</sup>, taking into account the entire Save The Duck value chain, thus including not only the Company's operations but also the upstream and downstream activities mapped in the chart below:



<sup>17</sup>Negative impacts are those impacts that cause harm to individuals, the community, the environment and thus hinder sustainable development; positive impacts, on the other hand, contribute to sustainable development












The main impacts were identified by conducting a benchmark analysis, an average analysis, and an analysis of the main sustainability trends, with a focus on the fashion industry. The significance of impacts was then measured by assessing their severity, perimeter (how widespread the impact is along the value chain), irretrievability (how difficult it is to










repair the damage generated by the impact) and likelihood (for potential impacts).

The materiality analysis was shared with the Board of Directors on 15/02/2023.

The list of material issues, not listed in order of priority, is given in the table below with a description of their impacts. For negative impacts, representa-

tion is given of the potential and stages of the value chain where the impact occurs. The size of the icons in the columns concerning the "Value Chain" indicates the significance of the impact on the specific stage of the value chain.

NEGATIVE IMPACTS						
AREA	TOPIC MATERIAL	DESCRIPTION	VALUE CHAIN			POTENTIAL
			UPSTREAM	DIRECT	DOWNSTREAM	
ENVIRONMENT	Water Resources	Save The Duck's production activity has negative impacts in terms of water consumption and pollution. In fact, the processes of cultivation and generation of raw materials consume large amounts of water, as does synthetic raw material. The manufacturing processes, particularly the dyeing phases, also require high water consumption. Finally, washing garments during the use phase could lead to the release of microplastics that pollute marine fauna.				Actual
	Climate Change	All phases of Save The Duck's value chain contribute to Climate Change by generating greenhouse gas emissions. The greatest climate change impacts are in the upstream stages of raw material extraction. Processing, packaging, direct and indirect asset management, as well as the transport of raw materials and finished garments, require, to varying degrees, energy consumption that contributes to the release of greenhouse gas emissions.				Actual
	Biodiversity	The cultivation and extraction of raw materials, as well as manufacturing processes (e.g. dyeing) and end-of-life management of products, have negative impacts on biodiversity, contributing to or directly causing its loss.				Actual
	Waste Management and End of Life	Waste generated during the different stages of a company's value chain, if managed incorrectly, can have negative impacts on ecosystems and human health, which can extend beyond the places where the waste is generated and disposed of. In this regard, responsible end-of-life management is of particular importance.				Actual
PEOPLE	Health and Safety	The fashion industry is inherently connected to various risks of accidents and occupational diseases. In the absence of adequate safety devices, the risk of accidents increases. Occupational illnesses are most frequent in the raw material processing and dyeing of materials.				Potential

IMPATTI NEGATIVI						
AREA	TOPIC MATERIAL	DESCRIPTION	VALUE CHAIN			POTENTIAL
			UPSTREAM	DIRECT	DOWNSTREAM	
PEOPLE	Human rights	The fashion industry is characterised by long and dislocated supply chains over which it is not easy to have full control and supervision with regard to the respect of Human Rights. In the case of global supply chains, the risk is even greater and the likelihood of potential impact increases. The company has expressed its commitment to respect human rights throughout the supply chain in its sustainability plan, including the commitment to conduct audits on 50% of tier-2 suppliers by 2025.				Potential
	Diversity and Inclusion	Failure to respect diversity and discrimination influenced by factors such as gender, sexual orientation, religion, ethnicity, and language, can have a negative impact on human capital. The company addresses this issue through its Diversity and Inclusion Policy.				Potential
	Customer health and safety	In the absence of adequate quality control processes and policies, products in the fashion industry can cause harm to the health and safety of customers Save The Duck publishes regularly updated RSLs (Restricted Substances Lists) to reduce the potential for impact.				Potential
ECONOMCS	Corruption	In the course of its activities, the company may engage in corrupt practices and money laundering, including those perpetrated by its suppliers or subcontractors aimed at illicitly facilitating its operations.				Potential
	Marketing and Labelling	Unclear communication regarding the sustainability characteristics of products negatively impacts customers, who are deprived of the freedom to make informed and informed choices, especially considering the growing customer focus on sustainability. The company oversees the issue through the ethical marketing procedure, which expresses Save The Duck's commitment to transparent communication, without misleading information and in full respect of the end user.				Potential

The following table lists the material issues that reflect the positive impacts Save The Duck has on stakeholders through its activities.

POSITIVE IMPACTS		
AREA	MATERIAL TOPIC	DESCRIPTION
ENVIRONMENT	Animal Welfare Awareness	In Save The Duck's DNA is the creation of 100% animal cruelty-free clothing and accessories that do not impact animal welfare and come from responsible supply chains. Save The Duck's commitment is not limited to its sourcing choices; in fact, the organisation promotes communication and awareness campaigns aimed at the fashion world regarding the use of animal-derived materials in products. In addition, Save The Duck is committed to donating part of its earnings to causes related to the protection of animals and ecosystems.
	Circular economy and eco-design	The use of recycled raw materials and their optimisation and efficiency through the use of eco-design principles is a distinctive element of Save The Duck's collections. The use of eco-design principles allows the company to re-integrate recycled materials into the production cycle, avoiding the consumption of virgin raw materials.
PEOPLE	Employees' well-being	Through welfare measures, a work-life balance, an inclusive and open culture, and work environments designed to positively influence the mental health and well-being of employees, the Company is committed to ensuring the well-being and realisation of employees' potential.

In the correlation table below, material themes are associated with the themes of the GRI standards

AREA	MATERIALITY TOPIC	GRI STANDARD
ENVIRONMENT	Water Resources	308: Environmental assessment of suppliers (2016)
	Climate Change	302: Energy (2016)
		305: Emissions (2016)
	Biodiversity	308: Environmental assessment of suppliers (2016)
	Waste Management and End of Life	308: Environmental assessment of suppliers (2016)
	Circular economy and eco-design	301: Materials (2016)
	Animal Welfare Awareness	non GRI topic
PEOPLE	Diversity and Inclusion	405: Diversity and equal opportunities (2016)
		406: Non discrimination (2016)
	Employees' well-being	401: Employment (2016)
		404: training and education (2016)
	Health and Safety	403: Health and safety at work (2018)
	Human rights	409: Forced or compulsory labour (2016)
414: Social assessment of suppliers (2016)		
ECONOMICS	Corruption	205: Anticorruption (2016)
	Marketing and labelling	417: Marketing and labelling (2016)
	Customer health and safety	416: Customers health and safety (2016)





# 6. GRI CONTENT INDEX

GRI CONTENT INDEX					
<b>STATEMENT OF USE</b>		Save The Duck has reported in accordance with the GRI Standards for the period that goes from 01/01/2022 to 31/12/2022.			
<b>GRI 1 USED</b>		GRI 1: Foundation 2021			
<b>APPLICABLE GRI SECTOR STANDARD(S)</b>		[Titles of the applicable GRI Sector Standards]			
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
<b>GENERAL DISCLOSURE</b>					
GRI 2: General Disclosure 2021	2-1 Organizational details	Nothes on the methodology			
	2-2 Entities included in the organization's sustainability reporting	Nothes on the methodology			
	2-3 Reporting period, frequency and contact point	Nothes on the methodology			
	2-4 Restatements of information	Nothes on the methodology			
	2-5 External assurance	Independent auditors' report			
	2-6 Activities, value chain and other business relationships	About us today			
	2-7 Employees	Our People			
	2-8 Workers who are not employees	Our People			
	2-9 Governance structure and composition	Our organization, governance structure			
	2-10 Nomination and selection of the highest governance body	Our organization, governance structure			

GRI CONTENT INDEX					
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
<b>GENERAL DISCLOSURE</b>					
GRI 2: General Disclosure 2021	2-11 Chair of the highest governance body	Our organization, governance structure			
	2-12 Role of the highest governance body in overseeing the management of impacts	Our organization, governance structure			
	2-13 Delegation of responsibility for managing impacts	Our organization, governance structure			
	2-14 Role of the highest governance body in sustainability reporting	Our organization, governance structure			
	2-15 Conflicts of interest	Our organization, governance structure			
	2-16 Communication of critical concerns	Our organization, governance structure			
	2-17 Collective knowledge of the highest governance body	Our People			
	2-18 Evaluation of the performance of the highest governance body	No formal evaluation procedures of the Board are in place in 2022			
	2-19 Remuneration policies	Our People			
	2-20 Process to determine remuneration	Our People			

GRI CONTENT INDEX					
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
<b>GENERAL DISCLOSURE</b>					
GRI 2: General Disclosure 2021	2-21 Annual total compensation ratio	Our People	2-21 a 2-21 b	Information unavaible/ incomplete	For this first year of reporting, the Group was unable to retrieve compensation data for all employees, which is necessary for the median calculation. In particular, only data for for China and Italy were considered . It is reported that the group has taken steps to retrieve the missing information.
	2-22 Statement on sustainable development strategy	Letter to stakeholder			
	2-23 Policy commitments	Our Business Trasparency			
	2-24 Embedding policy commitments	Our Business Trasparency			
	2-25 Processes to remediate negative impacts	B-impact assessment			
	2-26 Mechanisms for seeking advice and raising concerns	Our Business Trasparency			
	2-27 Compliance with laws and regulations	Our Business Trasparency			
	2-28 Membership associations	About us today Our Community			
	2-29 Approach to stakeholder engagement	Save The Duck Group, Value Creation Model			
	2-30 Collective bargaining agreements	Our people			

GRI CONTENT INDEX					
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
<b>MATERIAL TOPICS</b>					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Impact Materiality			
	3-2 List of material topics	Impact Materiality			
<b>ANIMAL WELFARE AWARENESS</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	We respect animals			
<b>MATERIALS</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Circularity and protection of ecosystems in choosing materials			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Circularity and protection of ecosystems in choosing materials			
	301-2 Recycled input materials used	Circularity and protection of ecosystems in choosing materials			
	301-3 Reclaimed products and their packaging materials	Circularity and protection of ecosystems in choosing materials			
<b>EMISSIONS</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Fighting climate change			

GRI CONTENT INDEX					
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
<b>MATERIAL TOPICS</b>					
<b>EMISSIONS</b>					
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Fighting climate change			
	305-2 Energy indirect (Scope 2) GHG emissions	Fighting climate change			
	305-3 Other indirect (Scope 3) GHG emissions	Fighting climate change			
<b>ENERGY</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Fighting climate change			
GRI 302: Energy (2016)	302-1 Energy consumption within the organization	Fighting climate change			
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Value Chain			
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	Our Value Chain			
<b>TRAINING AND EDUCATION</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Our People			
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Our People			

GRI CONTENT INDEX					
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
<b>MATERIAL TOPICS</b>					
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Our People			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Our People Table of content			
<b>EMPLOYMENT</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Our People			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Our People Table of content			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our People Table of content			
<b>OCCUPATIONAL HEALTH AND SAFETY</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Our People			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Our People			
	403-2 Hazard identification, risk assessment, and incident investigation	Our People			
	403-3 Occupational health services	Our People			

GRI CONTENT INDEX					
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
<b>MATERIAL TOPICS</b>					
<b>OCCUPATIONAL HEALTH AND SAFETY</b>					
GRI 403: Occupational Health and Safety 2018	403-4 Worker participation, consultation, and communication on occupational health and safety	Our People			
	403-5 Worker training on occupational health and safety	Our People			
	403-6 Promotion of worker health	Our People			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Our People			
	403-8 Workers covered by an occupational health and safety management system	Our People			
	403-9 Work-related injuries	Our People Table of content			
<b>NON DISCRIMINATION</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Our People			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Our People			
<b>SUPPLIER SOCIAL ASSESSMENT</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Value Chain			
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	Our Value Chain			



GRI CONTENT INDEX					
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
<b>MATERIAL TOPICS</b>					
<b>FORCED OR COMPULSORY LABOR</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Value Chain			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Our Value Chain			
<b>ANTI-CORRUPTION</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Business Transparency			
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Our Business Transparency			
<b>MARKETING AND LABELING</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Circularity and protection of ecosystems			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Save The Duck provides information about the origin and composition of products as per current regulations. The information concerning the certifications of the materials used can be consulted on the e-commerce page of the Company website			
	417-2 Incidents of non-compliance concerning product and service information and labeling	No incidents in 2022			
	417-3 Incidents of non-compliance concerning marketing communications	No incidents in 2022			

GRI CONTENT INDEX					
GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
<b>MATERIAL TOPICS</b>					
<b>CUSTOMER HEALTH AND SAFETY</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Circularity and protection of ecosystems			
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents in 2022			

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GRI 2-7 EMPLOYEES																			
CONTRACT TYPE	GENDER	GROUP			CHINA			HONG KONG			ITALY			SWITZERLAND			USA		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Permanent	Women	42	59	62	9	11	11	4	5	6	29	39	40	0	2	2	0	2	3
	Men	14	11	18	2	2	2	0	0	1	11	8	11	0	0	0	1	1	4
	Total	56	70	80	11	13	13	4	5	7	40	47	51	0	2	2	1	3	7
Temporary	Women	12	10	10	0	0	0	6	7	7	6	3	2	0	0	1	0	0	0
	Men	3	1	2	0	0	0	3	1	0	0	0	1	0	0	1	0	0	0
	Total	15	11	12	0	0	0	9	8	7	6	3	3	0	0	2	0	0	0
Non-guaranteed hours	Women			3			0			0			0			0			3
	Men			0			0			0			0			0			0
	Total	0	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3
<b>TOTAL</b>		71	81	95	11	13	13	13	13	14	46	50	54	0	2	4	1	3	10

GRI 2-7 EMPLOYEES																			
CONTRACT TYPE	GENDER	GROUP			CHINA			HONG KONG			ITALY			SWITZERLAND			USA		
		2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Full-Time	Women	44	55	60	9	11	11	4	5	6	31	35	38	0	2	2	0	2	3
	Men	14	11	20	2	2	2	0	0	1	11	8	12	0	0	1	1	1	4
	Total	58	66	80	11	13	13	4	5	7	42	43	50	0	2	3	1	3	7
Part-Time	Women	10	14	15	0	0	0	6	7	7	4	7	4	0	0	1	0	0	3
	Men	3	1	0	0	0	0	3	1	0	0	0	0	0	0	0	0	0	0
	Total	13	15	15	0	0	0	9	8	7	4	7	4	0	0	1	0	0	3
<b>TOTAL</b>		71	81	95	11	13	13	13	13	14	46	50	54	0	2	4	1	3	10

GRI 401-1 (A): TOTAL NUMBER AND RATE OF NEW EMPLOYEES HIRED BY GENDER <sup>18</sup>						
401-1	2020		2021		2022	
Hirings	21		30		36	
	30%		37%		38%	
Men	5		4		13	
	7%		5%		14%	
Women	16		26		23	
	23%		32%		24%	

<sup>18</sup>Data from 2020 and 2021 updated due to the extension of the reporting boundary

GRI 401-1 (A): TOTAL NUMBER AND RATE OF NEW EMPLOYEES HIRED BY GENDER: <b>WOMEN</b>																		
AGE	GROUP			CHINA			HONG KONG			ITALY			SWITZERLAND			USA		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
< 30	10	2	7	0	0	0	3	2	1	7	0	3		0	0	0	0	3
30 ≤ x ≤ 50	6	20	12	0	3	0	2	4	4	4	9	7		2	1	0	2	0
>50	0	4	4	0	0	0	0	3	2	0	1	1		0	0	0	0	1
<b>TOTAL</b>	16	26	23	0	3	0	5	9	7	11	10	11		2	1	0	2	4

GRI 401-1 (A): TOTAL NUMBER AND RATE OF NEW EMPLOYEES HIRED BY GENDER: <b>MEN</b>																		
AGE	GROUP			CHINA			HONG KONG			ITALY			SWITZERLAND			USA		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
< 30	2	0	4	0	0	0	1	0	1	1	0	2		0	0	0	0	1
30 ≤ x ≤ 50	2	4	9	0	0	0	2	2	3	0	2	2		0	1	0	0	3
>50	1	0	0	0	0	0	0	0	0	0	0	0		0	0	1	0	0
<b>TOTAL</b>	5	4	13	0	0	0	3	2	4	1	2	4		0	1	1	0	4

### GRI 401-1 (B): TOTAL NUMBER AND RATE OF TERMINATED PERMANENT EMPLOYEES BY GENDER

401-1	2020		2021		2022	
Turnover	5		20		22	
	7%		25%		23%	
Men	0		9		4	
	0%		11%		4%	
Women	5		11		18	
	7%		14%		19%	

### GRI 401-1 (B): TOTAL NUMBER AND RATE OF TERMINATED PERMANENT EMPLOYEES BY GENDER: **WOMEN**

AGE	GROUP			CHINA			HONG KONG			ITALY			SWITZERLAND			USA		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
< 30	1	4	3	0	0	0	1	3	2	0	1	1		0	0	0	0	0
30 ≤ x ≤ 50	2	7	12	0	1	0	0	4	3	2	2	9		0	0	0	0	0
>50	2	0	3	0	0	0	1	0	2	1	0	1		0	0	0	0	0
<b>TOTAL</b>	5	11	18	0	1	0	2	7	7	3	3	11		0	0	0	0	0

### GRI 401-1 (B): TOTAL NUMBER AND RATE OF TERMINATED PERMANENT EMPLOYEES BY GENDER: **MEN**

AGE	GROUP			CHINA			HONG KONG			ITALY			SWITZERLAND			USA		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
< 30	0	1	2	0	0	0	0	1	1	0	0	0		0	0	0	0	1
30 ≤ x ≤ 50	0	8	2	0	0	0	0	3	2	0	5	0		0	0	0	0	0
>50	0	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0
<b>TOTAL</b>	0	9	4	0	0	0	0	4	3	0	5	0		0	0	0	0	1

**GRI 403-9: OCCUPATIONAL ACCIDENTS AND INJURY RATES<sup>19</sup>**

	UNIT OF MEASUREMENT	2020	2021	2022
Total hours worked by employees (includes regular time and overtime)	H	95.540,00	124.350,00	131.208,00
Total number of recordable work-related injuries (<6 months of absence), excluding fatalities	n.	0	-	2
Total number of high-consequence injuries LTI (>6 months of absence), excluding fatalities	n.	-	-	-
Total number of fatalities	n.	-	-	-
Rate of fatalities as a result of work-related injury	n/h	-	-	-
Rate of high-consequence work-related injuries (excluding fatalities)	n/h	-	-	-
Rate of recordable work-related injuries	n/h	0	-	15,24

<sup>19</sup>No injuries of workers who are not employees in the reporting period. Due to an extension of the reporting boundary data of 2020 – 2021 were restated.

ANNUAL TRAINING HOURS BY EMPLOYEE CATEGORY	UNIT OF MEASUREMENT	2020	2021	2022
Executives and managers	h	2	156	154
White Collars	h	20	848	660
Blue Collars	h	n.a.	n.a.	n.a.
<b>TOTAL</b>	h	22	1.003	814

ANNUAL TRAINING HOURS BY EMPLOYEE GENDER	UNIT OF MEASUREMENT	2020	2021	2022
Women	h	2	949	742
Men	h	4	38	72
<b>TOTAL</b>	h	6	987	814

GRI 405-1 DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES									
EMPLOYEES	2020			2021			2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Executives									
< 30	0	0	0	0	0	0	0	0	0
30 ≤ x ≤ 50	2	1	3	2	1	3	2	1	3
>50	2	0	2	2	0	2	2	0	2
Managers									
< 30	0	0	0	0	0	0	0	0	0
30 ≤ x ≤ 50	3	6	9	2	12	14	3	13	16
>50	0	0	0	0	1	1	0	2	2
White Collars									
< 30	2	14	16	0	11	11	3	15	18
30 ≤ x ≤ 50	7	32	39	5	40	45	7	37	44
>50	1	1	2	1	4	5	3	7	10
<b>TOTAL</b>	<b>17</b>	<b>54</b>	<b>71</b>	<b>12</b>	<b>69</b>	<b>81</b>	<b>20</b>	<b>75</b>	<b>95</b>

BOARD	2020			2021			2022		
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Directors									
< 30	0	0	0	0	0	0	0	0	0
30 ≤ x ≤ 50	3	1	4	3	1	4	0	0	0
>50	3	0	3	3	0	3	4	1	5

# REPORT OF THE AUDITING COMPANY



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Building a better  
working world

Independent auditors' report on data and information included in the Integrated Report 2022 and referenced in the "GRI content index"

*(Translation from the original Italian text)*

To the Board of Directors of  
Save The Duck S.p.A.

We have been appointed to perform a limited assurance engagement on the data and information included in the Integrated Report 2022 referenced in the "GRI content index" of Save The Duck S.p.A. (hereinafter "the Company") and its subsidiaries (hereinafter also "Save The Duck Group" or "the Group") for the year ended on December 31, 2022 (hereinafter also "GRI Disclosure of the Integrated Report").

#### Responsibilities of the Directors for the GRI Disclosure of the Integrated Report

The Directors of Save The Duck S.p.A. are responsible for the preparation of the GRI Disclosure of the Integrated Report in accordance with the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative ("GRI Standards"), as described in the paragraph Methodological Notes of the Integrated Report 2022.

The Directors are also responsible for that part of internal control that they consider necessary in order to allow the preparation of a GRI Disclosure of the Integrated Report that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for defining the commitments of Save The Duck S.p.A. regarding the sustainability performance as well as for the identification of the stakeholders and of the significant matters to report.

#### Auditors' independence and quality control

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

#### Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the GRI Disclosure of the Integrated Report with the requirements of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and execution of procedures in order to obtain a limited assurance that the GRI Disclosure of the Integrated Report is free from material misstatements.

EY S.p.A.  
Sede Legale: Via Meravigli, 12 - 20123 Milano  
Sede Secondaria: Via Lombardis, 31 - 00187 Roma  
Capitale Sociale Euro 2.500.000,00 i.v.  
Inscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi  
Codice Fiscale e numero di iscrizione CCIAA/020584 - numero R.E.A. di Milano 008158 - P.IVA 02891231003  
Inscritta al Registro Revisori Legali al n. 70945 Pubblicata sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1993  
Inscritta all'Albo Speciale delle società di revisione  
Consiglio di gestione n. 2 delibera n. 10831 del 18/7/1997

A member firm of Ernst & Young Global Limited





Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the GRI Disclosure of the Integrated Report were based on our professional judgment and included inquiries, primarily with the Company's personnel responsible for the preparation of the information included in the GRI Disclosure of the Integrated Report, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

1. analysis of the process relating to the definition of material aspects included in the GRI Disclosure of the Integrated Report, with reference to the methods of analysis and understanding of the reference context, the identification, assessment and prioritization of actual and potential impacts and the internal validation of the process outcome;
2. comparison of economic and financial data and information included in the GRI Disclosure of the Integrated Report with those included in the Group's consolidated financial statement;
3. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the GRI Disclosure of the Integrated Report.

In particular, we have conducted interviews and discussions with the management of Save The Duck S.p.A. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the department responsible for the preparation of the GRI Disclosure of the Integrated Report.

Furthermore, for significant information, considering the Group's activities and characteristics:

- a) with reference to the qualitative information included in the GRI Disclosure of the Integrated Report, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
- b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
  - For Save The Duck S.p.A., that we have selected based on its activity, relevance to the consolidated performance indicators and location, we have carried out site visits and remote interview during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

## Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the GRI Disclosure of the Integrated Report of Save The Duck Group for the year ended on December 31, 2022 has not been prepared, in all material aspects, in accordance with the requirements of the GRI Standards, as described in the paragraph Methodological notes of the Integrated Report 2022.

## Other information

The comparative information presented in the GRI Disclosure of the Integrated Report of Save The Duck S.p.A. for the year ended on 31<sup>st</sup> December 2021 and on 31<sup>st</sup> December 2020 have not been examined.

Milan, April 28, 2023

EY S.p.A.  
Signed by: Cristina Pigni, Partner

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

# DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31/12/22

**SAVE THE DUCK S.p.A.**

Company subject to management and coordination by LHOTSE SPA  
Registered office in VIA ARCIVESCOVO CALABIANA 6 - 20139 MILAN (MI) Share capital Euro 1,000,000.00 fully paid-up

Dear Shareholders, these consolidated financial statements submitted for your examination and approval show a positive result for the year of 12,755 euros, a result that takes into account the significant amortization of the Save The Duck brand and Goodwill recorded in the parent company Save The Duck S.p.A. and described in the following sections of this report.

## OPERATING CONDITIONS AND BUSINESS DEVELOPMENT

The Group, founded in 2012 with the start of operations of the parent company Save The Duck S.p.A. (under the name of Forest S.r.l.) on the initiative of entrepreneur Nicolas Bargi, is mainly active in the creation and marketing of animal-friendly outerwear and accessories under the 'Save The Duck' brand. The company also owns the 'Ganesh' brand, with which it creates total look collections for men and women.

The head office of the parent company Save The Duck S.p.A. is in Milan, where the company has set up its management, sales and style offices, as well as its show room, in the premises that once housed a historic printing house.

Over the years, the Group's organisational strengthening has been pursued, in order to (i) better manage the significant international growth trend of the Save The Duck brand, also with the establishment of direct presence in markets considered strategic and (ii) the development of sales from an omni-channel perspective, through the launch of sales channels complementary to wholesale, such as online and retail.

During 2019, Save The Duck assumed the status of a benefit company.

The Group has grown with the establishment of Save The Duck Asia-Pacific Limited, a trading company set up in the second part of 2018 with the role of distributor of the Group's products in China. The company is also in charge of supporting the parent company Save The Duck S.p.A. in managing and monitoring commercial development in Asian countries where Save The Duck S.p.A. will have a direct presence through its own subsidiaries or through direct distribution contracts with local operators (it is currently present with this formula in Japan, South Korea and Taiwan). The company began operations during 2019, launching commercial activities both at wholesale level, with Chinese operators, and at retail level, culminating with the opening of a point of sale in Hong Kong carried out in August 2019 (at an important newly built centre dedicated to commercial and cultural activities, called K11 Musea).

Starting from 2020, Save The Duck Asia Pacific Limited, in addition to developing the wholesale channel with the definition of the distribution agreements in Taiwan and Greater China mentioned above, also dealt with the consolidation of the retail business in Hong Kong where - in addition to managing the mono-brand shop at K-11 MUSEA - it creates temporary stores inside primary malls in Hong Kong. Save The Duck Trading (Shanghai) Limited, a trading company with the role of distributor of the Group's products in China, was established in the latter part of 2020; the company began to be pre-operational in the latter part of 2020 and during the second part of that year, commercial initiatives have implemented in China under the control and organisation of Save The Duck Asia Pacific.

In June 2020, SAVE THE DUCK USA Inc. was incorporated, with registered office in New York. This company has the role of distributor of Save The Duck products in the USA and Mexico with reference to the wholesale channel and operates directly both on the online channel (already operational) and through mono-brand shops (planned for the next few years). The company started operating during

the second half of 2020 with the collection of orders for the Spring/Summer 2021 season.

In July 2021, Save The Duck Suisse SA based in St. Moritz, Switzerland, was established as a vehicle for the management of the single-brand shop opening in St. Moritz, which is one of the Europe's most famous winter resort and a prime shopping location.

In the financial year 2022, the group - thanks to the increasing brand awareness of the 'Save The Duck' brand, the quality of the relationship with its wholesale customers, and the value and dedication of its organisational structure - reached revenues increase by 27.7% (Euro 60,015 thousand compared to Euro 46,998 thousand in the previous year). Gross operating margin (EBITDA) increased to Euro 8,321 thousand compared to Euro 7.500 thousand in the previous year, due to (i) the strengthening of the organisational structure to support the growth expected in the future, both in line functions (particularly the on-line channel) and staff functions (Marketing), (ii) growth in investments, particularly in marketing to support the global development of the Save The Duck brand, and (iii) continuing its investment programme both in support of the wholesale channel and with reference to increasing its presence in direct channels (retail and on-line).

In particular, with reference to the wholesale channel:

> The collaboration to support the retailer/customer activities with the realisation, during the second half of the financial year (and therefore during the sale to end consumers of the Fall-Winter collection), of pop-ups at primary foreign department stores in various countries - starting with Germany - that represent important reference markets at a European level for the Save The Duck brand;

> thanks to the activities promoted by the subsidiary Save The Duck Asia Pacific Limited, further retail initiatives were carried out in Greater China, with the opening of temporary stores in the second half of the year; these initiatives are in addition to the relationships already consolidated with primary distributors in Japan and South Korea, as a result of which parts of the collection will also be produced specifically for these markets

The consolidation of the retail channel also continued, with the opening in July of the flagship store in St. Moritz - Switzerland - which is Europe's most famous winter resort and a primary spa resort and ideal place for shopping, with the establishment of Save The Duck Suisse SA, a vehicle to manage the aforementioned single-brand shop. The new shop represents the fifth Save The Duck direct mono-brand shop after those in Milan, in the Brera area, opened in 2018 and via Dante, opened in 2020, as well as those in Venice - in the San Marco area - and Hong Kong - inside the K-11 MUSEA mall - both opened in 2019.

Also during 2022, the subsidiary Save The Duck Asia Pacific Limited, in addition to the retail channel development activity with the definition of distribution agreements in Greater China, through the direct subsidiary Save The Duck Trading (Shanghai) Limited mentioned before, also dealt with the consolidation of the retail activity in Hong Kong where - in addition to managing the single-brand shop at K-11 MUSEA - it created two temporary stores inside primary malls in Hong Kong.

With the sales of the Spring/Summer 2021 season, the subsidiary company SAVE THE DUCK USA Inc. based in New York began to be fully operational. This company has the role of distributor of Save The Duck products in the USA and Mexico with reference to the wholesale channel and operates directly both on the online channel; in the next few years, the launch of direct retail activities with the opening of mono-brand shops is planned.

During the year for this subsidiary, the following took place:

> launch the direct retail business with the opening of the New York flagship shop, Broadway Street, in September 2022; and

> the completion of the implementation of information systems for the management of business activities in the United States and Mexico.

Please refer to the section entitled Business Outlook for further information.

## SCENARIO MACROECONOMICO

The global economy continues to suffer from high inflation, the high uncertainty related to the war in Ukraine and the restrictive stance of monetary policies. In the fourth quarter, the available economic indicators and national statistics signalled a worsening of the picture, most markedly in the western Countries and China. International trade also reportedly slowed at the end of the year. The slowdown in global demand helped to keep oil prices steady. In Europe, natural gas prices fell sharply - thanks to mild temperatures, falling industrial demand and large stockpiles - while remaining at historically high levels. Strong risks related to the evolving geopolitical environment remain. Inflation, despite some signs of decline, remained high and the central banks of the main advanced countries continued their monetary tightening action. International institutions foreshadow a weakening of world growth for the current year.

Projections for the Italian economy envisage a baseline scenario in which GDP, after growing by almost 4 per cent in 2022, would slow in the following three years, expanding by 0.6 per cent this year and 1.2 per cent in both 2024 and 2025. Inflation, which rose to almost 9 per cent on average in 2022, would fall to 6.5 per cent this year and more sharply thereafter, to 2 per cent in 2025. These projections, 17 Firstly, a solidarity contribution is established for energy producers and resellers, which is applied on the income determined for IRES purposes (unlike the similar measure introduced by DL 21/2022 for last year, which referred to the balance between active and passive transactions for VAT purposes). The expected revenue from this measure is EUR 2.6 billion in 2023. Secondly, the manoeuvre envisages for the period from 1 December 2022 to 30 June 2023 a cap on the price of energy produced by plants fuelled by coal, fuel oil and renewable sources other than those already subject to the 'two-way' compensation mechanism provided for by Decree-Law 4/2022. According to official assessments, this measure would lead to higher revenues of 1.4 billion. 18 For more details, see Bank of Italy website: Macroeconomic projections for the Italian economy (Eurosystem coordinated exercise), 16 December 2022. European Commission comments on public finance programmes Italy has received the second instalment of the Recovery and Resilience Facility funds and has requested the third. (Source: Bank of Italy - Economic Bulletin)

### MACROECONOMIC APPAREL SCENARIO

According to the annual survey The State of Fashion 2022, published by The Business of Fashion (BoF) and McKinsey & Company, the war in Ukraine, the energy crisis, rising inflation and pressure on supply chains are the main issues for the fashion industry. But there is room for growth, especially in the Middle East and North America, thanks to the luxury sector, which will support the industry with significant growth.

Critical issues in the current scenario could cause the industry to slow down in the coming year. A setback after the fashion industry experienced months of strong recovery following the pandemic in 2021, with global revenues up 21% year-on-year and the positive trend maintained in the first half of 2022, which saw a 13% increase. The challenges that emerged during the year, with the outbreak of the conflict in Ukraine and the energy crisis that affected the whole of Europe, slowed down this progress and saw companies in the sector grapple with an increasingly fragile economic scenario.

Inflationary pressure will not stop and the energy crisis will continue to negatively affect the market. A situation that will lead to a slowdown in world GDP in 2023, which is expected to grow by 2.5% overall, with the threat of recession affecting the major economies. In such a complex context, there is an important aspect concerning sales in the luxury world. The forecast is that they will grow between

5% and 10% globally in 2023, compared to an estimated -2% to +3% for the fashion sector as a whole.

The Chinese economy is predicted to slow down in 2023, with GDP growth of only 3.2% compared to 8.1% in 2021, leading many companies to shift their focus elsewhere, at least in the short term. In parallel, the resale and outlet market will have to be well monitored. The Middle East is the market with equal or more promising growth prospects for 2023 than the previous year. Among the opportunities are also North America, India and South Korea.

While China may be slowing down, partly due to the restrictions still in place to contain the spread of the pandemic, Japan and South Korea continue to fuel growth in the Asia Pacific. In the Middle East, above all, the luxury market in the Gulf Cooperation Council countries could grow to USD 11 billion in 2023, with 60 per cent of purchases made within national borders. In addition, retail sales in the US could reach record levels not seen in the last 20 years.

Among the trends that will emerge in the coming year is the blurring of boundaries between menswear and womenswear: a trend for brands to seize. Formal wear for special occasions is also expected to prove to be the most resilient category, as consumers are reviewing their attire for the office and special events.

Also under the lens is so-called greenwashing, which needs to be combated: the lack of industry standards for assessing sustainability performance is seen as the biggest obstacle to improving the way consumers perceive their efforts to reduce environmental damage. Nearshoring is being considered to create new dedicated hubs to cater for domestic markets; digitisation will be the most important skill to enable suppliers to grow next year.

In addition, the shortage of talent will also have to be addressed as a factor that will have the greatest impact on business in 2023. It is therefore important to focus on education and training, which generate a return on investment of two and a half to three times that of recruiting, confirming the importance of investing in training the existing workforce.

Increasingly in vogue is social shopping - which will be one of the top three topics to impact business in 2023. The 'new' digital channels, primarily the metaverse, will be increasingly crucial in reaching young people.

## OPERATING PERFORMANCE

### OPERATING PERFORMANCE IN THE SECTORS IN WHICH THE GROUP OPERATES

In 2022, the Save The Duck Group realised revenues (net of income from sample management) of Euro 60,015 thousand, compared to Euro 46,998 thousand in the previous year, an increase of 27.7%.

The turnover split by geographical area is shown below (in Euro 000's):

SALES BY GEGRAPHICAL AREA						
	FISCAL YEAR 2022		FISCAL YEAR 2021		FISCAL YEAR 2020	
Italy	23.959	39,9%	18.413	39,2%	20.903	59,6%
UE	19.534	32,5%	15.590	33,2%	10.323	29,4%
Extra UE	16.522	27,5%	12.995	27,7%	3.813	10,9%
<b>TOTAL</b>	<b>60.015</b>	<b>100,0%</b>	<b>46.998</b>	<b>100,0%</b>	<b>35.057</b>	<b>100,0%</b>

Revenues generated in Italy, amounting to Euro 23,959 thousand, represented 39.9% of total revenues (39.2% in 2021), while revenues generated abroad, amounting to Euro 36,056 thousand, represented approximately 60.1% of total net revenues (60.8% as of 31 December 2021).

With regard to the breakdown of revenues by channel, wholesale with 90.8% (91.1% in 2021) remains the primary distribution channel for the Group's products, with the direct channel growing, also thanks to the investments made with a view to omnichannel distribution, including with the opening of new direct shops. In fact, in 2022, retail stood at 3.2% of revenues (2.6% in 2021) and online at 5.9% of revenues (6.2% in 2021). With reference to the online channel, should we add to the turnover realised from direct sales through its e-commerce platforms (in Italy and the USA) the wholesale turnover realised towards platforms managed by operators specialised in e-commerce (such as Zalando), the overall incidence on revenues of products sold through the online channel would be 15.2%. The following table shows the results achieved in the last three financial years in terms of Net Revenues, Gross Margin, Gross Operating Margin (EBITDA), Profit Before Tax and Net Profit.

	FISCAL YEAR 2022		FISCAL YEAR 2021		FISCAL YEAR 2020	
Net Sales	60.015	100,0%	46.998	100,0%	35.057	100,0%
Gross Margin	32.266	53,8%	25.211	53,6%	17.204	49,1%
EBITDA	8.321	13,9%	7.500	16,0%	4.964	14,2%
Profit Before Taxes	1.122	1,9%	38	0,1%	(1.546)	-4,4%
Net Result	13	0,0%	(518)	-1,1%	-1.625	-4,6%

EBITDA achieved in 2022 improved compared to 2021: the improvement in profitability is directly attributable to the increase in turnover in both the wholesale channel, particularly abroad, and the retail channel as reported above, which generated a better absorption of fixed structural costs (also increasing in absolute terms), although in a situation of strong pressure on purchasing costs due to the increase in raw material costs and the generalised and significant increases in transport costs.

The consolidated result for the year ended 31 December 2022 was Euro 13 thousand, after the accounting of depreciation and amortization for Euro 5,537 thousand and current taxes for the year of Euro 2,256 thousand.

With regard to the result for the year, it is important to emphasise the decisive impact on its quantification of the amortisation and depreciation attributable to the capitalisations made following the 2018 transaction that led to the change of control in the shareholding structure described in the first section of this Report. Such amortisation and depreciation, not attributable to the ordinary activity of the Company, in fact amounted to Euro 4,562 thousand compared to the total of Euro 5,537 thousand indicated above.

As far as the Group's detailed results are concerned, we report the main income statement and balance sheet figures.

### KEY ECONOMIC DATA

The reclassified consolidated profit and loss account compared with that of the previous year is as follows (in Euro 000's):

INCOME STATEMENT						
	FISCAL YEAR 2022		FISCAL YEAR 2021		FISCAL YEAR 2020	
Net Sales	60.015	100,0%	46.998	100,0%	35.057	100,0%
Cost of Sales	(27.749)	-46,2%	(21.787)	-46,4%	(17.853)	-50,9%
Gross Margin	32.266	53,8%	25.211	53,6%	17.204	49,1%
Selling Costs	(9.637)	-16,1%	(6.872)	-14,6%	(4.554)	-13,0%
Advertising & Promotion	(4.012)	-6,7%	(2.506)	-5,3%	(1.860)	-5,3%
Labour Costs	(5.533)	-9,2%	(4.380)	-9,3%	(3.220)	-9,2%
General & Administrative Costs	(4.763)	-7,9%	(3.953)	-8,4%	(2.606)	-7,4%
EBITDA	8.321	13,9%	7.500	16,0%	4.964	14,2%
Depreciation & Amortization	(5.537)	-9,2%	(5.331)	-11,3%	(5.117)	-14,6%
EBIT	2.784	4,6%	2.169	4,8%	(153)	-0,4%
Financial Expenses & Income	(1.229)	-2,0%	(1.006)	-2,1%	(1.334)	-3,8%
Other Expenses & Income	(432)	-0,7%	(1.125)	-2,4%	(59)	-0,2%
EBT	1.122	1,9%	38	0,1%	(1.546)	-4,4%
Taxes	(1.109)	-1,8%	(556)	-1,2%	(79)	-0,2%
Net Result	13	0,0%	(518)	-1,1%	(1.625)	-4,6%

The increase in business volume was accompanied by a growth in Gross Margin (up 0.2 percentage points as a percentage of Net Revenues), resulting in a better absorption of higher fixed costs compared to the previous year as a result of the organisational strengthening policies described in the first section of this Report.

To better describe the company's profitability situation, the table below shows some profitability ratios compared with the same ratios for the financial statements of previous years.

