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PRESS RELEASE

THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED FINANCIAL STATEMENTS AND THE DRAFT FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

CONFIRMED SOLIDITY OF THE GROUP FINANCIAL AND BUSINESS OPERATIONS DESPITE THE ONGOING PANDEMIC

CONSOLIDATED REVENUES AND NET INCOME IN INCREASE COMPARED TO THE PREVIOUS YEAR

THE NET FINANCIAL POSITION IN FURTHER IMPROVEMENT

DIVESTMENT FROM NON-CORE ASSETS AND COST REDUCTION IN PROGRESS

- ***Consolidated revenues*** *up and equal to EUR 174.5 (EUR 150.8 million at 31 December 2019), also due to a complete consolidation, in the course of the year, of the businesses acquired in 2019.*
- *Firmly positive* **EBITDA** *of EUR 22.9 million (EUR 24.1 million at 31 December 2019) thanks to the significant impact of the business sectors of the industrial subsidiaries.*
- ***Positive consolidated net result*** *of EUR 1.8 million (EUR 0.5 million at 31 December 2019) despite the repercussions of the international health and economic emergency on the ordinary operating margins of the industrial subsidiaries and penalizing effects of the application of IFRS16 standards amounting to a total of EUR 3.7 million in addition to significant write-downs for EUR 6.1 million made on non-core assets. The consolidated net result includes financial charges on the bond loan for a total EUR 5.2 million, of which EUR 2.2 million relating to the part which was subject of a voluntary early repayment in August. These negative impacts are offset by a main non-current positive item, which is a significant capital gain equal to EUR 9.6 million, from the sale of the minority shareholding in SIA S.p.A.*
- ***Equity pertaining to the Group*** *is equal to EUR 221.7 million as at 31 December 2020 and is up compared to EUR 220.1 million as at 31 December 2019.*
- ***The Group net financial position*** *is negative for EUR 237.9 million (EUR 251.9 million in the previous year), in further decrease. The significance of this improvement is even greater if values before the application of IFRS16 are considered, i.e. without including financial payables related to the rights-of-use on lease contracts: the net financial debt decreases from EUR 45.7 million as at 31 December 2019 to EUR 20.5 million as at 31 December 2020, due to some significant items, such as an important collection made by Gruppo Zaffiro from the sale of the real estate component of the Pogliano Milanese Nursing Home/RSA and a divestment of a minority interest in SIA made by the parent company. At the same time, significant investments were also made in accordance with the business plan of Gruppo Zaffiro.*
- *Following the partial voluntary early repayment of the "Mittel 2017-2023" Bond loan in August 2020 for a nominal amount of EUR 50.6 million out of EUR 129.5 million, the Group continues to hold substantial cash and cash equivalents and has a strong financial autonomy to support its operations, development programs of the industrial subsidiaries and new investment projects in particular.*
- *Important* ***sale transactions:*** *a real estate sale transaction made by Gruppo Zaffiro (Pogliano Milanese Nursing Home/RSA) for EUR 21 million with a gross capital gain of EUR 4.5 million according to the agreement with Primonial and divestment by Mittel S.p.A. of a minority interest held in SIA S.p.A. for approximately EUR 11 million generating a capital gain of EUR 9.6 million.*

- *The Group operations continued with strong commitment and, in the conditions of extreme prudence due to the pandemic, Gruppo Zaffiro made new important acquisitions: the Domus Aurea operating nursing facility (in Piedmont) and the Ronchi dei Legionari brownfield asset (in Friuli). A significant investment process is also underway in other brownfield and greenfield businesses.*
- *In the first months of FY2021, Gruppo Mittel continued to recover financial resources, on the asset-per-asset basis, from prior real estate initiatives, financial receivables and other non-core assets. It is estimated that realisation values from this process will contribute significantly to the net financial position also in 2021 notwithstanding the pandemic impacts.*
- *The management of Mittel S.p.A. will continue to monitor the current situation characterised by uncertain external scenario for the Group operations, especially in the Nursing Home/RSA sector which is particularly affected by the pandemic and, consequently, registers lower occupancy rates that the historical averages. Therefore, if the hoped-for acceleration of the vaccination campaign is achieved in the coming months and new economic measures are eventually adopted by local and international authorities aimed at supporting a full recovery of the economic activities, a progressive improvement is expected during the current financial year with Group results that may therefore better reflect the growth process engaged in the Design and Nursing Home/RSA sectors, alongside with a progressive and awaited recovery in the Clothing sector.*
- *In the light of the current health emergency and compatibly with the future scenario, the company management confirms its commitment to pursue the development and consolidation plans. The primary objective remains generating long-term value for all the Shareholders.*

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Milano, 28 April 2021 - The Board of Directors of Mittel S.p.A., which met today under the chairmanship of Dr. Michele Iori, examined and approved the Directors' Report on Operations, the draft separate financial statements and the consolidated financial statements for the year ended 31 December 2020.

Operating performance overview

It is worth noting that, since the previous year, due to the application of IFRS 16 (Leasing), the consolidated accounting figures have undergone significant changes, showing dynamics that require some specification for a better understanding of the management trend. In fact, this principle, which entails, in a nutshell, the recognition among the fixed assets of the right of use on the leased assets and the recording among the liabilities of the related financial debt, has a significant impact on financial and economic balances (and in particular on those of the Nursing Home/RSA operating sector, characterised by long-term lease agreements), producing the following main effects on the figures as at 31 December 2020:

- increased fixed assets, equal to EUR 196.2 million (rights of use on property assets, mainly in real estate);
- increased consolidated net financial position, equal to EUR 217.4, which is not due to a greater financial exposure in the strict sense, but to the valorisation of contractual obligations related to the rights of use;
- increase of EUR 11.8 million in the operating margin (EBITDA), essentially deriving from lease payments, excluding the negative impact on non-recurring profit items. For details please refer to the capital gains from disposals in the Nursing Home Sector (RSA) sector;
- overall negative impact of EUR 2.0 million on the Group's net result of ordinary nature, due to clear prevalence of depreciation of right-of-use and financial charges over financial liabilities recognised on reversal of lease payments;
- as a result of the specific accounting rules for sale and leaseback transactions envisaged by the new standard, the capital gain of EUR 3.8 million (EUR 2.8 million net of the recorded deferred tax assets, of which EUR 1,7 million pertaining to the Group) achieved during the year as part of the described periodic post-development sale transactions of the real estate component in the Nursing sector (RSA), was reversed. The non-recognition as revenue of the said amount will result in future economic benefit to be recorded over the lease term and represented by lower depreciation rates on the related rights of use, currently recognised in assets at the original value.

The net result of the Group for the year, despite inevitable repercussions of the pandemic on the ordinary operating margins of the industrial subsidiaries, is positive for EUR 1.8 million, being however negatively affected by the effects of the application of IFRS 16, for a total of EUR 3,7 million (EUR 2.0 million on recurring items and EUR 1.7 million for the non-recognition of capital gains from sale, which in any case are becoming a systematic corollary of the development of new Nursing /RSA units since starting in the last year), in addition to important write-downs, totalling EUR 6.1 million, made on non-core assets (loans, financial assets and real estate inventories) as a result of strict valuation policies applied by the Group in this specific emergency context. Furthermore, the result for the year includes financial charges on the bond loan for total EUR 5.2 million, of which EUR 2.2 million relating to the part subject of partial voluntary early repayment in August (EUR 1.2 million for interests accrued up till the date of the repayment of the said part subject to reimbursement and EUR 1.0 million for the premium envisaged for early repayment). These negative impacts are offset by main non-recurring positive items such as an important capital gain, equal to EUR 9.6 million, realised upon divestment of a minority interest in SIA and the release of deferred taxes provisions related to fiscal realignments on tangible assets applied according to fiscal regulations issued in the aftermath of the pandemic.

The equity pertaining to the Group as at 31 December 2020 is equal to EUR 221.7 million and is up compared to the EUR 220.1 million as at 31 December 2019, mainly due to the recognition of the profit for the year.

The consolidated net financial position is negative for EUR 237.9 million, in improvement compared to EUR 251.9 million recorded as at 31 December 2019. This improvement is even more significant if we consider amounts before the application of IFRS 16 standards, i.e. without including financial payables related to the rights of use on lease contracts. This amount decreases from EUR 45.7 million as at 31 December 2019 to EUR 20.5 million as at 31 December 2021, due to some significant items such as an important collection made by Gruppo Zaffiro from the sale transaction of the real estate component of the Pogliano Milanese Nursing Home/RSA and proceeds from divestment of a minority interest in SIA made by the parent company. At the same time, significant investments envisaged by the business plan of Gruppo Zaffiro were carried out during the year.

