Relazioni e Bilancio al 31.12.2021

MITTEL

MITTEL S.p.A.

Registered office in Milan – Via Borromei no. 5
Share Capital EUR 87.907.017 fully paid-in
Listed in the Milan Register of Companies at no. 00742640154
www.mittel.it

Annual Report

as at 31 December 2021

136th company year

Contents

Board of Directors

Chairman
Michele Iori (b)
Deputy Chairman – Chairman of the Executive Committee
Marco Giovanni Colacicco (b)
Directors
Gabriele Albertini (a) (d) (e)
Anna Francesca Cremascoli (b)
Patrizia Galvagni (a) (c) (e)
Riccardo Perotta (a) (c) (d) (e)
Anna Saraceno
Manager in charge of financial reporting
Pietro Santicoli

Board of Statutory Auditors

Standing auditors
Fabrizio Colombo - Chairman
Giulio Tedeschi
Federica Sangalli
Alternate auditors
Stefania Trezzini
Alessandro Valer

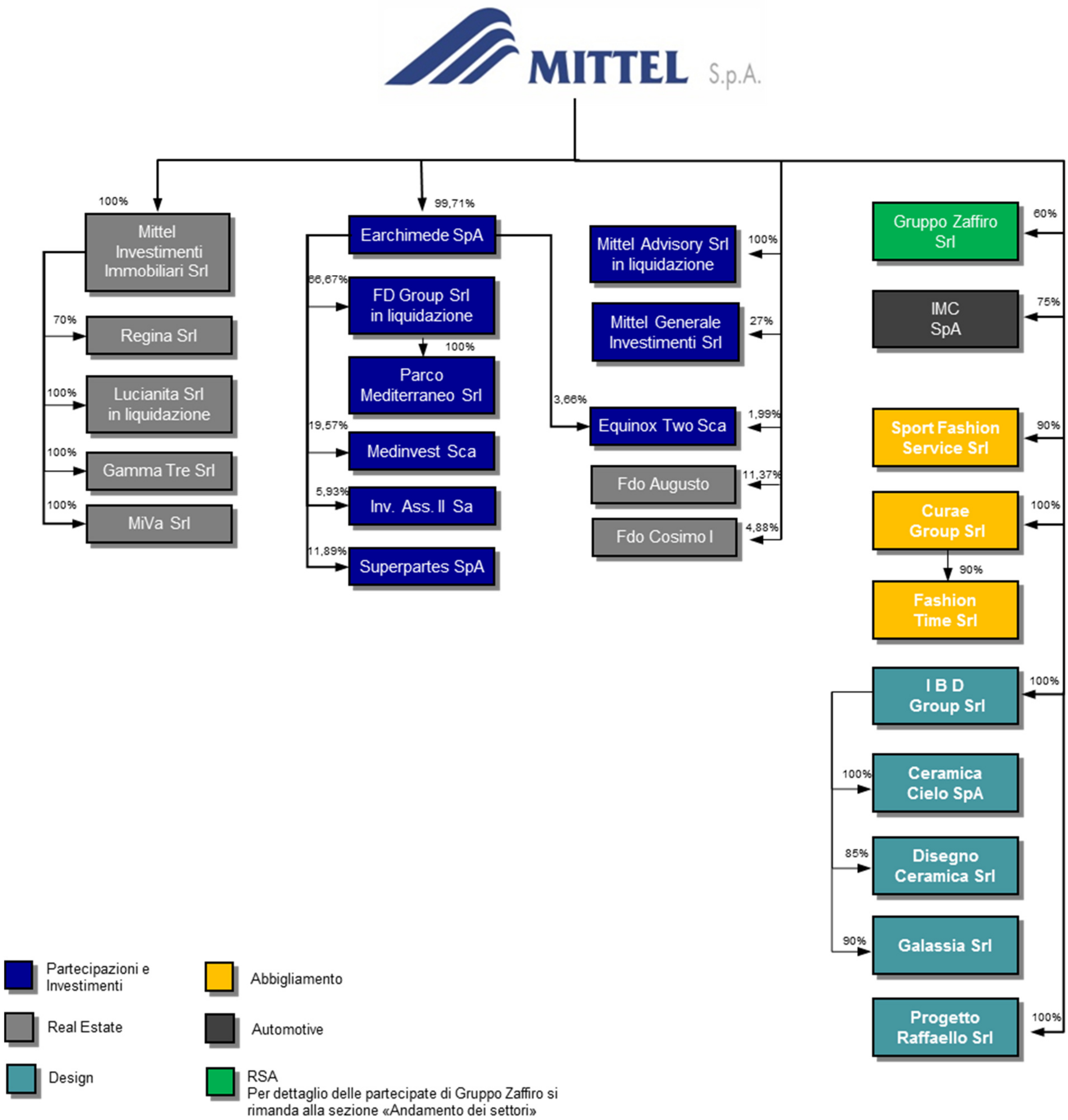
Independent Auditors

KPMG S.p.A.

(a) Independent Director
(b) Member of the Executive Committee
(c) Member of the Control and Risks Committee
(d) Member of the Remuneration and Appointments Committee
(e) Member of the Related Party Committee

The duration of the Company shall be until 31 December 2100, as stated in art. 4 of the Articles of Association.

Group Structure
as at 27 April 2022



Lettera agli Azionisti

Directors’ Report on Operations

Letter to Shareholders

Dear Shareholders,

During the 2021 financial year, despite the delicate reference context, the Group's operations continued with strong commitment and led to the achievement of important results, especially with reference to the Bathroom Furnishings sector.

The Group's companies operating in this sector, in fact, continued to record significant growth rates and virtuous cash generation rates for the entire year, thanks to the implemented development and corporate efficiency processes, with the direct strategic and industrial involvement of Mittel management, starting from the entry of the Group into Galassia e Disegno Ceramica.

In 2021 the two companies acquired in 2019 (Galassia and Disegno Ceramica) and Ceramica Cielo - which since the acquisition in 2017 has recorded an impressive growth in revenue and generated cash for over EUR 20 million - confirmed their important growth trend, recording, at sector level, revenue for EUR 76 million (EUR 57 million in 2020) and an EBITDA of over EUR 16 million (approximately EUR 10 million in 2020).

The excellent results (both economic and financial) achieved by the Bathroom Furnishings companies demonstrate the important capacity to create value in this vertical, confirming the validity of Mittel’s investment strategy, characterised by active and direct management of the investments, with a strong industrial commitment which is proving to be particularly profitable in encouraging their growth in size, in Made in Italy sectors and brands that have additional strong development prospects.

Conversely, the Nursing Home sector, which recorded a negative EBITDA before IFRS 16 of EUR 5,6 million during the year, is experiencing a negative trend in the operating structures, which show profit performance well below the potential of the Group. The negative trend is a consequence of the persistence, also in 2021, of the impact of the pandemic on facility occupancy rates, which, despite the benefits in the meantime produced by the intervening vaccination coverage, still show a trend that is still severely slowed down also by the large availability of places in public facilities that was created as a consequence of the pandemic.

The described impacts are particularly relevant for the Group given the presence of numerous start-ups in the development phase precisely in this unfavourable market phase, aggravated by the presence of inflationary components that in the sector are more difficult to pass on to tariffs. In any case, to be noted is the positive continuation, also during 2021, of the development works (both brownfield and greenfield) already planned, functional to the important long-term growth path planned by the Group within the sector, for which there are binding forward purchase commitments from a leading real estate fund, resulting in the systematic value enhancement of the developed real estate component and the release of significant financial resources.

In 2021, the Automotive sector has continued to be strongly conditioned by an overall macroeconomic scenario of contingent weakness, worsened by the health emergency, which also led to a drop in OEM production (i.e. especially as a result of a strong shortage of electronic components), as well as a generalised shortage of raw materials (and in particular of steel), with consequent procurement difficulties and increased prices.

In the context described, especially in the second half of the year, the company IMC recorded a net worsening in economic performance (EBITDA before IFRS 16 equal to EUR 1,4 million), with revenue held back by some temporary blocks of orders due to the crisis related to semiconductors and with profit margins strongly affected by the increase in raw materials and, especially in the last part of the year, by the increase in the cost of energy.

It should be noted, however, that the phenomena that negatively affected margins in 2021 were managed with targeted interventions, both internally and externally, and that in particular the transfer of raw material costs to the main OEM customers was achieved by the company starting in early 2022.

Finally, as regards the Clothing sector, the subsidiary Sport Fashion Service recorded an EBITDA before IFRS 16 equal to EUR 1,6 million, impacted not only by the unfavourable economic situation, but also by significant extraordinary factors (e.g., slow-moving inventory realisation and increased costs for duties and freight).

The results achieved during the year are therefore not representative of the growth trajectory planned for the investee for the next few years.

It should also be remembered that on 15 September 2021, the Group has acquired ownership of the Jeckerson brand (as well as a significant amount of product inventory) in a competitive auction, which operates in the jeans and informal clothing market and in particular in the urban/lifestyle segment. With this acquisition, which involved a total payment of EUR 5 million (plus VAT), Mittel continues its strategy of investing in companies that are a symbol of Italian excellence. Jeckerson will be relaunched by Mittel through targeted industrial and communication investments, also thanks to the in-depth and historical knowledge of the brand and its potential by its reference shareholder.

The acquisition of a new and important brand like Jeckerson aims to create an Italian hub of reference in the urban/lifestyle and outdoor clothing sector and is part of an investment strategy aimed at seizing opportunities in Made in Italy brands and sectors with strong growth prospects. Jeckerson's development strategy provides for the creation of an omnichannel distribution model, through strong brand growth in the digital sale and communication channels, further strengthening in the traditional distribution channel and selective development in international markets.

As regards non-core assets in the portfolio, compatible with this difficult moment and taking into consideration the important results already achieved in that process in previous years, the valuation of assets has continued, in order to generate new resources for investment.

During the year, collections concerned: (i) property inventories, with total sales for the year (against a capex of EUR 8,0 million), equal to EUR 19,8 million (of which EUR 15,2 million relating to Metauro-Milan, EUR 2,3 million for the land in Belpasso-Catania, EUR 1,0 million for an office building located in Como and EUR 0,6 million for a portion of an extensive commercial area located in Vimodrone); (ii) the receivable from Fingruppo S.p.A. in liquidation (EUR 1,1 million); (iii) the investee Mittel Generale Investimenti S.r.l. (EUR 1,6 million); (iv) the investee Mitfin S.p.A. (EUR 0,3 million).

The success of recovering financial resources from complex non-strategic activities is the result of a strong commitment to the direct enhancement and using internal asset-for-asset resources.

In 2022, further important revenues are expected on residential contracts: (i) of Metauro, with further sales in execution of previous preliminary agreements made at the beginning of 2022 for EUR 4,7 million, against advances already received by buyers of EUR 1,2 million); (ii) Regina Teodolinda-Como (sales expected in the first half of 2022 based on existing preliminary agreements for EUR 9,5 million, against advances already received of EUR 1,8 million and final costs which can be conservatively estimated at EUR 1,8 million).

During the year, the reduction of the holding company's structural costs of both an operational (personnel, consultancy, etc.) and financial nature was also substantially completed. All cost items had already been reduced significantly in previous years, and from 2022 onwards, the additional measures implemented in 2021 will also have an effect on the entire financial year.

In particular, it should be noted out that in July 2021, after carefully and positively assessing the significant cash and cash equivalents held by the Parent Company and in the subsidiary holding system, the continuous success achieved also in a pandemic period in the management activity and asset-for-asset recovery of receivables and non-strategic properties, with consequent generation of additional liquidity, and the generation of cash carried out by all the industrial subsidiaries, a further partial voluntary early repayment of the "Mittel S.p.A. 2017-2023" bond was carried out (after that of EUR 50,6 million made in August 2020) for a nominal amount of EUR 63,8 million out of a total of EUR 78,9 million.

The residual portion of EUR 15 million of the bond was channelled in support of the growth programmes of the industrial subsidiaries and in particular of Gruppo Zaffiro, involved in nursing homes' ongoing real estate development operations for which there are binding forward purchase commitments from a leading real estate fund.
The transaction has a high substantial value in that, in addition to producing a clear economic benefit, it signals the successful completion of the first phase of management intervention aimed at transforming Mittel into a solid holding, largely liquid and owner of 4 investment verticals, on which continuous industrial development work is underway.

As demonstrated by the latest developments described above, the Mittel Group is currently ready to start a further path of growth and development, both at the level of existing investment verticals and additional initiatives in sectors of excellence of Italian entrepreneurship with a strong international outlook.

After the partial voluntary early repayments of the bond, the Mittel Group continues to hold consistent cash and cash equivalents and, thanks to its solidity, to maintain strong financial independence to support operating requirements as well as the development programmes of its industrial investees and especially for further investment transactions.

It will also continue with determination with its asset-for-asset recovery of financial resources from residual non-core assets, to be made available for the Group's strategic requirements, as well as the executive implementation of the constant objective of containing the costs incurred within the scope of the entire Group.

These processes will further promote the path of growth undertaken and will enable Mittel's further pursuit of its vocation as a dynamic and efficient holding of industrial holdings, with a major focus on the development of significant investments made in the last few years, and with the objective of creating long-term value for all Shareholders.

Andamento del Gruppo

Group Performance

The net result of the Group for the period was positive for EUR 0,6 million (despite a negative effect of EUR 2,2 million deriving exclusively from the application of IFRS 16), benefiting above all from the important positive contribution of the Bathroom Furnishings sector (with EBITDA for the sector before IFRS 16 up by EUR 6,6 million, from EUR 9,8 million to EUR 16,4 million) despite the negative profit margins of the Nursing Home sector (with EBITDA before IFRS 16 down by EUR 5,7 million), still heavily conditioned from a cyclical point of view by the persistence of the impact of the pandemic on the occupancy rates of the facilities, and to the decreasing margins of the Automotive sector (with EBITDA before IFRS 16 down by EUR 3,6 million), which was impacted in the second half of the financial year by some temporary order blockages related to the semiconductor shortage, by the sharp increase in the price of raw materials (the reversal of which to OEMs began to take effect in 2022) and, especially in the latter part of the financial year, by the increase in the cost of energy.

Consolidated net revenue amounted to EUR 199,0 million, a strong increase compared to 2020 (when it amounted to EUR 172,0 million) thanks to the contribution of the industrial investees and in particular of the Bathroom Furnishings companies.

The accounting EBITDA amounted to EUR 24,7 million, however affected by the positive impact of IFRS 16 for EUR 13,6 million. EBITDA before IFRS 16, on the other hand, stood at EUR 11,1 million, a value substantially in line with the result of the previous year (EUR 15 million) net of the capital gain of EUR 3,8 million realised by the Nursing Home sector over that period.

The result for the year includes financial expenses on the bond for a total of EUR 2,6 million, of which EUR 2,0 million relating to the component subject to partial voluntary early repayment in July 2021.

Vice versa, the result benefited from a significant positive contribution from tax management, thanks above all to the valuation of current and prepaid tax benefits against investment in the tax consolidation of the Parent Company of the industrial investees subject of acquisitions in recent years.

The Group’s equity as at 31 December 2021 amounted to EUR 222,3 million, up slightly compared to EUR 221,7 million as at 31 December 2020, in line with the Group’s profit performance described above.

The net financial position of Mittel and of the holding system, thus excluding the industrial investees, was positive for EUR 43,8 million, a further improvement compared to the EUR 38,2 million of 31 December 2020, thanks to the positive trend of the consolidated recovery process of financial resources from non-core assets (in the financial year it mainly concerned property inventories, as well as some receivables and other participatory financial assets), which more than offset the financial impact of the acquisition of Jeckerson (amounting to about EUR 6 million).

Consolidated net financial debt, excluding the financial payables recognised pursuant to IFRS 16 in relation to rights of use on lease contracts, increased by EUR 4,3 million, from EUR 20,5 million as at 31 December 2020 to EUR 24,8 million as at 31 December 2021, substantially entirely determined, net of the dynamics described above relating to the holding system and the positive cash generation dynamics of sectors other than the Nursing Home sector, by the temporary cash absorptions of the real estate developments of the Nursing Home sector (for which, please note, there are purchase commitments upon completion of the works by the Primonial real estate fund) and by the operating losses of the Nursing Home sector itself.

Finally, the accounted consolidated net financial position was negative for EUR 265,8 million compared to EUR 237,9 million recorded as at 31 December 2020. This negative trend is significantly influenced by the representation of IFRS 16 liabilities related to the new lease agreements executed during the year, attributable, like the previous ones, mainly to the Nursing Home sector, physiologically characterised by long-term lease agreements.

Financial highlights of the Group

The economic, equity and financial tables below are shown in reclassified form with respect to those contained in subsequent paragraphs, in order to highlight certain intermediate results and the equity and financial aggregates deemed most significant for understanding the Group's operating performance. These amounts, even though not provided for by IFRS/IAS, are supplied in compliance with the indications in Consob Communication no. 6064293 of 28 July 2006 and CESR Recommendation dated 3 November 2005 (CESR/05-178b).

This report contains several financial ratios, deriving from the financial statements, which provide an overview of the Group's economic, equity and financial performance. Details of economic items not taken directly from the financial statements, and comments and evaluations, help to better qualify the trends in the different values.

Main economic figures of the Group

(Thousands of EUR)	31.12.2021	31.12.2020
Revenue 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 income (loss) of 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
Profit (loss) from trading of financial assets	-	(226)
Profit (loss) before taxes	**(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 EUR)	31.12.2021	31.12.2020
Operating margin (EBITDA) post IFRS 16	**24.705**	**22.902**
Lease payments	(14.237)	(11.782)
Operating margin (EBITDA) before IFRS 16 before capital gains	**10.468**	**10.564**
Sale & leaseback capital gains and lease contingent assets	612	3.821
Operating margin before IFRS 16 with capital gains and contingent assets	**11.080**	**14.941**

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

(Thousands of EUR)	31.12.2021	31.12.2020
Profit (loss) pertaining to the Group post IFRS 16	**582**	**1.800**
Lease payments	(14.237)	(11.782)
Amortisation/depreciation	9.912	8.883
Financial expenses	8.708	7.415
Deferred tax assets	(1.223)	(1.271)
Profit (loss) pertaining to non-controlling interests	(1.245)	(1.218)
Ordinary profit (loss) pertaining to the Group before IFRS 16	**2.497**	**3.827**
Sale & leaseback capital gains and lease contingent assets	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 IFRS 16	**2.762**	**5.480**

Before moving on to analyse the most significant individual items of the consolidated income statement, it should be noted that revenue and other income of the consolidated industrial sectors as at 31 December 2021 (represented by the Nursing Home sector, headed up by Gruppo Zaffiro S.r.l., by the Automotive sector, in which IMC S.p.A. operates, the Design sector, attributable to Ceramica Cielo S.p.A., Galassia S.r.l. and Disegno Ceramica S.r.l., and the Clothing sector, in which Sport Fashion Service S.r.l. operates) is particularly significant, equivalent to EUR 188,8 million (EUR 167,9 million in the previous year), corresponding to roughly 90% of consolidated revenue and other income (equal to a total of EUR 209,8 million, compared to EUR 174,5 million in the previous year).

During the year, despite the significant negative impacts of the current market context, these industrial sectors contributed to generating a significant consolidated operating margin, equivalent to EUR 24,7 million (EUR 22,9 million as at 31 December 2020), as a result of 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 growing economic performance, analysed in detail in other sections of this report and an expression of the important development path undertaken and still in progress on the investees engaged in bathroom furnishings;

- *Nursing Home*: EBITDA of EUR 7,6 million (EUR 9,5 million as at 31 December 2020), positively impacted by the application of IFRS 16, which resulted in the non-recognition of lease payments as 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 contingent assets for a total of a positive EUR 0,6 million (EUR 3,8 million in the comparison period); the considerable worsening in the economic situation, attributable to the pandemic, is related, as extensively commented on in other sections of this report, to the persistence of low occupancy rates in the operating facilities (in the presence of a wide availability of places at public facilities as a result of the pandemic), as well as the significant presence of development and start-up costs of the recently opened nursing homes, which, in the current pandemic context, characterised by very slow entry flows, amplify the economic erosion of profit margins. These costs are in any case an expression of the ambitious growth project pursued by the Group in the sector, which will show its effects in the medium-long term, once the current negative economic situation has been overcome;

- *Automotive:* EBITDA of EUR 2,9 million (EUR 6,5 million as at 31 December 2020), clearly declining in the face of a trend in demand in the sector strongly conditioned by an overall macroeconomic scenario of contingent weakness, worsened by the ongoing health emergency, which also led to a drop in OEM production (i.e. especially as a result of a strong shortage of electronic components), as well as a generalised shortage of raw materials (and in particular of steel), with consequent procurement difficulties and increased prices, which the company was able to pass on to customers from 2022 onwards;

- *Clothing*: EBITDA of EUR 1,9 million (EUR 2,4 million in the comparison period), which was affected not only by the unfavourable economic situation, but also by significant extraordinary factors (e.g. realisation of slow-moving inventory and increased costs for duties and freight);

- *Real Estate*: EBITDA was negative for EUR 0,2 million (negative for EUR 1,1 million as at 31 December 2020), with strong growth in revenue (EUR 20 million compared to EUR 5,9 million in the comparison period) mainly due to the significant sales of the residential project in Milan (Via Metauro);

- *Equity and investments*: negative EBITDA of EUR 4,4 million (negative EUR 4,4 million as at 31 December 2020), which, starting from the previous financial year, benefits from the strong reduction in holding costs realised in previous years.

Details on the most significant items are presented below.

- **Revenue and other income**: this reclassified item includes the financial statement items for revenue and other income, which, as at 31 December 2021 had a balance of EUR 209,8 million (EUR 174,5 million in the comparison period). This balance was the combined result of the following factors:
  (i) revenue recognition for EUR 201,6 million (EUR 168,7 million as at 31 December 2019); the following sectors primarily contributed to this total:
    - the Design sector (Ceramica Cielo, Galassia and Disegno Ceramica) for EUR 71,7 million (EUR 56,0 million in the previous period);
    - the Nursing Home sector (Gruppo Zaffiro and subsidiaries) totalled EUR 62 million (EUR 61,4 million in the comparison period);
    - the Automotive sector (IMC) for EUR 29,8 million (EUR 28,7 million in the comparison period);
    - the Clothing sector for EUR 17,9 million (EUR 16,6 million in the previous year);
    - the Real Estate sector for EUR 20,0 million (EUR 5,9 million in the comparison period);
  (ii) the recognition of other income in the amount of 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 sector for EUR 0,7 million, the Real Estate sector for EUR 0,6 million and the Clothing sector for EUR 0,6 million.

- **Increases (decreases) in inventories:** the negative contribution recorded during the period, amounting to EUR 10,8 million (EUR 2,5 million in the comparison period), is due to the net effect of:
  (i) the reduction for offloading of selling costs of property inventories for EUR 19,0 million (EUR 5,3 million as at 31 December 2020);
  (ii) the increase in property inventories for costs capitalised and other changes for EUR 8,0 million (EUR 4,7 million as at 31 December 2020);
  (iii) the net decrease in inventories of the Clothing sector for EUR 0,4 million (net increase of EUR 0,7 million in the comparison period);
  (iv) increase of the Automotive sector for EUR 1,0 million (net decrease of EUR 0,4 million in the comparison period);
  (v) the net reduction in the Design sector for EUR 0,3 million (EUR 2,2 million in the comparison period).

- **Costs for purchases, provision of services, sundry costs**: this item, totalling EUR 121,8 million (EUR 100,9 million as at 31 December 2020), was heavily influenced by the operating costs of the industrial investees and includes costs for purchases of EUR 66,5 million (EUR 60,1 million in the comparison period), costs for services of EUR 52,1 million (EUR 46,3 million as at 31 December 2020), sundry costs of EUR 3,3 million (EUR 4,3 million in the comparison period). The main contributors to this item were the following sectors:
  (i) the Design sector for a total of EUR 39,7 million (EUR 31,1 million in the comparison period);
  (ii) the Nursing Home sector for EUR 33,3 million (EUR 30,2 million in the comparison period);
  (iii) the Automotive sector for EUR 22,7 million (EUR 17,5 million in the comparison period);
  (iv) the Clothing sector for EUR 14,2 million (EUR 13,1 million in the comparison period, with a contribution for the final two months of the year);
  (v) the Real Estate sector for EUR 9,4 million (EUR 6,2 million in the comparison period), of which EUR 8,0 million to be read together with the increase in property inventories for capitalised costs (EUR 4,7 million in the comparison period);
  (vi) the Parent Company Mittel 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 came from the Nursing Home 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 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 sector (EUR 1,9 million in the comparison period).

- **Amortisation/depreciation, allocations and adjustments to non-current assets**: as at 31 December 2021, the item showed a total balance of EUR 17,4 million (EUR 17,2 million as at 31 December 2020), due primarily to depreciation of rights of use recognised due to the application of IFRS 16, 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 sector (EUR 6,8 million in the comparison period); for the remaining part, depreciation and amortisation refer to the other tangible assets held by the operating companies (Automotive sector EUR 3,0 million, Design sector EUR 2,6 million and Nursing Home sector EUR 1,6 million).

- **Profit (loss) from financial management**: showed a net loss of EUR 12,9 million (loss of EUR 14,0 million in the comparison period); the item is attributable to financial expenses of EUR 8,7 million recognised in accordance with IFRS 16 (EUR 8,1 million pertaining to the Nursing Home sector) and the remaining EUR 4,2 million is for expenses on financial debt (Mittel S.p.A. bond and banking debt of the operating subsidiaries) net of interest income accrued on residual financial receivables held by the Group; more specifically, the Parent Company's contribution (equal to EUR 1,6 million) is related to financial income for EUR 1,0 million (mainly due to interest accrued on residual financial receivables held) and financial expenses of EUR 2,6 million, entirely related to the outstanding bond, which, as specified in other sections of this report, in July 2021 was subject to an additional voluntary early repayment for a portion equal to a nominal amount of EUR 63,7 million (out of a total of EUR 78,9 million), with the resulting elimination for future periods of costs on that component, equal to roughly EUR 2,0 million (first-half year interest and redemption costs).

- **Result of management and valuation of financial assets and receivables**: the item made 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 gains from the management of financial assets and equity investments for EUR 0,1 million (EUR 9,4 million in the previous year, mainly attributable to the profit from the sale of SIA S.p.A.) and net value adjustments on financial assets of EUR 0,9 million (EUR 5,9 million in the comparison period, when significant adjustments were recorded on a real estate mutual fund, on participatory financial assets held and on loans, as a result of the strict valuation policies applied by the Group in application of IFRS 9 in the particular emergency context).

- **Taxes**: this item contributed positively to the consolidated income statement for EUR 4,6 million (EUR 8,6 million in the comparison period) and is mainly explained by the net effect (i) of the cost for current IRAP in the amount of EUR 0,8 million; (ii) the allocation of deferred tax assets in 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 remaining amount to the portion of tax losses for the year not recognised as current taxes and which will be recognised in the future taxable income of the tax consolidation of the Parent Company); (iii) the release of deferred tax liabilities in the amount of EUR 1,0 million.

Main financial and equity figures of the Group

(Thousands of EUR)	31.12.2021	31.12.2020
Intangible 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 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)**

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

As better detailed below, the composition of the aforementioned items, and in particular intangible assets and property, plant and equipment, reflects the effects of the acquisitions made in the previous years in the Nursing Home, Design, Automotive and Clothing sectors. Conversely, the progress of the disposal of non-core assets has led to a reduction in the related items in the statement of financial position (investments, financial receivables and other non-current financial assets) in recent years.

Intangible assets amounted to EUR 109,6 million (EUR 105,8 million as at 31 December 2020). The item, almost exclusively related to goodwill and trademarks, refers to goodwill relating to the acquisition (which took place in November 2016) of Gruppo Zaffiro, company headed up by the Group of the same name active in the Nursing Home sector, for EUR 39,3 million, augmented by EUR 1,1 million relating to the value attributed to the trademark upon conclusion of the purchase price allocation (completed as at 31 December 2017). Also in the Nursing Home sector, additional goodwill was recognised against the build-up operations that were carried out during previous years related to the acquisition in March 2018 of the business unit of a nursing home based in Sanremo (EUR 0,5 million in goodwill), the purchase in December 2018 of the company Villa Gisella, which owns a historic nursing home based in Florence (EUR 3,0 million in goodwill) and the purchase in 2019 of three nursing homes in Piedmont (totalling EUR 3,0 million in goodwill), and the purchase at the end of 2020 of the business unit of a nursing home with registered office in Piedmont (EUR 0,8 million).
Goodwill relating to the acquisition of Ceramica Cielo S.p.A. (which took place in June 2017) amounted to EUR 5,6 million, augmented by EUR 4,3 million relating to the company's trademark. Furthermore, as regards the Design sector, goodwill is recognised relating to the acquisitions of: (i) Galassia S.r.l. for an amount of EUR 4,4 million, in addition to EUR 2,0 million relating to the company's trademark; (ii) Disegno Ceramica S.r.l., for an amount of EUR 2,1 million.
In addition, goodwill of EUR 19,3 million was booked for the acquisition of IMC S.p.A. at the end of 2017.
The acquisition of Sport Fashion Service S.r.l. in November 2019 resulted in the recognition, with continuity of values, of goodwill (EUR 18,4 million) and trademarks (EUR 1,8 million) recognised in the package for the initial IFRS consolidation of the company at the acquisition date.
Finally, the purchase value of the Jeckerson brand was recorded during the year, equal to approximately EUR 3,4 million.

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 for IFRS 16 rights of use (EUR 194,9 million pertaining to the Nursing Home sector, characterised by long-term lease contracts on properties used as residences). The residual portion of this item's balance, equal to EUR 71,5 million, was heavily influenced by the contribution from the Automotive sector, amounting to EUR 15,2 million (including the partial allocation of goodwill recognised at the time of the acquisition to IMC S.p.A.'s presses), from the Nursing Home sector, which contributed EUR 38,0 million, and from the Design sector, which contributed EUR 22,1 million.

Investments measured using the equity method totalled EUR 3,8 million (EUR 5,5 million as at 31 December 2020) and refers to the 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 company during the year.

Non-current financial assets amounted to EUR 35,9 million (EUR 39,5 million as at 31 December 2020) and refer: i) for EUR 23,9 million (EUR 27,0 million in the comparison period) to non-current financial receivables, relating to credit positions held by the Parent Company; and ii) for EUR 12,0 million (EUR 12,5 million in the comparison period) to other non-current financial assets, represented mainly by shares in real estate UCITS held by the Parent Company and shares in investment vehicles held by Mittel S.p.A. and by the subsidiary Earchimede S.p.A.

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 9,6 million (EUR 9,4 million as at 31 December 2020). In particular, as at 31 December, this item is composed, for EUR 8,1 million, of *Provisions for personnel* (EUR 7,5 million in the comparison period) and, for EUR 1,4 million, of *Provisions for risks and charges* (EUR 1,9 million in the comparison period). The main contributors to the item *Provisions for personnel* were from the Nursing Home sector (EUR 2,9 million), Design sector (EUR 3,2 million), the Parent Company Mittel S.p.A. (EUR 1,1 million), the Automotive sector (EUR 0,5 million) and the Clothing sector (EUR 0,3 million). *Provisions for risks and charges* instead refer primarily to Mittel S.p.A. (EUR 0,2 million), the Clothing sector (EUR 0,3 million), and the Nursing Home sector (EUR 0,4 million).

Net tax assets (liabilities) were positive for EUR 15,6 million (EUR 10,7 million as at 31 December 2020), and is composed of the sum of current tax assets of EUR 1,5 million (EUR 0,7 million as at 31 December 2020) and deferred tax assets of EUR 18,9 million (EUR 13,7 million in the comparison period), offset by deferred tax liabilities of EUR 2,3 million (EUR 3,3 million in the comparison period) and current tax liabilities for EUR 1,5 million (EUR 0,4 million in the comparison period).

Net working capital amounted to EUR 56,3 million (EUR 66,0 million as at 31 December 2020). The item is composed of: (i) the value of Inventories for EUR 65,4 million, attributable for EUR 39,3million to property inventories (EUR 50,9 million in the comparison period), for EUR 13,7 million to the Design sector (EUR 13,9 million in the comparison period), for EUR 6,0 million to the Automotive sector (EUR 5,2 million in the comparison period) and for EUR. 6,2 million to the Clothing sector (EUR 5,0 million in the comparison period); (ii) sundry receivables and other current assets amounting to EUR 51,8 million (EUR 47,3 million in the comparison period), mainly comprised of the contribution from the Design sector for EUR 18,6 million (EUR 16,0 million as at 31 December 2020), the Nursing Home sector for EUR 14,5 million (EUR 12,4 million as at 31 December 2020), the Automotive sector for EUR 6,5 million (EUR 5,8 million as at 31 December 2020) and the Clothing sector for EUR 10,2 million (EUR 10,3 million in the comparison period); and (iii) Sundry payables and other current liabilities for EUR 60,7 million (EUR 56,4 million in the comparison period), to which the main contributors were the Design sector for EUR 21,5 million (EUR 18,3 million as at 31 December 2020), the Nursing Home sector for EUR 15,9 million (EUR 16,3 million as at 31 December 2020), the Automotive sector for EUR 10,0 million (EUR 8,0 million as at 31 December 2020) and the Clothing sector for EUR 5,5 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 at 31 December 2020), a figure that includes the right of use recognised pursuant to IFRS 16 for a total of EUR 215,0 million, as previously explained. Invested capital is financed by equity for EUR 239,4 million (EUR 240,6 million in the comparison period) and by the net financial position for EUR 265,8 million (EUR 237,9 million as at 31 December 2020), which is also influenced by the application of IFRS 16 (financial payables for leases 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).

Given the performance of consolidated equity and profit figures described above, the negative **net financial position** amounted to EUR 265,8 million (EUR 237,9 million as at 31 December 2020). The detailed breakdown of the item is provided below. As previously discussed, the considerable level of debt is attributable to the application of IFRS 16, which as at 31 December 2021 led to the recognition of incremental financial payables for EUR 241,1 million. Net of this component, net financial debt amounted to EUR 24,8 million, worsening compared to the EUR 20,5 million in the comparison period (after constant and significant improvements in previous years thanks to the process of development of the non-core assets continued in the financial year) mainly attributable to the temporary cash absorption of real estate developments in the Nursing Home sector (for which, please note, there are purchase commitments upon completion of the works by the Primonial real estate fund).

Statement relating to the 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)
Bonds	(15.426)	(79.898)
Other financial payables	(251.428)	(227.824)
Financial debt	**(335.361)**	**(372.728)**
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)**

Informativa per settore di attività

MITTEL

Information by business segment

As at 31 December 2021 the Mittel Group’s activities break down into the following operating sectors:

- **Nursing Homes:** through its majority shareholding of Gruppo Zaffiro S.r.l. (60%), the Group operates in the Italian healthcare industry, providing long-term care services. This sector includes the real estate activities pertaining to nursing homes;
- **Design**: through the subsidiaries Ceramica Cielo S.p.A. (90% as at 31 December 2021, percentage increased to 100% in March 2022), Galassia S.r.l. (90%) and Disegno Ceramica S.r.l. (85%), the Group operates in the design, production and marketing, at the global level, of toilets, wash basins, sanitary fixtures and accessories for high-quality, designer bathroom furnishings;
- **Automotive:** through its majority shareholding in IMC - Industria Metallurgica Carmagnolese S.p.A. (75%), the Group is active in the automotive sector and, specifically, in the construction of moulds and cold sheet metal stamping;
- **Clothing**: through Sport Fashion Service S.r.l. (90%), the Group is active in the urban/ lifestyle and outdoor clothing sector; with the iconic Ciesse Piumini brand; moreover, as better specified below, in September 2021 Mittel has acquired at auction, through the subsidiary vehicle Fashion Time S.r.l. (90%), the ownership of the iconic brand Jeckerson, with the aim of creating within Mittel an Italian hub of reference in urban/lifestyle and outdoor clothing;
- **Real Estate**: in this sector, the Group carries out real estate development transactions, largely of a residential/services nature; Mittel S.p.A. also holds units in two closed-end real estate funds; it should be noted that the Group’s operations are today geared towards professionally enhancing the investments in place, by recovering significant liquid resources, without taking a further position on the sector;
- **Equity and Investments:** sector referring to the Parent Company and the residual set of minority shareholdings and closed-end private equity funds; this sector is also being progressively enhanced in order to recover liquid resources to be allocated to core investment activities.

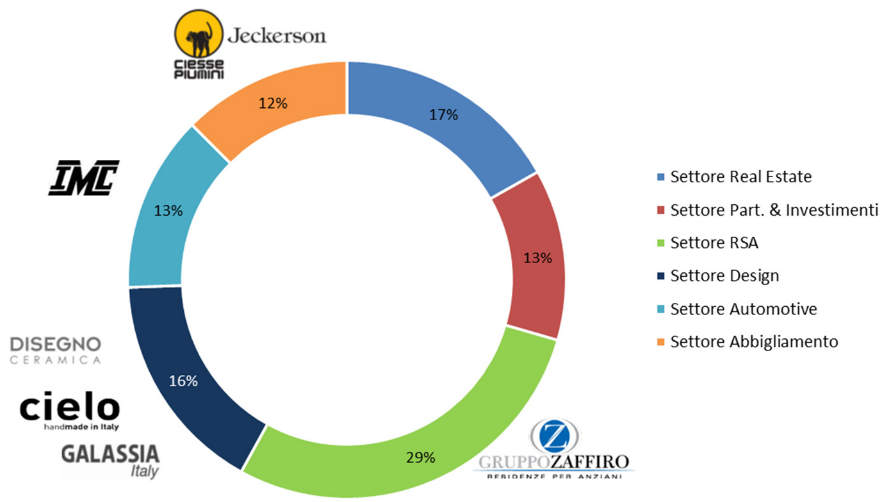
The level of aggregation of the business segments described above is consistent with the Group’s current strategic configuration, as well as with the structuring of management control activities by senior management. Therefore, the related information on segment performance is the primary reporting used for Group management, as required by IFRS 8. The segmentation by geographic area of the Group's activities is not significant, since activities are concentrated within Italy.

Segment groupings are defined by the following companies (only main companies are listed):

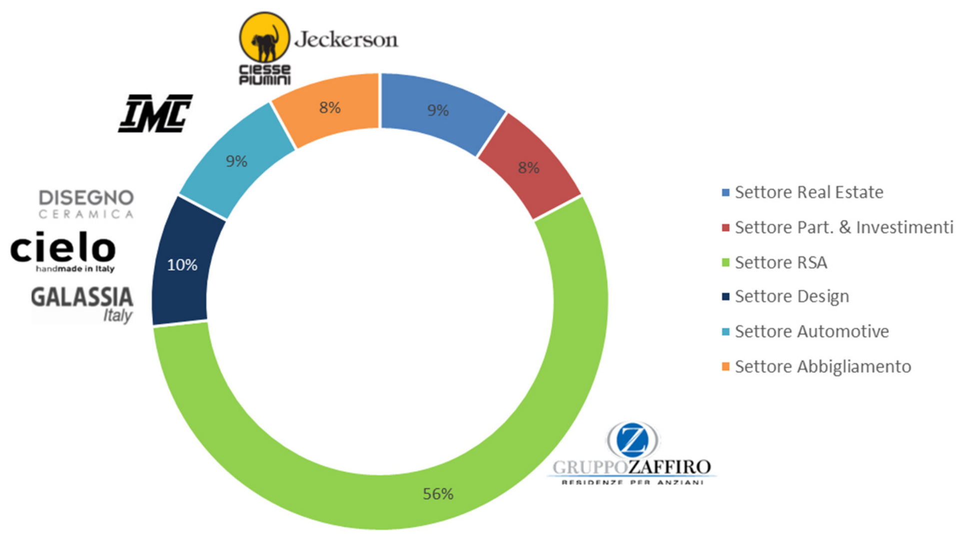
- <u>Nursing Homes</u>: Gruppo Zaffiro S.r.l. and subsidiaries;
- <u>Design</u>: Ceramica Cielo S.p.A., Galassia S.r.l., Disegno Ceramica S.r.l. and Italian Bathroom Design Group S.r.l. (holding parent company for the sector);
- <u>Automotive</u>**:** IMC - Industria Metallurgica Carmagnolese S.p.A. (during the year the company incorporated the wholly-owned subsidiary Balder S.r.l.);
- <u>Clothing</u>**:** Sport Fashion Service S.r.l.; Fashion Time S.r.l.;
- <u>Real Estate</u>: Mittel Investimenti Immobiliari S.r.l. and subsidiaries; Parco Mediterraneo S.r.l.; Augusto and Cosimo I real estate funds;
- <u>Equity and Investments</u>: Mittel S.p.A. and Earchimede S.p.A.

INVESTED CAPITAL BY BUSINESS SEGMENT

Before IFRS 16
EUR 283,0 million



Post IFRS 16
EUR 505,3 million



Income statement by business segment and contributions to Group results

Please note that, as regards the breakdown of the income statement by segment, intragroup revenue and costs are re-allocated to the respective sectors in such a way as to measure the generation of the margin relating to each sector as if it were completely autonomous. As regards the breakdown of the statement of financial position by sector, the receivables and payables of each sector include the existing positions with the other sectors, as if each sub-group was autonomous.

31 December 2021

Figures in EUR mln	31/12/2021									
AGGREGATE / CONSOLIDATED	Net revenue	Operating costs	EBITDA	Amortisation, depreciation and write-downs	Share of income (loss) of investments	Profit (loss) from financial management	Result of financial assets and receivables	Taxes	Profit (loss) pertaining to non-controlling interests	Profit (loss) pertaining to the Group
Equity and Investments Sector	0,7	- 5,1	- 4,4	- 0,2	-	- 0,8	- 0,4	0,9	- 0,0	- 4,9
Nursing Home Sector	64,0	- 56,4	7,6	- 9,4	-	- 10,1	- 0,1	2,2	- 3,9	- 5,9
Design Sector	75,8	- 59,0	16,8	- 3,0	-	- 0,3	- 0,0	- 2,2	1,1	10,2
Automotive Sector	31,1	- 28,2	2,9	- 4,3	-	- 1,2	-	0,6	- 0,5	- 1,5
Clothing Sector	18,3	- 16,4	1,9	- 0,5	-	- 0,3	- 0,3	0,1	0,1	0,8
Real Estate Sector	9,6	- 9,7	- 0,2	- 0,1	-	- 0,2	0,1	3,1	1,0	1,8
IC ELIMINATION	- 0,5	0,5	-	-	-	0,0	-		-	
TOTAL CONSOLIDATED	**199,0**	**- 174,3**	**24,7**	**- 17,4**	**-**	**- 12,9**	**- 0,8**	**4,6**	**- 2,3**	**0,6**

31 December 2020

Figures in EUR mln	31/12/2020									
AGGREGATE / CONSOLIDATED	Net revenue	Operating costs	EBITDA	Amortisation, depreciation and write-downs	Share of income (loss) of investments	Profit (loss) from financial management	Result of financial assets and receivables	Taxes	Profit (loss) pertaining to non-controlling interests	Profit (loss) pertaining to the Group
Equity and Investments Sector	0,9	- 5,3	- 4,4	- 0,4	- 0,1	- 4,0	5,9	2,5	- 0,0	- 0,4
Nursing Home Sector	62,9	- 53,4	9,5	- 8,0	-	- 7,4	- 0,1	3,0	- 1,2	- 1,8
Design Sector	57,2	- 47,1	10,1	- 3,3	-	- 0,5	- 0,1	- 1,3	0,4	4,5
Automotive Sector	28,6	- 22,1	6,5	- 4,9	-	- 1,6	- 0,3	3,4	0,8	2,4
Clothing Sector	17,5	- 15,1	2,4	- 1,4	-	- 0,7	- 0,3	0,1	0,0	0,0
Real Estate Sector	5,4	- 6,5	- 1,1	- 0,8	-	- 0,1	- 1,6	0,7	- 0,0	- 2,9
IC ELIMINATION	- 0,5	0,5	-	-	-	-	-		-	
TOTAL CONSOLIDATED	**172,0**	**- 149,1**	**22,9**	**- 18,7**	**- 0,1**	**- 14,3**	**3,5**	**8,4**	**- 0,0**	**1,8**

Structure of the consolidated statement of financial position by business segment

31 December 2021

Figures in EUR mln	31/12/2021										
AGGREGATE / CONSOLIDATED	Net working capital	Property, plant and equipment and intangible assets	Other assets (liabilities)	Assets (liabilities) held for sale	Invested Capital	*Financed by*	Net financial position	Equity	*of which*	Equity pertaining to non-controlling interests	Equity pertaining to the Group
Equity and Investments Sector	1,1	66,1	5,3	-	72,5	-	33,3	105,8		1,2	104,6
Nursing Home Sector	- 1,3	281,0	3,0	-	282,7	-	- 279,7	3,0		1,2	1,8
Design Sector	8,5	42,5	- 2,8	-	48,2	-	2,2	50,3		4,4	45,9
Automotive Sector	1,9	44,5	0,3	-	46,7	-	- 19,7	27,0		6,7	20,2
Clothing Sector	10,7	29,6	0,0	-	40,4	-	- 12,3	28,1		2,6	25,5
Real Estate Sector	35,4	10,1	2,1	-	47,6	-	- 22,3	25,2		1,0	24,2
TOTAL CONSOLIDATED	**56,3**	**441,0**	**8,0**	**-**	**505,3**	**-**	**- 265,8**	**239,4**		**17,2**	**222,3**

31 December 2020

Figures in EUR mln	31/12/2020										
AGGREGATE / CONSOLIDATED	Net working capital	Property, plant and equipment and intangible assets	Other assets (liabilities)	Assets (liabilities) held for sale	Invested Capital	*Financed by*	Net financial position	Equity	*of which*	Equity pertaining to non-controlling interests	Equity pertaining to the Group
Equity and Investments Sector	4,6	61,3	5,1	-	70,9	-	58,7	129,6		1,9	127,7
Nursing Home Sector	- 7,4	250,0	1,2	-	243,8	-	- 230,8	13,0		5,2	7,8
Design Sector	10,0	42,5	- 3,4	-	49,1	-	- 15,0	34,1		3,3	30,7
Automotive Sector	2,4	47,3	- 0,4	-	49,3	-	- 24,2	25,1		6,3	18,8
Clothing Sector	10,9	22,4	- 0,6	-	32,6	-	- 11,5	21,1		2,1	19,0
Real Estate Sector	45,5	10,4	- 0,5	-	55,3	-	- 37,5	17,8		0,1	17,7
TOTAL CONSOLIDATED	**66,0**	**411,2**	**1,3**	**-**	**478,5**	**-**	**- 237,9**	**240,6**		**18,9**	**221,7**

Information is provided below on the main events affecting the investees in the various sectors, with particular attention to the events that took place during the period and the related effects in terms of results.

Design Sector

Italian Bathroom Design Group S.r.l. ("IBD" formerly Mittel Design S.r.l.) is the subsidiary of the Mittel Group through which the acquisitions in the designer bathroom furnishings sector took place. Today the company controls an active group with over 350 employees, a turnover of more than EUR 75 million (from the original EUR 15 million), EBITDA of more than EUR 16 million (from the original EUR 5 million), with a sound and solid financial structure, which guarantees excellent cash generation, and boasts a significant and continuously growing share of exports of 40%, with data supported by the results that the companies have achieved in 2021.

The route started in designer bathroom furnishings has been part of Mittel's broader business plan, which envisages the acquisition of majority shares in Italian small and medium-sized enterprises, with the aim of implementing business strategies to contribute to the creation of value in the long term. The designer bathroom furnishings sector and, more generally, the furnishing sector represents an industry in which Italy holds an important and recognised position of leadership at international level and within which Mittel believes that there is ample space to create an aggregation platform that involves companies operating in neighbouring and complementary sectors.

Mittel's growth path within the sector began in June 2017 with the acquisition of the majority stake in Ceramica Cielo S.p.A. (now 100% owned), a player engaged in the production and marketing of designer ceramic sanitary-ware and accessories for the luxury sector in Italy and abroad. The products, distributed under the "Cielo" brand, are characterised by a stylistically avant-garde design and an innovative use of materials. The company pays particular attention to R&D activities, experimenting with new styles and an innovative ceramic treatment, obtaining recognition for its excellence. Today, the «Cielo» brand is one of the leading brands for the entire sector of high-end bathroom furnishings.
Since the acquisition, the turnover of Ceramica Cielo has recorded annual growth rates of more than 20%, boasting higher growth in the foreign market, and with a cash generation of over EUR 20 million.

Taking advantage of the acquisition of Ceramica Cielo, Mittel has created an aggregation platform for the companies acquired in the first half of 2019, Galassia S.r.l. and Disegno Ceramica S.r.l., two long-standing businesses in the Civita Castellana ceramics district.
The three companies are engaged in the design, production and marketing at international level of ceramic sanitary-ware and designer bathroom accessories, and are highly diversified (with a view to covering the entire product chain) in terms of positioning of products and customers.

The development project envisages, on the one hand, a strengthening of the operational and commercial collaboration of the three acquired companies and, on the other, a further development through new potential acquisitions, also in segments of the bathroom furnishings adjacent to that of ceramic sanitary-ware.
The three acquisitions carried out featured a very similar structure of the transaction: management continuity, maintenance by the company's operating guidance of a minority shareholding, definition of suitable shareholders' agreements in order to align interests and incentivise the creation of value, maintenance of corporate and management autonomy with respect to other Group entities.
At the same time, the acquisitions of Galassia and Disegno Ceramica were in any case based on the potential to activate important commercial and operating synergies between the Group companies, thanks to their differentiated and complementary positioning.

Since the entry of Galassia and Disegno Ceramica within the Mittel Group, various work sites have been launched - with the direct strategic and industrial involvement of Mittel management – aimed at gradually obtaining positive results in these areas and strengthening the positioning and growth opportunities of IBD Group. These work sites generated the first positive effects in the first few months of 2020, before the onset of COVID-19 and the consequent closure of production, and were successfully developed in the subsequent months at the height of the pandemic period. The main areas of work on which we focused are:

- continuous work on product innovation;
- strengthening of brands and brand recognition (today at levels of excellence in Ceramica Cielo);
- "Archistar project", with the increasing inclusion of Ceramica Cielo in the main residential development projects in Milan;
- targeted strengthening of the management and operating structure of the newly acquired companies, within the most strategic operating areas and in any case always with a view to maintaining the broadest management continuity;

- independent commercial strategies, but aimed at presenting the possibility of acting jointly in certain cases and pooling information and contacts with potential customers of the other Group companies; various commercial initiatives are underway, aimed at consolidating the positioning on the Italian market, opening up to new foreign customers and penetrating new commercial channels;
- sharing of lacking or exceeding production capacity, in order to maintain as much production as possible within the group and increase the use of available production capacity, with a consequent improvement in process efficiency;
- sharing of suppliers of products and services, in order to select those deemed best and obtain better supply conditions thanks to the increased requirements at Group level;
- adjustment of quality standards, in products and in company management, to the utmost excellence.

Design 2021 Results

Design Sector *Figures in EUR mln*	**Ceramica Cielo**	***Galassia***	***Disegno***	***IC***	**Sector Total 31/12/2021**	***%***	**Sector Total 31/12/2020**	***%***
Net revenue	*35,4*	*29,0*	*12,8*	*(1,3)*	75,9		57,2	
Operating costs	*(25,6)*	*(23,2)*	*(11,4)*	*1,3*	(59,0)		(47,1)	
EBITDA	***9,8***	***5,8***	***1,3***	-	**16,8**		**10,1**	
IFRS 16 effect (lease restoration)	**(0,3)**	**(0,1)**	**(0,1)**		**(0,5)**		**(0,3)**	
EBITDA before IFRS 16	***9,5***	***5,7***	***1,2***	-	***16,4***	*22%*	**9,8**	*17%*

In 2021, the subsidiaries managed to significantly increase both the volume of revenues, bringing it to values significantly higher than the pre-pandemic levels, and the company margins, despite the latter being affected, in the second half of the year, by tensions on the prices of raw materials, energy, transport and services in general. These phenomena were promptly dealt with by the management of the subsidiaries, also with the support provided by the Group to which they belong, through constant monitoring of market dynamics and the implementation of all possible mitigation measures for any related risks.

Ceramica Cielo as at 31 December 2021 achieved net revenue of over EUR 35 million (approximately EUR 28 million in 2020), recording an EBITDA before IFRS 16 of EUR 9,8 million (EUR 5,7 million in 2020) and a positive NFP of EUR 20,2 million.

Galassia had net revenue of approximately EUR 29 million (about EUR 21 million in 2020), recording an EBITDA before IFRS 16 of EUR 5,8 million (EUR 3,6 million in 2020) and a negative NFP of EUR 3,2 million.

Finally, Disegno Ceramica had net revenue of more than EUR 12 million (EUR 9 million in 2020), recording an EBITDA before IFRS 16 of EUR 1,3 million (EUR 0,2 million in 2020) and a negative NFP of EUR 6,2 million.

Overall, the sector generated total revenue during the year of EUR 76 million and an EBITDA before IFRS 16 of more than EUR 16 million (EBITDA margin of 22%).

The excellent results achieved by the bathroom furnishings companies demonstrate the important capacity to create value in this vertical and bode well for growth also in the coming quarters, confirming the validity of Mittel’s investment strategy, characterised by active and direct management of the investment, with a strong industrial commitment which is proving to be particularly profitable in encouraging the growth in size of the investee companies, in Made in Italy sectors and brands that have additional strong development prospects.

Nursing Home Sector

The Zaffiro Group operates in the healthcare sector offering “Long-Term Care” services to elderly patients who are not self-sufficient or with progressively disabling diseases (Alzheimer's and other psychiatric diseases).

Mittel acquired the majority of the group in 2016 with the aim of undertaking a strong growth project in a counter-cyclical sector characterised by limited supply and high fragmentation of operators. Mittel currently holds 60% of the group, supported, for the remaining share, by the founder and CEO Gabriele Ritossa.

At the time of the acquisition, the Zaffiro Group managed eight facilities to which, in recent years, a further eleven facilities have been added, for a total of approximately 2.500 places currently managed. The facilities are characterised by a high degree of insourcing of the services offered (medical assistance, catering, cleaning, laundry), without the use of outsourced personnel.

Since the acquisition, the Zaffiro Group has followed a strategy strongly based on growth with the aim of becoming one of the main Italian players in the sector. This growth, which involves both acquisitions and direct developments, has seen the group pass from 8 to 19 managed facilities (for approximately 2.500 current beds), with further future projects already identified and contractually agreed (target of more than 4.000 managed beds).

In 2019, the Zaffiro Group also started an important partnership with Primonial, a real estate operator of primary standing, with the aim of selling the real estate assets owned or under development. The enhancement of the real estate component allows the group to significantly lighten the financial structure by recovering resources to finance new opportunities.

Following the development of the health emergency, the facilities managed by the Zaffiro Group and their operators have played a fundamental role in tackling the pandemic, by both assisting patients, and supporting the public system most directly committed to treatment of patients suffering from the virus. The nursing home facilities took steps to apply the safety protocols developed by the national institutions and the Ministry of Health, purchasing equipment on an ad hoc basis and the Personal Protective Equipment for personnel, applied the provisions on guest behaviour to be observed in accessing the facilities, for the recovery of residents and for the operations of employees, also ensuring the necessary training. In addition, means of electronic communication were established to guarantee a direct channel for informing relatives of the clinical and assistance conditions of their residents.

Consequently to the pandemic the Zaffiro Group facilities obviously are currently recording lower occupancy rates than they have historically and will experience their full recovery only when the post-Covid regulatory limitations on new entries will be completely lifted and the strong competitive pressure exerted at this time by the numerous free beds available in public facilities as well will reduce.

Nursing Home 2021 Results

Nursing Home Sector *Figures in EUR mln*	**31/12/2021**	**31/12/2020**
Net revenue	64,0	62,9
Operating costs	(56,4)	(53,4)
EBITDA after IFRS 16	**7,6**	**9,5**
IFRS 16 effect reversal (lease restoration)	(9,5)	(9,5)
IFRS 16 effect reversal (contingencies elimination)	(1,3)	-
IFRS 16 effect reversal (reinstatement of the reversed capital gain)	1,9	3,8
MARGIN before IFRS 16 with real estate capital gain	**(3,4)**	**3,8**

The accounting EBITDA for the year was positive by EUR 7,6 million (EUR 9,5 million as at 31 December 2020), but was favourably affected by the application of IFRS 16, which resulted in the non-recognition of lease payments as operating costs (EUR 11,6 million on 31 December 2021 and EUR 9,5 million on the comparison period).

EBITDA before IFRS 16 (net of a capital gain of EUR 2,2 million achieved on the purchase and sale to Primonial of the properties in Vercelli, Nuova Residenza Serena) amounted to a negative EUR 5,6 million, significantly worse compared to year 2020 (in which it was essentially at break-even).

The considerable worsening in the economic situation, attributable to the pandemic, is related to the persistence of low occupancy rates in the operating facilities (in the presence of a wide availability of places at public facilities as a result of the pandemic), as well as the significant presence of development and start-up costs of the recently opened nursing homes, which, in the current pandemic context, characterised by very slow entry flows, amplify the economic erosion of profit margins. These costs are in any case an expression of the growth project pursued by the Group in the sector, which will show its effects in the medium-long term, once the current negative economic situation has been overcome.

As at 31 December 2021, the accounting net financial position was a negative EUR 279,7 million and was heavily affected by the application of IFRS 16. Excluding the portion of the debt attributable to the mere application of this principle, amounting to EUR 220 million, net financial debt as at 31 December 2021 amounted to EUR 59,7 million, up from the EUR 27 million as at 31 December 2020 due, in addition to the negative income impact described, mainly to the progress of the additional initiatives under development, which, upon completion, will be fully financially valued through the execution of the binding agreement with the Primonial fund.

Automotive Sector

Industria Metallurgica Carmagnolese (IMC) is active in the Automotive components sector. The company has around 100 employees, a turnover of around EUR 30 million, with a solid financial structure that has historically guaranteed excellent cash generation, and operates mainly on foreign markets, with an export share of around 90%.

The Automotive components sector is an industry in which Italy holds an important and recognised leading position at international level and within which Mittel believes there is room for further growth, consolidating IMC's competitive positioning both through the strengthening of relations with current customers and by means of a gradual expansion of the customer portfolio.

Founded in the 1960s, IMC is recognised by the main international OEMs (including, by way of example, Renault, Daimler, Volkswagen, BMW, MAN, Iveco) as an efficient and reliable supplier, able to quickly meet (temporary or structural) outsourcing requirements for moulding activities, such as peaks in production capacity, breakdowns or extraordinary maintenance of plants, management of the "end of life" of model platforms.

This ability to operate as a "supplier of last resort", together with the high quality of the product and service offered, means that IMC is able to achieve profitability levels well above the industry average.

In September 2017, Mittel acquired a 75% majority stake in the company; the remaining share was maintained by the family of the founder, now 70, with whom a gradual generational "handover" was arranged.

In the period after the investment, Mittel's activities were particularly focused on the following aspects:
- strengthening of the management structure through the introduction, in full agreement with the minority shareholder, of new professionals in the roles of Chief Executive Officer, CFO, Technical Director;
- support to the commercial development of the company by setting up a steering committee focused on the consolidation of relations with existing customers and the development of new customers;
- improvement of the reporting and control systems through the upgrade of the information systems, the implementation of a new management system, the introduction of structured procedures (by way of example, protection of privacy, 231, etc.);
- adjustment of quality standards, in products and in company management, to the standards of excellence required by the Mittel Group.

Automotive 2021 Results

Automotive Sector *Figures in EUR mln*	**31/12/2021**	**%**	**31/12/2020**	**%**
Net revenue	31,1		28,6	
Operating costs	(28,2)		(22,1)	
EBITDA	**2,9**		**6,5**	
IFRS 16 effect reversal (lease restoration)	(1,5)		(1,5)	
EBITDA before IFRS 16	**1,4**	*5%*	**5,0**	*23%*

In 2021, the Automotive sector has continued to be strongly conditioned by an overall macroeconomic scenario of contingent weakness, worsened by the health emergency, which also led to a drop in OEM production (i.e. especially as a result of a strong shortage of electronic components), as well as a generalised shortage of raw materials (and in particular of steel), with consequent procurement difficulties and increased prices.

In the context described, especially in the second half of the year, the company recorded a net worsening in economic performance, with revenue held back by some temporary blocks of orders due to the crisis linked to semiconductors and with profit margins strongly conditioned by the increase in raw materials and, especially in the last part of the year, by the increase in the cost of energy.

EBITDA before IFRS 16 was therefore equal to EUR 1,4 million, significantly worse than EUR 5,0 million in 2020 (the latter year, also positively impacted by the significant Renault contract acquired, after the lockdown of the first half of the year), especially as a result of the fact that the reversal of raw material costs to OEMs was obtained by the company only from the beginning of 2022.

As at 31 December 2021, the net financial position was a negative EUR 19,7 million, including EUR 10 million deriving from the application of IFRS 16. Excluding this amount, the net financial debt as at 31 December 2021 amounted to EUR 9,7 million, an improvement compared to the EUR 13,1 million in the comparison period due to the waiver of the respective loans made by the two shareholders at the end of the year, also with a view to further strengthening the capital solidity of the company, with the hoped-for favourable impacts also in commercial relations with customers and potential customers of the company.

Clothing Sector

Sport Fashion Service ("SFS") S.r.l., 90% of which was acquired by Mittel in November 2019, is active in the sale of clothing under the Ciesse Piumini brand (with a focus on outerwear) and operates in the informal clothing market and in particularly in the urban/lifestyle and outdoor segments.

Ciesse Piumini is the iconic, highly renowned brand, which has extended, over time, the experience built up in technical-sports products, also intended for extreme expeditions, clothes suited to urban fashion, combining manufacturing excellence with comfort and style.

The brand has been on the market since the mid-70s, the brand's representative logo being a liger, a rare feline born from the cross between a lion from Kenya, from which it inherits strength and authority, and a Bengal tiger, from which it obtains elegance and insatiable curiosity. The liger perfectly embodies the soul of Ciesse Piumini, inextricably linked to nature, authenticity and freedom. The strengths of the brand lie in the use of goose down for the creation of highly technical items for skiing and mountaineering, the choice of high quality products and the use of cutting-edge materials.

SFS operates mainly on the Italian market through the wholesale channel. The Ciesse Piumini brand is present in a widespread network of multi-brand stores in Italy, with collections for men, women and children. SFS manages the outlet stores in Pomezia, Barberino, Ovindoli and Abetone.

Since the acquisition by Mittel, intense activities were undertaken to reorganise the company, strengthen the structure and completely overhaul the communications model. These initiatives are part of the significant project of brand's growth and development, enhancing the solid business characteristics such as the historical heritage of the brand and the positive economic and financial performance.

Work on these initiatives was and is carried out in a macroeconomic context that was abruptly complicated, starting from 2020, by the health emergency linked to Covid-19, with repercussions on the company's economic-financial performance. This was obviously due to the effects of the lockdowns that took place starting from March 2020, with the consequent closure of stores, and, subsequently, to the restrictions of the winter months following the so-called "second wave" of the pandemic.

The industrial development and growth work carried out with a strong direct contribution from Mittel management concerned: (i) the renewal of the first managerial line with the inclusion of leading figures in key company roles; (ii) strengthening of brands and brand recognition, with renewal of communication via social media and brand ambassador agreements with leading figures; (iii) review of the commercial network, in line with the image and growth plans of the company; the launch of a selected retail project in the reference cities, starting from Milan.

Clothing 2021 Results

Clothing Sector *Figures in EUR mln*	31/12/2021	%	31/12/2020	%
Net revenue	18,3		17,5	
Operating costs	(16,4)		(15,1)	
EBITDA	**1,9**		**2,4**	
IFRS 16 effect reversal (lease restoration)	(0,4)		(0,3)	
EBITDA before IFRS 16	**1,6**	*9%*	**2,0**	*12%*

During 2021, the revenue of SFS amounted to approximately EUR 18 million, an increase compared to 2020 thanks primarily to the wholesale sales channel.

The EBITDA before IFRS 16 was EUR 1,6 million, down compared to the EUR 2,0 million of the previous year, mainly as a result of: (i) the heavy extraordinary negative impact of a slow-moving product inventory relief manoeuvre carried out through sales to jobbers; (ii) increased costs for duties and freight.

Performance of the Real Estate sector

In relation to the Real Estate sector, intended as the business of developing initiatives in the residential and services sectors with subsequent retail sale on the market, the Group is now arranging disposal of the outstanding portfolio or the completion of initiatives already in the portfolio. Specifically, it should be noted that the Group has substantially completed the sales of the residential units historically held, with the exception of those of recent or imminent completion, relating to Milan (Via Metauro) and Como (Via Regina Teodolinda). Both contracts were met with significant commercial success. In 2021, sales of EUR 15,2 million were recorded on the Milan initiative (Via Metauro). Further sales of EUR 4,7 million were carried out at the beginning of 2022 in execution of previous preliminary agreements. As regards Como (Via Regina Teodolinda), sales are expected in the first half of 2022 on the basis of existing preliminary agreements for a total of EUR 9,5 million.

On the other hand, as regards the residual non-residential inventories held, the revenue of the year, totalling EUR 4,6 million, are largely attributable to the sale of a plot of land located in Belpasso, for EUR 2,3 million, a property for office use located in Como (Via Canturina), for EUR 1,0 million, and a portion of an extensive commercial area located in Vimodrone (MI), for EUR 0,6 million;

As at 31 December 2021, the capital invested by the Group in the Real Estate sector, reflecting the trends described above, amounted to EUR 47,6 million, a net reduction compared to the amount of more than EUR 100 million at the moment in which the new corporate bodies changed their strategic direction of recent years.

Performance of the Equity and Investments Sector

The Equity and Investments sector includes the parent company Mittel S.p.A. as well as the residual portfolio of non-controlling interests and private equity investment vehicles, which are in the process of being disposed, in a manner compatible with the features of each asset, in order to generate financial resources to be used in acquiring controlling investments.

As regards non-core assets in the portfolio, compatible with this difficult moment and taking into consideration the important results already achieved in that process in previous years, the measures for the valuation of assets has continued, in order to generate new resources for investment, as described in detail in the introduction to this report. The success of recovering financial resources from complex non-strategic activities is the result of a strong commitment to the direct enhancement and using internal resources of each individual business.

During the year, the reduction of the holding company's structural costs of both an operational (personnel, consultancy, etc.) and financial nature was also substantially completed. All cost items had already been reduced significantly in previous years, and from 2022 onwards, the additional measures implemented in 2021 will also have an effect on the entire financial year.

In particular, it should be pointed out that in July 2021, after carefully and positively assessing the significant cash and cash equivalents held by the Parent Company and in the subsidiary holding system, the described continuous success achieved to date also in a pandemic period in the management activity and asset-for-asset recovery of receivables and non-strategic properties, with consequent generation of additional liquidity, and the generation of cash carried out by all the industrial subsidiaries, a further partial voluntary early repayment of the 2017-2023 bond was carried out (after that of EUR 50,6 million made in August 2020) for a nominal amount of EUR 63,8 million out of a total of EUR 78,9 million.

The residual portion of EUR 15 million of the bond will be channelled in support of the growth programs of the industrial subsidiaries and in particular of Gruppo Zaffiro, involved in nursing homes' ongoing real estate development operations for which there are binding forward purchase commitments from a leading real estate fund.

The transaction has a high substantial value in that, in addition to producing a clear economic benefit, it signals the successful completion of the first phase of management intervention aimed at transforming Mittel into a solid holding, largely liquid and owner of 4 investment verticals, on which continuous industrial development work is underway.

Andamento della Capogruppo

Performance of the Parent Company

The Company closed the financial statements as at 31 December 2021 recording a loss of EUR 5,0 million (loss of EUR 1,7 million as at 31 December 2020, a year in which a significant capital gain deriving from the sale of the equity investment in SIA was recognised).

The result for the year was impacted by the net effect of several items, including the following in terms of importance and nature: (i) net operating costs of EUR 4,2 million (EUR 4,3 million in the previous year), attributable to personnel costs of EUR 2,6 million, costs for services of EUR 1,8 million and other costs of EUR 0,5 million, partially offset by revenue 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 particular market context; (iii) financial expenses recognised on the bond loan, totalling EUR 2,6 million, of which EUR 2,0 million related to the component subject to voluntary partial early repayment in July.

Ignoring these important factors, linked in large part to the non-recurring phenomena, the economic performance of the holding company nevertheless benefitted from the rationalisation measures implemented during previous years, which resulted in a general containment of operating costs and, at the same time, the continuation of the process of enhancing the value of the non-core assets in the portfolio, in line with the strategy defined at the Group level, for which reference is made to the earlier section regarding the performance of the Group as a whole.

Equity amounted to EUR 207,9 million as at 31 December 2021, compared to EUR 212,8 million in the year ended as at 31 December 2020, marking a decrease of EUR 5 million, due entirely to the effect of the result for the year.

The **net financial position** was positive by EUR 32,1 million (positive by EUR 57,4 million as at 31 December 2020) and reduced by financial payables recognised as a result of the provisions of IFRS 16, equal to EUR 4,2 million as at 31 December 2021. Net of this component, the net financial position would be positive by EUR 36,3 million, a decrease of EUR 25,6 million compared to the comparison period, mainly due to the classification among non-current financial receivables (outside the regulatory definition of net financial position) of the exposure to the subsidiary Gruppo Zaffiro, equal to EUR 19,6 million, which in the comparison period was included among current financial receivables, contributing to the item for EUR 12,1 million. In addition, the investment of approximately EUR 6 million made during the year for the purchase of the Jeckerson brand should be noted.

Financial highlights of Mittel S.p.A.

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

(Thousands of EUR)	**31.12.2021**	**31.12.2020**
Revenue 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 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 to financial assets, loans and receivables	(776)	(5.132)
Profit (loss) before taxes	**(5.744)**	**(4.226)**
Taxes	775	2.570
Net profit (loss) for the year	**(4.970)**	**(1.656)**

Details on the most significant of these items are presented below.

- **Revenue and other income:** EUR 0,8 million, substantially in line with the EUR 0,9 million of the comparison period, substantially attributable to the servicing activities and the recharges made to the investee companies.

- **Purchases, provision of services, sundry costs:** EUR 2,3 million, compared to EUR 2,6 million as at 31 December 2020; more specifically, the reclassified item includes:
  (i) costs for services of EUR 1,8 million (value in line with that as at 31 December 2020);
  (ii) other costs for EUR 0,5 million (EUR 0,8 million as at 31 December 2020).

- **Personnel costs:** EUR 2,6 million, an amount slightly higher than the EUR 2,5 million, but including the effect of non-recurring items making up the item.

- **Profit (loss) from investments and financial assets:** EUR 0,2 million attributable to the capital gain collected on the sale of the investment in Mitfin S.p.A. (EUR 9,6 million in the previous year, when the capital gain from the sale of the investment in SIA S.p.A. was recognized).

