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PRESS RELEASE

THE BOARD OF DIRECTORS APPROVES THE INTERIM CONSOLIDATED FINANCIAL REPORT AT JUNE 30, 2021

CONSOLIDATED REVENUES, EBITDA AND NET RESULT IN STRONG INCREASE

SIGNIFICANT CONTRIBUTIONS FROM THE BATHROOM FURNISHINGS SECTOR

PROGRESSIVE IMPROVEMENT EXPECTATIONS FOR THE SECOND HALF OF THE YEAR AND ADDITIONAL REVENUES FROM NON-CORE ASSETS IN THE SHORT TERM

- ***Group net result is positive*** *for EUR 0.2 million (negative for EUR 5.5 million at 30 June 2020), thanks to important positive contributions from the bathroom furnishings sector (with sector EBITDA before IFRS 16 up by EUR 4.8 million, from EUR 4.0 million to EUR 8.8 million), notwithstanding negative operating margins in the Nursing Home/RSA sector (with sector EBITDA before IFRS 16 in decrease for EUR 4.2 million), still heavily influenced in terms of occupancy rates by the effects of the persisting pandemic, and in the Clothing sector where the recorded half-year results are not significant (although in improvement over the comparison period) due to seasonality factors that connotate the operations of the subsidiary company Sport Fashion Service (Ciesse Piumini), which naturally realises the prevalent part of sale volumes during the second half of each financial year.*
- ***Consolidated revenues and other income*** *in net increase and amount to EUR 93.6 (EUR 69.4 million at 30 June 2020).*
- ***EBITDA*** *is equal to EUR 11.0 million (EUR 7.2 million as of June 30, 2020). Before the application of IFRS 16 standard, EBITDA amounts to EUR 4.2 million (EUR 1.6 million in the comparison period, without the reinstatement of capital gains from sales of Nursing/RSA real estate components, that were reversed pursuant to IFRS 16).*
- ***Shareholders' equity of the Group*** *at 30 June 2021 amounts to EUR 222.1 million, an increase compared to EUR 221.7 million as at 31 December 2020.*
- ***Net financial position*** *of the 'holding system' is positive for EUR 33.3 million. Consolidated net financial debt (excluding financial payables pursuant to IFRS 16) amounts to EUR 27.1 million, in increase for EUR 6.5 million mainly due to a temporary cash absorption by real estate developments in the Nursing Home/RSA sector, where there are commitments to buy undertaken by the Primonial real estate fund at the completion of these development initiatives. Net consolidated financial position (including additional liabilities pursuant to IFRS 16 correlated to long-term lease agreements in the Nursing Home/RSA sector) is negative for EUR 253.8 million, compared to EUR 237.9 million as at December 31, 2020.*
- *The process of* ***valorisation of non-core assets continues*** *and records addional collections in the reporting period as part of an overall success achieved in recovering financial resources from complex non-strategic assets (EUR 300 million recovered since the beginning of the reorganization process in Mittel), as a result of strong commitments in direct 'asset-by-asset' valorisation of every single asset, made by in-house resources. Other important works are underway that should result in further significant proceeds in the short term, such as the quite imminent Via Metauro real estate site in Milan, which should collect over EUR 20 million at the completion of the costruction.*
- *In July 2021, an additional* ***partial voluntary early repayment of the 2017-2023 bond*** *was made (after that of EUR 50.6 million made in August 2020) for nominal EUR 63.8 million out of EUR 78.9 millions in total; the remaining outstanding part of the bond equal to EUR 15 million will be channelled to support development programmes of the industrial investee companies, such as*

Gruppo Zaffiro in particular, which is currently involved in nursing real estate development operations, with binding forward purchase commitments from a primary real estate fund.

- ***Progressive improvement is expected in the second half of the year.*** *In addition to clear growth (already visible in the first half of the year) resulting from development processes in the Design sector, the Group results of the coming months could also reflect a progressive and awaited recovery of other business sectors, such as: (i) the Nursing Home/RSA sector, which currently records lower than historical occupancies of the nursing facilities, even if the first signs of recovery in the occupancy rates manifested themselves since the end of May (benefiting in particular from the vaccination coverage achieved in the meantime), notwithstanding a fierce competitive pressure from public facilities with a large bed availability nowadays; (ii) the Clothing sector, where the operations of the Sport Fashion Service subsidiary (Ciesse Piumini) are characterised by seasonal fluctuations and record positive profit margins mainly in the second half of the year.*
- *The company management confirms that, compatibly with the uncertainties related to the duration of the current market situation, the consolidation process of the existing investments and their strategic development will continue also in the coming months, with the aim of* ***creating long-term value for all Shareholders****.*

*** *** ***

Milan, 22 September 2021 – The Board of Directors of Mittel S.p.A., which met today under the chairmanship of Dott. Michele Iori, examined and approved the consolidated Interim Financial Report at 30 June 2021.

Introduction

During the first half of 2021, despite a delicate reference scenario, the Group business operations continued with strong commitment resulting in achieving significant results, especially with reference to the bathroom furnishings sector, which, after being heavy impacted due to production closures during the first months of 2020, began to record significant growth rates and good cash generation in the second part of 2020 and throughout the first half of 2021, thanks to corporate development and streamlining processes conducted under direct strategic and industrial leadership of Mittel since the Group entry into the shareholding structure of Galassia and Disegno Ceramica.

As of today, this business sector, which includes the subsidiaries Ceramica Cielo, Galassia and Disegno Ceramica, confirms a significant upward trend in revenues, recording, at the sector level, net revenues for EUR 38.6 million (EUR 25.3 million in the first half of 2020) and EBITDA of EUR 8.8 million (EUR 4.0 million at June 30, 2020). In 2021, monthly revenues of the three subsidiary companies were higher than in the previous two years, recording not only a very significant increase compared to 2020 impacted by the pandemic, but also compared to 2019 (with growth rates of up to 20%).

