



# ANNUAL REPORT **2022**

ALFAPARF  
MILANO

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**2022**

**ALFAPARF**  
MILANO

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# The Italian House of Beauty

Alfaparf Milano is the brand company of Alfa Parf Group, a multinational professional cosmetics company with strong Italian roots, which develops, manufactures and distributes hair and body products as well as cosmetic machinery.

The Group has seven production plants: 3 in Italy, the other 4 in Mexico, Brazil, Argentina and Venezuela, and distributes its products all over the world, directly (through 27 branches) and indirectly through third-party distributors.



**ALFAPARF MILANO**



## ABOUT US

### VISION

"Knowing people to understand the market"

We imagine a world in which, through the products and services of Alfaparf Milano, each person can experience beauty in their everyday life and thus achieve well-being and happiness.

### MISSION

"Spreading beauty and making a difference in the lives of our customers, starting with small things"

Our mission guides our daily work and, to achieve it, we always keep four pillars in mind.

#### Product Performance

We aim to create innovative products, services and technologies and constantly improve quality

#### Agility

We respond proactively to market developments by providing solutions quickly and effectively

#### Territory

We combine the uniqueness of Made in Italy with the needs and ideas coming from all over the world

#### Sustainability

We implement concrete actions to reduce our environmental impact and protect people's rights

### VALUES

"To bring beauty into the lives of our customers"

The management of the business and the work of our employees in achieving company objectives are driven by a strong system of values.

- **Excellence:** as in the best tradition of Made in Italy, we aspire to quality excellence and perfection in every detail, integrating concreteness and imagination.
- **Agility and courage:** we are not afraid to take risks to find our way and we do so by eliminating unnecessary complications in favor of speed of execution.
- **Openness:** we move forward with our eyes, ears and hearts wide open, being especially attentive to understanding the different sensitivities of the people with whom we come in contact.
- **Integrity and responsibility:** as stated in our Code of Ethics, we embrace the values of integrity and responsibility towards Alfaparf people, stakeholders, the community and the environment.
- **Passion for beauty:** the sector in which we operate is unique and multifaceted, unleashes imagination, creates positive experiences and helps people feel better in everyday life.

### #ALFAPARFPEOPLE

From our roots as a family business, we have learned to keep people at the center of our universe and to cultivate authentic relationships with those around us, our #alfaparfpeople: Employees, Customers, Hairstylists, Beauticians, Suppliers and Partners.

# OUR HISTORY

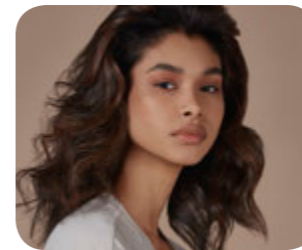
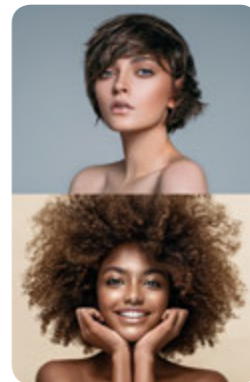


Roberto Franchina establishes the company Alfaparf S.N.C., which produces and markets professional products for hairstylists. The ALFAPARF brand is born.



Between the end of the 1990s and the early 2000s, Alfaparf confirms its position as a reference point for the European market and expands its borders, inaugurating production sites in Brazil, Mexico and Venezuela, and opening several sales branches in Latin America, United States and Australia.

The Private Label project begins, allowing the Group to exploit its know-how to acquire additional market shares, especially in coloring products, serving large third-party brands.



Alfa Parf Group has been pursuing a globalisation strategy, extending its export activities to Eastern Europe and Northern Europe (Russia, the Baltic, Scandinavian and Balkan countries), Africa (Tunisia, Morocco, Egypt, Senegal, South Africa) and Asian countries (India, Malaysia, Indonesia and the Middle East), making the Group increasingly international.



Thanks to the restage of the OLOS skincare brand, Alfa Parf Group launches its first line inspired by the Group's new sustainability philosophy. OLOS consciously and responsibly chooses every aspect of formulations, packaging, production and distribution.

Alfaparf Milano launches its first sustainable haircare brand: BENVOLEO. Benvoleo is the professional brand that brings to the haircare world a sense of transparent, responsible and participatory beauty, and that is proudly Made in Italy.



1980

1989-1990

End of the 1990s

2002

2008

2009

Since 2010

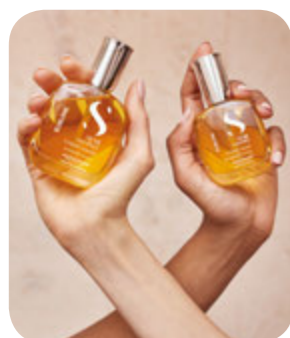
2015

2021

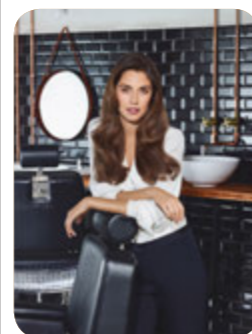
2022

2023

Following the consolidation of production in Italy, the SEMI DI LINO (falaxseed) line was launched, closely followed the next year by the launch of the permanent coloring line EVOLUTION OF THE COLOR.



Alfa Parf Group is established. This international group, with wholly Italian capital, becomes a leader in its reference market, with a turnover of around € 60 million, of which over 80% was generated abroad.



Thanks to the acquisition of GTS Group S.p.A., Alfa Parf Group enters the market for the production and distribution of professional cosmetics and machinery used in beauty centers, becoming, in terms of size, the first wholly Italian-owned professional cosmetics company.



The path of globalisation does not only concern geographical boundaries but also market boundaries and, in 2015, Alfa Parf Group entered the retail market in Brazil thanks to the "ALTAMODA È..." brand with a line of hair care products distributed in stores, retail chains, para-pharmacies and pharmacies.



Alfa Parf Group, a brand that encompasses all the Group's brands, becomes Alfaparf Milano thanks to a rebranding activity and a new corporate identity. The Group's positioning is also strengthened by the acquisition of the majority stake in Tricobiotos S.p.A., specialised in the production and marketing of professional hair products, and of the company Iv San Bernard S.r.l., leader in the development and marketing of cosmetic products for animals.

## BUSINESS MODEL

The Group's business model, aimed at creating value for all its stakeholders through a strong and widespread presence in the reference markets, is based on four Business Units: haircare, skincare, Tech and Private Label.

### HAIRCARE

Hair coloring and care products and marketing through a network of direct agents and distributors operating in professional, retail and e-commerce channels.

### SKINCARE

Skincare and make-up products and marketing through a network of direct agents and distributors operating in professional and e-commerce channels.

### TECH

High technology "Made in Italy" at the service of beauty. Guaranteed design, functionality and safety. In-house research and development for state-of-the-art technologies.