Main economic figures of the Group

(Thousand of EUR)	**31.12.2020**	**31.12.2019**
Revenue and other income	174.483	150.762
IIncreases (decreases) in inventories	(2.475)	(14.609)
Net revenue	**172.008**	**136.153**
Purchases, provision of services, sundry costs	(100.873)	(71.369)
Personnel costs	(48.233)	(40.639)
Operating costs	**(149.106)**	**(112.008)**
Operating margin (EBITDA)	**22.902**	**24.145**
Amortisation/depreciation, allocations and adjustments to non-current assets	(17.180)	(14.736)
Value adjustments of inventories	(1.506)	-
Share of profit (loss) of investments	(96)	7
Operating result (EBIT)	**4.120**	**9.417**
Profit (loss) from financial management	(14.030)	(12.219)
Result of management and valuation of financial assets and receivables	3.536	(1.083)
Result of trading in financial assets	(226)	-
Profit (loss) before taxes	**(6.600)**	**(3.885)**
Taxes	8.372	4.138
Net profit (loss) of the year	**1.772**	**253**
Profit (loss) pertaining to non-controlling interests	(28)	(197)
Profit (loss) pertaining to the Group	**1.800**	**450**

For greater clarity, the following table highlights the impact of the application of IFRS 16 on EBITDA.

(Thousand of EUR)	31.12.2020	31.12.2019
Operating margin (EBITDA) post IFRS 16	**22.902**	**24.145**
Lease payments	(11.782)	(8.950)
Operating margin (EBITDA) before IFRS 16 before capital gains	**11.120**	**15.195**
Sale & leaseback capital gains	3.821	5.588
Operating margin before IFRS 16 with capital gain	**14.941**	**20.783**

Similarly, a reconciliation of the Group result that would have occurred in the event of non-application of IFRS 16 is shown here below.

(Thousand of EUR)	31.12.2020	31.12.2019
Profit (loss) pertaining to the Group post IFRS 16	**1.800**	**450**
Lease payments	(11.782)	(8.950)
Amortisation/depreciation	8.883	7.115
Financial expenses	7.415	5.205
Deferred tax assets	(1.271)	(940)
Profit (loss) pertaining to non-controlling interests	(1.218)	(928)
Ordinary profit (loss) pertaining to the Group before IFRS16	**3.827**	**1.952**
Sale & leaseback capital gains	3.821	5.588
Deferred tax assets	(1.066)	(1.559)
Profit (loss) pertaining to non-controlling interests	(1.102)	(1.612)
Profit (loss) pertaining to the Group before IFRS 16	**5.480**	**4.369**

It should be noted that the revenues and other income of the consolidated industrial sectors as at 31 December 2020 (represented by: the Nursing Home/RSA sector led by Gruppo Zaffiro S.r.l.; the Automotive sector which includes IMC S.p.A. and its subsidiary Balder S.r.l.; the Design sector composed of Ceramica Cielo S.p.A., Galassia S.r.l. and Disegno Ceramica S.r.l., and the Apparel/Clothing sector with Sport Fashion Service S.r.l.) are particularly significant and equal to EUR 168.1 million (EUR 130.3 million in the comparison period), corresponding to approximately 96% of consolidated revenues and other income (totalling EUR 174.5 million, compared with EUR 150.8 million in the previous year).

During the financial year, despite highly negative impacts due to the pandemic, these industrial sectors contributed to generate a largely positive consolidated operating margin of EUR 22.9 million (EUR 24.1 million as at 31 December 2019), as a result of the following net contributions by sector:

- *Nursing Homes/RSA*: EBITDA of EUR 9.5 million (EUR 12.7 million as at 31 December 2019), positively influenced by the application of IFRS 16, according to which lease payments are not recognized as operating costs (EUR 9.5 million as at 31 December 2020 and EUR 7.0 million in the comparison period), but which also prevented the recording of capital gains of EUR 3.8 million on property assets sold and leased back; to be noted that the reference period was also characterised by significant RSA development and start-up costs related to the Group's ambitious growth project and impacted by the health emergency that prevented or slowed down new admissions to the nursing facilities and caused cost increase, thus penalising the profitability margins for the year;
- *Design:* EBITDA equal to EUR 10.1 million (EUR 8.8 million as at 31 December 2019), in increase due to the inclusion of Galassia and Disegno Ceramica in the scope of consolidation (absent in the comparison period), notwithstanding the negative effects of the pandemic, which led to the shutdown of the production sites during the months of March and April until early May, followed by a decisive restart afterwards;
- *Automotive:* EBITDA equat to EUR 6.5 million (EUR 6.0 million as at 31 December 2019), in slight increase, due to a major order acquired during the year despite the negative trend of the sector demand consequent to an overall macroeconomic framework of contingent weakness, aggravated by the ongoing health emergency;

- *Clothing:* EBITDA equal to EUR 2.4 million (there was a non-significant contribution in the comparison period due to the acquisition of Sport Fashion Service subsidiary at the end of the comparison year), significantly affected by the shutdown of retail activities caused by the second pandemic wave, which occurred in decisive months from point of view of seasonality of the specific business segment;
- *Real Estate:* EBITDA of negative EUR 1.1 million (negative for EUR 1.5 million as at 31 December 2019), with revenues in decrease (EUR 5.9 million against EUR 12.4 million of the comparison period) due to a substantial disposal of residential property inventories held by the group and pending the completion of an important residential project under construction in Milan (Via Metauro) and work commencing of a residential project located in Como (Via Regina Teodolinda); it should be noted to be noted that Via Metauro project has already been commercially successful in terms of preliminary sales since the beginning of the construction phase;
- *Participations and investments:* EBITDA of negative EUR 4.4 million (negative EUR 2.1 million as at 31 December 2019), which benefited, in the comparison period, from an important capital gain made due to the sale of former headquarters in Piazza Diaz 7, Milan.

Details on the most significant items are presented here below.

- **Revenue and other income**: this reclassified item includes revenues and other income amounting to EUR 174.5 million as at 31 December 2020 (EUR 150.8 million in the comparison period). This balance is the combined result of the following factors: This balance is the combined result of the following factors:
  (i) recognition of revenues for EUR 168.7 million (EUR 141.3 million as at 31 December 2019); with the following primary contributions by sector:
    - Nursing Homes/RSA (Gruppo Zaffiro and its subsidiaries): for EUR 61.4 million (EUR 45.1 million in the comparison period);
    - Design sector (Ceramica Cielo, Galassia and Disegno Ceramica): for EUR 56.0 million (EUR 44.9 million in the previous year, to which Galassia and Disegno Ceramica contributed only in the second half of the year)
    - Automotive sector (IMC and Balder): for EUR 28.7 million (EUR 32.1 million in the comparison period)
    - Clothing sector: for EUR 16.6 million (EUR 2.8 million in the comparison period due to a contribution only during the last two months of the year);
    - Real Estate sector: for EUR 5.9 million (EUR 16.3 million in the comparison period);

  (ii) recognition of other income for EUR 5.8 million (EUR 9.5 milion in the comparison period), attributable primarily to the Design sector for EUR 3.5 million and to the Nursing Home /RSA sector for EUR 1.5 million.

- **Increases/(decreases) in inventories:** the negative contribution recorded in the period, equal to EUR 2.5 million (EUR 14.6 million in the comparison period), is explained by the net effect of:
  (i) reduction due to the discharge of selling costs for real estate property inventories of EUR 5.3 million (EUR 14.9 million as at 31 December 2019);
  (ii) increase in property inventories due to capitalised costs and other changes of EUR 4.7 million (EUR 1.9 million as at 31 December 2019);
  (iii) net increase in inventories of the Clothing sector of EUR 0.7 million (EUR 0.6 million in the comparison period);
  (iv) net decrease in the Automotive sector of EUR 0.4 million (EUR 2.3 million in the comparison period);
  (v) net decrease in the Design sector of EUR 2.2 million (essentially no change against the comparison period).

- **Costs for purchases, provision of services, sundry costs**: The item, totalling EUR 100.9 million (EUR 71.4 million as at 31 December 2019), is strongly influenced by the operating costs of the industrial subsidiaries and includes purchase costs of EUR 60.1 million (EUR 39.0 million in the comparison period), provision of services for EUR 36.3 million (EUR 28.9 million as at 31 December 2019) and sundry costs for EUR 4.3 million (EUR 3.5 million in the comparison period). The main contributors to the overall item are:
  (i) Design sector: for a total of EUR 31.1 million (EUR 27.1 million in the comparison period);
  (ii) Nursing Home/RSA sector: for EUR 30.2 million (EUR 14.4 million in the comparison period);
  (iii) Automotive sector: for EUR 17.5 million (EUR 19.1 million in the comparison period);
  (iv) Clothing sector: for EUR 13.1 million (EUR 2.8 million in the comparison period, with contributions of the last two months of the year);
  (v) Real Estate sector: for EUR 6.2 million (EUR 4.5 million in the comparison period), of which EUR 4.7 million was capitalised on projects under construction;
  (vi) Parent Company Mittel: for EUR 2.6 million (EUR 3.2 million in the comparison period).

