MITTEL S.p.A.

Head Office in Milan – Via Borromei, 5
Share Capital EUR 87,907,017 fully paid-in
Listed in the Companies Register of Milan under n° 00742640154
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PRESS RELEASE

THE BOARD OF DIRECTORS APPROVES THE CONSOLIDATED FINANCIAL STATEMENTS AND THE DRAFT SEPARATE FINANCIAL STATEMENTS ENDING DECEMBER 31, 2022

CONSOLIDATED REVENUES, EBITDA, EBIT AND NET PROFIT UP

IMPORTANT CONTRIBUTION FROM BATHROOM FURNISHINGS SECTOR, WITH REVENUES IN FURTHER GROWTH

- ***Net Group profit*** *equals to EUR 0.7 million (EUR 0.6 million as at 31 December 2021).*
- ***Consolidated revenues*** *were EUR 210.2 million, up from the EUR 201.6 million recorded as at 31 December 2021, driven by contributions from the industrial subsidiaries, from the Bathroom Furnishings companies in particular, which contributed EUR 75.7 million to the consolidated data.*
- ***Consolidated reported EBITDA*** *amounted to EUR 31.1 million (sharply up from EUR 24.7 million as at 31 December 2021), due to a positive impact of IFRS 16, net of which EBITDA amounted to EUR 16.8 million (also up from EUR 11.1 million as at 31 December 2021).*
- ***Group shareholders' equity*** *amounted to EUR 219.6 million, down from EUR 222.3 million for the period ending December 31, 2021, due to the booking of an additional 10% stake purchased in Ceramica Cielo.*
- ***Net financial position*** *of Mittel and its historical shareholdings was positive for EUR 46.7 million, up from EUR 38.1 million as at December 31, 2021, mainly due to a further recovery of resources from non-core assets (in particular real estate inventories), partially offset by the outlay related to the exercise of the put option on 10% stake of Ceramica Cielo.* ***Consolidated net financial position*** *(excluding financial payables as per IFRS 16) amounted to EUR 6.4 million, a significant improvement over EUR 24.8 million of FY21, and reflected financial performance dynamics of the industrial sectors.* ***Reported consolidated net financial position*** *(including IFRS 16 effect of additional liabilities mainly related to long-term lease agreements in the Nursing Home/RSA sector) was negative for EUR 271.0 million, compared to EUR 265.8 million recorded in FY21.*
- *The process of valuation of* ***non-core assets*** *continued throughout the reporting period, resulting in collections from real estate inventories (total sales of EUR 17,6 million against EUR 1,9 million capex) and financial receivables (EUR 2,0 million).*
- *After the end of FY22,* ***a binding sale contract*** *of the Nursing Home/RSA business sector was signed; the selling price of 60% of the capital held amounts to EUR 42 million and the repayment of the shareholders' loans of EUR 25 million plus accrued interest is also envisaged.*
- ***The Group's results in the coming months*** *are expected to reflect, in addition to a positive economic and financial effect of the sale of the Nursing/RSA sector, positive results of the growth process in the Bathroom Furnishings sector (already clearly recorded in FY21 and FY22) and continuing recovery in other sectors of operations. These expected developments will surely foster the growth potential of Mittel and its vocation of a dynamic and efficient industrial holding company, which is strongly focused on capitalising on the significant investments made in recent years and implementation of development strategies for the investees, thus aiming, alongside with new capital investments, at creating sustainable long-term value for all its shareholders and stakeholders.*

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Milan, April 26, 2023 – The Board of Directors of Mittel S.p.A., which met today under the chairmanship of Mr. Marco Giovanni Colacicco, examined and approved the Directors' Report on Operations, the draft separate financial statements and the consolidated financial statements for the year ending December 31, 2022.

Directors’ Management Report

The Group's net profit for FY22 amounted to positive EUR 0.7 million (EUR 0.6 million in FY21), thanks to continuingly improving profit margins of the core business operations, attributable to investment verticals developed in recent years, despite a significant value adjustment, recognised during the period, on a non-core item held by the Parent Company since the previous managements.

This result benefited mainly from a significant positive contribution of the Bathroom Furnishings sector, with the sector EBITDA before IFRS16 of EUR 15.3 million, despite negative profit margins of the Nursing Home/RSA sector, which recorded negative EUR 4.7 million as EBITDA before IFRS16 (negative EUR 7.1 million excluding some positive one-off income components). The performances of the Automotive sector (with the sector EBITDA before IFRS16 of EUR 3.6 million) and the Clothing sector (with the sector EBITDA before IFRS16 of EUR 2.6 million, significantly influenced by negative one-off income components) were also improving.

Consolidated revenues amounted to EUR 210.2 million, a further sharp increase compared to FY21 (EUR 201.6 million), attributable to the contribution of the industrial investees and the Bathroom Furnishings companies in particular, which contributed EUR 75.7 million to the consolidated statements.

The consolidated reported EBITDA amounted to EUR 31.1 million (clearly up from EUR 24.7 million of the comparison period) being, however, influenced by the IFRS16 positive effect for EUR 14.3 million. Net of the IFRS16 component, EBITDA amounted to EUR 16.8 million, also an increase compared to the corresponding period of the previous FY (EUR 11.1 million).

The positive results of the Group's core operations were, however, negatively impacted by the recognition of a prudential non-recurring value adjustment, amounting to approximately EUR 9 million, on a non-core financial asset held by Mittel S.p.A. since previous managements.

This negative extraordinary item was only partially offset by the recognition of a positive income of EUR 3.7 million, deriving from an adjustment to fair value of the earn-out financial liability, envisaged contractually at the time of the acquisition of Sport Fashion Service S.r.l.

There was also a negative impact of a purely accounting nature, amounting to EUR 1.4 million in the reporting period, due to the application of IFRS16 (in the Nursing Home/RSA sector in particular), which entails the recognition, usually at the initial phase of the leasing agreements, of a negative income statement imbalance between the reversal costs of lease payments and the recognition of amortisation on rights of use, as well as of financial charges on the allocated financial liability.

Group equity at December 31, 2022 amounted to EUR 219.6 million, a decrease of EUR 2.7 million compared to EUR 222.3 million at December 31, 2021. This net decrease is substantially explained by the operating result, other comprehensive income items (positive EUR 1.1 million) and the booking effect, negative for EUR 3.8 million, of the exercise of the put option on 10% stake of Ceramica Cielo (a mere comparison between the purchase price and the book value of the acquired third parties, which cannot be recognised as goodwill under IFRS).

The net operating financial position of Mittel and its holding system, excluding the contribution of industrial investees, IFRS16 liabilities and including bridge loans to investees, was positive by EUR 46.7 million (positive by EUR 38.1 million at December 31, 2021). This improvement is mainly attributable to additional resources that continue to be recovered from non-core assets (real estate inventories in particular) and is partially offset by the outlay related to the exercise of the put option on 10% of Ceramica Cielo's capital.

Consolidated net financial debt, excluding financial payables due to IFRS16 on the rights-of-use on lease contracts, amounted to EUR 6.4 million, an improvement by EUR 18.4 million compared to EUR 24.8 million as at December 31, 2021. In addition to the above-described dynamics in the shareholding system, the reporting period also marked positive financial performance dynamics of the industrial sectors, recording a significant positive impact from the Bathroom Furnishings sector and an improvement of the financial situation of the Nursing Home/RSA sector (attributable to significant proceeds from a planned sale of a completed real estate development, partially offset by temporary cash absorption from other real estate developments in progress, as well as by the described operating loss for the period).