The results achieved by the bathroom furnishings business sector demonstrate the capacity to create value in this investment vertical, boding well also for further growth in the coming months and sustaining the validity the investment strategy chosen by Mittel, which is characterised by an active, direct management of investments and by a strong commitment of industrial nature – alongside the investee companies, their management and employees – and which has proved particularly fruitful in fostering their dimentional growth, in sectors and brands of *Made in Italy* presenting further growth prospects.

The subsidiary Gruppo Zaffiro, which reported a negative EBITDA before IFRS 16 in the first half-year of EUR 2.7 million (down by EUR 4.2 million compared to the first half of 2020), registers a downturn in the operations of the nursing facilities that show, in the first half-year, performances significantly below their potential due to pandemic effects persisting also in the first months of 2021.

It is only since the end of May that the nursing facilities began to witness the first signs of recovery in the occupancy rates (thanks in particular to the vaccination coverage reached in the meantime), which however are still delayed by a large availability of beds in the public nursing facilities, created as consequence of the pandemic.

Regardless of the current profitability performance penalised by the above-described situation, the development of new nursing facilities continued successfully as part of the Group's long-term growth programmes within this sector, in accordance with important growth projects already positively laucnched (both as *brownfield* and *greenfield* initiatives). It should be noted that, in July 2019, Gruppo Zaffiro signed an important agreement jointly with Primonial, one of the leading European investors in the Real Estate sector, for the development of healthcare nursing facilities in Italy, for which Primonial will own the real estate component while Gruppo Zaffiro will run the operational management. The signed agreement will boost the group growth plans, allowing to free up significant resources for new investments and value the property component on a regular basis.

In the Clothing sector, the acquisition of the Jeckerson brand in September 2021 is extremely representative and is part of Mittel's strategy to invest in businesses that express the Italian excellence. Jeckerson, an iconic brand in the *urban / lifestyle* segment, will be relaunched through targeted industrial and commercial investments by leveraging the high level industrial and commercial *know-how* present in the Group. The Mittel Group is thus aiming at creating a new Italian reference point in the *urban / lifestyle* and *outdoor* segments, through possible industrial and distribution synergies with its own brand Ciesse Piumini, which shareholding structure will be replicated.

With regard to *non-core* assets in portfolio, compatibly with the difficult situation and taking into account significant results already achieved in this area in prior years, the process of *asset* valorisation aimed at generating new resources for investments continued also in the reporting period and mainly concerned the Fingruppo loan (EUR 1.1 million), the investee company Mittel Generale Investimenti (EUR 1.6 million) and real estate inventories (totaling EUR 4.3 million, of which EUR 2.3 million attributable to a land sale in Belpasso, EUR 1.0 million to an office building in Como and EUR 0.6 million to a portion of a large commercial area in Vimodrone).

The overall success achieved in the recovery of financial resources from complex non-strategic activities, amounting to approximately EUR 300 million since the beginning of the reorganization in Mittel, is a result of the steady commitment of the company in direct '*asset-by-asset'* valorisation of every single asset, made with in-house resources.

Further important works are currently underway that should allow for significant collections in the short term, including the imminent completion of a real estate site in via Metauro, Milan, for over EUR 20 million.

In recent years, we have also continued to reduce the holding company's structural costs, both operating (personnel, consultancy, etc.) and financial. In spite of the fact that the most cost items have already been significantly reduced, this process will continue to produce positive income effects also in the future, through continuous identification of cost containment opportunities that may emerge in connection with further rationalisation of *non-core* assets and of the Group corporate structure.

In particular, it should be noted that, after having carefully and positively assessed
- significant liquid assets held by the Parent Company and by the group of subsidiary companies,
- the continuous success, described hereabove, achieved even during the pandemic in the management and 'asset-by-asset' recovery from non-strategic real estate assets and receivables, with a consequent additional liquidity generation,
- the cash generation produced by the compartment of the industrial subsidiaries,

in July 2021, we proceeded with an additional partial voluntary early repayment of the 2017-2023 Bond (after that of EUR 50.6 million made in August 2020) for a nominal value of EUR 63.8 million out of EUR 78.9 million in total. The remaining EUR 15 million of the *bond* will be channelled in support of the growth programs of the industrial subsidiaries and of Gruppo Zaffiro in particular, being the latter involved in the Nursing Home/RSA real estate development operations in process, for which there are already existing binding forward purchase commitments from a primary real estate fund. Apart from producing evident economic benefits, this transaction has a strong substantial value representing a milestone for the positive completion of the first phase of targeted management actions aimed at transforming Mittel into a solid, largely liquid holding with four investment verticals under continuous industrial development.

As demonstrated recently by the aforementioned events, the Mittel Group is currently ready to embark on a further path of growth and development, both in terms of the existing investment verticals and new initiatives in business sectors of the Italian excellence having a strong international outlook. Even after the voluntary partial repayments of the *bond*, the Mittel Group continues to hold substantial liquidity and, thanks to its solidity, maintains a strong financial autonomy being thus able to support its operational needs, development programmes of the industrial subsidiaries and especially new investment projects. Also, the Group is determined to continue the process of recovery of financial resources from residual *non-core* assets, channelling them for strategic needs of the Group, and the implementation of cost containment initiatives which remain a permanent goal throughout the Group. These processes will provide a further support to the growth path undertaken by Mittel and will allow to fully express its vocation as a dynamic and efficient industrial *holding company*, with a strong focus on the valorisation of the significant investments made in recent years and the aim of creating long-term value for all shareholders.

Operating performance

The Group net result for the half-year was a positive EUR 0.2 million (despite a negative effect of EUR 0.9 million deriving exclusively from the application of IFRS 16), benefiting mainly from the significant positive contribution of the bathroom furnishings sector (with the sector EBITDA before IFRS 16 up by EUR 4.8 million, from EUR 4.0 million to EUR 8.8 million) despite negative profit margins in the Nursing Home/RSA sector (with the sector EBITDA before IFRS 16 down by EUR 4.2 million), which is still heavily affected by the persisting impact of the pandemic on occupancy rates of the nursing facilities, and in the Clothing sector, with half-year results (although improved over the same period of the previous year) still not very significant due to strong seasonal nature of the subsidiary company Sport Fashion Service (Ciesse Piumini), which naturally achieves the majority of its sales in the second half of each year.