- **Personnel costs:** the item reported a balance of EUR 48.2 million (EUR 40.6 million as at 31 December 2019), of which EUR 23.1 million coming from the Nursing Home/RSA sector (EUR 19.2 million in the comparison period), EUR 16.1 million relating to the Design sector (EUR 12.4 million in the comparison period, during which Galassia and Disegno Ceramica contributed only for the second half of the year), EUR 4.5 million attributable to the Automotive sector (EUR 5.2 million in the comparison period), EUR 2.5 million relating to the Parent Company Mittel (EUR 3.1 million in the comparison period) and EUR 1.9 million relating to the Clothing sector (EUR 0.4 million in the comparison period, with contributions only for the last two months of the year).

- **Amortisation/depreciation, allocations and adjustments to non-current assets:** the item amounted to EUR 17.2 million as at 31 December 2020 (EUR 14.7 million as at 31 December 2019), mainly due to the amortisation on rights of use recognised as a result of the application of IFRS 16, equal to EUR 8.9 million (EUR 7.1 million in the comparison period), of which EUR 6.8 million pertaining to the Nursing Home/RSA sector (EUR 5.4 million in the comparison period) and, for the remaining part, due to depreciation of other tangible assets held by the operating companies (EUR 3.6 million for Automotive sector, EUR 2.7 million for Design sector and EUR 1.2 million for Nursing Home/RSA sector).

- **Inventory value adjustments:** this item, which was absent in the comparison period, refers to write-downs recorded at the end of the financial year, in a particular reference framework determined by the pandemic: for EUR 0.75 million on some real estate projects (on the basis of specific expert reports commissioned to external assessors), for EUR 0.25 million on goods inventories in the Design sector and for EUR 0.5 million in the Clothing sector.

- **Profit (loss) from financial management**: presented a net loss of EUR 14.0 million (loss of EUR 12.2 million in the comparison period); the item is attributable to financial expenses for EUR 7.3 million recognized in accordance with IFRS 16 (EUR 6.8 million pertaining to the Nursing Home/RSA sector) and for the residual EUR 6.7 million to expenses on financial debt (bond loan of Mittel S.p.A. and bank debt of the business subsidiaries) net of interest income accrued on residual financial receivables held by the Group; more specifically, the Parent Company contribution to the item ((equal to EUR 4.8 million) is related to financial income for EUR 0.6 million (mainly due to interest accrued on residual financial receivables held) and financial expenses for EUR 5.2 million, entirely related to the aforementioned bond, which, as specified in other sections of this report, was subject to a voluntary early repayment in August 2020 for the portion equal to nominal EUR 50.9 million (out of total 129.5 million), with a consequent elimination, for future periods, of related interest costs of approximately EUR 1.2 million of the reference financial year, and the addition of premium costs for EUR 1.0 million paid at the moment of early reimbursement.

- **Result of management and valuation of financial assets and receivables:** the item made a positive contribution to the consolidated income statement for EUR 3.5 million (negative contribution for EUR 1.1 million at 31 December 2019) and is explained by operating profits from management of financial assets and equity investments for EUR 9.4 million (mainly attributable to profit from divestment of interest in SIA for EUR 9.6 million) and by net value adjustments on financial assets for EUR 5.9 million, mainly due to major write-downs carried out on a real estate mutual fund and on equity investments for a total of EUR 2.2 million and to adjustments on receivables for total EUR 3.7 million; these write-downs were mainly made on non-core assets as a result of the strict valuation policies applied by the Group in application of IFRS 9 in the specific emergency context.

- **Taxes:** the item made a positive contribution to the consolidated income statement for EUR 8.4 million (EUR 4.1 million in the comparison period) and is primarily due to the net effect of: costs of current IRAP taxes for EUR 0.8 million (mainly from investee companies); provisions for deferred tax assets for EUR 2.4 million (mainly relating to items recognized as a result of IFRS 16); prior year tax income of approximately EUR 1.0 million, including significant amounts related to tax measures affecting the 2019 IRAP balances; revenue from release of deferred taxes for total EUR 6.3 million and from costs for substitute taxes for EUR 0.5 million. In particular, revenues from release of deferred taxes are attributable: (i) for EUR 2.0 million to the normal amortisation during the year of unreleased capital gains of tangible assets and to the taxed share of prior year capital gains divided in instalments for IRES purposes; (ii) EUR 4.3 million for fiscal realignment of tangible assets carried out by some Group companies in application of fiscal regulations issued in the aftermath of the pandemic. The cost for substitute taxes of EUR 0.5 million is related to this fiscal realignment, which will entail the payment of substitute taxes equal to 3% of the values subject to realignment.

Main consolidated financial and equity figures of the Group

(Thousand of EUR)	**31.12.2020**	**31.12.2019**
IIntangible assets	105.844	105.502
Property, plant and equipment	260.379	260.557
- of which IFRS16 rights of use	*196.242*	*193.382*
Investments	5.538	6.113
Non-current financial assets	39.473	49.821
Provisions for risks, employee severance indemnity and employee benefits	(9.387)	(9.661)
Other non-current assets (liabilities)	(20)	71
Tax assets (liabilities)	10.679	2.290
Net working capital (*)	65.993	74.239
Net invested capital	**478.499**	**488.932**
Equity pertaining to the Group	(221.723)	(220.127)
Non-controlling interests	(18.853)	(16.875)
Total net equity	**(240.576)**	**(237.002)**
Net financial position	**(237.923)**	**(251.930)**
- of which IFRS16 financial liabilities	*(217.411)*	*(206.182)*
Net financial position before IFRS 16	**(20.512)**	**(45.748)**

(*) Comprised of the sum of Property inventories, Sundry receivables (payables) and other current assets (liabilities)

As detailed below, the composition of the aforementioned items and, in particular, of intangible assets and of property, plant and equipment items, reflects the effects from acquisitions made in prior years in the Nursing Home/RSA, Design, Automotive and Clothing sectors. Conversely, the progress in disposals of non-core assets in recent years has led to a reduction in the related balance sheet entries (investments, financial receivables and other non-current financial assets).

Intangible fixed assets amounted to EUR 105.8 million (EUR 105.5 million as at 31 December 2019). The item, almost entirely attributable to goodwill and trademarks, refers, for EUR 39.3 million, to goodwill relating to the acquisition (which took place in November 2016) of Gruppo Zaffiro, the head company of the Group with the same name operating in the Nursing Home/RSA sector, augmented by EUR 1.1 million relating to the value attributed to the trademark. Also in the Nursing Home/RSA sector, the additional goodwill was recognized for build-up operations that were carried out in prior years in relation to the acquisition, in March 2018, of a business unit based in Sanremo (EUR 0.5 million of goodwill), the purchase in December 2018 of the Villa Gisella company, which owns a long-standing nursing home/RSA based in Florence (EUR 3.0 million of goodwill), the purchase in 2019 of three nursing RSA units in Piedmont (totaling EUR 3.0 million of goodwill), and the purchase at the end of 2020 of a business unit of a nursing home/RSA based in Piedmont (EUR 0.8 million).
Goodwill relating to the acquisition of Ceramica Cielo S.p.A. (in June 2017) amounted to EUR 5.6 million, augmented by EUR 4.3 million relating to the company's trademark. In addition, as regards the Design sector, the following goodwill is recorded with relation to the acquisition of: (i) Galassia S.r.l., for an amount of EUR 4.4 million, plus EUR 2.0 million relating to the company's trademark; (ii) Disegno Ceramica S.r.l., for an amount of EUR 2.1 million.
Furthermore, there is goodwill of EUR 19.3 million recorded for the acquisition of IMC S.p.A., which took place at the end of 2017.
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Finally, the purchase transaction for Sport Fashion Service S.r.l., completed in November 2019, entailed the recording, based on continuity of values, of goodwill (EUR 18.4 million) and trademarks (EUR 1.8 million) recognised in the IFRS first consolidation *package* of the company at the acquisition date.

Property, plant and equipment amounted to EUR 260.4 million (EUR 260.6 million as at 31 December 2019), of which EUR 196.2 million relating to rights-of-use as a result of IFRS 16 application (EUR 178.4

million pertaining to Nursing Home/RSA sector, characterised by long-term lease agreements on properties used as nursing residence facilities). The residual portion of the item's balance, equal to EUR 64.1 million, is heavily influenced by the contribution from the Automotive sector, equal to EUR 17.2 million (amount including a partial allocation of goodwill for moulds which was recognised at the time of acquisition of IMC S.p.A.), from the Nursing/home/RSA sector, which contributed for EUR 23.4 million and from the Design sector, which contributes for EUR 22.9 million.