- **Profit (loss) from financial management:** loss of EUR 0,8 million (loss of EUR 4,0 million in the comparison period). The item is attributable to the net effect of financial income for EUR 2,0 million (EUR 1,4 million in the previous year), relating mainly to interest income accrued on financial receivables, and financial expenses for EUR 2,8 million (EUR 5,4 million in the comparison period), nearly entirely relating to the outstanding bond, subject of the already commented on early redemption transaction carried out in July.

- **Net value adjustments on investments and financial assets:** totalled EUR 0,8 million (EUR 5,1 million as at 31 December 2020) and referred to:
  (i) Value adjustments on investments for EUR 0,5 million (EUR 0,3 million in the comparison period), linked entirely to the write-down of the controlling equity investment in Mittel Investimenti Immobiliari S.r.l.;
  (ii) Net value adjustments on financial assets and receivables of EUR 0,3 million (EUR 4,8 million in the previous year); the item is attributable to the net effect of revaluations of financial assets of EUR 0,1 million, mainly due to the fair value adjustment of the remaining real estate funds held, and net value adjustments on financial receivables held of EUR 0,4 million.

- **Taxes**: the item makes a positive contribution of EUR 0,8 million to the income statement (positive contribution of EUR 2,6 million as of 31 December 2020) and is mainly attributable to the effect of the recognition of the current tax benefit deriving from the utilisation within the tax consolidation of a portion of the tax loss accrued in the year.

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

(Thousands of EUR)	31.12.2021	31.12.2020
Intangible assets	4	7
Property, plant and 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 IFRS 16	**36.282**	**61.879**

Property, plant and equipment and intangible assets amounted to EUR 4,3 million (EUR 4,6 million in the previous year) and refer primarily to 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 in the year ended as at 31 December 2020. The increase is explained by the net effect: (i) of increases for equity contributions to investee companies for EUR 4,0 million (vehicle used for the purchase of Jeckerson); (ii) of increases due to waiver of shareholder loans to strengthen the equity of subsidiaries for a total of EUR 12,9 million; (iii) of collections for distributions made by the investee Mittel Generale Investimenti for EUR 1,6 million; (iv) of a value adjustment of EUR 0,5 million recognised on the investee Mittel Investimenti Immobiliari; (v) of the sale of the equity 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, compared to EUR 58,2 million in the year ended as at 31 December 2020, marking an increase of EUR 8,5 million. This was essentially due to the effect of:

- the net increase of EUR 8,8 million in non-current financial receivables, which went from EUR 47,8 million to EUR 56,6 million;
- the decrease of EUR 0,3 million in the item other non-current financial assets, which went 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). In particular, as at 31 December 2021, this item is composed, for EUR 1,1 million, of Provisions for personnel and, for 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 prior year. This item is essentially comprised of: (i) current tax assets for EUR 0,3 million (EUR 0,2 million in the comparison period); (ii) deferred tax assets for EUR 6,1 million (in line with the comparison period), recognised in recent years as a result of the entry into the scope of tax consolidation of new companies with significant taxable income, which will make it possible to recover additional latent tax benefits, mainly represented by the substantial tax losses in prior years and interest expenses that can be carried forward, accrued by the Company in the previous years.

Net working capital was positive for EUR 0,5 million (EUR 3,3 million in the previous year), recording a decrease of EUR 2,8 million. The reclassified item is a result of the net effect: (i) of sundry receivables and other current assets of EUR 4,7 million (EUR 8,0 million in the previous year), due mainly to receivables due from subsidiaries (primarily tax items, largely attributable to the receivables from tax consolidation or Group VAT); ii) of sundry payables and other current liabilities for EUR 4,1 million (EUR 4,7 million in the prior year), represented mostly by trade payables and intercompany tax items (for tax consolidation or Group VAT).

Equity amounted to EUR 207,9 million, compared to EUR 212,8 million as at 31 December 2020, marking a decrease of EUR 4,9 million, corresponding to the loss for the year.

The **net financial position** was positive by EUR 32,1 million (positive by EUR 57,4 million as at 31 December 2020) and reduced by financial payables recognised as a result of the provisions of IFRS 16, equal to EUR 4,2 million as at 31 December 2021. Net of this component, the net financial position would be positive by EUR 36,3 million, a decrease of EUR 25,6 million compared to the comparison period, mainly due to the classification among non-current financial receivables (outside the regulatory definition of net financial position) of the exposure to the subsidiary Gruppo Zaffiro, equal to EUR 19,6 million, which in the comparison period was included among current financial receivables, contributing to the item for EUR 12,1 million. In addition, the investment of approximately EUR 6 million made during the year for the purchase of the Jeckerson brand should be noted.

In terms of components, the following table provides a breakdown of changes in values in the company's net financial position.

Statement relating to the 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	-	-
Bonds	(15.426)	(79.898)
Other financial payables	(8.687)	(4.442)
Financial debt	**(24.113)**	**(84.340)**
Net financial position	**32.074**	**57.437**

Notizie sulle società partecipate

Information on the principal investees

Mittel S.p.A. main subsidiaries

- **Gruppo Zaffiro S.r.l.** (60%): for information on the investee and its subsidiaries, refer to the thorough disclosure provided in other sections of this report, in particular in the section on the Group's operating sectors (Nursing Home Sector), and the consolidated explanatory notes.

- **Ceramica Cielo S.p.A.** (100%): for information relating to the company, an investee through the special purpose vehicle IBD Group S.r.l. (100% Mittel), refer to the thorough disclosure provided in other sections of this report, in particular in the section on the Group's operating sectors (Design sector), and the consolidated explanatory notes.

- **Galassia S.r.l.** (90%): for information relating to the company, an investee through the special purpose vehicle IBD Group S.r.l. (100% Mittel), refer to the thorough disclosure provided in other sections of this report, in particular in the section on the Group's operating sectors (Design sector), and the consolidated explanatory notes.

- **Disegno Ceramica S.r.l.** (85%): for information relating to the company, an investee through the special purpose vehicle IBD Group S.r.l. (100% Mittel), refer to the thorough disclosure provided in other sections of this report, in particular in the section on the Group's operating sectors (Design sector), and the consolidated explanatory notes.

- **IMC S.p.A.** (75%): for information on the company, refer to the thorough disclosure provided in other sections of this report, in particular in the section on the Group's operating sectors (Automotive sector), and the consolidated explanatory notes.

- **Sport Fashion Service S.r.l.** (90%): for information on the company, refer to the thorough disclosure provided in other sections of this report, in particular in the section on the Group's operating sectors (Clothing sector), and the consolidated explanatory notes.

- **Mittel Investimenti Immobiliari S.r.l.** (100%)
  The Mittel Group, through Mittel Investimenti Immobiliari S.r.l. (hereinafter MII), operates in the real estate field, making investments in the residential and services sectors, both directly and through investee companies. The wholly-owned equity investments as at 31 December 2021 were MiVa S.r.l., Gamma Tre S.r.l. and Lucianita S.r.l. in liquidation. During the year 2020, the Company's holding in Regina S.r.l. reduced from 100% to 70%.

Economic figures (EUR 000)	31.12.2021	31.12.2020
Value of production	491	(78)
Costs of production	(947)	(1.315)
Operating result (EBIT)	**(456)**	**(1.393)**
Financial income and expense	-	-
Value adjustments on investments	(280)	(50)
Profit (loss) before taxes	**(736)**	**(1.443)**
Taxes	266	536
Net profit (loss)	**(470)**	**(907)**

Equity figures (EUR 000)	31.12.2021	31.12.2020
Investments	2.582	2.862
Financial receivables	14.916	15.514
Property inventories	22.705	23.846
Other assets	261	4.708
Total assets	**40.464**	**46.930**
Total liabilities	**28.775**	**39.771**
Equity	**11.689**	**7.159**

The result for the year ended 31 December 2021 shows a loss of EUR 0,5 million, compared to a loss of EUR 0,9 million for the year ended as at 31 December 2020. The company had revenue of EUR 1,3 million, against an overall negative change in inventories of EUR 1,1 million and operating costs totalling EUR 0,9 million. The operating result, negative for EUR 0,7 million, was offset by a tax benefit of EUR 0,3 million, deriving from the partial recognition of the tax loss for the year within the scope of the Group's tax consolidation. The loss for the year is affected by write-downs of equity investments for EUR 0,3 million.
Equity as at 31 December 2021 amounted to EUR 11,7 million, compared to EUR 7,2 million as at 31 December 2020. The increase is attributable exclusively - net of the loss for the year - to the partial waiver by the sole shareholder Mittel S.p.A., in the amount of EUR 5,0 million, of the non-interest-bearing shareholder loan in place, made to increase the company's assets.

Direct investments of Mittel Investimenti Immobiliari S.r.l.

Arluno – Via Giorgio Ambrosoli
In April 2013, the company completed the construction, on an area purchased in December 2008 in Arluno (MI), of a residential complex composed of two buildings of four floors each above ground, in addition to attics and basements, for a total of 98 apartments, a garage with 1 underground level, for a total of 105 garages, and uncovered parking for a total of 44 parking spaces.
During the year, sales of EUR 0,2 million were recorded (EUR 2,3 million in the previous year). The carrying amount of inventories as at 31 December 2021 was EUR 0,4 million (EUR 0,6 million in the comparison period). The valuation of the contract carried out at the end of the year, with the support of the external appraiser, did not result in any write-downs during the year.

Paderno Dugnano – Via Pepe
The company, in an area owned in the municipality of Paderno Dugnano (MI), centrally located and in the immediate vicinity of the railway station, constructed a residential complex housing 149 apartments and around 1.800 square metres of tertiary/commercial space, plus 2 underground garage levels, plus public works, such as a library, a square with portico and an underground public car park.
During the year, sales of EUR 0,04 million were recorded (EUR 1,4 million in the previous year). The valuation of the contract carried out at the end of the year, with the support of the external appraiser, did not result in any write-downs during the year.

Milan – Via Ludovico di Breme
The company constructed a management building in Milan, Via Di Breme 78, with 8 above-ground levels for a total commercial space of 4.010 square metres, plus an underground garage with 55 car parking spaces, external green areas and an uncovered car park with 20 car parking spaces.
Works were completed and the associated definitive testing took place in February 2014.
A six-year lease agreement has been in place since 1 January 2015, with automatic renewal for a further six years, for the entire first floor, in addition to other parts of the property used for warehouse and services, as well as some covered and uncovered parking spaces.
The property inventories owned by the company were valued with the help of an external appraiser and did not result in the recognition of write-downs during the year.
Activities were concretely carried out and negotiations are in place for the leasing of the entire management building to management entities of prime standing, with the objective of being able to then increase the value of the investment.

Vimodrone (Milan) – Via Grandi
This is an industrial/craft trade complex covering roughly 5.000 square metres in which the expected renovation and expansion works were performed for the relevant split-up sale. The works have been completed and tested.
As at 31 December 2021, approx. 2.945 square metres remain to be sold, compared to the 4.170 square metres of 31 December 2020.
During the year, sales of EUR 0,5 million were recorded. The carrying amount of inventories as at 31 December 2021 was EUR 1,4 million (EUR 1,9 million in the comparison period).
The valuation at the end of the year was conducted with the help of an external appraiser and did not result in the recognition of write-downs. The disposal process is expected to continue in 2022.

Felizzano (Alessandria) – Via Roma
This is a property complex which sits on an area of 116.720 square metres, housing industrial facilities, warehouses and offices, for a vacant and free commercial area of 46.500 square metres.
The valuation at the end of the year was conducted with the help of an external appraiser and did not result

in the recognition of write-downs.

Bresso – Via C. Romani
The management/industrial/craft building complex in Bresso (Milan) is composed of three lots which have been gradually renovated.
During the year, sales of EUR 0,4 million were recorded (EUR 0,3 million in the previous year). The carrying amount of inventories as at 31 December 2021 was EUR 1,9 million.
The valuation at the end of the year was conducted with the help of an external appraiser and did not result in the recognition of write-downs.
The disposal process is expected to continue again in 2022.

Milan – Piazzale Santorre di Santarosa
The inventory properties held are represented by a property complex situated in Milan, Piazzale Santorre di Santarosa 9, of approximately 5.000 square metres of total gross surface area which have been under renovation for the last few years and is currently being concluded, with only some property units and one commercial unit that are not yet completed, for the purpose of allowing the possibility for the future user to choose the finishing that are most appropriate for its ultimate use.
During the year, sales totalling EUR 0,08 million were recorded (EUR 1,7 million in the comparison period). The carrying amount of inventories as at 31 December 2021 was EUR 1,5 million (in line with the comparison period).
The valuation at the end of the year was conducted with the help of an external appraiser and did not result in the recognition of write-downs. The disposal process is expected to continue again in 2022.

Investments of Mittel Investimenti Immobiliari S.r.l.

Lucianita S.r.l. in liquidation (100%)
By means of notarial deed of 6 May 2019 of Fabio Gaspare Pantè, Notary in Milan, listed in the Milan Register of Companies on 7 May 2019, the Company was placed into liquidation pursuant to art. 2484, paragraph 1 no. 6). By means of the same deed, the liquidator was also appointed, with the attribution of the broadest powers for exercise of the function, including therein the representation of the company, such as those set forth in art. 2487 of the Italian Civil Code.
The Company was the owner of a property complex at Via Lomellina no. 12, Milan, whose sale was completed in the year.
During the year, no revenues were recognised (EUR 0,1 million in the comparison period).
As at 31 December 2021, the company basically broke even, as in the comparison period, and posted equity of EUR 0,5 million.

MiVa S.r.l. (100%)
The activity of the Company MiVa S.r.l., a wholly-owned investee of Mittel Investimenti Immobiliari S.r.l., is intended to enhance the value of the real estate complex located in Milan at Via Vespri Siciliani 29 and Via Metauro 9, completed to date. In October 2021, the first sales of the residential units and garages began. As at 31 December 2021, out of the 52 residential units, 35 units for EUR 13,5 million had been deeded and 12 preliminary sale agreements for EUR 4,6 million had been signed. Remaining for sale 3 units. With regard to the 113 garages, as at 31 December 2021, 48 garages for EUR 1,8 million had been deeded and 13 preliminary agreements for EUR 0,5 million had been signed. 52 garages remain to be sold.
Although the economic situation of 2021 was affected by the health emergency due to the pandemic, with different intensity during the year, despite the context of a more favourable global macroeconomic framework, the Company continued to market the 2 residential units and 52 garages.
As at 31 December 2021, the company posted a profit of EUR 0,2 million (loss of EUR 0,3 million as at 31 December 2020) and equity of EUR 2,2 million. The valuation at the lower between the cost and the market value of the property inventories, conducted by an external appraiser, did not require any value adjustments to the property initiative, stated at EUR 8,7 million.

Gamma Tre S.r.l. (100%)
The company owns an area in Como housing a disused industrial complex (around 15.800 square metres of buildings out of an area of 22.000 square metres) in Via Cumano and a building in Via Canturina, used for offices (around 1.800 square metres) plus 800 square metres of basement space and an external courtyard area.

The Recovery Plan for the Via Cumano area, set forth in the urban planning agreement signed with the Municipality of Como in November 2010, and was extended to November 2023. The Plan calls for the construction of 5 residential towers with an overall volume of 38.200 cu.m., which may be further increased by 10%, for a total of roughly 200 apartments. The extension was intended to make the necessary changes to the Implementation Plan by downsizing the total volume capacity, bringing it to the values expressed by the PGT (government territorial plan) in force (volume estimated at roughly 10.500 square metres of gross surface area) with a resulting reduction in municipal expenses on which there is a surety issued by the Company for an amount of roughly EUR 3 million for planned works for roughly EUR 1,7 million. To ensure that the area meets safety standards, the existing buildings were demolished and the underlying areas reclaimed. The project and its multi-stage implementation are still to be defined in relation to the trend in purchases and sales in the residential real estate market. In parallel, local operators and/or cooperatives interested in purchasing and developing the area are being contacted.
The Via Canturina office building was sold in its entirety on 31 March 2021 at the carrying amount.
As at 31 December 2021, the company showed a loss of EUR 0,1 million (EUR 60 thousand as at 31 December 2020) and equity of EUR 0,2 million.
The property inventories owned by the company were valued with the help of an external appraiser and did not result in the recognition of write-downs.

Regina S.r.l. (70%)
The company owns a property complex in Via Regina 23 in Como, acquired in July 2011, at the same time as the stipulation of the Agreement with the Municipality, in enactment of the Implementation Plan approved previously for the construction of a residential building covering 6.731 cu.m.
During the 2021 financial year, the Company continued its real estate development activity consisting of a building with four floors above ground for a total of 2.937 square meters of residential area. Specifically, the project planned for the construction of 33 apartments with a basement area, 38 garages and 7 parking spaces.
Although the economic situation of 2021 was conditioned by the health emergency due to the pandemic, with different intensity during the year, even in the context of a more favourable global macroeconomic framework, the company has signed notarial preliminary agreements for 30 flats, 27 garages and 5 parking spaces.
During the first quarter of the 2022 financial year, the Company signed further notarial preliminary agreements for the remaining 3 apartments, 5 garages and 1 parking space, ending the marketing, with only 6 garages remaining.
The completion of the works is scheduled for the end of April 2002 and the signing of the deeds should begin in June 2022.
The company, as at 31 December 2021, shows a loss of EUR 0,2 million (loss of EUR 0,1 million at December 31, 2020) with a negative equity of approximately EUR 82 thousand. The Company benefits from Article 6 of the Liquidity Decree, subsequently amended by Article 1, paragraph 266, of the 2021 Budget Law, and, by way of derogation from the application of the provisions of Articles 2482 bis and ter of the Italian Civil Code, will therefore not carry out operations on the share capital pursuant to the aforementioned Articles, as well as the cause for dissolution in the event of failure to fulfil the obligation to carry over the share capital, affected by a significant loss, within the limit of the minimum law (art. 2484 n. 4).
It should be noted, however, that in the course of the 2022 financial year the Company will start the sale of all the property units and related garages, thereby restoring the company's equity to performing status.

- **Earchimede S.p.A.** (99,71%)
  The company carries out private equity vehicle activities and acts as a holding company for investments. As regards holding activities, it should be noted that the investment held in Fashion District Group S.r.l. in liquidation, for 66,67% of the share capital, which in turn owns 100% of the share capital of Parco Mediterraneo S.r.l., already owner of a 600.000 square metres in Belpasso (Catania), which was sold by the latter in June 2021.

Economic figures (EUR 000)	31.12.2021	31.12.2020
Value of production	1	-
Costs of production	(91)	(90)
Operating result (EBIT)	**(90)**	**(90)**
Financial income and expense	1.669	209
(Adjustments to)/reversals of impairment losses on financial assets	(1.074)	(718)
Profit (loss) before taxes	**505**	**(599)**
Taxes	10	12
Net profit (loss)	**515**	**(587)**

Equity figures (EUR 000)	31.12.2021	31.12.2020
Investments	3.300	4.101
Current financial assets	514	788
Cash and cash equivalents	867	2.836
Other assets	3.663	110
Total assets	**8.344**	**7.835**
Total liabilities	**90**	**97**
Equity	**8.254**	**7.738**

The company closed the financial statements as at 31 December 2021 with a profit of EUR 0,5 million (loss of EUR 0,6 million as at 31 December 2020). The equity of Earchimede S.p.A. as at 31 December 2021 was EUR 8,3 million (EUR 7,7 million as at 31 December 2020).

Main companies subject to joint control and associates

- **Mittel Generale Investimenti S.r.l.** (27%)
  The company, while retaining its nature as an authorised financial intermediary pursuant to Articles 106 and 107 of the Consolidated Banking Act, provided credit (directly and/or syndicated) and acted as a consultant in organising the financing of mainly extraordinary transactions, carried out by companies and private or institutional investors, on security and real estate markets.
  Subsequently, Mittel Generale Investimenti S.r.l. ceased operations as an authorised financial intermediary, merely continuing its existing credit management activities with the aim of efficient repayment of the credit positions held.
  During the 2021 financial year, Mittel Generale Investimenti S.r.l. continued its management of existing receivables and the actions functional to the collection of its portfolio of financial receivables, with the aim of efficiently repaying the credit positions held.
  The Shareholders' Meeting, held on 27 January 2021, resolved in favour of a voluntary reduction of the share capital from EUR 17 million to EUR 100 thousand and, on 2 May 2021, at the conclusion of the terms set forth in Article 2482 of the Italian Civil Code by which the creditors may, if necessary, propose an objection to the aforementioned resolution, the Company proceeded, after obtaining the certificate of non-opposition from the ordinary court, to reimburse the Shareholders in proportion to each other, on the basis of the financial resources available to the Company, the total amount of EUR 6,1 million and to allocate to the extraordinary reserve the remaining EUR 10,8 million.
  As at 31 December 2021, the company reported a net loss of EUR 1,4 million (a net loss of EUR 0,4 million in the previous year) and an equity of EUR 14,8 million (EUR 22,3 million as at 31 December 2021). Residual financial receivables amounted to EUR 11,7 million (EUR 13,8 million as at 31 December 2021) and cash and cash equivalents to EUR 1,4 million.
  On 7 February 2022, the Shareholders' Meeting resolved to proceed with a partial distribution of reserves in the amount of EUR 1 million, providing the Company with liquidity in the amount of EUR 1,4 million and positive equity in excess of the share capital. The distribution of reserves for EUR 1 million took place on 1 March 2022 and the portion attributable to Mittel S.p.A. was EUR 0,3 million.

Fatti di rilievo intervenuti nell'esercizio

Significant events in the year

Governance and corporate events

On 23 June 2021, the Shareholders of Mittel S.p.A., which held the Shareholders' Meeting using telecommunications tools, as permitted by art. 106, paragraph 2 of Decree Law 18/2020, converted into Law no. 24/2020, decided:

- to approve the Directors' Report on Operations and the Financial Statements for the year ended 31 December 2020, as well as the proposal to cover the loss for the year of EUR 1.656.096 by using the available reserves;
- to approve, pursuant to art. 123-ter, paragraphs 3-bis and 3-ter, of Legislative Decree 58/1998 (Consolidated Law on Finance), the "Remuneration Policy for the year 2021", contained in Section I of the "Report on the remuneration policy and on compensation paid" (the "Report"), and the relative adoption and implementation procedures;

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

Additional significant events

On 16 June 2021, the Board of Directors of Mittel, after carefully and positively assessing: (i) the significant cash and cash equivalents held by Mittel S.p.A. and in the subsidiary holding system; (ii) the continuous success achieved also in a pandemic period in the management activity and asset-for-asset recovery of receivables and non-strategic properties, with consequent generation of additional liquidity; (iii) the generation of cash carried out by all the industrial subsidiaries; (iv) the need to channel a residual share 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., involved in nursing homes' ongoing real estate development operations for which there are binding forward purchase commitments from a leading real estate fund; resolved to proceed with a further partial voluntary early repayment of the "Mittel S.p.A. 2017 - 2023" Bond, made on 28 July 2021, for a nominal amount of EUR 63,7 million out of a total of EUR 78,9 million. The amount to be repaid was increased, as required by the Regulation, by an amount equal to one quarter of the coupon (for EUR 0,6 million), to which interest for the period 27 July 2021 - 28 July 2021 was added, in addition to the payment of interest for the period 28 January 2021 - 27 July 2021, which was duly made on 27 July 2021.

On 15 September 2021, through the subsidiary vehicle Fashion Time S.r.l., Mittel S.p.A. acquired from the Court of Bologna the ownership of the Jeckerson brand, which operates in the informal clothing market and in particular in the urban/lifestyle segment. With this acquisition, Mittel S.p.A. continues its strategy of investing in companies that express Italian excellence. Jeckerson will be relaunched by Mittel S.p.A. through targeted industrial and communication investments, also thanks to the in-depth and historical knowledge of the brand and its potential by its reference shareholder Franco Stocchi, who had been the owner of the brand until 2008, contributing decisively to its success and enhancement. The acquisition of a new and important brand like Jeckerson by Mittel S.p.A. aims to create an Italian hub of reference in the urban/lifestyle and outdoor clothing sector and is part of an investment strategy aimed at seizing opportunities in Made in Italy brands and sectors with strong growth prospects. Jeckerson's development strategy provides for the creation of an omnichannel distribution model, through strong brand growth in the digital sale and communication channels, further strengthening in the traditional distribution channel and selective development in international markets.
The investment in Jeckerson confirms the ability of Mittel S.p.A. to create and develop investment verticals, with an industrial approach that has proven to be particularly successful in the design/bathroom furnishings sector and prospectively in that of nursing homes.
The total investment of the Mittel Group for the purchase of the Jeckerson assets, entirely financed with its own funds, amounted to EUR 5 million plus VAT.

On 22 October 2021, subject to the favourable opinion of the Related Party Committee of 18 October 2021 as a qualified related party transaction of lesser importance, Blue Fashion Group S.p.A. and Corporate Value S.r.l. each acquired 5% of the shares 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 award price of the lot including the Jeckerson brand, its website, the accessories and raw materials warehouse and the finished garments warehouse, for a total countervalue of EUR 0,6 million.

As a result of a review process of the incentive systems, on 15 December 2021 the Shareholders' Meeting of Mittel S.p.A., with a binding vote, voted in favour of the application of a medium/long-term only variable incentive system lasting three years (2022-2024) ("Medium-Long Term Policy"), instead of a short-term incentive system, whose effectiveness expired at the end of the 2021 financial year. The principles and methods of implementation of the Medium-Long Term Policy, applicable starting from financial year 2022, were set out in detail in Section I of the Report on the Remuneration Policy and on Compensation Paid ("Report"), submitted to the Shareholders on 15 December 2021. Shareholders were therefore provided - in advance of the usual date of approval of the Report, which coincides, pursuant to Article 123-ter of the Consolidated Law on Finance, with the approval of the annual financial report - with extensive disclosure on the contents of the Medium-Long Term Policy even before its application. At the Shareholders' Meeting held on 15 December 2021, therefore, Section I describing the Medium-Long Term Policy was presented, highlighting the changes made to the policy itself compared to the one previously approved at the Shareholders' Meeting on 23 June 2021 and covering the financial year 2021 only.
The contents of the aforementioned Medium-Long Term Policy (Section I) are available on the company website at the following address: http://www.mittel.it/corporate-governance/documenti-societari/.
The Medium-Long Term Policy applies with reference to the members of the Board of Directors and Board of Statutory Auditors and Key Managers, and also describes the general objectives pursued by the latter, the bodies involved, the procedures used for its adoption and implementation, and a description of any changes from the previous policy submitted to the Shareholders' Meeting. The incentive system envisaged therein is based on the disbursement of only cash components against a certain and measurable event, of interest to the entire shareholding structure, i.e. the sale of an equity investment in a business subsidiary with related realisation of capital gain.

Significant events after the year-end closing

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 is known, on 24 February 2022, a military operation by Russia began in Ukraine, which started a conflict and an international crisis. The economic effects of the conflict are being reflected in a generalised increase in prices (with the sharp rise in gas and energy prices and critical issues in relation to the supply of raw materials) with consequent potential impacts on the dynamics of industrial production and consumption, as well as potential supply chain issues due to blocked relations with Russia and/or sanctioned parties.

From the outset, the Group's management has paid the utmost attention to these aspects, increasing the level of monitoring on investments, in order to respond to the described phenomena by implementing all possible related risk mitigation measures. With specific reference to the business subsidiaries, the measures promptly implemented (in some cases even before the worsening of the situation induced by the outbreak of the conflict), or in the process of being implemented, include:

- revision of price lists with the aim of maintaining margins in the current inflationary scenario;
- intensification of sales activities;
- careful and active monitoring of energy and raw material prices;
- implementation of all suitable measures to guarantee the procurement of raw materials;
- improvement in purchasing planning and increase in the supplier network.

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

Lastly, it should be noted that on 21 March 2022, Italian Bathroom Design Group S.r.l., as a result of the exercise by Mr Alessio Coramusi of the put option provided for in the original agreements signed on the residual 10% of the share capital of Ceramica Cielo S.p.A., with a disbursement of approximately EUR 7 million, acquired the residual part of the capital, thus holding the 100% of the share capital of Ceramica Cielo S.p.A.

Business outlook for the year

The evolution of the Group's results is obviously correlated to the performance of the sectors in which the strategic shareholders operate (as well as to the evolution of the real estate and financial markets, to which the returns of the remaining non-core activities - which are further reduced - managed by the non-industrial companies are linked).

As clearly emerges from the analysis of the financial data, the strong solidity demonstrated by the Group in the face of the events induced by the current difficult market context made it possible to limit the equity impacts, which were decidedly contained, and to show a strong financial and operational resilience, also containing the negative impact on the economic results.

The presence within the Group of a diversification of investments allowed the further mitigation of the phenomena analysed, with the excellent results in the Bathroom Furnishings sector supporting the Group's income results, despite the fact that in the last two years the health emergency has affected the economic performance of some of the Group's operating sectors.

It is moreover important to underline that the Group's equity and financial strength also ensures significant autonomy in support of the operating needs and development programmes.

The outbreak of the conflict in Ukraine, as more fully analysed in the section relating to subsequent events (to which reference should be made for completeness of information and for more details), has exacerbated some phenomena that had already occurred in 2021 (especially in the last part of the year).

However, all the measures that were promptly implemented (always detailed in the section relating to subsequent events to which reference should be made) are already producing important results and should prove suitable to contain the impacts on the expected results.

Therefore, the Group's results in the coming months should reflect, in addition to the clear results of the growth process initiated in the Bathroom Furnishings sector (already fully visible during 2021), a gradual recovery in the other operating segments.

In more detail, the following important aspects are highlighted:

- the Bathroom Furnishings sector, despite tensions on energy costs, is expected to continue on the growth path reflected by the excellent results achieved;
- the Automotive sector should record a marked improvement, due to the resolution of some issues that affected the 2021 results and in particular as a consequence of the significant price increases negotiated and obtained at the beginning of 2022 with the main OEM customers due to the increase in raw material costs recorded in 2021;
- the Clothing sector should record significant growth in the revenue of Sport Fashion Service, thanks to the orders already acquired, and the elimination of some extraordinary factors that penalised the results of 2021; the year will also be characterised by the gradual start-up of the activities to relaunch and enhance the recently acquired Jeckerson assets;
- the Nursing Home sector will show an economic trend in the short term still affected by employment rates significantly lower than historical ones, the presence of numerous start-ups in the development phase and the negative effects of the current economic situation, in a sector that has a greater degree of difficulty in reflecting inflationary components on tariffs, being able to register a gradual recovery when the current pandemic-related contingent phenomena, exacerbated by the conflict, are finally overcome.
- a significant impact will be determined by the structurally achieved reduction in holding costs and, in particular, interest expenses, as a result of the voluntary early repayment - which took place in July 2021 - of a further important portion of the bond expiring in 2023 (remaining 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 also make a significant positive contribution to the continued improvement of the Group's net financial position in 2022 (in particular: (i) on Metauro, further sales in execution of previous preliminary agreements made at the beginning of 2022 for EUR 4,7 million, against advances already received from buyers of EUR 1,2 million); (ii) on Regina Teodolinda-Como, sales expected in the first half of 2022 based on existing preliminary agreements for EUR 9,5 million, against advances already received of EUR 1,8 million and final costs which can be prudently estimated in EUR 1,8 million).

In conclusion, the management confirms that, compatible with the uncertainty regarding the duration of the current market context and in accordance with the limits of the actions taken to contain the negative effects of the situation, both the process of consolidating the existing investments and the strategies for further development will also continue in the coming months, aimed at creating value in the long term for all shareholders.

Main ongoing legal proceedings and disputes

<u>So.Fi.Mar International S.A. and Mr. Alfio Marchini</u>

Dispute history

With regard to the known credit for EUR 12,8 million held by Mittel S.p.A. ("Mittel") in relation to So.Fi.Mar International S.A. ("Sofimar") and Mr Alfio Marchini ("Mr Marchini") by virtue of the purchase by Sofimar of bare ownership of the 222.315 shares of Finaster S.p.A. (today in liquidation, hereinafter for brevity "Finaster"), which took place in the year ended 30 September 2005, Mittel obtained the arbitration award on 15 March 2016, with which the Board of Arbitrators ordered Sofimar to pay Mittel the entire amount due to the latter for a total amount of EUR 12.782.298 as principal, plus interest up to 31 July 2013 of approximately EUR 316 thousand and default interest from 31 July 2013 up to the actual date of payment. The Court of Arbitration also ordered Sofimar to pay Mittel S.p.A. around EUR 128 thousand in Mittel defence costs and approximately EUR 149 thousand as Milan Chamber of Arbitration costs and arbitrator fees incurred by Mittel. However, the Court of Arbitration declared that Mr Marchini, the controlling entity of Sofimar at the time of the events, did not have standing to be sued.

On 26 May 2016, following filing of the award by Mittel, the Court of Milan issued the enforcement order for the arbitration award.

In order to lay claim to the Sofimar assets in Luxembourg, on 15 July 2016 Mittel obtained an exequatur order from the Luxembourg court. In accordance with this order, Mittel filed writs of attachment against Sofimar with 13 of the largest Luxembourg and Italian banks in Luxembourg, attachments that were suspended by the Luxembourg judge on the grounds that in November 2016 Sofimar and Mr Marchini appealed the exequatur order that was part of the arbitration award. After the confirmation of the exequatur order from the arbitration award, the enforcement proceedings were resumed and then closed following the declaration of bankruptcy of Sofimar in Luxembourg, which will be discussed later.

In addition, Mittel launched enforcement proceedings with third parties in Italy before the Courts of Rome and Milan.
The procedure before the Court of Rome was launched against Sofimar by 9 Italian companies and was declared settled in November 2017, in consideration of the negative statements of the third party garnishees.
With regard to the enforcement action before the Court of Milan, the third party garnishee, Finaster, submitted a negative statement. Mittel challenged the veracity of this declaration and the Judge, with an order dated 8 February 2019, pronounced that the third-party obligation was present. Finaster opposed this measure. With the measure dated 13 April 2019, this objection was rejected and the assignment to Mittel of the garnishee credit of EUR 40.320 was confirmed. In May 2019, Finaster paid Mittel a total of EUR 42.712, including the legal fees awarded by the Judge.

Mittel has also initiated an enforcement action in Switzerland against Sofimar at the banks UBS AG and UBS Switzerland AG, which was not successful.
In September 2017, Mittel filed bankruptcy against Sofimar before the Court of Rome (case no. 2562/2017). With decree dated 26 September 2018, the Court of Rome declared that it did not have jurisdiction. Mittel decided not to challenge this measure and to submit the bankruptcy petition in Luxembourg. On 2 August 2019, the Judge in Luxembourg declared the bankruptcy of Sofimar. Mittel has filed its petition to be included in the liabilities for the bankruptcy for the total amount of its credit. The petition was accepted. In the meantime, an appeal was filed against the bankruptcy declaration, which was rejected, with the resulting confirmation of the ruling declaring bankruptcy.

In March 2017, a writ of summons was served to Mr Marchini in the interest of Mittel to ascertain his non-contractual liability and his sentence for damages (quantified at EUR 13.098.895,72, in addition to default interest since 31 July 2013, plus interest and monetary revaluation) incurred by Mittel as a result of the non-payment by Sofimar of the amount due to Mittel, awarded in arbitration. Mr Marchini appeared in court, challenging Mittel's claims and requesting that Mittel be sentenced pursuant to art. 96 of the Italian Code of Civil Procedures. As a result of the preliminary proceedings, the Judge determined that the case was ready for final judgement and set the hearing date on 1 October 2019 for the presentation of closing remarks. At the above-mentioned hearing, the parties outlined their respective conclusions and the case was adjourned for a decision. With ruling no. 2737 of 11 May 2020, the Court of Milan, accepting the demand of Mittel, having confirmed the liability of Mr Marchini, ordered him to pay Mittel the amount of EUR 13.098.895,72 plus default interest as at 31 July 2013 until full payment of the balance, plus the reimbursement of procedural expenses.

Most recent updates

On the basis of the above-mentioned Court of Milan ruling no. 2737, at the end of July 2020 Mr Marchini was served with the order for payment.

By appeal served on 14 December 2020, Mr Marchini challenged the above-mentioned ruling of the Court of Milan requesting, on a preliminary and precautionary basis, the suspension of the provisional enforcement of the challenged ruling; first and foremost and with respect to the merits, the acceptance of the appeal and as a result, to fully overrule the challenged ruling, the rejection of all demands lodged by Mittel.

Mittel filed its entry of appearance in the above-mentioned appeal proceedings on 1 April 2021, requesting that the opposing party's appeal be rejected and proposing a conditional cross-appeal for the case in which one or more of the opposing party's grounds for appeal were accepted. At the hearing on 21 April 2021, the Court of Appeal, with regard to the opposing party's request to suspend the provisional enforceability of the ruling in the first instance, asked if Mittel would be willing to postpone enforcement until the proceedings are completed, if the hearing for the presentation of closing remarks could be scheduled quite quickly. Considering the possibility to obtain a decision relatively quickly, the Court's proposal was accepted and the hearing for the closing remarks was scheduled for 15 September 2021 and subsequently postponed to 22 September 2021.

The Court of Appeal of Milan, in a ruling published on 28 January 2022, upheld the fourth ground of appeal filed by Alfio Marchini and rejected "all the claims brought by Mittel S.p.A. against the latter and, as a result", declared "that nothing is owed by Alfio Marchini as compensation for damages". The Court - "in view of the particular complexity of the subject matter, involving numerous factual and legal elements susceptible of different appreciation" and "considering that the present appellant has put forward seven grounds of appeal, only one of which is considered well-founded" - has compensated "between the parties the costs of both levels of proceedings"; the Court has held that it was not proven that the damage suffered by Mittel S.p.A. was a "direct" consequence of the conduct of Mr Marchini.

Main risks and uncertainties to which Mittel S.p.A. and the investees are exposed

The main risks and uncertainties that can have a significant impact on the activities of the Mittel Group are outlined below. Additional risks and uncertain events, that are unforeseeable at present or that are deemed unlikely at the moment, could likewise impact the Mittel Group's activities, economic and financial conditions and prospects.

During 2021, the national and international scenario was still characterised by the persistence of the effects of the Coronavirus (COVID-19) pandemic, despite the positive developments in the vaccination field. The difficult emergency situation, exacerbated by the spread of the Delta and Omicron variants and which continues in a framework of uncertainty also in the first part of 2022, affected, for some sectors of operation, the timing of implementation of some strategic planned actions. Furthermore, the recent Russian-Ukrainian conflict, which began at the end of February 2022, led to an increase in market volatility, an increase in inflation, the difficulty of finding certain raw materials and a sharp increase in gas and energy tariffs, with potential impacts on the dynamics of industrial production and consumption.

Therefore, among the main factors of uncertainty that could affect the future scenarios in which the Group will find itself operating, there are the possible evolutions on the global and Italian economies directly or indirectly related to the continuation of the COVID-19 pandemic and the effects deriving from the current Russian-Ukrainian military operation, the impacts of which cannot be analytically quantified to date.

It should be noted, however, as specified in the paragraphs "Events subsequent to 31 December 2021" and "Business outlook for the year", to which reference should be made, that the management of the Group immediately paid the utmost attention to these aspects, increasing the level of investment monitoring, to respond to the phenomena described by implementing all possible mitigation measures for related risks.

These measures promptly implemented (always detailed in the section relating to subsequent events, are currently already producing important results and should prove suitable to contain the impacts on the expected results.

It should also be noted that the sensitivity analyses performed on the financial year, even assuming reductions in revenue in reasonable intervals, albeit in a highly uncertain scenario, do not reveal any significant issues in terms of impairment testing for the consolidated financial statements.

Within the environment of uncertainty on the evolution of the epidemic and the geo-political situation, characterising the current performance of the economy, the markets and perceived sovereign debt risk, not wholly unsimilar conditions can be assumed in the performance of ordinary operations. Therefore, periodic monitoring will continue to be carried out in order to mitigate the risks deriving from the contingent situation. Please refer to the paragraphs "Risks associated with the Coronavirus epidemic" and "Risks associated with the current economic scenario and performance in the Group's operating sectors" for further information.

Risks associated with the current economic scenario and performance in the Group's operating sectors

The Mittel Group's results are affected by global and Italian economic trends, systemic risk, business sector risk, and industrial risk.

At macroeconomic level, after 2020, a year characterised by a collapse of the world economy due to the effects of the Covid-19 pandemic, already in early 2021 the international scenario saw a marked recovery in world trade and a progressive improvement in production, albeit with heterogeneous timing and pace between countries. During the 2021 financial year, the national and international scenario continued to be characterised by the persistence of the Covid-19 pandemic, although with the impact mitigated by vaccination campaigns, but also by a general recovery of the economies. However, there are still possible risks associated with the variants of the virus that have circulated starting from October 2021 until the first months of 2022, and the consequent new restrictive measures that could be implemented, for its containment, by the public authorities of the countries concerned. In fact, there are still some uncertainty profiles linked to a possible new acceleration of infections due to new variants of the virus that could have an impact on the economy, slowing down its recovery. In any case, it should be noted that the Decree Law "Urgent provisions to overcome measures to combat the spread of the COVID-19 epidemic, as a consequence of the conclusion of the state of emergency" declared the end of the state of emergency at 1 April 2022, although some limitations still apply at the moment.

The current economic situation is also characterised by the Russian-Ukrainian war conflict, which began on 24 February 2022. The conflict triggered a number of macroeconomic issues that are impacting operational activities:

- increased inflation;
- difficulties in finding certain raw materials;
- strong increase in the cost of gas and energy;
- increase in the prices of consumer goods (also due to the effects referred to in the previous points);
- reduction in sales volumes and issues relating to supply chains due to blocking of relations with Russia and/or sanctioned subjects;
- increase in interest rates.

Among the main factors of uncertainty are therefore the possible contagion developments on the global and Italian economies directly or indirectly related to the persistence, especially for some sectors of operations, of the impacts of the pandemic and especially the outbreak of the Russian-Ukrainian conflict, the impacts of which cannot be analytically quantified to date. The Group will have to operate in a context of uncertainty and a highly inflationary scenario, so any kind of detailed forecasting remains complex, although all monitoring activities have been strengthened and lines of action have been identified and implemented to mitigate the related risks, which are further detailed in the section on subsequent events (to which reference should be made).

The International Monetary Fund ("IMF") has cut the growth estimates for 2022 and 2023 for Italy. After +6,6% in 2021, the country's GDP is expected to increase by 2,3% in 2022, i.e. 1,5 percentage points less than the forecasts of January 2022. For 2023, growth is expected at 1,7%, (0,5 points less). Italy and Germany are the two Euro area countries that have undergone the greatest downward revisions following their "greater dependence" on Russian energy.

Overall, all Euro area economies and the US economy will slow down their growth in 2022 and 2023: the US is expected to grow in 2022 by 3,7 %, 0,3 % less than estimated in January, and in 2023 by 2,3 % (-0,3 %). The slowdown in the Euro area will be more significant, with growth estimated at 2,8% in 2022 (-1,1 points compared to the January forecasts) and at 2,3% in 2023 (-0,2%). IMF experts also predict a sharp rise in prices for 2022 in Italy, the Eurozone and the US, but believe that the cost of living will slow down in 2023. In Italy it is estimated that inflation will reach 5,3% in 2022 against 1,9% in 2021 and -0,1% in 2020. For 2023, the increase is more moderate, estimated at 2,5%, while inflation of 2% is expected in the longer term. On the Euro area, the IMF forecasts inflation at 5,3% for 2022 after 2,6% in 2021 and a 2,3% in 2023, while in the long term, on 2027, 1,9%. For the US, the estimate is 7,7% in 2022, 2,9% in 2023 and 2% in the long term.

Should a new negative economic cycle arise, in light of the current economic situation, it cannot be ruled out that the resulting slowdown in industrial development could lead to a potential deterioration of the Group's assets, and/or in the absence of adequate financial support, to the need to dispose of those assets at less than optimal values. In any case, these theoretical risks appear to be of remote applicability to the Group, given also its strong capital and financial strength.

With specific reference to investments in corporate holdings - by their nature characterised by a high level of risk, especially in the case of financial market volatility - the process of disinvestment could require longer than expected times and/or be carried out using methods that are not entirely satisfactory or under conditions that do not generate a return for the Group. Considering the breakdown of the Group's assets, which are less exposed to specific fluctuations in fair value, this risk can be in any event considered limited.

The Nursing Home sector, in which Mittel Group has invested, is usually characterised, beyond the current negative contingency (related to the health emergency), by a low degree of cyclicality and a consequent lower theoretical exposure, in the medium to long term, to the risk of negative developments attributable to the weakness of the world economy and the Group's geographic reference market. The demand for social and healthcare services and related public and private expenditure, in fact, show historical growth trends and potential growth prospects even in a possible generalised economic crisis phase. However, it cannot be excluded that a continuation of the current economic scenario will have a negative impact on public and private spending and, consequently, on demand for the services offered by the Group in this sector, which has suffered, in general, from the negative impacts of the pandemic widely known to the public.

The investment will show an economic trend in the short term still affected by employment rates significantly lower than historical ones, the presence of numerous start-ups in the development phase, and the negative effects of the current economic situation, in a sector that has a greater degree of difficulty in reflecting inflationary components on tariffs, being able to register a gradual recovery when the current pandemic-related contingent phenomena, exacerbated by the conflict, are finally overcome.

The considerations on the cyclical nature of the reference markets and the consequent exposure to the economic situation and the trend of the sectors in which the Group operates, apply to the design ceramics and clothing sectors and to the automotive sector, which has an underlying demand for purchases of durable goods, strongly correlated with the evolution of purchasing power - and consequently with the trend of the economic situation - and the volatility and possibility of procurement of raw materials.

The design, clothing and automotive sectors are therefore all theoretically impacted by the macroeconomic dynamics triggered by the Russian-Ukrainian war conflict. However, as better specified in other sections of the report (to which reference should be made), the Group, and, in particular, the individual companies involved, are implementing a series of mitigation actions to these risks, which are already producing important results and should be suitable to contain the impacts on the expected results:

- revision of price lists with the aim of maintaining margins in the current inflationary scenario;
- intensification of sales activities;
- careful and active monitoring of energy and raw material prices;
- implementation of all suitable measures to guarantee the procurement of raw materials;
- improvement in purchasing planning and increase in the supplier network.

In the Real Estate sector, the risks emerging from the market crisis regard possible growth in interest rates and a decline in lending. The property market, both domestically and internationally, has a cyclical trend and is linked - amongst other things - to the general state of the economy, to changes in interest rates, inflation trends, tax regimes, available liquidity on the market and the presence of alternative and more remunerative investments.

As a result of the reduction of the Group's real estate portfolio already starting in past years, it is estimated that the forecast medium/long-term effects of the possible risk of a decline in demand, a downturn in prices and the extension of sale and lease timing will have an insignificant impact.

Risks associated with implementation of the strategy of the Group and its repositioning

In recent years, the strategic guidelines have mainly been aimed at (i) implementing a process of rationalisation of the corporate structure of the Mittel Group; (ii) enhance non-strategic assets; (iii) develop investment activities with a permanent capital perspective. On the basis of this strategy, Mittel S.p.A. has embarked on an important path that included focusing on controlling investments in Italian small and medium enterprises characterised by high cash generation.
The new management has greatly ramped up this strategy, both with reference to the gradual disposal of non-strategic assets and in relation to the investments in small and medium enterprises of excellence, with the objective of creating industrial verticals.

After the important acquisitions in recent years, a further investment transaction was also completed in 2021. In fact, in September 2021, through the subsidiary vehicle Fashion Time S.r.l., Mittel S.p.A. acquired from the Court of Bologna the ownership of the Jeckerson brand, which operates in the informal clothing market and in particular in the urban/lifestyle segment. With this acquisition, Mittel S.p.A. continues its strategy of investing in companies that express Italian excellence. Total investment EUR 5,0 million (brand 3,3 million), plus VAT.

Furthermore, as regards non-core assets in the portfolio, compatible with this difficult moment and taking into consideration the important results already achieved in that process in previous years, the valuation of assets has continued, in order to generate new resources for investment.
Finally, the reduction of the holding company's structural costs of both an operational (personnel, consultancy, etc.) and financial nature was substantially completed during the year. All cost items had already been reduced significantly in previous years, and from 2022 onwards, the additional measures implemented in 2021 will also have an effect on the entire financial year.

Among the potential risk profiles of the above strategy, note that this depends on events and circumstances, including in the future, that are difficult to predict, e.g. global economic conditions, the impact of competition, or developments of an economic and geo-political nature. Therefore, Mittel S.p.A. cannot with any degree of certainty confirm that the strategic goals will be actually and completely achieved within the expected timeframe.

The possible failure to dispose of significant parts of non-core assets, whose sale process is in any case well advanced to date, could hinder access to new funding for future investments. Furthermore, the failure to carry out the planned investments could have negative effects on the economic-financial sustainability of the Group's debt, although this is now strongly contained as a result of the important results achieved in previous years.

Should the aforementioned actions related to the Group's operating model not be fully completed, impacting the Company's competitive positioning, it cannot be ruled out that there could be negative impacts on the Group's economic, equity and/or financial situation.

Lastly, considering the Company’s investment holdings, its economic performance is linked, inter alia, to circumstances that are not periodic and/or recurring in nature, such as the distribution of dividends by investees and the formation and realisation of capital gains on disposals of investments held. Thus, it cannot be excluded that the trend in results for Mittel S.p.A. in different years may not be linear and/or meaningfully comparable. Note also that the investees of Mittel S.p.A. could decide not to distribute dividends even if profit for the year is recorded.

Risks connected with the “Mittel S.p.A. 2017-2023” fixed-rate bond

Following the repayment of the “Mittel 2013-2019” fixed-rate bond in July 2019, only the “Mittel 2017-2023” bond remains in place to date; it should be noted that in two successive transactions, in August 2020 and July 2021, Mittel availed itself of the option of voluntary partial early repayment in cash of the nominal value of all the Bonds related to the Bond issue. At the end of the two transactions, the residual portion of the loan amounting to EUR 15 million will be channelled in support of the growth programs of the industrial subsidiaries and in particular of Gruppo Zaffiro, involved in nursing homes' ongoing real estate development operations for which there are binding forward purchase commitments from a leading real estate fund. The transaction has a high substantial value in that, in addition to producing a clear economic benefit, it signals the successful completion of the first phase of management intervention aimed at transforming Mittel into a solid holding, largely liquid and owner of 4 investment verticals, on which continuous industrial development work is underway.

Please note that pursuant to the loan regulations, Mittel S.p.A. is obliged to comply with the following throughout the duration of the loan: (i) limits to dividend distribution and profit reserves, (ii) compliance with a financial covenant calculated as the ratio of net financial debt to equity in the separate financial statements, and (iii) a negative pledge on future bond issues by Mittel S.p.A. or by significant subsidiaries, within the limits and save for the exceptions set out in the regulations. In the event of breach that is not remedied, of said obligations set out in loan regulations, Mittel S.p.A. could be held to the mandatory early redemption of the loan, which in turn, could result in the obligation of early repayment, or application of the acceleration clause, termination of or withdrawal from the other loans contracted.

As at 31 December 2021, the covenant was fulfilled.

The “Mittel 2017-2023” Bond Regulations envisage that Mittel S.p.A. cannot distribute dividends or profit reserves in cash exceeding 5% of equity resulting from the separate financial statements of Mittel S.p.A. approved during each year throughout the duration of the loan (the 2017-2023 Cap).

Against the aforementioned bond loan, which is currently of a residual amount, the Group's significant liquid assets should in any case be noted.

Risks related to Group debt

Contractual clauses, commitments and covenants are applied to a number of the Group’s funding sources. Failure to comply with these may be considered a breach of contract, resulting in lenders requesting their immediate collection and causing problems in obtaining alternative financial resources.

As at 31 December 2021, in addition to the “Mittel 2017-2023 Bond” (for which reference is made to the previous paragraph), there are covenants on the medium/long-term loans taken out by the Group in order to invest in the share capital of Gruppo Zaffiro S.r.l. and IMC S.p.A. The contingent negative trend of the two investee companies during the year leads to non-compliance with the covenants for the two subsidiaries as at 31 December 2021. Although the assessment is formally scheduled for dates subsequent to those of approval of the related financial statements, against the forecast of violation of the covenants, the related payables have been classified at the level of the consolidated financial statements among short-term financial payables. Discussions have already begun with the lending banks to obtain the relative waivers and, at the date of this report, these have been formally obtained for Gruppo Zaffiro and are in the process of being obtained for IMC.

In addition to the exposures of the individual investee companies, to be noted are the low level of financial debt of the Group as a whole and the presence of significant cash and cash equivalents of the Parent Company.

Risks related to interest rate fluctuations

The Mittel Group uses various forms of financing to support its investments. Therefore, significant changes in interest rates could potentially involve major increases/decreases in the cost of financing. To mitigate these risks, the Group had issued a bond in 2017 with a fixed rate of 3,75%, expiring in July 2023, for a total of EUR 129,5 million, which has been almost fully repaid to date. The companies Gruppo Zaffiro S.r.l. and IMC S.p.A. subscribed interest rate swap contracts on part of the debt, with the aim of mitigating risks of fluctuations in interest rates.

Liquidity risk

Obtaining financial resources represents a factor of criticality for maintaining the investment growth strategy.

Consequently, any worsening in the economic terms and conditions of new loans and any future reduction in the banking system's credit capacity could have negative effects on the Group's economic and financial situation and/or limit its growth capacity.

The Group's ability to cover scheduled payments, including interest payments on the debt, depends on its capacity to generate sufficient liquidity, also through disposals and/or divestments, and/or by refinancing its debt. This process is influenced, to a certain extent, by the economic, financial and market situation, laws and regulations applicable at each time, competition with other operators and other factors, many of which are outside of the Mittel Group's control.

Therefore, also in consideration of the potential misalignment between the duration of the Group's invested assets, mainly medium and long term, and the maturities on the relative sources of funding, there is a risk that the Group may find it difficult to meet its payment commitments at the set due dates as a result of difficulties in liquidating assets on the market without penalties (asset liquidity risk) or in raising funds (funding liquidity risk) at arm's length, with a resulting negative impact on the economic result if the Group is forced to incur additional costs to meet its commitments.

However, it should be noted that the aforementioned risk is today significantly reduced thanks to the success of the strategy for the disposal of the historic assets including receivables and properties carried out by the new management, which generated significant liquidity for the Parent Company and resulted in low Group financial debt.

Credit risk

Financial transactions realised by the Group expose it to credit risk, understood as the possibility that an unexpected change in the counterpart's creditworthiness could impact the credit position, resulting in insolvency (default risk) or in terms of the market value of the position (spread risk). In addition, recent industrial acquisitions have created credit risk of a commercial nature, increasing the potential risk of delays in payment timing.
The Mittel Group is exposed to potential losses resulting from the non-fulfilment of the obligations assumed by the counterparties (both financial and commercial transactions), with specific reference to the following phenomena:

- on previous financial receivables related to vendor loans granted at the time of the divestment of some investments, maintaining a strong involvement in the entrepreneurial risk of the divested interests; however, the significant contraction in the volume of financial receivables of this type in recent years should be noted
- concentration of credit on certain significant counterparties;
- increase in the average collection times of trade receivables, in particular on newly acquired industrial investee companies, with a subsequent deterioration in the financial position with respect to the forecasts.

Risks connected with the market value of property inventories

The significant sales made in recent years have considerably reduced the importance of the Group's invested capital in real estate investments and exposure to the related risks of changes in the respective market value. To date, there are only a few specific initiatives that have not presented significant divestments, in respect of which there is therefore a potential risk of obsolescence and capital losses. These potential risks also concern the possible freezing of financial resources on real estate assets, which would slow down the management's consolidated plan to concentrate financial resources mainly on investments in Private Equity transactions capable of continuing the Group's profitability recovery.

It should be noted that the Group recognises its property inventories at cost, net of any write-downs based on the net realisable value; in support of these values, when drafting the financial statements as at 31 December of each year, the Group asks external professionals with the necessary skills and qualifications for a valuation of the main property assets at market values based on the measurement criteria normally used in practice, then adjusting the values based on these analyses. Though in the Company's opinion the appraisals take into consideration all factors significant to assessing the fairness of the book value of property inventories, the assessment of additional non-recurring elements not known as at the appraisal dates, compared to those used, could result in the determination of different values.

In addition, despite the fact that the Group has written down its property assets where appraisals for the main property assets have indicated net realisable values lower than their book values, it cannot be excluded that any worsening in the reference market may involve the future need for further potential value adjustments, with the subsequent negative effects on the Group's statement of financial position and income statement.
As at the date of this report, note that no covenants were directly associated with changes in the value of property assets or with the economic or equity results of companies operating in the Real Estate sector.

Risks related to ongoing disputes

In the normal course of its business, the Group is a party in some civil, tax and administrative proceedings, whose progress is periodically monitored by the corporate bodies of the subsidiaries and Parent Company.

In its consolidated financial statements, the Group allocated a specific provision for risks and charges to cover, inter alia, the liabilities that could result from the legal proceedings and other pending disputes, taking into consideration estimates for fees to be paid for advisory services used by the Group as part of the proceedings, including for disputes whose risk of a negative outcome is low.
The total amount of this provision for risks and charges and the amount of annual allocations to the provision are determined based on the probability that the proceedings will have a negative outcome for the Group or that there are payments for legal fees, even in the event of a positive outcome. Certain proceedings which the Group is a party to and which are predicted to have a possible, remote or unquantifiable negative outcome are not included in the provision for legal risks and charges, in accordance with IAS 37. Therefore, it is not possible to rule out the possibility that in the future the Group may be required to fulfil payment obligations that are not covered by the provision for risks and charges, or that the allocations made to the provision for risks and charges may be insufficient to cover liabilities deriving from an outcome more negative than expected.

Moreover, in general, irrespective of the legitimate grounds of the claims made, any initiation of legal or arbitration proceedings against Mittel S.p.A. and/or other Group companies, including any disputes concerning the Group's past operations as a shareholder of transferred companies, could result in possibly significant damage to the Group's image and reputation in its sector, with possible negative effects on the business and economic, equity and financial situations of Mittel S.p.A. and the Group.

In any case, to be noted is the significant simplification of the situation of disputes in recent years and the consequent sharp reduction in the associated risks.

Risks associated with dependence on key management figures

The Group's success depends heavily on a limited number of key management figures within the Executive Committee, who engineered a radical about-turn in the Group's strategy, and in management who provide and, in the Issuer's opinion, could continue to provide a significant contribution to the Group's business development.

Albeit the heavy managerial and corporate involvement, also represented by the investments made, of some key figures of the Executive Committee, is proof of their significant commitment, any loss of key figures or an inability to attract and retain additional qualified personnel could result in the decreased competitive capacity of the Group and jeopardise the forecast growth targets, with negative effects on the business activities and the economic and financial situation of the Company and Group. Furthermore, if one or more of the aforementioned key figures terminate their employment with the Group and it was not possible to replace them in an appropriate and timely manner with individuals of equal experience and skills, the competitive positioning of the Company and the Group could be diminished, with possible negative effects on assets and the replicability over time of results achieved. These risks also potentially exist for the key figures in the sectors of companies that were acquired during the year, who have expertise in operational areas that are crucial for achieving the Group's strategy objectives.

Risks related to dividend policy

As at the reporting date, the Company had not adopted a dividend distribution policy. The regulations of the "Mittel S.p.A. 2017-2023" fixed-rate bond require that, for the entire duration of the bond, the Company cannot distribute dividends or income-related reserves exceeding a certain percentage of equity resulting from the Company's separate financial statements approved during each year throughout the bond's duration (see paragraph in this section).

Any future dividend distributions and their totals, in any event within the above limits, will also depend on future profit of the Company which, in particular, will be associated with dividends distributed by the investees and with capital gains achieved from the investment disposal transactions, circumstances which are naturally not periodic and/or recurring.

Risks associated with laws and regulations applying to the Group

The activities of the Mittel Group are subject to Italian and EU regulations and legislation, including tax regulations.

It cannot be excluded that future changes to existing regulations and legislation, including at interpretative level, may generate an increase in costs, expenses or levels of Group responsibility or adversely impact the Group's activities, with potential prejudicial effects on the activities and/or economic, equity and/or financial situation of the Group itself.

In addition, possible changes to tax legislation, inter alia, relating to the treatment of capital gains/losses on equity investments and real estate assets could have negative effects, respectively, on the returns of the Group's investments or on the Group's business activities performed in relation to these assets.

Finally, note that the Nursing Home operating segment is a highly regulated sector. Therefore, any changes to the current regulations, including those relating to health, safety and the environment, or the introduction of new regulations, could lead the Group to incur unexpected costs or limit operations, having detrimental effects on the business activities and/or the economic and financial situation of the Group.

Risks associated with extraordinary transactions

The acquisitions of the last few years led to the recognition of substantial goodwill, resulting from the business combination to acquire control and the subsequent consolidation of the acquired companies. In the context of these acquisitions, the selling parties issued declarations and guarantees to the buyer that are normally expected in this type of transaction. Should these guarantees need to be enforced, there would be a legal-contractual risk, in addition to a possible credit risk connected with the effective ability to collect the amounts covered by the guarantee.

Furthermore, an acquisition generally involves the assumption not only of the assets of a company, but also the related liabilities. Though the Mittel Group carries out due diligence before completing an acquisition and seeks suitable declarations and guarantees, as well as indemnity obligations from the seller, there is no certainty that the Group can identify and obtain adequate protection with respect to all the current and potential liabilities relating to a given business. The acceptance of unexpected liabilities for which no suitable contractual protection has been obtained or the seller providing the contractual protection becomes insolvent could give rise to negative effects on the business activities and profitability of the Company and Group.

Mittel Group’s entry into a new business sector also involves the exposure to risks typical of that operating sector.

Lastly, note that the acquisitions carried out require, by their nature, the performance of activities that are typical for integrating companies into a group that already exists. Therefore, it cannot be excluded that the implementation of this integration process will involve costs, especially in the initial stages, incurred by the Company or Group, or that the complete and effective integration of the companies might require longer than expected or achievement of the forecast results fails or proves more complex than expected.

Operating risks

Within the production contexts, there are risks which can influence the effectiveness/efficiency of business processes, compromising the creation of value.

Supply chain and sales channels

Risks emerge in the production sectors connected with control of the supply chain, relations with suppliers and their reliability, logistics and sales channels.

In order to mitigate the risk, entities continue to strengthen the supplier selection process, to ensure careful assessment of both the financial solidity and compliance with adequate quality standards and identify, where possible, alternative suppliers for the most critical raw materials / components to reduce any risk of dependency on said entities.

The creation of Ciesse Piumini products requires high quality raw materials from suppliers, including, by way of an example, virgin goose down, nylon and cotton, while the operations of IMC require the procurement of steel. The price and availability of raw materials depend on a broad variety of factors, largely out of the control of the entity and difficult to predict.

Despite Ciesse Piumini not having encountered any particular problems in the last few years, we cannot exclude the possibility that tensions on the supply front and the supply chain could involve procurement difficulties, causing an increase in costs with subsequent negative consequences on the entity’s economic results. This situation arose as early as 2020 and throughout 2021 for the subsidiary IMC, which had experienced a period of difficulty in sourcing raw materials and consequent upward price volatility. The company was able to pass on the higher costs related to the procurement of raw materials to OEM customers starting from the beginning of 2022.

The economic recovery and the re-opening of production activities, not only national, will make it possible to reduce these effects in the future. For further comments on the subject, with reference to the impacts deriving from the Russian-Ukrainian conflict, please refer to the previous paragraphs.

It should also be noted that, precisely in order to minimise the risks connected with the potential unavailability of products in the times required by the sale process, Ciesse Piumini adopts a strategy for the planning and contracting of respect for the constraints regarding product delivery times and quality, as well as observance of the current laws in production locations regarding worker protection, work conditions and compliance with local labour law regulations, respect for animal well-being, the environment and use of hazardous chemicals.

As far as sales channels are concerned, it should be noted that Ciesse Piumini acquires an important portion of its revenue through the retail channel which, by nature, is characterised by a greater incidence of fixed costs, connected primarily with sales point contracts. Despite the entity having demonstrated, over the years, the ability to create profitable retail business, we cannot exclude the fact that any downturn in revenue could reduce the entity's ability to generate profit. In order to mitigate this risk, also due to the closure of points of sale carried out multiple times in compliance with Covid government measures, is aiming to further develop the digital sales channel in the future.

Production

Risks emerge in the productive sectors connected with production capacity and efficiency, processes and product quality, business disruption, process engineering and investments, environment.

Any unexpected slowdowns or interruptions in production, caused, by way of example, by system faults, difficulties or delays in sourcing raw materials, prolonged rationing in the supply of electricity, as well as by fires or natural disasters, etc. could have repercussions on the entire supply chain, with subsequent adverse impacts on the entity's operating capacity, economic-financial position and reputation.

In particular, if the slowdown or interruption in production cycles should last a long time, there could be delays or shortages in production, which could involve a breach of contractual obligations and, subsequently in extreme cases, additional costs deriving from the obligations to pay penalties or compensation requested by customers.

In order to deal with the risk, business continuity plans are in place at the production sites, which make provision for prevention actions targeted at eliminating/reducing the main causes of interruption of operations, in addition to the monitoring of these, aimed at allowing prompt implementation of controls to mitigate the resulting impacts.

Where the production entities fail to maintain an efficient distribution and production network, or if there is a major interruption to activities with catastrophic or unforeseeable losses linked to events not covered by insurance policies at the principal production facilities, the business, operating results and financial conditions could be impacted. For further comments on the subject, with reference to the impacts deriving from the Russian-Ukrainian conflict, please refer to the previous paragraphs.

Project and product development

Where the entities are unable to predict future economic conditions and changes in consumer preferences, product sales and profitability could be affected.

In particular, the trend in the clothing sector and in consumer products in which the Group operates is cyclical. The recession and uncertainty surrounding future economic prospects, impacting consumers' disposable income, have historically had a negative impact on spending habits, making growth in sales and product profitability difficult.

The success in the sectors of operations, and in particular in the Clothing and Design sectors, therefore also depends on the ability to anticipate and quickly react to changes in fashion trends. Any failure to identify these trends could have a significant negative affect on the business and operating results.

Risks associated with sustainability issues

Given the growing attention focussed by institutions, Governments and investors on environmental and social sustainability and human rights, over the last few years, the Group has undertaken a process targeted at the gradual integration of these aspects in their business strategy, with the goal of controlling and improving the impacts that the different business activities, as well as their products, have on the local area and on the community.

From this perspective, the Mittel Group is committed to understanding and adjusting its business model into line with the continuous socio-environmental challenges and the increasingly more stringent regulatory developments, with particular reference to the regulations on safety and the environment (e.g. restrictions tied to pollution in the main inhabited centres, waste management, etc.), as well as to promoting and disseminating sustainability principles in office activities and throughout the supply chain of the production facilities.

In order to guarantee the transparency of its social and environmental performances, Mittel publishes the Consolidated Non-Financial Statement on an annual basis, which provides information on the main initiatives launched.

Risks associated with climate change

As part of the periodic assessment of risks, including of a non-financial nature, the risks connected with climate change have also been taken into consideration by the Group's Management.

The preliminary analyses conducted class these risks as not especially significant for the Group and which do not have major financial implications in the short- and medium-term.

In view of the relevance of the matter, the Group has made arrangements to further scrutinise the analyses conducted regarding the financial implications of the risks and of the related opportunities, also in light of the constant evolution of the reference regulatory framework.

The risks tied to climate change and the subsequent shift towards sustainable finance are posing challenges for the financial sector and may have an impact on credit and market risks.

Within the context of an evolving regulatory framework, the Group aims to tackle these challenges proactively with greater commitment to sustainability and practical initiatives targeted at improving the management of the risk of market financing, in order to anticipate possible increased risks in specific sectors and analyse the potential requests from the regulatory authorities.

In fact, the Group is committed, over the next few years of reporting, to enriching its disclosures with analyses of any impacts generated and suffered as regards climate change, also on the basis of the evolution of the relevant legislation; please also refer to the yearly published disclosure contained in the Consolidated Non-Financial Statement.

Risks associated with the Coronavirus epidemic

As regards the continuing spread of COVID-19 and the associated consequences, despite the good results of the vaccination campaign and the introduction of the so-called "Green Pass", we cannot rule out a continuation of the general downturn in the economy, potentially impacting the Group's main business areas and, more generally speaking, the scope of the risks outlined above.

The epidemic and the spread of new variants of the virus in fact have caused large-scale negative effects on the global economy, which are evolving on the basis of the spread of the flow of contagion and the capacity to contain the health emergency.

Consequently to the results obtained from the vaccination campaign, government restrictive measures were gradually reduced because of the fewer infections and the lower intensive care occupancy. The institutions and the Italian government, like many other countries, have extended the obligation of the "Green Pass" not only for catering purposes, but also to allow access to schools (from September, for university students and school staff or for access by outsiders in the case of minors), the workplace (from October, both in the public and private sectors) and long-distance transport. The primary objective of these measures is to promote vaccinations, especially with reference to categories at risk, ensuring the restart of economic, productive and social activities and avoiding new lockdowns or generalised closures.

With reference to the non-financial risks relating to the Group's business and the associated operations, it should be noted that:

- The Nursing Home sector continues to show lower revenue from admissions, as well as a general increase in costs related to supplies of personal protective equipment and sanitation materials and health risks connected with the intrinsic nature of the facilities themselves, which have been seriously affected by the Coronavirus epidemic.
  Indeed, the Nursing Home Sector is still one of the sectors most exposed to the health risks of COVID-19: it is a well-known fact that the elderly, or those with underlying conditions, are at most risk of being seriously affected by the illness and that healthcare staff are one of the categories most exposed to COVID-19 infection; furthermore, it is important to stress that these facilities, as with other partially closed centres, are also at greater risk of small epidemic outbreaks.
  In addition, also after months since the start of the pandemic, the risk remains that prevention according to the safety protocols set forth nationally, which surrounds the performance of COVID-19 tests (known

as swabs) on individuals with clear symptoms, is not enough to limit the negative consequences of the Coronavirus in nursing homes. For this reason, it is important for residents, personnel and visitors to adopt all of the individual safety measures and adhere to the vaccination campaign according to the rules and time limits set by the individual regions.

In 2020, nationwide, particularly critical situations were highlighted in some nursing homes (not those of the Group), which are still under investigation by the judiciary. In order to monitor the particularly delicate situation and provide support to the personnel employed in these facilities, the Istituto Superiore di Sanità (ISS) (Italian Institute of Health) has conducted Surveys on the matter and is committed on several fronts, with supervisory activities aimed at identifying any strategies for improving Infection prevention and control (IPC) programmes and with support aimed at providing resources and guidelines on areas of prevention and preparation of the facility for the management of any suspected/confirmed cases of COVID-19.

In the Nursing Homes, the effects of Covid-19 vaccinations carried out in 2021 were monitored and a decline in the incidence of the illness as well as the number of residents in isolation and deaths was noted. However, the Nursing Home sector will show an economic trend in the short term still affected by employment rates significantly lower than historical ones, the presence of numerous start-ups in the development phase and the negative effects of the current economic situation, in a sector that also has a greater degree of difficulty in reflecting inflationary components on tariffs, being able to register a gradual recovery when the current pandemic-related contingent phenomena, exacerbated by the recent conflict, are finally overcome.