Consolidated Revenues and Other Income amounted to EUR 93.6 million as of June 30, 2021, a sharp increase over EUR 69.4 million recorded in the first half of 2020, which was heavily impacted by *lockdowns*.

Accounting EBITDA amounts to EUR 11.0 million, in clear improvement compared to EUR 7.2 million in the comparison period. On the other hand, EBITDA before IFRS 16 is equal to EUR 4.2 million (EUR 1.6 million in the comparison period, without the reinstatement of capital gains on sales in the Nursing/RSA sector reversed as a result of application of the IFRS 16 standard).

The result for the half year includes financial charges on the bond loan for a total of EUR 1.5 million, of which EUR 1.2 million relating to the component subject to partial voluntary early repayment in July 2021.

On the other hand, the result benefited from an important positive contribution from tax management, mainly due to valuation of current and deferred tax benefits after the inclusion of the industrial subsidiaries acquired in recent years in the tax consolidation of the Parent Company.

Group Shareholders' Equity at June 30, 2021 amounted to EUR 222.1 million, slightly up compared to EUR 221.7 million as of December 31, 2020, and is consistent with the aforementioned Group performance.

Net Financial Position of Mittel S.p.A. and of the *holding system*, excluding the compartment of the industrial investee companies, is positive for EUR 33.3 million.

Consolidated net financial debt, excluding financial debts recorded pursuant to IFRS 16 for the rights of use on leases, increased by EUR 6.5 million, from EUR 20.5 million as of December 31, 2020 to EUR 27.1 million at June 30, 2021, mainly due to a temporary cash absorption by real estate developments in the Nursing Home/RSA sector (upon their completion, as already mentioned, there are purchase commitments of the Primonial real estate fund).

Finally, the Consolidated accounting Net Financial Position is negative for EUR 253.8 million, compared to EUR 237.9 million recorded as of December 31, 2020. This negative evolution is significantly influenced by the recording of the IFRS 16 related liabilities on new lease agreements signed during the reporting period and mainly attributable, like the previous ones, to the Nursing Home/RSA sector, naturally connotated by long-term leases.

Main Income Statement for the Group

(Thousands of EUR)	**30.06.2021**	**30.06.2020**
Revenues and other income	93.550	69.401
Increases (decreases) in inventories	1.565	(4.131)
Net revenue	**95.115**	**65.270**
Purchases, provision of services, sundry costs	(58.648)	(34.904)
Personnel costs	(25.468)	(23.217)
Operating costs	**(84.116)**	**(58.120)**
Operating margin (EBITDA)	**10.999**	**7.150**

Amortisation/depreciation, allocations and adjustments to non-current assets	(8.363)	(8.485)
Share of income (loss) of investments	-	(158)
Operating result (EBIT)	**2.636**	**(1.493)**
Profit (loss) from financial management	(6.734)	(5.829)
Result of management and valuation of financial assets and receivables	(278)	(1.942)
Profit (loss) before taxes	**(4.376)**	**(9.264)**
Taxes	4.061	3.518
Net profit (loss) for the period	**(316)**	**(5.745)**
Profit (loss) pertaining to non-controlling interests	(504)	(223)
Profit (loss) pertaining to the Group	**188**	**(5.523)**

For the sake of clarity and easy comparison with the profit margins of the previous period, the following table shows the effect of the IFRS 16 application on EBITDA.

(Thousands of EUR)	**30.06.2021**	**30.06.2020**
Operating margin (EBITDA) post IFRS 16	**10.999**	**7.150**
Lease payments	(6.797)	(5.504)
Operating margin (EBITDA) before IFRS 16 before capital gains	**4.202**	**1.646**
Sale & leaseback capital gains	-	3.801
Operating margin before IFRS 16 with capital gains	**4.202**	**5.447**

Similarly, a reconciliation of the Group result that would have been recorded without IFRS 16 is shown below.

(Thousands of EUR)	**30.06.2021**	**30.06.2020**
Profit (loss) pertaining to the Group after IFRS 16	**188**	**(5.523)**
Lease payments	(6.797)	(5.504)
Amortisation/depreciation	4.724	4.361
Financial expenses	4.046	3.505
Deferred tax	(549)	(662)
Profit (loss) pertaining to non-controlling interests	(552)	(602)
Ordinary profit (loss) pertaining to the Group before IFRS16	**1.060**	**(4.423)**
Sale & leaseback capital gains	-	3.801
Deferred tax	-	(1.066)
Profit (loss) pertaining to non-controlling interests	-	(1.102)
Profit (loss) pertaining to the Group before IFRS 16	**1.060**	**(2.770)**

Before analysing the most significant individual items in the consolidated income statement, it should be noted that the revenues and other income from the consolidated industrial sectors at June 30, 2021 (i.e. from the Design sector including Ceramica Cielo S.p.A., Galassia S.r.l. and Disegno Ceramica S.r.l., the Nursing Home/RSA sector leaded by Gruppo Zaffiro S.r.l., the Automotive sector composed of IMC S.p.A. and the subsidiary company Balder S.r.l., and the Clothing sector represented by Sport Fashion Service S.r.l.) are particularly significant and amount to EUR 88,8 million (EUR 64.9 million in the comparison period), corresponding to approximately 95% of the consolidated revenues and other income (totalling EUR 93.6 million, compared to EUR 69.4 million in the comparison period).

