Head Office in Milan – Via Borromei, 5
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PRESS RELEASE

THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED FINANCIAL STATEMENTS AND THE DRAFT FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021

CONSOLIDATED REVENUES, EBITDA AND EBIT IMPROVEMENT

IMPORTANT CONTRIBUTION AND STRONG GROWTH OF THE BATHROOM FURNISHINGS SECTOR

- ***Group net result is positive*** *and equals EUR 0.6 million (profit of EUR 1.8 million as at 31 December 2020), being driven by an important positive contribution from the bathroom furnishings sector (sector EBITDA before IFRS 16 in increase by EUR 6.6 million, from EUR 9.8 million to EUR 16.4 million), that offsets the negative profit margins of the Nursing Home/RSA sector (sector EBITDA before IFRS 16 worsening by EUR 5.7 million), still suffering due to the persisting effects of the pandemic on the facilities' occupancy rates.*
- ***Consolidated net sales*** *amounted to EUR 199.0 million, up from EUR 175.9 million in 2020.*
- ***Accounting EBITDA*** *amounted to EUR 24.7 million, positively influenced by the application of IFRS 16 standard (EUR 13.6 million), net of which EBITDA amounted to EUR 11.1 million.*
- ***Group shareholders' equity*** *at 31 December 2021 amounted to EUR 222.3 million, up from EUR 221.7 million as at 31 December 2020.*
- ***Net financial position*** *of Mittel and its holding system was positive for EUR 43.8 million, in further improvement and increase if compared to EUR 38.2 million as of 31 December 2020, thanks to the positive trend in the process of recovery of financial resources from non-core assets, net of the financial impact of the acquisition of Jeckerson (equal to approx. EUR 6 million).*
- ***Net consolidated financial indebtedness*** *(excluding financial debts as per IFRS 16) equal to EUR 24.8 million, an increase of EUR 4.3 million as of 31 December 2020, which is mainly determined, net of the above described dynamics of the holding system and the positive cash generation in all sectors except the Nursing Home/RSA one, by the temporary cash absorptions of the real estate developments of the Nursing Home/RSA sector (on which there are purchase commitments upon completion of the works by the real estate fund Primonial) and by the management losses of the Nursing Home/RSA sector itself.* ***Consolidated net financial position*** *(including the effect of additional IFRS 16 liabilities related to long-term leases) is negative for EUR 265.8 million, compared to EUR 237.9 million recorded as of 31 December 2020.*
- *The valorisation of* ***non-core assets*** *continued, with significant collections in the year from real estate inventories (total sales in the year amounted to EUR 19.8 million, against capex of EUR 8.0 million), financial receivables (EUR 1.1 million) and equity investments (EUR 1.9 million). Further important collections are expected in 2022 from the Metauro and Regina Teodolinda-Como residential projects.*
- *In July 2021, a further* ***voluntary partial early repayment of the 2017-2023 bond*** *was made (after the repayment of EUR 50.6 million made in August 2020) for a nominal amount of EUR 63.8 million out of total EUR 78.9 million; the remaining EUR 15 million of the bond was used to support the growth programmes of the industrial subsidiaries, of Gruppo Zaffiro in particular, which is involved in ongoing Nursing Home/RSA's real estate developments with binding forward purchase commitments from a leading real estate fund.*

*** *** ***

Milan, 27 April 2022 - The Board of Directors of Mittel S.p.A., which met today under the chairmanship of Mr. 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 2021.

Operating performance overview

The Group's net result for the financial year is positive for EUR 0.6 million (despite a negative effect of EUR 2.2 million deriving exclusively from the application of IFRS 16). The result benefited mainly from the important positive contribution of the Bathroom Furnishings sector (with sector EBITDA before IFRS 16 up by EUR 6.6 million, from EUR 9.8 million to EUR 16.4 million), which offset negative profit margins in the Nursing Home/RSA sector (with EBITDA before IFRS 16 worsening by EUR 5.7 million), still heavily impacted by the persisting pandemic effects on the facilities' occupancy rates,, and the decreasing marginality of the Automotive sector (with EBITDA before IFRS 16 worsening by EUR 3.6 million), which suffered in the second half of the financial year several momentary order blocks related to the semiconductor *shortage*, to a sharp increase of raw material costs (the transfer of such costs to OEMs began to take effect from 2022) and an increase of energy costs especially in the final part of the financial year.

Consolidated net sales amounted to EUR 199.0 million, a strong increase compared to 2020 (when they amounted to EUR 172.0 million) thanks to the contribution from the industrial subsidiaries and from the Bathroom Furnishings companies in particular.

Accounting EBITDA amounted to EUR 24.7 million, which was, however, influenced by the positive impact of IFRS 16 in the amount of EUR 13.6 million. The IFRS 16 net EBITDA, on the other hand, amounted to EUR 11.1 million, being essentially in line with the previous result (EUR 15 million), net of the capital gain of EUR 3.8 million realised by the Nursing Home/RSA sector in that year.

The result for the year includes financial expenses on the bond loan totalling EUR 2.6 million, of which EUR 2.0 million related to the part which was subject to voluntary partial early redemption in July 2021.

On the other hand, the result benefited from an important positive contribution from tax management, mainly due to the valuation of current and deferred tax benefits as the result of the inclusion of the industrial investees acquired in recent years into the parent company's tax consolidation perimeter.

Group shareholders' equity as of 31 December 2021 amounted to EUR 222.3 million and was slightly higher than the EUR 221.7 million as of 31 December 2020, in line with the above-described revenue trend of the Group.

The net financial position of Mittel S.p.A. and of its holding system (excluding the industrial investees), was positive and equal to EUR 43.8 million, a further improvement over EUR 38.2 million as of 31 December 2020, thanks to the positive performance of the consolidated process aimed at recovering financial resources from non-core assets (mainly from real estate inventories, as well as some receivables and other financial equity investments), which has largely compensated the financial impact of the acquisition of Jeckerson (amounting to approximately EUR 6 million).

The consolidated net financial indebtedness, excluding the financial payables recognised in accordance with IFRS 16 in connection with the rights of use on lease contracts, is up for EUR 4.3 million, from EUR 20.5 million as of 31 December 2020 to EUR 24.8 million as of 31 December 2021. It is substantially determined, net of the aforementioned dynamics relating to the holding system and the positive cash generation from all sectors except Nursing Home/RSAs, by temporary cash absorption of the real estate developments of the Nursing Home /RSA sector (on which, we remind, there are purchase commitments of the Primonial real estate fund upon the completion of works) and from the operating losses of the Nursing Home/RSA sector itself.

Finally, the accounting consolidated net financial position is negative for EUR 265.8 million, compared to the EUR 237.9 million recorded at 31 December 2020. This negative evolution is significantly influenced by the representation of IFRS 16 liabilities related to new lease contracts signed during the financial year, which are attributable, like the previous ones, mainly to the Nursing Home/RSA sector, naturally characterised by long-term leases.