- the Clothing and Design sectors are subject to the risks connected with the distribution network (management of orders, inventories and digital business channels) and the cost and distribution of raw materials, control of the production chain and relations with suppliers with a view to understanding the shocks on demand and supply and developing procurement strategies to cushion volatility and risk.

  The fashion segment was one of those most struck by the economic effects of Covid-19. This sector has been impacted by numerous and frequent closures of points of sale due to the government measures taken during the year and still in place today. In this context, the Group continues to develop cost-saving strategies to cover overhead expenses and strengthen the online sales channel. From this perspective, we expect a gradual return to normal and a gradual recovery of the economic cycle despite the very significant impacts of the virus on domestic demand, the value chain and import/export activities.

  It cannot be ruled out that in the case of a new wave of Covid-19 contagion, even to a limited extent, risks remain linked to business disruption, as this could trigger new lockdowns with fragmented business closures only in the geographical areas most impacted.

  With reference to the Design sector - bathroom furnishings segment, it positively resumed operations already in late 2020. Indeed, despite the halt of production in the initial months of the health emergency, there was then an increase in product demand. Furthermore, the sector in question benefitted from end customer access to state bonuses (e.g. 110% or renovation), a tax benefit set forth in the Relaunch Decree. This situation is confirmed by the data on revenue and orders of Group companies operating in this sector with regard to 2021 and early 2022. In fact, the strong growth in the level of revenue recorded by the companies operating in the bathroom furnishings segment should be noted, a sign of an important recovery in the sector overall and in particular in the Group's subsidiaries.
- the Automotive sector remains exposed to the risk of further slowdowns linked to contingent market difficulties following the continuation of the Coronavirus and the outbreak of the recent conflict. As is well known, the Coronavirus phenomenon has led to a slowdown in end markets, due to the temporary closure of factories in the early months of the pandemic on the instructions of the institutions. The sector has been then impacted by raw material procurement issues (particularly steel and semi-conductors), which triggered strong price volatility.

  The sector risks in the particular market context also include those connected to final demand, with possible repercussions on the choices of consumers, who, faced with uncertainty, have postponed or cancelled the purchase of a new car. The context of risk here described is being closely monitored by the management in order to evaluate and promptly take the necessary actions.

With reference to the activities performed by the Parent Company and the non-industrial subsidiaries, the most significant effects may be reflected in greater volatility of the markets, affecting the investments held.
Aside from equity-financial risks, which cannot be quantified, there are more extensive risks for the entire Group, connected to:

- implementation and monitoring of safe work methods: the reorganisation of work methods and the application of measures to prevent infections in the Group’s offices and production facilities refers to personnel safety risks and those related to the respect for privacy;

- development of a strategy for effective communication with its stakeholders (brand reputation);
- strengthening of infrastructural capacities for remote access also in terms of IT security (cyber risk);
- optimisation of company policies; leave, mobility, application of holiday policies and measures set forth by the Government, such as participation in the “cassa integrazione”, wage guarantee fund, (cost savings and adequate personnel satisfaction).

The Group continues to monitor the evolution of the situation as regards COVID-19, in order to guarantee adequate planning of operating activities and promptly take suitable measures to counteract the risks to which Group entities are exposed.

As at 27 April 2022, no extraordinary events can be currently forecast, aside from the internal and external elements of uncertainty highlighted, which are capable of substantially altering the economic dynamics of the current year and the Group's risk profile.

Corporate Governance

MITTEL

Corporate Governance

Mittel S.p.A. has signed up to the original 1999 version of the Corporate Governance Code for listed companies promoted by Borsa Italiana S.p.A., and currently adheres to the Corporate Governance Code approved in January 2020.

The Company shall annually provide disclosure concerning its governance system and its acceptance of the Corporate Governance Code, through a Report, also drawn up pursuant to article 123-bis of the Consolidated Law on Finance, which shall illustrate the degree of compliance with the principles and criteria applied thereto, established by the Code and by international best practice.

The Report is provided to Shareholders annually with the documentation envisaged for the Shareholders' Meeting to approve the financial statements, and is also promptly published on the Company's website (www.mittel.it) in the "Corporate Governance/Corporate Documents" section.

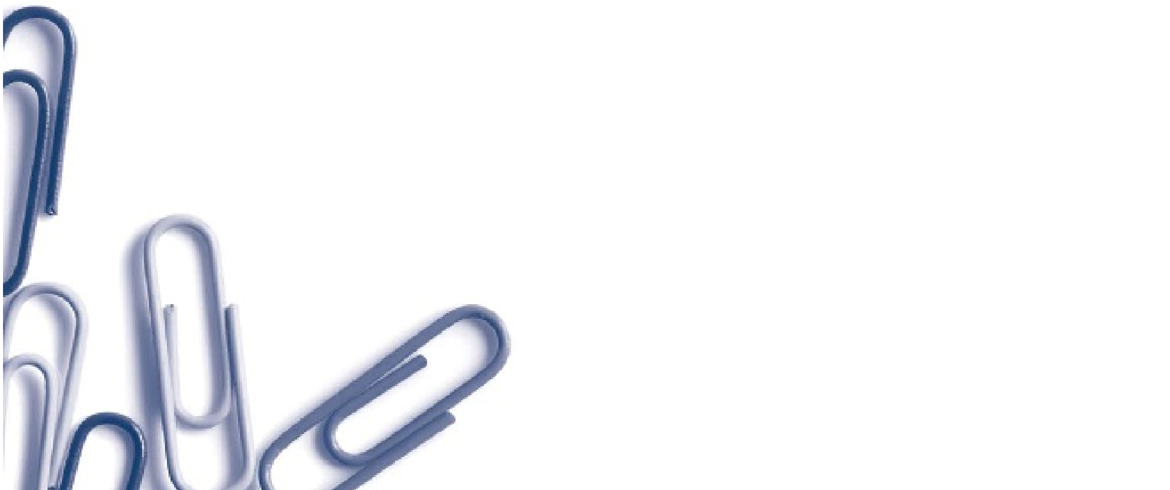
At the meeting on 22 February 2016, on the proposal of the Remuneration and Appointments Committee, the Board of Directors approved the Remuneration Policy, in compliance with the recommendations of the Corporate Governance Code and regulatory provisions issued by Consob. Pursuant to law, the Remuneration Policy constitutes the first section of the Remuneration Report and is subject to review by the Shareholders' Meeting each year; specifically, during the Shareholders' Meeting of 27 January 2017, called, inter alia, to approve the 2016 separate financial statements, the shareholders approved the first section of the Report.

The Director and Statutory Auditor offices held by the members of the Board of Directors and the Board of Statutory Auditors in other companies listed on regulated Italian and foreign markets, in financial companies, banks, insurance companies or large companies are shown below:

Michele Iori	Chairman of the Board of Statutory Auditors of Dolomiti Energia S.p.A. Standing Auditor of Planetel S.p.A.
Marco Colacicco	Standing Auditor of Praesidium SGR S.p.A.
Anna Francesca Cremascoli	---
Gabriele Albertini	---
Patrizia Galvagni	---
Riccardo Perotta	Chairman of the Board of Statutory Auditors of Cassa Lombardia S.p.A. Chairman of the Board of Statutory Auditors of AGC Biologics S.p.A. Chairman of the Board of Statutory Auditors of Creset S.p.A. Chairman of the Board of Statutory Auditors of FSI Sgr S.p.A. Chairman of the Board of Statutory Auditors of Fire Group S.p.A. Chairman of the Board of Statutory Auditors of Fire S.p.A. Chairman of the Board of Statutory Auditors of Saipem Offshore Construction S.p.A. Standing Auditor of Boing S.p.A. Standing Auditor of International Energy Services S.p.A. Standing Auditor of Mediaset S.p.A. Standing Auditor of Servizi Energia Italia S.p.A.
Anna Saraceno	---

Fabrizio Colombo	Standing Auditor of Geox S.p.A. Standing Auditor of Saras S.p.A. Standing Auditor of Publitalia '80 S.p.A. Standing Auditor of Acciaieria Arvedi S.p.A. Standing Auditor of Finarvedi S.p.A. Standing Auditor of Sistemi Informativi S.r.l. Standing Auditor of Value Transformation Services S.p.A. Chairman of the Board of Statutory Auditors of Sarlux S.r.l.
Federica Sangalli	Standing Auditor of Catas S.p.A.
Giulio Tedeschi	Chairman of the Board of Statutory Auditors of Agos Ducato S.p.A.

Altre informazioni



Other information

Research and development activities

Given the nature of the Group companies, no specific research and development activities are carried out, with the exception of those performed by the companies in the Design and Clothing sectors, which incurred costs for research and development activities in the income statement for various research programmes.

Atypical and/or unusual transactions

Pursuant to Consob communication of 28 July 2006, it should be noted that the Company and the Group did not carry out atypical and/or unusual transactions during the period that have not already been disclosed to the market, pursuant to the Issuers' Regulation.

Significant non-recurring events and transactions

Pursuant to the aforementioned Consob communication, no significant non-recurring transactions were performed by the Company or the Group during the year.

Consolidated Non-Financial Statement

Article 4 of Directive 2014/95/EU, concerning consolidated non-financial disclosure, envisages that the Member States must ensure that the provisions apply to all businesses falling under the scope of Article 1 starting from the year beginning 1 January 2017 or during 2017. Accordingly, Article 12 of Italian Decree Law 254/2016 envisages that the provisions of the decree apply, with reference to the statements and related reports, to financial years beginning on or after 1 January 2017.
Therefore, Mittel Group drafted the consolidated non-financial statement required by the aforementioned legislation starting from the financial year ended 31 December 2018. The document as at 31 December 2020, to which reference should be made, was published at the same time as the consolidated financial statements as at 31 December 2020.

Information on the environmental impact

Major industrial acquisitions have been carried out in recent years, in the sectors of ceramic production for designer sanitary-ware and components for the automotive industry and in the clothing sector. For detailed information on the environmental impact of the Group, please refer to the Consolidated Non-Financial Statement.

Human resources

Personnel are suited to meeting the needs of companies belonging to the sectors in which the Group operates. Training activities were focused on updating staff on the changes in the legislation and regulations that apply to the Group and on training courses regarding IT tools for supporting the organisation of work.

Transactions with related parties of the Group

Mittel S.p.A. has adopted special regulations on transactions with related parties, available at *http://www.mittel.it/en/procedures*.

In terms of transactions with related counterparties identified on the basis of art. 2359 of the Italian Civil Code and IAS 24, it should be noted that, during 2021, transactions were entered into with said counterparties as part of ordinary Group operations and that no atypical and unusual transactions were carried out. All transactions were performed on an arm's length basis and generally refer to:

- the supply of general and administrative services between the Group companies;
- intercompany loan relationships and surety obligations;
- the intercompany transfer of IRES (corporate income tax)/VAT receivables;
- the issuing of guarantees from Group companies to investees.

Transactions with related parties other than Group companies

Other transactions with related parties other than Group companies refer to:
- salaries and other fees due to directors and key Group managers;
- billing of administrative and consultancy services, falling under ordinary operations to individuals and companies falling within the wider definition of related parties.

All transactions with related parties were conducted on an arm's length basis and, therefore, there are no atypical and unusual transactions to report.

Treasury shares

Following the cancellation of the residual set of treasury shares held by the Group, the Company does not own treasury shares as at the date of this report.

Share-based payment arrangements

On 31 December 2019, the medium/long-term incentive plan - approved by the Shareholders' Meeting on 24 March 2016 - came to an end; it was based on the assignment of a variable share-based compensation (Stock Appreciation Rights or briefly SARs) at the end of the multi-year reference period and against the achievement of specific objectives ("SARs Plan" or "Plan").

Please refer to what has been extensively reported in the section on the events occurred during the year, in relation to the adoption, following a review process of the incentive systems, with the favourable vote of the Shareholders' Meeting of Mittel S.p.A. of 15 December 2021, of a medium/long-term only variable incentive system with a three-year duration (2022-2024) ("Medium-Long Term Policy").

Security Policy Document

The Directors acknowledge that the Company implemented all the necessary adjustment measures and actions in relation to the protection of personal data in accordance with the legal terms and methods with reference to changes that occurred within the Group and taking into consideration that EU Regulation no. 2016/679 (General Data Protection Regulation or GDPR) came into force in the previous year.

Financial Statements in single electronic reporting format - ESEF

It should be noted that, based on Directive 2004/109/EC (the "Transparency Directive") and the Delegated Regulation (EU) 2019/815, the issuers of securities listed on regulated markets in the European Union are required to draw up annual financial reports in XHTML format and mark up IFRS consolidated financial statements using the XBRL markup language (also called tagging), based on the ESEF (European Single Electronic Format) approved by ESMA. The Group's Annual Financial Report, which includes both the consolidated financial statements and the separate financial statements of the Parent Company, is prepared in XHTML format and provides for the tagging for the consolidated financial statements of the minimum disclosure required by the Regulation for 2021. It can be consulted on the Mittel S.p.A. website *https://www.mittel.it*.

Proposal of the Board of Directors

Dear Shareholders,

We submit for your approval the financial statements for the year 1 January 2021 - 31 December 2021, comprised of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement and the Explanatory Notes, as well as the annexes and Report on Operations.

The Board of Directors proposes to the Shareholders' Meeting to cover the loss for the year of EUR 4.969.591 by using the available reserves.

Milan, 27 April 2022

for the Board of Directors

The Chairman

(Michele Iori)

Statement of reconciliation of equity and profit (loss) for the period

The reconciliation between equity and profit (loss) for the period of the Parent Company, as shown in the financial statements as at 31 December 2021, and the Group's equity and profit (loss) for the year, as reported in the consolidated financial statements as at the same date, is as follows:

Amounts in thousands of EUR	31 December 2021		31 December 2020	
	Equity	Profit (loss) for the year	Equity	Profit (loss) for the year
Equity and profit (loss) of the Parent Company	**207.883**	**(4.970)**	**212.820**	**(1.656)**
Elimination of book value of consolidated investments:				
Value of investments in consolidated companies	(156.851)		(138.965)	
Goodwill arising on consolidation	95.448		95.448	
Intangible assets arising from business combinations				
Net capital gain attributed to the activities of consolidated companies				
Pro-rata amount of equity of consolidated companies	75.782		52.353	
Results achieved by fully consolidated companies		5.052		3.552
Cancellation of write-downs of investments		500		
Adjustments for consistency with Group accounting policies:				
Fair value adjustments of financial assets				
Investments measured using the equity method:				
Adjustments for pro-rata results of investments measured using the equity method			67	
Profit (loss) from investments measured using the equity method				(96)
Elimination of effects of transactions carried out between consolidated companies:				
Net intercompany income capitalised in consolidated companies				
Elimination of intragroup dividends:				
Dividends distributed by fully consolidated companies				
Dividends distributed by associates				
Taxes:				
Adjustment of tax rates				
Other adjustments				
Equity and profit (loss) for the period pertaining to the Group	**222.262**	**582**	**221.723**	**1.800**
Non-controlling interests	17.164	(2.327)	18.853	(28)
Consolidated equity and profit (loss)	**239.426**	**(1.745)**	**240.576**	**1.772**

Bilancio consolidato

MITTEL

Consolidated Financial Statements as at 31 December 2021

Consolidated Statement of Financial Position (*)

Amounts in EUR

	Notes	31.12.2021	31.12.2020
Non-current assets			
Intangible assets	4	109.592.631	105.844.251
Property, plant and equipment	5	291.750.568	260.379.491
- of which IFRS 16 rights of use		*214.972.970*	*196.241.751*
Investments accounted for using the equity method	6	3.753.000	5.537.591
Financial receivables	7	23.932.539	26.977.657
Other financial assets	8	11.965.928	12.494.995
Sundry receivables and other assets	9	1.081.002	621.819
Deferred tax assets	10	18.925.932	13.684.631
Total non-current assets		**461.001.600**	**425.540.435**
Current assets			
Inventories	11	65.257.947	75.120.684
Financial receivables	12	1.962.521	7.551.229
Other financial assets		-	-
Current tax assets	13	1.520.429	705.536
Sundry receivables and other assets	14	51.793.499	47.293.440
Cash and cash equivalents	15	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	16	**222.261.924**	**221.722.925**
Non-controlling interests	17	17.163.725	18.852.890
Total equity		**239.425.649**	**240.575.815**
Non-current liabilities			
Bonds	18	15.182.956	78.772.100
Financial payables	19	272.210.565	258.554.763
- of which IFRS 16 financial liabilities		*233.060.033*	*211.275.913*
Other financial liabilities	20	5.740.284	5.854.782
Provisions for personnel	21	8.114.079	7.522.928
Deferred tax liabilities	22	2.272.469	3.286.893
Provisions for risks and charges	23	1.435.670	1.864.329
Sundry payables and other liabilities	24	235.704	641.582
Total non-current liabilities		**305.191.727**	**356.497.377**
Current liabilities			
Bonds	25	243.528	1.126.279
Financial payables	26	41.983.286	28.319.050
- of which IFRS 16 financial liabilities		*7.992.722*	*6.135.435*
Other financial liabilities	27	-	101.306
Current tax liabilities	28	1.514.320	423.946
Sundry payables and other liabilities	29	60.737.752	56.421.554
Total current liabilities		**104.478.886**	**86.392.135**
Liabilities held for sale		-	-
Total equity and liabilities		**649.096.262**	**683.465.327**

(*) Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of transactions with related parties on the consolidated statement of financial position of the Mittel Group are outlined in the appropriate statement of financial position table shown in the following pages and are described not only in the comments on the individual financial statement items but in the explanatory notes to these financial statements.

Consolidated Income Statement (*)

Amounts in EUR

		31.12.2021	31.12.2020
Revenue	30	201.567.355	168.675.688
Other income	31	8.243.872	5.807.316
Changes in inventories	32	(10.811.172)	(3.981.547)
Costs for purchases	33	(66.468.140)	(60.116.441)
Costs for services	34	(52.066.292)	(36.428.291)
Personnel costs	35	(52.472.570)	(48.233.290)
Other costs	36	(3.287.563)	(4.328.085)
Amortisation and value adjustments to intangible assets	37	(17.467.354)	(16.650.808)
Allocations to the provision for risks	38	49.367	(528.868)
Share of income (loss) of investments accounted for using the equity method	39	-	(95.770)
Operating result (EBIT)		**7.287.503**	**4.119.904**
Financial income	40	1.276.684	1.387.159
Financial expenses	41	(14.139.469)	(15.416.905)
Dividends		-	-
Profit (loss) from management of financial assets and investments	42	112.409	9.390.016
Value adjustments to financial assets, loans and receivables	43	(914.083)	(5.854.070)
Profit (loss) from trading of financial assets	44	-	(225.970)
Profit (loss) before taxes		**(6.376.956)**	**(6.599.866)**
Income taxes	45	4.631.776	8.372.326
Profit (loss) for the year		**(1.745.180)**	**1.772.460**
Attributable to:			
Profit (loss) pertaining to non-controlling interests	46	(2.327.668)	(27.854)
Profit (loss) pertaining to the Group		**582.488**	**1.800.314**
Profit (loss) per share (in Euro)	47		
From ordinary, ongoing activities:			
- Basic		0,007	0,022
- Diluted		0,007	0,022

(*) Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of transactions with related parties on the consolidated income statement of the Mittel Group are outlined in the appropriate Income statement table shown in the pages below and are described not only in the comments on the individual financial statement items but in the explanatory notes to these financial statements, to which reference should be made.

Consolidated Statement of Comprehensive Income

	Notes	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Profit/(loss) for the year (A)		**(1.745.180)**	**1.772.460**
Other comprehensive profits/(losses) which will be not subsequently reclassified to profit/(loss) for the period:			
Profits/(losses) from remeasurement of defined benefit plans		(267.951)	359.482
Tax effect relating to other profits/(losses) which will be not subsequently reclassified to profit/(loss) for the period		76.749	(41.362)
Total other profits/(losses) which will be not subsequently reclassified to profit/(loss) for the period, net of taxes (B.1)		**(191.202)**	**318.120**
Other comprehensive profits/(losses) which will be subsequently reclassified to profit/(loss) for the period:			
Effective part of the profits/(losses) on cash flow hedges	16	75.432	83.443
Profits/(losses) from recalculation of financial assets		-	-
Profits/(losses) from the sale of financial assets			
Release to the income statement of losses for fair value impairment on financial assets			
Share of profits/(losses) of companies measured using the equity method			
Tax effect relating to other profits/(losses) which will be subsequently reclassified to profit/(loss) for the period		-	(1.933)
Total other profits/(losses) which will be subsequently reclassified to profit/(loss) for the period, net of taxes (B.2)		**75.432**	**81.510**
Total other profits/(losses), net of taxes (B) = (B.1) + (B.2)		**(115.770)**	**399.630**
Total comprehensive profit/(loss) (A) + (B)		**(1.860.950)**	**2.172.090**
Total comprehensive profit/(loss) attributable to:			
Non-controlling interests		(2.375.076)	111.675
Profit (loss) pertaining to the Group		514.126	2.060.415

Statement of Changes in Consolidated Equity for the year ended as at 31 December 2021

Amounts in EUR

	Share capital	Treasury shares	Capital reserves	Profit reserves	Reserve from remeasurement of defined benefit plans	Cash flow hedge reserve	Reserve from available-for-sale financial assets	Share of comprehensive profits/(losses) of companies valued using the equity method	Non-controlling interests	Total
Balance as at 1 January 2020	**87.907.017**	**-**	**53.716.218**	**79.328.746**	**(762.702)**	**(62.502)**	**-**	**-**	**16.875.378**	**237.002.155**
Capital payments by non-controlling shareholders									1.125.000	**1.125.000**
Other changes				(464.074)		(193)			740.837	**276.570**
Total comprehensive profit/(loss)				1.800.314	202.337	57.764			111.675	**2.172.090**
Balance as at 31 December 2020	**87.907.017**	**-**	**53.716.218**	**80.664.987**	**(560.365)**	**(4.931)**	**-**	**-**	**18.852.890**	**240.575.815**
Balance as at 1 January 2021	**87.907.017**	**-**	**53.716.218**	**80.664.987**	**(560.365)**	**(4.931)**	**-**	**-**	**18.852.890**	**240.575.815**
Other changes				24.872					2.049	**26.921**
Capital payments by non-controlling shareholders									1.355.112	**1.355.112**
Dividends distributed									(671.250)	**(671.250)**
Total comprehensive profit/(loss)				582.488	(117.313)	48.951			(2.375.076)	**(1.860.950)**
Balance as at 31 December 2021	**87.907.017**	**-**	**53.716.218**	**81.272.347**	**(677.678)**	**44.020**	**-**	**-**	**17.163.725**	**239.425.649**

Consolidated Cash Flow Statement

Amounts in EUR	Notes	31.12.2021	31.12.2020
OPERATING ACTIVITIES			
Net profit (loss) for the year pertaining to the Parent Company and non-controlling interests		**(1.745.180)**	**1.772.460**
Adjustments to reconcile net profit (loss) with cash flows generated (absorbed) by operating activities:			
Current taxes		612.339	342.760
Deferred taxes		(5.244.115)	(8.715.086)
Depreciation of property, plant and equipment		17.068.119	16.414.752
Amortisation of intangible assets and write-downs		399.235	236.056
Dividends received		-	-
Financial income		(1.153.997)	(1.279.388)
Financial expenses		14.060.037	15.298.999
Gains/(losses) on exchange		(43.255)	10.135
Allocations to provisions for risks and charges		(49.367)	528.868
Provisions for employee severance indemnity		2.438.808	2.676.976
Profits/(losses) of investments measured using the equity method		-	95.770
Write-downs (reversals of impairment losses) on receivables		974.167	3.653.034
(Gains)/losses on receivables		-	-
Capital (gains)/losses from transfer of investments and financial assets		(112.409)	(9.390.016)
Write-downs on inventories		-	1.506.292
Write-downs (reversals of impairment losses) on financial assets		(60.084)	2.201.036
(Gains)/losses from trading of financial assets		-	-
Cash flows from operating activities before changes in working capital		**27.144.298**	**25.352.648**
(Increase)/decrease in trade receivables		-	
(Increase)/decrease in inventories		9.862.737	2.046.823
(Increase)/decrease in other current assets		(6.337.833)	3.625.189
Increase/(decrease) in trade payables and other current liabilities		3.980.497	1.498.229
Cash and cash equivalents generated (absorbed) by operating activities		**34.649.699**	**32.522.889**
Change in current financial assets			
Usage of provisions for risks and charges		(379.292)	(603.543)
Payments of employee severance indemnity		(2.112.847)	(2.434.506)
Change in tax payables/receivables		(336.858)	(653.176)
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES		**31.820.702**	**28.831.664**
INVESTING ACTIVITIES			
Dividends received on investments			
Dividends received on financial assets			
Investments in:			
Investments			
Other non-current assets (property, plant and equipment, intangible assets and other assets, including IFRS 16 rights of use)		(52.586.811)	(15.826.158)
Cash flow connected to business combinations:			(1.281.613)
Realisation from disposal of:			
Investments		1.897.000	479.983
Other financial assets		589.151	11.054.937
Other non-current assets (property, plant and equipment and intangible assets, including IFRS 16 rights of use)			
(Increase)/decrease in financial receivables		8.071.439	(3.971.464)
Interest collected		1.153.997	1.279.388
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES		**(40.875.224)**	**(8.264.927)**
FINANCING ACTIVITIES			
Increase (decrease) in loans and borrowings from banks and other lenders (including IFRS 16 liabilities)		27.320.038	5.477.131
Issue (redemption) of bonds		(64.471.895)	(51.498.696)
Interest paid		(14.060.037)	(15.298.999)
Change in financial liabilities		(111.183)	(6.257.432)
Payment of dividends to non-controlling interests		(671.250)	-
Capital payments by non-controlling shareholders		1.355.112	1.100.000
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		**(50.639.215)**	**(66.477.996)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)		**(59.693.737)**	**(45.911.259)**
OPENING CASH AND CASH EQUIVALENTS (E)		127.254.003	173.165.262
CLOSING CASH AND CASH EQUIVALENTS (F = D+E)		**67.560.266**	**127.254.003**

Consolidated Statement of Financial Position pursuant to Consob Resolution no. 15519 of 27 July 2006

Amounts in EUR

	Notes	31.12.2021	*of which related parties*	*% incidence*	31.12.2020	*of which related parties*	*% incidence*
Non-current assets							
Intangible assets	4	109.592.631			105.844.251		
Property, plant and equipment	5	291.750.568			260.379.491		
- of which IFRS 16 rights of use		*214.972.970*			*196.241.751*		
Investments accounted for using the equity method	6	3.753.000			5.537.591		
Financial receivables	7	23.932.539			26.977.657		
Other financial assets	8	11.965.928			12.494.995		
Sundry receivables and other assets	9	1.081.002			621.819		
Deferred tax assets	10	18.925.932			13.684.631		
Total non-current assets		461.001.600			425.540.435		
Current assets		-			-		
Inventories	11	65.257.947			75.120.684		
Financial receivables	12	1.962.521			7.551.229		
Other financial assets		-			-		
Current tax assets	13	1.520.429			705.536		
Sundry receivables and other assets	14	51.793.499			47.293.440		
Cash and cash equivalents	15	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	16	222.261.924			221.722.925		
Non-controlling interests	17	17.163.725			18.852.890		
Total equity		239.425.649			240.575.815		
Non-current liabilities		-			-		
Bonds	18	15.182.956			78.772.100		
Financial payables	19	272.210.565			258.554.763		
- of which IFRS 16 financial liabilities		*233.060.033*			*211.275.913*		
Other financial liabilities	20	5.740.284			5.854.782		
Provisions for personnel	21	8.114.079			7.522.928		
Deferred tax liabilities	22	2.272.469			3.286.893		
Provisions for risks and charges	23	1.435.670			1.864.329		
Sundry payables and other liabilities	24	235.704			641.582		
Total non-current liabilities		305.191.727			356.497.377		
Current liabilities		-			-		
Bonds	25	243.528			1.126.279		
Financial payables	26	41.983.286			28.319.050		
- of which IFRS 16 financial liabilities		*7.992.722*			*6.135.435*		
Other financial liabilities	27	-			101.306		
Current tax liabilities	28	1.514.320			423.946		
Sundry payables and other liabilities	29	60.737.752	660.880	1,1%	56.421.554	608.880	1,1%
Total current liabilities		104.478.886	660.880	0,6%	86.392.135	608.880	0,7%
Liabilities held for sale		-			-	-	
Total equity and liabilities		649.096.262	660.880	0,1%	683.465.327	608.880	0,1%

Consolidated Income Statement pursuant to Consob Resolution no. 15519 of 27 July 2006

Amounts in EUR

	Notes	31.12.2021	*of which related parties*	*% incidence*	31.12.2020	*of which related parties*	*% incidence*
Revenue	30	201.567.355	50.000	0,0%	168.675.688	50.000	0,0%
Other income	31	8.243.872	50.000	0,6%	5.807.316	50.000	0,9%
Changes in inventories	32	(10.811.172)			(3.981.547)		
Costs for purchases	33	(66.468.140)			(60.116.441)		
Costs for services	34	(52.066.292)	(959.995)	1,8%	(36.428.291)	(1.030.195)	2,8%
Personnel costs	35	(52.472.570)	(1.017.828)	1,9%	(48.233.290)	(723.597)	1,5%
Other costs	36	(3.287.563)			(4.328.085)		
Amortisation and value adjustments to intangible assets	37	(17.467.354)			(16.650.808)		
Allocations to the provision for risks	38	49.367			(528.868)		
Share of income (loss) of investments accounted for using the equity method	39	-			(95.770)		
Operating result (EBIT)		**7.287.503**			**4.119.904**		
Financial income	40	1.276.684			1.387.159	34.116	2,5%
Financial expenses	41	(14.139.469)			(15.416.905)		
Dividends		-			-		
Profit (loss) from management of financial assets and investments	42	112.409			9.390.016		
Value adjustments to financial assets, loans and receivables	43	(914.083)			(5.854.070)		
Profit (loss) from trading of financial assets	44	-			(225.970)		
Profit (loss) before taxes		**(6.376.956)**			**(6.599.866)**		
Income taxes	45	4.631.776			8.372.326		
Profit (loss) for the year		**(1.745.180)**			**1.772.460**		
Attributable to:							
Profit (loss) pertaining to non-controlling interests	46	(2.327.668)			(27.854)		
Profit (loss) pertaining to the Group		**582.488**			**1.800.314**		

Explanatory Notes

1. Form and content of the financial statements

The consolidated financial statements are composed of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity, accompanied by the explanatory notes. The Income Statement was drafted in line with the minimum contents of IAS 1 - Presentation of Financial Statements - with classification of costs by nature; the Statement of Financial Position was prepared according to the layout which highlights the breakdown of 'current/non-current' assets and liabilities. The cash flow statement was drafted using the indirect method.

The single electronic reporting format for preparing annual financial reports

Directive 2004/109/EC (the 'Transparency Directive') and Delegated Regulation (EU) 2019/815 have introduced the obligation for issuers of securities listed on regulated markets in the European Union to prepare their annual financial report in XHTML, based on the ESMA-approved European Single Electronic Format (ESEF) The eXtensible Business Reporting Language (XBRL) is well established and used in several jurisdictions and is currently the only appropriate markup language for marking up information contained in financial statements. Using the XBRL markup language involves applying a taxonomy to convert human-readable text to machine-readable information. The IFRS taxonomy is a well-established taxonomy developed to mark up IFRS disclosures, the use of which facilitates comparability of markups of financial statements drawn up in accordance with IFRS on a global level.

The provisions of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 apply to the financial reports relating to financial years starting from 1 January 2021. Therefore, issuers are required to prepare the annual financial report in XHTML language and to "mark up" the IFRS consolidated financial statements contained in the annual financial reports for the financial years starting on 1 January 2021 or later. For "markups", the issuers use the XBRL markup language and a taxonomy whose elements are those of the core taxonomy contained in the Delegated Regulation (EU) 2019/815 and subsequent Regulations that modify its content. If it is not appropriate to use elements from the core taxonomy, issuers create extension taxonomy elements. From 1 January 2021, and therefore starting from the consolidated financial statements closed on 31 December 2021, the obligation to mark up the following information has been introduced:

- Basic registry
- Consolidated financial statements (Consolidated Statement of Financial Position, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Statement of Changes in Consolidated Equity and Consolidated Cash Flow Statement).

From 1 January 2022, and therefore starting from the Annual Financial Report closed on 31 December 2022, the obligation to prepare financial statements according to the new ESEF format shall also extend to the information contained in the Consolidated Explanatory Notes and to the Consolidated Report on Operations in case referrals are made.

The Board of Directors of Mittel S.p.A. in the meeting of 27 April 2022 has approved the XHTML version, included in the ESEF package, of the Annual Financial Report, which will therefore be published in the XHTML language on the basis of the ESEF single electronic reporting format approved by ESMA, on the Mittel S.p.A. website *https://www.mittel.it*, in compliance with the disclosure obligations set out in Directive 2004/109/EC (the Transparency Directive). It should be noted that the Group's consolidated annual financial report includes both the consolidated financial statements and the separate financial statements of the Parent Company Mittel S.p.A. Finally, it should be noted that this document *"Reports and Financial Statements as at 31 December 2021"* was approved by the Board of Directors of Mittel S.p.A. in the same meeting on 27 April 2022.

2. Significant accounting standards and basis of preparation

2.1 General principles

The consolidated financial statements for the year ended 31 December 2020 were drafted in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union as at 31 December 2020, and the provisions issued in implementation of article 9 of Legislative Decree no. 38/2005. IFRS also mean all revised international accounting standards (“IAS”) and all the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”), previously known as the Standing Interpretations Committee (“SIC”).

The consolidated financial statements were prepared on the basis of the general historical cost principle, amended as required for the valuation of certain financial instruments. The Directors established that, despite the presence of a difficult economic and financial context, no significant uncertainties existed, as defined by paragraph 25 of IAS 1, regarding the going concern assumption.

This section illustrates the general principles adopted in the drafting of the financial statements for the year ended as at 31 December 2020, as required by IAS 1.

a) Going concern
Assets, liabilities and “off-statement of financial position” transactions are valued according to operating values, given that they are set to last over time.

In particular, taking into account the equity, economic and liquidity ratios and the specific business areas in which the Mittel Group operates, it is believed, also in light of the actual data, although the general economic and financial context is characterised by volatility, that the group will not be in a significantly uncertain position in relation to events or conditions which may give rise to serious doubts over the company’s capacity to operate as a going concern.
In light of the above, the Directors confirm the reasonable expectation that the Group will continue to operate in the foreseeable future and that, consequently, the 2020 consolidated financial statements were prepared on basis of the going concern assumption.

b) Accrual basis accounting
Costs and revenue are recorded, regardless of the moment of their monetary settlement, on an accrual basis and according to the matching criterion.

c) Consistency of presentation
The presentation and classification of items are maintained constant over time in order to ensure the comparability of information, except where their change is required by an International Accounting Standard or interpretation, or it makes the presentation of values more appropriate, in terms of significance and reliability. If a presentation or classification criterion is changed, the new one applies, where possible, retroactively; in this case, the nature and the reason for the change are also indicated, as well the affected items.

d) Materiality and aggregation
Each material class of similar items is shown separately in the financial statements. Items with a dissimilar nature or function are presented separately.

e) Prohibition of offsetting
Assets and liabilities, costs and revenue are not offset against one another, except where required or permitted by an International Accounting Standard.

f) Comparative information
Comparative information for the previous year is shown for all figures contained in the financial statements, unless prescribed or permitted otherwise by an International Accounting Standard or interpretation. Descriptive information is also included, when useful for understanding the data.

2.2 Financial statements and tables

The consolidated and separate financial statements are composed of the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Cash Flow Statement and Statement of Changes in Equity, accompanied by the explanatory notes. They were drafted in line with the minimum contents of IAS 1 – Presentation of Financial Statements.

The table “Other comprehensive income” includes the components of income suspended in equity such as:
- profits and losses from the redetermination of financial assets measured at fair value, as a balancing entry to the valuation reserve;
- the effective part of the profits and losses on cash flow hedging instruments.

Other profits (losses) that will or will not be subsequently reclassified to profit (loss) for the year are also shown.

The variations generated by transactions with non-owners must be shown in a single separate table that shows the performance in the year (statement of comprehensive income and losses recorded) or in two separate statements: a table that shows the components of profit (loss) for the year (income statement) and a second table that starts from profit (loss) for the year and shows the items of the table of the other comprehensive income statement (Statement of comprehensive income).

These changes generated by transactions with non-owners must also be shown separately in the Statement of changes in equity with respect to variations generated by transactions with owners.

The Group chose to show all changes generated by transactions with non-owners in two tables which measure the performance in the year, entitled “Income Statement” and “Statement of comprehensive income”.

The income statement is drafted according to the layout with the classification of costs by nature, showing the interim results relating to the gross operating margin, operating result and the pre-tax result. The operating result is determined as the difference between net revenue and operating costs (the latter including non-monetary costs relating to amortisation/depreciation and write-downs of current and non-current assets, net of any write-backs) and including capital gains and losses generated by the disposal of non-current assets. In order to permit a better measurement of the trend in ordinary operations, cost and revenue components deriving from events or transactions that are considered non-recurring due to their nature or the materiality of their amount, are indicated separately, where significant.

The Statement of Financial Position is prepared according to the layout that shows a breakdown of assets and liabilities between current and non-current. Assets and liabilities are classified as current when they meet the following criteria:
- current assets are represented by cash or cash equivalents, by assets that are expected to be realised, sold or consumed during the normal execution of the company’s operating cycle, available-for-sale assets, assets held for trading, or those that are expected to be realised within twelve months from the closing date of the reporting period;
- current liabilities are those that are expected to be extinguished during the normal operating cycle of the Group or within twelve months from the reporting date, liabilities held for trading or those that do not have an unconditional right to deferment of their extinguishment after twelve months. All other liabilities must be classified as non-current liabilities.

The Statement of Changes in Equity illustrates the changes that took place in items of equity relating to:
- allocation of the Group’s profit (loss) for the year to non-controlling shareholders;
- amounts relating to transactions with shareholders;
- each item of profit and loss net of taxes, which is booked directly to equity or has a contra-item in an equity reserve;
- change in the valuation reserve of financial assets and in the cash flow hedge reserve;
- effect of any changes in accounting standards.

The Cash flow statement was drafted by applying the indirect method, through which the net income is adjusted by the effects of non-monetary transactions, any deferment or provision of previous or future operating collections or payments and by elements of revenue or costs connected to the cash flows deriving from investing or financing activities. Income and expenses relating to medium/long-term financing transactions and to the associated hedging instruments, as well as the dividends paid, are included in financing activities.

The figures of these financial statements are compared with those of last year’s financial statements drafted using the same criteria, with the exception of that which is described in the paragraph “Changes in IFRS accounting standards, amendments and interpretations”, to which reference should be made.

Lastly, it should be noted that, in order to comply with the indications in Consob Resolution no. 15519 of 27 July 2006 "Provisions governing financial statement layouts", in addition to the mandatory tables, the appropriate Income Statement and Statement of Financial Position tables were prepared, with evidence of the significant amounts of positions or transactions with related parties indicated separately from the respective reference items.

The values of the items in the consolidated financial statements are expressed in Euro.

Events after the reporting period (IAS 10)

These financial statements were authorised for publication, in accordance with IAS 10, by the Board of Directors on 27 April 2022. Reference should be made to the information in the Directors' Report on Operations for a description of the significant events after the reporting period.

2.3 Accounting standards adopted by the Mittel Group

Intangible assets (IAS 38)

Intangible assets are identifiable non-monetary assets without physical substance, held to be used in a multi-year or indefinite period. These are recorded at cost, adjusted for additional expenses only if it is probable that the future economic benefits that are attributable to the asset will be realised and if the cost of the asset can be measured reliably. In the opposite case, the cost of the intangible asset is booked to the income statement in the year in which it was incurred.

The cost of intangible assets with a finite useful life is amortised using the straight-line method on the basis of the relative useful life.
If the useful life is indefinite, no amortisation is carried out, but solely the periodic verification of the adequacy of the book value of the fixed assets. Intangible assets originating from software developed internally and acquired from third parties are amortised on a straight-line basis, effective from the completion and entry into operation of the applications based on the relative useful life. At each reporting date, in the presence of evidence of impairment, the recoverable value of the asset is estimated.

The amount of the loss, booked in the income statement, is equal to the difference between the asset's book value and its recoverable value.
An intangible asset is derecognised from the statement of financial position on disposal or when no future economic benefits are expected from its use.

Goodwill can be recorded if representative of future income-generating capacities of the investee. A test is conducted at the close of each financial year to check the value of goodwill. Any impairment loss is determined on the basis of the difference between the book value of goodwill and its realisable value, equal to the higher of the fair value of the cash generating unit, less any costs to sell, and the associated value in use.

Development costs refer to new product innovation projects and are recorded under assets in compliance with the considerations of IAS 38, i.e.:
- demonstrability of the technical feasibility of the products;
- intention of the Group to complete the development project;
- reliable determination of the costs incurred for the project;
- recoverability of the values recorded through the future expected benefits from completion of the development project.

It should be noted that said item includes any intangible assets under development to be amortised starting from the year their useful life starts.

Intangible assets with an indefinite useful life

An intangible asset shall be regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

Intangible assets with an indefinite useful life are not amortised but are subject to an impairment test, to verify the recoverability of their carrying amount; this test pertains to the value of the individual asset and is carried out when impairment has been identified and, in any case, at least on an annual basis.

Property, plant and equipment (IAS 16)

Property, plant and equipment are initially measured at cost which includes not only the purchase price, but all additional expenses directly attributable to the purchase and to bringing the asset to working condition for its intended use.
Extraordinary maintenance costs which involve an increase in future economic benefits are booked to increase the value of the assets, while other ordinary maintenance costs are recognised in the income statement.
Property, plant and equipment include operating premises, plants, furniture, fittings and equipment of any type.
Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.
Property, plant and equipment are valued at cost, less any accumulated depreciation and impairment.
Property, plant and equipment are systematically depreciated over their useful life, by adopting the straight-line method.

The depreciation rates used by Group companies are as follows:
- Buildings: a range between 3,0% and 6,0%
- Vehicles: a range between 20% and 25%
- Furniture and fittings 12%
- Office machines: a range between 20% and 33%
- Equipment: a range between 15% and 40%;
- Generic systems: 10%;
- Specific systems: a range between 12,5% and 17,5%;
- Robotic work centres: 22%.

Land is not depreciated as it has an indefinite useful life.
Capitalisable costs for improvements to leased third-party assets are attributed to the asset classes to which they refer and amortised at the lower of the residual term of the rental agreement and the residual useful life of the asset to which the improvement relates.
At each reporting date, testing must be performed for any signs of impairment, or indications that show that an asset may have been impaired.
If there are signs of impairment, a comparison is made between the book value of the asset and its recoverable value, equal to the higher of the fair value, less any costs to sell, and the associated value in use of the asset, understood as the present value of future cash flows originating from the asset. Any adjustments are booked to the income statement. If the reasons for the recognition of the loss no longer exist, the value is revised, which cannot exceed the value that the asset would have had, net of depreciation calculated in the absence of previous impairment.
Property, plant and equipment are derecognised from the statement of financial position on disposal.
Profits and losses deriving from transfers or disposals of assets are determined as the difference between the sales revenue and the net book value of the assets and are recognised in the income statement in the period.

Leasehold improvements are classified under property, plant and equipment, consistent with the nature of the cost incurred. The depreciation period corresponds to the shorter of the residual useful life of the tangible asset and the residual duration of the lease.

Leases (IFRS 16)

The Group has various contracts in place for the use of facilities and buildings, offices, vehicles, machinery and other minor assets owned by third parties. The lease terms are negotiated individually and contain a wide range of differing terms and conditions.
From 1 January 2019, following the first-time adoption of IFRS 16, the Group recognises for all lease contracts, with the exception of short-term leases (i.e., leases with a duration of less than or equal to 12 months and which do not contain a purchase option) and those for low-value assets (i.e., with a unit value of less than EUR 5 thousand), a right of use on the lease's start date, which corresponds to the date on which the underlying asset is available for use. Lease payments relating to short-term and low-value contracts are recognised as costs in the income statement on a straight-line basis over the lease term.

Rights of use are valued at cost, net of accumulated amortisation and impairment losses, and adjusted each time the lease liabilities are re-measured. The value assigned to rights of use corresponds to the amount of the lease liabilities recognised, plus initial direct costs incurred, the lease payments settled on the contract start date or previously, and restoration costs, net of any lease incentives received. Restoration costs, which can be recognised only in rare cases, are normally related to offices, for which the return to their original state at the end of the lease agreement may be envisaged in the contract. The Group estimates the fair value of the restoration obligation based on the agreement with the lessor or appraisal valuations obtained from third parties. The discounted value of the liability determined in this way increases the right of use of the underlying asset, with recognition of a dedicated provision as contra-item. Unless the Group is reasonably certain of obtaining ownership of the leased asset at the end of the lease term, rights of use are amortised on a straight-line basis in accordance with the estimated useful life or contract's duration, whichever is lower.

The financial liability for leases is recognised on the start date of the agreement for a total value equal to the present value of the lease payments to be paid during the contract's duration, discounted using incremental borrowing rates (IBR), when the interest rate implicit in the lease contract cannot be easily determined. Variable lease payments continue to be charged to the income statement as a cost for the period.
After the start date, the amount of lease liabilities increases to reflect the accrual of interest and decreases to reflect payments made. Each lease payment is divided between repayment of the liability's principal and the financial expense. The financial expense is charged to the income statement over the contract's duration, to reflect a constant interest rate on the liability's residual debt, for each period.
In the case of sub-lease agreements and amendment of the lease agreement, the rules envisaged in IFRS 16 "Leases" apply.
IFRS 16 requires entities to make estimates and assumptions that may affect the measurement of the right of use and the financial liability for leasing, including the determination of:

- contracts in the scope of application of the new rules for measuring assets/liabilities with the financial method;
- lease term;
- interest rate used to discount future lease payments.

The contracts are included or excluded from the application of the standard based on detailed analyses carried out on each individual agreement and in line with the rules established by IFRS.
The lease term is calculated considering the non-cancellable period of the lease, together with the periods covered by an option to extend the agreement if it is reasonably certain that it will be exercised, or any period covered by a termination option for the lease contract, if it is reasonably certain not to be exercised. The Group assesses whether it is reasonably certain whether or not to exercise the extension and termination options, taking into account all relevant factors that create an economic incentive relating to these decisions. The initial assessment is reviewed if there is a significant event or a change in the characteristics that affect the assessment itself and are under the control of the Group.
The marginal interest rates defined by the Group are reviewed on a recurring basis and applied to all contracts with similar characteristics, which were considered as a single portfolio of contracts. The rates are determined starting from the Parent Company's effective average borrowing rate, appropriately adjusted based on the requirements of the new accounting rules, to simulate a theoretical marginal interest rate consistent with the contracts being valued. The most significant elements considered in the rate adjustment are the credit-risk spread of each country observable on the market and the differing durations of the lease contracts. Interest rates set forth in the lease agreements are limited.
Lease incentives received by and not later than the contact's start date are charged as a direct reduction of the value of the right of use; the corresponding value reflects the consideration already received net of the receivable to be collected. Lease incentives agreed during the term of the contract are considered amendments to the original contract, measured at the date of the change, with a consequent impact of equal value on the value of both the right of use and the lease liability.

Initial measurement:
On the start date, the lessee must measure the cost of the asset, consisting of the right of use, which includes:

- the amount of the initial measurement of the lease liability, as described below;

- lease payments due that are made on or before the start date, net of lease incentives received;
- direct initial costs incurred by the lessee; and
- the estimate of costs that the lessee must incur to decommission and remove the asset and restore the site or asset to the conditions provided for by the lease, unless these costs are incurred to produce inventories. The obligation relating to the aforementioned costs arises for the lessee on the start date or as a result of the use of the underlying asset during a specific period and is recognised as a provision for expenses as per IAS 37.

Initial measurement of the lease liability:
At the start date, the lessee must measure the lease liability at the present value of payments due and not paid at that date. Payments due must be discounted using the implicit interest rate of the lease, if it can be easily determined. If this is not possible, the lessee must use its incremental borrowing rate.
On the start date, the payments due include:

- fixed payments, net of any lease incentives to be received;
- payments based on an index or rate, initially estimated with an index or rate on the start date;
- amounts that the lessee expects to pay as guarantee of the residual value;
- exercise price of the purchase option, if the lessee is reasonably certain that the option will be exercised; and
- lease termination penalties, if the lease term takes into account that the lessee will exercise the lease termination option.

Subsequent measurements:
After the start date, the lessee measures the asset consisting of the right of use by applying the cost model. Based on the cost model, the lessee must amortise the right of use, as envisaged in IAS 16 (and, where applicable, recognise write-downs pursuant to IAS 36), adjusted to take into account any restatements of the lease liability.
Amortisation is calculated based on the asset’s useful life, assuming the asset is purchased; otherwise, if earlier, at the end of the lease term.
Subsequent measurements of the lease liability
After the start date, the lessee must measure the lease liability:

- by increasing the book value of the liability to include interest on the lease liability calculated using the discount rate;
- by decreasing the book value of the liability to include due payments made;
- by restating the book value to consider new measurements or lease amendments.

Restatement of the lease liability
After the start date, the lease liability is restated to take into account changes made to lease payments due, in the event of amendments to:

a. lease term;
b. valuation of a purchase option on the asset;
c. amounts that are expected to be paid as part of a guarantee on the residual value;
d. future payments due as a result of changes in indices or rates used as parameters.

In all cases, the amount is recognised as an adjustment to the asset consisting of the right of use. However, if the book value of the asset consisting of the right of use is reduced to zero and there is an additional reduction in the valuation of the lease liability, the lessee must recognise in the income statement any residual amount of the restatement.
Nonetheless, in cases a) and b), the lessee restates the discount rate based on the new cash flow profile for the remaining lease term, if this rate can be easily determined or the lessee's incremental borrowing rate at the restatement date.
In cases c) and d), the lessee restates the payments due for the remaining lease term using the same discount rate applied initially, unless the change in payments due results from a change in variable rates. In this case, the lessee must use a revised discount rate that takes into account changes in the interest rate.

Investments in associates and joint ventures (IAS 28)

Associates are companies over which the Group exercises significant influence. Significant influence is the power to participate in the determination of the investee's financial and operating policies without having control or joint control of it. Significant influence is presumed to exist in the event in which the Group holds a percentage of voting rights of between 20% and 50% (excluding cases in which there is joint control).

Joint ventures (jointly-controlled companies) mean companies in which the Group holds joint control and has rights over their net assets. Joint control means the sharing of control of an arrangement, which exists solely when decisions about the relevant activities require the unanimous consent of all the parties sharing control.

Investments in associates and joint ventures are measured according to the equity method, determined on the basis of the international accounting standards. According to said method, these investments are recognised in the statement of financial position at cost, adjusted for changes following the acquisition in the net assets of the associates, net of any impairment of the individual investments. The excess of the acquisition cost over the Group's percentage of the present value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture at the acquisition date is recognised as implicit goodwill.
If the acquisition cost is lower than the Group's percentage of the fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture at the acquisition date, the value is credited to the income statement in the year of the acquisition. With reference to transactions which take place between a Group company and an associate or joint venture, unrealised profits and losses are eliminated to the extent of the Group's percentage interest in the associate, with the exception of the cases in which unrealised losses constitute evidence of impairment of the transferred asset.
If there is evidence that the value of an investment has been impaired, the recoverable value of said investment is estimated, taking into account the present value of future cash flows that the investment may generate, including the final disposal value of the investment.
If the recoverable value is lower than the book value, the relative difference is booked to the income statement.
If the reasons for the impairment no longer exist following an event that occurred after the recognition of the impairment, reversals of the impairment losses are booked to the income statement.

Financial assets (IAS 32 and IFRS 9)

On initial recognition, a financial asset can be classified as:

- (i) an asset measured at amortised cost – "Hold to Collect",
- (ii) an asset measured at fair value with recognition in shareholder's equity – "Hold to Collect & Sell", and lastly
- (iii) an asset measured at fair value with recognition in the income statement – "Trading/Other".

The Group's classification is based on the entity's business model for managing financial assets and on the characteristics of contractual cash flows of financial assets.

With reference to the business model, this is determined by the Company for accounting purposes, in order to reflect the way in which financial assets are effectively managed to pursue company objectives.

The characteristics of contractual cash flows are verified through the SPPI test ("Solely Payments of Principal and Interest on the principal amount outstanding"), introduced by the new accounting standard IFRS 9 in order to verify whether a financial asset can be considered a "basic credit agreement" and therefore the contractual cash flows consist exclusively of payments of principal and interest accrued on the amount of principal to be repaid.

Receivables (assets measured at amortised cost)

A receivable shall be measured at amortised cost if both of the following conditions are met and it is not designated to FVTPL:

- the financial asset is held within the framework of a business model whose objective is the possession of financial assets aimed at collecting the relative contractual cash flows; and
- the contractual terms of the financial asset provide for cash flows on specific dates, represented solely by payments of principal and interest on the amount of principal to be repaid.

Loans and receivables are initially recognised when the right to receive the payment of the contractually agreed sums is acquired and, therefore, at the time of the disbursement. The initial book value coincides with the fair value of the asset, normally equal to the amount disbursed, including costs/income directly attributable to the individual instrument and determinable from the origin of the transaction, even if settled at a later date. Trade receivables without a significant loan component are initially measured at transaction price, as an exception to the general principle of initial recognition at fair value.

Following initial recognition, receivables are valued at amortised cost, equal to the initial recognition value, net of principal repayments, increased or decreased by impairment losses or reversal of impairment losses and amortisation calculated using the effective interest rate method.
The effective interest rate is the rate that matches the present value of the future cash flows of the receivable, for principal and interest, to the amount disbursed, including costs/income attributable directly to the receivable.

The amortised cost is reduced by impairment losses. Interest income, exchange gains and losses and impairment losses are recognised in the profit/(loss) for the period as are any gains or losses on derecognition.

Loans and receivables are derecognised from assets only if (i) the contractual rights to the cash flows deriving from the financial assets expire or (ii) the Group transfers all risks and rewards related to the financial assets.
If it is not possible to ascertain the substantial transfer of the risks and rewards, the receivables are derecognised in the event no type of control is retained over said loans and receivables. In the opposite case, the maintenance of control, including partial, involves the retention of the loans and receivables in the financial statements to the extent of the Group's continuing involvement. The value of the continuing involvement in the transferred receivables corresponds to the extent to which the Group is exposed to a change in the value of said receivables.

Depending on their nature and expiry, loans and receivables are classified into the following items:

- financial receivables;
- sundry receivables and other assets.

Where, at the time of the recognition, the collectability of the loans and receivables is contractually established as after one year, these are classified under "non-current" assets. Loans and receivables falling due within one year are classified under "current" assets.

Other financial assets - assets measured at FVOCI

A financial asset shall be measured at FVOCI if both of the following conditions are met and it is not designated to FVTPL:

- the financial asset is held within the framework of a business model whose objective is achieved both by the collection of contractual cash flows and by the sale of financial assets; and
- the contractual terms of the financial asset provide for cash flows on specific dates, represented solely by payments of principal and interest on the amount of principal to be repaid.

On initial recognition of an equity instrument not held for trading purposes, the Group may make an irrevocable decision to present subsequent changes in fair value in other components of the statement of comprehensive income. This decision is made for each investment.

Financial assets are initially recognised at the settlement date. The initial measurement is at fair value, to which are added the transaction costs directly attributable to the acquisition of the financial asset.

This category of financial assets is subsequently measured at fair value:

- for debt securities, interest income calculated under the effective interest method, exchange gains and losses and impairment losses are recognised in the profit/(loss) for the period. Other net profits and losses are recognised in other components of the statement of comprehensive income. On derecognition, gains and losses accumulated in other components of the statement of comprehensive income are reclassified to profit/(loss) for the period;
- for equities, dividends are recognised in profit/(loss) for the period unless they clearly represent a recovery of part of the investment cost. Other net profits and losses are recognised in other components of the statement of comprehensive income and are never reclassified to profit/(loss) for the period.

For the determination of the fair value, a three-level hierarchy is envisaged:

1) Listing on an active market, not adjusted. An active market is one where prices, which reflect normal market transactions, are quickly and regularly available via Stock Markets, Brokers, Intermediaries, Sector companies, Listing services or authorised entities and express the price of actual, adequate, continuous and regular market transactions that occur within a normal reference period.
2) Recognition of the fair value through components observable directly or indirectly on a listed market. In the event that the components used contain elements not observable directly on the market and/or adjusted, the significance of the same is established with respect to the fair value to define whether said fair value can be considered second or third level.
3) The use of estimate methods and evaluation models commonly adopted by the international financial community which take account of the specific characteristics of the instrument to be evaluated, with particular focus on the different types of risk associated with it and simultaneously use values not taken from the market and involve estimates and assumptions.

Based on the time frame for sale (within or beyond twelve months from the reporting date), financial assets belonging to this category are classified under “Other financial assets” in current or non-current assets.

Financial assets are derecognised when the contractual rights to the cash flows derived from said assets expire or when the financial asset is sold, transferring substantially all related risks and rewards.

Other financial assets – assets measured at FVTPL

All financial assets not classified as measured at amortised cost or at FVOCI, as indicated above, are measured at FVTPL. All derivative financial instruments are included. On initial recognition, the Group may irrevocably designate the financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise result from measuring the financial asset at amortised cost or at FVOCI.

Financial assets are initially recognised at the settlement date. Initial measurement is at fair value.

Subsequent measurement is at fair value. Net profits and losses, including dividends or interest received, are recognised in profit/(loss) for the period.

For a distinction between the levels of the fair value hierarchy, reference should be made to the information provided above in relation to assets measured at FVOCI.

Financial assets are derecognised when the contractual rights to the cash flows derived from said assets expire or when the financial asset is sold, transferring substantially all related risks and rewards.

Cash and cash equivalents (IAS 7, IAS 32 and IFRS 9)

Cash and cash equivalents include bank and postal deposits, cash in hand and other forms of short-term investment, originally expiring in three months or earlier. Bank overdrafts are classified under financial payables in current liabilities. Elements included under cash and cash equivalents are measured at fair value and the associated changes are booked to the income statement.

Inventories (IAS 2)

Property inventories

Property inventories are composed of land, properties under construction-renovation and properties completed for sale.
The initial recognition of inventories of completed properties held for sale occurs at the moment costs are incurred which are directly attributable to the order under construction. At the time of initial recognition, property inventories are measured at cost, increased by incremental expenses and the capitalisable financial expenses incurred.
The release of property inventories to the income statement takes place proportionally and at the same time as the transfer of the properties or parts of them.
During the initial phases of the order, given no sales have been verified, revenue is recognised under changes in inventories up to the limits of the costs incurred which is expected to be recovered. At the time of the transfer of the properties or parts of them, the actual order costs are recorded (incurred and estimated) by thousandths transferred, with the release of the property inventories to the income statement, under variations in inventories. It is only at this moment that the order profit or loss can be determined, in proportion to the part transferred.

Following initial recognition, property inventories held for sale continue to be measured at the lower of the cost (increased by incremental expenses and the financial expenses, to the extent that they can be capitalised) and the market value based on transactions involving similar properties in terms of area and type, and adequately adjusted to represent the prospects and timing of actual disinvestment.
Properties under construction and/or undergoing renovation are measured at the lower of the cost, increased by incremental expenses, of capitalisable financial expenses and the corresponding estimated realisable value.

Inventories of raw materials, goods, semi-finished and finished products

Inventories of raw materials, goods, semi-finished and finished products are measured at the lower of cost and net realisable value. The measurement of inventories at cost includes the direct costs of materials and labour and indirect costs (variable and fixed). The cost of inventories of replaceable goods is allocated using the FIFO (first in, first out) method or the weighted average cost method. Simplified costing techniques for inventories, such as the standard cost method, may be used for convenience if the results approximate the cost. The Group uses the same cost determination method for all inventories with a similar nature and use. For inventories with a different nature or use, different methods for measuring cost may be justified. Provisions for write-downs are calculated for all inventories considered obsolete or slow-moving, taking into account their expected future use and realisable value. The realisable value represents the estimated selling price in the ordinary course of business, net of all the estimated costs for the completion of the good and the selling and distribution costs that will be incurred.

Assets and Liabilities held for sale and discontinued operations (IFRS 5)

Assets and Liabilities held for sale and Discontinued Operations are classified as such if their book value will be recovered mainly through sale rather than continuous use.
These conditions are considered to be met at the moment in which the sale or discontinuity of the disposal group are considered highly likely and assets and liabilities are immediately available for sale in the conditions in which they are found.
When the Group is involved in a disposal plan which involves the loss of control of an investee, all assets and liabilities of said investee are classified as held for sale when the above conditions are satisfied, also in the case in which, after the disposal, the Group continues to hold a non-controlling interest in the subsidiary.
Assets held for sale are measured at the lower of their net book value and the fair value less costs to sell.

Non-current assets held for disposal, disposal groups and discontinued operations whose book value will be recovered mainly through sale rather than continuous use, are measured at the lower of their net book value and the fair value less costs to sell.

In particular, a disposal group is a collection of directly related assets and liabilities held for disposal as part of a single transaction.
Discontinued operations are, by contrast, comprised of a significant component of the group, e.g. an important autonomous business unit or geographic business area or a subsidiary acquired on the exclusive basis of a resale.
In compliance with IFRS, the data relating to non-current assets held for disposal, disposal groups and discontinued operations are presented in two specific items of the Statement of Financial Position: assets held for sale and liabilities directly associated with assets held for sale.
Non-current assets held for sale are not subject to amortisation/depreciation and are measured at the lower of their book value and associated fair value, less costs to sell; any difference between the book value and the fair value less costs to sell is charged to the income statement as a write-down.
With exclusive reference to any discontinued operations, the net economic results achieved by them pending disposal, capital gains/losses deriving from said disposal and the corresponding comparative data of the previous year/period are presented in a specific item of the Income Statement: net profit (loss) from discontinued operations/assets held for sale.
By contrast, as regards capital gains/losses recorded as a result of measurement at fair value less costs to sell or from the disposal of non-current assets (or disposal groups) classified as "held for sale" pursuant to IFRS 5, when present, they are reclassified in the specific item in the income statement called "Profit (loss) from non-recurring transactions".

Derecognition of financial assets and liabilities

Financial assets:

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised from the financial statements when:
- the rights to receive the cash flows from the asset expire;
- the Group retains the right to receive the cash flows of the asset, but assumes a contractual obligation to pay the cash flows in full and without delay to a third party;
- the Group has transferred the right to receive the cash flows from the asset and (a) has transferred substantially all the risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

In cases where the Group has transferred the rights to receive the cash flows from an asset and has neither transferred nor substantially retained all the risks and rewards or has not lost control of the asset, the asset is recognised in the Group's financial statements to the extent of its continuing involvement in the financial asset. Continuing involvement which takes the form of guaranteeing the transferred asset is measured at the lower of the initial book value of the asset and the maximum amount of the consideration that the Group could be required to repay.

Financial liabilities:

A financial liability is derecognised from the financial statements when the obligation underlying the liability is extinguished, cancelled or fulfilled.

Payables and Bonds (IAS 32 and IFRS 9)

These financial liabilities are initially recognised at the time the contract is signed, which coincides with the moment the sums collected are received.
Liabilities are initially recognised on the basis of the fair value, normally equal to the amount collected or the issue price, increased or decreased by additional costs/income directly attributable to the individual funding transaction and not repaid to the creditor. Internal administrative costs are excluded.
After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Depending on their nature and expiry, liabilities are classified into the following items:
- bonds;
- financial payables;
- sundry payables and other liabilities.

Where, at the time of the initial recognition, the collectability of the payable is contractually established as after one year, these are classified under “non-current” liabilities. Payables falling due within one year or indeterminate are classified under “current” liabilities.

Other financial liabilities (IAS 32 and IFRS 9)

Financial liabilities are initially recognised at the settlement date both for debt securities and for derivative contracts.
Upon initial recognition, financial liabilities held for trading are recorded at their fair value which normally corresponds to the consideration collected without taking into account the transaction costs or income directly attributable to said instrument which are, instead, booked directly in the income statement.
Debt securities and the negative value of derivative contracts (with the exception of those designated as hedging instruments) are classified in this category.
After initial recognition, financial liabilities held for trading are measured at fair value, with the recognition of changes through profit or loss.
For the determination of the fair value of financial instruments listed in an active market, market prices are used. In the absence of an active market, estimates and generally accepted valuation models are used, and which are based on observable market data, such as: methods based on the valuation of listed instruments with similar characteristics, discounting of future cash flows, models for the determination of option prices and values recorded in recent comparable transactions.
Financial liabilities are derecognised when they expire or are extinguished also against purchases of the same securities. The difference between the book value of the liability and the amount paid to acquire it is recorded in the income statement.

Hedging derivatives (IAS 32 and 39)

The company's decision to maintain the hedge accounting requirements of IAS 39 pending final approval (not yet completed) of the IFRS 9 pillar that regulates this issue is noted at the outset.

The types of hedging transactions are as follows:
- fair value hedge, aimed at neutralising the exposure to changes in the fair value of a financial statement item;
- cash flow hedge, targeted at neutralising the exposure to changes in the future cash flows attributable to particular types of risks associated with financial statement items.

Hedging derivatives are measured at fair value and recognised in the items “other financial assets” and “other financial liabilities”; in particular:
- for fair value hedging instruments, the rules established by IAS 39 in relation to the provisions for “Fair Value Hedges” are followed. These relate to hedging instruments whose objective is to hedge the exposure to fair value changes of certain financial assets, deriving, in particular, from risks associated with variability in their value. Profit or loss resulting from remeasurement of the hedging instrument at fair value is recorded in the income statement for a hedging derivative. Profit or loss on the hedged element attributable to the hedged risk adjusts the book value of the hedged element, recorded immediately in the income statement, even if the hedged element is otherwise valued at cost.
- in the case of cash flow hedges, fair value changes are booked to equity for the effective portion of the hedge and to the income statement solely where, with reference to the hedged item, a change occurs in the cash flows to be offset.

The derivative can be considered a hedge if there is formalised documentation on the unique relationship with the hedged element and if this is effective at the time the hedge was entered into and, in prospective terms, throughout the life of the hedge.

A relationship only qualifies as a hedge, and is accounted for accordingly, when all the following conditions are met:
- at the start of the hedge there is formal designation and documentation of the hedge relationship, of the Group's risk management objectives and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the company will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value;

- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and is considered highly effective for all reporting periods for which the hedge was designated.

The hedge is considered highly effective if, both at the start and during its life, fair value changes in the monetary amount hedged are almost completely offset by fair value changes in the hedging derivative, i.e. the actual results of the hedge are within a range of 80% - 125%.
The effectiveness of the hedge is initially verified through the prospective test and at the time of preparation of the annual financial statements through the performance of retrospective and prospective tests; the results of said tests justify the application of hedge accounting given that it demonstrates its expected effectiveness.

Provisions for personnel (IAS 19)

The employee severance indemnity (TFR) is considered a defined benefit plan. Benefits guaranteed to employees are recognised
monthly on an accrual basis and disbursed at the time of termination of employment.
The severance indemnity is accrued on the basis of the seniority reached at the end of the year by each individual employee in compliance with the laws and labour agreements in force at the reporting date. The accrual reflects the actual amount due to employees, based on the seniority accrued and salaries paid, recalculated on the basis of its actuarial value. The actuarial evaluations adopted are the best estimates regarding the variables that determine the final cost of the services after the termination of employment.
For discounting purposes, the Group uses the projected unit credit method which projects future disbursements on the basis of historical statistical analysis and the demographic curve and the financial discounting of these flows on the basis of a market interest rate. Actuarial gains and losses are recognised in the valuation reserve following the adoption of IAS 19 (revised).

Share-based payment arrangements (IFRS 2)

As part of the medium/long-term incentive plans, payment arrangements are envisaged for the management with share-based payments on shares representing capital, consisting of the assignment of rights which, subject to the predefined conditions being met and at the end of the last year of the vesting period, offer beneficiaries the right to obtain the cash equivalent or, at the discretion of the Board of Directors, the equivalent in the form of Company's shares.
In particular, the long-term variable incentive plan is based on the assignment of Stock Appreciation Rights (SARs), the value of which depends on the Mittel S.p.A. share performance. This plan envisages that, subject to predefined conditions being met, the beneficiaries can receive the equivalent in cash or in shares of the increase in value of the Company's ordinary share.
The fair value of transactions involving share-based payments settled in the form of equity instruments is recognised as a cost in the income statement under personnel costs or service costs as a balancing entry to the related item in equity, proportionally according to the period in which the service is provided and in consideration of the conditions established in the Incentive Plan regulations that offer the Company the option of choosing between cash settlement or the issue of equity instruments.

Treasury shares (IAS 32)

Treasury shares in the portfolio are deducted from equity. No profit or loss deriving from the purchase, sale, issue or cancellation of treasury shares is recorded in the income statement. The differences between the purchase and sale prices deriving from said transactions are recorded among equity reserves.

Business combinations and Goodwill

A business combination consists of an amalgamation of businesses or separate company activities into a single entity responsible for preparing the financial statements.
The business combination may give rise to a shareholding relationship between the parent company (acquirer) and the subsidiary (acquiree) or may also involve the acquisition of the net assets of another entity, including goodwill.
Business combinations are accounted for using the acquisition method provided by IFRS 3 – Business Combinations. The cost of a business combination identified as the fair value, on the date control is acquired, of the assets transferred, liabilities assumed and equity instruments issued for the purposes of performing the combination, including directly attributable costs, is therefore allocated by recording, at the acquisition date, the fair value of the identifiable assets, liabilities and contingent liabilities in the acquisition that meet the conditions for recognition set out in IFRS 3.
Additional costs in business combination transactions are booked in the income statement in the period in which they are incurred.
Conditional considerations are considered part of the transfer price of the net assets acquired and measured at fair value on the acquisition date. Similarly, if the business combination contract makes provision for the right to the return of certain price components when specified conditions are met, this right is classified by the acquirer as an asset. Any subsequent changes in fair value shall be recognised to adjust the original accounting treatment only if they are caused by additional or better information about this fair value and if they take place within 12 months from the acquisition date; all other changes shall be recognised in the income statement.
The goodwill resulting from the acquisition is to be allocated to cash generating units (CGUs) into which business combination activities are separated, as the goodwill is not able to generate cash flows autonomously. International accounting standard IAS 36 states that any CGU or group of CGUs to which goodwill can be allocated must represent the lower level at which the company controls the goodwill for management purposes and may not, in any case, be higher than a segment for which the company presents information disaggregated in accordance with IFRS 8 'Operating Segments'.