In the first half-year, alongside with the performance of the Nursing Home/RSA sector, still negatively affected by the pandemic impacts, and the naturally lower sale volumes due to the seasonality of the Clothing sector, the industrial sectors contributed to generate a largely positive consolidated operating margin, equal to EUR 11.0 million (EUR 7.1 million at June 30, 2020), composed of the following contributions by sector:

- *Design*: EBITDA of EUR 8.9 million (EUR 4.2 million at June 30, 2020), more than doubled compared to the previous period (which was heavily impacted by significant negative effects from the lockdown), thanks to a constantly improving performance, already analysed in detail in other sections of this report and reflecting the important development path undertaken, and still underway, by the subsidiaries operating in the bathroom furnishings sector;
- *Nursing Home/RSA*: positive EBITDA of EUR 2.8 million (EUR 5.9 million as at June 30, 2020), but favourably impacted by the application of IFRS 16, which resulted in the non-recognition of lease installments as operating costs (EUR 5,6 million on June 30, 2021 and EUR 4.4 million in the comparison period). A sharp economic downturn, attributable to the pandemic, is related, as extensively commented in other sections of this report, to the persistence of low occupancy rates of the operating nursing facilities (due to a wide availability of public beds in public created as a result of the pandemic), as well as to significant development and start-up costs of the recent openings, amplifying, in a context characterised by very low entrance flows because of the pandemic, the erosion of profit margins. These costs however are expression of an ambitious growth project pursued by the Group in this sector that will bring its results in the medium-long term, once the current negative economic situation has been overcome;
- *Automotive*: EBITDA amounting to EUR 2.5 million (EUR 1.4 million as of June 30, 2020), a significant increase over the comparison period, characterised by a long *lockdown* during the first phase of the health emergency. In spite of this clear improvement, the sector demand is still strongly conditioned by the overall macroeconomic contingent weakness, aggravated by the ongoing health emergency, which has led to a drop in OEM production (mainly due to a severe shortage of electronic components), as well as to a general shortage of raw materials (steel in particular), with consequent procurement difficulties and price increases;
- *Clothing*: negative EBITDA of EUR 0.8 million (although an improvement on EUR 1.6 million as at June 30, 2020), attributable to a naturally unfavourable seasonality of the sector, that determines the contribution for the first half-year being less significanin comparison with annual figures;
- *Real Estate*: EBITDA was negative for EUR 0.3 million (negative for EUR 0.6 million as of June 30, 2020), with revenues equal to EUR 4.3 million (in line with the comparison period), in a context with sales of the historically held residential units being substantially completed and other important work sites under imminent completion for the residential projects in Milan (Via Metauro) and Como (Via Regina Teodolinda), both started last year. To be noted that both projects were commercially successful in terms of finalised preliminary sale agreements. On the other hand, revenues for the first half-year are largely attributable to sales of an agricultural land located in Belpasso for EUR 2.3 million, of an office building in Como (via Canturina) for EUR 1.0 million and of a portion of a vast commercial area in Vimodrone (MI) for EUR 0.6 million;
- *Equity investments*: EBITDA of negative EUR 2.1 (EUR 2.0 million in the comparison), which benefited, since last year, from a sharp reduction in holding costs achieved in previous years.

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

- **Revenues and other income**: the reclassified financial statement item includes revenues and other income and shows a balance of EUR 93.6 million at June 30, 2021 (EUR 69.4 million in the comparison period). This balance is the combined result of the following factors:
  (i) recognition of revenues for EUR 90.4 million (EUR 66.9 million at June 30, 2020); the main contributors to this item were as follows:
    - Design sector (Ceramica Cielo, Galassia and Disegno Ceramica) for EUR 37.5 million (EUR 24.4 in the comparative period);
    - Nursing Home/RSA sector (Gruppo Zaffiro with subsidiaries) for EUR 29.4 million (EUR 25.3 million in the comparative period), of which EUR 6.5 million attributable, however, merely to recharging real estate property development costs;

- Automotive sector (IMC and Balder) for EUR 15.7 million (EUR 9.8 million in the comparative period);
- Clothing sector for EUR 3.5 million (EUR 2.8 million in the comparative period), which contributed for a six-month period characterised by a non-significant turnover compared to the annual figures;
- Real Estate sector for EUR 4.3 million (value in line with the comparison period);

(ii) recognition of other income for EUR 3.2 million (EUR 2.5 million in the comparison period), mainly referable to the Design sector for EUR 2.1 million).

- **Increases / (decreases) in inventories:** the positive contribution recorded in the period, equal to EUR 1.6 million (negative for EUR 4.1 million in the comparative period), is explained by the effect of:
  (i) decrease by discharge of costs for sold real estate inventories for EUR 4.1 million (EUR 3.9 million at June 30, 2020);
  (ii) increase in real estate inventories due to capitalized costs and other changes for EUR 3.9 million (EUR 0.9 million at June 30, 2020);
  (iii) net increase in inventories of the Clothing sector for EUR 1.7 million (EUR 0.8 million in the comparative period)
  (iv) net increase in the Automotive sector for EUR 0.8 million (net decrease of EUR 1.4 million in the comparative period).
  (v) net decrease in the Design sector of EUR 1.0 million (EUR 0.5 million in the comparative period).

- **Costs for purchases, provision of services and sundry costs**: the item, which totals EUR 58.6 million (EUR 34.9 million at June 30, 2020), is strongly influenced by the operating costs of the industrial investee companies and includes EUR 31,2 million in purchases (EUR 18.0 million in the comparative period), EUR 25.9 million in provision of services (EUR 15.4 million at June 30, 2020) and EUR 1.6 million in other costs (EUR 1.5 million in the comparison period). The main contributors to the item are:
  (i) Automotive sector for EUR 11.3 million (EUR 5.2 million in the comparison period);
  (ii) Design sector for a total of EUR 19.7 million (EUR 13.7 million in the comparison period);
  (iii) Nursing Home/RSA sector for EUR 16.0 million (EUR 8.6 million in the comparison period), of which EUR 6.5 million are to be read in connection with the above-mentioned recharge of costs for real estate developments;
  (iv) Clothing sector, for EUR 5.5 million (EUR 4.5 million in the comparative period);
  (v) Parent Company Mittel for EUR 1.2 million (EUR 1.3 million in the comparative period);
  (vi) Real Estate sector for EUR 4.9 million (EUR 1.7 million in the comparative period), of which EUR 3.9 million to be read together with the increase in real estate inventories for capitalized costs.