### PRIVATE LABEL

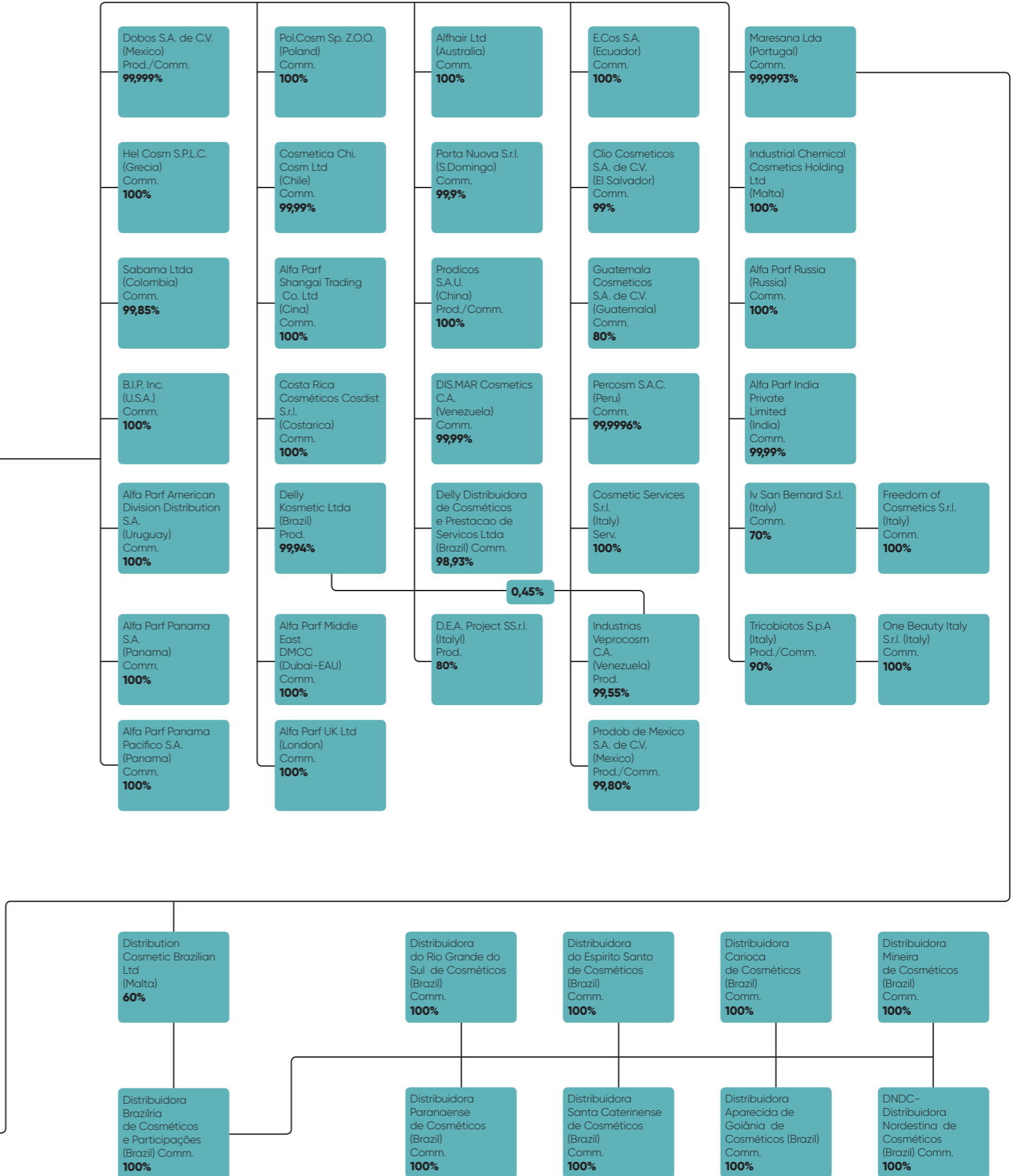
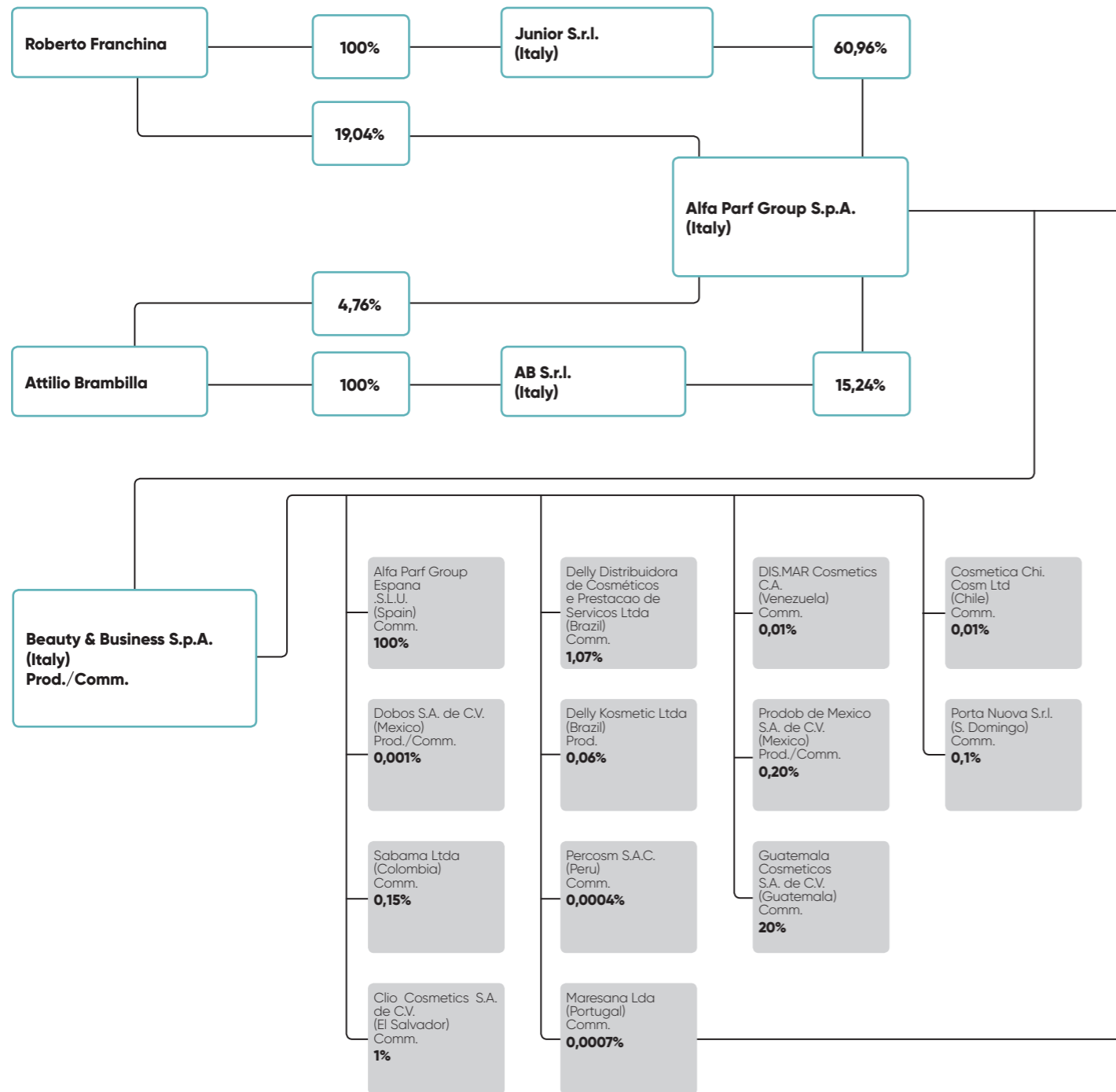
Development of products for third-party customers who market them worldwide using the Group's expertise and know-how.

The two extraordinary acquisitions that took place in 2022 have allowed the Group, on the one hand, to increase its market share and consolidate its positioning in the professional haircare sector and, on the other, to diversify its offer, entering the professional pet cosmetics market, a fast-growing international sector.