Group Financial Highlights

(Thousands of EURs)	**31.12.2021**	**31.12.2020**
Revenues and other income	209.811	174.483
Increases (decreases) in inventories	(10.811)	(2.475)
Net revenue	**199.000**	**172.008**
Purchases, provision of services, sundry costs	(121.822)	(100.873)
Personnel costs	(52.473)	(48.233)
Operating Costs	**(174.295)**	**(149.106)**
Operating margin (EBITDA)	**24.705**	**22.902**
Amortisation/Depreciation, allocations and adjustments to non-current assets	(17.418)	(17.180)
Inventory Value Adjustments	-	(1.506)
Share of profit (loss) from investments	-	(96)
Operating result (EBIT)	**7.288**	**4.120**
Profit (loss) from financial management	(12.863)	(14.030)
Result of management and valuation of financial assets and receivables	(802)	3.536
Result of trading in financial assets	-	(226)
Profit (loss) before tax	**(6.377)**	**(6.600)**
Taxes	4.632	8.372
Net profit (loss) for the year	**(1.745)**	**1.772**
Profit (loss) pertaining to non-controlling interests	(2.328)	(28)
Profit (loss) pertaining to the Group	**582**	**1.800**

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

(Thousands of EURs)	**31.12.2021**	**31.12.2020**
Operating margin (EBITDA) post IFRS 16	**24.705**	**22.902**
Lease payments	(14.056)	(11.782)
Operating margin (EBITDA) before IFRS 16 before capital gains	**10.649**	**10.564**
Sale & leaseback capital gains	612	3.821
Operating margin before IFRS 16 with capital gains	**11.261**	**14.941**

Similarly, a reconciliation of the Group result that would have been recorded net of IFRS 16 application, is shown here below.

(Thousands of EURs)	31.12.2021	31.12.2020
Profit (loss) pertaining to the Group post IFRS 16	**582**	**1.800**
Lease payments	(14.056)	(11.782)
Amortisazion/Depreciation	9.912	8.883
Financial charges	8.708	7.415
Deferred tax assets	(1.274)	(1.271)
Profit (loss) pertaining to non-controlling interests	(1.245)	(1.218)
Ordinary profit (loss) pertaining to the Group before IFRS16	**2.627**	**3.827**
Sale & leaseback capital gains	612	3.821
Deferred tax assets	(171)	(1.066)
Profit (loss) pertaining to non-controlling interests	(176)	(1.102)
Profit (loss) pertaining to the Group before IFRS16	**2.892**	**5.480**

Before moving onto analysis of the most significant individual items in the consolidated income statement, it should be noted that the revenues and other income of the consolidated industrial sectors as of December 31, 2021 (represented by the Nursing Home/RSA sector, headed by Gruppo Zaffiro S.r.l., the Automotive sector represented by IMC S.p.A., the Design sector, which is attributable to Ceramica Cielo S.p.A, Galassia S.r.l. and Disegno Ceramica S.r.l., and from the Clothing sector with Sport Fashion Service S.r.l.) are particularly significant and amounted to EUR 188.8 million (EUR 167.9 million in the previous year), corresponding to approximately 90% of the consolidated revenues and other income (totalling EUR 209.8 million, compared to EUR 174.5 million in the previous year).

During the financial year, despite the significant negative impact of the current market environment, these industrial sectors contributed to generate, at the consolidated level, a significant operating margin of EUR 24.7 million (EUR 22.9 million as of 31 December 2020), resulting from the following net contributions by sector:

- *Design*: EBITDA of EUR 16.8 million (EUR 10.1 million as at 31 December 2020), thanks to a steadily upward economic trend that expresses the importance of the development path undertaken and underway for the subsidiaries operating in the Bathroom Furnishings sector;

- *Nursing Home/RSA*: EBITDA equal to EUR 7.6 million (EUR 9.5 million as at 31 December 2020), positively affected by the application of IFRS 16, which resulted in non-recognition of rental fees amongst operating costs (EUR 11.6 million as at 31 December 2021 and EUR 9.5 million in the comparison period) and the recognition of additional entries for the reversal of capital gains on assets sold and leased back and the recognition of contingencies for a total of positive EUR 0.6 million (EUR 3.8 million in the comparison period). The overall economic worsening, attributable to the pandemic, is correlated, as extensively commented in other sections of this report, to the persistence of low occupancy of the operating facilities (due to large availability of beds in public nursing facilities as consequence of the pandemic), as well as to the significant presence of development and start-up costs of the recently opened Nursing Home/RSA facilities, which are characterised, in the current pandemic context, by particularly slow new patient admission flows, which amplify profit margin erosion. All these costs however express the ambitious growth project pursued by the Group in this sector, which will manifest its effects in the medium-long term, once the current negative economic situation will be over;

- *Automotive*: EBITDA of EUR 6.5 million (EUR 6.5 million as of 31 December 2020), down sharply being the sector demand strongly conditioned by an overall macroeconomic weakness, aggravated by the health emergency, which also led to a drop in OEM production (mainly as a result of a severe shortage of electronic components), as well as a generalised shortage of raw materials (steel in particular), with consequent procurement difficulties and price increases;

- *Clothing*: EBITDA of EUR 1.9 million (EUR 2.4 million in the comparison period), impacted not only by the unfavourable economic situation, but also by significant extraordinary factors (e.g., realisation of slow moving stocks and increased costs for duties and freight);

- *Real Estate*: negative EBITDA for EUR 0.2 million (negative for EUR 1.1 million as of 31 December 2020), with revenues in strong increase (EUR 20.7 million compared to EUR 5.9 million in the comparison period), mainly due to significant sales related to the residential project in Milan (Via Metauro);

- *Participations and investments*: negative EBITDA of EUR 4.2 million (negative EUR 4.4 million as at 31 December 2019), which benefited, starting from the last year, from strong reduction in holding costs implemented in previous years.

With regard to the most significant items, the following should be noted.

- **Revenues and other income**: the reclassified balance sheet item includes revenue and other income showing a balance of EUR 209.8 million as of 31 December 2021 (EUR 174.5 million in the comparison period). This balance item is the combined result of the following:
  (i) recognition of revenue of EUR 209.8 million (EUR 174.5 million as at 31 December 2020), to which the main contributions come from:
    - Design sector (Ceramica Cielo S.p.A. , Galassia S.r.l. and Disegno Ceramica S.r.l.) for EUR 73.4 million (EUR 56.0 million in the previous year);
    - the Nursing Home/RSA sector (Gruppo Zaffiro S.r.l. and subsidiaries) for EUR 63.9 million (EUR 61.4 million in the comparison period);
    - Automotive sector (IMC S.p.A.) for EUR 29.8 million (EUR 28.7 million in the comparison period);
    - Clothing sector for EUR 17.9 million (EUR 16.6 million in the previous year);
    - Real Estate sector for EUR 20.0 million (EUR 5.9 million in the comparison period);

  (ii) recognition of other income for EUR 7.2 million (EUR 9.5 million in the comparison period), mainly referring to the Design sector for EUR 4.5 million, the Nursing Home/RSA sector for EUR 0.7 million, the Real Estate for EUR 0.6 million and the Clothing sector for EUR 0.6 million.

- **Increases/(decreases) in inventories:** the negative contribution of EUR 10.7 million in the reporting period (EUR 2.5 million in the comparison period) is explained by:
  (i) reduction of costs referring to sale of real estate inventories by EUR 19.0 million (EUR 5.3 million as at 31 December 2020);
  (ii) increase in real estate inventories for capitalised costs and other changes equal to EUR 8.0 million (EUR 4.7 million as of 31 December 2020);
  (iii) net reduction of EUR 0.4 million in inventories in the Clothing sector (net increase of EUR 0.7 million in the comparison period);
  (iv) net increase in the Automotive sector of EUR 1.0 million (net decrease of EUR 0.4 million in the comparison period);
  (v) net decrease in the Design sector of EUR 0.3 million (EUR 2.2 million in the comparison period).

