Head Office in Milan – Via Borromei n. 5
Share capital € 87.907.017 fully paid-in
Listed in the Milan Register of Companies under n° 00742640154
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PRESS RELEASE

THE BOARD OF DIRECTORS APPROVES THE CONSOLDATED HALF-YEARLY FINANCIAL REPORT AS AT 30 JUNE 2022

CONSOLIDATED REVENUES, EBITDA AND EBIT UP

- ***Group net profit*** *of EUR 0,4 million (EUR 0,2 million as at 30 June 2021).*
- ***Consolidated net revenue*** *amounts to EUR 105,5 million, a further increase compared to 30 June 2021 (EUR 95,1 million).*
- ***Accounting EBITDA*** *amounts to EUR 14,6 million (EUR 11,0 million as at 30 June 2021), influenced by the positive impact of IFRS 16, net of which EBITDA amounts to EUR 6,6 million (EUR 4,2 million as at 30 June 2021).*
- ***Group Shareholders' equity*** *equals EUR 219,5 million, down from EUR 221,7 million as of 31 December 2021 due to the accounting effect of the acquisition of the additional 10% of Ceramica Cielo.*
- ***Net financial position*** *of Mittel and of its 'holding system' is positive for EUR 38,9 million, down from EUR 43,8 million at 31 December 2021, mainly due to a disbursement related to the acquisition 10% of Ceramica Cielo's capital, partially offset by resources recovered from non-core assets.* ***Consolidated net financial position excluding IFRS 16 financial liabilities*** *is negative for EUR 28,3 million, up from EUR 24,8 million as of 31 December 2021, which also reflects financial dynamics related to the performance of the industrial sectors.* ***Consolidated net financial position including IFRS 16 financial liabilities*** *(mainly related to long-term leases present within the Nursing Home (RSA) segment) amounts to EUR 267,4 million, compared to EUR 265,8 million recorded as of 31 December 2021.*
- *The process of valuation of* ***non-core assets*** *continued throughout the reporting period, resulting in collections from real estate inventories (total sales of EUR 6,3 million against capex of EUR 1,9 million) and financial receivables (EUR 2,0 million). In addition, the sales from Regina Teodolinda-Como real estate initiative (for total EUR 9,7 million, against already collected advance payments for EUR 1,7 million) and collections from secondary initiatives for EUR 0,5 million were recorded immediately after the end of the half-yearly reporting period.*

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Milan, 28 September 2022 – In today's meeting the Board of Directors of Mittel S.p.A., chaired by Mr. Marco Giovanni Colacicco, examined and approved the Consolidated Half-Yearly Financial Report as at 30 June 2022.

Directors’ Management Report

The growth trend of the Group continued also in the first half of 2022, despite the difficult international market environment, exacerbated by the outbreak of the Russian-Ukrainian conflict. The solidity consistently demonstrated by the Group in recent years permitted the company to firmly maintain its financial and operational positions, and to limit negative impacts on the economic results of the Group as a whole.

As known, the Russian-Ukrainian conflict, which started at the end of February 2022, has determined, among others, a generalised price increases (with an unprecedented escalation of gas and electricity prices and increasing supply concerns of the raw materials, already critical since 2021), the onset of supply chain issues (also due to blocking of relations with Russia and/or sanctioned parties) and an increase in interest rates, with consequent potential impacts on industrial production and consumption trends.

The Group management immediately dedicated the utmost attention to these aspects and increased the level of monitoring on investments, in order to be able to respond to the above-described phenomena by implementing every possible measure aimed at mitigation of related risks. With reference to the industrial subsidiaries, specific measures, promptly implemented (in some cases even prior to the escalation of the situation due to the outbreak of the conflict), included the following:
- revision of price lists with the aim of preserving margins in the current inflationary scenario;
- intensification of trade activities;
- careful and active monitoring of energy and commodity prices;
- implementation of all appropriate measures to ensure the procurement of raw materials;
- improvement in purchasing planning and enlargement of the suppliers’ network.

In particular, in the **Bathroom Furnishings sector**, despite the escalation of energy, raw materials, transport and service prices in general, the investee companies significantly increased their revenues also in the first half of 2022, recording total sales of approximately EUR 40.5 million and preserving high level margins (pre IFRS EBITD equals to EUR 8.8 million). It is worth reminding that the management of the investees had been promptly addressing critical issues since 2021, also thanks to the continued support guaranteed by the Group, by constant monitoring of the market trends and by implementation of all possible measures aimed at risk mitigation. The important results achieved at June 30, 2022 continue to highlight the ability of this investment vertical to create value and are a good demonstration of the validity of the investment strategy of the Group, which is characterised by an active and direct investment management and by a strong industrial commitment in fostering the dimensional growth of the investee companies.

In the first half of 2022, the **Nursing Home (RSA) sector** reported a negative EBITDA (before IFRS 16) of EUR 1.6 million, which was influenced, in particular, by positive one-off items totalling EUR 2.5 million. Net of such non-recurring positive items, the pre IFRS EBITDA would amount to negative EUR 4.1 million (EUR 2.7 million as of June 30, 2021). This marked economic downturn, in a market context still characterised by low occupancy of the nursing facilities (even if gradually improving during the half-year and immediately after), is explained by significant development and start-up costs of the recently opened new nursing (RSA) facilities, which cannot but amplify the profit margin erosion, already significantly impacted by increases in operating costs (in energy costs in particular) which were recorded in the half-year and which are not immediately reversible on tariffs in this specific business sector.