# ORGANISATIONAL STRUCTURE

Alfa Parf Group S.p.A. is an Italian multinational company in the cosmetics industry, consisting of multiple entities that share the same objectives of quality, excellence and performance, driven by common values and solid know-how.







In 2022, two new companies joined the Group. In June 2022, 70% of Iv San Bernard S.r.l., the best-known international operators in cosmetics for pets and the first company in the world certified for the compliance of Safe Pet Cosmetics® products is acquired, while in August 2022, 90% of Tricobiotos S.p.A., specialised in the production and marketing of professional cosmetic products for hair care and beauty, is also acquired.

This is a clear sign of the Group's plan to expand by diversifying its offerings, entering new high-growth markets, especially international ones, on the one hand, and expanding its product and service offerings on the other, thanks to business synergies that will further boost the Group's growth in the haircare sector.

In conducting its business, the Group has adopted a traditional Corporate Governance model that provides for the clear separation between administrative and control functions. In particular, the administration of the Company is entrusted to the Board of Directors, while the supervisory function is the responsibility of the Board of Statutory Auditors. Both governing bodies are elected by the Shareholders' Meeting.

### Shareholders' Meeting

The Shareholders' Meeting of Alfa Parf Group S.p.A., the Group's holding company, is responsible for deciding on the most important matters, approving the financial statements, appointing the Directors, the Statutory Auditors and the Chairman of the Board of Statutory Auditors.

### Board of Directors

The Board of Directors of Alfa Parf Group S.p.A. is appointed by the Shareholders' Meeting and has the task of strategically guiding the Group by making the most important decisions regarding the management of its member Companies, the direction of the business and the exercise of control and performance monitoring activities.

Roberto Franchina – Executive Director and Chairman

Attilio Brambilla – Executive Director and Deputy Chairman

### Board of Statutory Auditors

The Board of Statutory Auditors has the task of supervising the activities of the Directors and ensuring that the management and administration of the company are carried out in compliance with the law and the Articles of Association.

Andrea Casarotti - Chairman

Alessandro Ricci, Giuseppe Caldesi Valeri – Standing Auditors

Fabio Gallio, Simone Furian – Alternate Auditors

### Auditing company

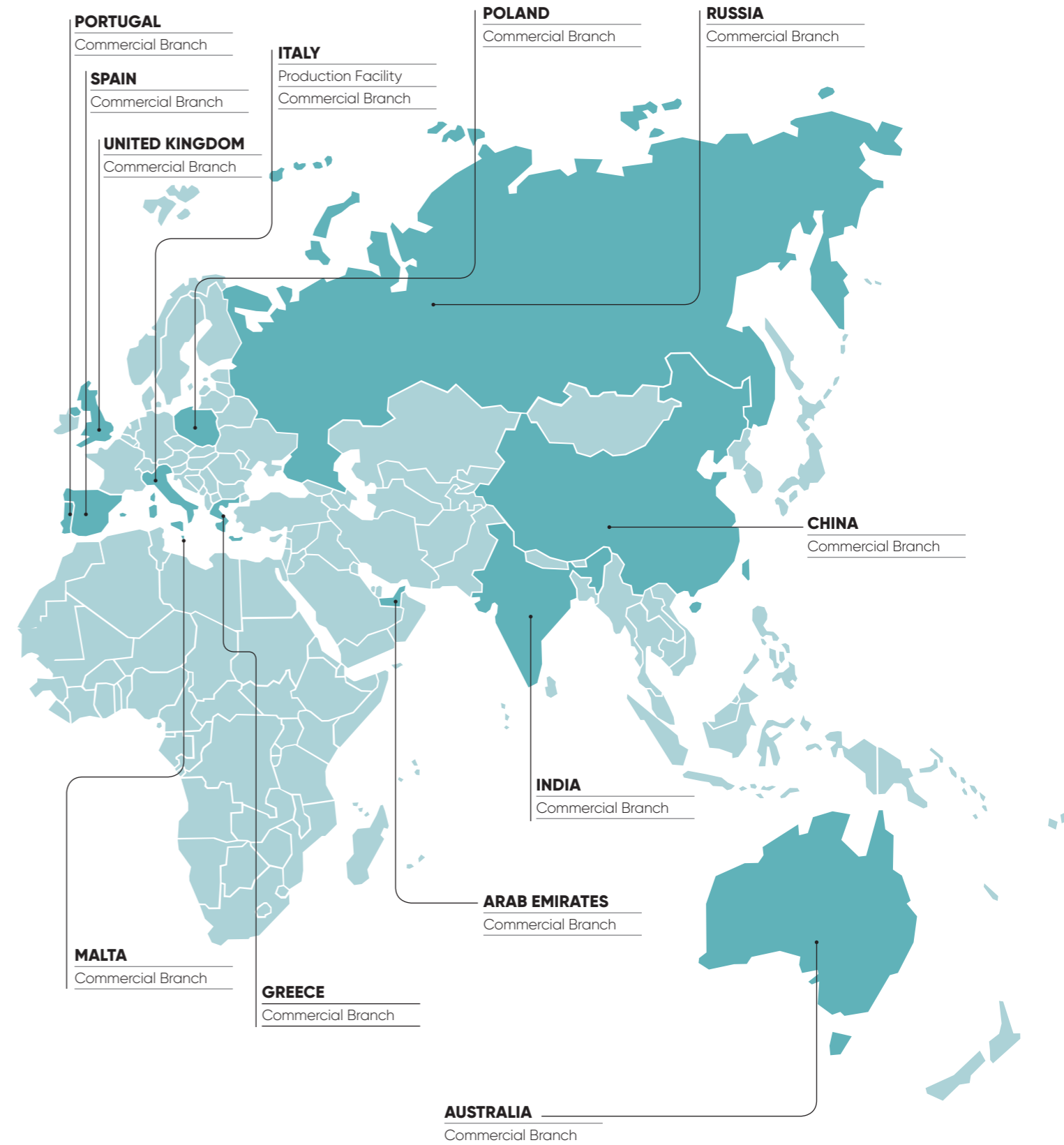
The Auditing Company is responsible for carrying out the statutory audit of the accounts and certifying the Group's financial statements with absolute autonomy and independence from the management bodies. This activity is carried out to ensure transparency to the market and protect stakeholders on the trend of the company's economic performance.

Auditing Company: Ernst & Young S.p.A.

### Sustainability Committee

The Sustainability Committee was established in 2021 with the aim of supporting the Board of Directors through adequate preliminary and advisory activities and through the promotion of a continuous integration of environmental, social and governance factors into the Group's activities for the creation of value for the shareholders and other stakeholders in the medium-long term.

# COUNTRIES OF PRESENCE



## BRANDS

The commitment made over the years to the search for innovative and high quality products has allowed many brands to establish themselves both in the Italian market and in the foreign market. Today, in fact, the Group owns 16 proprietary brands (eight for the Haircare Division, six for the Skincare Division, two for the Tech Division).

### HAIRCARE

**ALFAPARF  
MILANO  
PROFESSIONAL**

ALFAPARF MILANO PROFESSIONAL is the leading Italian brand in the field of professional hair treatments. Founded in 1980, for over 40 years it has teamed up with professionals, creating effective and innovative products and services to meet any need.

Inspired by its values – Italian dynamism, innovation, openness to diversity – ALFAPARF MILANO PROFESSIONAL shares skills and results with a clear objective: to make the daily experience of beauty a source of pleasure and happiness for all, so that people, besides being beautiful, feel good.