- **Costs for purchases, provision of services, sundry costs**: the item, which totalled EUR 121.8 million (EUR 100.9 million as of 31 December 2020), is strongly influenced by the operating costs of the industrial subsidiaries and includes: costs for purchases for EUR 66.5 million (EUR 60.1 million in the comparison period), provision of services for EUR 52.1 million (EU R46.3 million as of 31 December 2020) and other costs for EUR 3.3 million (EUR 4.3 million in the comparison period). The main contributors to the item are:
  (i) Design sector for a total of EUR 39.7 million (EUR 31.1 million in the comparison period);
  (ii) Nursing Home/RSA sector for EUR 33.3 million (EUR 30.2 million in the comparison period);
  (iii) Automotive sector for EUR 22.7 million (EUR 17.5 million in the comparison period);
  (iv) Clothing sector for the amount of EUR 14.2 million (EUR 13.1 million in the comparison period, with contributions of the last two months of the financial year);

(v) Real Estate sector for EUR 9.4 million (EUR 6.2 million in the comparison period), of which EUR 8.0 million are to be read together with the increase in real estate inventories for capitalised costs (EUR 4.7 million in the comparison period);
(vi) parent company Mittel S.p.A. for EUR 2.3 million (EUR 2.6 million in the comparison period).

- **Personnel costs**: the item shows a balance of EUR 52.5 million (EUR 48.2 million as at 31 December 2020), of which EUR 23.0 million pertaining to the Nursing Home/RSA sector (EUR 23.1 million in the comparison period), EUR 19.3 million related to the Design sector (EUR 16.1 million in the comparison period), EUR 5,5 million attributable to the Automotive sector (EUR 5.5 million in the comparison period), EUR 2.6 million relating to the Parent Company Mittel (EUR 2.5 million in the comparison period) and EUR 2.0 million relating to the Clothing segment (EUR 1.9 million in the comparison period).

- **Amortisation/depreciation, allocations and adjustments to non-current assets**: as of 31 December 2021, the item shows a total balance of EUR 17.4 million (EUR 17.2 million as of 31 December 2020), mainly explained by the amortisation of rights of use recognised as a result of the application of IFRS 16 standard, amounting to EUR 9.9 million (EUR 8.9 million in the comparison period), of which EUR 7.7 million pertaining to the Nursing Home/RSA sector (EUR 6.8 million in the comparison period); while the remaining part includes depreciation and amortisation of other *tangible assets* held by the operating companies (Automotive EUR 3.0 million, Design EUR 2.6 million and Nursing Home/RSA for EUR 1.6 million).

- **Profit (loss) from financial management** shows a negative balance of EUR 12.9 million (negative for EUR 14.0 million in the comparison period). The item is explained for EUR 8.7 million by the financial charges recognised in accordance with IFRS 16 (for EUR 8.1 million pertaining to the Nursing Home/RSA sector) and for the remaining EUR 4.2 million by the charges on financial debt (Mittel's bond loan and bank debts of the operating subsidiaries) net of interest income accrued on residual financial receivables held by the Group. In major detail, the Parent Company's contribution (amounting to EUR 1.6 million) is explained by financial income of EUR 1.0 million (mainly attributable to interest accrued on residual financial receivables held) and financial expenses for EUR 2.6 million, entirely related to the outstanding part of the bond loan which was subject, in July 2021, of a further voluntary early repayment for the portion equal to nominal EUR 63.7 million (out of total EUR 78.9 million), with a consequent elimination of related costs of about EUR 2.0 million (interests for the first half-year and redemption costs) in future periods.

- **Result of management and valuation of financial assets and receivables**: the item makes a negative contribution of EUR 0.8 million to the consolidated income statement (positive contribution of EUR 3.5 million as at 31 December 2020) and is explained by the net effect of profits from the management of financial assets and investments for EUR 0.3 million (EUR 9.4 million in the previous year, mainly attributable to the profit from the sale of SIA S.p.A. shares) and net value adjustments on financial assets for EUR 0.9 million (EUR 5.9 million in the comparison period, when significant adjustments were recorded on a real estate mutual fund, on financial assets of the investments held and on receivables, as a result of the strict valuation policies used by the Group in application of IFRS 9 in the particular emergency context).

- **Taxes**: the item makes a positive contribution of EUR 4.6 million to the consolidated income statement (EUR 8.6 million in the comparison period) and is mainly explained by the effect of (i) current IRAP costs for the amount of EUR 0.8 million; (ii) allocation of deferred tax assets for the amount of EUR 4.3 million (of which EUR 1.3 million is attributable to items recognised as a result of IFRS 16 and the remainder to the portion of tax losses for the year not recognized as current taxes and which will be reflected in the future taxable income of the Parent Company tax consolidation scheme); (iii) the release of deferred tax liabilities in the amount of EUR 1.0 million.

Group Consolidated Financial and Equity Highlights

(Thousands of EUR)	**31.12.2021**	**31.12.2020**
Intangible fixed assets	109.593	105.844
Property, plant and equipment	291.751	260.379
- of which IFRS 16 rights of use	*214.973*	*196.242*
Investments	3.753	5.538
Non-current financial assets	35.898	39.473
Provisions for risks, employee severance indemnity and employee benefits	(9.550)	(9.387)
Other non-current assets (liabilities)	845	(20)
Tax assets (liabilities)	16.660	10.679
Net working capital (*)	56.314	65.993
Net invested capital	**505.263**	**478.499**
Equity pertaining to the Group	(222.262)	(221.723)
Non-controlling interests	(17.164)	(18.853)
Total net equity	**(239.426)**	**(240.576)**
Net financial position	**(265.838)**	**(237.923)**
- of which IFRS 16 financial liabilities	*(241.053)*	*(217.411)*
Net financial position before IFRS 16	**(24.785)**	**(20.512)**

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

As detailed below, the composition of the above items, in particular that of intangible and tangible fixed assets, reflects the effects of the acquisitions made in previous years in the Nursing Home/RSA, Design, Automotive and Clothing sectors. Conversely, the progress in the process of divestment of *non-core assets* has led to a reduction in related balance sheet items (equity investments, financial receivables and other non-current financial assets) in recent years.

Intangible fixed assets amounted to EUR 109.6 million (EUR 105.8 million as at 31 December 2020). The item, almost entirely attributable to goodwill and trademarks, refers, for EUR 39.3 million, to goodwill relating to the acquisition (in November 2016) of Gruppo Zaffiro S.r.l., the head company of the homonymous group operating in the Nursing Home/RSA sector, plus EUR 1.1 million relating to the value attributed to the trademark at the moment of the purchase price allocation (completed on 31 December 2017).. 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, with regard to the Design sectort, 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 the amount of EUR 2.1 million.
Goodwill of EUR 19.3 million was also recognised in connection with the acquisition of IMC S.p.A., which took place at the end of 2017.

The acquisition of Sport Fashion Service S.r.l., completed in November 2019, entailed the recognition, based on continuity of values, of goodwill (EUR 18.4 million) and trademarks (EUR 1.8 million) recognised in the IFRS first consolidation *package* at the acquisition date.
Finally, the purchase value of the Jeckerson brand, amounting to approximately EUR 3.4 million, was recognised during the reporting period.