	FISCAL YEAR 2022	FISCAL YEAR 2021	FISCAL YEAR 2020
ROE net	0,00	(0,11)	(0,33)
ROE gross	1,72	1,53	1,02
ROI	0,04	0,03	(0,00)
ROS	0,14	0,16	0,14

In the financial year 2022, Gross Margin was Euro 32,266 thousand, with a margin of 53.8%, compared to 53.6% in 2021. The 0.2 p.p. growth in Gross Margin is attributable to higher realised sales volu-

mes as well as the different sales mix (Retail and On-Line growth). Selling expenses amounted to 9,637 thousand euros, or 16.1% of Net Sales, compared to 14.6% in 2021. Higher costs were incurred for commissions in particular for the wholesale sales realised by the affiliate in the USA, as well as higher transport costs, due to the increase in costs as a result of the quota on available means of transport and the reduction in transport (worldwide) and for logistics services. Advertising & Promotional expenses amounted to 4,012 thousand euros, with an incidence on revenues of 6.7%, a significant increase compared to the previous year. Investments for the year, in line with the Group's strategic objectives, were focused on the communication of the 'Save The Duck' brand, also in support of direct initiatives at wholesale customers' points of sale and in e-commerce.

The growth in personnel costs, both in absolute terms and as a percentage of Net Sales, reflects the increase in the number of staff in the Group's structure, also as a result of the shop openings in the last two years and the strengthening of the internal organisation. General and Administrative expenses amounted to 7.9% of revenues, decreasing by 0.5 percentage points (as a percentage of Net Sales) from 2021; in absolute terms, there was a growth, reflecting increased investments and commitments to improve business processes and the changed corporate structure.

EBITDA amounted to Euro 8,321 thousand, with an EBITDA margin of 13.9% (16% in 2021). This result is mainly related to what is detailed above in terms of both Gross Margin and the growth of other cost components, as mentioned above.

Depreciation and amortisation amounted to Euro 5,537 thousand, an increase compared to the previous year (depreciation and amortisation in 2021 amounted to Euro 5,331 thousand), an increase that reflects the economic effect of investments made for shop openings and new information systems implemented by the parent company Save The Duck S.p.A..

In the financial year 2022, financial management amounted to Euro 1,229 thousand. The item reflects the predominant accounting of interest and financial fees mainly related to the acquisition financing related to the LBO transaction through which the change of corporate structure in 2018 was realised and financial discounts on payments from customers.

The item Sundry Charges and Income, negative and amounting to Euro 432 thousand, mainly includes the recognition of non-recurring transport and logistics service charges (totalling Euro 430 thousand) in the Group's US subsidiary.

### KEY BALANCE SHEET DATA

The reclassified balance sheet of the Group compared to the previous year is as follows (in Euro 000's):

BALANCE SHEET		
	BALANCE AT 31/12/2022	BALANCE AT 31/12/2021
Intangible Fixed Assets	59.191	63.490
Tangible Fixed Assets	665	497
Investments	-	-
<b>Total Fixed Assets</b>	<b>59.855</b>	<b>63.987</b>
Trade Receivables	17.584	13.914
Inventory	13.152	6.120
Trade Payables	(9.704)	(7.767)
<b>Operating Working Capital</b>	<b>21.032</b>	<b>12.267</b>
Other Current Assets	4.114	3.844
Other Current Liabilities	(1.771)	(1.148)
<b>Net Working Capital</b>	<b>23.375</b>	<b>14.963</b>
Funds & Provisions	(13.013)	(13.448)
Employees' Leaving Indemnities	(760)	(613)
<b>Net Invested Capital</b>	<b>69.457</b>	<b>14.963</b>
Paid-in Capital	1.000	1.000
Reserves	47.387	48.544
Profit (Loss) of the period	13	(518)
<b>Equity</b>	<b>48.400</b>	<b>49.026</b>
Medium/Long-term NFP	13.943	19.399
Short-term NFP (Cash)	7.114	(3.536)
<b>Net Financial Position</b>	<b>21.057</b>	<b>15.863</b>
<b>Total Sources</b>	<b>69.457</b>	<b>64.889</b>

Fixed assets as of 31 December 2022 amounted to Euro 59,855 thousand, a decrease of Euro 4,132 thousand compared to 31 December 2021. The changes in the main items are: (i) the decrease (of Euro 4,299 thousand) in intangible fixed assets, mainly due to the amortisation for the period of the brand and goodwill items (for a total of Euro 4,562 thousand) in the parent company Save The Duck S.p.A, net of capitalisations for the period for licences and charges relating to new information systems and goodwill and charges for the opening of new shops in Bologna (in the parent company Save The Duck S.p.A.) and New York (in SAVE THE DUCK USA Inc.); (ii) the increase in tangible fixed assets mainly relating to investments connected to the opening of the aforementioned new shop and to the strengthening and modernisation of the company's IT structures (achieved with the purchase of new company PCs, also in relation to smart working activities for the employees of the headquarters). The growth in Working Capital, which increased from a total of Euro 14,963 thousand as of 31 December 2021 to Euro 23,375 thousand as of 31 December 2022, is almost entirely related to the growth in Non-Operating Working Capital, particularly in the component represented by short-term assets in the parent company Save The Duck S.p.A..

At the Operating Working Capital (OCO) level, there was an increase in the value of trade receivables due to both the growth in net sales and, with reference to the latter part of the financial year, the increase in revenues related to the advance sales of the Spring/Summer 2023 (PE23) season usually delivered to customers in December of each year, in 2022 higher than what was realised in 2021, when the pandemic situation was still severe. Furthermore, the growth in inventory values is a function of (i) growth in sales of the SS23 season to be realised in the first quarter of 2023 (order intake of the SS23 season was more than 15% higher than the SS22 season); and (ii) an increase in direct sales channels (Retail and On-line), but a higher proportion of inventories serving those channels. Lastly, the dynamics of trade payables is attributable to the timing of delivery and payment of supplies for the SS23 collection.

The decrease in the Provisions for Risks and Charges is mainly related to the partial release, for the portion pertaining to the year, of the value of the deferred taxation on the value of the brand name (amounting to an original Euro 14,410 thousand), recognised in 2018 in the parent company Save The Duck S.p.A..

The table below shows some balance sheet ratios relating to both (i) the financing methods of medium/long-term loans and (ii) the composition of financing sources, compared with the same ratios relating to the financial statements of previous years, which highlight the Company's significant equity solidity.

BALANCE SHEET		
	BALANCE AT 31/12/2022	BALANCE AT 31/12/2021
Primary margin	(11.455)	(14.961)
Primary ratio	0,81	0,77
Secondary margin	16.261	18.499
Secondary ratio	1,27	1,29

## KEY FINANCIAL DATA

The consolidated net financial position as at 31 December 2020 was as follows (in Euro 000's):

FINANCIAL POSITION			
	BALANCE AT 31/12/2022	BALANCE AT 31/12/2021	DIFFERENCE 21 - 22
Bank Account	2.164	7.056	(4.892)
Cash on hand	1.271	756	515
Cash and cash equivalents	3.435	7.812	(4.377)
Bank Overdrafts	4.210	385	3.825
Aquisition financing Loans	6.339	3.891	2.448
Short term Financial Debts	10.549	4.276	6.273
Short term Net Financial Position	7.114	(3.536)	10.650
Aquisition financing Loans	10.704	15.619	(4.915)
Other Loans	3.239	3.780	(541)
Medium/Long term Financial Debts	13.943	19.399	(5.456)
Medium/Long term Net Financial Positions	13.943	19.399	(5.456)
Net Financial Positions	21.057	15.863	5.194

Overall, the net financial position (NFP) increased by Euro 5,194 thousand as a result of higher cash absorption from the overall increase in working capital.

The decrease in medium-/long-term payables reflects, at the parent company Save The Duck S.p.A., the repayment, according to the foreseen amortisation schedules, of the financing in place (acquisition financing, Banca Intesa financing and Simest financing), net of the disbursement of the additional tranche (for a total of €942 thousand) of the Simes financing to support development in Hong Kong and China.

## INFORMATION ON THE ACTIVITIES CARRIED OUT BY THE SUPERVISORY BOARD LEGISLATIVE DECREE 231/01

Within the framework of the organisation, management and control model ('Organisational Model') adopted by the parent company Save The Duck S.p.A. pursuant to Legislative Decree No. 231 of 8 June 2001 ('231'), the Supervisory Board ('SB') carried out the following activities during the course of its activity for the year 2022:

- > the monitoring and alignment of related Legislative Decree 231/01 compliance tools and in-depth analysis of issues of (possible) 231 impact;
- > training and information activities for employees in various company functions;
- > meetings with senior management and the Board of Auditors;
- > the implementation of information flows to the Supervisory Board.

During the reporting period, no offences relevant for the purposes of Legislative Decree 231/01 were reported to the Supervisory Board or, more generally, any violations of the Organisational Model.

## INVESTMENTS

During the year, investments were made at the parent company Save The Duck S.p.A. with reference to further work on the organisation of head office and office space, in particular for the updating and adoption of new and more performing electronic machines (PCs) for head office employees, as well as the fitting out of the new sales outlet in Bologna. Further investments were also made to implement new information systems, particularly for Corporate business (Omni-channel tools) and for E-commerce, functional to the growth of the Company's operations.

Further investments include the setting up of the 'Save The Duck' flagship shop in New York at SAVE THE DUCK USA.

## RESEARCH AND DEVELOPMENT ACTIVITIES

The Group's research and development activities are mainly carried

out by the parent company Save The Duck S.p.A. and are aimed at devising new models and prototypes, making general use of the skills of in-house personnel, and sometimes also of external consultants for specific studies on style and new market trends.

The conception of new collections is generally preceded by intensive market research for the merchandise developed, focusing on the mix of elements that characterise the DNA of 'Save The Duck', i.e. the materials that should characterise the collection and the quality/price ratio of the final products

Save The Duck S.p.A. also carried out stylistic research and development activities during the financial year 2022 and directed its efforts in particular on projects that were considered particularly innovative and required a financial commitment both for the internal personnel involved and for the collaborations, consultancies and materials used for testing and experimentation.

Activities during the year included capsules with designer Satoshi Yamane for the Pro-Teck line, as well as the collaboration with The Animal Observatory that will be available to customers with the 2023 collections.

It is hoped that the positive outcome of these innovations will generate good results in terms of turnover with a favourable impact on the company's economy.

## DISCLOSURE OF RISKS AND UNCERTAINTIES PURSUANT TO ARTICLE 2428(2)(6-BIS) OF THE CIVIL CODE

Pursuant to Article 2428, paragraph 2, point 6-bis of the Italian Civil Code, below we provide information on the use of financial instruments, as they are relevant to the assessment of the financial position. More specifically, the management's objectives, policies and criteria used to measure, monitor and control financial risks are as follows:

### FINANCIAL INSTRUMENTS

The Group did not make use of financial instruments during the year, with the exception of forward currency purchase and sale transactions for the sole purpose of hedging exchange rate risk and interest rate risk hedging transactions against loans obtained.

Next, a series of quantitative information is provided to give an indication of the size of the company's exposure to risks.

### CREDIT RISK

For Group companies, the exposure to credit risk is mainly related to the commercial activity of selling finished products to customers in the wholesale channel, typically represented by individual small and medium-sized shops or, in certain markets, distributors.

In order to control this risk, procedures and actions have been implemented to evaluate customers. It should be noted that the company insures on average 75% of domestic, European and US receivables for almost their full face value, as well as receiving advance payments from non-EU distributors.

### LIQUIDITY RISK

Prudent is the liquidity risk management policy, i.e. the strategy put in place to prevent cash outflows from being critical for the Company. At present, the Group believes, through diversification of financing sources and ample availability of credit lines, that it has access to sufficient sources of financing to meet foreseeable financial needs.

## MARKET RISK

A sensitivity analysis at the balance sheet date is provided below, showing the effects of possible changes on the income statement in relation to the relevant risk variables, for each of the following components:

### > exchange rate risk (or currency risk)

The fact that the Group also conducts its business in countries outside the Euro zone makes the exchange rate factor relevant.

The Group, and in particular the parent company Save The Duck S.p.A., preliminarily defines the amount of exchange rate risk on the basis of the budget for the period and, before the start of each sales campaign, covers approximately 90% of the estimated requirement. The balance is made at the end of the year. The hedging is carried out by means of special forward contracts for the purchase of currency. It is the policy of Group companies not to engage in derivative transactions for speculative purposes.

Management believes that the policies adopted by the company to manage and contain this risk are adequate.

### > Price risk

The Group is not subject to particular price risks.

### > Product risk

Starting in 2015, the parent company Save The Duck S.p.A. entered into a contract with a third party for the 'anti-counterfeiting' protection of the Brand, specifically through a procedure based on the unique identification of each individual product by means of a code.

## INFORMATION ON BRANCH OFFICES

The Group's companies do not have secondary offices to the main ones. The parent company Save The Duck S.p.A. has a Representative Office in HangZou (China) with a staff of 13 people in charge of product Quality Control and monitoring the creation of the collections.

## BUSINESS OUTLOOK

Save The Duck's strategy envisages an increasingly incisive international development activity of the 'Save The Duck' brand, supported by appropriate stylistic and communicative actions aimed at increasingly strengthening brand awareness.

During 2023, with regard to the 'Save The Duck' brand, the Company will focus both on consolidating its core markets (Italy; the United States and Germany) and on developing new geographies. In particular:

> With regard to the European market, the development of on-line sales will be strengthened, both through the Company's direct structure, which will be fully internalised, and through the main e-tailers, and the presence in the retail channel will be expanded both with new mono-brand shops (in Italy) and with pop-ups that can be installed inside Department Stores or on the street;

> in the US market with the growth of its subsidiary, which will consolidate its retail sector with further direct shop openings;

> The development of the Asian market will also continue, in particular the 'Greater China' market, on which the team of the subsidiary Save The Duck Asia Pacific is engaged.

The sales volume already realised for the Spring/Summer 2023 season and the orders already placed for the following Fall/Winter 2023-2024 season project a still growing turnover compared to that realised in 2022.

We thank you for the trust you have placed in us and invite you to approve the budget as presented.

The Chairman of the Board of Directors

# CONSOLIDATED FINANCIAL STATEMENTS

## SAVE THE DUCK S.p.A.

Company subject to management and coordination by LHOTSE SPA  
Registered office in VIA ARCIVESCOVO CALABIANA 6 - 20139 MILAN (MI)  
Share capital Euro 1,000,000.00 fully paid-up



COMPANY DATA	
name	SAVE THE DUCK SPA
Head Office	20139 MILAN (MI) VIA ARCIVESCOVO CALABIANA 6
share capital	1.000.000,00
fully paid-in share capital	yes
CCIAA (Chamber of Commerce, Industry, Agriculture and Craft Trade) code	MI
VAT No.	07853840960
tax code	07853840960
REA Number:	2047000
legal form	JOINT STOCK COMPANY (SPA)
relevant business area (ATECO)	
company in liquidation	no
sole shareholder company	no
company subject to direction and coordination activity of others	yes
name of the company or body that carries out the management and coordination activities	LHOTSE SPA
part of a group	no
name of the parent company	
number of registration in the register of cooperatives	

BALANCE SHEET	31/12/2022	31/12/2021
<b>Assets</b>		
<b>A) Receivables from shareholders for payments still due</b>		
Part recalled		
Part to be recalled		
Total receivables from shareholders for payments still due (A)		
<b>B) Fixed assets</b>		
<b>I - Intangible fixed assets</b>		
1) Start-up and expansion costs	392.815	19.818
2) development costs	29.433	13.100
3) industrial patent and intellectual property rights	597.637	704.426
4) concessions, licenses, trademarks and similar rights	51.030.228	54.695.891
5) goodwill	5.237.864	6.126.899
6) assets under development and payments on account	40.300	445.265
7) other	1.757.977	1.360.464
8) consolidation difference	105.055	120.063
Total intangible fixed assets	59.191.310	63.485.926
<b>II - Property, plant and equipment</b>		
1) Land and buildings		
2) plant and machinery	7.535	6.223
3) industrial and commercial equipment	14.839	17.438
4) other assets	642.050	478.172
5) assets under construction and payments on account		
Total property, plant and equipment	664.424	501.833
<b>III - Financial fixed assets</b>		
1) equity investments in		
a) subsidiaries		
b) associated companies		
c) parent companies		
d) companies subject to the control of parent companies		
d-bis) other businesses	49	49
Total equity investments	49	49



BALANCE SHEET	31/12/2022	31/12/2021
<b>Assets</b>		
2) receivables		
a) from subsidiaries		
due within the following financial year		
due after next financial year		
Total receivables from subsidiaries		
b) from associated companies		
due within the following financial year		
due after next financial year		
Total receivables from associates		
c) from parent companies		
due within the following financial year		
due after next financial year		
Total receivables from parent companies		
d) from companies subject to the control of parent companies		
due within the following financial year		
due after next financial year		
Total receivables from companies subject to the control of parent companies		
d-bis) others receivables		
due within the following financial year		
due after next financial year		
Total receivables from others		
Total receivables		
3) Other securities		
4) derivative financial instruments - assets		
Total financial fixed assets	49	49
Total fixed assets (B)	59.855.783	63.987.808
<b>C) Current assets</b>		
<b>I - Inventories</b>		
1) raw, ancillary materials and consumables	79.075	157.178
2) work in progress and semi-finished goods		

BALANCE SHEET	31/12/2022	31/12/2021
<b>Assets</b>		
3) contracted work in progress		
4) finished products and goods	13.072.928	5.963.237
5) payments on account		
Total inventories	13.152.003	6.120.415
Property, plant and equipment held for sale		
<b>II – Receivables</b>		
1) from customers		
due within the following financial year	17.772.230	14.205.600
due after next financial year		
Total receivables from customers	17.772.230	14.205.600
2) from subsidiaries		
due within the following financial year		
due after next financial year		
Total receivables from subsidiaries		
3) from associated companies		
due within the following financial year		
due after next financial year		
Total receivables from associated companies		
4) from parent companies		
due within the following financial year		
due after next financial year		
Total receivables from parent companies		
5) from companies subject to the control of parent companies		
due within the following financial year		
due after next financial year		
Total receivables from companies subject to the control of parent companies		
5-bis) tax receivables		
due within the following financial year	927.474	431.168
due after next financial year		
Total tax receivables	927.474	431.168

BALANCE SHEET	31/12/2022	31/12/2021
<b>Assets</b>		
5-ter) Deferred tax assets	935.706	498.538
5-quater) from others		
due within the following financial year	436.377	1.075.057
due after next financial year	272.403	136.130
Total receivables from others	708.780	1.211.187
Total receivables	20.344.190	16.346.493
<b>III - Financial assets that are not fixed assets</b>		
1) equity investments in subsidiaries		
2) equity investments in associated companies		
3) equity investments in parent companies		
3-bis) equity investments in companies subject to the control of parent companies		
4) other equity investments		
5) derivative financial instruments - assets	157.963	675.655
6) other securities		
financial assets for centralised treasury management		
Total financial assets that are not fixed assets	157.963	675.655
<b>IV - Cash and cash equivalents</b>		
1) bank and postal accounts	2.164.067	7.052.297
2) cheques	1.262.542	750.572
3) cash and cash on hand	8.016	7.089
Total cash and cash equivalents	3.434.625	7.809.958
Total current assets (C)	37.088.782	30.952.521
<b>D) Accruals and deferrals</b>		
Total assets	1.384.190	1.051.148
Total assets	98.328.754	95.991.477
<b>Liabilities</b>		
<b>A) Shareholders' equity</b>		
I – Share Capital	1.000.000	1.000.000
II - Share premium reserve		
III - Revaluation reserves		
IV - Legal reserve	200.000	200.000

BALANCE SHEET	31/12/2022	31/12/2021
<b>Liabilities</b>		
<b>V - Statutory reserves</b>		
<b>VI - Other reserves, indicated separately</b>		
Extraordinary reserve	6.888.858	6.888.858
Reserve from derogations pursuant to Article 2423 of the Italian Civil Code		
Reserve for shares (stakes) of the parent company		
Equity investment revaluation reserve		
Consolidation reserve		
Reserve from translation differences	(107.557)	(11.224)
Capital contribution payments		
Payments to cover losses		
Share capital reduction reserve		
Merger surplus reserve	34.399.308	34.399.308
Reserve for unrealised exchange gains	20.099	20.099
Reserve for profit adjustment in progress		
Miscellaneous other reserves		
Total other reserves	41.200.708	41.297.041
<b>VII - Reserve for expected cash flow hedges</b>	(142.250)	472.206
<b>VIII - Retained earnings (losses) carried forward</b>	6.128.735	6.573.996
<b>IX - Profit/(loss) for the year</b>	12.755	(518.807)
<b>Loss covered in the year</b>		
<b>X - Negative reserve for treasury shares in portfolio</b>		
<b>Total shareholders' equity</b>	48.399.948	49.024.437
<b>B) Provisions for risks and charges</b>		
1) for pension and similar obligations	1.558.304	1.308.305
2) for taxes, including deferred	11.102.482	12.083.163
3) derivative financial instruments - liabilities	352.355	56.511
4) others		
<b>B) Total provisions for risks and charges</b>	13.013.141	13.447.979
<b>C) Employee severance indemnity</b>	759.846	613.299

BALANCE SHEET	31/12/2022	31/12/2021
<b>Liabilities</b>		
<b>D) Payables</b>		
<b>I - bonds</b>		
due within the following financial year		
due after next financial year		
Total convertible bonds		
<b>II - convertible bonds</b>		
due within the following financial year		
due after next financial year		
Total convertible bonds		
<b>III - loans from shareholders</b>		
due within the following financial year		
due after next financial year		
Total loans from shareholders		
<b>IV - payables to banks</b>		
due within the following financial year	10.548.132	4.277.203
due after next financial year	13.943.496	19.397.552
Total payables to banks	24.491.628	23.674.755
<b>V - payables to other lenders</b>		
due within the following financial year		
due after next financial year		
Total payables to other lenders		
<b>VI - advances</b>		
due within the following financial year	188.247	55.978
due after next financial year		
Total advances	188.247	55.978
<b>VII - trade payables</b>		
due within the following financial year	9.704.592	8.026.474
due after next financial year		
Total trade payables	9.704.592	8.026.474

BALANCE SHEET	31/12/2022	31/12/2021
<b>Liabilities</b>		
<b>VIII - payables represented by credit instruments</b>		
due within the following financial year		
due after next financial year		
Total payables represented by credit instruments		
<b>IX - payables to subsidiaries</b>		
due within the following financial year		
due after next financial year		
Total payables to subsidiaries		
<b>X - payables to associated companies</b>		
due within the following financial year		
due after next financial year		
Total payables to associated companies		
<b>XI - payables to parent companies</b>		
due within the following financial year		
due after next financial year		
Total payables to parent companies		
<b>XI-bis - payables to companies subject to the control of parent companies</b>		
due within the following financial year		
due after next financial year		
Total payables to companies subject to the control of parent companies		
<b>XII - tax payables</b>		
due within the following financial year	1.103.454	449.476
due after next financial year		
Total tax payables	1.103.454	449.476
<b>XIII - payables to social security and welfare institutions</b>		
due within the following financial year	141.714	122.298
due after next financial year		
Total payables to social security and welfare institutions	141.714	122.298
<b>XIV - other payables</b>		
due within the following financial year	456.450	560.363

BALANCE SHEET	31/12/2022	31/12/2021
<b>Liabilities</b>		
due after next financial year		
Total other payables	456.450	560.363
<b>Total payables</b>	36.086.085	32.889.344
<b>E) Accruals and deferrals</b>	69.734	16.418
<b>Total liabilities</b>	98.328.755	95.991.477

MISCELLANEOUS OTHER RESERVES	31/12/2022	31/12/2021
Non-distributable reserve pursuant to art. 2426	20.099	20.099
Difference from rounding to Euro units		

INCOME STATEMENT	31/12/2022	31/12/2021
<b>A) Value of production</b>		
1) revenue from sales and services	60.848.447	47.077.753
2) changes in stocks of work in progress, semi-finished and finished products	7.360.308	2.702.258
3) changes in contracted work in progress		
4) increases in fixed assets constructed internally		
<b>5) other revenue and income</b>		
operating grants		
Others	272.609	183.727
Total other revenue and income	272.609	183.727
Total value of production	68.481.364	49.963.738
<b>B) Production costs</b>		
6) for raw, ancillary materials, consumables and goods	30.381.083	21.357.224
7) for services	23.506.949	16.743.175
8) For use of third party assets	1.228.040	840.863
<b>9) For personnel</b>		
a) wages and salaries	3.553.847	2.835.410
b) social security costs	777.676	625.733
c) employee severance indemnity	202.492	151.720
d) pension and similar obligations		
e) other costs	170.827	139.518
Total personnel expenses	4.704.841	3.752.381
<b>10) Amortisation, depreciation, impairment</b>		
a) amortisation of intangible fixed assets	5.393.135	5.197.623
b) depreciation of property, plant and equipment	140.366	133.220
c) other write-downs of fixed assets		
d) write-downs of receivables included in the working capital and cash and cash equivalents	80.000	80.000
Total amortisation/depreciation and write-downs	5.613.501	5.410.843
11) changes in inventories of raw, ancillary materials, consumables and goods	8.750	(11.962)
12) provisions for risks		
13) other provisions	250.000	250.000
14) other operating expenses	639.745	580.483

INCOME STATEMENT	31/12/2022	31/12/2021
Total production costs	66.332.910	48.923.007
<b>Difference between value and costs of production (A - B)</b>	2.148.454	1.040.731
<b>C) Financial income and expenses</b>		
<b>15) income from equity investments</b>		
from subsidiaries		
from associated companies		
from parent companies		
from companies subject to the control of parent companies		
Others		
Total income from equity investments		
<b>16) other financial income</b>		
a) from receivables recorded under fixed assets		
from subsidiaries		
from associated companies		
from parent companies		
from companies subject to the control of parent companies		
Others		
Total financial income from receivables recorded under fixed assets		
b) from securities recorded under fixed assets that are not equity investments		
c) from securities recorded under current assets that are not equity investments		
d) income other than the above		
from subsidiaries		
from associated companies		
from parent companies		
from companies subject to the control of parent companies		
Others	749	189
Total income other than the above	749	189
Total other financial income	749	189
<b>17) interest and other financial charges</b>		
from subsidiaries		
from associated companies		

INCOME STATEMENT	31/12/2022	31/12/2021
from parent companies		
from companies subject to the control of parent companies		
Others	1.301.563	1.147.963
Total income from equity investments	1.301.563	1.147.963
<b>17-bis) exchange gains and losses</b>	(260.574)	(141.699)
<b>Total financial income and expenses (15 + 16 - 17 + - 17-bis)</b>	(1.040.240)	(1.006.075)
<b>D) Value adjustments of financial assets and liabilities</b>		
<b>18) revaluations</b>		
a) of equity investments		
b) of financial fixed assets that do not constitute equity investments		
c) of securities recorded under current assets that are not equity investments		
d) of derivative financial instruments		
of financial assets for centralised treasury management		
Total revaluations		
<b>19) Write-downs</b>		
a) of equity investments		
b) of financial fixed assets that do not constitute equity investments		
c) of securities recorded under current assets that are not equity investments		
d) of derivative financial instruments		
of financial assets for centralised treasury management		
Total write-downs		
<b>Total value adjustments to financial assets and liabilities (18 - 19)</b>		
<b>Profit/loss before taxes (A - B + - C + - D)</b>	1.108.214	34.656
<b>20) Current, deferred and prepaid income taxes for the year</b>		
current taxes	2.256.220	1.449.313
taxes payable for previous financial years	(14.076)	(113.019)
deferred tax assets and liabilities	(1.146.685)	(782.831)
income (charges) from participation in the tax consolidation/fiscal transparency regime		
Total current, deferred and prepaid income taxes for the year	(1.095.459)	(553.463)
<b>21) Profit (loss) for the year</b>	12.755	(518.807)

CASH FLOW STATEMENT, INDIRECT METHOD	31/12/2022	31/12/2021
<b>A) Cash flows from operating activities (indirect method)</b>		
Profit (loss) for the year	12.755	(518.807)
Income taxes	1.095.459	553.463
Interest expense/(income)	1.040.240	1.006.075
(Dividends)		
(Gains)/losses on disposal of assets		
<b>1) Profit (loss) for the year net of taxes, interest, dividends and gains/losses on sale</b>	<b>2.148.454</b>	<b>1.040.731</b>
<b>Adjustments for non-cash items that did not have a balancing entry in net working capital</b>		
Provisions to funds	532.492	481.720
Amortisation/depreciation of fixed assets	5.533.501	5.330.843
Write-downs for impairment		
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve monetary movements		
Other increases/(decreases) for non-monetary items		
Total adjustments for non-monetary items without a balancing entry in net working capital	6.065.993	5.812.563
<b>2) Cash flows before changes in net working capital</b>	<b>8.214.447</b>	<b>6.853.294</b>
<b>Changes in net working capital</b>		
Decrease/(Increase) in inventories	(7.031.588)	(2.761.684)
Decrease/(Increase) in receivables from customers	(3.566.630)	(373.737)
Increase/(Decrease) in trade payables	1.678.118	4.031.685
Decrease/(Increase) in accrued income and prepaid expenses	(333.042)	(491.752)
Increase/(Decrease) in accrued expenses and deferred income	53.316	(21.243)
Other decreases/(Other increases) in net working capital	53.875	(695.079)
Total changes in net working capital		
<b>3) Cash flows after changes in net working capital</b>	<b>(931.504)</b>	<b>6.541.484</b>
<b>Other adjustments</b>		
Interest received/(paid)	(1.040.240)	(1.006.075)
(Income taxes paid)	(441.481)	(503.947)
Dividends collected		
(Use of provisions)	159.896	(1.362.723)
Deferred and prepaid taxes	(1.417.849)	(357.693)
Total other adjustments		

CASH FLOW STATEMENT, INDIRECT METHOD	31/12/2022	31/12/2021
Cash flows from operating activities (A)	(3.671.178)	3.311.046
<b>B) Cash flows from investing activities</b>		
<b>Property, plant and equipment</b>		
(Investments)	(302.957)	(292.140)
Disinvestments		
<b>Intangible fixed assets</b>		
(Investments)	(1.098.518)	(1.230.828)
Disinvestments		
<b>Financial fixed assets</b>		
(Investments)		
Disinvestments		8.567
<b>Current financial assets</b>		
(Investments)		
Disinvestments	517.692	
(Acquisition of business units net of cash and cash equivalents)		
Disposal of business units net of cash and cash equivalents		
<b>Cash flow from investing activities (B)</b>	<b>(883.783)</b>	<b>(2.154.234)</b>
<b>C) Cash flows from financing activities</b>		
<b>Third-party funds</b>		
Increase/(decrease) in short-term payables to banks	3.824.876	385.124
Access to finance	942.000	4.000.000
(Repayment of loans)	(3.950.003)	(2.782.729)
<b>Own funds</b>		
Share Capital increase against payment		
Merger surplus		
Change in cash flow reserve for derivative instruments	(614.456)	1.088.752
Other changes in Shareholders' Equity	(22.788)	(59.180)
<b>Cash flows from financing activities (C)</b>	<b>179.629</b>	<b>2.631.967</b>
<b>Increase (decrease) of cash and cash equivalents (A ± B ± C)</b>	<b>(4.375.332)</b>	<b>3.788.778</b>
<b>Exchange rate effect on cash and cash equivalents</b>		
<b>Merger cash and cash equivalents (D)</b>		

<b>CASH FLOW STATEMENT, INDIRECT METHOD</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
<b>Total Increase (decrease) in cash and cash equivalents (A ± B ± C ± D)</b>	(4.375.332)	3.788.778
<b>Cash and cash equivalents at the beginning of the year</b>		
Bank and post office deposits	7.052.297	3.112.528
Cheques	750.572	904.602
Cash and cash on hand	7.089	4.050
<b>Total cash and cash equivalents at the beginning of the year</b>	<b>7.809.968</b>	<b>4.021.180</b>
Of which not freely usable		
<b>Cash and cash equivalents at the end of the year</b>		
Cash and cash equivalents at the end of the year	2.164.067	7.052.297
Cheques	1.262.542	750.572
Cash and cash on hand	8.016	7.089
<b>Total cash and cash equivalents at the end of the year</b>	<b>3.434.625</b>	<b>7.809.968</b>
Of which not freely usable		

**INFORMATION AT THE BOTTOM OF THE CASH FLOW STATEMENT**

The Cash Flow Statement required by art. 2423, first paragraph, of the Italian Civil Code, was prepared using the indirect method in compliance with accounting standard OIC 10 and illustrates, starting from the economic result for the year, the change in cash and cash equivalents as a result of the cash flows generated by the assets:

- a) operational;
- b) investment;
- c) loan.

The table shows a decrease in cash and cash equivalents in 2022 of Euro 4,375,332 compared to the previous year, mainly due to the improvement in income flows due to the growth of the business net of significant investments - linked in particular to the opening of Save The Duck single-brand stores and the new IT Systems - implemented during the year.

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022

## EXPLANATORY NOTES, OPENING PART

Dear Stockholders,

these consolidated financial statements submitted for your review, the first consolidated financial statements of the Save The Duck group, show a profit for the year of Euro 12,755, a result that takes into account the significant amortisation relating to the Save The Duck brand and the Goodwill recorded in the parent company Save The Duck S.p.A. and described in the following sections of this Note.

### ACTIVITIES

The Save The Duck Group, represented by Save The Duck S.p.A. and its subsidiaries, is active in the marketing of animal-friendly outerwear and accessories under the “Save The Duck” brand. The parent company Save The Duck S.p.A., founded in 2012 (with the name of Forest S.r.l.) on the initiative of the entrepreneur Nicolas Bargi, is also active in the creation of the products sold and also owns the “Ganesh” brand, used to create total look collections for men and women. The Parent Company’s registered office is in Milan, in the spaces that in the past housed a historic printing house, where the Company has set up its executive, commercial and style offices, as well as its showroom.

Save The Duck Asia-Pacific Limited is a trading company established in the second half of 2018 with the role of distributor of the Company’s products in China. The company also supports the parent company in the management and monitoring of commercial development in Asian countries where Save The Duck S.p.A. will have a direct presence through its branches or through direct distribution contracts with local operators (at the moment it operates this formula in Japan, South Korea and Taiwan).

The subsidiary began its activities in 2019, launching commercial activities both at wholesale level, with Chinese operators, and at retail level, culminating in the opening of a store in Hong Kong in August 2019 (at an important centre called K11 Musea, dedicated to newly created commercial and cultural activities).

The subsidiary holds 100% of the share capital of Save The Duck Trading (Shanghai) Limited, a trading company established in 2020 with the role of distributor of the Save The Duck Group products in China; the company began operating in 2021, implementing trading initiatives in China under the control and organisation of Save The Duck Asia Pacific

The company SAVE THE DUCK USA Inc. is a trading company established in June 2020 with the role of distributor of the Company’s products in the USA and Mexico. The investee began operating in the second half of 2020, with the marketing of the 2021 Spring/ Summer season, whose sales started from the first quarter of the current year.

Save The Duck Suisse SA is a trading company established in July 2021 with registered office in St. Moritz (Switzerland), a vehicle for the management of the single-brand store opened in July 2021 in St. Moritz, the best-known winter resort in Europe, a leading spa resort and the ideal place for shopping.

## SIGNIFICANT EVENTS THAT OCCURRED DU-

### RING THE YEAR

Significant events that occurred during the year are indicated below. Sales revenues increased by 29% compared to the previous year, an increase mainly linked to growth achieved abroad, particularly in Central European markets. In 2022, there was an improvement in margins; this improvement is directly attributable to the increase in turnover both in the wholesale channel, in particular abroad, as reported above, and in the retail channel, which experienced a better absorption of overhead fixed costs, albeit in a situation of strong pressure on purchase costs due to the increase in raw material costs and the generalised and significant increases in transport costs. The Save The Duck Group, in particular at the parent company Save The Duck S.p.A., also carried out research and development activities and focused its efforts in particular on projects that are considered particularly innovative and that required a significant financial commitment both for the internal staff involved and for collaborations, consultancy and materials used for tests and experiments. It is expected that the positive result of such innovation will generate good results in terms of turnover, with a favourable impact on the company’s economy.

### ACCOUNTING STANDARDS

In order to provide stakeholders and all those who have an interest in it with an overview of the Group, the company Save The Duck S.p.A. has decided to voluntarily prepare the Group’s consolidated financial statements pursuant to the provisions in Legislative Decree no. 127 of 1991, which implemented the fourth directive of the European Union in Italy and which was supplemented for more complete information. For the interpretation and integration of the legal provisions, reference was made to the national accounting standards issued by the Italian accounting body. It should be noted that the Company has prepared the consolidated financial statements on a voluntary basis as they fall within the scope of consolidation of Lhotse S.p.A.

The criteria utilised in the preparation of the financial statements for the year ended 31 December 2022 take account of the changes introduced by Legislative Decree no. 139/2015, which implemented the EU Directive 2013/34/EU. Legislative Decree 139/2015 introduced changes to the accounting standards issued by the Italian Accounting Standards Setter, the OIC (Organismo Italiano di Contabilità).

These financial statements comply with the provisions of article 2423 and following articles of the Italian Civil Code, as shown in these Explanatory Notes that have been prepared in accordance with article 2427 of the Italian Civil Code and are an integral part of the financial statements pursuant to article 2423 of the Italian Civil Code. The Financial Statements values, as well as these in the Explanatory Notes, are denominated in Euro.

The Explanatory Notes provide the information of the balance sheet and income statement items in the order in which the items are shown in the respective financial statements.

### DRAFTING PRINCIPLES

The criteria used to form the consolidated financial statements for the year ended at 31 December 2022 are not dissimilar from those used for the consolidated financial statements of the previous year, nor are they dissimilar from the criteria used for the preparation of financial statements of the parent company Save The Duck S.p.A., in particular in the valuations and continuity of said policies.

The captions have been measured on a prudent and accruals basis, assuming the company’s ability to continue as a going concern and considering the economic function of the underlying assets and liabilities.

The application of the prudence principle involved the measurement of each single element composing the individual entries or items of the assets and liabilities in order to avoid any offsetting between losses that should be recognised, and unrealised profit that should not be recognised.

In compliance with the accrual principle, the effects of transactions and other events have been accounted for and attributed to the financial year to which these transactions and events refer, and not to that in which the relative cash flows (payments and collections) take place.

It is necessary to continue to apply the same measurement criteria over time so that the company’s financial statements can be compared over various financial years.

The assessment, taking into account the economic function of the asset or liability element considered expresses the principle of substance over form—obligatory if not expressly contrary to other specific financial statement rules—allows the representation of transactions according to the economic reality underlying the formal aspects.

In particular, the financial statements consist of the balance sheet (prepared in accordance with the scheme provided for in Art. 2424 and 2424-bis of the Italian Civil Code), the income statement (prepared in accordance with the scheme set out in Art. 2425 and 2425-bis of the Italian Civil Code), the Cash Flow Statement (the content of which, in accordance with Art. 2425-ter of the Italian Civil Code, is presented according to the provisions of the accounting standard OIC 10) and the Explanatory Notes, drawn up in accordance with the provisions of Art. 2427 and 2427-bis of the Italian Civil Code.

The Explanatory Notes below analyse and supplement the balance sheet data with the supplementary information deemed necessary for a true and fair view of the data illustrated.

Items not expressly included in the Balance Sheet and Income Statement, as provided for in Articles 2424 and 2425 of the Civil Code and in the Cash Flow Statement submitted in accordance with OIC Accounting Standard 10, are intended as zero balance. The right not to indicate these items shall be understood as referring only to the case where they have an amount equal to zero both in the current and previous financial years.

With regard to additional information on the Company’s situation and the performance and result of its operations, as a whole and in the various sectors in which it has operated, in particular with regard to costs, revenues and investments, as well as for a description of the main risks and uncertainties to which the Company is exposed, please refer to the Board of Directors’ Report on Operations.

In compliance with the provisions of art. 2423 of the Civil Code, for drawing up of the financial statements, the general requirements for clarity and the correct and true representation of the Company’s position and results and the financial result for the year were observed. The recognition, measurement, presentation and disclosure of the items may differ from the provisions of law on financial statements in cases where their non-observance has negligible effects on the true and fair view of the Company’s state of affairs and of its profit or loss. To this end, information is deemed relevant, based on quality and/or quantity considerations, when its omission or inaccurate indication might reasonably influence users’ decisions based on the company’s financial statements. Further specific criteria adopted with respect to the concept of irrelevance are indicated next to entries when these are concerned by its application. The relevance of each item is considered in the context of other similar items.

The principles established in art. 2423-bis of the Italian Civil Code as shown below were also observed.

The profits indicated in the Financial Statements are exclusively those made at the end of the financial year.

The income and charges shown are those pertaining to the financial year, regardless of the date of collection or payment.

Risks and losses pertaining to the financial year were taken into account, even if known after the end of the reporting period.

Miscellaneous elements included in each item were measured and recognised separately.

In accordance with Article 2423-ter, paragraph 5, of the Italian Civil Code, for each item in the Balance Sheet and Income Statement, the amount of the corresponding item of the previous year is shown. If the items are not comparable, those of the previous financial year are suitably adjusted and the lack of comparability and the adjustment or the inability to make any such adjustment are reported and commented in the Explanatory Notes.