Any positive difference between the cost of the acquisition and the Group's share of the fair value of the acquired identifiable assets, liabilities or contingent liabilities is recorded as goodwill. If the difference is negative, it is booked directly in the Income Statement.
Non-controlling interests in the acquiree are initially measured to the extent of their share of the present values of the assets, liabilities and contingent liabilities recorded.
If a business combination is realised in several phases with subsequent purchases of shares, each phase is measured separately using the cost and information relating to the fair value of the assets, liabilities and contingent liabilities at the date of each transaction to determine the amount of any difference.
The initial allocation to the above assets and liabilities, by availing of the option provided by IFRS 3, may be determined provisionally before the end of the year in which the transaction was carried out, and it is possible to record the adjustment to the values assigned provisionally in the initial accounting within 12 months from the date of the acquisition of control.
Following initial recognition, goodwill is measured at cost less any accumulated amortisation. Goodwill always relates to the profit-generating activities identified, whose income and cash-flow generating capacity is constantly monitored for the purposes of impairment testing.
In the case of an acquisition of a subsidiary in phases, the non-controlling interest held previously, up until that moment accounted for in accordance with IFRS 9 (for non-qualified interests) or according to IAS 28 (for investments in associates and joint ventures), is treated as if it had been sold and re-acquired on the date on which control was acquired. This investment is therefore measured at its fair value at the "transfer" date and the profits and losses resulting from the measurement are recorded in the income statement. In addition, each value previously recorded in equity as Other comprehensive profits and losses, booked in the income statement following the transfer of the asset to which it refers, is reclassified in the income statement. Goodwill or income (in the case of badwill) deriving from business concluded with subsequent acquisition is determined as the sum of the price paid to obtain control, the value of non-controlling interests (measured according to one of the methods permitted by the standard), the fair value of the non-controlling interest held previously, net of the fair value of the net identifiable assets acquired.
Accounting of the acquisition of additional investments in companies already controlled are considered transactions with owners and, therefore, the differences between the acquisition costs and the book value of the non-controlling shares acquired are booked to equity pertaining to the Group.
Similarly, sales of non-controlling shares without the loss of control do not generate profits/losses in the income statement, but changes in equity pertaining to the Group.

Income taxes (IAS 12)

The effects relating to current and deferred taxes calculated in compliance with national tax legislation based on the accruals principle are recognised, consistently with the methods of recognition in the financial statements of the costs and revenue that generated them, by applying the applicable tax rates.
Income taxes are recorded in the income statement, with the exception of those relating to items debited from or credited directly to equity.
The provision for income taxes is determined on the basis of a prudential forecast of current and deferred tax assets and liabilities.
In particular, current taxes include the net balance of current liabilities in the year and current tax assets represented by payments on account and other tax credits for withholding tax.
Deferred tax assets and liabilities are determined on the basis of temporary differences - with no time limits - between the carrying amount of an asset or a liability and their tax base.
Deferred tax assets are recognised in the financial statements to the extent they are likely to be recovered, measured on the basis of the capacity of the relevant company or group of companies, due to exercise of the "tax consolidation" option, to generate taxable profit on an ongoing basis.
Deferred tax assets and liabilities are accounted for at equity level by carrying out offsets at said tax level and for each year by taking into account the time profile of expected repayment.
In years in which the deductible temporary differences are higher than the taxable temporary differences, the associated deferred tax assets are recorded under assets in the statement of financial position, in the item deferred tax assets. By contrast, in years in which the taxable temporary differences are higher than the deductible temporary differences, the associated deferred tax liabilities are recorded under liabilities in the statement of financial position, in the item deferred tax liabilities.
Deferred tax assets and liabilities are systematically measured to take account of any changes to the regulations or the tax rates and any different subjective situations of Group companies. In addition to the allocation of current and deferred taxes, the Group monitors, in line with IFRIC 23, any impacts that may result from tax assessments already announced and still not settled or whose income is uncertain, as well as any uncertainties connected with the tax treatments adopted by the Group, which may not be accepted by the tax authorities.

Provisions for risks and charges (IAS 37)

Accruals to the provision for risks and charges are made exclusively when:

- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required in order to fulfil the obligation;
- the amount of the obligation can be reliably estimated.

Where the time factor is significant, the provisions are discounted. The allocation to the provision is recorded in the income statement. Interest expense accrued on provisions that have been discounted is also recorded in the income statement.
"Other provisions" include any allocations to cover presumed losses on legal proceedings in which the company is the defendant and any claw-back claims; estimated disbursements for customer complaints relating to activities; other estimated disbursements in respect of existing legal or constructive obligations at the reporting date.

Revenue recognition (IFRS 15)

Sales of products and services

Revenue from the sale of products or services is recognised when the commitments laid down in the relative contracts are met. In particular, the following fundamental steps are required for the recognition of revenue:

- identification of the contract with the customer;
- identification of the contract's performance obligations;

- pricing;
- allocation of the price to the contract’s performance obligations;
- revenue recognition when the entity satisfies every performance obligation.

A contract is an agreement between two or more parties that creates enforceable rights and obligations. The enforceability of rights and obligations in the contract shall be governed by the law. The contract may be written, oral or implied from the entity's usual commercial practices.

At the initiation of the contract, the goods or services promised in the contract agreed with the customer are valued and a performance obligation is promised to transfer to the customer:
- a distinct good or service (or combination of goods and services), or
- a set of distinct goods or services which are substantially similar and follow the same pattern of transfer to the customer.

In determining the transaction price, account shall be taken of the terms of the contract and its usual commercial practices. The transaction price is the amount of consideration the entity believes it is entitled to in exchange for the transfer of the promised goods or services to the customer, excluding amounts collected on behalf of others (e.g., sales taxes). The consideration promised in the contract with the customer may include fixed amounts, variable amounts or both. To estimate the amount of the variable consideration, the Group assesses the use of one of the following two methods, from time to time choosing the method that makes it possible to better predict the amount of consideration to which it will be entitled:
- the expected value, which is the sum of the amounts weighted by probability within a range of possible consideration amounts;
- the most probable amount, being the most probable amount within a range of possible consideration amounts (i.e. the most probable outcome of the contract).

The transaction price includes all or part of the variable consideration only to the extent that it is highly probable that when the uncertainty associated with the variable consideration is subsequently resolved, there will be no significant downward adjustment to the amount of the accumulated revenue recognised.
In determining the transaction price, the entity shall adjust the promised amount of the consideration to take account of the effects of the time value of money if the payment terms agreed by the parties to the contract (explicitly or implicitly) offer the customer or entity a significant benefit in terms of financing the transfer of the goods or services to the customer. In this case, the contract contains a significant financing component.

For the purposes of allocating the transaction price, each performance obligation (or each separate good or service) is attributed an amount that reflects the consideration amount to which the entity expects to be entitled, in return for the transfer of the promised goods or services to the customer. In order to achieve the objective of the allocation, the transaction price is allocated, if necessary, between each of the performance obligations identified in the contract on the basis of the related stand-alone selling price.

Revenue is recognised when (or as) the performance obligation is met by transferring the promised good or service (i.e. the asset) to the customer. The asset is transferred when (or as) the customer acquires control of it. Control of the good or service is transferred over time, and therefore fulfils the performance obligation and revenue is recognised over time, if one of the following criteria is met:
- the customer simultaneously receives and uses the benefits deriving from the Group's services as they are provided;
- the Group's performance creates or improves the asset (for example, work in progress) that the customer controls as the asset is created or improved; or
- the Group's performance does not create an asset that presents an alternative use for the Group.

For every performance obligation fulfilled over time, the Group recognises revenue over time, evaluating progress towards complete fulfilment of the performance obligation.

Interest

Interest is recognised on a pro-rata temporis basis, based on the contractual interest rate or the effective interest rate in the case of application of the amortised cost method.

Dividends

Dividends are recorded at the time the right to collection arises, which normally corresponds to the shareholders’ meeting resolution on the distribution of dividends.

Earnings per share (IAS 33)

Basic earnings per share are determined on the basis of the ratio of net profit for the period attributable to Shareholders of the Parent Company's ordinary shares to the weighted average number of ordinary shares outstanding in the period.
Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to take account of all potential ordinary shares, deriving, for example, from the possibility of exercising stock options assigned, which may have a dilutive effect.

Use of estimates

Preparation of the financial statements and the notes using IFRS requires management to use estimates and assumptions that affect the carrying amount of recognised assets and liabilities and information relating to the contingent assets and liabilities.
The estimates and assumptions used are based on experience and other factors considered relevant. The actual results may, therefore, differ from said estimates. The estimates and assumptions are reviewed periodically and the effects of each change made to them are reflected in the income statement in the period in which the estimate revision takes place if said revision only has an impact on said period, or also in subsequent periods if the revision has an effect on both the current period and future periods.
The main items in the financial statements affected by this estimate process are goodwill, deferred taxes, the fair value of financial instruments and the provision for risks and charges.
Please refer to the specific areas for more details.

Main sources of uncertainty in making financial statement estimates

The critical valuation processes and key assumptions used by the Group in the IAS/IFRS application process are summarised below.

Discretional choices in the accounting standard application process

Impairment losses - receivables and other financial assets

In application of IFRS 9, the Group applies the forecast 'expected credit loss' (ECL) model.
The impairment loss model applies to financial assets measured at amortised cost or at FVOCI, with the exception of equities and assets arising from contracts with customers. Financial assets measured at amortised cost include financial and trade receivables, cash and cash equivalents and debt securities.

Specifically, the accounting standard establishes that, for financial assets not measured at fair value through profit or loss, value adjustments are determined on the basis of the expected loss at 12 months and, if a significant increase in credit risk is observed with respect to the date of initial recognition, on the basis of the expected loss determined over the entire residual life of the financial instrument. On the basis of these elements, financial assets are divided into three stages:

- stage 1 includes performing financial instruments for which there has been no significant increase in credit risk since the date of initial recognition. A 12-month ECL is then calculated, namely the ECL that results from a possible default over a 12-month period from the end of the reporting period;
- stage 2 includes performing financial instruments for which there has been a significant increase in credit risk since the date of initial recognition. In this case, so-called "lifetime" ECLs will be applied, i.e. ECLs resulting from all possible defaults over the expected life of a financial instrument;
- stage 3 includes non-performing financial instruments. The measurement will be determined analytically on the basis of the loss calculated on the residual life of the instrument.

Recoverable value of non-current assets (including goodwill)

Non-current assets include property, plant and equipment and intangible assets (including goodwill), equity investments and other financial assets. Management periodically reviews the book value of the non-current assets held and used and the assets which must be disposed of, when facts and circumstances require said revision. This activity is performed by using estimates of expected future cash flows from the use or sale of the asset and adequate discount rates for the calculation of the present value. When the book value of a non-current asset has undergone impairment, the Group records a write-down for the value of the excess of the book value of the asset over its recoverable value through use or sale of the same, determined with reference to the Group's more recent plans.

Realisability of deferred tax assets

The Group records the deferred tax assets up to the value for which it deems their recovery likely, also taking into account a further worsening in the assumptions envisaged over a medium-term period and the fact that the net deferred tax assets allocated refer to temporary differences/tax losses which can be recovered.
The forecasts are based on taxable income that can be generated with reasonable certainty in light of budget results and the forecasts for subsequent years which consider the reasonable expectation of implementation of the planned transactions.
For further details, please refer to note no. 10.

Receivables

For loans and receivables and other assets evaluations are regularly performed in order to verify the existence of objective evidence that these have been impaired. In particular, in measuring receivables, account is taken of creditor solvency and of the characteristics of credit risk which is indicative of the individual debtor's payment capacity. Any impairment is recorded as cost in the income statement for the year.
Non-current loans and receivables, trade receivables and other receivables originated by the Group fall into this category. The estimate of the allowance for impairment is based on expected losses by the Group, determined on the basis of past experience with similar receivables, losses and collections.

Contingent liabilities

The Group is involved in legal disputes in relation to which, considering the inherent uncertainties, it is difficult to predict with any certainty the disbursement involved with these disputes. Legal proceedings and disputes derive from complex legal problems, which are subject to a different degree of uncertainty, including facts and circumstances concerning each case. The Group identifies a liability in respect of these disputes when it believes that the dispute will result in a cash outlay and when the amount of the resulting losses can be reasonably estimated. In the event in which a financial outlay becomes possible but the amount cannot be determined, this is reported in the explanatory notes.

The year 2020 was highly impacted by the global spread of the Coronavirus epidemic. Despite the rapid results made in the development of vaccines, the situation of uncertainty is also continuing in the first part of 2021. The main factors of uncertainty that could affect future scenarios in which the Group will be operating indeed include the possible developments of the global and Italian economy linked directly and indirectly with the spread of the Coronavirus epidemic, the impacts of which are being continuously assessed by the Group, as also specified in the paragraph "Significant events in the year" and "Business outlook for the year".
It should be noted that the sensitivity analyses carried out, also assuming reductions in revenue within reasonable ranges, given the uncertainty as regards the evolution of the epidemic, do not highlight significant issues in terms of impairment testing in the Group's consolidated financial statements. The Group will continue to perform periodic monitoring in order to mitigate the risks deriving from the contingent situation. Please refer to the section "Risks associated with the Coronavirus epidemic".

Changes in accounting estimates

Pursuant to IAS 8, changes in accounting estimates are booked prospectively in the income statement starting from the year in which they are adopted. It should be noted that the period 1 January 2021 – 31 December 2021 was not characterised by changes to the estimation criteria already applied to draft the financial statements as at 31 December 2020.

Changes in IFRS standards, amendments and interpretations

Standards, amendments and interpretations effective from 1 January 2021

The following IFRS standards, amendments and interpretations were applied for the first time by the Group from 1 January 2021:

- On 31 March 2021, the IASB published an amendment called "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)", extending by one year the period of application of the amendment, issued in 2020, which provided the lessees with the option of accounting for Covid-19-related rent reductions without having to assess, through contract review, whether the lease modification definition of IFRS 16 was met. Therefore, the lessees who had applied this option in the financial year 2020, have recognised the effects of rent reductions directly in the income statement on the effective date of the reduction. The 2021 amendment, available only to entities that have already adopted the 2020 amendment, is effective as of 1 April 2021 and early adoption is permitted. The adoption of these amendments has entailed the recognition of a limited amount of other income in the Group's consolidated financial statements.

- On 25 June 2020, the IASB published an amendment named "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)". The amendments make it possible to extend the temporary exemption from the application of IFRS 9 until 1 January 2023 for insurance companies. The adoption of these amendments had no effect on the Group's consolidated financial statements.

- On 27 August 2020, in light of the reform on interbank interest rates (such as the IBOR), the IASB published the document "Interest Rate Benchmark Reform - Phase 2", which contains amendments to the following standards:
    - IFRS 9 Financial Instruments;
    - IAS 39 Financial Instruments: Recognition and Measurement;
    - IFRS 7 Financial Instruments: Disclosures;
    - IFRS 4 Insurance Contracts; and
    - IFRS 16 Leases.

  All of these amendments entered into force on 1 January 2021. The adoption of these amendments had no effect on the Group's consolidated financial statements.

Standards, amendments and interpretations endorsed by the European Union, but not yet compulsorily applicable and not adopted early by the Group as at 31 December 2021

- On 14 May 2020, the IASB published the following amendments named:
    - Amendments to IFRS 3 Business Combinations: the amendments aim to update the reference present in IFRS 3 to the Conceptual Framework in its revised version, without this entailing any amendments to the provisions of the standard.
    - Amendments to IAS 16 Property, Plant and Equipment: the amendments are intended not to allow for the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the asset testing phase. Such sales revenue and the relative costs will therefore be recognised in the income statement.
    - Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that in estimating whether a contract is onerous, all costs directly attributable to the contract must be considered. As a result, the assessment as to whether a contract is onerous includes not only incremental costs (such as the cost of direct material used in processing), but also all costs that the company cannot avoid because it has entered into the contract (such as the depreciation charge for the machinery used to perform the contract).
    - Annual Improvements 2018-2020: the amendments were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

All of these amendments will enter into force on 1 January 2022. The directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated financial statements.

- On 18 May 2017, the IASB published IFRS 17 - "Insurance Contracts", which is intended to replace IFRS 4 - "Insurance Contracts". The objective of the new standard is to ensure that an entity discloses relevant information that faithfully represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to cover all types of insurance contracts, including reinsurance contracts that an insurer holds.
  Moreover, the new standard includes requirements for presentation and disclosure to improve comparability between entities belonging to this sector.
  The new standard measures an insurance contract based on a General Model, or a simplified version of said model known as the Premium Allocation Approach ("PAA").

  The primary characteristics of the General Model are:
    - the estimates and assumptions for future cash flows are always the most current;
    - the measurement reflects the time value of money;
    - the estimates envisage an extensive use of information observable on the market;
    - there is a current and explicit measurement of risk;
    - the expected profit is deferred and aggregated in groups of insurance contracts upon initial recognition; and
    - the expected profit is recognised in the contractual period of coverage, taking into consideration adjustments resulting from changes in assumptions regarding cash flows relative to each group of contracts.

  The PAA approach envisages the measurement of the liability for the residual coverage of a group of insurance contracts provided that, upon initial recognition, the entity expects that the liability is a reasonable approximation of the General Model. Contracts with a coverage period of one year or less are automatically suitable for the PAA approach. The simplifications deriving from the application of the PAA method do not apply to the measurement of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance will be paid or collected within one year of the date on which the claim was made.

  The entity must apply the new standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).
  The standard is applicable from 1 January 2023, but early application is permitted, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers. The directors do not expect the adoption of this standard to have a significant effect on the Group's consolidated financial statements.

IFRS and IFRIC standards, amendments and interpretations not yet endorsed by the European Union

As at the date of this report, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the standards and amendments described below.

- On 23 January 2020, the IASB published an amendment named "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The document aims to clarify how to classify payables and other liabilities as current or non-current. The amendments enter into force as at 1 January 2023 but early application is permitted. The Group will adopt this amendment, based on the planned date of application, and will assess its potential impacts on the consolidated financial statements, when these are endorsed by the European Union.

- On 12 February 2021, the IASB published two amendments called "Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates - Amendments to IAS 8". The amendments are aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of financial statements as well as to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments will apply from 1 January 2023 but early application is permitted.

The directors do not expect the adoption of these amendments to have a significant effect on the Group's consolidated financial statements.

- On 7 May 2021, the IASB published an amendment called "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred taxes on certain transactions that may generate assets and liabilities of the same amount, such as leasing and decommissioning obligations, must be accounted for. The amendments will apply from 1 January 2023 but early application is permitted. The directors do not expect the adoption of this amendment to have a significant effect on the Group's consolidated financial statements.

- On 9 December 2021, the IASB published an amendment called "Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information". The amendment is a transition option related to comparative information on financial assets presented at the date of first application of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, and therefore at improving the usefulness of comparative information for readers of the financial statements. The amendments shall apply from 1 January 2023, together with compliance with IFRS 17. The directors do not expect the adoption of this amendment to have a significant effect on the Group's consolidated financial statements.

- On 30 January 2014, the IASB published the standard IFRS 14[1] - "Regulatory Deferral Accounts", which allows only first-time adopters of IFRS to continue recognising amounts related to rate regulation activities in accordance with previously adopted accounting standards. Since the Company and the Group are not first-time adopters, this principle is not applicable.

Documents supporting the application of accounting standards in relation to the impacts of Covid-19, issued by the European Authorities/Standard setters

The contingent health emergency context deriving from the Covid-19 pandemic and its continuation have made it necessary to manage the adoption of guidelines published by international Authorities and bodies. Indeed, various Authorities have provided instructions with a series of indications and measures regarding certain accounting aspects as well as financial reporting.

The main documents and a summary of their content are set forth below:

- on 11 March 2020, ESMA published the recommendation "ESMA recommends action by financial market participants for COVID-19 impact" laying down several conduct guidelines with respect to the impact of COVID-19 on the following matters:
  - Business continuity planning;
  - Market disclosure: issuers should disclose as soon as possible any relevant significant information concerning the impacts of COVID-19 on their fundamentals, prospects or financial situation, in accordance with their transparency obligations under the Market Abuse Regulation;
  - Financial Reporting: issuers should provide transparency on the actual and potential impacts of COVID-19, to the extent possible based on both a qualitative and quantitative assessment on their business activities, on their business activities, financial situation and economic performance;
- on 25 March 2020, ESMA provided information on the accounting implications of the Covid-19 pandemic on the calculation of the IFRS 9 ECL with the public statement "Accounting implications of the Covid-19 outbreak on the calculation of expected credit losses in accordance with IFRS 9";
- on 27 March 2020, ESMA published the public statement "Actions to mitigate the impact of Covid-19 on the EU financial markets regarding publication deadlines under the Transparency Directive", in order to promote coordinated action by the competent national authorities on obligations to publish periodic information for periods ending on 31 December 2019 or after within the context of the Covid-19 pandemic.

[1] With respect to IFRS 14, please note that the European Commission has decided to suspend the process of endorsing the standard pending the definition of the new standard relating to "rate regulated activities".

- on 27 March 2020, the IFRS Foundation published the document "Accounting for expected credit losses applying IFRS 9 Financial Instruments in the light of current uncertainty resulting from the Covid-19 pandemic", which, without modifying IFRS 9, clarified that entities should not apply the existing methodology for the determination of ECLs mechanically, but rather should make adjustments to their models to take into consideration the different circumstances determined by the pandemic as well as the economic support measures adopted by governments in response to Covid-19;
- on 9 April 2020, Consob issued a warning notice on financial reporting, calling attention to specific public statements on the impacts of Covid-19 on the financial reporting of listed companies published by ESMA in March, described previously, containing recommendations that are referred to in their entirety;
- on 20 May 2020, ESMA published the public statement "Implications of the Covid-19 outbreak on the half-yearly financial reports", in order to promote transparency and the consistent application at European level of requirements on the reporting to be provided in half-yearly financial reports, considering the context caused by the Covid-19 pandemic. The need is also underscored to evaluate whether the pandemic represents an indicator of impairment and as a result to perform an impairment test to estimate the recoverable amount of non-financial assets pursuant to IAS 36;
- on 16 July 2020, Consob issued a warning notice on the financial reporting of listed companies calling the attention of the players involved in the process of generating financial reporting to the recommendations provided by ESMA in the public statement "Implications of the COVID-19 outbreak on the half-yearly financial reports" cited previously, with a focus on the need to evaluate pursuant to IAS 36 "Impairment of assets" whether the effects of the Covid-19 pandemic constitute indicators of impairment such so as to require the performance of specific checks on asset recoverability. Consob also adds an indication, with regard to the description of the impacts of the COVID-19 pandemic on the income statement, that issuers should provide information, also quantitative, in a single note to their interim financial statements, in order to ensure that users of the financial statements understand the overall impact of the pandemic on the economic results for the period;
- on 28 October 2020, ESMA published the public statement "European common enforcement priorities for 2020 annual financial reports", defining the common priorities at European level that need to be applied in the preparation of financial reports for the year 2020. The document is organised into the following sections:
  - Section 1 - containing the common priorities relating to the IFRS financial statements for the year 2020, referring to the following accounting standards:
    - IAS 1 Presentation of Financial Statements;
    - IAS 36 Impairment of Assets;
    - IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures;
    - IFRS 16 Leases.
  - Section 2 - containing priorities relating to non-financial statements, referring to:
    - Impact of the COVID-19 pandemic on non-financial matters;
    - Social and employee matters;
    - Business model and value creation; and
    - Risk relating to climate change.
  - Section 3 - which contains several considerations on the application of the ESMA Guidelines on Alternative Performance Measures (APMs) in relation to COVID-19.

  In establishing the priorities, ESMA concentrated on the need to provide adequate and transparent disclosure on the consequences of the COVID-19 pandemic, making reference to the recommendations and concepts already expressed in the public statements of March and May 2020;
- on 16 February 2021, Consob published "Consob Warning Notice no. 1/21 of 16 February 2021: COVID-19 - measures to support the economy - Warning notice on the disclosure to be provided:
  - by the supervised issuers, the control bodies and the independent auditors in relation to the 2020 financial statements prepared in accordance with international accounting standards;
  - by companies that publish 2020 non-financial statements;
  - by the issuers with listed shares and by the control bodies at the shareholders' meetings for resolutions on the share capital;
  - by those responsible for preparing the offer documents and prospectuses;
  - by issuers subject to the MAR.

  to bring to the attention the information to be provided with reference to the 2020 financial statements and non-financial statement, also with reference to the so-called ESMA priorities of 28 October 2020.

- On 29 October 2021, ESMA published the public statement "European common enforcement priorities for 2021 annual financial reports", an annual public statement in which it sets out the common priorities at European level that need to be applied in the preparation of annual financial reports for the year 2021. The statement contains priorities related to financial statements prepared in accordance with International Financial Reporting Standards (IFRS), priorities related to non-financial statements and other considerations related to Alternative Performance Measures (APMs). With reference to the financial statements drawn up according to the IFRS, the main priorities concern:
    - careful evaluation and transparency in accounting for the long-term impacts of the COVID-19 pandemic and the recovery phase;
    - consistency between disclosures in IFRS financial statements and non-financial climate-related information, consideration of climate-related risks, disclosure of any significant judgements, and estimation of uncertainty about climate-related risks, clearly assessing materiality; and
    - increased transparency with regard to the measurement of the Expected Credit Loss (ECL), in particular with regard to the use of significant adjustments in the determination of the ECL, significant changes in credit risk, forward-looking information, changes in impairment provisions, credit risk exposures and related guarantees, and the effect of climate-related risk in the measurement of the ECL.

  Regarding APMs, the statement stresses that issuers should exercise caution when adapting, labelling and/or creating new APMs to represent the impacts of COVID-19.

Accounting impacts of the Covid-19 epidemic

The high degree of uncertainty of the current macroeconomic and financial scenario could reflect on the measurements and estimation of the carrying amounts of the assets and liabilities concerned by higher volatility. The main situations for which the employment of subjective assessments by the Management is most required are:

- the quantification of impairment losses on loans and receivables, and, in general, other financial assets and equity investments;
- the use of valuation models for the determination of the fair value of financial instruments not listed in an active market;
- the identification of elements of impairment on non-financial assets, including the estimation of the recoverable amount of goodwill and the assessment of the recoverability of deferred tax assets.

For the preparation of the consolidated financial statements as at 31 December 2021, the Group performed the necessary analyses, also evaluating how up-to-date the strategic plan and the forecast profitability of the investees are.
Considering that the current domestic and international socio-economic context, as well as the performance of the financial markets and interest rates, have impacted counterparty creditworthiness as well as prices, the Group has intensified its verification and monitoring of actual data.

Below is a summary of the analyses performed and the accounting impacts recognised in the accounting items as at 31 December 2021; for additional details, please refer to the Notes to the financial statements.

- Financial receivables: an assessment was performed of the impacts in terms of impairment pursuant to IFRS 9 of the updating of the model and the risk variables to incorporate the Covid-19 effect (in particular, in terms of forward looking information, expectations regarding GDP); as at 31 December 2021, there were impacts on the item value adjustments (EUR 0,9 million).
- Other financial assets: the adequacy of the fair values used was verified. In particular, as at 31 December 2021, there were no further negative fair value changes for the assets held, represented by units of real estate mutual funds and other financial assets of an investment nature.
- Non-financial assets: in the current context of uncertainty, it was necessary to verify the presence of indicators of impairment, on the basis of available internal or external information; the determination of the recoverable amount of a non-financial asset, within the current context of uncertainty, indeed requires a careful assessment of the cash flow projections throughout the relevant time horizon. As at 31 December 2021, the analyses performed on the CGUs confirmed the recoverability of the assets recognised. For a more systematic representation of the above-mentioned considerations, please refer to the section relating to “Goodwill impairment test”. Finally, it should be noted that no further write-downs of inventories were recognised during the year.

3. Consolidation scope

The Consolidated Financial Statements include Mittel S.p.A. and its direct and indirect subsidiaries, including in the consolidation scope - as specifically provided for by the IAS/IFRS - also companies operating in business sectors dissimilar to those to which the Parent Company belongs.
The following are considered subsidiaries: companies in which Mittel is exposed to variable returns, or holds rights over said returns, deriving from its relationship with the same and at the same time has the capacity to affect the returns by exercising its power over said entities.

Control only exists when the following elements are simultaneously present:
- power to direct the relevant activities of the investee;
- exposure or the rights to variable returns deriving from the relationship with the investee;
- the ability to use its power over the investee to affect the amount of the investee's returns.

The consolidation scope does not include structured entities for which the requirements of effective control may be met, including regardless of the existence of an equity interest.

Entities in which, on a contractual basis, control is shared between the Parent Company, directly or indirectly, and one or more other entities, or when decisions about the relevant activities require the unanimous consent of the parties sharing control, are considered jointly controlled.

Companies in which Mittel, directly or indirectly, holds at least 20% of voting rights (including therein "potential" voting rights) or in which - despite with a lower share of voting rights - has the power to participate in the determination of the financial and management policies by virtue of particular legal links, such as participation in shareholders' agreements, are considered associates, i.e. subject to a significant influence.

Any interests exceeding 20% are excluded from the consolidation scope and classified under HTC&S financial assets, for which Mittel directly or indirectly, exclusively holds equity rights over a portion of the profits from the investments, has no access to the management policies and can exercise governance rights limited to the protection of its own equity interests.

Lastly, the consolidation scope excludes any non-investee companies for which pledged shares have been received with voting rights exceeding 20%, in consideration of the purpose of said instrument which is the protection of the credit granted and not the exercising of control and management of the financial and economic policies, in order to enjoy the economic benefits deriving from them.

The table below indicates the investments included in the consolidation scope of the consolidated financial statements as at 31 December 2021:

	Company name	Office / Country	Type of relationship (a)	Consolidation method	Investment relationship			
					Participating company	Direct interest %	Direct availability of votes % (b)	Total interest %
Parent Company								
	Mittel S.p.A.							
A. Companies fully consolidated								
Direct subsidiaries:								
1	IBD Group S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
2	Gruppo Zaffiro S.r.l.	Martignacco (UD)	(1)	Full	Mittel S.p.A.	60,00%	60,00%	60,00%
3	IMC S.p.A.	Carmagnola (TO)	(1)	Full	Mittel S.p.A.	75,00%	75,00%	75,00%
4	Mittel Investimenti Immobiliari S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
5	Earchimede S.p.A.	Milan	(1)	Full	Mittel S.p.A.	99,71%	99,71%	99,71%
6	Mittel Advisory S.r.l. in liquidation	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
7	Markfactor S.r.l. in liquidation	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
8	Curae Group S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
9	Sport Fashion Service S.r.l.	Pomezia (RM)	(1)	Full	Mittel S.p.A.	90,00%	90,00%	90,00%
10	Progetto Raffaello S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
Indirect subsidiaries:								
11	Ceramica Cielo S.p.A.	Fabrica di Roma (VT)	(1)	Full	IBD Group S.r.l.	90,00%	90,00%	90,00%
12	Disegno Ceramica S.r.l.	Gallese (VT)	(1)	Full	IBD Group S.r.l.	85,00%	85,00%	85,00%
13	Galassia S.r.l.	Corchiano (VT)	(1)	Full	IBD Group S.r.l.	90,00%	90,00%	90,00%
14	Galassia Hispania S.a.u.	Spain	(1)	Full	Galassia S.r.l.	100,00%	100,00%	90,00%
15	Zaffiro Nord S.r.l.		(1)	Full	Gruppo Zaffiro S.r.l.	100,00%	100,00%	60,00%
16	Zaffiro Sviluppo S.r.l.		(1)	Full	Gruppo Zaffiro S.r.l.	100,00%	100,00%	60,00%
17	Zaffiro CentroSud S.r.l.		(1)	Full	Gruppo Zaffiro S.r.l.	100,00%	100,00%	60,00%
18	Zaffiro Costruzioni S.r.l.	Martignacco (UD)	(1)	Full	Gruppo Zaffiro S.r.l.	100,00%	100,00%	60,00%
19	PIAM Immobiliare S.r.l.		(1)	Full	Gruppo Zaffiro S.r.l.	100,00%	100,00%	60,00%
20	Fremil GmbH	Germany	(1)	Full	Sport Fashion Service S.r.l.	100,00%	100,00%	90,00%
21	Gamma Tre S.r.l.	Milan	(1)	Full	Mittel Investimenti Immobiliari S.r.l.	100,00%	100,00%	100,00%
22	Lucianita S.r.l. in liquidation	Milan	(1)	Full	Mittel Investimenti Immobiliari S.r.l.	100,00%	100,00%	100,00%
23	MiVa S.r.l.	Milan	(1)	Full	Mittel Investimenti Immobiliari S.r.l.	100,00%	100,00%	100,00%
24	Regina S.r.l.	Milan	(1)	Full	Mittel Investimenti Immobiliari S.r.l.	100,00%	100,00%	100,00%
25	Fashion District Group S.r.l. in liquidation	Milan	(1)	Full	Earchimede S.p.A.	66,66%	66,66%	66,47%
26	Parco Mediterraneo S.r.l.	Milan	(1)	Full	Fashion District Group S.r.l. in liquidation	100,00%	100,00%	66,47%
27	Fashion Time S.r.l.	Milan	(1)	Full	Curae Group S.r.l.	90,00%	90,00%	90,00%
B. Companies consolidated using the equity method								
Direct associates:								
1	Mittel Generale Investimenti S.r.l.	Milan	(6)	Equity method	Mittel S.p.A.	27,00%	27,00%	27,00%

(a) Type of relationship:
1 - majority of voting rights at ordinary shareholders' meeting;
2 - dominant influence at ordinary shareholders' meeting;
3 - agreements with other shareholders;
4 - joint control;
5 - other forms of control which, pursuant to IFRS 10, simultaneously attribute availability of the power of governance over the relevant activities and exposure to the variability of the resultant returns;
6 - company subject to significant influence;
(b) Availability of votes at ordinary shareholders' meeting, distinguishing between actual and potential.

Significant valuations and assumptions for determining the consolidation scope

As stated previously, the following are considered subsidiaries: companies in which Mittel S.p.A. is exposed to variable returns, or holds rights over said returns, deriving from its relationship with the same and at the same time has the capacity to affect the returns by exercising its power over said entities. Control only exists when the following elements are simultaneously present:

- power to direct the relevant activities of the investee;
- exposure or the rights to variable returns deriving from the relationship with the investee;
- the ability to use its power over the investee to affect the amount of the investee's returns.

More specifically, the Group considers the following factors when assessing the existence of control:

- the purpose and the structure of the investee, in order to identify the entity's objectives, its relevant activities or those that significantly affect returns, and how these activities are governed;
- the power, in order to understand whether the Group has contractual rights that attribute the ability to direct the relevant activities;
- the exposure to the variability of the returns of the investee, in order to evaluate whether the return received by the Group may potentially vary based on the results achieved by the investee.

Furthermore, in order to assess the existence of control, the potential principal-agent relations are taken into consideration; to assess whether the Group operates as a principal or an agent, it takes into consideration the following factors:

- decision-making power over the relevant activities of the investee;
- the rights held by other entities;
- the remuneration the Group is entitled to;
- the Group's exposure to the variability of the returns deriving from any investment held in the investee.

IFRS 10 identifies only activities that significantly affect the returns of the investee as “relevant activities”. In general terms, when the relevant activities are managed through voting rights, the following factors provide evidence of control:

- ownership, directly or indirectly through its subsidiaries, of more than half of the voting rights of an entity unless, in exceptional cases, it can be clearly demonstrated that such ownership does not constitute control;
- ownership of half, or less than half, of voting rights that can be exercised at shareholders’ meetings and the practical ability to unilaterally govern the relevant activities through: power over more than half of the voting rights by virtue of an agreement with other investors; or the power to determine the financial and operating policies of the entity under a statute or an agreement; or the power to appoint or remove the majority of the members of the board of directors or equivalent governing body; or the power to cast the majority of votes at meetings of the board of directors or equivalent governing body.

In order to exercise this power, the Group’s rights over the investee must be substantive; to be substantive, these rights must be practically exercisable when the decisions about relevant activities must be taken.
The existence and effect of potential voting rights, where substantive, are taken into consideration when assessing whether the power to direct the financial and management policies of another entity exists or not.
No situations are recognised in which the Group is in a condition to exercise “de facto control” over an entity which, despite the absence of the majority of voting rights, demonstrates the ownership of rights, even of a non-participatory nature, such as to allow the unidirectional management of the investee’s relevant activities.
Under subsidiaries, no “structured entities” are identified in which the voting rights do not represent key elements for the evaluation of control, including therein vehicle companies (SPE/SPV) and investment funds.
As at 31 December 2021, it should be noted that the Group owns the majority of the voting rights in all operating entities subject to line-by-line consolidation.
It should also be pointed out that there are no cases in which:

- control derives from the ownership of potential voting rights and/or other substantive rights;
- the Group holds the majority of voting rights and is not exposed to the variability of returns and is able to influence them.

The investment funds managed by third party companies are considered controlled if the Group is significantly exposed to the variability of returns and at the same time holds a unilateral right to remove the management company.
In this regard, it is presumed, unless there is evidence to the contrary, that the exposure to the variability of returns is significant if the Group has subscribed at least 30% of the fund’s units.

Significant valuations and assumptions for establishing whether joint control or a significant influence exists

Entities for which, on a contractual basis, control is shared between the Group and one or more other entities, or when decisions about the relevant activities require the unanimous consent of all the parties sharing control, are considered joint ventures.
An associate is an entity in which the investor exercises a significant influence and which is neither a wholly-owned subsidiary nor a joint venture.
Entities in which the Group holds at least 20% of voting rights (including therein “potential” voting rights) or in which - despite with a lower share of voting rights - has the power to participate in the determination of the financial and management policies by virtue of particular legal links, such as participation in shareholders’ agreements, are considered to be companies subject to a significant influence (associates).
Significant influence is presumed to exist when the investor owns, directly or indirectly, at least 20% of the capital of another company, or is able, also through shareholder agreements, to exercise a significant influence through:

- representation in the company’s governing body;
- participation in the policy definition process, including therein participation in decisions relating to dividends or other distributions;
- the existence of significant transactions;
- the exchange of managerial personnel;
- the supply of essential technical information.

Any interests exceeding 20% in which the Group exclusively holds equity rights over a portion of the profits from the investments, has no access to the management policies and can exercise governance rights limited to the protection of its own equity interests, are not considered subject to significant influence.

Changes in the consolidation scope

During the year there were no changes in the consolidation scope.

Other transactions

During the year, there were no changes in interests within the consolidation scope, with the exception of the entry of non-controlling shareholders in the capital of Fashion Time S.r.l., which occurred in line with the pro-quota accounting equity acquired (and therefore without any significant impact on the Group's equity), for which please refer to what is extensively described in other sections of this report.

It should be noted that these transactions, regarding changes in the shareholdings that do not determine the loss or acquisition of control are considered, in compliance with the provisions of IFRS 10, transactions between shareholders and, subsequently, the associated effects are accounted for as an increase or decrease in Group equity.

Additional information on the subsidiaries with significant non-controlling interests

With reference to the information required by IFRS 12, for each of the subsidiaries with significant non-controlling interests a summary is provided below of the economic and financial data of the subsidiary as at 31 December 2021 and the information relating to the share of the interests held by non-controlling shareholders and the percentage of voting rights.
The aforementioned economic and equity data derive from the accounting situations as at 31 December 2021 of the subsidiaries with significant non-controlling interests, appropriately reclassified and adjusted to take account of the period and consolidation entries and, where necessary, to bring them into line with the Group accounting standards for the purpose of the consolidated financial statements as at 31 December 2021.

Investments with significant non-controlling interests: accounting information

Investments with significant non-controlling interests: accounting information

Amounts in thousands of EUR

Subsidiaries:	**Fashion Time S.r.l.**	**IMC S.p.A.**	**Ceramica Cielo S.p.A.**	**Disegno Ceramica S.r.l.**	**Earchimede S.p.A.**	**Fashion District Group S.r.l. in liquidation**	**Parco Mediterraneo S.r.l.**	**Regina S.r.l.**	**Galassia Group**	**Sport Fashion Service Group**	**Zaffiro Group**
Gross operating margin (EBITDA)	**37**	**2.908**	**9.765**	**1.316**	**(90)**	**(78)**	**374**	**(216)**	**5.787**	**1.892**	**7.603**
of which:											
Revenue	*222*	*30.171*	*36.282*	*12.730*	*1*	*4*	*2.743*	*19*	*28.849*	*18.550*	*64.005*
Changes in inventories	*(64)*	*965*	*(890)*	*45*	*0*	*0*	*(2.300)*	*4.092*	*588*	*(398)*	*0*
Costs for purchases	*0*	*(18.885)*	*(10.414)*	*(4.249)*	*0*	*0*	*0*	*(3.994)*	*(9.691)*	*(10.576)*	*(6.968)*
Costs for services	*(118)*	*(3.612)*	*(6.982)*	*(2.849)*	*(90)*	*(72)*	*(29)*	*(327)*	*(6.370)*	*(3.490)*	*(25.311)*
Personnel costs	*0*	*(5.456)*	*(7.940)*	*(4.257)*	*0*	*0*	*0*	*0*	*(7.174)*	*(2.028)*	*(22.997)*
Operating result (EBIT)	**37**	**(1.363)**	**8.534**	**606**	**(90)**	**(78)**	**374**	**(216)**	**4.772**	**1.344**	**(1.768)**
of which:											
Amortisation/depreciation	*0*	*(4.271)*	*(1.231)*	*(710)*	*0*	*0*	*0*	*0*	*(1.015)*	*(548)*	*(9.331)*
Allocations	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*(40)*
Financial income	*0*	*0*	*85*	*6*	*29*	*1*	*0*	*0*	*2*	*231*	*403*
Financial expenses	*(8)*	*(1.165)*	*(58)*	*(241)*	*0*	*0*	*0*	*(24)*	*(196)*	*(502)*	*(10.539)*
(Adjustments to)/reversals of impairment losses on financial assets	*0*	*0*	*0*	*(1)*	*24*	*0*	*0*	*0*			*(102)*
Profit (loss) before taxes	**29**	**(2.528)**	**8.561**	**369**	**(38)**	**(77)**	**374**	**(239)**	**4.560**	**741**	**(12.006)**
Income taxes	*136*	*568*	*(2.116)*	*(19)*	*10*	*25*	*2.668*	*12*	*(275)*	*(54)*	*2.169*
Profit (loss) for the year	**164**	**(1.959)**	**6.445**	**350**	**(27)**	**(52)**	**3.041**	**(227)**	**4.286**	**687**	**(9.836)**
of which: Profit (loss) pertaining to non-controlling interests	*(16)*	*490*	*(645)*	*(52)*	*0*	*18*	*(1.020)*	*68*	*(381)*	*(69)*	*3.935*
Non-current assets	**3.368**	**45.130**	**11.435**	**6.775**	**1.285**	**64**	**2.019**	**0**	**14.044**	**27.254**	**289.146**
of which:											
Financial receivables	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other financial assets	*0*	*0*	*0*	*1*	*1.285*	*0*	*0*	*0*	*95*	*72*	*373*
Current assets	**3.302**	**17.771**	**34.241**	**7.864**	**4.531**	**3.556**	**1.123**	**6.287**	**16.192**	**16.808**	**37.023**
of which:											
Inventories	*1.587*	*6.007*	*4.755*	*3.414*	*0*	*0*	*0*	*6.064*	*5.512*	*4.563*	*88*
Financial receivables	*0*	*0*	*4.400*	*0*	*3.579*	*0*	*0*	*0*	*0*	*0*	*13.268*
Cash and cash equivalents	*214*	*5.114*	*15.840*	*743*	*867*	*2.839*	*448*	*81*	*3.872*	*3.355*	*1.234*
Total assets	**6.671**	**62.902**	**45.676**	**14.640**	**5.816**	**3.620**	**3.142**	**6.287**	**30.236**	**44.062**	**326.169**
Non-current liabilities	**255**	**9.421**	**2.980**	**7.053**	**0**	**39**	**10**	**1.530**	**7.983**	**5.795**	**248.330**
of which:											
Financial payables	*235*	*8.862*	*557*	*5.962*	*0*	*0*	*0*	*1.530*	*7.135*	*4.857*	*243.674*
Current liabilities	***2.245***	***26.519***	***10.505***	**8.122**	**90**	**136**	**5**	***4.839***	***8.943***	***16.441***	***74.823***
of which:											
Financial payables	*2.118*	*15.949*	*155*	*1.866*	*0*	*0*	*0*	*2.255*	*51*	*10.732*	*50.503*
Equity	**4.171**	**26.962**	**32.190**	**(536)**	**5.726**	**3.444**	**3.127**	**(82)**	**11.790**	**21.826**	**3.015**
of which attributable to non-controlling interests	***417***	***6.741***	***3.219***	***(80)***	***17***	***1.155***	***1.049***	***(25)***	***1.283***	***2.183***	***1.206***

Non-controlling interests, availability of votes of non-controlling interests and dividends distributed to non-controlling interests

	Interests in capital of non-controlling interests %	Availability of votes of non-controlling interests % (1)	Profit (loss) pertaining to non-controlling interests	Equity pertaining to non-controlling interests	Dividends distributed to non-controlling interests
Ceramica Cielo S.p.A.	10,00%	10,00%	645	3.219	
Disegno Ceramica S.r.l.	15,00%	15,00%	52	(80)	
Earchimede S.p.A.	0,29%	0,29%	-	17	
Fashion District Group S.r.l. in liquidation	33,53%	33,34%	(17)	1.155	671
Fashion Time S.r.l.	10,00%	10,00%	16	417	
Fremil GmbH	10,00%	10,00%	(13)	18	
Galassia Hispania	10,00%	10,00%	7	89	
Galassia S.r.l.	10,00%	10,00%	373	1.194	
Zaffiro Group	40,00%	40,00%	(3.935)	1.206	
IMC S.r.l.	25,00%	25,00%	(490)	6.741	
Parco Mediterraneo S.r.l.	33,53%	33,53%	1.020	1.049	
Regina S.r.l.	30,00%	30,00%	(68)	(25)	
Sport Fashion Service S.r.l.	10,00%	10,00%	82	2.164	
			(2.328)	17.164	671

Information on the Consolidated Statement of Financial Position

Non-current assets

4. Intangible assets

Intangible assets amounted to EUR 109,6 million, up from EUR 105,8 million in the previous year.

The item saw the following changes:

	Goodwill	Trademarks	Plant	Concessions and licences	Other	Total
Values as at 01.01.2021	**96.199.358**	**9.200.055**	**48.369**	**247.386**	**149.083**	**105.844.251**
Changes in the year:						
- acquisitions		3.365.539		768.160	43.379	**4.177.078**
- amortisation	-	(45)	(16.240)	(382.951)	(29.462)	**(428.696)**
- other changes	(1)	-	1	-	-	**-**
Total changes	**(1)**	**3.365.494**	**(16.239)**	**385.209**	**13.917**	**3.748.380**
Values as at 31.12.2021	**96.199.357**	**12.565.549**	**32.130**	**632.595**	**163.000**	**109.592.631**

Goodwill as at 31 December 2021, amounting to EUR 96,2 million, is attributable to:
- EUR 46,5 million for Gruppo Zaffiro (and subsidiaries);
- EUR 19,3 million for IMC;
- EUR 18,4 million for Sport Fashion Service;
- EUR 5,6 million for Ceramica Cielo;
- EUR 4,4 million for Galassia;
- EUR 2,1 million for Disegno Ceramica.

The “Trademarks” item, amounting to EUR 12,6 million, is detailed as follows:
- EUR 4,3 million for the Ceramica Cielo brand;
- EUR 3,4 million for the Jeckerson brand acquired during the year;
- EUR 2,0 million for the Galassia brand;
- EUR 1,8 million for brands (and in particular the “Ciesse Piumini” brand) held by Sport Fashion Service;
- EUR 1,1 million for the Gruppo Zaffiro brand.

Goodwill impairment test

The difficult situation that arose following the persistence of the Covid-19 health emergency and the emerging Russian-Ukrainian war conflict, which began in February 2022, was carefully considered on the basis of the provisions of IAS 36 and the ESMA and Consob recommendations, through an analysis of all the potential impairment indicators deriving from the impacts of the pandemic on the Group's business.

IAS 36 par. 10 requires that an intangible asset with an indefinite useful life or not yet available for use and goodwill be tested for impairment at least annually. Except when the requirements of paragraph 10 apply, the concept of materiality applies to identify whether the recoverable amount of an asset needs to be estimated. For example, if previous calculations show that the recoverable amount of an asset is significantly greater than its carrying amount, the entity does not need to reestimate the recoverable amount of the asset if no event has occurred that has eliminated that difference. Similarly, previous analyses may show that the recoverable amount of an asset is not affected by one (or more than one) of the indications listed in paragraph 12 (i.e. internal and external triggers).

It should be noted that the impairment tests at 30 June 2021 were carried out on the CGUs related to the Design operating sector, represented specifically by Ceramica Cielo, Galassia and Disegno Ceramica, for which the last impairment test was carried out, respecting the normal annual frequency required by IAS 36, upon the half-yearly report as at 30 June 2020. It should be noted that for Disegno Ceramica the impairment test was also repeated as at 31 December 2020 and that the company prudentially decided to re-test the CGU for impairment as at 30 June 2021.

With regard to Ceramica Cielo, Galassia and Disegno Ceramica, they have so far reported economic performance exceeding the forecasts included in the valuation process as at 30 June 2021; in particular, the joint review of several profiles:

- considerations incorporated within the cash flows used for the last impairment test performed;
- amount of the difference between carrying amounts and recoverable amounts of the CGUs identified recognised in the last impairment test as at 30 June 2021;
- exposure of the CGUs to the crisis and analysis of the actual effects and vulnerability to the crisis with a view to maintaining financial and capital balance;
- market changes which significantly influence the discount rate used in the calculation of the value in use of the asset, significantly reducing the recoverable amount of the asset, leading to impairment;

it currently makes it possible to confirm that there are no internal and/or external triggers such so as to require the impairment test process as at 31 December 2021.

Finally, the following CGUs are subject to impairment tests as part of the annual impairment procedures required by IAS 36 for the related goodwill recognised in the consolidated financial statements:

- IMC;
- Sport Fashion Service;
- Nursing Homes - Zaffiro Group.

For the aforementioned companies, the plans used for the impairment test have been carefully reviewed and approved by management and prudently reflect the prospects for cash flows in light of the current context of uncertainty, characterised by the persistence of the impacts of the health emergency and by an exacerbation of some inflationary tensions which have already arisen from the end of the 2021 financial year.

The purpose of the impairment test on the aforementioned goodwill figures was to assess whether the book values as at 31 December 2021 were accurate and whether its economically recoverable value, based on the enterprise value (EV), of the identified CGUs was higher than the book value of the goodwill and net assets of the CGUs.

It should be noted that IAS 36 states that any CGU or group of CGUs to which goodwill may be allocated must represent the lower level at which the company controls goodwill for management purposes. This minimum level coincides, in most cases, with the legal entities being acquired, as assets or groups of assets generating cash inflows that are largely independent from cash inflows from other assets or groups of assets cannot be identified within the legal entities. Only in the case of the Nursing Home sector, characterised by the presence of various operating structures with autonomous capacity to generate independent cash flows, are the individual structures considered distinct CGUs. In any case, for this sector, in order to adequately consider in the impairment process central costs that cannot be allocated (relevant for the purposes of the future flows underlying the overall recoverable value) and of corporate assets (to be included in the carrying amount), a second level impairment test is carried out, as detailed below. It should also be noted that starting from this year the company IMC has incorporated its wholly-owned subsidiary Balder. As a result of the merger, the activities of the two companies were further integrated from a commercial, production and management point of view, losing the autonomous ability to generate independent cash flows. Therefore the two previous CGUs (one of which, Balder, had no allocated assets with an indefinite useful life) were inevitably considered as a unit for the purposes of the impairment test, both in terms of carrying amount and in terms of prospective cash flows.

The "recoverable value" is defined by the accounting standard as the higher of the following:

- the fair value of the asset less costs to sell;
- the value in use.

The value in use of the CGUs subject to impairment testing ("Value in use of the CGU") is determined by means of a "financial method" (the so-called Discounted Cash Flow method), which estimates the present value of future cash flows that the CGU is expected to generate.

According to this financial method, the fundamental value of the business activity is estimated on the basis of an asset side approach, which starts from the estimate of the value of the operating asset (the so-called Core Enterprise Value or Core EV), obtained as the present value of expected future (net of taxes) unlevered free cash flows (UFCF).

In particular, according to this method, from an asset side perspective, the operating value of a company's business is represented by the value of its typical or operating assets, given by the sum of the present value of the cash flows generated by operations in an explicit forecast period and the present value of the company's operating assets at the end of that period (Terminal Value).

The parameters and data used to calculate the Value in Use and the results of the impairment tests carried out are separately shown below for the IMC, Zaffiro Group and Sport Fashion Service CGUs.

IMC

Operating cash flows for the explicit forecast period (2022-2026)

The cash flows identified in this method are those of an operating nature, destined for remuneration and possible repayment of all risk and debt capital providers.
The estimate of expected cash flows is determined on the basis of projections formalised in the Economic and Financial Plan approved by the administrative body of IMC.
For the purposes of the model used to calculate value in use, the 2022-2026 period has been assumed as the explicit time period for determining cash flows for the CGU, corresponding to the economic and financial projections reported in the Plan.

Terminal Value or residual value ("TV")

The value at the end of the period of analytical forecast of cash flows (known as "Terminal Value") was determined, from a prudential standpoint, by exclusively considering a nominal growth factor "g" (corresponding to the expected long-term inflation rate) of the cash outflow for the period of the analytical projection. Furthermore, it should be noted that in the current situation of uncertainty that characterises the sector, the outflow has been conservatively estimated by incorporating the average EBITDA of the entire cash flow explicit forecast period (instead of the punctual end-of-plan EBITDA).

Discount rate for cash flows

In determining the value in use, cash flows were discounted to present value at a rate that reflects current market assessments, the time value of money and the specific risks of the asset, appropriately taking into account the long-term nature of the cash flows used in estimating the value in use of the CGU.
The cost of capital is determined net of taxes, in order to be consistent with the discounted cash flows.
In order to discount the operating cash flows, a rate representing the cost of all financial resources used by the company, represented by the Weighted Average Cost of Capital (WACC), was used.

The parameters considered in the WACC estimate are set out below.

- Cost of equity – K*e*: overall, the identified *Cost of risk capital* (K*e*) as at 31 December 2020 was **12,3%** (value in line with that as at 31 December 2020), based on the use of the following parameters:
  - The risk-free rate was determined with reference to 10-year Italian government bonds from the reporting date. The rate of return on risk-free investments was estimated on the basis of the average effective gross return on medium/long-term Italian government bonds (10-year BTP) recorded at the date of the verification and was **1,7%**.
  - The *beta – β*: indicates the factor of interrelationship between the actual return of a share and the total return of the reference market; it measures the volatility of an equity with respect to the market.
    The Beta coefficient is a measure of the correlation between the company's operating cash flows and those expected from the market. The average beta of the sector used for the purposes of the valuation was equal to **1,51** and was considered for the determination of the Cost of Capital Ke;

- An estimated market risk premium was used equal to **5,0%**;
- From a prudential point of view, an overall specific risk premium/discount of **3%** has been set, which basically qualifies as an additional premium on the equity cost ("Small cap size premium" or "Lack of Marketability discount"), in order to reflect the size differences and non-listing with respect to the panel of comparables used to estimate the Beta.

- Cost of debt – K*d*: an analysis of the cost of non-current debt was carried out and a cost of debt sustainable over the long-term of **4,7%** was recognised.
  Tax rate – *t*: a tax rate on business income (IRES) of 24,00% was applied.
  By applying a tax rate of 24,00%, the cost of the debt, net of the fiscal consequences, is equal to around 3,6%.

- Leverage ratio – *D/(E+D):* as regards leverage (i.e. the ratio between net financial debt - D - and total sources of financing - D+E - Equity), on the basis of the financial structure at the reference valuation date, an average market leverage level was assumed. For the purposes of estimating a medium/long-term sustainable leverage ratio (D/E), it is considered reasonable to assume a value of 50,0%, corresponding to a financial structure coefficient D/(D+E) of **33,3%.**

The WACC discount rate used for the assessment in question is therefore **9,4%** (9,2% as at 31 December 2020).

Impairment test results

The result of the impairment analysis, carried out with reference to the Enterprise Value of the CGU compared to the corresponding value of the operating invested capital of the relative CGU, is shown in the following table, which summarises the results of the valuation carried out. These results show the full recoverability of the book values, in the presence of a recoverable value (column D) at the book value of the CGU post PPA (column C).

(Amounts in EUR 000)	**Carrying Amount 31.12.2021**			**Impairment test 31.12.2021**	
Impairment test IMC	**Invested Capital**	**Purchase Price Allocation (B)**	**CGU carrying amount after PPA A+B=(C)**	**Recoverable value (EV) (D)**	**Capital gain (+) / Impairment loss (-) D-C**
Net Invested Capital (before IFRS 16)	***17.674***	***-***	***17.674***		
Goodwill		19.258	19.258		
Group Invested Capital + Goodwill			***36.933***	***43.637***	***6.703***

Sensitivity analysis

Since value in use is determined using estimates and assumptions that may present elements of uncertainty, sensitivity analyses were carried out, as required by IAS/IFRS, to verify the sensitivity of the results obtained to changes in certain parameters and underlying assumptions.

In particular, it was verified that the joint application of a zeroing of the growth rate (g) considered in the terminal value and an increase in the WACC of 87 basis points would make the recoverable value equal to the carrying amount.

Zaffiro Group

Operating cash flows for the explicit forecast period (2022-2026)

The cash flows identified in this method are those of an operating nature, destined for remuneration and possible repayment of all risk and debt capital providers.
The estimate of expected cash flows is determined on the basis of the projections formalised in the economic-financial plans approved by the administrative body of Zaffiro Group.
For the purposes of the model used to calculate value in use, the 2022-2026 period has been assumed as the explicit time period for determining cash flows for the CGU, corresponding to the economic and financial projections reported in the Plan.

Terminal Value or residual value ("TV")

The value at the end of the period of analytical forecast of cash flows (known as "Terminal Value") was determined, from a prudential standpoint, by exclusively considering a nominal growth factor "g" (corresponding to the expected long-term inflation rate) of the cash outflow for the period of the analytical projection.

Discount rate for cash flows

In determining the value in use, cash flows were discounted to present value at a rate that reflects current market assessments, the time value of money and the specific risks of the asset, appropriately taking into account the long-term nature of the cash flows used in estimating the value in use of the CGU.
The cost of capital is determined net of taxes, in order to be consistent with the discounted cash flows.
In order to discount the operating cash flows, a rate representing the cost of all financial resources used by the company, represented by the Weighted Average Cost of Capital (WACC), was used.

The parameters considered in the WACC estimate are set out below.

- Cost of equity – K*e*: overall, the identified *Cost of risk capital* (K*e*) was **8,7%**, based on the use of the following parameters:
  - The risk-free rate was determined with reference to 10-year Italian government bonds from the reporting date. The rate of return on risk-free investments was estimated on the basis of the average effective gross return on medium/long-term Italian government bonds (10-year BTP) recorded at the date of the verification and was **1,7%**.
  - The *beta – β*: indicates the factor of interrelationship between the actual return of a share and the total return of the reference market; it measures the volatility of an equity with respect to the market.
    The Beta coefficient is a measure of the correlation between the company's operating cash flows and those expected from the market. The average beta of the sector used for the purposes of the valuation was equal to **0,79** and was considered for the determination of the Cost of Capital Ke;
  - An estimated market risk premium was used equal to **5,0%**;
  - From a prudential point of view, an overall specific risk premium/discount of **3%** has been set, which basically qualifies as an additional premium on the equity cost ("Small cap size premium" or "Lack of Marketability discount"), in order to reflect the size differences and non-listing with respect to the panel of comparables used to estimate the Beta.

- Cost of debt – K*d*: an analysis of the cost of non-current debt was carried out and a cost of debt sustainable over the long-term of **4,7%** was recognised.
  Tax rate – *t*: a tax rate on business income (IRES) of 24,00% was applied.
  By applying a tax rate of 24,00%, the cost of the debt, net of the fiscal consequences, is equal to around 3,6%.

- Leverage ratio – *D/(E+D):* as regards leverage (i.e. the ratio between net financial debt - D - and total sources of financing - D+E - Equity), on the basis of the financial structure at the reference valuation date, an average market leverage level was assumed. For the purposes of estimating a medium/long-term sustainable leverage ratio (D/E), it is considered reasonable to assume a value of 50%, corresponding to a financial structure coefficient D/(D+E) of **33,3%.**

The WACC discount rate used for the assessment in question is therefore **7,0%** (6,6% in the previous year).

Impairment test results

The result of the impairment analysis, carried out with reference to the Enterprise Value of the CGUs compared to the corresponding value of the operating invested capital of the relative CGU, is shown in the following table, which summarises the results of the valuation carried out. These results show the full recoverability of the book values, in the presence of a recoverable value far higher than the book value of the CGU post PPA, for each of the eight CGUs identified at the time of acquisition.

As in previous years, in addition to the test on individual CGUs, in order to verify the recoverability of the goodwill recognised on the overall entity subject to business combinations, it was necessary to perform a second-level impairment test.
This test required the identification of all “corporate assets” that were not allocated to the CGUs that make up the “core” economic activities (in this case, mainly referring to the brand, to which a portion of goodwill was allocated) and the “corporate costs” that cannot be allocated to the individual CGUs.
To consider the recoverable value of structure costs, these were estimated with absolute prudence and in perpetuity, using the same time horizon and the same parameters described for the test on the individual CGUs.

It should be noted that the scope of the second level impairment test does not consider the CGUs that do not have goodwill allocated as they are subject to internal development. The exclusion of these CGUs from the scope, which have positive prospective cash flows (potentially capable of increasing the overall value of the Nursing Home sector), in addition to typically entailing capital gains on the real estate component at the end of the development phase, is therefore a conservative assumption (consistent with the purpose of the impairment test), because it involves worsening adjustments to the prospective cash flows and the recoverable book value of CGUs with allocated goodwill.

The following table summarises the results of the impairment test performed.

(Amounts in EUR 000)	**Carrying Amount 31.12.2021**			**Impairment test 31.12.2021**	
Level II impairment test	**Invested Capital (A)**	**Goodwill (B) and Brand**	**Carrying amount A+B=(C)**	**Recoverable value (EV) 31.12.2020 (D)**	**Capital gain (+) / Impairment loss (-) D-C**
Total CGU	3.302	46.495	49.797	105.814	
Brand and central costs		1.106	1.106	(28.298)	
Total Nursing Home Sector	***3.302***	***47.601***	***50.903***	***77.515***	***26.612***

Sensitivity analysis

Since value in use is determined using estimates and assumptions that may present elements of uncertainty, sensitivity analyses were carried out, as required by IAS/IFRS, to verify the sensitivity of the results obtained to changes in certain parameters and underlying assumptions.

In particular, by also verifying the impact on the value in use of a change of up to 100 basis points in the discount rate and the reducing to zero of the growth rate “g” for the purpose of estimating the Terminal Value, no cases of impairment would emerge, neither for the Group as a whole, nor for individual CGUs, and there would remain a surplus of recoverable value over the carrying value, capable of cushioning any reductions in cash flows in the explicit planning period.

Sport Fashion Service

Operating cash flows for the explicit forecast period (2022-2026)

The cash flows identified in this method are those of an operating nature, destined for remuneration and possible repayment of all risk and debt capital providers.
The estimate of expected cash flows is determined on the basis of projections formalised in the Economic and Financial Plan approved by the administrative body of Sport Fashion Service.
For the purposes of the model used to calculate value in use, the 2022-2026 period has been assumed as the explicit time period for determining cash flows for the CGU, corresponding to the economic and financial projections reported in the Business Plans.

Terminal Value or residual value ("TV")

The value at the end of the period of analytical forecast of cash flows (known as "Terminal Value") was determined, from a prudential standpoint, by exclusively considering a nominal growth factor "g" (corresponding to the expected long-term inflation rate) of the cash outflow for the period of the analytical projection. Furthermore, it should be noted that in the current situation of uncertainty that characterises the sector, the outflow has been conservatively estimated by incorporating the average EBITDA of the last three years of the cash flow explicit forecast period (instead of the punctual end-of-plan EBITDA).

Discount rate for cash flows

In determining the value in use, cash flows were discounted to present value at a rate that reflects current market assessments, the time value of money and the specific risks of the asset, appropriately taking into account the long-term nature of the cash flows used in estimating the value in use of the CGU.
The cost of capital is determined net of taxes, in order to be consistent with the discounted cash flows.
In order to discount the operating cash flows, a rate representing the cost of all financial resources used by the company, represented by the Weighted Average Cost of Capital (WACC), was used.

The parameters considered in the WACC estimate are set out below.

- Cost of equity – K*e*: overall, the identified *Cost of risk capital* (K*e*) was **11,4%**, based on the use of the following parameters:
  - The risk-free rate was determined with reference to 10-year Italian government bonds from the reporting date. The rate of return on risk-free investments was estimated on the basis of the average effective gross return on medium/long-term Italian government bonds (10-year BTP) recorded at the date of the verification and was **1,7%**.
  - The *beta – β*: indicates the factor of interrelationship between the actual return of a share and the total return of the reference market; it measures the volatility of an equity with respect to the market.
    The Beta coefficient is a measure of the correlation between the company's operating cash flows and those expected from the market. The sector average beta used for the purposes of the valuation was **1,13** and was considered for the determination of the Cost of Capital Ke;
  - An estimated market risk premium was used for the Italian market equal to **5,0%**;
  - From a prudential point of view, an overall specific risk premium/discount of **4%** has been set, which basically qualifies as an additional premium on the equity cost ("Small cap size premium" or "Lack of Marketability discount"), in order to reflect the size differences and non-listing with respect to the panel of comparables used to estimate the Beta.

- Cost of debt – K*d*: an analysis of the cost of non-current debt was carried out and a cost of debt sustainable over the long-term of **4,7%** was recognised.
  Tax rate – *t*: a tax rate on business income (IRES) of 24,00% was applied.
  By applying a tax rate of 24,00%, the cost of the debt, net of the fiscal consequences, is equal to around 3,3%.

- Leverage ratio – *D/(E+D):* as regards leverage (i.e. the ratio between net financial debt - D - and total sources of financing - D+E - Equity), on the basis of the financial structure at the reference valuation date, an average market leverage level was assumed. For the purposes of estimating a medium/long-term sustainable leverage ratio (D/E), it is considered reasonable to assume a value of 50%, corresponding to a financial structure coefficient D/(D+E) of **33,3%.**

The WACC discount rate used for the assessment in question is therefore **8,8%** (8,5% in the previous year).

Impairment test results

The result of the impairment analysis, carried out with reference to the Enterprise Value of the CGU compared to the corresponding value of the operating invested capital of the CGU, has demonstrated the full recoverability of the book values, with a recoverable value that is much higher than the book value of the CGU.

(Amounts in EUR 000)	Carrying Amount 31.12.2021			Impairment test 31.12.2021	
Impairment test Sport Fashion Service	**Invested Capital (A)**	**PPA (brand capital gain) (B)**	**CGU carrying amount after PPA A+B=(C)**	**Recoverable value (EV) (D)**	**Capital gain (+) / Impairment loss (-) D-C**
Invested Capital	***29.032***	***-***	***29.032***	***40.145***	
Share pertaining to the Group (90%)			26.129	36.130	
Group Invested Capital			***26.129***	***36.130***	***10.001***

Sensitivity analysis

Since value in use is determined using estimates and assumptions that may present elements of uncertainty, sensitivity analyses were carried out, as required by IAS/IFRS, to verify the sensitivity of the results obtained to changes in certain parameters and underlying assumptions.

In particular, the impact on the value in use of an increasing change of up to 100 basis points in the discount rate and the reducing to zero of the growth rate g for the purpose of estimating the Terminal Value was verified. Using these parameters, there was no impairment loss identified and there would be a residual surplus recoverable amount with respect to the carrying amount, capable of cushioning any reductions in the cash flows of the explicit planning period.

5. Property, plant and equipment

They amounted to EUR 291,8 million, up compared to EUR 260,4 million in the previous year.

	Land and buildings	Investment property	Plant and machinery	Office machines and equipment	Rights of use	Other assets	Total
Values as at 01.01.2021	**28.126.715**		**22.613.861**	**8.212.813**	**196.241.751**	**5.184.351**	**260.379.491**
Changes in the year:							
- acquisitions	12.648.030		2.636.344	3.308.671	28.709.101	4.179.363	**51.481.509**
- disposals						(2.684.753)	**(2.684.753)**
- depreciation	(862.007)		(4.166.972)	(1.487.441)	(9.977.882)	(544.355)	**(17.038.658)**
- other changes	-		-	(212.731)		(174.291)	**(387.021)**
Total changes	**11.786.023**	**-**	**(1.530.628)**	**1.608.499**	**18.731.219**	**775.964**	**31.371.077**
Values as at 31.12.2021	**39.912.738**		**21.083.233**	**9.821.312**	**214.972.970**	**5.960.315**	**291.750.568**

According to the IASB's publication of 10 April 2020, all entities need to provide useful information in the financial statements for evaluating the effect of Covid-19 on leased properties and the resulting potential impacts on the financial position and the economic result of the entity deriving from any impairment on the rights of use recognised in the financial statements or any modifications to lease agreements. In the current negative scenario deriving from the spread of the Covid-19 epidemic, no elements are emerging for the Group that have caused an extraordinary impact on the financial statement values as at 31 December 2021.

Indeed, specifically, the rights of use and lease liabilities recognised in the financial statements as at 31 December 2021 are represented almost entirely by real estate lease agreements for nursing homes for which there were no impacts in terms of:

- impairment of rights of use: there were no early closures of lease agreements in order to achieve potential cost savings to handle the Covid-19 emergency, nor were there any closures of offices which may have given rise to indicators of impairment on rights of use recognised as at 31 December 2021;
- lease modification: the entities did not significantly benefit from contractual renegotiations aiming to deal with the difficulties of the ongoing emergency.

6. Investments accounted for using the equity method

These amounted to EUR 3,8 million, down by EUR 1,7 million from the comparison period.

	31.12.2021	**31.12.2020**
Mittel Generale Investimenti S.r.l.	3.753.000	5.400.000
Mit.Fin S.p.A.	-	137.591
	3.753.000	**5.537.591**

Changes in this item are shown in the following table.