Property, plant and equipment amounted to EUR 291.8 million (EUR 260.4 million as at 31 December 2020), of which EUR 215.0 million related to rights-of-use recognised as a result of IFRS 16 (EUR 194.9 million attributable to the Nursing Home/RSA sector, characterised by long-term leases on real estate properties used as nursing facilities). The residual portion of the item's balance, equal to EUR 71.5 million, is significantly influenced by the contribution from the Automotive segment, equal to EUR 15.2 million (amount including the partial allocation of goodwill for moulds recognised at the time of the acquisition of IMC S.p.A), the Nursing Home/RSA sector, which contributed for EUR 38.0 million and the Design sector, which contributed for EUR 22.1 million.

Equity-accounted investments amounted to EUR 3.8 million (EUR 5.5 million as of 31 December 2020) and referred to the equity investment held by the parent company Mittel S.p.A. in Mittel Generale Investimenti S.r.l., which decreased as a result of the distribution made by the investee during the year.

Non-current financial assets amounted to EUR 35.9 million (EUR 39.5 million as of 31 December 2020) and refer to: i) non-current financial receivables for EUR 23.9 million (EUR 27.0 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 (EUR 12.5 million in the comparison period), mainly represented by real estate UCIs held by the Parent Company and by shares in investment vehicles held by Mittel S.p.A. and by Earchimede subsidiary.

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 9.6 million (EUR 9.4 million as of 31 December 2020). Specifically, as of 31 December, this item consisted of Provisions for Personnel for EUR 8.1 million (EUR 7.5 million in the comparison period) and Provisions for Risks and Charges for EUR 1.4 million (EUR1.9 million in the comparison period). The item Provisions for personnel is mainly composed of contributions from the Nursing Home/RSA sector (for EUR 2.9 million), the Design sector (for EUR 3.2 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 0.3 million). Provisions for risks and charges mainly refer to Mittel S.p.A. (for EUR 0.2 million), the Clothing (for EUR 0.3 million) and the Nrsing Homes/RSA (EUR 0.4 million) sectors.

Net tax assets (liabilities) amounted to positive EUR 15.6 million (EUR 10.7 million at 31 December 2020) and consisted of the sum of current tax assets for EUR 1.5 million (EUR 0.7 million at 31 December 2020) and deferred tax assets for EUR 18,9 million (EUR 13.7 million in the comparison period), offset by deferred tax liabilities of EU R2.3 million (EUR 3.3 million in the comparison period) and current tax liabilities of EUR 1.5 million (EUR0.4 million in the comparison period).

Net working capital amounted to EUR 56.3 million (EUR 66.0 million as at 31 December 2020). This item consists of: (i) the value of Inventories of EUR 65.4 million, attributable for EUR 39.3 million to real estate inventories (EUR 50.9 million in the comparison period), EUR 13.7 million to the Design sector (EUR 13.9 million in the comparison period), EUR 6.0 million to the Automotive sector (EUR 5.2 million in the comparison period) and EUR 6.2 million to the Clothing sector (EUR 5.0 million in the comparison period); (ii) Sundry receivables and other current assets for the amount of EUR 51.8 million (EUR 47.3 million in the comparative period), with main contributions from the Design sector for EUR 18.6 million (EUR16.0 million in the comparison period), the Nursing Home/RSA sector for EUR 14.5 million (EUR 12.4 million in the comparison period), the Automotive sector for EUR 6.5 million (EUR 5.8 million in the comparison period) and the Clothing sector for EUR 10.2 million (EUR 10.3 million in the comparison period) (iii) Sundry payables and other current liabilities equal to EUR 60.7 million (EUR 56.4 million in the comparison period), to which the Design sector contributed for EUR 21.5 million (EUR 18.3 million as of 31 December 2020), the Nursing Home/RSA sector for EUR 15.9 million (EUR 16.3 million as of 31 December 2020), the

Automotive sector for EUR 10.0 million (EUR 8.0 million as of 31 December 2020) and the Clothing sector for EUR5.5 million (EUR 4.3 million in the previous year).

As a result, **net invested capital** amounted to EUR 505.3 million (EUR 478.5 million as of 31 December 2020), which includes, as previously explained, rights-of-use recognised in accordance with IFRS 16 for a total of EUR 215.0 million. Invested capital is financed for EUR 239.4 million by equity (EUR 240.6 million in the comparison period) and EUR 265.8 million by the net financial position (EUR 237.9 million as of 31 December 2020), which is also impacted by the application of IFRS 16 (lease obligations totalling EUR 241.1 million).

Equity pertaining to the Group amounted to EUR 222.3 million (EUR 221.7 million as at 31 December 2020), while that pertaining to non-controlling interests amounted to EUR 17.2 million (EUR 18.9 million as at 31 December 2020).

As a result of the described trend in consolidated balance sheet and income statement figures, the **net financial position** amounted to EUR 265.8 million (EUR 237.9 million as at 31 December 2020). A detailed breakdown of this item is provided here below. As described above, substantially the indebtedness is to be attributed to the application of IFRS 16, which resulted, as of 31 December 2021, in the recognition of incremental financial liabilities for EUR 241.1 million. Net of this component, net financial indebtedness is equal to EUR 24.8 million, in worsening in comparison with EUR 20.5 million of the previous period (after constant and significant improvements of the past years thanks to the valorisation of *non-core assets*, which continued also during the reporting year), mainly explained by temporary cash absorptions by real estate developments in the Nursing Home/RSA sector (on completion of which, it is worth reminding, there are forward purchase commitments from the Primonial real estate fund).

Statement of Net Financial Position

(Thousands of EUR)	**31.12.2021**	**31.12.2020**
Cash	135	100
Other cash and cash equivalents	67.425	127.154
Securities held for trading	-	-
Current liquidity	**67.560**	**127.254**
Current financial receivables	**1.963**	**7.551**
Bank loans and borrowings	(68.506)	(65.005)
Bond loans	(15.426)	(79.898)
Other financial payables	(251.428)	(227.824)
Financial Indebtedness	**(335.361)**	**(372.728)**
Net financial position	**(265.838)**	**(237.923)**
- of which financial liabilities IFRS 16	*(241.053)*	*(217.411)*
Net financial position before IFRS 16	**(24.785)**	**(20.512)**

Significant events during the year

Governance and Corporate Events

On 23rd June 2021, the Shareholders of Mittel S.p.A. at the Shareholders' Meeting held through means of telecommunications in accordance with provisions of Article 106, paragraph 2, of Legislative Decree 18/2020, converted into Law n° 24/2020, resolved to:

- approve the Directors' Report on Operations and the Financial Statements as at 31 December 2020, as well as the proposal to cover the loss for the year of EUR 1,656,096 through the use of available reserves;
- approve, pursuant to Article 123-ter, paragraphs 3-bis and 3-ter, of Legislative Decree n° 58/1998 (Consolidated Law on Finance), the "Remuneration Policy for the year 2021", contained in Section I of the "Report on Remuneration Policy and Compensation Paid" (the "Report"), and the related adoption and implementation procedures;

On 16th June 2021, supported by the previously obtained favourable opinion of the Related Parties Committee, the Board of Directors of Mittel S.p.A. approved the new "Procedure for Transactions with Related Parties" in order to align it to the provisions of Consob Regulation n° 17221/2010, amended by a recent Consob Resolution n° 21624 dated 10th December 2020.