Finally, the consolidated net financial debt for accounting purposes amounted to EUR 271.0 million, compared to EUR 265.8 million as of December 31, 2021. As known, these figures are significantly influenced by the representation of IFRS16 liabilities related to ongoing lease contracts, mainly attributable to the Nursing Home/RSA sector, which is naturally characterised by long-term leases.

Economic and Financial Summary and Group Performance Indicators

The economic and financial data indicated below are presented in reclassified form in order to highlight certain intermediate results, as well as capital and other financial indicators, which we consider most significant for the understanding of the Group performance. These aggregates, although not required by IFRS/IAS, are provided in accordance with the indications contained in Consob Communication No. 6064293 of 28 July 2006 and CESR Recommendation of 3 November 2005 (CESR/05-178b).

This press release contains numerous indicators of financial results, derived from financial statements, which summarise the economic and financial performance of the Group. These economic quantities that are not directly deduced from the financial statements, as well as notes and evaluations, contribute to better qualify the changes in various values.

Group Financial Highlights

(in Thousands of EUR)	31.12.2022	31.12.2021
Revenues and other income	223.106	209.811
Increases (decreases) in inventories	(9.493)	(10.811)
Net revenue	**213.614**	**199.000**
Purchase, provision of services, sundry costs	(126.018)	(121.822)
Personnel cost	(56.529)	(52.473)
Operating costs	**(182.547)**	**(174.295)**
Operating margin (EBITDA)	**31.067**	**24.705**
Amortisation/depreciation, allocations and adjustments to non current assets	(18.973)	(17.418)
Operating result (EBIT)	**12.094**	**7.288**
Profit (loss) from financial management	(7.305)	(12.863)
Result of management and valuation of financial assets and receivables	(8.772)	(802)
Profit (loss) before tax	**(3.984)**	**(6.377)**
Taxed	2.211	4.632
Net profit (loss) for the year	**(1.773)**	**(1.745)**
Profit (loss) pertaining to non-controlling interests	(2.424)	(2.328)
Profit (loss) pertaining to the Group	**651**	**582**

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

(in Thousands of EUR)	31.12.2022	31.12.2021
Operating margin (EBITDA) post IFRS 16	**31.067**	**24.705**
Lease payments	(16.794)	(14.237)
Operating margin (EBITDA) before IFRS 16 before capital gains	**14.273**	**10.468**
Sale & leaseback capital gains and *leasing* contingencies	2.537	612
Operating margin before IFRS 16 with capital gains and contingencies	**16.810**	**11.080**

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

(in Thousands of EUR)	31.12.2022	31.12.2021
Profit (loss) pertaining to the Group post IFRS 16	**651**	**582**
Lease payments	(16.794)	(14.237)
Amortisation/Depreciation	10.749	9.912
Financial charges	9.217	8.708
Deferred tax assets	(935)	(1.223)
Profit (loss) pertaining to non-controlling interests	(877)	(1.245)

Profit (loss) pertaining to the Group before IFRS16 before capital gains	**2.011**	**2.497**
Sale & leaseback capital gains and *leasing* contingencies	2.541	612
Deferred tax assets	(709)	(171)
Profit (loss) pertaining to non-controlling interests	(733)	(176)
Profit (loss) pertaining to the Group before IFRS16 with capital gains and contingencies	**3.110**	**2.762**

Before analysing the most significant individual items of the consolidated income statement, it should be noted that the revenues of the consolidated industrial sectors as at December 31, 2022 (represented by the Design sector comprising Ceramica Cielo S.p.A., Galassia S.r.l. and Disegno Ceramica S.r.l., the Clothing sector with the Sport Fashion Service S.r.l. investee, the Automotive sector represented by IMC S.p.A. and the Nursing Home/RSA sector with Gruppo Zaffiro S.r.l.) were particularly significant and amounted to EUR 192.4 million (EUR 181.5 million in the previous year), corresponding to approximately 92% of the consolidated revenues (totalling EUR 210.2 million, compared to EUR 201.6 million in the previous year).

During the year, despite the significant negative impacts of the current geopolitical and market environment, these industries generated a significant consolidated operating margin of EUR 31.1 million (EUR 24.7 million as of December 31, 2021), with the following contributions by sector:

- *Design:* EBITDA amounted to EUR 16.0 million (EUR 16.8 million as at December 31, 2021), with a continued revenue growth and preservation of highly profitable margins despite the tightening inflationary dynamics, attributable to measures and actions which were extensively analysed in other sections of this report and expressing the important development undertaken and still under way in the subsidiaries of the Bathroom furnishings sector;

- *Clothing:* EBITDA amounted to EUR 3.3 million (EUR 1.9 million in the comparison period), a clear recovery despite significant extraordinary factors (including the exchange rate effect) and with a contribution of the Jeckerson brand, still limited in 2022, to the collection of royalties and past inventory valuation (launch of a new collection in January 2023, with income contribution expected in the second half of 2023);

- *Automotive:* EBITDA amounted to EUR 5.0 million (EUR 2.9 million as of December 31, 2021), a clear improvement, with the top line not particularly impacted by the Russian-Ukrainian conflict (with revenues strongly up compared to FY21, which was heavily impacted by the shortage of electrical components), results made possible by a constant focus on commercial development and significant repricing obtained from major customers, despite the presence of extraordinary costs (mainly due to the impact of the ongoing conflict on energy and raw material costs and one-off items related to the acquisition of a new order).

- *Nursing Home/RSA:* EBITDA amounted to EUR 9.3 million (EUR 7.6 million as at December 31, 2021), positively impacted by the application of IFRS16 as a result of non-recognition of rental fees amongst operating costs (EUR 13.6 million as at December 31, 2022 and EUR 11.6 million in the comparison period); EBITDA before IFRS16 (already adjusted for a significant real estate capital gain recorded during the year), on the other hand, was a negative EUR 4.7 million, influenced, however, by positive one-off items totalling EUR 2.4 million; EBITDA before IFRS 16 without of these positive one-off items amounted to negative EUR 7.1 million (negative EUR 5.6 million as at December 31, 2021). As described in the introduction, the negative economic trend, in a market context still characterised by low occupancy of the nursing facilities, can be explained by taking into consideration significant development and start-up costs of the recently opened nursing facilities with a consequent economic erosion of profitability margins in the current situation, significantly worsened during the reporting year due to the increase in operating costs (energy costs in particular), which are not easily reversible on tariffs in this specific sector;

- *Real Estate:* EBITDA amounted to positive EUR 1.6 million (negative EUR 0.2 million as of December 31, 2021), with significant total sales of EUR 17.8 million compared to EUR 20 million in the comparison period, despite the important valorisation already carried out in previous years and a marginality that benefited mainly from a profitable completion of the Como residential initiative (Via Regina) in the reporting period;

- *Shareholdings and investments*: EBITDA amounted to negative EUR 3.5 million (negative EUR 4.2 million as at December 31, 2021), which has been benefiting, since the previous period, from a strong reduction in holding costs achieved in previous years.