According to Article 2423-ter, paragraph 2, of the Civil Code, the items preceded by Arabic numerals may be further subdivided, without eliminating the total item and the corresponding amount; they may be grouped only when the grouping, due to its amount, is irrelevant to the true and correct representation of the company’s financial positions and results and the financial result for the year or when it is believed to promote clarity. In this second case, the Explanatory Notes contain separately the items that are grouped.

The information of these Explanatory Notes concerning the Balance Sheet and related Income Statement items is presented in the order in which the related items are reported in the Balance Sheet and in the Income Statement pursuant to Article 2427, paragraph 2, of the Italian Civil Code.

## CONSOLIDATION AREA

The scope of consolidation includes the financial statements of the parent company and the company over which the same exercises control directly or indirectly pursuant to art. 26 of Legislative Decree no. 127/91.

The Save The Duck Group is therefore made up of Save The Duck S.p.A. and the investees indicated below:

CONSOLIDATION AREA	EQUITY INVESTMENT	SCOPE OF CONSOLIDATION
Save The Duck Asia-Pacific Limited	100%	Line-by-line
SAVE THE DUCK USA , Inc.	100%	Line-by-line
Save The Duck Trading (Shanghai) Limited	100%	Line-by-line
Save The Duck Suisse SA	100%	Line-by-line



**FINANCIAL STATEMENTS USED FOR CONSOLIDATION PURPOSES**

For the purposes of preparing the consolidated financial statements of the Save The Duck Group, the financial statements as at 31 December 2022 of all group companies were used and appropriately adjusted where necessary to standardise the measurement criteria for the purposes of consolidation transactions.

**CONSOLIDATION CRITERIA**

The following consolidation criteria have been adopted:

- > The book value of the equity investments held, both directly and indirectly, by the parent company in consolidated companies is eliminated against the relative shareholders' equity.
- > The difference between the book value of the equity investment and the relative net equity value at the date of purchase, or at the date in which the company is included in the consolidation is attributed, if positive, to the assets of the consolidated company, within the limits of fair value. The remainder is recorded in the item "Consolidation difference" and is amortised in relation to its expected recoverability. Negative differences, not attributable to foreseeable future losses or representing adjustments to the equity of the consolidated company at the acquisition date, are recorded in shareholders' equity under the heading "Consolidation reserve".
- > Unrealised gains and losses, brought about by transactions between the companies of the Save The Duck group, were removed as with items giving rise to payables and receivables, income and charges between consolidated companies. Any unrealised intra-group profits with respect to third parties were eliminated, taking account, as necessary, of deferred taxation;
- > The accounting standards adopted by the various Group companies were aligned with those of the parent company.

All the assets and liabilities of foreign companies in a non-Euro currency which fall within the scope of consolidation are converted using the exchange rates in force at the reporting date. Income and costs are converted at the average exchange rate in the year. Foreign exchange differences from conversion resulting from the application of this method are classified as a shareholders' equity item.

Below are the exchange rates used for the conversion into Euro of the 2021 financial statements of the companies using foreign currency (source: www.bancaditalia.it):

CURRENCY	AVERAGE EXCHANGE RATE 2022	EXCHANGE RATE AS AT 31/12/2022
US Dollar	1,053	1,0666
Hong Kong Dollar	8,2451	8,3163
Swiss Franc	1,0047	0,9847
Chinese Renmimbi	7,0788	7,3582

**GOING CONCERN ISSUE**

These consolidated financial statements were drafted on the basis of the assumption of a going concern. The Group closed the year 2022 with an improvement in margins and net profit. In addition, the Group's financial planning shows the ability to meet the commitments undertaken with the lenders.

**MEASUREMENT CRITERIA**

(Ref. article 2427, paragraph 1, no. 1, of the Italian Civil Code and accounting standard OIC 12)

The measurement criteria of the different financial statement items are in compliance with those established by Article 2426 of the Italian Civil Code and accounting standards of reference. The postulates of the financial statements also include continuity with the previous year in applying the measurement criteria adopted to prepare the financial statements. Moreover, above mentioned laws and single accounting standards have predicted transition rules to new measurement criteria, which allow companies to operate some choices in regards to their applicability in the first year of adoption and in the subsequent years.

Unless otherwise indicated, the accounting standards and measurement criteria shown below correspond to those used in the financial statements of the Parent Company Save The Duck S.p.A.

**EXCEPTIONS**

There were no exceptional cases which necessitated the use of the derogations provided for in Art. 2423 paragraph 5 of the Civil Code.

Most significant measurement criteria and first time adoption rules applied are following mentioned, by specifying choices made among possible accounting options when permitted by law.

**FIXED ASSETS**

**INTANGIBLE FIXED ASSETS**

Intangible assets are recognised in assets when they are individually identifiable and their cost can be estimated with sufficient reliability. Those are recorded at the purchase or production cost, inclusive of the additional charges, and deducting their amortisation and impairment. Intangible fixed assets are amortised systematically over their estimated useful life.

The Company measures at the end of each reporting period the presence of impairment indicators and, should these indicators exist, estimates the recoverable amount of the fixed asset and makes a write-down, pursuant to Article 2426, paragraph 1, number 3, of the Italian Civil Code, should it be permanently lower than the net book value. Please refer to the "Write-downs due to impairment of property, plant and equipment and intangible fixed assets" section.

**DEFERRED CHARGES**

Deferred charges were recorded under assets in the Balance Sheet, in that:

- > their future usefulness was shown;
- > there is an objective correlation with related future benefits that the Company will enjoy;
- > their recoverability can be estimated with reasonable certainty.

Start-up, expansion costs and development costs were recognised with the consent of the Sole Auditor.

Start-up and expansion costs are amortised over a 5 years period. Given the impossibility of accurately estimating their useful life, development costs are amortised over a period of five years. Until the amortisation of the development, installation and expansion costs has been completed, dividends can be distributed only

if sufficient reserves are available to cover the amount of non-amortised costs.

**GOODWILL AND CONSOLIDATION DIFFERENCE**

Goodwill was recognised under assets, with the consent of the Board of Statutory Auditors, as:

- > it was acquired for consideration and derives from a merger;
  - > it has a quantifiable value as it is included in the price paid;
  - > it was constituted originally by expenses and costs deferred over time, which, therefore, guarantee future economic benefits, such as the achievement of future profits;
  - > the principle of the recoverability of related cost is satisfied.
- Goodwill's book value is determined as the difference between the total price paid to purchase the Company by the merged company (through a reverse merger transaction) and the carrying value of all transferred assets and liabilities.

Goodwill and the Consolidation Difference are amortised according to its useful life, which has been estimated at its initial recognition, by considering the period within which future benefits related to the same items will show up. Only in rare cases, if it is not possible to reliably estimate its useful life, goodwill is amortised over a period not greater than ten years.

In the specific case relating to the recognition of the Company's goodwill deriving from the reverse merger transaction and of the Consolidation Difference, a useful life of 10 years is estimated and they are, consequently, amortised at a rate of 10% per year.

In the process of estimating useful life, the period of time was considered within which the Company expects to enjoy the additional economic benefits linked to the favourable income prospects of the company subject to the combination/acquisition and the synergies generated by the extraordinary operation.

Goodwill's useful life, estimated at its initial recognition, cannot be modified during subsequently periods.

**INTANGIBLE ASSETS**

For intangible assets the amortisation period is at most equal to the legal or contractual limit. In case the Company expects to use the asset for a shorter period, the useful life reflects this shorter period compared to the legal and contractual limit for the purpose of amortisation calculation.

The useful life of trademarks is estimated at 18 years.

**MATERIALI**

Property, plant and equipment are recorded at the purchase or internal construction cost at the date in which the transfer of risks and benefits occurs, which usually corresponds with the transfer of the title to property. This cost includes the purchase cost, any accessory costs and all costs incurred to transport the asset to its required location in the condition necessary for it to constitute a long-term asset for the Company. The production cost includes direct costs (material and direct labour, design costs, external supplies, etc.) and general production costs, for the portion reasonably attributable to the asset for the period of its manufacture up to the moment when the asset is ready for use.

Property, plant and equipment, whose use is limited over time, are systematically depreciated in each financial year in relation to their residual possible use. Depreciation begins when the fixed asset is available and ready for use.

The depreciation charge attributable to each financial year refers to the distribution of the cost incurred over the entire estimated service life.

The initial value to be depreciated, initially estimated at the time of preparation of the depreciation plan based on the prices realisable

on the market through the sale of fixed assets similar both in terms of their technical characteristics and useful life, is reviewed periodically in order to check that the initial estimate is still valid. This value is considered net of the estimated removal costs. If the removal cost exceeds the realisable value, the excess is set aside over the useful life of the asset by entering, pro rata, a restoration and remediation fund, or another similar fund.

The realisable value is not taken into account when it is considered small compared to the value to be depreciated.

If property, plant and equipment include components, appliances or accessories having useful lives of a duration that differs from than the principal asset, the amortisation of such components shall be calculated separately from the principal asset, unless this is insignificant or not feasible.

Applied depreciation rates, unchanged in comparison to previous period, are as follows:

CATEGORY		DEPRECIATION RATES
Plants and machinery	Generic plants	15%
	Various machinery	15%
Industrial and commercial equipment	Various equipment	15%
Other assets	Electronic office equipment:	20%
	Office furniture and equipment	12%-20%
	Furniture	15%
	Vehicles	25%

The initial value to be amortised is periodically reviewed in order to verify that the initial estimate is still valid.

Temporarily unused assets are also depreciated.

Ordinary maintenance costs are fully charged to the Income Statement during the year in which they are incurred. Incremental maintenance costs are allocated to the assets to which they refer and within the limits of the recoverable amount of the asset and depreciated in a unified manner considering the new book value of the asset, taking into account its residual useful life.

Advances to suppliers for the purchase of property, plant and equipment are initially recognised on the date on which these amounts must be paid.

Property, plant and equipment that the Company decides to sell are classified separately from property, plant and equipment in a separate item of current assets and measured at the net book value or the realisable value inferable from the market trend, whichever lower, without being further depreciated. This reclassification is made if the following requirements are met:

- > fixed assets can be sold at their current conditions or they require changes that do not postpone the sale;
  - > the sale is highly likely to occur based on undertaken commitment and based on expected price and market conditions;
  - > the sale should be concluded in the short term.
- The measurement criteria adopted for assets for sale are also applied to obsolete assets and in general to assets that will no longer be used or usable in the production cycle.

At the end of each reporting period, the Company measures the presence of impairment indicators and, should these indicators exist, estimates the recoverable amount of the fixed asset and makes a write-down, should it be permanently lower than the net book value. Please refer to the "Write-downs due to impairment of property, plant and equipment and intangible fixed assets" section.

Property, plant and equipment are revalued only in cases allowed by the law.

### WRITE-DOWNS DUE TO IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE FIXED ASSETS

The write-downs due to impairment of property, plant and equipment and intangible fixed assets are recognised in accordance with the IAS 36 Accounting Standard.

At the end of each reporting period, it shall be assessed whether there is an indicator that a fixed asset may have become impaired. If this indicator is present, the recoverable amount of the fixed asset shall be estimated.

Specifically, if the recoverable amount of a fixed asset (i.e. the greater of its value in use and its fair value) is less than its book value, the fixed asset is recognised at the lesser value. The difference is charged to the income statement as impairment and recognised in the income statement under item B10 c).

In the absence of indicators of potential impairment, the recoverable value is not determined.

The impairment is reversed if the reasons for the write-down due to impairment no longer exist and is carried out within the limits of the value that the asset would have had if the impairment had never occurred.

The write-down recognised on goodwill and on deferred charges cannot be reinstated in that not allowed by the regulations in force.

### EQUITY INVESTMENTS

Equity investments are recognised as financial fixed assets if the Company intends to hold them permanently. Otherwise they are recognised under current assets.

Equity investments in companies that are not subsidiaries and/or joint ventures are recognised at their purchase price or set-up cost, including any additional expense. The price paid to purchase an equity investment classified under financial assets is maintained in the financial statements of following years, unless an impairment occurs. The Company assesses, at the end of each reporting period, whether there is any indication that an equity investment may be impaired. Impairment is determined by comparing the book value of the equity investment with its recoverable value, determined on the basis of the future benefits that are expected to flow into the investee's economy. The impairment is reversed if the reasons causing it disappear.

### RECEIVABLES

Receivables originating from revenues for the sale of goods or the provision of services are recognised under current assets on the basis of the accrual principle when the conditions for the recognition of the related revenues are met.

Receivables arising for different reasons are recorded if there exists a "claim" to the receivable and therefore when they actually represent a third-party obligation towards the Company; if financial, they are classified as financial fixed assets (indicating the portion due within the following financial year).

Receivables are measured in the financial statements at amortised cost, taking into account time, and within the limits of their estimated realisable value and, therefore, they are shown in the Balance Sheet net of the related bad debt provision considered appropriate to cover reasonably expected losses due to non-collectability. If the interest rate of the transaction is not significantly different from the market rate, the receivable is initially recorded at a value equal to the nominal value net of all premiums, discounts, rebates and inclusive of any costs directly attributable to the transaction, which generated the receivable. These transaction costs, any commission income and expense and any difference between the initial value and the nominal value at maturity are spread over the duration of the loan using the effective interest criterion.

On the other hand, when the interest rate of the transaction inferable from the contractual conditions is significantly different from the market rate, the receivable (and the corresponding revenue in the case of commercial transactions) is initially recorded at a value equal to the present value of future cash flows plus any transaction costs. The rate used to discount future flows is the market rate.

In the case of receivables arising from commercial transactions, the difference between the initial recognition value of the receivable thus determined and the forward value is recognised in the income statement as financial income over the duration of the receivable using the effective interest rate criterion.

In the case of financial receivables, the difference between the cash and cash equivalents disbursed and the present value of future cash flows, determined using the market interest rate, is recognised under financial income or expense in the income statement at the time of initial recognition, unless the substance of the transaction or contract leads to the attribution of a different nature to this component. Subsequently, the interest income accruing on the transaction is calculated at the effective interest rate and charged to the income statement with the value of the receivable as a contra entry. The value of the receivables is subsequently reduced by the amounts received, both by way of principal and interest, as well as for any write-downs to bring the receivables to their presumed realisable value or for losses.

The Company assumes that the effects deriving from the applica-

tion of the amortised cost and of its discount are irrelevant when the maturity of the receivables is within 12 months, also taking into account all the contractual and substantive considerations in place at the time the credit is recognised, and the transaction costs and any difference between the initial value and the nominal value at maturity are of an insignificant amount. In this case, discounting back is omitted, interest is calculated at the nominal amount and transaction costs are posted as accruals and amortised on a straight-line basis for the duration of the receivable, adjusting nominal interest income.

### WRITE-OFF OF RECEIVABLES

A receivable is written off from the financial statements when:

- > the contractual rights on cash flows deriving from the receivables are extinguished; or
- > ownership of the contractual rights on the cash flows deriving from the receivables is transferred and all related risks are substantially transferred with it.

For the purposes of the assessment of the transfer of risks, all contractual clauses are taken into account, such as the repurchase obligations on the occurrence of certain events or the existence of commissions, deductibles and penalties due for non-payment.

If the receivable is cancelled from the financial statements following an assignment transaction that leads to substantial transfer of all risks, the difference between the fee and the recording value of the receivable on assignment is recorded as a loss on disposal, to be charged to item B14 of the income statement, unless the contract allows economic components of a different nature to be identified, including financial ones.

When the assignment of credit contract does not involve transfer of all the risks (e.g. contracts with recourse), the receivables are kept on the balance sheet. In the case of advance payment of a part of the fee agreed by the assignee, a financial debt is recorded as a counterparty entry to the advance received. Cost elements to be paid to the assignee, such as interest and commission, are recorded on the income statement according to their nature.

When several minimal risks for the company are identified, including by virtue of an assignment contract that substantially transfers all the risks of the receivable, it is assessed whether the conditions exist for a provision to be made to the provision for risks.

### PAYABLES

Payables originating from acquisitions of assets are recognised in the balance sheet when significant risks, charges and benefits associated with ownership have been substantially transferred. Payables relating to services are recognised when the services have been rendered, that is, the service has been performed.

Financial payables originating from financing transactions and payables arising for reasons other than the acquisition of goods and services are recognised when the company has an obligation towards the counterparty, identified on the basis of legal and contractual regulations.

On the other hand, advances received from customers for supplies of goods or services not yet carried out are included in the item advances.

Payables are valued in the financial statements at amortised cost, taking into account the time factor.

If the interest rate of the transaction is not significantly different from the market rate, the payable is initially recognised at a value equal to the nominal value, net of all transaction costs and all premiums, discounts and rebate deriving directly from the transaction that generated the payable. These transaction costs, such as ancillary expenses for obtaining loans, any commission income and expenses and any difference between the initial value and nominal value at maturity, are spread over the duration of the payable using the effective interest criterion.

On the other hand, when the transaction's interest rate inferable from the contractual conditions is significantly different from the

market rate, the payable (and the corresponding cost in the case of commercial transactions) is initially recorded at a value equal to the present value of future cash flows, taking into account any transaction costs. The rate used to discount future flows is the market rate.

In the case of payables arising from commercial transactions, the difference between the initial recognition value of the payable thus determined and the forward value is recognised in the income statement as a financial charge over the duration of the payable using the effective interest rate criterion. In the case of financial payables, the difference between the cash and cash equivalents disbursed and the present value of future cash flows, determined using the market interest rate, is recognised under financial income or expense in the income statement at the time of initial recognition, unless the substance of the transaction or contract leads to the attribution of a different nature to this component. Subsequently, the interest expense accruing on the transaction is calculated at the effective interest rate and charged to the income statement with the value of the payable as a contra entry.

The value of the payables is subsequently reduced by the amounts paid, both in terms of the principal and of interest.

The Company considers the effects of applying the amortised cost and discounting to be insignificant when the payables are due within 12 months, also considering all the contractual and essential terms applicable at the time the payable is recognised, and transaction costs and any difference between the initial value and the nominal value upon maturity are of an insignificant amount. In this case, discounting is omitted, interest is calculated at nominal value, and transaction costs are recognised as deferrals and amortised on a straight-line basis over the period of the payable to adjust the nominal interest income.

### PAYABLES TO GROUP COMPANIES

Items D9, D10 and D11 respectively include payables to subsidiaries, associated companies and parent companies, as defined pursuant to art. 2359 of the Italian Civil Code. These payables are indicated separately in the balance sheet.

Item D11 also includes payables to parent companies that indirectly control the Company, through their intermediate subsidiaries. Payables to companies subject to common control ('sister companies'), other than subsidiaries, associated companies or parent companies, are recognised in item D11-bis.

### CASH AND CASH EQUIVALENTS

Bank deposits, postal deposits and cheques (current account, cashier's cheques and similar) are assessed on the basis of their presumed realisable value which coincides with the face value if no difficulties exist in relation to collection thereof.

Cash and stamps are measured at nominal value.

### ACCRUALS AND DEFERRALS

Portions of costs and income, common to two or more financial years, are recorded in these items according to the matching principle on an accrual basis. According to these criteria, an accrual or deferral is recognised when the following conditions are met:

- > the contract begins in one year and ends in a subsequent one;
- > the consideration for the services is contractually due before or after the services that are common to two or more consecutive years;
- > the amount of the accruals and deferrals varies over time.

Income or charges that are fully matured in the reference year of the financial statements, or in subsequent years, are not included in accrued and deferred items.

At the end of each financial year, it is checked that the conditions that determined the initial recognition of the accrual or deferred income are still met; if necessary, the necessary value adjustments are made. This valuation takes into account not only the passage of

time but also the possible recoverability of the amount recognised in the financial statements.

**INVENTORY**

Inventories are assessed at the lesser between the purchasing or production cost and the corresponding market or estimated realisable value, applying the weighted average cost model for homogeneous goods categories.

The cost includes, in addition to the invoice price, ancillary costs such as customs, transportation and other charges directly attributable to that material, net of returns, discounts, rebates and bonuses.

The value of stocks thus obtained is then written down in order to account for obsolescence of the goods, as well as the effective possibility of sale based on the movements in goods.

The value of inventories is restored in the year in which the reasons for a previous write-down disappear up until the cost originally occurred.

Raw materials, ancillaries and finished products are recognised at the lower of purchase or production cost and realisable value based on market trends, applying the weighted average cost model for homogeneous goods categories.

**DERIVATIVE FINANCIAL INSTRUMENTS**

Derivative financial instruments are recorded from the signing date of the agreement, starting from when the Company is subject to the related rights and obligations.

Pursuant to the provisions of Article 2426, paragraph 1, number 11-bis of the Italian Civil Code and of OIC 32, derivative financial instruments, even if embedded in other financial instruments, are measured at fair value both at the recognition date and at the end of each reporting period. The posting and fair value variation compared to the previous year are recorded in the accounts with different methods depending on whether the transaction in derivative financial instruments qualifies (and is actually designated) as a transaction hedging financial risks or not.

**TRANSACTIONS THAT DO NOT QUALIFY (OR ARE NOT DESIGNATED) AS HEDGING TRANSACTIONS**

If the transaction is not qualifiable (or is not designated) as hedging, fair value changes are recognised in the income statement in Section D) "Value adjustment to financial assets and liabilities". As envisaged by article 2426, paragraph 1, number 11-bis of the Italian Civil Code, the profits deriving from the valuation of derivative financial instruments not designated as hedges are allocated to non-distributable shareholders' equity reserves.

**TRANSACTIONS THAT QUALIFY (AND ARE DESIGNATED) AS HEDGING TRANSACTIONS**

The Company conducts transactions in derivative financial instruments to hedge against exchange rate risk.

A transaction in derivative financial instruments is designated as a hedging transaction when:

- > the hedging relationship consists only of eligible hedging instruments and eligible hedged items pursuant to OIC 32;
- > there is a close and documented correlation between the characteristics of the hedged instrument or transaction and those of the hedging instrument, pursuant to article 2426, paragraph 1, number 11-bis of the Italian Civil Code; the documentation concerns the formalisation of the hedging relationship, the Company's objectives in risk management and the hedging strategy;
- > the hedging relationship meets all of the following hedge effectiveness requirements:
  - > there is an economic relationship between the hedged element and the hedging instrument;
  - > the effect of credit risk of the derivative's counter-

party and the hedged element, if the credit risk is not the risk being hedged, does not have precedence over changes in value resulting from the economic relationship;

> a hedging relationship equivalent to the relationship between the number of derivative financial instruments used and the number of elements hedged is calculated such that there is no ex-ante ineffectiveness of the hedge.

The economic relationship is verified in qualitative terms by ensuring that the essential elements of the hedging instrument and the hedged item match or are closely aligned, and in quantitative terms. When the hedging transactions involve derivative financial instruments with characteristics that are very similar to those of the hedged element (defined as "simple hedging relationship") and the derivative is stipulated at market conditions, the hedging relationship is considered effective simply by verifying that the supporting elements (such as nominal amount, settlement date of cash flows, maturity, and the underlying asset) of the hedging instrument and the hedged element correspond or are closely aligned and the credit risk of the counterparty does not significantly affect the fair value of both the hedging instrument and hedged element.

The eligibility criteria are continuously verified and, at every reporting date, the Company tests hedging relationship to determine if the effectiveness requirements continue to be met.

The Company will discontinue hedge accounting when:

- > the hedging instrument expires, is sold or disposed of (without replacement already envisaged in the original hedging strategy);
- > the hedge no longer meets the conditions for hedge accounting. If the change in the economic relationship between the hedged item and the hedging instrument is such as to lead to a termination of the hedging relationship and the objective of risk management for the designated hedging relationship remains the same, the company assesses the possibility of carrying out a review of the hedging relationship.

The Company adopts two types of hedging transactions:

1. FAIR VALUE HEDGING;
2. HEDGING OF FINANCIAL FLOWS.

**1. FAIR VALUE HEDGES**

Fair value hedging is activated when the hedging is aimed at limiting the exposure to the risk of changes in the fair value of an asset or liability recorded in the financial statements or an irrevocable commitment.

The hedging instrument (i.e. the derivative) is recorded at fair value in the balance sheet as an asset or liability. The value of the asset or liability recorded in the financial statement subject to hedging is adequate, along the duration of the hedging, to consider the evaluation of only the component relating to the risk subject to hedging and, if an asset, within the limits of the recoverable value. If the fair value hedging concerns an irrevocable commitment, the fair value of the component relating to the risk subject to hedging is recorded in the balance sheet as an asset or liability in the balance sheet item which will be concerned by the irrevocable commitment at the time of its realisation.

The changes in fair value both of the hedging instrument and of the hedged element are fully recognised in the income statement (in section D) "Value adjustments of financial assets and liabilities" unless the change in fair value of the hedged item is higher in absolute value than that of the hedging instrument; in that case, the difference between the two changes is recorded in the item concerned by the hedged item; on the other hand, it remains entirely under section D) for simple hedging relationships.

In cases where the hedging instrument is a purchased option or a forward contract, when the company designates only the intrinsic

value as an instrument to hedge the changes attributable to the hedged risk, the change in the time value is recognised in section D) of the account economic for the entire duration of the hedge using a linear allocation criterion.

At the time when the hedging transaction ceases, the adjustment of the hedged item is maintained in the Balance Sheet and considered as an asset (in the limits of the recoverable value) or liability component.

If the hedged item is a financial asset or liability, the cumulated adjustment is gradually attributed to the income statement along the duration of the hedged item. If the hedged item is a financial asset or liability valued at amortised cost, the cumulated adjustment is gradually attributed to the income statement according to the actual interest criterion.

**2. HEDGING OF FINANCIAL FLOWS**

Financial flow hedging is activated when the objective of the hedging is to limit the exposure to the risk of changes in the financial flows attributable to an asset or liability recorded in the financial statements, to irrevocable commitments or highly probable scheduled transactions. The Company recognises the fair value of the cash flow hedge in the Balance Sheet, associated with an asset or liability already recognised, an irrevocable commitment or a planned transaction deemed highly probable, with a contra-entry in item A) VII "Reserve for forecast cash flow hedging transactions" for the effective hedge component, whilst the ineffective component, calculated for hedges that cannot be classified as simple, is recorded in section D) of the Income Statement.

In the hedging of financial flows connected to an asset or liability recorded in the financial statements or a highly probable scheduled transaction or irrevocable commitment, the amount of the provision is attributed to the income statement in the same years when the hedged financial flows have an effect on the profit (loss) for the year and in the same item impacted by the same financial flows. In the hedging of financial flows linked to a highly probable scheduled transaction or irrevocable commitment that subsequently imply the recognition of a non-financial asset or liability, at the time of recording the asset or liability the Company eliminates the amount of the reserve for transactions hedging the expected financial flows and includes it directly in the book value of the asset (within the limits of the recoverable value) or liability. However, if, in the presence of a negative reserve, a recovery of the entire loss or part of the provision is not expected in one or more future years, the Company immediately attributes to the income statement of the year the provision (or part of it) it does not expect to recover.

In cases where the hedging instrument is a purchased option or a forward contract and only their intrinsic value is designated as an instrument to hedge changes in cash flows attributable to the hedged risk, if the hedged item is a planned transaction or an irrevocable commitment to purchase or sell, the change in the time value charged to the income statement in the year is recognised under accrued income and prepaid expenses; upon termination of the hedge, the accrual or deferral is recognised as a component of the book value of the asset or liability deriving from the realisation of the planned transaction or the irrevocable commitment or recognised in the income statement when the sale takes place. If the hedged item is not a planned transaction or an irrevocable commitment to purchase or sell, the change in the time value is recognised in section D) of the Income Statement for the entire duration of the hedge using a linear allocation criterion.

**DETERMINATION OF FAIR VALUE**

In order to determine the fair value of the derivative financial instruments in the financial statements, the Company has defined their main (or most advantageous) market and the most appropriate measurement techniques in consideration of the fair value hierarchy levels the parameters are classified into and the assumptions that market operators would use to determine the price of the deriva-

tive, including the assumptions regarding the risks, assuming that market operators act to satisfy their economic interest in the best way.

In determining the fair value, in particular the Company maximised the use of the relevant observable parameters and minimised the use of non-observable parameters according to the fair value hierarchy described below:

- Level Description
1. market value (for the financial instruments for which an active market can be easily identified)
  2. value derived from the market value of a component of the instrument itself or a similar instrument (if the market value cannot be easily identified for an instrument, but can be identified for its components or for a similar instrument)
  3. value resulting from valuation techniques or models that are generally accepted and able to ensure a reasonable approximation to the market value (for the financial instruments for which an active market cannot be easily identified).

In assessing fair value, the company also took into account the credit risk of contracts' counterparties in accordance with OIC 32.

**DISCLOSURE**

Pursuant to art. 2427-bis of the Italian Civil Code, and in application of OIC no. 32, the Explanatory Notes to the Financial Statements provide, for each category of derivative financial instrument, information on:

- > their fair value;
- > their extent and nature (including the significant terms and conditions that may influence their amount, maturity and certainty of future cash flows);
- > the fundamental assumptions the valuation techniques and models are based on, if the fair value was not determined on the basis of market evidence;
- > changes in value recognised directly in the income statement, as well as those charged to equity reserves;
- > the movements of the fair value reserves occurred in the year. In the section regarding derivative financial instruments, where applicable, following information are also highlighted:
  - > the fair value component included in the assets and liabilities subject to fair value hedge;
  - > the possible indeterminability of the fair value;
  - > the decay of the "highly probable" requirement for a planned transaction subject to cash flow hedge;
  - > the ineffective component charged to the income statement in the case of cash flow hedge;
  - > any causes of termination of the hedging relationship and the related accounting effects.

**PROVISIONS FOR RISKS AND CHARGES**

I fondi per rischi sono iscritti per passività di natura determinata ed esistenza probabile, i cui valori sono stimati. Si tratta, quindi, di passività potenziali connesse a situazioni già esistenti alla data di bilancio, ma caratterizzate da uno stato d'incertezza il cui esito dipende dal verificarsi o meno di uno o più eventi futuri.

I fondi per oneri sono iscritti a fronte di passività di natura determinate. Provisions for risks and charges pertain to specific, probable liabilities and their values are estimated. Thus, these are potential liabilities linked to situations already existing at the date of the financial statement, but characterised by a state of uncertainty, the outcome of which depends on whether one or more future events occur. Provisions for charges are recorded against liabilities whose existence is certain, whose amount or timing is estimated, related to obligations already undertaken at the end of the reporting period, but which will actually occur in subsequent financial years.

Provisions are quantified on the basis of estimates that take account of all items available, on an accrual basis and according to the principle of prudence. These elements also include the time horizon when, at the end of the reporting period, there is a certain obligation, by virtue of a contractual or legal restriction, the disbursement of which can be reliably estimated and the date of occurrence, which can be reasonably determined, is sufficiently distant in time to make the present value of the obligation at the end of the reporting period significantly different from the estimated value at the time of disbursement.

When valuing these provisions, the general concepts of prudence and accruals were observed and steps were not taken to establish general risk provisions lacking economic justification.

Contingent liabilities, when existing, are recognised in the financial statements and recorded in the provisions only if they are considered likely and if the amount of the related charge can be reasonably estimated. No provision was made for risks of a remote nature whereas in the case of contingent liabilities considered possible, even if not likely, the explanatory notes included information on uncertainty, where relevant, which could cause loss, the estimated amount or the indication that it cannot be calculated, other possible effects if not obvious, the indication of the opinion of the Company's management and of its legal advisors and other experts, where available. With regard to classification, allocations to provisions for risks and charges are recognised with priority in the cost items of the income statement for the relevant classes (B, C, or D), based on their nature. Whenever this correlation between the nature of the provision and one of the items in the above classes is not immediately feasible, provisions for risk and charges are recorded under items B12 and B13 of the Income Statement.

**PROVISION FOR EMPLOYEE SEVERANCE INDEMNITY (TFR)**

The provision for employee severance indemnity is set aside to cover the entire liability accrued towards employees, in compliance with current legislation and collective labour and supplementary company agreements. This liability is subject to revaluation pursuant to article 2120 of the Italian Civil Code. The Employee severance indemnity recognised in the financial statements represents the actual liability accrued towards employees, considering every form of remuneration as ongoing. The provision corresponds to the total of the single indemnity payable to each employee at the balance sheet date, net of cash advances previously paid, should he/she leave the company's employment at that date.

**COSTS**

Purchase costs are recognised on an accruals basis. The costs for raw and ancillary materials, consumables and goods include accessory purchase costs (transport, insurance, loading and unloading, etc.) if included by the supplier in the purchase price of the same, otherwise they are recognised separately under costs for services according to their nature.

Not only costs of a certain amount, but also those not yet documented for which the transfer of ownership has already taken place or the service has already been received, are recognised under costs.

**INCOME TAXES**

Direct taxes for the year are recorded on the basis of the estimate of taxable income, in accordance with the provisions of the law and the rates in force, taking into account any applicable exemptions. An analysis is also made of the existence of temporary differences between the balance sheet values of assets and liabilities and the corresponding values relevant for tax purposes and/or between income components charged to the Income Statement and those

taxable or deductible in future financial years for the purpose of recording the taxes for the period, as required by the OIC no. 25. In the presence of taxable temporary differences, deferred tax liabilities are recorded in the financial statements, with the exception of the OIC 25 exceptions.

If there are deductible temporary differences, deferred tax assets are recognised only if there is a reasonable certainty of their future recovery.

If tax losses are generated, deferred tax assets are calculated and recorded against the future tax benefit related to them, within the limits of the taxable results that can be realised according to a tax projection within a defined reasonable time period defined at five years.

Prepaid and deferred taxes are calculated on the cumulative amount of all temporary differences for the year, applying the tax rates in force in the year in which the temporary differences will reverse, as provided for by the tax regulations in force at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are not discounted.

For the purposes of classification in the financial statements, tax receivables and payables are offset only if there exists a legal right to offset the amounts recognised on the basis of the tax legislation and the intention is to settle the tax payables and receivables on a net basis by means of a single payment.

The accounting standards that characterise, where applicable, the tax consolidation are set out below:

**CURRENT TAXES**

Taxes for the year are recognised in the income statement under the item "Current taxes for the year" and the related payable (or receivable) in the Balance Sheet under the item "Payables (or Receivables) from the parent company". Consolidation adjustments that generate benefits as part of the consolidated statement are recognised in the income statement under the item "Tax income from tax consolidation", classified under the item "Current taxes for the year" with a balancing entry in the Balance Sheet under the item "Receivables from the parent company".

With regard to the transfer of withholdings, IRES surpluses, as well as the advances independently paid by the consolidated companies, the Company recognises a receivable from the consolidating company as it is a real transfer of assets to the tax consolidation.

**DEFERRED TAXES**

Receivables for prepaid IRES and the provision for deferred IRES arising from both the consolidating and the consolidated companies from transactions that occur during the option effectiveness period remain in the shareholders' equity of the company that generated them; therefore, under the tax consolidation regime, they are not recognised in the financial statements of the consolidating company. Compliance with the conditions for the recognition of deferred taxes is assessed with reference to the forecasts of future taxable income of the companies participating in the tax consolidation.

Otherwise, if the deferred or prepaid taxes derive from transactions that occur at times other than the consolidation period, the valuation is carried out with reference to the individual situation of the consolidated company.

**REMUNERATION OF THE ECONOMIC ADVANTAGES IN FAVOUR OF THE CONSOLIDATED COMPANIES**

The remuneration of the tax losses of the companies included in the tax consolidation is recognised at the time of actual use of said losses within the scope of the consolidation (and, therefore, are not subject to the achievement of future taxable profits by the indivi-

dual consolidated company), at the IRES rate in force in the tax period in which the tax loss is used to offset the consolidated taxable income. The economic benefits resulting from the consolidation adjustments made by the consolidating company, but specific to the consolidated company, are remunerated in favour of the consolidated company.

**REVENUE RECOGNITION**

Revenues from sales of goods are recognised on an accrual basis when both of the following conditions are met:

- > the production process of the goods or services has been completed;
  - > the exchange has already taken place, i.e. the substantial and non-formal transfer of the ownership has taken place. In case of sale of goods, this moment is represented by the dispatch or delivery of the movable property, whereas for goods requiring a public document (real estate and movable properties) by the signing date of the sale agreement. In the case of the provision of services, the exchange is considered to have taken place when the service is rendered, i.e. the service is performed.
- Revenues from the provision of services are recognised on the date on which the services are completed or, for those dependent on contracts with periodic payments, on the date of accrual of the payments.

Sales revenues are recognised net of returns, discounts, allowances and premiums, as well as taxes directly related to the sale of products and provision of services and adjustments to revenues for the year as a direct reduction in revenues.

The item "other revenues and income" includes positive non-financial income components deriving solely from ancillary operations.

**CRITERIA FOR THE CONVERSION OF VALUES EXPRESSED IN FOREIGN CURRENCIES**

In compliance with art. 2426, paragraph 1, n. 8-bis of the Italian Civil Code, monetary assets and liabilities in currencies other than the functional currency in which the financial statements are presented (so-called 'accounting currency'), after initial recognition, are recognised at the spot exchange rate on the closing date of the financial year. The consequent gains or losses on foreign exchange are recognised in the income statement under item C17-bis) 'foreign exchange gains and losses' and any net profit, which contributes to the formation of the operating result, is set aside in a specific reserve that cannot be distributed until realised.

Non-monetary assets and liabilities in currencies other than the accounting currency are recognised at the exchange rate in effect at the time of their acquisition. If the exchange rate in force at the closing date of the financial year is significantly different from that existing at the acquisition date, the exchange rate variation is one of the elements taken into consideration in the valuation process to determine the value that can be booked in the financial statements for the individual non-monetary assets. In this case, therefore, any exchange differences (positive or negative) contribute to the determination of the recoverable value.

Significant, unpredictable fluctuations of foreign exchange rates after the end of the year to which the company is most exposed without hedging are not recognised in the financial statements since they are attributable to the following year but disclosure is given in the explanatory notes under paragraph "Significant events which occurred after the closing of the consolidated financial statements".

As an alternative to the adoption of derivative financial instruments, for some transactions to hedge the exchange rate risk on highly probable planned transactions or irrevocable commitments, the Company makes use of cash and cash equivalents, or receivables and payables in foreign currency. Depending on the transaction

characteristics, this may be used by designating the element in its entirety or for a part of its nominal value as an instrument to hedge the exchange rate risk.

The Company designates these transactions as hedges only when the highly probable planned transactions or the irrevocable commitments are denominated in the same foreign currency as the hedging instrument, and the relationship is effective on the basis of the verification of the transaction's underlying elements and this relationship is formally documented together with the hedging objectives and strategies.

Subsequently to the designation, the hedging instrument is measured at the spot exchange rate at each reporting date and any change is allocated to item AVII "Cash flow hedging reserve".

At the end of the hedge, the balance of the "Cash flow hedging reserve" is recognised as a balancing entry to the income statement item affected by the hedged item.

If the planned transaction or irrevocable commitment subsequently results in the recognition in the financial statements of a non-financial asset or liability, the amount of the reserve is adjusted or supplemented by the value of the asset (within the limits of the recoverable value) or liability.

When the recognition of the transaction as a hedge ceases, the amount accumulated in the reserve is released to the income statement under the item "Exchange gains/losses" if it is expected that future cash flows will no longer occur (or are no longer expected to be highly probable) or it is not probable that the Company will realise the exchange gains/losses in the reserve.

**COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES**

The commitments not resulting from the balance sheet represent obligations undertaken by the company towards third parties that originate from legal transactions with certain mandatory effects but not yet executed by either party. The commitments category includes both commitments whose execution and the relative amount is certain (for example: forward purchase and sale), and commitments whose execution is certain but the relative amount is not (for example: contract with a price revision). The commitments amount is the nominal value that can be inferred from the related documentation.

**CASH FLOW STATEMENT**

The company prepared the cash flow statement, the summary document that reconciles the changes that occurred during the year in the company assets with the changes in the financial situation; it highlights the values relating to the financial resources that the Group needed during the year as well as the related uses.

With regard to the method used, it should be noted that, in accordance with the provisions of accounting standard OIC 10, the same adopted the indirect method on whose basis the cash flow is reconstructed by adjusting the result for the year of non-monetary components.