- **Personnel costs**: the item shows a balance of EUR 25.5 million (EUR 23.2 million at June 30, 2020), of which EUR 10.7 million relating to the Nursing Home/RSA sector (EUR 11.6 million in the comparative period), EUR 9.9 million relating to the Design sector (EUR 7.4 million in the comparison period), EUR 2.8 million attributable to the Automotive sector (EUR 2.0 million in the comparison period), EUR 1.2 million realting to the Parent Company Mittel (value substantially in line with that of the comparison period) and EUR 0.8 million relating to the Clothing sector (EUR 1.0 million in the comparison period).

- **Amortisation/depreciation, allocations and adjustments to non-current assets:** the item presents EUR 8.4 million at June 30, 2021 (EUR 8.5 million at June 30, 2020), mainly explained by the amortisation on rights of use recognised as a result of the application of IFRS 16 standard and amounting to EUR 4.6 million (EUR 4.4 million in the comparative period), of which EUR 3.7 million pertaining to the Nursing Home/RSA sector (EUR 3.3 million in the comparative period), and, for the remaining part, by the depreciation of other *tangible assets* held by the operating companies (Automotive sector for EUR 1.4 million, Design sector for EUR 1.3 million and Nursing Home/RSA sector for EUR 0.7 million).

- **Result of financial management**: presents a negative net balance of EUR 6.7 million (negative for EUR 5.8 million in the comparative period); the item is explained by financial charges recognised in accordance with IFRS 16 for EUR 4.0 million (of which EUR 3.8 million pertaining to the Nursing Home/RSA sector) and for the remaining EUR 2.6 million mainly by charges on financial indebtedness (Mittel S.p.A. bond loan and bank debts of the operating subsidiaries); in major detail, the Parent Company contribution (equal to EUR 1.5 million) is entirely explained by the interest accrued on the outstanding bond loan, which was subject of a further voluntary early repayment in

July 2021, as specified in other sections of this report, of a nominal portion of EUR 63.7 million (out of total EUR 78.9 million outstanding prior to this last repayment), with the consequent elimination of interest costs on this component in future periods, amounting approximately to EUR 1.2 million in six months.

- **Result of management and valuation of financial assets and receivables**: the item makes a negative contribution of EUR 0.3 million to the consolidated income statement (compared with negative EUR 1.9 million at June 30, 2020) and is entirely explained, in the reported half-year, by adjustments to receivables (the comparison period recorded EUR 1.3 million as write-downs on financial assets and EUR 0.6 million on receivables, as a result of strict valuation policies adopted by the Group in application of IFRS 9 in this particular emergency context).

- **Taxes**: the item contributes positively to the consolidated income statement for EUR 4.1 million (EUR 3.5 million in the comparative period) and is mainly explained by: the current IRAP tax (regional income tax) for EUR 0.5 million, the provision for deferred tax assets of EUR 4.2 million (of which EUR 0.7 million to be attributed mainly to items recorded as a result of IFRS 16 and EUR 3.6 million to the portion of tax losses accrued in the reported half-year and not valued as current taxes as they will be included in the future taxable income within the tax consolidation pertaining to the Parent Company) and the release of deferred taxes for EUR 0.3 million.

Main consolidated financial data for the Group

(Thousands of EUR)	**30.06.2021**	**31.12.2020**
Intangible assets	105.867	105.844
Property, plant and equipment	275.059	260.379
- of which IFRS 16 rights of use	*203.566*	*196.242*
Investments	3.891	5.538
Non-current financial assets	37.612	39.473
Provisions for risks, employee severance indemnity and employee benefits	(9.193)	(9.387)
Other non current assets (liabilities)	(130)	(20)
Tax assets (liabilities)	15.574	10.679
Net working capital (*)	65.231	65.993
Net invested capital	**493.910**	**478.499**
Equity pertaining to the Group	(222.084)	(221.723)
Equity pertaining to non-controlling interests	(18.062)	(18.853)
Total net equity	**(240.145)**	**(240.576)**
Net financial position	**(253.765)**	**(237.923)**
- of which IFRS 16 financial liabilities	*(226.699)*	*(217.411)*
Net financial position before IFRS16	**(27.066)**	**(20.512)**

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

As better detailed below, the composition of the above items, and in particular of intangible and tangible fixed assets items, reflects the effects of acquisitions made in prior years in the Nursing Home/RSA, Design, Automotive and Clothing sectors. On the other hand, the progress in disposals of *non-core* assets made in recent years has led to decreases in related balance sheet items (equity investments, financial receivables and other non-current financial assets).

Intangible fixed assets amounted to EUR 105.9 million (EUR 105.8 million as at December 31, 2020). The item, almost entirely attributable to goodwill and trademarks, includes EUR 39.3 million of goodwill from the acquisition (in November 2016) of Gruppo Zaffiro, a holding company of the group with the same name

operating in the Nursing Homes/RSA sector, plus EUR 1.1 million related to the brand value which was attributed during the purchase price allocation (completed at December 31, 2017). Other goodwill is also attributable to the Nursing Home/RSA sector and refers to build-up operations carried out in prior years with reference to the acquisition of: a nursing facility branch in Sanremo 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 homes/RSAs in Piedmont (EUR 3.0 million of goodwill) in 2019 and to another RSA branch in Piedmont (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 sector, 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.
Another goodwill of EUR 19.3 million is recorded in relation to the acquisition of IMC S.p.A., which took place at the end of 2017.
Finally, the acquisition of Sport Fashion Service S.r.l., in November 2019, implied, for the sake of continuity in values, the recording of goodwill (EUR 18.4 million) and trademarks (EUR 1.8 million) in correspondence with records in the company's first IFRS consolidation *package* at the date of acquisition.