**YELLOW**  
PROFESSIONAL

YELLOW PROFESSIONAL offers smart and simple beauty, accessible and affordable for everyone: professional, immediate and high-performance solutions, based on advanced technologies and ingredients of natural origin, which enable our hairstylists to spread beauty around the world to be experienced with a smile.

YELLOW. Smart professional beauty. Simple happiness

**IL SALONE  
MILANO**  
THE LEGENDARY COLLECTION

IL SALONE MILANO is a brand characterised by professional distribution, through hair salons, and retail, through selected chains of beauty shops, with excellent quality-price ratio.

**ALFAPARF  
beauty supply**  
COLORAMORE

Manufactured in Mexico as an immediate response to the new market environment in the era of Covid-19, COLORAMORE is a brand aimed at Beauty Supplies catering to stylists of all levels. It boasts formulas developed in Italy that guarantee renowned quality at a competitive and affordable price.

**Alta Moda**  
é...

Launched in Brazil and now distributed throughout Central and South America, “ALTA MODA È...” is the first Alfaparf Milano brand for the retail market. Backed by professional technology, “ALTA MODA è...” offers consumer products for haircare and coloring.

**Benvoleo**  
TOGETHER WE CARE

Launched in March 2023, BENVOLEO is Alfaparf Milano’s first sustainable professional haircare brand that brings to the haircare world a sense of transparent, responsible and participatory beauty, and that is proudly Made in Italy. It is characterised by a range of professional, customisable, high-performance and sustainable treatment products.



Following the acquisition of Tricobiotos S.p.A., the Group's brand portfolio was expanded by two additional brands:



SELECTIVE PROFESSIONAL is the brand owned – distributed all over the world – of Tricobiotos S.p.A. which, for over 20 years, has offered the best solutions for the professional market in terms of quality, safety and effectiveness. From color to treatments and styling, Selective Professional offers a complete range of exclusive professional products, developed to meet the needs of consumers all over the world.

With a wide range of products for professional use and for resale, KEZY is a brand able to satisfy every need in a simple, practical and effective way, thanks to the use of high-quality raw materials combined with practical packaging, made in Italy, to ensure the highest quality and best performance.

## SKINCARE



### Sea lover

SOLARIUM is the new generation of cosmetics for the sun that protects and loves the skin and the sea. Products that contain a pool of innovative sun filters that ensure maximum protection and reduce the impact on the marine environment thanks to “very water resistant” and biodegradable\* formulas in salt water, contained in a pack made with recycled and recyclable materials.

\* According to OECD 306 Test carried out on all products with SPF (excluding SPF30 FONDOTINTA SOLARE COMPATTO - VISO).

## DECODERM

### Beyond color is performance

DECODERM goes beyond the limits of color and fulfils every woman's desire for beauty, color and protection. Make-up and skincare combined to create an exclusive make-up line using innovative formulations with a treatment action. Multifunction products, developed in synergy with hi-tech applicators, ensure a professional result and a simple and fast application. A harmonious range of shades enhances the beauty of every woman and allows you to create perfect looks for every occasion.



### Technology and Nature

TEN SCIENCE is the result of the combination of technology, nature and science. It draws on the most precious active ingredients that Nature offers, enhancing them to their full potential, thanks to the most advanced technologies. It offers cutting-edge formulas for effective treatments and exclusive cosmetic solutions. The place where the brand is based is the TEN Institute, mirror of the soul of TEN, where nature embraces technology for true beauty.



### Beauty in a method

Since 1976, DIBI Milano has been a leading player in the world of professional aesthetics and a reference point for cosmetic excellence. The DNA of DIBI Milano is contained in the name: DIBI, Biotechnology Division, the latest scientific cosmetic frontier, a synergic combination of Made in Italy research and technology, to offer unparalleled results and a customised “tailor-made” method. The DIBI MILANO beauty center is defined by the DIBI Center, a symbol of excellence in service and advice, with highly qualified beauticians who are skilled beauty consultants.

### Sustainable, natural, Italian

OLOS, from the Greek “everything”, is the ancestral idea of the bond between human being and nature. The authentic and ubiquitous sustainable approach generates clean, transparent, safe and effective formulas that are gentle on the skin, protect the planet and meet their needs. For natural, authentic beauty and a more informed future.

### Love your Beauty

Since 1984, Beauty and Cosmetics have come together in BECOS, the beauty professional who is close to women and enhances their femininity. Love and passion for beauty, combined with effective and quality products, are the ingredients of a successful recipe, exclusively Made in Italy. The BECOS Clubs are the places where you can find professionalism and tailor-made answers to start a beauty journey.

## TECH



With almost 40 years of experience in the professional aesthetics channel, the Group develops and markets the latest generation technologies and equipment for all the needs of a modern beauty center. Design, development, production and assembly: all Made in Italy to ensure the best certification and guarantees of quality for our partners.



APG MEDICAL is the Group's medical division, dedicated to the marketing of the latest generation of Made in Italy medical devices. The brand's mission is to improve the work of doctors by providing quality equipment that perfectly meets their needs, in order to improve the well-being of the patients. Research, development and quality are the flagships of APG MEDICAL, offering innovative, tested and quality equipment.

## PET

With the entry of Iv San Bernard S.r.l. into the Group structure, the Group's brand portfolio was further expanded with the Iv San Bernard brand, one of the best-known brands in the cosmetics sector for the pets at international level, which since 1995 has been developing high quality products for the care of dogs and cats, with over 200 items. Currently, Iv San Bernard exports its excellence to over 40 countries and, thanks to the collaboration of professionals in the sector, has also become a Grooming Institute that trains skilled groomers every year passing on to them the passion for the care and well-being of our animal friends. Iv San Bernard also offers accessories for dogs and cats and grooming equipment.

## AWARDS AND ACKNOWLEDGEMENTS

Also in 2022 Alfaparf Milano has confirmed its position as a leader in the professional cosmetics market, receiving awards and recognitions thanks to the performance of the company, its lines and products.

### Corporate

**SUSTAINABILITY LEADER:** In 2022, Alfaparf Milano was included, for the second consecutive year, among the 200 best Italian companies LEADERS OF SUSTAINABILITY. The research was carried out by Statista for Il Sole 24 Ore and was based on the analysis of 40 KPIs relating to the environmental, social and economic macro-areas featured in the public sustainability reports of 1,500 companies that passed the first selection.



**DYSLEXIA FRIENDLY COMPANY:** At the end of 2022, Alfaparf Milano obtained the Dyslexia Friendly Company certification, recognition that came at the end of a review of the personnel recruitment and management processes carried out by the HR function in collaboration with the Italian Dyslexia Association (AID). This process has made it possible, on the one hand, to provide the entire company population with training tools on the subject and, on the other, to provide the company with know-how and a set of practices and guidelines such as to allow an inclusive assessment and management of candidates and workers with specific learning disabilities.

**PROCUREMENT AWARDS 2022:** Alfaparf Milano was again awarded first place in The Procurement Awards competition, within the “Procurement Innovation” category, with a project to re-package two of the Group’s most important and distinctive product lines: Semi di Lino for haircare, DIBI Milano for skincare.

Both product lines had in common the use of closures (flip-top caps, screw caps, jars and tubes) in virgin plastic decorated with a metallization process that, by affixing an aluminium film, allows the surface to simulate a silver effect. The project proposal, designed and implemented by the Procurement department, involves the elimination of metallisation, the polishing of “no-metal” components to make them more precious, beautiful and attractive and the definition of new master colors, combined with complementary packaging. This made it possible to eliminate the superfluous (harmful to the environment), evolving the concept of a product beauty from a merely aesthetic concept to a more inclusive and substantial one.