# EXPLANATORY NOTES, ASSETS

## FIXED ASSETS

### INTANGIBLE FIXED ASSETS

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
59.191.310	63.485.926	(4.294.616)

CHANGES IN INTANGIBLE FIXED ASSETS (Ref. art. 2427, first paragraph, no. 2, of the Italian Civil Code)									
	Start-up and expansion costs	Development costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Intangible fixed assets in progress and payments on account	Other intangible fixed assets	Consolidation difference	Total intangible fixed assets
<b>Value at the beginning of the year</b>									
Cost	95.500	104.650	1.354.627	66.278.661	8.818.868	445.265	2.199.921	150.079	78.221.531
Revaluations									
Depreciation (Depreciation provision)	75.662	91.550	650.201	11.582.770	2.691.969		839.457	30.016	15.761.542
Write-downs									
Book value	19.818	13.100	704.426	54.695.891	6.126.899	445.265	1.360.464	120.063	63.485.926
<b>Changes during the year</b>									
Increases	100.000	28.200	219.429	18.707		24.208	608.958		999.503
Decreases due to sales and disposals (of the carrying amount)						(1.005)			(1.005)
Transfer to increase assets	389.500	9.600	27.200	1.869		(428.168)			-
Depreciation for the year	116.523	21.467	363.418	3.686.238	889.035		211.446	15.008	5.293.135
Write-downs made during the year									
Other changes									
Total changes	372.977	16.333	(106.789)	(3.665.663)	(889.036)	(404.965)	397.513	(15.008)	(4.294.637)
<b>Value at the end of the year</b>									
Cost	585.500	142.450	1.601.256	66.299.236	8.818.868	40.300	2.808.880	150.079	80.446.069
Revaluations									
Depreciation (Depreciation provision)	192.185	113.017	1.003.619	15.269.008	3.581.004		1.050.903	45.024	21.254.760
Write-downs									
Book value	392.815	29.433	597.637	51.030.228	5.237.864	40.300	1.757.977	105.055	59.191.310

The item "Concessions, licenses and trademarks" includes the book value, in 2018, of the Save The Duck brand in the parent company Save The Duck S.p.A. for Euro 51,647 thousand, based on a specific appraisal prepared by an expert and resulting from the allocation of part of the merger deficit, as well as the recognition, as required by OIC 12, of the deferred tax effect (equal to Euro 14,410 thousand) determined on the merger deficit value allocated to the brand; As at 31 December 2019, also in the parent company Save The Duck S.p.A., the item "Goodwill" represents the portion of the merger deficit not allocated to the Save The Duck brand, for an original amount of Euro 6,289 thousand (in 2018) and the portions relating to the deferred acquisition price for Euro 1,951 thousand.

The main increases for the year relate to:  
 > in the item "Start-up and expansion costs", the costs in the Parent Company Save The Duck S.p.A. relating to extraordinary consultancy for the definition of the strategic development lines of the Save The Duck Group in the coming years;

in the item "Development costs", the costs in the Parent Company Save The Duck S.p.A. relating to the development of the new software platform of the new institutional website and for direct e-commerce;

> under the item "Industrial patent rights", mainly for the purchase costs of software programs and licenses relating to the implementation of new information systems relating to the ERP management system (Stealth Go! For Euro 238 thousand, of which Euro 25 thousand for the Stealth Retail project) and the order collection system (for Euro 4 thousand);

> in the item "Concessions, licenses and trademarks", the value for the filing of the renewals of the trademarks owned by the Group;  
 > in "Other intangible fixed assets", mainly to the charges incurred in relation to the opening of the new direct stores in Bologna (for a total of Euro 62 thousand) and New York (for a total of Euro 103 thousand).

Taking into account the nature of the Trademark and Goodwill items and their estimated useful life, which significantly exceeds the ordinary term of five years, an impairment test was carried out to assess the recoverability of the values recorded through the expected cash flows in the coming years and inferred from the company forecasts. No impairment losses emerged from the outcome of the impairment test.

### BREAKDOWN OF START-UP, EXPANSION AND DEVELOPMENT COSTS ITEMS

(Ref. art. 2427, first paragraph, no. 3, of the Italian Civil Code)

The Breakdown of start-up, expansion and development costs is indicated below, as well as the reasons for their recognition.

START-UP AND EXPANSION COSTS					
Cost description	Value 31/12/2021	Increase for the year	Decrease for the year	Amortisation for the year	Value 31/12/2022
Start-up	3.906			3.906	-
Transformation	2.429			1.215	1.215
Merger	13.483			13.483	-
Costs for the Strategic Plan		489.500		97.900	391.600
Other changes in the articles of association					
<b>Total</b>	<b>19.818</b>			<b>116.503</b>	<b>392.815</b>

These are the charges incurred in relation to the establishment of Save The Duck S.p.A. then merged by incorporation into the Company, and the charges incurred for the merger transaction.

DEVELOPMENT COSTS					
Cost description	Value 31/12/2021	Increase for the year	Decrease for the year	Amortisation for the year	Value 31/12/2022
Web platform	13.100	37.800		21.467	29.433
<b>Total</b>	<b>13.100</b>	<b>37.800</b>		<b>21.467</b>	<b>29.433</b>

These are the expenses incurred in relation to the development of the new software platform of the institutional website and for direct e-commerce of Save The Duck S.p.A.

**PROPERTY, PLANT AND EQUIPMENT**

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
664.424	501.833	162.591

The changes during the year for the various categories of property, plant and equipment are shown below.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT						
	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Property, plant and equipment in progress and payments on account	Total property, plant and equipment
<b>Value at the beginning of the year</b>						
Cost		9.511	36.710	864.024		618.105
Revaluations						
Depreciation (Depreciation provision)		3.288	19.273	385.852		275.193
Write-downs						
Book value		6.223	17.438	478.172		501.833
<b>Changes during the year</b>						
Increases for acquisitions		6.450	1.102	295.406		302.958
Reclassifications (of the book value)						
Decreases due to sales and disposals (of the carrying amount)						
Revaluations carried out during the year						
Depreciation for the year		5.138	3.700	131.528		140.366
Write-downs made during the year						
Other changes						
Total changes		1.312	(2.598)	163.878		162.592
<b>Value at the end of the year</b>						
Cost		15.961	37.812	1.159.430		1.213.203
Revaluations						
Depreciation (Depreciation provision)		8.426	22.973	517.380		548.779
Write-downs						
Book value		7.535	14.839	642.050		664.424

The main increases in the year are mainly related to the expenses incurred in relation to the fitting out of the new direct stores in Bologna (Euro 44 thousand) and New York (Euro 125 thousand) and the renewal of electronic machines (PCs and company network systems), mainly at the headquarters (Euro 28 thousand) and the renewal of mobile telephony (Euro 8 thousand).

**FINANCIAL FIXED ASSETS**

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
49	49	

**CHANGES IN EQUITY INVESTMENTS, OTHER SECURITIES AND LONG-TERM DERIVATIVE FINANCIAL INSTRUMENTS**

	Equity investments in subsidiaries	Equity investments in associated companies	Equity investments in parent companies	Equity investments in companies subject to the control of parent companies	Equity investments in other companies	Total equity investments	Other securities	Derivative financial instruments - assets
<b>Value at the beginning of the year</b>								
Cost					49	49		
Reclassifications								
Write-downs								
Book value					49	49		
<b>Changes during the year</b>								
Increases for acquisitions								
Reclassifications (of the book value)								
Decreases due to sales and disposals (of the carrying amount)								
Revaluations carried out during the year								
Write-downs made during the year								
Other changes								
Total changes								
<b>Value at the end of the year</b>								
Cost					49	49		
Reclassifications								
Revaluations								
Write-downs								
Book value					49	49		

The item includes the value of the equity investments in Consorzio Conai.

No impairment were recorded during the year.

**CHANGES AND EXPIRY OF LONG-TERM RECEIVABLES**

	Non-current receivables from subsidiaries	Non-current receivables from associated companies	Non-current receivables from parent companies	Non-current receivables from companies subject to the control of parent companies	Non-current receivables from others	Total non-current receivables
Value at the beginning of the year						
Changes during the year						
Value at the end of the year						
Portion due within the year						
Portion due after the year						
Of which with a residual duration of more than 5 years						

## CURRENT ASSETS

### INVENTORIES

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
13.152.003	6.120.415	7.031.588

The breakdown of the item inventories as at 31 December 2021 is shown below:

	VALUE AT THE BEGINNING OF THE YEAR	CHANGE DURING THE YEAR	VALUE AT THE END OF THE YEAR
Raw, ancillary and consumable materials	157.178	(78.103)	79.075
Work in progress and semi-finished products			
Contract work in progress			
Finished products and goods	5.963.237	7.109.691	13.072.928
Advances			
<b>Total inventories</b>	<b>6.120.415</b>	<b>7.031.588</b>	<b>13.152.003</b>

With regard to Finished products and goods, it should be noted that at the end of 2023 this item mainly included items from the 2023 Spring Summer collection delivered to customers and that the increase in the value of this item was substantially generated by the higher orders collected compared to the previous year and to the goods received in December for sales to be made in the first months of 2023, in particular with reference to the parent company Save The Duck S.p.A.

The stock value is adjusted by a specific allowance for slow-moving and obsolete inventories recognised by Save The Duck S.p.A. It should be noted that the inventory obsolescence provision as at 31 December 2022 amounted to Euro 150,000 and did not change during the year.

### RECEIVABLES RECORDED UNDER CURRENT ASSETS

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
20.344.190	16.346.493	3.997.697

The balance is apportioned, according to maturity terms, as follows.

Receivables are measured at their estimated realisable value, as explained in the first part of these explanatory notes.

CHANGES AND MATURITY OF RECEIVABLES RECORDED UNDER CURRENT ASSETS						
	Value at the beginning of the year	Change during the year	Value at the end of the year	Portion due within the year	Portion due after the year	Of which with a residual duration of more than 5 years
Receivables from customers recorded under current assets	14.205.600	3.566.630	17.772.230	17.772.230		
Receivables from subsidiaries recorded under current assets	-	-	-	-		
Tax receivables recorded under current assets	431.168	496.306	927.474	927.474		
Deferred tax assets recorded under current assets	498.538	437.168	935.706	935.706		
Receivables from others recorded under current assets	1.211.187	(502.407)	708.780	436.377	272.403	
<b>Total receivables recorded under current assets</b>	<b>16.346.493</b>	<b>3.997.697</b>	<b>20.344.190</b>	<b>20.071.787</b>	<b>272.403</b>	

The increase in the item Receivables from customers is closely linked to the timing of invoicing and collection of the Fall Winter collection and to the advance invoicing of the 2023 Spring Summer collection, in December 2022, higher than that achieved in the same period of the previous year.

Receivables from others, as at 31 December 2022, amounting to Euro 708,780, are broken down as follows:

DESCRIPTION	AMOUNT
Advances to suppliers for materials	114.291
Advances to various suppliers	136.000
Guarantee deposits	272.403
Other receivables	186.086
<b>Total</b>	<b>708.780</b>

Deferred tax assets of Euro 935,706 relate to deductible temporary differences; for a description of these, reference is made to the relevant paragraph in the last part of these explanatory notes, commenting on the item Taxes for the year.

The breakdown of receivables as at 31 December 2022 by geographical area is shown in the following table (art. 2427, first paragraph, no. 6, of the Italian Civil Code).

BREAKDOWN OF RECEIVABLES RECORDED UNDER CURRENT ASSETS BY GEOGRAPHICAL AREA									
Geographical area	Receivables from customers recorded under current assets	Receivables from subsidiaries recorded under current assets	Receivables from associated companies recorded under current assets	Receivables from parent companies recorded under current assets	Receivables from companies subject to the control of parent companies recorded under current assets	Tax receivables recorded under current assets	Deferred tax assets recorded under current assets	Receivables from others recorded under current assets	Total receivables recorded under current assets
Italy	11.400.908					835.416	732.796	415.899	13.242.268
EEC	2.477.558								2.477.558
Extra EEC	3.843.764					92.058	203.000	292.881	4.431.703
Total	17.722.230					927.474	935.796	708.780	20.344.190

The receivables item was adjusted through a specific provision for doubtful debts with the following movements throughout the year:

DESCRIPTION	Provision for write-downs pursuant to art. 2426 Italian Civil Code	Provision for write-downs pursuant to art. 106 Presidential Decree 917/1986	Total
Balance as at 31/12/2021	0	71.366	297.966
Use during the year	5.370	74.046	79.416
Allocation for the year	23.216	56.783	80.000
Balance as at 31/12/2022	244.446	54.104	298.550

CURRENT FINANCIAL ASSETS

CHANGES TO CURRENT FINANCIAL ASSETS

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
157.963	675.655	(517.692)

The item refers to the fair value deriving from the mark to market of derivatives on interest rate and exchange rate hedges in place as at 31 December 2022 with a positive fair value.

The interest rate risk is hedged through Interest Rate Swap (IRS) contracts, i.e. contracts where two counterparties undertake to exchange certain cash flows on an established date according to an agreed format.

The parent company Save The Duck S.p.A. carries out hedging transactions against exchange rate risk through the stipulation of hedging contracts with leading financial institutions. The exchange rate risk is reduced through the use of forward purchase or sale contracts ("outright forward"), i.e. a contract where two counterparties undertake to exchange certain currencies by an established date according to an agreed format.

The Group, in Save The Duck S.p.A., has two interest rate hedges and 10 foreign exchange hedging contracts in total. One of the current exchange rate hedging contracts had a positive fair value and nine had negative fair value.

For contracts with a positive fair value, information on fair value is provided below: it is represented by a value provided by the banks, parties the company holds relations with, and is determined through the application of generally accepted valuation models and techniques. Please refer to the section on Provisions for Risks and Charges for the treatment of hedging contracts with negative fair value.

The table below shows the book value of the derivative financial instruments in place, by category, with details of the corresponding positive fair values as at 31 December 2022.

POSITIVE FAIR VALUE	31 DECEMBER 2022
<b>Derivatives designated as fair value hedges</b>	
- Hedged foreign currency forward contracts	
<b>Derivatives designated to as cash flow hedges</b>	
- SWAP on interest rates	122.705
- Hedged foreign currency forward contracts	35.258
<b>Total financial assets at fair value</b>	<b>157.963</b>

Derivatives designated as fair value hedging instruments reflect the change in the fair value of forward foreign exchange contracts in order to limit the exposure to the risk of changes in the fair value of an asset (receivable from customers) or a liability (trade payable) recognised in the financial statements.

Derivatives designated as cash flow hedges reflect positive changes in the fair value of forward currency contracts, designated as highly probable cash flow hedges, relating to future purchases in US dollars.

In accordance with the provisions of art. 2427-bis of the Italian Civil Code, the information requested is reported below.

AMORTISING LINE COVERAGE	
Date of subscription	24-May-2018
Expiration	29-Dec-2023
Initial notional value (Euro)	6.818.181
Residual value (Euro)	1.363.636
Bank rate (to be received)	6-month Euribor
Customer rate (to be paid)	6-month Euribor +0.36% (max rate 0.86%)
Fair value	22.406

BULLET LINE COVERAGE	
Date of subscription	24-May-2018
Expiration	29-Dec-2023
Initial notional value (Euro)	5.000.000
Residual value (Euro)	5.000.000
Bank rate (to be received)	6-month Euribor
Customer rate (to be paid)	6-month Euribor + 0.45% (max rate 1.2%)
Fair value	100.299

UNICREDIT	
Date of subscription	4-Feb-22
Expiration	11-Jan-23
Initial notional value (Euro)	500.000 USD
Forward exchange rate	1,1541
Fair value (Euro)	35.258



The following table shows the hierarchical level at which the fair value measurements of the derivative financial instruments outstanding as at 31 December 2022 were classified. As required by art. 2426, paragraph 4) of the Italian Civil Code, the fair value can be divided into three levels:

> level 1: determined with reference to the market value, for the instruments for which an active market can be easily identified;

> level 2: determined with reference to the market value of its components or of a similar instrument, if the market value of the instrument is not easily identifiable;

> level 3: determined with reference to the value resulting from generally accepted valuation models and techniques, for instruments for which an active market is not easily identifiable, either directly or indirectly.

DERIVATIVE FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
- Positive fair value		157.963	
- Negative fair value			

There were no transfers between levels during the period.

**CASH AND CASH EQUIVALENTS**

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
3.434.625	7.809.958	(4.375.333)

	VALUE AT THE BEGINNING OF THE YEAR	CHANGE DURING THE YEAR	VALUE AT THE END OF THE YEAR
Bank and post office deposits	7.052.297	(4.888.230)	2.164.067
Cheques	750.572	511.970	1.262.542
Cash on hand	7.089	927	8.016
Total cash and cash equivalents	7.809.958	4.375.333	3.434.625

Bank deposits, postal deposits and cheques (current account, cashier's cheques and similar) are assessed on the basis of their presumed realisable value which coincides with the face value if no difficulties exist in relation to collection thereof. Cash and stamps are measured at nominal value.

The balance represents cash and cash equivalents, including cash and securities, at the closing date of the financial year.

**ACCRUED INCOME AND PREPAID EXPENSES**

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
1.384.190	1.051.148	333.042

Accrued Income and Prepaid Expenses measure income and charges paid in advance or postponed with respect to the monetary and/or documentary event; they are independent of the date of payment or collection of the related income and charges, common to two or more periods and payable on the basis of time.

Also for these items, the criteria adopted in the valuation and in the conversion of the values expressed in foreign currency are reported in the first part of these explanatory notes.

As of 31 December 2021, the Group had no accrued income and prepaid expenses with a duration of more than five years.

	ACCRUED INCOME	PREPAID EXPENSES	TOTAL ACCRUED INCOME AND PREPAID EXPENSES
Value at the beginning of the year	-	1.051.148	1.051.148
Change during the year	-	333.042	333.042
Value at the end of the year	-	1.384.190	1.384.190

The breakdown of the item is detailed as follows (art. 2427, first paragraph, no. 7, of the Italian Civil Code).

DESCRIPTION	AMOUNT
Prepaid expenses on systems development for the USA	720.420
Prepaid expenses for stylistic consultancy	175.920
Prepaid advertising, promotional and advertising expenses	112.968
Prepayments on interest rate hedging contracts	109.829
Prepayments on consulting	55.765
Prepayments on green certificates	39.165
Prepayments of maintenance	21.505
Prepaid rental expenses	18.274
Prepayments of insurance expenses	9.800
Others for an insignificant amount	120.544
<b>Total</b>	<b>1.384.190</b>

Prepaid expenses on interest rate hedging contracts reflect the recognition of the "time value" component of the fair value of interest rate hedging derivatives signed against existing medium/long-term loans.

**EXPLANATORY NOTES, LIABILITIES AND SHAREHOLDERS' EQUITY**

**SHAREHOLDERS' EQUITY**

(Ref. art. 2427, first paragraph, no. 4, 7 and 7-bis, of the Italian Civil Code)

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
48.399.948	49.024.437	(624.489)

This item includes all the transactions of a financial nature carried out between the Company and subjects who exercise their rights and duties as shareholders. The share capital increase is recognised in the accounts only after the transaction has been entered in the companies' register, as governed by art. 2444, paragraph 2, of the Italian Civil Code. In this case, the corresponding amount is recognised in a specific item of shareholders' equity (other than "Share Capital"), which includes the amounts of capital subscribed by shareholders that will be subsequently reclassified when the conditions described above occur.

Any reduction in the share capital following the withdrawal of a shareholder entails the obligation for the Company to purchase the shares of the same in order to reimburse them, if not purchased by other shareholders; for accounting purposes, a negative reserve is recognised under item X "Negative reserve for treasury shares in portfolio". The difference between the reduction in the shareholders' equity and the receivable from the withdrawing shareholder is included in a reserve.

In case of default by a shareholder, the share capital is reduced by an amount corresponding to the value of the shares cancelled, which, from an accounting point of view, determines the reversal of the receivable from the withdrawing shareholder (for shares still due from them) and the difference between the reduction in the shareholders' equity and the receivable from the withdrawing shareholder is included in a reserve.

BREAKDOWN AND CHANGES IN SHAREHOLDERS' EQUITY ITEMS						
	Balances 31 December 2021	Allocation of previous year's result	Change in cash flow hedging reserve	Other changes in consolidation	Operating income	Balances 31 December 2022
Share Capital	1.000.000					1.000.000
Legal Reserve	200.000					200.000
Extraordinary Reserve	6.888.858					6.888.858
Reserve from translation difference	(11.224)			(96.333)		(107.557)
Merger surplus reserve	34.399.308					34.399.308
Reserve for unrealized foreign exchange gains	20.099					20.099
Reserve for expected cash flow hedging transactions	472.206		(614.456)			(142.250)
Retained earnings (loss) carried forward	6.573.996	(518.807)		73.546		6.128.735
Profit (loss) for the year	(518.807)	518.807			12.755	12.755
<b>Group shareholders' equity</b>	<b>49.024.437</b>	<b>-</b>	<b>(614.456)</b>	<b>(22.787)</b>	<b>12.755</b>	<b>48.399.948</b>

DETAILS OF OTHER RESERVES	
Description	Amount
Non-distributable reserve pursuant to art. 2426	20.099
Total	20.099

ORIGIN, POSSIBILITY OF USE AND DISTRIBUTABILITY OF THE VARIOUS OTHER RESERVES						
Description	Amount	Origin/nature	Possibility of use	Amount available	Summary of uses made in the three previous years - to cover losses	Summary of uses made in the three previous years for other reasons
Non-distributable reserve pursuant to art. 2426	20.099		A,B	20.099		
Total	20.099					

Key:  
 A) for share capital increase;  
 B) to cover losses;  
 C) for distribution to shareholders;  
 D) for other statutory obligations

**CHANGE IN RESERVE FOR EXPECTED CASH FLOW HEDGES**

The reserve for expected cash flow hedges includes the mark to market component of the derivatives outstanding as at 31 December 2022, net of the related tax effect, relating to the hedging of forward purchases of USD currency and interest rate hedging. The changes in the cash flow hedge reserve are as follows (art. 2427 bis, paragraph 1, no. 1 b) quarter.

	EXPECTED CASH FLOW HEDGE RESERVE
Value at the beginning of the year	472.206
<b>Changes during the year</b>	
Increase due to change in fair value	
Decrease due to change in fair value	(614.456)
Release to the income statement	
Release to adjust assets/liabilities	
Deferred tax effect	
Value at the end of the year	(142.250)

**STATEMENT OF RECONCILIATION BETWEEN SHAREHOLDERS' EQUITY AND PROFIT FOR THE YEAR OF THE PARENT COMPANY AND CONSOLIDATED SHAREHOLDERS' EQUITY AND THE CONSOLIDATED PROFIT FOR THE YEAR**

Information relating to the statement of reconciliation between shareholders' equity and profit for the year of the parent company and consolidated shareholders' equity and the consolidated profit for the year:

SAVE THE DUCK S.P.A CONSOLIDATO (VALORI IN EURO)				
	Shareholders' equity 31/12/2022	Shareholders' equity 31/12/2021	Result for fiscal year 2022	Result for fiscal year 2021
<b>Shareholders' equity and results for the year, as reported in the parent company's financial statements</b>	<b>52.033.178</b>	<b>50.645.955</b>	<b>2.001.678</b>	<b>(123.381)</b>
Elimination of carrying value of consolidated investees:				
Shareholders' equity and results of consolidated companies	(2.531.351)	(723.505)	(1.759.696)	(196.110)
Elimination of carrying value of equity investments				
	(715.980)	(715.980)		
Consolidation difference				
	105.055	120.063	(15.008)	(15.008)
Elimination of internal profits and other adjustments:				
Gains in inventories and from translation	(490.953)	(302.096)	(214.220)	(184.308)
<b>Shareholders' equity and results for the year as reported in the consolidated financial statements</b>	<b>48.399.948</b>	<b>49.024.437</b>	<b>12.755</b>	<b>(518.807)</b>

**PROVISIONS FOR RISKS AND CHARGES**

(Ref. art. 2427, first paragraph, no. 4, of the Italian Civil Code)

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
13.013.141	13.447.979	(434.838)

DESCRIPTION	FPROVISION FOR PENSIONS AND SIMILAR OBLIGATIONS	RESERVE FOR TAXES, INCLUDING DEFERRED	DERIVATIVE FINANCIAL INSTRUMENTS - LIABILITIES	OTHER PROVISIONS	TOTAL PROVISIONS FOR RISKS AND CHARGES
Value at the beginning of the year	1.308.305	12.083.163	56.511	1.308.305	13.447.979
<b>Changes during the year</b>					
Provision for the year	250.000	10.270	347.402		607.672
Use during the year		990.951	51.558		(1.042.509)
Other changes					
Total changes	250.000	(980.681)	295.844		(434.837)
Value at the end of the year	1.558.305	11.102.482	352.355		13.013.141

The "provision for retirement benefits" is set aside for the supplementary customers indemnity for Italian and foreign agents and representatives in the parent company Save The Duck S.p.A. The provisions for taxes include deferred tax liabilities (i) of Euro 11,102,482 relating (mainly) to the tax effects associated with the allocation of part of the merger deficit to the Save The Duck brand, as fully described in the section relating to intangible fixed assets, and (ii) the accounting of derivative contracts hedging interest rates on loans in the parent company Save The Duck S.p.A.

The provision for "Financial instruments liabilities" refers to the fair value deriving from the market valuation of derivatives on exchange rate hedges in the parent company Save The Duck S.p.A.

In Save The Duck S.p.A., the Group has a total of nine foreign exchange hedging contracts in place for which information on negative fair value is provided. This is represented by a value provided by the banks, parties the Company holds relations with, and is determined through the application of generally accepted valuation models and techniques.

The next table shows the book value of the derivative financial instruments in place, with details of the corresponding fair values as at 31 December 2022.

NEGATIVE FAIR VALUE	31 DECEMBER 2022
<b>Derivatives designated as fair value hedges</b>	
- Hedged foreign currency forward contracts	
- SWAP on interest rates	
<b>Derivatives designated to as cash flow hedges</b>	
- Hedged foreign currency forward contracts	352.355
<b>Total financial liabilities at fair value</b>	<b>352.355</b>

In accordance with the provisions of art. 2427-bis of the Italian Civil Code, the information requested is reported below.

UNICREDIT	
Date of subscription	16-Nov-22
Expiration	7-Feb-23
Initial notional value (Euro)	500.000 USD
Forward exchange rate	1,0452
Fair value (Euro)	(10.727)

UNICREDIT	
Date of subscription	16-Nov-22
Expiration	14-Feb-23
Initial notional value (Euro)	500.000 USD
Forward exchange rate	1,0462
Fair value (Euro)	(10.511)

UNICREDIT	
Date of subscription	16-Nov-22
Expiration	21-Feb-23
Initial notional value (Euro)	500.000 USD
Forward exchange rate	1,0462
Fair value (Euro)	(10.696)

UNICREDIT	
Date of subscription	16-Nov-22
Expiration	16-May-23
Initial notional value (Euro)	1.000.000 USD
Forward exchange rate	1,0510
Fair value (Euro)	(21.944)

INTESASANPAOLO	
Date of subscription	16-Nov-22
Expiration	23-May-23
Initial notional value (Euro)	1.000.000 USD
Forward exchange rate	1,0550
Fair value (Euro)	(19.203)

BANCO BPM	
Date of subscription	16-Nov-22
Expiration	27-Jul-23
Initial notional value (Euro)	2.000.000 USD
Forward exchange rate	1,0515
Fair value (Euro)	(41.515)

UNICREDIT	
Date of subscription	16-Nov-22
Expiration	23-Sep-23
Initial notional value (Euro)	5.000.000 USD
Forward exchange rate	1,0520
Fair value (Euro)	(110.215)

INTESASANPAOLO	
Date of subscription	16-Nov-22
Expiration	31-Oct-23
Initial notional value (Euro)	4.000.000 USD
Forward exchange rate	1,0545
Fair value (Euro)	(85.181)

UNICREDIT	
Date of subscription	16-Nov-22
Expiration	30-Nov-23
Initial notional value (Euro)	2.000.000 USD
Forward exchange rate	1,0560
Fair value (Euro)	(42.363)

The following table shows the hierarchical level at which the fair value measurements of the derivative financial instruments outstanding as at 31 December 2022 were classified. As required by art. 2426, paragraph 4) of the Italian Civil Code, the fair value can be divided into three levels:

> level 1: determined with reference to the market value, for the instruments for which an active market can be easily identified

> level 2: determined with reference to the market value of its components or of a similar instrument, if the instrument market is not easily identifiable

> level 3: determined with reference to the value resulting from generally accepted valuation models and techniques, for instruments for which an active market is not easily identifiable, either directly or indirectly;

DERIVATIVE FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
- Positive fair value			
- Negative fair value		352.355	

There were no transfers between levels during the period.

### EMPLOYEE SEVERANCE INDEMNITY

(Ref. art. 2427, first paragraph, no. 4, of the Italian Civil Code)

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
759.846	613.299	146.547

EMPLOYEE SEVERANCE INDEMNITY	
Value at the beginning of the year	613.299
<b>Changes during the year</b>	
Provision for the year	178.862
Use during the year	32.315
Other changes	
Total changes	146.547
Value at the end of the year	759.846

The provision allocated in Save The Duck S.p.A. represents the actual payable due by the company at 31 December 2022 to employees in service at that date, net of any advances paid.

### PAYABLES

(Ref. art. 2427, first paragraph, no. 4, of the Italian Civil Code)

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
36.086.085	32.889.344	3.196.741

The maturity of payables is broken down as follows (Article 2427, paragraph 1, no. 6, of the Italian Civil Code).

CHANGES AND PAYMENT DATES OF PAYABLES						
	Value at the beginning of the year	Change during the year	Value at the end of the year	Portion due within the year	Portion due after the year	Of which with a residual duration of more than 5 years
Bonds						
Convertible bonds						
Payables on shareholders' loans						
Payables to banks	23.674.755	816.873	24.491.628	10.548.132	13.943.496	
Payables due to other lenders						
Advances	55.978	132.269	188.247	188.247		
Trade payables	8.026.474	1.678.118	9.704.592	9.704.592		
Payables represented by credit instruments						
Payables to subsidiaries						
Payables to associates						
Payables due to parent companies						
Payables to companies subject to the control of parent companies						
Tax payables	449.476	653.978	1.103.454	1.103.454		
Payables to social security and welfare institutions	122.298	(19.416)	141.714	141.714		
Other payables	560.363	(103.913)	456.450	456.450		
Total payables	32.889.344	3.196.741	36.086.085	22.142.589	13.943.496	

The balance of the payable to banks as at 31 December 2022 expresses the actual payable for principal, interest and accessory charges accrued and payable.

The parent company Save The Duck S.p.A. has an acquisition financing agreement in place (measured at amortised cost) to support the financial needs related to the acquisition of the same Company, broken down as follows:

> amortising line for a total nominal amount of Euro 15 million, with a duration until 31 December 2023, repayable in half-yearly instalments starting from 31 December 2018, residual amount at year-end of Euro 4,087 thousand;

> bullet line for a total nominal amount of Euro 10 million, with a duration until 20 March 2025, repayable in full on maturity, residual amount at year end of Euro 9,799 thousand.

As part of the acquisition financing, an additional loan is envisaged, represented by the capex line for a total of Euro 5 million and used at the end of 2022 for Euro 3 million, with a duration until 31 December 2024, repayable in six-monthly instalments starting from 31 December 2021. The residual amount at the end of the year was Euro 1,809 thousand.

Payables to banks include the new loan taken out by the Parent Company Save The Duck S.p.A., in February 2021, from Banca Intesa with a share capital value of Euro 3 million, which benefits from the guarantee issued by Mediocredito Centrale on 90% of the value, a loan that is part of the intervention plan made available to the Italian government and credit institutions to support Italian companies in the current period of the Covid-19 pandemic. The loan is at a floating rate, has a duration of six years and provides for a pre-amortisation period of 24 months. This loan falls within the category of "S-Loans", i.e. part of the cost (in terms of interest rate) is linked to the timely compliance by the Company with parameters linked to Sustainability. In particular, with reference to the loan in question and with reference to the compliance requirement with the aforementioned Sustainability parameters, the Company has introduced a procurement policy among its internal procedures that integrates environmental and sustainability considerations, which includes: purchases, transport and energy supplies. In addition, the Company continued to involve its suppliers in initiatives related to sustainability issues; at the end of the year, the percentage of suppliers involved in these initiatives was 73% of the total.

Payables to banks in the Parent Company Save the Duck S.p.A. also include the loan of an original total of Euro 1,982 thousand received from Simest, for the investment and development plan in the Far East area, to be implemented by the subsidiary Save The Duck Asia-Pacific Limited. The total duration of the loan is six years, with two years of pre-amortisation and four of amortisation, therefore the final maturity is 19 December 2025. The repayment takes place in eight half-yearly instalments starting from June 2022; the residual amount at the end of the year is equal to Euro 1,587 thousand. In addition, import loans were taken out for a total of Euro 3,221 thousand, maturing in the first two months of 2023 for imports of products from China.

The item "Advances" includes prepayments received from customers of Save The Duck S.p.A. for the supply of goods and services not yet provided.

"Trade payables" are recorded net of trade discounts; cash discounts are instead recognised at the time of payment. The nominal value of these payables was adjusted, in the event of returns or allowances (invoicing adjustments), to the extent corresponding to the amount defined with the counterparty.

Payables are measured at their nominal book value, as explained in the first part of these explanatory notes.

The item "Tax payables" includes only liabilities for certain and determined taxes, since the liabilities for taxes are probable or uncertain in terms of amount or the date of occurrence, i.e. for deferred taxes, are recorded in item B.2 of the liabilities (Provision for taxes).

The item tax payables includes payables for IRES and IRAP taxes of Euro 869,812 in the Parent Company Save The Duck S.p.A., net of advances paid during the year for Euro 1,385 thousand. Lastly, the same item includes payables for withholdings to be paid for a total of Euro 146,714.

The item "Other payables" mainly includes payables to employees for salaries for the month of December and for deferred salaries and accrued holidays and leave.

Payables as at 31 December 2022 broken down by geographical area are shown in the table below (Article 2427, paragraph 1 (6) of the Italian Civil Code).

BREAKDOWN OF PAYABLES BY GEOGRAPHICAL AREA							
Geographical area	Bank borrowings	Advances	Trade payables	Tax payables	Payables to social security and welfare institutions	Other payables	Payables
Italy	24.491.628	10.483	3.991.019	1.016.239	141.714	405.222	30.056.305
EEC		177.764	1.111.105				1.288.869
Extra-EEC			4.602.468	87.215		51.228	4.740.911
Total	24.491.628	188.247	9.704.592	1.103.454	141.714	456.450	36.086.085

The following payables are secured by collateral on company assets (Article 2427, paragraph 1, no. 6, of the Italian Civil Code).

LOANS SECURED BY COLLATERAL ON COMPANY ASSETS						
	Payables secured by collateral				Payables not secured by collateral	Total
	Payables secured by mortgages	Payables secured by pledges	Payables secured by special liens	Total payables secured by collateral		
Payables to banks		15.695.124			8.796.504	24.674.755
Advances					188.247	188.247
Trade payables					9.704.592	9.704.592
Tax payables					1.103.454	1.103.454
Payables to social security and welfare institutions					141.714	141.714
Other payables					456.450	456.450
Total payables		15.695.124			20.390.961	36.086.085

ACCRUED EXPENSES AND DEFERRED INCOME

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
69.734	16.418	53.316

	ACCRUED EXPENSES	DEFERRED INCOME	TOTAL ACCRUED EXPENSES AND DEFERRED INCOME
Value at the beginning of the year	2.870	13.548	16.418
Change during the year	32.033	21.283	53.316
Value at the end of the year	34.903	34.831	69.734

The breakdown of the item is detailed as follows (art. 2427, first paragraph, no. 7, of the Italian Civil Code).

DESCRIPTION	AMOUNT
Prepayments for forward points on derivatives	31.421
<b>Total</b>	<b>31.421</b>

The Accrued Liabilities and Prepaid Income represent the items related to the year, on an accruals basis.

The criteria adopted in the valuation and in the conversion of the values expressed in foreign currency for these items are reported in the first part of these explanatory notes.

As of 31 December 2022, the Group had no accrued income and prepaid expenses with a duration of more than five years.

Deferred income for forward contracts on derivatives refers to the forward points of the derivative contracts in place on currency hedges as at 31 December 2022 in the parent company Save The Duck S.p.A., to be charged to the income statement at the expiry of the contracts.

EXPLANATORY NOTES, INCOME STATEMENT

VALUE OF PRODUCTION

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
68.481.364	49.963.738	18.517.626

Before proceeding with the analysis of the individual items, please note that the comments on the general trend of costs and revenues are shown, pursuant to Section 1 of Art. 2428 of the Italian Civil Code, as part of the Report on Operations. Furthermore, thanks to the analytical layout of the positive and negative income components in the profit and loss account and the previous comments on the balance sheet items, the comments below are limited to the main items only.

DESCRIPTION	31/12/2022	31/12/2021	VARIATIONS
Revenues from sales and services	60.848.447	47.077.753	13.770.694
Change in inventory of finished products	7.360.308	2.702.258	4.658.050
Changes in contract work in progress			
Increases of non-current assets from in-house production			
Other revenues and income	272.609	183.727	88.882
<b>Total</b>	<b>68.481.364</b>	<b>49.963.738</b>	<b>18.517.626</b>

In 2022 the Save The Duck group reported sales revenues increased by 29% compared to the previous year, an increase mainly linked to growth achieved abroad, particularly in Central European markets and in the USA.

REVENUES FROM SALES AND SERVICES BY TYPE OF BUSINESS (Ref. art. 2427, first paragraph, no. 10, of the Italian Civil Code)	
Asset category	Current year value
Sales of products	60.848.447
<b>Total</b>	<b>60.848.447</b>

It should be noted that the Company is continuing the process of internalising its business, with the incidence of the component of revenues generated outside Italy standing at around 61% compared to 45% in the previous year.

The item other revenues and income as at 31 December 2022 mainly includes reimbursements and chargebacks.

REVENUES FROM SALES AND SERVICES BY GEOGRAPHICAL AREA (Ref. art. 2427, first paragraph, no. 10, of the Italian Civil Code)	
Geographical area	Current year value
Italy	22.976.129
EEC	19.966.326
Extra-EEC	17.905.992
<b>Total</b>	<b>60.848.447</b>

**PRODUCTION COSTS**

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
66.332.910	48.923.007	17.409.903

DESCRIPTION	31/12/2022	31/12/2021	VARIATIONS
Raw materials, supplies and goods	30.381.083	21.357.224	9.023.859
Services	23.506.949	16.743.175	6.763.774
Use of third party assets	1.228.040	840.863	387.177
Wages and salaries	3.553.847	2.835.410	718.437
Social security contributions	777.676	625.733	151.943
Employee severance indemnity	202.492	151.720	50.772
Pension and similar costs			
Other personnel expenses	170.827	139.518	31.309
Amortisation of intangible fixed assets	5.393.135	5.197.623	195.512
Depreciation of property, plant and equipment	140.366	133.220	7.146
Other write-downs of fixed assets			
Write-downs of current assets	80.000	80.000	
Change in inventories of raw materials	8.750	(11.963)	20.713
Provision for risks			
Other provisions	250.000	250.000	-
Other operating expenses	639.745	580.483	59.262
<b>Total</b>	<b>66.332.910</b>	<b>48.923.007</b>	<b>17.409.903</b>

**COSTS FOR RAW MATERIALS, ANCILLARY MATERIALS, CONSUMABLES, SUPPLIES AND GOODS AND COSTS FOR SERVICES**

They are strictly related to that set out in the Report on Operations and in the note to caption A (Value of production) of the income statement. The change in costs for Raw materials, ancillary materials and goods is mainly due to the increase in the volume of activities and sales.

**PERSONNEL EXPENSES**

This item includes the entire expenditure for employees, including merit improvements, category changes, contingency increases, cost of unused holidays and provisions set forth by law and collective agreements. The increase in personnel expenses reflects the increase in the number of staff in the corporate structure, also in relation to the opening of stores in the last two years.

**DEPRECIATION/AMORTISATION OF FIXED ASSETS**

Depreciation and amortisation amounted to Euro 5,533 thousand, up compared to the previous year (depreciation and amortisation amounted to Euro 5,133 thousand in 2021), an increase that reflects the economic effect of the investments made for store openings and for new information systems implemented by the group companies, in particular the parent company Save The Duck S.p.A., as described in the section of this Notes relating to Property, plant and equipment and Intangible Fixed Assets.

**WRITE-DOWNS OF RECEIVABLES INCLUDED IN CURRENT ASSETS AND CASH AND CASH EQUIVALENTS**

The item represents the allocation made during the year to the bad debt provision for an appropriate extent, in order to align the nominal value of the receivables with their presumed realisable value.

**OTHER PROVISIONS**

The other provisions were made to the provisions for risks and charges under the balance sheet liabilities, and specifically to the provision for supplementary customer indemnities.

**OTHER OPERATING EXPENSES**

This item is of a residual nature, and includes other operating expenses pertaining to the year that are not attributable to the previous cost items. In 2021, "Other operating expenses" also include the recognition of charitable donations made during the year for approximately Euro 200 thousand.