The **Automotive sector**, after a 2021 marked by a sharp drop in OEM production (mainly as a result of shortage of electronic components) and a generalised shortage of raw materials (steel in particular), with consequent procurement and price increase concerns, faced a decidedly limited impact in the first half of 2022 despite the outbreak of the Russian-Ukrainian conflict, experiencing no negative impacts on the order backlog and on the top line in general. The subsidiary company IMC was able to obtain significant price revisions from its main customers, through intensified commercial operations and careful monitoring of energy and raw materials pricings. The combined effect of increased volumes, also thanks to new orders, and favourable price list revisions permitted the IMC subsidiary to achieve half-yearly Revenues of EUR 20.6 million and pre IFRS EBITDA of EUR 2.4 million, which is significantly up compared to EUR 1.8 million in the comparison period.

The **Clothing sector**, due to the seasonality which characterises the investee Sport Fashion Service (Ciesse Piumini), will record its main profitability in the second half of the year, where the FW season revenues and principal margins are usually concentrated. However, by 30 June 2022, Sport Fashion Service recorded a turnover of EUR 5.2 million, significantly up compared to the corresponding period of the previous year, and a negative pre-IFRS 16 accounting EBITDA of EUR 0.8 million, an improvement compared to negative EUR 1.0 million of the comparison period. In addition, the half-yearly performance of Fashion Time, a corporate vehicle used for the acquisition of the Jeckerson brand, was very positive, recording a turnover of EUR 1.0 million and pre IFRS EBITDA of EUR 0.4 million, thanks to the positive performance of two outlets dedicated to valorisation of the inventories acquired together with the brand, as well as to the accrual of royalties to licensees. The sales of the warehouse inventories, which started at the end of January in the first outlet and from mid-April in the second, represent an encouraging sign for the strategic plans of the Group, which envisage, after the acquisition of the brand, the launch of new collections starting from 2023 FW season.

As for the **non-core assets** in portfolio, in line with the current difficult scenario and important results already achieved in the past, the Group continued the process of asset valorisation with the aim to generate new resources for investments. The half-yearly collections mainly regarded real estate inventories, with total sales (against EUR 1.9 million capex) amounting to EUR 6.3 million (ref. Metauro-Milano initiative), in addition to the collection of a financial receivable of approximately EUR 2 million. Immediately after the end of the half-yearly reporting period, the following sales were realised from: Regina Teodolinda-Como initiative (for a total amount of EUR 9.7 million, against advance payments already received for EUR 1.7 million) and Vimodrone-Milan initiative for the sale of three industrial buildings for a total of EUR 0.5 million.

Finally, we remind that the cost-cutting actions on the structural costs of the holding company, both operational (personnel, consultancy, etc.) and financial, were substantially completed the previous year. All cost items had been already significantly reduced in previous years, so starting from the first half of 2022, the economic data benefited from the measures implemented in 2021 for the entire reporting period. In particular, it is worth mentioning that the last partial early repayment of the 2017-2023 bond loan, was carried out in July 2021 and the resulting residual outstanding debt of EUR 15 million was channelled into real estate development operations of Gruppo Zaffiro, on which there are binding forward purchase commitments from a leading real estate fund. Apart from producing the described economic benefit, the repayment transaction represented a successful completion of the first phase of the management's intervention aimed at transforming Mittel into a solid holding company with high liquidity and four investment verticals in continuous industrial development.

The afore-described processes will further support the growth of Mittel and foster its vocation of a dynamic and efficient industrial holding company, strong focused on valorisation of investments made over the years and on creating long-term value for all shareholders.

Group Performance

The half-yearly period reported a positive net result for the Group equal to EUR 0.4 million, despite negative EUR 0.7 million resulting from the application of IFRS 16 and negative EUR 1.6 million from value adjustments on financial assets and non-core receivables. The result mainly benefited from the significant positive contribution of the Bathroom Furnishings sector (with the sector pre-IRFS-16 EBITDA of EUR 8.9 million), despite the negative profitability of the Nursing Home (RSA) sector (with pre-IFRS-16 EBITDA of EUR 1.6 million). The Automotive sector registered a positive half-yearly performance (with the sector pre IRFS 16 EBITDA equal to EUR 2.4 million), while the Clothing sector, given the seasonal nature of the investee Sport Fashion Service, will produce its profitability margins in the second half of the year.

Consolidated net revenue amounted to EUR 105.5 million, in further sharp increase compared to the corresponding period of the previous year (EUR 95.1 million), thanks to the contributions from industrial subsidiaries and from the Bathroom Furnishings companies, in particular.

Accounting EBITDA amounted to EUR 14.6 million (clearly up from EUR 11.0 million in the comparison period), being, however, influenced by IFRS 16 for positive EUR 8.0 million. Net of IFRS 16, EBITDA amounted to EUR 6.6 million, also clearly up compared with the corresponding period of the previous year (EUR 4.2 million).

Equity pertaining to the Group amounted to EUR 219.5 million as of 30 June 2022, in decrease for EUR 2.8 million compared to EUR 222.3 million as at 31 December 2021. The decrease is substantially explained by the result itself and by other comprehensive income items (positive EUR 1.0 million), as well as by the negative accounting effect of EUR 3.8 million related to a put option exercised on 10% of Ceramica Cielo (a mere comparison between the purchase price and the book value of the acquired third parties, which cannot be recognised as goodwill under IFRS).

Net financial position of Mittel and of its ‘holding system’, excluding IFRS 16 liabilities and contributions from the industrial investees, was positive for EUR 38.9 million (positive for EUR 43.8 million as at 31 December 2021). The decrease was mainly attributable to the outlay related to the put option exercised on 10% of Ceramica Cielo share capital, partially offset by resources recovered from non-core assets (particularly from real estate inventories).