Name/company name	% interest	Values as at 1.01.2021	Purchases	Sales/Refunds	Profits/(losses) on disposal	Other changes	Values as at 31.12.2021
Associates							
Direct							
Mittel Generale Investimenti S.r.l.	27,00%	5.400.000	-	-	-	(1.647.000)	3.753.000
Mit.Fin S.p.A.	30,00%	137.591	-	(250.000)	112.409	-	-
		5.537.591	**-**	**(250.000)**	**112.409**	**(1.647.000)**	**3.753.000**

Information on companies subject to joint control and associates

The reconciliation between the summary of the economic-financial data presented and the book value of the investments in jointly controlled companies and associates is detailed below:

(Thousands of EUR)	**Total equity**	**Pro-rata equity**	**Other changes**	**Consolidated book value**
Companies subject to significant influence:				
Mittel Generale Investimenti S.r.l.	14.768	3.987	(234)	**3.753**
				3.753

Associates

The income statement and statement of financial position figures as at 31 December 2021 of the associates, adjusted in compliance with IAS/IFRS for application of the equity method for the purposes of preparing the Group consolidated financial statements and the reconciliation between the summary of the economic-financial data presented and the book value of the associates, are detailed below:

Companies subject to significant influence	Mittel Generale Investimenti S.r.l.
(thousands of EUR)	
Non-current assets	**9.782**
Financial receivables	8.166
Other financial assets	-
Current assets	**5.516**
Financial receivables	*3.521*
Cash and cash equivalents	1.370
Total assets	**15.297**
Equity	**14.768**
Non-current liabilities	**197**
Non-current financial payables	-
Current liabilities	**332**
Current financial payables	-
Total equity and liabilities	**15.297**
Gross operating margin (EBITDA)	**(376)**
Costs for services	**(278)**
Operating result (EBIT)	(2.585)
Amortisation/depreciation	
Value adjustments to financial assets	(2.209)
Financial income	1.184
Financial expenses	**-**
Profit (loss) from trading of financial assets	-
Profit (loss) before taxes	(1.401)
Income taxes	**-**
Profit (loss) for the year (1)	**(1.401)**
Other profits/(losses) components net of taxes (2)	-
Comprehensive profit (loss) (3) = (1) + (2)	**(1.401)**

There are no significant restrictions on the capacities of investees subject to significant influence to transfer funds to the investor and particularly significant commitments relating to companies subject to significant influence.

It should be noted that, at present there are no commitments deriving from contractual arrangements, particular events or circumstances that could subject the parent company Mittel S.p.A. and its subsidiaries to providing financial support to associates or non-consolidated structured entities which could determine future cash outflows and obligations from unconditional purchase commitments or unrecognised commitments to grant loans or guarantee any other type of financial support, including the intention to assist investees in obtaining financial assistance.

7. Financial receivables

These amounted to EUR 23,9 million, down by EUR 3,1 million.

	31.12.2021	31.12.2020
Loans	23.932.539	26.900.715
Other receivables	-	76.942
	23.932.539	**26.977.657**

The item “Loans” is composed of outstanding loans for the Parent Company Mittel S.p.A.

With reference to the general situation of economic weakness generated by the Covid-19 epidemic, ESMA, already in its recommendation of 2 March 2020, highlighted the importance of providing all information relating to the actual and potential impacts of Covid-19 in order to meet the requirements of IFRS 7 “Financial instruments: disclosures”.
In its recommendations, it also focused on the application of IFRS 9, as regards the calculation of expected credit losses, and on the relative disclosure requirements, also urging companies to explain the decisions made to define the impacts and represent to what extent the effects of Covid-19 have impacted the assessment of

the significant increase in credit risk (“SICR”), the quantification of ECLs and the use of forward-looking information.
Considering what is set forth above, in performing the assessments, the impacts in terms of impairment pursuant to IFRS 9 have been adequately taken into consideration; in particular, the parameters of the valuation model were updated to incorporate expectations concerning GDP and forward looking information which incorporates the effect of Covid-19. The results of the above-mentioned assessments led to an aggravation of write-downs recognised in the financial statements.

8. Other financial assets

These totalled EUR 12 million, down by EUR 0,5 million.

The item is composed as follows:

	31.12.2021	31.12.2020
Financial assets		
Equities and fund units	11.520.068	12.079.966
Bonds	373.492	415.029
Derivative financial instruments	72.368	-
	11.965.928	**12.494.995**

The item includes equity instruments recorded as financial assets as well as financial assets measured at fair value and is composed as follows:

	31.12.2021	31.12.2020
Equities and fund units:		
Fondo Augusto	9.985.561	9.903.653
Investitori Associati II S.A.	833.170	833.170
Medinvest International S.A.	152.000	426.000
Fondo Cosimo I	53.276	394.299
Other	496.061	522.844
Bonds and other assets:		
BTP mat. 01/11/23	253.492	295.029
Generali life policy	120.000	120.000
Hedging derivatives	**72.368**	**-**
	11.965.928	**12.494.995**

The change in non-current financial assets is broken down as follows:

Amounts in thousands of EUR

Name/company name	Values as at 01/01/2021	Purchases and subscriptions	(Recall of funds) Reimbursements	Transfers	Capital gains (losses)	Fair value adjustments	Values as at 31.12.2021
Equities and fund units:							
Fondo Augusto	9.903.653	-	-	-	-	81.908	9.985.561
Investitori Associati II S.A.	833.170	-	-	-	-	-	833.170
Medinvest International S.A.	426.000	-	-	-	-	(274.000)	152.000
Fondo Cosimo I	394.299	-	-	(336.585)	-	(4.438)	53.276
Other	522.844	-	-	(1.236)	-	(25.547)	496.061
Bonds and other assets:							
BTP mat. 01/11/23	295.029	-	-	-	-	(41.537)	253.492
Generali life policy	120.000	-	-	-	-	-	120.000
Hedging derivatives	-	-	-	-	-	72.368	72.368
	12.494.995	-	**-**	**(337.821)**	**-**	**(191.246)**	**11.965.928**

Considering that fair value measurements should reflect the assumptions of market participants and market data at the measurement date in current market conditions, the Group has assessed the adequacy of the fair value measurements based on non-observable inputs (Level 3) with a view to intercepting any effects of Covid-19 in expectations of future cash flows correlated with the asset or the liability at the reporting date.
Based on the assessments carried out, there are no significant extraordinary write-downs related to the Covid-19 epidemic for 31 December 2021.

9. Sundry receivables and other assets

The “Sundry receivables and other assets” item totalled EUR 1,1 million (EUR 0,6 million as at 31 December 2020) and is composed as follows:

	31.12.2021	31.12.2020
Tax receivables	407.023	98.415
Other receivables	409.447	393.789
Other assets	264.532	129.615
	1.081.002	**621.819**

10. Deferred tax assets

These totalled EUR 18,9 million, up by EUR 5,2 million.

	31.12.2021	31.12.2020
Tax assets recognised through profit or loss	18.709.564	13.510.192
Tax assets recognised in equity	216.368	174.439
	18.925.932	**13.684.631**

	31.12.2021	31.12.2020
Deferred tax assets		
Losses carried forward	9.179.389	6.000.000
Other assets/liabilities (including IFRS 16 prepaid taxes)	9.746.543	7.684.631
	18.925.932	**13.684.631**

Changes in the item “Tax assets recognised through profit or loss” are as follows:

	31.12.2021	31.12.2020
Opening balance	**13.510.192**	**10.996.942**
Increases	**6.121.809**	**2.937.650**
Deferred tax assets recorded in the period:	**3.179.389**	**-**
- relating to previous years	-	-
- other	3.179.389	-
Increases in tax rates	-	-
Other increases	2.942.420	2.937.650
Decreases	**(922.437)**	**(424.400)**
Deferred tax assets cancelled in the period:	**-**	**-**
- reversals	-	-
Decreases in tax rates	-	-
Other decreases	(922.437)	(424.400)
	18.709.564	**13.510.192**

Changes in the item “Tax assets recognised in equity” are as follows:

	31.12.2021	31.12.2020
Opening balance	**174.439**	**419.862**
Increases	**46.400**	**1.410**
Deferred tax assets recorded in the period:	**-**	**-**
- relating to previous years	-	-
- other	-	-
Increases in tax rates	-	-
Other increases	46.400	1.410
Decreases	**(4.471)**	**(246.833)**
Deferred tax assets cancelled in the period:	**-**	**-**
- reversals	-	-
Decreases in tax rates	-	-
Other decreases	(4.471)	(246.833)
	216.368	**174.439**

Deferred tax assets are recognised to the extent it is deemed likely that taxable profits will be generated to allow the use of the amount recognised as at 31 December 2021.

Management recorded the deferred tax assets in Group companies up to the value for which it deems their recovery likely, also taking into account a further worsening in the assumptions envisaged over a medium-term period and the fact that the net deferred tax assets allocated refer to temporary differences/tax losses which can be recovered within a time period implicit in the Group's planning.

As discussed in detail in other sections of this financial report, based on the latent tax benefits and the significant changes to the Group's perimeter in recent years, which resulted in the inclusion in the consolidated tax perimeter of companies with considerable taxable income and the resulting radical changes in the expectations for the recovery of latent tax benefits, deferred tax assets were allocated in recent years on the sizeable tax losses and other latent tax benefits that were accrued as part of the tax consolidation in previous years.

As at 31 December 2021, the remaining usable previous losses pertaining to the tax consolidation amount to approximately EUR 76,7 million, in addition to the excess interest payable that can be used in the tax consolidation of around EUR 20,8 million, for a total tax value (at the tax rate of 24%) of approximately EUR 23,4 million (against a recognised value in deferred tax assets of EUR 9,2 million). In addition to the tax consolidation losses, Mittel S.p.A. recorded, following the positive response received last year to the query submitted, tax losses of EUR 60 million relating to the merged companies Hopa S.p.A. and Tethys S.p.A. Against these losses, which may not be used in the tax consolidation, as significant taxable income is not expected for Mittel S.p.A., deferred tax assets were not recognised.

For the upcoming years, we expect that acquisitions already made or future acquisitions of highly profitable operating businesses with consistent outlook taxable income will make it possible, through the inclusion of the new companies acquired within the Mittel S.p.A. tax consolidation, to value additional latent tax benefits present at Group level, at the moment not yet valued at accounting level.

Lastly, note the considerable impact on the item of deferred tax assets allocated on the total equity of entries made following application of IFRS 16, attributable to the fact that these equity effects are temporarily not reflected in taxes (present solely in the consolidated statement of financial position, as they relate to subsidiaries that have not adopted IFRS), which will be reabsorbed over the term of the contracts.

Current assets

11. Inventories

The item amounted to EUR 65,3 million, a decrease of EUR 9,8 million compared to the previous year. In particular, the item is composed as follows:

	31.12.2021	31.12.2020
Property inventories	39.331.481	50.911.103
Inventories of goods and products	21.377.024	20.278.060
Inventories of raw materials	4.549.442	3.931.521
	65.257.947	**75.120.684**

Property inventories

As far as property inventories are concerned, see the table below:

	31.12.2021	31.12.2020
Mittel Investimenti Immobiliari S.r.l.	22.705.408	23.846.229
MiVa S.r.l.	8.661.720	19.495.572
Gamma Tre S.r.l.	1.900.000	2.900.000
Regina S.r.l.	6.064.353	2.369.302
Parco Mediterraneo S.r.l.	-	2.300.000
Total	**39.331.481**	**50.911.103**

The change in the “Property inventories” item is as follows:

	31.12.2020	initiative transfer/other	Increase for capitalisation of costs	Decrease for sales	Write-downs	Changes in advances	31/12/2021
Mittel Investimenti Immobiliari S.r.l.	23.846.229	-	-	(1.140.821)	-	-	22.705.408
MiVa S.r.l.	19.495.572	-	3.892.572	(14.601.121)	-	(125.303)	8.661.720
Gamma Tre S.r.l.	2.900.000	-	-	(1.000.000)	-	-	1.900.000
Regina S.r.l.	2.369.302	-	4.091.558	-	-	(396.507)	6.064.353
Parco Mediterraneo S.r.l.	2.300.000	-	-	(2.300.000)	-	-	-
Total	**50.911.103**	**-**	**7.984.130**	**(19.041.942)**	**-**	**(521.810)**	**39.331.481**

In order to allow a better analysis of the Group’s property portfolio, in support of the financial statement disclosures, reference is made to the recognition criteria used and to the market values applied.
The property portfolio includes buildable areas, properties under construction, properties completed for sale and properties held for sale. The properties and buildable areas which fall under the property development projects are valued at the lower of the acquisition cost and the corresponding presumed net realisable value. The cost is increased by the incremental expenses and capitalisable financial expenses. Any impairment to the net realisable value is performed on the basis of appraisals of the individual properties by external experts on an annual basis.

The market value of the property portfolio

Market value means the value determined by appraisals of individual properties, carried out by external experts on an annual basis; the appraisal is conducted at the reporting date. The appraisals make use of information that mainly regards: the time span and the characteristics of the property transaction (area quantification and usage breakdown), amount of expenses and commitments borne by the owners.
More specifically, for “property development” projects, the criteria adopted by the external experts involve the use of the Transformation Method, which is based on the discounting, at the estimate date, of the cash flows generated by the property transaction over the period of time corresponding to its duration, by using the appropriate discount rates, the financial components and business risk of the transaction. Given that the cash flows are the result of the difference between revenue and costs, more concisely, the value of the initiative determined using this method may be defined as the difference between the value of the transformed property and the costs incurred for its transformation.
For properties that are available to be appraised in their de facto and de iure situation without significant structural interventions or changes in use, the Discounted Cash Flow Analysis Method is used. The method is

based on the assumption that no rational buyer is willing to pay a price to acquire a property that is higher than the present value of the economic benefits that the asset is able to produce over the course of its useful life. With regards, in particular, to properties subject to valuation, the economic benefits are represented by the cash flows originating from the property's "income generation" and by its subsequent disposal, and therefore by the lease payments (actual and/or potential) of the property, net of management costs and the terminal value of the property.
Finally, the Comparative (or Market) Method is used for the completed properties being sold, which is based on the assumption that no rational buyer is willing to pay a price to acquire a property that is higher than the cost of similar assets that have the same degree of utility. This expression refers to the economic principles of substitution (according to which the value of an asset is determined by the price that must be paid to purchase a perfectly identical asset with the same characteristics of utility and desirability) and of balance between demand and supply (according to which the price of an asset is directly determined by the exchange market and represents the definitive synthesis of the negotiation process in which buyers and sellers participate).
All available information is used for the valuation, taking into consideration factors such as: period for development or income generation, location, age, quality and condition of the buildings (accessibility, surface area, construction type, state of repair, functionality) and payment methods.

Despite the difficult market environment, no write-downs were recognised during the year, mainly due to the following factors: (i) in recent years, the carrying amounts have suffered from considerable declines, reaching very prudent amounts, which incorporate, for the more difficult to divest properties, significant specific risk factors and rather extended times to achieve gains on sale; (ii) the significant sales in recent years have resulted in a strong contraction in the incidence of the weight of inventories on consolidated data; (iii) the residual portfolio belongs primarily to asset classes potentially less impacted by possible impairment as a result of the crisis triggered by the health emergency; (iv) the management systematically oversees initiatives to increase the value of the projects held and the correlated risks, reactively taking all measures that are necessary based on developments in the market in general and specifically with reference to the location of the properties. Therefore, the Group management will continue to closely monitor the evolution of the crisis and the ensuing risks concerning the portfolio held and will update its assessments when preparing future financial reports, on the basis of the evolutions of the crisis situation concerning the global market, which will be incorporated from time to time into the appraisals that will be requested from external appraisers normally used by the Group.

Inventories of raw materials, goods and products

Industrial Group companies contribute to this category of inventories. In particular, the item is broken down as follows:
- EUR 6 million for IMC S.p.A.;
- EUR 5,3 million for Galassia S.r.l.;
- EUR 4,8 million for Ceramica Cielo S.p.A.;
- EUR 4,6 million for Sport Fashion Service S.r.l.;
- EUR 3,4 million for Disegno Ceramica S.r.l.;
- EUR 1,6 million for Fashion Time S.r.l.;
- EUR 0,2 million for Galassia Hispania;
- EUR 0,1 million for the Zaffiro Group companies.

In addition, the industrial warehouse is carefully measured when the reporting is closed, identifying any phenomena of obsolescence or slow- or no-moving goods. However, no write-downs were recognised during the year.

12. Financial receivables

The item amounted to EUR 2 million, a decrease of EUR 5,6 million.

	31.12.2021	31.12.2020
Loans	1.962.521	2.842
Other receivables	-	7.548.387
	1.962.521	**7.551.229**

The item is entirely due to the contribution of the parent company Mittel S.p.A. and refers to a receivable collected at the beginning of 2022.

13. Tax assets

The item amounted to EUR 1,5 million, an increase of EUR 0,6 million.

	31.12.2021	31.12.2020
IRES (corporate income tax)	962.627	146.754
IRAP (regional business tax)	557.802	311.714
Other taxes	-	247.068
	1.520.429	**705.536**

Current IRES tax assets mainly refer to Mittel Investimenti Immobiliari S.r.l. (for EUR 180 thousand), Lucianita S.r.l. (EUR 44 thousand), Earchimede S.p.A. (EUR 40 thousand), Ceramica Cielo S.r.l. (EUR 122 thousand), Mittel Design S.r.l. (EUR 192 thousand), Fashion Time S.r.l. (EUR 144 thousand), Galassia S.r.l. (EUR 88 thousand) and to the parent company Mittel (EUR 151 thousand). The item includes important benefits recognised during the year by the companies of the Group in application of the so-called Super-ACE regulations.

The IRAP receivable is mainly due to the advances paid by Mittel S.p.A. (EUR 153 thousand), IMC S.p.A. (EUR 183 thousand), Earchimede S.p.A. (EUR 42 thousand), Sport Fashion Service S.r.l. (EUR 39 thousand) and the companies in the Nursing Home sector (EUR 125 thousand).

The item showed the following changes:

	31.12.2021	31.12.2020
Opening balance	**705.536**	**1.614.228**
Increases	**1.164.480**	**679.608**
Current tax assets recorded in the period:	**-**	**-**
- relating to previous years	-	-
- other	-	-
Other increases	1.164.480	679.608
Decreases	**(349.587)**	**(1.588.300)**
Current tax assets cancelled in the period:	**-**	**-**
- reimbursements	-	-
Other decreases	(349.587)	(1.588.300)
	1.520.429	**705.536**

14. Sundry receivables and other assets

The item amounted to EUR 51,8 million, an increase of EUR 4,3 million, and was composed as follows:

	31.12.2021	31.12.2020
Trade receivables	38.288.444	37.532.000
Other tax receivables	6.732.485	4.656.030
Other receivables	5.085.343	3.853.486
Accrued income and prepaid expenses	1.687.227	1.251.924
	51.793.499	**47.293.440**

The “Trade receivables” item is mainly comprised of receivables due from customers deriving from ordinary operations of Group companies.
The tax receivables refer mainly, for EUR 5,3 million and to other tax receivables in the amount of EUR 1,4 million.
The “Other receivables” item is mainly due to the contribution of the Nursing Home sector for EUR 2,6 million, the Design sector for EUR 1,1 million, the Automotive sector for EUR 0,6 million, Sport Fashion Service for EUR 0,5 million, the Real Estate sector for EUR 0,1 million and Mittel S.p.A. for EUR 0,1 million.
The “Accrued income and prepaid expenses” item is mainly due to the contribution of the Nursing Home sector for EUR 0,8 million, the Design sector for EUR 0,1 million, the Clothing sector for EUR 0,5 million, the Automotive sector for EUR 0,1 million and the Parent Company for EUR 0,1 million.

15. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 67,6 million (EUR 127,3 million as at 31 December 2020), include cash held by Group companies and investments in bank deposits. The item is composed as follows:

	31.12.2021	31.12.2020
Cash	135.089	99.727
Bank and postal deposits	67.425.177	127.154.276
	67.560.266	**127.254.003**

As regards changes in the item, please refer to the consolidated cash flow statement.

Statement of financial position - Liabilities

Equity

16. Equity pertaining to the Group

Equity pertaining to the Group stood at EUR 222,3 million, an increase of EUR 0,6 million from 31 December 2020.

The breakdown of Equity pertaining to the Group is shown in the following table:

	31.12.2021	31.12.2020
Share capital	87.907.017	87.907.017
Legal reserve	17.581.403	17.581.403
Treasury shares	-	-
Share/holding premium reserve	53.716.218	53.716.218
Valuation reserves	(633.658)	(565.296)
Other reserves	19.578.596	27.590.344
Profit (loss) of previous years	43.529.860	33.692.925
Profit (loss) for the year	582.488	1.800.314
Equity	**222.261.924**	**221.722.925**

Changes in equity during the year are shown in detail in the relative schedule to which reference should be made.

Share capital

As at 31 December 2021, the share capital of the Parent Company Mittel S.p.A. of EUR 87.907.017 was broken down into 81.347.368 shares with no nominal value.

Treasury shares

As at 31 December 2021, the Parent Company held no treasury shares.

Valuation reserve

The breakdown and changes in the valuation reserve in the year are shown below:

Amounts in thousands of EUR

VALUATION RESERVE AT FAIR VALUE	Valuation reserve pertaining to the Group as at 01.10.2021	Effects of the first-time adoption of IFRS 9	Fair value changes		Release of reserve to the income statement for transfers of financial assets	Release of reserve to the income statement for fair value impairment	Valuation reserve pertaining to the Group as at 31.12.2021	Share pertaining to non-controlling interests as at 31.12.2021	Total valuation reserve as at 31.12.2021
			Increases	Decreases					
Cash flow hedge reserve									
Hedging derivatives	(5)	-	-	49	-	-	44	35	79
Total	**(5)**	**-**	**-**	**49**	**-**	**-**	**44**	**35**	**79**
Employee defined benefit plans (IAS 19 revised):									
Actuarial gains and losses reserve	(560)		(118)	-		-	(678)	(76)	(754)
	(560)		**(118)**	**-**	**-**	**-**	**(678)**	**(76)**	**(754)**
	(565)	**-**	**(118)**	**49**	**-**	**-**	**(634)**	**(41)**	**(675)**

Other comprehensive profits/(losses)

The value of "Other comprehensive profits/(losses)" is composed as follows:

			Non-controlling interests		Profit (loss) pertaining to the Group	
	01.01.2021 31.12.2021	**01.01.2020 31.12.2020**	**01.01.2021 31.12.2021**	**01.01.2020 31.12.2020**	**01.01.2021 31.12.2021**	**01.01.2020 31.12.2020**
Profit/(loss) for the year (A)	**(1.745.180)**	**1.772.460**	**(2.327.668)**	**(27.854)**	**582.488**	**1.800.314**
Effective part of the cash flow hedges	75.432	83.443	26.481	23.939	48.951	59.504
Profits/(losses) from the redetermination of available-for-sale financial assets					-	-
Profits/(losses) from the transfer of available-for-sale financial assets					-	-
Release to the income statement of losses for fair value impairment on available-for-sale financial assets					-	-
Profits/(losses) of companies measured using the equity method					-	-
Profits/(losses) from remeasurement of defined benefit plans	(267.951)	359.482	(98.513)	131.327	(169.438)	228.155
Tax effect relating to other profits/(losses)	76.749	(43.295)	24.624	(15.737)	52.125	(27.558)
Total other profits/(losses), net of taxes (B)	**(115.770)**	**399.630**	**(47.408)**	**139.529**	**(68.362)**	**260.101**
Total comprehensive profit/(loss) (A) + (B)	**(1.860.950)**	**2.172.090**	**(2.375.076)**	**111.675**	**514.126**	**2.060.415**

The tax effect relating to Other consolidated profits/(losses) is composed as follows:

	01.01.2021 31.12.2021			01.01.2020 31.12.2020		
	Gross value	**Tax expense/benefit**	**Net value**	**Gross value**	**Tax expense/benefit**	**Net value**
Effective part of the cash flow hedges	75.432	-	75.432	83.443	(1.933)	81.510
Profits/(losses) from the redetermination of available-for-sale financial assets	-	-	-	-	-	-
Profits/(losses) from the transfer of available-for-sale financial assets	-	-	-	-	-	-
Release to the income statement of losses for fair value impairment on available-for-sale financial assets	-	-	-	-	-	-
Profits/(losses) of companies measured using the equity method	-	-	-	-	-	-
Profits/(losses) from remeasurement of defined benefit plans	(267.951)	76.749	(191.202)	359.482	(41.362)	318.120
Other components of the statement of comprehensive income reclassified to the income statement						-
Total Other profits/(losses)	**(192.519)**	**76.749**	**(115.770)**	**442.925**	**(43.295)**	**399.630**

17. Non-controlling interests

The breakdown of equity pertaining to non-controlling interests is shown in the following table:

	31.12.2021	**31.12.2020**
Share capital pertaining to non-controlling interests	13.411.121	16.397.026
Treasury shares pertaining to non-controlling interests	-	-
Other reserves pertaining to non-controlling interests	6.121.683	2.477.721
Non-controlling interests - Cash flow hedge reserve	35.036	8.555
Non-controlling interests - Valuation reserve IAS 19	(76.447)	(2.558)
Profit (loss) of non-controlling interests	(2.327.668)	(27.854)
Equity pertaining to non-controlling interests	**17.163.725**	**18.852.890**

18. Bonds

The item “Bonds”, recognised under current and non-current liabilities, for the respective shares falling due, was composed as follows:

	31.12.2021	31.12.2020
Current portion	243.528	1.126.279
Non-current portion	15.182.956	78.772.100
	15.426.484	**79.898.379**

As at 31 December 2021, the following bond was in place, listed on the screen-based bond market (“MOT”):

- “Mittel S.p.A. 2017-2023” loan: a bond at a fixed interest rate of 3,75%, with maturity on 27 July 2023 and half-yearly coupon payment, represented by 144.709.182 bonds with a nominal value of EUR 0,105, for a total nominal value of EUR 15.194.464.

The liability for Bonds breaks down as follows:

	31.12.2021	31.12.2020
“Mittel S.p.A. 2017-2023" bonds, fixed rate 3,75%		
Current portion	243.528	1.126.279
Non-current portion	15.182.956	78.772.100
Total bonds	***15.426.484***	***79.898.379***

The table below shows the differential between the nominal value of the bond issue (including the coupon accrued as at 31 December 2021) and the book value of the same. This difference is due to the application of the amortised cost method. The differential shown provides the residual measure of capitalised costs on liabilities that will be recognised as financial expenses in subsequent years at the effective interest rate, as required by IFRS 9.

	31.12.2021	31.12.2020
Current portion		
“Mittel S.p.A. 2017-2023” bonds, fixed rate 3,75% (coupon in the process of maturity)	243.528	1.126.279
Non-current portion		
“Mittel S.p.A. 2017-2023” bonds, fixed rate 3,75% (repayment value at maturity)	15.194.464	78.866.504
Total nominal repayment value	**15.437.992**	**79.992.783**
Measurement at amortised cost	(11.508)	(94.404)
Total book value	**15.426.484**	**79.898.379**

The fair value as at 31 December 2021 of the bond issue is EUR 15,8 million (clean price on a 100 par value equal to 102,46).

The prospectus and the regulation for the bond issue are available on the website www.mittel.it, in the “Investor Relations” section.

The 2017-2023 bond loan requires that, after 36 months from issue, Mittel has the right to proceed at its discretion to the total or partial repayment of the bond at a redemption price:

- equal to the nominal value to be repaid plus an amount equal to half of the coupon, between the expiry of the third year (excluded) and the expiry of the fourth year (included);
- equal to the nominal value to be repaid plus an amount equal to a quarter of the coupon between the expiry of the fourth year (excluded) and the expiry of the fifth year (included);
- equal to the nominal value after the expiry of the fifth year (excluded).

19. Financial payables

As at 31 December 2021, the item amounted to EUR 272,2 million, a decrease of EUR 13,6 million over the previous year.

The item is composed as follows:

	31.12.2021	31.12.2020
Bank loans	38.690.348	45.419.915
Other loans	235.184	933.944
Other financial payables	225.000	924.991
Liabilities for rights of use	233.060.033	211.275.913
	272.210.565	**258.554.763**

Bank loans are mainly contributed by the Nursing Home sector for EUR 29,4 million, Galassia S.r.l. for EUR 7 million, Regina S.r.l. for EUR 1,5 million and Miva S.r.l. for EUR 0,7 million.

The item "other loans" is made up of the loan from the third party shareholders of Fashion Time S.r.l..

Other financial payables are entirely due to the contribution of Sport Fashion Service S.r.l..

Liabilities for rights of use derive from the application of IFRS 16 to lease contracts. These liabilities represent the present value of future lease payments during the lease term.

Lease liabilities are shown in the statement of financial position as follows:

(Amounts in EUR/000)

	31.12.2021	31.12.2020
Liabilities for short-term leases	(7.993)	(6.135)
Liabilities for medium/long-term leases	(233.060)	(211.276)
Total lease liabilities	**(241.053)**	**(217.411)**

The interest expense accrued in the year on the financial liabilities booked pursuant to IFRS 16 amounted to a total of EUR 8.749 thousand.

20. Other financial liabilities

As at 31 December 2021, the item amounted to EUR 5,7 million (EUR 5,9 million as at 31 December 2020).

	31.12.2021	31.12.2020
Derivative financial instruments	35.284	149.782
Other liabilities	5.705.000	5.705.000
	5.740.284	**5.854.782**

Derivative financial instruments consist of the contribution of the company Zaffiro Nord S.r.l. in the amount of EUR 24 thousand and the company Galassia S.r.l. in the amount of EUR 11 thousand.
The "Other liabilities" item relates to the estimate of the earn-out contractually envisaged for the acquisition of Sport Fashion Service by Mittel S.p.A.

21. Provisions for personnel

The item amounted to EUR 8,1 million, an increase of EUR 0,6 million, and was composed as follows:

	31.12.2021	31.12.2020
Employee severance indemnity	8.018.426	7.449.497
Other allowances	95.653	73.431
	8.114.079	**7.522.928**

Changes in employee severance indemnity in the year were as follows:

	31.12.2021	31.12.2020
Opening balances	**7.449.497**	**7.605.635**
Increases:		
- Allocation for the period	2.713.483	2.337.155
- Increase due to business combinations		
- Other increases	21.540	1.038.526
Decreases:		
- Utilisations	(274.749)	(84.164)
- Other decreases	(1.891.345)	(3.447.655)
	8.018.426	**7.449.497**

The valuation was performed on the basis of IAS 19, given that Employee Severance Indemnity is similar to a "post-employment benefit" of the "defined benefit plan" type, whose amount already accrued must be projected to the future to estimate the amount to be paid when the employment relationship ends and must then be discounted, using the "Projected unit credit method", to take account of the time that will elapse before the actual payment.

The actuarial assumptions adopted refer to:

a) assumptions regarding the causes of exit from the Group: death, total and permanent disability, staff turnover, such as resignations, dismissals and retirement due to seniority and old age;

b) economic and financial assumptions: rate of discounting of future services; salary growth curve, which determines the trend in remuneration; annual inflation and the rate of return recognised annually on accrued employee severance indemnity;

c) additional assumptions were formulated on the frequency of advances on employee severance indemnity, on tax withholdings and, on the whole, on the legislation in force.

All assumptions used in the valuations were based on market experiences, and reflect the current corporate, legislative and existing market conditions at the valuation date, on a going-concern basis.

AA-rated EUR Composite rates were used for discounting.

As regards the quantification of employee severance indemnity, governed by art. 2120 of the Italian Civil Code, a portion of 7,41% of the amount of projected remuneration was calculated for each year of service, valid for employee severance indemnity purposes and due for the same year. From the amount thus obtained, 0,5% was subtracted for the financing of the employee severance indemnity (TFR) guarantee fund established at INPS (National Social Security Institute).
The amount of projected salary in future years has been estimated, for each employee, annually increasing the salary of the year to which the valuation refers, valid for employee severance indemnity purposes, based on the projected inflation rate and other contractual increases. The projections also take account of any employee severance indemnity additions, communicated by the Parent Company.
For revaluation purposes, with the exclusion of the portion accrued in the year, employee severance indemnity is increased each year through the application of a rate with a fixed component of 1,50% and a variable component of 75% of the projected inflation rate. Substitute income tax of 17% is applied on annual returns (this rate was raised from 11% to 17% due to the legislative amendment pursuant to art. 1, paragraph 623 of Law no. 190 of 23 December 2014 – 'Stability Law').

22. Deferred tax liabilities

These amounted to EUR 2,3 million and include deferred taxes calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases.

The item is composed as follows:

	31.12.2021	31.12.2020
Tax liabilities recognised through profit or loss	2.231.773	3.214.554
Tax liabilities recognised in equity	40.696	72.339
	2.272.469	**3.286.893**

	31.12.2021	31.12.2020
Deferred liabilities		
Receivables	72.373	54.373
Assets/liabilities held for sale	22.467	22.467
Property, plant and equipment/intangible assets	575	479
Other assets/liabilities	2.177.054	3.209.574
	2.272.469	**3.286.893**

This item is primarily broken down into: (i) for EUR 1,3 million by the companies of the Nursing Home sector, (ii) for EUR 0,1 million by IMC S.p.A., (iii) for EUR 0,5 million by Disegno Ceramica S.r.l., (iv) for EUR 0,3 million by Sport Fashion Service S.r.l. and for EUR 0,1 million by Ceramica Cielo S.p.A..

Changes in the item “Tax liabilities recognised through profit or loss” are as follows:

	31.12.2021	31.12.2020
Opening balance	**3.214.554**	**9.051.185**
Increases	**130.645**	**499.729**
Deferred taxes recorded in the period:	-	-
- relating to previous years	-	-
- other	-	-
Increases in tax rates	-	-
Other increases	130.645	499.729
Decreases	**(1.113.426)**	**(6.336.360)**
Deferred taxes cancelled in the period:	(1.113.426)	(6.336.360)
- reversals	*(1.113.426)*	*(6.336.360)*
Decreases in tax rates	-	-
Other decreases	-	-
	2.231.773	**3.214.554**

Changes in the item “Tax liabilities recognised in equity” are as follows:

	31.12.2021	31.12.2020
Opening balance	**72.339**	**46.356**
Increases	**394**	**25.983**
Deferred taxes recorded in the period:	-	-
- relating to previous years	-	-
- other	-	-
Increases in tax rates	-	-
Other increases	394	25.983
Decreases	**(32.037)**	**-**
Deferred taxes cancelled in the period:	(32.037)	-
- reversals	(32.037)	-
Decreases in tax rates	-	-
Other decreases	-	-
	40.696	**72.339**

23. Provisions for risks and charges

This item, amounting to EUR 1,4 million, a slight decline compared to the balance as at 31 December 2020, breaks down as follows:

	31.12.2021	31.12.2020
Provision for risks:		
Legal disputes	474.086	984.690
Disputes with personnel	17.000	-
Other disputes	459.276	492.769
Other provisions:		
Other expenses	485.308	386.870
	1.435.670	**1.864.329**

The item saw the following changes:

	31.12.2021	31.12.2020
Opening balance	**1.864.329**	**1.939.004**
Increases:		
Allocation for the period	240.046	528.868
Other increases	65.338	-
Decreases:		
Utilisations	(734.043)	
Other decreases	-	(603.543)
	1.435.670	**1.864.329**

The “Provision for risks and charges” item is composed mostly of allocations made by the Parent Company Mittel S.p.A. for EUR 0,2 million, the Real Estate sector for EUR 0,1 million, the Nursing Home sector for EUR 0,4 million, Disegno Ceramica S.r.l. for EUR 0,2 million, Sport Fashion Service S.r.l. for EUR 0,3 million and Ceramica Cielo S.p.A. for EUR 0,2 million.
The provision of the Parent Company Mittel S.p.A. of EUR 0,2 million is attributable to the allocation based on the best estimate of legal costs associated with pending legal disputes (with related risk of the dispute improbable and therefore not subject to allocation, in line with the provisions of IAS 37).

24. Sundry payables and other non-current liabilities

They amount to EUR 0,2 million (EUR 0,6 million as at 31 December 2020) due to the contribution of non-current liabilities of the companies in the Design sector.

Current liabilities

25. Bonds

This item amounts to EUR 0,2 million and refers to the interest accrued in the period between the coupon registration date of the bond issue to 31 December 2021, as detailed in note 18.

26. Financial payables

These totalled EUR 42 million, up by EUR 13,7 million.

The item is composed as follows:

	31.12.2021	31.12.2020
Bank loans	2.462.298	6.270.709
Current portion of medium/long-term bank loans	27.353.186	13.314.816
Other loans	4.175.080	1.854.873
Other financial payables	-	743.217
Liabilities for rights of use	7.992.722	6.135.435
	41.983.286	**28.319.050**

Bank loans are composed of hot money or other short-term credit facilities granted by banks, regulated at rates indexed to the 1-3 month Euribor with short-term expiry, of which EUR 0,8 million to companies in the Nursing Home sector and EUR 1,7 million to Disegno Ceramica S.r.l..

The item "Current portion of medium/long-term bank loans" mainly includes EUR 7,9 million from the Nursing Home sector companies, EUR 4,7 million from Sport Fashion Service S.r.l. and EUR 14,8 million from IMC S.p.A..

The item “Other loans” mainly consists of the contribution of Sport Fashion Service S.r.l. in the amount of EUR 0,2 million, the companies in the Nursing Home sector in the amount of EUR 3,2 million, and the real estate company Regina S.r.l. in the amount of EUR 0,7 million.

The item “Liabilities for rights of use” is due to the effect of the application of IFRS 16. Please refer to the discussion in the comment to the corresponding item in non-current liabilities.

27. Other current financial liabilities

This item, which did not exist as at 31 December 2021, is shown only as a comparison with the balance for the previous year.

	31.12.2021	31.12.2020
Derivative financial instruments	-	101.306
Other liabilities	-	-
	-	**101.306**

28. Current tax liabilities

This item totalled EUR 1,5 million, down EUR 1,1 million from the prior year, and is composed of tax liabilities broken down as follows:

	31.12.2021	31.12.2020
IRES (corporate income tax)	-	15.958
IRAP (regional business tax)	823.072	270.741
Other	691.248	137.247
	1.514.320	**423.946**

	31.12.2021	31.12.2020
Opening balance	**423.946**	**1.643.054**
Increases	**1.555.150**	**363.549**
Current tax liabilities recorded in the period:	-	-
- relating to previous years	-	-
- other	-	-
Other increases	1.555.150	363.549
Decreases	**(464.776)**	**(1.582.657)**
Current tax liabilities cancelled in the period:	-	-
- reimbursements	-	-
Other decreases	(464.776)	(1.582.657)
	1.514.320	**423.946**

The item mainly consists of contributions of companies in the Nursing Home sector for EUR 0,6 million, Galassia S.r.l. for EUR 0,3 million, Sport Fashion Service S.r.l. for EUR 0,2 million, Ceramica Cielo S.p.A. for EUR 0,3 million and Disegno Ceramica S.r.l. for EUR 0,1 million.

29. Sundry payables and other liabilities

This item amounted to EUR 60,7 million, up by EUR 4,3 million compared to the previous year. The item is composed as follows:

	31.12.2021	31.12.2020
Trade payables	39.524.056	35.533.418
Tax payables	2.214.037	2.343.165
Payables relating to employees	5.421.191	5.106.211
Payables due to directors and statutory auditors	1.160.390	1.004.837
Payables due to social security institutions	3.774.998	3.477.162
Other payables	6.927.960	7.560.344
Accrued expenses and deferred income	1.715.120	1.396.417
	60.737.752	**56.421.554**

The “Trade payables" item mainly includes: EUR 9,7 million in payables recorded by companies in the Nursing Home sector, EUR 6,3 million by Ceramica Cielo S.p.A., EUR 8 million by IMC S.p.A., EUR 6 million by Galassia S.r.l., EUR 4,1 million by Sport Fashion Service S.r.l., EUR 2,9 million by Disegno Ceramica S.r.l., EUR 1 million by the Real Estate companies, EUR 1,2 million by the parent company Mittel, and EUR 0,1 million by Fashion Time S.r.l.

This item "other payables" primarily includes: (i) EUR 3,8 million from advances and deposits received of companies in the Real Estate sector; (ii) EUR 1,6 million from the contribution of companies in the Nursing Home sector; (iii) EUR 0,8 million from the contribution of the Clothing sector; and (iv) EUR 0,6 million from the contribution of the Automotive sector.

30. Revenue

The breakdown of this item is shown below, with the main types highlighted:

	31.12.2021	31.12.2020
Revenue from sales	119.528.279	101.299.239
Revenue from property sales	19.832.900	5.707.000
Revenue from rent	295.296	207.987
Revenue from provision of services	61.910.880	61.461.462
	201.567.355	**168.675.688**

The item “Revenue from sales” refers primarily for EUR 29,8 million (EUR 28,1 million as at 31 December 2020) to IMC S.p.A., for EUR 34,2 million (EUR 26,8 million as at 31 December 2020) to Ceramica Cielo S.p.A., for EUR 12,1 million (EUR 9,2 million as at 31 December 2020) to the revenue of Disegno Ceramica S.r.l, for EUR 25,4 million (EUR 19,8 million as at 31 December 2020) to the revenue of Galassia S.r.l. and its investee Galassia Hispania, and for EUR 17,9 million (EUR 16,6 million as at 31 December 2020) to the revenue of Sport Fashion Service S.r.l..

Revenue from property sales refers to income from the sale of property inventories, attributable to Mittel Investimenti Immobiliari for EUR 1,3 million (EUR 5,7 million as at 31 December 2020), to Miva S.r.l. for EUR 15,2 million, to Gamma Tre S.r.l. for EUR 1 million, and to Parco Mediterraneo S.r.l. for EUR 2,3 million.

The item “Revenue from rent” is primarily due to revenue from lease agreements of real estate companies in the Group for EUR 295 thousand (EUR 172 thousand as at 31 December 2020).

Revenue from provision of services refers mainly to services provided by companies in the Nursing Home sector for EUR 61,9 million (EUR 61,4 million as at 31 December 2020).

As required by IFRS 15, the following table provides a breakdown of revenue from contracts with customers, using in particular the reference geographic market as the driver of the disaggregation. Moreover, a reconciliation is provided of disaggregated revenue with the Group’s operating sectors for reporting purposes.

Amounts in thousands of EUR

Geographic market	Operating sector						
	Automotive	**Design**	**Fashion**	**Nursing Homes**	**Real Estate**	**Investments**	**Total**
Italy	8.783	59.040	16.399	61.980	20.009	210	166.421
Abroad	20.976	12.629	1.541	-	-	-	35.146
	29.759	**71.669**	**17.940**	**61.980**	**20.009**	**210**	**201.567**

31. Other income

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Recoveries of various expenses	675.945	560.645
Extraordinary contingent assets	2.736.512	1.489.496
Income from elimination of assets	151.898	554.907
Other revenue and income	4.679.517	3.202.268
	8.243.872	**5.807.316**

The item "Contingent assets" is mainly made up of the contribution of the Nursing Home sector for EUR 1,5 million, Ceramica Cielo S.p.A. for EUR 0,1 million, Disegno Ceramica S.r.l. for EUR 0,1 million, Sport Fashion Service S.r.l. for EUR 0,1 million, Galassia S.r.l. for EUR 0,1 million, the Real Estate sector for EUR 0,5 million, and IMC S.p.A. for EUR 0,2 million.

The item "Income from elimination of assets" is mainly due to the contribution from IMC S.p.A. for EUR 0,1 million.

The "Other revenue and income" item is mainly composed of the contribution of Ceramica Cielo S.p.A. for EUR 2 million, Galassia S.r.l. for EUR 0,9 million, the Nursing Home sector for EUR 0,5 million, Disegno Ceramica S.r.l. for EUR 0,5 million, IMC S.p.A. for EUR 0,1 million, the companies in the Real Estate sector for EUR 0,1 million and Sport Fashion Service S.r.l. for EUR 0,5 million.

32. Changes in inventories

The breakdown of this item is shown below, with the main types highlighted:

	31.12.2021	**31.12.2020**
Increases in property inventories	7.984.130	4.751.754
Decreases in property inventories	(19.041.943)	(5.287.440)
Impairment losses in property inventories	-	(751.292)
Change in inventories of goods and products	(1.310.805)	(1.851.130)
Change in inventories of raw materials	1.557.446	(88.439)
Impairment losses in inventories	-	(755.000)
	(10.811.172)	**(3.981.547)**

As regards the changes in items relating to property inventories, see the information set forth in the tables and comments in the corresponding item in the statement of financial position (note 11).

33. Costs for purchases

The breakdown of the item is shown in the following table:

	31.12.2021	**31.12.2020**
Purchases and property increases	(63.657.237)	(57.903.959)
Provision of services and consultancy	(816.266)	(707.264)
Urbanisation expenses	-	(250.809)
Insurance	-	(8.760)
Maintenance	(341.130)	(299.721)
Other	(1.653.507)	(945.928)
	(66.468.140)	**(60.116.441)**

The main contributions to the item were from the companies in the Nursing Home sector for EUR 7 million (EUR 14,1 million as at 31 December 2020), IMC S.p.A. for EUR 18,9 million (EUR 12,6 million as at 31 December 2020), Sport Fashion Service S.r.l. and its affiliate Fremil Gmbh for EUR 10,6 million (EUR 9,6 million as at 31 December 2020), Ceramica Cielo S.p.A. for EUR 10,3 million (EUR 9 million as at 31 December 2020), Galassia and its investee company Galassia Hispania for EUR 9,3 million (EUR 6,3 million as at 31 December 2020), Disegno Ceramica S.r.l. for EUR 3 million (EUR 2,6 million as at 31 December 2020) and companies in the Real Estate sector for EUR 7,3 million (EUR 4,4 million as at 31 December 2020).

34. Costs for services

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Legal consultancy	(443.143)	(412.195)
Notary consultancy	(457.709)	(756.518)
Other consultancy	(14.889.164)	(8.547.182)
General services and maintenance	(12.066.666)	(8.896.560)
Administrative, organisational and audit services	(395.270)	(333.374)
Directors' fees	(3.119.660)	(2.983.591)
Board of Statutory Auditors' fees	(446.727)	(441.284)
Supervisory Body's fees	(127.425)	(118.601)
Fees for prosecutors and Manager in charge	(16.000)	(16.000)
Leases and rentals	(1.012.151)	(603.099)
Insurance	(1.270.994)	(784.185)
Utilities	(7.955.632)	(5.008.871)
Advertising	(2.292.969)	(1.887.483)
Other services	(7.572.782)	(5.639.348)
	(52.066.292)	**(36.428.291)**

Costs for services are mainly attributable to the companies belonging to the Nursing Home sector for EUR 25,2 million (EUR 14,4 million as at 31 December 2020), to Ceramica Cielo S.p.A. for EUR 7 (EUR 5,8 million as at 31 December 2020), to Galassia and its subsidiary Galassia Hispania for EUR 6,3 million (EUR 4,1 million as at 31 December 2020), to Sport Fashion Service S.r.l. and its subsidiary Fremil Gmbh for EUR 3,5 million (EUR 3,4 million as at 31 December 2020), to IMC S.p.A. for EUR 3,5 million (EUR 2,6 million as at 31 December 2020), to Disegno Ceramica S.r.l. for EUR 2,8 million (EUR 2,1 million as at 31 December 2020), to Mittel S.p.A. for EUR 1,8 million (EUR 1,8 million as at 31 December 2020), to Real Estate for EUR 1,7 million (EUR 1,4 million as at 31 December 2020), to Fashion Time S.r.l. for EUR 0,1 million, and to IBD Group S.r.l. for EUR 0,1 million.

35. Personnel costs

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Wages and salaries	(37.426.245)	(34.121.655)
Social security costs	(10.897.671)	(10.198.817)
Allocation to employee severance indemnity	(2.437.434)	(2.650.438)
Payments to external supplementary pension funds	(1.374)	(26.538)
Other personnel costs	(1.709.846)	(1.235.842)
	(52.472.570)	**(48.233.290)**

In particular, personnel costs consist of the contributions of EUR 23 million from the Nursing Home sector (EUR 23,1 million as at 31 December 2020), EUR 7,9 million from Ceramica Cielo S.p.A. (EUR 6,4 million as at 31 December 2020), EUR 5,5 million from IMC S.p.A. (EUR 3,8 million as at 31 December 2020), EUR 7,1 million from Galassia S.r.l. and its investee Galassia Hispania (EUR 6 million as at 31 December 2020), EUR 4,3 million from Disegno Ceramica S.r.l. (EUR 3,6 million as at 31 December 2020), EUR 2,6 million from the parent company Mittel (EUR 2,5 million as at 31 December 2020), EUR 2 million from Sport Fashion Service S.r.l. (EUR 1,9 million as at 31 December 2020) and EUR 0,1 million from Mittel Investimenti Immobiliari S.r.l. (EUR 0,1 million as at 31 December 2020).

Average number of Group employees broken down by category:

	Exact number at 31 December 2021	Average in the year 2021	Average in the year 2020
Managers	14	15	16
Officials	28	27	22
Employees	166	169	167
Blue-collar staff	1.216	1.157	1.132
Total	**1.423**	**1.367**	**1.337**

36. Other costs

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Taxes and duties	(1.486.448)	(1.995.142)
Losses on receivables	(67.724)	(80.767)
Capital losses from transfer of property, plant and equipment	(2.371)	(6.460)
Extraordinary contingent liabilities	(556.464)	(1.101.497)
Other sundry operating expenses	(1.174.556)	(1.144.219)
	(3.287.563)	**(4.328.085)**

The “Taxes and duties” item is mainly composed of indirect taxes (mainly non-deductible VAT) of the Nursing Home sector for EUR 0,6 million, Mittel S.p.A. for EUR 0,3 million, the Real Estate sector for EUR 0,2 million, Ceramica Cielo S.p.A. for EUR 0,1 million and Galassia S.r.l. for EUR 0,1 million.

The item contingent liabilities refers primarily to the Nursing Home sector for EUR 0,4 million, IMC S.p.A. for EUR 0,1 million and Sport Fashion Service S.r.l. for EUR 0,1 million.

The main contributions to the “other operating expenses” item are as follows: the Parent Company for EUR 0,2 million, Ceramica Cielo S.p.A. for EUR 0,2 million, Galassia S.r.l. for EUR 0,2 million, IMC S.p.A. for EUR 0,2 million, Disegno Ceramica S.r.l. for EUR 0,1 million, the Nursing Home sector for EUR 0,1 million, Sport Fashion Service S.r.l. for EUR 0,1 million, and companies in the Real Estate sector for EUR 0,1 million.

37. Amortisation and value adjustments to intangible assets

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Intangible assets		
Amortisation	(428.696)	(305.496)
Property, plant and equipment		
Depreciation of other assets owned	(7.060.776)	(7.462.189)
Depreciation of rights of use	(9.977.882)	(8.883.123)
	(17.467.354)	**(16.650.808)**

In detail, the contribution to this item is mainly due for EUR 9,3 million to the Nursing Home sector (of which EUR 7,7 million for Rights of Use), for EUR 4,3 million to IMC S.p.A. (of which EUR 1,2 million for Rights of Use), for EUR 1,2 million to Ceramica Cielo S.p.A. (of which EUR 0,2 million for Rights of Use), for EUR 1 million to Galassia S.r.l. (of which EUR 21 thousand for Rights of Use), for EUR 0,7 Disegno Ceramica S.r.l. (of which EUR 134 thousand for Rights of Use), for EUR 0,4 million to Mittel S.p.A. (of which EUR 273 thousand for Rights of Use) and Sport Fashion Service S.r.l. for EUR 0,5 million (of which EUR 402 thousand for Rights of Use).

38. Allocations to the provision for risks

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Net provisions for ongoing disputes:		
For legal disputes	-	-
Other provisions	49.367	(528.868)
	49.367	**(528.868)**

The item "Other provisions" mainly refers to the net effect of the allocations made by the companies of the group, in particular EUR 50 thousand by Gamma Tre S.r.l. and EUR 40 thousand by companies in the Nursing Home sector, and EUR (139) thousand of fund releases made by the parent company Mittel.

39. Share of income (loss) of investments accounted for using the equity method

The item includes:
- the pro-rata profit/(loss) of the net result of companies valued using the equity method, including any impairment;
- write-downs/(reversals) of fair value of investments measured using the equity method;
- capital gains/(losses) on the disposal of investments measured using the equity method;
- capital gains/(losses) corresponding to the net economic result of the period of investments no longer fully consolidated, due to the disposal of the controlling interest in the same;
- any impairment losses of investees exceeding the respective book value to the extent corresponding to the actual obligations for the coverage of losses and with a contra-item in the form of an allocation to the provision for risks.

The item is composed as follows:

	31.12.2021	31.12.2020
Pro-rata profits		
Pro-rata losses		
Superpartes S.p.A.		(32.571)
Mit-Fin S.p.A.		(63.199)
	-	**(95.770)**
	-	**(95.770)**

40. Financial income

The item is composed as follows:

	31.12.2021	31.12.2020
Bank interest income	38.955	45.830
Interest income on financial receivables	1.007.498	548.781
Other interest income	26.101	21.633
Other financial income		663.144
Derivatives	81.443	-
Exchange rate gains	122.687	107.771
	1.276.684	**1.387.159**

Interest income on financial receivables relates primarily for EUR 1 million (EUR 0,5 million as at 31 December 2020) to the contribution of the Parent Company Mittel S.p.A. for loans outstanding.
The derivatives item consists of the contribution of the company Sport Fashion Service S.r.l..

41. Financial expenses

The item is composed as follows:

	31.12.2021	31.12.2020
Interest expense on bonds	(2.616.819)	(5.194.833)
Interest expense on bank current accounts	(62.865)	(135.714)
Interest expense on bank loans	(1.317.630)	(1.211.980)
Interest expense on other loans	(623.147)	(654.991)
Other interest expenses	(8.929.256)	(7.763.311)
Other financial expenses	(510.320)	(338.170)
Exchange rate losses	(79.432)	(117.906)
	(14.139.469)	**(15.416.905)**

The “Interest expense on bonds” item includes only the interest expense on bonds issued by Mittel S.p.A. for the entire year.

The main contribution to the item “Interest expense on bank loans” is from companies in the Nursing Home sector for EUR 860 thousand, the companies in the Design sector for EUR 161 thousand, the companies in the Real Estate sector for EUR 116 thousand and the company Sport Fashion Service S.r.l. for EUR 180 thousand.

Interest expense on other loans is mainly contributed by IMC S.p.A. in the amount of EUR 0,5 million and by the companies of the Nursing Home sector in the amount of EUR 0,1 million.

Other interest expense is related mainly to the companies in the Nursing Home sector for EUR 8,2 million (of which, interest on Rights of Use EUR 8,1 million), IMC S.p.A. for EUR 0,5 million (of which, interest on Rights of Use EUR 0,3 million), Ceramica Cielo S.p.A. for EUR 37 thousand (of which, interest on Rights of Use EUR 27 thousand), Sport Fashion Service S.r.l. for EUR 94 thousand (of which, interest on Rights of Use EUR 94 thousand) and the parent company Mittel S.p.A. for EUR 136 thousand (of which, interest on Rights of Use EUR 132 thousand).

The other financial expenses are mainly attributable for EUR 287 thousand to companies in the Nursing Home sector, for EUR 25 thousand to Galassia and its subsidiary Fremil, for EUR 48 thousand to companies in the Real Estate sector, for EUR 12 thousand to Sport Fashion Service S.r.l., for EUR 12 thousand to Ceramica Cielo S.p.A., for EUR 43 thousand to Disegno Ceramica S.r.l., for EUR 59 thousand to IMC S.p.A. and for EUR 22 thousand to the parent company Mittel.

42. Profit (loss) from management of financial assets and investments

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Financial assets		
Capital gains (losses) from transfer of investments	112.409	9.390.016
	112.409	**9.390.016**

Please refer to the details set forth in the notes relating to the corresponding balance sheet item.

43. Value adjustments to financial assets, loans and receivables

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Write-downs on financial receivables	(562.387)	(2.927.450)
Write-downs on other receivables	(411.780)	(725.584)
Write-downs on financial assets	(17.386)	(2.409.660)
Reversals of impairment losses on financial assets	77.470	208.624
	(914.083)	**(5.854.070)**

Write-downs on financial receivables refer primarily for EUR 0,6 million to the contribution from Mittel S.p.A.

Write-downs on other receivables refer primarily to the contribution from Sport Fashion Service S.r.l. for EUR 0,3 million and companies in the Nursing Home sector for EUR 0,1 million.

Write-downs on financial assets mainly refer to the value adjustments recognised by the companies in the Nursing Home sector for EUR 42 thousand and to the value adjustments recognised by Earchimede S.p.A. for EUR 24 thousand.

The item "Reversals of impairment losses on financial assets" refers exclusively to the contribution of Mittel S.p.A..

44. Profit (loss) from trading of financial assets

Item present only in the comparison period:

	31.12.2021	31.12.2020
Gains/losses on disposal of securities (current)	-	-
Capital gains/losses on securities valuation (current)	-	-
Derivative financial instruments	-	(225.970)
	-	**(225.970)**

45. Income taxes

The amount is composed as follows:

	31.12.2021	31.12.2020
IRES (corporate income tax)	722.405	(184.628)
IRAP (regional business tax)	(776.029)	(738.756)
Taxes of previous years	(558.715)	983.395
Total current taxes	**(612.339)**	**60.011**
Deferred tax liabilities	992.240	6.336.360
Deferred tax assets	4.251.875	2.378.726
Total deferred taxes	**5.244.115**	**8.715.086**
Other taxes	-	(402.771)
Total income taxes	**4.631.776**	**8.372.326**

46. Profit (loss) pertaining to non-controlling interests

The item is composed as follows:

	31.12.2021	31.12.2020
Profit (loss) of non-controlling interests	(2.327.668)	(27.854)
	(2.327.668)	**(27.854)**

47. Basic and diluted earnings (loss) per share

As set forth in IAS 33, the Mittel Group shows basic earnings per share calculated as net profit or loss for the year attributable to the Parent Company divided by the weighted average number of shares outstanding in the year; diluted earnings are calculated by adjusting net profit or loss attributable to holders of ordinary equity instruments of the Parent Company Mittel S.p.A. to take account of the effects of all potential ordinary shares with a dilutive effect.

In particular, basic and diluted earnings per share are calculated as follows:

- *Basic earnings or loss per share:*
  Basic earnings or loss per share are determined by dividing the profit or loss attributable to holders of ordinary equity instruments of the Parent Company Mittel S.p.A. by the weighted average of ordinary shares outstanding during the year.
- *Diluted earnings or loss per share:*
  As required by IAS 33, diluted earnings or loss per share should take account of the effects of all potential ordinary shares with a dilutive effect.

Basic and diluted earnings or loss per share attributable to the Parent Company as at 31 December 2021, compared with the previous year, are as follows:

Earnings/(loss) per share attributable to the Parent Company (in Euro)	31.12.2021	31.12.2020
From income statement:		
- Basic	0,007	0,022
- Diluted	0,007	0,022
From comprehensive income:		
- Basic	0,006	0,025
- Diluted	0,006	0,025

Basic earnings or loss per share

During the year, the number of outstanding shares did not change:

Number of shares	31.12.2021	31.12.2020
(No. of ordinary shares)		
No. of shares at start of the period	81.347.368	81.347.368
Average weighted number of ordinary shares subscribed in the period	-	-
No. of treasury shares at start of the period	-	-
Average weighted number of treasury shares acquired in the period		
Average weighted number of treasury shares sold in the period	-	-
Potential dilution of ordinary shares		
Average weighted number of shares outstanding at the end of the period	**81.347.368**	**81.347.368**

The consolidated basic earnings or loss per share attributable to the Parent Company as at 31 December 2021, compared with the previous year, are as follows:

EUR		
Net profit/(loss) attributable to the Parent Company	**582.488**	**1.800.314**

EUR		
Basic earnings/(loss) per share attributable to the Parent Company	**0,007**	**0,022**

The consolidated comprehensive basic earnings or loss per share attributable to the Parent Company as at 31 December 2021, compared with the previous year, are as follows:

EUR		
Total comprehensive net profit/(loss) attributable to the Parent Company	**514.126**	**2.060.415**

EUR		
Total comprehensive basic earnings/(loss) per share attributable to the Parent Company	**0,006**	**0,025**

Diluted earnings or loss per share

Reconciliation of the weighted average number of shares outstanding for the purposes of the calculation of diluted earnings or loss per share from the consolidated income statement and consolidated comprehensive income as at 31 December 2021 compared to the previous year is as follows, with values equal to the base values, in the absence of transactions with potential diluting effects.

Diluted earnings/(loss) per share	**31.12.2021**	**31.12.2020**
(No. of ordinary shares)		
Average weighted number of shares outstanding at the end of the period	81.347.368	81.347.368
plus shares required for:		
- SARs plan	-	-
Potential dilution of ordinary shares	-	-
Average weighted number of shares at the end of the period	**81.347.368**	**81.347.368**

EUR		
Net profit/(loss) attributable to the Parent Company	582.488	1.800.314
Effect of subscriptions of potential new shares	-	-
Net profit (loss) available to ordinary shareholders plus expected subscriptions	**582.488**	**1.800.314**
EUR		
Diluted earnings/(loss) per share	**0,007**	**0,022**

Thousands of EUR		
Total comprehensive net profit/(loss) attributable to the Parent Company	514.126	2.060.415
Effect of subscriptions of potential new shares	-	-
Net overall profit/(loss) available to ordinary shareholders plus expected subscriptions	**514.126**	**2.060.415**
EUR		
Total comprehensive diluted earnings/(loss) per share attributable to the Parent Company	**0,006**	**0,025**

The overall diluted earnings per share values are equal to basic earnings per share.

As there are no profits or losses from non-current assets held for sale or discontinued operations, the related earnings or loss per share of assets held for sale or already disposed of is not indicated.
Furthermore, note that the earnings or loss per share values recognised do not require adjustment due to any transactions involving ordinary shares or potential ordinary shares after the end of the year as at 31 December 2021 which would have significantly changed the number of ordinary or potential ordinary shares outstanding at period end.

48. Consolidated net financial position

According to the provisions of Consob Communication of 28 July 2006 and in compliance with "ESMA Guidelines on disclosure requirements under the prospectus regulation", it should be noted that the net financial position of the Mittel Group as at 31 December 2021 was negative for EUR 265,8 million (negative for EUR 237,9 million as at 31 December 2020), as shown in the table below:

	31.12.2021	31.12.2020
Cash	135	100
Cash equivalents	67.425	127.154
Other current financial assets (*)	1.963	7.551
Liquidity	**69.523**	**134.805**
Current bank loans and borrowings	(14.874)	(16.131)
Current portion of non-current bank loans and borrowings	(27.353)	(13.315)
Current financial debt	**(42.227)**	**(29.446)**
Net current financial debt	**27.296**	**105.359**
Non-current bank loans and borrowings	(272.211)	(258.555)
Debt instruments	(15.183)	(78.772)
Trade payables and other non-current payables	(5.740)	(5.956)
Non-current financial debt	**(293.134)**	**(343.283)**
Total financial debt	**(265.838)**	**(237.924)**

(*) The item refers to current financial receivables

As regards the determination of the net financial position, please refer to the Directors' Report on Operations for these financial statements. Moreover, in compliance with the indications of Consob Communication no. 6064293 of 28 July 2006 relating to the impact of transactions or positions with related parties on the net financial position, refer to the financial statement tables drawn up pursuant to Consob Resolution no. 15519 of 27 July 2006. Specifically, the significant items pertaining to the net financial position, which recorded balances to/from related parties, are current and non-current financial receivables and non-current financial payables. For the details of these, please refer to note 50 of these consolidated financial statements.

49. Commitments and guarantees

As at 31 December 2021, the guarantees given can be summarised in the following table:

	31.12.2021	31.12.2020
Guarantees:		
commercial	4.628.105	9.777.069
assets pledged as collateral	-	-
Commitments:		
disbursement of funds	4.284.832	4.284.832
other irrevocable commitments	-	-
	8.912.937	**14.061.901**

Commercial guarantees refer to (i) EUR 0,9 million to Mittel S.p.A., mainly in relation to sureties in favour of the Italian Revenue Agency for VAT on which a refund was requested and/or offset, (ii) EUR 3,7 million to the contribution from the Real Estate sector, consisting of sureties for primary urbanisation works requested by the

Municipality of Milan (EUR 0,7 million) and the Municipality of Como (EUR 3,0 million); (iii) EUR 25 thousand to the contribution of Disegno Ceramica S.r.l. and EUR 0,1 million to the contribution of Galassia S.r.l.

Commitments to disburse funds refer to the commitments for payments to be made into investment vehicles, and are attributable to Earchimede S.p.A. for EUR 3 million and Mittel S.p.A. for EUR 1,3 million.

50. Intercompany transactions and transactions with related parties

In terms of transactions with related counterparties identified on the basis of art. 2359 of the Italian Civil Code and IAS 24, it should be noted that, during the year closed as at 31 December 2021, transactions were entered into with said counterparties as part of ordinary Group operations and that no atypical and unusual transactions were carried out.

All transactions were performed at arm's length and refer to:

	Directors, Statutory auditors and internal committees	Associates	Other related parties	Total
Current liabilities				
Sundry payables and other liabilities	660.880	-	-	**660.880**
Income statement				
Revenue	-	50.000	-	**50.000**
Other income	-	50.000	-	**50.000**
Costs for services	(800.880)	-	(159.115)	**(959.995)**
Personnel costs	(996.076)	(21.752)	-	**(1.017.828)**

- The "Sundry payables and other current liabilities" item refers to the amount due to directors (EUR 517 thousand) and statutory auditors (EUR 144 thousand) for fees accrued but still to be paid.

- The "Revenue" and "Other income" items refer to the chargeback of administrative services and direct debit services provided to third parties that are considered related parties (associates).

- The item "Costs for services due to directors, statutory auditors and internal committees" refers to EUR 657 thousand in Directors' fees and EUR 144 thousand in fees to the Board of Statutory Auditors. For further details, please refer to the "Report on Remuneration" which will be available on the company's website www.mittel.it, "investor relations" section, according to the legal term; the item costs for services to other related parties relates to the partnership with Gruppo Edile Milanese S.r.l.

- The item "Personnel costs" refers to the remuneration of the Group's key managers. For further details, please refer to the "Report on Remuneration" which will be available on the company's website www.mittel.it, "Investor Relations" section, according to the legal terms. "Personnel costs" item in relation to associates refers to employees that Mittel Generale Investimenti S.r.l. has seconded to Mittel S.p.A.

51. Additional disclosures on financial instruments and risk management policies

With reference to supplementary disclosures regarding financial instruments and the inherent risks required by IFRS 7 and IFRS 13, aimed at outlining the impact of financial instruments with respect to the size of the associated risk exposures and the fair value measurement of financial instruments, details on the measures and mechanisms the Group has implemented to manage the exposure to financial risks are shown below.

51.1 Fair value measurement

IFRS 13 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". Where transactions are directly

observable on a market, it may be relatively simple to determine the fair value. Otherwise, valuation techniques are used such as the “market” approach, which uses prices and other relevant information generated by other transactions involving similar assets and liabilities, the “income approach”, which consists of the discounting of future cash inflows and outflows, and, lastly, the “cost approach”, which requires that the entity determines a value that reflects the amount that would be required currently to replace the service capacity of an asset.
IFRS 13 establishes a fair value hierarchy that classifies the input of the valuation techniques used to measure fair value into three levels.
The fair value hierarchy assigns the maximum priority to listed prices (not adjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the minimum priority to inputs that are not observable (Level 3 inputs).

The levels used in the hierarchy are as follows:

Level 1 inputs: listed prices (not adjusted) in active markets for identical assets or liabilities which the entity may access at the valuation date. A market is defined as active when prices reflect transactions that occur with a frequency and at sufficient volumes to provide useful information for determining the price on an ongoing basis.

Level 2 inputs: variables other than listed prices included in Level 1 that are directly or indirectly observable for assets or for liabilities. These valuation techniques are used if the instrument to be valued is not listed in an active market. The valuation of the financial instrument is based on market prices taken from market listings of identical or similar assets or through valuation techniques for which all significant values are taken from parameters observable or corroborated on the market.

Level 3 inputs: variables that are not observable for assets or for liabilities. These techniques consist of the calculation of the listed price of the instrument by using significant parameters which are not observable but must reflect the assumptions that market participants would use in calculating the price of the asset or liability, including the assumptions regarding risk.

For the financial instruments outstanding as at 31 December 2021, and for comparative purposes as at 31 December 2020, the table below illustrates the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis (level 3 includes the book values of unlisted financial assets recognised at cost in the absence of an available fair value):

(thousands of EUR)	31 December 2021 Level 1	Level 2	Level 3	31 December 2020 Level 1	Level 2	Level 3
Other financial assets measured at fair value:						
Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
Financial assets measured at fair value through profit or loss	-	11.246	720	-	11.546	949
Financial receivables measured at fair value:						
Financial receivables that did not pass the SPPI test	-	-	-	-	-	-
Total assets	**-**	**11.246**	**720**	**-**	**11.546**	**949**
Other financial liabilities:						
Hedging derivatives	-	-	35	-	-	150
Other financial liabilities	-		5.705	-	-	5.705
Total liabilities	**-**	**-**	**5.740**	**-**	**-**	**5.855**

Completing the analyses required by IFRS 13, the types of financial instruments contained in the financial statement items as at 31 December 2021 are shown and, for comparative purposes, as at 31 December 2020, indicating the valuation criteria applied and, for financial instruments at fair value, the exposure (income statement or equity), specifically assigning the fair value category. The last column of the table shows, where applicable, the fair value of the financial instrument at the end of the year.