Investments measured using the equity method totalled EUR 5.5 million (EUR 6.1 million at 31 December 2019) and referred primarily to shareholdings held by the parent company Mittel S.p.A. in Mittel Generale Investimenti S.r.l. (EUR 5.4 million), showing no variation since the period of comparison.

Non-current financial assets amounted to EUR 39.5 million (EUR 49.8 million as at 31 December 2019) and refer to: i) to non-current financial receivables, for EUR 27.0 million (EUR 33.5 million in the comparison period), almost entirely explained by credit positions held by the Parent Company; ii) to other non-current financial assets, for EUR 12.5 million (EUR 16.4 million in the comparison period), mainly represented by shares in real estate UCIs held by the Parent Company and by shares in investment vehicles held by Mittel S.p.A. and by the Earchimede S.p.A. subsidiary.

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 9.4 million (EUR 9.7 million as at 31 December 2019). In particular, as at 31 December 2020, this item comprised EUR 7.5 million of *Provisions for personnel* (EUR 7.7 million in the comparison period) and EUR 1.9 million of *Provisions for risks and charges* (EUR 1.9 million in the comparison period). The main contributors to *Provisions for personnel* are: the Nursing Home/RSA sector (for EUR 2.5 million), the Design sector (for EUR 3.0 million), the Parent Company Mittel S.p.A. (for EUR 1.1 million), the Automotive sector (EUR 0.5 million) and the Clothing sector (EUR 0.4 million), while *Provisions for risks and charges* mainly refer to Mittel S.p.A. (for EUR 0.3 million), the Clothing sector (for EUR 0.6 million) and the Nursing Home/RSA sector (EUR 0.4 million).

The item **net tax assets (liabilities)** is positive for EUR 10.7 million (EUR 2.3 million as at 31 December 2019) and is the sum of current tax assets for EUR 0.7 million (EUR 1.6 million as at 31 December 2019). December 2019) and deferred tax assets for EUR 13.7 million (EUR 11.4 million in the comparison period), which are offset by deferred tax liabilities for EUR 3.3 million (EUR 9.1 million in the period of comparison) and current tax liabilities for EUR 0.4 million (EUR 1.6 million in the comparison period).

Net working capital amounts to EUR 66.0 million (EUR 74.2 million as at 31 December 2019). The item is composed of: (i) value of Inventories for EUR 75.1 million, attributable for EUR 50.9 million to real estate inventories (down from EUR 51.9 million in the comparison period), for EUR 13.9 million to the Design sector (EUR 16.2 million in the comparison period), for EUR 5.2 million to the Automotive sector (EUR 5.6 million in the comparison period) and for EUR 5.0 million to the Clothing sector (EUR 4, 8 million in the comparison period); (ii) sundry receivables and other current assets for EUR 47.3 million (EUR 50.2 million in the comparison period), to which the Design sector contributed for EUR 16.0 million (EUR 17.1 million as at 31 December 2019), the Nursing Home/RSA sector for EUR 12.4 million (EUR 10.4 million as at 31 December 2019), the Automotive sector for EUR 5.8 million (EUR 6.2 million as at 31 December 2019) and the Clothing sector for EUR 10.3 million (EUR 13.7 million in the comparison period); (iii) sundry payables and other current liabilities for EUR 56.4 million (EUR 54.5 million in the comparison period), to which the Design sector contributed for EUR 18.3 million (EUR 20.0 million asat 31 December 2019), the Nursing Home/RSA sector for EUR 16.3 million (EUR 12.7 million as at 31 December 2019), the Automotive sector for EUR 8.0 million (EUR 7.4 million as at 31 December 2019) and the Clothing sector for EUR 4.3 million (EUR 6.6 million in the previous year).

The **net invested capital** is consequently equal to EUR 478.5 million (EUR 488.9 million as at 31 December 2019) and includes, as previously explained, EUR 196.2 million relating to rights-of-use recorded pursuant to IFRS16 standard. The invested capital is financed for EUR 240.6 million by net equity (EUR 237.0 million in the comparison period) and for EUR 237.9 million by net financial position (EUR 251.9 million as at 31 December 2019), also influenced by the IFRS 16 application (EUR 217.4 million of financial payables for leases).

Equity pertaining to the Group amounts to EUR 221.7 million (EUR 220.1 million as at 31 December 2019), while the non-controlling interests amount to EUR 18.9 million (EUR 16.9 million as at 31 December 2019) .

As a result of the described trend in consolidated economic and financial statement figures, the **net financial position** amounts to negative EUR 237.9 million (EUR 251.9 million as at 31 December 2019). A detailed breakdown of the item is shown below. As explained earlier, the debt level is substantially attributable to the application of IFRS 16 standard, which led to the recognition, as at 31 December 2020, of incremental financial payables for EUR 217.4 million. Net of such component, the net financial debt equals EUR 20.5 million, in improvement against previous EUR 45.7 million, which is due to important financial resources generated by the industrial subsidiaries and to valorisation of non-core assets (to be mentioned the proceeds from the sale of a real estate component of the Pogliano Milanese Nursing Home/RSA to the Primonial fund and the divestment of a minority interest in SIA held by the Parent Company, only partially offset by the significant investments envisaged by the business plan of Gruppo Zaffiro.

Statement relating to Net Financial Position

(Thousand of EUR)	**31.12.2020**	**31.12.2019**
Cash	100	103
Oher cash and cash equivalents	127.154	173.062
Securities held for trading	-	-
Current liquidity	**127.254**	**173.165**
Current financial receivables	**7.551**	**25**
Bank loans and borrowings	(65.005)	(71.805)
Bonds	(79.898)	(131.397)
Other financial payables	(227.824)	(221.918)
Financial debt	**(372.728)**	**(425.120)**
Net financial position	**(237.923)**	**(251.930)**
- of which IFRS16 financial liabilities	*(217.411)*	*(206.182)*
Net financial position before IFRS 16	**(20.512)**	**(45.748)**

Main significant events of the year

The spread of the Covid-19 emergency and regulatory interventions

Starting from January 2020, the national and international scenario were impacted by the spread of the Coronavirus (COVID-19) and by the consequent restrictive measures, for its containment, put in place by the public authorities of the countries concerned.
Specifically in Italy, the resolution of the Council of Ministers declared the state of emergency on 31 January 2020 and during the month of Febuary the spread of the virus was recorded on the country scale.
In order to tackle the emergency, the Italian Government issued a series of decrees envisaging urgent measures to face the epidemiological emergency (COVID-19).
Given these exceptional circumstances, with no historical precedents, the international and monetary authorities issued ad-hoc provisions aimed at addressing economic uncertainties arising from the Covid pandemic.
The European Securities and Markets Authority (ESMA) released a series of publications, with the aim of providing information to issuers regarding information disclosures to the market.
CONSOB also issued some recommendations on the subject of financial markets and financial issuers.
In addition, on 29 May 2020, the International Organization of Securities Commissions (IOSCO), an international supervision body for financial markets, also encouraged financial issuers to disclose information regarding the impacts of Covid-19, in order to deliver useful elements to the market promoting informed investment decisions and thus ensuring a proper functioning of the capital market. In continuity with the recommendations of ESMA and CONSOB, IOSCO urged the issuers to provide exhaustive information on how Covid-19 impacted their performance, financial situation and cash flows and on how their corporate strategy and objectives were adjusted in order to address and mitigate the impacts of the pandemic.
Later, on 20 November 2020, IOSCO reported on how the health crisis impacted behaviours of companies and investors, highlighting an increase, due to a greater market volatility, of high-risk product offers and a greater vulnerability of investors. The report provided recommendations to regulators and suggested measures to be implemented in order to face and counteract the difficulties arising from the Covid-19 pandemic.

Covid-19: response of the Group

In light of this situation, the Group not only implemented, from the outset, all necessary measures to guarantee employees' safety, but also adopted, whenever possible, procedures of remote working in order to reduce the risk of contagion and to ensure the continuity of the business operations.