**PROVENTI E ONERI FINANZIARI**

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
(1.040.244)	(1.006.075)	(34.169)

DESCRIPTION	31/12/2022	31/12/2021	VARIATIONS
From equity investment			
From non-current receivables			
From securities entered in fixed assets			
From securities included in working capital			
Income other than the above	745	189	556
(Interest and other financial charges)	(1.301.563)	(1.147.963)	(153.600)
Foreign exchange gains (losses)	260.574	141.699	118.875
<b>Total</b>	<b>(1.040.244)</b>	<b>(1.006.075)</b>	<b>(34.169)</b>

**OTHER FINANCIAL INCOME**

Description	Subsidiaries	Associated companies	Parent companies	Companies subject to the control of parent companies	Other	Total
Interest on bonds						
Interest on securities						
Bank and postal interest					697	697
Interest on loans						
Interest on trade receivables					52	52
Other income						
Rounding						
<b>Total</b>					<b>749</b>	<b>749</b>

**BREAKDOWN OF INTEREST AND OTHER FINANCIAL CHARGES BY TYPE OF PAYABLE (Ref. art. 2427, first paragraph, no. 12, of the Italian Civil Code)**

	Interest and other financial charges
Bonds	
Payables to banks	816.269
Other	485.294
<b>Total</b>	<b>1.301.563</b>

Description	Subsidiaries	Associated companies	Parent companies	Companies subject to the control of parent companies	Other	Total
Interest on bonds						
Bank interest					9.042	9.042
Supplier interest						
Average credit interest						
Cash discounts or charges					379.797	379.797
Interest on loans					807.225	807.225
Amortisation of discounts for bond issue						
Other charges on financial transactions						
Allocation to the provision for exchange rate risks						
Others					105.499	105.499
<b>Total</b>					<b>1.301.563</b>	<b>1.301.563</b>

Financial discounts and charges mainly relate to cash discounts recognised to customers for spot payments and financial charges and commissions.

**EXCHANGE GAINS AND LOSSES**

Of the total amount of net profits resulting from the income statement, the unrealised valuation component, pertaining to the positive component of exchange gains, corresponds to Euro 101,244.

**VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES**

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations

REVALUATIONS			
DESCRIPTION	31/12/2022	31/12/2021	VARIATIONS
Of equity investments			
Of financial fixed assets			
Of securities included in current assets			
Of derivative financial instruments			
Of financial assets for centralised treasury management			
<b>Total</b>			

**AMOUNT AND NATURE OF ITEMS OF INCOME AND EXPENDITURE OF AN EXCEPTIONAL SIZE OR NATURE**

COST ITEMS OF EXCEPTIONAL EXTENT OR INCIDENCE (Ref. art. 2427, first paragraph, no. 13 of the Italian Civil Code)		
Cost item	Amount	Nature
US branch logistics costs	266.594	Cost of services
<b>Total</b>	<b>266.594</b>	

**INCOME TAXES FOR THE YEAR, CURRENT, DEFERRED AND PREPAID**

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
(1.095.459)	(553.463)	(541.996)

TAXES	BALANCE AS AT 31/12/2022	BALANCE AS AT 31/12/2021	VARIATIONS
Current taxes:	2.256.220	1.449.313	806.907
IRES (Corporate Income Tax)	1.852.015	1.103.835	748.180
IRAP	403.132	295.455	107.677
Other current taxes	1.073	50.023	(48.950)
Taxes relating to previous years	(14.076)	(113.019)	(98.943)
Deferred taxes (Assets)	(1.146.685)	(782.831)	363.854
Income (charges) from participation in the tax consolidation/fiscal transparency regime			
<b>Totale</b>	<b>(1.095.459)</b>	<b>(553.463)</b>	<b>(541.996)</b>

The taxes for the year have been recorded.

“Taxes relating to previous years” refer to the residual effects of the benefits deriving from the outcome of the rulings promoted by the parent company Save The Duck S.p.A. for the recognition of previous tax losses relating to the company Dimensioni S.r.l., merged into the Company in 2018, and for the deductibility of the losses recorded in the company Save The Duck S.p.A., the vehicle used for the implementation of the LBO transaction that led to the change in the shareholding structure in 2018.

DETERMINATION OF THE IRAP TAXABLE AMOUNT IN THE PARENT COMPANY SAVE THE DUCK S.P.A.			
Description	Value	Taxes	
Total positive components	61.131.426		
Total negative components	53.028.770		
<b>Temporary differences taxable in subsequent years:</b>			
Total			
<b>Temporary differences deductible in subsequent years:</b>			
Goodwill amortisation	53.251		
Total	53.251		
<b>Reversal of temporary differences from previous years</b>			
Total			
<b>Differences that will not be reversed in subsequent years</b>			
Upward changes	5.401.635		
Downward changes			
Total	4.948.976		
<b>Gross production value</b>	<b>17.767.177</b>		
Deductible personnel expenses	3.167.572		
<b>Taxable income</b>	<b>10.336.721</b>		
Current income taxes for the year (3.9%)			403.132

RECONCILIATION BETWEEN FINANCIAL STATEMENTS TAX CHARGE AND THEORETICAL TAX CHARGE IN THE PARENT COMPANY SAVE THE DUCK S.P.A. (IRES)		
Description	Value	Taxes
Profit (loss) before taxes	3.379.812	
Theoretical tax charge (%)	24	811.155
<b>Temporary differences taxable in subsequent years:</b>		
Unrealised exchange rate gains	(101.244)	
Total	(101.244)	
<b>Temporary differences deductible in subsequent years:</b>		
Goodwill amortisation	53.251	
Write-down of receivables not deductible during the year	23.417	
Supplementary customer indemnity, exc. limit	190.469	
Unrealised exchange rate losses	19.289	
M&R surplus 5%	3.201	
Total	289.627	
<b>Reversal of temporary differences from previous years</b>		
FSC taxed release for 2019 uses		
M&R surplus 5%	(14.848)	
Losses on exchange rates from previous years	(17.489)	
Exchange gains from previous years realised during the year	124.487	
Remuneration of Director	(25.000)	
Losses on receivables	(2.480)	
Total	64.670	
<b>Differences that will not be reversed in subsequent years</b>		
Upward changes	4.760.631	
Downward changes	-	
<b>Total</b>	<b>4.970.785</b>	
Taxable income	8.350.597	
Current income taxes for the year		1.852.015

Pursuant to article 2427, paragraph 1, no. 14, Italian Civil Code, the information required on deferred and prepaid taxes is provided:

**DEFERRED/PREPAID TAXES**

Prepaid taxes have been recognised since it is reasonably certain that, in the years of reversal of the deductible temporary differences, for which prepaid taxes were recognised, there will be taxable income of no less than the amount of the differences that will be reversed.

The main temporary differences that led to the recognition of deferred and prepaid taxes are indicated in the following table together with the related effects.

MEASUREMENT OF DEFERRED TAXES AND PREPAID TAXES AND ENSUING EFFECTS			
	IRES (CORPORATE INCOME TAX)	IRAP (REGIONAL BUSINESS TAX)	Other
<b>A) Temporary differences</b>			
Total deductible temporary differences	2.377.035	152.944	1.785.380
Total taxable temporary differences	39.828.747	39.727.503	-
Net temporary differences	37.451.712	39.574.559	1.785.380
<b>B) Tax effects</b>			
Deferred taxes liabilities (Assets) at the beginning of the year	9.943.739	1.677.435	(36.551)
Deferred taxes liabilities (assets) for the year	(955.327)	(153.410)	(309.110)
Deferred taxes liabilities (assets) at year end	8.988.412	1.524.025	(345.661)

Temporary differences deductible for IRES purposes - tax rate 24%

BREAKDOWN OF DEDUCTIBLE TEMPORARY DIFFERENCES			
Description	Amount at the end of the previous financial year	Change in financial year	Amount at year end
Allowance for doubtful accounts	226.400	15.567	241.967
Supplementary customer indemnity fund	1.251.435	190.469	1.441.904
Warehouse depreciation provision	150.000	-	150.000
M&R surplus 5%	33.060	(10.647)	22.413
Unrealised derivatives	-	348.518	348.518
Goodwill amortisation	99.693	53.251	152.944
Remuneration of director	25.000	(25.000)	-
Unrealised losses	17.489	1.800	19.289
<b>Total</b>	<b>1.803.077</b>	<b>573.958</b>	<b>2.377.035</b>

Temporary differences deductible for IRAP purposes - tax rate 3.9%

BREAKDOWN OF DEDUCTIBLE TEMPORARY DIFFERENCES			
Description	Amount at the end of the previous financial year	Change in financial year	Amount at year end
Goodwill amortisation	99.693	53.251	152.944
<b>Total</b>	<b>99.693</b>	<b>53.251</b>	<b>152.944</b>

Deductible temporary differences - others

BREAKDOWN OF DEDUCTIBLE TEMPORARY DIFFERENCES			
Description	Amount at the end of the previous financial year	Change in financial year	Amount at year end
Margins on inventories	349.693	280.820	630.513
Tax losses		1.140.729	1.140.729
Exchange losses on intercompany items		14.148	14.148
<b>Total</b>	<b>349.693</b>	<b>1.435.697</b>	<b>1.785.380</b>

Taxable temporary differences for IRES purposes - tax rate 24%

BREAKDOWN OF TAXABLE TEMPORARY DIFFERENCES			
Description	Amount at the end of the previous financial year	Change in financial year	Amount at year end
Unrealised exchange rate gains	124.487	(23.243)	101.244
Unrealised derivatives	660.206	(511.739)	148.467
Brand name	42.450.631	(2.871.595)	39.579.036
<b>Total</b>	<b>43.235.324</b>	<b>(3.621.884)</b>	<b>39.828.747</b>

Taxable temporary differences for IRAP purposes - tax rate 3.9%

BREAKDOWN OF TAXABLE TEMPORARY DIFFERENCES			
Description	Amount at the end of the previous financial year	Change in financial year	Amount at year end
Unrealised derivatives	660.206	(511.739)	148.467
Brand name	42.450.631	(2.871.595)	39.579.036
<b>Total</b>	<b>43.110.837</b>	<b>(3.383.334)</b>	<b>39.727.503</b>

Taxable temporary differences - others

BREAKDOWN OF TAXABLE TEMPORARY DIFFERENCES			
Description	Amount at the end of the previous financial year	Change in financial year	Amount at year end
Exchange gains on intercompany items	90.905	(90.905)	-
<b>Total</b>	<b>90.905</b>	<b>(90.905)</b>	<b>-</b>

## EXPLANATORY NOTES, OTHER INFORMATION

The Group workforce, broken down by category, underwent the following changes compared to the previous year.

EMPLOYMENT FIGURES (Ref. art. 2427, first paragraph, no. 15 of the Italian Civil Code)			
Workforce	31/12/2022	31/12/2021	Variations
Executives	6	5	1
Middle managers	11	12	5
White-collar workers	76	64	4
Blue-collar workers			
Others			
<b>Total</b>	<b>93</b>	<b>81</b>	<b>10</b>

REMUNERATION, ADVANCES AND CREDIT GRANTED TO DIRECTORS AND STATUTORY AUDITORS AND COMMITMENTS MADE ON THEIR BEHALF		
	Directors	Statutory Auditors
Fees	366.413	23.640
Advances		
Receivables		
Commitments undertaken on their behalf as a result of guarantees given		

Pursuant to the law, the fees pertaining to the year for services rendered by the independent auditors and by entities belonging to its network are shown below:

FEES OF THE INDEPENDENT AUDITOR OR AUDITING FIRM (Article 2427, paragraph 1, no.16-bis of the Italian Civil Code)	
	Value
Statutory audit of the annual accounts	34.000
Other verification services performed	
Tax advisory services	
Other services other than auditing	73.546
<b>Total fees due to the independent auditor or auditing firm</b>	<b>107.546</b>

The share capital is broken down as follows

CATEGORIES OF SHARES ISSUED BY THE COMPANY (Article 2427, paragraph 1, no. 17 and 18 of the Italian Civil Code).		
Shares/Units	Number	Nominal amount in Euro
Ordinary shares		
Preference Shares		
Limited Voting Shares		
Special benefits Shares		
Dividend-rights Shares		
Shares for employees		
Shares without voting rights		
OTHER		
Shares	1.000.000	1
<b>Total</b>	<b>1.000.000</b>	

DESCRIPTION	SHARES SUBSCRIBED DURING THE YEAR, NUMBER	SHARES SUBSCRIBED DURING THE YEAR, NOMINAL VALUE	INITIAL AMOUNT, NUMBER	FINAL AMOUNT, NUMBER	INITIAL AMOUNT, NOMINAL VALUE	CLOSING AMOUNT, NOMINAL VALUE
			1.000.000		1	
<b>Total</b>			<b>1.000.000</b>			

### INFORMATION ON THE FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to what has been indicated above.

### INFORMATION ON OFF-BALANCE SHEET AGREEMENTS

(Ref. Art. 2427, paragraph 1, no. 22-ter of the Italian Civil Code)

The company has no agreements in place that are not shown in the Balance Sheet.

### INFORMATION ON SIGNIFICANT EVENTS AFTER YEAR END

No further significant events occurred after the end of the year.

### DISCIPLINE ON THE TRANSPARENCY OF PUBLIC DISBURSEMENTS

The entry into force of Law no. 124/2017, Article 1, paragraphs 125-129, subsequently supplemented by the "safety" decree (no. 113/2018) and the "simplification" decree law (no. 135/2018), introduced a series of disclosure and transparency obligations for a number of parties that have economic relations with Public Admini-

strations. Article 1, paragraph 125, provides for the publication of information relating to grants, contributions, paid assignments and in any case economic benefits of any kind received during the year exceeding Euro 10 thousand. Companies comply with the obligation by publishing this information in the explanatory notes to the financial statements and in the explanatory notes to the consolidated financial statements, where applicable.

For State aid and "de minimis" aid included in the National Register of State Aids referred to in Article 52 of Law 234/2012, the registration of aid in the aforementioned system in the transparency section allows public consultation by any interested party and effectively replaces the publication obligations imposed on responsible parties, provided that their existence is declared in the Explanatory Notes to the financial statements or on the company's website. Pursuant to Italian Law no. 124, it is hereby declared that the company was awarded in the year ended as at 31 December 2019 grants publicly found in the National Register of State Aid pursuant to Article 52 of Law 234/2012 and freely available to all at the following link: [https://www.rna.gov.it/sites/PortaleRNA/it\\_IT/trasparenza](https://www.rna.gov.it/sites/PortaleRNA/it_IT/trasparenza).

Pursuant to the law, the information referred to in Article 2427, paragraph 1, no. 22 quinquies and sexies, Italian Civil Code, is highlighted.

<b>COMPANIES THAT PREPARE THE FINANCIAL STATEMENTS OF THE LARGEST / SMALLEST GROUP OF COMPANIES TO WHICH IT BELONGS AS A SUBSIDIARY</b>		
	Larger set	Smaller set
Company name	LHOTSE SPA	
Town (if in Italy) or foreign country	MILAN	
Tax code (for Italian companies)	10253350960	
Place of filing of the consolidated financial statements	Milan	

**SUMMARY STATEMENT OF THE FINANCIAL STATEMENTS OF THE COMPANY THAT EXERCISES MANAGEMENT AND COORDINATION**

Your Company is subject to management and coordination by Lhotse S.p.A.

The table below records significant data on the last financial statements of the aforementioned that carries out management and coordination:

	Last financial year	Previous financial year
Date of the last approved financial statements	31/12/2021	31/12/2020
A) Receivables from shareholders for payments still due		
B) Fixed assets	32.919.871	32.273.302
C) Current assets	135.346	165.263
D) Accrued income and prepaid expenses		627
Total assets	33.055.429	32.439.192
<b>A) Shareholders' equity</b>		
Share capital	60.000	60.000
Reserves	33.059.654	32.924.163
Profit (loss) for the year	(79.263)	(563.631)
Total shareholders' equity	33.040.391	32.420.532
B) Provisions for risks and charges	-	-
C) Employee severance indemnity (TFR)	-	-
D) Payables	15.038	18.660
E) Accrued expenses and deferred income		
Total liabilities	33.055.429	32.439.192

	Last financial year	Previous financial year
Date of the last approved financial statements	31/12/2021	31/12/2020
A) Value of production		200
B) Production costs	(26.710)	(25.408)
C) Financial income and expenses		6
D) Value adjustments to financial assets	(52.553)	(538.429)
Income taxes for the year	-	-
Profit (loss) for the year	(79.263)	(563.631)

It is proposed to the Shareholders' Meeting to allocate the profit for the year as follows:

<b>PROPOSAL FOR ALLOCATION OF PROFITS OR TO COVER LOSSES</b>		
Consolidated result as at 31/12/2022	Euro	12.755
to exchange rate reserve		
retained earnings	Euro	12.755

These financial statements, consisting of the Balance Sheet, Income Statement, Explanatory Notes to the Financial Statements and Cash Flow Statement, truthfully and correctly represent the financial position and the loss for the year, and match the results of the accounting records.

The Chairperson of the Board of Directors



# REPORT FROM THE INDEPENDENT COMPANY

**Article 14 of Legislative Decree No. 39 of January 27, 2010.**





## Save the Duck S.p.A.

Bilancio consolidato al 31 dicembre 2022

Relazione della società di revisione indipendente



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### Relazione della società di revisione indipendente

Agli azionisti della  
Save the Duck S.p.A.

### Relazione sulla revisione contabile del bilancio consolidato

#### Giudizio

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

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

#### Elementi alla base del giudizio

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

#### Altri Aspetti

La presente relazione non è emessa ai sensi di legge, stante il fatto che la Save the Duck S.p.A., nell'esercizio chiuso al 31 dicembre 2022, non ha redatto il bilancio consolidato ai sensi di legge, avvalendosi di quanto stabilito dall'art. 2, comma 1, del D. Lgs. 9 aprile 1991, n. 127.

#### Responsabilità degli amministratori e del collegio sindacale per il bilancio consolidato

Gli amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo Save the Duck S.p.A. o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

EY S.p.A.  
Sede Legale: Via Meravigli, 12 - 20123 Milano  
Sede Secondaria: Via Lombardia, 31 - 00187 Roma  
Capitale Sociale Euro 7.525.000,00 i.v.  
Iscritta alle S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi  
Codice fiscale e numero di iscrizione 00434000564 - numero R.E.A. di Milano 606158 - P.IVA 00891231003  
Iscritta al Registro Rivisori Legali al n. 20845 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998  
Iscritta all'Albo Speciale delle società di revisione  
Consob al progressivo n. 2 dell'Albo n. 10831 del 16/7/1997

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

#### Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

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

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

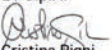
- abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare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



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

Milano, 28 aprile 2023

EY S.p.A.

  
Cristina Pigni  
(Revisore Legale)

# CIVIL FINANCIAL STATEMENTS

## SAVE THE DUCK S.p.A.

Company subject to management and coordination by LHOTSE SPA  
Registered office in VIA ARCIVESCOVO CALABIANA 6 - 20139 MILAN (MI)  
Share capital Euro 1,000,000.00 fully paid-up



COMPANY DATA	
name	SAVE THE DUCK SPA
Head Office	20139 MILAN (MI) VIA ARCIVESCOVO CALABIANA 6
share capital	1.000.000,00
fully paid-in share capital	yes
CCIAA (Chamber of Commerce, Industry, Agriculture and Craft Trade) code	MI
VAT No.	07853840960
tax code	07853840960
REA Number:	2047000
legal form	JOINT STOCK COMPANY (SPA)
relevant business area (ATECO)	
company in liquidation	no
sole shareholder company	no
company subject to direction and coordination activity of others	yes
name of the company or body that carries out the management and coordination activities	LHOTSE SPA
part of a group	no
name of the parent company	
number of registration in the register of cooperatives	

BALANCE SHEET	31/12/2022	31/12/2021
<b>Assets</b>		
<b>A) Receivables from shareholders for payments still due</b>		
Part recalled		
Part to be recalled		
Total receivables from shareholders for payments still due (A)		
<b>B) Fixed assets</b>		
<b>I - Intangible fixed assets</b>		
1) Start-up and expansion costs	392.815	19.818
2) development costs	29.433	13.100
3) industrial patent and intellectual property rights	597.637	704.426
4) concessions, licenses, trademarks and similar rights	51.030.228	54.695.891
5) goodwill	5.237.864	6.126.899
6) assets under development and payments on account	40.300	445.265
7) other	1.757.977	1.360.464
8) consolidation difference	58.274.107	62.958.762
Total intangible fixed assets	59.191.310	63.485.926
<b>II - Property, plant and equipment</b>		
1) Land and buildings		
2) plant and machinery		
3) industrial and commercial equipment	14.839	17.438
4) other assets	292.604	289.850
5) assets under construction and payments on account		
Total property, plant and equipment	307.443	307.288
<b>III - Financial fixed assets</b>		
1) equity investments in		
a) subsidiaries	539.207	539.207
b) associated companies		
c) parent companies		
d) companies subject to the control of parent companies		
d-bis) other businesses	49	49
Total equity investments	539.256	539.256

BALANCE SHEET	31/12/2022	31/12/2021
<b>Assets</b>		
2) receivables		
a) from subsidiaries		
due within the following financial year	2.141.363	1.641.363
due after next financial year	2.141.363	1.641.363
Total receivables from subsidiaries		
b) from associated companies		
due within the following financial year		
due after next financial year		
Total receivables from associates		
c) from parent companies		
due within the following financial year		
due after next financial year		
Total receivables from parent companies		
d) from companies subject to the control of parent companies		
due within the following financial year		
due after next financial year		
Total receivables from companies subject to the control of parent companies		
d-bis) others receivables		
due within the following financial year		
due after next financial year		
Total receivables from others		
Total receivables	2.141.363	2.141.363
3) Other securities		
4) derivative financial instruments - assets		
Total financial fixed assets	2.680.619	2.680.619
Total fixed assets (B)	61.262.169	65.446.669
<b>C) Current assets</b>		
<b>I - Inventories</b>		
1) raw, ancillary materials and consumables	79.075	157.178
2) work in progress and semi-finished goods		

BALANCE SHEET	31/12/2022	31/12/2021
<b>Assets</b>		
3) contracted work in progress		
4) finished products and goods	9.548.631	4.423.644
5) payments on account		
Total inventories	9.627.706	4.580.822
Property, plant and equipment held for sale		
<b>II – Receivables</b>		
1) from customers		
due within the following financial year	14.495.587	12.115.789
due after next financial year		
Total receivables from customers	14.495.587	12.115.789
2) from subsidiaries		
due within the following financial year	9.477.407	4.772.930
due after next financial year		
Total receivables from subsidiaries	9.477.407	4.772.930
3) from associated companies		
due within the following financial year		
due after next financial year		
Total receivables from associated companies		
4) from parent companies		
due within the following financial year		
due after next financial year		
Total receivables from parent companies		
5) from companies subject to the control of parent companies		
due within the following financial year		
due after next financial year		
Total receivables from companies subject to the control of parent companies		
5-bis) tax receivables		
due within the following financial year	835.416	342.876
due after next financial year		
Total tax receivables	835.416	342.876

BALANCE SHEET	31/12/2022	31/12/2021
<b>Assets</b>		
5-ter) Deferred tax assets	590.045	436.625
5-quater) from others		
due within the following financial year	338.567	622.733
due after next financial year	77.332	71.662
Total receivables from others	415.899	694.395
Total receivables	25.814.354	18.362.615
<b>III - Financial assets that are not fixed assets</b>		
1) equity investments in subsidiaries		
2) equity investments in associated companies		
3) equity investments in parent companies		
3-bis) equity investments in companies subject to the control of parent companies		
4) other equity investments		
5) derivative financial instruments - assets	157.963	675.655
6) other securities		
financial assets for centralised treasury management		
Total financial assets that are not fixed assets	157.963	675.655
<b>IV - Cash and cash equivalents</b>		
1) bank and postal accounts	710.060	5.546.436
2) cheques	1.262.542	750.572
3) cash and cash on hand	5.598	4.690
Total cash and cash equivalents	1.978.200	6.301.698
Total current assets (C)	37.578.223	29.920.790
<b>D) Accruals and deferrals</b>		
Total assets	1.292.691	981.363
Total assets	100.133.083	96.348.822
<b>Liabilities</b>		
<b>A) Shareholders' equity</b>		
I - Share Capital	1.000.000	1.000.000
II - Share premium reserve		
III - Revaluation reserves		
IV - Legal reserve	200.000	200.000

BALANCE SHEET	31/12/2022	31/12/2021
<b>Liabilities</b>		
<b>V - Statutory reserves</b>		
<b>VI - Other reserves, indicated separately</b>		
Extraordinary reserve	6.888.858	6.888.858
Reserve from derogations pursuant to Article 2423 of the Italian Civil Code		
Reserve for shares (stakes) of the parent company		
Equity investment revaluation reserve		
Consolidation reserve		
Reserve from translation differences	(107.557)	(11.224)
Capital contribution payments		
Payments to cover losses		
Share capital reduction reserve		
Merger surplus reserve	34.399.308	34.399.308
Reserve for unrealised exchange gains	20.099	20.099
Reserve for profit adjustment in progress		
Miscellaneous other reserves		
Total other reserves	41.308.265	41.308.265
<b>VII - Reserve for expected cash flow hedges</b>	(142.250)	472.206
<b>VIII - Retained earnings (losses) carried forward</b>	7.665.485	7.788.865
<b>IX - Profit/(loss) for the year</b>	2.001.678	(123.381)
<b>Loss covered in the year</b>		
<b>X - Negative reserve for treasury shares in portfolio</b>		
<b>Total shareholders' equity</b>	52.033.178	50.645.955
<b>B) Provisions for risks and charges</b>		
1) for pension and similar obligations	1.558.304	1.308.305
2) for taxes, including deferred	11.102.482	12.083.163
3) derivative financial instruments - liabilities	352.355	56.511
4) others		
<b>B) Total provisions for risks and charges</b>	13.013.141	13.422.617
<b>C) Employee severance indemnity</b>	759.846	613.299

BALANCE SHEET	31/12/2022	31/12/2021
<b>Liabilities</b>		
<b>D) Payables</b>		
<b>I - bonds</b>		
due within the following financial year		
due after next financial year		
Total convertible bonds		
<b>II - convertible bonds</b>		
due within the following financial year		
due after next financial year		
Total convertible bonds		
<b>III - loans from shareholders</b>		
due within the following financial year		
due after next financial year		
Total loans from shareholders		
<b>IV - payables to banks</b>		
due within the following financial year	10.548.132	4.277.203
due after next financial year	13.943.496	19.397.552
Total payables to banks	24.491.628	23.674.755
<b>V - payables to other lenders</b>		
due within the following financial year		
due after next financial year		
Total payables to other lenders		
<b>VI - advances</b>		
due within the following financial year	188.247	55.978
due after next financial year		
Total advances	188.247	55.978
<b>VII - trade payables</b>		
due within the following financial year	8.014.134	6.985.933
due after next financial year		
Total trade payables	8.014.134	6.985.933

BALANCE SHEET	31/12/2022	31/12/2021
<b>Liabilities</b>		
<b>VIII - payables represented by credit instruments</b>		
due within the following financial year		
due after next financial year		
Total payables represented by credit instruments		
<b>IX - payables to subsidiaries</b>		
due within the following financial year		
due after next financial year		
Total payables to subsidiaries		
<b>X - payables to associated companies</b>		
due within the following financial year		
due after next financial year		
Total payables to associated companies		
<b>XI - payables to parent companies</b>		
due within the following financial year		
due after next financial year		
Total payables to parent companies		
<b>XI-bis - payables to companies subject to the control of parent companies</b>		
due within the following financial year		
due after next financial year		
Total payables to companies subject to the control of parent companies		
<b>XII - tax payables</b>		
due within the following financial year	1.016.239	348.202
due after next financial year		
Total tax payables	1.016.239	348.202
<b>XIII - payables to social security and welfare institutions</b>		
due within the following financial year	141.714	121.830
due after next financial year		
Total payables to social security and welfare institutions	141.714	121.830
<b>XIV - other payables</b>		
due within the following financial year	405.222	462.179



BALANCE SHEET	31/12/2022	31/12/2021
<b>Liabilities</b>		
due after next financial year		
Total other payables	405.222	462.179
<b>Total payables</b>	34.257.184	31.650.533
<b>E) Accruals and deferrals</b>	69.734	16.418
<b>Total liabilities</b>	100.133.083	96.348.822

MISCELLANEOUS OTHER RESERVES	31/12/2022	31/12/2021
Non-distributable reserve pursuant to art. 2426	20.099	20.099
Difference from rounding to Euro units		

INCOME STATEMENT	31/12/2022	31/12/2021
<b>A) Value of production</b>		
1) revenue from sales and services	55.523.829	42.511.124
2) changes in stocks of work in progress, semi-finished and finished products	5.055.634	1.501.076
3) changes in contracted work in progress		
4) increases in fixed assets constructed internally		
<b>5) other revenue and income</b>		
operating grants		
Others	683.299	618.736
Total other revenue and income	683.299	618.736
Total value of production	61.262.762	44.630.936
<b>B) Production costs</b>		
6) for raw, ancillary materials, consumables and goods	28.375.826	20.408.781
7) for services	18.456.294	13.739.083
8) For use of third party assets	451.796	339.703
<b>9) For personnel</b>		
a) wages and salaries	2.341.770	2.028.614
b) social security costs	705.731	602.523
c) employee severance indemnity	202.492	151.720
d) pension and similar obligations		
e) other costs	113.581	86.809
Total personnel expenses	3.363.574	2.869.666
<b>10) Amortisation, depreciation, impairment</b>		
a) amortisation of intangible fixed assets	5.188.852	5.039.576
b) depreciation of property, plant and equipment	91.010	74.941
c) other write-downs of fixed assets		
d) write-downs of receivables included in the working capital and cash and cash equivalents	80.000	80.000
Total amortisation/depreciation and write-downs	5.359.862	5.194.517
11) changes in inventories of raw, ancillary materials, consumables and goods	8.750	(11.963)
12) provisions for risks	250.000	250.000
13) other provisions		
14) other operating expenses	587.580	330.292

INCOME STATEMENT	31/12/2022	31/12/2021
Total production costs	56.853.682	43.120.079
<b>Difference between value and costs of production (A - B)</b>	4.409.080	1.510.857
<b>C) Financial income and expenses</b>		
<b>15) income from equity investments</b>		
from subsidiaries		
from associated companies		
from parent companies		
from companies subject to the control of parent companies		
Others		
Total income from equity investments		
<b>16) other financial income</b>		
a) from receivables recorded under fixed assets		
from subsidiaries		
from associated companies		
from parent companies		
from companies subject to the control of parent companies		
Others		
Total financial income from receivables recorded under fixed assets		
b) from securities recorded under fixed assets that are not equity investments		
c) from securities recorded under current assets that are not equity investments		
d) income other than the above		
from subsidiaries		
from associated companies		
from parent companies		
from companies subject to the control of parent companies		
Others	470	175
Total income other than the above	470	175
Total other financial income	470	175
<b>17) interest and other financial charges</b>		
from subsidiaries		
from associated companies		

INCOME STATEMENT	31/12/2022	31/12/2021
from parent companies		
from companies subject to the control of parent companies		
Others	1.296.813	1.146.872
Total income from equity investments	1.296.813	1.146.872
<b>17-bis) exchange gains and losses</b>	267.075	(4.174)
<b>Total financial income and expenses (15 + 16 - 17 + - 17-bis)</b>	(1.029.268)	(1.150.871)
<b>D) Value adjustments of financial assets and liabilities</b>		
<b>18) revaluations</b>		
a) of equity investments		
b) of financial fixed assets that do not constitute equity investments		
c) of securities recorded under current assets that are not equity investments		
d) of derivative financial instruments		
of financial assets for centralised treasury management		
Total revaluations		
<b>19) Write-downs</b>		
a) of equity investments		
b) of financial fixed assets that do not constitute equity investments		
c) of securities recorded under current assets that are not equity investments		
d) of derivative financial instruments		
of financial assets for centralised treasury management		
Total write-downs		
<b>Total value adjustments to financial assets and liabilities (18 - 19)</b>		
<b>Profit/loss before taxes (A - B + - C + - D)</b>	3.379.812	359.986
<b>20) Current, deferred and prepaid income taxes for the year</b>		
current taxes	2.255.147	1.399.290
taxes payable for previous financial years	(14.076)	(113.019)
deferred tax assets and liabilities	(862.937)	(802.904)
income (charges) from participation in the tax consolidation/fiscal transparency regime		
Total current, deferred and prepaid income taxes for the year	(1.378.134)	(483.367)
<b>21) Profit (loss) for the year</b>	2.001.678	(123.381)

CASH FLOW STATEMENT, INDIRECT METHOD	31/12/2022	31/12/2021
<b>A) Cash flows from operating activities (indirect method)</b>		
Profit (loss) for the year	2.001.678	(123.381)
Income taxes	1.378.134	455.490
Interest expense/(income)	1.029.268	1.502.930
(Dividends)		
(Gains)/losses on disposal of assets		
<b>1) Profit (loss) for the year net of taxes, interest, dividends and gains/losses on sale</b>	<b>4.409.080</b>	<b>1.835.039</b>
<b>Adjustments for non-cash items that did not have a balancing entry in net working capital</b>		
Provisions to funds	532.492	481.720
Amortisation/depreciation of fixed assets	5.279.862	5.114.517
Write-downs for impairment		
Value adjustments to financial assets and liabilities of derivative financial instruments that do not involve monetary movements		
Other increases/(decreases) for non-monetary items		
Total adjustments for non-monetary items without a balancing entry in net working capital	5.812.354	5.596.237
<b>2) Cash flows before changes in net working capital</b>	<b>10.221.434</b>	<b>7.431.276</b>
<b>Changes in net working capital</b>		
Decrease/(Increase) in inventories	(5.046.884)	(1.513.039)
Decrease/(Increase) in receivables from customers	(7.084.275)	(2.369.733)
Increase/(Decrease) in trade payables	1.026.545	3.033.427
Decrease/(Increase) in accrued income and prepaid expenses	(311.328)	(469.467)
Increase/(Decrease) in accrued expenses and deferred income	53.316	(21.242)
Other decreases/(Other increases) in net working capital	(62.964)	(180.051)
Total changes in net working capital	(11.425.590)	(1.520.106)
<b>3) Cash flows after changes in net working capital</b>	<b>(1.204.156)</b>	<b>5.911.170</b>
<b>Other adjustments</b>		
Interest received/(paid)	(1.029.268)	(1.502.930)
(Income taxes paid)	(765.978)	(597.794)
Dividends collected		
(Use of provisions)	159.896	(1.362.723)
Deferred and prepaid taxes	(1.108.739)	213.532
Total other adjustments	(2.744.089)	(590.507)

CASH FLOW STATEMENT, INDIRECT METHOD	31/12/2022	31/12/2021
<b>Cash flows from operating activities (A)</b>	<b>(3.948.245)</b>	<b>2.070.748</b>
<b>B) Cash flows from investing activities</b>		
<b>Property, plant and equipment</b>		
(Investments)	(91.165)	(77.545)
Disinvestments		
<b>Intangible fixed assets</b>		
(Investments)	(504.197)	(850.022)
Disinvestments		
<b>Financial fixed assets</b>		
(Investments)	(500.000)	(697.338)
Disinvestments		
<b>Current financial assets</b>		
(Investments)	517.692	(639.833)
Disinvestments		
<b>(Acquisition of business units net of cash and cash equivalents)</b>		
<b>Disposal of business units net of cash and cash equivalents</b>		
<b>Cash flow from investing activities (B)</b>	<b>(577.670)</b>	<b>(2.264.739)</b>
<b>C) Cash flows from financing activities</b>		
<b>Third-party funds</b>		
Increase/(decrease) in short-term payables to banks	3.824.876	385.124
Access to finance	942.000	4.000.000
(Repayment of loans)	(3.950.003)	(2.782.729)
<b>Own funds</b>		
Share Capital increase against payment		
Merger surplus		
Change in cash flow reserve for derivative instruments	(614.456)	1.088.752
Other changes in Shareholders' Equity	1	29.350
<b>Cash flows from financing activities (C)</b>	<b>202.418</b>	<b>2.720.551</b>
<b>Increase (decrease) of cash and cash equivalents (A ± B ± C)</b>	<b>(4.323.497)</b>	<b>2.526.560</b>
<b>Exchange rate effect on cash and cash equivalents</b>		
<b>Merger cash and cash equivalents (D)</b>		

<b>CASH FLOW STATEMENT, INDIRECT METHOD</b>	<b>31/12/2022</b>	<b>31/12/2021</b>
<b>Total Increase (decrease) in cash and cash equivalents (A ± B ± C ± D)</b>	(4.323.497)	2.526.560
<b>Cash and cash equivalents at the beginning of the year</b>		
Bank and post office deposits	5.546.436	2.866.409
Cheques	750.572	904.602
Cash and cash on hand	4.690	4.127
<b>Total cash and cash equivalents at the beginning of the year</b>	<b>6.301.698</b>	<b>3.775.138</b>
Of which not freely usable		
<b>Cash and cash equivalents at the end of the year</b>		
<b>Cash and cash equivalents at the end of the year</b>	<b>710.060</b>	<b>5.546.436</b>
Cheques	1.262.542	750.572
Cash and cash on hand	5.598	4.690
<b>Total cash and cash equivalents at the end of the year</b>	<b>1.978.200</b>	<b>6.301.698</b>
Of which not freely usable		

#### **INFORMATION AT THE BOTTOM OF THE CASH FLOW STATEMENT**

The Cash Flow Statement required by art. 2423, first paragraph, of the Italian Civil Code, was prepared using the indirect method in compliance with accounting standard OIC 10 and illustrates, starting from the economic result for the year, the change in cash and cash equivalents as a result of the cash flows generated by the assets:

- a) operational;
- b) investment;
- c) loan.

The table shows a decrease in cash and cash equivalents in 2022 of Euro 4,323,497 compared to the previous year, mainly due to the absorption of cash for the growth in working capital supporting business growth.

# EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31/12/2022

## EXPLANATORY NOTES, OPENING PART

Dear Stockholders,

These financial statements, submitted for your review and approval, show a profit for the year of Euro 2,001,678, against a loss for the year of Euro 123,381 relating to the previous year.

### ATTIVITÀ SVOLTE

Founded in 2012 (with the name of Forest S.r.l.) by the entrepreneur Nicolas Bargi, the Company is mainly active in the creation and marketing of animal-friendly outerwear and accessories under the "Save The Duck" brand. The Company also owns the "Ganesh" brand, under which it creates total look collections for men and women. The registered office is in Milan, in the spaces that in the past housed a historic printing house, where the Company has set up its executive, commercial and style offices, as well as its showroom.

Over the years, the Company has pursued organisational strengthening, so as to allow (i) the improved management of the significant international growth trend of the Save The Duck brand, also with the establishment of direct branches in markets considered strategic and (ii) the development of sales in an omni-channel perspective, through the launch of sales channels such as online and retail that are complementary to wholesale sales.

In 2019, Save The Duck S.p.A. assumed the status of a "benefit company".

### SIGNIFICANT EVENTS THAT OCCURRED DURING THE YEAR

Significant events that occurred during the year are indicated below. Sales revenues increased by 30% compared to the previous year, an increase mainly linked to growth abroad, particularly in Central European markets. In 2022, there was an improvement in margins; this improvement is directly attributable to the increase in turnover both in the wholesale channel, in particular abroad, as reported above, and in the retail channel, which experienced a better absorption of overhead fixed costs, albeit in a situation of strong pressure on purchase costs due to the increase in raw material costs and the generalised and significant increases in transport costs. Also in 2022, our company carried out research and development activities and focused its efforts in particular on projects that are considered particularly innovative and that required a significant financial commitment both for the internal staff involved and for collaborations, consultancy and materials used for tests and experiments. It is expected that the positive result of such innovation will generate good results in terms of turnover, with a favourable impact on the company's economy.

### SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

There are no significant events to be highlighted.

### GOING CONCERN ISSUE

As illustrated in the Report on Operations, in the current year the

Company worked on the development of the "Save The Duck" and "Ganesh" brands. During the year, programs aimed at continuous company development continued with the inclusion of new figures; the retail channel was also consolidated through the opening of an additional Save The Duck single-brand store. The Company's funding source-lending structure is balanced with reference to both medium/long-term loans funding and the breakdown of the financing sources, with a Net Financial Position at the end of the year without payables for the financing of current operations. The ratio between the Shareholders' Equity and the Company's total payables, defined as the debt ratio, shows the company's substantial capital adequacy. The Save The Duck strategy envisages the increasingly focused international development of the "Save The Duck" brand, supported by appropriate stylistic and communication actions aimed at increasingly strengthening brand awareness. Forecasts for the coming years envisage continuous growth both in terms of revenues and margins, with positive and significant impacts in terms of income and financial flows. It is believed that the income and financial flows expected for the next few years will guarantee the ability to continue as a going concern.