Position as at 31 December 2021

Types of financial instruments	Criteria applied in the measurement of the financial instruments in the financial statements							Financial statements as at 31 December 2021	Fair value as at 31 December 2021
	Financial instruments at fair value						Financial instruments at amortised cost		
	with change in fair value with contra-item recognised in:		Total Fair Value	Fair Value Hierarchy					
	Income statement	*Equity in Other comprehensive income*	(A)	Level 1	Level 2	Level 3	(B)	(A+B)	
ASSETS									
Other non-current financial assets (a)	11.965.928	-	**11.965.928**	-	11.245.499	720.429	**-**	**11.965.928**	11.965.928
Non-current financial receivables (b)	-	-	**-**	-	-	-	**23.932.539**	**23.932.539**	23.932.539
Other receivables and financial assets (*) (b)	-	-	**-**	-	-	-	**409.447**	**409.447**	409.447
Other assets (*)	-	-	**-**	-	-	-	**264.532**	**264.532**	264.532
Current financial receivables (b)	-	-	**-**	-	-	-	**1.962.521**	**1.962.521**	1.962.521
Trading derivatives (d)	-	-	**-**	-	-	-	**-**	**-**	-
Trade receivables (*) (b)	-	-	**-**	-	-	-	**41.351.976**	**41.351.976**	41.351.976
Current sundry receivables (*) (b)	-	-	**-**	-	-	-	**2.016.202**	**2.016.202**	2.016.202
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**67.560.266**	**67.560.266**	67.560.266
	11.965.928	**-**	**11.965.928**	**-**	**11.245.499**	**720.429**	**137.497.483**	**149.463.411**	149.463.411
LIABILITIES									
Bonds (current and non-current) (b)	-	-	**-**	-	-	-	**15.426.484**	**15.426.484**	15.811.776
Financial payables (current and non-current) (*) (b)	-	-	**-**	-	-	-	**314.193.851**	**314.193.851**	314.193.851
Other financial liabilities (c)	-	35.284	**-**	-	-	-	**5.705.000**	**5.740.284**	5.740.284
Trade payables (*) (b)	-	-	**-**	-	-	-	**235.704**	**235.704**	235.704
Sundry payables (*) (b)	-	-	**-**	-	-	-	**47.046.175**	**47.046.175**	47.046.175
	-	**35.284**	**-**	**-**	**-**	**-**	**382.607.214**	**382.642.498**	383.027.790

Notes
(*) Receivables and payables for which the fair value was not calculated as the corresponding book value substantially approximates the fair value
(a) Financial assets measured at fair value through profit or loss
(b) Financial receivables and financial liabilities at amortised cost
(c) Financial assets and liabilities at fair value on a recurring basis

Position as at 31 December 2020

(amounts in EUR)

Types of financial instruments	Criteria applied in the measurement of the financial instruments in the financial statements							Financial statements total as at 31 December 2020	Fair value as at 31 December 2020
	Financial instruments at fair value						Financial instruments at amortised cost		
	with change in fair value with contra-item recognised in:		Total Fair Value	Fair Value Hierarchy					
	Income statement	*Equity in Other comprehensive income*	(A)	Level 1	Level 2	Level 3	(B)	(A+B)	
ASSETS									
Other non-current financial assets (a)	12.494.995	-	**12.494.995**	-	11.546.151	948.844	**-**	**12.494.995**	12.494.995
Non-current financial receivables (b)	-	-	**-**	-	-	-	**26.977.657**	**26.977.657**	26.977.657
Other receivables and financial assets (*) (b)	-	-	**-**	-	-	-	**393.789**	**393.789**	393.789
Other assets (*)	-	-	**-**	-	-	-	**129.615**	**129.615**	129.615
Current financial receivables (b)	-	-	**-**	-	-	-	**7.551.229**	**7.551.229**	7.551.229
Trade receivables (*) (b)	-	-	**-**	-	-	-	**39.911.783**	**39.911.783**	39.911.783
Current sundry receivables (*) (b)	-	-	**-**	-	-	-	**1.467.547**	**1.467.547**	1.467.547
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**127.254.003**	**127.254.003**	127.254.003
	12.494.995	**-**	**12.494.995**	**-**	**11.546.151**	**948.844**	**203.685.623**	**216.180.618**	216.180.618
LIABILITIES									
Bonds (current and non-current) (b)	-	-	**-**	-	-	-	**79.898.379**	**79.898.379**	81.751.506
Financial payables (current and non-current) (*) (b)	-	-	**-**	-	-	-	**286.873.813**	**286.873.813**	286.873.813
Other financial liabilities (c)	-	149.782	**-**	-	-	-	**5.705.000**	**5.956.088**	5.956.088
Trade payables (*) (b)	-	-	**-**	-	-	-	**641.582**	**641.582**	641.582
Sundry payables (*) (b)	-	-	**-**	-	-	-	**43.828.666**	**43.828.666**	43.828.666
	-	**149.782**	**-**	**-**	**-**	**-**	**416.947.440**	**417.198.528**	419.051.655

Notes
(*) Receivables and payables for which the fair value was not calculated as the corresponding book value substantially approximates the fair value
(a) Financial assets measured at fair value through profit or loss
(b) Financial receivables and financial liabilities at amortised cost
(c) Financial assets and liabilities at fair value on a recurring basis

Fair value valuation techniques:

The fair value measurement method defined for a financial instrument is adopted on a continuing basis over time and is only modified as a result of significant changes in the market or subjective conditions of the issuer of the financial instrument.
Completing the analyses required by IFRS 13, the additional disclosures concerning the valuation techniques and inputs used to measure fair value are shown below.

I. Fair value measurement of equities represented by non-controlling interests recorded in the portfolio of financial assets measured at fair value through profit or loss

The valuation techniques used to measure the fair value of the non-controlling interests recognised in the portfolio of financial assets measured at fair value through profit or loss include:

- the reference to market values that can be indirectly linked to the instrument to be measured and taken from similar products in terms of risk characteristics (comparable approach);

- valuations performed by using inputs not taken from observable market parameters for which use is made of estimates and assumptions prepared by the evaluator (mark to model approach).

In detail, for the fair value measurement of equities, different valuation methods are to be used, which involve the use of inputs deriving from direct transactions, i.e.:
- significant share transactions over a period of time deemed sufficiently short with respect to the time of the valuation and under constant market conditions;
- comparable transactions of companies that operate in the same sector and with any type of product/service supplied similar to those of the investee subject to valuation;
- application of the average of significant stock market multiples of comparable companies with respect to the economic-equity amounts of the investee; and
- the application of analytical financial, profit and equity valuation methods.

The choice from the aforementioned methods is not optional, given that these must be applied in hierarchical order; priority is given to official prices available in active markets for assets and liabilities to be measured (effective market quotes) or for similar assets and liabilities (comparable approach), with the lowest priority given to non-observable and, therefore, more discretional inputs (mark to model approach).
In incorporating all the factors that operators take into consideration in establishing the price, the valuation models developed take account of the time value of money at the risk-free rate, insolvency risks, the volatility of the financial instrument and, if necessary, foreign currency exchange rates.
Units of private equity funds and foreign investment vehicles are measured using the last NAV (net asset value) available on a sufficiently active market (level 2).

II. Fair value measurement of financial assets and liabilities in the financial statements at amortised cost

For financial assets and financial liabilities recognised in the financial statements at amortised cost, the fair value is determined in accordance with the following methods:
- for medium/long-term assets and liabilities, the valuation is carried out through the discounting of future cash flows. The latter method is based on the “discount rate adjustment approach” which requires the risk factors connected with the disbursement of credit to be included in the rate used for the discounting of future cash flows;
- for assets and liabilities on demand with a short-term or undetermined expiry and for the initial disbursements of financial receivables, the book value recognised net of the individual impairment loss is a suitable representation of fair value.

Specifically, for financial receivables deriving from loan operations posted at amortised cost in the statement of financial position, the reference figures relating to the fair value measurement are classified under Level 3 of the fair value hierarchy, and were estimated using the discounted cash flow method. The main inputs used for this measurement are the market discount rates, which reflect the conditions applied in the key markets for receivables with similar characteristics, adjusted to take account of the credit risk of the counterparty.
The nominal value of Cash and cash equivalents generally approximates their fair value considering the short term of these instruments, which mainly include bank current accounts and time deposits.
Bond issues are recognised at amortised cost in the statement of financial position, and the related bonds are listed in an active market. Therefore, their fair value is measured using the prices at the end of the year. Thus, their fair value is classified in Level 1 of the hierarchy.
For financial instruments represented by short-term receivables and payables, for which the present value of future cash flows does not significantly differ from their book value, their book values are assumed to be a reasonable approximation of their fair value.
Specifically, the book value of Receivables and other current assets and Trade payables and Other current liabilities approximates their fair value.

Where a market is not functioning normally, i.e. when the market does not have a sufficient and continuous number of transactions and volatility is not adequately contained, the fair value of these financial instruments is calculated predominantly by using valuation techniques whose objective is to establish the price of a hypothetical transaction that considers assumptions regarding risk that market participants would use in calculating the price of the asset or liability and that also includes the risks inherent in a specific valuation technique used and the risk inherent in the inputs of the valuation technique.

Variations to financial assets measured at fair value level 3 in the year

In the year ended as at 31 December 2021, no transfers of financial assets and liabilities at fair value on a recurring basis from level 3 to other levels and vice-versa were made, deriving from changes to significant input variables of observable valuation techniques.
With reference to financial instruments classified in level 3 of the fair value hierarchy, details of changes in the period, including profits/(losses) booked to the income statement, are shown below:

(thousands of EUR)	Financial assets	Financial liabilities
As at 31 December 2020	**949**	**5.855**
(Profit)/losses recognised in the income statement	(25)	-
Profits/(losses) recognised in other comprehensive income		
Purchases/Issues/Disposals/Extinguishments	(204)	(115)
As at 31 December 2021	**720**	**5.740**

Financial assets measured at fair value level 3 mainly include EUR 0,2 million (EUR 0,4 million as at 31 December 2020) for Medinvest International S.A. and EUR 0,1 million (EUR 0,1 million as at 31 December 2020) for Nomisma S.p.A.

51.2 Classifications of financial instruments

Categories of financial assets and liabilities

With reference to supplementary disclosures regarding financial instruments and the inherent risks required under IFRS 7, and aimed at outlining the impact of financial instruments with respect to the size of the associated risk exposures, details on the measures and mechanisms the Group has implemented to manage the exposure to financial risks are shown below.

Additional disclosures required by IFRS 7 in order to assess the relevance of the financial instruments with reference to the Mittel Group's financial position are shown below:

	IFRS 9 CATEGORIES			
Financial assets as at 31 December 2021	Loans and receivables	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through valuation reserve	Book value
Non-current financial assets:				
Investments	-	11.965.928	-	**11.965.928**
Non-current receivables:				**-**
Financial receivables	23.932.539	-	-	**23.932.539**
Sundry receivables	1.081.002	-	-	**1.081.002**
Receivables due from related parties	-	-		**-**
Receivables due from customers and other current commercial assets:				
Sundry receivables and other assets	51.793.499	-	-	**51.793.499**
Current financial assets:				
Financial receivables	1.962.521	-	-	**1.962.521**
Sundry receivables	-	-	-	**-**
Other financial assets	-	-	-	**-**
Hedging derivatives	-	-	-	**-**
Non-hedging derivatives	-	-	-	**-**
Cash and cash equivalents				
Bank and postal deposits	67.425.177	-	-	**67.425.177**
TOTAL FINANCIAL ASSETS	**146.194.738**	**11.965.928**	**-**	**158.160.666**

Financial assets as at 31 December 2020	IFRS 9 CATEGORIES Loans and receivables	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through valuation reserve	Book value
Non-current financial assets:				
Investments	-	12.494.995	-	**12.494.995**
Non-current receivables:				**-**
Financial receivables	26.977.657	-	-	**26.977.657**
Sundry receivables	621.819	-	-	**621.819**
Receivables due from related parties	-	-		**-**
Receivables due from customers and other current commercial assets:				
Sundry receivables and other assets	47.293.440	-	-	**47.293.440**
Current financial assets:				
Financial receivables	2.842	-	-	**2.842**
Sundry receivables	7.548.387	-	-	**7.548.387**
Other financial assets	-	-	-	**-**
Hedging derivatives	-	-	-	**-**
Non-hedging derivatives	-	-	-	**-**
Cash and cash equivalents				
Bank and postal deposits	127.154.276	-	-	**127.154.276**
TOTAL FINANCIAL ASSETS	**209.598.421**	**12.494.995**	**-**	**222.093.416**

Note that the table also includes the items sundry receivables and other assets and sundry payables and other liabilities.

Financial liabilities as at 31 December 2021	IFRS 9 CATEGORIES Financial instruments at fair value	Liabilities at amortised cost	Book value
Non-current payables and financial liabilities:			
Bank loans and borrowings	-	38.690.348	**38.690.348**
Other financial liabilities	-	233.295.217	**233.295.217**
Sundry payables and other liabilities	-	235.704	**235.704**
Bonds	-	15.182.956	**15.182.956**
Current liabilities:			
Loans and borrowings from banks and other lenders	-	41.983.286	**41.983.286**
Trade payables	-	39.524.056	**39.524.056**
Sundry payables	-	6.927.960	**6.927.960**
Bonds	-	243.528	**243.528**
Other financial liabilities:			
Hedging derivatives	-	-	**-**
Non-hedging derivatives	35.284	-	**35.284**
TOTAL FINANCIAL LIABILITIES	**35.284**	**376.083.055**	**376.118.339**

Financial liabilities as at 31 December 2020	IFRS 9 CATEGORIES Financial instruments at fair value	Liabilities at amortised cost	Book value
Non-current payables and financial liabilities:			
Bank loans and borrowings	-	45.419.915	**45.419.915**
Other financial liabilities	-	212.209.857	**212.209.857**
Sundry payables and other liabilities	-	641.582	**641.582**
Bonds	-	78.772.100	**78.772.100**
Current liabilities:			
Loans and borrowings from banks and other lenders	-	28.319.050	**28.319.050**
Trade payables	-	35.533.418	**35.533.418**
Sundry payables	-	7.560.344	**7.560.344**
Bonds	-	1.126.279	**1.126.279**
Other financial liabilities:			
Hedging derivatives	149.782	-	**149.782**
Non-hedging derivatives	101.306	-	**101.306**
TOTAL FINANCIAL LIABILITIES	**251.088**	**409.582.545**	**409.833.633**

51.3 Risk management policies

1. Credit risks

Credit risk represents the exposure of the Mittel Group to potential losses resulting from the non-fulfilment of the obligations assumed by both financial and commercial counterparties. This risk mainly originates from economic-financial factors, or the possibility of counterparty default, or from more strictly technical-commercial factors.
The Mittel Group's maximum theoretical exposure to credit risk is represented by the book value of the financial assets and receivables recorded in the financial statements. It should be pointed out that certain credit positions are secured by mortgages and pledges on securities.
Allocations to the allowance for impairment are made specifically on credit positions that present unique elements of risk. By contrast, allocations are made to credit positions that do not present these characteristics on the basis of the average estimated collectability in line with statistical indicators.

As regards credit risk pertaining to income components that contribute to the calculation of net financial debt, it should be noted that the management of the Group's liquidity is based on prudential criteria and divided according to the following areas:

- money market management, entrusted with the investment of temporary cash surpluses during the period, the reabsorption of which is expected within the next twelve months;
- bond portfolio management, entrusted with the investment of a permanent level of liquidity, the investment of that part of liquidity whose reabsorption for cash requirements is expected to occur after twelve months, as well as the improvement of the average yield on the asset.

In order to reduce the risk of the non-fulfilment of the obligations assumed by the counterparty, deposits have been made with leading banks with high credit standing.
In order to minimise credit risk, the Group also pursues a policy of diversification of its use of liquidity and of assignment of credit positions to the different bank counterparties; therefore, there are no significant positions with single counterparties to report.
The Group is not exposed to sovereign debts.

Qualitative information

General aspects

The Group performs its activities in the equity investments, advisory, and real estate sectors, as well as operating sectors of the companies involved in business combinations in previous years (Nursing Home, Design, Automotive and Clothing). Credit risk represents the risk of counterparty default with a partial or total loss of capital and of the interest on the credit position.
The analysis of credit risk is a key factor, for the purposes of preparation of the financial statements, in the evaluation of the receivables in the portfolio and as regards their impairment testing required by IFRS 9.

Management and the Control and Risks Committee constantly monitor risk positions at collective and individual level.
The risk control department measures the market risks of the Parent Company and those of the individual Group companies, in order to ensure that the overall exposure is monitored.

Quantitative information

Credit exposures: gross and net values

The following table shows the total gross and net amounts of the Group financial receivables as at 31 December 2021 and as at 31 December 2020.

Type of exposures/amounts	Gross exposure	Specific value adjustments	Net exposure
Total as at 31 December 2021	**55.387.542**	**(29.492.482)**	**25.895.060**
Total as at 31 December 2020	**66.137.319**	**(31.608.432)**	**34.528.887**

The table below shows the details of trade receivables as at 31 December 2021, by trade receivables not past due (“Falling due” line) and past due receivables, with an indication of the expired period (lines “0-180 days”, and “180-360 days” and “more than 360 days”):

Amounts in EUR

	31.12.2021		
	Nominal value	Write-downs	Net value
Falling due	16.661.777	-	16.661.777
0-180 days	21.549.294	-	21.549.294
180-360 days	599.390	(504.913)	94.477
More than 360 days	4.464.190	(4.481.294)	(17.104)
	43.274.651	**(4.986.207)**	**38.288.444**

The figures relating to the financial statements closed as at 31 December 2020 are provided below:

Amounts in EUR

	31.12.2020		
	Nominal value	Write-downs	Net value
Falling due	33.388.922	-	33.388.922
0-180 days	3.386.698	(2.360)	3.384.338
180-360 days	1.374.828	(639.338)	735.490
More than 360 days	4.306.783	(4.283.533)	23.250
	42.457.231	**(4.925.231)**	**37.532.000**

Positions for which there is an objective condition of partial or total non-collectability are impaired individually. The amount of the impairment loss takes account of the estimate of recoverable flows, the relative collection date and the fair value of any guarantees.
With reference to the accounting policies for loans and receivables, please refer to the section on the first-time adoption of IFRS 9, which has led to the incorporation of expected losses arising from future events.

Group companies calculate impairment according to rules which are differentiated by the different credit accounting methods; in particular, the method for calculating the amount of impairment applicable to the loans and receivables recorded at amortised cost requires the impairment loss to be measured as the difference between the book value of the asset and the present value of estimated future cash flows discounted at the original effective interest rate of the financial instrument.
From an accounting point of view, the value of the asset must be reduced directly and the amount of the adjustment is recognised in the income statement in the period.

Cash and cash equivalents

Cash and cash equivalents of the Group totalled EUR 67.560 thousand (EUR 127.254 thousand as at 31 December 2020) and are composed of bank deposits and cash on hand.
As regards the choice of counterparties for the management of temporary surpluses of cash and the stipulation of financial hedging contracts (derivative instruments), the Group only uses contacts with a high credit standing. In this regard, it should be noted that, as at 31 December 2021, no significant exposures to risks connected to a further deterioration in the overall financial context were highlighted.

Guarantees given

The carrying amounts as at 31 December 2021 relating to the financial and commercial guarantees issued, assets pledged as collateral in favour of third parties for financial liabilities and irrevocable commitments are shown below:

	31.12.2021	31.12.2020
Financial guarantees issued	-	-
Commercial guarantees issued	4.628.105	9.777.069
Irrevocable commitments to disburse funds	4.284.832	4.284.832
Commitments underlying credit derivatives	-	-
Other irrevocable commitments	-	-
	8.912.937	**14.061.901**

2. Market risks

Interest rate risk

General aspects

Interest rate risk generally refers to the effects of changes in market interest rates on the income statement and on the statement of financial position.
In order to measure and monitor the interest rate risk profile at individual company and consolidated level, reports are generated which ensure the accurate monitoring of the trend in debt rates.
This reporting system makes it possible to continuously record the "margin" between the average rate of debt and lending and to determine the impacts of changes in the structure of interest rates on the entire financial statements for the year.

Quantitative information

The table below identifies the book value of the financial assets and liabilities:

Distribution by repricing date of financial assets and liabilities

Items/repricing date	Up to 6 months	From after 6 months to 1 year	From after 1 year to 3 years	From after 3 years to 5 years	After 5 years	Undetermined term	Total as at 31.12.2021
Assets							
Debt securities	-	-	-	-	-	-	-
Medium/long-term financial receivables	-	-	-	23.933	-	-	23.933
Current financial receivables	1.963	-	-	-	-	-	1.963
Available-for-sale financial assets	-	-	-	-	-	-	-
Financial assets at fair value	-	-	-	-	-	-	-
	1.963	**-**	**-**	**23.933**	**-**	**-**	**25.896**
Liabilities							
Non-current bank loans	-	-	35.078	2.540	1.073	-	38.691
Current bank loans	-	29.815					29.815
Other non-current financial payables	-	-	460	-	-	-	460
Other current financial payables	-	3.498	677	-	-	-	4.175
Bonds	244	-	15.183	-	-	-	15.427
	244	**33.313**	**51.398**	**2.540**	**1.073**	**-**	**88.568**
Financial derivatives							
Hedging derivatives	-	-	35	-	-	-	35
Trading derivatives	-	-	-	-	-	-	-
	-	**-**	**35**	**-**	**-**	**-**	**35**
	1.719	**(33.313)**	**(51.433)**	**21.393**	**(1.073)**	**-**	**(62.707)**

The table does not include the entries recognised in applying IFRS 16, which are better described in other sections of this report.

The data relating to the previous year are shown below:

Amounts in thousands of EUR

Items/repricing date	Up to 6 months	From after 6 months to 1 year	From after 1 year to 3 years	From after 3 years to 5 years	After 5 years	Undetermined term	Total
Assets							
Debt securities	-	-	-	-	-	-	-
Medium/long-term financial receivables	-	-	-	25.843	-	1.135	26.978
Current financial receivables	7.551	-	-	-	-	-	7.551
Available-for-sale financial assets	-	-	-	-	-	-	-
Financial assets at fair value	-	-	-	-	-	-	-
	7.551	**-**	**-**	**25.843**	**-**	**1.135**	**34.529**
Liabilities							
Non-current bank loans	-	-	35.896	9.524	-	-	45.420
Current bank loans	19.585	-	-	-	-	-	19.585
Other non-current financial payables	-	-	248	-	934	677	1.859
Other current financial payables	-	2.598	-	-	-	-	2.598
Bonds	-	1.126	78.772	-	-	-	79.898
	19.585	**3.724**	**114.916**	**9.524**	**934**	**677**	**149.360**
Financial derivatives							
Hedging derivatives	-	-	150	-	-	-	150
Trading derivatives	-	-	101	-	-	-	101
	-	**-**	**251**	**-**	**-**	**-**	**251**
	(12.034)	**(3.724)**	**(115.167)**	**16.319**	**(934)**	**458**	**(115.082)**

The above tables are based on residual due dates and form a useful means of support also for quantifying liquidity risk. With more specific reference to interest rate risk, however, reference should also be made to the following tables (particularly those provided in the section on sensitivity analysis), which show details of fixed rate and variable rate financial assets and liabilities.

Models and other methods for the measurement and management of interest rate risk

Interest rate risk is a variable to which the Group dedicates considerable attention and has provided the basis for the operational decisions taken, regarding both financing instruments and lending.
In particular, fixed-rate bonds were used as the main source of financing. This strategic decision represents an important factor in mitigating risk and involves a moderate impact in respect of unexpected changes in interest rates on the economic value of the Parent Company and of Group companies.

Price risk

General aspects

Market risks encompass the risks generated by market transactions with regard to financial instruments, currencies and commodities.
Market risks are composed of position, settlement and concentration risk, with reference to the trading portfolio; from currency risk and commodity risk, with reference to the entire financial statements.

Qualitative information

As regards the Group's current operations, actual and prospective market risk is low.
In line with the approved strategic lines, the strategies implemented in the current year are extremely prudent and have made provision for limited trading in financial assets, on the basis of a careful assessment of the risks connected to the current market phase. In particular, activities during the year involved the disposal of the residual trading portfolio held.

Quantitative information

As indicated in the section on qualitative information, the Group's current and future market risk is limited, considering the complete disposal of the trading portfolio and the consistent reduction also in other financial assets compared to previous years.

Currency risk

General aspects

Currency risk may be generally defined as the effects of cross variations in the exchange rate of non-Euro currencies on the performance of the Group in terms of economic results of operations and cash flows.
Monitoring of the incidence of the trend in exchange rates as regards transactions realised on securities in the various non-Euro currencies, is carried out, where appropriate, through reporting which shows the overall exposure and the incidence on the level of intra-year loss.
These indicators are produced on a daily basis and made available to the managers of the operating and control units.
Presently, the Group has no operations in place in areas subject to currency rate risks.

Qualitative/quantitative information

The Group has no significant exposures in foreign currency.

Sensitivity analysis

The exposure to the different market risks is measured through a sensitivity analysis, as envisaged under IFRS 7; this analysis illustrates the effects of a given hypothetical variation in the levels of relevant variables in the different reference markets (interest rates, prices, currency) on financial expenses and income and, sometimes, directly on equity.

The sensitivity analysis was conducted on the basis of the hypotheses and assumptions shown below:

- the sensitivity analyses were carried out by applying reasonably possible changes in the relevant risk variables to carrying amount as at 31 December 2021 assuming that said values are representative of the entire year;
- changes in the value of fixed rate financial instruments, other than derivative instruments, brought about by variations in reference interest rates, generate an impact on profit only when accounted for at their fair value. All fixed rate instruments which are accounted for at amortised cost are not subject to interest rate risk, as defined in IFRS 7;
- changes of value brought about by variations in interest rates, of variable rate financial instruments, other than derivative instruments, which are not part of a cash flow hedging relationship, generate an impact on financial income and expenses in the period; therefore, they are taken into consideration in this analysis.

Interest rate risk – Sensitivity analysis

The variation in interest rates on the variable component of payables and liquidity may involve higher or lower financial expenses/income. In particular, in relation to the variation in interest rates: if, as at 31 December 2021, the interest rates were 100 basis points higher/lower than the rates actually registered, at income statement level, higher/lower financial expenses would be recorded, before the associated taxes, amounting to approximately EUR 0,1 million.

Breakdown of the financial structure between fixed and variable rates

In relation to the breakdown of the financial structure between the fixed rate and variable rate components, both for financial assets and liabilities, the following tables are considered.
In the preparation of these tables, account was taken of the book value and, as regards financial assets, of the intrinsic nature (financial characteristics and duration) of the transactions considered, rather than solely the contractually defined conditions.

Amounts in thousands of EUR	31 December 2021		
	Fixed rate	Variable rate	Total
Bank loans		68.506	**68.506**
Bonds	15.426		**15.426**
Other financial liabilities	677	3.958	**4.635**
Total	**16.103**	**72.464**	**88.567**

The table does not include the entries recognised in applying IFRS 16, which are better described in other sections
of this report.

The data relating to the previous year are shown below:

Amounts in thousands of EUR	31 December 2020		
	Fixed rate	Variable rate	Total
Bank loans		65.005	**65.005**
Bonds	79.898		**79.898**
Other financial liabilities		4.457	**4.457**
Total	**79.898**	**69.462**	**149.360**

Amounts in thousands of EUR	31 December 2021		
	Fixed rate	Variable rate	Total
Financial receivables	1.963	23.933	**25.896**
Other financial assets			**-**
Total	**1.963**	**23.933**	**25.896**

The data relating to the previous year are shown below:

Amounts in thousands of EUR	31 December 2020		
	Fixed rate	Variable rate	Total
Financial receivables	1.100	33.429	**34.529**
Other financial assets			**-**
Total	**1.100**	**33.429**	**34.529**

The tables indicated above, relating to financial receivables and payables for the current year, include the value of non-interest bearing receivables and payables using a fixed rate.

Effective interest rate

The effective interest rate, for categories for which it can be determined, is the one relating to the original transaction net of the effect of any derivative hedging instruments.

The information, given provided by categories of financial assets and liabilities, has been prepared by using, as a weight for weighting purposes, the adjusted book value of accruals, deferrals and fair value adjustments; therefore, this refers to the amortised cost, net of any accruals and fair value adjustments due to hedge accounting.

Amounts in thousands of EUR	31 December 2021		31 December 2020	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Deposits and cash	67.560	0,04%	127.254	0,03%
Other financial receivables	25.896	3,42%	34.529	3,63%
Total	**93.456**	**0,84%**	**161.783**	**0,69%**

Amounts in thousands of EUR	31 December 2021		31 December 2020	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Bank loans	68.506	2,07%	65.005	1,97%
Bonds	15.426	3,69%	79.898	3,70%
Other financial liabilities	4.635	0,00%	4.457	0,00%
Total	**88.567**	**2,64%**	**149.360**	**2,95%**

Currency risk – Sensitivity analysis

As at 31 December 2021 (and as at 31 December 2020), no active and passive financial instruments were denominated in currencies different from the financial statement currency of the individual companies and, therefore, currency risk is not subject to sensitivity analysis.

3. Liquidity risk

Liquidity risk is the risk of a company finding it difficult to fulfil future obligations associated with the financial liabilities given that available financial resources are not sufficient to cover the obligations according to the pre-established terms and due dates.
The Group pursues an objective of adequate financial stability of its sources, consistent with the defined strategic guidelines. This requirement has led Mittel S.p.A. to strengthen, through the transaction on bonds carried out during the previous year, the medium-term financial debt component. The Group also has adequate financial flexibility, as it has additional sources or potential sources of financing through the availability of bank credit lines and loans, used in particular by newly acquired companies.
Reference should be made to the table provided above (in the section on interest rate risk) for details of the residual maturities of assets and liabilities.
With reference to the expiry dates of cash flows related to the Group's financial exposure, for liquidity risk purposes, the repayment plan set forth for medium/long-term debt assumes particular significance. Amongst other things, the risk analysis performed is aimed at quantifying, based on contractual expiry dates, the cash flows deriving from the repayment of non-current financial liabilities held by the Company, given that they are deemed relevant for liquidity risk purposes.
For the purposes of presentation of the liquidity risk on the financial exposure of the Group deriving from expected cash flows for the repayment of financial debt and other non-current liabilities, the development of cash flows relating to the plan of payments for annual periods is shown below.

Amounts in thousands of EUR	expiring by 31.12 of the year:				
	2022	2023	2024	Beyond 2024	Total
Bank loans	29.815	35.078	2.540	1.073	68.506
Other loans	3.498	1.137	-	-	4.635
Bonds	570	15.512	-	-	16.082
Derivative financial instruments	-	-	-	-	-
Total	**33.883**	**51.727**	**2.540**	**1.073**	**89.223**

For further information on Mittel Group covenants, reference should be made to the paragraph "Risk of default and debt covenants" in the Directors' Report on Operations.

4. Information on Equity

The shareholders have always taken care to provide the Group with sufficient equity to allow it to carry out its activities and to cover risks. For this reason, the Group has carried forward a portion of the profits achieved over the years. The objectives of the Parent Company Mittel S.p.A. as regards the management of capital, are based on the protection of the Group's ability to continue, simultaneously, to ensure profitability for shareholders and to retain an efficient capital structure.

52. Ongoing disputes

A number of Group companies have disputes in progress. The main ongoing legal proceedings are described in the Report on Operations, under the paragraph "Main ongoing legal proceedings".

53. Publishing of the fees for auditing and other non-auditing services pursuant to Consob Issuers' Regulation, art. 149-duodecies.

Pursuant to art. 149-duodecies of Consob Issuers' Regulation, the table below provides information on the fees paid to the independent auditors KPMG S.p.A. and to companies in the KPMG network for the following services:

1) Audit services including:
   • audit of the annual accounts with a view to expressing a professional opinion;
   • limited review of interim accounts.

2) Attestation services, which include assignments for which the auditor assesses a specific element, the determination of which is performed by another entity responsible, by adopting suitable criteria, for expressing conclusions that provide the addressee with a degree of reliability in relation to that specific element.

3) Tax advisory services.

4) Other services.

The fees indicated in the table for the year 2021 are those contractually agreed, including any indexing (except for out-of-pocket expenses, any regulatory contributions and VAT).

In accordance with the legal provision mentioned, fees recognised to any secondary auditors or members of the respective networks are not included.

Type of services	Party that provided service		Recipient	Fees (in EUR/000)
	Independent Auditors	Other entities belonging to the network		
Accounting audit	KPMG S.p.A.		Mittel S.p.A.	165
Attestation services*	KPMG S.p.A.		Mittel S.p.A.	19
Tax advisory services				
Other services - Signing of tax declarations	KPMG S.p.A.		Mittel S.p.A.	4
Total				**188**

(*) Attestation for financial covenants - Limited audit for non-financial statement

Type of services	Party that provided service		Recipient	Fees (in EUR/000)
	Independent Auditors	Other entities belonging to the network		
Accounting audit	KPMG S.p.A.		Other Mittel Group companies	156
Attestation services*	KPMG S.p.A.		Other Mittel Group companies	9
Tax advisory services				
Other services - Signing of tax declarations	KPMG S.p.A.		Other Mittel Group companies	5
Total				**170**

(*) Attestation for tax declarations - Research and Development Cred.

Milan, 27 April 2022

for the Board of Directors

The Chairman

(Michele Iori)

Statement on the consolidated financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned Anna Francesca Cremascoli, the Director in charge of the risk management and internal control system, and Pietro Santicoli, the Manager in charge of financial reporting of Mittel S.p.A., also taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, state that the administrative and accounting procedures are adequate given the Group's characteristics and were effectively applied to prepare the consolidated financial statements as at 31 December 2021.

It is also certified that the consolidated financial statements for the year ended as at 31 December 2021:

a) were drafted in compliance with the IFRS endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002;

b) are consistent with the accounting records and books;

c) provide a true and fair view of the financial position and performance of the issuer and of the group of consolidated companies.

The Directors' Report on Operations includes a reliable analysis of the business performance and profit (loss), as well as the position of the issuer and the set of consolidated companies, together with a description of the main risks and uncertainties to which they are exposed.

Milan, 27 April 2022

Director in charge of the risk management and internal control system

Anna Francesca Cremascoli

Manager in charge of financial reporting

Pietro Santicoli

Independent Auditors' Report

KPMG

KPMG S.p.A.
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Relazione della società di revisione indipendente ai sensi degli artt. 14 del D.Lgs. 27 gennaio 2010, n. 39 e 10 del Regolamento (UE) n. 537 del 16 aprile 2014

Agli Azionisti della
Mittel S.p.A.

Relazione sulla revisione contabile del bilancio consolidato

Giudizio

Abbiamo svolto la revisione contabile del bilancio consolidato del Gruppo Mittel (nel seguito anche il "Gruppo"), costituito dalla situazione patrimoniale-finanziaria consolidata al 31 dicembre 2021, dal conto economico consolidato e dal conto economico complessivo consolidato, dal prospetto delle variazioni di patrimonio netto consolidato e dal rendiconto finanziario consolidato per l'esercizio chiuso a tale data e dalle note al bilancio che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio consolidato fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria del Gruppo Mittel al 31 dicembre 2021, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. 38/05.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nel paragrafo "*Responsabilità della società di revisione per la revisione contabile del bilancio consolidato*" della presente relazione. Siamo indipendenti rispetto alla Mittel S.p.A. (nel seguito anche la "Società" o la "Capogruppo") in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti e appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio consolidato nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Valutazione delle attività immateriali a vita utile indefinita

Note esplicative ed integrative Sezione 2.3 "Principi contabili adottati dal Gruppo Mittel": paragrafo "Attività immateriali (IAS 38)"

Note esplicative ed integrative "Informazioni sulla situazione patrimoniale – finanziaria consolidata" - Attività non correnti: Sezione 4 "Attività immateriali"

Aspetto chiave	Procedure di revisione in risposta all'aspetto chiave
Nel bilancio consolidato del Gruppo Mittel chiuso al 31 dicembre 2021, sono iscritte attività immateriali a vita utile indefinita per €108,8 milioni e sono costituite da avviamenti e marchi rispettivamente pari ad €96,2 milioni ed €12,6 milioni. Le attività immateriali a vita utile indefinita sono state allocate dagli Amministratori della Capogruppo, secondo quanto previsto dall'IFRS 3, alle seguenti *Cash Generating Unit* ("CGU"): Gruppo Zaffiro (e controllate), IMC S.p.A., Sport Fashion Service S.r.l., Ceramica Cielo S.p.A., Galassia S.r.l. e Disegno Ceramica S.r.l.. Gli Amministratori hanno svolto i test di impairment con riferimento ai valori contabili iscritti alla data di bilancio per identificare eventuali perdite per riduzioni di valore, determinate dall'eccedenza dei valori contabili delle CGU, alle quali le attività immateriali a vita utile indefinita sono state allocate, rispetto al valore recuperabile delle stesse. Tale valore recuperabile è basato sul valore d'uso, determinato con il metodo dell'attualizzazione dei flussi finanziari futuri attesi. Lo svolgimento del test di impairment comporta valutazioni complesse che richiedono un elevato grado di giudizio, con particolare riferimento alla stima: — dei flussi finanziari futuri attesi delle CGU, la cui determinazione deve tener conto dei flussi di cassa prodotti in passato, dell'andamento economico generale e del settore di appartenenza,	Le nostre procedure di revisione hanno incluso: — la comprensione del processo adottato nella predisposizione del test di impairment approvato dagli Amministratori della Capogruppo; — l'esame degli scostamenti tra risultati storici e i piani pluriennali degli esercizi precedenti, al fine di analizzare l'accuratezza del processo previsionale adottato dagli Amministratori; — l'analisi dei criteri di identificazione delle CGU e la riconciliazione del valore delle attività e delle passività alle stesse attribuite con il bilancio; — l'analisi della ragionevolezza delle principali assunzioni utilizzate dagli Amministratori nella determinazione del valore d'uso delle CGU. Le nostre analisi hanno incluso l'esame della continuità di applicazione della metodologia adottata negli esercizi precedenti e il confronto delle principali assunzioni utilizzate con informazioni acquisite anche da fonti esterne, ove disponibili; tale attività è stata svolta con il supporto di esperti del network KPMG; — la verifica dell'analisi di sensitività illustrata nella nota integrativa con riferimento alle assunzioni chiave utilizzate per lo svolgimento del test di impairment; — l'analisi degli eventi occorsi successivamente alla data di riferimento

Aspetto chiave	Procedure di revisione in risposta all'aspetto chiave
nonché delle previsioni formulate dagli Amministratori circa gli andamenti economici futuri del Gruppo; — dei parametri finanziari da utilizzare ai fini dell'attualizzazione dei flussi finanziari. Per tali ragioni abbiamo considerato la valutazione delle attività immateriali a vita utile indefinita un aspetto chiave dell'attività di revisione.	del bilancio che forniscano elementi informativi utili alla verifica delle principali assunzioni adottate per lo svolgimento dell'impairment test; — l'esame dell'appropriatezza dell'informativa di bilancio relativa alle attività immateriali a vita utile indefinita e al test di impairment, anche in considerazione dei maggiori requisiti informativi attualmente applicabili connessi all'incertezza derivante dalla pandemia da Covid-19.

Valutazione delle rimanenze immobiliari

Note esplicative ed integrative Sezione 2.3 "Principi contabili adottati dal Gruppo Mittel": paragrafo "Rimanenze (IAS 2), Rimanenze immobiliari"

Note esplicative ed integrative "Informazioni sulla situazione patrimoniale - finanziaria consolidata" - Attività correnti: Sezione 11 "Rimanenze"

Note esplicative ed integrative "Informazioni sul conto economico consolidato": Sezione 32 "Variazioni delle rimanenze"

Aspetto chiave	Procedure di revisione in risposta all'aspetto chiave
Il Gruppo Mittel ha rilevato nel bilancio consolidato rimanenze immobiliari che, al 31 dicembre 2021, ammontano ad €39,3 milioni. Gli Amministratori hanno determinato il valore netto di realizzo delle rimanenze immobiliari alla data di chiusura dell'esercizio con il supporto di consulenti esterni che hanno redatto una perizia per ogni singola rimanenza immobiliare detenuta dal Gruppo. In considerazione della significatività della voce di bilancio in oggetto e dell'elevato grado di giudizio insito nel processo di determinazione del valore netto di realizzo delle rimanenze immobiliari, abbiamo considerato la valutazione delle rimanenze immobiliari un aspetto chiave dell'attività di revisione.	Le nostre procedure di revisione hanno incluso: — la comprensione del processo di valutazione delle rimanenze immobiliari, l'esame della configurazione e della messa in atto dei controlli e lo svolgimento di procedure per valutare l'efficacia operativa dei controlli ritenuti rilevanti; — incontri periodici con la Direzione, che rivede il lavoro svolto e convalida le conclusioni raggiunte nelle perizie redatte dai consulenti esterni, al fine di analizzare le metodologie di valutazione e i principali parametri e assunzioni utilizzati nella stima del valore delle rimanenze immobiliari; — la verifica dell'accuratezza dei calcoli e degli algoritmi matematici presenti nelle perizie; — l'esame, su base campionaria, dei dati utilizzati per lo sviluppo dei flussi di cassa inclusi nelle perizie e della loro corrispondenza con i dati contabili;

Aspetto chiave	Procedure di revisione in risposta all'aspetto chiave
	— l'esame della ragionevolezza dei dati di alimentazione dei modelli valutativi, delle metodologie di valutazione utilizzate e dei tassi di attualizzazione, avendo anche attraverso il confronto con dati ed informazioni esterni; tale attività è stata svolta con il supporto di esperti del network KPMG; — l'analisi degli eventi occorsi successivamente alla data di riferimento del bilancio che forniscano elementi informativi utili alla valutazione delle rimanenze immobiliari; — l'esame dell'appropriatezza dell'informativa di bilancio relativa alla valutazione delle rimanenze immobiliari, anche in considerazione dei maggiori requisiti informativi attualmente applicabili connessi all'incertezza derivante dalla pandemia da Covid-19.

Responsabilità degli Amministratori e del Collegio Sindacale della Mittel S.p.A. per il bilancio consolidato

Gli Amministratori sono responsabili per la redazione del bilancio consolidato che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. 38/05 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità del Gruppo di continuare a operare come un'entità in funzionamento e, nella redazione del bilancio consolidato, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio consolidato a meno che abbiano valutato che sussistono le condizioni per la liquidazione della capogruppo Mittel S.p.A. o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria del Gruppo.

Responsabilità della società di revisione per la revisione contabile del bilancio consolidato

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio consolidato nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio consolidato.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

— abbiamo identificato e valutato i rischi di errori significativi nel bilancio consolidato, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti e appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;

— abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno del Gruppo;

— abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;

— siamo giunti a una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di un'incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità del Gruppo di continuare a operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che il Gruppo cessi di operare come un'entità in funzionamento;

— abbiamo valutato la presentazione, la struttura e il contenuto del bilancio consolidato nel suo complesso, inclusa l'informativa, e se il bilancio consolidato rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione;

— abbiamo acquisito elementi probativi sufficienti e appropriati sulle informazioni finanziarie delle imprese o delle differenti attività economiche svolte all'interno del Gruppo per esprimere un giudizio sul bilancio consolidato. Siamo responsabili della direzione, della supervisione e dello svolgimento dell'incarico di revisione contabile del Gruppo. Siamo gli unici responsabili del giudizio di revisione sul bilancio consolidato.

Abbiamo comunicato ai responsabili delle attività di *governance*, identificati a un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di *governance* anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di *governance*, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio consolidato dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) 537/14

L'Assemblea degli Azionisti della Mittel S.p.A. ci ha conferito in data 24 marzo 2016 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi dal 30 settembre 2016 al 31 dicembre 2024.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, paragrafo 1, del Regolamento (UE) 537/14 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio consolidato espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di Comitato per il controllo interno e la revisione contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

Relazione su altre disposizioni di legge e regolamentari

Giudizio sulla conformità alle disposizioni del Regolamento Delegato (UE) 2019/815

Gli Amministratori della Mittel S.p.A. sono responsabili per l'applicazione delle disposizioni del Regolamento Delegato (UE) 2019/815 della Commissione Europea in materia di norme tecniche di regolamentazione relative alla specificazione del formato elettronico unico di comunicazione (ESEF – *European Single Electronic Format*) al bilancio consolidato, da includere nella relazione finanziaria annuale.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) 700B al fine di esprimere un giudizio sulla conformità del bilancio consolidato alle disposizioni del Regolamento Delegato (UE) 2019/815.

A nostro giudizio, il bilancio consolidato è stato predisposto nel formato XHTML ed è stato marcato, in tutti gli aspetti significativi, in conformità alle disposizioni del Regolamento Delegato (UE) 2019/815.

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10 e dell'art. 123-bis, comma 4, del D.Lgs. 58/98

Gli Amministratori della Mittel S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari del Gruppo Mittel al 31 dicembre 2021, incluse la loro coerenza con il relativo bilancio consolidato e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma 4, del D.Lgs. 58/98, con il bilancio consolidato del Gruppo Mittel al 31 dicembre 2021 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio consolidato del Gruppo Mittel al 31 dicembre 2021 e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, comma 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Dichiarazione ai sensi dell'art. 4 del Regolamento Consob di attuazione del D.Lgs. 254/16

Gli Amministratori della Mittel S.p.A. sono responsabili per la predisposizione della dichiarazione non finanziaria ai sensi del D.Lgs. 254/16. Abbiamo verificato l'avvenuta approvazione da parte degli Amministratori della dichiarazione non finanziaria. Ai sensi dell'art. 3, comma 10, del D.Lgs. 254/16, tale dichiarazione è oggetto di separata attestazione di conformità da parte nostra.

Milano, 30 aprile 2022

KPMG S.p.A.

Francesco Bellotto
Socio

Bilancio separato

MITTEL

Separate financial statements as at 31 December 2021

Statement of Financial Position (*)

Amounts in EUR

	Notes	31.12.2021	31.12.2020
Non-current assets			
Intangible assets	4	3.569	6.513
Property, plant and equipment	5	4.252.643	4.596.786
- of which IFRS 16 rights of use		*3.852.151*	*4.124.870*
Investments	6	99.046.525	84.369.977
Financial receivables	7	56.606.264	47.832.200
Other financial assets	8	10.138.836	10.397.951
Sundry receivables and other assets	9	144.741	144.741
Deferred tax assets	10	6.115.231	6.104.389
Total non-current assets		**176.307.809**	**153.452.557**
Current assets			
Financial receivables	11	32.538.564	52.753.422
Other financial assets		-	-
Current tax assets	12	303.780	154.727
Sundry receivables and other assets	13	4.666.143	7.979.559
Cash and cash equivalents	14	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	15	**207.883.195**	**212.819.814**
		-	-
Non-current liabilities			
Bonds	16	15.182.956	78.772.100
Financial payables	17	3.988.202	4.207.388
- of which IFRS 16 financial liabilities		*3.988.202*	*4.207.388*
Other financial liabilities		-	-
Provisions for personnel	18	1.141.440	1.113.422
Deferred tax liabilities	19	22.467	22.467
Provisions for risks and charges	20	185.000	324.343
Sundry payables and other liabilities		-	-
Total non-current liabilities		**20.520.065**	**84.439.720**
Current liabilities			
Bonds	21	243.528	1.126.279
Financial payables	22	4.698.392	234.530
- of which IFRS 16 financial liabilities		*219.856*	*234.530*
Other financial liabilities		-	-
Current tax liabilities	23	-	15.958
Sundry payables and other liabilities	24	4.119.900	4.727.379
Total current liabilities		**9.061.820**	**6.104.146**
Liabilities held for sale		-	-
Total equity and liabilities		**237.465.080**	**303.363.680**

(*) Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of transactions with related parties on the statement of financial position of Mittel S.p.A. are outlined in the appropriate statement of financial position table shown in the following pages and are described not only in the comments on the individual financial statement items but also in the explanatory notes to these financial statements, to which reference should be made.

Income Statement (*)

Amounts in EUR

		31.12.2021	31.12.2020
Revenue	25	480.446	452.721
Other income	26	312.637	411.169
Costs for services	27	(1.801.717)	(1.795.958)
Personnel costs	28	(2.641.334)	(2.518.602)
Other costs	29	(522.123)	(813.463)
Dividends		-	-
Profit (loss) from management of financial assets and investments	30	200.000	9.570.000
Amortisation and value adjustments to intangible assets	31	(352.817)	(377.682)
Allocations to the provision for risks	32	139.343	-
Operating result (EBIT)		**(4.185.565)**	**4.928.185**
Financial income	33	2.032.735	1.341.418
Financial expenses	34	(2.815.355)	(5.363.314)
Value adjustments to financial assets, loans and receivables	35	(276.000)	(4.831.973)
Value adjustments on investments	36	(500.000)	(300.000)
Profit (loss) before taxes		**(5.744.185)**	**(4.225.684)**
Income taxes	37	774.594	2.569.588
Profit (loss) for the year		**(4.969.591)**	**(1.656.096)**

Profit (loss) per share (in Euro)	38		
- Basic		(0,061)	(0,020)
- Diluted		(0,061)	(0,020)

(*) Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of transactions with related parties on the consolidated income statement of the Mittel S.p.A. are outlined in the appropriate income statement table shown in the following pages and are described not only in the comments on the individual financial statement items but in the explanatory notes to these financial statements, to which reference should be made.

Statement of Comprehensive Income

	Notes	01.01.2021 31.12.2021	01.01.2020 31.12.2020
Profit/(loss) for the year (A)		**(4.969.591)**	**(1.656.096)**
Other comprehensive profits/(losses) which are not subsequently reclassified to profit/(loss) for the period:			
Profits/(losses) from remeasurement of defined benefit plans	15	32.972	24.376
Tax effect relating to other profits/(losses)		-	-
Total other comprehensive profits/(losses) which are not subsequently reclassified to profit/(loss) for the period, net of taxes (B.1)		32.972	24.376
Other comprehensive profits/(losses) which are subsequently reclassified to profit/(loss) for the period:			
Profits/(losses) from recalculation of financial assets	15	-	-
Profits/(losses) from the sale of financial assets	15	-	-
Release to the income statement of losses for fair value impairment on financial assets	15	-	-
Tax effect relating to other profits/(losses)	15	-	-
Total other comprehensive profits/(losses) which are subsequently reclassified to profit/(loss) for the period, net of taxes (B.2)		**-**	**-**
Total other comprehensive profits/(losses), net of taxes (B) = (B.1) + (B.2)		**32.972**	**24.376**
Total comprehensive profit/(loss) (A) + (B)		**(4.936.619)**	**(1.631.720)**

Statement of Changes in Equity for the year ended as at 31 December 2021

Amounts in EUR

	Share capital	Treasury shares	Capital reserves	Profit reserves	Reserve from remeasurement of defined benefit plans	Reserve from available-for-sale financial assets	Total
Balance as at 1 January 2020	**87.907.017**	**-**	**53.716.218**	**73.037.759**	**(209.460)**	**-**	**214.451.534**
Share capital increases	-	-	-	-	-	-	**-**
Merger transactions	-	-	-	-	-	-	**-**
Sale of treasury shares	-	-	-	-	-	-	**-**
Purchase of treasury shares	-	-	-	-	-	-	**-**
Other changes	-	-	-	-	- -	-	**-**
Dividends distributed	-	-	-	-	-	-	**-**
Total comprehensive profit/(loss)	-	- -	-	(1.656.096) -	24.376		**(1.631.720)**
Balance as at 31 December 2020	**87.907.017**	**-**	**53.716.218**	**71.381.663**	**(185.084)**	**-**	**212.819.814**
Balance as at 1 January 2021	**87.907.017**	**-**	**53.716.218**	**71.381.663**	**(185.084)**	**-**	**212.819.814**
Share capital increases	-	-	-	-	-	-	**-**
Merger transactions	-	-	-	-	-	-	**-**
Sale of treasury shares	-					-	**-**
Purchase of treasury shares	-					-	**-**
Other changes	-					-	**-**
Dividends distributed	-					-	**-**
Total comprehensive profit/(loss)	-	-	-	(4.969.591)	32.972	-	**(4.936.619)**
Balance as at 31 December 2021	**87.907.017**	**-**	**53.716.218**	**66.412.072**	**(152.112)**	**-**	**207.883.195**

Cash Flow Statement

Amounts in EUR	Notes	31.12.2021	31.12.2020
OPERATING ACTIVITIES			
Net profit (loss) for the year		**(4.969.591)**	**(1.656.096)**
Adjustments to reconcile net profit (loss) with cash flows generated (absorbed) by operating activities:			
Current taxes		(763.752)	(2.487.607)
Deferred taxes		(10.842)	(81.981)
Depreciation of property, plant and equipment		348.491	370.506
Amortisation of intangible assets		4.326	7.176
Financial income		(2.032.735)	(1.341.418)
Financial expenses		2.815.355	5.363.314
Allocations to provisions for risks and charges		(139.343)	-
Provisions for employee severance indemnity		163.904	106.706
Write-downs (reversals of impairment losses) on receivables		353.470	2.940.671
Capital (gains)/losses from transfer of investments and financial assets		(200.000)	(9.570.000)
Write-downs (reversals of impairment losses) on financial assets		(77.470)	1.891.302
Write-downs (reversals of impairment losses) on investments		500.000	300.000
Cash flows from operating activities before changes in working capital		**(4.008.187)**	**(4.157.427)**
(Increase)/decrease in sundry receivables and other current assets		3.928.115	3.833.859
Increase/(decrease) in sundry payables and other current liabilities		(623.437)	(1.947.669)
Cash and cash equivalents generated (absorbed) by operating activities		**(703.509)**	**(2.271.237)**
Usage of provisions for risks and charges		-	(52.447)
Payments of employee severance indemnity		(102.914)	(46.057)
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES		**(806.423)**	**(2.369.741)**
INVESTING ACTIVITIES			
Investments in:			
Property, plant and equipment and intangible assets (including IFRS 16 rights of use)		(5.730)	-
Realisation from disposal of:			
Investments		1.887.000	-
Other financial assets		336.585	11.133.856
Property, plant and equipment and intangible assets (including IFRS 16 rights of use)		-	1.152.945
(Increase)/decrease in financial receivables		(5.776.224)	(1.952.066)
Interest collected		2.032.735	1.341.418
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES		**(1.525.634)**	**11.676.153**
FINANCING ACTIVITIES			
Increase (decrease) in loans and borrowings from banks and other lenders		4.244.676	(1.235.819)
Issue (redemption) of bonds		(64.471.895)	(51.498.696)
Interest paid		(2.815.355)	(5.355.826)
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		**(63.042.574)**	**(58.090.341)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)		**(65.374.631)**	**(48.783.929)**
OPENING CASH AND CASH EQUIVALENTS (E)		89.023.415	137.807.344
CLOSING CASH AND CASH EQUIVALENTS (F = D+E)		**23.648.784**	**89.023.415**

Statement of Financial Position pursuant to Consob Resolution no. 15519 of 27 July 2006

Amounts in EUR

	Notes	31.12.2021	*of which related parties*	*% incidence*	31.12.2020	*of which related parties*	*% incidence*
Non-current assets							
Intangible assets	4	3.569	-		6.513	-	
Property, plant and equipment	5	4.252.643	-		4.596.786	-	
- of which IFRS 16 rights of use		3.852.151	-		4.124.870	-	
Investments	6	99.046.525			84.369.977	-	
Financial receivables	7	56.606.264	32.673.725	57,7%	47.832.200	20.932.585	43,8%
Other financial assets	8	10.138.836	-		10.397.951	-	
Sundry receivables and other assets	9	144.741	-		144.741	-	
Deferred tax assets	10	6.115.231	-		6.104.389	-	
Total non-current assets		**176.307.809**	**32.673.725**	**18,5%**	**153.452.557**	**20.932.585**	**13,6%**
Current assets							
Financial receivables	11	32.538.564	30.576.043	94,0%	52.753.422	52.753.422	100,0%
Other financial assets		-			-		
Current tax assets	12	303.780			154.727		
Sundry receivables and other assets	13	4.666.143	3.720.785	79,7%	7.979.559	7.025.838	88,0%
Cash and cash equivalents	14	23.648.784			89.023.415		
Total current assets		**61.157.271**	**34.296.828**	**56,1%**	**149.911.123**	**59.779.260**	**39,9%**
Assets held for sale		-			-		
Total assets		**237.465.080**	**66.970.553**	**28,2%**	**303.363.680**	**80.711.845**	**26,6%**
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	15	**207.883.195**			**212.819.814**		
Non-current liabilities							
Bonds	16	15.182.956			78.772.100		
Financial payables	17	3.988.202			4.207.388		
- of which IFRS 16 financial liabilities		3.988.202			-		
Other financial liabilities		-			-		
Provisions for personnel	18	1.141.440			1.113.422		
Deferred tax liabilities	19	22.467			22.467		
Provisions for risks and charges	20	185.000			324.343		
Sundry payables and other liabilities		-			-		
Total non-current liabilities		**20.520.065**	**-**		**84.439.720**	**-**	
Current liabilities							
Bonds	21	243.528			1.126.279		
Financial payables	22	4.698.392	4.478.536	95,3%	234.530		
- of which IFRS 16 financial liabilities		219.856			-		
Other financial liabilities		-			-		
Current tax liabilities	23	-			15.958		
Sundry payables and other liabilities	24	4.119.900	2.242.658	54,4%	4.727.379	2.256.397	47,7%
Total current liabilities		**9.061.820**	**6.721.194**	**74,2%**	**6.104.146**	**2.256.397**	**37,0%**
Liabilities held for sale		-			-		
Total equity and liabilities		**237.465.080**	**6.721.194**	**2,8%**	**303.363.680**	**2.256.397**	**0,7%**

Income Statement pursuant to Consob Resolution no. 15519 of 27 July 2006

Amounts in EUR

		31.12.2021	*of which related parties*	*% incidence*	31.12.2020	*of which related parties*	*% incidence*
Revenue	25	480.446	480.446	100,0%	452.721	452.683	100,0%
Other income	26	312.637	255.823	81,8%	411.169	269.811	65,6%
Costs for services	27	(1.801.717)	(800.880)	44,5%	(1.795.958)	(800.888)	44,6%
Personnel costs	28	(2.641.334)	(1.017.828)	38,5%	(2.518.602)	(723.597)	28,7%
Other costs	29	(522.123)			(813.463)		
Dividends		-			-		
Profit (loss) from management of financial assets and investments	30	200.000			9.570.000		
Amortisation and value adjustments to intangible assets	31	(352.817)			(377.682)		
Allocations to the provision for risks	32	139.343			-		
Operating result (EBIT)		**(4.185.565)**			**4.928.185**		
Financial income	33	2.032.735	1.024.392	50,4%	1.341.418	818.327	61,0%
Financial expenses	34	(2.815.355)	(40.199)	1,4%	(5.363.314)	(9.155)	0,2%
Value adjustments to financial assets, loans and receivables	35	(276.000)			(4.831.973)		
Value adjustments on investments	36	(500.000)			(300.000)		
Profit (loss) from trading of financial assets		-			-		
Profit (loss) before taxes		**(5.744.185)**			**(4.225.684)**		
Income taxes	37	774.594			2.569.588		
Profit (loss) for the year		**(4.969.591)**			**(1.656.096)**		

Explanatory Notes

1. General information

Mittel S.p.A. (hereinafter also the "Company") is an Italian limited company registered in the Milan Register of Companies.
It is the Parent Company with a direct interest, or indirect through other sub-holdings, in the share capital of the companies that operate in the same business sectors as Mittel S.p.A. does.
The registered office is at Via Borromei, 5, Milan.
The core business of the company and its subsidiaries is indicated in the descriptive section of the Directors' Report on Operations.
These separate financial statements are expressed in Euro.
As Parent Company, Mittel S.p.A. has also prepared the consolidated financial statements of Mittel S.p.A. as at 31 December 2021.

2. Form and content of the financial statements

The separate financial statements are composed of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity, accompanied by the explanatory notes. The Income Statement was drafted in line with the minimum contents of IAS 1 - Presentation of Financial Statements - with classification of costs by nature; the Statement of Financial Position was prepared according to the layout which highlights the breakdown of 'current/non-current' assets and liabilities; the Cash Flow Statement was drafted using the indirect method.
The separate financial statements for the year ended 31 December 2021 were drafted in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and approved by the European Union as at 31 December 2021, and the provisions issued in implementation of article 9 of Legislative Decree no. 38/2005. IFRS also mean all revised international accounting standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").
The financial statements were prepared on the basis of the general historical cost principle, amended as required for the valuation of certain financial instruments. The Directors established that no significant uncertainties exist, as defined by paragraph 25 of IAS 1, regarding the going concern assumption.
In particular, taking into account the equity, economic and liquidity ratios and the specific business areas in which the Company and the entire Mittel Group operate, it is believed (also considering the potential impacts of the Coronavirus, albeit which cannot be reliably estimated) the group will not be in a significantly uncertain position in relation to events or conditions which may give rise to serious doubts over the company's capacity to operate as a going concern.
In light of the above, the Directors confirm the reasonable expectation that the Company and the Group will continue to operate in the foreseeable future and that, consequently, the separate financial statements as at 31 December 2021 were prepared on basis of the going concern assumption.
For additional consideration regarding the form and contents of the financial statements, please refer, where applicable, also to the corresponding section of the consolidated financial statements.

The single electronic reporting format for preparing annual financial reports

It should be noted that, based on Directive 2004/109/EC (the "Transparency Directive") and the Delegated Regulation (EU) 2019/815, the issuers of securities listed on regulated markets in the European Union are required to draw up annual financial reports in XHTML format and mark up IFRS consolidated financial statements using the XBRL markup language (also called tagging), based on the ESEF (European Single Electronic Format) approved by ESMA. The Group's Annual Financial Report, which was prepared in XHTML format, includes both the consolidated financial statements and the separate financial statements of the Parent Company, but only the consolidated financial statements have been tagged to the minimum disclosures required by the 2021 Regulation. It can be consulted on the Mittel S.p.A. website https://www.mittel.it.

3. Main accounting standards adopted by the Parent Company

Intangible assets (IAS 38)

Intangible assets are identifiable non-monetary assets without physical substance, held to be used in a multi-year or indefinite period. These are recorded at cost, adjusted for additional expenses only if it is probable that the future economic benefits that are attributable to the asset will be realised and if the cost of the asset can be measured reliably. In the opposite case, the cost of the intangible asset is booked to the income statement in the year in which it was incurred.
The cost of intangible assets with a finite useful life is amortised using the straight-line method on the basis of the relative useful life.
If the useful life is indefinite, no amortisation is carried out, but solely the periodic verification of the adequacy of the book value of the fixed assets. Intangible assets originating from software developed internally and acquired from third parties are amortised on a straight-line basis, effective from the completion and entry into operation of the applications based on the relative useful life. At each reporting date, in the presence of evidence of impairment, the recoverable value of the asset is estimated.
The amount of the loss, booked in the income statement, is equal to the difference between the asset's book value and its recoverable value.
An intangible asset is derecognised from the statement of financial position on disposal or when no future economic benefits are expected from its use.

Development costs refer to new product innovation projects and are recorded under assets in compliance with the considerations of IAS 38, i.e.:
- demonstrability of the technical feasibility of the products;
- intention of the Company to complete the development project;
- reliable determination of the costs incurred for the project;
- recoverability of the values recorded through the future expected benefits from completion of the development project.

It should be noted that said item includes intangible assets under development to be amortised starting from the year their useful life starts.

Property, plant and equipment (IAS 16)

Property, plant and equipment are initially measured at cost which includes not only the purchase price, but all additional expenses directly attributable to the purchase and to bringing the asset to working condition for its intended use.
Extraordinary maintenance costs which involve an increase in future economic benefits are booked to increase the value of the assets, while other ordinary maintenance costs are recognised in the income statement.

Property, plant and equipment include operating premises, plants, furniture, fittings and equipment of any type.
Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.
Property, plant and equipment are valued at cost, less any accumulated depreciation and impairment.
Property, plant and equipment are systematically depreciated over their useful life, by adopting the straight-line method.

The depreciation rates used by the company are as follows:
- Buildings 3,0%
- Vehicles 25,00%
- Furniture and fittings 12,00%
- Electronic machines 33,33%
- Equipment 15,00%.

Land is not depreciated as it has an indefinite useful life.

Capitalisable costs for improvements to leased third-party assets are attributed to the asset classes to which they refer and amortised at the lower of the residual term of the rental agreement and the residual useful life

of the asset to which the improvement relates. At each reporting date, testing must be performed for any signs of impairment, or indications that show that an asset may have been impaired.
If there are signs of impairment, a comparison is made between the book value of the asset and its recoverable value, equal to the higher of the fair value, less any costs to sell, and the associated value in use of the asset, understood as the present value of future cash flows originating from the asset. Any adjustments are booked to the income statement. If the reasons for the recognition of the loss no longer exist, the value is revised, which cannot exceed the value that the asset would have had, net of depreciation calculated in the absence of previous impairment.
Property, plant and equipment are derecognised from the statement of financial position on disposal.
Profits and losses deriving from transfers or disposals of assets are determined as the difference between the sales revenue and the net book value of the assets and are recognised in the income statement in the year.

Leasehold improvements are classified under property, plant and equipment, consistent with the nature of the cost incurred. The depreciation period corresponds to the shorter of the residual useful life of the tangible asset and the residual duration of the lease.

Leases (IFRS 16)

The Company has various contracts in place for the use of buildings, vehicles and other minor assets owned by third parties. The lease terms are negotiated individually and contain a wide range of differing terms and conditions.
From 1 January 2019, following the first-time adoption of IFRS 16, the Company recognises for all lease contracts, with the exception of short-term leases (i.e., leases with a duration of less than or equal to 12 months and which do not contain a purchase option) and those for low-value assets (i.e., with a unit value of less than EUR 5 thousand), a right of use on the lease's start date, which corresponds to the date on which the underlying asset is available for use. Lease payments relating to short-term and low-value contracts are recognised as costs in the income statement on a straight-line basis over the lease term.

Rights of use are valued at cost, net of accumulated amortisation and impairment losses, and adjusted each time the lease liabilities are re-measured. The value assigned to rights of use corresponds to the amount of the lease liabilities recognised, plus initial direct costs incurred, the lease payments settled on the contract start date or previously, and restoration costs, net of any lease incentives received. Restoration costs, which can be recognised only in rare cases, are normally related to offices, for which the return to their original state at the end of the lease agreement may be envisaged in the contract. The Company estimates the fair value of the restoration obligation based on the agreement with the lessor or appraisal valuations obtained from third parties. The discounted value of the liability determined in this way increases the right of use of the underlying asset, with recognition of a dedicated provision as contra-item. Unless the Company is reasonably certain of obtaining ownership of the leased asset at the end of the lease term, rights of use are amortised on a straight-line basis in accordance with the estimated useful life or contract's duration, whichever is lower.

The financial liability for leases is recognised on the start date of the agreement for a total value equal to the present value of the lease payments to be paid during the contract's duration, discounted using incremental borrowing rates (IBR), when the interest rate implicit in the lease contract cannot be easily determined. Variable lease payments continue to be charged to the income statement as a cost for the period.
After the start date, the amount of lease liabilities increases to reflect the accrual of interest and decreases to reflect payments made. Each lease payment is divided between repayment of the liability's principal and the financial expense. The financial expense is charged to the income statement over the contract's duration, to reflect a constant interest rate on the liability's residual debt, for each period.
In the case of sub-lease agreements and amendment of the lease agreement, the rules envisaged in IFRS 16 "Leases" apply.
IFRS 16 requires entities to make estimates and assumptions that may affect the measurement of the right of use and the financial liability for leasing, including the determination of:

- contracts in the scope of application of the new rules for measuring assets/liabilities with the financial method;
- lease term;
- interest rate used to discount future lease payments.

The contracts are included or excluded from the application of the standard based on detailed analyses carried out on each individual agreement and in line with the rules established by IFRS.
The lease term is calculated considering the non-cancellable period of the lease, together with the periods covered by an option to extend the agreement if it is reasonably certain that it will be exercised, or any period

covered by a termination option for the lease contract, if it is reasonably certain not to be exercised. The Company assesses whether it is reasonably certain whether or not to exercise the extension and termination options, taking into account all relevant factors that create an economic incentive relating to these decisions. The initial assessment is reviewed if there is a significant event or a change in the characteristics that affect the assessment itself and are under the control of the Company.
The marginal interest rates defined by the Company are reviewed on a recurring basis and applied to all contracts with similar characteristics, which were considered as a single portfolio of contracts. The rates are determined starting from the Company's effective average borrowing rate, appropriately adjusted based on the requirements of the new accounting rules, to simulate a theoretical marginal interest rate consistent with the contracts being valued. The most significant elements considered in the rate adjustment are the credit-risk spread observable on the market and the differing durations of the lease contracts. Interest rates set forth in the lease agreements are limited.
Lease incentives received by and not later than the contact's start date are charged as a direct reduction of the value of the right of use; the corresponding value reflects the consideration already received net of the receivable to be collected. Lease incentives agreed during the term of the contract are considered amendments to the original contract, measured at the date of the change, with a consequent impact of equal value on the value of both the right of use and the lease liability.

Initial measurement:
On the start date, the lessee must measure the cost of the asset, consisting of the right of use, which includes:
- the amount of the initial measurement of the lease liability, as described below;
- lease payments due that are made on or before the start date, net of lease incentives received;
- direct initial costs incurred by the lessee; and
- the estimate of costs that the lessee must incur to decommission and remove the asset and restore the site or asset to the conditions provided for by the lease, unless these costs are incurred to produce inventories. The obligation relating to the aforementioned costs arises for the lessee on the start date or as a result of the use of the underlying asset during a specific period and is recognised as a provision for expenses as per IAS 37.

Initial measurement of the lease liability:
At the start date, the lessee must measure the lease liability at the present value of payments due and not paid at that date. Payments due must be discounted using the implicit interest rate of the lease, if it can be easily determined. If this is not possible, the lessee must use its incremental borrowing rate.
On the start date, the payments due include:
- fixed payments, net of any lease incentives to be received;
- payments based on an index or rate, initially estimated with an index or rate on the start date;
- amounts that the lessee expects to pay as guarantee of the residual value;
- exercise price of the purchase option, if the lessee is reasonably certain that the option will be exercised; and
- lease termination penalties, if the lease term takes into account that the lessee will exercise the lease termination option.

Subsequent measurements:
After the start date, the lessee measures the asset consisting of the right of use by applying the cost model. Based on the cost model, the lessee must amortise the right of use, as envisaged in IAS 16 (and, where applicable, recognise write-downs pursuant to IAS 36), adjusted to take into account any restatements of the lease liability.
Amortisation is calculated based on the asset's useful life, assuming the asset is purchased; otherwise, if earlier, at the end of the lease term.
Subsequent measurements of the lease liability
After the start date, the lessee must measure the lease liability:
- by increasing the book value of the liability to include interest on the lease liability calculated using the discount rate;
- by decreasing the book value of the liability to include due payments made;
- by restating the book value to consider new measurements or lease amendments.

Restatement of the lease liability
After the start date, the lease liability is restated to take into account changes made to lease payments due, in the event of amendments to:

a. lease term;
b. valuation of a purchase option on the asset;

c. amounts that are expected to be paid as part of a guarantee on the residual value;
d. future payments due as a result of changes in indices or rates used as parameters.

In all cases, the amount is recognised as an adjustment to the asset consisting of the right of use. However, if the book value of the asset consisting of the right of use is reduced to zero and there is an additional reduction in the valuation of the lease liability, the lessee must recognise in the income statement any residual amount of the restatement.
Nonetheless, in cases a) and b), the lessee restates the discount rate based on the new cash flow profile for the remaining lease term, if this rate can be easily determined or the lessee's incremental borrowing rate at the restatement date.
In cases c) and d), the lessee restates the payments due for the remaining lease term using the same discount rate applied initially, unless the change in payments due results from a change in variable rates. In this case, the lessee must use a revised discount rate that takes into account changes in the interest rate.

Investments in subsidiaries and associates (IFRS 10, IAS 27 and IAS 28)

Investments in subsidiaries and associates are recognised at cost, adjusted for any impairment. The positive difference emerging at the time of purchase between the acquisition cost and the share of equity at current values of the investment and pertaining to the company is therefore included in the book value of the investment.
Investments in subsidiaries and associates are subject to impairment testing each year, or more frequently if necessary. If there are indications that any of the investments has suffered impairment, this is recognised in the income statement as a write-down.
If the share of investee's losses pertaining to the company exceeds the book value of the investment, and the company has an obligation or intends to cover them, the value of the investment is impaired in full and the share of the residual losses is recognised as a provision under liabilities.
If in the future the impairment loss no longer applies or reduces, it is reversed in the income statement up to the cost limit.

