Relazioni e Bilancio al 31.12.2022

MITTEL

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 2022

137th company year

Contents

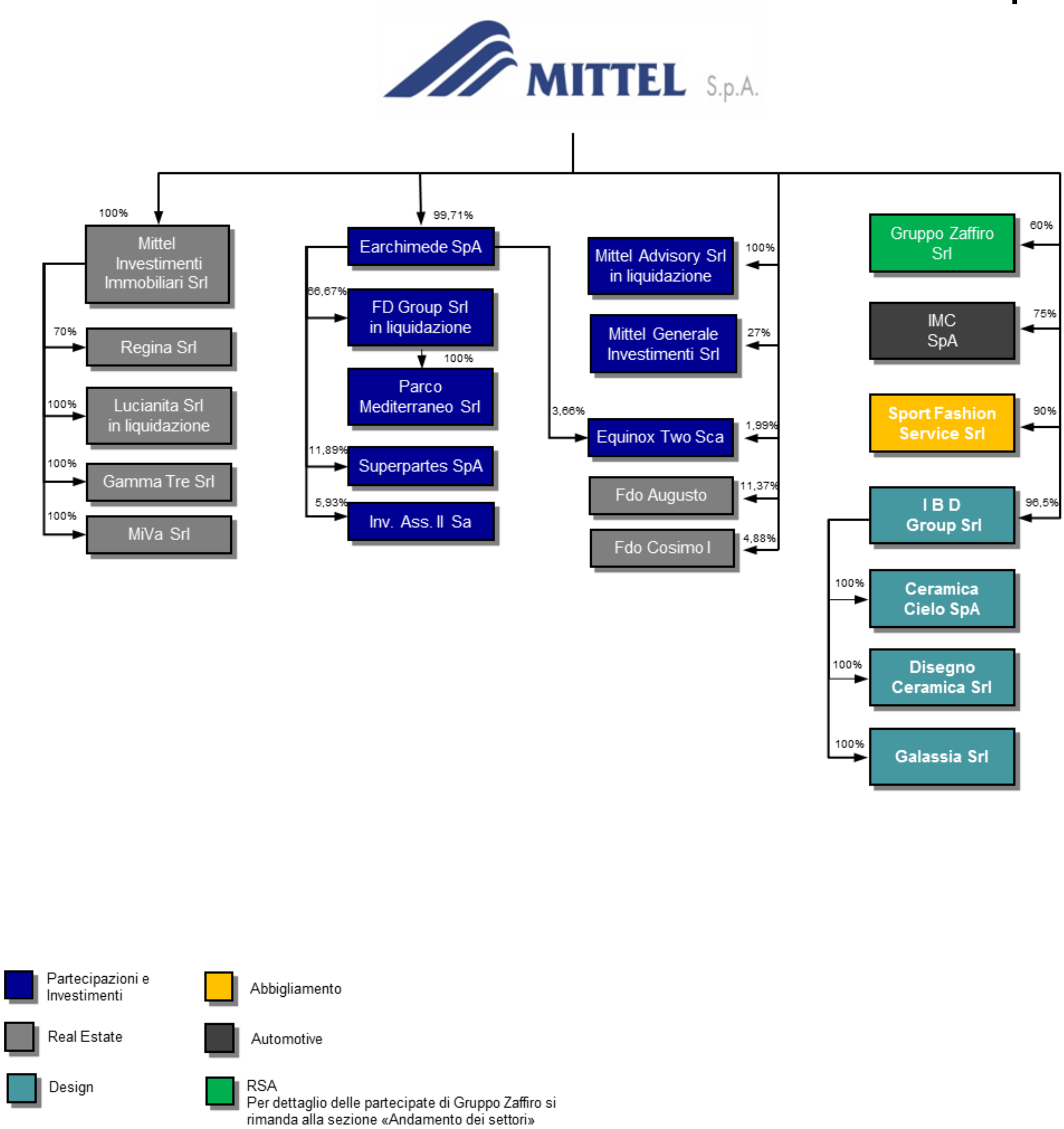
Board of Directors
Chairman – Chairman of the Executive Committee
Marco Giovanni Colacicco (b)
Deputy Chairman
Michele Iori (b)
Directors
Gabriele Albertini (a) (d) (e)
Anna Francesca Cremascoli (b)
Patrizia Galvagni (a) (c) (e)
Riccardo Perotta (a) (c) (d) (e)
Anna Saraceno
Manager in charge of financial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

Board of Statutory Auditors
Standing auditors
Mattia Bock - Chairman
Fabrizio Colombo
Federica Sangalli
Alternate auditors
Giulia Camillo
Lorenzo Bresciani
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 26 April 2023



Lettera agli Azionisti

MITTEL

Directors’ Report on Operations

Letter to Shareholders

Dear Shareholders,

The Mittel Group’s growth path continued in 2022 despite the difficult international market context exacerbated by the outbreak of the Russian-Ukrainian conflict. The solidity consistently demonstrated over the last few years allowed for steadfast financial and operational performance, limiting, on the whole, the negative impact on the consolidated economic results.

As is well known, the Russian-Ukrainian conflict, which began at the end of February 2022, led, among other things, to 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 that had already become apparent during 2021), the emergence of supply chain issues and an increase in interest rates, with consequent impacts on the dynamics of industrial production and consumption. In the course of the year, there was a further escalation of energy and gas cost increases and a consequent acceleration of inflationary dynamics. In this context, the monetary authorities implemented further restrictive monetary policy measures. The significant increase in interest rates has created further repercussions on the economic system, which continued at the beginning of 2023. The last few months have also witnessed instances of destabilisation of the banking system.

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) include primarily the following aspects:

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

In addition, the limited overall exposure of the Group to financial institutions, made possible above all by the significant cash and cash equivalents available at the holding system level thanks to the important process of valuation of non-core assets completed in recent years, has made it possible to limit the impacts also on the financial management front.

In particular, in the Bathroom Furnishings sector, the investees managed to further increase the volume of revenue also in 2022, recording a total turnover of EUR 75,7 million and maintaining extremely high company margins (EBITDA before IFRS 16 of EUR 15,3 million) despite the further tightening of tensions on the prices of energy, raw materials, transport and services in general. These phenomena, already since 2021, were promptly dealt with by the management of the investees, 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 (better detailed in other sections of this document). The excellent results achieved also in 2022 continue to point out 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 investment, with a strong industrial commitment which is proving to be particularly profitable in encouraging the growth in size of the investees.

As at 31 December 2022, the Clothing sector recorded a turnover of EUR 23,1 million, up significantly compared to the previous year, and an accounting EBITDA before IFRS 16 of EUR 2,6 million, a clear improvement despite the significant negative impact (estimated at approximately EUR 1 million) of non-recurring items (including the exchange rate effect). The Jeckerson brand (acquired in the previous year) also contributed to the improvement in margins, despite the fact that during the year it contributed only through the royalties accrued to licensees and the sales made by the two outlets used for the valuation of the inventory items acquired together with the brand. The activities for the marketing of the previous inventories are a very encouraging sign for the Group's strategic plans following the purchase of the brand, which led to the launch of the new collection starting from the FW 2023/2024 season (presented, similarly to the Ciesse collection, at Pitti in January 2023), which will contribute to the consolidated margins starting from the second half of 2023.

The Automotive sector, after a 2021 that was strongly conditioned by the drop in OEM production (i.e. especially as a result of a strong shortage of electronic components) and the generalised shortage of raw materials (and of steel in particular), with consequent procurement difficulties and increased prices, in the financial year 2022 recorded a clear operating recovery, despite the impact of the outbreak of the Russian-Ukrainian conflict. The investee IMC reported a significant increase in turnover, which amounted to EUR 38,6 million (EUR 29,8 million in the previous year), with limited impacts of the conflict on backlog orders and top lines, thanks to the intensified commercial activities and the significant price revisions it obtained from the main customers. EBITDA before IFRS 16, amounting to EUR 3,6 million, was also up sharply compared to the previous year, when it stood at EUR 1,4 million, despite the presence of extraordinary costs due to the impact of the conflict on energy and raw material costs and one-off items related to the acquisition of a new job order.

During the year, the Nursing Home sector recorded a negative EBITDA before IFRS 16 of EUR 4,7 million, affected by one-off positive items equal to a total of EUR 2,4 million. Therefore, EBITDA before IFRS 16, net of the above described extraordinary positive items, reached a negative EUR 7,1 million (negative EUR 5,6 million as at 31 December 2021). The negative performance, in a market context still characterised by the persistence of low occupancy rates in the operating facilities (although with a gradual improvement during the year), should be explained by taking into consideration the significant presence of development and start-up costs of the recently opened nursing homes, which, in the current context, amplify the economic erosion of profit margins, significantly aggravated, over the year, by the increase in operating costs (and in particular energy costs) that in the sector are more difficult to pass on to tariffs. It should be noted that at the date of this report, the operating segment is in the exit phase (please refer to the information provided in the section on subsequent events for further information).

As regards non-core assets in the portfolio, despite this difficult time and 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 mainly concerned property inventories, with total sales (against a capex of EUR 1,9 million) of EUR 17,6 million, referring to the Regina Teodolinda-Como order for EUR 9,9 million (against advances already received for EUR 1,6 million), to the Metauro-Milan order for EUR 6,6 million (against advances previously collected for EUR 1,4 million), to the sale of three industrial sheds from the Vimodrone-Milan order for EUR 0,5 million, to the sales from the Bresso-Milan order for EUR 0,4 million and sales from additional orders for a total of EUR 0,2 million. Finally, the year also saw the collection of a financial receivable in the amount of about EUR 2 million, and distributions from minority interests totalling EUR 0,7 million.

Please note that the reduction of the holding company's structural costs of both an operational (personnel, consultancy, etc.) and financial nature was substantially completed during the previous year. All cost items had already been reduced significantly in previous years, and from 2022 onwards, the economic data benefited for the entire reporting period from the additional measures implemented in 2021. In particular, it is worth mentioning the last partial early repayment of the 2017-2023 bond, made in July 2021, as a result of which a residual debt of EUR 15 million is outstanding, channelled to the real estate development operations underway on the Zaffiro Group, for which there are binding forward purchase commitments from a leading real estate fund. The repayment transaction carried out in 2021, in addition to producing the described economic benefit, represents the successful completion of the first phase of management intervention aimed at transforming Mittel into a solid holding, largely liquid and owner of investment verticals, on which continuous industrial development work is underway.

Finally, it should be noted that the imminent sale of the Zaffiro Group, for which reference should be made to the information provided in the section on subsequent events, in addition to entailing the exit from an operating segment that, in the current economic situation characterised by the described inflationary scenario, is particularly penalised by the difficulties in passing on operating costs, will involve a further significant increase in cash and cash equivalents, given the expected collection of the sale value of EUR 42 million (against an original investment of EUR 13,5 million) and of the shareholder loans currently in place amounting to EUR 25 million (in addition to the interest currently being accrued).

The described processes will enable Mittel's further pursuit of its vocation as a dynamic and efficient holding of industrial investments, with a major focus on the further value enhancement of significant investments made in the last few years, and with the objective of creating long-term sustainable value for all shareholders and stakeholders.

Andamento del Gruppo

Group Performance

The Group net profit for the year was EUR 0,7 million (EUR 0,6 million in the previous year), thanks to the continuous growth in profit margins from the core business, attributable to the investment verticals developed in recent years, despite the presence during the year of a significant value adjustment recognised on a non-core item held by the Parent Company, resulting from previous management.

The result benefited above all from the significant positive contribution of the Bathroom Furnishings sector, which shows an EBITDA for the sector before IFRS 16 of EUR 15,3 million, despite the negative EBITDA margins of the Nursing Home sector, which shows a negative EBITDA before IFRS 16 of EUR 4,7 million (negative EUR 7,1 million net of positive one-off income components). The performance of the Automotive sector (with EBITDA for the sector before IFRS 16 of EUR 3,6 million) and of the Clothing sector (with EBITDA for the sector before IFRS 16 of EUR 2,6 million, a margin significantly affected, however, by non-recurring negative income components) showed an improvement.

Consolidated revenue amounted to EUR 210,2 million, a further strong increase over the previous year (when it amounted to EUR 201,6 million) thanks to the contribution of the industrial investees and in particular of the Bathroom Furnishings companies, which contributed EUR 75,7 million to the consolidated figures.

The accounting consolidated EBITDA reached EUR 31,1 million (up sharply from EUR 24,7 million in the comparison period), which was, however, affected by the positive impact of IFRS 16 for EUR 14,3 million. Therefore, the EBITDA before IFRS 16 is equal to EUR 16,8 million, up sharply compared to the corresponding period of the previous year (when it amounted to EUR 11,1 million).

The extremely positive income results of the Group’s core business were, however, negatively impacted by the recognition of a prudential non-recurring value adjustment, equal to approximately EUR 9 million, on a non-core financial asset held by Mittel S.p.A., dating back to the previous management.

This negative extraordinary item was only partially offset by the recognition of a positive income effect of EUR 3,7 million, deriving from the alignment to fair value of the financial liability for earn-out contractually agreed upon at the time of 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 year, due to the application of IFRS 16 (in particular for the Nursing Home sector), which, as is known, involves, in the first phase of duration of lease contracts, the recognition of a negative income imbalance between the reversal of the rental cost and the recognition of depreciation on the right of use and financial expenses on the allocated financial liability.

The Group's equity as at 31 December 2022 amounted to EUR 219,6 million, a decrease of EUR 2,7 million compared to EUR 222,3 million as at 31 December 2021. The net decrease is substantially explained by the result and other comprehensive income (a positive EUR 1,1 million) and the accounting effect, a negative EUR 3,8 million, of the exercise of the put option on 10% of Ceramica Cielo (a mere comparison between the purchase price and the book value of the acquired third parties, which cannot be recognised as goodwill under IFRS).

The net operating financial position of Mittel and the holding system, excluding the contribution of industrial investee companies to IFRS 16 liabilities and including bridge loans to investee companies, was a positive EUR 46,7 million (a positive EUR 38,1 million as at 31 December 2021). The additional improvement was mainly attributable to the further recovery of resources from non-core assets (particularly property inventories), partially offset by the outlay related to the execution of the put option on 10% of Ceramica Cielo's capital.

Consolidated net financial debt, excluding financial payables recognised in accordance with IFRS 16 in relation to rights of use on lease contracts, amounted to EUR 6,4 million, up by EUR 18,4 million compared to EUR 24,8 million as at 31 December 2021. During the period, in addition to the dynamics described above in relation to the holding system, there were mainly the financial dynamics related to the performance of the industrial sectors, with a significant positive impact coming from Bathroom Furnishings and an improvement in the financial situation of the Nursing Home sector (attributable to the significant revenues from the planned sale of a completed property development, partially offset by temporary cash absorption from other property developments in progress, as well as the described management loss for the period).

Finally, the accounting consolidated net financial debt was EUR 271,0 million compared to EUR 265,8 million recorded as at 31 December 2021. As is known, this amount is significantly affected by the representation of

IFRS 16 liabilities related to the existing lease contracts, attributable mainly to the Nursing Home sector, physiologically characterised by long-term lease contracts.

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)	31.12.2022	31.12.2021
Revenue and other income	223.106	209.811
Increases (decreases) in inventories	(9.493)	(10.811)
Net revenue	**213.614**	**199.000**
Purchases, provision of services, sundry costs	(126.018)	(121.822)
Personnel costs	(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 taxes	**(3.984)**	**(6.377)**
Taxes	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 greater clarity, the following table shows the impact of the application of IFRS 16 on EBITDA.

(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 lease contingent assets	2.537	612
Operating margin before IFRS 16 with capital gains and contingent assets	**16.810**	**11.080**

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

(Thousands of EUR)	31.12.2022	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 expenses	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 IFRS 16, before capital gains	**2.011**	**2.497**
Sale & leaseback capital gains and lease contingent assets	2.541	612
Deferred tax assets	(709)	(171)
Profit (loss) pertaining to non-controlling interests	(733)	(176)
Profit (loss) pertaining to the Group before IFRS 16, with capital gains and surpluses	**3.110**	**2.762**

Before moving on to analyse the most significant individual items of the consolidated income statement, it should be noted that the revenue of the consolidated industrial sectors as at 31 December 2022 (represented by the Design sector, which is headed by Ceramica Cielo S.p.A., Galassia S.r.l. and Disegno Ceramica S.r.l., the Clothing sector, in which Sport Fashion Service S.r.l. operates, by the Automotive sector, in which IMC S.p.A. operates, and by the Nursing Home sector, headed by Gruppo Zaffiro S.r.l.) was particularly significant and amounted to EUR 192,4 million (EUR 181,5 million in the previous year), corresponding to approximately 92% of the consolidated revenue (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 context, these industrial sectors contributed to generating a significant consolidated operating margin, equivalent to EUR 31,1 million (EUR 24,7 million as at 31 December 2021), as a result of the following net contributions by sector:

- *Design*: EBITDA of EUR 16,0 million (EUR 16,8 million as at 31 December 2021), with continuous growth in revenue and the maintenance of extremely high margins despite the further tightening of inflationary dynamics, thanks to the measures analysed in detail in other sections of this report, an expression of the important development path undertaken and still in progress on the investees active in the bathroom furnishings sector;

- *Clothing*: EBITDA amounted to EUR 3,3 million (EUR 1,9 million in the comparison period), showing a clear recovery despite being affected by significant extraordinary factors (including the exchange rate effect) and with the contribution of the Jeckerson brand still limited in 2022 to the collection of royalties and previous inventory valuation (launch of the new collection in January 2023, with income contribution starting in the second half of 2023);

- *Automotive*: EBITDA amounted to EUR 5,0 million (EUR 2,9 million as at 31 December 2021), in clear recovery thanks to the low impact of the conflict on the top line (with revenue growing sharply compared to 2021, which had instead been particularly impacted by the shortage of electrical components from customers), made possible by the constant commercial strengthening work and the obtaining of significant price revisions from major customers, despite the presence of extraordinary costs (mainly due to the impact of the conflict on energy and raw material costs and one-off items related to the acquisition of a new job order).

- *Nursing home*: EBITDA amounted to EUR 9,3 million (EUR 7,6 million as at 31 December 2021), positively affected by the application of IFRS 16, which entailed the non-recognition as operating costs of lease payments (EUR 13,6 million as at 31 December 2022 and EUR 11,6 million in the comparison period); EBITDA before IFRS 16 (already stripped of a significant real estate capital gain realised during the year), on the other hand, was negative for EUR 4,7 million, affected, however, by positive one-off items totalling EUR 2,4 million; EBITDA before IFRS 16 net of the described extraordinary positive items was therefore negative for EUR 7,1 million (negative for EUR 5,6 million as at 31 December 2021); as described in the introduction, the negative economic trend, in a market context still characterised by the persistence of low employment rates of the operating structures, is to be explained by taking into consideration the significant presence of development and start-up costs of the recently opened nursing homes, which, in the current context, amplify the economic erosion of profit margins, significantly aggravated during the year by the increase in operating costs (and in particular energy costs), which in the sector cannot be easily passed on to tariffs;

- *Real Estate*: EBITDA was positive in the amount of EUR 1,6 million (negative in the amount of EUR 0,2 million as at 31 December 2021), with revenue still significant (EUR 17,8 million compared to EUR 20 million in the comparison period), despite the important value enhancement carried out in recent years, and a marginality that mainly benefits from the profitable completion in the year of the residential job order in Como (Via Regina);

- *Equity and investments*: negative EBITDA of EUR 4,2 million (negative EUR 4,4 million as at 31 December 2021), 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 2022 had a balance of EUR 223,1 million (EUR 209,8 million in the comparison period). This balance was the combined result of the following factors:
  (i) revenue recognition for EUR 210,2 million (EUR 201,6 million as at 31 December 2021); the following sectors primarily contributed to this total:
    - the Design sector (Ceramica Cielo, Galassia and Disegno Ceramica) for EUR 75,7 million (EUR 71,7 million in the previous period);
    - the Nursing Home sector (Gruppo Zaffiro and subsidiaries) totalled EUR 55 million (EUR 62 million in the comparison period);
    - the Automotive sector (IMC) for EUR 38,6 million (EUR 29,8 million in the comparison period);
    - the Clothing sector for EUR 23,1 million (EUR 17,9 million in the previous year);
    - the Real Estate sector for EUR 17,8 million (EUR 20 million in the comparison period);
  (ii) the recognition of other income for EUR 12,9 million (EUR 7,2 million in the comparison period), mainly attributable to the Design sector for EUR 5,7 million and the Nursing Home sector for EUR 5,0 million.

- **Increases (decreases) in inventories:** the negative contribution recorded during the period, amounting to EUR 9,5 million (EUR 10,8 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 15,1 million (EUR 19,0 million as at 31 December 2021);
  (ii) the increase in property inventories for costs capitalised and other changes for EUR 1,9 million (EUR 8,0 million as at 31 December 2021);
  (iii) the net reduction in the Design sector for EUR 1,9 million (EUR 0,3 million in the comparison period);
  (iv) the net increase of the Automotive sector for EUR 1,4 million (net increase of EUR 1,0 million in the comparison period);
  (v) the net increase in inventories of the Clothing sector for EUR 0,4 million (net reduction of EUR 0,4 million in the comparison period).

- **Costs for purchases, provision of services, sundry costs**: the item, which totalled EUR 126,0 million (EUR 121,8 million as at 31 December 2021), was strongly affected by the operating costs of the industrial investees and includes costs for purchases of EUR 70,0 million (EUR 66,5 million in the comparison period), costs for services of EUR 52,0 million (EUR 52,1 million as at 31 December 2021) and sundry costs of EUR 4,1 million (EUR 3,3 million in the comparison period). The main contributors to this item were the following sectors:
  (i) the Design sector for EUR 47,8 million (EUR 39,7 million in the comparison period);
  (ii) the Automotive sector for EUR 29,6 million (EUR 22,7 million in the comparison period);
  (iii) the Nursing Home sector for EUR 24,2 million (EUR 33,3 million in the comparison period);
  (iv) the Clothing sector for EUR 18,6 million (EUR 14,2 million in the comparison period);
  (v) the Real Estate sector for EUR 3,2 million (EUR 9,4 million in the comparison period), of which EUR 1,9 million to be read together with the increase in property inventories for capitalised costs (EUR 8,0 million in the comparison period);
  (vi) the 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 31 December 2021), of which EUR 26,4 million came from the Nursing Home sector (EUR 23,0 million in the comparison period), EUR 19,5 million related to the Design sector (EUR 19,3 million in the comparison period), EUR 5,9 million attributable to the Automotive sector (EUR 5,5 million in the comparison period), EUR 2,1 million relating to the Parent Company Mittel (EUR 2,6 million in the comparison period) and EUR 2,6 million relating to the Clothing sector (EUR 2,0 million in the comparison period).

- **Amortisation/depreciation, allocations and adjustments to non-current assets**: as at 31 December 2022, the item shows a total balance of EUR 18,7 million (EUR 17,4 million as at 31 December 2021), due primarily to depreciation of rights of use recognised due to 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 sector (EUR 7,7 million in the comparison period); for the remaining part, depreciation and amortisation refer to the tangible assets held by the operating companies (Automotive sector EUR 3,2 million, Design sector EUR 2,7 million and Nursing Home sector EUR 1,9 million).