### ACCOUNTING STANDARDS

The financial statements of the year that ended on 31 December 2022 was drafted in compliance with the provisions of the Italian Civil Code, as amended by Italian Legislative Decree no. 139/2015 (the "Decree"), interpreted and supplemented by the Italian accounting standards issued by the Italian standard setter ("OIC") at the end of the 2016 financial year and partially amended on 29 December 2017.

Preliminarily, pursuant to Article 2423-bis, paragraph 1, no. 1, of the Italian Civil Code and of accounting standard OIC 11 issued in March 2018, the Administrative Body verified the going concern assumptions, therefore, considering the company a functioning economic unit intended for the production of income for a foreseeable future period of time, relating to a period of at least 12 months from the reporting date.

The financial statements consist of the balance sheet (prepared in accordance with the scheme provided for in Art. 2424 and 2424 bis of the Italian Civil Code), the income statement (prepared in accordance with the scheme set out in Art. 2425 and 2425 bis of the Italian Civil Code), the Cash Flow Statement (the content of which, in accordance with Art. 2425-ter of the Italian Civil Code, is presented according to the provisions of the accounting standard OIC 10) and the Explanatory Notes, drawn up in accordance with the provisions of Art. 2427 and 2427-bis of the Italian Civil Code.

The Explanatory Notes below analyse and supplement the balance sheet data with the supplementary information deemed necessary for a true and fair view of the data illustrated. Items not expressly included in the Balance Sheet and Income Statement, as provided for in Articles 2424 and 2425 of the Civil Code and in the Cash Flow Statement submitted in accordance with OIC Accounting Standard 10, are intended as zero balance. The right not to indicate these items shall be understood as referring only to the case where they have an amount equal to zero both in the current and previous financial years.

With regard to additional information on the Company's situation and the performance and result of its operations, as a whole and in the various sectors in which it has operated, in particular with regard to costs, revenues and investments, as well as for a description of the main risks and uncertainties to which the Company is exposed, please refer to the Board of Directors' Report on Operations.

In compliance with the provisions of art. 2423 of the Civil Code, for drawing up of the financial statements, the general requirements for clarity and the correct and true representation of the Company's po-

sition and results and the financial result for the year were observed. The recognition, measurement, presentation and disclosure of the items may differ from the provisions of law on financial statements in cases where their non-observance has negligible effects on the true and fair view of the Company's state of affairs and of its profit or loss. To this end, information is deemed relevant, based on quality and/or quantity considerations, when its omission or inaccurate indication might reasonably influence users' decisions based on the company's financial statements. Further specific criteria adopted with respect to the concept of irrelevance are indicated next to entries when these are concerned by its application. The relevance of each item is considered in the context of other similar items.

The principles laid down in Article 2423-bis of the Italian Civil Code were also observed as shown below.

The financial statement items were measured in accordance with the principles of prudent accounting and with a view to the Company as a going-concern, as well as taking into account the substance of the transaction or contract. Therefore, the substance of each transaction or fact, and in any case, of each business event was identified whatever its origin, and the possible interdependence of several contracts that were part of complex transactions was considered.

The profits indicated in the Financial Statements are exclusively those made at the end of the financial year.

The income and charges shown are those pertaining to the financial year, regardless of the date of collection or payment.

Risks and losses pertaining to the financial year were taken into account, even if known after the end of the reporting period.

Miscellaneous elements included in each item were measured and recognised separately.

In accordance with Article 2423-ter, paragraph 5, of the Italian Civil Code, for each item in the Balance Sheet and Income Statement, the amount of the corresponding item of the previous year is shown. If the items are not comparable, those of the previous financial year are suitably adjusted and the lack of comparability and the adjustment or the inability to make any such adjustment are reported and commented in the Explanatory Notes.

According to Article 2423-ter, paragraph 2, of the Civil Code, the items preceded by Arabic numerals may be further subdivided, without eliminating the total item and the corresponding amount; they may be grouped only when the grouping, due to its amount, is irrelevant to the true and correct representation of the company's financial positions and results and the financial result for the year or when it is believed to promote clarity. In this second case, the Explanatory Notes contain separately the items that are grouped.

The financial statements and all the comment and tables in these Explanatory Notes are expressed in Euro.

The information of these Explanatory Notes concerning the Balance Sheet and related Income Statement items is presented in the order in which the related items are reported in the Balance Sheet and in the Income Statement pursuant to Article 2427, paragraph 2, of the Italian Civil Code.

### MEASUREMENT CRITERIA

(Ref. article 2427, paragraph 1, no. 1, of the Italian Civil Code and accounting standard OIC 12)

The measurement criteria of the different financial statement items are in compliance with those established by Article 2426 of the Italian Civil Code and accounting standards of reference. The postulates

of the financial statements also include continuity with the previous year in applying the measurement criteria adopted to prepare the financial statements.

Moreover, above mentioned laws and single accounting standards have predicted transition rules to new measurement criteria, which allow companies to operate some choices in regards to their applicability in the first year of adoption and in the subsequent years.

In current financial statement, above mentioned postulate was waived in regards to those items impacted by the changes occurred to the regulatory framework as explained in the "Introduction" section, whether dictated by law or due to choices made with reference to applied principles.

### EXCEPTIONS

(Ref. Art. 2423, paragraph 5, Italian Civil Code)

There were no exceptional cases which necessitated the use of the derogations provided for in Art. 2423 paragraph 5 of the Civil Code.

Most significant measurement criteria and first time adoption rules applied are following mentioned, by specifying choices made among possible accounting options when permitted by law.

### FIXED ASSETS

#### INTANGIBLE FIXED ASSETS

Intangible assets are recognised in assets when they are individually identifiable and their cost can be estimated with sufficient reliability. Those are recorded at the purchase or production cost, inclusive of the additional charges, and deducting their amortisation and impairment. Intangible assets are amortised systematically over their estimated useful life.

The Company measures at the end of each reporting period the presence of impairment indicators and, should these indicators exist, estimates the recoverable amount of the fixed asset and makes a write-down, pursuant to Article 2426, paragraph 1, number 3, of the Italian Civil Code, should it be permanently lower than the net book value. Please refer to the "Write-downs due to impairment of property, plant and equipment and intangible fixed assets" section.

#### DEFERRED CHARGES

Deferred charges were recorded under assets in the Balance Sheet, in that:

- > their future usefulness was shown;
- > there is an objective correlation with related future benefits that the Company will enjoy;
- > their recoverability can be estimated with reasonable certainty.

Start-up, expansion costs and development costs were recognised with the consent of the Sole Auditor.

Start-up and expansion costs are amortised over a 5 years period. Given the impossibility of accurately estimating their useful life, development costs are amortised over a period of five years.

Until the amortisation of the development, installation and expansion costs has been completed, dividends can be distributed only if sufficient reserves are available to cover the amount of non-amortised costs.

#### GOODWILL

Goodwill was recognised under assets, with the consent of the Board of Statutory Auditors, as:

- > it was acquired for consideration and derives from a merger;
- > it has a quantifiable value as it is included in the price paid;
- > it was constituted originally by expenses and costs deferred over time, which, therefore, guarantee future economic benefits, such as the achievement of future profits;

> the principle of the recoverability of related cost is satisfied.

Goodwill's book value is determined as the difference between the total price paid to purchase the Company by the merged company (through a reverse merger transaction) and the carrying value of all transferred assets and liabilities.

Goodwill is amortised according to its useful life, which has been estimated at its initial recognition, by considering the period within which future benefits related to the goodwill will show up. Only in rare cases, if it is not possible to reliably estimate its useful life, goodwill is amortised over a period not greater than ten years. In the specific case relating to the recognition of the Company's goodwill deriving from the reverse merger transaction, a useful life of 10 years is estimated and it is, consequently, amortised at a rate of 10% per year. In the process of estimating useful life, the period of time was considered within which the Company expects to enjoy the additional economic benefits linked to the favourable income prospects of the company subject to the combination/acquisition and the synergies generated by the extraordinary operation.

Goodwill's useful life, estimated at its initial recognition, cannot be modified during subsequently periods.

**INTANGIBLE ASSETS**

For intangible assets the amortisation period is at most equal to the legal or contractual limit. In case the Company expects to use the asset for a shorter period, the useful life reflects this shorter period compared to the legal and contractual limit for the purpose of amortisation calculation.

The useful life of trademarks is estimated at 18 years.

**PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are recorded at the purchase or internal construction cost at the date in which the transfer of risks and benefits occurs, which usually corresponds with the transfer of the title to property. This cost includes the purchase cost, any accessory costs and all costs incurred to transport the asset to its required location in the condition necessary for it to constitute a long-term asset for the Company. The production cost includes direct costs (material and direct labour, design costs, external supplies, etc.) and general production costs, for the portion reasonably attributable to the asset for the period of its manufacture up to the moment when the asset is ready for use.

Property, plant and equipment, whose use is limited over time, are systematically depreciated in each financial year in relation to their residual possible use. Depreciation begins when the fixed asset is available and ready for use.

The depreciation charge attributable to each financial year refers to the distribution of the cost incurred over the entire estimated service life.

The initial value to be depreciated, initially estimated at the time of preparation of the depreciation plan based on the prices realisable on the market through the sale of fixed assets similar both in terms of their technical characteristics and useful life, is reviewed periodically in order to check that the initial estimate is still valid. This value is considered net of the estimated removal costs. If the removal cost exceeds the realisable value, the excess is set aside over the useful life of the asset by entering, pro rata, a restoration and remediation fund, or another similar fund.

The realisable value is not taken into account when it is considered small compared to the value to be depreciated.

If property, plant and equipment include components, appliances or accessories having useful lives of a duration that differs from than

the principal asset, the amortisation of such components shall be calculated separately from the principal asset, unless this is insignificant or not feasible.

Applied depreciation rates, unchanged in comparison to previous period, are as follows:

CATEGORY		DEPRECIATION RATES
Plants and machinery	Generic plants	15%
	Various machinery	15%
Industrial and commercial equipment	Various equipment	15%
Other assets	Electronic office equipment:	20%
	Office furniture and equipment	12% - 20%
	Furniture	15%
	Vehicles	25%

The initial value to be amortised is periodically reviewed in order to verify that the initial estimate is still valid.

Temporarily unused assets are also depreciated.

Ordinary maintenance costs are fully charged to the Income Statement during the year in which they are incurred. Incremental maintenance costs are allocated to the assets to which they refer and within the limits of the recoverable amount of the asset and depreciated in a unified manner considering the new book value of the asset, taking into account its residual useful life.

Advances to suppliers for the purchase of property, plant and equipment are initially recognised on the date on which these amounts must be paid.

Property, plant and equipment that the Company decides to sell are classified separately from property, plant and equipment in a separate item of current assets and measured at the net book value or the realisable value inferable from the market trend, whichever lower, without being further depreciated. This reclassification is made if the following requirements are met:

- > fixed assets can be sold at their current conditions or they require changes that do not postpone the sale;
- > the sale is highly likely to occur based on undertaken commitment and based on expected price and market conditions;
- > the sale should be concluded in the short term.

The measurement criteria adopted for assets for sale are also applied to obsolete assets and in general to assets that will no longer be used or usable in the production cycle.

At the end of each reporting period, the Company measures the

presence of impairment indicators and, should these indicators exist, estimates the recoverable amount of the fixed asset and makes a write-down, should it be permanently lower than the net book value. Please refer to the "Write-downs due to impairment of property, plant and equipment and intangible fixed assets" section.

Property, plant and equipment are revalued only in cases allowed by the law.

**WRITE-DOWNS DUE TO IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE FIXED ASSETS**

The write-downs due to impairment of property, plant and equipment and intangible assets are recognised in accordance with the OIC 9 Accounting Standard.

At the end of each reporting period, it shall be assessed whether there is an indicator that a fixed asset may have become impaired. If this indicator is present, the recoverable amount of the fixed asset shall be estimated.

Specifically, if the recoverable amount of a fixed asset (i.e. the greater of its value in use and its fair value) is less than its book value, the fixed asset is recognised at the lesser value. The difference is charged to the income statement as impairment and recognised in the income statement under item B10 c).

In the absence of indicators of potential impairment, the recoverable value is not determined. The impairment is reversed if the reasons for the write-down due to impairment no longer exist and is carried out within the limits of the value that the asset would have had if the impairment had never occurred.

The write-down recognised on goodwill and on deferred charges cannot be reinstated in that not allowed by the regulations in force.

**EQUITY INVESTMENTS**

Equity investments are recognised as financial fixed assets if the Company intends to hold them permanently. Otherwise they are recognised under current assets.

Equity investments in companies that are not subsidiaries and/or joint ventures are recognised at their purchase price or set-up cost, including any additional expense. The price paid to purchase an equity investment classified under financial assets is maintained in the financial statements of following years, unless an impairment occurs. The Company assesses, at the end of each reporting period, whether there is any indication that an equity investment may be impaired. Impairment is determined by comparing the book value of the equity investment with its recoverable value, determined on the basis of the future benefits that are expected to flow into the investee's economy. The impairment is reversed if the reasons causing it disappear.

**RECEIVABLES**

Receivables originating from revenues for the sale of goods or the provision of services are recognised under current assets on the basis of the accrual principle when the conditions for the recognition of the related revenues are met.

Receivables arising for different reasons are recorded if there exists a "claim" to the receivable and therefore when they actually represent a third-party obligation towards the Company; if financial, they are classified as financial fixed assets (indicating the portion due within the following financial year).

Receivables are measured in the financial statements at amortised cost, taking into account time, and within the limits of their estimated realisable value and, therefore, they are shown in the Balance Sheet

net of the related bad debt provision considered appropriate to cover reasonably expected losses due to non-collectability. If the interest rate of the transaction is not significantly different from the market rate, the receivable is initially recorded at a value equal to the nominal value net of all premiums, discounts, rebates and inclusive of any costs directly attributable to the transaction, which generated the receivable. These transaction costs, any commission income and expense and any difference between the initial value and the nominal value at maturity are spread over the duration of the loan using the effective interest criterion.

On the other hand, when the interest rate of the transaction inferable from the contractual conditions is significantly different from the market rate, the receivable (and the corresponding revenue in the case of commercial transactions) is initially recorded at a value equal to the present value of future cash flows plus any transaction costs. The rate used to discount future flows is the market rate.

In the case of receivables arising from commercial transactions, the difference between the initial recognition value of the receivable thus determined and the forward value is recognised in the income statement as financial income over the duration of the receivable using the effective interest rate criterion.

In the case of financial receivables, the difference between the cash and cash equivalents disbursed and the present value of future cash flows, determined using the market interest rate, is recognised under financial income or expense in the income statement at the time of initial recognition, unless the substance of the transaction or contract leads to the attribution of a different nature to this component. Subsequently, the interest income accruing on the transaction is calculated at the effective interest rate and charged to the income statement with the value of the receivable as a contra entry.

The value of the receivables is subsequently reduced by the amounts received, both by way of principal and interest, as well as for any write-downs to bring the receivables to their presumed realisable value or for losses.

The Company assumes that the effects deriving from the application of the amortised cost and of its discount are irrelevant when the maturity of the receivables is within 12 months, also taking into account all the contractual and substantive considerations in place at the time the credit is recognised, and the transaction costs and any difference between the initial value and the nominal value at maturity are of an insignificant amount. In this case, discounting back is omitted, interest is calculated at the nominal amount and transaction costs are posted as accruals and amortised on a straight-line basis for the duration of the receivable, adjusting nominal interest income.

**WRITE-OFF OF RECEIVABLES**

A receivable is written off from the financial statements when:

- > the contractual rights on cash flows deriving from the receivables are extinguished; or
- > ownership of the contractual rights on the cash flows deriving from the receivables is transferred and all related risks are substantially transferred with it.

For the purposes of the assessment of the transfer of risks, all contractual clauses are taken into account, such as the repurchase obligations on the occurrence of certain events or the existence of commissions, deductibles and penalties due for non-payment.

If the receivable is cancelled from the financial statements following an assignment transaction that leads to substantial transfer of all risks, the difference between the fee and the recording value of the receivable on assignment is recorded as a loss on disposal, to be charged to item B14 of the income statement, unless the contract allows economic components of a different nature to be identified, including financial ones.

When the assignment of credit contract does not involve transfer of

all the risks (e.g. contracts with recourse), the receivables are kept on the balance sheet. In the case of advance payment of a part of the fee agreed by the assignee, a financial debt is recorded as a counterparty entry to the advance received. Cost elements to be paid to the assignee, such as interest and commission, are recorded on the income statement according to their nature. When several minimal risks for the company are identified, including by virtue of an assignment contract that substantially transfers all the risks of the receivable, it is assessed whether the conditions exist for a provision to be made to the provision for risks.

## PAYABLES

Payables originating from acquisitions of assets are recognised in the balance sheet when significant risks, charges and benefits associated with ownership have been substantially transferred. Payables relating to services are recognised when the services have been rendered, that is, the service has been performed.

Financial payables originating from financing transactions and payables arising for reasons other than the acquisition of goods and services are recognised when the company has an obligation towards the counterparty, identified on the basis of legal and contractual regulations.

On the other hand, advances received from customers for supplies of goods or services not yet carried out are included in the item advances.

Payables are valued in the financial statements at amortised cost, taking into account the time factor.

If the interest rate of the transaction is not significantly different from the market rate, the payable is initially recognised at a value equal to the nominal value, net of all transaction costs and all premiums, discounts and rebate deriving directly from the transaction that generated the payable. These transaction costs, such as ancillary expenses for obtaining loans, any commission income and expenses and any difference between the initial value and nominal value at maturity, are spread over the duration of the payable using the effective interest criterion.

On the other hand, when the transaction's interest rate inferable from the contractual conditions is significantly different from the market rate, the payable (and the corresponding cost in the case of commercial transactions) is initially recorded at a value equal to the present value of future cash flows, taking into account any transaction costs. The rate used to discount future flows is the market rate.

In the case of payables arising from commercial transactions, the difference between the initial recognition value of the payable thus determined and the forward value is recognised in the income statement as a financial charge over the duration of the payable using the effective interest rate criterion. In the case of financial payables, the difference between the cash and cash equivalents disbursed and the present value of future cash flows, determined using the market interest rate, is recognised under financial income or expense in the income statement at the time of initial recognition, unless the substance of the transaction or contract leads to the attribution of a different nature to this component. Subsequently, the interest expense accruing on the transaction is calculated at the effective interest rate and charged to the income statement with the value of the payable as a contra entry.

The value of the payables is subsequently reduced by the amounts paid, both in terms of the principal and of interest.

The Company considers the effects of applying the amortised cost and discounting to be insignificant when the payables are due within 12 months, also considering all the contractual and essential terms applicable at the time the payable is recognised, and transaction costs and any difference between the initial value and the nominal value upon maturity are of an insignificant amount. In this case, discounting is omitted, interest is calculated at nominal value, and transaction costs are recognised as deferrals and amortised on a straight-line basis over the period of the payable to adjust the nominal interest income.

## PAYABLES TO GROUP COMPANIES

Items D9, D10 and D11 respectively include payables to subsidiaries, associated companies and parent companies, as defined pursuant to art. 2359 of the Italian Civil Code. These payables are indicated separately in the balance sheet.

Item D11 also includes payables to parent companies that indirectly control the Company, through their intermediate subsidiaries. Payables to companies subject to common control ('sister companies'), other than subsidiaries, associated companies or parent companies, are recognised in item D11-bis.

## CASH AND CASH EQUIVALENTS

Bank deposits, postal deposits and cheques (current account, cashier's cheques and similar) are assessed on the basis of their presumed realisable value which coincides with the face value if no difficulties exist in relation to collection thereof. Cash and stamps are measured at nominal value.

## ACCRUALS AND DEFERRALS

Portions of costs and income, common to two or more financial years, are recorded in these items according to the matching principle on an accrual basis. According to these criteria, an accrual or deferral is recognised when the following conditions are met:

- > the contract begins in one year and ends in a subsequent one;
- the consideration for the services is contractually due before or after the services that are common to two or more consecutive years;
- > the amount of the accruals and deferrals varies over time.

Income or charges that are fully matured in the reference year of the financial statements, or in subsequent years, are not included in accrued and deferred items.

At the end of each financial year, it is checked that the conditions that determined the initial recognition of the accrual or deferred income are still met; if necessary, the necessary value adjustments are made. This valuation takes into account not only the passage of time but also the possible recoverability of the amount recognised in the financial statements.

## INVENTORY

Inventories are assessed at the lesser between the purchasing or production cost and the corresponding market or estimated realisable value, applying the weighted average cost model for homogeneous goods categories.

The cost includes, in addition to the invoice price, ancillary costs such as customs, transportation and other charges directly attributable to that material, net of returns, discounts, rebates and bonuses. The value of stocks thus obtained is then written down in order to account for obsolescence of the goods, as well as the effective possibility of sale based on the movements in goods. The value of inventories is restored in the year in which the reasons for a previous write-down disappear up until the cost originally occurred.

Raw materials, ancillaries and finished products are recognised at the lower of purchase or production cost and realisable value based on market trends, applying the weighted average cost model for homogeneous goods categories.

## DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recorded from the signing date of the agreement, starting from when the Company is subject to the related rights and obligations.

Pursuant to the provisions of Article 2426, paragraph 1, number 11-bis of the Italian Civil Code and of OIC 32, derivative financial instruments, even if embedded in other financial instruments, are measured at fair value both at the recognition date and at the end of each reporting period. The posting and fair value variation compared to the previous year are recorded in the accounts with different methods depending on whether the transaction in derivative financial

instruments qualifies (and is actually designated) as a transaction hedging financial risks or not.

## TRANSACTIONS THAT DO NOT QUALIFY (OR ARE NOT DESIGNATED) AS HEDGING TRANSACTIONS

If the transaction is not qualifiable (or is not designated) as hedging, fair value changes are recognised in the income statement in Section D) "Value adjustment to financial assets and liabilities". As envisaged by article 2426, paragraph 1, number 11-bis of the Italian Civil Code, the profits deriving from the valuation of derivative financial instruments not designated as hedges are allocated to non-distributable shareholders' equity reserves.

## TRANSACTIONS THAT QUALIFY (AND ARE DESIGNATED) AS HEDGING TRANSACTIONS

The Company conducts transactions in derivative financial instruments to hedge against exchange rate risk.

A transaction in derivative financial instruments is designated as a hedging transaction when:

- > the hedging relationship consists only of eligible hedging instruments and eligible hedged items pursuant to OIC 32;
- > there is a close and documented correlation between the characteristics of the hedged instrument or transaction and those of the hedging instrument, pursuant to article 2426, paragraph 1, number 11-bis of the Italian Civil Code; the documentation concerns the formalisation of the hedging relationship, the Company's objectives in risk management and the hedging strategy;
- > the hedging relationship meets all of the following hedge effectiveness requirements:

- > there is an economic relationship between the hedged element and the hedging instrument;
- > the effect of credit risk of the derivative's counterparty and the hedged element, if the credit risk is not the risk being hedged, does not have precedence over changes in value resulting from the economic relationship;
- > a hedging relationship equivalent to the relationship

between the number of derivative financial instruments used and the number of elements hedged is calculated such that there is no ex-ante ineffectiveness of the hedge.

The economic relationship is verified in qualitative terms by ensuring that the essential elements of the hedging instrument and the hedged item match or are closely aligned, and in quantitative terms. When the hedging transactions involve derivative financial instruments with characteristics that are very similar to those of the hedged element (defined as "simple hedging relationship") and the derivative is stipulated at market conditions, the hedging relationship is considered effective simply by verifying that the supporting elements (such as nominal amount, settlement date of cash flows, maturity, and the underlying asset) of the hedging instrument and the hedged element correspond or are closely aligned and the credit risk of the counterparty does not significantly affect the fair value of both the hedging instrument and hedged element.

The eligibility criteria are continuously verified and, at every reporting date, the Company tests hedging relationship to determine if the effectiveness requirements continue to be met.

The Company will discontinue hedge accounting when:

- > the hedging instrument expires, is sold or disposed of (without replacement already envisaged in the original hedging strategy);
- > the hedge no longer meets the conditions for hedge accounting.

If the change in the economic relationship between the hedged item and the hedging instrument is such as to lead to a termination of the hedging relationship and the objective of risk management for the designated hedging relationship remains the same, the company assesses the possibility of carrying out a review of the hedging relationship.

The Company adopts two types of hedging transactions:

1. fair value hedging;
2. hedging of financial flows.

## 1. FAIR VALUE HEDGES

Fair value hedging is activated when the hedging is aimed at limiting the exposure to the risk of changes in the fair value of an asset or liability recorded in the financial statements or an irrevocable commitment.

The hedging instrument (i.e. the derivative) is recorded at fair value in the balance sheet as an asset or liability. The value of the asset or liability recorded in the financial statement subject to hedging is adequate, along the duration of the hedging, to consider the evaluation of only the component relating to the risk subject to hedging and, if an asset, within the limits of the recoverable value. If the fair value hedging concerns an irrevocable commitment, the fair value of the component relating to the risk subject to hedging is recorded in the balance sheet as an asset or liability in the balance sheet item which will be covered by the irrevocable commitment at the time of its realisation.

The changes in fair value both of the hedging instrument and of the hedged element are fully recognised in the income statement (in section D) "Value adjustments of financial assets and liabilities" unless the change in fair value of the hedged item is higher in absolute value than that of the hedging instrument; in that case, the difference between the two changes is recorded in the item concerned by the hedged item; on the other hand, it remains entirely under section D) for simple hedging relationships.

In cases where the hedging instrument is a purchased option or a forward contract, when the company designates only the intrinsic value as an instrument to hedge the changes attributable to the hedged risk, the change in the time value is recognised in section D) of the account economic for the entire duration of the hedge using a linear allocation criterion.

At the time when the hedging transaction ceases, the adjustment of the hedged item is maintained in the Balance Sheet and considered as an asset (in the limits of the recoverable value) or liability component.

If the hedged item is a financial asset or liability, the cumulated adjustment is gradually attributed to the income statement along the duration of the hedged item. If the hedged item is a financial asset or liability valued at amortised cost, the cumulated adjustment is gradually attributed to the income statement according to the actual interest criterion.

## 2. HEDGING OF FINANCIAL FLOWS

Financial flow hedging is activated when the objective of the hedging is to limit the exposure to the risk of changes in the financial flows attributable to an asset or liability recorded in the financial statements, to irrevocable commitments or highly probable scheduled transactions. The Company recognises the fair value of the cash flow hedge in the Balance Sheet, associated with an asset or liability already recognised, an irrevocable commitment or a planned transaction deemed highly probable, with a contra-entry in item AJ VII "Reserve for forecast cash flow hedging transactions" for the effective hedge component, whilst the ineffective component, calculated for hedges that cannot be classified as simple, is recorded in section D) of the Income Statement.

In the hedging of financial flows connected to an asset or liability recorded in the financial statements or a highly probable scheduled transaction or irrevocable commitment, the amount of the provision is attributed to the income statement in the same years when the hedged financial flows have an effect on the profit (loss) for the year and in the same item impacted by the same financial flows. In the hedging of financial flows linked to a highly probable scheduled transaction or irrevocable commitment that subsequently imply the recognition of a non-financial asset or liability, at the time of recor-

ding the asset or liability the Company eliminates the amount of the reserve for transactions hedging the expected financial flows and includes it directly in the book value of the asset (within the limits of the recoverable value) or liability. However, if, in the presence of a negative reserve, a recovery of the entire loss or part of the provision is not expected in one or more future years, the Company immediately attributes to the income statement of the year the provision (or part of it) it does not expect to recover.

In cases where the hedging instrument is a purchased option or a forward contract and only their intrinsic value is designated as an instrument to hedge changes in cash flows attributable to the hedged risk, if the hedged item is a planned transaction or an irrevocable commitment to purchase or sell, the change in the time value charged to the income statement in the year is recognised under accrued income and prepaid expenses; upon termination of the hedge, the accrual or deferral is recognised as a component of the book value of the asset or liability deriving from the realisation of the planned transaction or the irrevocable commitment or recognised in the income statement when the sale takes place. If the hedged item is not a planned transaction or an irrevocable commitment to purchase or sell, the change in the time value is recognised in section D) of the Income Statement for the entire duration of the hedge using a linear allocation criterion.

#### DETERMINATION OF FAIR VALUE

In order to determine the fair value of the derivative financial instruments in the financial statements, the Company has defined their main (or most advantageous) market and the most appropriate measurement techniques in consideration of the fair value hierarchy levels the parameters are classified into and the assumptions that market operators would use to determine the price of the derivative, including the assumptions regarding the risks, assuming that market operators act to satisfy their economic interest in the best way. In determining the fair value, in particular the Company maximised the use of the relevant observable parameters and minimised the use of non-observable parameters according to the fair value hierarchy described below:

Level

1. market value (for the financial instruments for which an active market can be easily identified)
2. value derived from the market value of a component of the instrument itself or a similar instrument (if the market value cannot be easily identified for an instrument, but can be identified for its components or for a similar instrument)
3. value resulting from valuation techniques or models that are generally accepted and able to ensure a reasonable approximation to the market value (for the financial instruments for which an active market cannot be easily identified).

In assessing fair value, the company also took into account the credit risk of contracts' counterparties in accordance with OIC 32.

#### DISCLOSURE

Pursuant to art. 2427-bis of the Italian Civil Code, and in application of OIC no. 32, the Explanatory Notes to the Financial Statements provide, for each category of derivative financial instrument, information on:

- > their fair value;
- > their extent and nature (including the significant terms and conditions that may influence their amount, maturity and certainty of future cash flows);
- > the fundamental assumptions the valuation techniques and models are based on, if the fair value was not determined on the basis of market evidence;
- > changes in value recognised directly in the income statement, as well as those charged to equity reserves;
- > the movements of the fair value reserves occurred in the year.

In the section regarding derivative financial instruments, where applicable, following information are also highlighted:

- > the fair value component included in the assets and liabilities subject to fair value hedge;
- > the possible indeterminability of the fair value;
- > the decay of the "highly probable" requirement for a planned transaction subject to cash flow hedge;
- > the ineffective component charged to the income statement in the case of cash flow hedge;
- > any causes of termination of the hedging relationship and the related accounting effects.

#### PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges pertain to specific, probable liabilities and their values are estimated. Thus, these are potential liabilities linked to situations already existing at the date of the financial statement, but characterised by a state of uncertainty, the outcome of which depends on whether one or more future events occur.

Provisions for charges are recorded against liabilities whose existence is certain, whose amount or timing is estimated, related to obligations already undertaken at the end of the reporting period, but which will actually occur in subsequent financial years.

Provisions are quantified on the basis of estimates that take account of all items available, on an accrual basis and according to the principle of prudence. These elements also include the time horizon when, at the end of the reporting period, there is a certain obligation, by virtue of a contractual or legal restriction, the disbursement of which can be reliably estimated and the date of occurrence, which can be reasonably determined, is sufficiently distant in time to make the present value of the obligation at the end of the reporting period significantly different from the estimated value at the time of disbursement.

When valuing these provisions, the general concepts of prudence and accruals were observed and steps were not taken to establish general risk provisions lacking economic justification.

Contingent liabilities, when existing, are recognised in the financial statements and recorded in the provisions only if they are considered likely and if the amount of the related charge can be reasonably estimated. No provision was made for risks of a remote nature whereas in the case of contingent liabilities considered possible, even if not likely, the explanatory notes included information on uncertainty, where relevant, which could cause loss, the estimated amount or the indication that it cannot be calculated, other possible effects if not obvious, the indication of the opinion of the Company's management and of its legal advisors and other experts, where available.

With regard to classification, allocations to provisions for risks and charges are recognised with priority in the cost items of the income statement for the relevant classes (B, C, or D), based on their nature. Whenever this correlation between the nature of the provision and one of the items in the above classes is not immediately feasible, provisions for risk and charges are recorded under items B12 and B13 of the Income Statement.

#### PROVISION FOR EMPLOYEE SEVERANCE INDEMNITY (TFR)

The provision for employee severance indemnity is set aside to cover the entire liability accrued towards employees, in compliance with current legislation and collective labour and supplementary company agreements. This liability is subject to revaluation pursuant to article 2120 of the Italian Civil Code.

The Employee severance indemnity recognised in the financial statements represents the actual liability accrued towards employees, considering every form of remuneration as ongoing. The provision corresponds to the total of the single indemnity

payable to each employee at the balance sheet date, net of cash advances previously paid, should he/she leave the company's employment at that date.

#### COSTS

Purchase costs are recognised on an accruals basis. The costs for raw and ancillary materials, consumables and goods include accessory purchase costs (transport, insurance, loading and unloading, etc.) if included by the supplier in the purchase price of the same, otherwise they are recognised separately under costs for services according to their nature.

Not only costs of a certain amount, but also those not yet documented for which the transfer of ownership has already taken place or the service has already been received, are recognised under costs.

#### INCOME TAXES

Direct taxes for the year are recorded on the basis of the estimate of taxable income, in accordance with the provisions of the law and the rates in force, taking into account any applicable exemptions.

An analysis is also made of the existence of temporary differences between the balance sheet values of assets and liabilities and the corresponding values relevant for tax purposes and/or between income components charged to the Income Statement and those taxable or deductible in future financial years for the purpose of recording the tax for the period, as required by the OIC no. 25.

In the presence of taxable temporary differences, deferred tax liabilities are recorded in the financial statements, with the exception of the OIC 25 exceptions.

If there are deductible temporary differences, deferred tax assets are recognised only if there is a reasonable certainty of their future recovery.

If tax losses are generated, deferred tax assets are calculated and recorded against the future tax benefit related to them, within the limits of the taxable results that can be realised according to a tax projection within a defined reasonable time period defined at five years.

Prepaid and deferred taxes are calculated on the cumulative amount of all temporary differences for the year, applying the tax rates in force in the year in which the temporary differences will reverse, as provided for by the tax regulations in force at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are not discounted.

For the purposes of classification in the financial statements, tax receivables and payables are offset only if there exists a legal right to offset the amounts recognised on the basis of the tax legislation and the intention is to settle the tax payables and receivables on a net basis by means of a single payment.

The accounting standards that characterise, where applicable, the tax consolidation are set out below:

#### CURRENT TAXES

Taxes for the year are recognised in the income statement under the item "Current taxes for the year" and the related payable (or receivable) in the Balance Sheet under the item "Payables (or Receivables) from the parent company". Consolidation adjustments that generate benefits as part of the consolidated statement are recognised in the income statement under the item "Tax income from tax consolidation", classified under the item "Current taxes for the year" with a balancing entry in the Balance Sheet under the item "Receivables from the parent company".

With regard to the transfer of withholdings, IRES surpluses, as well as the advances independently paid by the consolidated companies, the Company recognises a receivable from the consolidating company as it is a real transfer of assets to the tax consolidation.

#### DEFERRED TAXES

Receivables for prepaid IRES and the provision for deferred IRES arising from both the consolidating and the consolidated companies from transactions that occur during the option effectiveness period remain in the shareholders' equity of the company that generated them; therefore, under the tax consolidation regime, they are not recognised in the financial statements of the consolidating company. Compliance with the conditions for the recognition of deferred taxes is assessed with reference to the forecasts of future taxable income of the companies participating in the tax consolidation. Otherwise, if the deferred or prepaid taxes derive from transactions that occur at times other than the consolidation period, the valuation is carried out with reference to the individual situation of the consolidated company.

#### REMUNERATION OF THE ECONOMIC ADVANTAGES IN FAVOUR OF THE CONSOLIDATED COMPANIES

The remuneration of the tax losses of the companies included in the tax consolidation is recognised at the time of actual use of said losses within the scope of the consolidation (and, therefore, are not subject to the achievement of future taxable profits by the individual consolidated company), at the IRES rate in force in the tax period in which the tax loss is used to offset the consolidated taxable income. The economic benefits resulting from the consolidation adjustments made by the consolidating company, but specific to the consolidated company, are remunerated in favour of the consolidated company.

#### REVENUE RECOGNITION

Revenues from sales of goods are recognised on an accrual basis when both of the following conditions are met:

- > the production process of the goods or services has been completed;
- > the exchange has already taken place, i.e. the substantial and non-formal transfer of the ownership has taken place. In case of sale of goods, this moment is represented by the dispatch or delivery of the movable property, whereas for goods requiring a public document (real estate and movable properties) by the signing date of the sale agreement. In the case of the provision of services, the exchange is considered to have taken place when the service is rendered, i.e. the service is performed.

Revenues from the provision of services are recognised on the date on which the services are completed or, for those dependent on contracts with periodic payments, on the date of accrual of the payments.

Sales revenues are recognised net of returns, discounts, allowances and premiums, as well as taxes directly related to the sale of products and provision of services and adjustments to revenues for the year as a direct reduction in revenues.

The item "other revenues and income" includes positive non-financial income components deriving solely from ancillary operations.

#### CRITERIA FOR THE CONVERSION OF VALUES EXPRESSED IN FOREIGN CURRENCIES

In compliance with art. 2426, paragraph 1, n. 8-bis of the Italian Civil Code, monetary assets and liabilities in currencies other than the functional currency in which the financial statements are presented (so-called 'accounting currency'), after initial recognition, are recognised at the spot exchange rate on the closing date of the financial year. The consequent gains or losses on foreign exchange are recognised in the income statement under item C17-bis) 'foreign exchange gains and losses' and any net profit, which contributes to the formation of the operating result, is set aside in a specific reserve that cannot be distributed until realised.

Non-monetary assets and liabilities in currencies other than the accounting currency are recognised at the exchange rate in effect at the time of their acquisition. If the exchange rate in force at the



closing date of the financial year is significantly different from that existing at the acquisition date, the exchange rate variation is one of the elements taken into consideration in the valuation process to determine the value that can be booked in the financial statements for the individual non-monetary assets. In this case, therefore, any exchange differences (positive or negative) contribute to the determination of the recoverable value.

Significant, unpredictable fluctuations of foreign exchange rates after the end of the year to which the company is most exposed without hedging are not recognised in the financial statements since they are attributable to the following year but disclosure is given in the Explanatory Notes under paragraph "Significant events which occurred after the closing of the consolidated financial statements".

As an alternative to the adoption of derivative financial instruments, for some transactions to hedge the exchange rate risk on highly probable planned transactions or irrevocable commitments, the Company makes use of cash and cash equivalents, or receivables and payables in foreign currency. Depending on the transaction characteristics, this may be used by designating the element in its entirety or for a part of its nominal value as an instrument to hedge the exchange rate risk.

The Company designates these transactions as hedges only when the highly probable planned transactions or the irrevocable commitments are denominated in the same foreign currency as the hedging instrument, and the relationship is effective on the basis of the verification of the transaction's underlying elements and this relationship is formally documented together with the hedging objectives and strategies.

Subsequently to the designation, the hedging instrument is measured at the spot exchange rate at each reporting date and any change is allocated to item AVII "Cash flow hedging reserve".

At the end of the hedge, the balance of the "Cash flow hedging reserve" is recognised as a balancing entry to the income statement item affected by the hedged item.

If the planned transaction or irrevocable commitment subsequently results in the recognition in the financial statements of a non-financial asset or liability, the amount of the reserve is adjusted or supplemented by the value of the asset (within the limits of the recoverable value) or liability.

When the recognition of the transaction as a hedge ceases, the amount accumulated in the reserve is released to the income statement under the item "Exchange gains/losses" if it is expected that future cash flows will no longer occur (or are no longer expected to be highly probable) or it is not probable that the Company will realise the exchange gains/losses in the reserve.

## COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

The commitments not resulting from the balance sheet represent obligations undertaken by the company towards third parties that originate from legal transactions with certain mandatory effects but not yet executed by either party. The commitments category includes both commitments whose execution and the relative amount is certain (for example: forward purchase and sale), and commitments whose execution is certain but the relative amount is not (for example: contract with a price revision). The commitments amount is the nominal value that can be inferred from the related documentation.