Financial assets (IAS 32 and IFRS 9)

On initial recognition, a financial asset can be classified as:

(i) an asset measured at amortised cost – "Hold to Collect",
(ii) an asset measured at fair value with recognition in shareholder's equity – "Hold to Collect & Sell", and lastly
(iii) an asset measured at fair value with recognition in the income statement – "Trading/Other".

The Company's classification is based on the entity's business model for managing financial assets and on the characteristics of contractual cash flows of financial assets.

With reference to the business model, this is determined by the Company for accounting purposes, in order to reflect the way in which financial assets are effectively managed to pursue company objectives.

The characteristics of contractual cash flows are verified through the SPPI test ("Solely Payments of Principal and Interest on the principal amount outstanding"), introduced by the new accounting standard IFRS 9 in order to verify whether a financial asset can be considered a "basic credit agreement" and therefore the contractual cash flows consist exclusively of payments of principal and interest accrued on the amount of principal to be repaid.

Receivables (assets measured at amortised cost)

A receivable shall be measured at amortised cost if both of the following conditions are met and it is not designated to FVTPL:

- the financial asset is held within the framework of a business model whose objective is the possession of financial assets aimed at collecting the relative contractual cash flows; and
- the contractual terms of the financial asset provide for cash flows on specific dates, represented solely by payments of principal and interest on the amount of principal to be repaid.

Loans and receivables are initially recognised when the right to receive the payment of the contractually agreed sums is acquired and, therefore, at the time of the disbursement. The initial book value coincides with the fair value of the asset, normally equal to the amount disbursed, including costs/income directly attributable to the individual instrument and determinable from the origin of the transaction, even if settled at a later date. Trade receivables without a significant loan component are initially measured at transaction price, as an exception to the general principle of initial recognition at fair value.

Following initial recognition, receivables are valued at amortised cost, equal to the initial recognition value, net of principal repayments, increased or decreased by impairment losses or reversal of impairment losses and amortisation calculated using the effective interest rate method.
The effective interest rate is the rate that matches the present value of the future cash flows of the receivable, for principal and interest, to the amount disbursed, including costs/income attributable directly to the receivable.

The amortised cost is reduced by impairment losses. Interest income, exchange gains and losses and impairment losses are recognised in the profit/(loss) for the period as are any gains or losses on derecognition.

Loans and receivables are derecognised from assets only if (i) the contractual rights to the cash flows deriving from the financial assets expire or (ii) the Company transfers all risks and rewards related to the financial assets.
If it is not possible to ascertain the substantial transfer of the risks and rewards, the receivables are derecognised in the event no type of control is retained over said loans and receivables. In the opposite case, the maintenance of control, including partial, involves the retention of the loans and receivables in the financial statements to the extent of the Group's continuing involvement. The value of the continuing involvement in the transferred receivables corresponds to the extent to which the Group is exposed to a change in the value of said receivables.

Depending on their nature and expiry, loans and receivables are classified into the following items:
- financial receivables;
- sundry receivables and other assets.

Where, at the time of the recognition, the collectability of the loans and receivables is contractually established as after one year, these are classified under "non-current" assets. Loans and receivables falling due within one year are classified under "current" assets.

Other financial assets - assets measured at FVOCI

A financial asset shall be measured at FVOCI if both of the following conditions are met and it is not designated to FVTPL:

- the financial asset is held within the framework of a business model whose objective is achieved both by the collection of contractual cash flows and by the sale of financial assets; and
- the contractual terms of the financial asset provide for cash flows on specific dates, represented solely by payments of principal and interest on the amount of principal to be repaid.

On initial recognition of an equity instrument not held for trading purposes, the Company may make an irrevocable decision to present subsequent changes in fair value in other components of the statement of comprehensive income. This decision is made for each investment.

Financial assets are initially recognised at the settlement date. The initial measurement is at fair value, to which are added the transaction costs directly attributable to the acquisition of the financial asset.

This category of financial assets is subsequently measured at fair value:

- for debt securities, interest income calculated under the effective interest method, exchange gains and losses and impairment losses are recognised in the profit/(loss) for the period. Other net profits and losses are recognised in other components of the statement of comprehensive income. On derecognition, gains and losses accumulated in other components of the statement of comprehensive income are reclassified to profit/(loss) for the period;
- for equities, dividends are recognised in profit/(loss) for the period unless they clearly represent a recovery of part of the investment cost. Other net profits and losses are recognised in other components of the statement of comprehensive income and are never reclassified to profit/(loss) for the period.

For the determination of the fair value, a three-level hierarchy is envisaged:

1) Listing on an active market, not adjusted. An active market is one where prices, which reflect normal market transactions, are quickly and regularly available via Stock Markets, Brokers, Intermediaries, Sector companies, Listing services or authorised entities and express the price of actual, adequate, continuous and regular market transactions that occur within a normal reference period.
2) Recognition of the fair value through components observable directly or indirectly on a listed market. In the event that the components used contain elements not observable directly on the market and/or adjusted, the significance of the same is established with respect to the fair value to define whether said fair value can be considered second or third level.
3) The use of estimate methods and evaluation models commonly adopted by the international financial community which take account of the specific characteristics of the instrument to be evaluated, with particular focus on the different types of risk associated with it and simultaneously use values not taken from the market and involve estimates and assumptions.

Based on the time frame for sale (within or beyond twelve months from the reporting date), financial assets belonging to this category are classified under “Other financial assets” in current or non-current assets.

Financial assets are derecognised when the contractual rights to the cash flows derived from said assets expire or when the financial asset is sold, transferring substantially all related risks and rewards.

Other financial assets – assets measured at FVTPL

All financial assets not classified as measured at amortised cost or at FVOCI, as indicated above, are measured at FVTPL. All derivative financial instruments are included. On initial recognition, the Company may irrevocably designate the financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise result from measuring the financial asset at amortised cost or at FVOCI.

Financial assets are initially recognised at the settlement date. Initial measurement is at fair value.

Subsequent measurement is at fair value. Net profits and losses, including dividends or interest received, are recognised in profit/(loss) for the period.

For a distinction between the levels of the fair value hierarchy, reference should be made to the information provided above in relation to assets measured at FVOCI.

Financial assets are derecognised when the contractual rights to the cash flows derived from said assets expire or when the financial asset is sold, transferring substantially all related risks and rewards.

Cash and cash equivalents (IAS 7, IAS 32 and IFRS 9)

Cash and cash equivalents include bank and postal deposits, cash in hand and other forms of short-term investment, originally expiring in three months or earlier. Bank overdrafts are classified under financial payables in current liabilities. Elements included under cash and cash equivalents are measured at fair value and the associated changes are booked to the income statement.

Derecognition of financial assets and liabilities

Financial assets:

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognised from the financial statements when:
- the rights to receive the cash flows from the asset expire;
- the Company retains the right to receive the cash flows of the asset, but assumes a contractual obligation to pay the cash flows in full and without delay to a third party;
- the Company has transferred the right to receive the cash flows from the asset and (a) has transferred substantially all the risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

In cases where the Company has transferred the rights to receive the cash flows from an asset and has neither transferred nor substantially retained all the risks and rewards or has not lost control of the asset, the asset is recognised in the company's financial statements to the extent of its continuing involvement in the financial asset. Continuing involvement which takes the form of guaranteeing the transferred asset is measured at the lower of the initial book value of the asset and the maximum amount of the consideration that the Group could be required to repay.

Financial liabilities:

A financial liability is derecognised from the financial statements when the obligation underlying the liability is extinguished, cancelled or fulfilled.

Payables and Bonds (IAS 32 and IFRS 9)

These financial liabilities are initially recognised at the time the contract is signed, which coincides with the moment the sums collected are received.
Liabilities are initially recognised on the basis of the fair value, normally equal to the amount collected or the issue price, increased or decreased by additional costs/income directly attributable to the individual funding transaction and not repaid to the creditor. Internal administrative costs are excluded.
After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Depending on their nature and expiry, liabilities are classified into the following items:
- bonds;
- financial payables;
- sundry payables and other liabilities.

Where, at the time of the initial recognition, the collectability of the payable is contractually established as after one year, these are classified under "non-current" liabilities. Payables falling due within one year or indeterminate are classified under "current" liabilities.

Other financial liabilities (IAS 32 and IFRS 9)

Financial liabilities are initially recognised at the settlement date both for debt securities and for derivative contracts.
Upon initial recognition, financial liabilities held for trading are recorded at their fair value which normally corresponds to the consideration collected without taking into account the transaction costs or income directly attributable to said instrument which are, instead, booked directly in the income statement.

Debt securities and the negative value of derivative contracts (with the exception of those designated as hedging instruments) are classified in this category.
After initial recognition, financial liabilities held for trading are measured at fair value, with the recognition of changes through profit or loss.
For the determination of the fair value of financial instruments listed in an active market, market prices are used. In the absence of an active market, estimates and generally accepted valuation models are used, and which are based on observable market data, such as: methods based on the valuation of listed instruments with similar characteristics, discounting of future cash flows, models for the determination of option prices and values recorded in recent comparable transactions.
Financial liabilities are derecognised when they expire or are extinguished also against purchases of the same securities. The difference between the book value of the liability and the amount paid to acquire it is recorded in the income statement.

Provisions for personnel (IAS 19)

The employee severance indemnity (TFR) is considered a defined benefit plan. Benefits guaranteed to employees are recognised
monthly on an accrual basis and disbursed at the time of termination of employment.
The severance indemnity is accrued on the basis of the seniority reached at the end of the year by each individual employee in compliance with the laws and labour agreements in force at the reporting date. The accrual reflects the actual amount due to employees, based on the seniority accrued and salaries paid, recalculated on the basis of its actuarial value. The actuarial evaluations adopted are the best estimates regarding the variables that determine the final cost of the services after the termination of employment.
For discounting purposes, the Group uses the projected unit credit method which projects future disbursements on the basis of historical statistical analysis and the demographic curve and the financial discounting of these flows on the basis of a market interest rate. Actuarial gains and losses are recognised in the valuation reserve following the adoption of IAS 19 (revised).

Share-based payment arrangements (IFRS 2)

As part of the medium/long-term incentive plans, payment arrangements are envisaged for the management with share-based payments on shares representing capital, consisting of the assignment of rights which, subject to the predefined conditions being met and at the end of the last year of the vesting period, offer beneficiaries the right to obtain the cash equivalent or, at the discretion of the Board of Directors, the equivalent in the form of Company’s shares.
In particular, the long-term variable incentive plan is based on the assignment of Stock Appreciation Rights (SARs), the value of which depends on the Mittel S.p.A. share performance. This plan envisages that, subject to predefined conditions being met, the beneficiaries can receive the equivalent in cash or in shares of the increase in value of the Company’s ordinary share.
The fair value of transactions involving share-based payments settled in the form of equity instruments is recognised as a cost in the income statement under personnel costs or service costs as a balancing entry to the related item in equity, proportionally according to the period in which the service is provided and in consideration of the conditions established in the Incentive Plan regulations that offer the Company the option of choosing between cash settlement or the issue of equity instruments.

Treasury shares (IAS 32)

Treasury shares in the portfolio are deducted from equity. No profit or loss deriving from the purchase, sale, issue or cancellation of treasury shares is recorded in the income statement. The differences between the purchase and sale prices deriving from said transactions are recorded among equity reserves.

Income taxes (IAS 12)

The effects relating to current and deferred taxes calculated in compliance with national tax legislation based on the accruals principle are recognised, consistently with the methods of recognition in the financial statements of the costs and revenue that generated them, by applying the applicable tax rates.
Income taxes are recorded in the income statement, with the exception of those relating to items debited from or credited directly to equity.
The provision for income taxes is determined on the basis of a prudential forecast of current and deferred tax assets and liabilities.

In particular, current taxes include the net balance of current liabilities in the year and current tax assets represented by payments on account and other tax credits for withholding tax.
Deferred tax assets and liabilities are determined on the basis of temporary differences - with no time limits - between the carrying amount of an asset or a liability and their tax base.
Deferred tax assets are recognised in the financial statements to the extent they are likely to be recovered, measured on the basis of the capacity of the relevant company or group of companies, due to exercise of the "tax consolidation" option, to generate taxable profit on an ongoing basis.
Deferred tax assets and liabilities are accounted for at equity level by carrying out offsets at said tax level and for each year by taking into account the time profile of expected repayment.
In years in which the deductible temporary differences are higher than the taxable temporary differences, the associated deferred tax assets are recorded under assets in the statement of financial position, in the item deferred tax assets. By contrast, in years in which the taxable temporary differences are higher than the deductible temporary differences, the associated deferred tax liabilities are recorded under liabilities in the statement of financial position, in the item deferred tax liabilities.
Deferred tax assets and liabilities are systematically measured to take account of any changes to the regulations or the tax rates. In addition to the allocation of current and deferred taxes, the Company monitors, in line with IFRIC 23, any impacts that may result from tax assessments already announced and still not settled or whose income is uncertain, as well as any uncertainties connected with the tax treatments adopted by the Group, which may not be accepted by the tax authorities.

Provisions for risks and charges (IAS 37)

Accruals to the provision for risks and charges are made exclusively when:
- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required in order to fulfil the obligation;
- the amount of the obligation can be reliably estimated.

Where the time factor is significant, the provisions are discounted. The allocation to the provision is recorded in the income statement. Interest expense accrued on provisions that have been discounted is also recorded in the income statement.
"Other provisions" include any allocations to cover presumed losses on legal proceedings in which the company is the defendant and any claw-back claims; estimated disbursements for customer complaints relating to activities; other estimated disbursements in respect of existing legal or constructive obligations at the reporting date.

Revenue recognition (IFRS 15)

Sales of products and services

Revenue from the sale of products or services is recognised when the commitments laid down in the relative contracts are met. In particular, the following fundamental steps are required for the recognition of revenue:
- identification of the contract with the customer;
- identification of the contract's performance obligations;
- pricing;
- allocation of the price to the contract's performance obligations;
- revenue recognition when the entity satisfies every performance obligation.

A contract is an agreement between two or more parties that creates enforceable rights and obligations. The enforceability of rights and obligations in the contract shall be governed by the law. The contract may be written, oral or implied from the entity's usual commercial practices.

At the initiation of the contract, the goods or services promised in the contract agreed with the customer are valued and a performance obligation is promised to transfer to the customer:
- a distinct good or service (or combination of goods and services), or
- a set of distinct goods or services which are substantially similar and follow the same pattern of transfer to the customer.

In determining the transaction price, account shall be taken of the terms of the contract and its usual commercial practices. The transaction price is the amount of consideration the entity believes it is entitled to in exchange for the transfer of the promised goods or services to the customer, excluding amounts collected on behalf of others (e.g., sales taxes). The consideration promised in the contract with the customer may include fixed amounts, variable amounts or both. To estimate the amount of the variable consideration, the Company assesses the use of one of the following two methods, from time to time choosing the method that makes it possible to better predict the amount of consideration to which it will be entitled:

- the expected value, which is the sum of the amounts weighted by probability within a range of possible consideration amounts;
- the most probable amount, being the most probable amount within a range of possible consideration amounts (i.e. the most probable outcome of the contract).

The transaction price includes all or part of the variable consideration only to the extent that it is highly probable that when the uncertainty associated with the variable consideration is subsequently resolved, there will be no significant downward adjustment to the amount of the accumulated revenue recognised.
In determining the transaction price, the entity shall adjust the promised amount of the consideration to take account of the effects of the time value of money if the payment terms agreed by the parties to the contract (explicitly or implicitly) offer the customer or entity a significant benefit in terms of financing the transfer of the goods or services to the customer. In this case, the contract contains a significant financing component.

For the purposes of allocating the transaction price, each performance obligation (or each separate good or service) is attributed an amount that reflects the consideration amount to which the entity expects to be entitled, in return for the transfer of the promised goods or services to the customer. In order to achieve the objective of the allocation, the transaction price is allocated, if necessary, between each of the performance obligations identified in the contract on the basis of the related stand-alone selling price.

Revenue is recognised when (or as) the performance obligation is met by transferring the promised good or service (i.e. the asset) to the customer. The asset is transferred when (or as) the customer acquires control of it. Control of the good or service is transferred over time, and therefore fulfils the performance obligation and revenue is recognised over time, if one of the following criteria is met:

- the customer simultaneously receives and uses the benefits deriving from the Company's services as they are provided;
- the Company's performance creates or improves the asset (for example, work in progress) that the customer controls as the asset is created or improved; or
- the Company's performance does not create an asset that presents an alternative use for the Company.

For every performance obligation fulfilled over time, the Company recognises revenue over time, evaluating progress towards complete fulfilment of the performance obligation.

Interest

Interest is recognised on a pro-rata temporis basis, based on the contractual interest rate or the effective interest rate in the case of application of the amortised cost method.

Dividends

Dividends are recorded at the time the right to collection arises, which normally corresponds to the shareholders' meeting resolution on the distribution of dividends.

Earnings per share (IAS 33)

Basic earnings per share are determined on the basis of the ratio of profit for the year attributable to Shareholders of the company's ordinary shares to the weighted average number of ordinary shares outstanding in the period.
Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to take account of all potential ordinary shares, deriving, for example, from the possibility of exercising stock options assigned, which may have a dilutive effect.

Use of estimates

Preparation of the financial statements and the notes, under IFRS requires management to use estimates and assumptions that affect the carrying amount of statement of financial position assets and liabilities and information relating to the contingent assets and liabilities.
The estimates and assumptions used are based on experience and other factors considered relevant. The actual results may, therefore, differ from said estimates. The estimates and assumptions are reviewed periodically and the effects of each change made to them are reflected in the income statement in the period in which the estimate revision takes place if said revision only has an impact on that period, or also in subsequent periods if the revision has an effect on both the current and future years.
The main items in the financial statements affected by this estimation process are deferred taxes and the fair value of financial instruments.
Please refer to the specific areas for more details.

Main sources of uncertainty in making financial statement estimates

The critical valuation processes and key assumptions used by the Company in the IAS/IFRS application process are summarised below.

Discretional choices in the accounting standard application process

Impairment losses - receivables and other financial assets

In application of IFRS 9, the Company applies the forecast ‘expected credit loss’ (ECL) model.
The impairment loss model applies to financial assets measured at amortised cost or at FVOCI, with the exception of equities and assets arising from contracts with customers. Financial assets measured at amortised cost include financial and trade receivables, cash and cash equivalents and debt securities.

Specifically, the accounting standard establishes that, for financial assets not measured at fair value through profit or loss, value adjustments are determined on the basis of the expected loss at 12 months and, if a significant increase in credit risk is observed with respect to the date of initial recognition, on the basis of the expected loss determined over the entire residual life of the financial instrument. On the basis of these elements, financial assets are divided into three stages:

- stage 1 includes performing financial instruments for which there has been no significant increase in credit risk since the date of initial recognition. A 12-month ECL is then calculated, namely the ECL that results from a possible default over a 12-month period from the end of the reporting period;
- stage 2 includes performing financial instruments for which there has been a significant increase in credit risk since the date of initial recognition. In this case, so-called “lifetime” ECLs will be applied, i.e. ECLs resulting from all possible defaults over the expected life of a financial instrument;
- stage 3 includes non-performing financial instruments. The measurement will be determined analytically on the basis of the loss calculated on the residual life of the instrument.

Recoverable value of non-current assets (including goodwill)

Non-current assets include property, plant and equipment and intangible assets (including goodwill), equity investments and other financial assets. Management periodically reviews the book value of the non-current assets held and used and the assets which must be disposed of, when facts and circumstances require said revision. This activity is performed by using estimates of expected future cash flows from the use or sale of the asset and adequate discount rates for the calculation of the present value. When the book value of a non-current asset has undergone impairment, the Company records an impairment loss for the value of the excess of the book value of the asset over its recoverable value through use or sale of the same, determined with reference to the Company’s more recent plans.

Realisability of deferred tax assets

The Company records the deferred tax assets up to the value for which it deems their recovery likely, also taking into account a further worsening in the assumptions envisaged over a medium-term period and the fact that the net deferred tax assets allocated refer to temporary differences/tax losses which can be recovered. The forecasts are based on taxable income that can be generated with reasonable certainty in light of budget results and the forecasts for subsequent years which consider the reasonable expectation of implementation of the planned transactions.
For further details, please refer to note no. 10.

Receivables

For loans and receivables and other assets evaluations are regularly performed in order to verify the existence of objective evidence that these have been impaired. In particular, in measuring receivables, account is taken of creditor solvency and of the characteristics of credit risk which is indicative of the individual debtor's payment capacity. Any impairment is recorded as cost in the income statement for the year.
Non-current loans and receivables, trade receivables and other receivables originated by the Company fall into this category. The estimate of the allowance for impairment is based on expected losses by the Company, determined on the basis of past experience with similar receivables, losses and collections.

Contingent liabilities

The Company is involved in legal disputes in relation to which, considering the inherent uncertainties, it is difficult to predict with any certainty the disbursement involved with these disputes. Legal proceedings and disputes derive from complex legal problems, which are subject to a different degree of uncertainty, including facts and circumstances concerning each case. The Company identifies a liability in respect of these disputes when it believes that the dispute will result in a financial outlay and when the amount of the resultant losses can be reasonably estimated. In the event in which a financial outlay becomes possible but the amount cannot be determined, this is reported in the explanatory notes.

The 2021 financial year, despite the rapid results resulting from the vaccine development, was still strongly affected by the worldwide spread of the Coronavirus epidemic and also the first part of 2022 continues in a context of great uncertainty. The main factors of uncertainty that could affect future scenarios in which the Company will be operating indeed include the possible developments of the global and Italian economy linked directly and indirectly with the spread of the Coronavirus epidemic, the impacts of which are being continuously assessed by the Company, as also specified in the paragraph "Significant events in the year" and "Business outlook for the year".
It should be noted that the sensitivity analyses carried out, also assuming reductions in revenue within reasonable ranges, given the uncertainty as regards the evolution of the epidemic, do not highlight significant issues in terms of impairment testing and valuations of the main financial statement items. The Company will continue to perform periodic monitoring in order to mitigate the risks deriving from the contingent situation. Please refer to the section "Risks associated with the Coronavirus epidemic".

Changes in accounting estimates

Pursuant to IAS 8, changes in accounting estimates are booked prospectively in the income statement starting from the year in which they are adopted. It should be noted that the period 1 January 2021 – 31 December 2021 was not characterised by changes to the estimation criteria already applied to draft the financial statements as at 31 December 2020.

Information on the Statement of Financial Position

Non-current assets

4. Intangible assets

These totalled EUR 4 thousand (EUR 7 thousand as at 31 December 2020). The overall decrease compared to the previous year was EUR 3 thousand.

The breakdown of this item is as follows:

	Goodwill	Trademarks	Plant	Concessions and licences	Other	Total
Values as at 01.01.2021				**4.207**	**2.306**	**6.513**
Changes in the year:						
- acquisitions					1.383	**1.383**
- disposals						**-**
- reclassifications						**-**
- amortisation				(2.813)	(1.513)	**(4.326)**
- other changes				(1)		**(1)**
Total changes	**-**	**-**	**-**	**(2.814)**	**(130)**	**(2.944)**
Values as at 31.12.2021				**1.393**	**2.176**	**3.569**

5. Property, plant and equipment

These totalled EUR 4.253 thousand (EUR 4.597 thousand as at 31 December 2020). They decreased by a total of EUR 344 thousand compared to the previous year.

More specifically, the item saw the following changes:

	Land and buildings	Investment property	Plant and machinery	Office machines and equipment	Rights of use	Other assets	Total
Values as at 01.01.2021	**24.990**			**202.012**	**4.124.870**	**244.914**	**4.596.786**
Changes in the year:							
- acquisitions				3.336		**1.012**	**4.348**
- disposals							**-**
- reclassifications							**-**
- depreciation				(44.873)	(272.719)	**(30.899)**	**(348.491)**
- other changes							**-**
Total changes	**-**	**-**	**-**	**(41.537)**	**(272.719)**	**(29.887)**	**(344.143)**
Values as at 31.12.2021	**24.990**			**160.475**	**3.852.151**	**215.027**	**4.252.643**

6. Investments

These totalled EUR 99.047 thousand (EUR 84.370 thousand as at 31 December 2020). The overall increase was EUR 14.677 thousand.
The breakdown of this item is as follows:

	31.12.2021	31.12.2020
Earchimede S.p.A.	8.200.000	8.200.000
Mittel Investimenti Immobiliari S.r.l.	11.500.000	7.000.000
Mittel Generale Investimenti S.r.l.	3.753.000	5.400.000
Mittel Advisory S.r.l. in liquidation	800.000	800.000
Italian Bathroom Design Group S.r.l.	27.850.000	22.850.000
IMC S.p.A.	17.863.548	15.000.000
Gruppo Zaffiro S.r.l.	13.500.000	13.500.000
Mit-Fin S.p.A.	-	50.000
Curae Group S.r.l.	4.010.000	10.000
Sport. Fashion Service S.r.l.	11.559.977	11.559.977
Progetto Raffaello S.r.l.	10.000	-
	99.046.525	**84.369.977**

The changes in investments during the year are illustrated in the following table:

Company name	% interest	Balances as at 01.01.2021	Purchases and subscriptions	Sales, repayments and reversals	Dividends and reserves distributed	Pro-rata profit (loss)	Gains (losses) from disposals	Impairments	Other changes	Balances as at 31.12.2021
Investments										
Earchimede S.p.A.	99,7%	8.200.000						0		8.200.000
Gruppo Zaffiro S.r.l.	60%	13.500.000								13.500.000
IMC S.r.l.	75%	15.000.000	2.863.548							17.863.548
Mittel Advisory S.r.l. in liquidation	100%	800.000								800.000
IBD Group S.r.l.	100%	22.850.000	5.000.000							27.850.000
Mittel Generale Investimenti S.r.l.	27%	5.400.000		(1.647.000)						3.753.000
Mittel Investimenti Immobiliari S.r.l.	100%	7.000.000	5.000.000					(500.000)		11.500.000
Curae Group S.r.l.	100%	10.000	4.000.000							4.010.000
Sport Fashion Service S.r.l.	90%	11.559.977								11.559.977
Progetto Raffaello S.r.l.	100%		10.000							10.000
Total investments		**84.319.977**	**16.873.548**	**(1.647.000)**			**0**	(500.000)	**0**	**99.046.525**

The change in the item during the year is mainly due to the waiver of shareholder loans made in favour of IMC S.p.A. for EUR 2.863.548, of IBD Group for EUR 5.000.000 and of Mittel Investimenti Immobiliari S.r.l. for EUR 5.000.000, with a view to capital strengthening of the investee companies, in addition to the increase in the capital endowments of Curae Group for EUR 4.000.000, carried out in connection with the purchase of the Jeckerson brand carried out by the latter's subsidiary Fashion Time S.r.l.. Also worthy of note are the reductions attributable to the distribution of EUR 1.647.000 made by the associate Mittel Generale Investimenti S.r.l. and, although for a less significant amount, to the write-down of the investee Mittel Investimenti Immobiliari S.r.l..

Impairment test of the recoverable value of investments

Investments in subsidiaries and associates recognised at cost are subjected to impairment tests in accordance with rules envisaged in IAS 36.
According to IAS 36, the recoverable value is represented by the higher between the fair value of the investment, net of costs to sell, and its value in use. Therefore, for the impairment testing of investments recognised in the separate financial statements it is necessary to verify that the recoverable value of the investment is higher than its book value.
According to IAS 36, the existence of significant changes should be verified, with negative effects, in the financial market targeted by the subsidiaries' activities, considered such that the economic performance of the investees could reasonably prove to be more unfavourable than expected.

The impairment tests were performed on the investments held by Mittel S.p.A. for which indicators of impairment were identified as established by IAS 39 and IAS 36, essentially referring to events indicating the existence of a considerable decrease in expected cash flows on the equity investment compared to the time of their initial recognition.

As regards the investments for which goodwill is booked in the consolidated financial statements, the results of the analyses conducted for the impairment test of this goodwill were used, re-adjusted accordingly, owing to the verification of the absence of indicators of impairment of investments booked to the separate financial statements.

For the other investments, the economic performances of the investees were analysed, as well as the equity values and the values of the underlying assets, without any indicators of impairment, with the exception of the investment held in Mittel Investimenti Immobiliari.

For this equity investment, in fact, although no value adjustments were recorded during the year on the property inventories held directly or indirectly (subjected to a recoverability check with the support of an external evaluator), it was prudentially decided to proceed with a write-down of EUR 500 thousand to align with the net book value of the investee, considered an acceptable proxy for the recoverable value (intended as the sum of the parts of the assets subject to specific comparative or financial evaluations).

	EUR	*EUR*	*EUR*
Investments in subsidiaries:			
Mittel Investimenti Immobiliari S.r.l.	12.000.000	(500.000)	11.500.000
	12.000.000	**(500.000)**	**11.500.000**

7. Financial receivables

These totalled EUR 56.606 thousand (EUR 47.832 thousand as at 31 December 2020). The overall increase was EUR 8.774 thousand.

	31.12.2021	**31.12.2020**
Loans	56.606.264	47.832.200
Other receivables	-	-
Security deposits	-	-
	56.606.264	**47.832.200**

8. Other non-current financial assets

These totalled EUR 10.139 thousand (EUR 10.398 thousand as at 31 December 2020). The overall decrease was EUR 259 thousand.

The breakdown of this item is as follows:

	31.12.2021	**31.12.2020**
Financial assets		
Equities and fund units	10.138.836	10.397.951
Bonds	-	-
Derivative financial instruments	-	-
	10.138.836	**10.397.951**

Financial assets

The item mainly includes equity instruments of companies recorded as financial assets measured at fair value through profit or loss and is composed as follows:

	31.12.2021	31.12.2020
Financial assets		
Equities and fund units:		
Fondo Augusto	9.985.561	9.903.653
Fondo Cosimo I	53.275	394.298
Nomisma S.p.A.	100.000	100.000
	10.138.836	**10.397.951**

The change during the year in financial assets is presented in the following table.

Name/company name	Values as at 01/01/2021	Purchases - Calls for funds	Sales - Distributions of funds	Capital gains (losses)	Write-downs for impairment	Fair value adjustments	Values as at 31.12.2021
Equities and fund units:							
Fondo Augusto	9.903.653		-	-	-	81.908	9.985.561
Fondo Cosimo I	394.298		(336.585)	-	-	(4.437)	53.275
Nomisma S.p.A.	100.000		-	-	-	-	100.000
	10.397.951	**-**	**(336.585)**	**-**	**-**	**77.471**	**10.138.836**

The main changes in the item, detailed above, refer to the decrease of EUR 337 thousand attributable to the distribution made by Fondo Cosimo I and to the increase in the value of Fondo Augusto for 82 thousand.

9. Sundry receivables and other assets

The item “Sundry receivables and other assets” amounting to EUR 145 thousand (EUR 145 thousand as at 31 December 2020), unchanged, mainly refers to the usufruct on a share (EUR 143 thousand).

	31.12.2021	31.12.2020
Tax receivables	-	-
Other receivables	144.741	144.741
Other assets	-	-
	144.741	**144.741**

10. Deferred tax assets

This item totalled EUR 6.115 thousand, increasing by EUR 11 thousand compared to 31 December 2020. The breakdown of this item is as follows:

	31.12.2021	31.12.2020
Tax assets recognised through profit or loss	6.113.738	6.102.896
Tax assets recognised in equity	1.493	1.493
	6.115.231	**6.104.389**

	31.12.2021	31.12.2020
Deferred tax assets		
Losses carried forward	6.000.000	6.000.000
Other assets/liabilities	115.231	104.389
	6.115.231	**6.104.389**

Recall that, as previously described in the corresponding section of the consolidated financial statements, to which reference should be made, in previous years, deferred tax assets were allocated on the sizeable previous tax losses, against significant changes to the Group’s perimeter in recent years, which resulted in the inclusion in the consolidated tax perimeter of companies with considerable taxable income and the resulting radical change in the expectations for the recovery of latent tax benefits.

The table below shows the changes during the year:

Tax assets recognised through profit or loss:

	31.12.2021	31.12.2020
Opening balance	**6.102.896**	**6.020.915**
Increases	**10.842**	**81.981**
Deferred tax assets recorded in the period:	-	-
- relating to previous years	-	-
- other	-	-
Increases in tax rates	-	-
Other increases	10.842	81.981
Decreases	**-**	**-**
Deferred tax assets cancelled in the period:	-	-
- reversals	-	-
Decreases in tax rates	-	-
Other decreases	-	-
	6.113.738	**6.102.896**

Tax assets recognised in equity:

	31.12.2021	31.12.2020
Opening balance	**1.493**	**1.493**
Increases	**-**	**-**
Deferred tax assets recorded in the period:	-	-
- relating to previous years	-	-
- other	-	-
Increases in tax rates	-	-
Other increases	-	-
Decreases	**-**	**-**
Deferred tax assets cancelled in the period:	-	-
- reversals	-	-
Decreases in tax rates	-	-
Other decreases	-	-
	1.493	**1.493**

Current assets

11. Financial receivables

These totalled EUR 32.539 thousand (EUR 52.753 thousand as at 31 December 2020). The overall decrease was EUR 20.215 thousand.

The breakdown of this item is as follows:

	31.12.2021	31.12.2020
Loans	32.538.564	52.753.422
Other receivables	-	-
Security deposits	-	-
	32.538.564	**52.753.422**

This item primarily consisted of outstanding loans with the subsidiaries Mittel Investimenti Immobiliari S.r.l. for EUR 27,8 million, Curae Group S.r.l. for EUR 1,8 million and Sport Fashion Service S.r.l. for EUR 1,0 million.

12. Current tax assets

These totalled EUR 304 thousand (EUR 155 thousand as at 31 December 2020). The overall increase was EUR 149 thousand.

The item is mainly represented by an IRAP receivable for EUR 153 thousand referring mainly to the tax benefit from recalculation of the IRAP taxable base for 2011/2012 following receipt of the response to the query put to the Italian Revenue Agency regarding the application, for the year in question, of rules envisaged in art. 6, paragraph 9 of Legislative Decree 446/1997 for industrial holdings.

	31.12.2021	31.12.2020
IRES (corporate income tax)	151.099	2.046
IRAP (regional business tax)	152.681	152.681
Other taxes	-	-
	303.780	**154.727**

The changes in this item in the year are shown below:

	31.12.2021	31.12.2020
Opening balance	**154.727**	**575.069**
Increases	**149.053**	**-**
Current tax assets recorded in the period:	-	-
- relating to previous years	-	-
- other	-	-
Other increases	149.053	-
Decreases	**-**	**(420.342)**
Current tax assets cancelled in the period:	-	-
- reimbursements	-	-
Other decreases	-	(420.342)
	303.780	**154.727**

13. Sundry receivables and other assets

These totalled EUR 4.666 thousand (EUR 7.980 thousand as at 31 December 2020). The overall decrease was EUR 3.313 thousand.

The breakdown of this item is as follows:

	31.12.2021	31.12.2020
Trade receivables	263.841	145.442
Other tax receivables	716.540	731.625
Other receivables	3.541.682	6.952.362
Accrued income and prepaid expenses	144.080	150.130
	4.666.143	**7.979.559**

The item "Trade Receivables" increased by EUR 118 thousand compared to 31 December 2020, and refers to invoices issued in December 2020 to consolidated companies for services rendered.

The item “Other tax receivables” for EUR 717 thousand refers to VAT receivables, of which EUR 350 thousand for which reimbursement was requested.

The item “Other receivables”, amounting to EUR 3.542 thousand (EUR 6.952 thousand as at 31 December 2020), decreased by EUR 3.410 thousand compared to the previous year and mainly comprised receivables from group companies for taxes, VAT and miscellaneous charges.

The item “Accrued income and prepaid expenses” consists exclusively of prepayments on contractual instalments attributable to future periods for EUR 144 thousand (EUR 150 thousand as at 31 December 2020).

14. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 23.649 thousand (EUR 89.023 thousand as at 31 December 2020), include cash held by the Company and investments in bank deposits and certificates maturing within three months, and therefore considered readily convertible to cash.

	31.12.2021	31.12.2020
Cash	10.245	7.932
Bank and postal deposits	23.638.539	89.015.483
	23.648.784	**89.023.415**

For the changes in cash and cash equivalents, reference should be made to the Cash Flow Statement in these separate financial statements.

Equity

15. Equity

Equity totalled EUR 207.883 thousand (EUR 212.820 thousand as at 31 December 2020), a decrease of EUR 4.937 thousand compared to 31 December 2020.

The breakdown of equity is shown in the following table:

	31.12.2021	31.12.2020
Share capital	87.907.017	87.907.017
Legal reserve	17.581.403	17.581.403
Treasury shares	-	-
Share/holding premium reserve	53.716.218	53.716.218
Valuation reserves	(152.112)	(185.084)
Other reserves	3.749.733	3.749.733
Profit (loss) of previous years	50.050.527	51.706.623
Profit (loss) for the year	(4.969.591)	(1.656.096)
Equity	**207.883.195**	**212.819.814**

Type/description	Amount	Possibility for utilisation	Portion available	Summary of utilisations during the three prior years	
				To cover losses	For other purposes
Share capital	87.907.017				
Capital reserves:					
Share premium reserve	53.716.218	A,B,C	53.716.218		
Other capital reserves:					
- surplus on share swap	949.931	A,B	949.931		
- revaluation reserve as per Law no. 72/1983	2.372.917	A,B	2.372.917		
- revaluation reserve as per Law no. 413/1991	43.908	A,B	43.908		
Profit reserves:					
Legal reserve	17.581.403	B	17.581.403		
Other profit reserves:					
- merger reserve	3.907.896	A,B,C	3.907.896		11.024.404
- share-based payment reserve	301.117		-		
- IAS/IFRS FTA reserve	(4.640.956)		(4.640.956)		
- other	814.920	A,B,C	814.920		
Valuation reserve	(152.112)		(152.112)		
Profits carried forward	50.050.527	A,B,C	50.050.527	1.656.096	
Total reserves	**124.945.769**		**124.644.652**		
Non-distributable portion			20.948.159		
Residual distributable portion			105.319.617		

Key: A - for share capital increases, B - to cover losses, C - for distribution to shareholders

Changes in equity during the year are shown in detail in the relative schedule attached previously.

Share capital

Share capital is made up of 81.347.368 ordinary shares with no nominal value.

Treasury shares

As at 31 December 2021, the Parent Company held no treasury shares.

Valuation reserve

The valuation reserve refers, following the application, from 1 January 2018, of IFRS 9, which led the company to qualify financial assets as assets at fair value through profit or loss, exclusively to actuarial gains/losses registered in respect of the application of IAS 19 for the measurement of employee severance indemnity.

Non-current liabilities

16. Bonds

The item "Bonds", recognised under current and non-current liabilities, for the respective shares falling due, was composed as follows:

	31.12.2021	31.12.2020
Current portion	243.528	1.126.279
Non-current portion	15.182.956	78.772.100
	15.426.484	**79.898.379**

As at 31 December 2021, there was just one bond in place, listed on the screen-based bond market ("MOT"):

- "Mittel S.p.A. 2017-2023" loan: a bond at a fixed interest rate of 3,75%, with maturity on 27 July 2023 and half-yearly coupon payment, represented by 144.709.182 bonds with a nominal value of EUR 0,105, for a total nominal value of EUR 15.194.464.

The liability for Bonds breaks down as follows:

	31.12.2021	31.12.2020
"Mittel S.p.A. 2017-2023" bonds, fixed rate 3,75%		
Current portion	243.528	1.126.279
Non-current portion	15.182.956	78.772.100
Total "Mittel S.p.A. 2017-2023" bonds, fixed rate 3,75%	**15.426.484**	**79.898.379**

The table below shows the differentials between the face values of each bond issue (including the coupon accrued as at 31 December 2021) and the book values of the same. This difference is due to the application of the amortised cost method. The differentials shown provide the residual measure of capitalised costs on liabilities that will be recognised as financial expenses in subsequent years at the effective interest rate, as required by IFRS 9.

	31.12.2021	31.12.2020
Current portion		
"Mittel S.p.A. 2017-2023" bonds, fixed rate 3,75% (coupon in the process of maturity)	243.528	1.126.279
Non-current portion		
"Mittel S.p.A. 2017-2023" bonds, fixed rate 3,75% (repayment value at maturity)	15.194.464	78.866.504
Total nominal repayment value	**15.437.992**	**79.992.783**
Measurement at amortised cost	(11.508)	(94.404)
Total book value	**15.426.484**	**79.898.379**

The fair value as at 31 December 2021 of the bond issue is EUR 15,8 million (clean price on a 100 par value equal to 102,46).

The prospectus and the regulation for the bond issue are available on the website www.mittel.it, in the "Investor Relations" section.

The 2017-2023 loan requires that, 36 months after the bond issue, Mittel S.p.A. has the right to proceed at its discretion to the total or partial repayment of the loan at a redemption price:

- equal to the nominal value to be repaid plus an amount equal to half of the coupon, between the expiry of the third year (excluded) and the expiry of the fourth year (included);
- equal to the nominal value to be repaid plus an amount equal to a quarter of the coupon between the expiry of the fourth year (excluded) and the expiry of the fifth year (included);
- equal to the nominal value after the expiry of the fifth year (excluded).

17. Financial payables

As at 31 December 2021, the item amounted to EUR 3.988 thousand, a decrease of EUR 219 thousand over the previous year.

The item is composed as follows:

	31.12.2021	31.12.2020
Bank loans		
Other loans		
Financial lease payables		
Other financial payables		
Liabilities for rights of use	3.988.202	4.207.388
	3.988.202	**4.207.388**

18. Provisions for personnel

As at 31 December 2021, this item totalled EUR 1.141 thousand (EUR 1.113 thousand as at 31 December 2020) and is composed as follows:

	31.12.2021	31.12.2020
Employee severance indemnity	1.141.440	1.113.422
Other allowances		
	1.141.440	**1.113.422**

The table below illustrates changes during the year in the provision for Employee Severance Indemnity:

	31.12.2021	31.12.2020
Opening balances	**1.113.422**	**1.069.661**
Increases:		
- Allocation for the period	163.904	106.706
- Increase due to business combinations		
- Other increases		
Decreases:		
- Utilisations	(99.876)	
- Other decreases	(36.010)	(62.945)
	1.141.440	**1.113.422**

The valuation was performed on the basis of IAS 19, given that Employee Severance Indemnity is similar to a "post-employment benefit" of the "defined benefit plan" type, whose amount already accrued must be projected to the future to estimate the amount to be paid when the employment relationship ends and then discounted, using the “Projected unit credit method”, to take account of the time that will elapse before the actual payment. The actuarial assumptions adopted refer to:

a) assumptions regarding the causes of exit from the Group: death, total and permanent disability, staff turnover, such as resignations, dismissals and retirement due to seniority and old age;
b) economic and financial assumptions: rate of discounting of future services; salary growth curve, which determines the trend in remuneration; annual inflation and the rate of return recognised annually on accrued employee severance indemnity;
c) additional assumptions were formulated on the frequency of advances on employee severance indemnity, on tax withholdings and, on the whole, on the legislation in force.

All assumptions used in the valuations, given the small sample size of the community in question, were based on market experiences, and reflect the current corporate, legislative and existing market conditions at the valuation date, and are based on the assumption of the parent and group companies as going concerns.
As regards the quantification of employee severance indemnity, governed by art. 2120 of the Italian Civil Code, a portion of 7,41% of the amount of projected remuneration was calculated for each year of service, valid for employee severance indemnity purposes and due for the same year. From the amount thus obtained, 0,5% was subtracted for the financing of the employee severance indemnity (TFR) guarantee fund established at INPS (National Social Security Institute).
The amount of projected salary in future years has been estimated, for each employee, annually increasing the salary of the year to which the valuation refers, valid for employee severance indemnity purposes, based on the projected inflation rate and other contractual increases. The projections also take account of any employee severance indemnity additions, communicated by the Parent Company.
For revaluation purposes, with the exclusion of the portion accrued in the year, employee severance indemnity is increased each year through the application of a rate with a fixed component of 1,50% and a variable component of 75% of the projected inflation rate. Substitute income tax of 17% is applied on annual returns (this rate was raised from 11% to 17% due to the legislative amendment pursuant to paragraph 623, art. 1 of Law no. 190 of 23 December 2014 – ‘Stability Law’).

19. Deferred tax liabilities

As at 31 December 2021, the item amounted to EUR 22 thousand, unchanged from 31 December 2020.
The breakdown of this item is as follows:

	31.12.2021	**31.12.2020**
Tax liabilities recognised through profit or loss		
Tax liabilities recognised in equity	22.467	22.467
	22.467	**22.467**

	31.12.2021	**31.12.2020**
Deferred liabilities		
Receivables		
Financial assets/liabilities	22.467	22.467
Investments		
Property, plant and equipment/intangible assets		
Other assets/liabilities		
Other		
	22.467	**22.467**

The changes in tax liabilities recognised in equity were as follows:

	31.12.2021	31.12.2020
Opening balance	**22.467**	**22.467**
Increases	**-**	**-**
Deferred taxes recorded in the period:	**-**	**-**
- relating to previous years	-	-
- other	-	-
Increases in tax rates	-	-
Other increases	-	-
Decreases	**-**	**-**
Deferred taxes cancelled in the period:	**-**	**-**
- reversals	-	-
Decreases in tax rates	-	-
Other decreases	-	-
	22.467	**22.467**

20. Provisions for risks and charges

As at 31 December 2021 the item amounted to EUR 185 thousand (EUR 324 thousand at 31 December 2020).

The breakdown is as follows:

	31.12.2021	31.12.2020
Provision for risks:		
Legal disputes	185.000	324.343
Disputes with personnel		
Contractual disputes		
Other disputes		
Other provisions:		
Expenses for personnel		
Other expenses		
	185.000	**324.343**

The item saw the following changes:

	31.12.2021	31.12.2020
Opening balance	**324.343**	**376.790**
Increases:		
Allocation for the period	76.400	
Other increases		
Decreases:		
Utilisations		
Other decreases	(213.943)	(52.447)
	185.000	**324.343**

The decreases are attributable to releases as a result of the disappearance of the risks to which the allocations made in previous years referred.

Current liabilities

21. Bonds

These amounted to EUR 244 thousand and refer entirely to the accrued portion of the interest relating to the coupon (23/07/2021-23/01/2022).

22. Financial payables

These totalled EUR 4.698 thousand (EUR 235 thousand as at 31 December 2020).

The item is composed as follows:

	31.12.2021	31.12.2020
Bank loans		
Current portion of medium/long-term bank loans		
Other loans	4.478.536	
Other financial payables		
Liabilities for rights of use	219.856	234.530
	4.698.392	**234.530**

23. Current tax liabilities

The item has no balance as at 31 December 2021 and has decreased by EUR 16 thousand compared to 31 December 2020.

The item is composed as follows:

	31.12.2021	31.12.2020
IRES (corporate income tax)		15.958
IRAP (regional business tax)		
Other		
	-	**15.958**

	31.12.2021	31.12.2020
Opening balance	**15.958**	**-**
Increases	**-**	**15.958**
Current tax liabilities recorded in the period:	**-**	**-**
- relating to previous years	-	-
- other	-	-
Other increases	-	15.958
Decreases	**(15.958)**	**-**
Current tax liabilities cancelled in the period:	**-**	**-**
- reimbursements	-	-
Other decreases	(15.958)	-
	-	**15.958**

24. Sundry payables and other liabilities

These totalled EUR 4.120 thousand (EUR 4.727 thousand as at 31 December 2020). The overall decrease was EUR 607 thousand.

The breakdown of this item is as follows:

	31.12.2021	31.12.2020
Trade payables	1.177.795	1.076.326
Tax payables	181.258	221.749
Payables relating to employees	411.192	428.159
Payables due to directors and statutory auditors	660.880	608.880
Payables due to social security institutions	106.670	128.186
Other payables	1.581.794	2.256.207
Accrued expenses and deferred income	311	7.872
	4.119.900	**4.727.379**

The item "Trade payables" refers to invoices received but not yet paid for EUR 356 thousand and invoices to be received for EUR 821 thousand. The latter refer to payables allocated on the basis of existing mandates and relating to payables for legal expenses (EUR 592 thousand), professional consulting (EUR 109 thousand), fees for certification of the financial statements (EUR 89 thousand), and utilities (EUR 2 thousand).

The item "Tax payables" consists primarily of EUR 113 thousand for payables to Inland Revenue Agency for fees paid in December 2021 and EUR 68 thousand of other tax payables.

The item "Other payables", equal to EUR 1.582 thousand, refers entirely to the payable to the companies adhering to the tax consolidation and to the group VAT, of which Mittel S.p.A. is the parent company.

25. Revenue

These totalled EUR 480 thousand (EUR 453 thousand as at 31 December 2020). The overall increase was EUR 27 thousand.

The breakdown of this item is shown below, with the main types highlighted:

	31.12.2021	31.12.2020
Revenue from sales	-	-
Revenue from rent	-	-
Revenue from provision of services	480.446	452.721
	480.446	**452.721**

The item revenue from provision of services refers to direct debit expenses, accounting services and data processing and ordinary and specific advisory services provided to group companies.

26. Other income

These totalled EUR 313 thousand (EUR 411 thousand as at 31 December 2020). The overall decrease was EUR 98 thousand.

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Recoveries of various expenses	-	-
Extraordinary contingent assets	41.815	130.318
Income from elimination of assets	-	-
Other revenue and income	270.822	280.851
	312.637	**411.169**

The item “Contingent assets” consists for the most part (EUR 8 thousand) of collections during the year that were not expected and EUR 31 thousand for debts no longer due.

The item “Other revenue and income” principally contains the chargeback for fees of the administrative body and supervisory body from Mittel S.p.A. to the subsidiaries and associates.

27. Costs for services

These totalled EUR 1.802 thousand (EUR 1.796 thousand as at 31 December 2020). The overall decrease compared to 31 December 2020 was EUR 0,6 thousand.

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Legal consultancy	(116.760)	(116.167)
Notary consultancy	(7.688)	(8.935)
Other consultancy	(377.365)	(393.525)
General services and maintenance	(166.317)	(178.229)
Administrative, organisational and audit services	-	(1.812)
Directors' fees	(640.880)	(640.880)
Board of Statutory Auditors’ fees	(144.000)	(144.000)
Supervisory Body’s fees	(48.000)	(48.000)
Fees for prosecutors and Manager in charge	(16.000)	(16.000)
Leases and rentals	(40.278)	(39.575)
Insurance	(175.262)	(137.162)
Utilities	(63.793)	(63.922)
Other services	(5.374)	(7.751)
	(1.801.717)	**(1.795.958)**

28. Personnel costs

These totalled EUR 2.641 thousand (EUR 2.519 thousand as at 31 December 2020). The overall increase compared to 31 December 2020 was EUR 123 thousand.

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Wages and salaries	(1.948.770)	(1.779.730)
Social security costs	(519.512)	(609.603)
Allocation to employee severance indemnity	(163.904)	(106.706)
Payments to external supplementary pension funds	(1.374)	(14.570)
Other personnel costs	(7.774)	(7.993)
	(2.641.334)	**(2.518.602)**

Average number of employees broken down by category:

	Average in the year 2021	Average in the year 2020
Managers	4	5
Officials	7	6
Employees	9	10
Total	**20**	**21**

29. Other costs

These totalled EUR 522 thousand (EUR 813 thousand as at 31 December 2020). The decrease compared to 31 December 2020 was EUR 291 thousand.

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Taxes and duties	(332.100)	(548.967)
Extraordinary contingent liabilities	(136)	(76.204)
Other sundry operating expenses	(189.887)	(188.292)
	(522.123)	**(813.463)**

The item “Taxes and duties” mainly includes pro-rata costs for non-deductible VAT amounting to EUR 285 thousand.
The item “Other sundry operating expenses” includes membership dues for EUR 106 thousand, non-deductible expenses for EUR 27 thousand, and expenses for managing company cars and those used by executives for EUR 28 thousand.

30. Profit (loss) from management of financial assets and investments

This item totalled EUR 200 thousand (EUR 9.570 thousand as at 31 December 2020) and decreased by EUR 9.370 thousand compared to 31 December 2020.

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Capital Gains/(Losses) from transfer of financial assets	-	9.570.000
Capital Gains/(Losses) from transfer of investments	200.000	-
	200.000	**9.570.000**

This refers entirely to the higher transfer value with respect to the carrying value of the investment Mit-Fin S.p.A., which was sold during the year.

31. Amortisation/depreciation

These amounted to EUR 353 thousand (EUR 378 thousand as at 31 December 2020) and decreased by EUR 25 thousand.

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Intangible assets		
Amortisation	(4.326)	(17.093)
Property, plant and equipment		
Depreciation of other assets owned	(75.772)	(76.722)
Depreciation of rights of use	(272.719)	(283.867)
	(352.817)	**(377.682)**

32. Allocations to the provision for risks

These totalled EUR 139 thousand and increased by an equal amount compared to 31 December 2020.

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Provisions for ongoing disputes:		
for legal disputes	-	-
for personnel expenses	-	-
Provision for contractual disputes	-	-
Provision for restructuring expenses	-	-
Other provisions/releases	139.343	-
	139.343	**-**

33. Financial income

These totalled EUR 2.033 thousand (EUR 1.341 thousand as at 31 December 2020). The overall increase compared to 31 December 2020 was EUR 691 thousand.

The item is composed as follows:

	31.12.2021	31.12.2020
Bank interest income	846	7.868
Interest income on financial receivables	1.964.808	1.227.259
Other interest income	-	921
Other financial income	67.081	105.370
	2.032.735	**1.341.418**

34. Financial expenses

These totalled EUR 2.815 thousand (EUR 5.363 thousand as at 31 December 2020). The overall decrease compared to 31 December 2020 was EUR 2.548 thousand.

The item is composed as follows:

	31.12.2021	31.12.2020
Interest expense on bonds	(2.616.819)	(5.194.833)
Interest expense on bank current accounts	-	-
Interest expense on bank loans	-	-
Interest expense on other loans	(40.199)	(9.155)
Other interest expenses	(135.894)	(143.415)
Other financial expenses	(22.443)	(15.911)
	(2.815.355)	**(5.363.314)**

35. Value adjustments to financial assets, loans and receivables

This item totalled EUR 276 thousand, decreasing by EUR 4.556 thousand compared to 31 December 2020. The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Write-downs on financial receivables	(353.470)	(2.940.671)
Write-downs on other receivables	-	-
Write-downs on financial assets	-	(1.891.302)
Reversals of impairment losses on financial assets	77.470	-
	(276.000)	**(4.831.973)**

For further details of the item “Write-downs on financial assets”, reference should be made to paragraph “8 - Other financial assets”.

36. Value adjustments on investments

The item was equal to EUR 500 thousand (EUR 300 thousand as at 31 December 2020). The overall decrease compared to 31 December 2020 was EUR 200 thousand.

The breakdown of the item is shown in the following table:

	31.12.2021	31.12.2020
Write-downs of investments	(500.000)	(300.000)
Revaluations of investments	-	-
	(500.000)	**(300.000)**

The item “Write-downs of investments” is entirely attributable to the impairment of Mittel Investimenti Immobiliari S.r.l.. For more details, see note "6. Investments” in these financial statements.

37. Income taxes

These totalled EUR 775 thousand (EUR 2.570 thousand as at 31 December 2020). The overall decrease compared to 31 December 2020 was EUR 1.795 thousand.

The amount is composed as follows:

	31.12.2021	31.12.2020
IRES (corporate income tax)	919.369	2.248.630
IRAP (regional business tax)	-	-
Taxes of previous years	(155.617)	238.977
Total current taxes	**763.752**	**2.487.607**
Deferred tax liabilities	-	-
Deferred tax assets	10.842	81.981
Total deferred taxes	**10.842**	**81.981**
Other taxes	-	-
Total income taxes	**774.594**	**2.569.588**

The positive contribution of this item to the income statement is explained primarily by the recognition of the current tax benefit arising from the utilisation within the tax consolidation of a portion of the tax loss accrued during the year.

38. Basic and diluted earnings (loss) per share

As set forth in IAS 33, Mittel S.p.A. shows i) basic earnings per share calculated as net profit or loss for the year divided by the weighted average number of shares outstanding in the year and ii) diluted earnings calculated by adjusting profit or loss attributable to holders of ordinary equity instruments of Mittel S.p.A. to take account of the effects of all potential ordinary shares with a dilutive effect.

In particular, basic and diluted earnings per share are calculated as follows:

- *Basic earnings or loss per share:*
  Basic earnings or loss per share are determined by dividing the profit or loss attributable to holders of ordinary equity instruments of Mittel S.p.A. by the weighted average of ordinary shares outstanding during the year.

- *Diluted earnings or loss per share:*
  As required by IAS 33, diluted earnings or loss per share should take account of the effects of all potential ordinary shares with a dilutive effect.

Basic and diluted earnings or loss per share as at 31 December 2021 compared with the previous year, are as follows:

Earnings/(loss) per share (in EUR)	**31.12.2021**	**31.12.2020**
From income statement:		
- Basic	(0,061)	(0,020)
- Diluted		
From comprehensive income:		
- Basic	(0,061)	(0,020)
- Diluted		

Basic earnings or loss per share

During the period ended 31 December 2021, the number of shares outstanding remained unchanged.

Basic earnings/(loss) per share	31.12.2021	31.12.2020
(No. of ordinary shares)		
No. of shares at start of the period	81.347.368	81.347.368
Average weighted number of ordinary shares subscribed in the period		
No. of treasury shares at start of the period		
Average weighted number of treasury shares acquired in the period	-	-
Average weighted number of treasury shares sold in the period	-	-
Average weighted number of shares outstanding at the end of the period	**81.347.368**	**81.347.368**
EUR		
Net profit/(loss)	**(4.969.591)**	**(1.656.096)**
EUR		
Basic earnings/(loss) per share	**(0,061)**	**(0,020)**
EUR		
Net comprehensive profit/(loss)	**(4.936.619)**	**(1.631.720)**
EUR		
Total basic comprehensive earnings/(loss) per share	**(0,061)**	**(0,020)**

Diluted earnings or loss per share

On 31 December 2019, the medium/long-term incentive plan - approved by the Shareholders' Meeting on 24 March 2016 - came to an end; it was based on the assignment of a variable share-based compensation (Stock Appreciation Rights or briefly SARs) at the end of the multi-year reference period and against the achievement of specific objectives ("SARs Plan" or "Plan").

To date, there are no transactions that could have a diluting effect on the earnings or loss per share. The diluted earnings or loss per share therefore coincides with the basic one.

Reconciliation of the weighted average number of shares outstanding for the purposes of the calculation of diluted earnings or loss per share from the income statement and from the statement of comprehensive income as at 31 December 2020, compared with the previous year, is as follows.

Diluted earnings/(loss) per share		
(No. of ordinary shares)		
Average weighted number of shares outstanding at the end of the period	81.347.368	81.347.368
plus shares required for:		
SARs plan	-	-
Potential dilution of ordinary shares	-	-
Average weighted number of shares at the end of the period	**81.347.368**	**81.347.368**

EUR		
Net profit/(loss)	(4.969.591)	(1.656.096)
Effect of subscriptions of potential new shares	-	-
Net profit (loss) available to ordinary shareholders plus expected subscriptions	**(4.969.591)**	**(1.656.096)**

EUR		
Diluted earnings/(loss) per share	**(0,061)**	**(0,020)**

EUR		
Net comprehensive profit/(loss)	(4.936.619)	(1.631.720)
Effect of subscriptions of potential new shares	-	-
Overall net available profit/(loss) for ordinary shareholders plus expected subscriptions	**(4.936.619)**	**(1.631.720)**

EUR		
Total diluted comprehensive earnings/(loss) per share	**(0,061)**	**(0,020)**

As there are no profits or losses from non-current assets held for sale or discontinued operations, the related earnings or loss per share of assets held for sale or already disposed of is not indicated.
Furthermore, note that the earnings or loss per share values recognised do not require adjustment due to any transactions involving ordinary shares or potential ordinary shares after the end of the year as at 31 December 2021 which would have significantly changed the number of ordinary or potential ordinary shares outstanding at period end.

39. Net financial position

According to the provisions of Consob Communication of 28 July 2006 and in compliance with the Recommendation of CESR dated 10 February 2005 “Recommendations for the consistent implementation of the regulation of the European Commission on prospectuses”, it should be noted that the net financial position of Mittel S.p.A. as at 31 December 2021 was positive for EUR 32.074 thousand, as shown in the table below:

	31.12.2021	31.12.2020
Cash	10	8
Cash equivalents	23.639	89.015
Other current financial assets (*)	32.539	52.753
Liquidity	**56.188**	**141.776**
Current bank loans and borrowings	(4.942)	(1.361)
Current portion of non-current bank loans and borrowings	-	-
Current financial debt	**(4.942)**	**(1.361)**
Net current financial debt	**51.246**	**140.415**
Non-current bank loans and borrowings	(3.988)	(4.207)
Debt instruments	(15.183)	(78.772)
Trade payables and other non-current payables	-	-
Non-current financial debt	**(19.171)**	**(82.979)**
Total financial debt	**32.074**	**57.436**

As regards the determination of the net financial position, please refer to the Directors’ Report on Operations for these financial statements. Moreover, in compliance with the indications of Consob Communication no. 6064293 of 28 July 2006 relating to the impact of transactions or positions with related parties on the net financial position, refer to the financial statement tables drawn up pursuant to Consob Resolution no. 15519 of 27 July 2006. Specifically, the significant items pertaining to the net financial position, which include balances to/from related parties, are current and non-current financial receivables and non-current financial payables. For the details of these, please refer to note 41 of these financial statements.

40. Commitments and guarantees

As at 31 December 2021, the following commitments and guarantees were in place:

	31.12.2021	31.12.2020
Guarantees:		
financial	-	-
commercial	850.905	5.999.869
assets pledged as collateral	-	-
Commitments:		
disbursement of funds	1.253.992	1.253.992
other irrevocable commitments	-	-
	2.104.897	**7.253.861**

Commercial guarantees refer entirely to sureties issued in favour of the Italian Revenue Agency for VAT receivables for which a refund was requested on behalf of group companies.
Commitments to disburse funds refer to the commitments for payments to be made into private equity funds and foreign investment vehicles.

41. Intercompany transactions and transactions with related parties

Intercompany transactions and transactions with related parties

In terms of transactions with related counterparties identified on the basis of art. 2359 of the Italian Civil Code and IAS 24, it should be noted that, during 2021 transactions were entered into with said counterparties as part of ordinary Group operations and that no atypical and unusual transactions were carried out. All transactions were performed at arm's length and refer to:

	Directors, Statutory auditors and internal committees	Subsidiaries	Associates	Total
Non-current assets				
Financial receivables		32.673.725		**32.673.725**
Current assets				
Financial receivables		30.576.043		**30.576.043**
Sundry receivables and other assets		3.720.785		**3.720.785**
Current liabilities				
Financial payables		4.478.536		**4.478.536**
Sundry payables and other liabilities	660.880	1.581.778		**2.242.658**
Income statement				
Revenue		430.445	50.000	**480.445**
Other income		205.823	50.000	**255.823**
Costs for services	(800.880)			**(800.880)**
Personnel costs	(996.076)		(21.752)	**(1.017.828)**
Financial income		1.024.392		**1.024.392**
Financial expenses		(40.199)		**(40.199)**

- Non-current financial receivables refer to loans granted to the Gruppo Zaffiro subsidiaries for EUR 19,6 million, Sport Fashion Service S.r.l. for EUR 4,3 and Italian Bathroom Design Group S.r.l. for EUR 8,7 million.

- Current financial receivables refer to loans granted to Curae Group S.r.l. for EUR 1,8 million to Mittel Investimenti Immobiliari S.r.l. for EUR 28,0 million and to Sport Fashion Service S.r.l. for EUR 1,0 million.

- The item "Sundry receivables and other assets" is mainly composed of receivables from companies in the tax consolidation of the consolidating company Mittel S.p.A.

- The item “Sundry payables and other current liabilities” refers to the amount due to directors and statutory auditors for fees accrued but still to be paid (EUR 0,6 million).

- The item “Revenue” refers primarily to chargebacks for administrative services and direct debit services rendered to group companies, as well as the chargeback of the directors’ and officers’ liability policy taken out by the parent company Mittel S.p.A.

- The item “Other income” refers to chargebacks for fees for the administrative body and supervisory body.

- The item “Costs for services” refers to fees paid to members of the administrative body for EUR 0,3 million, to members of internal committees for EUR 0,4 million, and fees to the Board of Statutory Auditors for EUR 0,1 million. For further details, please refer to the “Report on Remuneration” which will be available on the company’s website www.mittel.it, “Investor Relations” section, according to the legal terms.

- The item “Personnel costs” refers to the remuneration of the company’s key managers. For further details, please refer to the “Report on Remuneration” which will be available on the company’s website www.mittel.it, “Investor Relations” section, according to the legal terms.

- The item “Financial income” refers mainly to interest income accrued in relation to Sport Fashion Service S.r.l. for EUR 0,1 million, Gruppo Zaffiro S.r.l. for EUR 0,7 million and Industria Metallurgica Carmagnolese (I.M.C.) S.p.A. for EUR 0,1 million.

42. Additional disclosures on financial instruments and risk management policies

With reference to supplementary disclosures regarding financial instruments and the inherent risks required under IFRS 7 and IFRS 13, aimed at outlining the impact of financial instruments with respect to the size of the associated risk exposures and the fair value measurement of financial instruments, details on the measures and mechanisms the company has implemented to manage the exposure to financial risks are provided below.

42.1 Fair value measurement

IFRS 13 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. Where transactions are directly observable on a market, it may be relatively simple to determine the fair value. Otherwise, valuation techniques are used such as the “market” approach, which uses prices and other relevant information generated by other transactions involving similar assets and liabilities, the “income approach”, which consists of the discounting of future cash inflows and outflows, and, lastly, the “cost approach”, which requires that the entity determines a value that reflects the amount that would be required currently to replace the service capacity of an asset.

IFRS 13 establishes a fair value hierarchy that classifies the input of the valuation techniques used to measure fair value into three levels.

The fair value hierarchy assigns the maximum priority to listed prices (not adjusted) in active markets for identical assets or liabilities (Level 1 inputs) and the minimum priority to inputs that are not observable (Level 3 inputs).
The levels used in the hierarchy are as follows:

Level 1 inputs: listed prices (not adjusted) in active markets for identical assets or liabilities which the entity may access at the valuation date. A market is defined as active when prices reflect transactions that occur with a frequency and at sufficient volumes to provide useful information for determining the price on an ongoing basis.
Level 2 inputs: variables other than listed prices included in Level 1 that are directly or indirectly observable for assets or for liabilities. These valuation techniques are used if the instrument to be valued is not listed in an active market. The valuation of the financial instrument is based on market prices taken from market listings of identical or similar assets or through valuation techniques for which all significant values are taken from parameters observable or corroborated on the market.

Level 3 inputs: variables that are not observable for assets or for liabilities. These techniques consist of the calculation of the listed price of the instrument by using significant parameters which are not observable but must reflect the assumptions that market participants would use in calculating the price of the asset or liability, including the assumptions regarding risk.

For the financial instruments outstanding as at 31 December 2021, and for comparative purposes as at 31 December 2020, the table below illustrates the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

Amounts in EUR	31 December 2021			31 December 2020		
	Level 1	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Financial assets:						
- Investments measured at fair value through other comprehensive income/(expense)	-	-	-	-	-	-
- Investments at fair value through profit or loss	-	10.038.836	100.000	-	10.297.951	100.000
- Other non-current securities	-	-	-	-	-	-
Financial assets measured at fair value held for trading:						
- Current securities held for trading	32.538.564	-	-	52.753.422	-	-
- Other receivables	-	-	-	-	-	-
- Trading derivatives	-	-	-	-	-	-
- Other financial assets	-	-	-	-	-	-
Total assets	**32.538.564**	**10.038.836**	**100.000**	**52.753.422**	**10.297.951**	**100.000**
Other financial liabilities						
- Hedging derivatives	-	-	-	-	-	-
- Trading derivatives	-	-	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**	**-**	**-**

Completing the analyses required by IFRS 13, the types of financial instruments contained in the financial statement items as at 31 December 2021 are shown and, for comparative purposes, as at 31 December 2020, indicating the valuation criteria applied and, for financial instruments at fair value, the exposure (income statement or equity), specifically assigning the fair value category. The last column of the table shows, where applicable, the fair value of the financial instrument at the end of the year.