Property, plant and equipment amounted to EUR 275.1 million (EUR 260.4 million as at 31 December 2020), of which € 203.6 million relating to rights of use recognised as a result of IFRS 16 (EUR 186.0 million attributable to the Nursing Home/RSA sector, characterised by the presence of long-term leases on buildings used as nursing facilities). The remaining part, equal to EUR 71.5 million, is significantly influenced by the contributions of: the Automotive sector, equal to EUR 16.4 million (including partial allocations to the press machine fleet of IMC S.p.A. of goodwill recorded at the time of acquisition), the Nursing Home/RSA sector contributing for EUR 32.3 million and the Design sector for EUR 22.2 million.

The **equity investments valued using the equity method** amounted to EUR 3.9 million (EUR 5.5 million at 31 December 2020) and refer mainly to the investment held by the parent company Mittel S.p.A. in Mittel Generale Investimenti S.r.l., which decreases due to the distribution made by the investee in the half-year.

Non-current financial assets amount to EUR 37.6 million (EUR 39.5 million at December 31, 2020) and refer: i) to non-current financial receivables for EUR 25.7 million (EUR 27.0 million in the comparative period), almost entirely explained by credit positions held by the Parent Company; ii) to other non-current financial assets, for EUR 11.9 million (EUR 12.5 million in the comparative period), mainly represented by shares in real estate UCIs held by the Parent Company and by shares in investment vehicles held by Mittel S.p.A. and the subsidiary Earchimede S.p.A.

Provisions for risks, employee severance and employee benefits amounted to EUR 9.2 million (EUR 9.4 million as at December 31, 2020). In particular, ending June 30, 2021, the item amounted to: EUR 7.6 million (EUR 7.5 million in the comparative period) in *Provisions for personnel* and EUR 1.6 million (EUR 1.9 million in the comparison period) in *Provisions for risks and charges*. The item *Provisions for personnel* mainly includes contributions from the Nursing Home/RSA sector (EUR 2.5 million), the Design sector (EUR 3.0 million), the Parent Company Mittel S.p.A. (EUR 1.2 million), the Automotive sector (EUR 0,5 million) and the Clothing sector (EUR 0.4 million). *Provisions for risks and charges*, on the other hand, mainly refer to Mittel S.p.A. (EUR 0.3 million), the Clothing sector (EUR 0.4 million) and the Nursing Home/RSA sector (EUR 0.4 million).

The item **net tax assets (liabilities)** amounted to positive EUR 15.6 million (EUR 10.7 million at December 31, 2020) and consisted of current tax assets for EUR 0.8 million (EUR 0.7 million at December 31, 2020). and deferred tax assets for EUR 18.8 million (EUR 13.7 million in the comparative period), offset by deferred tax liabilities for EUR 3.0 million (EUR 3.3 million in the comparison period) and current tax liabilities for EUR 1.0 million (EUR 0.4 million in the comparison period).

Net working capital amounted to EUR 65.2 million (EUR 66.0 million at December 31, 2020). The item consists of: (i) the value of inventories for EUR 76.6 million, attributable to real estate inventories for EUR 50.8 million (substantially in line with EUR 50.9 million of the comparative period), to the Design sector for EUR 12,9 million (EUR 13.9 million in the comparative period), to the Automotive sector for EUR 6.0 million (EUR 5.2 million in the comparative period) and to the Clothing sector for EUR 6.9 million (EUR 5,0 million in the comparison period); (ii) sundry receivables and other current assets for EUR 51.9 million (EUR 47.3 million in the comparative period), with contributions from the Design sector for EUR 20.9 million (EUR 16.0 million at December 31, 2020), the Nursing Home/RSA sector for EUR 16.6 million (EUR 12.4 million at December 31, 2020), the Automotive sector for EUR 7.3 million (EUR 5.8 million at December 31, 2020) and the Clothing sector for EUR 3,8 million (EUR 10.3 million in the comparative period); (iii) sundry payables and other current liabilities for EUR 63.2 million (EUR 56.4 million in the comparison period), made up by the contributions of the Design sector for EUR 22.0 million (EUR 18.3 million at December 31, 2020), the

Nursing Home/RSA sector for EUR 18.2 million (EUR 16.3 million at December 31, 2020), the Automotive sector for EUR 9.3 million (EUR 8.0 million at December 31, 2020) and the Clothing sector for EUR 5.0 million (EUR 4.3 million at the end of the previous year).

As a result, **net invested capital** amounted to EUR 493.9 million (EUR 478.5 million at December 31, 2020), which includes, as explained earlier, rights of use accounted for in accordance with IFRS 16 for a total of EUR 203.6 million. Invested capital is financed by the shareholders' equity for EUR 240.1 million (EUR 240.6 million in the comparative period) and by the net financial position for EUR 253.8 million (EUR 237.9 million at December 31, 2020), which is also affected by the application of IFRS 16 (financial payables for leases totalling EUR 226.7 million).

Group shareholders' equity amounted to EUR 222.1 million (EUR 221.7 million at December 31, 2020), while that of non-controlling interests amounted to EUR 18.1 million (EUR 18.9 million at December 31, 2020) .

As a result of the performance described hereabove, **net financial position** amounted to negative EUR 253.8 million (EUR 237.9 million at December 31, 2020). A detailed breakdown of this item is shown below. As described earlier, the substantial level of indebtedness is attributable to the application of IFRS 16, which at June 30, 2021 resulted in recognition of incremental financial payables for EUR 226.7 million. Net of such component, net financial debt is equal to EUR 27.1 million, a worsening compared to the EUR 20.5 million of the comparison period (after constant and significant improvements in the past years thanks to the process of valorisation of *non-core assets*) mainly due to a temporary cash absorption by real estate developments in the Nursing Home/RSA sector (on which, at their completion, there are purchase commitments of the Primonial real estate fund).