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

- **Revenue & other income**: this reclassified balance sheet item includes revenue and other income and amounts to EUR 223.1 million as at December 31, 2022 (EUR 209.8 million in the comparison period). The item is the combined result of the following:
  (i) revenue recognition for EUR 210.2 million (EUR 201.6 million as at December 31, 2021) with main contributions from:
    - Design sector (Ceramica Cielo, Galassia and Disegno Ceramica) for EUR 75.7 million (EUR 71.7 million in the previous year)
    - Nursing Home/RSA sector (Zaffiro Group and subsidiaries) for EUR 55 million (EUR 62 million in the comparative period);
    - Automotive sector (IMC) for EUR 38.6 million (EUR 29.8 million in the comparison period)
    - Clothing sector for EUR 23.1 million (EUR 17.9 million in the year-earlier period);
    - Real Estate sector for EUR 17.8 million (EUR 20 million in the comparison period);

  (ii) recognition of other income for EUR 12.9 million (EUR 7.2 million in the comparison period), mainly related to the Design sector for the amount of EUR 5.7 million and to the Nursing Home/RSA sector for the amount of EUR 5.0 million.

- **Increase/(decrease) in inventories**: the negative contribution for the period equals to EUR 9.5 million (EUR 10.8 million in the comparison period) and is explained by the net effect of:
  (i) reduction due to discharge of the sale costs in real estate inventories for EUR 15.1 million (EUR 19.0 million as at 31 December 2021);
  (ii) increase in real estate inventories due to capitalised costs and other changes for EUR 1.9 million (EUR 8.0 million as at 31 December 2021);
  (iii) net decrease in the Design sector for EUR 1.9 million (EUR 0.3 million in the comparative period);
  (iv) net increase in the Automotive sector of EUR 1.4 million (net increase of EUR 1.0 million in the comparative period);
  (v) net increase in inventories of the Clothing sector of EUR 0.4 million (net decrease of EUR 0.4 million in the comparison period).

- **Costs for purchases, provisions of services, sundry costs**: the item, which totalled EUR 126,0 million (EUR 121,8 million al 31 dicembre 2021), is strongly influenced by the operating costs of the industrial subsidiaries and includes: costs for purchases for EUR 70,0 million (EUR 66,5 million in the comparison period), provision of services for EUR 52,0 million (EUR 52,1 million as at December 31, 2021) and sundry costs for EUR 4,1 million (EUR 3,3 million in the comparison period). The main contributors to the item are:
  (i) Design sector forr EUR 47,8 million (EUR 39,7 million in the comparison period);
  (ii) Automotive sector for EUR 29,6 million (EUR 22,7 million in the comparison period);
  (iii) Nursing Home/RSA for EUR 24,2 million (EUR 33,3 million in the comparison period);
  (iv) Clothing sector for EUR 18,6 million (EUR 14,2 million in the comparison period);
  (v) Real Estate sector for EUR 3,2 million (EUR 9,4 million in the comparison period), of which EUR 1,9 million are to be read together with the increase in real estate inventories for capitalised costs (EUR 8,0 million in the comparison period);
  (vi) Parent company Mittel for EUR 2,4 million (EUR 2,3 million in the comparison period).

- **Personnel costs:** the item shows a balance of EUR 56.5 million (EUR 52.5 million as at December 31, 2021), of which EUR 26.4 million relate to the Nursing Home/RSA sector (EUR 23.0 million in the comparison period), EUR 19.5 million to the Design sector (EUR 19.3 million in the comparison period), EUR 5.9 million are attributable to the Automotive sector (EUR 5.5 million in the comparison period), EUR 2.1 million to the Parent Company Mittel (EUR 2.6 million in the comparison period) and EUR 2.6 million to the Clothing sector (EUR 2.0 million in the comparison period).

- **Amortisation, depreciation, allocations & adjustments of non-current assets**: as of December 31, 2022, this item showed a total balance of EUR 18.7 million (EUR 17.4 million as of December 31, 2021), mainly explained by the amortisation of rights of use recognised as a result of the application of IFRS 16, amounting to EUR 10.7 million (EUR 9.9 million in the comparison period), of which EUR 8.0 million pertaining to the Nursing Home/RSA sector (EUR 7.7 million in the comparison period); the remaining depreciation relates to the other *tangible assets* held by the operating companies (Automotive sector for EUR 3.2 million, Design sector for EUR 2.7 million and Nursing Home/RSA sector for EUR 1.9 million).

- **Profit (loss) from financial management:** the item presented an overall negative balance of EUR 7.3 million and is positively influenced by the recognition of an income for EUR 3.7 million deriving from the fair value adjustment (disbursement value manifested financially after the end of the financial year) of the earn-out liability which was originally allocated at the time of the acquisition of Sport Fashion Service; net of this extraordinary component, the item presented a negative balance of EUR 11.0 million (negative for EUR 12.9 million in the comparison period), explained by financial charges recognised in accordance with IFRS16 for EUR 9.2 million (of which EUR 8.6 million attributable to the Nursing Home/RSA sector). The remaining EUR 1.8 million was essentially the net effect of charges on financial debt (EUR 3.2 million, of which EUR 2.4 million related to the bank debt of the operating subsidiaries and EUR 0.6 million to the Mittel S.p.A. bond loan) and interest income accrued on the residual financial receivables held by Mittel S.p.A., amounting to EUR 1.4 million.

- **Result from the management and valuation of financial assets and receivables:** this item made a negative contribution of EUR 8.8 million to the consolidated income statement (negative contribution of EUR 0.8 million as at December 31, 2021), explained by the net effect of net impairment losses on receivables and financial assets of EUR 9.1 million (EUR 0.9 million in the comparison period) and profits from the management of financial assets and participations of EUR 0.3 million (EUR 0.1 million in the previous year).

- **Taxes:** this item made a positive contribution of EUR 2.2 million to the consolidated income statement (EUR 4.6 million in the comparison period), mainly explained by the net effect (i) the cost for current IRAP in the amount of EUR 0.9 million; (ii) the allocation of deferred tax assets in the amount of EUR 1.9 million (of which EUR 1.6 million is attributable to items recognised as a result of IFRS16); (iii) the release of deferred taxes in the amount of EUR 0.5 million; (iv) contingent assets recognised on taxes for previous years in the amount of EUR 0.6 million.

Group Consolidated Financial and Balance Sheet Highlights

(in Thousands of EUR)	**31.12.2022**	**31.12.2021**
Intangible fixed assets	109.734	109.593
Property, plant and equipments	301.690	291.751
- of which IFRS 16 rights of use	*233.457*	*214.973*
Investments	3.483	3.753
Non-current financial assets	27.576	35.898
Provisions for risks, employee severance indemnity & benefits	(9.071)	(9.550)
Other non-current assets (liabilitues)	1.122	845
Tax assets (liabilities)	19.396	16.660
Net working capital (*)	46.682	56.314
Net invested capital	**501.013**	**505.263**
Equity pertaining to the Group	(219.541)	(222.262)
Non-controlling interests	(10.355)	(17.164)
Total net equity	**(229.975)**	**(239.426)**
Net financial position	**(271.038)**	**(265.838)**
- of which IFRS 16 financial liabilities	*(264.622)*	*(241.053)*
Net financial position before IFRS16	**(6.416)**	**(24.785)**

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

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

Intangible fixed assets amounted to EUR 109,7 million (EUR 109,6 million as at December 2021). The item, almost entirely attributable to goodwill and trademarks, refers to the Nursing Home/RSA sector for EUR 48 million, of which EUR 39.3 million are attributable to goodwill related to the acquisition of Gruppo Zaffiro (in November 2016), a head company of the group with the same name operating in care facilities for the elderly, and EUR 1.1 million to the company trademark, which value was attributed upon the purchase price allocation (completed by December 31, 2017). The remaining EUR 7.6 million refers to goodwill recognised on several build-up operations that were carried out in the Nursing Home/RSA sector after the acquisition date.