Consolidated net financial debt excluding financial liabilities recognised in accordance with IFRS 16 in connection with the rights of use on leases, amounted to EUR 28.3 million, up for EUR 3.5 million compared to EUR 24.8 million as of 31 December 2021. The reporting period, apart the above-described trends in the holding system, was marked by financial trends based on the performance of the industrial sectors, with a significant positive contribution in the Bathroom Furnishings sector, temporary cash absorptions for real estate developments in the Nursing Home/RSA sector (we’d like to recall that there are forward purchase commitments from Primonial RE fund upon completion of these developments, with significant collections expected in the second half of the year) and by a loss form management for the period.

Lastly, consolidated net financial debt, including IFRS 16 financial liabilities, amounted to EUR 267.4 million, compared to EUR 265.8 million recorded at 31 December 2021. As known, this amount is significantly impacted by IFRS 16 liabilities related to ongoing leases, mainly attributable to the Nursing Home/RSA sector, which is naturally characterised by long-term leases.

Economic and Financial Summary and Group Performance Indicators

The economic, equity and financial data presented below are shown in reclassified form in order to highlight certain intermediate results and the most significant equity and financial aggregates for a better understanding of the Group operating performance. These data, although not required by IFRS/IAS, are provided in compliance with the indications of Consob Communication No. 6064293 of July 28, 2006 and CESR Recommendation of November 3, 2005 (CESR/05-178b).

The report contains indication of several financial data, deriving from the financial statements, which provide an overview of the Group’s economic and financial performance. The indication of economic details not directly inferred from the financial statements, as well as comments and evaluations added thereto, serve to better qualify certain trends in different values.

Main economic figures of the Group

(Thousands of EUR)	**30.06.2022**	**0.06.2021**
Revenues and other income	105.068	93.550
Increases (decreases) in inventories	447	1.565
Net revenue	**105.515**	**95.115**
Purchase, provision of services, sundry costs	(62.638)	(58.648)
Personnel costs	(28.270)	(25.468)
Operationg costs	**(90.908)**	**(84.116)**
Operating margin (EBITDA)	**14.607**	**10.999**
Amortisation/depreciation, allocations and adjustments to non-current assets	(8.966)	(8.363)
Operating result (EBIT)	**5.640**	**2.636**
Profit (loss) from financial management	(5.397)	(6.734)
Result of management & valuation of financial assets and receivables	(1.624)	(278)
Result from trading financial assets	(72)	-
Profit (loss) before taxes	**(1.453)**	**(4.376)**
Taxes	469	4.061
Net profit (loss) for the period	**(985)**	**(316)**
Profit (loss) pertaining to non-controlling interests	(1.393)	(504)
Profit (loss) pertaining to the Group	**409**	**188**

For a better understanding of the results, the following table shows the effect of the IRFS 16 application on EBITDA.

(Thousands of EUR)	30.06.2022	30.06.2021
Operating margin (EBITDA) post IFRS 16	**14.607**	**10.999**
Lease payments	(8.021)	(6.797)
Operating margin (EBITDA) before IFRS 16	**6.586**	**4.202**
Sale & leaseback capital gains	-	-
Operating margin before IFRS 16 with capital gains	**6.586**	**4.202**

Similarly, below is a reconciliation of the Group result that would have been recorded of IRFS 16 had not been applied.

(Thousands of EUR)	30.06.2022	30.06.2021
Profit (loss) pertaining to the Group post IFRS	**409**	**188**
Lease payments	(8.021)	(6.797)
Amortisation/depreciation	5.140	4.724
Financial expenses	4.491	4.046
Deferred tax	(487)	(549)
Profit (loss) pertaining to non-controlling interests	(421)	(552)
Ordinary profit (loss) pertaining to the Group	**1.111**	**1.060**
Sale & leaseback capital gains	-	-
Deferred tax	-	-
Profit (loss) pertaining to non-controlling interests	-	-
Profit (loss) pertaining to the Group before IFRS	**1.111**	**1.060**

Before analysing the most significant individual items in the consolidated income statement, it should be noted that the revenues and other income as at 30 June 2022 of the consolidated industrial sectors (represented by Gruppo Zaffiro S.r.l. for the Nursing Home (RSA) sector, IMC S.p.A. for the Automotive sector, by Ceramica Cielo S.p.A., Galassia S.r.l. and Disegno Ceramica S.r.l for the Design sector and by Sport Fashion Service S.r.l. and Fashion Time S.r.l for the Clothing sector) are particularly significant and amount to EUR 98.6 million (EUR 88.8 million in the comparative period), which corresponds to approximately 94% of consolidated revenues and other income (totalling EUR 105.1 million, compared to EUR 93.6 million in the corresponding period of the previous year).

In the half-yearly period, despite the negative impact of the current market environment, these industrial sectors contributed to generate a significant consolidated operating margin of EUR 14.6 million (EUR 11.0 million as of 30 June 2021), resulting from the following net contributions by sector, already been commented in other sections of the present report:

- *Design*: EBITDA of EUR 9.2 million (EUR 8.9 million as at 30 June 2021);
- *Nursing Home (RSA)*: positive EBITDA of EUR 5.0 million (EUR 2.8 million as at 30 June 2021), favourably impacted by the application of IFRS 16, which results in leases not being recognised amongst operating expenses (EUR 6.5 million as at 30 June 2022 and EUR 5.6 million over the comparison period);
- *Automotive*: EBITDA of EUR 3.1 million (EUR 2.5 million as at 30 June 2021);
- *Clothing*: EBITDA at break-even (an improvement on the negative EUR 0.8 million as at 30 June 2021);
- *Real Estate*: negative EBITDA of EUR 0.3 million (in line with 30 June 2021), with revenues of EUR 6.3 million (EUR 4.3 million in the comparison period);
- *Participations and investments*: negative EBITDA of EUR 2.3 million (EUR 2.1 million in the comparison period).