In the Nursing Home/RSA sector, which services are qualified as "essential", the local unit facilities and their personnel played an active role in fighting the pandemic directly by both assisting resident patients and by supporting the public health system that was predominantly involved in treating patients infected by the virus.
Nursing Home/RSA units were strongly committed and provided for: the application of safety protocols developed by the national institutions and by the Ministry of Health; the purchase of specific equipment and Personal Protective Equipment for the personnel, the implementation of provisions on visitors' behaviour at the nursing facilities, on the stay of the resident patients and on operation procedures for the care staff, ensuring their necessary training as well.
In addition, means of electronic communication were adopted in order to establish a direct channel of communication with relatives to inform them about clinical conditions of their resident patients.
After the pandemic peak in the months of March and April, very strict protocols were kept in place and permitted, at first, to safely resume visits of relatives and friends to patients residing at the nursing facilities.
Subsequently, however, due to the second wave of Covid-19 in October, the access of external visitors was prohibited again in order to safeguard the health of both employees and resident patients.
A series of new provisions and guidelines, as well as their periodic updates, followed afterwards, allowing a safe resumption of visits and providing indications on new admissions, which are still under quota to date. Currently, the Nursing Home/RSA units are beginning to witness the first positive effects of Covid-19 vaccination carried out during the first months of 2021, which determined a decreased incidence of the illness in terms of isolated patients and death cases.

For other companies, in particular, those exposed to "retail" trends and/or providing "non-essential" goods and services (and therefore hit hardest by the containment measures), specific measures were applied, aimed at monitoring and organising production and work flexibility, with extensive use of *remote working* when possible. Some production departments of the industrial subsidiaries were gradually closed in March 2020 and made safe. Due to such production shutdowns, some Group companies resorted, whenever the conditions were met, to measures set forth by the government decrees.
Following the post lockdown resumption of operations, the utmost priority became the customers' safety and the stores were prepared to satisfy the needs of consumers, focusing therefore on human factor and new digital technologies wherever possible; the Group companies were able to meet the maximum hygiene and safety conditions and also evaluated the most appropriate ways to review their business model in order to adapt it to this new normality.

The Design sector relating to the bathroom design segment, restarted positively already at the end of 2020. In fact, after the production shutdown in the first months of the health emergency, the demand followed a growing trend. The sector also benefited indirectly from an increase in real estate renovations driven by tax incentives introduced in the aftermath of the pandemic. This fact is confirmed by revenue data and customer orders as at the end 2020/beginning 2021 made by the Group companies, which start to benefit from results obtained through important corporate restructuring and optimisation processes which are promoted by the Mittel management, especially with reference to Galassia.

The Clothing sector, in counter-trend, registers a slow return to normality and the recovery of the economic cycle is slowed down due to huge impacts of COVID-19 produced on the domestic demand, value chains and import-export activities. Specifically as regards the demand, the sector in question is also heavily affected by numerous and frequent store closures imposed by government measures that were adopted during the year and still in force today. In this context, the Group continues to develop cost saving strategies to cope with fixed costs and to strengthen the channel for online sales.

The Covid-19 health emergency and the uncertainty of its duration have produced heavy direct and indirect negative effects on the global economy, financial markets and consumer confidence worldwide; the aforementioned circumstances, extraordinary in their nature and extent – despite the rapid results in vaccine development in the early 2021 – still do not permit to forecast the evolution of the events in the nearest future.

Mittel promptly initiated a careful monitoring of the external situation in order to assess and monitor all the risks and their possible impacts on the consolidated economic and financial situation, with a view to confirm the Group's ability to face uncertainties of the changed external scenario and to minimize risks deriving from the contingent situation. Despite the difficulty to estimate the impacts of the economic evolution subject to

the efficiency of recovery measures adopted by domestic and European institutions, the Group assessed the most significant effects on its future business and operations, also constantly monitoring economic, financial and equity values as well as the actual figures achieved by the Group.
The sensitivity analyses carried out, assuming also reductions in revenues in reasonable intervals, in such uncertain scenario, did not reveal significant issues in terms of impairment tests on the consolidated financial statements.

The health emergency and the consequent economic and financial crisis did not affect the overall liquidity position of the Group, which remained solid and stable. In the course of FY2020, even during the peak of the pandemic, all indicators and analyses on the adequacy of liquidity resources have shown wide safety margins. Mittel Group confirms its solidity, having suffered very limited patrimonial effects and showing a solid financial and operational resilience, with no need nor requests for new financing from the industrial subsidiaries, except for development projects already planned. The company even proceeded, in July 2020, to a voluntary early repayment of a significant portion of the bond issued by the Parent Company.

At present, taking into account the solid capital, economic and liquidity indicators and the specific as well diversified business areas of the Group's operations, there are no elements that could jeopardize the operational continuity of the Group; it is also believed that, thanks to the measures put in place by the Italian Government and to the prompt reaction of the Group in terms of cost containment, the Group will be able to absorb the inevitable negative impacts on its production and commercial operations and to maintain medium-long term perspectives as regards the valorisation of the investments held.

Governance and corporate events

On 26 June 2020, the Shareholders of Mittel S.p.A., met through telecommunication means, in line with the option provided for by art. 106, paragraph 2, Law Decree 18/2020, converted into Law no. 24/2020 – resolved to:

- approve the Directors' Report on Operations and the Financial Statements for the year ended 31 December 2019, as well as the proposal to carry forward the profit for the year of EUR 9.204.063;
- approve, pursuant to Article 123-ter, paragraphs 3-bis and 3-ter, of Legislative Decree 58/1998 (TUF), Section I of the Report on Remuneration Policy and Remuneration paid, concerning the remuneration for the year 2020 and the related adoption and implementation procedures; the Shareholders' Meeting, pursuant to Article 123-ter, paragraph 6, of the TUF, also voted in favour of Section II of the aforesaid Report concerning the remuneration paid in the year 2019, indicated therein.
- confirm Gabriele Albertini as Board Director until the approval of the Financial Statements as at 31 December 2021 recognizing him the same emolument included in the total amount determined by the Ordinary Shareholders' Meeting on January 28, 2019

The Board of Directors confirmed that Gabriele Albertini possessed requirements of independence and integrity as established by TUF, and that he would continue to serve as member of the "Committee for Related-party Transactions" and of the "Remuneration and Appointments Committee".

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On 22nd July 2020, the Board of Directors of Mittel S.p.A. resolved to adapt the Articles of Association to the regulatory provisions introduced by Law no. 160/2019, which introduced changes to the TUF and to the Issuers' Regulations regarding the allocation criteria to ensure gender balance on the composition of the Board of Directors and the Board of Statutory Auditors.
The Board of Directors of Mittel S.p.A. resolved specifically to amend articles 15.7 and 31.4 of the Articles of Association.

Additional significant events

On 30th June 2020, Gruppo Zaffiro sold the real estate property in a previously developed Pogliano Milanese nursing home/RSA. The operation produced a significant capital gain and was part of an important agreement with the French real estate fund Primonial signed in June 2019. It is worth reminding that the agreement with Primonial fund allows Gruppo Zaffiro to accelerate its growth plans which aims to achieve 5,000 beds in the coming years through a growth strategy based on careful research and selection of excellent unit facilities.

On 23rd July 2020, the Board of Directors of Mittel, having carefully and positively assessed: (i) significant liquid assets present in Mittel S.p.A. and in controlled companies; (ii) achieved success in asset management and recovery activities for non-strategic real estate inventories and credit receivables; (iii) cash generated by industrial subsidiaries, despite an extremely complex economic context deriving from the Covid-19 health emergency and the consequent impacts on consumption and industrial activities; (iv) no need of financing for the industrial subsidiaries in terms of additional loans (from banks or from the parent company Mittel) to be attributed to the described emergency context; resolved to proceed with a partial voluntary early repayment of the "Mittel S.p.A. 2017-2023 "(ISIN code IT0005257784) for a nominal amount of EUR 50.6 million out of total EUR 129.5 million. This resolution approved by the Board of Directors in a context which was characterised by significant requests for liquidity not only from the majority of the industrial and commercial system, but also from Sovereign States themselves, represents a strong sign of confidence of the Group management regards the solidity of the economic and financial position of the company and of its industrial subsidiaries.

During the months of February and April 2020 Mittel Design S.r.l. sent requests for price adjustments to the sellers of Galassia S.r.l. in relation to some issues concerning the warehouse inventories, unpaid receivables and other charges emerged during FY2019 but pertaining to FY2018. During the months following the request, an in-depth analysis, also with the help of specialised consultants, was carried out both on receivables and the warehouse inventories subject to the requested price adjustment, and helped to bring the positions of the parties closer. In July, a settlement agreement was reached through the recognition of an amount equal to EUR 1,023,220 in favour of Mittel Design S.r.l. The agreement is principally due to the decision to continue the virtuous collaboration with Galassia S.r.l. undertaken in recent months, in a spirit of alignment of interests and harmony with the company top management. It is worth reminding that two of the shareholder sellers still hold minority interests and serve as Chief Executive Officer and Commercial Director in the company.