Goodwill related to the acquisition of Ceramica Cielo S.p.A. (in June 2017) amounted to EUR 5.6 million, and is to be added to EUR 4.3 million recognised for the company trademarks. In addition, with regard to the Design sector, the following goodwill was booked in relation to the acquisitions of: (i) Galassia S.r.l., in the amount of EUR 4.4 million and EUR 2.0 for the company trademark; (ii) Disegno Ceramica S.r.l., in the amount of EUR 2.1 million.
Goodwill of 19.3 million was also booked in relation with the acquisition of IMC S.p.A. at the end of 2017.
The acquisition of Sport Fashion Service S.r.l. in November 2019 entailed the booking, on the basis of the continuity of values, of goodwill (EUR 18.4 million) and trademarks (EUR 1.8 million) recorded in the first IFRS consolidation *package* of the company at the date of acquisition.
Finally, the purchase value of the Jeckerson brand, amounting to approximately EUR 3.4 million, was booked in FY2021.

Property, plant and equipment amounted to EUR 302.1 million (EUR 291.8 million as at December 31, 2021), of which EUR 233.5 million related to the rights of use recognised as a result of IFRS16 (EUR 213.2 million attributable to the Nursing Home/RSA sector, characterised by long-term leases on real estate properties used as nursing facilities). The residual portion of this item, equal to EUR 79.9 million, was significantly influenced by the contribution of the Automotive sector in the amount of EUR 13.8 million (which included the partial allocation of goodwill for the forming presses at the acquisition of IMC S.p.A.), of the Nursing Home/RSA sector, which contributed EUR 30.5 million, and of the Design sector, which contributed EUR 22.4 million.

Equity-accounted investments amounted to EUR 3.5 million (EUR 3.8 million as of December 31, 2021) and referred to the equity investment in Mittel Generale Investimenti S.r.l. held by the parent company Mittel S.p.A., decreased as a result of a distribution made by the investee during the reporting period.

Non-current financial assets amounted to EUR 27.6 million (EUR 35.9 million as of December 31, 2021) and referred to: i) non-current financial receivables for EUR 15.8 million (EUR 23.9 million in the comparison period), explained by credit positions held by the Parent Company; ii) other non-current financial assets for EUR 11.7 million (EUR 12.0 million in the comparison period), mainly represented by real estate UCIs units held by the Parent Company and by investment vehicle units held by Mittel S.p.A. and Earchimede subsidiary.

Provisions for risks, employee severance indemnity & employee benefits amounted to EUR 9.1 million (EUR 9.6 million as at December 31, 2021). Specifically, as of December 31, 2022, this item consisted of Provisions for Personnel for EUR 7.5 million in (EUR 8.1 million in the comparison period) and Provisions for Risks and Charges for EUR 1.6 million in (EUR 1.4 million in the comparison period). The item Provisions for Personnel is mainly composed by the following contributions by sector: Nursing Home/RSA (EUR 2.9 million), Design (EUR 2.8 million), Parent Company Mittel S.p.A. (EUR 1.0 million), Automotive (EUR 0.5 million) and Clothing (EUR 0.3 million). Provisions for Risks and Charges mainly referred to the Clothing (EUR 0.5 million) and Nursing Home/RSA (EUR 0.4 million) sectors.

Net tax assets (liabilities) amounted to positive EUR 19.3 million (EUR 16.7 million as of December 31, 2021) and consisted of the sum of current tax assets of EUR 1.0 million (EUR 1.5 million as of December 31, 2021) and deferred tax assets of EUR 20, 7 million (EUR 18.9 million in the comparison period), offset by deferred tax liabilities of EUR 1.8 million (EUR 2.3 million in the comparison period) and current tax liabilities of EUR 0.5 million (EUR 1.5 million in the comparison period).

Net working capital amounted to EUR 46.7 million (EUR 56.3 million as of December 31, 2021). The item consists of:
(i) the value of Inventories equal to EUR 55.7 million, attributable to real estate inventories for EUR 26.0 million (EUR 39.3 million in the comparison period), EUR 15.6 million to the Design sector (EUR 13.9 million in the comparison period), EUR 7.4 million to the Automotive sector (EUR 6.0 million in the comparison period) and EUR 6.5 million to the Clothing sector (EUR 6.2 million in the comparison period);
(ii) sundry receivables and other current assets in the amout of EUR 53.5 million (EUR 51.8 million in the comparison period), with main contributions from the Design sector for EUR 21.7 million (EUR 18.6 million as of December 31, 2021), the Nursing Home/RSA sector for EUR 10.7 million (EUR 14.5 million as of December 31, 2021), the Automotive sector EUR 8.4 million (EUR 6.5 million as of December 31, 2021) and the Clothing sector EUR 11.8 million (EUR 10.2 million in the comparison period);
(iii) sundry payables and other current liabilities equal to EUR 62.1 million (EUR 60.7 million in the comparison period), to which the Design sector contributed for EUR 24.6 million (EUR 21.5 million as of December 31, 2021), the Nursing Home/RSA sector for EUR 16.3 million (EUR 15.9 million as of

December 31, 2021), the Automotive sector for EUR 11.5 million (EUR 10.0 million as of December 31, 2021) and the Clothing sector for EUR 5.3 million (EUR 5.5 million in the previous FY).

Net invested capital was consequently equal to EUR 501.0 million (EUR 505.3 million as of December 31, 2021), which includes, as previously explained, rights of use booked in accordance with IFRS16 for EUR 233.5 million. Invested capital is financed by EUR 229.9 million by shareholders' equity (EUR 239.4 million in the comparison period) and EUR 271.0 million by net financial position (EUR 265.8 million as of December 31, 2021), which is also impacted by the application of IFRS16 (lease financial liabilities for EUR 264.6 million).

Equity pertaining to the Group amounted to EUR 219.6 million (EUR 222.3 million as of December 31, 2021), while minority interests amounted to EUR 10.3 million (EUR 17.2 million as of December 31, 2021).

As a result of the described performance recorded in the consolidated statements, **net financial position** amounted to negative EUR 271.0 million (EUR 265.8 million as of December 31, 2021). A detailed breakdown of this item is given below. As described earlier, the substantial level of indebtedness could be attributed to the application of IFRS16, which entailed the recognition of incremental financial liabilities for EUR 264.6 million as of December 31, 2022. Net of this component, net financial debt was EUR 6.4 million, a marked improvement compared to EUR 24.8 million in the comparison period, which was extensively commented on earlier.

Statement of Net Financial Position

(in Thousands of EUR)	31.12.2022	31.12.2021
Cash	178	135
Other cash & cash equivalents	61.538	67.425
Securities held for trading	-	-
Current liquidities	**61.716**	**67.560**
Current financial receivables	**-**	**1.963**
Bank loans & borrowings	(43.036)	(68.506)
Bond loans	(15.435)	(15.426)
Other financial payables	(274.283)	(251.428)
Financial debt	**(332.754)**	**(335.361)**
Net financial position	**(271.038)**	**(265.838)**
- of which IFRS 16 financial liabilities	*(264.622)*	*(241.053)*
Net financial position before IFRS 16	**(6.416)**	**(24.785)**

Significant event during the year

Governance and corporate events

The Shareholders' Meeting of Mittel S.p.A. - which met on June 21, 2022 through telecommunication means, in line with the option provided for by article 106, paragraph 4, of Decree-Law no. 18/2020, converted into Law no. 24/2020, and the application of which has been extended - unanimously resolved on the matters discussed as follows:

Directors' Report on Operations, Report of the Board of Statutory Auditors, Financial Statements as at 31 December 2021
The Shareholders' Meeting resolved to approve the financial statements for the financial year from 1 January 2021 to 31 December 2021, as well as the proposal to replenish the loss for the year of EUR 4,969,591 through the use of available reserves.