Details on the most significant items are presented here below:

- **Revenue and other income**: this reclassified item includes the financial statement items for revenue and other income and amounts to EUR 105,1 million at 30 June 2022 (EUR 93,6 million in the comparison period). This balance is the combined effect of the following factors:
  (i) recognition of Revenue for EUR 98,4 million (EUR 66,9 million al 30 June 2021); the main contributors to the item are:
    - *Design sector* (Ceramica Cielo, Galassia and Disegno Ceramica) for EUR 40,5 million (EUR 37,5 million in the comparison period);
    - *Nursing Home (RSA) sector* (Gruppo Zaffiro with subsidiaries) for EUR 25,1 million (EUR 29,4 million in the comparison period, of which, however, EUR 6,5 million can be attributed merely to the chargeback of real estate development costs);
    - *Automotive sector* (IMC) for EUR 20,6 million (EUR 15,7 million in the comparison period);
    - *Clothing sector* for EUR 5,8 million (EUR 3,5 million in the comparison period), with a contribution during a six-month period which is marked by a non significant turnover compared to annual magnitudes due to its seasonality;
    - *Real Estate sector* for EUR 6,3 million (EUR 4,3 million in the comparison period);

  (ii) recognition of other income in the amount of EUR 6.8 million (EUR 3.2 million in the comparison period), including extraordinary items of the Nursing Home (RSA) sector of approximately EUR 2.5 million.

- **Increases (decreases) in inventories:** the positive contribution of EUR 0.4 million (negative EUR 1.6 million in the comparison period) is explained by:
  i) reduction due to cost-of-sale of real estate inventories for EUR 6,0 million (EUR 4,1 million al 30 June 2021);
  ii) increase in real estate inventories due to capitalised costs and other changes for EUR 1,9 million (EUR 3,9 million as of 30 June 2021);
  iii) net increase in inventories of the Clothing sector for EUR 3,3 million (EUR 1,7 million in the comparison period)
  iv) net increase in the Automotive sector for EUR 0,5 million (net increase of EUR 0,8 million in the comparison period).
  v) net increase in the Design sector for EUR 0,7 million (net decrease of EUR 1,0 million in the comparison period).

- **Costs for purchases, provision of services, sundry costs**: the item, totalling EUR 62.6 million (EUR 58.6 million as of June 30, 2021), is strongly influenced by the operating costs of industrial subsidiaries and includes costs for purchases of EUR 36.7 million (EUR 31.2 million in the comparison period), provision of services of EUR 23.7 million (EUR 25.9 million as of June 30, 2021) and sundry costs of EUR 2.3 million (EUR 1.6 million in the comparison period). The main contributions to the item are made by:
  i) Design sector for total EUR 24,4 million (EUR 19,7 million in the comparison period);
  ii) Automotive sector for EUR 15,3 million (EUR 11,3 million in the comparison period);
  iii) Nursing Home (RSA) for EUR 10,7 million (EUR 16,0 million in the comparison period, of which EUR 6,5 million were related to the above-mentioned chargeback of costs of real estate developments);
  iv) Clothing sector per EUR 8,5 million (EUR 5,5 million in the comparison period);
  v) Parent company Mittel for EUR 1,3 million (EUR 1,2 million in the comparison period);
  vi) Real Estate sector for EUR 2,5 million (EUR 4,9 million in the comparison period), of which EUR 1,9 million to be read together with the increase in real estate inventories for capitalized costs.

- **Personnel costs**: the item totals a balance of EUR 28.3 million (EUR 25.5 million as of June 30, 2021), of which EUR 12.8 million coming from the Nursing Home (RSA) sector (EUR 10.7 million in the comparison period), EUR 10.1 million from the Design sector (EUR 9.9 million in the comparison period), EUR 3, 0 million from the Automotive sector (EUR 2.8 million in the comparison period), EUR 1.0 million relating to Parent Company Mittel (EUR 1.2 million in the comparison period) and EUR 1.3 million relating to the Clothing sector (EUR 0.8 million in the comparison period).

- **Amortisation /depreciation, allocations and adjustments to non-current assets**: the item shows a total balance of EUR 9.0 million as of June 30, 2022 (EUR 8.4 million as of June 30, 2021), mainly explained by the amortisation of the rights-of-use recognised as a result of the application of IFRS 16, amounting to EUR 5.1 million (EUR 4.6 million in the comparison period), of which EUR 3.8 million pertaining to the Nursing Home (RSA) sector (EUR 3.7 million in the comparison period) and, for the remaining part, explained by depreciation of other tangible assets held by the operating companies (Automotive sector for EUR 1.5 million, Design sector for EUR 1.3 million and Nursing Home (RSA) sector for EUR 0.9 million).

- **Profit (loss) from financial management**: a net negative balance of EUR 5.4 million (negative for EUR 6.7 million in the comparison period); the item is explained for EUR 4.5 million by the financial expenses recognized in accordance with IFRS 16 (EUR 4.2 million pertaining to the Nursing Home (RSA) sector) and for the remaining EUR 0.9 million mainly by the expenses related to the bank bond of the operating subsidiaries (EUR 0.6 million); against the comparison period, a sharp reduction in accrued interests on the outstanding portion of the bond is recorded and passes from EUR 1.5 million to EUR 0.3 million due to the partial early repayment made in July 2021.

- **Profit (loss) from management and valuation of financial assets and receivables**: this item makes a negative contribution to the consolidated income statement for EUR 1.6 million (negative contribution of EUR 0.3 million as of June 30, 2021) and, in the first half of the year, is mostly explained by adjustments to receivables, as the result of strict valuation policies applied by the Group in application of IFRS 9 in the current particular market context.