- **Profit (loss) from financial management**: the item shows an overall negative balance of EUR 7,3 million and was favourably affected by the recognition of an income of EUR 3,7 million deriving from the alignment to the fair value (disbursement value manifested financially at a date subsequent to the year-end) of the earn-out liability originally allocated at the time of the acquisition of Sport Fashion Service; therefore, net of this extraordinary component, the item shows a negative balance of EUR 11,0 million (negative for EUR 12,9 million in the comparison period), explained for EUR 9,2 million by the financial expenses recognised in accordance with IFRS 16 (EUR 8,6 million pertaining to the Nursing Home sector). The residual EUR 1,8 million is essentially attributable to the net effect of charges on financial debt (EUR 3,2 million, of which EUR 2,4 million relating to the bank debt of the operating subsidiaries and EUR 0,6 million to the bond loan of Mittel S.p.A.) and to the interest income accrued on residual financial receivables held by Mittel S.p.A., amounting to EUR 1,4 million).

- **Result of management and valuation of financial assets and receivables**: this item contributed a negative EUR 8,8 million to the consolidated income statement (negative contribution of EUR 0,8 million as at 31 December 2021) and is explained by the net effect of net value adjustments on loans and financial assets for EUR 9,1 million (EUR 0,9 million in the comparison period) and profits from the management of financial assets and equity investments for EUR 0,3 million (EUR 0,1 million in the previous year).

- **Taxes**: this item contributed a positive EUR 2,2 million to the consolidated income statement (EUR 4,6 million in the comparison period) and is mainly explained by the net effect of (i) the cost for current IRAP in the amount of EUR 0,9 million; (ii) the provision for 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 IFRS 16); (iii) the release of deferred tax liabilities in the amount of EUR 0,5 million; and (iv) contingent assets recognised on taxes for previous years in the amount of EUR 0,6 million.

Main financial and equity figures of the Group

(Thousands of EUR)	**31.12.2022**	**31.12.2021**
Intangible assets	109.734	109.593
Property, plant and equipment	302.091	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 and employee benefits	(9.071)	(9.550)
Other non-current assets (liabilities)	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	(219.620)	(222.262)
Non-controlling interests	(10.355)	(17.164)
Total 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 IFRS 16	**(6.416)**	**(24.785)**

(*) Comprised of the sum of 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 109,7 million (EUR 109,6 million as at 31 December 2021). The item, almost exclusively related to goodwill and trademarks, refers for EUR 48 million to the Nursing Home sector, of which EUR 39,3 million to be attributed to the 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, increased 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, the recognition of additional goodwill, for a total of EUR 7,5 million, for the build-up transactions carried out starting from the acquisition date, is attributable.
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 2021, equal to approximately EUR 3,4 million.

Property, plant and equipment amounted to EUR 302,1 million (EUR 291,8 million as at 31 December 2021), of which EUR 233,5 million for IFRS 16 rights of use (EUR 213,2 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 79,9 million, was heavily influenced by the contribution from the Automotive sector, amounting to EUR 13,8 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 30,5 million, and from the Design sector, which contributed EUR 22,4 million.

Investments measured using the equity method totalled EUR 3,5 million (EUR 3,8 million as at 31 December 2021) and refer 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 27,6 million (EUR 35,9 million as at 31 December 2021) and refer: i) for EUR 15,8 million (EUR 23,9 million in the comparison period) to non-current financial receivables, relating to credit positions held by the Parent Company; and ii) for EUR 11,7 million (EUR 12,0 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 9,1 million (EUR 9,6 million as at 31 December 2021). In particular, as at 31 December 2022, this item is composed, for EUR 7,5 million, of *Provisions for personnel* (EUR 8,1 million in the comparison period) and, for EUR 1,6 million, of *Provisions for risks and charges* (EUR 1,4 million in the comparison period). The contributors to the item *Provisions for personnel* were from the Nursing Home sector (EUR 2,9 million), the Design sector (EUR 2,8 million), the Parent Company Mittel S.p.A. (EUR 1,0 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 the Clothing sector (EUR 0,5 million), and the Nursing Home sector (EUR 0,4 million).

The item **net tax assets (liabilities)** was positive for EUR 19,3 million (EUR 16,7 million as at 31 December 2021), and is composed of the sum of current tax assets of EUR 1,0 million (EUR 1,5 million as at 31 December 2021) and deferred tax assets of EUR 20,7 million (EUR 18,9 million in the comparison period), offset by deferred tax liabilities for EUR 1,8 million (EUR 2,3 million in the comparison period) and current tax liabilities for 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 at 31 December 2021). The item is composed of: (i) the value of Inventories for EUR 55,7 million, attributable for EUR 26,0 million to property inventories (EUR 39,3 million in the comparison period), for EUR 15,6 million to the Design sector (EUR 13,9 million in the comparison period), for EUR 7,4 million to the Automotive sector (EUR 6,0 million in the comparison period) and for EUR 6,5 million to the Clothing sector (EUR 6,2 million in the comparison period); (ii) sundry receivables and other current assets amounting to EUR 53,5 million (EUR 51,8 million in the comparison period), mainly comprised of the contribution from the Design sector for EUR 21,7 million (EUR 18,6 million as at 31 December 2021), the Nursing Home sector for EUR 10,7 million (EUR 14,5 million as at 31 December 2021), the Automotive sector for EUR 8,4 million (EUR 6,5 million as at 31 December 2021) and the Clothing sector for EUR 11,8 million (EUR 10,2 million in the comparison period); and (iii) Sundry payables and other current liabilities for EUR 62,5 million (EUR 60,7 million in the comparison period), to which the main contributors were the Design sector for EUR 24,6 million (EUR 21,5 million as at 31 December 2021), the Nursing Home sector for EUR 17 million (EUR 15,9 million as at 31 December 2021), the Automotive sector for EUR 11,5 million (EUR 10,0 million as at 31 December 2021) and the Clothing sector for EUR 5,3 million (EUR 5,5 million in the previous year).

As a result, **net invested capital** amounted to EUR 501 million (EUR 505,3 million as at 31 December 2021), a figure that includes the rights of use recognised pursuant to IFRS 16 for a total of EUR 233,5 million, as previously explained. Invested capital is financed by equity for EUR 229,9 million (EUR 239,4 million in the comparison period) and by the net financial position for EUR 271,0 million (EUR 265,8 million as at 31 December 2021), which is also influenced by the application of IFRS 16 (financial payables for leases totalling EUR 264,6 million).

Equity pertaining to the Group amounted to EUR 219,6 million (EUR 222,3 million as at 31 December 2021), while that pertaining to non-controlling interests amounted to EUR 10,3 million (EUR 17,2 million as at 31 December 2021).

Given the performance of consolidated equity and profit figures described above, the negative **net financial position** amounted to EUR 271,0 million (EUR 265,8 million as at 31 December 2021). 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 2022 led to the recognition of incremental financial payables for EUR 264,6 million. Net of this component, net financial debt amounted to EUR 6,4 million, a net improvement compared to the EUR 24,8 million in the comparison period commented on earlier.

Statement relating to the net financial position

(Thousands of EUR)	31.12.2022	31.12.2021
Cash	178	135
Other cash and cash equivalents	61.538	67.425
Securities held for trading	-	-
Current liquidity	**61.716**	**67.560**
Current financial receivables	**-**	**1.963**
Bank loans and borrowings	(43.036)	(68.506)
Bonds	(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)**

Informativa per settore di attività

MITTEL

Information by business segment

As at 31 December 2022, the Mittel Group's activities break down into the following operating sectors:

- **Design**: through the subsidiaries Ceramica Cielo S.p.A. (100%), 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;
- **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, 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*;* as at 31 December 2022 the company Fashion Time S.r.l. was merged into Sport Fashion Service S.r.l.;
- **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;
- **Nursing Homes:** through its majority shareholding in Gruppo Zaffiro S.r.l. (60%), the Group operates in the Italian healthcare industry, providing long-term care services. The sector includes the real estate activities pertaining to nursing home facilities; with regard to the exit process underway on the operating sector (for which reference should be made to the section on subsequent events), it should be noted that the sector was fully included in the consolidation scope as at 31 December 2022 because, in accordance with the definition of discontinued operation of IFRS 5, at the reporting date the requirement of the high probability of the sale had not yet been met, due to a condition precedent in the agreements in place with the purchaser counterparty; it should be noted, however, that since the exit concerns the entire operating sector, this disclosure allows for a separate presentation of the complete set of financial and economic indicators of the perimeter of the exit transaction in progress and their impact on the main consolidated figures;
- **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.

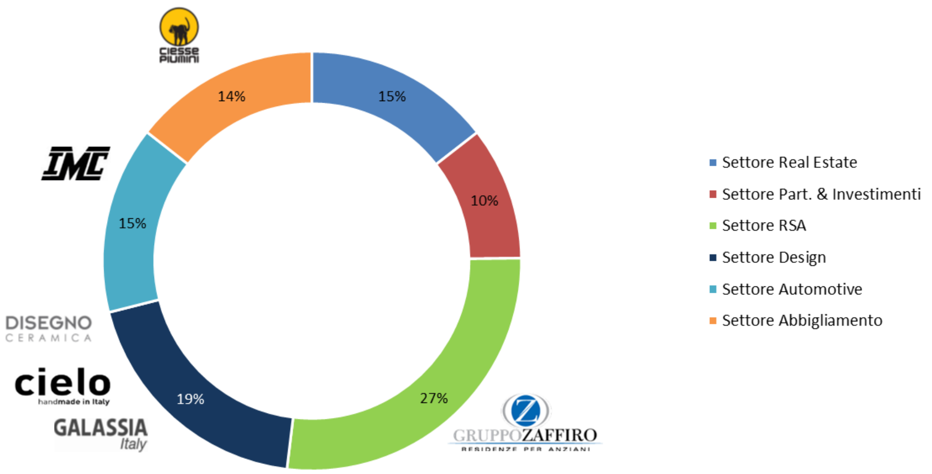
The level of aggregation of the business segments described above is consistent with the Group's current strategic configuration, as well as with the structuring of management control activities by senior management. Therefore, the related information on segment performance is the primary reporting used 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):

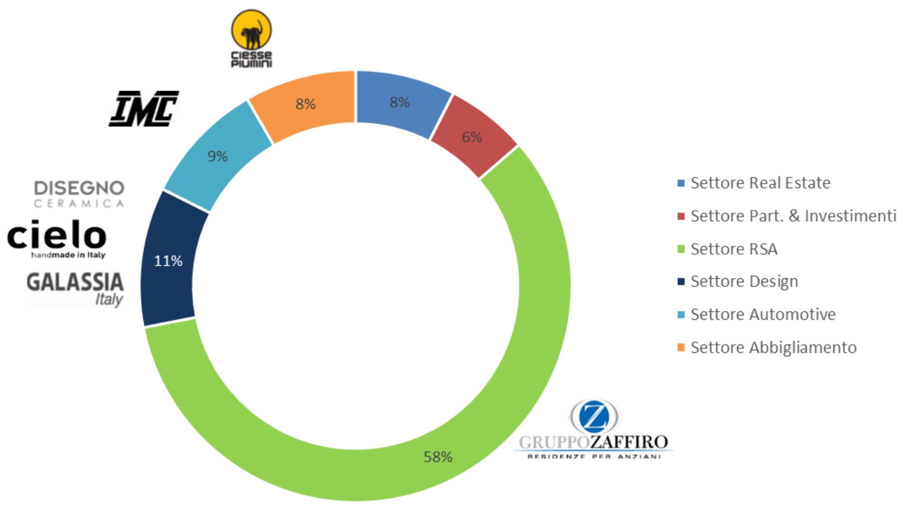
- Design: Ceramica Cielo S.p.A., Galassia S.r.l., Disegno Ceramica S.r.l. and Italian Bathroom Design Group S.r.l. (holding parent company for the sector);
- Clothing**:** Sport Fashion Service S.r.l.;
- Automotive**:** IMC - Industria Metallurgica Carmagnolese S.p.A.;
- Nursing homes: Gruppo Zaffiro S.r.l. and subsidiaries;
- Real Estate: Mittel Investimenti Immobiliari S.r.l. and subsidiaries; Augusto and Cosimo I real estate funds;
- Equity and Investments: Mittel S.p.A. and Earchimede S.p.A.

INVESTED CAPITAL BY BUSINESS SEGMENT

Before IFRS 16
EUR 258,9 million



Post IFRS 16
EUR 501,0 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 2022

Amounts in million EUR	31/12/2022										
AGGREGATE \ CONSOLIDATED	**Net revenue**	**Operating costs**	**EBITDA**	**Amortisation & depreciation**	**Share of income (loss) of investments**	**Profit (loss) from financial management**	**Result of financial assets and receivables**	**Profit (loss) from non-recurring transactions**	**Taxes**	**Profit (loss) pertaining to non-controlling interests**	**Profit (loss) pertaining to the Group**
Equity & Investments	1,0	-5,2	-4,2	-0,4	0,0	5,7	-8,7	0,0	1,0	-0,0	-6,5
Nursing Home/RSA sector	60,0	-50,7	9,3	-9,9	0,0	-11,2	-0,1	0,0	3,0	-3,5	-5,3
Design sector	83,3	-67,3	16,0	-3,3	0,0	-0,4	-0,0	0,0	-2,0	0,4	9,8
Automotive sector	40,5	-35,5	5,0	-4,4	0,0	-0,9	0,0	0,0	0,4	0,0	0,1
Clothing sector	24,5	-21,2	3,3	-1,0	0,0	-0,4	-0,1	0,0	-0,3	0,1	1,3
Real Estate sector	4,9	-3,3	1,6	-0,0	0,0	-0,1	0,1	0,0	0,1	0,5	1,3
IC ELIMINATION	-0,6	0,6	0,0	0,0	0,0	-0,0	0,0	0,0		0,0	
CONSOLIDATED TOTAL	**213,6**	**-182,5**	**31,1**	**-19,0**	**0,0**	**-7,3**	**-8,8**	**0,0**	**2,2**	**-2,4**	**0,7**

31 December 2021

Amounts in million EUR	31/12/2021									
AGGREGATE \ CONSOLIDATED	**Net revenue**	**Operating costs**	**EBITDA**	**Amortisation & depreciation**	**Share of income (loss) of investments**	**Profit (loss) from financial management**	**Result of financial assets and receivables**	**Profit (loss) from non-recurring transactions**	**Taxes**	**Profit (loss) pertaining to non-controlling interests**
Equity & Investments	0,7	-5,1	-4,4	-0,2	-	-0,8	-0,4	0,9	0,0	-4,9
Nursing Home/RSA 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	-	-0,4	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	-		-	
CONSOLIDATED TOTAL	**199,0**	**-174,3**	**24,7**	**-**	**-**	**-12,9**	**-0,8**	**4,6**	**-2,3**	**0,6**

Structure of the consolidated statement of financial position by business segment

31 December 2022

Amounts in million EUR	31/12/2022										
AGGREGATE \ CONSOLIDATED	**Net working capital**	**Property, plant & 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 & Investments	-0,2	29,5	6,1	0,0	35,4		55,8	91,2		0,3	91,0
Nursing Home/RSA sector	-6,4	292,5	5,7	0,0	291,9		-297,5	-5,6		-2,2	-3,4
Design sector	11,0	44,0	-2,5	0,0	52,5		11,3	63,9		1,7	62,2
Automotive sector	4,0	41,9	0,3	0,0	46,2		-19,1	27,1		6,8	20,3
Clothing sector	13,0	29,3	-0,3	0,0	41,9		-14,5	27,4		2,7	24,7
Real Estate sector	25,3	10,2	2,1	0,0	37,5		-11,5	26,0		1,2	24,8
CONSOLIDATED TOTAL	**46,7**	**442,9**	**11,4**	**0,0**	**501,0**		**-271,0**	**230,0**		**10,4**	**219,6**

31 December 2021

Amounts in million EUR	31/12/2021										
AGGREGATE \ CONSOLIDATED	**Net working capital**	**Property, plant & 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 & Investments	1,1	66,1	5,3	-	72,5	-	33,3	105,8		1,2	104,6
Nursing Home/RSA 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
CONSOLIDATED TOTAL	**56,3**	**441,0**	**8,0**	**-**	**505,3**	**-**	**- 265,8**	**239,4**		**17,2**	**222,3**

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. The company controls an active group with about 350 employees, a turnover of more than EUR 75 million (from the original EUR 15 million), EBITDA of more than EUR 15 million (from the original EUR 5 million), with a sound and solid financial structure, which guarantees excellent cash generation, and boasts a significant share of exports, with data supported by the results that the companies have achieved in the last few years.

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.

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, in the initial phase, 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 important 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 a broad 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 2022 Results

Design sector *figures in million EUR*	**Ceramica Cielo**	***Galassia***	***Disegno***	**Sector Total 31/12/2022**	***%***	**Sector Total 31/12/2021**	***%***
Revenues	*37,1*	*26,4*	*13,7*	75,7		**71,7**	
Operating costs	*(27,7)*	*(21,9)*	*(11,6)*	(59,7)		**(54,8)**	
EBITDA	***9,4***	***4,5***	***2,1***	**16,0**		**16,9**	
IFRS 16 reversal effect (lease restoration)	**(0,4)**	**(0,0)**	**(0,3)**	**(0,7)**		**(0,5)**	
EBITDA before IFRS 16	***9,0***	**4,5**	**1,9**	**15,3**	*20%*	**16,4**	*23%*

Overall, the sector has generated a turnover of approximately EUR 75,7 million, with an EBITDA before IFRS 16 of EUR 15,3 (EBITDA margin of 20%). In 2022, the investees managed to significantly increase the volume of revenue, maintaining extremely high company margins despite the further tightening of tensions on prices of energy and gas (with a negative impact of the latter estimated at about EUR 2,7 million), raw materials, transport and services in general. Note that these phenomena, as early as 2021, were promptly dealt with by the management of the investees, also with the support provided by the Group to which they belong, through constant monitoring of market trends and the implementation of all possible mitigation measures for any related risks (increase in price lists, careful and active daily monitoring of gas tariffs, use of photovoltaic systems by Galassia and Cielo, use of the cogeneration plant by Galassia, studies for further energy efficiency, activation of gas supply contracts with the possibility of fixing tariffs in advance, - blocked for Disegno and Galassia for most of the next quarters until 2024, with the possibility of switching to free tariffs in case of a reasonable decline - focus on orders and procurement, increasing the efficiency in production yields with 4.0 investments).

As at 31 December 2022, Ceramica Cielo recorded a turnover of EUR 37,1 million (EUR 34,2 million in the comparison period), with an EBITDA before IFRS 16 of EUR 9,0 million (EUR 9,5 million in the comparison period) and a positive NFP of EUR 26,4 million (EUR 20,2 million in the previous year).

Galassia recorded a turnover of EUR 26,4 million (in line with the comparison period), with an EBITDA before IFRS 16 of EUR 4,5 million (EUR 5,7 million in the comparison period) and a negative NFP of EUR 1,8 million (EUR 3,2 million in the comparison period).

Finally, Disegno Ceramica showed a turnover of EUR 13,7 million (EUR 12,1 million in the comparison period), with an EBITDA before IFRS 16 of EUR 1,9 million (EUR 1,2 million in the comparison period) and a negative NFP of EUR 6,8 million (EUR 6,2 million in the comparison period).

The excellent results 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 investment, with a strong industrial commitment which is proving to be particularly profitable in encouraging the growth in size of the investees, in Made in Italy sectors and brands that have additional strong development prospects.

Automotive Sector

Industria Metallurgica Carmagnolese (IMC) is active in the Automotive components sector. The company has around 110 employees and a turnover of around EUR 39 million and it is mainly operating in foreign markets.

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, historically allowed IMC 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, 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 and new end markets;
- 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, model 231, etc.);
- adjustment of quality standards, in products and in company management, to the standards of excellence required by the Mittel Group.

Automotive 2022 Results

Automotive sector *figures in million EUR*	**31/12/2022**	**%**	**31/12/2021**	**%**
Revenues	**38,6**		**29,8**	
Operating costs	**(33,5)**		**(26,9)**	
EBITDA	**5,0**		**2,9**	
IFRS 16 reversal effect (lease restoration)	**(1,5)**		**(1,5)**	
EBITDA before IFRS 16	**3,6**	*9%*	**1,4**	*5%*

After a 2021 that was strongly conditioned by the drop in OEM production (i.e. especially as a result of a strong shortage of electronic components) and the generalised shortage of raw materials (and of steel in particular), with consequent procurement difficulties and increased prices, in the financial year 2022, the company managed to achieve a marked operational recovery, despite the impacts of the outbreak of the Russian-Ukrainian conflict.

IMC has implemented all possible market risk mitigation measures, managing to obtain significant price revisions from the main customers, intensifying sales activities and carrying out a careful and active monitoring of the prices of raw materials and energy.

The investee IMC recorded a significant increase in turnover, which amounted to EUR 38,6 million (EUR 29,8 million in the previous year), with limited impacts of the conflict on backlog orders and top lines, thanks to the described intensified commercial activities and the significant price revisions it obtained from the main customers. Net revenue (including other income and change in inventories) amounted to EUR 40,5 million (EUR 31,1 million in the comparison period). EBITDA before IFRS 16, amounting to EUR 3,6 million, was also up sharply compared to the previous year, when it stood at EUR 1,4 million, despite the presence of extraordinary costs due to the impact of the conflict on energy and raw material costs and one-off items related to the acquisition of a new job order.

The net financial position net of IFRS 16 as at 31 December 2022 was a negative EUR 10,0 million (EUR 9,7 million in the previous year) mainly impacted by the absorption of working capital related to the strong increase in turnover compared to the previous year, in addition to the presence of a different customer mix with average collection days higher than historical ones.

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.

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.

Clothing 2022 Results

Clothing sector *figures in million EUR*	**31/12/2022**	*%*	**31/12/2021**	*%*
Revenues	23,1		18,1	
Operating costs	(19,9)		(16,2)	
EBITDA	**3,3**		**1,9**	
IFRS 16 reversal effect (lease restoration)	(0,7)		(0,4)	
EBITDA before IFRS 16	**2,6**	*11%*	**1,6**	*9%*

In the 2022 financial year, Sport Fashion Service recorded a turnover of EUR 23,1 million, up significantly compared to the previous year (EUR 18,1 million recorded in 2021). Net revenue (margin including, in addition to revenue, other income and change in inventories) amounted to EUR 24,5 million (EUR 18,3 million in the comparison period).
The accounting EBITDA before IFRS 16 amounted to EUR 2,6 million, a clear improvement over the negative EUR 1,6 million in the comparison period, despite the significant negative impact (estimated at around EUR 1 million) of non-recurring items (including the exchange rate effect).

The Jeckerson brand (acquired in the previous year) also contributed to the improvement in margins, despite the fact that during the year it contributed only through the royalties accrued to licensees and the sales made by the two outlets used for the valuation of the inventory items acquired together with the brand. The launch of the activities for the marketing of the previous inventories is a very encouraging sign for the Group's strategic plans following the purchase of the brand, which led to the launch of the new collection starting from the FW 2023/2024 season (presented, similarly to the Ciesse collection, at Pitti in January 2023), which will contribute to the consolidated margins starting from the second half of 2023.

The NFP before IFRS 16, equal to EUR 9,8 million (EUR 7,1 million at the end of 2021), affected by the ordinary phenomena of seasonality that characterise the operations of Ciesse Piumini (with the usual decisive return in the first months of the year) was negatively impacted during the year by an increase in trade receivables and inventories.