**BEST MANAGED COMPANY:** Alfaparf Milano was awarded as Best Managed Company 2022 in the fifth edition of the Best Managed Companies Award, organised by Deloitte Private, which saw the awarding of 79 Italian companies that have proven to stand out for their level of performance and capacity to pursue excellence in all aspects of company management. The participating companies were assessed on the basis of six areas considered critical: Strategy, Skills and innovation, Commitment and corporate culture, Governance and performance evaluation, Corporate and social responsibility, Internationalisation.



**WOMEN’S WEAR DAILY TOP 100:** in the 2022 ranking of the top 100 global cosmetics companies, drawn up by the American magazine Women’s Wear Daily (www.wwd.com), Alfaparf Milano ranked 93rd.

### Haircare

**UK HAIR MAGAZINE AWARDS 2022 – SEMI DI LINO:** Alfaparf Milano Semi di Lino Curls Enhancing Low Shampoo and Conditioner won the “Best Shampoo & Conditioner For Curls” award from the UK Hair Magazine Awards 2022.

**PRÊMIO ATUALIDADE COSMÉTICA 2022 – SEMI DI LINO:** As part of the 30th edition of the Prêmio Atualidade Cosmética, an event that rewards the excellence of Brazilian cosmetic production, with the support of Beauty Fair, the Alfaparf Milano Semi di Lino Blonde and Brunette lines have been awarded as “Best professional hair treatment 2022”.

### Skincare

**BEST BEAUTY BUYS 2022 – DIBI MILAN:** DIBI Milano Hydra Perfection Crema Idratazione Attiva and Face Perfection Crema Detergente Giovinezza Estrema [Hydra Perfection Active Hydration Cream and Face Perfection Youth Extreme Cleansing Cream] were selected by Hi Style as “Best Beauty Buys 2022”, respectively in the “Best Day Cream” and “Best Cleanser” categories.

**ATTRACTA BEAUTY AWARDS 2022 – DIBI MILANO:** Tonic Lifter Crema Rassodante di Giovinezza [Tonic Lifter Youth Firming Cream] by DIBI Milano was the winner of the Attracta Beauty Awards 2022 in the “Best Body Moisturiser” category.

**SPACHINA WELLNESS AND SPA AWARDS 2022 – DIBI MILANO:** In 2022 DIBI MILANO Filler Code Trattamento Assoluto di Riempimento [Absolute Filler Treatment] was awarded at the SpaChina Wellness & Spa Awards as “The Star SPA Product” of the year.

**ELLE BEAUTY AWARDS 2022 – OLOS:** Acqua Micellare Delicata di OLOS [OLOS Gentle Micellar Water] was the most voted product by Elle readers, winning first prize in the “Face cleansing” category.



## RESEARCH AND DEVELOPMENT

A commitment to continuous innovation

The focus on innovation is part of the identity of the Group and is a driving force behind its history. Working alongside beauty professionals from all over the world has generated the ability to understand demand trends and channel them into research. This has resulted in a large number of products and solutions, a benchmark for hairstylists and beauty professionals worldwide.

The research is mainly carried out in the laboratory of Osio Sotto (Bergamo) where raw materials are evaluated and selected, product formulas are studied and tests are carried out through a technical center for haircare and a pilot center for skincare.

The main projects of 2022 include the development of a sun cosmetics line (Solarium Sea Lovers) that combines high quality and innovative solutions for environmental protection; the reformulation of Evolution of the Color Cube, which has improved a highly successful product line; in haircare, the launch of a product line (Benvoleo) based on natural ingredients and with essential packaging largely made of recycled materials.

Activity was also intense for the Private Label division, stimulated by the acquisition of assignments from companies with very high production standards. In particular, the development of bleaching powders in Italy and Mexico is important.

On the organisational front, the Innova working group was assigned the tasks of management, control (lead times and costs) and communication of new product development projects. A working group dedicated to packaging was also set up in 2022 in view of the central role packaging has gained in the assessment of sustainability.

In the second half of the year, research and development activities were also fuelled by the companies acquired in 2022: Tricobiotos and Iv San Bernard.

The Group also carries out research activities in the field of beauty equipment through the company Dea S.r.l.



## PRODUCTION

Seven top quality facilities

Seven facilities in Italy (three), Brazil, Mexico, Venezuela and Argentina for a total of approximately 113,500 square meters of production area: 35,000 in Brazil, 35,000 in Mexico, 30,000 in Italy, 3,500 in Venezuela, 10,000 in China.

Over the years, the Group has built a production structure suited to the global distribution requirements. The continuous expansion of the plants has been accompanied by the adoption of management systems that have made it possible to achieve high quality standards.

The Osio Sotto (Bergamo) facility, where the most complex production is concentrated and where products for the markets of Europe, Asia, Africa and Australia are manufactured, has obtained ISO 9001 and ISO 22716 certifications, which establish methods, equipment, means and rules for the management of production processes to ensure appropriate quality standards.

In Italy, production activities comply with the Good Manufacturing Practices (GMP), Productive Maintenance (PM) and Overall Equipment Effectiveness (OEE) guidelines. The Group has recently obtained the status of Authorised Economic Operator (AEO), which certifies its reliability before the customs authorities. The facilities in Mexico, Brazil, Venezuela and Argentina have also obtained or are about to obtain certifications that place them at levels of excellence.

In recent years, the Group has made a significant effort to increase production capacity, efficiency, quality control and process traceability. Among other things, the Laboratory Information Management System (LIMS), which manages the information in Research & Development and Quality Control in an integrated manner, was upgraded.

UNI CEI EN ISO 13485 – Medical devices certification, which demonstrates the ability and reliability in the supply of medical devices and services compliant with standards and regulations, was also obtained.

The innovations in the production area are developed to be applied to all facilities, with the aim of obtaining common process and quality standards. Compliance with quality standards is entrusted to the Total Quality Department, which is based in Italy. Each facility also has a quality laboratory for individual components, semi-finished products, raw materials, packaging and finished products.

Know-how, presence in strategic geographical areas and operational flexibility have made the Group an ideal business partner for multinational cosmetics and large-scale retailers who increasingly delegate their production activities.





## DISTRIBUTION

Over 65,000 beauty professional are served worldwide

The global vocation is a distinctive trait. The first exports to Spain and Latin America were soon followed by the construction of commercial and production bases in the geographical areas that are considered strategic. Over the years, internationality has evolved into globalisation: today the products are distributed in over 120 countries.

Commercial activities are divided into branches (present in 27 countries) and third-party distributors (over 100). The preference for one model or the other varies according to the market (demand characteristics, company positioning, growth objectives).

The 27 branches have around 800 direct agents and 400 indirect agents (who report to distributors). This task force interacts daily with more than 65,000 beauty professionals, providing their essential knowledge and experience to meet new demands and promote innovation. The activity of distributors is supported with marketing services, training and sales assistance. The investments made have enabled the operations and capabilities of the branches to be standardised. In 2022, the expansion of the network of sellers continued in many countries (Italy, Spain, Brazil, Colombia, Peru). Collaboration relationships were established with chains of salons and flagship salons to strengthen the image of the Alfaparf Milano Professional and Semi di Lino brands. In addition, the services and training for the partner salons of the international programme *Officina del Colore* were enhanced, also thanks to the contribution of Rudy Mostarda, creative director of Extrema Hair, expert in coaching and mentoring professional hairstylist operators. In the United States, coverage has been improved with new, well-established distributors with many professional shops, and the sales of treatment lines through Amazon have increased. In France, the partnership with the chain of stores *Bleu Libellule* was successful: Semi di Lino was the best launch in recent years, with over a million in turnover in just a few months.