- **Taxes:** the item makes a positive contribution to the consolidated income statement for EUR 0.5 million (EUR 4.1 million in the comparison period) and is mainly explained by the net effect of: the cost for current IRAP of EUR 0.6 million, from allocation of deferred tax assets of EUR 0.8 million (of which EUR 0.5 million is to be attributed mainly to items recognized as a result of IFRS 16) and the release of deferred tax liabilities for EUR 0.3 million.

Main consolidates financial data for the Group

(Thaousands of EUR)	**30.06.2022**	**31.12.2021**
Intangible assets	109.434	109.593
Property, plant and equipment	291.632	291.751
- of which IFRS 16 rights of use	*211.688*	*214.973*
Investments	3.483	3.753
Non-current financial assets	34.722	35.898
Provision for risks, employee severance indemnity and benefits	(8.768)	(9.550)
Other non-current assets (liabilities)	456	845
Tax assets (liabilities)	17.577	16.660
Net working capital (*)	50.657	56.314
Net invested capital	**499.192**	**505.263**
Equity pertaining to the Group	(219.516)	(222.262)
Equity pertaining to non-controlling interests	(12.267)	(17.164)
Total net equity	**(231.783)**	**(239.426)**
Net financial position	**(267.409)**	**(265.838)**
- of which IFRS 16 financial liabilities	*(239.087)*	*(241.053)*
Net financial position before IFRS 16	**(28.322)**	**(24.785)**

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

The composition of the above items, in particular of Intangible assets, Property, plant and equipment, reflects the effect of acquisitions made in previous years in the Nursing Home (RSA), Design, Automotive and Clothing sectors. Conversely, the progress in divestments from non-core assets, achieved in recent years, led to reduction of the related items (equity investments, financial receivables and other non-current financial assets).

Intangible assets amounted to EUR 109.4 million (EUR 109.6 million as of December 31, 2021). This item, almost entirely attributable to goodwill and trademarks, includes EUR 39.3 million of goodwill related to the acquisition of Gruppo Zaffiro (in November 2016), a holding company of the group with the same name operating in the Nursing Home (RSA) sector, and EUR 1.1 million related to the brand value which was attributed during the purchase price allocation (completed at December 31, 2017). Additional goodwill is also attributable to the Nursing Home (RSA) sector and refers to several build-up operations carried out in prior years with reference to the acquisition of: a nursing facility branch in San Remo in March 2018 (EUR 0.5 million of goodwill), the company Villa Gisella in December 2018 with its historic nursing facility based in Florence (EUR 3.0 million of goodwill), three nursing units in Piedmont (total EUR 3.0 million of goodwill) in 2019 and a business unit of another Piedmont based nursing facility (EUR 0.8 million) acquired at the end of 2020.
Goodwill relating to the acquisition of Ceramica Cielo S.p.A. (in June 2017) amounts to EUR 5.6 million, plus additional EUR 4.3 million related to the company's trademark. Also, with regard to the Design sectort, the following goodwill is recorded for the acquisitions of: (i) Galassia S.r.l., for EUR 4.4 million, plus EUR 2.0 million for the company's trademark; (ii) Disegno Ceramica S.r.l., for EUR 2.1 million.
Additional goodwill of EUR 19.3 million is recorded in relation to the acquisition of IMC S.p.A. at the end of 2017.
The acquisition of Sport Fashion Service S.r.l., carried out in November 2019, resulted in the recognition, in continuity of values, of goodwill (for EUR 18.4 million) and trademarks (for EUR 1.8 million) recorded in the first IFRS consolidation package of the company on the date of acquisition.
Finally, the purchase value of the Jeckerson brand, amounting to approximately EUR 3.4 million, was recognized in fiscal year 2021.

Property, plant and equipment amounted to EUR 291.6 million (EUR 291.8 million as of December 31, 2021), of which EUR 211.7 million are related to the rights of use recognized as a result of IFRS 16 (EUR 191.1 million attributable to the Nursing Home (RSA) sector, characterised by long-term leases on buildings used as nursing facilities). The remaining part of the item, equal to EUR 79.9 million, is significantly influenced by the contribution of: the Automotive sector for EUR 14.1 million (including partial allocations to the press machines of IMC S.p.A. of the goodwill recognised upon acquisition), the Nursing Home (RSA) sector for EUR 42.1 million and the Design sectorfor EUR 21.6 million.

Equity-accounted investments amounted to EUR 3.5 million (EUR 3.8 million as of December 31, 2021) and refer to the equity investment held by the parent company Mittel S.p.A. in Mittel Generale Investimenti S.r.l., in decrease due to the distribution made by the investee in the half-year period.

Non-current financial assets amount to EUR 34.7 million (EUR 35.9 million as of December 31, 2021) and refer to: i) non-current financial receivables for EUR 22.7 million (EUR 23.9 million in the comparison period), explained by credit positions held by the Parent Company; ii) other non-current financial assets for EUR 12.0 million (value in line with the comparison period), mainly represented by real estate UCIs units held by the Parent Company and investment vehicle units held by Mittel S.p.A. and by subsidiary Earchimede S.p.A.

Provisions for risks, severance pay and employee benefits amounted to EUR 8.8 million (EUR 9.6 million as of December 31, 2021). Specifically, this item includes EUR 7.4 million for *Provisions for personnel* (EUR 8.1 million in the comparison period) and EUR 1.4 million for *Provisions for risks and charges* (value in line with the comparison period). The item *Provisions for personnel* mainly includes contributions from the Nursing Home (RSA) sector (EUR 2.9 million), the Design sector (EUR 2.7 million), the Parent Company Mittel S.p.A. (EUR 0.9 million), the Automotive sector (EUR 0.5 million) and the Clothing sector (EUR 0.3 million). *Provisions for risks and charges*, on the other hand, refer mainly to Mittel S.p.A. (for EUR 0.2 million), the Clothing sector (for EUR 0.3 million) and the Nursing Home (RSA) sector (EUR 0.4 million).