Net Financial Position Statement

(Thousands of EUR)	**30.06.2021**	**31.12.2020**
Cash	134	100
Other cash and cash equivalents	133.733	127.154
Securities held for trading	-	-
Current liquidity	**133.867**	**127.254**
Current financial receivables	**-**	**7.551**
Bank loans and borrowings	(70.640)	(65.005)
Bonds	(80.037)	(79.898)
Other financial payables	(236.955)	(227.824)
Financial debt	**(387.632)**	**(372.728)**
Net financial position	**(253.765)**	**(237.923)**
- of which IFRS 16 financial liabilities	*(226.699)*	*(217.411)*
Net financial positions before IFRS 16	**(27.066)**	**(20.512)**

Most significant events in the reporting period

Governance and corporate events

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

- approve the Directors' Report on Operations and the Financial Statements for the year ended December 31, 2020, and the proposal to cover the loss for the year of EUR 1,656,096 through the use of available reserves;
- approve, pursuant to art. 123-ter, paragraphs 3-bis and 3-ter, of Legislative Decree 58/1998 (TUF), the "Remuneration Policy for the FY2021" as described in Section I of the "Report on Remuneration Policy and Compensation paid "(hereinafter the "Report"), and the related procedures for its adoption and implemention.

On June 16, 2021, based on a favourable opinion of the Related Parties Committee, the Board of Directors of Mittel S.p.A. approved a new "Procedure for Transactions with Related Parties" in order to adapt it to the provisions of Consob Regulation no. 17221/2010, amended recently by Consob Resolution no. 21624 dated December 10, 2020.

Other significant events

On June 16, 2021, after a careful and positive analysis of:
(i) significant liquid assets present in Mittel S.p.A. and in the system of investee companies;
(ii) success achieved to date - even in a pandemic period - in the management and asset recovery activities on non-strategic receivables and real estate assets and a conseguent generation of additional liquidity;
(iii) cash generated by industrial investee companies;
(iv) advisability of channelling a residual portion of EUR 15 million of the outstanding bond in support of growth programmes of the industrial investees and of Gruppo Zaffiro S.r.l in particular, which is currently involved in real estate developments with binding forward purchase commitments from a leading real estate fund;

the Board of Directors of Mittel S.p.A. resolved to proceed with a further voluntary partial early repayment of the "Mittel S.p.A. 2017 – 2023" bond (repayment made on July 28, 2021) for a nominal amount of EUR 63.7 million out of a total of EUR 78.9 million. The repaid amount was increased, as required by the Regulations, by an amount equal to one quarter of the coupon (for EUR 0.6 million), and by accrued interest for the period July 27, 2021 – July 28, 2021, in addition to accrued interest for the period January 28, 2021 - July 27, 2021 which was duly made on July 27, 2021.

Significant events after June 30, 2021

In relation to the provisions of IAS 10, we would like to inform you that in between June 30, 2021, i.e. the reporting date for the consolidated half-year Financial Report, and September 22, 2021, i.e. the approval date of the Report by the Board of Directors, no events occured such as to determine adjustments to the reported data.

On September 15, 2021, Mittel S.p.A., through the subsidiary company Fashion Time S.r.l., acquired the ownership of the Jeckerson brand at the Court of Bologna. The brand operates in the informal clothing market and in particular in the *urban/lifestyle segment*. This acquisition represents the continuation of Mittel's strategy of investing in companies that express the Italian excellence. Jeckerson will be relaunched through targeted industrial and communication investments, leveraging on in-depth historical knowledge of the brand's potential by Mittel and its reference shareholder Franco Stocchi, who owned the brand until 2008 and contributed to its success and valorisation in a decisive way. The acquisition by Mittel S.p.A. of such an important brand as Jeckerson aims at creating an Italian reference point in the *urban/lifestyle* and *outdoor* clothing sector and is part of the investment strategy aimed at selecting opportunities in sectors and brands of "*Made in Italy"* with strong growth outlooks. The development of Jeckerson will forsee the creation of an *omni-channel* distribution model, through a strong growth of the *brand* in digital sales and communication channels, alongside with a further strengthening of traditional distribution channels and a selective development on some international markets.
The investment in Jeckerson confirms Mittel's ability to create and develop investment verticals with an industrial approach, that has already proved to be particularly successful in the design/bathroom furnishings sector and that will prospectively be so also in the Nursing Home/RSA sector.

The total investment made by the Mittel Group for the acquisition of the Jeckerson brand amounted to EUR 5.0 million and was entirely financed with own funds.

Business Outlook

As described in other sections of this report, despite the persisting difficult economic situation, which inevitably affects the timing and implementation of certain planned strategic actions, the Group has never suspended efforts to strengthen its investee companies and research new investment opportunities.

The important results achieved in the first half of 2021 in the bathroom furnishings sector are a clear demonstration of this approach and highlight the capacity of value creation in this investment vertical, which is expected to grow further also in the coming quarters in confirmition of the validity of the investment strategy chosen by Mittel, which is characterised by an active and direct management of investments with a strong industrial commitment – alongside the investee companies, their management and employees – and which has turned out to be particularly fruitful in fostering their dimentional growth in sectors and brands of "*Made in Italy"* that present promising prospects for development.

Also in the clothing sector, the acquisition in September 2021 of Jeckerson, an iconic brand in the *urban/lifestyle* segment, is extremely representative of Mittel's investment strategy in businesses that express the Italian excellence. Jeckerson will be relaunched through adequate industrial and distribution investments, leveraging on the Group's high industrial and commercial *know-how*. The Mittel Group thus aims to create a new Italian reference center in the *urban / lifestyle* and *outdoor* segments, analysing and developing every industrial and distribution synergy possible with its own Ciesse Piumini brand, which shareholding structure will be replicated.

In more general terms and with reference to an unprecedented crisis uprisen last year as a consequence of the pandemic and multiple measures issued by national and international institutions to tackle its effects, the Group's reaction was quick and specific actions were implemented immediately in response to the Covid-19 outbreak. In particular, the management carried out intensified monitoring activities (and will continue regularly also in future) with the aim to constantly assess related external uncertainties and their impact on the Group business operations, with particular reference to the Nursing Home/RSA sector that suffered the most from the pandemic in terms of the occupancy rates of the nursing facilities, significantly lower than historical averages.