Report on remuneration policy and compensation paid pursuant to Article 123 ter TUF
Taking into account the favourable binding vote cast on 15 December 2021 on the "Remuneration Policy for the financial years 2022-2024", the Shareholders' Meeting resolved in an advisory manner to vote in favour of the "Remuneration paid in the financial year 2021" set out in Section II of the "Report on the Remuneration Policy and remuneration paid".

Appointment of the Board of Directors
The Shareholders resolved to:

- set the number of members of the Board of Directors at seven;
- appoint as Board Directors in office for three fiscal years (i.e. until the date of the Shareholders' Meeting which will be called to approve the financial statements for the year ending December 31,

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

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

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

The Board of Directors confirmed that Directors Gabriele Albertini, Patrizia Galvagni and Riccardo Perotta meet the independence requirements, as declared at the time of their election, pursuant to Article 2 of the Corporate Governance Code (Recommendations 7 and 9) and the combined provisions of Articles 147 ter, paragraph 4, and 148, paragraph 3, TUF.

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

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

<u>*Other significant events*</u>

As envisaged by original signed agreements with respect to the exercise of the put option on the remaining 10% stake of Ceramica Cielo S.p.A., Italian Bathroom Design Group S.r.l. acquired this residual part of the share capital on March 21, 2022, becoming a 100% shareholder of Ceramica Cielo S.p.A.

On December 19, 2022, with the aim of simplifying the organisational and administrative structure of the Mittel Group's Clothing sector and achieving synergies and cost cutting, the Extraordinary Shareholders' Meetings of Sport Fashion Service S.r.l. (Ciesse Piumini brand), Fashion Time S.r.l. (Jeckerson brand) and Curae Group S.r.l. were held to approve the merger by incorporation of Fashion Time S.r.l. and Curae Group S.r.l. into Sport Fashion Service S.r.l.
For accounting purposes and for the purposes of Article 2.501-ter, first paragraph, no. 6, of the Italian Civil Code and Article 2.504-bis, third paragraph, of the Italian Civil Code, the transactions of the incorporated companies have been retroactively imputed to the financial statements of Sport Fashion Service S.r.l. as of January 1, 2022, i.e. the first day of the financial year in which the effective date of the merger was established. Also for tax purposes, in accordance with the provisions of Article 172,

paragraph nine, of Presidential Decree No. 917/1986, the Merger became retroactively effective as of January 1, 2022.
The above-described extraordinary transaction did not affect the share capital of the incorporating company Sport Fashion Service S.r.l., which remains owned by Mittel S.p.A. for 90%, by Blue Fashion Group S.p.A. for 5% and by Corporate Value S.p.A. for the remaining 5%.

As for the relevant information concerning the impact of the Russian-Ukrainian conflict and the macroeconomic trends that occurred afterwards during the course of 2022 (e.g. further intensification of increases in energy and gas costs and consequent inflationary acceleration, consolidation and acceleration of restrictive monetary policy measures and related impacts on the economic system), as well as the initiatives implemented in response to these risks by the Group, please refer to extensive and detailed information contained in other sections of this report.

Significant events after December 31, 2022

In relation to the provisions of IAS 10, after December 31, 2022, i.e. the reference date of the Annual Financial Report, and until April 26, 2023, i.e. the date of its approval by the Board of Directors, no events have occurred that would lead to an adjustment of the data presented.

On January 27, 2023, with the aim of concentrating in IBD Group S.r.l. the totality (100%) of the equity investments held in the Bathroom Furnishings sector with particular regard to the industrial subsidiaries Galassia S.r.l. and Disegno Ceramica S.r.l. (where minority interests were held by respective CEOs of the companies), the resolution of the Extraordinary Shareholders' Meeting of January 20, 2023 which approved the increase of the share capital of IBD Group S.r.l. reserved for the transferees, became effective and was carried out through the contribution in kind of the respective minority interests from Galassia S.r.l. and Disegno Ceramica S.r.l. Specifically, the transaction involved the exchange of equity interests through the contribution of a 10% interest of the share capital of Galassia S.r.l. and a 15% interest of the share capital of Disegno Ceramica S.r.l., in exchange, respectively, for equity interests in the share capital of IBD Group S.r.l., corresponding to 2.65% to the Chief Executive Officer of Galassia S.r.l. and 0.85% to the Chief Executive Officer of Disegno Ceramica S.r.l..

As a result of the above transaction, IBD Group S.r.l. holds 100% of Disegno Ceramica S.r.l. and Galassia S.r.l., in addition to 100% of Ceramica Cielo S.p.A. already held.
The contribution of the shares of the two companies resulted in a capital increase from EUR 10,000.00 to EUR 10,363.00 and a total share premium reserve of EUR 5,369,637.00.

On February 3, 2023, Mittel S.p.A. announced to the market to have signed a binding preliminary agreement with Sarafin S.p.A. (a company referable to the CEO of Gruppo Zaffiro S.r.l., Mr. Gabriele Ritossa, who holds through Blustone S.r.l, a stake representing 40% of the share capital of Gruppo Zaffiro S.r.l.). This binding preliminary agreement is subject to condition precedent concerning: (i) the sale by Mittel S.p.A. to Sarafin S.p.A. of 60% of the share capital of Gruppo Zaffiro S.r.l, a major player in the Italian healthcare sector; (ii) the assignment to Sarafin S.p.A. of all Mittel's receivables from Gruppo Zaffiro S.r.l., owed under shareholder loan agreements.
The agreement between Mittel S.p.A. and Sarafin S.p.A. was subject to the signing by Sarafin S.p.A., by March 15, 2023, of a binding investment agreement with a leading institutional investor, aimed at providing financial support for the transaction; Sarafin S.p.A. signed a non-binding term-sheet with the aforesaid institutional investor, which commenced the ordinary due diligence and contractual negotiation activities.
On March 16, 2023, Mittel S.p.A. informed the market that the deadline for the fulfilment of the condition precedent by March 15, 2023 had been extended till March 31, 2023.
Finally, on March 31, 2023, Mittel S.p.A. announced to the market the fulfilment of the condition precedent for the sale of the majority stake held in the share capital of Gruppo Zaffiro S.r.l. In particular, Sarafin S.p.A. announced on the same date to have entered into an investment agreement with Eurizon Capital SGR S.p.A., a management company of the Italian reserved closed-end Alternative Investment Fund (AIF) named "Eurizon Iter" and of the non-reserved closed-end AIF, authorised by the Bank of Italy as European Long-Term Investment Fund (ELTIF), named "Eurizon Iter Eltif".
The investment agreement provides that the purchase of the stake will be carried out for 45% by Sarafin S.p.A. and for the remaining 15% by Eurizon Capital.
The closing is expected to take place within 13 business days from the positive outcome of the customary antitrust procedures; at the closing, Mittel S.p.A. will collect in a lump sum of: (i) EUR 42 million for the sale of the Shareholding; and (ii) the amount of EUR 25 million for the sale of all receivables under shareholder loan agreements claimed by Mittel S.p.A, from Gruppo Zaffiro S.r.l., plus the related interest accrued up to the date of the sale tansaction.