Net tax assets (liabilities) were a positive EUR 17.6 million (EUR 16.7 million as of December 31, 2021) and consisted of the sum of current tax assets of EUR 1.3 million (EUR 1.5 million as of December 31, 2021) and deferred tax assets of EUR 19, 7 million (EUR 18.9 million in the comparison period), offset by deferred tax liabilities of EUR 2.1 million (EUR 2.3 million in the comparison period) and current tax liabilities of EUR 1.3 million (EUR 1.5 million in the comparison period).
Net working capital amounted to EUR 50.7 million (EUR 56.3 million as of December 31, 2021). The item consists of: (i) the value of Inventories of EUR 65.6 million, EUR 35.0 million of which can be attributed to real estate inventories (EUR 39.3 million in the comparison period), EUR 14.4 million

to the Design sector (EUR 13.9 million in the comparison period), EUR 6.5 million to the Automotive sector (EUR 6.0 million in the comparison period) and EUR 9.5 million to the Clothing sector (EUR 6.2 million in the comparison period); (ii) from Sundry receivables and other current assets of EUR 50.7 million (EUR 51.8 million in the comparison period), to which the Design sector contributed mainly EUR 21.4 million (EUR 18.6 million as of December 31, 2021), the Nursing Home (RSA) sector EUR 13.0 million (EUR 14.5 million as of December 31, 2021), the Automotive sector EUR 9.0 million (EUR 6.5 million as of December 31, 2021) and the Clothing sector EUR 6.3 million (EUR 10.2 million in the comparison period); (iii) from Sundry payables and other current liabilities of EUR 65.6 million (EUR 60.7 million in the comparison period), to which the Design sector mainly contributes EUR 27.5 million (EUR 21.5 million as of December 31, 2021), the Nursing Home (RSA) segment EUR 19.4 million (EUR 15.9 million as of December 31, 2021), the Automotive sector EUR 10.0 million (value in line with December 31, 2021) and the Clothing sector EUR 6.8 million (EUR 5.5 million in the previous year).

As a result, **net invested capital** amounts to EUR 499.2 million (EUR 505.3 million as of December 31, 2021), a value that includes, as previously explained, rights of use accounted for in compliance with IFRS 16 and totalling EUR 211.7 million. The capital employed is financed by EUR 231.8 million from shareholders' equity (EUR 239.4 million in the comparison period) and EUR 267.4 million from the net financial position (EUR 265.8 million as of December 31, 2021), which is also impacted by the application of IFRS 16 (lease obligations totalling EUR 239.1 million).

Equity pertaining to the Group amounted to EUR 219.5 million (EUR 222.3 million as of December 31, 2021), while non-controlling interests amounted to EUR 12.3 million (EUR 17.2 million as of December 31, 2021).

As a result of the described developments in the consolidated equity and income figures, **the net financial position** amounted to negative EUR 267.4 million (EUR 265.8 million as of December 31, 2021). A detailed breakdown of this item is given below. As described above, the level of indebtedness is substantially attributable to the application of IFRS 16, which - as of June 30, 2022 - results in recognition of incremental financial liabilities for EUR 239.1 million. Net of such component, the financial debt amounts to EUR 28.3 million (a worsening compared to EUR 24.8 million in the previous comparison period) and has been extensively commented above.

Net Financial Position Statement

(Thousands of EUR)	**30.06.2022**	**31.12.2021**
Cash	157	135
Other cash and cash equivalents	59.331	67.425
Current liquidity	**59.488**	**67.560**
Current financial receivables	**-**	**1.963**
Bank loans and borrowings	(59.131)	(68.506)
Bonds	(15.427)	(15.426)
Other financial payables	(252.340)	(251.428)
Financial debt	**(326.897)**	**(335.361)**
Net financial position	**(267.409)**	**(265.838)**
- of which IFRS 16 financial liabilities	*(239.087)*	*(241.053)*
Net Financial position before IFRS 16	**(28.322)**	**(24.785)**

Most significant events in the reporting period

Governance and corporate events

In the meeting on June 21, 2022, held through telecommunication means, in accordance with provisions of Article 106, paragraph 4, Decree Law No. 18/2020, converted into Law No. 24/2020, which application has been extended, the Shareholders of Mittel S.p.A. unanimously resolved on the discussion topics as follows:

Directors' Report on Operations, Board of Statutory Auditors' Report, Financial Statements as of December 31, 2021

The Shareholders resolved to approve the financial statements for the fiscal year January 1, 2021 - December 31, 2021, as well as the proposal to cover the loss for the year of EUR 4,969,591 through the use of available reserves;

Report on the remuneration policy and compensation paid pursuant to Article 123 ter TUF.

On the basis of a favourable binding vote cast last December 15, 2021 on the "Remuneration Policy for the financial years 2022 – 2024", the Shareholders resolved, in an advisory manner, to express a favourable opinion on the "Remuneration paid in the FY 2021" set forth in Section II of the "Report on Remuneration Policy and Remuneration paid."