The acquisition, in 2022, of Tricobiotos, particularly strong in Germany, Spain and Eastern Europe, made it possible to strengthen the presence in many European and Asian countries with new distributors. The Group is committed to introducing the Tricobiotos brands in Latin America, Great Britain and Ireland. In 2022, the strengthening of the multi-channel presence, which began in 2020, continued. The unit that manages the retail channels (through specific approaches for perfumeries, specialised stores and beauty supply chains) has shown that new management methods can also boost growth in the market segments already covered. In 2022, the presence in e-commerce was consolidated by strengthening partnerships with vertical beauty e-tailers and through direct-to-consumer owners.

Lastly, the development of tracking activities has made it possible to reduce sales outside the authorised channels. The implementation of a selective distribution policy has led to agreements with e-commerce operators and specialised points of sale in some of the countries in which the Group operates, which represent approximately 8% of total haircare and retail sales.

Lastly, to be noted is the activation of strategic collaborations to protect the intellectual property of the Alfaparf Milano Professional and Yellow brands in the various European e-commerce sites.



## OPERATOR TRAINING

Programmes for beauty professionals

Working alongside beauty professionals is the basis of the Group's work. In addition to a widespread geographic presence, Alfaparf Milano can count on a network of people willing to listen to the needs of hairstylists and beauty professionals, to assist them in carrying out their business activities in the best possible way, and to gather useful information to enhance product quality.

The ability to move from the supply of the product to the breadth of services has acquired strategic importance in professional cosmetics: speed of response and quality of solutions are decisive weapons to compete.

Starting from this vision, a broad technical-professional and managerial training offer was developed. Depending on the level of experience and skills, hairstylists and beauticians can find the solutions best suited to their growth needs in the courses organised in over 50 training centers of the Group.

In the haircare sector, training includes technique (color, cut, shape, treatment), product knowledge, service customisation and management.

The training courses are developed in person and digitally through webinars, video tutorials and content produced by the hairstylists of the global network of Alfaparf Milano ambassadors. With dedicated formats, the activity involves the sales force and consumers. Milan is also home to the International Academy, a venue for meeting, sharing and training Alfaparf people from all over the world.

In the skincare segment, training is provided by the Training & Beauty Academy, established in 1994.

The Bergamo Training Center is a point of reference for Italian and foreign professionals (distributors and branches) and for sales managers.

The Center holds courses on products, methods and technologies. The Academy also offers courses in the main areas of interest for the profession: management (with a management and tax focus); digital marketing and sales; medical-scientific (with a focus on the anatomy and physiology of the face and body); technique (massages and make-up courses). The offer is completed by the Beauty Specialist service: personalised training carried out in beauty centers by a mobile team of trainers.

In 2022, thanks to the complete resumption of in-person activities, 2,500 people were trained over 900 days. Nine external courses and 12 laser courses were also held with 320 participants.



SOTTO IL VESTITO,  
SOLO DIBI.



LA BELLEZZA IN UN METODO

## THE PEOPLE AND THE ORGANISATION

Growth with respect for the principles of the origins

In 2022, the Group continued its trend of international growth and development, while maintaining (from the point of view of people and organisation) a firm reference to its origins as a company concerned with people and their development.

The year 2022 closed with just under 3,000 employees, including staff and the sales force. Italy, also as a result of the acquisitions made during the year, once again became the most represented country (over 28% of people work in Italian offices), followed by Brazil and Mexico. At regional level, 68% of people work in the Americas (of which 98% in Central and South America), 31% in Europe and the remaining 1% in Oceania.

In continuity with previous years, the HR policies have focused on the following objectives:

- promoting individual growth in line with the characteristics and objectives of the company's business;
- attracting the best resources at national and international level;
- increasing the know-how by disseminating knowledge and operational best practices;
- consolidating the value system and the wealth of skills through internal communication and training activities;
- ensuring safety and health.

The approach to responsible management of health, safety and hygiene continues to be based on the principles and commitments of the company Code of Ethics, in the Social Responsibility policy (Health, Safety, Environment and Rights at Work) and in the Quality policy.

The objectives are also pursued thanks to an important training and development activity that in 2022 saw the provision of almost 15,000 hours of training both on topics related to health, safety and the environment and on technical topics and soft skills development.

In 2022, *people engagement* and *wellness* initiatives were also launched in several countries. Among others, the Alfaparf Argentina project was developed through meetings with employees on the issues of individual health and well-being.

In the second half of the year, a major reorganisation of Corporate was carried out, with the objective of creating a structure that is more agile and responsive to market demands and adequate to the complexity of business and geography that characterises the Group today.

The new organisational structure involves the creation of two main areas: one dedicated to markets with responsibility for brand-related commercial activities, marketing and education; one for research, development and production activities and for Private Label.

The centralised staff were in turn reorganised into two areas: one grouping together finance, administration and control, IT and legal; and one comprising human resources and sustainability.



## APPROACH TO SUSTAINABILITY

The Group's commitments to create shared value

In autumn 2018, the Group started its own sustainability process driven by the ultimate goal of a business activity that cannot only consist of profit maximisation alone, but must include the creation of shared value in the long term, for the benefit of all company stakeholders and in the interest of future generations.

Corporate sustainability has become an element of the corporate strategy and a fundamental value of the corporate culture and mission.

The Group reports, in quantitative and qualitative terms, the activities, initiatives and economic, social and environmental performance, within its Sustainability Report, which in 2022 is now in its fifth edition. The document, drawn up on a voluntary basis, follows the reporting principles and standards issued in 2016 by the Global Reporting Initiative (GRI). The publication of the Sustainability Report, together with this Annual Report, is part of the initiatives to give a tangible form, through an organisational structure and formal processes, to the commitment to promote sustainable development and a corporate culture consistent with the values and awareness widespread in the Company today. This document makes it possible to evaluate the results achieved with respect to the pre-established objectives, also allowing for an evaluation over time. It also represents, at the same time, a commitment and an assumption of responsibility towards all stakeholders.



## LETTER FROM THE CHAIRMAN

An assessment of 2022 can only start from the excellent results reported in the financial statements, prepared in accordance with IAS/IFRS, which closed with revenues of € 335.1 million (an all-time record for the Group), up 24.5% compared to 2021, and an EBITDA of € 69.6 million (20.4% of revenues). These figures are important because they confirm the ability to generate results in any market situation and macroeconomic scenario: therefore, rewarding our strategic direction and the management decisions that have accompanied it.

Recent years have been marked by critical events of global scope and impact, by a general increase in complexity and operational risks for companies, by the acceleration of epochal transformations (primarily digital) that have impacted not only organisations, but also consumption patterns and lifestyles. Having demonstrated, in such a situation, resilience and growth is the most valuable demonstration of the solidity of the Group.

Positive feedback came from all sides. Investments in the sales network and in education activities have resulted in a significant growth in sales in many countries, for example in Colombia (39%), Peru (36%), Mexico (26%) and, overall, in Central America (30%).

Growth was also positive in countries with more mature markets in which direct sales and the support of medium-high salons and chains were predominant (Italy 16%, Spain 6%, Australia 18%). In Brazil and the United States, where sales stabilised in 2022, work was done on the development of multi-channel distribution (direct, distributors, stores and online) and on increasing profitability, laying the foundations for a very promising 2023. Focus on all markets: distribution quality with the reduction of tactical or promotional sales and the multiplication of services and training.