Other significant events

On 16th June 2021, Mittel's Board of Directors, after carefully and positively assessing:
(i) the significant liquidity available in Mittel S.p.A. and in the system of holding subsidiaries; (ii) the continued success achieved - even during the pandemic - in the management and recovery from non-strategic receivable and real estate assets, with the consequent generation of additional liquidity; (iii) the cash generation achieved by the industrial subsidiaries as a whole; (iv) the advisability of channelling the residual portion of EUR 15 million of the bond to support the growth programmes of the industrial subsidiaries and, in particular, of Gruppo Zaffiro S.r.l, which is involved in real estate development operations of the nursing facilities with underlying binding forward purchase commitments from a leading real estate fund;
resolved to proceed, on 28 July 2021, with a further voluntary partial early repayment of the "Mittel S.p.A. 2017 - 2023" bond loan, for a nominal amount of EUR 63.7 million out of total EUR 78.9 million. As provided for by the related Regulation, the amount subject to repayment was increased by an amount equal to one quarter of the coupon (for EUR 0.6 million), to which the interest accrued for the period 27 July 2021 - 28 July 2021 as well as the interests accrued for the period 28 January 2021 - 27 July 2021 were added and duly paid on 27 July 2021.

On 15th September 2021, Mittel S.p.A., through its controlled vehicle Fashion Time S.r.l., acquired from the Court of Bologna the ownership of the brand Jeckerson. The brand operates in the casual clothing market, in the *urban/lifestyle* segment in particular. With this acquisition Mittel S.p.A. continued its strategy of investing in companies that express the Italian craftsmanship excellence. Jeckerson will be re-launched by Mittel S.p.A. through targeted industrial and communication investments, thanks to in-depth historical knowledge of the brand and of its potential owned by Mittel's reference shareholder Mr. Franco Stocchi, who was the owner of the brand until 2008 and who greatly contributed to its success and valorisation. The acquisition of this important brand by Mittel S.p.A. aims at creating an Italian reference pole in the *urban/lifestyle* and outdoor clothing sector and is part of an investment strategy aimed at seizing the best opportunities in the sectors of *Made in Italy* which represent brands with strong growth perspectives. The development of Jeckerson envisages the creation of an omnichannel distribution model, through a strong growth in digital sales and communication channels, a further strengthening of traditional distribution channels and a selective development on international markets.
The investment in Jeckerson confirms the ability of Mittel S.p.A. to create and develop investment verticals with an industrial approach. Such approach has already proved to be particularly successful in the design/bathroom furnishings sector and is expected to be winning also in the Nursing Home/RSA sector in the future.
The total investment for the acquisition of Jeckerson, entirely financed by own means of Gruppo Mittel, amounted to a total of EUR 5 million plus VAT.

On 22nd October 2021, on the basis of the favourable opinion of the Related Parties Committee dated 18th October 2021 which qualified the transaction with related parties as that of minor significance, Blue Fashion Group S.p.A. and Corporate Value S.r.l. each acquired 5% of the share capital of Fashion Time S.r.l. and the related shareholder loans previously provided by the sole shareholder Curae Group S.r.l. in order to provide Fashion Time S.r.l. with the financial provision for the payment of the winning price of the lot including the Jeckerson brand, the relative website, the accessories and raw materials warehouse and the finished garments warehouse, for a total counter value of EUR 0.6 million.

As a result of the review process of the incentive systems, on 15th December 2021 the Shareholders' Meeting of Mittel S.p.A. voted by a binding vote in favour of the application of a variable incentive system for the medium/long-term only, which will have a duration of three years (2022-2024) ("Medium & Long-Term Policy"), in place of a short-term incentive system, which effectiveness expired at the end of the 2021 financial year. The principles and procedures for the implementation of the Medium & Long-Term Policy, applicable as from FY 2022, were set out in detail in Section I of the Report on Remuneration Policy and Compensation Paid ("Report"), submitted to the Shareholders on 15th December 2021. The Shareholders were therefore provided - in advance as regards the usual appointment for approval of the Report, coinciding, pursuant to Article 123-ter of the Consolidated Law on Finance, with the approval of the annual financial report - with exhaustive *disclosure* of the contents of the Medium & Long-term Policy. Section I describing the Medium & Long-Term Policy was presented during the Shareholders' Meeting on 15th December 2021 by highlighting changes made in comparison to the previous version which related to FY 2021 only and which was approved on 23rd June 2021.
The contents of the above-mentioned Medium & Long-Term Policy (Section I) are available on the company website at: http://www.mittel.it/corporate-governance/documenti-societari/.
The Medium & Long-Term Policy applies to members of the Board and of the Control body, as well as to managers with strategic responsibilities. The Policy describes general purpose, the bodies involved, the procedures used for its adoption and implementation and highlights variations against the previous policy approved by the Shareholders. The incentive system envisaged by the new policy is based on the disbursement of cash incentives only against a certain and measurable event, which is of interest for all shareholders, i.e. for example the sale of an investment in an industrial subsidiary with realisation of capital gain.

Significant events after the end of the financial year

In relation to the provisions of IAS 10, subsequent to 31 December 2021, the reference date of the Annual Financial Report, and until 27 April 2022, the date on which the Report was approved by the Board of Directors, no events have occurred that would lead to an adjustment of the data presented.

As it is well known, a military operation by Russia in Ukraine began on 24 February 2022, triggering a war conflict and an international crisis. The economic effects of the conflict produced a generalised increase in prices (with a sharp rise in gas and energy prices and critical issues in raw materials procurement) with consequent potential impacts on the dynamics of industrial production and consumption, as well as potential issues relating to supply chains due to blocked relations with Russia and/or sanctioned entities.

The Group's management immediately raised the level of attention to these aspects, implementing additional monitoring activities on investments, in order to respond and mitigate risks related to the described phenomena. With specific reference to the industrial subsidiaries, some measures were promptly put in place (in some cases even before the exacerbation of the situation induced by the outbreak of the conflict), such as:

- revision of price lists with the aim of preserving margins in the current inflationary scenario;
- intensification of commercial activities;
- careful and active monitoring of energy and commodity prices;
- implementation of all appropriate measures to ensure the procurement of raw materials;
- improvement in procurement planning and increasing the supplier network.

Although the outbreak of the conflict does not qualify as a subsequent adjusting event for the purposes of IAS 10, for impairment testing activities the Group has incorporated prudential forward-looking assumptions in its plans, parameter estimates, or sensitivity analyses, that are consistent, especially in the short term, with the complex economic scenario resulting from the above described phenomena.

Finally, it should be noted that on 21st March 2022, Italian Bathroom Design Group S.r.l. acquired the residual portion of the share capital and currently holds 100% of Ceramica Cielo S.p.A.

Business outlook for the current year

The evolution of the Group results is, of course, related to the performance of the sectors in which the strategic shareholdings operate (as well as to the evolution of the real estate and financial markets, to which the returns from the remaining non-core activities (in progressive reduction) are linked and that are managed by the non-industrial companies).

As clearly emerges from the analysis of the financial data, the solidity demonstrated by the Group in the face of the events induced by the current difficult market situation permitted to limit the equity impacts, decidedly contained, and to show a solid financial and operational resilience, containing the negative impact on the economic results.

The presence of diversified investments within the Group allowed to mitigate the impact of the above phenomena. The excellent results from the bathroom furnishings sector supported the Group income results, despite the economic performance of some of the Group's operating sectors conditioned by the health emergency over the last two years.

Also it is important to emphasise that the Group's capital and financial strength guarantee a strong autonomy in supporting operational needs and development programmes.

The outbreak of the conflict in Ukraine, analysed more extensively in the section "Significant events after the end of the financial year" (to which we refer for completeness of analysis and greater details), exacerbated certain phenomena that had already manifested during 2021 (especially in the latter part of the year).