On 3rd August 2020, the CEO of Disegno Ceramica S.r.l., Marco Carabelli, holder of a 20.00% interest in the company share capital, exercised his right for irrevocable put option against Mittel Design S.r.l., at the pre-established price of EUR 440,000 equal to 5.00% of the share capital of Mittel Design S.r.l. The exercise of this option represented the execution of the last phase of the acquisition of this investee company and was already designed at the structuring of the transaction itself as a price component extended over time and dedicated exclusively to the minority shareholder.

On 21st September 2020, Mittel Investimenti Immobiliari S.r.l. implemented the agreement signed with a Como-based company Nessi & Majocchi S.p.A. regards the increase of the share capital of Regina S.r.l. entirely reserved to the mentioned Como-based company through contribution in cash. To date, 70% of the share capital of Regina S.r.l. is owned by Mittel Investimenti Immobiliari S.r.l. and 30% by Nessi & Majocchi S.p.A. This operation is prodromal to the construction of a residential building on the site in Como, via Regina Teodolinda n. 23, of about 3,000 square meters of gross floor area.

On 21st November 2020 and following the favourable resolution adopted by the Board of Directors on the same date, Mittel sold its minority interest held in SIA S.p.A., equal to 0.3% of the share capital of the latter, to a primary banking institution. The transaction, which was part of the rationalization process of the Group's non-core asset portfolio, produced for Mittel a collection of approximately EUR 11.0 million and resulted in the recognition of a positive economic effect of approximately EUR 9.6 million compared to the book value of EUR 1.4 million. The transaction represented a further step in the careful asset-per-asset management of Mittel's historical and non-strategic portfolio, with progressive recovery, at the best market conditions, of significant financial resources to be dedicated to core business. The divestment method used for the interest in SIA, in addition to the important economic capital gain, allowed to exit without bearing market and legal risks associated with the execution of the merger SIA/Nexi.

Significant events after the closing of the financial year

In relation to the provisions of IAS 10, we inform that after 31st December 2020, which is the reference date for these financial statements, and until 28th April 2021, which the date of their approval by the Board of Directors, no relevant events took place such to involve adjustments of the consolidated economic and financial figures presented.

For information purposes, it should be noted that in the first months of 2021 a non-core credit position held by the Parent Company was sold for EUR 1.1 million and a preliminary sale agreement, for EUR 2.3 million, was signed with regard to a real estate inventory held by an indirectly controlled company. Finally, a residual part of offices in Como was sold by an indirectly controlled real estate company for EUR 1.0 million. All mentioned transactions envisage conditions in line with book values of the related accounting items in the consolidated financial statements as at 31 December 2020.

Business outlook for the year

As described in other sections of this report, despite the ongoing difficult situation due to Covid-19 and the consequent restrictive measures put in place for its containment, which affect the implementation timing of some planned strategic actions, the Group however has never suspended the process of strengthening of the group subsidiaries and the research of new investment opportunities. In FY2020 ended on 31st December 2020, in particular, the Group directed its efforts towards consolidating the objectives achieved in prior years in terms of value creation for the Shareholders, having finalised in 2019, as known, other investments with high medium-long term profitability perspectives.

The Group reacted immediately to the unprecedented crisis and to numerous regulations issued by domestic and international institutions to mitigate its impact, by implementing specific activities in response to the Covid-19 contingency; in particular, the management has intensified and will continue, on a regular basis, the monitoring activities of this situation of uncertainty offered by the external scenario and in which the Group and its companies are forced to operate, with particular reference to the Nursing Home /RSA sector which suffers from the pandemic effects more than the other sectors, showing occupancy rates significantly lower than historical averages.

The evolution of Group's results is naturally correlated to sector performances of the Group strategic shareholdings and to the performance of the real estate and financial market sectors, which evolution determines returns on some residual assets (in continued disposal) managed by non-industrial companies. However, as it clearly emerged from the analysis of the financial data, the strong solidity showed by the Group during the year events permitted to reduce the capital impacts, which were very limited, and to highlight the Group’s strong financial and operational position, with limited negative impacts on the economic results, despite heavy emergency impacts on the commercial and industrial activity during the first lockdown (particularly in March and April) and the pandemic resurgence in the second half of the year, which produced significant impacts on some operating sectors, that suffered the most from these emergency impacts and from the closures of retail activities, which happened to occur in decisive months of the year for some of the sectors where characteristic seasonality factors are to be considered. Furthermore, it is important to underline that the Group's economic and financial solidity has also guaranteed strong autonomy in terms of support of the operational and development needs of the Group.

Therefore, if the hoped-for acceleration of the vaccination campaign is achieved, as expected, in the coming months, and the domestic and international authorities eventually adopt new economic measures to support the final recovery of the economic activities, the outlooks for the year would show a progressive improvement and the Group's results of the coming months could better reflect the growth process engaged in the Design and Nursing Home/RSA sectors and a progressive recovery of the Clothing sector as well.

More specifically, the following important aspects are highlighted:

- order and sale trends in the months following FY2020 confirm the first signs of recovery which was already recorded, after the closures of the second quarter, in the Bathroom Furnishings sector in the second half of 2020;
- the Nursing Home /RSA sector, which currently registers lower occupancy rates compared to the historical averages, is expected to start the awaited recovery as soon as the post-Covid regulatory limitations on new admissions cease to apply and as soon as the competitive pressure of the public facilities with current great availability of beds will start to decrease; these two factors indeed explain lower averages in occupancy rates at Zaffiro nursing units in 2020 that are also persisting in the first months of 2021;
- continuous reduction of holding costs has already produced and will continue to produce a significant positive effect also in future, specifically as regards a voluntary partial early repayment - in August 2020 – of the bond maturing in 2023, together with a full repayment – in July last year – of another bond loan, which was previously outstanding;
- we are confident that the intense activity of direct ‘asset-per-asset’ management of every real estate inventory or receivables held for sale will also make a significant and positive contribution during the current year to the continuous improvement of the Group's net financial position.

As already described in detail, the Group management continues to protect the Group by implementing actions aimed at mitigating potential negative effects on the results of the year and focusing on the reinforcement of the existing investments. In conclusion, the management confirms that, compatibly with the uncertainty due to the duration of the aforesaid situation and in accordance with actions taken to contain its negative effects, both the process of consolidation of the existing investments and the strategies for further development will be continued also in the coming months, with a long-term objective to create value for all the Shareholders.

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Economic and financial summary of the Parent Company Mittel S.p.A.

The Company closed the financial statements as at 31 December 2020, with a loss of EUR 1.7 million (net profit of EUR 9.2 million as at 31 December 2019).

The result for the year is due to the net effect of various items, among which the following are worth noting in terms of their importance and nature: (i) a significant capital gain, equal to EUR 9.6 million, recorded on the sale of the minority interest held in SIA; (ii) significant write-downs, totalling EUR 5.2 million, made on non-core assets (loans, financial assets and equity investments) as a result of strict evaluation policies applied by the Group in this particular emergency context; (iii) financial charges recognized on the bond loan, totalling EUR 5.2 million, of which EUR 2.2 million relating to the part subject to partial voluntary early repayment in August (EUR 1.2 million for interest accrued up till the date of repayment of the portion subject to repayment and EUR 1.0 million as premium for early repayment).
If we disregard these important factors, which are largely linked to the above-mentioned non-recurring phenomena, the economic performance of the holding has nevertheless benefited from the rationalisation measures implemented in prior years, resulting in general containment of operating costs and, at the same time, in continuation of the valorisation process for non-core assets in portfolio, in line with the strategy defined at the Group level and described in detail in an earlier section of this report dedicated to the performance of the Group as a whole.

The total equity amounts to EUR 212.8 million as at 31 December 2020 compared to EUR 214.5 million as at 31 December 2019 and is down for EUR 1.7 million entirely due to the effect of the result for the year.

The net financial position is positive for EUR 57.4 million (positive for EUR 49.4 million as at 31 December 2019) and is decreased for the amount of financial payables recognised as a result of IFRS 16 provisions, equal to EUR 4.4 million as at 31 December 2020. Net of this component, the net financial position would be positive for EUR 61.9 million, up for EUR 6.8 million if compared to the previous period, mainly due to the important divestment of an interest in SIA, partially offset by operating costs and financial expenses of monetary nature for the year. Please, refer to other sections of this report where detailed information is provided regards the voluntary early repayment of the bond made in August 2020 by using part of significant liquid assets held by the Parent company.

Main economic, financial and equity figures of Mittel S.p.A.