The Shareholders of Mittel S.p.A. – met on February 10, 2023 - unanimously resolved to approve the distribution of a part of the Retained Earnings Reserve as an extraordinary dividend, for a total of EUR 10,000,031.95 for the 81,347,368 ordinary shares with no par value in circulation, corresponding to EUR 0.12293 for each ordinary share entitled to receive a dividend.
The dividend was paid through intermediaries, who are participants in the centralized (Monte Titoli S.p.A.) share management system, on February 22, 2023, going ex-dividend on February 20, 2023 and with the record date being set on February 21, 2023.

With reference to a related-party transaction of greater importance – regarding the acquisition by Mittel S.p.A. on November 15, 2019 of a representative shareholding in the share capital of Sport Fashion Service S.r.l. ("SFS") equal to a 70% stake purchased from Blue Fashion Group S.p.A. and, upon the latter's deed of appointment, a 20% stake purchased from Fremil International S.r.l. – which had been disclosed to the market by means of an information document (prepared pursuant to Article 5 of the Regulation containing provisions on related-party transactions, adopted by Consob resolution n° 17221 of March 12, 2010 with subsequent amendments) which was published on November 20, 2019 ("Disclosure Document") and subsequently supplemented and amended with: (i) Supplement to the Disclosure Document published on February 7, 2020 ("First Supplement") and (ii) Second Supplement to the Disclosure Document published on July 16, 2020 ("Second Supplement"). On February 16, 2023, Mittel S.p.A. signed an addendum to the purchase agreement whereby Mittel S.p.A. paid to Blue Fashion Group S.p.A. – in advance and, therefore, in derogation of the provisions contained in Article 3 of the purchase agreement for the Sport Fashion Service S.r.l. shareholding – an overall and all-inclusive amount, by way of Earn Out, conventionally agreed between Mittel S.p.A. and Blue Fashion Group S.p.A., and equal to EUR 2,000,000.00 by publishing the Third Supplement to the Information Document on February 21, 2023.
The Information Document, as well as the First, the Second and the Third Supplements, can be consulted on Mittel S.p.A.'s website at: https://www.mittel.it/category/parti-correlate-documenti/.

Business outlook for the current year

2022 has witnessed an intensification of inflationary dynamics in the course of the year. Against this backdrop, the monetary authorities implemented further restrictive monetary policy measures. The significant rise in interest rates created new repercussions on the economic system, which continued in early 2023. Finally, recent months have also witnessed destabilisation of the banking system.

These aspects were of the Group management’s attention from the outset: the investment monitoring process was intensified and all possible measures aimed at mitigation of related risks were implemented in order to contrast the described phenomena.

The evolution of the Group results is correlated to the performance of the sectors in which the Group strategic subsidiaries are operating. As clearly results from the analysis of the financial data, the strong solidity demonstrated by the Group during the events induced by the current difficult market situation, permitted to contain negative impacts (decidedly limited) on equity and to maintain a solid financial and operational resilience, containing also negative impacts on the economic results.

The diversified investments present within the Group allowed to mitigate the impact of the described phenomena, for example the important results of the Bathroom Furnishings sector supported the Group revenue results, while the economic performance of other operating sectors had been conditioned by the events occurred during the recent years.

Moreover, the Group's overall limited exposure to financial institutions, thanks to significant cash and cash equivalents at the holding level that result from the important valorisation process of non-core assets carried forward in recent years, allowed to limit the impact of the current market situation on the Group financial management.

Finally, it should be noted that the imminent sale of the Gruppo Zaffiro, apart from the exit from the business sector that is currently characterised by the described inflationary dynamics and particularly penalised by the difficulties in operating cost reversal, will entail a further significant increase in cash and cash equivalents, given that the expected colelctions from the sale should amount to EUR 42 million (against the original investment of EUR 13.5 million) and EUR 25 million as the repayment of the outstanding shareholder loan (plus accrued interest).

Therefore the Group results in the coming months – consistent with the uncertain duration of the current market environment and within the limits of the counteractions put in place to contain its negative effects - should also reflect the clear results of the growth process in the Bathroom Furnishings sector (which was stably confirmed in 2021 and 2022) and a further recovery of the other business sectors, alongside with the beneficial capital gain from the sale of the Nursing Home/RSA sector and the absence of the extraordinary charges in 2022.

The above-described processes will allow Mittel to pursue a further growth and to strengthen its vocation as a dynamic and efficient industrial holding company, strongly focused on capitalising on significant investments made in recent years and implementing development strategies, with the aim of creating sustainable long-term value for all the shareholders and stakeholders.

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

The Company reported a loss of EUR 9.9 million (loss of EUR 5.0 million as at December 31, 2021) for the financial year ended December 31, 2022

The loss for the year resulted from the net effect of several items, of which the following are the most noteworthy due to their significance and nature: (i) net operating costs of EUR 3.5 million (EUR 4.2 million in the previous year), attributable to personnel costs of EUR 2.1 million, service costs of EUR 1.8 million and sundry costs of EUR 0.6 million, partially offset by revenues and other income totalling EUR 0.9 million; (ii) net impairment losses totalling EUR 9.6 million (EUR 0.8 million in the comparison period) made on non-core assets (receivables, financial assets and equity investments) as a result of strict evaluation policies applied by the Group in this special market environment; (iii) net financial income totalling EUR 1.9 million (net financial expenses of EUR 0.8 million in the comparison period), determined by the net effect of financial income on receivables in the amount of EUR 2.7 million (of which EUR 1.3 million was intra-group) and financial expenses in the amount of EUR 0.8 million, substantially attributable to the outstanding bond loan (with costs significantly lower than in the previous year).

Disregarding the described depreciation of non-core assets, substantially attributable to a single long standing credit position that deteriorated during the year, the economic performance of the holding company nonetheless benefited from the rationalisation measures implemented in previous years, in line with strategies defined at the Group level. For these details, please refer to the section dedicated to the Group performance as a whole.

Shareholders' equity amounted to EUR 198.1 million as at December 31, 2022, compared to EUR 207.9 million for the year ended December 31, 2021, a decrease attributable to the loss for the year.

Net financial position amounted to positive EUR 48.9 million (positive at EUR 32.1 million as of 31 December 2021) and was reduced by financial payables booked due to IFRS 16 provisions, which amounted to EUR 4.6 million as of December 31, 2022. Net of this component, net financial position would amount to positive EUR 53.4 million. Current financial receivables from subsidiaries in the amount of EUR 56.7 million were included in this item.

Financial Highlights of Mittel S.p.A.

(in Thousands of EUR)	31.12.2022	31.12.2021
Revenue & other income	931	793
Purchases, provision of services, sundry costs	(2.411)	(2.324)
Personnel costs	(2.067)	(2.641)
Net operating costs	**(3.547)**	**(4.172)**
Dividends	664	-
Profit (loss) from investments and financial assets	137	200
Operating margin (EBITDA)	**(2.746)**	**(3.972)**
Amortisation/depreciation, allocations & adjustments to non-current assets	(357)	(213)
Operating profit (loss) (EBIT)	**(3.102)**	**(4.186)**
Profit (loss) from financial management	1.935	(783)
Value adjustments on financial assets & receivables	(9.595)	(776)
profit (loss) before tax	**(10.762)**	**(5.744)**
Taxes	847	775
Net profit (loss) for the year	**(9.916)**	**(4.970)**

The most significant of the above items are commented below.