However, all the measures put promptly in place (detailed in the afore referred section) are already producing important results and should prove successful in containing negative impacts on the expected outlook of the year.

Therefore, the Group's results in the coming months should reflect not only the outcomes of the growth process initiated in the Bathroom Furnishings sector (already tangible in 2021), but also a gradual recovery in other operating sectors.

In particular, the following important aspects should be highlighted:

- Bathroom Furnishings sector, despite tensions on energy costs, is expected to continue along the growth path to be reflected in excellent results;
- Automotive sector is expected to show an improvement, due to the resolution of some issues that affected the 2021 results and, in particular, due to a successful negotiation of price increases obtained in early 2022 with major OEM customers in order to compensate the increase in raw material costs recorded in 2021;
- Clothing sector is expected to record a significant growth in sales of Sport Fashion Service, thanks to orders already acquired and to elimination of some extraordinary factors that penalised the FY2021 results; the year will also register a gradual start of activities aimed at relaunching and enhancing the value of the recently acquired Jeckerson asset;
- Nursing Home/RSA sector will still show, in the short term, numerous start-up operations in their development phase and lower than historical occupancy rates due to negative effects of the current economic situation. The sector, due to its intrinsic nature, has greater difficulties in adjusting prices and tariffs to inflationary components, being thus expected to register a gradual recovery when the current pandemic and Ukraine situation will finally cease;

- a significant impact will be brought about by the structural reduction achieved in holding costs and in particular in interest expenses, as a result of the voluntary early repayment - in July 2021 - of a further significant portion of the bond maturing in 2023 (which remains outstanding for only EUR 15 million);
- we are confident that the intense activity of direct asset-by-asset management of each real estate asset or receivable held for sale will result, also in 2022, in a significant positive contribution to the Group's net financial position, in continuous improvement. In particular, we expect, (i) from Metauro initiative, EUR 4.7 million of further sales in execution of preliminary contracts carried out at the beginning of 2022, against EUR 1.2 million of advances already received from purchasers); (ii) from Regina Teodolinda-Como, EUR 9.5 million of sales on the basis of preliminary contracts signed in the first half of 2022, against EUR 1.8 million od advances already received and EUR 1.8 million of finishing costs estimated prudentially).

In conclusion, the management confirms that, consistent with the uncertainty regarding the duration of the current market context and within the limits of the actions put in place to contain the negative effects of the same, the consolidation process of existing investments will continue also in the coming months, as well as the strategies of further development, with the aim of creating long-term value for all Shareholders.

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Economic and Financial Highlights of the Parent Company Mittel S.p.A.

The Company closed the financial statements as at 31 December 2021 with a loss of EUR 5.0 million (loss of EUR 1.7 million as at 31 December 2020, a year in which, however, an important capital gain had been recognised from the sale of the shareholdings in SIA).

The result for the year was affected by the net effect of several items, among which the following are worth mentioning in terms of importance and nature (i) net operating costs of EUR 4.2 million (EUR 4.1 million in the previous year), attributable to personnel costs of EUR 2.6 million, service costs of EUR 1.8 million and sundry costs of EUR 0.5 million, partially offset by revenues and other income totalling EUR 0.8 million; (ii) net write-downs totalling EUR 0.8 million (EUR 5.1 million in the comparison period), made on *non-core* assets (receivables, financial assets and equity investments) as a result of the strict valuation policies applied by the Group in the current market context; (iii) financial expenses recognised on the bond loan, totalling EUR 2.6 million, of which EUR 2.0 million related to the portion which was subject to voluntary partial early redemption in July.

Apart these important elements, largely linked to non-recurring phenomena, the *holding company*'s economic performance benefited from the rationalisation measures implemented in the past few years, which entailed a general containment of operating costs and, at the same time, the continuation of the process of valorisation of *non-core* assets present in the portfolio, in line with the strategy defined at the Group level (major details on this are available in the section describing the Group performance as a whole).

As at 31 December 2021, shareholders' equity amounted to EUR 207.9 million, in comparison to EUR 212.8 million for the year ended 31 December 2020, representing a decrease of EUR 5 million that can be entirely attributed to the effect of the result for the year.

The **net financial position** was positive for EUR 32.1 million (positive for EUR 57.4 million as of 31 December 2020) and was reduced by the financial payables recognised as a result of the provisions of IFRS 16, which amounted to EUR 4.2 million as of 31 December 2021. Without considering this component, the net financial position would have been positive for EUR 36.3 million, a decrease of EUR 25.6 million in comparison with the previous period, mainly due to the classification of the exposure of EUR 19.6 million to the subsidiary Gruppo Zaffiro amongst non-current financial receivables (outside the regulatory definition of net financial position), which in the previous period was included amongst current financial receivables and contributed for EUR 12.1 million to the item. It is also worth mentioning that the investment made for the acquisition of the Jeckerson brand amounted to approx. EUR 6 million during the year.

Financial Highlights of Mittel S.p.A.

(Thousands of EUR)	**31.12.2021**	**31.12.2020**
Revenues and other income	793	864
Purchases, provision of services, sundry costs	(2.324)	(2.609)
Personnel costs	(2.641)	(2.519)
Net operating costs	**(4.172)**	**(4.264)**
Dividends	-	-
Profit (loss) from equity investments and financial assets	200	9.570
Operating margin (EBITDA)	**(3.972)**	**5.306**
Amortisation/depreciation, allocations and adjustments to non-current assets	(213)	(378)
Operating result (EBIT)	**(4.186)**	**4.928**
Profit (loss) from financial management	(783)	(4.022)
Value adjustments on financial assets and receivables	(776)	(5.132)
Profit (loss) before tax	**(5.744)**	**(4.226)**
Taxes	775	2.570
Net profit (loss) for the year	**(4.970)**	**(1.656)**

The most significant of the above items are commented below.

- **Revenues and other income:** EUR 0.8 million, substantially in line with EUR 0.9 million in the comparison period, mainly explained by servicing activities and chargebacks to investee companies.

- **Purchases, provision of services, sundry costs:** EUR 2.3 million compared to EUR 2.6 million recognised as at 31 December 2020. In particular, the reclassified item included:
  (i) service costs for EUR 1.8 million (value in line with that as at 31 December 2020);
  (ii) sundry costs of EUR 0.5 million (EUR 0.8 million as at 31 December 2020).

- **Personnel costs:** 2.6 million euros, an amount slightly up from 2.5 million euros, but including the effect of non-recurring costs included in the item.

- **Profit (loss) from equity investments and financial assets:** EUR 0.2 million attributable to the capital gain realised from the sale of the equity investment in Mitfin S.p.A. (EUR 9.6 million in the previous year, when an important capital gain from the sale of the equity investment in SIA was recognised).

- **Profit (loss) from financial management:** negative for EUR 0.8 million (negative for EUR 4.0 million in the comparison period). The item is attributable to the net effect of financial income in the amount of EUR 2.0 million (EUR 1.4 million in the previous year), mainly attributable to interest income accrued on financial receivables, and financial expenses in the amount of EUR 2.8 million (EUR 5.4 million in the comparison period), almost entirely related to the outstanding bond loan, which was subject to the already commented early redemption transaction in July.