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 twelve facilities have been added, for a total of approximately 2.700 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 20 managed facilities (for approximately 2.700 beds), with further future projects already identified and contractually agreed (target of more than 3.500 managed beds).

In 2019, the Zaffiro Group 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 has allowed 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.

Obviously, starting from the outbreak of the pandemic, the Zaffiro Group structures currently are recording employment rates lower than the historical ones and will only recover fully when the described negative employment development that started in 2020 and the strong inflationary scenario that started in 2021, which have led to an increase in operating costs (and in particular energy costs) in the sector that cannot be easily passed on to tariffs, are no longer in place.

Nursing Home 2022 Results

Nursing Home (RSA) sector *figures in million EUR*	31/12/2022	31/12/2021
Net revenue	60,0	64,0
Operating costs	(50,7)	(56,4)
EBITDA after IFRS 16	**9,3**	**7,6**
IFRS 16 reversal effect (lease restoration)	(13,6)	(11,6)
IFRS 16 reversal effect (contingencies elimination)	-	(1,3)
IFRS 16 reversal effect (reinstatement of reversed capital gain)	2,5	1,9
EBITDA before IFRS 16 with capital gains	**-1,8**	**-3,4**
Reversal of one-off items (real estate gain EN GAAP)	(2,9)	(2,2)
EBITDA before IFRS 16 without real estate capital gain	**(4,7)**	**(5,6)**
Reversal of one-off items (lease discount rate IT GAAP)	(2,4)	-
EBITDA before IFRS 16 without one-off items	**(7,1)**	**(5,6)**

The accounting EBITDA for the year was positive by EUR 9,3 million (EUR 7,6 million as at 31 December 2021), but was favourably affected by the application of IFRS 16, which resulted in the non-recognition of lease payments as operating costs (amounting to EUR 13,6 million in 2022 and EUR 11,6 million in the comparison period). The application of IFRS 16 also entails the partial reversal (for the portion of the asset subject to leaseback) of the capital gain realised during the year on sale & leaseback transactions, amounting to EUR 2,5 million.

Net of these IFRS 16 items, EBITDA was negative for EUR 1,8 million, including, however, the full capital gain recorded on the described sale & leaseback transaction for EUR 2,9 million, as well as positive one-off items for a total of EUR 2,4 million. Therefore, EBITDA before IFRS 16, net of the above described extraordinary positive items, reached a negative EUR 7,1 million (EUR 5,6 million as at 31 December 2021).

The negative performance recorded during the year, in a market context still characterised by the persistence of low occupancy rates in the operating facilities (although with a gradual improvement during the year), should be explained by taking into consideration the significant presence of development and start-up costs of the recently opened nursing homes, which, in the current context, amplify the economic erosion of profit margins, significantly aggravated, over the year, by the increase in operating costs (and in particular energy costs) that in the sector are more difficult to pass on to tariffs.

As at 31 December 2022, the accounting net financial position was a negative EUR 297,5 million and was heavily affected by the application of IFRS 16. Excluding the portion of debt attributable to the mere application of this principle, amounting to EUR 243,6 million, net financial debt as at 31 December 2022 amounted to approximately EUR 54 million, an improvement compared to the approximately EUR 60 million as at 31 December 2021, mainly due to the effect, despite the negative income impact described, of the disposal of assets recorded in the year, only partially offset by the progress of further initiatives under development, which, upon completion, will be financially valued through the execution of the agreement with the Primonial fund.

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 or the completion of initiatives already in the portfolio. Specifically, note that the Group substantially completed the sales of historically held residential units. With regard to the recently completed orders in Milan (Via Metauro) and Como (Via Regina Teodolinda), both were commercially successful. Sales of EUR 15,2 million at the end of 2021 and of EUR 6,6 million in 2022 were recorded on the initiative of Milan (Via Metauro). On the Regina Teodolinda-Como order, sales took place in full in the second half of 2022 for a total value of EUR 9,9 million, against a capex for the year of EUR 1,8 million.

On the other hand, with regard to the residual non-residential inventories held, revenues in the year 2022 amounted to an additional EUR 1,1 million (EUR 4,6 million in 2021) and were mainly attributable to the sale of three industrial buildings at the Vimodrone – Milan order, for EUR 0,5 million, and the Bresso – Milan order, for EUR 0,4 million.

As at 31 December 2022, the inventories of the Real Estate sector, reflecting the trends described above, amounted to EUR 26,0 million, a significant 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 the introduction to this report. The measurements of currently held financial assets and receivables are also constantly updated, according to the provisions of IFRS 9, in application of which net adjustments totalling EUR 8,9 million were recognised during the year, given the difficult market environment.

Finally, note that the reduction of the holding company's structural costs of both an operational (personnel, consultancy, etc.) and financial nature was substantially completed during the previous year. All cost items had already been reduced significantly in previous years, and from 2022 onwards, the economic data benefited for the entire reporting period from the additional measures implemented in 2021. In particular, it is worth mentioning the last partial early repayment of the 2017-2023 bond, made in July 2021, as a result of which a residual debt of EUR 15,4 million is outstanding, channelled to the real estate development operations underway on the Zaffiro Group, for which there are binding forward purchase commitments from a leading real estate fund. The repayment transaction carried out in 2021, in addition to producing the described economic benefit, represents the successful completion of the first phase of management intervention aimed at transforming Mittel into a solid holding, largely liquid and owner of investment verticals, on which continuous industrial development work is underway.

Andamento della Capogruppo

MITTEL

Performance of the Parent Company

The Company closed the year ended as at 31 December 2022 with a loss of EUR 9,9 million (a loss of EUR 5,0 million as at 31 December 2021).

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 3,5 million (EUR 4,2 million in the previous year), attributable to personnel costs of EUR 2,1 million, costs for services of EUR 1,8 million and other costs of EUR 0,6 million, partially offset by revenue and other income totalling EUR 0,9 million; (ii) net write-downs 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 the strict valuation policies applied by the Group in the particular market context; (iii) net financial income totalling EUR 1,9 million (net financial expenses of EUR 0,8 million in the comparison period), resulting from the net effect of financial income on receivables in the amount of EUR 2,7 million (of which EUR 1,3 million intragroup) and financial expenses in the amount of EUR 0,8 million, mainly attributable to the bond loan (with costs falling sharply from the previous year).

Excluding the described net write-downs of non-core assets, substantially attributable to a single historical credit position that deteriorated during the year, the economic performance of the holding company nevertheless benefitted from the rationalisation measures implemented during previous years, 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 198,1 million as at 31 December 2022, compared to EUR 207,9 million in the year ended as at 31 December 2021, marking a decrease due to the effect of the result for the year.

The **net financial position** was positive by EUR 48,9 million (positive by EUR 32,1 million as at 31 December 2021) and reduced by financial payables recognised as a result of the provisions of IFRS 16, equal to EUR 4,6 million as at 31 December 2022. Net of this component, the net financial position would be positive for EUR 53,4 million. Current financial receivables from subsidiaries of EUR 56,7 million were included in the amount.

Financial highlights of Mittel S.p.A.

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

(Thousands of EUR)	31.12.2022	31.12.2021
Revenue and 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 and adjustments to non-current assets	(357)	(213)
Operating result (EBIT)	**(3.102)**	**(4.186)**
Profit (loss) from financial management	1.935	(783)
Value adjustments to financial assets, loans and receivables	(9.595)	(776)
Profit (loss) before taxes	**(10.762)**	**(5.744)**
Taxes	847	775
Net profit (loss) for the year	**(9.916)**	**(4.970)**

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

- **Revenue and other income:** EUR 0,9 million, substantially in line with the EUR 0,8 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 2,4 million, compared to EUR 2,3 million as at 31 December 2021; more specifically, the reclassified item includes:
  (i) costs for services of EUR 1,8 million (value in line with that as at 31 December 2021);
  (ii) other costs for EUR 0,6 million (EUR 0,5 million as at 31 December 2021).

- **Personnel costs:** EUR 2,1 million, an amount lower than the EUR 2,6 million of the comparison period which included the effect of non-recurring items making up the entry.

- **Profit (loss) from investments and financial assets:** EUR 0,8 million (EUR 0,2 million in the previous year), explained for approximately EUR 0,7 million by dividends collected and for approximately EUR 0,1 million by the capital gain on a financial asset sold during the year.

- **Profit (loss) from financial management:** profit of EUR 1,9 million (loss of EUR 0,8 million in the comparison period). The item is attributable to the net effect of financial income for EUR 2,7 million (EUR 2,0 million in the previous year), relating mainly to interest income accrued on financial receivables, and financial expenses for EUR 0,8 million (EUR 2,8 million in the comparison period), nearly entirely relating to the outstanding bond.

- **Net value adjustments on investments and financial assets:** totalled EUR 9,6 million (EUR 0,8 million as at 31 December 2021) and referred to:
  (i) Value adjustments on investments for 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 value adjustments of financial assets of EUR 0,1 million.

- **Taxes**: the item makes a positive contribution of EUR 0,8 million to the income statement (value in line with 31 December 2021) and is mainly explained by the effect of the recognition of the current tax benefit deriving from the utilisation within the tax consolidation of the tax loss accrued in the year.

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

(Thousands of EUR)	31.12.2022	31.12.2021
Intangible assets	2	4
Property, plant and equipment	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 and employee 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**
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 IFRS 16	**53.449**	**36.282**

(*) Comprised of the sum of Property 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 refer primarily to rights of use recognised as a result of the application of IFRS 16 (EUR 4,2 million).

Investments amounted to EUR 108,9 million, compared to EUR 99,0 million in the year ended as at 31 December 2021. The increase is explained by the net effect of: (i) increases for waivers of shareholder loans 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 distributions (of the same amount) made by the investee company Mittel Generale Investimenti.

Non-current financial assets amounted to EUR 30,5 million, compared to EUR 66,7 million in the year ended as at 31 December 2021, marking a decrease of EUR 36,2 million. The item is composed of:

- Non-current financial receivables of EUR 20,4 million (EUR 56,6 million as at 31 December 2021), a significant decrease mainly due to: (i) major changes in equity on some non-current loans recognised in 2021, including: mainly the loan to the Zaffiro Group (reclassified in 2022 under current financial receivables based on the relative residual contractual maturity) and the loan to the IBD Group (subject to an increase during the year initially in connection with the incremental purchase of the residual share

of Ceramica Cielo, but subsequently subject to partial waiver, with reclassification to equity investment, and for the residual part with reclassification under current financial receivables based on a redefinition of the contractual maturity); (ii) the described value adjustments (for EUR 9,0 million) recognised during the year;
- Financial assets measured at fair value, equal 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). In particular, as at 31 December 2022, this item is composed, for EUR 1,0 million, of Provisions for personnel and, for EUR 0,1 million, of Provisions for risks and charges.

Tax assets amounted to EUR 6,6 million, compared to EUR 6,4 million in the prior year. This item is essentially comprised of: (i) current tax assets for EUR 0,4 million (EUR 0,3 million in the comparison period); (ii) deferred tax assets for EUR 6,2 million (EUR 6,1 million in 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 negative for EUR 0,8 million (positive for EUR 0,5 million in the previous year), recording a decrease of EUR 1,3 million. The reclassified item is a result of the net effect: (i) of sundry receivables and other current assets of EUR 3,6 million (EUR 4,7 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 4,5 million (EUR 4,1 million in the prior year), represented mostly by trade payables and intercompany tax items (for tax consolidation or Group VAT).

Equity amounted to EUR 198,1 million, compared to EUR 207,9 million as at 31 December 2021, marking a decrease of EUR 9,8 million, substantially attributable to the loss for the year.

The **net financial position** was positive by EUR 48,9 million (positive by EUR 32,1 million as at 31 December 2021) and affected by financial payables recognised as a result of the provisions of IFRS 16, equal to EUR 4,6 million as at 31 December 2022. Net of this component, the net financial position would be positive by EUR 53,4 million, an increase of EUR 17,1 million compared to the comparison period, mainly due to the classification among current financial receivables (included in the regulatory definition of net financial position) of the exposure to the subsidiary Gruppo Zaffiro, equal to about EUR 26 million, which in the comparison period was included among non-current financial receivables (consistent with the relevant contractual deadline). This effect was offset by the disbursements for the year, mainly related to the coverage by Mittel of the financial outlay made by the investee IBD Group for the purchase of the residual share capital of Ceramica Cielo (EUR 7 million) and the described operating loss for the period.

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)	**31.12.2022**	**31.12.2021**
Cash	12	10
Other cash and cash equivalents	13.066	23.639
Securities held for trading	-	-
Current liquidity	**13.078**	**23.649**
Current financial receivables	**56.706**	**32.539**
Bank loans and borrowings	-	-
Bonds	(15.435)	(15.426)
Other financial payables	(5.470)	(8.687)
Financial debt	**(20.905)**	**(24.113)**
Net financial position	**48.879**	**32.074**

Notizie sulle società partecipate

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Information on the principal investees

Mittel S.p.A. main subsidiaries

- ❖ **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.

- ❖ **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.

- ❖ **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.

- ❖ **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.

- ❖ **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 2022 were MiVa S.r.l., Gamma Tre S.r.l. and Lucianita S.r.l. in liquidation. The Company also holds an equity investment in the company Regina S.r.l., i.e. 70% of the share capital.

Economic figures (EUR 000)	31.12.2022	31.12.2021
Value of production	600	491
Costs of production	(959)	(947)
Operating result (EBIT)	**(359)**	**(456)**
Financial income and expense	1	-
Value adjustments on investments	(55)	(280)
Profit (loss) before taxes	**(413)**	**(736)**
Taxes	-	266
Net profit (loss)	**(413)**	**(470)**

Equity figures (EUR 000)	31.12.2022	31.12.2021
Investments	2.527	2.582
Financial receivables	2.489	14.614
Property inventories	21.718	22.705
Other assets	983	563
Total assets	**27.717**	**40.464**
Total liabilities	16.441	28.775
Equity	**11.276**	**11.690**

The result for the year ended 31 December 2022 shows a loss of EUR 0,4 million, compared to a loss of EUR 0,5 million for the year ended as at 31 December 2021. The company had revenue and other income for EUR 1,6 million, against an overall negative change in inventories of EUR 1 million and operating costs totalling EUR 1 million. The loss for the year is affected by write-downs of equity investments for EUR 55 thousand.
Equity as at 31 December 2022 amounted to EUR 11,3 million, compared to EUR 11,7 million as at 31 December 2021. The decrease is attributable exclusively to the loss for the year.

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 0,03 million were recorded (EUR 0,2 million in the previous year). The carrying amount of inventories as at 31 December 2022 was EUR 0,3 million (EUR 0,4 million in the comparison period). The valuation of the job order 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 0,07 million were recorded (EUR 0,04 million in the previous year). The valuation of the job order 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 2022, approx. 1.918 square metres remain to be sold, compared to the 2.945 square metres of 31 December 2021.
During the year, sales of EUR 0,5 million were recorded. The carrying amount of inventories as at 31 December 2022 was EUR 0,9 million (EUR 1,4 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 2023.

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 0,4 million in the previous year). The carrying amount of inventories as at 31 December 2022 was EUR 1,5 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 2023.

Milan – Piazzale Santorre di Santarosa
The property inventories 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 0,1 million were recorded (EUR 0,08 million in the comparison period). The carrying amount of inventories as at 31 December 2022 was EUR 1,4 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 2023.

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 2021
In 2022, no revenue was recorded. As at 31 December 2022, 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. In 2022, the sale of 15 residential units was concluded for EUR 5,5 million. Two units of the original 35 remain to be sold. With regard to the garages, in the course of 2022, 29 were sold for a total EUR 1 million. In the first few months of 2023, a further 9 garages were sold. Therefore, 29 of the original 118 garages remain to be sold.
As at 31 December 2022, the company posted a negative result of EUR 46 thousand (profit of EUR 196 thousand as at 31 December 2021) 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 2,4 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.
As at 31 December 2022, the company recorded a loss of EUR 51 thousand (EUR 100 thousand as at 31 December 2021) 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.
In 2022, the Company signed preliminary agreements for the remaining 3 apartments, 11 garages and 1 parking space, ending the marketing activity.
As at 31 December 2022, the company recorded a loss of EUR 1,7 million (loss of EUR 0,2 million as at 31 December 2021) and equity for EUR 1,6 million.

❖ **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)	**31.12.2022**	**31.12.2021**
Value of production	3	1
Costs of production	(92)	(91)
Operating result (EBIT)	**(89)**	**(90)**
Financial income and expense	1.874	1.669
Value adjustments to investments and financial assets	(1.597)	(1.074)
Profit (loss) before taxes	**187**	**505**
Taxes	-	10
Net profit (loss)	**187**	**515**

Equity figures (EUR 000)	**31.12.2022**	**31.12.2021**
Investments	900	3.300
Current financial assets	361	514
Cash	7.182	867
Other assets	84	3.663
Total assets	**8.527**	**8.344**
Total liabilities	**85**	**90**
Equity	**8.442**	**8.254**

The company closed the financial statements as at 31 December 2022 with a profit of EUR 0,2 million (EUR 0,5 million as at 31 December 2021). The equity of Earchimede S.p.A. as at 31 December 2022 was EUR 8,4 million (EUR 8,3 million as at 31 December 2021).

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 2022 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.
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 1,3 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.
As at 31 December 2022, the company reported a net loss of EUR 0,7 million (a net loss of EUR 1,4 million in the previous year) and an equity of EUR 13,1 million (EUR 14,8 million as at 31 December 2021). Residual financial receivables amounted to EUR 10,7 million (EUR 11,7 million as at 31 December 2021) and cash and cash equivalents to EUR 0,7 million.

Fatti di rilievo intervenuti nell'esercizio

Significant events in the year

Governance and corporate events

The Shareholders' Meeting of Mittel S.p.A. - which was held on 21 June 2022 using telecommunications tools, as permitted by art. 106, paragraph 4 of Decree Law 18/2020, converted into Law no. 24/2020, 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 balance the loss for the year of EUR 4.969.591 through the use of available reserves.

Report on the Remuneration Policy and on Compensation Paid pursuant to art. 123 ter of the Consolidated Law on Finance (TUF).

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

Appointment of the Board of Directors

The Shareholders' Meeting resolved:

- to set the number of members of the Board of Directors as seven;
- to call upon the following to form the Board of Directors, which shall remain in office for three financial years, i.e. until the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2024: Marco Giovanni Colacicco (Chairman), Michele Iori (Deputy Chairman), Anna Francesca Cremascoli, Anna Saraceno, Gabriele Albertini, Patrizia Galvagni and Riccardo Perotta, indicated in the single list submitted by the shareholder Progetto Co-Val S.p.A.; the Directors Gabriele Albertini, Patrizia Galvagni and Riccardo Perotta declared that they meet the independence requirements set forth in art. 148, paragraph 3 of the Consolidated Law on Finance (TUF), the Articles of Association, and the recommendations of the Corporate Governance Code;
- to set the gross salary of the Board of Directors at EUR 140.000,00 (one hundred and forty thousand euros) on an annual basis, in continuity with the remuneration already paid during the previous term of office, in relation to the offices assigned, for each of the three years of the mandate, delegating the allocation of this amount to the Board of Directors and granting it the ability to assign additional compensation for attending committees established within the Board of Directors and to directors assigned with particular offices;
- to exonerate Directors from the prohibition detailed in article 2390 of the Italian Civil Code.

Appointment of the Board of Statutory Auditors

The Shareholders' Meeting resolved:

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

The Board of Directors of Mittel S.p.A., which met after the Shareholders' Meeting, confirmed the Company's new governance model, which entails, in continuation, the establishment, for operational management, of an Executive Committee consisting of Marco Giovanni Colacicco (Chairman) and Michele Iori and Anna Francesca Cremascoli.

The Board of Directors confirmed the fulfilment of the independence requirements - pursuant to art. 2 of the Corporate Governance Code (Recommendations 7 and 9) to be considered in conjunction with articles 147 ter, paragraph 4 and 148, paragraph 3, of the Consolidated Law on Finance (TUF) - for the Directors Gabriele Albertini, Patrizia Galvagni and Riccardo Perotta, considering the declarations already made by them when they put themselves forward as candidates.

The Board of Directors also appointed the members of the Board's internal committees, specifically:

- Control and Risks Committee: Riccardo Perotta, Chairman; Patrizia Galvagni, Member;
- Remuneration Committee: Riccardo Perotta, Chairman; Gabriele Albertini, Member;
- Related Party Committee: Patrizia Galvagni, Chair; Riccardo Perotta, Member; Gabriele Alberitni Member;
- Director in charge of the risk management and internal control system: Anna Francesca Cremascoli;

and, most recently, it appointed Pietro Santicoli as "Manager in charge of financial reporting" pursuant to art. 154-bis of Italian Legislative Decree 58/1998 until the date of approval of the financial statements as at 31 December 2024; the appointment was made with the favourable opinion of the Board of Statutory Auditors and in compliance with the requirements of integrity and professionalism laid down by the regulations in force and the Articles of Association.

Additional significant events

On 21 March 2022, Italian Bathroom Design Group S.r.l., as a result of the exercise 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., acquired the residual part of the capital, thus holding the 100% of the share capital of Ceramica Cielo S.p.A.

On 19 December 2022, with the aim of simplifying the organisational and administrative structure of the Mittel Group's clothing sector, with the achievement of 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 for the approval of 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, Italian Civil Code, and article 2.504-bis, third paragraph, Italian Civil Code, the transactions of the merging companies have been retroactively charged to the balance sheet of Sport Fashion Service S.r.l. as of 1 January 2022, the first day of the financial year in which the effective date of the merger will be established. Also for tax purposes, in compliance with the provisions of Article 172, paragraph 9, of Presidential Decree no. 917/1986, the Merger took effect retroactively from 1 January 2022.
The above-described extraordinary transaction did not affect the share capital of the merging company Sport Fashion Service S.r.l., which remains 90% owned by Mittel S.p.A., 5% by Blue Fashion Group S.p.A. and the remaining 5% by Corporate Value S.p.A..

On the other hand, with regard to the relevant information concerning the Russian-Ukrainian conflict and the additional macroeconomic developments that will subsequently emerge in the course of 2022 (e.g. further intensification of the increase in the cost of energy and gas and consequent acceleration of inflationary trends, consolidation and implementation of restrictive monetary policy measures and related impacts on the economic system), as well as the responses implemented by the Group in response to the related risks, please refer to what is extensively and in detail reported in the other sections of this report.

Significant events after 31 December 2022

In relation to the provisions of IAS 10, subsequent to 31 December 2022, the reference date of the Annual Financial Report, and until 26 April 2023, 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.