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

- **Purchases, provisions of service, sundry costs**: EUR 2.4 million compared to EUR 2.3 million recognised at the end of FY21; in particular, this reclassified item included:
(i) costs for services of EUR 1.8 million (value in line with that at December 31, 2021);
(ii) sundry costs of EUR 0.6 million (EUR 0.5 million as at December 31, 2021).

- **Personnel costs:** EUR 2.1 million, down from EUR 2.6 million in the comparison period, which included the effect of non-recurring costs included in the item.

- **Profit (loss) from equity investments and financial assets:** EUR 0.8 million (EUR 0.2 million in the previous year), explained by dividends received for approximately EUR 0.7 million and by the capital gain of EUR 0.1 million realised from the sale of a financial asset in the reporting period.

- **Profit (loss) from financial management:** positive EUR 1.9 million (negative EUR 0.8 million in the comparison period). The item is attributable to the net effect of financial income of EUR 2.7 million (EUR 2.0 million in the previous year), mainly related to accrued interest income on financial receivables, and financial expenses of EUR 0.8 million (EUR 2.8 million in the comparison period), almost entirely related to the outstanding bond loan.

- **Net value adjustments on equity investments and financial assets**: these amounted to a total of EUR 9.6 million (EUR 0.8 million as at December 31, 2021) and related to:
(i) value adjustments of equity investments of EUR 0.7 million (EUR 0.5 million in the comparison period);
(ii) net value adjustments on financial assets and receivables of EUR 8.9 million (EUR 0.3 million in the previous year); the item is explained by the net effect of the already mentioned value adjustment on financial receivables of EUR 9.0 million and revaluations of financial assets of EUR 0.1 million.

- **Taxes:** the item made a positive contribution of EUR 0.8 million to the income statement (value in line with that of December 31, 2021), mainly explained by the effect of the recognition of the current tax benefit from the utilisation of the tax loss accrued during the year within the tax consolidation.

Key financial and balance sheet figures of Mittel S.p.A.

(Migliaia di EUR)	31.12.2022	31.12.2021
Intangible fixed assets	2	4
Property, plant & equipments	4.569	4.253
- of which IFRS 16 rights of use	*4.235*	*3.852*
Investments	108.873	99.047
Non-current financial assets	30.537	66.745
Provisions for risks, employee severance indemnity & benefits	(1.096)	(1.326)
Other non-current assets (liabilities)	553	145
Tax assets (liabilities)	6.606	6.397
Net working capital (*)	(843)	546
Net invested capital	**149.200**	**175.809**
Net equity	**(198.079)**	**(207.883)**
Net financial position	**48.879**	**32.074**
- of which IFRS 16 financial liabilities	*(4.570)*	*(4.208)*
Net financial position before IFRS16	**53.449**	**36.282**

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

Property, plant and equipment and intangible assets amounted to EUR 4.6 million (EUR 4.3 million in the previous year) and are mainly explained by rights of use recognised as a result of the application of IFRS16 (EUR 4.2 million).

Investments amounted to EUR 108.9 million, compared to EUR 99.0 million for the year ended December 31, 2021. The increase is explained by the net effect of: (i) increases in shareholders' loan waive-off to strengthen the equity of subsidiaries totalling EUR 10.5 million (of which EUR 10.0 million related to IBD Group; (ii) impairment losses of EUR 0.7 million, of which EUR 0.3 million related to dividend distribution (of the same amount) made by the investee Mittel Generale Investimenti.

Non-current financial assets amounted to EUR 30.5 million, compared to EUR 66.7 million for the year ended December 31, 2021, a decrease of EUR 36.2 million. This item consists of:

- non-current financial receivables in the amount of EUR 20.4 million (EUR 56.6 million as of December 31, 2021), which decreased significantly due to: (i) significant equity movements on certain non-current loans present in 2021, including mainly the loan to Gruppo Zaffiro (reclassified in 2022 under current financial receivables based on the corresponding residual contractual maturity) and the loan to IBD Group (initially subject to an increase due to the purchase of the residual stake in Ceramica Cielo and then to a partial waive-off with reclassification to equity investment; as for the residual portion, it was classified under current financial receivables based on a redefined contractual maturity); (ii) value adjustments (for EUR 9.0 million), already mentioned above, that were recognised during the year;
- Financial assets measured at fair value, amounting to EUR 10.2 million (substantially in line with the previous year).

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 1.1 million (EUR 1.3 million in the previous year). Specifically, as at December 31, 2022, this item consisted of EUR 1.0 million in Povisions for Personnel and EUR 0.1 million in Provisions for risks and charges.

Tax assets amounted to EUR 6.6 million, compared to EUR 6.4 million in the previous year. The item essentially compised: (i) current tax assets of EUR 0.4 million (EUR 0.3 million in the comparative period); (ii) deferred tax assets of EUR 6.2 million (EUR 6.1 million in the comparative period), booked in recent years following the entrance of new companies with significant taxable income into the group tax consolidation, which allows to benefit from latent tax opportunities, mainly represented by substantial past tax losses and interest expenses accrued and carried forward by the Company in previous fiscal years.

Net working capital amounted to negative EUR 0.8 million (positive EUR 0.5 million in the previous year), a decrease of EUR 1.3 million. This reclassified item consists of the net effect of: (i) sundry receivables and other current assets of EUR 3.6 million (EUR 4.7 million in the previous year), explained by receivables from subsidiaries (mainly items of fiscal nature, largely attributable to receivables from tax consolidation or Group VAT); (ii) sundry payables and other current liabilities of EUR 4.5 million (EUR 4.1 million in the previous year), largely represented by payables to suppliers and intra-group items of fiscal nature (for tax consolidation or Group VAT).

Net shareholders' equity amounted to EUR 198.1 million, compared to EUR 207.9 million as at December 31, 2021, a decrease of EUR 9.8 million, mainly attributable to the loss for the year.

Net financial position amounted to positive EUR 48.9 million (positive EUR 32.1 million as at December 31, 2021), influenced by the financial payables booked as the result of IFRS16 provisions and amounting to EUR 4.6 million as of December 31, 2022. Net of this component, net financial position would have amounted to positive EUR 53.4 million, an increase of EUR 17.1 million compared to the previous period, mainly due to the exposure to Gruppo Zaffiro of approximately EUR 26.0 million, classified as current financial receivables (as included in the regulatory definition of net financial position), while being comprised in non-current financial receivables (consistently with the relevant contractual deadline) in the comparison period. This effect was offset by disbursements for the year, which mainly referred to the coverage by Mittel of the financial outlay made by the investee IBD Group for the purchase of the remaining stake in Ceramica Cielo (EUR 7 million) and to the described operating loss for the period.

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

Statement of Net Financial Position

(in thousands of EUR)	31.12.2022	31.12.2021
Cash	12	10
Other cash & cash equivalents	13.066	23.639
Securities held for trading	-	-
Current liquidities	**13.078**	**23.649**
Current financial receivables	**56.706**	**32.539**
Bank loans and borrowings	-	-
Bond loans	(15.435)	(15.426)

Other financial payables	(5.470)	(8.687)
Financial debt	**(20.905)**	**(24.113)**
Net financial position	**48.879**	**32.074**

Attached are the consolidated statement of financial position and the consolidated income statement, followed by the statement of financial position and income statement of the parent Mittel S.p.A.

Proposal of the Board of Directors

The Board of Directors resolved to propose to the Shareholders' Meeting to cover the loss for the year of EUR 9,915,828 through the utilisation of available reserves.