The evolution of Group results is naturally correlated to performances of the group strategic shareholdings in the reference business sectors, as well as to the evolution of the real estate and financial markets to which the returns on residual assets (in further decrease) managed by non-industrial companies are linked. However, as clearly emerged from the financial data analysis, the Group solidity demonstrated against difficult events of the current market situation allowed to contain their impacts on the balance sheet items to a very moderate level and to show a solid financial and operational resilience, with also limited negative impact on economic results, despite a greatly negative influence of the health emergency on commercial and production operations especially during the first *lockdown* (in March and April 2020) and despite the fact that the pandemic resurgence – in the second half of 2020 and, later, at the beginning of 2021 – has significantly affected some of the Group business sectors, which suffered from the repercussions of the global health emergency and from the closure of *retail activities*, which in some cases occured during the decisive months of the year due to certain characteristic seasonal phenomena. Moreover, it is important to underline that the Group's capital and financial solidity also guarantee a strong autonomy in supporting the Group operating needs and development programs.

Therefore, according to the expectations for the coming months, if the vaccination campaign continues to evolve positively and the national and international authorities continue to promote economic measures in support of the complete economic recovery, we expect a financial year to progressively improve and the Group results to be able to reflect a gradual and hoped-for recovery also in other business sectors, following the evident success of the growth in the Design sector (already fully visible in the first half of the year).

More specifically, we would like to highlight the following important aspects:

- the Nursing Home/RSA sector, currently recording lower than historical occupancy rates in the nursing facilities, has showed the first signs of recovery since the end of May (benefiting from the vaccination coverage achieved in the meantime) and is expected to gradually recover at the relief of the current competitive pressure due to a large availability of beds in the public facilities;
- the Clothing sector, due to the natural seasonality characterising the subsidiary company Sport Fashion Service (Ciesse Piumini), will record its positive profit margins in the second half of the year;

- it is expected that the Bathroom Furnishings sector will be able to confirm the same significant results as in the first six months;
- the significant positive effect, already obtained and to be enjoyed also in future, is produced by constant reduction in holding costs and in interest expense in particular after the second voluntary early repayment – in July 2021 – of additional important portion of the bond maturing in 2023 (still outstanding for only EUR 15 million);
- we are confident that the intense activity of direct *'asset-by-asset'* management of all real estate assets and receivables subject to disposal will continue to positively contribute to the improvement of the Group net financial position throughout the current year (in particular, we refer to impending notarial deeds of sale related to the real estate site in via Metauro in Milan, with over EUR 20 million of expected collections).

In conclusion, the company management confirms that, compatibly with the uncertainties related to the duration of the current pandemic situation and within the limits of actions put in place for the containment of their negative effects, the consolidation process of the existing investments and their further strategic development will continue also in the coming months, with the aim of creating long-term value for all Shareholders.

MITTEL SpA

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Consolidated Statement of Financial Position

Values in Thousands of EUR

	30.06.2021	31.12.2020
Non-current Assets		
Intangible assets	105.867	105.844
Property, plant and equipment	275.059	260.379
- of which rights of use IFRS 16 +	*203.566*	*196.242*
Share of income (loss) on investments accounted for using the equity method	3.891	5.538
Financial receivables	25.701	26.978
Other financial assets	11.911	12.495
Sundry receivable and other assets	765	622
Deferred tax assets	18.828	13.685
Total Non-current Assets	**442.022**	**425.540**
Current Assets		
Inventories	76.597	75.121
Financial receivables	-	7.551
Current tax assets	764	706
Sundry receivables and other assets	51.871	47.293
Cash and cash equivalents	133.867	127.254
Total Current Assets	**263.099**	**257.925**
Assets held for sale/disposal	-	-
Total Assets	**705.121**	**683.465**
Net Equity		
Share capital	87.907	87.907
Share premium	53.716	53.716
Treasury shares	-	-
Reserves	80.273	78.299
Profit (loss) for the period	188	1.800
Equity pertaining to the Group	**222.084**	**221.723**
Equity pertaining to non-controlling interests	18.062	18.853
Total Net Equity	**240.145**	**240.576**
Non-current Liabilities		
Bonds	78.789	78.772
Financial payables	280.412	258.555
- of which IFRS 16 financial liabilities	*219.919*	*211.276*
Other financial liabilities	5.774	5.855
Provisions for personnel	7.575	7.523
Deferred tax liabilities	3.029	3.287
Provisions for risks and charges	1.619	1.864
Sundry payables and other liabilities	895	642
Total Non-current Liabilities	**378.092**	**356.497**
Current Liabilities		
Bonds	1.248	1.126
Financial payables	21.409	28.319
- of which IFRS 16 financial liablities	*6.780*	*6.135*
Other financial liabilities	-	101
Current tax liabilities	990	424
Sundry payables and other liabilities	63.237	56.422
Total Current Liabilities	**86.884**	**86.392**
Liabilities held for sale	-	-
Total Net Equity and Liabilities	**705.121**	**683.465**

Consolidated Income Statement

Values in Thousands of EUR

	01.01.2021 30.06.2021	01.01.2020 30.06.2020
Revenues	90.367	66.885
Other income	3.183	2.516
Variations in inventories	1.565	(4.131)
Purchase costs	(31.152)	(17.975)
Costs for services	(25.862)	(15.432)
Personnel costs	(25.468)	(23.217)
Other costs	(1.635)	(1.496)
Amortisation and impairment of intangible assets	(8.250)	(8.471)
Allocation provisions for risks	(113)	(14)
Share of income (loss) of investments accounted for using the equity method	-	(158)
Operating Result	**2.635**	**(1.493)**
Financial income	160	1.512
Financial charges	(6.894)	(7.341)
Value adjustments to financial assets and receivables	(278)	(1.942)
Income (loss) before taxes	**(4.377)**	**(9.264)**
Income taxes	4.061	3.518
Profit (loss) for the period	**(316)**	**(5.745)**
Attributable to:		
Income (loss) pertaining to non-controlling interests	(504)	(223)
Profit (loss) pertaining to the Group	**188**	**(5.523)**

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