On 27 January 2023, with the aim of concentrating in IBD Group S.r.l. 100% of the equity investments held in the operating companies of the Bathroom Furnishings sector Galassia S.r.l. (for the residual amount held by the CEO of the same company) and Disegno Ceramica S.r.l. (for the residual amount held by the company's Chief Executive Officer), the resolution of the Extraordinary Shareholders' Meeting of 20 January 2023 relating to the increase in the share capital of IBD Group S.r.l. reserved for the transferees, carried out through the contribution in kind of their respective investments in Galassia S.r.l. and Disegno Ceramica S.r.l., became effective. Specifically, the transaction involved an exchange of equity interests through the contribution of a 10% interest in the capital of Galassia S.r.l. and a 15% interest in the capital of Disegno Ceramica S.r.l., in exchange,

respectively, for equity interests in the 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 the already held 100% of Ceramica Cielo S.p.A..
The transfer of the shares of the two companies resulted in a share 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 3 February 2023, Mittel S.p.A. announced to the market that it had signed with Sarafin S.p.A. (a company reporting to the managing director of Gruppo Zaffiro S.r.l., Mr Gabriele Ritossa, who holds, through Blustone S.r.l., an interest representing 40% of the share capital of Gruppo Zaffiro S.r.l.) a binding preliminary agreement subject to conditions precedent relating to: (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., an important player in the Italian healthcare sector; (ii) the sale by Mittel S.p.A. to Sarafin S.p.A. of all receivables owed by Mittel S.p.A., under shareholder loan agreements, to Gruppo Zaffiro S.r.l.
The contract between Mittel S.p.A. and Sarafin S.p.A. was subject to the signing, by 15 March 2023, by Sarafin S.p.A., of a binding investment agreement with a leading institutional investor, aimed at financially supporting the transaction; Sarafin S.p.A. signed a non-binding term-sheet with the aforementioned institutional investor, who initiated the ordinary due diligence activities and contractual negotiations.
On 16 March 2023, Mittel S.p.A. informed the market that the deadline for fulfilling the condition precedent of 15 March 2023 was extended to 31 March 2023.
Lastly, on 31 March 2023, Mittel S.p.A. communicated 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 that it had executed, on the same date, an investment agreement with Eurizon Capital SGR S.p.A., as the management company of the Italian closed-end reserved alternative investment fund (AIF) called Eurizon Iter, and of the closed-end reserved AIF fund, authorised by the Bank of Italy as a European Long-Term Investment Fund, called Eurizon Iter Eltif. The investment agreement provides that 45% of the investment shall be purchased by Sarafin S.p.A. and the remaining 15% by EC. The closing is expected within 13 business days from the positive outcome of the usual antitrust procedures; at closing, Mittel S.p.A. will collect in a lump sum: (i) for the sale of the Investment a price of EUR 42 million; and (ii) for the sale of all receivables due to Mittel S.p.A., by virtue of shareholder loan agreements, from Gruppo Zaffiro S.r.l., an amount equal to EUR 25 million, in addition to the related interest accrued up to the date of the sale completion.

On 10 February 2023, the Shareholders' Meeting of Mittel S.p.A. unanimously resolved to approve the distribution, by way of extraordinary dividend, of part of the retained earnings reserve for a total of EUR 10.000.031,95 for the 81.347.368 ordinary shares with no nominal value in issue, corresponding to EUR 0,12293 per eligible ordinary share.
The dividend was settled at the intermediaries participating in the centralised share management system, Monte Titoli S.p.A., on 22 February 2023, with ex-dividend date of 20 February 2023 and record date of 21 February 2023.

With reference to the transaction with a related party of greater importance – concerning the purchase, on 15 November 2019, by Mittel S.p.A., of an equity investment representing 70% of the share capital of Sport Fashion Service S.r.l. from Blue Fashion Group S.p.A. and, upon appointment of the latter, of an investment representing 20% of the share capital of Fremil International S.r.l. – which had been disclosed to the market through the publication of an information document (drawn up pursuant to art. 5 of the Regulation containing the provisions on related party transactions - adopted by Consob with resolution no. 17221 of 12 March 2010 and subsequent amendments), disclosed on 20 November 2019 (the "Information Document"), subsequently supplemented and updated with: (i) the Supplement to the Information Document published on 7 February 2020 (the “First Supplement”) and (ii) the Second Supplement to the Information Document published on 16 July 2020 (the “Second Supplement”) – on 16 February 2023 Mittel S.p.A. signed an addendum to the purchase agreement which involved Mittel S.p.A. paying to Blue Fashion Group S.p.A. - in advance and, therefore, in derogation of the provisions contained in the article 3 of the contract for the purchase of the equity investment Sport Fashion Service S.r.l. – a total and all-inclusive amount, by way of Earn-out, conventionally agreed upon between Mittel S.p.A. and Blue Fashion Group S.p.A., and equal to EUR 2.000.000,00 by publishing, on 21 February 2023, the Third Supplement to the Information Document.
The Information Document, the First Supplement, the Second Supplement and the Third Supplement are all documents available on the Mittel S.p.A. website at: https://www.mittel.it/category/parti-correlate-documenti/

Business outlook for the year

As extensively detailed elsewhere in this report, inflationary developments further escalated in the course of 2022. In this context, the monetary authorities implemented further restrictive monetary policy measures. The significant increase in interest rates has created further repercussions on the economic system, which continued at the beginning of 2023. The last few months have also witnessed instances of destabilisation of the banking system.

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.

The evolution of the Group's results is related to the performance of the sectors in which the strategic equity investments operate. As also 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 important results in the Bathroom Furnishings sector supporting the Group's income results, despite the fact that the problems of recent years have affected the economic performance of other operating sectors.

In addition, the limited overall exposure of the Group to financial institutions, made possible above all by the significant cash and cash equivalents available at the holding system level thanks to the important process of valuation of non-core assets completed in recent years, makes it possible to limit the impacts of the current market situation also on the financial management front.

Finally, it should be noted that the imminent sale of the Zaffiro Group, in addition to entailing the exit from an operating segment that, in the current economic situation characterised by the described inflationary scenario, is particularly penalised by the difficulties in passing on operating costs, will involve a further significant increase in cash and cash equivalents, given the expected collection of the sale value of EUR 42 million (against an original investment of EUR 13,5 million) and of the shareholder loans currently in place amounting to EUR 25 million (in addition to the interest currently being accrued).

Therefore, the results of the Group in the coming months should reflect, compatibly with the uncertainty relating to the duration of the current market context and within the limits of the actions taken to contain its negative effects, the clear results of the growth process in the Bathroom Furnishings segment (which will become firmly established in 2021 and 2022) and a further recovery in the other operating segments, in addition to benefiting from the capital gain from the sale of the Nursing Home sector and the absence of extraordinary expenses in 2022.

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

Main ongoing legal proceedings and disputes

So.Fi.Mar International S.A. and Mr Alfio Marchini

Dispute history

With regard to the known credit for approximately 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. At the outcome of the preliminary investigation, 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.

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.

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 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 was a "direct" consequence of the conduct of Mr Marchini.

Most recent updates

In July 2022, Mittel filed its appeal with the Court of Cassation against the aforementioned ruling issued by the Court of Appeal of Milan. The date of the hearing is pending.

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.

As highlighted in other sections of this report, the Russian-Ukrainian conflict, which began at the end of February 2022, led to an increase in market volatility, an increase in inflation, an increasing difficulty of finding certain raw materials, a sharp increase in gas and energy tariffs, also due to gas supply disruptions by Russia, and an increase in interest rates and inflation, 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 deriving from the current geopolitical and macroeconomic context, the impacts of which cannot be analytically and reliably quantified to date.

It should be noted, as specified also in other sections of this report 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. Among the measures put in place or being implemented that can mitigate the effects on the supply chain within the described context, note the increase in the network of suppliers and the improvement in the purchasing planning processes by the subsidiaries. In addition, in response to the inflationary spiral, where possible, agreements with energy suppliers have been signed (tariff freeze), studies have been carried out or are in progress to obtain energy efficiency, and commercial activities have been intensified and price lists have been revised with the objective of maintaining margins in the current context.

These promptly implemented measures have so far produced important results and should prove to be suitable to contain the impact on the expected results, even in the presence of significant incremental costs, especially energy costs, that may continue to occur in the current financial year.

As far as the increase in rates is concerned, the Group's strong financial strength and consequent overall independence from market funding sources constitutes a strong mitigating factor for the potential risks described.

Lastly, it should be noted that the expected imminent sale of the Zaffiro Group should lead to the exit from an operating segment particularly exposed to the risk of not being able to pass on rising costs, as well as a further and significant increase in cash and cash equivalents.

The sensitivity analyses carried out during the year, assuming reductions in revenue and/or cost increases within reasonable ranges, albeit in a scenario of significant uncertainty, do not highlight in any case considerable issues in terms of impairment tests for the consolidated financial statements.

Within the environment of uncertainty on the geo-political situation, characterising the current performance of the economy, the markets and perceived sovereign debt risk, not wholly dissimilar 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. For further information, please refer to the paragraphs “Risks associated with the current economic scenario and performance in the Group's operating sectors”, "Risks associated with the Russian-Ukrainian conflict" and "Risks associated with the Coronavirus epidemic".

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.

With regard to the health emergency, the first months of 2022 were characterised by a worsening of the situation following the spread of the Omicron variant of Covid-19, which, however, had limited impacts due to high vaccination and immunity rates. During the year, there were no impacts directly attributable to the Covid-19 pandemic.

The current economic situation was affected 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;
- sharp increase in gas and energy costs and risk of energy supply interruption;
- 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;
- restrictive monetary policies with consequent 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 of the current geopolitical and macroeconomic situation, especially for some sectors of operations, the impacts of which cannot be analytically and reliably quantified to date. The Group operates in a context of uncertainty and in a highly inflationary scenario, therefore any type of detailed forecast remains complex, although the Group has immediately paid the utmost attention to these aspects, implementing suitable measures to guarantee the procurement of raw materials on the one hand and the activation, where possible, of gas and energy supply contracts at fixed rates. The incremental use of alternative energy resources is also being constantly assessed.

Should a negative economic cycle consolidate, 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 qualified as limited.

The Nursing Home sector is usually characterised, beyond the current negative contingency (related to the health emergency and inflationary tensions exacerbated by the conflict), 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 occupancy 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 (energy, personnel, food supplies, etc.), being able to register a gradual recovery when the current pandemic-related contingent phenomena, exacerbated by the conflict, are finally overcome.

However, the imminent sale of the Zaffiro Group should lead to the exit from the Nursing Home operating segment, a sector particularly exposed to the risk of not being able to pass on the rising costs.

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 Group's operating sectors (design, clothing, automotive, nursing homes) are impacted by the macroeconomic dynamics triggered by the Russian-Ukrainian war. 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 have so far produced important results and should be suitable to contain the impact on the expected results, even in the presence of significant incremental costs, especially energy costs, which have considerably impacted the 2022 year:

- 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 growth in interest rates and a possible 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 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.

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 previous year. All cost items had already been reduced significantly in previous years, and in the financial year 2022, the additional measures implemented in 2021 also had an effect on the entire reporting period.

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. Moreover, the investees of Mittel S.p.A. may be in a position 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, in relation to which, 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 had a high substantial value in that, in addition to producing a clear economic benefit, it signalled 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 repayment 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 2022, 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 2022, 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 performance of the Zaffiro Group resulted in the non-compliance with the covenant for the subsidiary as at 31 December 2022. The Group immediately started discussions with the lending banks to obtain the relevant waivers which were obtained.

In addition to the exposures of the individual investees, 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. Furthermore, the expected imminent sale of the Zaffiro Group should lead to the exit from an operating segment particularly exposed to the risk of non-reversal of the rising costs, as well as entailing a further and significant increase in cash and cash equivalents.

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. Lastly, as already mentioned above, the expected imminent sale of the Zaffiro Group should lead to a further and significant increase in cash and cash equivalents.

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 investees, who possess the expertise in operational areas that are potentially 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.

Lastly, it should be noted that the Nursing Home operating segment (moreover as described in the exit phase at the date of preparation of this report) 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 in the last few years 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, should make it possible to reduce these effects in the future. However, the outbreak of the Russian-Ukrainian conflict created significant impacts on the economic system related to the supply chain and to the indirect repercussions on it induced by the sharp increases in the energy cost and, more generally, by the high inflation that was created. For further comments on the subject, with specific reference to the impact of the Russian-Ukrainian conflict, please also refer to the other sections of this report, where the topic is extensively discussed and applied to the Group's cases.

It should 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 (in application of applicable government measures) multiple times during the most delicate moments of the health emergency in recent years, the Company is aiming to further develop the digital sales channel in the future.

In the design sector, the Group's companies are exposed to the risk of raw material (clay) procurement and, above all, rising energy costs, also due to the effects of the Russian-Ukrainian conflict. In this regard, note that the group's investees operating in the sector qualify as "gas-intensive companies" and are significantly exposed to the further sharp rises in gas prices in recent months.
The Group has currently implemented all possible measures to mitigate these risks:

- better management of supplies and orders;
- careful and active monitoring of daily gas tariffs;
- use of photovoltaic plants by Galassia and Cielo from February 2022 and use of the cogeneration plant by Galassia;
- launch of studies to implement a further increase in energy efficiency;
- increasing the efficiency of production yields with 4.0 investments;
- signing of gas supply contracts activated from September 2021, in particular for Disegno and Galassia, with the possibility of fixing tariffs in advance.

Despite the measures implemented by the Group, it cannot be ruled out that the worsening of supply chain problems may lead to procurement difficulties and above all an increase in energy costs, with potential negative consequences on economic results.

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 particular, the Group, taking into consideration the growing relevance of the issue at global level (e.g. EU Green Deal update) and also in light of the constant evolution of the reference regulatory context, is planning to further investigate the impact of related risks and opportunities.

Also in the event of future acquisitions, the Mittel Group will focus on ESG issues, with due diligence analyses carried out in future investment transactions.

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

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.
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.
  In the Nursing Homes, the effects of Covid-19 vaccinations 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 occupancy 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.
  As previously indicated, the expected imminent sale of the Zaffiro Group should involve the exit from an operating segment particularly exposed to the risks described above.

- the Clothing and Design sectors have been 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.
  Over the past few years, 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 in place from time to time. In this context, the Group has developed cost-saving strategies to cover overhead expenses and strengthen the online sales channel.
  It cannot be ruled out that in the case of a new wave of Covid or other viruses 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 bathroom furnishings sector, 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. This situation is currently confirmed by the data on revenue and orders of Group companies operating in this sector with regard to 2021 and 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 investees.
- the Automotive sector has been exposed to the risk of slowdowns linked to contingent market difficulties following the outbreak of the Coronavirus. 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 have also included 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.

With reference to the activities performed by the Parent Company and the non-industrial subsidiaries, the most significant effects have been tied to a greater volatility of the markets, affecting the investments held.
In addition to risks of a financial capital nature, for the entire Group, the pandemic has highlighted risks of a broader nature, related 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 has raised the issue of personnel safety risks and those related to the respect for one's 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).

Risks associated with the Russian-Ukrainian conflict

Since the outbreak of the Russian-Ukrainian conflict, the Group's management has promptly checked the possible direct exposure of the Group and its main investees to Russia and Ukraine, which is not significant. However, as mentioned above, the investees have been exposed to the indirect effects of the conflict, such as the increase in the price of raw materials and energy, rising interest rates and inflation rates, procurement difficulties and reduced propensity to consume.

Therefore, as described in detail in other sections of this report, among the main factors of uncertainty that could affect the future scenarios in which the Group will operate, there are the possible developments on the global and Italian economies directly or indirectly resulting from the geopolitical and macroeconomic situation since the outbreak of the conflict, the impacts of which cannot be analytically and reliably quantified to date.

It should be noted, as specified also in other sections of this report 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 promptly implemented measures (also detailed in other sections of this report) have so far produced important results and should prove to be suitable to contain the impact on the expected results, even in the presence of significant incremental costs, especially energy costs.

Within the environment of uncertainty on the geo-political situation, characterising the current performance of the economy, the markets and perceived risk, not wholly dissimilar 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 difficult contingent situation. For further information, please refer to the paragraphs “Risks associated with the current economic scenario and performance in the Group’s operating sectors”, "Operating risks" and "Business outlook for the year".

Corporate Governance

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. until 21 June 2022
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 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 Servizi Energia Italia S.p.A.
Anna Saraceno	---
Mattia Cesare Carlo Bock	---
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 Acciai Speciali Terni S.p.A. from 31 January 2022 Standing Auditor of Sistemi Informativi S.r.l. Standing Auditor of BNP Paribas for Innovation Italia 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.

Altre informazioni

Other information

Research and development activities

Within the Group, specific research and development activities are carried out by the companies in the Design and Clothing sectors, in particular, 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, art. 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 2022, to which reference should be made, is published at the same time as the consolidated financial statements as at 31 December 2022.

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 2022, 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.

Please refer to the details in the section relating to subsequent events as regards the transaction that provided for the early settlement of the earn-out relating to Sport Fashion Service S.r.l..

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

The company has no share-based payment arrangements. Please refer to what has been extensively reported in the financial report as at 31 December 2021 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).

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 disclosure required by the Regulation for 2022. 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 2022 - 31 December 2022, 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 9.915.828 by using the available reserves.

Milan, 26 April 2023

for the Board of Directors

The Chairman

(Marco Giovanni Colacicco)

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 2022, 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 2022		31 December 2021	
	Equity	Profit (loss) for the year	Equity	Profit (loss) for the year
Equity and profit (loss) of the Parent Company	**198.079**	**(9.915)**	**207.883**	**(4.970)**
Elimination of book value of consolidated investments:				
Value of investments in consolidated companies	(168.187)		(156.851)	
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	94.280		75.782	
Results achieved by fully consolidated companies		10.541		5.052
Cancellation of write-downs of investments		690		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				
Profit (loss) from investments measured using the equity method				
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		(394)		
Dividends distributed by associates		(270)		
Taxes:				
Adjustment of tax rates				
Other adjustments				
Equity and profit (loss) for the period pertaining to the Group	**219.620**	**651**	**222.262**	**582**
Non-controlling interests	10.355	(2.424)	17.164	(2.327)
Consolidated equity and profit (loss)	**229.975**	**(1.773)**	**239.426**	**(1.745)**

Bilancio consolidato

MITTEL

Consolidated Financial Statements as at 31 December 2022

Consolidated Statement of Financial Position (*)

Amounts in EUR

	Notes	31.12.2022	31.12.2021
Non-current assets			
Intangible assets	4	109.734.195	109.592.631
Property, plant and equipment	5	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	6	3.483.000	3.753.000
Financial receivables	7	15.836.052	23.932.539
Other financial assets	8	11.739.916	11.965.928
Sundry receivables and other assets	9	1.291.738	1.081.002
Deferred tax assets	10	20.737.209	18.925.932
Total non-current assets		**464.913.448**	**461.001.600**
Current assets			
Inventories	11	55.664.525	65.257.947
Financial receivables	12	-	1.962.521
Other financial assets		-	-
Current tax assets	13	955.959	1.520.429
Sundry receivables and other assets	14	53.484.280	51.793.499
Cash and cash equivalents	15	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**
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 year		650.867	582.488
Equity pertaining to the Group	16	**219.619.544**	**222.261.924**
Non-controlling interests	17	10.355.210	17.163.725
Total equity		**229.974.754**	**239.425.649**
Non-current liabilities			
Bonds	18	-	15.182.956
Financial payables	19	282.697.614	272.210.565
- of which IFRS 16 financial liabilities		*255.405.690*	*233.060.033*
Other financial liabilities	20	2.009.314	5.740.284
Provisions for personnel	21	7.496.108	8.114.079
Deferred tax liabilities	22	1.821.297	2.272.469
Provisions for risks and charges	23	1.575.289	1.435.670
Sundry payables and other liabilities	24	170.074	235.704
Total non-current liabilities		**295.769.696**	**305.191.727**
Current liabilities			
Bonds	25	15.435.091	243.528
Financial payables	26	32.611.959	41.983.286
- of which IFRS 16 financial liabilities		*9.216.262*	*7.992.722*
Other financial liabilities		-	-
Current tax liabilities	27	475.633	1.514.320
Sundry payables and other liabilities	28	62.467.045	60.737.752
Total current liabilities		**110.989.728**	**104.478.886**
Liabilities held for sale		-	-
Total equity and liabilities		**636.734.178**	**649.096.262**

(*) 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 also in the explanatory notes to these financial statements.

Consolidated Income Statement (*)

Amounts in EUR

		31.12.2022	31.12.2021
Revenue	29	210.213.302	201.567.355
Other income	30	12.893.167	8.243.872
Changes in inventories	31	(9.492.809)	(10.811.172)
Costs for purchases	32	(69.967.851)	(66.468.140)
Costs for services	33	(51.966.279)	(52.066.292)
Personnel costs	34	(56.528.528)	(52.472.570)
Other costs	35	(4.084.405)	(3.287.563)
Amortisation and value adjustments to intangible assets	36	(18.710.050)	(17.467.354)
Allocations to the provision for risks	37	(263.298)	49.367
Operating result (EBIT)		**12.093.249**	**7.287.503**
Financial income	38	5.468.653	1.276.684
Financial expenses	39	(12.773.852)	(14.139.469)
Profit (loss) from management of financial assets and investments	40	301.914	112.409
Value adjustments to financial assets, loans and receivables	41	(9.074.173)	(914.083)
Profit (loss) before taxes		**(3.984.209)**	**(6.376.956)**
Income taxes	42	2.210.748	4.631.776
Profit (loss) for the year		**(1.773.461)**	**(1.745.180)**
Attributable to:			
Profit (loss) pertaining to non-controlling interests	43	(2.424.328)	(2.327.668)
Profit (loss) pertaining to the Group		**650.867**	**582.488**
Profit (loss) per share (in Euro)	44		
From ordinary, ongoing activities:			
- Basic		0,008	0,007
- Diluted		0,008	0,007

(*) 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 also in the explanatory notes to these financial statements, to which reference should be made.