In terms of professional products, innovations have been introduced in both haircare and skincare that have met with a very positive response from our customers. In the retail segment, 2022 closed with a growth of 18.5% thanks to the excellent performance of the two brands.

Positive feedback also came from the Tech segment: in October, the equipment has obtained IMQ certification for interconnection and Industry 4.0, which gave a strong boost to commercial activity in the last three months of the year and has opened up very interesting prospects for the near future.

As regards marketing and training, in 2022, some partnerships were established with Rossano Ferretti (appointed Global Brand Ambassador of the Group), a global icon of hairdressing for decades, and with Rudy Mostarda (Global Creative Director), high-level trainer and entrepreneur of success with Extrema Hair.

In 2022, financial strength also allowed us two acquisitions: the first extended the scope of our business; the second strengthened its historical positioning in hair care products.

In June, 70% of Iv San Bernard was acquired, one of the most well-known international operators in cosmetics for pets with a dozen cosmetic lines for dogs and cats, over 200 products (from maintenance products to those for the preparation to pet shows) and sales in more than thirty countries. In addition to cosmetics, the company produces equipment and furniture lines for grooming shops and carries out training activities for operators through 14 schools in Italy and around the world. The Group expects to boost the growth of Iv San Bernard through its distribution network.

In August, 90% of Tricobiotos, which specialises in cosmetic products for hair care and beauty that the company markets in over 60 countries through a network of its own distributors, was acquired. It is also the exclusive distributor for the Italian market of third-party products. The integration of Tricobiotos will allow important commercial synergies, giving a further boost to our growth in the haircare lines.

Finally, the process towards full compliance with Environmental Social & Governance (ESG) principles continued during the year: the 2022/2024 Plan was formalised and provides for ambitious objectives, investments and personnel training, as well as the fifth edition of the financial statements of sustainability, developed according to international GRI standards.



**Roberto Franchina**  
Chairman  
of Alfa Parf Group S.p.A.

## DIRECTORS' REPORT ON OPERATIONS

The 2022 financial statements of Alfa Parf Group S.p.A., prepared in accordance with IAS/IFRS international accounting standards, recorded revenues of € 335,117 million, up 24.5% compared to € 269 million in 2021, broken down as follows: € 204,662 million in haircare; € 29,465 in skincare; € 73,254 in Private Label; € 22,563 in Retail (Mass Market); € 5,173 in Pets. Geographically, revenues were generated in Europe and Asia (€ 132,946 million, 39.7%), Latin America (€ 142,826 million, 42.6%) and the United States (€ 59,345 million, 17.7%). EBITDA was € 69.6 million (Euro 20.4% in revenues), up 20.4% compared to 2021 (€ 57.7 million).

### Haircare

The haircare business unit recorded revenues of € 204.6 million (+30% compared to 2021). The year 2022 was characterised by important projects for the Alfaparf Milano Professional brand: a combination of product innovation and sustainability and a new confirmation of the Group's pioneering spirit.

A first project involved the renewal of the formulas and packaging of Keratin Therapy Lisse Design, the professional keratin-based system that has been offering lasting straightening performance for over 10 years.

Another important project concerned Semi di Lino Beauty Power to You. In addition to emphasising the product's distinctive features (Italian origin, authenticity and high professional quality), steps have been taken to reduce CO2 emissions and environmental impact (packaging with recycled plastic and elimination of metals, vegan and biodegradable formulas).

### SKINCARE

The skincare business unit has recorded revenues of € 29.4 million (-1% compared to 2021). The year 2022 was characterised by the affirmation of the new Olos Green (sustainable product line), with the launch of body products. The response in sales was immediate and the value of re-orders reached 40%. The DIBI Milano brand has been enriched with the new treatments and retail products of the innovative DIBI Acid, a line that effectively meets market trends.

As for the equipment, the year was marked by the presentation of Shapedefine, which effectively treats imperfections of the body contour, particularly cellulite.

### PRIVATE LABEL

Production on behalf of third parties (Private Label) has confirmed its strategic role, having generated revenues of € 73.2 million in 2022 (up 17% compared to 62.8 million in 2021), a record result.

The growth of the business unit has been fuelled by the investments made in recent years, which have allowed the Group to achieve excellent common standards in the plants and to increase production capacity, efficiency and quality control. To be noted is the increase in the production capacity of bleaching powders at the Mexican facility.

The positive trend in revenues was also impacted by the acquisition of Tricobiotos which carries out important production activities on behalf of third parties.

Know-how, presence in geographical areas and operational flexibility have made the Group an ideal business partner for multinational cosmetics and large-scale retailers. The American market remains the reference point of the business unit, but the European market is growing and represents a great opportunity.

In terms of products, permanent hair color continues to be the area with the greatest growth potential worldwide.

### RETAIL (MASS MARKET)

The Hair Retail business unit recorded revenues of € 22.5 million in 2022 (up by 18.5% compared to € 19 million in 2021). Sales increased both in Argentina (+35% at average annual exchange rates) and in Brazil (+14%), the main reference markets for the business unit, which mainly targets Latin America. The performance in Italy was also excellent (+57%), fuelled by exports.

Both brands ("Alta Moda è..." and Il Salone Milano) contributed to the growth in Retail sales.

"Alta Moda è..." continued its pursuit of innovation and strengthened its positioning as a quality brand. In the care segment, after the success of the mega conditioners of the Instant SOS line, the Extension line (shampoo/mask/leave-in prime) was launched to take advantage of the mega trend of products with rapid results and high performance. In the colouring segment, five new red and copper shades and the ash-blonde collection with two new shades were launched. Communication was strengthened thanks to the collaboration with the celebrity Iris Valverde.

Salone Milano has launched Scalp System, a complete range of products (anti-dandruff shampoos, anti-sebo shampoos, anti-hair loss shampoos and vials) that treats scalp issues. The products are formulated with probiotics and ingredients of natural origin.

Actions continued to increase brand *awareness* and *reputation* (through digital and influencer marketing campaigns, also in collaboration with partners) and training activities for the sales force of selected partners, supported by commercial incentives.

## THE MAIN EVENTS OF THE FIRST QUARTER OF 2023

On 31 March, Alfa Parf Group S.p.A. recorded revenues of € 91.4 million, up by 31% compared to € 69.8 million in the first quarter of 2022, broken down as follows: € 55.9 million in haircare, € 7.7 million in skincare, € 20.3 million in production on behalf of third parties (Private Label), € 5.6 million in Retail, € 1.9 million in Pet products. EBITDA was € 17.5 million, up 40% compared to € 12.5 million in the first quarter of 2022.

### HAIRCARE

The main event of the quarter was the launch of the new Benvoleo brand in March, an example of integrating sustainability principles into the conduct of business and a concrete solution for achieving the sustainable development objectives set by the United Nations. Benvoleo is a range of professional and customisable products and treatments that incorporates a concept of responsible beauty into haircare without sacrificing performance. The project includes the creation of a seminar to promote and protect the culture of sustainability and provide customers not only with up-to-date knowledge, but also more tangible elements, as examples of good practices for a sustainable salon.

### SKINCARE

DIBI Milano has launched innovative Leggings in the retail sector which, thanks to the active ingredients formulated by the Group's laboratories, make it possible to re-propose the treatment cycle of a beauty center at home.