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Approval of the Corporate Governance Report and Report on Remuneration Policy

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

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

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Convocation of the Shareholders' Meeting

The Board of Directors resolved to convene the Shareholders' Meeting on June 21, 2023 to approve (i) the annual financial report, (ii) in a non-binding manner, Section II of the report on the remuneration policy and compensation paid pursuant to Article 123 ter TUF.

MITTEL S.p.A.

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Consolidated Statement of Financial Position

Values in EUR

	31.12.2022	31.12.2021
Non-current assets		
Intangible fixed assets	109.734.195	109.592.631
Property, plant & equipment	302.091.338	291.750.568
- of which IFRS 16 rights of use	*233.457.260*	*214.972.970*
Investments accounted for using the equity method	3.483.000	3.753.000
Financial receivables	15.836.052	23.932.539
Other financial assets	11.739.916	11.965.928
Sundry receivables & other assets	1.291.738	1.081.002
Deferred tax assets	20.737.209	18.925.932
Total non-current assets	**464.913.448**	**461.001.600**
Current assets		
Inventories	55.664.525	65.257.947
Financial receivables	-	1.962.521
Other financial assets	-	-
Current tax assets	955.959	1.520.429
Sundry receivables & other assets	53.484.280	51.793.499
Cash & cash equivalents	61.715.966	67.560.266
Total current assets	**171.820.730**	**188.094.662**
Assets held for sale	-	-
Total assets	**636.734.178**	**649.096.262**
Net equity		
Share capital	87.907.017	87.907.017
Share premium	53.716.218	53.716.218
Treasury shares	-	-
Reserves	77.345.442	80.056.201
Profit (loss) for the period	650.867	582.488
Equity pertaining to the Group	**219.619.544**	**222.261.924**
Equity pertaining to non-controlling interests	10.355.210	17.163.725
Total net equity	**229.974.754**	**239.425.649**
Non-current liabilities		
Bond loans	-	15.182.956
Financial payables	282.697.614	272.210.565
- of which IFRS 16 financial liabilities	*255.405.690*	*233.060.033*
Other financial liabilities	2.009.314	5.740.284
Provisions for personnel	7.496.108	8.114.079
Deferred tax liabilities	1.821.297	2.272.469
Provisions for risks & charges	1.575.289	1.435.670
Sundry payables & other liabilities	170.074	235.704
Total non current liabilities	**295.769.696**	**305.191.727**
Current liabilities		
Bond loans	15.435.091	243.528
Financial payables	32.611.959	41.983.286
- of which IFRS 16 financial liabilities	*9.216.262*	*7.992.722*
Other financial liabilities	-	-
Current tax liabilities	475.633	1.514.320
Sundry payables & other liabilities	62.467.045	60.737.752
Total current liabilities	**110.989.728**	**104.478.886**
Liabilities held for sale	-	-
Total Equity & Liabilities	**636.734.178**	**649.096.262**

Consolidated Income Statement

Values in EUR

	31.12.2022	31.12.2021
Revenue	210.213.302	201.567.355
Other income	12.893.167	8.243.872
Variations in inventories	(9.492.809)	(10.811.172)
Purchase costs	(69.967.851)	(66.468.140)
Service costs	(51.966.279)	(52.066.292)
Personnel costs	(56.528.528)	(52.472.570)
Other costs	(4.084.405)	(3.287.563)
Amortisation/depreciation & value adjustments of intangible assets	(18.710.050)	(17.467.354)
Allocation to provision for risks	(263.298)	49.367
Operating profit	**12.093.249**	**7.287.503**
Financial income	5.468.653	1.276.684
Financial charges	(12.773.852)	(14.139.469)
Profit (loss) from the management of financial assets and investments	301.914	112.409
Value adjustments to financial assets & receivables	(9.074.173)	(914.083)
Profit (loss) before tax	**(3.984.209)**	**(6.376.956)**
Income tax	2.210.748	4.631.776
Profit (loss) for the period	**(1.773.461)**	**(1.745.180)**
Attributable to:		
Profit (loss) pertaining to non-controlling interests	(2.424.328)	(2.327.668)
Profit (loss) pertaining to the Group	**650.867**	**582.488**
Earnings (loss) per share (in EUR)		
From ordinary continuous operations:		
- basic	0,008	0,007
- diluted	0,008	0,007

Statement of Financial Position of Mittel S.p.A.

Values in EUR

	31.12.2022	31.12.2021
Non-current assets		
Intangible fixed assets	2.130	3.569
Property, plant & equipment	4.568.616	4.252.643
- of which IFRS 16 rights of use	*4.235.434*	*3.852.151*
Investments	108.872.976	99.046.525
Financial receivables	20.359.276	56.606.264
Other financial assets	10.177.553	10.138.836
Sundry receivables & other assets	552.919	144.741
Deferred tax assets	6.224.025	6.115.231
Total non-current assets	**150.757.495**	**176.307.809**
Current assets		
Financial receivables	56.705.660	32.538.564
Other financial assets	-	-
Current tax assets	404.379	303.780
Sundry recevables & other assets	3.635.211	4.666.143
Cash & cash equivalents	13.077.983	23.648.784
Total current assets	**73.823.233**	**61.157.271**
Assets held for disposal	-	-
Total Assets	**224.580.728**	**237.465.080**
Shareholders' equity		
Share capitale	87.907.017	87.907.017
Share premium	53.716.218	53.716.218
Treasury shares	-	-
Reserves	66.371.806	71.229.551
Profit (loss) for the period	(9.915.828)	(4.969.591)
Total Shareholders' equity	**198.079.213**	**207.883.195**
Non-current Liabilities		
Bond loans	-	15.182.956
Financial payables	4.323.924	3.988.202
- of which IFRS 16 financial liabilities	*4.323.924*	*3.988.202*
Other financial liabilities	-	-
Provisions for personnel	996.405	1.141.440
Deferred tax liabilities	22.467	22.467
Provisions for risks & charges	100.000	185.000
Sundry payables & other liabilities	-	-
Total non-current liabilities	**5.442.796**	**20.520.065**
Current liabilities		
Bond loans	15.435.091	243.528
Financial payables	1.145.870	4.698.392
- of which IFRS 16 financial liabilities	*245.870*	*219.856*
Other financial liabilities	-	-
Current tax liabilities	-	-
Sundry payables & other liabilities	4.477.758	4.119.900
Total current liabilities	**21.058.719**	**9.061.820**
Liabilities held for disposal	-	-
Total Shareholders' equity & liabilities	**224.580.728**	**237.465.080**

Income Statement of Mittel S.p.A.

Values in EUR

	31.12.2022	31.12.2021
Revenue	484.043	480.446
Other income	447.348	312.637
Service costs	(1.839.546)	(1.801.717)
Personnel costs	(2.067.156)	(2.641.334)
Other costs	(571.287)	(522.123)
Dividends	663.978	-
Profit (loss) from the management of financial assets & investments	136.777	200.000
Amortisation/depreciation & value adjustments to intangible assets	(356.529)	(352.817)
Allocation to provision for risks	-	139.343
Operating profit	**(3.102.372)**	**(4.185.565)**
Financial income	2.694.503	2.032.735
Financial charges	(759.346)	(2.815.355)
Value adjustments to financial assets & receivables	(8.930.207)	(276.000)
Value adjustments to investments	(665.000)	(500.000)
Profit (loss) before tax	**(10.762.422)**	**(5.744.185)**
Income tax	846.594	774.594
Profit (loss) for the period	**(9.915.828)**	**(4.969.591)**
- basic	(0,122)	(0,061)
- diluted	(0,122)	(0,061)

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