Consolidated Statement of Comprehensive Income

	Notes	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Profit/(loss) for the year (A)		**(1.773.461)**	**(1.745.180)**
Other comprehensive profits/(losses) which will be not subsequently reclassified to profit/(loss) for the period:			
Profits/(losses) from remeasurement of defined benefit plans		628.029	(267.951)
Tax effect relating to other profits/(losses) which will be not subsequently reclassified to profit/(loss) for the period		(123.958)	76.749
Total other profits/(losses) which will be not subsequently reclassified to profit/(loss) for the period, net of taxes (B.1)		**504.071**	**(191.202)**
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	25.970	75.432
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			
Total other profits/(losses) which will be subsequently reclassified to profit/(loss) for the period, net of taxes (B.2)		**25.970**	**75.432**
Total other profits/(losses), net of taxes (B) = (B.1) + (B.2)		**530.041**	**(115.770)**
Total comprehensive profit/(loss) (A) + (B)		**(1.243.420)**	**(1.860.950)**
Total comprehensive profit/(loss) attributable to:			
Non-controlling interests		(2.354.613)	(2.375.076)
Profit (loss) pertaining to the Group		1.111.193	514.126

Statement of Changes in Consolidated Equity for the year ended as at 31 December 2022

Amounts in EUR

	Share capital	**Treasury shares**	**Capital reserves**	**Profit reserves**	Reserve from remeasurement of defined benefit plans	Cash flow hedge reserve	Reserve for financial assets	Share of comprehensive profits/(losses) of companies valued using the equity method	Non-controlling interests	Total
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**
Balance as at 1 January 2022	**87.907.017**	**-**	**53.716.218**	**81.272.347**	**(677.678)**	**44.020**	**-**	**-**	**17.163.725**	239.425.649
Changes in the consolidation scope				(3.708.183)	(45.390)				(3.218.947)	**(6.972.520)**
Other changes										**-**
Capital payments by non-controlling shareholders										**-**
Dividends distributed									(1.234.955)	**(1.234.955)**
Total comprehensive profit/(loss)	-	-	-	650.867	441.330	18.996	-	-	(2.354.613)	**(1.243.420)**
Balance as at 31 December 2022	**87.907.017**	**-**	**53.716.218**	**78.215.031**	**(281.738)**	**63.016**	**-**	**-**	**10.355.210**	**229.974.754**

Consolidated Cash Flow Statement

Amounts in EUR	Notes	31.12.2022	31.12.2021
OPERATING ACTIVITIES			
Net profit (loss) for the year pertaining to the Parent Company and non-controlling interests		**(1.773.461)**	**(1.745.180)**
Adjustments to reconcile net profit (loss) with cash flows generated (absorbed) by operating activities:			
Current taxes		124.017	612.339
Deferred taxes		(2.334.765)	(5.244.115)
Depreciation of property, plant and equipment		18.248.228	17.068.119
Amortisation of intangible assets and write-downs		461.822	399.235
Financial income		(5.276.236)	(1.153.997)
Financial expenses		12.576.823	14.060.037
Gains/(losses) on exchange		4.612	(43.255)
Allocations to provisions for risks and charges		263.298	(49.367)
Provisions for employee severance indemnity		2.619.549	2.438.808
Write-downs (reversals of impairment losses) on receivables		9.164.796	974.167
Capital (gains)/losses from transfer of investments and financial assets		-	(112.409)
Write-downs (reversals of impairment losses) on financial assets		(90.623)	(60.084)
Cash flows from operating activities before changes in working capital		**33.988.060**	**27.144.298**
(Increase)/decrease in inventories		9.593.422	9.862.737
(Increase)/decrease in other current assets		(2.084.651)	(6.337.833)
Increase/(decrease) in trade payables and other current liabilities		1.607.409	3.980.497
Cash and cash equivalents generated (absorbed) by operating activities		**43.104.240**	**34.649.699**
Usage of provisions for risks and charges		(123.679)	(379.292)
Payments of employee severance indemnity		(2.609.491)	(2.112.847)
Change in tax payables/receivables		(598.234)	(336.858)
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES		**39.772.836**	**31.820.702**
INVESTING ACTIVITIES			
Investments in:			
Investments		(6.972.520)	-
Other non-current assets (property, plant and equipment, including IFRS 16 rights of use)		(48.268.270)	(52.586.811)
Realisation from disposal of:			
Investments		270.000	1.897.000
Other financial assets		316.635	589.151
Other non-current assets (property, plant and equipment, intangible assets and other)		19.075.886	-
(Increase)/decrease in financial receivables		1.077.346	8.071.439
Interest collected		5.276.236	1.153.997
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES		**(29.224.686)**	**(40.875.224)**
FINANCING ACTIVITIES			
Increase (decrease) in loans and borrowings from banks and other lenders (including IFRS 16 liabilities)		1.115.722	27.320.038
Issue (redemption) of bonds		-	(64.471.895)
Interest paid		(12.568.216)	(14.060.037)
Change in financial liabilities		(3.705.000)	(111.183)
Payment of dividends to non-controlling interests		(1.234.955)	(671.250)
Capital payments by non-controlling shareholders		-	1.355.112
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		**(16.392.449)**	**(50.639.215)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)		**(5.844.300)**	**(59.693.737)**
OPENING CASH AND CASH EQUIVALENTS (E)		67.560.266	127.254.003
CLOSING CASH AND CASH EQUIVALENTS (F = D+E)		**61.715.966**	**67.560.266**

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

Amounts in EUR

	Notes	31.12.2022	*of which related parties*	*% incidence*	31.12.2021	*of which related parties*	*% incidence*
Non-current assets							
Intangible assets	4	109.734.195			109.592.631		
Property, plant and equipment	5	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	6	3.483.000			3.753.000		
Financial receivables	7	15.836.052			23.932.539		
Other financial assets	8	11.739.916			11.965.928		
Sundry receivables and other assets	9	1.291.738			1.081.002		
Deferred tax assets	10	20.737.209			18.925.932		
Total non-current assets		464.913.448	-		461.001.600		
Current assets							
Inventories	11	55.664.525			65.257.947		
Financial receivables	12	-			1.962.521		
Other financial assets		-			-		
Current tax assets	13	955.959			1.520.429		
Sundry receivables and other assets	14	53.484.280			51.793.499		
Cash and cash equivalents	15	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	-	
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 year		650.867			582.488		
Equity pertaining to the Group	16	219.619.544			222.261.924		
Non-controlling interests	17	10.355.210			17.163.725		
Total equity		229.974.754			239.425.649		
Non-current liabilities		-			-		
Bonds	18	-			15.182.956		
Financial payables	19	282.697.614			272.210.565		
- of which IFRS 16 financial liabilities		*255.405.690*			*233.060.033*		
Other financial liabilities	20	2.009.314			5.740.284		
Provisions for personnel	21	7.496.108			8.114.079		
Deferred tax liabilities	22	1.821.297			2.272.469		
Provisions for risks and charges	23	1.575.289			1.435.670		
Sundry payables and other liabilities	24	170.074			235.704		
Total non-current liabilities		295.769.696	-		305.191.727	-	
Current liabilities		-			-		
Bonds	25	15.435.091			243.528		
Financial payables	26	32.611.959			41.983.286		
- of which IFRS 16 financial liabilities		*9.216.262*			*7.992.722*		
Other financial liabilities		-			-		
Current tax liabilities	27	475.633			1.514.320		
Sundry payables and other liabilities	28	62.467.045	660.880	1,1%	60.737.752	660.880	1,1%
Total current liabilities		110.989.728	660.880	0,6%	104.478.886	660.880	0,6%
Liabilities held for sale		-			-	-	
Total equity and liabilities		636.734.178	660.880	0,1%	649.096.262	660.880	0,1%

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

Amounts in EUR

	Notes	31.12.2022	*of which related parties*	*% incidence*	31.12.2021	*of which related parties*	*% incidence*
Revenue	29	210.213.302	50.000	0,0%	201.567.355	50.000	0,0%
Other income	30	12.893.167	50.000	0,4%	8.243.872	50.000	0,6%
Changes in inventories	31	(9.492.809)			(10.811.172)		
Costs for purchases	32	(69.967.851)			(66.468.140)		
Costs for services	33	(51.966.279)	(847.188)	1,6%	(52.066.292)	(959.995)	1,8%
Personnel costs	34	(56.528.528)	(352.233)	0,6%	(52.472.570)	(1.017.828)	1,9%
Other costs	35	(4.084.405)			(3.287.563)		
Amortisation and value adjustments to intangible assets	36	(18.710.050)			(17.467.354)		
Allocations to the provision for risks	37	(263.298)			49.367		
Operating result (EBIT)		**12.093.249**			**7.287.503**		
Financial income	38	5.468.653			1.276.684		
Financial expenses	39	(12.773.852)			(14.139.469)		
Profit (loss) from management of financial assets and investments	40	301.914			112.409		
Value adjustments to financial assets, loans and receivables	41	(9.074.173)			(914.083)		
Profit (loss) before taxes		**(3.984.209)**			**(6.376.956)**		
Income taxes	42	2.210.748			4.631.776		
Profit (loss) for the year		**(1.773.461)**			**(1.745.180)**		
Attributable to:							
Profit (loss) pertaining to non-controlling interests	43	(2.424.328)			(2.327.668)		
Profit (loss) pertaining to the Group		**650.867**			**582.488**		

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 also extends 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 26 April 2023 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 2022"* was approved by the Board of Directors of Mittel S.p.A. in the same meeting on 26 April 2023.

2. Significant accounting standards and basis of preparation

2.1 General principles

The consolidated financial statements for the year ended 31 December 2022 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 2022, 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 2022, 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 2022 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 26 April 2023. 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 carrying amount 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 must measure 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 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 at 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 at 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 Company 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 is considered as transactions with the shareholders 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 main factors of uncertainty that could affect future scenarios in which the Group will be operating include the possible developments of the global and Italian economy linked directly and indirectly to the context arising from the pandemic as of 2020 and the Russian-Ukrainian conflict as of 2022, 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 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 of the Report on Operations relating to risks.

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 2022 – 31 December 2022 was not characterised by changes to the estimation criteria already applied to draft the financial statements as at 31 December 2021.

Changes in IFRS standards, amendments and interpretations

Standards, amendments and interpretations effective from 1 January 2022

The following IFRS standards, amendments and interpretations were applied for the first time by the Group from 1 January 2022:

- 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 are therefore 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.

  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 2022

- 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. In consideration of the businesses in which the Group operates, the directors do not expect the adoption of this standard 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 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.

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

As at the reporting date of these consolidated financial statements, the competent bodies of the European Union have still not 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 30 January 2014, the IASB published the standard IFRS 14 - “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 standard is not applicable.

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

Following the health emergency context deriving from the Covid-19 pandemic and its continuation, it had become necessary to manage the adoption of guidelines published by international Authorities and bodies. In fact, several Authorities had expressed their views with a series of indications and measures concerning both certain accounting aspects and financial reporting (for details of all communications issued, please refer to the financial statements as at 31 December 2021).
Similarly, in the face of the outbreak of the Russian-Ukrainian conflict, the main authorities issued a number of notices in order to provide a set of indications and guidelines that issuers must follow in order to provide adequate information on the possible and different risks deriving from the conflict that need to be reported. The main documents and a summary of their content are set forth below:

- On 14 March 2022, ESMA published the public statement "ESMA coordinates regulatory response to the war in Ukraine and its impact on EU financial markets" in which a number of recommendations made to the market are pointed out, especially with regard to compliance with sanctions by financial market participants, the timely disclosure to the market of any inside information in line with market abuse regulations, and transparent financial disclosure on the direct and indirect effects of the crisis that issuers should provide. In particular, it is emphasised that issuers should provide information, to the extent possible on both a qualitative and quantitative basis, on the actual and foreseeable direct and indirect impacts of the crisis on their business activities, exposures to affected markets, supply chains, financial position and economic results in their year-end 2021 financial report, if not yet finalised, and in their annual shareholders’ meeting or otherwise in their interim financial statement reporting.
- On 18 March 2022, CONSOB drew the attention of supervised issuers to the impact of the war in Ukraine on inside information and financial reporting. In particular, CONSOB, making reference to the ESMA communication of 14 March, drew the attention of supervised issuers to the following issues:
    - disclose as soon as possible any inside information regarding the impact of the crisis on fundamentals, prospects and financial situation, in line with the transparency requirements pursuant to the Market Abuse Regulation, unless the conditions for delaying publication are met; and
    - provide information, to the extent possible on both a qualitative and quantitative basis, on the current and foreseeable direct and indirect effects of the crisis on business activities, exposures to affected markets, supply chains, financial position and economic results in the 2021 financial reports, if these

have not yet been approved, and at the annual shareholders' meeting or otherwise in interim financial reports.

- On 13 May 2022, ESMA published the public statement "Implications of Russia's invasion of Ukraine on half-yearly financial reports" in which it requires issuers to provide adequate disclosure of the impacts attributable to the Russia-Ukraine conflict in their half-yearly financial reports (in particular on their financial position, performance and cash flows).
- On 19 May 2022, CONSOB drew the attention of supervised issuers to the financial reporting and to the obligations related to compliance with the restrictive measures adopted by the European Union against Russia, referring to ESMA's communication of 13 May 2022;
- on 28 October 2022, 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 2022. The document reiterates, among other things, some recommendations already included in the previous documents. Specifically:
  - ESMA notes the need to assess and reflect, in the financial statements, the effects arising from the current macroeconomic environment and reiterates the provisions of previous documents with regard to going concern, impairment of assets, estimation uncertainties, significant judgments and financial statement presentation;
  - consistency between the information contained in the financial statements and the non-financial information on climate, in addition to the need to reflect, if present, the impacts of the risks of climate change on the business of the companies and on the possible impairment of non-financial assets.

Accounting impacts

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 value of goodwill and the assessment of the recoverability of deferred tax assets.

For the preparation of the consolidated financial statements as at 31 December 2022, 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 2022; for additional details, please refer to the Notes to the financial statements.

- <u>Financial receivables</u>: 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 current market environment (particularly in terms of the deterioration of positions and the incorporation of forward-looking information); as at 31 December 2022, there was an impact on the item value adjustments (approximately EUR 9 million).
- <u>Other financial assets</u>: the adequacy of the fair values used was verified. In particular, as at 31 December 2022, 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.
- <u>Non-financial assets</u>: 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 value 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 2022, 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 2022:

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 Sport Fashion Service S.r.l.	Pomezia (RM)	(1)	Full	Mittel S.p.A.	90,00%	90,00%	90,00%
9 Progetto Raffaello S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
Indirect subsidiaries:							
10 Ceramica Cielo S.p.A.	Fabrica di Roma (VT)	(1)	Full	IBD Group S.r.l.	100,00%	100,00%	100,00%
11 Disegno Ceramica S.r.l.	Gallese (VT)	(1)	Full	IBD Group S.r.l.	85,00%	85,00%	85,00%
12 Galassia S.r.l.	Corchiano (VT)	(1)	Full	IBD Group S.r.l.	90,00%	90,00%	90,00%
13 Galassia Hispania S.a.u.	Spain	(1)	Full	Galassia S.r.l.	100,00%	100,00%	90,00%
14 Zaffiro Nord S.r.l.		(1)	Full	Gruppo Zaffiro S.r.l.	100,00%	100,00%	60,00%
15 Zaffiro Sviluppo S.r.l.		(1)	Full	Gruppo Zaffiro S.r.l.	100,00%	100,00%	60,00%
16 Zaffiro CentroSud S.r.l.		(1)	Full	Gruppo Zaffiro S.r.l.	100,00%	100,00%	60,00%
17 Zaffiro Costruzioni S.r.l.	Martignacco (UD)	(1)	Full	Gruppo Zaffiro S.r.l.	100,00%	100,00%	60,00%
18 PIAM Immobiliare S.r.l.		(1)	Full	Gruppo Zaffiro S.r.l.	100,00%	100,00%	60,00%
19 Fremil GmbH	Germany	(1)	Full	Sport Fashion Service S.r.l.	100,00%	100,00%	90,00%
20 Gamma Tre S.r.l.	Milan	(1)	Full	Mittel Investimenti Immobiliari S.r.l.	100,00%	100,00%	100,00%
21 Lucianita S.r.l. in liquidation	Milan	(1)	Full	Mittel Investimenti Immobiliari S.r.l.	100,00%	100,00%	100,00%
22 MiVa S.r.l.	Milan	(1)	Full	Mittel Investimenti Immobiliari S.r.l.	100,00%	100,00%	100,00%
23 Regina S.r.l.	Milan	(1)	Full	Mittel Investimenti Immobiliari S.r.l.	70,00%	70,00%	70,00%
24 Fashion District Group S.r.l. in liquidation	Milan	(1)	Full	Earchimede S.p.A.	66,66%	66,66%	66,47%
25 Parco Mediterraneo S.r.l.	Milan	(1)	Full	Fashion District Group S.r.l. in liquidation	100,00%	100,00%	66,47%
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.

The Mittel Group operates mainly in Italy, with the exception of the companies Fremil Gmbh and Galassia Hispania S.a.u. which operate in Germany and Spain, respectively.

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 2022, 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, the only significant change in interests within the consolidation scope is that relating to the purchase by the IBD Group (subsidiary that is 100% owned by Mittel) of 10% of the share capital of Ceramica Cielo as a result of the exercise of a put option previously in place. As a result of the purchase, Ceramica Cielo's capital is fully owned by the Group.

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 the Group's equity. In this specific case, the transaction had a purely accounting effect of reducing the Group's equity by EUR 3,8 million.

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 2022 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 2022 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 2022.

Investments with significant non-controlling interests: accounting information

Investments with significant non-controlling interests: accounting information

Amounts in thousands of EUR

Subsidiaries:	IMC 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)	**5.038**	**2.115**	**(89)**	**(43)**	**(30)**	**2.120**	**4.497**	**3.258**	**9.313**
of which:									
Revenue	*39.126*	*14.654*	*3*	*111*	*10*	*9.994*	*28.788*	*24.140*	*59.987*
Changes in inventories	*1.409*	*980*	*0*	*0*	*0*	*(5.961)*	*606*	*362*	*0*
Costs for purchases	*(24.963)*	*(5.061)*	*0*	*0*	*0*	*(1.610)*	*(10.019)*	*(13.838)*	*(4.740)*
Costs for services	*(4.552)*	*(3.948)*	*(89)*	*(47)*	*(24)*	*(282)*	*(7.280)*	*(4.535)*	*(17.646)*
Personnel costs	*(5.857)*	*(4.396)*	*0*	*(1)*	*0*	*0*	*(7.231)*	*(2.600)*	*(26.449)*
Operating result (EBIT)	**659**	**1.269**	**(89)**	**(43)**	**(30)**	**2.120**	**3.471**	**2.235**	**(568)**
of which:									
Amortisation/depreciation	*(4.358)*	*(847)*	*0*	*0*	*0*	*0*	*(1.026)*	*(876)*	*(9.855)*
Allocations	*(21)*	*0*	*0*	*0*	*0*	*0*	*0*	*(148)*	*(27)*
Financial income	*1*	*11*	*42*	*0*	*0*	*0*	*2*	*284*	*604*
Financial expenses	*(942)*	*(266)*	*0*	*0*	*0*	*(59)*	*(171)*	*(698)*	*(11.799)*
(Adjustments to)/reversals of impairment losses on financial assets	*0*	*(2)*	*0*	*0*	*0*	*0*			*(69)*
Profit (loss) before taxes	**(282)**	**1.011**	**118**	**(43)**	**(30)**	**2.061**	**3.277**	**1.693**	**(11.832)**
Income taxes	*404*	*8*	*4*	*(17)*	*4*	*(408)*	*(333)*	*(265)*	*3.050*
Profit (loss) for the year	**122**	**1.019**	**122**	**(60)**	**(25)**	**1.653**	**2.944**	**1.428**	**(8.782)**
of which: Profit (loss) pertaining to non-controlling interests	*(30)*	*(153)*	*(0)*	*20*	*8*	*(496)*	*(294)*	*(143)*	*3.513*
Non-current assets	**42.597**	**6.319**	**1.175**	**8**	**2.019**	**0**	**13.508**	**30.392**	**302.181**
of which:									
Financial receivables	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other financial assets	*0*	*1*	*1.133*	*0*	*0*	*0*	*81*	*0*	*347*
Current assets	**17.947**	**9.008**	**7.227**	**763**	**84**	**2.165**	**17.632**	**23.810**	**22.133**
of which:									
Inventories	*7.416*	*4.394*	*0*	*0*	*0*	*0*	*6.118*	*6.512*	*91*
Financial receivables	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*6.478*
Cash and cash equivalents	*2.027*	*556*	*7.182*	*167*	*54*	*2.092*	*3.191*	*5.480*	*3.150*
Total assets	**60.545**	**15.327**	**8.402**	**771**	**2.103**	**2.165**	**31.140**	**54.202**	**324.314**
Non-current liabilities	**16.860**	**6.873**	**0**	**0**	**0**	**0**	**4.529**	**5.457**	**256.101**
of which:									
Financial payables	16.343	*5.919*	*0*	*0*	*0*	*0*	*3.730*	*4.173*	*252.161*
Current liabilities	**16.592**	***7.952***	***85***	***91***	***0***	***593***	***10.308***	***21.320***	***73.829***
of which:									
Financial payables	4.793	*2.144*	*0*	*0*	*0*	*0*	*1.318*	*15.815*	*65.295*
Equity	**27.092**	**502**	**8.318**	**680**	**2.102**	**1.571**	**14.783**	**27.425**	**(5.616)**
of which attributable to non-controlling interests	***6.773***	***75***	***24***	***228***	***705***	***471***	***1.430***	***2.742***	***(2.247)***

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
Disegno Ceramica S.r.l.	15,00%	15,00%	153	75	
Earchimede S.p.A.	0,29%	0,29%	-	24	
Fashion District Group S.r.l. in liquidation	33,53%	33,34%	(20)	228	1.235
Fremil GmbH	10,00%	10,00%	(3)	3	
Galassia Hispania	10,00%	10,00%	(1)	87	
Galassia S.r.l.	10,00%	10,00%	296	1.495	
Zaffiro Group	40,00%	40,00%	(3.513)	(2.245)	
IMC S.r.l.	25,00%	25,00%	30	6.773	
Parco Mediterraneo S.r.l.	33,53%	33,53%	(8)	705	
Regina S.r.l.	30,00%	30,00%	496	471	
Sport Fashion Service S.r.l.	10,00%	10,00%	146	2.739	
			(2.424)	10.355	1.235

(1) : Availability of voting rights at ordinary shareholders' meetings

Information on the Consolidated Statement of Financial Position

Non-current assets

4. Intangible assets

Intangible assets amounted to EUR 109,7 million, slightly up from EUR 109,6 million in the previous year.

The item saw the following changes:

	Goodwill	Trademarks	Plant	Concessions and licences	Other	Total
Values as at 01.01.2022	**96.199.357**	**12.565.549**	**32.130**	**632.595**	**163.000**	**109.592.631**
Changes in the year:						
- acquisitions	350.970	31.212	-	304.750	-	**686.932**
- increase due to business combinations						**-**
- disposals			(1)		(83.545)	**(83.546)**
- reclassifications						**-**
- amortisation	-	-	(15.518)	(427.884)	(18.420)	**(461.822)**
- other changes	-	-	-	-	-	**-**
Total changes	**350.970**	**31.212**	**(15.519)**	**(123.134)**	**(101.965)**	**141.564**
Values as at 31.12.2022	**96.550.327**	**12.596.761**	**16.611**	**509.461**	**61.035**	**109.734.195**

Goodwill as at 31 December 2022, amounting to EUR 96,6 million, is attributable:

- for EUR 46,8 million to Gruppo Zaffiro (and subsidiaries);
- for EUR 19,3 million to IMC;
- for EUR 18,4 million to Sport Fashion Service;
- for EUR 5,6 million to Ceramica Cielo;
- for EUR 4,4 million to Galassia;
- for EUR 2,1 million to Disegno Ceramica.

The “Trademarks” item, amounting to EUR 12,6 million, is detailed as follows:

- for EUR 4,3 million to Ceramica Cielo;
- for EUR 2,0 million to Galassia;
- for EUR 5,2 million to Sport Fashion Service (and in particular the brands "Ciesse Piumini" and "Jeckerson");
- for EUR 1,1 million to the Zaffiro Group.

Goodwill impairment test

In the current context of uncertainty arising also from the difficult geopolitical situation that has emerged following the outbreak of the Russian-Ukrainian conflict, the inflationary developments that have emerged during the year and the significant increases in interest rates, the national and supranational authorities have issued recommendations to listed companies, indicating their responsibility to properly represent the effects of the crisis in the financial statements. A structured approach to impairment testing has been adopted to take into account these recommendations, as well as the provisions of IAS 36; note in particular that:

- the cash flow projections used to determine the recoverable amount must be based on the most recent budget/plan approved by the company management as well as on reasonable and demonstrable assumptions capable of representing the best estimate of future economic conditions, expected throughout the useful life of the assets, giving greater weight to evidence originating externally;

- considering the current situation of uncertainty, in the preparation of the financial statements it is necessary to pay attention to providing detailed information on the underlying assumptions used for the cash flow projection.