Appointment of the Board of Directors

The Shareholders' Meeting resolved to:

- set the number of members of the Board of Directors at seven;
- appoint as Board Directors in office for three fiscal years (i.e. until the date of the Shareholders' Meeting which will be called to approve the financial statements for the year ending December 31, 2024) Messrs.: Marco Giovanni Colacicco (Chairman), Michele Iori (Vice-Chairman), Anna Francesca Cremascoli, Anna Saraceno, Gabriele Albertini, Patrizia Galvagni, Riccardo Perotta, indicated in the only list filed by the Shareholder Progetto Co-Val S.p.A.; the Directors Gabriele Albertini, Patrizia Galvagni and Riccardo Perotta declared to meet independence requirements set forth in art. 148, paragraph 3 of the TUF, the Articles of Association, and the recommendations of the Corporate Governance Code;
- determine, in continuity with the remuneration already recognised during the previous term of office, the gross remuneration of the Board of Directors, in relation to the offices attributed, in EUR 140,000.00 (EUR one hundred and forty thousand/00) annually, for each of the three fiscal years of duration, delegating the distribution of this amount to the Board of Directors and giving the latter the power to attribute further remuneration for participation in the committees established within it and those for directors invested with special offices;
- exempt directors from the prohibition set forth in Article 2390 of the Civil Code.

Appointment of the Board of Statutory Auditors

The Shareholders resolved to:

- appoint the members of the Board of Statutory Auditors: Mattia Bock as Chairman, Fabrizio Colombo and Federica Sangalli as acting auditors, Giulia Camillo and Lorenzo Bresciani as alternate auditors, who will remain in office until the approval of the financial statements for the year ending December 31, 2024. These names were drawn from the only list of candidates submitted by the shareholder Progetto Co-Val S.p.A.;
- award annually the following remuneration: EUR 60,000 to the Chairman, and EUR 40,000 for each Statutory Auditor, in addition to reimbursement of expenses incurred in the performance of the office.

The Board of Directors of Mittel S.p.A., who met at the end of the Shareholders' Meeting, confirmed the Company's governance model, which foresees the establishment of an Executive Committee for operational management and which is composed of Marco Giovanni Colacicco (Chairman), Michele Iori and Anna Francesca Cremascoli.

The Board of Directors confirmed that Directors Gabriele Albertini, Patrizia Galvagni and Riccardo Perotta meet the independence requirements, as declared at the time of their election, pursuant to

Article 2 of the Corporate Governance Code (Recommendations 7 and 9) and the combined provisions of Articles 147 ter, paragraph 4, and 148, paragraph 3, TUF.

The Board of Directors also appointed the members of the Board Internal Committees, namely:

- Audit and Risk Committee: Chairman Riccardo Perotta, member Patrizia Galvagni;
- Remuneration Committee: Chairman Riccardo Perotta, member Gabriele Albertini;
- Related Parties Committee: Chairman Patrizia Galvagni, members Riccardo Perotta and Gabriele Albertini;
- Director in charge of the internal audit and risk management system: Anna Francesca Cremascoli.

and, lastly, appointed Pietro Santicoli as "Manager in charge of drafting corporate accounting documents" pursuant to Article 154-bis of Legislative Decree 58/1998 until the date of approval of the financial statements as of December 31, 2024; the appointment was made after receiving the favourable opinion of the Board of Statutory Auditors and in compliance with the requirements of honourability and professionalism set forth in current regulations and Articles of Association.

Other significant events

As provided for in the original signed agreements with respect to the exercise of the put option on the remaining 10% of the share capital of Ceramica Cielo S.p.A., Italian Bathroom Design Group S.r.l. acquired the remaining part of the share capital on March 21, 2022, thus holding 100% of the share capital of Ceramica Cielo S.p.A.

Significant events after June 30, 2022

In relation to the provisions of IAS 10, we would like to inform you that after 30th June 2022, i.e. the reporting date of the Half-Yearly Financial Report, and until 28th September 2022, i.e. the Report approval date by the Board of Directors, no events have occurred that would result in an adjustment to the reported data.

Regarding the development of the market context related to the ongoing Russian-Ukrainian conflict, please refer to the following section which contains some detailed comments.

Business outlook

The evolution of the Group results is correlated to the performance of the sectors in which the Group strategic shareholdings are operating (as well as to the evolution of the real estate market, given that the returns on residual non-core assets (held by non-industrial companies and in further disposal) are linked to the performance of the sector).

As clearly results from the analysis of the half-yearly financial data, the strong solidity demonstrated by the Group during the events induced by the current difficult market situation, permitted to contain negative impacts (decidedly limited) on equity and to maintain a solid financial and operational resilience, containing, for the time being, also negative impacts on the economic results.

The presence of diversified investments within the Group allowed to further mitigate the analysed phenomena, with important results in the Bathroom Furnishings sector supporting the Group revenues, despite the fact that problematic issues of recent years had impacted the economic performance of other Group sectors.

The outbreak of the Ukrainian conflict further exacerbated certain phenomena that had already manifested themselves during 2021. All the measures promptly put in place have so far produced important results and have been successful in containing the impacts on income results. Moreover, it is important to emphasize that the economic and financial strength of the Group also ensures strong autonomy in supporting internal operational needs and development programs.

However, the strong inflationary trends recorded in the third quarter of the current fiscal year have led to unprecedented impacts on the economic-productive fabric, and the Group's industrial subsidiaries have also suffered and may suffer significant increases in energy costs in the future. In particular, the Bathroom Furnishings sector has significant exposure to increases in gas procurement costs, although the Group's investees active in this sector have currently demonstrated a high degree of responsiveness, managing so far to effectively reverse cost increases on prices charged to customers. However, the contingency in the Nursing Home (RSA) sector is much more complex as the sector is very exposed to increases in electricity-related costs having at the same time greater difficulty, partially due to regulatory reasons, to reverse the inflationary components onto tariffs.

Therefore the Group results of the coming months – that, in addition to a clear growth in the Bathroom Furnishing sector (well manifested during 2021 and in the first half of 2022), should also reflect a gradual recovery of all other sectors of operation - might however suffer inevitable negative impacts in case the described increases in energy costs (particularly relevant in the 3rd Quarter) would persist till the end of the year.