- **Net value adjustments on investments and financial assets:** these amounted to a total of EUR 0.8 million (EUR 5.1 million as at 31 December 2020) and refer to:
  (i) value adjustments of equity investments for EUR 0.5 million (EUR 0.3 million in the comparison period), entirely attributable to the write-down of the controlling interest in Mittel Investimenti Immobiliari S.r.l;

(ii) net value adjustments on financial assets and receivables for EUR 0.3 million (EUR 4.8 million in the previous year); the item is explained by the effect of revaluations of financial assets of EUR 0.1 million, mainly due to the effect of the *fair value* adjustment of the remaining real estate funds held and to net value adjustments on financial receivables held for EUR 0.4 million.

- **Taxes**: the item makes a positive contribution for EUR 0.8 million to the income statement (positive contribution of EUR 2.6 million as of 31 December 2019) and is mainly explained by the recognition of the current tax benefit from the utilisation within the tax consolidation of a portion of the tax loss accrued in the year.

Key financial and equity data of Mittel S.p.A.

(Thousands of EURs)	31.12.2021	31.12.2020
Intangible assets	4	7
Property, plant & equipment	4.253	4.597
- of which IFRS 16 rights of use	*3.852*	*4.125*
Investments	99.047	84.370
Non-current financial assets	66.745	58.230
Provisions for risks, employee severance indemnity and employee benefits	(1.326)	(1.438)
Other non-current assets (liabilities)	145	145
Tax assets (liabilities)	6.397	6.221
Net working capital	546	3.252
Net invested capital	**175.809**	**155.383**
Total Equity	**(207.883)**	**(212.820)**
Net financial position	**32.074**	**57.437**
- of which IFRS 16 financial liabilities	*(4.208)*	*(4.442)*
Net financial position before IFRS16	**36.282**	**61.879**

Property, plant & equipment and intangible assets amounted to EUR 4.3 million (EUR 4.6 million in the previous year) and are mainly explained by rights of use recognised as a result of the application of IFRS 16 (EUR 3.9 million).

Investments amounted to EUR 99.0 million, compared to EUR 84.4 million for the year ended 31 December 2020. The increase is explained by the effect of: (i) increases due to equity contributions to investees in the amount of EUR 4.0 million (vehicle used for the acquisition of Jeckerson); (ii) increases due to waivers of shareholder loans to strengthen the equity of subsidiaries in the amount of EUR 12.9 million; (iii) collections against distributions made by the investee company Mittel Generale Investimenti for EUR 1.6 million; (iv) an impairment loss of EUR 0.5 million recognised on the investee company Mittel Investimenti Immobiliari; (v) the sale of the investment in Mitfin, carried at EUR 50 thousand, which resulted in a capital gain of EUR 200 thousand.

Non-current financial assets amounted to EUR 66.7 million, in comparison to EUR 58.2 million for the year ended 31 December 2020, showing an increase of EUR 8.5 million, mainly due to:

- net increase for EUR 8.8 million in non-current financial receivables, which increased from EUR 47.8 million to EUR 56.6 million;
- decrease for EUR 0.3 million in other non-current financial assets, from EUR 10.4 million to EUR 10.1 million.

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 1.3 million (EUR 1.4 million in the previous year). Specifically, as at 31 December 2021, this item consisted of EUR 1.1 million of Provisions for Personnel and EUR 0.2 million of Provisions for Risks and Charges.

Tax assets amounted to EUR 6.4 million, compared to EUR 6.2 million in the previous year. The item is essentially made up of: (i) current tax assets of EUR 0.3 million (EUR 0.2 million in the comparison period); (ii) deferred tax assets of EUR 6.1 million (value in line with the comparative period), as a result of the entry of new companies with significant taxable income into the tax consolidation scope, which will allow for the recovery of additional latent tax benefits, mainly represented by the substantial tax loss carry-forwards and interest expenses accrued by the Company in previous years.

Net working capital was positive in the amount of EUR 0.5 million (EUR 3.3 million in the previous year), a decrease of EUR 2.8 million. The reclassified item is the result of: (i) sundry receivables and other current assets in the amount of EUR 4.7 million (EUR 8.0 million in the previous year), mainly explained by receivables from subsidiaries (mainly items of a tax nature, largely attributable to receivables from tax consolidation or Group VAT); (ii) sundry payables and other current liabilities in the amount of EUR 4.1 million (EUR 4.7 million in the previous year), mainly represented by payables to suppliers and intercompany items of a tax nature (for tax consolidation or Group VAT).

Shareholders' equity amounted to EUR 207.9 million, as opposed to EUR 212.8 million at 31 December 2020, a decrease of EUR 4.9 million, corresponding to the loss for the year.

Net financial position was positive in the amount of EUR 32.1 million (positive in the amount of EUR 57.4 million as of 31 December 2020) and was reduced by the financial payables recognised as a result of the provisions of IFRS 16, which amounted to EUR 4.2 million as of 31 December 2021. Without this component, the net financial position would be positive for EUR 36.3 million, a decrease of EUR 25.6 million in comparison with the previous period, mainly due to the classification of the exposure of EUR 19.6 million to the subsidiary Gruppo Zaffiro amongst non-current financial receivables (outside the regulatory definition of net financial position), which in the previous period was included amongst current financial receivables and contributed to the item for EUR 12.1 million. It is also worth mentioning that the investment made for the acquisition of the Jeckerson brand amounted to approx. EUR 6 million during the year.
In terms of items, the following table provides a breakdown of the changes in the company's net financial position figures.

Statement of Net Financial Position

(Thousands of EUR)	**31.12.2021**	**31.12.2020**
Cash	10	8
Other cash and cash equivalents	23.639	89.015
Securities held for trading	-	-
Current liquidity	**23.649**	**89.023**
Current financial receivables	**32.539**	**52.753**
Bank loans and borrowings	-	-
Bond loans	(15.426)	(79.898)
Other financial payables	(8.687)	(4.442)
Financial Indebtedness	**(24.113)**	**(84.340)**
Net financial position	**32.074**	**57.437**

The consolidated Financial Position and Income Statements, as well as those of Mittel S.p.A., are attached at the end of this release.

Proposal of the Board of Directors

The Board of Directors resolved to propose to the Shareholders' Meeting to cover the loss for the year of EUR 4,969,591 through the utilisation of available reserves.

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Approval of Corporate Governance Report and Remuneration Policy Report

The Board of Directors approved the Report on Corporate Governance and Report on Remuneration Policy and Compensation Paid Pursuant to Article 123 ter of the Consolidated Law on Finance. In this last regard, the Board of Directors expressed its opinion on Section II concerning the remuneration paid in the financial year 2021, taking into account that Section I of the Report on Remuneration Policy, containing the principles of the policy with a three-year duration (2022-2024), unchanged as of today, have already been approved in a binding manner by the Shareholders at the Shareholders' Meeting of 15 December 2021.

The Corporate Governance Report and the Report on Remuneration Policy and Remuneration Paid Pursuant to Article 123 ter of the Consolidated Law on Finance will be made available to the public in the manner and within the timeframe established by law and by regulatory provisions in force.

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Convocation of the Shareholders' Meeting

The Board of Directors resolved that the Shareholders' Meeting is to be called on 21st June 2022 (i) to approve the annual financial report, (ii) to express a non-binding vote on Section II of the report on the remuneration policy and compensation paid pursuant to Article 123 ter TUF; (iii) to appoint the Board of Directors, after having determined the number of its members and their remuneration; (iv) to appoint the Board of Statutory Auditors and its Chairman, as well as determine their relevant remuneration.

MITTEL S.p.A.