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 as at 30 June 2022 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 2021. The companies in question have reported extremely positive economic performances to date, which do not raise issues of discontinuity with respect to the forecasts incorporated in the valuation process as at 30 June 2022.

In particular, the joint analysis of different 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 2022;
- 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 2022.

Therefore, 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.

Regarding IMC and Sport Fashion Service, 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 an exacerbation of inflationary tensions which have already arisen from the end of 2021. On the other hand, as regards the Zaffiro Group, the sale transaction currently being finalised suggested a change in approach, which led, as specified below, to consider in estimating the recoverable value of the CGU the Fair Value inferable from the sale process currently being finalised, a value that is less subject to estimates and therefore preferable in the case described.

The purpose of the impairment test on the aforementioned goodwill figures was to assess whether the book values as at 31 December 2022 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.

Starting from 31 December 2022, the company Sport Fashion Service S.r.l. has incorporated, as a result of a merger transaction, the company Fashion Time S.r.l., the vehicle used for the acquisition of Jeckerson. The consequent presence, within the merging company, of pre-existing intangible assets with an indefinite useful life (goodwill and trademarks Ciesse Piumini) and of the Jeckerson trademark (incorporated as a result of the merger) suggested carrying out the impairment test as at 31 December 2022, maintaining the two related CGUs distinct. In the coming years they will be increasingly integrated into operations, in line with the Mittel Group's development plan in the sector, resulting in the need for a subsequent assessment for future reports of the CGU configuration adopted for the purposes of this report.

Regarding the Nursing Home sector, characterised in theory by the presence of various operating structures with autonomous capacity to generate independent cash flows, the individual structures have been historically considered distinct CGUs. This approach required, 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), that a second level impairment test had to be carried out. It should also be noted that the results of the previous impairment tests had never shown significant heterogeneity at the level of individual CGUs in the comparison between recoverable values and carrying amounts, with large surpluses of the former over the latter, emerging in all the impairment performed in previous years. In consideration of the sale of the Zaffiro Group being finalised, it was appropriate to reflect in the impairment test the presence of an objective measure of the fair value of the investee, implicit in the values of the described transaction, with consequent change of approach necessary also with reference to the CGU configuration used, which therefore was made to coincide with the entire operating segment. In the context described, this change in policy, permitted by paragraph 72 of IAS 36 in cases where the change is justified, meets the requirements of IAS 36 of using the minimum level of controls for management purposes and of not exceeding the level of segregation used for segment reporting purposes.

To be noted is that 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"), attributable to IMC and Sport Fashion Service, was 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 recoverable value of the Zaffiro Group was instead determined, as described above, based on the fair value of the assets (in the absence of significant costs to sell) implicit in the sale price stipulated in the agreement signed by Mittel S.p.A., for which, however, at the date of approval of this report, the condition precedent previously existing between the parties no longer existed, as more fully described in the section of the Report on Operations relating to subsequent events, with completion of the transaction conditional solely on the approval of the transaction by the antitrust authority.

Below are the parameters and data used to calculate the Value in Use (or Fair Value) and the results of the impairment tests performed for the IMC, Sport Fashion Service and Zaffiro Group CGUs..

IMC

<u>Operating cash flows for the explicit forecast period (2023-2027)</u>

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 based on projections formalised in the Business and Financial Plan approved by IMC's administrative body, calculated with reference to two distinct scenarios with specific reference to the possible evolution in the process of acquiring new job orders, assuming, as a configuration of cash flows, an average of the two scenarios forecast by the management at the time of approval of the plan.
For the purposes of the model used to calculate value in use, the 2023-2027 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.

<u>Terminal Value or residual value ("TV")</u>

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 revenue and average EBITDA percentage of the last three years of explicit flow projection (in place of the punctual one at the end of the plan).

<u>Discount rate for cash flows</u>

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 2022 stood at **15,4%** (a significant increase from the 12,3% used 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 **4,2%**;
  - 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 **1,38** and was considered for the determination of the Cost of Capital Ke;
  - An estimated market risk premium was used equal to **5,9%**;
  - 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 **6,2%** 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 4,7%.

- 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 **11,8%** (a significant increase compared to 9,4% used as at 31 December 2021).

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 thousand EUR)	**Carrying Amount**	**Impairment test 31.12.2022**	
IMC Impairment test	**CGU carrying amount after PPA (A)**	**Recoverable value (EV) (B)**	**Capital gain (+) / Impairment loss (-) B-A**
Invested capital (before IFRS 16)	***18.598***		
Goodwill	19.258		
Invested capital + Goodwil	***37.856***	***40.150***	***2.293***

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 an increase in the WACC of 57 basis points would make the recoverable value equal to the carrying amount. A similar result would be obtained by applying a reduction of 97 basis points to the growth rate g used to estimate the terminal value. Finally, the carrying amount would be confirmed in the event of application of the worst scenario formulated at the time of approval of the plan (with TV cash flow made to coincide, in this case, with the outflow of the explicit period, given the lower growth assumed from this prudential scenario).

Sport Fashion Service

Operating cash flows for the explicit forecast period (2023-2027)

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 2023-2027 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 for the Jeckerson CGU, in view of the greater uncertainty surrounding the start of full operations, the outflow has been conservatively estimated by incorporating an average of revenue for the entire plan period (in place of the punctual one at the end of the plan).

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 **14,5%**, based on using 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 **4,2%**;
  - 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 **1,24** 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 **5,9%**;
  - 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 – Kd: an analysis of the cost of non-current debt was carried out and a cost of debt sustainable over the long-term of **6,0%** 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 4,6%.

- 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 33,3%, corresponding to a financial structure coefficient D/(D+E) of **25,0%**.

The WACC discount rate used for the assessment in question is therefore **12,0%** (a significant increase from the 8,8% used 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 thousand EUR)		Impairment test 31.12.2022	
Sport Fashion Service Impairment test	**CGU carrying amount after PPA (A)**	**Recoverable value (EV) (B)**	**Capital gain (+) / Impairment loss (-) B-A**
Ciesse Piumini	31.987	36.399	4.412
Jeckerson	5.480	20.012	14.532
Invested capital	***37.467***	***56.411***	***18.944***

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.

As regards Jeckerson, all the analyses carried out would lead to the persistence of large surpluses of the recoverable value with respect to the carrying amount.

In relation to Ciesse Piumini, it was confirmed that the application of an increase in the WACC of 137 basis points would make the recoverable value equal to the carrying amount. As regards the growth rate g used for the Terminal Value, even assuming a zeroing thereof, there would be no issues of impairment.

Zaffiro Group

As extensively described in the introduction, the sale transaction currently being finalised suggested a change in approach, which led to consider in estimating the recoverable value of the CGU the Fair Value inferable from the sale process currently being finalised, a value that is less subject to estimates and therefore preferable in the case described.

The presence of an objective measurement of the fair value of the investee also made it necessary to change the approach, with reference to the CGU configuration used, which therefore was made to coincide with the entire operating segment. In the context described, this change in policy, permitted by paragraph 72 of IAS 36 in cases where the change is justified, meets the requirements of IAS 36 of using the minimum level of controls for management purposes and of not exceeding the level of segregation used for segment reporting purposes.

Therefore, for the entire scope of activities attributable to the Zaffiro Group, the recoverable value of the invested capital of the entire Nursing Home operating segment is provided by the value implicit in the sale agreement, for which it should be noted that at a date after the closure for the year, the previous condition precedent ceased to exist (with completion of the transaction only subject to the approval by the antitrust authority).

In view of the large excess of the recoverable amount over the carrying amount, no impairment issues evidently arise with respect to this investee, nor are further sensitivity analyses necessary.

5. Property, plant and equipment

They amounted to EUR 302,1 million, up compared to EUR 291,8 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 01.01.2022	**39.912.738**		**21.083.233**	**9.821.312**	**214.972.970**	**5.960.315**	**291.750.568**
Changes in the year:							
- acquisitions	11.080.696		3.437.379	2.856.401	29.233.330	982.538	**47.590.344**
- increase due to business combinations							**-**
- disposals	(18.215.725)			(22.186)		(763.435)	**(19.001.346)**
- reclassifications							**-**
- depreciation	(890.388)		(4.293.592)	(1.680.910)	(10.749.040)	(634.298)	**(18.248.228)**
- other changes							**-**
Total changes	**(8.025.417)**	**-**	**(856.213)**	**1.153.305**	**18.484.290**	**(415.195)**	**10.340.770**
Values as at 31.12.2022	**31.887.321**		**20.227.020**	**10.974.617**	**233.457.260**	**5.545.120**	**302.091.338**

The value of the item mainly consists of rights of use for EUR 233,5 million. Specifically, the rights of use and lease liabilities recognised in the financial statements as at 31 December 2022 are represented primarily by real estate lease contracts for nursing homes for which there were no impacts in terms of:

- impairment of rights of use: there were no early closures of lease contracts in order to achieve potential cost savings in the current difficult economic environment, 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 2022;
- lease modification: entities did not significantly benefit from contract renegotiations with lease modification impacts.

At the time of closing these financial statements, the company recognised the changes in rights of use due to new signing of contracts, early terminations and updating of lease payments following ISTAT revaluations contractually envisaged

6. Investments accounted for using the equity method

These amounted to EUR 3,5 million, down by EUR 0,3 million from the comparative period.

	31.12.2022	31.12.2021
Mittel Generale Investimenti S.r.l.	3.483.000	3.753.000
	3.483.000	**3.753.000**

Changes in this item are shown in the following table.

Name/company name	% interest	Values as at 1.01.2022	Purchases	Transfers	Profit/(loss), pro-rata	Adjustments to valuation reserve	Other changes	Dividends distributed	Values as at 31.12.2022
Associates									
Direct									
Mittel Generale Investimenti S.r.l.	27,00%	3.753.000	-	-	-	-		(270.000)	3.483.000
		3.753.000	**-**	**-**	**-**	**-**	**-**	**(270.000)**	**3.483.000**

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	Goodwill	Other changes	Consolidated book value
Companies subject to significant influence:					
Mittel Generale Investimenti S.r.l.	13.092	3.535	-	(52)	**3.483**
Total	**-**	**-**	**-**	**-**	**3.483**

Associates

The income statement and statement of financial position figures as at 31 December 2022 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	**6.044**
Financial receivables	4.800
Current assets	**7.634**
Financial receivables	5.866
Cash and cash equivalents	746
Total assets	**13.677**
Equity	**13.092**
Non-current liabilities	**100**
Non-current financial payables	-
Current liabilities	**485**
Current financial payables	-
Total equity and liabilities	**13.677**
Gross operating margin (EBITDA)	**(332)**
Costs for services	(281)
Operating result (EBIT)	**(2.306)**
Amortisation/depreciation	
Value adjustments to financial assets	(1.974)
Financial income	1.527
Financial expenses	-
Profit (loss) from trading of financial assets	-
Profit (loss) before taxes	**(779)**
Income taxes	103
Profit (loss) for the year (1)	**(676)**
Other profits/(losses) components net of taxes (2)	-
Comprehensive profit (loss) (3) = (1) + (2)	**(676)**

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 15,8 million, down by EUR 8,1 million.

	31.12.2022	**31.12.2021**
Loans	15.836.052	23.932.539
Other receivables	-	-
Security deposits	-	-
	15.836.052	**23.932.539**

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

For the purposes of applying IFRS 9, the company, with reference to the calculation of expected credit losses, and the related disclosure obligations, reviewed the significant increase in credit risk (“SICR”), the quantification of ECL, as well as 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. The results of the above-mentioned assessments led to an aggravation of write-downs recognised in the financial statements. Reference should also be made to the information provided in the Report on Operations.

8. Other financial assets

These totalled EUR 11,7 million, down by EUR 0,3 million.

The item is composed as follows:

	31.12.2022	31.12.2021
Financial assets		
Equities and fund units	11.392.533	11.520.068
Bonds	347.383	373.492
Derivative financial instruments	-	72.368
	11.739.916	**11.965.928**

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

	31.12.2022	31.12.2021
Equities and fund units:		
Fondo Augusto	10.118.491	9.985.561
Fondo Cosimo I	50.149	53.276
Medinvest International S.A.	-	152.000
Investitori Associati II S.A.	833.170	833.170
Other	390.723	496.061
Bonds:		
BTP mat. 01/11/23	227.383	253.492
Generali life policy	120.000	120.000
Hedging derivatives	-	72.368
	11.739.916	**11.965.928**

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

Name/company name	Values as at 01.01.2022	Purchases and subscriptions	(Recall of funds) Reimbursements	Transfers	Capital gains (losses)	Write-downs for impairment	Fair value adjustments	Values as at 31.12.2022
Equities and fund units:								
Fondo Augusto	9.985.561	-	-	-	-	-	132.930	10.118.491
Fondo Cosimo I	53.276	-	-	-	-	-	(3.127)	50.149
Investitori Associati II S.A.	833.170	-	-	-	-	-	-	833.170
Medinvest International S.A.	152.000	-	(317.137)	-	165.137	-	-	-
Other	496.061	150	-	(108.631)	16.215	-	(13.072)	390.723
Bonds:								
BTP mat. 01/11/23	253.492	-	-	-	-	-	(26.109)	227.383
Generali life policy	120.000	-	-	-	-	-	-	120.000
Hedging derivatives	72.368	-	-	-	-	(72.368)	-	-
	11.965.928	150	**(317.137)**	**(108.631)**	**181.352**	**(72.368)**	**90.622**	**11.739.916**

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).

9. Sundry receivables and other assets

The “Sundry receivables and other assets” item totalled EUR 1,3 million (EUR 1,1 million as at 31 December 2021) and is composed as follows:

	31.12.2022	31.12.2021
Tax receivables	815.120	407.023
Other receivables	153.060	409.447
Other assets	323.558	264.532
	1.291.738	**1.081.002**

10. Deferred tax assets

These totalled EUR 20,7 million, up by EUR 1,8 million.

	31.12.2022	31.12.2021
Tax assets recognised through profit or loss	20.622.007	18.709.564
Tax assets recognised in equity	115.202	216.368
	20.737.209	**18.925.932**

	31.12.2022	31.12.2021
Deferred tax assets		
Losses carried forward	9.901.762	9.746.543
Other assets/liabilities (including IFRS 16 prepaid taxes)	10.835.447	9.179.389
	20.737.209	**18.925.932**

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

	31.12.2022	31.12.2021
Opening balance	**18.709.564**	**13.510.192**
Increases	**2.534.718**	**6.121.809**
Relating to previous years	-	-
Increases in tax rates	-	-
Other increases	2.534.718	6.121.809
Decreases	**(622.275)**	**(922.437)**
Relating to previous years	-	-
Decreases in tax rates	-	-
Other decreases	(622.275)	(922.437)
	20.622.007	**18.709.564**

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

	31.12.2022	31.12.2021
Opening balance	**216.368**	**174.439**
Increases	**37**	**46.400**
Relating to previous years	-	-
Increases in tax rates	-	-
Other increases	37	46.400
Decreases	**(101.203)**	**(4.471)**
Relating to previous years	-	-
Decreases in tax rates	-	-
Other decreases	(101.203)	(4.471)
	115.202	**216.368**

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 2022.

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 detailed in previous reports, 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 2022, the remaining usable previous losses pertaining to the tax consolidation amount to approximately EUR 83,2 million, in addition to the excess interest payable that can be used in the tax consolidation of around EUR 14,6 million, for a total tax value (at the tax rate of 24%) of approximately EUR 23,5 million (against a recognised value in deferred tax assets of EUR 9,9 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 55,7 million, a decrease of EUR 9,6 million compared to the previous year. In particular, the item is composed as follows:

	31.12.2022	31.12.2021
Property inventories	26.049.081	39.331.481
Inventories of goods and products	24.234.953	21.377.024
Inventories of raw materials	5.380.491	4.549.442
	55.664.525	**65.257.947**

Property inventories

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

	31.12.2022	31.12.2021
Gamma Tre S.r.l.	1.900.000	1.900.000
Mittel Investimenti Immobiliari S.r.l.	21.718.078	22.705.408
MiVa S.r.l.	2.431.003	8.661.720
Regina S.r.l.	-	6.064.353
Total	**26.049.081**	**39.331.481**

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

	31.12.2021	initiative transfer/other	Increase for capitalisation of costs	Decrease for sales	Write-downs	Changes in advances	31.12.2022
Gamma Tre S.r.l.	1.900.000	-	-	-	-	-	1.900.000
Mittel Investimenti Immobiliari S.r.l.	22.705.408	-	-	(987.330)	-	-	21.718.078
MiVa S.r.l.	8.661.720	-	139.183	(6.369.900)	-	-	2.431.003
Regina S.r.l.	6.064.353	-	1.791.348	(7.752.447)	-	(103.254)	-
Total	**39.331.481**	**-**	**1.930.531**	**(15.109.677)**	**-**	**(103.254)**	**26.049.081**

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 market impairment due to the market crisis; (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 7,4 million for IMC S.p.A.;
- EUR 5,9 million for Galassia S.r.l.;
- EUR 5,1 million for Ceramica Cielo S.p.A.;
- EUR 6,5 million for Sport Fashion Service S.r.l.;
- EUR 4,4 million for Disegno Ceramica 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

This item, which did not exist as at 31 December 2022, is shown only as a comparison with the previous year.

	31.12.2022	31.12.2021
Loans	-	1.962.521
Other receivables	-	-
Security deposits	**-**	**-**
	-	**1.962.521**

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

13. Tax assets

The item amounted to EUR 1,0 million, a decrease of EUR 0,5 million.

	31.12.2022	31.12.2021
IRES (corporate income tax)	521.162	962.627
IRAP (regional business tax)	434.797	557.802
Other taxes	-	-
	955.959	**1.520.429**

Current IRES tax assets mainly refer to Mittel Investimenti Immobiliari S.r.l. (for EUR 180 thousand), Lucianita S.r.l. (EUR 44 thousand), to Earchimede S.p.A. (EUR 36 thousand), to Italian Bathroom Design Group S.r.l. (for EUR 8 thousand) and to the parent company Mittel (for EUR 252 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 advances paid by Mittel S.p.A. (EUR 153 thousand), IMC S.p.A. (EUR 113 thousand), Galassia S.r.l. (EUR 85 thousand), Ceramica Cielo S.p.A. (EUR 78 thousand) and Disegno Ceramica S.r.l. (EUR 5 thousand).

The item showed the following changes:

	31.12.2022	31.12.2021
Opening balance	**1.520.429**	**705.536**
Increases	**266.071**	**1.164.480**
Relating to previous years	-	-
Other increases	266.071	1.164.480
Decreases	**(830.541)**	**(349.587)**
Reimbursements	-	-
Other decreases	(830.541)	(349.587)
	955.959	**1.520.429**

14. Sundry receivables and other assets

The item amounted to EUR 53,5 million, an increase of EUR 1,7 million, and was composed as follows:

	31.12.2022	31.12.2021
Trade receivables	41.298.781	38.288.444
Receivables from leases	-	-
Other tax receivables	6.167.942	6.732.485
Other receivables	4.352.821	5.085.343
Accrued income and prepaid expenses	1.664.736	1.687.227
	53.484.280	**51.793.499**

The “Trade receivables” item is mainly comprised of receivables due from customers deriving from ordinary operations of Group companies.
The tax receivables refer mainly to VAT receivables, for EUR 3,4 million, and to other tax receivables in the amount of EUR 2,7 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 1,0 million, the Automotive sector for EUR 0,4 million, Sport Fashion Service for EUR 0,3 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 0,5 million, the Design sector for EUR 0,7 million, the Clothing sector for EUR 0,2 million, the Automotive sector for EUR 0,2 million and the Parent Company for EUR 0,1 million.

15. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 61,7 million (EUR 67,6 million as at 31 December 2021), include cash held by Group companies and investments in bank deposits. The item is composed as follows:

	31.12.2022	31.12.2021
Cash	178.138	135.089
Bank and postal deposits	61.537.828	67.425.177
	61.715.966	**67.560.266**

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 219,6 million, a decrease of EUR 2,7 million from 31 December 2021.

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

	31.12.2022	**31.12.2021**
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	(218.722)	(633.658)
Other reserves	23.286.799	19.578.596
Profit (loss) of previous years	36.695.962	43.529.860
Profit (loss) for the year	650.867	582.488
Equity	**219.619.544**	**222.261.924**

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 2022, 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 2022, 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 01.01.2022**	**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 31.12.2022	**Share pertaining to non-controlling interests as at 31.12.2022**	**Total valuation reserve as at 31.12.2022**
			Increases	Decreases					
Cash flow hedge reserve									
Hedging derivatives	44	-	19		-	-	63	42	105
Total	**44**	**-**	**19**	**-**	**-**	**-**	**63**	**42**	**105**
Employee defined benefit plans (IAS 19 revised):									
Actuarial gains and losses reserve	(678)		396	-		-	(282)	32	(250)
	(678)		**396**	**-**	**-**	**-**	**(282)**	**32**	**(250)**
	(634)	**-**	**415**	**-**	**-**	**-**	**(219)**	**74**	**(145)**

Other comprehensive profits/(losses)

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

			Non-controlling interests		Profit (loss) pertaining to the Group	
	01.01.2022 31.12.2022	**01.01.2021 31.12.2021**	**01.01.2022 31.12.2022**	**01.01.2021 31.12.2021**	**01.01.2022 31.12.2022**	**01.01.2021 31.12.2021**
Profit/(loss) for the year (A)	**(1.773.461)**	**(1.745.180)**	**(2.424.328)**	**(2.327.668)**	**650.867**	**582.488**
Effective part of the cash flow hedges	25.970	75.432	6.974	26.481	18.996	48.951
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	628.029	(267.951)	82.554	(98.513)	545.475	(169.438)
Tax effect relating to other profits/(losses)	(123.958)	76.749	(19.813)	24.624	(104.145)	52.125
Total other profits/(losses), net of taxes (B)	**530.041**	**(115.770)**	**69.715**	**(47.408)**	**460.326**	**(68.362)**
Total comprehensive profit/(loss) (A) + (B)	**(1.243.420)**	**(1.860.950)**	**(2.354.613)**	**(2.375.076)**	**1.111.193**	**514.126**

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

	01.01.2022 31.12.2022			**01.01.2021 31.12.2021**		
	Gross value	**Tax expense/benefit**	**Net value**	**Gross value**	**Tax expense/benefit**	**Net value**
Effective part of the cash flow hedges	25.970	-	25.970	75.432	-	75.432
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	628.029	(123.958)	504.071	(267.951)	76.749	(191.202)
Other components of the statement of comprehensive income reclassified to the income statement						-
Total Other profits/(losses)	**653.999**	**(123.958)**	**530.041**	**(192.519)**	**76.749**	**(115.770)**

17. Non-controlling interests

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

	31.12.2022	**31.12.2021**
Share capital pertaining to non-controlling interests	13.060.121	13.411.121
Treasury shares pertaining to non-controlling interests	-	-
Other reserves pertaining to non-controlling interests	(354.277)	6.121.683
Non-controlling interests - Valuation reserve of financial assets	-	-
Non-controlling interests - Cash flow hedge reserve	42.010	35.036
Non-controlling interests - Valuation reserve IAS 19	31.684	(76.447)
Profit (loss) of non-controlling interests	(2.424.328)	(2.327.668)
Equity pertaining to non-controlling interests	**10.355.210**	**17.163.725**

Non-current liabilities

18. Bonds

The item “Bonds” has the following breakdown:

	31.12.2022	31.12.2021
Current portion	15.435.091	243.528
Non-current portion		15.182.956
	15.435.091	**15.426.484**

The bond loan, maturing on 27 July 2023, is fully recognised under the related item of current liabilities, as detailed in note 25.