(Thousand of EUR)	31.12.2020	31.12.2019
Revenue and other income	864	4.703
Purchases, provision of services, sundry costs	(2.609)	(2.855)
Personnel costs	(2.519)	(3.123)
Net operating costs	**(4.264)**	**(1.276)**
Dividends	-	19.497
Profit (loss) from investments and financial assets	9.570	-
Operating margin (EBITDA)	**5.306**	**18.221**
Amortisation/depreciation, allocations and adjustments to non-current assets	(378)	(342)
Operating results (EBIT)	**4.928**	**17.879**
Profit (loss) from financial management	(4.022)	(3.922)
Value adjustments to investments and financial assets	(5.132)	(9.289)
Profit (loss) before taxes	**(4.226)**	**4.668**
Taxes	2.570	4.536
Net profit (loss) for the year	**(1.656)**	**9.204**

The most significant details of these items are presented below.

- **Revenues and other income:** EUR 0.9 million, in sharp decrease against EUR 4.7 million as at 31 December 2019 that were mainly due to a capital gain recorded on the property sale in Piazza Diaz 7 in Milan.

- **Purchase, provision of services, sundry costs:** EUR 2.6 million compared to EUR 2.9 million recorded as at 31 December 2019; this reclassified item includes:
  (i) provision of services for EUR 1.8 million (EUR 2.0 million as at 31 December 2019);
  (ii) sundry costs for EUR 0.8 million (EUR 0.8 million as at 31 December 2019).

- **Personnel costs:** EUR 2.5 million, in decrease against the comparison periodo (EUR 3.1 million).

- **Profit (loss) from equity investments and financial assets:** EUR 9.6 million; the item which was absent in the previous year, is entirely attributable to the aforementioned capital gain from the divestment of the interest in SIA.

- **Profit (loss) from financial management:** negative for EUR 4.0 million (negative for EUR 3.9 million in the comparison period). The item is attributable to the net effect of financial income for EUR 1.4 million (EUR 2.6 million in the previous year), mainly due to interest income accrued on financial receivables, and financial charges for EUR 5.4 million (EUR 6.5 million in the comparison period), almost entirely relating to the bond subject of the previously commented early repayment in August 2020.

- **Net value adjustments on investments and financial assets** totalled EUR 5.1 million (EUR 9.3 million as at 31 December 2019) and referred to:
  (i) Value adjustments on investments for EUR 0.3 million (EUR 8.4 million in the comparison period), entirely attributable to a write-down on the controlling interest in Earchimede S.p.A .;
  (ii) Net value adjustments of financial assets and receivables for EUR 4.8 million (EUR 0.9 million in the previous year); the item is explained for a negative EUR 1.9 million by net write-downs on financial assets, mainly due to the effect of fair value adjustment on the residual real estate mutual funds held and for positive EUR 2.9 million due to net value adjustments on financial receivables held, in order to align the valuation to rigid evaluation policies applied by the Group in this particular emergency context.

- **Taxes**: the item made a positive contribution to the income statement for EUR 2.6 million (positive contribution for EUR 4.5 million as at 31 December 2019) and is primarily explained by the effect of the recognition of the current tax benefit, totalling EUR 2.2 million, deriving the use, within the tax consolidation, of current and previous tax losses and surpluses of interest expense pertaining to the Company.

Main financial and equity figures of Mittel S.p.A.

(Thousand of EUR)	**31.12.2020**	**31.12.2019**
Intangible assets	7	17
Property, plant and equipment	4.597	6.117
- of which IFRS16 rights of use	*4.125*	*5.612*
Investments	84.370	81.295
Non-current financial assets	58.230	70.110
Assets (liabilities) held for sale	-	-
Provisions for risks, employee severance indemnity and employee benefits	(1.438)	(1.446)
Other non-current assets (liabilities)	145	160
Tax assets (liabilities)	6.221	6.575
Net working capital (*)	3.252	2.199
Net invested capital	**155.383**	**165.027**
Total equity	**(212.820)**	**(214.452)**
Net financial position	**57.437**	**49.425**
- of which IFRS16 financial liabilities	*(4.442)*	*(5.678)*
Net financial position before IFRS16	**61.879**	**55.103**

(*) Comprised of the sum of inventories, sundry receivables (payables) and other current assets (liabilities)

Property, plant and equipment, and intangible assets amounted to EUR 4.6 million (EUR 6.1 million in the previous year) and mainly refer to the rights of use recognised due to the application of IFRS 16 standard (EUR 4.1 million).

Investments amounted to EUR 84.4 million compared to EUR 81.3 million as at 31 December 2019. The increase of the item is explained by the net effect of: (i) a shareholder loan waiver for EUR 3.4 million in the IMC subsidiary, which was carried out proportionally by the two shareholders as capital reinforcement: (ii) value adjustment equal to EUR 0.3 million on the Earchimede sudsidiary.

Non-current financial assets amounted to EUR 58.2 million in contrast with EUR 70.1 million as at 31 December 2019, recording a decrease for EUR 11.9 million essentially due to the effects of:

- net decrease for EUR 8.4 million of non-current financial receivables, decreased from EUR 56.3 million to EUR 47.8 million due to a combined effect of: collections (in particular the position relating to the affiliate company Mittel Generale Investimenti is reduced to zero against EUR 3.2 million at the beginning of the financial year), the partial waiver of the IMC shareholder loan and the afore-mentioned prudential recognition of value adjustments at the end of the year;
- decrease for EUR 3.5 million in the item “other non-current financial assets”, decreased from EUR 13.9 million to EUR 10.4 million due to (i) the aforementioned divestment from SIA, booked at EUR 1.4 million at the beginning of the year, (ii) further collections for EUR 0.2 million and (ii) net reductions due to fair-value evaluations for EUR 1.9 million.

Provisions for risks, employee severance and employee benefits amount to EUR 1.4 million and are essentially in line with the previous year. In particular, at 31 December 2020, this item was composed of provisions for personnel for EUR 1.1 million and of provisions for risks and charges for EUR 0.3 million.

The item **Tax assets** amount to EUR 6.2 million in comparison with the EUR 6.6 million of the previous year. The item essentially comprises: (i) current tax assets for EUR 0.1 million, in further reduction compared to EUR 0.6 million in the previous period due to final offsettings done by the Company during the reporting period (after significant intra-group sales carried out in recent years in favour of subsidiaries and meant to be used subsequently for offsetting purposes by the latter); (ii) deferred tax assets of EUR 6.1 million (EUR 6.0 million in the comparison period), recorded in recent years due to the addition of new subsidiaries with significant taxable income into the consolidated tax perimeter, which will allow to recover latent tax benefits, mainly represented by considerable previous tax losses and by interest expense accrued in prior years and carried forward by the Company.

Net working capital was positive for EUR 3.3 million (EUR 2.2 million in the previous year), recording an increase of EUR 1.1 million. The reclassified item is due to the net effect of: (i) sundry receivables and other current assets for EUR 8.0 million (EUR 7.4 million in the comparison period), mainly explained by receivables from subsidiaries (mainly tax items, largely attributable to receivables from Group tax consolidation or Group VAT); ii) sundry payables and other current liabilities for EUR 4.7 million (EUR 5.2 million in the previous year), largely represented by trade payables and intragroup fiscal items (for tax consolidation or Group VAT).

Total equity amounts to EUR 212.8 million in comparison with EUR 214.5 million as at 31 December 2019, in decrease for EUR 1.7 million, corresponding to the loss for the year.

Net financial position is positive for EUR 57.4 million (positive for EUR 49.4 million as at 31 December 2019) and is decreased for the amount of financial payables recognised as a result of IFRS 16 provisions, equal to EUR 4.4 million as at 31 December 2020. Net of this component, the net financial position would be positive for EUR 61.9 million, up for EUR 6.8 million if compared to the previous period, mainly due to the important divestment of an interest in SIA, partially offset by operating costs and financial expenses of monetary nature for the year. Please, refer to other sections of this report where detailed information is provided regards the voluntary early repayment of the bond made in August 2020 by using part of significant liquid assets held by the Parent company.

In terms of composing items, the following table provides a breakdown of the changes in amounts included in the company's net financial position.

Statement relating to the net financial position

(Thousand of EUR)	**31.12.2020**	**31.12.2019**
Cash	8	7
Other cash and cash equivalents	89.015	137.800
Securities held for trading	-	-
Current liquidity	**89.023**	**137.807**
Current financial receivables	**52.753**	**48.693**
Bank loans and borrowings	-	-
Bonds	(79.898)	(131.397)
Other financial payables	(4.442)	(5.678)
Financial debt	**(84.340)**	**(137.075)**
Net financial position	**57.437**	**49.425**

Attached are the consolidated financial position and income statements, as well as the financial position and income statements of Mittel S.p.A.

Proposal of the Board of Directors

The Board of Directors resolved to propose to the Shareholders' Meeting to cover the loss for the year equal to EUR 1,656,096 through the use of available reserves.