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Consolidated Statement of Financial Position

Amounts in EUR	31.12.2021	31.12.2020
Non-Current Assets		
Intangible assets	109.592.631	105.844.251
Property, plant & equipment	291.750.568	260.379.491
- of which IFRS 16 rights of use	*214.972.970*	*196.241.751*
Investments accounted for by using the equity method	3.753.000	5.537.591
Financial receivables	23.932.539	26.977.657
Other financial assets	11.965.928	12.494.995
Sundry receivables and other assets	1.081.002	621.819
Deferred tax assets	18.925.932	13.684.631
Total Non-Current Assets	**461.001.600**	**425.540.435**
Current Assets		
Inventories	65.257.947	75.120.684
Financial receivables	1.962.521	7.551.229
Other financial assets	-	-
Current tax assets	1.520.429	705.536
Sundry receivables and other assets	51.793.499	47.293.440
Cash and cash equivalents	67.560.266	127.254.003
Total Current Assets	**188.094.662**	**257.924.892**
Assets held for sale	-	-
Total Assets	**649.096.262**	**683.465.327**
Equity		
Share Capital	87.907.017	87.907.017
Share premium	53.716.218	53.716.218
Treasury shares	-	-
Reserves	80.056.201	78.299.376
Profit (loss) for the year	582.488	1.800.314
Equity pertaining to the Group	**222.261.924**	**221.722.925**
Non-controlling interest	17.163.725	18.852.890
Total Net Equity	**239.425.649**	**240.575.815**
Non-Current Liabilities		
Bonds	15.182.956	78.772.100
Financial payables	272.210.565	258.554.763
- of which IFRS 16 financial liabilities	*233.060.033*	*211.275.913*
Other financial liabilities	5.740.284	5.854.782
Provisions for personnel	8.114.079	7.522.928
Deferred tax liabilities	2.272.469	3.286.893
Provisions for risks and charges	1.435.670	1.864.329
Sundry payables and other liabilities	235.704	641.582
Total Non-Current Liabilities	**305.191.727**	**356.497.377**
Current Liabilities		
Bonds	243.528	1.126.279
Financial payables	41.983.286	28.319.050
- of which IFRS 16 financial liabilities	*7.992.722*	*6.135.435*
Other financial liabilities	-	101.306
Current tax liabilities	1.514.320	423.946
Sundry payables and other liabilities	60.737.752	56.421.554
Total Current Liabilities	**104.478.886**	**86.392.135**
Liabilities held for sale	-	-
Total Net Equity and Liabilities	**649.096.262**	**683.465.327**

Consolidated Income Statement

Amounts in EUR	31.12.2021	31.12.2020
Revenue	201.567.355	168.675.688
Other income	8.243.872	5.807.316
Variations in inventories	(10.811.172)	(3.981.547)
Costs for purchases	(66.468.140)	(60.116.441)
Costs for services	(52.066.292)	(36.428.291)
Personnel costs	(52.472.570)	(48.233.290)
Other costs	(3.287.563)	(4.328.085)
Amortisation and value adjustments to intangible assets	(17.467.354)	(16.650.808)
Allocation provisions for risks	49.367	(528.868)
Share of income (loss) on investments accounted for by using the equity method	-	(95.770)
Income from non-recurring transactions	-	-
Operating Result	**7.287.503**	**4.119.904**
Financial Income	1.276.684	1.387.159
Financial expenses	(14.139.469)	(15.416.905)
Dividends	0	0
Profit (loss) from management of financial assets and investments	112.409	9.390.016
Value adjustments to financial assets and receivables	(914.083)	(5.854.070)
Profit (loss) from trading of financial assets	-	(225.970)
Earnings (loss) before Tax	**(6.376.956)**	**(6.599.866)**
Income tax	4.631.776	8.372.326
Income (loss) from continuing operations	**(1.745.180)**	**1.772.460**
Income (loss) from assets held for sale or discontinued operations	-	-
Profit (loss) for the year	**(1.745.180)**	**1.772.460**
Attribuitale to:		
Income (loss) pertaining to non-controlling interests	(2.327.668)	(27.854)
Income (loss) pertaining to the Group	**582.488**	**1.800.314**

Statement of Financial Position – Parent Company

Amounts in EUR	31.12.2021	31.12.2020
Non-Current Assets		
Intangible assets	3.569	6.513
Property, plant & equipment	4.252.643	4.596.786
- of which IFRS 16 rights of use	*3.852.151*	*4.124.870*
Investments	99.046.525	84.369.977
Financial receivables	56.606.264	47.832.200
Other financial assets	10.138.836	10.397.951
Sundry receivables and other assets	144.741	144.741
Deferred tax assets	6.115.231	6.104.389
Total Non-Current Assets	**176.307.809**	**153.452.557**
Current Assets		
Inventorie	-	-
Financial receivables	32.538.564	52.753.422
Other financial assets	-	-
Current tax assets	303.780	154.727
Sundry receivables and other assets	4.666.143	7.979.559
Cash & cash equivalents	23.648.784	89.023.415
Total Current Assets	**61.157.271**	**149.911.123**
Assets held for sale	-	-
Total Assets	**237.465.080**	**303.363.680**
Equity		
Share capital	87.907.017	87.907.017
Share premium	53.716.218	53.716.218
Treasury shares	-	-
Reserves	71.229.551	72.852.675
Profit (loss) for the year	(4.969.591)	(1.656.096)
Total Equity	**207.883.195**	**212.819.814**
	-	-
Non-Current Liabilites		
Bonds	15.182.956	78.772.100
Financial payables	3.988.202	4.207.388
- of which IFRS 16 financial liabilities	*3.988.202*	*4.207.388*
Other financial liabilities	-	-
Provisions for personnel	1.141.440	1.113.422
Deferred tax liabilities	22.467	22.467
Provisions for risks and charges	185.000	324.343
Sundry payables and other liabilities	-	-
Total Non-Current Liabilities	**20.520.065**	**84.439.720**
Current liabilities		
Bond issue	243.528	1.126.279
Financial payables	4.698.392	234.530
- of which IFRS 16 financial liabilities	*219.856*	*234.530*
Other financial liabilities	-	-
Current tax liabilities	-	15.958
Sundry payables and oher liabilities	4.119.900	4.727.379
Total Current Liabilities	**9.061.820**	**6.104.146**
Liabilities held for sale	-	-
Total Net Equity and Liabilities	**237.465.080**	**303.363.680**

Income Statement – Parent Company

Amounts in EUR

	31.12.2021	31.12.2020
Revenue	480.446	452.721
Other income	312.637	411.169
Costs for services	(1.801.717)	(1.795.958)
Costs for personnel	(2.641.334)	(2.518.602)
Other costs	(522.123)	(813.463)
Dividends	-	-
Profit (loss) from management of financial assets and investments	200.000	9.570.000
Amortisation and value adjustment to intangible assets	(352.817)	(377.682)
Allocation provisions for risks	139.343	-
Operating Margin	**(4.185.565)**	**4.928.185**
Financial income	2.032.735	1.341.418
Financial expenses	(2.815.355)	(5.363.314)
Value adjustments to financial assets and receivables	(276.000)	(4.831.973)
Value adjustments to investments	(500.000)	(300.000)
Profit (loss) from trading of financial assets	-	-
Earnings (loss) before tax	**(5.744.185)**	**(4.225.684)**
Income tax	774.594	2.569.588
Profit (loss) for the year	**(4.969.591)**	**(1.656.096)**

Pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance (TUF), Pietro Santicoli, manager in charge of preparing the corporate financial reports, hereby declares that the accounting information contained herein is consistent with the documented results, accounting books and underlying accounting records.