In particular, the following important aspects are to be highlighted:

- the Bathroom Furnishings sector is expected to continue its growth reflected in excellent results achieved so far, but could suffer potential negative impacts on profitability in case the escalation of gas prices (recorded in the 3rd Quarter) continues throughout the year;
- the Automotive sector is expected to continue to benefit from the intensification of commercial activities and favourable price revisions negotiated with major OEM customers (also because of cost increases of raw materials recorded since 2021); however, the results of the second half of the year could be negatively impacted by the persistence of high electricity costs, recorded in recent months, and by uncertainty whether it could be possible to obtain a full and timely reversal of these incremental costs onto customers;
- the Clothing sector is expected to record a significant growth in sales of Sport Fashion Service, thanks to orders already acquired and to the termination of some extraordinary factors that had penalized the 2021 results; the year will also be marked by a gradual start of relaunching activities and valorisation of a recently acquired Jeckerson asset;
- In the short term, the Nursing Home (RSA) sector will still present an economic performance conditioned by lower than historical occupancy rates (albeit gradually improving), by the presence of numerous start-ups operations in their development phase and, specifically, by the negative impacts on operating costs (electricity in particular) due to the current difficult market context; the sector, in fact, has a greater difficulty in reversing inflationary components onto tariffs and may therefore register a progressive recovery only at the termination of current pandemic phenomena, that are worsened by the ongoing conflict;
- a significant positive effect will be determined by the achieved reduction in holding structural costs and interest expenses, as a result of the voluntary early repayment - in July 2021 - of a further significant portion of the bond maturing in 2023 (only EUR 15 million remain outstanding);
- we are confident that the intense activity of a direct asset-by-asset management of every real estate asset or receivable held for disposal will determine, also during 2022, a significant positive contribution to the improvement of the net financial position of the Group (we refer, in particular, to Regina Teodolinda - Como, with sales realised for EUR 9.7 immediately after the end of the 1st half-year against received advance payments for EUR 1.7 million).

In conclusion, the Group management confirms that, in line with a strongly uncertain duration of the current market sitution and within the limits of the actions put in place to contain the negative effects of the same, both the process of consolidation of existing investments as well as the implementation of strategies aimed at further development, will continue over the coming months with the aim to create long-term value for all Shareholders.

*** *** ***

MITTEL S.p.A.

Contacts

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Cosolidated Statement of Financial Position

Values in Thousands of EUR

	30.06.2022	31.12.2021
Non-current Assets		
Intangible assets	109.434	109.593
Property, plant and equipment	291.632	291.751
- of which IFRS 16 rights of use	*211.688*	*214.973*
Share of income (loss) of investments accounted for using the equity method	3.483	3.753
Financial receivables	22.720	23.933
Other financial assets	12.002	11.966
Sundry receivables and other assets	751	1.081
Deferred tax assets	19.724	18.926
Total Non-current Assets	**459.745**	**461.002**
Current Assets		
Inventories	65.560	65.258
Financial receivables	-	1.963
Current tax assets	1.263	1.520
Sundry receivables and other assets	50.699	51.793
Cash and cash equivalents	59.488	67.560
Total Current Assets	**177.011**	**188.095**
Assets hel for sale/disposal	-	-
Total Assets	**636.756**	**649.096**
Net Equity		
Share capital	87.907	87.907
Share premium	53.716	53.716
Treasury shares	-	-
Reserves	77.484	80.056
Profit (loss) for the period	409	582
Equity pertaining to the Group	**219.516**	**222.262**
Equity pertaining to non-controlling interests	12.267	17.164
Total Net Equity	**231.783**	**239.426**
Non-current Liabilities		
Bonds	15.186	15.183
Financial payables	284.777	272.211
- of which IFRS 16 financial liabilities	*230.688*	*233.060*
Other financial liabilities	5.707	5.740
Provisions for personnel	7.414	8.114
Deferred tax liabilities	2.064	2.272
Provisions for risks and charges	1.355	1.436
Sundry payables and other liabilities	294	236
Total Non-current Liabilities	**316.797**	**305.192**
Current Liabilities		
Bonds	240	244
Financial payables	20.987	41.983
- of which IFRS 16financial liabilities	*8.399*	*7.993*
Current tax liabilities	1.346	1.514
Sundry payables and other liabilities	65.602	60.738
Total Current Liabilities	**88.175**	**104.479**
Liabilities held for sale	-	-
Total Net Equity and Liabilities	**636.756**	**649.096**

Consolidated Income Statement

Values in Thousands of EUR

	01.01.2022 30.06.2022	01.01.2021 30.06.2021
Revenues	98.351	90.367
Other income	6.759	3.183
Variations in inventories	405	1.565
Purchase costs	(36.696)	(31.152)
Costs for services	(23.693)	(25.862)
Personnel costs	(28.270)	(25.468)
Other costs	(2.250)	(1.635)
Amortisation and impairment of intangible assets	(8.946)	(8.250)
Allocation provisions for risks	(20)	(113)
Operating result	**5.640**	**2.635**
Financial income	754	160
Financial charges	(6.151)	(6.894)
Value adjustments for financial assets and receivables	(1.624)	(278)
Profit (loss) from trading of financial assets	(72)	-
Income (loss) before tax	**(1.453)**	**(4.377)**
Income tax	469	4.061
Profit (loss) for the period	**(985)**	**(316)**
Attributable to:		
Profit (loss) pertaining to non-controlling interests	(1.393)	(504)
Profit (loss) pertaining to the Group	**409**	**188**

Earnings (loss) per share (in EUR)		
from continuing ordinary operations:		
- basic	0,005	0,002
- diluted	0,005	0,002

Pietro Santicoli, the manager in charge of preparing corporate accounting documents, declares hereby, pursuant to paragraph 2 Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the documentary results, books and underlying accounting records.