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Approval of the Corporate Governance Report and Remuneration Policy Report

The Board of Directors approved the Report on Remuneration Policy and Remuneration Paid pursuant to ex art. 123 ter TUF and the Corporate Governance Report. In this last respect, the Board of Directors, as illustrated in the aforementioned Report, resolved to conform to the provisions of the Corporate Governance Code as of January 2020 and, as part of the ongoing adjustment process to additional recommendations contained therein, resolved to entrust the Board of Directors with tasks of the Appointment Committee, which were attributed so far to the Remuneration & Appointment Committee; as a result, this advisory body changed its denomination to Remuneration Committee, while maintaining unchanged its composition and remuneration parameters of the Committee members.

The Corporate Governance Report and the Report on Remuneration Policy and Remuneration Paid pursuant to ex art. 123 ter TUF will be made available to the public within the deadlines and according to the procedures laid down in the current legal and regulatory provisions.

*** *** ***

Calling of the Shareholders' Meeting

The Board of Directors resolved to call the Shareholders' Meeting on 23 June 2021 to approve (i) the financial statements as at 31 December 2020 and (ii) the Report on Remuneration Policy and Remuneration Paid pursuant to ex art. 123 ter TUF by expressing a binding vote on Section I and an advisory vote on Section II.

MITTEL S.p.A.

Contacts

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Consolidated statement of financial position

Amounts in EUR

	31.12.2020	31.12.2019
Non-current Assets		
Intangible assets	105.844.251	105.502.192
Property, plant and equipment	260.379.491	260.556.541
- of which IFRS16 rights of use	*196.241.751*	*193.382.166*
Investments accounted for using the equity method	5.537.591	6.113.343
Financial receivables	26.977.657	33.459.672
Other financial assets	12.494.995	16.360.952
Sundry receivables and other assets	621.819	898.056
Deferred tax assets	13.684.631	11.416.804
Total Non-Current Assets	**425.540.435**	**434.307.560**
Current assets		
Inventories	75.120.684	78.514.446
Financial receivable	7.551.229	25.200
Other financial assets	-	-
Current tax assets	705.536	1.614.228
Sundry receivables and other assets	47.293.440	50.200.403
Cash and cash equivalents	127.254.003	173.165.262
Total Current Assets	**257.924.892**	**303.519.539**
Assets held for sale	-	-
Total Assets	**683.465.327**	**737.827.099**
Equity		
Share capital	87.907.017	87.907.017
Share premium	53.716.218	53.716.218
Treasury shares	-	-
Reserves	78.299.376	78.053.424
Profit (loss) for the year	1.800.314	450.118
Equity pertaining to the Group	**221.722.925**	**220.126.777**
Non-controlling interests	18.852.890	16.875.378
Total Net Equity	**240.575.815**	**237.002.155**
Non-current Liabilities		
Bonds	78.772.100	129.307.985
Financial payables	258.554.763	261.976.258
- of which IFRS16 financial liabilities	*211.275.913*	*200.908.942*
Other financial liabilities	5.854.782	5.958.197
Provisions for personnel	7.522.928	7.721.677
Deferred tax liabilities	3.286.893	9.097.541
Provisions for risks and charges	1.864.329	1.939.004
Sundry payables and other liabilities	641.582	827.339
Total Non-current Liabilities	**356.497.377**	**416.828.001**
Current Liabilities		
Bonds	1.126.279	2.089.090
Financial payables	28.319.050	19.420.424
- of which IFRS16 financial liabilities	*6.135.435*	*5.273.204*
Other financial liabilities	101.306	6.368.374
Current tax liabilities	423.946	1.643.054
Sundry payables and other liabilities	56.421.554	54.476.001
Total Current Liabilities	**86.392.135**	**83.996.943**
Liabilities held for sale	-	-
Total Net Equity and Liabilities	**683.465.327**	**737.827.099**

Consolidated Income Statement

Amounts in EUR

	31.12.2020	31.12.2019
Revenue	168.675.688	141.256.125
Other income	5.807.316	9.506.341
Variations in inventories	(3.981.547)	(14.609.172)
Costs for purchases	(60.116.441)	(39.005.149)
Costs for services	(36.428.291)	(28.870.750)
Personnel costs	(48.233.290)	(40.639.283)
Other costs	(4.328.085)	(3.492.816)
Amortisation and value adjustments to intangible assets	(16.650.808)	(14.491.755)
Allocation provisions for risks	(528.868)	(244.060)
Share of income (loss) on investments accounted for using the equity method	(95.770)	7.400
Operating Result	**4.119.904**	**9.416.881**
Financial income	1.387.159	2.207.509
Financial expenses	(15.416.905)	(14.426.130)
Dividends	-	182.525
Profit (Loss) from management of financial assets and investments	9.390.016	98.729
Value adjustments to financial assets and receivables	(5.854.070)	(1.364.495)
Profit (Loss) from trading of financial assets	(225.970)	-
Income (Loss) before taxes	**(6.599.866)**	**(3.884.981)**
Income taxes	8.372.326	4.138.344
Profit (Loss) for the year	**1.772.460**	**253.363**
Attributable to:		
Income (loss) pertaining to non-controlling interests	(27.854)	(196.755)
Profit (Loss) pertaining to the Group	**1.800.314**	**450.118**

Statement of financial position Parent Company

Amounts in EUR

	31.12.2020	31.12.2019
Non-current Assets		
Intangible assets	6.513	17.003
Property, plant and equipment	4.596.786	6.116.923
- of which IFRS16 rights of use	*4.124.870*	*5.612.010*
Investments	84.369.977	81.294.977
Financial receivables	47.832.200	56.256.725
Other financial assets	10.397.951	13.853.109
Sundry receivables and other assets	144.741	160.103
Deferred tax assets	6.104.389	6.022.408
Total Non-Current Assets	**153.452.557**	**163.721.248**
Current Assets		
Financial receivables	52.753.422	48.692.502
Other financial assets	-	-
Current tax assets	154.727	575.069
Sundry receivables and other assets	7.979.559	7.428.751
Cash and cash equivalents	89.023.415	137.807.344
Total Current Assets	**149.911.123**	**194.503.666**
Assets held for sale	-	-
Total Assets	**303.363.680**	**358.224.914**
Equity		
Share capital	87.907.017	87.907.017
Share premium	53.716.218	53.716.218
Treasury shares	-	-
Reserves	72.852.675	63.624.236
Profit (loss) for the year	(1.656.096)	9.204.063
Total Equity	**212.819.814**	**214.451.534**
Non-Current Liabilities		
Bond issue	78.772.100	129.307.985
Financial payables	4.207.388	5.544.135
- of which IFRS16 financial liabilities	*4.207.388*	*5.544.135*
Other financial liabilities	-	-
Provisions for personnel	1.113.422	1.069.661
Deferred tax liabilities	22.467	22.467
Provisions for risks and charges	324.343	376.790
Sundry payables and other liabilities	-	-
Total Non-Current Liabilities	**84.439.720**	**136.321.038**
Current liabilities		
Bond issue	1.126.279	2.089.090
Financial payables	234.530	133.602
- of which IFRS16 financial liabilities	*234.530*	*133.602*
Other financial liabilities	-	-
Current tax liabilities	15.958	-
Sundry payables and other liabilities	4.727.379	5.229.650
Total Current Liabilities	**6.104.146**	**7.452.342**
Liabilities held for sale	-	-
Total Equity and Liabilities	**303.363.680**	**358.224.914**

Income Statement Parent Company

Amounts in EUR

	31.12.2020	31.12.2019
Revenue	452.721	530.821
Other income	411.169	4.172.042
Costs for services	(1.795.958)	(2.048.789)
Personnel costs	(2.518.602)	(3.123.440)
Other costs	(813.463)	(806.436)
Dividends	-	19.496.821
Profit (Loss) from management of financial assets and investments	9.570.000	-
Amortisation and value adjustments to intangible assets	(377.682)	(341.892)
Allocation provisions for risks	-	-
Operating Margin	**4.928.185**	**17.879.127**
Financial income	1.341.418	2.583.130
Financial expenses	(5.363.314)	(6.505.049)
Value adjustments to financial assets and receivables	(4.831.973)	(874.768)
Value adjustment to investments	(300.000)	(8.414.250)
Profit (Loss) from trading of financial assets	-	-
Income (loss) before taxes	**(4.225.684)**	**4.668.190**
Income taxes	2.569.588	4.535.873
Profit (Loss) for the year	**(1.656.096)**	**9.204.063**

The Manager in charge of preparing the corporate accounting documents, Pietro Santicoli, hereby declares, pursuant to paragraph 2 of art. 154-bis of the Consolidated Law on Finance (TUF), that the accounting information contained herein is consistent with the documentary results, accounting books and underlying accounting records.