# EXPLANATORY NOTES, ASSETS

## FIXED ASSETS

### INTANGIBLE FIXED ASSETS

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
58.274.107	62.958.762	(4.684.655)

CHANGES IN INTANGIBLE FIXED ASSETS (Ref. art. 2427, first paragraph, no. 2, of the Italian Civil Code)									
	Start-up and expansion costs	Development costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Goodwill	Intangible fixed assets in progress and payments on account	Other intangible fixed assets	Consolidation difference	Total intangible fixed assets
<b>Value at the beginning of the year</b>									
Cost	95.500	104.650	1.271.667	66.278.661	8.818.868	445.265	1.590.103	78.604.714	78.221.531
Revaluations									
Depreciation (Depreciation provision)	75.681	91.550	662.853	11.582.770	2.691.969		541.128	15.645.951	15.761.542
Write-downs									
Book value	19.818	13.100	608.814	54.695.891	6.126.899	445.265	1.048.975	62.958.762	63.485.926
<b>Changes during the year</b>									
Increases for acquisitions	100.000	28.200	225.787	17.707		24.208	108.300	933.370	999.503
Decreases due to sales and disposals (of the carrying amount)						1.005		1.005	(1.005)
Transfer to increase assets	389.500	9.600	27.200	1.868		(428.168)		428.168	-
Revaluations carried out during the year									
Depreciation for the year	116.504	21.467	264.164	3.686.238	889.035		211.445	5.188.853	5.293.135
Write-downs made during the year									
Other changes									
Total changes	372.996	16.333	(11.177)	(3.665.663)	(889.035)	(404.965)	(103.145)	(4.684.656)	(4.294.637)
<b>Value at the end of the year</b>									
Cost	585.500	142.450	1.524.654	66.299.236	8.818.868	40.300	1.698.403	79.108.911	80.446.069
Revaluations									
Depreciation (Depreciation provision)	192.185	113.017	927.017	15.269.008	3.581.004		752.573	20.834.804	21.254.760
Write-downs									
Book value	392.815	29.433	597.637	51.030.228	5.237.864	40.300	945.830	58.274.107	59.191.310

The main increases for the year relate to:  
 in the item "Start-up and expansion costs", the costs relating to extraordinary consultancy for the definition of the strategic development lines of the Save The Duck Group in the coming years;  
 in the item "Development costs", the costs relating to the development of the new software platform of the new institutional website and for direct e-commerce;  
 > under the item "Industrial patent rights", mainly for the purchase costs of software programs and licenses relating to the implementation of new information systems relating to the ERP management system (Stealth Go! For Euro 238 thousand, of which Euro 25 thousand for the Stealth Retail project) and the order collection system (for Euro 4 thousand);  
 > in the item "Concessions, licenses and trademarks", the value for the filing of the renewals of the trademarks owned by the company;  
 > in "Other intangible fixed assets", mainly to the charges incurred in relation to the opening of the new direct store in Bologna (for a total of Euro 62 thousand).

Taking into account the nature of the Trademark and Goodwill items and their estimated useful life, which significantly exceeds the ordinary term of five years, an impairment test was carried out to assess the recoverability of the values recorded through the expected cash flows in the coming years and inferred from the company forecasts. No impairment emerged from the outcome of the impairment test.

## BREAKDOWN OF START-UP, EXPANSION AND DEVELOPMENT COSTS ITEMS

(Ref. art. 2427, first paragraph, no. 3, of the Italian Civil Code)

The Breakdown of start-up, expansion and development costs is indicated below, as well as the reasons for their recognition.

START-UP AND EXPANSION COSTS					
Cost description	Value 31/12/2021	Increase for the year	Decrease for the year	Amortisation for the year	Value 31/12/2022
Start-up	3.906			3.906	-
Transformation	2.429			1.215	1.215
Merger	13.483			13.483	-
Costs for the Strategic Plan		489.500		97.900	391.600
Other changes in the articles of association					
<b>Total</b>	<b>19.818</b>			<b>116.503</b>	<b>392.815</b>

These are costs relating to extraordinary consultancy for the definition of the strategic development lines of the Save The Duck Group in the coming years.

DEVELOPMENT COSTS					
Cost description	Value 31/12/2021	Increase for the year	Decrease for the year	Amortisation for the year	Value 31/12/2022
Web platform	13.100	37.800		21.467	29.433
<b>Total</b>	<b>13.100</b>	<b>37.800</b>		<b>21.467</b>	<b>29.433</b>

## PROPERTY, PLANT AND EQUIPMENT

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
307.433	307.288	145

The changes during the year for the various categories of property, plant and equipment are shown below.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT						
	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Property, plant and equipment in progress and payments on account	Total property, plant and equipment
<b>Value at the beginning of the year</b>						
Cost			36.710	540.385		580.156
Revaluations						
Depreciation (Depreciation provision)			19.273	250.536		272.870
Write-downs						
Book value			17.438	289.850		307.288
<b>Changes during the year</b>						
Increases for acquisitions			839	90.326		91.165
Reclassifications (of the book value)						
Decreases due to sales and disposals (of the carrying amount)						
Revaluations carried out during the year						
Depreciation for the year			3.438	87.572		91.010
Write-downs made during the year						
Other changes						
Total changes			(2.599)	2.754		155
<b>Value at the end of the year</b>						
Cost			37.549	630.711		668.260
Revaluations						
Depreciation (Depreciation provision)			22.711	338.108		360.819
Write-downs						
Book value			14.839	292.604		307.443

The main increases in the year are mainly related to the expenses incurred in relation to the fitting out of the new direct store in Bologna (Euro 44 thousand) and the renewal of electronic machines (PCs and company network systems) at the headquarters (Euro 28 thousand) and for renewal of mobile telephony (Euro 6 thousand).

## FINANCIAL FIXED ASSETS

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
2.680.619	2.180.619	500.000

CHANGES IN EQUITY INVESTMENTS, OTHER SECURITIES AND LONG-TERM DERIVATIVE FINANCIAL INSTRUMENTS								
	Equity investments in subsidiaries	Equity investments in associated companies	Equity investments in parent companies	Equity investments in companies subject to the control of parent companies	Equity investments in other companies	Total equity investments	Other securities	Derivative financial instruments - assets
<b>Value at the beginning of the year</b>								
Cost	539.207				49	539.256		
Reclassifications								
Write-downs								
Book value	539.207				49	539.256		
<b>Changes during the year</b>								
Increases for acquisitions								
Reclassifications (of the book value)								
Decreases due to sales and disposals (of the carrying amount)								
Revaluations carried out during the year								
Write-downs made during the year								
Other changes								
Total changes								
<b>Variations nell'esercizio</b>								
Cost	539.207				49	539.256		
Revaluations								
Write-downs								
Book value	539.207				49	539.256		

The item includes the value of the equity investments in the subsidiaries Save The Duck Asia-Pacific Limited (with registered office in Hong Kong), SAVE THE DUCK USA Inc. (with registered office in New York), SAVE THE DUCK SUISSE, SA (with registered office in Saint Moritz) and the equity investment (in the item Equity investments in other companies) in Consorzio Conai.

No impairment were recorded during the year.

DETTAGLI SULLE PARTECIPAZIONI IMMOBILIZZATE IN IMPRESE CONTROLLATE						
Denominazione	City, if in Italy, or foreign country	Equity investment in %	Share Capital in foreign currency	Share Capital in Euro	Shareholders' equity in foreign currency	Shareholders' equity in Euro.
Save The Duck Asia-Pacific Limited	Hong Kong	100	1.000.000 HKD	120.246	(19.270.950) HKD	(2.317.250)
SAVE THE DUCK USA, Inc.	New York	100	200.000 USD	187.512	(350.353) USD	(328.475)
SAVE THE DUCK SUISSE, SA	Saint Moritz	100	100.000 CHF	101.554	(102.248) CHF	(103.836)

Save The Duck Asia-Pacific Limited is a trading company established in the second half of 2018 with the role of distributor of the Company's products in China. The company also supports the parent company in the management and monitoring of commercial development in Asian countries where Save The Duck S.p.A. will have a direct presence through its branches or through direct distribution contracts with local operators (at the moment it operates this formula in Japan, South Korea and Taiwan).

The subsidiary began its activities in 2019, launching commercial activities both at wholesale level, with Chinese operators, and at retail level, culminating in the opening of a store in Hong Kong in August 2019 (at an important centre called K11 Musea, dedicated to newly created commercial and cultural activities).

The subsidiary holds 100% of the share capital of Save The Duck Trading (Shanghai) Limited, a trading company established in 2020 with the role of distributor of the Save The Duck Group products in China; the company began operating in 2021, implementing trading initiatives in China under the control and organisation of Save The Duck Asia Pacific

The equity investment is recognised at the initial subscription cost increased by the share capital increase (from 10,000 HKD to 1,000,000 HKD) in February 2019. The differential between the book value (nominal value of the subscribed share capital) and shareholders' equity as at 31 December 2022 is negative.

The economic performance of the subsidiary in 2022 was still strongly influenced by the events related to the movement restrictions of people in Hong Kong, which led to a generalised limited presence of tourists in the city, with direct negative repercussions on sales level and commercial activities realised. In the second half of the year, specific retail initiatives were launched, through the creation of two Pop-Up stores in the city. These initiatives also continued in 2023, with expected positive impacts in terms of income in the current year. It was not considered appropriate to proceed with the write-down of the book value of the equity investment and the book value of the financial receivable, as the company was established in 2018 and is still in the start-up phase; it is believed that, after this initial introductory period, it will be possible to begin to recover the losses accumulated in these first years of activity, once commercial activities in China are fully operational, as envisaged by forward plans of the Save The Duck Group.

The company SAVE THE DUCK USA Inc. is a trading company established in June 2020 with the role of distributor of the Company's products in the USA and Mexico. The investee began operating in the second half of 2020, with the marketing of the 2021 Spring/Summer season, whose sales started from the first quarter of the current year.

Save The Duck Suisse SA is a trading company established in July 2021 with registered office in St. Moritz (Switzerland), a vehicle for the management of the single-brand store opened in July 2021 in St. Moritz, the best-known winter resort in Europe, a leading spa resort and the ideal place for shopping.

CHANGES AND EXPIRY OF LONG-TERM RECEIVABLES			
	Non-current receivables from subsidiaries	Non-current receivables from associated companies	Non-current receivables from parent companies
Value at the beginning of the year	1.641.363		
Changes during the year	500.000		
Value at the end of the year	2.141.363		
Portion due within the year			
Portion due after the year	2.141.363		
Of which with a residual duration of more than 5 years			

CHANGES AND EXPIRY OF LONG-TERM RECEIVABLES			
	Non-current receivables from companies subject to the control of parent companies	Non-current receivables from others	Total non-current receivables
Value at the beginning of the year			1.641.363
Changes during the year			500.000
Value at the end of the year			2.141.363
Portion due within the year			
Portion due after the year			2.141.363
Of which with a residual duration of more than 5 years			

The item receivables from subsidiaries includes, for an amount of Euro 2,141,363, financial receivables from the subsidiary Save The Duck Asia-Pacific Limited, representing a non-interest-bearing loan granted to the investee for financing of the start-up phase.

The table below shows the analysis of trade receivables by geographic area as of 31 December 2022 (Article 2427, first paragraph no. 6 of the Italian Civil Code).

BREAKDOWN OF NON-CURRENT RECEIVABLES BY GEOGRAPHICAL AREA			
	Non-current receivables from subsidiaries	Non-current receivables from associated companies	Non-current receivables from parent companies
Italia			
EEC			
Extra-EEC	2.141.363		
Total	2.141.363		

BREAKDOWN OF NON-CURRENT RECEIVABLES BY GEOGRAPHICAL AREA			
	Non-current receivables from companies subject to the control of parent companies	Non-current receivables from others	Total non-current receivables
Italia			
EEC			
Extra-EEC			2.141.363
Total			2.141.363

## CURRENT ASSETS

### INVENTORIES

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
9.627.706	4.580.822	5.046.884

The breakdown of the item inventories as at 31 December 2022 is shown below:

	VALUE AT THE BEGINNING OF THE YEAR	CHANGE DURING THE YEAR	VALUE AT THE END OF THE YEAR
Raw, ancillary and consumable materials	157.178	(78.103)	79.075
Work in progress and semi-finished products			
Contract work in progress			
Finished products and goods	4.423.644	5.124.987	9.548.631
Advances			
Total inventories	4.580.822	5.046.884	9.627.706

With regard to Finished products and goods, it should be noted that at the end of 2022 this item mainly included items from the 2023 Spring Summer collection waiting to be delivered to customers and that the increase in the value of this item was substantially generated by the higher orders collected compared to the previous year and to the goods received in December for sales to be made in the first months of 2023. The stock value is adjusted by a specific allowance for slow-moving and obsolete inventories. It should be noted that the inventory obsolescence provision as at 31 December 2022 amounted to Euro 150,000 and did not change during the year.

### RECEIVABLES RECORDED UNDER CURRENT ASSETS

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
25.814.354	18.362.615	7.451.739

The balance is apportioned, according to maturity terms, as follows.

Receivables are measured at their estimated realisable value, as explained in the first part of these explanatory notes.

CHANGES AND MATURITY OF RECEIVABLES RECORDED UNDER CURRENT ASSETS						
	Value at the beginning of the year	Change during the year	Value at the end of the year	Portion due within the year	Portion due after the year	Of which with a residual duration of more than 5 years
Receivables from customers recorded under current assets	12.115.789	2.379.798	14.495.587	14.495.587		
Receivables from subsidiaries recorded under current assets	4.772.930	4.704.477	9.477.407	9.477.407		
Receivables from associated companies recorded under current assets						
Receivables from parent companies recorded under current assets						
Receivables from companies subject to the control of parent companies recorded under current assets						
Tax receivables recorded under current assets	342.876	492.540	835.416	835.416		
Deferred tax assets recorded under current assets	436.625	153.420	590.045	590.045		
Receivables from others recorded under current assets	694.395	(278.496)	415.899	338.567	77.332	
<b>Total receivables recorded under current assets</b>	<b>18.362.615</b>	<b>7.451.739</b>	<b>25.814.354</b>	<b>25.737.022</b>	<b>77.332</b>	

The increase in the item Receivables from customers is closely linked to the timing of invoicing and collection of the Fall Winter collection and to the advance invoicing of the 2023 Spring Summer collection, in December 2022, higher than that achieved in the same period of the previous year.

Receivables from others, as at 31 December 2022, amounting to Euro 415,899, are broken down as follows:

DESCRIPTION	AMOUNT
Advances to suppliers for materials	114.291
Advances to various suppliers	136.000
Guarantee deposits	272.403
Other receivables	186.086
<b>Total</b>	<b>708.780</b>

Deferred tax assets of Euro 590.045 relate to deductible temporary differences; for a description of these, reference is made to the relevant paragraph in the last part of these explanatory notes, commenting on the item Taxes for the year.

The table below shows the analysis of trade receivables by geographic area as of 31 December 2022 (Article 2427, first paragraph no. 6 of the Italian Civil Code).

BREAKDOWN OF RECEIVABLES RECORDED UNDER CURRENT ASSETS BY GEOGRAPHICAL AREA									
Geographical area	Receivables from customers recorded under current assets	Receivables from subsidiaries recorded under current assets	Receivables from associated companies recorded under current assets	Receivables from parent companies recorded under current assets	Receivables from companies subject to the control of parent companies recorded under current assets	Tax receivables recorded under current assets	Deferred tax assets recorded under current assets	Receivables from others recorded under current assets	Total receivables recorded under current assets
Italy	11.400.908					835.416	590.045	415.899	13.242.268
EEC	2.477.558								2.477.558
Extra EEC	617.121	9.477.407							10.094.528
<b>Total</b>	<b>17.772.230</b>	<b>9.477.407</b>				<b>835.416</b>	<b>590.045</b>	<b>415.899</b>	<b>25.814.354</b>

The receivables item was adjusted through a specific provision for doubtful debts with the following movements throughout the year:

DESCRIPTION	Provision for write-downs pursuant to art. 2426 Italian Civil Code	Provision for write-downs pursuant to art. 106 Presidential Decree 917/1986	Total
Balance as at 31/12/2021	226.600	71.366	297.966
Use during the year	5.370	74.046	79.416
Allocation for the year	23.216	56.783	80.000
<b>Balance as at 31/12/2022</b>	<b>244.446</b>	<b>54.104</b>	<b>298.550</b>

## CURRENT FINANCIAL ASSETS

### CHANGES TO CURRENT FINANCIAL ASSETS

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
157.963	675.655	(517.692)

The item refers to the fair value deriving from the mark to market of derivatives on interest rate and exchange rate hedges in place as at 31 December 2022 with a positive fair value.

The interest rate risk is hedged through Interest Rate Swap (IRS) contracts, i.e. contracts where two counterparties undertake to exchange certain cash flows on an established date according to an agreed format.

The Company carries out hedging transactions against exchange rate risk through the stipulation of hedging contracts with leading

financial institutions. The exchange rate risk is reduced through the use of forward purchase or sale contracts ("outright forward"), i.e. a contract where two counterparties undertake to exchange certain currencies by an established date according to an agreed format.

The Company has two interest rate hedges and 10 foreign exchange hedging contracts. One of the current exchange rate hedging contracts had a positive fair value and nine had negative fair value. For contracts with a positive fair value, information on fair value is provided below: it is represented by a value provided by the banks, parties the company holds relations with, and is determined through the application of generally accepted valuation models and techniques. Please refer to the section on Provisions for Risks and Charges for the treatment of hedging contracts with negative fair value.

The table below shows the book value of the derivative financial instruments in place, by category, with details of the corresponding positive fair values as at 31 December 2022.

POSITIVE FAIR VALUE	31 DECEMBER 2022
<b>Derivatives designated as fair value hedges</b>	
- Hedged foreign currency forward contracts	
<b>Derivatives designated to as cash flow hedges</b>	
- SWAP on interest rates	122.705
- Hedged foreign currency forward contracts	35.258
<b>Total financial assets at fair value</b>	<b>157.963</b>

Derivatives designated as fair value hedging instruments reflect the change in the fair value of forward foreign exchange contracts in order to limit the exposure to the risk of changes in the fair value of an asset (receivable from customers) or a liability (trade payable) recognised in the financial statements.

Derivatives designated as cash flow hedges reflect positive changes in the fair value of forward currency contracts, designated as highly probable cash flow hedges, relating to future purchases in US dollars.

In accordance with the provisions of art. 2427-bis of the Italian Civil Code, the information requested is reported below.

AMORTISING LINE COVERAGE	
Date of subscription	24-May-2018
Expiration	29-Dec-2023
Initial notional value (Euro)	6.818.181
Residual value (Euro)	1.363.636
Bank rate (to be received)	6-month Euribor
Customer rate (to be paid)	6-month Euribor +0.36% (max rate 0.86%)
Fair value	22.406

BULLET LINE COVERAGE	
Date of subscription	24-May-2018
Expiration	29-Dec-2023
Initial notional value (Euro)	5.000.000
Residual value (Euro)	5.000.000
Bank rate (to be received)	6-month Euribor
Customer rate (to be paid)	6-month Euribor + 0.45% (max rate 1.2%)
Fair value	100.299

UNICREDIT	
Date of subscription	4-Feb-22
Expiration	11-Jan-23
Initial notional value (Euro)	500.000 USD
Forward exchange rate	1,1541
Fair value (Euro)	35.258

The following table shows the hierarchical level at which the fair value measurements of the derivative financial instruments outstanding as at 31 December 2022 were classified. As required by art. 2426, paragraph 4) of the Italian Civil Code, the fair value can be divided into three levels:

> level 1: determined with reference to the market value, for the instruments for which an active market can be easily identified;

> level 2: determined with reference to the market value of its components or of a similar instrument, if the market value of the instrument is not easily identifiable;

> level 3: determined with reference to the value resulting from generally accepted valuation models and techniques, for instruments for which an active market is not easily identifiable, either directly or indirectly.

DERIVATIVE FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
- Positive fair value		157.963	
- Negative fair value			

There were no transfers between levels during the period.

## CASH AND CASH EQUIVALENTS

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
1.978.200	6.301.698	(4.323.498)

	VALUE AT THE BEGINNING OF THE YEAR	CHANGE DURING THE YEAR	VALUE AT THE END OF THE YEAR
Bank and post office deposits	5.546.436	(4.836.376)	710.060
Cheques	750.572	511.970	1.262.542
Cash on hand	4.690	908	5.598
Total cash and cash equivalents	6.301.698	(4.323.498)	1.978.200

Bank deposits, postal deposits and cheques (current account, cashier's cheques and similar) are assessed on the basis of their presumed realisable value which coincides with the face value if no difficulties exist in relation to collection thereof. Cash and stamps are measured at nominal value.

The balance represents cash and cash equivalents, including cash and securities, at the closing date of the financial year

## ACCRUED INCOME AND PREPAID EXPENSES

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
1.292.691	981.363	311.328

They measure income and charges paid in advance or postponed with respect to the monetary and/or documentary event; they are independent of the date of payment or collection of the related income and charges, common to two or more periods and payable on the basis of time.

Also for these items, the criteria adopted in the valuation and in the conversion of the values expressed in foreign currency are reported in the first part of these explanatory notes.

As of 31 December 2022, the Group had no accrued income and prepaid expenses with a duration of more than five years.

	ACCRUED INCOME	PREPAID EXPENSES	TOTAL ACCRUED INCOME AND PREPAID EXPENSES
Value at the beginning of the year	-	981.363	981.363
Change during the year	-	311.328	311.328
Value at the end of the year	-	1.292.691	1.292.691

The breakdown of the item is detailed as follows (art. 2427, first paragraph, no. 7, of the Italian Civil Code).

DESCRIPTION	AMOUNT
Prepaid expenses on systems development for the USA	720.420
Prepaid expenses for stylistic consultancy	175.920
Prepaid advertising, promotional and advertising expenses	112.968
Prepayments on interest rate hedging contracts	109.829
Prepayments on consulting	55.765
Prepayments on green certificates	39.165
Prepayments of maintenance	21.505
Prepaid rental expenses	18.274
Prepayments of insurance expenses	9.800
Others for an insignificant amount	29.045
<b>Total</b>	<b>1.292.691</b>

Prepaid expenses on interest rate hedging contracts reflect the recognition of the "time value" component of the fair value of interest rate hedging derivatives signed against existing medium/long-term loans.

## EXPLANATORY NOTES, LIABILITIES AND SHAREHOLDERS' EQUITY

### SHAREHOLDERS' EQUITY

(Ref. art. 2427, first paragraph, no. 4, 7 and 7-bis, of the Italian Civil Code)

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
52.033.178	50.645.955	1.387.223

This item includes all the transactions of a financial nature carried out between the Company and subjects who exercise their rights and duties as shareholders. The share capital increase is recognised in the accounts only after the transaction has been entered in the companies' register, as governed by art. 2444, paragraph 2, of the Italian Civil Code. In this case, the corresponding amount is recognised in a specific item of shareholders' equity (other than the item 'Share Capital'), which includes the amounts of share capital subscribed by the shareholders, which will subsequently be reclassified upon verification of the conditions described above.

Any reduction in the share capital following the withdrawal of a shareholder entails the obligation for the Company to purchase the

shares of the same in order to reimburse them, if not purchased by other shareholders; for accounting purposes, a negative reserve is recognised under item X "Negative reserve for treasury shares in portfolio". The difference between the reduction in the shareholders' equity and the receivable from the withdrawing shareholder is included in a reserve.

In case of default by a shareholder, the share capital is reduced by an amount corresponding to the value of the shares cancelled, which, from an accounting point of view, determines the reversal of the receivable from the withdrawing shareholder (for shares still due from them) and the difference between the reduction in the shareholders' equity and the receivable from the withdrawing shareholder is included in a reserve.

CHANGES IN SHAREHOLDERS' EQUITY ITEMS								
	Value at the beginning of the year	Allocation of the profit/loss of the previous year		Other changes			Profit/(loss) for the year	Value at the end of the year
		Allocation of dividends	Other allocations	Increases	Decreases	Reclassifications		
Share capital	1.000.000							1.000.000
Legal reserve	200.000							200.000
Statutory reserves								
Extraordinary reserve	6.888.858							6.888.858
Merger surplus reserve	34.399.308							34.399.308
Reserve for unrealised exchange gains	20.099							20.099
Total other reserves	41.308.265							41.308.265
Reserve for expected cash flow hedges	472.206			(614.456)				(142.250)
Retained earnings (losses)	7.788.865		(123.381)					7.665.485
Profit (loss) for the year	(123.381)		123.381				2.001.678	2.001.678
<b>Total shareholders' equity</b>	<b>50.645.955</b>							<b>52.033.178</b>

DETAILS OF OTHER RESERVES	
Description	Amount
Non-distributable reserve pursuant to art. 2426	20.099
Total	20.099

AVAILABILITY AND USE OF SHAREHOLDERS' EQUITY						
Description	Amount	Origin/nature	Possibility of use	Amount available	Summary of uses made in the three previous years	
					to cover losses	for other reasons
Share capital	1.000.000		B			
Share premium reserve						
Revaluation reserves						
Legal reserve	200.000		A,B	200.000		
Statutory reserves						
<b>Other reserves</b>						
Extraordinary reserve	6.888.858		A,B,C,D	6.888.858		
Merger surplus reserve	34.399.308		A,B,C,D	34.399.308		
Reserve for unrealised exchange gains	20.099					
Total other reserves	41.308.265			41.288.166		
Reserve for expected cash flow hedges	(142.250)					
Retained earnings	7.665.485		A,B,C,D	7.665.485		
Total	52.033.178			49.153.651		
Non-distributable portion				200.000		
Residual distributable portion				48.953.651		

Key:

- A) for share capital increase;
- B) to cover losses;
- C) for distribution to shareholders;
- D) for other statutory obligations

ORIGIN, POSSIBILITY OF USE AND DISTRIBUTABILITY OF THE VARIOUS OTHER RESERVES						
Description	Amount	Origin/nature	Possibility of use	Amount available	Summary of uses made in the three previous years - to cover losses	Summary of uses made in the three previous years for other reasons
Non-distributable reserve pursuant to art. 2426	20.099		A,B	20.099		
Total	20.099					

Key:

- A) for share capital increase;
- B) to cover losses;
- C) for distribution to shareholders;
- D) for other statutory obligations

#### CHANGES IN RESERVE FOR EXPECTED CASH FLOW HEDGES

The reserve for expected cash flow hedges includes the mark to market component of the derivatives outstanding as at 31 December 2022, net of the related tax effect, relating to the hedging of forward purchases of USD currency and interest rate hedging.

The changes in the cash flow hedge reserve are as follows (art. 2427 bis, paragraph 1, no. 1 b) quater.

	EXPECTED CASH FLOW HEDGE RESERVE
Value at the beginning of the year	472.206
<b>Changes during the year</b>	
Increase due to change in fair value	
Decrease due to change in fair value	(614.456)
Release to the income statement	
Release to adjust assets/liabilities	
Deferred tax effect	
Value at the end of the year	(142.250)

## FORMATION AND USE OF SHAREHOLDERS' EQUITY ITEMS

As required by art. 2427, paragraph 1, number 4), of the Italian Civil Code, information is provided on the formation and use of shareholders' equity items in the last two years:

	SHARE CAPITAL	LEGAL RESERVE	RESERVES	RESULT FOR THE YEAR	TOTAL
<b>At the beginning of the previous year</b>	1.000.000	200.000	49.180.090	(728.856)	49.651.233
Allocation of the Operating Result					
- allocation of dividends					
- other allocations				728.856	728.856
<b>Other variations</b>					
- Increases due to the merger					
- Decreases			389.247		389.247
- Reclassifications					
Result for the previous year				(123.381)	(123.381)
<b>At the close of the previous year</b>	1.000.000	200.000	49.569.337	(123.381)	50.645.955
Allocation of the Operating Result					
- allocation of dividends					
- other allocations				123.381	123.381
Other variations					
- Increases due to the merger					
- Decreases			(614.456)		(614.456)
- Reclassifications					
Result for the current year				2.001.678	2.001.678
<b>At the close of the current year</b>	1.000.000	200.000	48.831.500	2.001.678	52.033.178

## PROVISIONS FOR RISKS AND CHARGES

(Ref. art. 2427, first paragraph, no. 4, of the Italian Civil Code)

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
13.013.141	13.422.617	(409.476)

DESCRIPTION	PROVISION FOR PENSIONS AND SIMILAR OBLIGATIONS	RESERVE FOR TAXES, INCLUDING DEFERRED	DERIVATIVE FINANCIAL INSTRUMENTS - LIABILITIES	OTHER PROVISIONS	TOTAL PROVISIONS FOR RISKS AND CHARGES
Value at the beginning of the year	1.308.305	12.057.801	56.511	1.308.305	13.422.617
<b>Changes during the year</b>					
Provision for the year	250.000	35.632	347.402		633.034
Use during the year		990.951	51.558		(1.042.509)
Other changes					
Total changes	250.000	(955.319)	295.844		(409.475)
Value at the end of the year	1.558.305	11.102.482	352.355		13.013.142

The "provision for retirement benefits" is set aside for the supplementary customers indemnity for Italian and foreign agents and representatives.

The provisions for taxes include deferred tax liabilities (i) of Euro 11,102,482 relating (mainly) to the tax effects associated with the allocation of part of the merger deficit to the Save The Duck brand, as fully described in the section relating to intangible fixed assets, and (ii) the accounting of derivative contracts hedging interest rates on loans.

The provision for "Financial instruments liabilities" refers to the fair value deriving from the market valuation of derivatives on interest rate hedges and exchange rate hedges.

The interest rate risk is hedged through Interest Rate Swap (IRS) contracts, i.e. contracts where two counterparties undertake to exchange certain cash flows on an established date according to an agreed format.

In Save The Duck S.p.A., the Group has a total of nine foreign exchange hedging contracts in place for which information on negative fair value is provided. This is represented by a value provided by the banks, parties the Company holds relations with, and is determined through the application of generally accepted valuation models and techniques.

The table below shows the book value of the derivative financial instruments in place, with details of the corresponding fair values as at 31 December 2022.

NEGATIVE FAIR VALUE	31 DECEMBER 2022
<b>Derivatives designated as fair value hedges</b>	
- Hedged foreign currency forward contracts	
- SWAP on interest rates	
<b>Derivatives designated to as cash flow hedges</b>	
- Hedged foreign currency forward contracts	352.355
<b>Total financial liabilities at fair value</b>	<b>352.355</b>

In accordance with the provisions of art. 2427-bis of the Italian Civil Code, the information requested is reported below.

UNICREDIT	
Date of subscription	16-Nov-22
Expiration	7-Feb-23
Initial notional value (Euro)	500.000 USD
Forward exchange rate	1,0452
Fair value (Euro)	(10.727)

UNICREDIT	
Date of subscription	16-Nov-22
Expiration	14-Feb-23
Initial notional value (Euro)	500.000 USD
Forward exchange rate	1,0462
Fair value (Euro)	(10.511)

UNICREDIT	
Date of subscription	16-Nov-22
Expiration	21-Feb-23
Initial notional value (Euro)	500.000 USD
Forward exchange rate	1,0462
Fair value (Euro)	(10.696)

UNICREDIT	
Date of subscription	16-Nov-22
Expiration	16-May-23
Initial notional value (Euro)	1.000.000 USD
Forward exchange rate	1,0510
Fair value (Euro)	(21.944)

INTESASANPAOLO	
Date of subscription	16-Nov-22
Expiration	23-May-23
Initial notional value (Euro)	1.000.000 USD
Forward exchange rate	1,0550
Fair value (Euro)	(19.203)

BANCO BPM	
Date of subscription	16-Nov-22
Expiration	27-Jul-23
Initial notional value (Euro)	2.000.000 USD
Forward exchange rate	1,0515
Fair value (Euro)	(41.515)

UNICREDIT	
Date of subscription	16-Nov-22
Expiration	23-Sep-23
Initial notional value (Euro)	5.000.000 USD
Forward exchange rate	1,0520
Fair value (Euro)	(110.215)

INTESASANPAOLO	
Date of subscription	16-Nov-22
Expiration	31-Oct-23
Initial notional value (Euro)	4.000.000 USD
Forward exchange rate	1,0545
Fair value (Euro)	(85.181)

UNICREDIT	
Date of subscription	16-Nov-22
Expiration	30-Nov-23
Initial notional value (Euro)	2.000.000 USD
Forward exchange rate	1,0560
Fair value (Euro)	(42.363)

LThe following table shows the hierarchical level at which the fair value measurements of the derivative financial instruments outstanding as at 31 December 2022 were classified. As required by art. 2426, paragraph 4) of the Italian Civil Code, the fair value can be divided into three levels:

> level 1: determined with reference to the market value, for the instruments for which an active market can be easily identified

> level 2: determined with reference to the market value of its components or of a similar instrument, if the instrument market is not easily identifiable

> level 3: determined with reference to the value resulting from generally accepted valuation models and techniques, for instruments

for which an active market is not easily identifiable, either directly or indirectly;

DERIVATIVE FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
- Positive fair value			
- Negative fair value		352.355	

There were no transfers between levels during the period..

### EMPLOYEE SEVERANCE INDEMNITY

(Ref. art. 2427, first paragraph, no. 4, of the Italian Civil Code)

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
759.846	613.299	146.547

	EMPLOYEE SEVERANCE INDEMNITY
Value at the beginning of the year	613.299
<b>Changes during the year</b>	
Provision for the year	178.862
Use during the year	32.315
Other changes	
Total changes	146.547
Value at the end of the year	759.846

The provision allocated represents the actual payable due by the company at 31 December 2022 to employees in service at that date, net of any advances paid.

### PAYABLES

(Ref. art. 2427, first paragraph, no. 4, of the Italian Civil Code)

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
34.257.184	31.650.533	2.606.651

The maturity of payables is broken down as follows (Article 2427, paragraph 1, no. 6, of the Italian Civil Code).

CHANGES AND PAYMENT DATES OF PAYABLES						
	Value at the beginning of the year	Change during the year	Value at the end of the year	Portion due within the year	Portion due after the year	Of which with a residual duration of more than 5 years
Bonds						
Convertible bonds						
Payables on shareholders' loans						
Payables to banks	23.674.755	816.873	24.491.628	10.548.132	13.943.496	
Payables due to other lenders						
Advances	55.978	132.269	188.247	188.247		
Trade payables	6.985.933	1.028.201	8.014.134	8.014.134		
Payables represented by credit instruments						
Payables to subsidiaries	1.656	(1.656)				
Payables to associates						
Payables due to parent companies						
Payables to companies subject to the control of parent companies						
Tax payables	348.202	668.037	1.016.239	1.016.239		
Payables to social security and welfare institutions	121.830	19.884	141.714	141.714		
Other payables	462.179	(56.957)	405.222	405.222		
Total payables	31.650.533	2.606.652	34.257.184	20.313.688	13.943.496	

The balance of the payable to banks as at 31 December 2022 expresses the actual payable for principal, interest and accessory charges accrued and payable.

The Company has an acquisition financing agreement in place (measured at amortised cost) obtained by Save The Duck S.p.A. (now merged into the Company) to support the financial needs related to the acquisition of the same Company, broken down as follows:  
 > amortising line for a total nominal amount of Euro 15 million, with a duration until 31 December 2023, repayable in half-yearly instalments starting from 31 December 2018, residual amount at year-end of Euro 4,087 thousand;  
 > bullet line for a total nominal amount of Euro 10 million, with a duration until 20 March 2025, repayable in full on maturity, residual amount at year end of Euro 9,799 thousand.

As part of the acquisition financing, an additional loan is envisaged, represented by the capex line for a total of Euro 5 million and used at the end of 2022 for Euro 3 million, with a duration until 31 December 2024, repayable in six-monthly instalments starting from 31 December 2021. The residual amount at the end of the year was Euro 1,809 thousand.

Payables to banks include the new loan, in February 2021, from Banca Intesa with a capital value of Euro 3 million, which benefits from the guarantee issued by Mediocredito Centrale on 90% of the value, a loan that is part of the intervention plan made available to the Italian government and credit institutions to support Italian companies in the current period of the Covid-19 pandemic. The loan is at a floating rate, has a duration of six years and provides for a pre-amortisation period of 24 months. This loan falls within the category of "S-Loans", i.e. part of the cost (in terms of interest rate) is linked to the timely compliance by the Company with parameters linked to Sustainability.

In particular, with reference to the loan in question and with reference to the compliance requirement with the aforementioned Sustainability parameters, the Company has introduced a procurement policy among its internal procedures that integrates environmental and sustainability considerations, which includes: purchases, transport and energy supplies. In addition, the Company continued to involve its suppliers in initiatives related to sustainability issues; at the end of the year, the percentage of suppliers involved in these initiatives was 73% of the total.

Payables to banks also include the loan of an original total of Euro 1,982 thousand received from Simest, for the investment and development plan in the Far East area, to be implemented by the subsidiary Save The Duck Asia-Pacific Limited. The total duration of the loan is six years, with two years of pre-amortisation and four of amortisation, therefore the final maturity is 19 December 2025. The repayment takes place in eight half-yearly instalments starting from June 2022; the residual amount at the end of the year is equal to Euro 1,587 thousand. In addition, import loans were taken out for a total of Euro 3,221 thousand, maturing in the first two months of 2023 for imports of products from China.

The item "Advances" includes prepayments received from customers for the supply of goods and services not yet provided.

"Trade payables" are recorded net of trade discounts; cash discounts are instead recognised at the time of payment. The nominal value of these payables was adjusted, in the event of returns or allowances (invoicing adjustments), to the extent corresponding to the amount defined with the counterparty.

Payables are measured at their nominal book value, as explained in the first part of these explanatory notes.

The item "Tax payables" includes only liabilities for certain and determined taxes, since the liabilities for taxes are probable or uncertain in terms of amount or the date of occurrence, i.e. for deferred taxes, are recorded in item B.2 of the liabilities (Provision for taxes).

The item tax payables includes payables for IRES and IRAP taxes of Euro 869,812, net of advances paid during the year for Euro 1,385 thousand. Lastly, the same item includes payables for withholdings to be paid for a total of Euro 146,714.

The item "Other payables" mainly includes payables to employees for salaries for the month of December (equal to Euro 143,446) and for deferred salaries and accrued holidays and leave (for a total of Euro 175,444).



Payables as at 31 December 2022 broken down by geographical area are shown in the table below (Article 2427, paragraph 1 (6) of the Italian Civil Code).

BREAKDOWN OF PAYABLES BY GEOGRAPHICAL AREA								
Geographical area	Bank borrowings	Advances	Trade payables	Tax payables	Payables to social security and welfare institutions	Other payables	Payables	Debiti
Italy	24.491.628	10.483	3.991.019		1.016.239	141.714	405.222	30.056.305
EEC		177.764	1.111.105					1.288.869
Extra-EEC			2.912.010					2.912.010
Total	24.491.628	188.247	8.014.134		1.016.239	141.714	405.222	34.257.184

The following payables are secured by collateral on company assets (Article 2427, paragraph 1, no. 6, of the Italian Civil Code).

LOANS SECURED BY COLLATERAL ON COMPANY ASSETS						
	Payables secured by collateral				Payables not secured by collateral	Total
	Payables secured by mortgages	Payables secured by pledges	Payables secured by special liens	Total payables secured by collateral		
Payables to banks		15.695.124			8.796.504	24.491.628
Advances					188.247	188.247
Trade payables					8.014.134	8.014.134
Tax payables						
Payables to social security and welfare institutions					1.016.239	1.016.239
Other payables					141.714	141.714
Total payables					405.222	405.222
Totale debiti		15.695.124			18.562.060	34.257.184

#### ACCRUED EXPENSES AND DEFERRED INCOME

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
69.734	16.418	53.316

	ACCRUED EXPENSES	DEFERRED INCOME	TOTAL ACCRUED EXPENSES AND DEFERRED INCOME
Value at the beginning of the year	2.870	13.548	16.418
Change during the year	32.033	21.283	53.316
Value at the end of the year	34.903	34.831	69.734

The breakdown of the item is detailed as follows (art. 2427, first paragraph, no. 7, of the Italian Civil Code).

DESCRIPTION	AMOUNT
Prepayments for forward points on derivatives	31.421
<b>Total</b>	<b>31.421</b>

They represent the liaison items related to the year, on an accruals basis.

The criteria adopted in the valuation and in the conversion of the values expressed in foreign currency for these items are reported in the first part of these explanatory notes.

As of 31 December 2022, the Group had no accrued income and prepaid expenses with a duration of more than five years.

Deferred income for forward contracts on derivatives refers to the

forward points of the derivative contracts in place on currency hedges as at 31 December 2022, to be charged to the income statement at the expiry of the contracts.

## EXPLANATORY NOTES, INCOME STATEMENT

### VALUE OF PRODUCTION

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
61.262.762	44.630.936	16.631.826

Before proceeding with the analysis of the individual items, please note that the comments on the general trend of costs and revenues are shown, pursuant to Section 1 of Art. 2428 of the Italian Civil Code, as part of the Report on Operations. Furthermore, thanks to the analytical layout of the positive and negative income components in the profit and loss account and the previous comments on the balance sheet items, the comments below are limited to the main items only.

DESCRIPTION	31/12/2022	31/12/2021	VARIATIONS
Revenues from sales and services	55.523.829	42.511.124	13.012.705
Change in inventory of finished products	5.055.634	1.501.076	3.554.558
Changes in contract work in progress			
Increases of non-current assets from in-house production			
Other revenues and income	683.299	618.736	64.563
<b>Total</b>	<b>61.262.762</b>	<b>44.630.936</b>	<b>16.631.826</b>

In 2022, Save The Duck recorded an increase in sales revenues of 31% compared to 2021, an increase mainly linked to growth abroad, in particular in the Central European markets and in the USA.

The item Other revenues and income mainly includes (Euro 435 thousand) the charge-backs made by the Company to the investee company SAVE THE DUCK USA Inc. in relation to costs incurred by the same but pertaining to the investee itself (marketing costs).