19. Financial payables

As at 31 December 2022, the item amounted to EUR 282,7 million, an increase of EUR 10,5 million over the previous year.

The item is composed as follows:

	31.12.2022	31.12.2021
Bank loans	27.291.924	38.690.348
Other loans	-	235.184
Other financial payables	-	225,000
Liabilities for rights of use	255.405.690	233.060.033
	282.697.614	**272.210.565**

Bank loans were mainly financed by the Nursing Home sector for EUR 15,2 million, Galassia S.r.l. for EUR 3,7 million and IMC S.p.A. for EUR 8,5 million.

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. At the time of closing these financial statements, the company recognised the changes in the liabilities for rights of use due to the new signing of contracts, early repayments and updating of lease payments following the ISTAT revaluations provided for in the contract.

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

	31.12.2022	31.12.2021
Liabilities for short-term leases	9.216.262	7.992.722
Liabilities for medium/long-term leases	255.405.690	233.060.033
Total lease liabilities	**264.621.952**	**241.052.755**

The interest expense accrued in the year on the financial liabilities booked pursuant to IFRS 16 amounted to a total of EUR 9.310 thousand.

20. Other financial liabilities

As at 31 December 2022, the item amounted to EUR 2 million (EUR 5,7 million as at 31 December 2021).

	31.12.2022	31.12.2021
Derivative financial instruments	9.314	35.284
Other liabilities	2.000.000	5.705.000
	2.009.314	**5.740.284**

Derivative financial instruments consist entirely of the contribution of the company Zaffiro Nord S.r.l..
The item other liabilities relates to the fair value of the earn-out contractually stipulated for the acquisition of Sport Fashion Service by Mittel S.p.A. (for which reference should be made to the detailed information in the section on subsequent events of the Report on Operations).

21. Provisions for personnel

The item amounted to EUR 7,5 million, a decrease of EUR 0,6 million, and was composed as follows:

	31.12.2022	31.12.2021
Employee severance indemnity	7.496.108	8.018.426
Other allowances		95.653
	7.496.108	**8.114.079**

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

	31.12.2022	31.12.2021
Opening balances	**8.018.426**	**7.449.497**
Increases:		
- Allocation for the period	2.592.613	2.713.483
- Increase due to business combinations		
- Other increases	90.641	21.540
Decreases:		
- Utilisations	(1.057.394)	(274.749)
- Other decreases	(2.148.178)	(1.891.345)
	7.496.108	**8.018.426**

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 1,8 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:

	31.12.2022	**31.12.2021**
Tax liabilities recognised through profit or loss	1.757.807	2.231.773
Tax liabilities recognised in equity	63.490	40.696
	1.821.297	**2.272.469**

	31.12.2022	**31.12.2021**
Deferred liabilities		
Receivables	36.373	72.373
Assets/liabilities held for sale	22.467	22.467
Property, plant and equipment/intangible assets, other assets/liabilities	1.762.457	2.177.629
	1.821.297	**2.272.469**

This item is mainly composed of: (i) the Nursing Home sector companies for EUR 0,7 million, (ii) Disegno Ceramica S.r.l. for EUR 0,5 million, (iii) Sport Fashion Service S.r.l. for EUR 0,4 million, and Ceramica Cielo S.p.A. for EUR 0,1 million.

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

	31.12.2022	**31.12.2021**
Opening balance	**2.231.773**	**3.214.554**
Increases	**231.727**	**130.645**
Relating to previous years	-	-
Increases in tax rates	-	-
Other increases	231.727	130.645
Decreases	**(705.693)**	**(1.113.426)**
Relating to previous years	-	-
Decreases in tax rates	-	-
Other decreases	(705.693)	(1.113.426)
	1.757.807	**2.231.773**

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

	31.12.2022	31.12.2021
Opening balance	**40.696**	**72.339**
Increases	**28.011**	**394**
Relating to previous years	-	-
Increases in tax rates	-	-
Other increases	28.011	394
Decreases	**(5.217)**	**(32.037)**
Relating to previous years	-	-
Decreases in tax rates	-	-
Other decreases	(5.217)	(32.037)
	63.490	**40.696**

23. Provisions for risks and charges

This item, amounting to EUR 1,6 million, an increase compared to the balance as at 31 December 2021, breaks down as follows:

	31.12.2022	31.12.2021
Provision for risks:		
Legal disputes	512.498	474.086
Disputes with personnel		17.000
Contractual disputes		
Other disputes	395.947	459.276
Other provisions:		
Expenses for personnel		
Other expenses	666.844	485.308
	1.575.289	**1.435.670**

The item saw the following changes:

	31.12.2022	31.12.2021
Opening balance	**1.435.670**	**1.864.329**
Increases:		
Allocation for the period	313.568	240.046
Other increases		65.338
Decreases:		
Utilisations in the period	(173.949)	(734.043)
Other decreases	-	-
	1.575.289	**1.435.670**

The “Provision for risks and charges” item is composed primarily of allocations made by the parent company Mittel S.p.A. for EUR 0,1 million, by Gamma Tre S.r.l. for EUR 0,1 million, by the Nursing Home sector for EUR 0,4 million, by Disegno Ceramica S.r.l. for EUR 0,2 million, by Sport Fashion Service S.r.l. for EUR 0,5 million and by Ceramica Cielo S.p.A. for EUR 0,3 million.

24. Sundry payables and other non-current liabilities

They amount to EUR 0,2 million (EUR 0,2 million as at 31 December 2021) due to the contribution of non-current liabilities of the companies in the Design sector.

25. Bonds

The item “Bonds” has the following breakdown:

	31.12.2022	31.12.2021
Current portion	15.435.091	243.528
Non-current portion		15.182.956
	15.435.091	**15.426.484**

As at 31 December 2022, 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:

	31.12.2022	31.12.2021
“Mittel S.p.A. 2017-2023" bonds, fixed rate 3,75%		
Current portion	15.435.091	243.528
Non-current portion	-	15.182.956
Total bonds	***15.435.091***	***15.426.484***

The table below shows the differential between the nominal value of the bond issue (including the coupon accrued as at 31 December 2022) 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.

	31.12.2022	31.12.2021
Current portion		
“Mittel S.p.A. 2017-2023” bonds, fixed rate 3,75% (coupon in the process of maturity)	245.089	243.528
“Mittel S.p.A. 2017-2023” bonds, fixed rate 3,75% (repayment value at maturity)	15.194.464	15.194.464
Total nominal repayment value	**15.439.553**	**15.437.992**
Measurement at amortised cost	(4.462)	(11.508)
Total book value	**15.435.091**	**15.426.484**

The fair value as at 31 December 2022 of the bond issue is EUR 15,4 million (clean price on a 100 par value equal to 99,9830).

The prospectus and the regulation for the bond 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).

26. Financial payables

These amounted to EUR 32,6 million, down by EUR 9,4 million.

The item is composed as follows:

	31.12.2022	31.12.2021
Bank loans	3.065.868	2.462.298
Current portion of medium/long-term bank loans	12.678.567	27.353.186
Other loans	7.651.262	4.175.080
Other financial payables	-	-
Liabilities for rights of use	9.216.262	7.992.722
	32.611.959	**41.983.286**

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 1,1 million to companies in the Nursing Home sector and EUR 2 million to Disegno Ceramica S.r.l..

The "Current portion of medium-/long-term bank loans" includes the companies of the Nursing Home sector for EUR 7,8 million, Galassia S.r.l. for EUR 1,3 million and IMC S.p.A. for EUR 3,6 million.

The item "Other loans" mainly consists of the contribution of Sport Fashion Service S.r.l. in the amount of EUR 0,7 million and the companies in the Nursing Home sector in the amount of EUR 6,9 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. Current tax liabilities

This item totalled EUR 0,5 million, down EUR 1,0 million from the prior year, and is composed of tax liabilities broken down as follows:

	31.12.2022	31.12.2021
IRES (corporate income tax)		
IRAP (regional business tax)	130.129	823.072
Other	345.504	691.248
	475.633	**1.514.320**

	31.12.2022	31.12.2021
Opening balance	**1.514.320**	**423.946**
Increases	**123.660**	**1.555.150**
Relating to previous years	-	-
Other increases	123.660	1.555.150
Decreases	**(1.162.347)**	**(464.776)**
Reimbursements	-	-
Other decreases	(1.162.347)	(464.776)
	475.633	**1.514.320**

The item mainly consists of the contribution of companies in the Nursing Home sector for EUR 16 thousand, Galassia S.r.l. for EUR 126 thousand, Sport Fashion Service S.r.l. for EUR 142 thousand, Ceramica Cielo S.p.A. for EUR 84 thousand, Disegno Ceramica S.r.l. for EUR 42 thousand and Regina S.r.l. for EUR 62 thousand.

28. Sundry payables and other liabilities

This item amounted to EUR 62,4 million, up by EUR 1,4 million compared to the previous year. The item is composed as follows:

	31.12.2022	31.12.2021
Trade payables	42.709.034	39.524.056
Tax payables	1.792.248	2.214.037
Payables relating to employees	5.632.588	5.421.191
Payables relating to other personnel		
Payables due to directors and statutory auditors	1.035.366	1.160.390
Payables due to social security institutions	4.002.154	3.774.998
Disputes		
Other payables	4.369.698	6.927.960
Accrued expenses and deferred income	2.925.957	1.715.120
	62.467.045	**60.737.752**

The “Trade payables" item mainly includes: EUR 9,5 million in payables recognised by companies in the Nursing Home sector, EUR 8,7 million by Ceramica Cielo S.p.A., EUR 9,8 million by IMC S.p.A., EUR 6,3 million by Galassia S.r.l., EUR 3,8 million by Sport Fashion Service S.r.l., EUR 2,9 million by Disegno Ceramica S.r.l., EUR 0,6 million by companies in the Real Estate sector and EUR 1 million by the parent company Mittel.

The item "Other payables" primarily includes: (i) EUR 0,4 million from advances and deposits received of companies in the Real Estate sector; (ii) EUR 2,3 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 0,1 million from the contribution of the Automotive sector; (v) EUR 0,3 million from the Design sector and EUR 0,5 million from the parent company Mittel.

29. Revenue

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

	31.12.2022	31.12.2021
Revenue from sales	137.450.402	119.528.279
Revenue from property sales	17.570.631	19.832.900
Revenue from rent	205.833	295.296
Revenue from provision of services	54.986.436	61.910.880
	210.213.302	**201.567.355**

The item "Revenue from sales" refers primarily for EUR 38,6 million (EUR 29,8 million as at 31 December 2021) to IMC S.p.A., for EUR 37,1 million (EUR 34,2 million as at 31 December 2021) to Ceramica Cielo S.p.A., for EUR 13,5 million (EUR 12,1 million as at 31 December 2021) to the revenues of Disegno Ceramica S.r.l., 25,1 million (EUR 25,4 million as at 31 December 2021) to the revenues of Galassia S.r.l. and its investee Galassia Hispania, and EUR 23,1 million (EUR 17,9 million as at 31 December 2021) to the revenues 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 1,1 million (EUR 1,3 million as at 31 December 2021) to Mittel Investimenti Immobiliari, for EUR 6,6 million (EUR 15,2 million as at 31 December 2021) to Miva S.r.l. and for EUR 9,9 million to Regina S.r.l..

The item “Revenue from rent” is primarily due to revenue from lease agreements of real estate companies in the Group for EUR 0,2 million (EUR 0,3 million as at 31 December 2021).

Revenue from provision of services refers mainly to services provided by companies in the Nursing Home sector for EUR 55 million (EUR 61,9 million as at 31 December 2021).

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	12.296	61.569	21.464	54.962	17.752	88	168.131
Abroad	26.279	14.123	1.681	-	-	-	42.083
	38.575	**75.692**	**23.145**	**54.962**	**17.752**	**88**	**210.214**

30. Other income

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

	31.12.2022	31.12.2021
Recoveries of various expenses	681.922	675.945
Extraordinary contingent assets	3.986.873	2.736.512
Income from elimination of assets	488.619	151.898
Other revenue and income	7.735.753	4.679.517
	12.893.167	**8.243.872**

The item "Contingent assets" is mainly made up of the contribution of the Nursing Home sector for EUR 3,2 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, the Real Estate sector for EUR 0,1 million, IMC S.p.A. for EUR 0,2 million and the parent company Mittel for EUR 0,1 million.

The item "Income from elimination of assets" is mainly due to the contribution from the Nursing Home sector for EUR 0,4 million and Mittel Investimenti Immobiliari S.r.l. 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 2,9 million, of Galassia S.r.l. for EUR 1 million, of the Nursing Home sector for EUR 1,5 million, of Disegno Ceramica S.r.l. for EUR 0,9 million, of IMC S.p.A. for EUR 0,3 million, of the companies in the Real Estate sector for EUR 0,2 million and of Sport Fashion Service S.r.l. for EUR 0,9 million.

31. Changes in inventories

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

	31.12.2022	**31.12.2021**
Increases in property inventories	1.930.530	7.984.130
Decreases in property inventories	(15.109.678)	(19.041.943)
Change in inventories of goods and products	3.127.643	(1.310.805)
Change in inventories of raw materials	558.696	1.557.446
	(9.492.809)	**(10.811.172)**

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).

32. Costs for purchases

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

	31.12.2022	**31.12.2021**
Purchases and property increases	(66.713.945)	(63.657.237)
Provision of services and consultancy	(973.647)	(816.266)
Maintenance	(313.030)	(341.130)
Other	(1.967.229)	(1.653.507)
	(69.967.851)	**(66.468.140)**

The main contributions to the item were from the companies in the Nursing Home sector for EUR 4,7 million (EUR 7 million as at 31 December 2021), to IMC S.p.A. for EUR 25 million (EUR 18,9 million as at 31 December 2021), to Sport Fashion Service S.r.l. for EUR 13,8 million (EUR 10,6 million as at 31 December 2021), to Ceramica Cielo S.p.A. for EUR 11,5 million (EUR 10,3 million as at 31 December 2021), to Galassia S.r.l. for EUR 9,3 million (EUR 9,3 million as at 31 December 2021), to Disegno Ceramica S.r.l. for EUR 3,8 million (EUR 3 million as at 31 December 2021) and to the companies in the Real Estate sector for EUR 1,8 million (EUR 7,3 million as at 31 December 2021).

33. Costs for services

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

	31.12.2022	31.12.2021
Legal consultancy	(434.474)	(443.143)
Notary consultancy	(539.227)	(457.709)
Other consultancy	(4.754.332)	(14.889.164)
General services and maintenance	(12.035.236)	(12.066.666)
Administrative, organisational and audit services	(330.251)	(395.270)
Directors' fees	(2.646.053)	(3.119.660)
Board of Statutory Auditors' fees	(437.487)	(446.727)
Supervisory Body's fees	(124.196)	(127.425)
Fees for prosecutors and Manager in charge	(16.000)	(16.000)
Leases and rentals	(1.635.104)	(1.012.151)
Insurance	(1.123.644)	(1.270.994)
Utilities	(16.153.202)	(7.955.632)
Advertising	(3.706.027)	(2.292.969)
Other services	(8.031.046)	(7.572.782)
	(51.966.279)	**(52.066.292)**

Costs for services are mainly attributable to the companies belonging to the Nursing Home sector for EUR 17,5 million (EUR 25,2 million as at 31 December 2021), to Ceramica Cielo S.p.A. for EUR 11,1 million (EUR 7 million as at 31 December 2021), to Galassia and its investee Galassia Hispania for EUR 7,2 million (EUR 6,3 million as at 31 December 2021), to Sport Fashion Service S.r.l. and its investee Fremil Gmbh for EUR 4,5 million (EUR 3,5 million as at 31 December 2021), to IMC S.p.A. for EUR 4,4 million (EUR 3,5 million as at 31 December 2021), to Disegno Ceramica S.r.l. for EUR 3,9 million (EUR 2,8 million as at 31 December 2021), to Mittel S.p.A. for EUR 1,8 million (EUR 1,8 million as at 31 December 2021), to the Real Estate sector for EUR 1 million (EUR 1,7 million as at 31 December 2021), and to Progetto Raffaello S.r.l. for EUR 0,4 million.

34. Personnel costs

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

	31.12.2022	31.12.2021
Wages and salaries	(40.259.669)	(37.426.245)
Social security costs	(11.756.608)	(10.897.671)
Allocation to employee severance indemnity	(2.592.613)	(2.437.434)
Payments to external supplementary pension funds	(26.936)	(1.374)
Other personnel costs	(1.892.702)	(1.709.846)
	(56.528.528)	**(52.472.570)**

In particular, personnel costs consist of the contributions of EUR 26,4 million from the Nursing Home sector (EUR 23 million as at 31 December 2021), EUR 7,9 million from Ceramica Cielo S.p.A. (EUR 7,9 million as at 31 December 2021), EUR 5,9 million from IMC S.p.A. (EUR 5,5 million as at 31 December 2021), EUR 7,2 million from Galassia S.r.l. and its investee Galassia Hispania (EUR 7,1 million as at 31 December 2021), EUR 4,4 million from Disegno Ceramica S.r.l. (EUR 4,3 million as at 31 December 2021), EUR 2,1 million from the parent company Mittel (EUR 2,6 million as at 31 December 2021), EUR 2,6 million from Sport Fashion Service S.r.l. (EUR 2 million as at 31 December 2021).

Average number of Group employees broken down by category:

	Exact number at 31 December 2022	Average in the year 2022	Average in the year 2021
Managers	13	14	15
Officials	31	30	27
Employees	174	172	169
Blue-collar staff	1.332	1.254	1.157
Total	**1.550**	**1.470**	**1.368**

35. Other costs

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

	31.12.2022	31.12.2021
Taxes and duties	(1.918.329)	(1.486.448)
Losses on receivables	(40.176)	(67.724)
Capital losses from transfer of property, plant and equipment	(11.894)	(2.371)
Extraordinary contingent liabilities	(1.015.782)	(556.464)
Other sundry operating expenses	(1.098.224)	(1.174.556)
	(4.084.405)	**(3.287.563)**

The “Taxes and duties” item is mainly composed of indirect taxes (mainly non-deductible VAT) of the Nursing Home sector for EUR 0,9 million, of Mittel S.p.A. for EUR 0,4 million, of the Real Estate sector for EUR 0,1 million, of Ceramica Cielo S.p.A. for EUR 0,1 million, of Galassia S.r.l. for EUR 0,1 million and of Progetto Raffaello S.r.l. for EUR 0,1 million.

The item contingent liabilities refers primarily to the Nursing Home sector for EUR 0,7 million, Fashion District Group S.r.l. for EUR 0,1 million and Sport Fashion Service S.r.l. for EUR 0,1 million.

The main contributions to the “other sundry operating expenses” item are as follows: the parent company for EUR 0,2 million, to Ceramica Cielo S.p.A. for EUR 0,2 million, to Galassia S.r.l. for EUR 0,2 million, to IMC S.p.A. for EUR 0,1 million, to the Nursing Home sector for EUR 0,2 million and to Sport Fashion Service S.r.l. for EUR 0,1 million.

36. Amortisation and value adjustments to intangible assets

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

	31.12.2022	31.12.2021
Intangible assets		
Amortisation	(461.822)	(428.696)
Impairment losses	-	-
Reversals of impairment losses	-	-
Property, plant and equipment		
Depreciation of investment property	-	-
Depreciation of other assets owned	(7.499.188)	(7.060.776)
Depreciation of rights of use	(10.749.040)	(9.977.882)
Impairment losses	-	-
Reversals of impairment losses	-	-
	(18.710.050)	**(17.467.354)**

In detail, the contribution to this item is mainly due for EUR 9,9 million to the Nursing Home sector (of which EUR 8 million for Rights of Use), for EUR 4,4 million to IMC S.p.A. (of which EUR 1,2 million for Rights of Use), for EUR 1,4 million to Ceramica Cielo S.p.A. (of which EUR 0,3 million for Rights of Use), for EUR 1 million to Galassia S.r.l. (of which EUR 26 thousand for Rights of Use), for EUR 0,8 to Disegno Ceramica S.r.l. (of which EUR 0,2 million for Rights of Use), for EUR 0,4 million to Mittel S.p.A. (of which EUR 0,3 million for Rights of Use) and for EUR 0,8 million to Sport Fashion Service S.r.l. (of which EUR 0,6 million for Rights of Use).

37. Allocations to the provision for risks

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

	31.12.2022	31.12.2021
Provisions for ongoing disputes:		
For legal disputes	-	-
For personnel expenses	-	-
Provisions for contractual disputes	-	-
Provisions for restructuring expenses	-	-
Other net provisions	(263.298)	49.367
	(263.298)	**49.367**

The item "Other provisions" mainly refers to the net effect of the allocations made by the companies of the group, in particular EUR 148 thousand from Sport Fashion Service S.r.l., EUR 67 thousand from Ceramica Cielo S.p.A., EUR 21 thousand from IMC S.p.A., and EUR 27 thousand from companies in the Nursing Home sector.

38. Financial income

The item is composed as follows:

	31.12.2022	31.12.2021
Bank interest income	86.151	38.955
Interest income on financial receivables	1.319.243	1.007.498
Other interest income	24.642	26.102
Other financial income	3.842.304	(1)
Fair value hedging derivatives	3.896	81.443
Exchange rate gains	192.417	122.687
	5.468.653	**1.276.684**

Interest income on financial receivables relates primarily for EUR 1,3 million (EUR 1 million as at 31 December 2021) to the contribution of the Parent Company Mittel S.p.A. for loans outstanding.

Other financial income is mainly attributable to the effect of reducing the fair value of the earn-out liability related to the acquisition of Sport Fashion Service S.r.l., for which reference should be made to the section on subsequent events in the Report on Operations.

39. Financial expenses

The item is composed as follows:

	31.12.2022	31.12.2021
Interest expense on bonds	(576.838)	(2.616.819)
Interest expense on bank current accounts	(57.421)	(62.865)
Interest expense on bank loans	(1.152.672)	(1.317.630)
Interest expense on other loans	(849.478)	(623.147)
Other interest expenses	(9.398.038)	(8.929.256)
Other financial expenses	(470.008)	(510.320)
Fair value hedging derivatives	(72.368)	-
Exchange rate losses	(197.029)	(79.432)
	(12.773.852)	**(14.139.469)**

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 903 thousand, the companies in the Design sector for EUR 143 thousand, the companies in the Real Estate sector for EUR 37 thousand and the company Sport Fashion Service S.r.l. for EUR 69 thousand.

Interest expense on other loans is mainly contributed by IMC S.p.A. in the amount of EUR 0,6 million and by the companies of the Nursing Home sector in the amount of EUR 0,2 million.

Other interest expense is related mainly to the companies in the Nursing Home sector for EUR 8,7 million (of which, interest on Rights of Use EUR 8,6 million), IMC S.p.A. for EUR 0,3 million (of which, interest on Rights of Use EUR 0,3 million), Ceramica Cielo S.p.A. for EUR 0,1 million (of which, interest on Rights of Use EUR 54 thousand), Sport Fashion Service S.r.l. for EUR 0,2 million (of which, interest on Rights of Use EUR 0,2 million) and the parent company Mittel S.p.A. for EUR 0,1 million (of which, interest on Rights of Use EUR 0,1 million).