### RETAIL (MASS MARKET)

In the Retail business unit, the start of 2023 was marked by the total relaunch of the "Alta Moda è..." care line (which accounts for 35% of the brand's turnover). The renewal, welcomed by the market, involved product formulas, packaging aesthetics (with a new light blue color code that immediately distinguishes the products on the shelves) and packaging, aimed at enhancing positioning. Continuing along the path of 2022, "Il Salone Milano" has accelerated the development of distribution partnerships in Asia, reaching new countries in which distribution will soon begin.

### THE ALFAPARF FOUNDATION IS ESTABLISHED

In the first quarter, the Alfaparf Foundation was set up as a full expression of the Group's values. The Foundation will pursue purposes of general interest, solidarity, social benefit, education and human promotion in favor of disadvantaged groups. It will also be committed to enhancing art and culture. Alfaparf Foundation will promote initiatives in the local territory. The first has been a photographic exhibit held in Bergamo, the city of origin and headquarters of one of the Group's largest production sites, as part of the activities for Bergamo and Brescia, Italian Capitals of Culture 2023. The Foundation's activities will then be extended both nationally and internationally.





**CONSOLIDATED FINANCIAL  
STATEMENTS  
31 DECEMBER 2022**



**CONSOLIDATED INCOME STATEMENT**

(€/000)

	31.12.2022	31.12.2021
Revenues from contracts with customers	335,117	269,086
Other income	6,784	4,928
Changes in inventories of finished and semi-finished products	8,301	3,041
Raw materials and consumables	(112,288)	(86,150)
Costs for services	(84,702)	(62,719)
Costs for employee benefits	(78,251)	(64,460)
Amortisation	(9,164)	(6,410)
Net write-down of investments	(1,585)	(623)
Impairment of non-current assets	-	(240)
Other operating costs	(9,656)	(5,820)
<b>Operating profit</b>	<b>54,555</b>	<b>50,634</b>
Financial charges	(26,112)	(11,120)
Financial income	20,088	7,749
Share pertaining to the result of associates and joint ventures	-	-
<b>Profit before tax from continuing operations</b>	<b>48,532</b>	<b>47,264</b>
Income taxes	(18,891)	(16,521)
<b>Net result from continuing operations</b>	<b>29,641</b>	<b>30,743</b>
Profit/(loss) from assets held for sale net of taxes	-	-
<b>Group profit for the year</b>	<b>29,641</b>	<b>30,743</b>
Attributable to:	-	-
Ordinary shareholders of the parent company	29,299	30,660
Minority shareholders	342	83

**CONSOLIDATED COMPREHENSIVE INCOME STATEMENT**

(€/000)

	01.01.2022 31.12.2022	01.01.2021 31.12.2021
<b>Profit (loss) for the year (A)</b>	<b>29,641</b>	<b>30,743</b>
<b>Other components of the comprehensive income statement</b>		
<b>Components of comprehensive income that will be subsequently reclassified in profit/(loss) for the year (net of taxes):</b>		
Translation differences of foreign financial statements	354	1,765
Net profit/(loss) on cash flow hedges	2,107	511
Net loss of debt instruments measured at fair value through OCI		
Share pertaining to the other components of the comprehensive income statement of an associate		
<b>Total other components of comprehensive income statement that will be subsequently reclassified in profit/(loss) for the year net of taxes</b>	<b>2,462</b>	<b>2,276</b>
<b>Components of comprehensive income that will not be subsequently reclassified in profit/(loss) for the year (net of taxes):</b>		
Net profit/(loss) on equity instruments measured at fair value and recognised in the comprehensive income statement		
Profit/(loss) from revaluation of defined benefit plans	92	(113)
Revaluation of land and buildings		
Share pertaining to the other components of the comprehensive income statement of an associated company		
<b>Total other components of comprehensive income that will not be subsequently reclassified in profit/(loss) for the year net of taxes</b>	<b>92</b>	<b>(113)</b>
<b>Total of the other components of the comprehensive income statement for the year, net of taxes</b>	<b>2,554</b>	<b>2,163</b>
<b>Comprehensive net profit/(loss) for the year after tax</b>	<b>32,194</b>	<b>32,906</b>
Total comprehensive net profit/(loss) attributable to:		
Ordinary shareholders of the parent company	31,852	32,823
Minority shareholders	342	83

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

(€/000)

	31.12.2022	31.12.2021
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and machinery	41,753	32,001
Goodwill	39,517	166
Intangible assets	12,194	4,840
Rights of use assets	9,932	7,787
Equity Investments in associates and JVs	104	102
Non-current investments	11	10
Other non-current assets	141	93
Deferred tax assets	16,115	18,469
<b>Total Non-current assets</b>	<b>119,767</b>	<b>63,467</b>
<b>Current assets</b>		
Inventories	68,696	44,619
Trade receivables	78,371	62,087
Current investments	31,208	23,167
Other current assets	44,675	37,497
Cash and cash equivalents and short-term deposits	61,608	93,539
<b>Total Current assets</b>	<b>284,558</b>	<b>260,909</b>
<b>Assets held for sale</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>404,325</b>	<b>324,377</b>
<b>Shareholders' equity and liabilities</b>		
Share Capital	31,500	31,500
Legal reserve	3,484	3,425
Other reserves	39,433	39,793
FTA Reserve	(918)	(787)
Profit (loss) carried forward	91,137	56,804
<b>Total Group Shareholders' equity</b>	<b>164,636</b>	<b>130,734</b>
<b>Minority interest share of shareholders' equity</b>	<b>468</b>	<b>116</b>
<b>Total Consolidated shareholders' equity</b>	<b>165,104</b>	<b>130,850</b>
<b>Non-current Liabilities</b>		
Non-current loans and financing	58,410	47,157
Non-current lease liabilities	6,661	5,971
Other non-current financial liabilities	-	493
Provisions for non-current risks and charges	14,595	12,949
Non-current contractual liabilities	-	-
Other non-current liabilities	26,277	18,966
Net liabilities for employee defined benefits	5,688	5,125
Deferred tax liabilities	4,906	1,802
<b>Total non-current liabilities</b>	<b>116,536</b>	<b>92,463</b>
<b>Current Liabilities</b>		
Trade payables	49,639	34,641
Current loans and financing	35,287	43,678
Current lease liabilities	3,409	1,894
Other current liabilities	12,057	10,420
Other current financial liabilities	13,434	-
Current contractual liabilities	53	101
Tax payables	8,805	10,329
<b>Total Current liabilities</b>	<b>122,684</b>	<b>101,063</b>
<b>Liabilities related to assets held for sale</b>	<b>-</b>	<b>-</b>
<b>Total shareholders' equity and liabilities</b>	<b>404,325</b>	<b>324,377</b>

**Alfa Parf Group S.p.A.**

Consolidated financial statements as at December 31, 2022

Independent auditor's report pursuant to article 14 of  
Legislative Decree n. 39, dated 27 January 2010



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## Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of  
Alfa Parf Group S.p.A.

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Alfa Parf Group group (the Group), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Alfa Parf Group S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Alfa Parf Group S.p.A. or to cease operations or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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



## Report on compliance with other legal and regulatory requirements

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

The Directors of Alfa Parf Group S.p.A. are responsible for the preparation of the Report on Operations of group Alfa Parf Group as at December 31, 2022, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

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

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

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

Bergamo, 27 June 2023

EY S.p.A.  
Signed by: Marco Malaguti, Auditor

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

**ALFAPARF**  
MILANO

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