REVENUES FROM SALES AND SERVICES BY TYPE OF BUSINESS (Ref. art. 2427, first paragraph, no. 10, of the Italian Civil Code)	
Asset category	Current year value
Sales of products	55.523.829
<b>Total</b>	<b>55.523.829</b>

It should be noted that the Company is continuing the process of internalising its business, with the incidence of the component of revenues generated outside Italy standing at around 61% compared to 45% in the previous year.

The item other revenues and income as at 31 December 2022 mainly includes reimbursements and chargebacks.

REVENUES FROM SALES AND SERVICES BY GEOGRAPHICAL AREA (Ref. art. 2427, first paragraph, no. 10, of the Italian Civil Code)	
Geographical area	Current year value
Italy	22.976.129
EEC	19.966.326
Extra-EEC	12.581.374
<b>Total</b>	<b>55.523.829</b>

### PRODUCTION COSTS

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
56.853.682	43.120.079	13.733.603

DESCRIPTION	31/12/2022	31/12/2021	VARIATIONS
Raw materials, supplies and goods	28.375.826	20.408.781	7.967.045
Services	18.456.294	13.739.083	4.717.211
Use of third party assets	451.796	339.703	112.093
Wages and salaries	2.341.770	2.028.614	313.156
Social security contributions	705.731	602.523	103.208
Employee severance indemnity	202.492	151.720	50.772
Pension and similar costs	-	-	-
Other personnel expenses	113.581	86.809	26.772
Amortisation of intangible fixed assets	5.188.862	5.039.576	149.286
Depreciation of property, plant and equipment	91.010	74.941	16.069

DESCRIPTION	31/12/2022	31/12/2021	VARIATIONS
Other write-downs of fixed assets	-	-	-
Write-downs of current assets	80.000	80.000	-
Change in inventories of raw materials	8.750	(11.963)	20.713
Provision for risks	-	-	-
Other provisions	250.000	250.000	-
Other operating expenses	587.580	330.292	257.288
<b>Total</b>	<b>56.853.682</b>	<b>43.120.079</b>	<b>13.733.603</b>

### COSTS FOR RAW MATERIALS, ANCILLARY MATERIALS, CONSUMABLES, SUPPLIES AND GOODS AND COSTS FOR SERVICES

They are strictly related to that set out in the Report on Operations and in the note to caption A (Value of production) of the income statement. The change in costs for Raw materials, ancillary materials and goods is mainly due to the increase in the volume of activities and sales.

### PERSONNEL EXPENSES

This item includes the entire expenditure for employees, including merit improvements, category changes, contingency increases, cost of unused holidays and provisions set forth by law and collective agreements. The increase in personnel expenses reflects the increase in the number of staff in the corporate structure, also in relation to the opening of stores in the last two years.

### DEPRECIATION/AMORTISATION OF FIXED ASSETS

Depreciation and amortisation amounted to Euro 5,280 thousand, up compared to the previous year (depreciation and amortisation amounted to Euro 5,115 thousand in 2021), an increase that reflects the economic effect of the investments made for store openings and for new information systems implemented by the Company, as described in the section of this Notes relating to Property, plant and equipment and Intangible Fixed Assets.

### WRITE-DOWNS OF RECEIVABLES INCLUDED IN CURRENT ASSETS AND CASH AND CASH EQUIVALENTS

The item represents the allocation made during the year to the bad debt provision for an appropriate extent, in order to align the nominal value of the receivables with their presumed realisable value.

### OTHER PROVISIONS

The other provisions were made to the provisions for risks and charges under the balance sheet liabilities, and specifically to the provision for supplementary customer indemnities.

### OTHER OPERATING EXPENSES

This item is of a residual nature, and includes other operating expenses pertaining to the year that are not attributable to the previous cost items. In 2022, "Other operating expenses" also include the recognition of charitable donations made during the year for Euro 187 thousand.

## FINANCIAL INCOME AND EXPENSES

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
(1.029.268)	(1.150.871)	121.603

DESCRIPTION	31/12/2022	31/12/2021	VARIATIONS
From equity investment			
From non-current receivables			
From securities entered in fixed assets			
From securities included in working capital			
Income other than the above	470	175	295
(Interest and other financial charges)	(1.296.813)	(1.146.872)	(149.941)
Foreign exchange gains (losses)	267.075	(4.174)	271.249
<b>Total</b>	<b>(1.029.268)</b>	<b>(1.150.871)</b>	<b>121.603</b>

### OTHER FINANCIAL INCOME

Description	Subsidiaries	Associated companies	Parent companies	Companies subject to the control of parent companies	Other	Total
Interest on bonds						
Interest on securities						
Bank and postal interest					418	418
Interest on loans						
Interest on trade receivables					52	52
Other income						
Rounding						
<b>Total</b>					<b>470</b>	<b>470</b>

### BREAKDOWN OF INTEREST AND OTHER FINANCIAL CHARGES BY TYPE OF PAYABLE (Ref. art. 2427, first paragraph, no. 12, of the Italian Civil Code)

	Interest and other financial charges
Bonds	
Payables to banks	816.269
Other	480.544
<b>Total</b>	<b>1.296.813</b>

Description	Subsidiaries	Associated companies	Parent companies	Companies subject to the control of parent companies	Other	Total
Interest on bonds						
Bank interest					9.042	9.042
Supplier interest						
Average credit interest						
Cash discounts or charges					379.797	379.797
Interest on loans					807.225	807.225
Amortisation of discounts for bond issue						
Other charges on financial transactions						
Allocation to the provision for exchange rate risks						
Others					100.749	100.749
<b>Total</b>					<b>1.296.813</b>	<b>1.296.813</b>

Financial discounts and charges mainly relate to cash discounts recognised to customers for spot payments and financial charges and commissions.

### EXCHANGE GAINS AND LOSSES

Of the total amount of net profits resulting from the income statement, the unrealised valuation component, pertaining to the positive component of exchange gains, corresponds to Euro 101,244.

### VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations

### REVALUATIONS

DESCRIPTION	31/12/2022	31/12/2021	VARIATIONS
Of equity investments			
Of financial fixed assets			
Of securities included in current assets			
Of derivative financial instruments			
Of financial assets for centralised treasury management			
<b>Total</b>			

## AMOUNT AND NATURE OF ITEMS OF INCOME AND EXPENDITURE OF AN EXCEPTIONAL SIZE OR NATURE

INCOME OF EXCEPTIONAL EXTENT OR INCIDENCE (Ref. art. 2427, first paragraph, no. 13 of the Italian Civil Code)		
Cost item	Amount	Nature
<b>Total</b>		

COST ITEMS OF EXCEPTIONAL EXTENT OR INCIDENCE (Ref. art. 2427, first paragraph, no. 13 of the Italian Civil Code)		
Cost item	Amount	Nature
		Revenues from sales
		Costs for services
<b>Total</b>		

## INCOME TAXES FOR THE YEAR, CURRENT, DEFERRED AND PREPAID

Balance as at 31/12/2022	Balance as at 31/12/2021	Variations
(1.378.134)	(483.367)	(894.767)

TAXES	BALANCE AS AT 31/12/2022	BALANCE AS AT 31/12/2021	VARIATIONS
<b>Current taxes:</b>	2.256.220	1.399.290	855.857
IRES (Corporate Income Tax)	1.852.015	1.103.835	748.180
IRAP (Regional Business Tax)	403.132	295.455	107.677
Other current taxes			
<b>Taxes relating to previous years</b>	(14.076)	(113.019)	(98.943)
<b>Deferred taxes (Assets)</b>	(862.937)	(802.904)	60.033
<b>Income (charges) from participation in the tax consolidation/fiscal transparency regime</b>			
<b>Totale</b>	<b>(1.378.134)</b>	<b>(483.367)</b>	<b>(894.767)</b>

The taxes for the year have been recorded.

With regard to IRES, the taxes payable is recognised under Payables to consolidating company net of advances paid, withholdings and, in general, tax credits.

RECONCILIATION BETWEEN FINANCIAL STATEMENTS TAX CHARGE AND THEORETICAL TAX CHARGE IN THE PARENT COMPANY SAVE THE DUCK S.P.A. (IRES)		
Description	Value	Taxes
Profit (loss) before taxes	3.379.812	
Theoretical tax charge (%)	24	811.155
<b>Temporary differences taxable in subsequent years:</b>		
Unrealised exchange rate gains	(101.244)	
Total	(101.244)	
<b>Temporary differences deductible in subsequent years:</b>		
Goodwill amortisation	53.251	
Write-down of receivables not deductible during the year	23.417	
Supplementary customer indemnity, exc. limit	190.469	
Unrealised exchange rate losses	19.289	
M&R surplus 5%	3.201	
Total	289.627	
<b>Reversal of temporary differences from previous years</b>		
FSC taxed release for 2019 uses		
M&R surplus 5%	(14.848)	
Losses on exchange rates from previous years	(17.489)	
Exchange gains from previous years realised during the year	124.487	
Remuneration of Director	(25.000)	
Losses on receivables	(2.480)	
Total	64.670	
<b>Differences that will not be reversed in subsequent years</b>		
Upward changes	4.760.631	
Downward changes	-	
Total	<b>4.970.785</b>	
Taxable income	8.350.597	
Current income taxes for the year		1.852.015

DETERMINATION OF THE IRAP TAXABLE AMOUNT IN THE PARENT COMPANY SAVE THE DUCK S.P.A.		
Description	Value	Taxes
Total positive components	61.131.426	
Total negative components	53.028.770	
<b>Temporary differences taxable in subsequent years:</b>		
Total		
<b>Temporary differences deductible in subsequent years:</b>		
Goodwill amortisation	53.251	
Total	53.251	
<b>Reversal of temporary differences from previous years</b>		
Total		
<b>Differences that will not be reversed in subsequent years</b>		
Upward changes	5.401.635	
Downward changes		
Total	4.948.976	
<b>Gross production value</b>	<b>17.767.177</b>	
Deductible personnel expenses	3.167.572	
<b>Taxable income</b>	<b>10.336.721</b>	
Current income taxes for the year (3.9%)		403.132

Pursuant to article 2427, paragraph 1, no. 14, Italian Civil Code, the information required on deferred and prepaid taxes is provided:

#### DEFERRED/PREPAID TAXES

Prepaid taxes have been recognised since it is reasonably certain that, in the years of reversal of the deductible temporary differences, for which prepaid taxes were recognised, there will be taxable income of no less than the amount of the differences that will be reversed.

The main temporary differences that led to the recognition of deferred and prepaid taxes are indicated in the following table together with the related effects.

MEASUREMENT OF DEFERRED TAXES AND PREPAID TAXES AND ENSUING EFFECTS			
	IRES (CORPORATE INCOME TAX)	IRAP (REGIONAL BUSINESS TAX)	Other
<b>A) Temporary differences</b>			
Total deductible temporary differences	2.377.035	152.944	1.785.380
Total taxable temporary differences	39.828.747	39.727.503	-
Net temporary differences	37.451.712	39.574.559	1.785.380
<b>B) Tax effects</b>			
Deferred taxes liabilities (Assets) at the beginning of the year	9.943.739	1.677.435	(36.551)
Deferred taxes liabilities (assets) for the year	(955.327)	(153.410)	(309.110)
Deferred taxes liabilities (assets) at year end	8.988.412	1.524.025	(345.661)

Temporary differences deductible for IRES purposes - tax rate 24%

BREAKDOWN OF DEDUCTIBLE TEMPORARY DIFFERENCES			
Description	Amount at the end of the previous financial year	Change in financial year	Amount at year end
Allowance for doubtful accounts	226.400	15.567	241.967
Supplementary customer indemnity fund	1.251.435	190.469	1.441.904
Facility write-down fund	150.000	-	150.000
M&R surplus 5%	33.060	(10.647)	22.413
Unrealised derivatives	-	348.518	348.518
Goodwill amortisation	99.693	53.251	152.944
Remuneration of director	25.000	(25.000)	-
Unrealised losses	17.489	1.800	19.289
<b>Total</b>	<b>1.803.077</b>	<b>573.958</b>	<b>2.377.035</b>

Temporary differences deductible for IRAP purposes - tax rate 3.9%

BREAKDOWN OF DEDUCTIBLE TEMPORARY DIFFERENCES			
Description	Amount at the end of the previous financial year	Change in financial year	Amount at year end
Goodwill amortisation	99.693	53.251	152.944
<b>Total</b>	<b>99.693</b>	<b>53.251</b>	<b>152.944</b>

Temporary differences deductible for IRES purposes - tax rate 24%

BREAKDOWN OF TAXABLE TEMPORARY DIFFERENCES			
Description	Amount at the end of the previous financial year	Change in financial year	Amount at year end
Unrealised exchange rate gains	124.487	(23.243)	101.244
Unrealised derivatives	660.206	(511.739)	148.467
Brand name	42.450.631	(2.871.595)	39.579.036
<b>Total</b>	<b>43.235.324</b>	<b>(3.621.884)</b>	<b>39.828.747</b>

Temporary differences deductible for IRAP purposes - tax rate 3.9%

BREAKDOWN OF TAXABLE TEMPORARY DIFFERENCES			
Description	Amount at the end of the previous financial year	Change in financial year	Amount at year end
Unrealised derivatives	660.206	(511.739)	148.467
Brand name	42.450.631	(2.871.595)	39.579.036
<b>Total</b>	<b>43.110.837</b>	<b>(3.383.334)</b>	<b>39.727.503</b>

## EXPLANATORY NOTES, OTHER INFORMATION

The company workforce, broken down by category, underwent the following changes compared to the previous year.

INFORMATION ON EMPLOYEES (Ref. art. 2427, first paragraph, no. 15 of the Italian Civil Code)			
Workforce	31/12/2022	31/12/2021	Variations
Executives	4	3	1
Middle managers	11	10	1
White-collar workers	39	37	2
Blue-collar workers			
Others			
<b>Total</b>	<b>54</b>	<b>50</b>	<b>4</b>

The workforce dynamics (+26 units from the end of 2017 and, therefore, showing a growth of 50%) highlights how the Company's organisational strengthening represents one of the main objectives that the new corporate structure has been pursuing since March 2018, when the change of control occurred, to make it possible to better manage the numerous current and future development programs.

The national labour contract applied is that of the commercial sector.

	Executives	Managers	White-collar workers	Blue-collar workers	Other employees	Total Employees
Average number	4	11	39			54

#### REMUNERATION, ADVANCES AND CREDIT GRANTED TO DIRECTORS AND STATUTORY AUDITORS AND COMMITMENTS MADE ON THEIR BEHALF

	Directors	Statutory Auditors
Fees	366.413	23.640
Advances		
Receivables		
Commitments undertaken on their behalf as a result of guarantees given		

Pursuant to the law, the fees pertaining to the year for services rendered by the independent auditors and by entities belonging to its network are shown below:

#### FEES OF THE INDEPENDENT AUDITOR OR AUDITING FIRM

(Article 2427, paragraph 1, no.16-bis of the Italian Civil Code)

	Value
Statutory audit of the annual accounts	34.000
Other verification services performed	
Tax advisory services	
Other services other than auditing	73.546
Total fees due to the independent auditor or auditing firm	107.546

The share capital is broken down as follows (Article 2427, paragraph 1, no. 17 and 18 of the Italian Civil Code).

#### CATEGORIES OF SHARES ISSUED BY THE COMPANY

Shares/Units	Number	Nominal amount in Euro
Ordinary shares		
Preference Shares		
Limited Voting Shares		
Special benefits Shares		
Dividend-rights Shares		
Shares for employees		
Shares without voting rights		
OTHER		
Shares	1.000.000	1
<b>Total</b>	<b>1.000.000</b>	

DESCRIPTION	SHARES SUBSCRIBED DURING THE YEAR, NUMBER	SHARES SUBSCRIBED DURING THE YEAR, NOMINAL VALUE	INITIAL AMOUNT, NUMBER	FINAL AMOUNT, NUMBER	INITIAL AMOUNT, NOMINAL VALUE	CLOSING AMOUNT, NOMINAL VALUE
			1.000.000		1	
<b>Total</b>			<b>1.000.000</b>			

#### INFORMATION ON THE FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

Please refer to what has been indicated above.

#### INFORMATION ON RELATED-PARTY TRANSACTIONS

(Ref. Art. 2427, Par. 1, No. 22-bis of the Italian Civil Code)

The company has entertained the following relations with the companies of the group:

COMPANY	FINANCIAL PAYABLES	FINANCIAL RECEIVABLES	TRADE RECEIVABLES	TRADE PAYABLES	SALES	PURCHASES
Save The Duck Asia-Pacific Limited		2.141.363	1.381.492		116.046	
SAVE THE DUCK USA Inc.		1.061.249	6.645.488		5.950.080	
Save The Duck Suisse SA			389.178		17.585	
<b>Total</b>		<b>3.202.612</b>	<b>8.416.158</b>		<b>6.083.711</b>	

These relationships, which do not include atypical and/or unusual transactions, are regulated by normal market conditions.

#### INFORMATION ON OFF-BALANCE SHEET AGREEMENTS

(Ref. Art. 2427, Par. 1, No. 22-ter of the Italian Civil Code)

The company has no agreements in place that are not shown in the Balance Sheet.

#### DISCIPLINE ON THE TRANSPARENCY OF PUBLIC DISBURSEMENTS

The entry into force of Law no. 124/2017, Article 1, paragraphs 125-129, subsequently supplemented by the "safety" decree (no. 113/2018) and the "simplification" decree law (no. 135/2018), introduced a series of disclosure and transparency obligations for a number of parties that have economic relations with Public Administrations. Article 1, paragraph 125, provides for the publication of information relating to grants, contributions, paid assignments and in any case economic benefits of any kind received during the year exceeding Euro 10 thousand. Companies comply with the obligation by publishing this information in the explanatory notes to the financial statements and in the explanatory notes to the consolidated financial statements, where applicable.

For State aid and "de minimis" aid included in the National Register of State Aids referred to in Article 52 of Law 234/2012, the registration of aid in the aforementioned system in the transparency section allows public consultation by any interested party and effectively replaces the publication obligations imposed on responsible parties, provided that their existence is declared in the Explanatory Notes to the financial statements or on the company's website. Pursuant to Italian Law no. 124, it is hereby declared that the company was awarded in the year ended as at 31 December 2019 grants publicly found in the National Register of State Aid pursuant to Article 52 of Law 234/2012 and freely available to all at the following link: [https://www.ma.gov.it/sites/PortaleRNA/it\\_IT/trasparenza](https://www.ma.gov.it/sites/PortaleRNA/it_IT/trasparenza).

Pursuant to the law, the information referred to in Article 2427, paragraph 1, no. 22 quinques and sexies, Italian Civil Code, is highlighted.

#### COMPANIES THAT PREPARE THE FINANCIAL STATEMENTS OF THE LARGEST / SMALLEST GROUP OF COMPANIES TO WHICH IT BELONGS AS A SUBSIDIARY

	Larger set	Smaller set
Company name	LHOTSE SPA	
Town (if in Italy) or foreign country	MILAN	
Tax code (for Italian companies)	10253350960	
Place of filing of the consolidated financial statements	Milan	

#### SUMMARY STATEMENT OF THE FINANCIAL STATEMENTS OF THE COMPANY THAT EXERCISES MANAGEMENT AND COORDINATION

Your Company is subject to management and coordination by Lhotse S.p.A.

The table below records significant data on the last financial statements of the aforementioned chat carries out management and coordination:

	Last financial year	Previous financial year
Date of the last approved financial statements	31/12/2021	31/12/2020
A) Receivables from shareholders for payments still due		
B) Fixed assets	32.919.871	32.273.302
C) Current assets	135.346	165.263
D) Accrued income and prepaid expenses		627
Total assets	33.055.429	32.439.192
<b>A) Shareholders' equity</b>		
Share capital	60.000	60.000
Reserves	33.059.654	32.924.163
Profit (loss) for the year	(79.263)	(563.631)
Total shareholders' equity	33.040.391	32.420.532
B) Provisions for risks and charges	-	-
C) Employee severance indemnity (TFR)	-	-
D) Payables	15.038	18.660
E) Accrued expenses and deferred income		
Total liabilities	33.055.429	32.439.192

	Last financial year	Previous financial year
Date of the last approved financial statements	31/12/2021	31/12/2020
A) Value of production		200
B) Production costs	(26.710)	(25.408)
C) Financial income and expenses		6
D) Value adjustments to financial assets	(52.553)	(538.429)
Income taxes for the year	-	-
Profit (loss) for the year	(79.263)	(563.631)

It is proposed to the Shareholders' Meeting to allocate the profit for the year as follows:

<b>PROPOSAL FOR ALLOCATION OF PROFITS OR TO COVER LOSSES</b>		
Consolidated result as at 31/12/2022	Euro	2.001.678
to exchange rate reserve	Euro	81.145
retained earnings	Euro	1.920.533

These financial statements, consisting of the Balance Sheet, Income Statement, Explanatory Notes to the Financial Statements and Cash Flow Statement, truthfully and correctly represent the financial position and the loss for the year, and match the results of the accounting records.

The Chairperson of the Board of Directors

# REPORT FROM THE INDEPENDENT COMPANY

Article 14 of Legislative Decree No. 39 of January 27, 2010





## Save The Duck S.p.A.

Bilancio d'esercizio al 31 dicembre 2022

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



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

Agli azionisti della  
Save the Duck S.p.A.

### Relazione sulla revisione contabile del bilancio d'esercizio

#### Giudizio

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

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

#### Elementi alla base del giudizio

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

#### Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

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

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

EY S.p.A.  
Sede Legale: Via Meravigli, 12 - 20123 Milano  
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Capitale Sociale Euro 2.525.000,00 i.v.  
Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi  
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Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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

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

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

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

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



### Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39

Gli amministratori della Save the Duck S.p.A. sono responsabili per la predisposizione della relazione sulla gestione della Save the Duck S.p.A. al 31 dicembre 2022, inclusa la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

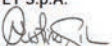
Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio della Save the Duck S.p.A. al 31 dicembre 2022 e sulla conformità della stessa alle norme di legge, nonché di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

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

Con riferimento alla dichiarazione di cui all'art. 14, c.2, lettera e), del D. Lgs. 27 gennaio 2010, n. 39, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Milano, 28 aprile 2023

EY S.p.A.

  
Cristina Pigni  
(Revisore Legale)



# REPORT OF THE BOARD OF STATUTORY AUDITORS

## SAVE THE DUCK S.p.A.

Company subject to management and coordination by LHOTSE SPA  
Registered office in VIA ARCIVESCOVO CALABIANA 6 - 20139 MILAN (MI)  
Share capital Euro 1,000,000.00 fully paid-up



## SAVE THE DUCK SpA

*Sede legale in Milano, via Arcivescovo di Calabiana 6  
Capitale Sociale € 1.000.000  
Iscritta al Registro delle Imprese di Milano n° 07853840960  
Società soggetta all'attività di direzione e coordinamento di Lhotse SpA*

### RELAZIONE DEL COLLEGIO SINDACALE

#### AL BILANCIO DI ESERCIZIO CHIUSO AL 31 DICEMBRE 2022 (EX 2° COMMA DELL'ART. 2429 DEL CODICE CIVILE)

Signori Azionisti,

la presente relazione è stata predisposta e approvata tenendo conto delle rinunce ai termini del Collegio sindacale e dei Soci ai sensi dell'art. 2429, 1° e 3° comma, Codice civile.

L'Organo amministrativo ha reso disponibili il progetto di bilancio, completo di nota integrativa, e la relazione sulla gestione, approvati in data 31 marzo 2023, relativi all'esercizio chiuso al 31 dicembre 2022.

L'impostazione della presente relazione è ispirata alle disposizioni di legge e alla Norma n° 7.1 delle "Norme di comportamento del Collegio sindacale di società non quotate", emanate dal CNDCEC vigenti dal 12 gennaio 2021 a oggi.

#### 1. PREMESSA GENERALE

L'esercizio in esame è stato ancora caratterizzato dall'emergenza sanitaria da Covi-19, formalmente cessata il 31 marzo 2022, che fino a tale data aveva ancora limitato la presenza del personale nei luoghi di lavoro.

Anche le attività del Collegio sindacale, nel rispetto delle previsioni normative, si sono in parte svolte con modalità da remoto senza che ciò abbia potuto rendere meno efficace l'ampiezza e l'efficacia dei controlli svolti.

#### Conoscenza della Società, valutazione dei rischi e rapporto sugli incarichi affidati

Il Collegio sindacale evidenzia che la fase di "pianificazione" dell'attività di vigilanza è stata attuata utilizzando le informazioni acquisite nel corso delle verifiche svolte e dal management della Società con riferimento (i) alla tipologia dell'attività svolta dalla Società, (ii) alla sua struttura organizzativa e contabile, (iii) alle sue dimensioni e problematiche.

È stato quindi possibile accertare che:

- l'attività tipica svolta dalla Società non è mutata nel corso dell'esercizio in esame ed è coerente con quanto previsto dall'oggetto sociale;
- l'assetto organizzativo è stato implementato rispetto allo scorso esercizio con riguardo alle funzioni commerciali riferite anche all'apertura di nuovi negozi.
- le risorse umane costituenti la "forza lavoro" sono state rivisitate e implementate;
- quanto sopra constatato risulta indirettamente confermato dal confronto delle risultanze dei valori espressi nel conto economico per gli ultimi due esercizi, ovvero quello in esame e quello precedente.

La presente relazione riassume quindi l'attività concernente l'informativa prevista dall'art. 2429, 2° comma, Codice civile e, più precisamente:

- sui risultati dell'esercizio sociale;
- sull'attività svolta nell'adempimento dei doveri previsti dalla norma;
- sulle osservazioni e le proposte in ordine al bilancio, con particolare riferimento all'eventuale utilizzo da parte dell'organo di amministrazione della deroga di cui all'art. 2423, 4° comma, Codice civile;

- sull'eventuale ricevimento di denunce da parte dei soci di cui all'art. 2408 del Codice civile.

## 2. ATTIVITÀ DI VIGILANZA

Le attività svolte dal Collegio sindacale hanno riguardato, sotto l'aspetto temporale, l'intero esercizio e, nel corso dello stesso, sono state regolarmente svolte 5 riunioni di cui all'art. 2404 del Codice civile e, di tali riunioni, sono stati redatti appositi verbali debitamente sottoscritti per approvazione unanime.

Inoltre, il Collegio sindacale ha partecipato a 7 Consigli di amministrazione e 4 Assemblee degli azionisti.

Nel corso delle verifiche periodiche e durante le riunioni sociali il Collegio sindacale ha preso conoscenza dell'evoluzione dell'attività svolta dalla Società, ponendo particolare attenzione alle problematiche di natura contingente e/o straordinaria al fine di individuarne l'impatto economico e finanziario sul risultato di esercizio e sulla struttura patrimoniale, nonché gli eventuali rischi come anche quelli derivanti da perdite su crediti, monitorati con periodicità costante.

Si sono anche tenuti confronti con lo studio professionale che assiste la società in tema di consulenza e assistenza contabile e fiscale su temi di natura tecnica e specifica.

Il Collegio sindacale ha quindi periodicamente valutato l'adeguatezza della struttura organizzativa e funzionale dell'impresa e delle sue eventuali mutazioni rispetto alle esigenze minime postulate dall'andamento della gestione.

I rapporti con le persone operanti nella citata struttura, Amministratori, dipendenti e consulenti esterni, si sono ispirati alla reciproca collaborazione nel rispetto dei ruoli a ciascuno affidati, avendo chiarito quelli del Collegio sindacale.

Per tutta la durata della funzione di controllo e vigilanza si è potuto riscontrare che:

- il personale amministrativo interno incaricato della rilevazione dei fatti aziendali non è sostanzialmente mutato rispetto all'esercizio precedente;
- il livello della preparazione tecnica resta adeguato rispetto alla tipologia dei fatti aziendali ordinari da rilevare e può vantare una sufficiente conoscenza delle problematiche aziendali;
- i consulenti e i professionisti esterni incaricati dell'assistenza contabile, fiscale, societaria e giuslavoristica non sono mutati e pertanto hanno conoscenza storica dell'attività svolta e delle problematiche gestionali anche straordinarie che hanno influito sui risultati del bilancio.
- nello scambio di informazioni con il soggetto incaricato della revisione legale non sono emersi dati e informazioni rilevanti che debbano essere evidenziati nella presente relazione.
- sono state acquisite informazioni, nel corso dell'esercizio, dall'Organismo di Vigilanza e non sono emerse criticità rispetto al modello organizzativo che debbano essere evidenziate nella presente relazione.
- con riferimento alla verifica dell'esistenza di presidi contro la diffusione dell'emergenza epidemiologica da Covi-19, abbiamo ottenuto dall'Amministratore Delegato e dai responsabili di funzione, rassicurazioni circa la presenza delle condizioni di salubrità e sicurezza degli ambienti di lavoro e alle modalità operative adottate ai fini del contrasto e contenimento dell'emergenza epidemiologica da Covi-19 mediante la dotazione degli strumenti necessari per consentire ai collaboratori di svolgere il proprio lavoro anche in *smart working*;

- le informazioni richieste dall'art. 2381, 5° comma, Codice civile, sono state fornite dall'Amministratore Delegato con periodicità superiore al minimo fissato di 6 mesi e ciò, sia in occasione delle riunioni programmate, sia in occasione di accessi individuali dei membri del Collegio sindacale presso la sede della Società. Pertanto, si può rilevare che gli Amministratori esecutivi hanno, nella sostanza e nella forma, rispettato quanto a essi imposto dalla citata norma.

In conclusione, per quanto è stato possibile riscontrare durante l'attività svolta nell'esercizio, il Collegio sindacale può affermare che:

- le decisioni assunte dai Soci e dall'Organo amministrativo, nonché le operazioni attuate, sono state conformi alla legge e allo statuto sociale e non sono state palesemente imprudenti o tali da compromettere definitivamente l'integrità del patrimonio sociale;
- sono state acquisite le informazioni sufficienti relative al generale andamento della gestione e sulla sua prevedibile evoluzione, nonché sulle operazioni di maggior rilievo, per dimensioni o caratteristiche, effettuate dalla Società;
- non si pongono specifiche osservazioni in merito all'adeguatezza dell'assetto organizzativo della Società, né in merito all'adeguatezza del sistema amministrativo e contabile, nonché sull'affidabilità di quest'ultimo nel rappresentare correttamente i fatti di gestione;
- nel corso dell'attività di vigilanza, come sopra descritta, non sono emersi ulteriori fatti significativi tali da richiederne la segnalazione nella presente relazione;
- non abbiamo effettuato segnalazioni all'organo di amministrazione ai sensi e per gli effetti di cui all'art. 15 DL n° 118/2021 o ai sensi e per gli effetti di cui all'art. 25 *octies* D.Lgs. 12 gennaio 2019, n° 14. Non abbiamo ricevuto segnalazioni da parte dei creditori pubblici ai sensi e per gli effetti di cui art. 25 *novies* D.Lgs. 12 gennaio 2019, n°

14, o ai sensi e per gli effetti di cui all'art. 30 *sexies* DL 6 novembre 2021, n° 152, convertito dalla legge 29 dicembre 2021, n° 233, e successive modificazioni;

- non si è dovuto intervenire per omissioni del Consiglio di amministrazione ai sensi dell'art. 2406 del Codice civile;
- non sono state ricevute denunce ai sensi dell'art. 2408 del Codice civile;
- non sono state fatte denunce ai sensi dell'art. 2409, 7° comma, Codice civile;
- nel corso dell'esercizio il Collegio sindacale non ha rilasciato pareri previsti dalla legge.

### **3. OSSERVAZIONI E PROPOSTE IN ORDINE AL BILANCIO SEPARATO E ALLA SUA APPROVAZIONE**

#### Principi contabili adottati per il bilancio di esercizio

La società ha redatto il bilancio in conformità alle norme contenute negli articoli 2423 e seguenti del Codice civile interpretate e integrate dai principi contabili elaborati dall'Organismo Italiano di Contabilità (O.I.C).

#### La nota integrativa in formato XBRL

Il Collegio sindacale ha preso atto che l'organo di amministrazione ha tenuto conto dell'obbligo di redazione della nota integrativa tramite l'utilizzo della cosiddetta "tassonomia XBRL" necessaria per standardizzare tale documento e renderlo disponibile al trattamento digitale: è questo, infatti, un adempimento richiesto dal Registro delle Imprese gestito dalle Camere di Commercio in esecuzione dell'art. 5, 4° comma, DPCM n° 304 del 10 dicembre 2008.

#### Bilancio di esercizio

Il progetto di bilancio dell'esercizio chiuso al 31 dicembre 2022, costituito dallo stato patrimoniale, dal conto economico, dal rendiconto finanziario

e dalla nota integrativa, è stato approvato dal Consiglio di amministrazione del 31 marzo 2023, unitamente alla Relazione sulla gestione di cui all'art. 2428 del Codice civile.

Tali documenti sono stati consegnati al Collegio sindacale in tempo utile affinché siano depositati presso la sede della Società corredati dalla presente relazione, e ciò indipendentemente dal termine precisato dall'art. 2429, 1° comma, Codice civile.

Si ricorda che la revisione legale del bilancio non è demandata al Collegio sindacale; pertanto, abbiamo esaminato il bilancio chiuso al 31 dicembre 2022, ponendo attenzione all'impostazione data al progetto di bilancio, alla sua generale conformità alla legge per quello che riguarda la sua formazione e struttura.

La società di revisione EY SpA, incaricata del controllo contabile, ha emesso, in data 28 aprile 2023, la propria relazione al bilancio di esercizio chiuso al 31 dicembre 2022 ex art. 14 D.lgs. 27 gennaio 2010, n° 39.

La relazione esprime un giudizio positivo sul bilancio di esercizio senza rilievi di informativa. In particolare, viene evidenziato che lo stesso fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2022, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.

Inoltre, a giudizio del revisore, la Relazione sulla Gestione è coerente con i documenti di bilancio e redatta in conformità alle norme di legge.

Con riferimento al suddetto progetto di bilancio evidenziamo che:

- i criteri di valutazione delle poste dell'attivo e del passivo sono stati analizzati e sono risultati in linea con i principi contabili emanati dall'OIC;
- è stata verificata l'osservanza delle norme di legge inerenti alla predisposizione della Relazione sulla Gestione e, a tale riguardo, non

si hanno osservazioni che debbano essere evidenziate nella presente relazione;

- il Consiglio di amministrazione non ha derogato alle norme di legge ai sensi dell'art. 2423, 4° e/o 5° comma, Codice civile;
- è stata verificata la rispondenza del bilancio ai fatti e alle informazioni di cui si è avuta conoscenza a seguito dell'assolvimento dei doveri tipici del Collegio sindacale e, a tale riguardo, non vengono evidenziate ulteriori osservazioni;
- ai sensi dell'art. 2426, 1° comma, punto 6) Codice civile, il Collegio sindacale ha preso atto che alla voce B) I) 5) dell'attivo dello stato patrimoniale è iscritto un valore di avviamento per € 5.237.864 (€ 6.126.899 nel 2021).

Quest'ultimo deriva in gran parte dall'allocazione di una parte del disavanzo di fusione per incorporazione (€ 6,3 milioni originari) della ex Save The Duck SpA e della Dimensioni Srl, avvenuta il 7 dicembre 2018.

L'ammortamento dell'avviamento è effettuato secondo la sua vita utile, che è stata stimata in sede di rilevazione iniziale in 10 anni e, conseguentemente, lo stesso è ammortizzato con un'aliquota del 10%. Con riferimento a tale posta la Società ha condotto *“un test di impairment al fine di valutare la recuperabilità dei valori iscritti tramite i flussi di cassa attesi nei prossimi esercizi e desumibili dalle previsioni aziendali”*. L'esito del test non ha fatto emergere perdite durevoli di valore;

- nella voce B) I) 4) è stata inoltre iscritta l'ulteriore parte del disavanzo derivante dalla citata fusione, originariamente pari a €/Mio 51,6, allocando tale differenza quale valore inespresso dei marchi “Save The Duck” e “Ganesh” di proprietà della Società, sulla base di apposita perizia, prevedendo una durata del periodo di ammortamento di 18 anni. Al 31 dicembre 2022 il valore netto

contabile dei costi complessivamente capitalizzati nella voce “Marchio” ammonta a € 51.030.228 (€ 54.695.891 al 31 dicembre 2021). Anche con riferimento a tale posta la Società ha condotto un test di impairment dal cui esito non sono emerse perdite di valore. L’iscrizione del marchio ha contestualmente fatto iscrivere imposte differite passive per €/Mio 14,4 nelle voci Marchi e Fondi per Rischi e Oneri. Il fondo per imposte differite al 31 dicembre 2022 ammonta a €/Mio 11,1;

- è stata verificata la correttezza delle informazioni contenute nella nota integrativa per quanto attiene la presenza di posizioni finanziarie di carattere commerciale sorte originariamente in valute diverse dall’euro;
- sono state fornite in nota integrativa le informazioni richieste dall’art. 2427 bis del Codice civile, relative agli strumenti finanziari derivati e per le immobilizzazioni finanziarie iscritte a un valore superiore al loro *fair value*. A tal proposito si evidenzia che la Società, a seguito della citata fusione per incorporazione, ha ereditato debiti finanziari per €/Mio 25 contratti dalla ex Save The Duck SpA con alcune banche per sostenere l’acquisto della totalità delle quote della Forest Srl (ora Save The Duck SpA) e della Dimensioni Srl. Di tali finanziamenti €/Mio 15 dovranno essere rimborsati in rate semestrali entro il 31 dicembre 2023, mentre €/Mio 10 dovranno essere rimborsati entro il 20 marzo 2025. L’erogazione dei finanziamenti è garantita con l’iscrizione di pegno sulle quote della società. Al termine dell’esercizio 2022 l’importo residuo è di €/Mio 9,8.

#### Risultato dell’esercizio sociale

Il bilancio evidenzia un utile di esercizio di € 2.001.678 e un Patrimonio Netto di € 52.033.178.

#### **4. BILANCIO CONSOLIDATO**

Abbiamo altresì esaminato il progetto di bilancio consolidato chiuso al 31 dicembre 2022 che è stato messo a nostra disposizione nei termini di cui all’art 2429 del Codice civile, congiuntamente al progetto di bilancio della società capogruppo e alle relative relazioni sulla gestione.

La data di chiusura dei bilanci delle società incluse nel consolidato coincide con quella del bilancio della società che procede al consolidamento.

Il bilancio consolidato, nonostante non siano presenti i requisiti previsti dalla normativa, è stato redatto volontariamente e comunque attenendosi a quanto previsto dal D.Lgs. 9 aprile 1991, n° 127 e dal Codice civile, applicando i principi contabili emanati dall’Organismo Italiano di Contabilità. Il Consolidato è costituito dallo Stato Patrimoniale dal Conto Economico, dal Rendiconto Finanziario e dalla Nota Integrativa.

Nelle note esplicative sono analiticamente indicati i criteri e le aree di consolidamento. In particolare, l’area di consolidamento include le società controllate in conformità agli artt. 26 e 28 del D.Lgs. n° 127/1991 e le variazioni rispetto all’esercizio precedente.

La procedura di consolidamento adottata segue il metodo integrale e globale per quanto riguarda la valutazione delle partecipazioni di controllo; per quelle di collegamento è stato usato il metodo del patrimonio netto.

In ordine alla relazione sulla gestione, si rileva la completezza informativa e la congruenza dei dati con quelli risultanti dal bilancio consolidato.

Il Consolidato si chiude con un risultato positivo di € 12.755 e un Patrimonio Netto di € 48.399.948.

Il bilancio consolidato è stato anch’esso oggetto di revisione legale da parte della società di revisione E&Y SpA. La relazione da quest’ultima

predisposta ai sensi dell'art. 14 D.Lgs. del 27 gennaio 2010, n° 39, esprime un giudizio positivo e senza rilievi o richiamo di informativa.

## **5. RELAZIONE D'IMPATTO SOCIETÀ BENEFIT**

Il Consiglio di Amministrazione della società, in quanto società benefit, è tenuto a redigere annualmente la relazione di impatto che deve essere depositata al registro imprese unitamente al bilancio di esercizio. Il Collegio sindacale, nell'ambito dei propri compiti di vigilanza sul rispetto della legge e dello statuto ha appurato che la relazione è stata predisposta.

## **6. CONCLUSIONI**

Alla luce di quanto sopra esposto il Collegio sindacale, sotto il profilo di propria competenza, non rileva motivi ostativi in merito all'approvazione del bilancio dell'esercizio chiuso al 31 dicembre 2022 della Società Save The Duck SpA e della relativa proposta di destinazione del risultato di esercizio, così come Vi è stato presentato dal Consiglio di amministrazione.

Milano, 28 aprile 2023

Per il Collegio Sindacale

Il Presidente

Dott. Marco Lovati