Position as at 31 December 2021

(amounts in EUR)

Types of financial instruments	**Criteria applied in the measurement of the financial instruments in the financial statements**								
	Financial instruments at fair value								
	with change in fair value with contra-item recognised in:		**Total Fair Value**	Fair Value Hierarchy			**Financial instruments at amortised cost**	Financial statements as at 31 December 2021	Fair value as at 31 December 2021
	Income statement	*Equity in Other comprehensive income*	**(A)**	Level 1	Level 2	Level 3	**(B)**	**(A+B)**	
ASSETS									
Other non-current financial assets (a) (c)	10.138.836	-	10.138.836	-	10.038.836	100.000	**-**	**10.138.836**	10.138.836
Non-current financial receivables (b)	-	-	**-**	-	-	-	**56.606.264**	**56.606.264**	56.606.264
Other receivables and financial assets (*) (b)	-	-	**-**	-	-	-	**144.741**	**144.741**	144.741
Current financial receivables (b)	-	-	**-**	-	-	-	**32.538.564**	**32.538.564**	32.538.564
Trade receivables (*) (b)	-	-	**-**	-	-	-	**3.747.467**	**3.747.467**	3.747.467
Current sundry receivables (*) (b)	-	-	**-**	-	-	-	**55.174**	**55.174**	55.174
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**23.648.784**	**23.648.784**	23.648.784
	-	**-**	**-**	**-**	**-**	**-**	**116.740.994**	**126.879.830**	126.879.830
LIABILITIES									
Bonds (current and non-current) (b)	-	-	**-**	-	-	-	**15.426.484**	**15.426.484**	15.811.776
Financial payables (current and non-current) (*) (b)	-	-	**-**	-	-	-	**8.686.594**	**8.686.594**	8.686.594
Sundry payables (*) (b)	-	-	**-**	-	-	-	**1.838.691**	**1.838.691**	1.838.691
	-	**-**	**-**	**-**	**-**	**-**	**25.951.769**	**25.951.769**	26.337.061

Notes
(*) Receivables and payables for which the fair value was not calculated as the corresponding book value substantially approximates the fair value
(a) Financial assets measured at fair value through profit or loss
(b) Financial receivables and financial liabilities at amortised cost
(c) Financial assets and liabilities at fair value on a recurring basis

Position as at 31 December 2020
(amounts in EUR)

Types of financial instruments	Criteria applied in the measurement of the financial instruments in the financial statements								
	Financial instruments at fair value								
	with change in fair value with contra-item recognised in:			Fair Value Hierarchy			**Financial instruments at amortised cost**	Financial statements total as at 31 December 2020	Fair value as at 31 December 2020
	Income statement	*Equity in Other comprehensive income*	**Total Fair Value** **(A)**	Level 1	Level 2	Level 3	**(B)**	**(A+B)**	
ASSETS									
Other non-current financial assets (a) (c)	10.397.951	-	10.397.951	-	10.297.951	100.000	**-**	**10.397.951**	10.397.951
Non-current financial receivables (b)	-	-	**-**	-	-	-	**47.832.200**	**47.832.200**	47.832.200
Other receivables and financial assets (*) (b)	-	-	**-**	-	-	-	**144.741**	**144.741**	144.741
Current financial receivables (b)	-	-	**-**	-	-	-	**52.753.422**	**52.753.422**	52.753.422
Trade receivables (*) (b)	-	-	**-**	-	-	-	**7.039.924**	**7.039.924**	7.039.924
Current sundry receivables (*) (b)	-	-	**-**	-	-	-	**55.964**	**55.964**	55.964
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**89.023.415**	**89.023.415**	89.023.415
	10.397.951	**-**	10.397.951	**-**	**-**	10.397.951	**196.849.666**	**207.247.617**	207.247.617
LIABILITIES									
Bonds (current and non-current) (b)	-	-	**-**	-	-	-	**79.898.379**	**79.898.379**	81.7518.506
Financial payables (current and non-current) (*) (b)	-	-	**-**	-	-	-	**4.441.918**	**4.441.918**	4.441.918
Sundry payables (*) (b)	-	-	**-**	-	-	-	**1.685.275**	**1.685.275**	1.685.275
	-	**-**	**-**	**-**	**-**	**-**	**86.025.572**	**86.025.572**	87.878.699

Notes
(*) Receivables and payables for which the fair value was not calculated as the corresponding book value substantially approximates the fair value

(a) Financial assets measured at fair value through profit or loss
(b) Financial receivables and financial liabilities at amortised cost
(c) Financial assets and liabilities at fair value on a recurring basis

Fair value valuation techniques:

The fair value measurement method defined for a financial instrument is adopted on a continuing basis over time and is only modified as a result of significant changes in the market or subjective conditions of the issuer of the financial instrument.
Completing the analyses required by IFRS 13, the additional disclosures concerning the valuation techniques and inputs used to measure fair value on a recurring basis are shown below:
I. Fair value measurement of financial assets and liabilities:

For financial assets and financial liabilities recognised in the financial statements at amortised cost, the fair value is determined in accordance with the following methods:
- for medium/long-term assets and liabilities, the valuation is carried out through the discounting of future cash flows. The latter method is based on the “discount rate adjustment approach” which requires the risk factors connected with the disbursement of credit to be included in the rate used for the discounting of future cash flows;
- for assets and liabilities on demand with a short-term or undetermined expiry and for the initial disbursements of financial receivables, the book value recognised net of the individual impairment loss is a suitable representation of fair value.

Specifically, for financial receivables deriving from loan operations posted at amortised cost in the statement of financial position, the reference figures relating to the fair value measurement are classified under Level 3 of the fair value hierarchy, and were estimated using the discounted cash flow method. The main inputs used for this measurement are the market discount rates, which reflect the conditions applied in the key markets for receivables with similar characteristics, adjusted to take account of the credit risk of the counterparty.

The nominal value of cash and cash equivalents generally approximates their fair value considering the short term of these instruments, which mainly include bank current accounts and time deposits.

Bond issues are recognised at amortised cost in the statement of financial position, and the related bonds are listed in an active market. Therefore, their fair value is measured using the prices at the end of the period. Thus, their fair value is classified in Level 1 of the hierarchy.

The fair value of other financial payables is included in Level 2 of the hierarchy and was measured using the discounted cash flow method. The main inputs used for that measurement are market interest rates at period end, adjusted to take account of the market expectations of default risk of the Company implicit in the prices of securities traded by the Company and the outstanding derivatives on Company payables.

For financial instruments represented by short-term receivables and payables, for which the present value of future cash flows does not significantly differ from their book value, their book values are assumed to be a reasonable approximation of their fair value.

Specifically, the book value of Receivables and other current assets and Trade payables and Other current liabilities approximates their fair value.

II. Fair value measurement of equities represented by non-controlling interests recorded in the portfolio of financial assets at fair value held for trading

As at 31 December 2021, there were no non-controlling interests in the portfolio of financial assets held for trading.

III. Fair value measurement of equities represented by non-controlling interests recorded in the AFS portfolio

The valuation techniques used to measure the fair value of the non-controlling interests recognised in the AFS portfolio include:
- the reference to market values that can be indirectly linked to the instrument to be measured and taken from similar products in terms of risk characteristics (comparable approach);
- valuations performed by using inputs not taken from observable market parameters for which use is made of estimates and assumptions prepared by the evaluator (mark to model approach).

In detail, for the fair value measurement of equities, different valuation methods are to be used, which involve the use of inputs deriving from direct transactions, i.e.:
- significant share transactions over a period of time deemed sufficiently short with respect to the time of the valuation and under constant market conditions;
- comparable transactions of companies that operate in the same sector and with any type of product/service supplied similar to those of the investee subject to valuation;
- application of the average of significant stock market multiples of comparable companies with respect to the economic-equity amounts of the investee; and
- the application of analytical financial, profit and equity valuation methods.

The choice from the aforementioned methods is not optional, given that these must be applied in hierarchical order; priority is given to official prices available in active markets for assets and liabilities to be measured (effective market quotes) or for similar assets and liabilities (comparable approach), with the lowest priority given to non-observable and, therefore, more discretional inputs (mark to model approach).
In incorporating all the factors that operators take into consideration in establishing the price, the valuation models developed take account of the time value of money at the risk-free rate, insolvency risks, the volatility of the financial instrument and, if necessary, foreign currency exchange rates.

Units of private equity funds and foreign investment vehicles are measured using the last NAV (net asset value) available on a sufficiently active market (level 2).
Where a market is not functioning normally, i.e. when the market does not have a sufficient and continuous number of transactions and volatility is not adequately contained, the fair value of these financial instruments is calculated predominantly by using valuation techniques whose objective is to establish the price of a hypothetical transaction that considers assumptions regarding risk that market participants would use in calculating the price of the asset or liability and that also includes the risks inherent in a specific valuation technique used and the risk inherent in the inputs of the valuation technique.

Variations to financial assets measured at fair value level 3 in the year

As at 31 December 2021, no transfers of financial assets and liabilities at fair value on a recurring basis from level 3 to other levels and vice-versa were made, deriving from changes to significant input variables of observable valuation techniques.
With reference to financial instruments classified in level 3 of the fair value hierarchy, details of changes in the period ended as at 31 December 2021, including profits/(losses) booked to the income statement, are shown below:

(in EUR)	Financial assets	Financial liabilities
As at 31 December 2020	**100.000**	**-**
Profits/(losses) recognised in the income statement	-	-
Profits/(losses) recognised in other comprehensive income	-	-
Issues/Extinguishments	-	-
As at 31 December 2021	**100.000**	**-**

Financial assets available for sale measured at fair value classified in level 3 refer to the shares held in Nomisma S.p.A.

42.2 Classifications of financial instruments

Categories of financial assets and liabilities

With reference to supplementary disclosures regarding financial instruments and the inherent risks required under IFRS 7, and aimed at outlining the impact of financial instruments with respect to the size of the associated risk exposures, details on the measures and mechanisms the Group has implemented to manage the exposure to financial risks are shown below.

Additional disclosures required by IFRS 7 in order to assess the relevance of the financial instruments with reference to the Mittel S.p.A.'s financial position are shown below, separately for the two comparison periods:

	IFRS 9 CATEGORIES			
Financial assets as at 31 December 2021	Loans and receivables	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through valuation reserve	Book value
Non-current financial assets:				
Investments	-	10.138.836	-	**10.138.836**
Bonds	-	-	-	**-**
Other financial assets	-	-	-	**-**
Non-current receivables:				**-**
Financial receivables	56.606.264	-	-	**56.606.264**
Sundry receivables	144.741	-	-	**144.741**
Receivables due from related parties	-	-		**-**
Receivables due from customers and other current commercial assets:				
Sundry receivables and other assets	4.666.143	-	-	**4.666.143**
Current financial assets:				
Financial receivables	32.538.564	-	-	**32.538.564**
Sundry receivables	-	-	-	**-**
Other financial assets	-	-	-	**-**
Hedging derivatives	-	-	-	**-**
Non-hedging derivatives	-	-	-	**-**
Cash and cash equivalents				
Bank and postal deposits	23.638.539	-	-	**23.638.539**
TOTAL FINANCIAL ASSETS	**117.594.251**	**10.138.836**	**-**	**127.733.087**

Financial assets as at 31 December 2020	IFRS 9 CATEGORIES Loans and receivables	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through valuation reserve	Book value
Non-current financial assets:				
Investments	-	10.397.951	-	**10.397.951**
Bonds	-	-	-	**-**
Other financial assets	-	-	-	**-**
Non-current receivables:				**-**
Financial receivables	47.832.200	-	-	**47.832.200**
Sundry receivables	144.741	-	-	**144.741**
Receivables due from related parties	-	-		**-**
Receivables due from customers and other current commercial assets:				
Sundry receivables and other assets	7.979.559	-	-	**7.979.559**
Current financial assets:				
Financial receivables	52.753.422	-	-	**52.753.422**
Sundry receivables	-	-	-	**-**
Other financial assets	-	-	-	**-**
Hedging derivatives	-	-	-	**-**
Non-hedging derivatives	-	-	-	**-**
Cash and cash equivalents				
Bank and postal deposits	89.015.483	-	-	**89.015.483**
TOTAL FINANCIAL ASSETS	**197.725.405**	**10.397.951**	**-**	**208.123.356**

Financial liabilities as at 31 December 2021	IFRS 9 CATEGORIES Financial instruments at fair value	Liabilities at amortised cost	Book value
Non-current payables and financial liabilities:			
Bank loans and borrowings	-	-	**-**
Other financial liabilities	-	3.988.202	**3.988.202**
Sundry payables and other liabilities	-	-	**-**
Bonds	-	15.182.956	**15.182.956**
Current liabilities:			
Loans and borrowings from banks and other lenders	-	4.698.392	**4.698.392**
Trade payables	-	1.177.795	**1.177.795**
Sundry payables	-	1.581.794	**1.581.794**
Bonds	-	243.528	**243.528**
Other financial liabilities:			
Hedging derivatives	-	-	**-**
Non-hedging derivatives	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**-**	**26.872.667**	**26.872.667**

Financial liabilities as at 31 December 2020	IFRS 9 CATEGORIES Financial instruments at fair value	Liabilities at amortised cost	Book value
Non-current payables and financial liabilities:			
Bank loans and borrowings	-	-	**-**
Other financial liabilities	-	4.207.388	**4.207.388**
Sundry payables and other liabilities	-	-	**-**
Bonds	-	78.772.100	**78.772.100**
Current liabilities:			
Loans and borrowings from banks and other lenders	-	234.530	**234.530**
Trade payables	-	1.076.326	**1.076.326**
Sundry payables	-	2.256.207	**2.256.207**
Bonds	-	1.126.279	**1.126.279**
Other financial liabilities:			
Hedging derivatives	-	-	**-**
Non-hedging derivatives	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**-**	**87.672.830**	**87.672.830**

Transfers between portfolios and reclassifications of financial assets

During 2021, the Company did not make any portfolio reclassifications.

42.3 Risk management policies

1. Credit risks

Credit risk represents the exposure of Mittel S.p.A. to potential losses resulting from the non-fulfilment of the obligations assumed by both financial and commercial counterparties. This risk mainly originates from economic-financial factors, or the possibility of counterparty default, or from more strictly technical-commercial factors.
Mittel S.p.A.'s maximum theoretical exposure to credit risk is represented by the book value of the financial assets and receivables recorded in the financial statements. It should be pointed out that certain credit positions are secured by mortgages and pledges on securities.
Allocations to the allowance for impairment are made specifically on credit positions that present unique elements of risk. By contrast, allocations are made to credit positions that do not present these characteristics on the basis of the average estimated collectability in line with statistical indicators.

As regards credit risk pertaining to income components that contribute to the calculation of net financial debt, it should be noted that the management of the Group's liquidity is based on prudential criteria and divided into the following areas:
- money market management, entrusted with the investment of temporary cash surpluses during the period, the reabsorption of which is expected within the next twelve months;
- bond portfolio management, entrusted with the investment of a permanent level of liquidity, the investment of that part of liquidity whose reabsorption for cash requirements is expected to occur after twelve months, as well as the improvement of the average yield on the asset.

In order to reduce the risk of the non-fulfilment of the obligations assumed by the counterparty, deposits were made with leading banks with high credit standing.
In order to minimise credit risk, the company also pursues a policy of diversification of its use of liquidity and of assignment of credit positions to the different bank counterparties; therefore, there are no significant positions with single counterparties to report.

Quantitative information

Credit exposures: gross and net values

The following table shows the total gross and net amounts of the Group's financial receivables for the year ended as at 31 December 2021 and the prior year.

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Total as at 31 December 2021	**109.246.320**	**(20.101.492)**	**-**	**89.144.828**
Total as at 31 December 2020	**122.696.442**	**(22.081.972)**	**-**	**100.614.469**

Positions for which there is an objective condition of partial or total non-collectability are impaired individually. The amount of the impairment loss takes account of the estimate of recoverable flows, the relative collection date and the fair value of any guarantees.
With reference to the accounting policies for loans and receivables, please refer to the section on the first-time adoption of IFRS 9, which has led to the incorporation of expected losses arising from future events.

Cash and cash equivalents

Cash and cash equivalents of the company totalled EUR 23.649 thousand (EUR 89.023 thousand as at 31 December 2020) and are composed almost entirely of bank deposits.
As regards the choice of counterparties for the management of temporary surpluses of cash and the stipulation of financial hedging contracts (derivative instruments), the company only uses contacts with a high credit standing.

Guarantees given and received

The carrying amounts as at 31 December 2021 and 31 December 2020 relating to the guarantees issued in favour of third parties and to commitments to disburse funds are shown below:

	31.12.2021	31.12.2020
Financial guarantees issued	-	-
Commercial guarantees issued	850.905	5.999.869
Irrevocable commitments to disburse funds	1.253.992	1.253.992
Commitments underlying credit derivatives	-	-
Other irrevocable commitments	-	-
	2.104.897	**7.253.861**

Commercial guarantees refer primarily to sureties issued in favour of the Italian Revenue Agency for VAT receivables for which a refund was requested on behalf of group companies.

Commitments to disburse funds refer to the commitments for payments to be made into private equity funds and foreign investment vehicles.

2. Market risks

Interest rate risk

General aspects

Interest rate risk generally refers to the effects of changes in market interest rates on the income statement and on the statement of financial position.
Interest rate risk expresses the change in economic value of the intermediary, as a result of unexpected changes in interest rates with an impact on the bank portfolio, defined as the set of all assets and liabilities sensitive to interest rates and not classified in the trading portfolio.
In order to measure and monitor the interest rate risk profile at individual company and consolidated level, reports are generated which ensure the accurate monitoring of the trend in debt rates.
This reporting system makes it possible to continuously record the “margin” between the average rate of debt and lending and to determine the impacts of changes in the structure of interest rates on the entire financial statements for the year.

Quantitative information

The table below identifies the book value of the financial assets and liabilities:

Distribution by repricing date of financial assets and liabilities

0

Item/residual duration	Up to 6 months	From after 6 months to 1 year	From after 1 year to 3 years	From after 3 years to 5 years	After 5 years	Undetermined term	Total
Assets							
Debt securities			-	-			-
Medium/long-term financial receivables			42.552	14.054	-		56.606
Current financial receivables	30.783	1.756					32.539
Available-for-sale financial assets							-
Financial assets at fair value							-
	30.783	**1.756**	**42.552**	**14.054**	**-**	**-**	**89.145**
Liabilities							
Non-current bank loans			-				-
Current bank loans	-	-					-
Bonds	244	-	15.183	-			15.427
Other financial payables - related parties	4.479						4.479
	4.479	**244**	**15.183**	**-**	**-**	**-**	**19.906**
Financial derivatives							
Hedging derivatives							-
Trading derivatives							-
	-	**-**	**-**	**-**	**-**	**-**	**-**
	26.304	**1.512**	**27.369**	**14.054**	**-**	**-**	**69.239**

The figures relating to the financial statements as at 31 December 2020 are provided below:

Amounts in thousands of EUR

Item/residual duration	Up to 6 months	From after 6 months to 1 year	From after 1 year to 3 years	From after 3 years to 5 years	After 5 years	Undetermined term	Total
Assets							
Debt securities			-	-			-
Medium/long-term financial receivables			20.933	25.799	-	1.100	47.832
Current financial receivables	52.753	-					52.753
Available-for-sale financial assets							-
Financial assets at fair value							-
	52.753	**-**	**20.933**	**25.799**	**-**	**1.100**	**100.585**
Liabilities							
Non-current bank loans			-				-
Current bank loans	-	-					-
Bonds	-	1.126	78.772	-			79.898
Other financial payables - related parties	-						-
	-	**1.126**	**78.772**	**-**	**-**	**-**	**79.898**
Financial derivatives							
Hedging derivatives							-
Trading derivatives							-
	-	**-**	**-**	**-**	**-**	**-**	**-**
	52.753	**(1.126)**	**(57.839)**	**25.799**	**-**	**1.100**	**20.687**

The above tables are based on residual due dates and form a useful means of support also for quantifying liquidity risk. With more specific reference to interest rate risk, however, reference should also be made to the following tables (particularly those provided in the section on sensitivity analysis), which show details of fixed rate and variable rate financial assets and liabilities.

Models and other methods for the measurement and management of interest rate risk

Interest rate risk is a variable to which the Company dedicates considerable attention and has provided the basis for the operational decisions taken, regarding both financing instruments and lending.
In particular, fixed-rate bonds were used as the main source of financing. This strategic decision represents an important factor in mitigating risk and involves a moderate impact in respect of unexpected changes in interest rates on the economic value of the Parent Company.

Price risk

General aspects

Market risks encompass the risks generated by market transactions with regard to financial instruments, currencies and commodities.
Market risks are composed of position, settlement and concentration risk, with reference to the trading portfolio; from currency risk and commodity risk, with reference to the entire financial statements.

Qualitative information

As regards the Company's current operations, actual and prospective market risk is low.
In line with the approved strategic lines, the strategies implemented in the current year are extremely prudent and have made provision for limited trading in financial assets, on the basis of a careful assessment of the risks connected to the current market phase. In particular, activities during the year involved the disposal of the residual trading portfolio held.

Quantitative information

As indicated in the section on qualitative information, the Company's current and future market risk is limited, considering the complete disposal of the trading portfolio and the consistent reduction also in available-for-sale financial assets compared to previous years.

Currency risk

General aspects

Currency risk may be generally defined as the effects of cross variations in the exchange rate of non-Euro currencies on the performance of the Group in terms of economic results of operations and cash flows.
Monitoring of the incidence of the trend in exchange rates as regards transactions realised on securities in the various non-Euro currencies, is carried out, where appropriate, through reporting which shows the overall exposure and the incidence on the level of intra-year loss.
These indicators are produced on a daily basis and made available to the managers of the operating and control units.
Presently, the Company has no operations in place in areas subject to currency risks.

Qualitative/quantitative information

The company has no exposures in foreign currency.

Sensitivity analysis

The exposure to the different market risks is measured through a sensitivity analysis, as envisaged under IFRS 7; this analysis illustrates the effects of a given hypothetical variation in the levels of relevant variables in the different reference markets (interest rates, prices, currency) on financial expenses and income and, sometimes, directly on equity.

The sensitivity analysis was conducted on the basis of the hypotheses and assumptions shown below:

- the sensitivity analyses were carried out by applying reasonably possible changes in the relevant risk variables to carrying amount as at 31 December 2021;
- changes in the value of fixed rate financial instruments, other than derivative instruments, brought about by variations in reference interest rates, generate an impact on profit only when accounted for at their fair value. All fixed rate instruments which are accounted for at amortised cost are not subject to interest rate risk, as defined in IFRS 7;
- changes of value brought about by variations in interest rates, of variable rate financial instruments, other than derivative instruments, which are not part of a cash flow hedging relationship, generate an impact on financial income and expenses in the period; therefore, they are taken into consideration in this analysis.

Interest rate risk – Sensitivity analysis

The variation in interest rates on the variable component of payables and liquidity may involve higher or lower financial expenses/income. In particular, in relation to the variation in interest rates: if, as at 31 December 2021, the interest rates were 100 basis points higher/lower than the rates actually registered, at income statement level, higher/lower financial expenses would be recorded, before the associated taxes, amounting to approximately EUR 0,1 million.

Breakdown of the financial structure between fixed and variable rates

In relation to the breakdown of the financial structure between the fixed rate and variable rate components, both for financial assets and liabilities, the following tables are considered.
In the preparation of these tables, account was taken of the book value and, as regards financial assets, of the intrinsic nature (financial characteristics and duration) of the transactions considered, rather than solely the contractually defined conditions.

Amounts in thousands of EUR		**31 December 2021**	
	Fixed rate	Variable rate	Total
Bank loans	-	-	**-**
Bonds	15.426	-	**15.426**
Other financial liabilities	4.479	-	**4.479**
Total	**19.905**	**-**	**19.905**

Amounts in thousands of EUR		**31 December 2020**	
	Fixed rate	Variable rate	Total
Bank loans	-	-	**-**
Bonds	79.898	-	**79.898**
Other financial liabilities	-	-	**-**
Total	**79.898**	**-**	**79.898**

Amounts in thousands of EUR		**31 December 2021**	
	Fixed rate	Variable rate	Total
Financial receivables	65.174	23.971	**89.145**
Other financial assets	-	-	**-**
Total	**65.174**	**23.971**	**89.145**

Amounts in thousands of EUR		**31 December 2020**	
	Fixed rate	Variable rate	Total
Financial receivables	1.100	99.486	**100.586**
Other financial assets	-	-	**-**
Total	**1.100**	**99.486**	**100.586**

Effective interest rate

The effective interest rate, for categories for which it can be determined, is the one relating to the original transaction net of the effect of any derivative hedging instruments.

The information, provided by categories of financial assets and liabilities, has been prepared by using, as a weight for weighting purposes, the adjusted book value of accruals, deferrals and fair value adjustments; therefore, this refers to the amortised cost, net of any accruals and fair value adjustments due to hedge accounting.

Amounts in thousands of EUR	31 December 2021		31 December 2020	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Deposits and cash	23.649	0,00%	89.023	0,01%
Other financial receivables - third parties	25.895	0,25%	26.900	0,38%
Other financial receivables - related parties	63.250	2,87%	73.686	1,70%
Total	**112.794**	**1,67%**	**189.609**	**0,72%**

Amounts in thousands of EUR	31 December 2021		31 December 2020	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Bank loans	-	0,00%	-	0,00%
Bonds	15.426	3,69%	79.898	3,70%
Other financial payables - related parties	-	0,00%	-	0,00%
Total	**15.426**	**3,69%**	**79.898**	**3,70%**

Currency risk – Sensitivity analysis

As at 31 December 2021 (and as at 31 December 2020), no active and passive financial instruments were denominated in currencies different from the financial statement currency of the Company and, therefore, currency risk is not subject to sensitivity analysis.

3. Liquidity risk

Liquidity risk is the risk of a company finding it difficult to fulfil future obligations associated with the financial liabilities given that available financial resources are not sufficient to cover the obligations according to the pre-established terms and due dates.
The Company pursues an objective of adequate financial stability of its sources, consistent with the defined strategic guidelines. This requirement has led Mittel S.p.A. to strengthen, through the bonds operation carried out during the year, the medium term financial debt component, as extensively highlighted in other sections of this report. The Company also has adequate financial flexibility, as it has additional sources or potential sources of financing through the availability of bank credit lines and loans.

Reference should be made to the table provided above (in the section on interest rate risk) for details of the residual maturities of assets and liabilities.

With reference to the expiry dates of cash flows related to the Group's financial exposure, for liquidity risk purposes, the repayment plan set forth for medium/long-term debt assumes particular significance. Amongst other things, the risk analysis performed is aimed at quantifying, based on contractual expiry dates, the cash flows deriving from the repayment of non-current financial liabilities held by the Company, given that they are deemed relevant for liquidity risk purposes.
For the purposes of presentation of the liquidity risk on the financial exposure of the Group deriving from expected cash flows for the repayment of financial debt and other non-current liabilities, the development of cash flows relating to the plan of payments for annual periods is shown below.

Amounts in thousands of EUR	**expiring by 31.12 of the year:**				
	2022	**2023**	**2024**	**Beyond 2024**	**Total**
Bank loans	-	-			-
Bonds	570	15.512	-	-	16.082
Other financial liabilities	4.479				4.479
Total	**5.049**	**15.512**	**-**	**-**	**20.561**

4. Information on Equity

The shareholders have always taken care to provide the company with sufficient equity to allow it to carry out its activities and to cover risks.
For this reason, a portion of the profits achieved has been carried forward by the company over the years.
The objectives of Mittel S.p.A. as regards the management of capital are based on the protection of the company's ability to continue to ensure profitability for shareholders and to retain an efficient capital structure.

43. Publishing of the fees for auditing and other non-auditing services pursuant to Consob Issuers' Regulation, art. 149-duodecies

With regard to the disclosures pursuant to art. 149-duodecies of the Consob Issuers' Regulation, for information on the fees paid to the independent auditors KPMG S.p.A., reference should be made to Note 53 to the consolidated financial statements.

Proposal of the Board of Directors

Dear Shareholders,

We submit for your approval the financial statements for the year 1 January 2021 - 31 December 2021, comprised of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement and the Explanatory Notes, as well as the annexes and Report on Operations.

The Board of Directors proposes to the Shareholders' Meeting to cover the loss for the year of EUR 4.969.591 by using the available reserves.

Milan, 27 April 2022

for the Board of Directors
The Chairman
(Michele Iori)

Statement on the separate financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned Anna Francesca Cremascoli, the Director in charge of the risk management and internal control system, and Pietro Santicoli, the Manager in charge of financial reporting of Mittel S.p.A., also taking into account the provisions of art. 154-bis, paragraphs 3 and 4 of Legislative Decree no. 58 of 24 February 1998, state that the administrative and accounting procedures are adequate given the Company's characteristics and were effectively applied to prepare the separate financial statements as at 31 December 2021.

It is also certified that the separate financial statements for the year ended as at 31 December 2021:

a) were drafted in compliance with the IFRS endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and the Council of 19 July 2002;

b) are consistent with the accounting records and books;

c) provide a true and fair view of the financial position and performance of the issuer.

The Report on Operations includes a reliable analysis of the business performance and profit (loss), as well as the position of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Milan, 27 April 2022

Director in charge of the risk management and internal control system

Anna Francesca Cremascoli

Manager in charge of financial reporting

Pietro Santicoli

Report of the Board of Statutory Auditors pursuant to art. 153 of Italian Legislative Decree no. 58/1998 and art. 2429 of the Italian Civil Code

MITTEL S.p.A.

Sede in Milano – Via Borromei n. 5

Capitale Sociale Euro 87.907.017 i.v.

Iscritta al Registro Imprese di Milano al n. 00742640154

RELAZIONE DEL COLLEGIO SINDACALE ALL'ASSEMBLEA DEGLI AZIONISTI

ai sensi dell'art. 153 del d.lgs. n. 58/1998

Signori Azionisti,

Il Collegio Sindacale di Mittel S.p.A. (di seguito "Mittel" o la "Società"), anche nella veste di "*Comitato per il controllo interno e la revisione contabile*" riferisce in merito all'attività di vigilanza svolta nell'esercizio chiuso al 31 dicembre 2021, ai sensi degli articoli 2429 e seguenti del codice civile ed in ossequio alle disposizioni contenute nel d.lgs. n. 58/1998 (TUF); alle raccomandazioni espresse dalle Norme di Comportamento del Collegio Sindacale di società quotate emanate dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili; tenuto conto delle indicazioni fornite dalla Consob con comunicazione del 6 aprile 2001 - DEM/1025564, modificata ed integrata con comunicazione del 4 aprile 2003 – DEM/3021582 e successivamente con comunicazione del 7 aprile 2006 – DEM/6031329; considerato quanto previsto dal documento dell'ESMA del 28 ottobre 2020 "*European common enforcement priorities for 2020 annual financial reports*" sulle priorità di vigilanza comuni europee alla luce delle conseguenze della emergenza sanitaria legate al Covid-19 e attenendosi alla indicazioni recate nel Richiamo di attenzione della Consob n. 1/21 del 16 febbraio 2021; tenuto altresì conto delle indicazioni contenute nel Codice di *Corporate Governance* (edizione gennaio 2020) redatto dal Comitato per la *Corporate Governance* delle società quotate di Borsa Italiana S.p.A., al quale la Società ha aderito in data 28 aprile 2021, avviando tutte le necessarie attività di adeguamento.

In questa relazione il Collegio Sindacale riferisce anche dell'attività di vigilanza svolta sull'osservanza, da parte della Società, delle disposizioni contenute nel d.lsg. n.

254/2016, in materia di comunicazione di informazioni di carattere non finanziario e di informazioni sulla diversità.

Il Collegio sindacale ha acquisito le informazioni strumentali allo svolgimento della propria funzione di vigilanza – oltre che attraverso le ordinarie attività di controllo effettuate nel corso delle tredici riunioni svolte nel corso dell'anno – anche attraverso la partecipazione alle riunioni del Consiglio di Amministrazione ed alle riunioni dei Comitati endoconsiliari (ivi incluso il Comitato Esecutivo), attraverso le diverse audizioni del *management* della Società, nonché attraverso le informazioni acquisite dalle competenti strutture aziendali.

A proposito dello svolgimento dei compiti di vigilanza ad esso attribuiti, il Collegio Sindacale assicura che - nonostante le limitazioni connesse alla diffusione dell'emergenza sanitaria legata al COVID-19 non abbiano consentito, anche per l'esercizio 2021, le riunioni *in loco* per la totalità delle stesse - ha svolto la sua attività in maniera efficace ed adeguata anche grazie ad una interlocuzione più assidua con i *managers* e le strutture aziendali della Società, a un continuo scambio di informazioni con la Società incaricata della revisione legale e con gli altri organi di controllo della Società e delle controllate e così pure con l'Organismo di Vigilanza ex d.lgs. 231/01.

Nomina ed Indipendenza del Collegio sindacale

Questo Collegio Sindacale è stato nominato dall'Assemblea degli Azionisti del 29 aprile 2019, nelle persone di Fabrizio Colombo (Presidente), Federica Sangalli (Sindaco effettivo) e Giulio Tedeschi (Sindaco effettivo). Il Collegio Sindacale terminerà il proprio mandato con la prossima Assemblea di approvazione del bilancio relativo all'esercizio chiuso al 31 dicembre 2021.

La composizione del Collegio Sindacale rispetta il criterio di riparto fra i generi di cui all'art. 148 del d.lgs. n. 58 del 1998.

Il Collegio Sindacale, all'atto della nomina e successivamente, con cadenza annuale, ha verificato la sussistenza del requisito di indipendenza in capo ai singoli componenti, nell'ambito del più ampio processo di autovalutazione svolto attenendosi alle indicazioni di cui alla Norma Q.1.1. contenuta nelle "*Norme di comportamento del collegio sindacale di società quotate*" pubblicate dal CNDCEC; alle indicazioni di cui alle successive norme Q.1.2., Q.1.3. e Q.1.4. delle medesime "*Norme di comportamento del collegio sindacale di società quotate*"; nonché alle norme contenute nel d.lgs. n. 58 del 24 febbraio 1998 (TUF) ed a quelle previste per gli amministratori indipendenti dal Codice di *Corporate Governance*.

All'esito del processo di autovalutazione dell'indipendenza dei propri componenti, il Collegio Sindacale ha confermato l'esistenza dei requisiti richiesti dalla legge e dal Codice di *Corporate Governance*; si dà altresì atto che nessun Sindaco ha avuto interessi, per conto proprio o di terzi, in alcuna operazione della Società durante l'esercizio 2021.

Il Collegio Sindacale ha altresì provveduto ad effettuare, con riferimento all'esercizio 2021, il processo di autovalutazione sulla composizione e sul funzionamento dell'organo collegiale, al fine di accertare l'idoneità dei componenti e l'adeguata composizione dell'organo, con riferimento ai requisiti di professionalità, competenza, disponibilità di tempo e di risorse in relazione alla complessità dell'incarico. Gli esiti del sopra citato processo di autovalutazione, condotto nel corso della riunione del Collegio Sindacale del 5 aprile 2022, sono stati comunicati al Consiglio di Amministrazione, nella riunione del 27 aprile 2022, ai sensi dell'art. 144-*novies*, comma 1-*ter* del Regolamento Emittenti, adottato dalla Consob con delibera n. 11971 del 1999, delle disposizioni recate dal Codice di *Corporate Governance* e delle citate Norme contenute nel documento predisposto dal CNDCEC.

I componenti del Collegio Sindacale hanno inoltre rispettato il cumulo degli incarichi previsto dall'art. 144-*terdecies* del Regolamento Emittenti.

Attività di vigilanza e controllo del Collegio sindacale

Nell'ambito dello svolgimento delle funzioni ad esso attribuite dall'ordinamento, nella qualità di organo di controllo e anche quale Comitato per il controllo interno e la revisione contabile negli enti di interesse pubblico, ai sensi dell'art. 19 del d.lgs. n. 39/2010, il Collegio Sindacale ha svolto le attività che di seguito si indicano.

Con specifico riferimento all'**attività di vigilanza sull'osservanza della legge e dello statuto**, il Collegio Sindacale ha:

- partecipato alle riunioni dell'Assemblea degli Azionisti e del Consiglio di Amministrazione, vigilando sul rispetto della legge, delle normative principali e secondarie e dello statuto, nonché sul rispetto dei principi della corretta amministrazione;
- ottenuto dagli Amministratori, anche attraverso la partecipazione alle riunioni del Consiglio di Amministrazione e del Comitato Esecutivo, periodiche informazioni sul generale andamento della gestione e sulla sua prevedibile evoluzione, nonché sull'attività svolta e sulle operazioni di maggior rilievo economico, finanziario e patrimoniale deliberate e poste in essere dalla Società e dalle sue controllate nel corso dell'esercizio, ponendo particolare attenzione sulla circostanza che le delibere assunte e le azioni intraprese fossero conformi alla legge ed allo statuto sociale e non fossero manifestamente imprudenti, azzardate, in potenziale conflitto di interessi, in contrasto con le delibere assembleari o tali da compromettere l'integrità del patrimonio sociale;
- acquisito conoscenza e vigilato, per quanto di sua pertinenza, sull'adeguatezza dell'assetto organizzativo, in termini di struttura, procedure, competenze e responsabilità, alle dimensioni della Società, alla natura e alle modalità di perseguimento dell'oggetto sociale, attraverso la raccolta di informazioni dai responsabili delle funzioni aziendali preposte e incontri con la Società di Revisione, nell'ambito del reciproco scambio di dati ed informazioni;
- vigilato sul rispetto dei principi di corretta amministrazione, attraverso la assidua partecipazione alle riunioni del Consiglio di Amministrazione e dei Comitati endoconsiliari (ivi incluso il Comitato Esecutivo) costituiti in ossequio al Codice di *Corporate Governance* e sulla base delle informazioni acquisite, focalizzando l'attenzione sul fatto che le scelte gestionali fossero ispirate al principio di corretta amministrazione e ragionevolezza e che gli amministratori fossero consapevoli della rischiosità e degli effetti delle operazioni compiute;
- valutato e vigilato sull'adeguatezza del sistema di controllo interno e del sistema amministrativo-contabile, nonché sull'affidabilità di quest'ultimo a rappresentare correttamente i fatti di gestione, mediante:

- ✓ l'esame della relazione del Dirigente Preposto al controllo interno sul sistema di Controllo interno della Società;
- ✓ l'esame delle relazioni predisposte dalla funzione *Internal Audit* e dell'informativa resa dalla stessa sugli esiti della attività di monitoraggio avente ad oggetto l'attuazione delle azioni correttive di volta in volta individuate;
- ✓ l'acquisizione di informazioni dai responsabili delle rispettive funzioni;
- ✓ l'esame dei documenti aziendali;
- ✓ l'esame della relazione dell'Organismo di Vigilanza;
- ✓ l'analisi dei risultati del lavoro svolto dalla Società di Revisione;
- ✓ lo scambio di informazioni con gli organi di controllo delle controllate ex art. 151, commi 1 e 2, del D.lgs. n. 58/1958;

- effettuato, nel corso dell'esercizio, tredici riunioni e partecipato a tutte le riunioni del Consiglio di Amministrazione e dei Comitati endoconsiliari (Comitato Esecutivo, Comitato Controllo Rischi, Comitato Parti Correlate e Comitato Remunerazione);
- vigilato sull'adeguatezza del flusso reciproco di informazioni tra la Società e le sue controllate ai sensi dell'art. 114, comma 2, del d.lgs. n. 58/1998;
- vigilato sugli adempimenti in materia di "*Market abuse*" e di "*Internal Dealing*", verificando l'adeguatezza delle regole e procedure adottate dalla Società per la gestione delle informazioni privilegiate e la relativa aderenza alle disposizioni normative applicabili e ponendo attenzione alla procedura di diffusione dei comunicati e delle informazioni al pubblico;
- vigilato sull'adeguamento delle procedure per le operazioni con parti correlate della Società al nuovo "Regolamento in materia di operazioni con parti correlate" della Consob entrato in vigore il 1° luglio 2021;

- tenuto riunioni, ai sensi dell'art. 150, comma 3, del d.lgs. n. 58/1998, con esponenti della Società incaricata della revisione legale, dalle quali non sono emersi dati, informazioni, fatti o criticità degni di menzione nella presente relazione;
- avuto scambio di informazioni con i corrispondenti organi di controllo delle società controllate dalla Mittel, ai sensi dell'art. 151, commi 1 e 2 del d.lgs. n. 58/1998;
- vigilato, ai sensi dell'art. 149, comma 1, lettera *c-bis*, del d.lgs. n. 58/1998, sulle modalità di concreta attuazione del Codice di *Corporate Governance,* predisposto dal Comitato per la Corporate Governance, cui la Società aderisce;
- verificato l'adozione della procedura di autovalutazione sulla composizione e funzionamento del Consiglio e del Comitati istituiti al suo interno, effettuata in conformità a quanto raccomandato dall'art. 4 del Codice di *Corporate Governance*, ed ha constatato che nella valutazione – effettuata sulla base della elaborazione delle risultanze di un questionario di autovalutazione compilato da tutti i membri del Consiglio di Amministrazione - sono stati utilizzati criteri analoghi a quelli utilizzati nel precedente esercizio;
- verificato, in particolare, la corretta applicazione dei criteri e delle procedure di accertamento adottati dal Consiglio di Amministrazione, in ottemperanza al criterio applicativo di cui alla Raccomandazione n. 6 dell'art. 2 del Codice di *Corporate Governance*, per valutare l'indipendenza dei propri membri;
- verificato che, nel corso dell'esercizio 2021, la Società non ha acquistato né venduto azioni proprie sul Mercato Telematico Azionario Italiano;
- verificato la coerenza delle misure organizzative di contenimento del rischio connesso all'insorgenza della emergenza epidemiologica da Covid-19 predisposte dal *management* della Società e delle società del Gruppo con le prescrizioni normative volta per volta disposte e con i protocolli predisposti dalle Autorità nazionali e regionali.

Il Collegio Sindacale dà, inoltre, atto di aver rilasciato i seguenti pareri favorevoli:

- ✓ sulla valutazione della sussistenza dei requisiti di indipendenza, previsti dal Codice di *Corporate Governance* e dal d.lgs. n. 58/1998, in capo ai consiglieri indipendenti;
- ✓ sull'approvazione del piano annuale di attività predisposto dal responsabile della funzione di *Internal Audit,* ai sensi della Raccomandazione n. 33, lettera c), contenuta nell'art. 6 del Codice di *Corporate Governance*;
- ✓ sulla valutazione sul corretto utilizzo dei principi contabili e sulla loro omogeneità ai fini della redazione del bilancio consolidato, effettuata dal Comitato Controllo e Rischi, ai sensi della Raccomandazione n. 35, lettera a), contenuta nell'art. 6 del Codice di *Corporate Governance*, di concerto con il Dirigente Preposto.

In ordine all'**attività di vigilanza sull'adeguatezza del sistema amministrativo-contabile e sull'attività di revisione legale dei conti**, il Collegio Sindacale, chiamato a vigilare, ai sensi dell'art. 19 del d.lgs. n. 39/2010, sul processo di informativa finanziaria; sull'efficacia di sistemi di controllo interno e di gestione del rischio; sulla revisione legale dei conti e sull'indipendenza della Società di revisione specie con riguardo alle prestazioni di servizi diversi dalla revisione, ha:

- vigilato sull'esistenza di norme e procedure in ordine al processo di formazione e diffusione dell'informativa finanziaria; sul processo di attestazione dell'attendibilità dell'informativa finanziaria e sulla capacità del processo di redazione del bilancio di produrre l'informativa finanziaria in accordo con i principi contabili. In particolare, si evidenzia che, nella Relazione sul Governo Societario, sono indicati i criteri di definizione del Sistema di Controllo interno e di Gestione dei Rischi in relazione al processo di informativa finanziaria a livello consolidato e che il funzionamento delle procedure amministrativo-contabili è soggetto a verifiche svolte attraverso attività di monitoraggio dei controlli, effettuate dal Dirigente Preposto con il supporto dell'*Internal Audit*. Il Collegio Sindacale ha ricevuto adeguate informazioni sul perimetro delle attività svolte dalla Società e sull'aggiornamento della mappatura dei processi dai responsabili delle rispettive funzioni e anche attraverso l'analisi degli esiti del lavoro svolto dalla Società di Revisione. Non sono emersi elementi ostativi al rilascio dell'attestazione del Dirigente Preposto alla redazione dei documenti contabili-societari e dell'Amministratore incaricato del sistema di controllo interno e di gestione dei rischi, in ordine alla adeguatezza delle procedure amministrative e contabili per la formazione del bilancio separato della Società e di quello consolidato del Gruppo per l'esercizio 2021;

- vigilato sulla efficacia dei sistemi di controllo interno e sulla adeguatezza della politica di gestione dei rischi in relazione alle aree strategiche, operative e finanziarie. Al riguardo, segnala che, nel corso dell'esercizio, il Collegio Sindacale ha posto particolare attenzione alle azioni intraprese dalla Società, allo scopo di gestire e mitigare i rischi di liquidità e di contrazione della redditività, legati al prolungarsi della crisi economica e finanziaria determinata dall'emergenza sanitaria ed alla incertezza sui tempi della ripresa;
- vigilato sulla coerenza del comportamento tenuto dall'emittente con le indicazioni fornite dalla Consob nei richiami n. 1/2021 e n. 5/2021 del 29 aprile 2021, anche in termini di informativa in merito alla sussistenza della continuità aziendale;
- vigilato sull'attività di revisione legale dei conti annuali e dei conti consolidati e sull'indipendenza della Società di Revisione specie in ordine alle eventuali prestazioni di servizi diverse da quelle di revisione;
- ricevuto dalla Società di Revisione conferma della propria indipendenza ai sensi dell'art. 17 del d.lgs. n. 39/2010 e ai sensi del paragrafo 17 del Principio di revisione internazionale (ISA Italia) 260.

Nell'esercizio della suddetta attività, il Collegio Sindacale si è coordinato con il Comitato Controllo e Rischi, al fine di evitare sovrapposizioni e di beneficiare delle differenti competenze.

In ordine all'**attività di vigilanza sull'adeguatezza del sistema di controllo interno e sull'assetto organizzativo**, il Collegio ha valutato e vigilato sull'adeguatezza del controllo interno e l'efficacia dei sistemi di controllo interno e di gestione del rischio, focalizzando l'attenzione sulle attività maggiormente rilevanti, anche attraverso l'assidua partecipazione alle riunioni del Comitato Controllo e Rischi.

Nell'ambito di tale attività, il Collegio Sindacale dà atto di aver:

- ricevuto le relazioni periodiche sull'attività svolta, predisposte dal Comitato Controllo Rischi e quelle predisposte dalla funzione di *Internal Audit*;
- ricevuto i rapporti redatti alla conclusione delle attività di verifica e monitoraggio dalla funzione di *Internal Audit*, con i relativi esiti e le azioni raccomandate ed avuto evidenza dei successivi controlli sulla concreta attuazione delle suddette azioni;
- ricevuto gli aggiornamenti periodici sull'evoluzione del processo di gestione dei rischi, l'esito delle attività di monitoraggio ed *assesment* svolte dall'*Internal Audit* ed i risultati raggiunti;
- di aver preso visione e di aver ottenuto informazioni sulle attività di carattere procedurale ed organizzativo poste in essere, in attuazione della normativa afferente la "*Disciplina della responsabilità amministrativa degli enti*" di cui al d.lgs. n. 231/2001 e successive integrazioni e modifiche e di aver acquisito le relazioni periodiche presentate dall'Organismo di Vigilanza al Consiglio di Amministrazione e di aver ricevuto dallo stesso Organismo assicurazione in merito all'assenza di fatti o situazioni da segnalare nella presente relazione.

All'esito dell'attività svolta nel corso dell'esercizio, il Collegio ha condiviso la valutazione positiva espressa dal Comitato Controllo Rischi in relazione alla adeguatezza del sistema di controllo interno e di gestione dei rischi.

Quanto all'**attività di vigilanza sul rispetto dei principi di corretta amministrazione,** il Collegio Sindacale dà atto:

- di aver ricevuto analitica informativa in merito alle operazioni di maggior rilievo economico, finanziario e patrimoniale poste in essere, anche per il tramite di società controllate. Di tali operazioni, esaminate ed approvate dal Consiglio di Amministrazione, si citano le seguenti:
  - ✓ in data 16 giugno 2021, il Consiglio di Amministrazione ha deliberato di procedere al rimborso anticipato volontario parziale del Prestito Obbligazionario

"Mittel S.p.A. 2017-2023", per un ammontare pari a nominali Euro 63,7 milioni su un totale di Euro 78,9 milioni;

✓ in data 15 settembre 2021, la Società, attraverso il veicolo controllato Fashion Time S.r.l., ha acquistato, dal Tribunale di Bologna, la proprietà del marchio Jeckerson, per un corrispettivo pari ad Euro 5 milioni (oltre IVA), interamente finanziato con mezzi propri.

A seguito dell'attività di vigilanza e controllo svolta nel corso dell'esercizio, il Collegio Sindacale può attestare che:

- non sono emerse omissioni, irregolarità e/o fatti censurabili o comunque significativi, tali da richiederne la segnalazione agli organi di controllo o menzione nella presente relazione;
- non sono pervenuti al Collegio Sindacale denunce, ex art. 2408 del Codice Civile, né esposti da parte di terzi;
- non sono state individuate operazioni con terzi, con Società del Gruppo o con altre parti correlate tali da evidenziare profili atipici e/o inusuali per contenuti, natura, dimensione e collocazione temporale;
- il complesso delle operazioni e delle scelte adottate è ispirato al principio di corretta amministrazione e di ragionevolezza.

In ordine all'**attività di vigilanza sull'attuazione delle regole di governo societario**, il Collegio Sindacale dà atto:

- di aver verificato l'evoluzione della *governance* anche alla luce delle considerazioni contenute nella relazione sul governo societario in merito alle raccomandazioni recate nella lettera del Presidente del Comitato per la *Corporate Governance* del 3 dicembre 2021 e, in tale ambito, di aver valutato positivamente l'attenzione posta dalla Società ai temi della sostenibilità ed alla politica in materia di remunerazione. Con specifico riferimento alla politica in materia di remunerazione, il Consiglio di Amministrazione, nella riunione del 5 novembre 2021, ha approvato una nuova relazione (la Relazione sulla Politica di Remunerazione e sui compensi corrisposti) la cui Sezione I è già stata sottoposta al voto vincolante degli azionisti nel corso dell'Assemblea del 15 dicembre 2021, proprio allo scopo di aggiornare per tempo la Politica in vigore nel corso dell'esercizio 2021 tenendo conto delle modifiche nel frattempo introdotte al Regolamento Emittenti e dotarsi di un sistema d'incentivazione variabile unicamente di medio/lungo periodo avente durata triennale (2022-2024). In tale ambito, gli Amministratori hanno illustrato i principi adottati per la determinazione delle remunerazioni dei componenti degli organi di amministrazione e dei dirigenti con responsabilità strategiche.

Il Consiglio di Amministrazione, nella riunione del 27 aprile 2022, ha approvato la Sezione II della Relazione, che verrà sottoposta al voto consultivo degli azionisti di questa Assemblea; essa, inoltre, contiene la tabella relativa ai compensi corrisposti ai componenti degli organi di amministrazione e di controllo e agli altri dirigenti con responsabilità strategiche, nonché lo schema relativo alle informazioni sulle partecipazioni al capitale della società dagli stessi detenute.

Quanto all'**attività di vigilanza connessa al Bilancio di esercizio, al Bilancio consolidato ed alla Dichiarazione consolidata non finanziaria**, il Collegio dà atto di:

- di aver rinunciato – analogamente alla rinuncia effettuata dalla Società di Revisione KPMG – ai termini di cui all'art. 154-*ter,* comma 1-*ter*, del TUF;
- aver ricevuto – in data 27 aprile 2022 - il progetto di bilancio consolidato di Gruppo e di bilancio separato della Società al 31 dicembre 2021, redatti secondo i principi contabili internazionali, nonché la relazione sulla gestione e di aver accertato, anche tramite le informazioni assunte dalla Società di Revisione, l'osservanza delle norme di legge che ne regolano la formazione;
- aver ricevuto analitica informativa in merito agli *impairment test* eseguiti nel 2021, ai sensi dello IAS 36, a conferma dei valori di attività iscritte nel bilancio della Società e nei bilanci delle società controllate. Al riguardo – ribadendo considerazioni già espresse - si sottolinea che i *business* del Gruppo hanno subito pesantemente l'impatto della diffusione dell'epidemia da Covid-19 e delle connesse restrizioni imposte a livello globale per contrastarla. In considerazione di ciò, la Società – in senso coerente con le previsioni contenute nel suddetto principio IAS 36 e tenuto

conto delle raccomandazioni espresse sul punto dalle Autorità competenti, nazionali ed internazionali (il riferimento è anche ai richiami Consob n. 1/2021 e n. 5/2021, rispettivamente del 16 febbraio e 29 aprile 2021) – ha svolto le necessarie verifiche tese alla identificazione di eventuali rischi di continuità aziendale e alla quantificazione e definizione degli effetti della emergenza pandemica sulle valutazioni delle attività e sulla struttura finanziaria del Gruppo. Le valutazioni sottostanti il *test* di *impairment,* condotto periodicamente e soprattutto quello al 31 dicembre 2021, sono state analizzate dal Collegio Sindacale nel corso delle varie riunioni e delle interlocuzioni informali con il *management* della Società e la Società di Revisione. L'*impairment test*, eseguito al 31 dicembre 2021, elaborato sulla base dei piani prospettici, non ha comportato la necessità di procedere ad alcuna svalutazione degli *assets* aziendali;

- aver ricevuto, sempre in data 27 aprile 2022, il Bilancio di Sostenibilità recante la Dichiarazione consolidata delle informazioni di carattere non finanziario e sulla diversità, nei termini previsti dall'art. 5 del d.lgs. n. 254/16;

- poter attestare, in relazione al citato Bilancio di Sostenibilità, l'adeguatezza degli assetti organizzativi in funzione degli obiettivi strategici in campo socio/ambientale che la Società si è posta, nonché la coerenza della dichiarazione prodotta con le disposizioni contenute nel d.lgs. n. 254/2016. Andando nel dettaglio, il Collegio, Sindacale nell'ambito della ordinaria attività svolta in attuazione della normativa vigente, ha vigilato sull'osservanza, da parte della Società, delle disposizioni stabilite in materia di comunicazione di informazioni di carattere non finanziario e di informazioni sulla diversità, constatando che la Società ha redatto, anche nell'anno 2021, la dichiarazione consolidata di carattere non finanziario nella forma più ampia di "*Bilancio di sostenibilità*", collocandola in un documento distinto e non in una sezione della relazione sulla gestione. La suddetta dichiarazione, redatta secondo i principi di rendicontazione individuati nello standard "*Global Reporting Initiative Sustainability Reporting Standards*" (in breve GRI Standard), offre una rappresentazione delle strategie adottate al fine di assicurare la crescita economica della Società e lo sviluppo del suo business in ottica sostenibile. La stessa copre i temi ambientali, sociali, della salute e sicurezza sul lavoro, della gestione del personale, del rispetto dei diritti umani, della lotta contro la corruzione attiva e passiva, della sicurezza informatica, della privacy, rilevanti tenuto conto dell'attività e delle caratteristiche dell'impresa, in misura adeguata al fine di consentire la comprensione dell'attività svolta dal Gruppo Mittel, del suo andamento, dei suoi risultati e dell'impatto dalla stessa prodotto, in senso coerente con le disposizioni contenute nell'art. 3 del d.lgs. n. 254/2016. Sulla suddetta dichiarazione, approvata dal Consiglio di Amministrazione nella riunione del 27 aprile 2022 e messa a disposizione dei Sindaci nella stessa data, il Collegio Sindacale ha svolto un controllo di tipo sintetico sui sistemi e sui processi allo scopo di accertare il rispetto della legge e della corretta amministrazione. In concreto il controllo ha avuto ad oggetto la matrice di rilevanza dei rischi, le modalità di rendicontazione delle informazioni fornite dalle società del Gruppo e la corrispondenza al vero delle stesse, nonché la coerenza della stessa rendicontazione con le previsioni del decreto.

Con specifico riferimento all'impatto della infezione pandemica sulle tematiche non finanziarie, il Collegio Sindacale ha verificato l'avvenuta adozione di azioni di mitigazione tese a contenerne gli effetti, pur se leggermente attenuati dalla massiccia campagna vaccinale. In ordine alle questioni sociali ed a quelle attinenti il personale, i Sindaci hanno posto la necessaria attenzione ai profili riguardanti la salute, la sicurezza sul lavoro ed il ricorso alla modalità di lavoro da remoto, verificando l'adeguatezza delle misure adottate. Analoga verifica è stata effettuata in relazione alla adeguatezza delle politiche adottate dalla Società nei confronti dei propri dipendenti e collaboratori; quindi – con riferimento al *business model* ed alla creazione di valore - alle azioni intraprese dalla Società per contenere gli effetti della crisi generata dall'epidemia allo scopo di preservare la capacità di creazione di valore nel tempo. In ultimo, il Collegio Sindacale ha altresì verificato la adeguatezza dei comportamenti adottati a presidio del contenimento dei rischi connessi al cambiamento climatico, compatibilmente con il contesto eccezionale e assolutamente imprevisto. Quanto, infine, alle interconnessioni esistenti tra informazioni finanziarie e non finanziarie, il Collegio Sindacale ha valutato con particolare attenzione l'impatto generato dalla crisi pandemica sulla situazione finanziaria della Società e sulle relative *performance*.

All'esito dell'attività svolta ed alla luce delle conclusioni raggiunte dalla Società di Revisione nella specifica relazione, il Collegio Sindacale può attestare l'adeguatezza degli assetti organizzativi in funzione degli obiettivi strategici in campo socio/ambientale che la Società si è posta, nonché la coerenza della dichiarazione prodotta con le disposizioni contenute nel d.lgs. n. 254/2016;

- aver valutato il piano di lavoro predisposto dalla KPMG S.p.A., rilevandolo adeguato alle caratteristiche ed alle dimensioni del Gruppo, e di aver vigilato sull'efficacia del processo di revisione legale, rilevando che lo stesso si è svolto nel rispetto del piano di revisione e secondo gli *International Standard Audit*;
- aver ricevuto, in data 30 aprile 2022, dalla Società di revisione legale KPMG S.p.A. le relazioni, ai sensi dell'art. 14 e dell'art. 16 del d.lgs. n. 39/2010, rispettivamente per il bilancio di esercizio e per il bilancio consolidato chiusi al 31 dicembre 2021. Da tali relazioni risulta che il bilancio di esercizio ed il bilancio consolidato della Società forniscono una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria, del risultato economico e dei flussi di cassa per l'esercizio chiuso al 31 dicembre 2021, in conformità agli *International Financial Reporting Standards* adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art.9 del d.lgs. n. 38/2005; e che la relazione sulla gestione e le informazioni della relazione sul governo societario e gli assetti proprietari indicate nel comma 4 dell'art. 123-bis del d.lgs. n. 58/1998, sono coerenti con il bilancio di esercizio ed il bilancio consolidato. La relazione di revisione include, inoltre, l'indicazione degli aspetti chiave della revisione, in relazione ai quali, tuttavia, non viene espresso un giudizio separato, essendo stati affrontati nell'ambito della revisione contabile e nella formazione del giudizio sul bilancio di esercizio nel suo complesso. L'unico aspetto chiave della revisione, individuato con riferimento al bilancio di esercizio della Società, è risultato essere la recuperabilità del valore delle partecipazioni in imprese controllate e collegate (che include le attività di "impairment test"). Con riferimento invece al bilancio consolidato, gli aspetti chiave della revisione sono i seguenti: (i) valutazione delle attività immateriali a vita utile indefinita; (ii) valutazione delle rimanenze immobiliari.

- aver ricevuto, in data 30 aprile 2022, dalla Società di revisione KPMG S.p.A. la relazione prevista dall'art. 11 del Regolamento (UE) 537/2014, dalla quale non risultano carenze significative nel sistema di controllo interno in relazione al processo di informativa finanziaria meritevoli di essere portate all'attenzione dei responsabili delle attività di *governance*. Il Collegio Sindacale provvederà ad informare il Consiglio di Amministrazione della Società in merito agli esiti della revisione legale, trasmettendo a tal fine la relazione aggiuntiva, corredata da eventuali osservazioni, ai sensi dell'art. 19 del d.lgs. n. 39/2010. Relativamente all'esercizio precedente, il Collegio Sindacale ha provveduto ad informare il Consiglio di Amministrazione in merito agli esiti della revisione legale, come previsto dalle disposizioni di legge.
- aver ricevuto, in data 30 aprile 2022, dalla Società incaricata della revisione legale KPMG S.p.A. la relazione di revisione limitata sulla conformità delle informazioni non finanziarie fornite rispetto alle norme contenute nel d.lgs. 30 dicembre 2016 n. 254, dalla quale risulta l'inesistenza di elementi idonei a far ritenere che la Dichiarazione consolidata di carattere non finanziario non sia stata redatta, in tutti gli aspetti significativi, in conformità a quanto richiesto dagli articoli 3 e 4 del Decreto citato e dal GRI Standards.

Il Collegio Sindacale osserva che l'art. 154-*ter*, comma 1.1., del TUF (in vigore dal 1° febbraio 2022), prevede che gli amministratori curino l'applicazione delle disposizioni del Regolamento Delegato (UE) 2019/815 della Commissione del 17 dicembre 2018 ("Regolamento ESEF"). Il comma 1.2 del citato articolo 154-*ter* (anche questo in vigore dal 1° febbraio 2022) ha altresì previsto che la società di revisione legale, nella relazione di revisione di cui all'art. 14 del d. lgs. n. 39/2010, esprima un giudizio sulla conformità del progetto di bilancio d'esercizio e del bilancio consolidato, compresi nella relazione finanziaria annuale, alle disposizioni del Regolamento ESEF.

Il Collegio Sindacale ha vigilato sull'applicazione delle disposizioni del Regolamento ESEF da parte degli amministratori e conferma che la società di revisione, nella relazione ex art. 14, del d.lgs. n. 39/2010, ha espresso un giudizio sulla conformità del progetto di bilancio d'esercizio e del bilancio consolidato, compresi nella relazione finanziaria annuale, alle disposizioni del Regolamento ESEF.

In ordine all'attività di **vigilanza sui rapporti con le società controllate**, il Collegio Sindacale ha:

- acquisito conoscenza e vigilato, ai sensi dell'art. 149, comma 1, lett. d) del d.lgs. n. 58/1998, per le principali società soggette a controllo, sull'adeguatezza delle disposizioni impartite dalla Società alle società controllate ai sensi dell'art. 114, comma 2 dello stesso d.lgs. n. 58/1998, tramite:
  - ✓ l'acquisizione di informazioni dai responsabili delle competenti funzioni aziendali;
  - ✓ gli scambi di informazioni con i Presidenti dei Collegi sindacali;
  - ✓ gli incontri con la Società incaricata anche della revisione legale delle partecipate.

Quanto all'**attività di vigilanza sulle operazioni con parti correlate**, il Collegio Sindacale ha:

- vigilato sulla conformità delle procedure adottate dalla Società ai principi indicati nel Regolamento recante disposizioni in materia di operazioni con parti correlate di cui alla Delibera Consob n. 17221 del 12 marzo 2010, come successivamente modificata ed integrata, tenuto conto altresì degli aggiornamenti in vigore dal 1° luglio 2021, e di non aver rilevato l'esistenza di operazioni atipiche o inusuali con società del Gruppo, con terzi o con altre parti correlate, trovando conferma di ciò nelle indicazioni del Consiglio di Amministrazione, della società di revisione legale e del responsabile della Funzione di *Internal Audit*. Il Collegio Sindacale ha accertato che le operazioni di natura ordinaria effettuate infragruppo o con parti correlate sono conformi alla legge e allo Statuto, sono rispondenti all'interesse sociale e non sono suscettibili di dar luogo a dubbi in ordine alla correttezza e alla completezza della relativa informativa di bilancio, alla sussistenza di situazioni di conflitto di interessi, alla salvaguardia del patrimonio aziendale e alla tutela degli Azionisti di minoranza, espletate le preventive attività demandate al Comitato Parti Correlate all'insorgere dei presupposti.

La Relazione sulla Gestione redatta dagli Amministratori contiene adeguata informativa sulle operazioni infragruppo o con parti correlate, tutte congrue, rispondenti all'interesse della Società e regolate a condizioni di mercato. L'impatto economico delle operazioni con parti correlate è riportato alla Nota 41 del bilancio di esercizio della Società e alla Nota 50 del bilancio consolidato; la loro incidenza sui flussi finanziari è riportata direttamente nello schema di rendiconto finanziario.

In riferimento a tali operazioni, il Collegio Sindacale ritiene adeguate le informazioni rese dagli Amministratori nella loro Relazione sulla Gestione e nelle note illustrative al bilancio.

Conclusioni

All'esito dell'attività di vigilanza sopra descritta svolta nel corso dell'esercizio 2021, ribadendo considerazioni già espresse, il Collegio Sindacale può attestare che le scelte operate dagli Amministratori appaiono conformi alla legge ed allo statuto, ai principi di corretta amministrazione, nonché coerenti e compatibili con le dimensioni aziendali e con il patrimonio sociale; che – anche sulla base delle informazioni assunte dalla Società di Revisione - non sono state rilevate omissioni e/o fatti censurabili e/o irregolarità o comunque fatti significativi tali da richiederne la segnalazione agli organi di controllo o menzione nella presente relazione.

Sulla base della suddetta attività di vigilanza, e dall'analisi del progetto di bilancio presentato, considerato che, in data 30 aprile 2022, la Società di Revisione ha rilasciato le proprie relazioni senza rilievi, il Collegio non rileva motivi ostativi all'approvazione del bilancio chiuso al 31 dicembre 2021 ed alle proposte di delibera formulate dal Consiglio di Amministrazione.

Infine, considerato che – con l'approvazione del bilancio all'esame di questa Assemblea – scade il mandato triennale del Collegio Sindacale e del Consiglio di Amministrazione, si invitano i Signori Azionisti ad assumere i necessari provvedimenti. Con l'occasione, i Sindaci ringraziano la Società ed i suoi Azionisti per la fiducia loro accordata fino ad oggi.

30 aprile 2022

Per il Collegio Sindacale

Il Presidente

Fabrizio Colombo

KPMG

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Relazione della società di revisione indipendente ai sensi degli artt. 14 del D.Lgs. 27 gennaio 2010, n. 39 e 10 del Regolamento (UE) n. 537 del 16 aprile 2014

Agli Azionisti della
Mittel S.p.A.

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Mittel S.p.A. (nel seguito anche la "Società"), costituito dalla situazione patrimoniale-finanziaria al 31 dicembre 2021, dal conto economico e dal conto economico complessivo, dal prospetto delle variazioni di patrimonio netto e dal rendiconto finanziario per l'esercizio chiuso a tale data e dalle note al bilancio che includono anche la sintesi dei più significativi principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Mittel S.p.A. al 31 dicembre 2021, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. 38/05.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nel paragrafo "*Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio*" della presente relazione. Siamo indipendenti rispetto alla Mittel S.p.A. in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti e appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio d'esercizio nel suo complesso; pertanto su tali aspetti non esprimiamo un giudizio separato.

Recuperabilità del valore delle partecipazioni in imprese controllate e collegate

Note esplicative ed integrative Sezione 3 "Principi contabili significativi adottati dalla capogruppo": paragrafo "Partecipazioni in imprese controllate e collegate (IFRS 10, IAS 27 e IAS 28)"

Note esplicative ed integrative "Informazioni sulla situazione patrimoniale - finanziaria" - Attività non correnti: Sezione 6 "Partecipazioni"

Note esplicative ed integrative "Informazioni sul conto economico": Sezione 36 "Rettifiche di valore di partecipazioni"

Aspetto chiave	Procedure di revisione in risposta all'aspetto chiave
Nel bilancio d'esercizio della Mittel S.p.A. chiuso al 31 dicembre 2021, sono iscritte partecipazioni in imprese controllate e collegate per complessivi €99,0 milioni, pari al 41,7% del totale attivo, come nel seguito dettagliate: — Mittel Design S.r.l. per €27,9 milioni; — IMC S.p.A. per €17,9 milioni; — Gruppo Zaffiro S.r.l. per €13,5 milioni; — Sport Fashion Service S.r.l. per €11,6 milioni; — Mittel Investimenti Immobiliari S.r.l. per €11,5 milioni; — Earchimede S.p.A. per €8,2 milioni; — ulteriori partecipazioni per €8,4 milioni. Gli Amministratori hanno svolto i test di impairment, con riferimento al valore contabile di tali partecipazioni alla data di bilancio, al fine di identificare eventuali perdite per riduzioni di valore, determinate dall'eccedenza del valore contabile delle partecipazioni in imprese controllate e collegate rispetto al valore recuperabile delle stesse. Tale valore recuperabile è stato stimato dagli Amministratori sulla base del valore d'uso, determinato secondo metodologie valutative ritenute appropriate nelle circostanze.	Le nostre procedure di revisione hanno incluso: — la comprensione del processo adottato dagli Amministratori ai fini della determinazione del valore recuperabile delle partecipazioni di controllo in Mittel Design S.r.l., IMC S.p.A., Gruppo Zaffiro S.r.l., Sport Fashion Service S.r.l., Mittel Investimenti Immobiliari S.r.l., e Earchimede S.p.A.; — l'analisi delle principali assunzioni utilizzate dagli Amministratori nella determinazione del valore recuperabile delle partecipate. Le nostre analisi hanno incluso la verifica delle assunzioni sottostanti le metodologie valutative utilizzate e il confronto delle principali assunzioni utilizzate con informazioni acquisite anche da fonti esterne, ove disponibili; tale attività è stata svolta con il supporto di esperti del network KPMG; — l'analisi degli eventi occorsi successivamente alla data di riferimento del bilancio che forniscano elementi informativi utili alla verifica delle principali assunzioni adottate

Aspetto chiave	Procedure di revisione in risposta all'aspetto chiave
In considerazione della significatività della voce di bilancio in oggetto e dell'elevato grado di giudizio insito nel processo di determinazione del valore recuperabile delle partecipazioni, abbiamo considerato la recuperabilità del valore delle partecipazioni in imprese controllate e collegate un aspetto chiave dell'attività di revisione.	per lo svolgimento dell'impairment test; — l'esame dell'appropriatezza dell'informativa di bilancio relativa alle partecipazioni in imprese controllate e al test di impairment anche in considerazione dei maggiori requisiti informativi connessi all'incertezza derivante dalla pandemia da Covid-19.

Responsabilità degli Amministratori e del Collegio Sindacale della Mittel S.p.A. per il bilancio d'esercizio

Gli Amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del D.Lgs. 38/05 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli Amministratori sono responsabili per la valutazione della capacità della Società di continuare a operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli Amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il Collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

— abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti e appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;

— abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;

— abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli Amministratori, inclusa la relativa informativa;

— siamo giunti a una conclusione sull'appropriatezza dell'utilizzo da parte degli Amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di un'incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare a operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;

— abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di *governance*, identificati a un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di *governance* anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le relative misure di salvaguardia.

Tra gli aspetti comunicati ai responsabili delle attività di *governance*, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'art. 10 del Regolamento (UE) 537/14

L'Assemblea degli Azionisti della Mittel S.p.A. ci ha conferito in data 24 marzo 2016 l'incarico di revisione legale del bilancio d'esercizio e consolidato della Società per gli esercizi dal 30 settembre 2016 al 31 dicembre 2024.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'art. 5, paragrafo 1, del Regolamento (UE) 537/14 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio d'esercizio espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al Collegio Sindacale, nella sua funzione di Comitato per il controllo interno e la revisione contabile, predisposta ai sensi dell'art. 11 del citato Regolamento.

Relazione su altre disposizioni di legge e regolamentari

Giudizio sulla conformità alle disposizioni del Regolamento Delegato (UE) 2019/815

Gli Amministratori della Mittel S.p.A. sono responsabili per l'applicazione delle disposizioni del Regolamento Delegato (UE) 2019/815 della Commissione Europea in materia di norme tecniche di regolamentazione relative alla specificazione del formato elettronico unico di comunicazione (ESEF – *European Single Electronic Format*) al bilancio d'esercizio, da includere nella relazione finanziaria annuale.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) 700B al fine di esprimere un giudizio sulla conformità del bilancio d'esercizio alle disposizioni del Regolamento Delegato (UE) 2019/815.

A nostro giudizio, il bilancio d'esercizio è stato predisposto nel formato XHTML in conformità alle disposizioni del Regolamento Delegato (UE) 2019/815.

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10 e dell'art. 123-bis, comma 4, del D.Lgs. 58/98

Gli Amministratori della Mittel S.p.A. sono responsabili per la predisposizione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari della Mittel S.p.A. al 31 dicembre 2021, incluse la loro coerenza con il relativo bilancio d'esercizio e la loro conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione e di alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari indicate nell'art. 123-bis, comma 4, del D.Lgs. 58/98, con il bilancio d'esercizio della Mittel S.p.A. al 31 dicembre 2021 e sulla conformità delle stesse alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione e alcune specifiche informazioni contenute nella relazione sul governo societario e gli assetti proprietari sopra richiamate sono coerenti con il bilancio d'esercizio della Mittel S.p.A. al 31 dicembre 2021 e sono redatte in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, comma 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Milano, 30 aprile 2022

KPMG S.p.A.

Francesco Bellotto
Socio