The other financial expenses are mainly attributable for EUR 287 thousand to companies in the Nursing Home sector, for EUR 11 thousand to Galassia, for EUR 16 thousand to Sport Fashion Service S.r.l., for EUR 25 thousand to Ceramica Cielo S.p.A., for EUR 52 thousand to Disegno Ceramica S.r.l., for EUR 60 thousand to IMC S.p.A. and for EUR 11 thousand to the parent company Mittel.

40. Profit (loss) from management of financial assets and investments

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

	31.12.2022	31.12.2021
Financial assets		
Capital gains	-	-
Profits from fair value measurement	-	-
Other income	301.914	-
Capital losses	-	-
Losses from fair value measurement	-	-
Other expenses	-	-
Capital gains (losses) from transfer of receivables	**-**	**-**
Capital gains (losses) from transfer of investments	**-**	**112.409**
Capital gains (losses) from change in equity interest	**-**	**-**
Reversals/impairment losses on equity	**-**	**-**
	301.914	**112.409**

Please refer to the details provided in the note relating to the corresponding statement of financial position items (non-current financial assets and investments).

41. Value adjustments to financial assets, loans and receivables

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

	31.12.2022	31.12.2021
Write-downs on financial receivables	(8.981.662)	(562.387)
Write-downs on other receivables	(183.134)	(411.780)
Write-downs on financial assets	(40.511)	(17.386)
Reversals of impairment losses on financial assets	131.134	77.470
	(9.074.173)	**(914.083)**

Write-downs on financial receivables refer primarily for EUR 8,9 million to the contribution from Mittel S.p.A.

The write-downs on other receivables refer primarily to the contribution from Sport Fashion Service S.r.l. for EUR 128 thousand, the Design sector for EUR 13 thousand and the Nursing Home sector for EUR 42 thousand.

Write-downs on financial assets mainly refer to the value adjustments recognised by the companies in the Nursing Home sector for EUR 26 thousand and to the value adjustments recognised for EUR 14 thousand by Galassia S.r.l..

The item "Reversals of impairment losses on financial assets" refers exclusively to the contribution of Mittel S.p.A..

42. Income taxes

The amount is composed as follows:

	31.12.2022	31.12.2021
IRES (corporate income tax)	180.768	722.405
IRAP (regional business tax)	(885.250)	(776.029)
Taxes of previous years	580.465	(558.715)
Total current taxes	**(124.017)**	**(612.339)**
Deferred tax liabilities	472.685	992.240
Deferred tax assets	1.862.080	4.251.875
Total deferred taxes	**2.334.765**	**5.244.115**
Other taxes	-	-
Total income taxes	**2.210.748**	**4.631.776**

43. Profit (loss) pertaining to non-controlling interests

The item is composed as follows:

	31.12.2022	31.12.2021
Profit (loss) of non-controlling interests	(2.424.328)	(2.327.668)
	(2.424.328)	**(2.327.668)**

44. 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 2022, compared with the previous year, are as follows:

Earnings/(loss) per share attributable to the Parent Company (in Euro)	**31.12.2022**	**31.12.2021**
From income statement:		
- Basic	0,008	0,007
- Diluted	0,008	0,007
From comprehensive income:		
- Basic	0,014	0,006
- Diluted	0,014	0,006

Basic earnings or loss per share

During the year, the number of outstanding shares did not change:

Number of shares	**31.12.2022**	**31.12.2021**
(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 2022, compared with the previous year, are as follows:

EUR		
Net profit/(loss) attributable to the Parent Company	**650.867**	**582.488**

EUR		
Basic earnings/(loss) per share attributable to the Parent Company	**0,008**	**0,007**

The consolidated comprehensive basic earnings or loss per share attributable to the Parent Company as at 31 December 2022, compared with the previous year, are as follows:

EUR		
Total comprehensive net profit/(loss) attributable to the Parent Company	**1.111.193**	**514.126**

EUR		
Total comprehensive basic earnings/(loss) per share attributable to the Parent Company	**0,014**	**0,006**

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 2022 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	**31.12.2022**	**31.12.2021**
(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	650.867	582.488
Effect of subscriptions of potential new shares	-	-
Net profit (loss) available to ordinary shareholders plus expected subscriptions	**650.867**	**582.488**
EUR		
Diluted earnings/(loss) per share	**0,008**	**0,007**

Thousands of EUR		
Total comprehensive net profit/(loss) attributable to the Parent Company	1.111.193	514.126
Effect of subscriptions of potential new shares	-	-
Net overall profit/(loss) available to ordinary shareholders plus expected subscriptions	**1.111.193**	**514.126**
EUR		
Total comprehensive diluted earnings/(loss) per share attributable to the Parent Company	**0,014**	**0,006**

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 2022 which would have significantly changed the number of ordinary or potential ordinary shares outstanding at period end.

45. 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 2022 was negative for EUR 271 million (negative for EUR 265,8 million as at 31 December 2021), as shown in the table below:

	31.12.2022	31.12.2021
Cash	178	135
Cash equivalents	61.538	67.425
Other current financial assets (*)	-	1.963
Liquidity	**61.716**	**69.523**
Current bank loans and borrowings	(35.368)	(14.874)
Current portion of non-current bank loans and borrowings	(12.679)	(27.353)
Current financial debt	**(48.047)**	**(42.227)**
Net current financial debt	**13.669**	**27.296**
Non-current bank loans and borrowings	(282.698)	(272.211)
Debt instruments	-	(15.183)
Trade payables and other non-current payables	(2.009)	(5.740)
Non-current financial debt	**(284.707)**	**(293.134)**
Total financial debt	**(271.038)**	**(265.838)**
- of which IFRS 16 financial liabilities		
- current	(9.216)	(7.993)
- non current	(255.406)	(233.060)
Net financial position before IFRS 16	**(6.416)**	**(24.785)**

(*) 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 47 of these consolidated financial statements.

46. Commitments and guarantees

As at 31 December 2022, the guarantees given can be summarised in the following table:

	31.12.2022	31.12.2021
Guarantees:		
financial	-	-
commercial	4.628.105	4.628.105
assets pledged as collateral	-	-
Commitments:		
disbursement of funds	4.284.832	4.284.832
other irrevocable commitments	-	-
	8.912.937	**8.912.937**

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.

47. 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 2022, 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)	-	(46.308)	**(847.188)**
Personnel costs	(330.480)	(21.753)	-	**(352.233)**

- 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.

48. 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.

48.1 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 2022, and for comparative purposes as at 31 December 2021, 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):

	31 December 2022			31 December 2021		
(thousands of EUR)	**Level 1**	**Level 2**	**Level 3**	**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	-	11.349	391	-	11.246	720
Financial receivables measured at fair value:						
Financial receivables that did not pass the SPPI test	-	-	-	-	-	-
Total assets	**-**	**11.349**	**391**	**-**	**11.246**	**720**
Other financial liabilities:						
Hedging derivatives	-	-	9	-	-	35
Other financial liabilities	-		2.000	-	-	5.705
Total liabilities	**-**	**-**	**2.009**	**-**	**-**	**5.740**

Completing the analyses required by IFRS 13, the types of financial instruments contained in the financial statement items as at 31 December 2022 are shown and, for comparative purposes, as at 31 December 2021, 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 2022

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: *Income statement*	*Equity in Other comprehensive income*	Total Fair Value (A)	Fair Value Hierarchy – Level 1	Level 2	Level 3	Financial instruments at amortised cost (B)	Financial statements total as at 31 December 2022 (A+B)	Fair value as at 31 December 2022
ASSETS									
Other non-current financial assets (a)	11.739.916	-	**11.739.916**	-	11.349.193	390.723	**-**	**11.739.916**	11.739.916
Non-current financial receivables (b)	-	-	**-**	-	-	-	**15.836.052**	**15.836.052**	15.836.052
Other receivables and financial assets (*) (b)	-	-	**-**	-	-	-	**153.060**	**153.060**	153.060
Other assets (*)	-	-	**-**	-	-	-	**323.558**	**323.558**	323.558
Current financial receivables (b)	-	-	**-**	-	-	-	**-**	**-**	-
Trading derivatives (d)	-	-	**-**	-	-	-	**-**	**-**	-
Trade receivables (*) (b)	-	-	**-**	-	-	-	**44.095.072**	**44.095.072**	44.095.072
Current sundry receivables (*) (b)	-	-	**-**	-	-	-	**1.547.357**	**1.547.357**	1.547.357
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**61.715.966**	**61.715.966**	61.715.966
	11.739.916	**-**	**11.739.916**	**-**	**11.349.193**	**390.723**	**123.671.065**	**135.410.981**	135.410.981
LIABILITIES									
Bonds (current and non-current) (b)	-	-	**-**	-	-	-	**15.435.091**	**15.435.091**	15.436.970
Financial payables (current and non-current) (*) (b)	-	-	**-**	-	-	-	**315.309.573**	**315.309.573**	315.309.573
Other financial liabilities (c)	-	9.314	**9.314**	-	-	-	**2.000.000**	**2.009.314**	2.009.314
Trade payables (*) (b)	-	-	**-**	-	-	-	**170.074**	**170.074**	170.074
Sundry payables (*) (b)	-	-	**-**	-	-	-	**47.140.980**	**47.140.980**	47.140.980
	-	**9.314**	**9.314**	**-**	**-**	**-**	**380.055.718**	**380.065.032**	380.066.911

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 2021

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: *Income statement*	*Equity in Other comprehensive income*	Total Fair Value (A)	Fair Value Hierarchy – Level 1	Level 2	Level 3	Financial instruments at amortised cost (B)	Financial statements total as at 31 December 2021 (A+B)	Fair value as at 31 December 2021
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

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 2022, 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 2021	**720**	**5.740**
(Profits)/losses recognised in the income statement	(86)	
Profits/(losses) recognised in other comprehensive income		
Purchases/Issues/Disposals/Extinguishments	(243)	(3.731)
As at 31 December 2022	**391**	**2.009**

48.2 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 2022	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	-	11.739.916	-	**11.739.916**
Bonds	-	-	-	**-**
Other financial assets	-	-	-	**-**
Non-current receivables:				**-**
Financial receivables	15.836.052	-	-	**15.836.052**
Sundry receivables	1.291.738	-	-	**1.291.738**
Receivables due from related parties	-	-		**-**
Receivables due from customers and other current commercial assets:				
Sundry receivables and other assets	53.484.280	-	-	**53.484.280**
Current financial assets:				
Financial receivables	-	-	-	**-**
Sundry receivables	-	-	-	**-**
Other financial assets	-	-	-	**-**
Hedging derivatives	-	-	-	**-**
Non-hedging derivatives	-	-	-	**-**
Cash and cash equivalents				
Bank and postal deposits	61.537.828	-	-	**61.537.828**
TOTAL FINANCIAL ASSETS	**132.149.898**	**11.739.916**	**-**	**143.889.814**

Financial assets as at 31 December 2021	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	-	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**

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 2022	IFRS 9 CATEGORIES Financial instruments at fair value	Liabilities at amortised cost	Book value
Non-current payables and financial liabilities:			
Bank loans and borrowings	-	27.291.924	**27.291.924**
Other financial liabilities	-	255.405.690	**255.405.690**
Sundry payables and other liabilities	-	170.074	**170.074**
Bonds	-	-	**-**
Current liabilities:			
Loans and borrowings from banks and other lenders	-	32.611.959	**32.611.959**
Trade payables	-	42.709.034	**42.709.034**
Sundry payables	-	4.369.698	**4.369.698**
Bonds	-	15.435.091	**15.435.091**
Other financial liabilities:			
Hedging derivatives	-	-	**-**
Non-hedging derivatives	9.314	-	**9.314**
TOTAL FINANCIAL LIABILITIES	**9.314**	**377.993.470**	**378.002.784**

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**

48.3 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 2022 and as at 31 December 2021.

Type of exposures/amounts	Gross exposure	Specific value adjustments	Net exposure
Total as at 31 December 2022	**53.328.467**	**(37.492.415)**	**15.836.052**
Total as at 31 December 2021	**55.387.542**	**(29.492.482)**	**25.895.060**

The table below shows the details of trade receivables as at 31 December 2022, 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

	31.12.2022		
	Nominal value	Write-downs	Net value
Falling due	16.499.490	(101.676)	16.397.814
0-180 days	24.347.246	(134.225)	24.213.021
180-360 days	1.316.961	(619.785)	697.176
More than 360 days	4.138.662	(4.147.892)	(9.230)
	46.302.359	**(5.003.578)**	**41.298.781**

The figures relating to the financial statements closed as at 31 December 2021 are provided below.

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**

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

Cash and cash equivalents of the Group totalled EUR 61.716 thousand (EUR 67.560 thousand as at 31 December 2021) 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 2022, 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 2022 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:

	31.12.2022	31.12.2021
Financial guarantees issued	-	-
Commercial guarantees issued	4.628.105	4.628.105
Irrevocable commitments to disburse funds	4.284.832	4.284.832
Commitments underlying credit derivatives	-	-
Other irrevocable commitments	-	-
	8.912.937	**8.912.937**

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 31.12.2022
Assets							
Debt securities	-	-	-	-	-	-	-
Medium/long-term financial receivables	-	-	15.836	-	-	-	15.836
Current financial receivables	-		-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-	-	-
Financial assets at fair value	-	-	-	-	-	-	-
	-	**-**	**15.836**	**-**	**-**	**-**	**15.836**
Liabilities							
Non-current bank loans	-	-	25.839	1.453	-	-	27.292
Current bank loans	676	15.068					15.744
Other non-current financial payables	-	-	-	-	-	-	-
Other current financial payables	-	7.651		-	-	-	7.651
Bonds	15.435	-	-	-	-	-	15.435
	16.111	**22.719**	**25.839**	**1.453**	**-**	**-**	**66.122**
Financial derivatives							
Hedging derivatives	-	-	9	-	-	-	9
Trading derivatives	-	-	-	-	-	-	-
	-	**-**	**9**	**-**	**-**	**-**	**9**
	(16.111)	**(22.719)**	**(10.012)**	**(1.453)**	**-**	**-**	**(50.295)**

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 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 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 2022 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 2022, 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 2022		
	Fixed rate	Variable rate	Total
Bank loans		43.036	**43.036**
Bonds	15.435		**15.435**
Other financial liabilities	677	6.974	**7.651**
Total	**16.112**	**50.010**	**66.122**

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 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**

Amounts in thousands of EUR	31 December 2022		
	Fixed rate	Variable rate	Total
Financial receivables	1.963	13.873	**15.836**
Other financial assets			**-**
Total	**1.963**	**13.873**	**15.836**

The data relating to the previous year are shown below:

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 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 2022		31 December 2021	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Deposits and cash	61.716	0,13%	67.560	0,04%
Other financial receivables	15.836	6,44%	25.896	3,42%
Total	**77.552**	**1,67%**	**93.456**	**0,84%**

Amounts in thousands of EUR	31 December 2022		31 December 2021	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Bank loans	43.036	2,17%	68.506	2,07%
Bonds	15.435	3,69%	15.426	3,69%
Other financial liabilities	7.651	0,00%	4.635	0,00%
Total	**66.122**	**2,30%**	**88.567**	**2,64%**

Currency risk – Sensitivity analysis

As at 31 December 2022 (and as at 31 December 2021), 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:**				
	2023	**2024**	**2025**	**Beyond 2025**	**Total**
Bank loans	15.744	25.839	1.453	-	43.036
Other loans	7.651	-	-	-	7.651
Bonds	15.512	-	-	-	15.512
Derivative financial instruments	-	-	-	-	-
Total	**38.907**	**25.839**	**1.453**	**-**	**66.199**

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.

49. 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".

50. 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 2022 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	153
Attestation services*	KPMG S.p.A.		Other Mittel Group companies	9
Tax advisory services				
Other services - Signing of tax declarations - Due Diligence	KPMG S.p.A.		Other Mittel Group companies	5 110
Total				**276**

(*) Attestation for tax declarations - Res. and development - Covenants

Milan, 26 April 2023

for the Board of Directors

The Chairman

(Marco Giovanni Colacicco)

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 2022.

It is also certified that the consolidated financial statements for the year ended as at 31 December 2022:

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, 26 April 2023

Director in charge of the risk management and internal control system	Manager in charge of financial reporting
Anna Francesca Cremascoli	Pietro Santicoli

Independent Auditors' Report

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

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 2022, dal conto economico consolidato, 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 2022, 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 2022 sono iscritte attività immateriali a vita utile indefinita per €109,2 milioni, costituite da avviamenti e marchi rispettivamente pari ad €96,6 milioni e ad €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, 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 stimato come il maggiore tra il *fair value* al netto dei costi di vendita ed il valore d'uso, determinato con il metodo dell'attualizzazione dei flussi finanziari futuri attesi. Lo svolgimento dei 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, 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.	Le nostre procedure di revisione hanno incluso: • l'analisi del processo adottato dagli Amministratori della Capogruppo nella predisposizione del test di *impairment*; • l'analisi del processo di predisposizione dei piani pluriennali; • indagini presso la Direzione in merito ai possibili indicatori di *impairment* per le CGU rilevanti il cui valore recuperabile è stato determinato ad una data antecedente la chiusura dell'esercizio; • l'analisi della valutazione degli Amministratori e la considerazione se ulteriori indicatori avrebbero dovuto essere considerati sulla base della conoscenza del business, del contesto operativo, del settore di riferimento, delle attuali condizioni di mercato e di altre informazioni ottenute nel corso della revisione; • l'analisi dei criteri di identificazione delle CGU e la riconciliazione dei rispettivi valori di carico con il bilancio; • l'analisi del *fair value* al netto dei costi di vendita ovvero dei flussi di cassa attesi e delle principali assunzioni utilizzate nella determinazione del valore d'uso delle CGU; • l'analisi dell'accuratezza dei calcoli effettuati dalla Direzione per le CGU soggette a *impairment test* e la verifica della loro completezza. Tale attività è stata svolta anche con il supporto di specialisti del network KPMG; • l'analisi delle tecniche di valutazione, assunzioni e dati utilizzati per elaborare le stime (e i relativi intervalli) che riguardano il valore d'uso. Tale attività è stata svolta anche con il supporto di specialisti del network KPMG; • l'esame dell'appropriatezza dell'analisi di sensitività e il suo impatto sui risultati complessivi dei test di *impairment* e considerazione se ulteriori analisi di sensitività sarebbero appropriate; • l'analisi degli eventi occorsi successivamente alla data di riferimento del bilancio che forniscano elementi informativi utili alla verifica delle principali assunzioni adottate per lo svolgimento dei test di *impairment*; • l'esame dell'appropriatezza dell'informativa di bilancio in relazione alle attività immateriali a vita utile indefinita e ai test di *impairment*.

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 2022, ammontano ad €26,0 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; • l'esame della ragionevolezza dei dati di alimentazione dei modelli valutativi, delle metodologie di valutazione utilizzate e dei tassi di attualizzazione, anche attraverso il confronto con dati ed informazioni esterni; tale attività è stata svolta con il supporto di specialisti 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 alle rimanenze immobiliari.

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 azioni intraprese per eliminare i relativi rischi o le misure di salvaguardia applicate.

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 della Società e del bilancio consolidato del Gruppo Mittel 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 al 31 dicembre 2022, 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 al 31 dicembre 2022 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.

Alcune informazioni contenute nelle note al bilancio consolidato quando estratte dal formato XHTML in un'istanza XBRL, a causa di taluni limiti tecnici potrebbero non essere riprodotte in maniera identica rispetto alle corrispondenti informazioni visualizzabili nel bilancio consolidato in formato XHTML.

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 2022, 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 2022 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 2022 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 consolidata di carattere non finanziario ai sensi del D.Lgs. 254/16. Abbiamo verificato l'avvenuta approvazione da parte degli Amministratori della dichiarazione consolidata di carattere non finanziario. 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, 29 aprile 2023

KPMG S.p.A.

Francesco Bellotto
Socio

Bilancio separato

MITTEL

Separate financial statements as at 31 December 2022

Statement of Financial Position (*)

Amounts in EUR

	Notes	31.12.2022	31.12.2021
Non-current assets			
Intangible assets	4	2.130	3.569
Property, plant and equipment	5	4.568.616	4.252.643
- of which IFRS 16 rights of use		*4.235.434*	*3.852.151*
Investments	6	108.872.976	99.046.525
Financial receivables	7	20.359.276	56.606.264
Other financial assets	8	10.177.553	10.138.836
Sundry receivables and other assets	9	552.919	144.741
Deferred tax assets	10	6.224.025	6.115.231
Total non-current assets		**150.757.495**	**176.307.809**
Current assets			
Financial receivables	11	56.705.660	32.538.564
Other financial assets		-	-
Current tax assets	12	404.379	303.780
Sundry receivables and other assets	13	3.635.211	4.666.143
Cash and cash equivalents	14	13.077.983	23.648.784
Total current assets		**73.823.233**	**61.157.271**
Assets held for sale		-	-
Total assets		**224.580.728**	**237.465.080**
Equity			
Share capital		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 year		(9.915.828)	(4.969.591)
Total Equity	15	**198.079.213**	**207.883.195**
		-	-
Non-current liabilities			
Bonds	16	-	15.182.956
Financial payables	17	4.323.924	3.988.202
- of which IFRS 16 financial liabilities		*4.323.924*	*3.988.202*
Other financial liabilities		-	-
Provisions for personnel	18	996.405	1.141.440
Deferred tax liabilities	19	22.467	22.467
Provisions for risks and charges	20	100.000	185.000
Sundry payables and other liabilities		-	-
Total non-current liabilities		**5.442.796**	**20.520.065**
Current liabilities			
Bonds	21	15.435.091	243.528
Financial payables	22	1.145.870	4.698.392
- of which IFRS 16 financial liabilities		*245.870*	*219.856*
Other financial liabilities		-	-
Current tax liabilities		-	-
Sundry payables and other liabilities	23	4.477.758	4.119.900
Total current liabilities		**21.058.719**	**9.061.820**
Liabilities held for sale		-	-
Total equity and liabilities		**224.580.728**	**237.465.080**

(*) 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

		31.12.2022	31.12.2021
Revenue	24	484.043	480.446
Other income	25	447.348	312.637
Costs for services	26	(1.839.546)	(1.801.717)
Personnel costs	27	(2.067.156)	(2.641.334)
Other costs	28	(571.287)	(522.123)
Dividends	29	663.978	-
Profit (loss) from management of financial assets and investments	30	136.777	200.000
Amortisation and value adjustments to intangible assets	31	(356.529)	(352.817)
Allocations to the provision for risks	32	-	139.343
Operating result (EBIT)		**(3.102.372)**	**(4.185.565)**
Financial income	33	2.694.503	2.032.735
Financial expenses	34	(759.346)	(2.815.355)
Value adjustments to financial assets, loans and receivables	35	(8.930.207)	(276.000)
Value adjustments on investments	36	(665.000)	(500.000)
Profit (loss) before taxes		**(10.762.422)**	**(5.744.185)**
Income taxes	37	846.594	774.594
Profit (loss) for the year		**(9.915.828)**	**(4.969.591)**

Profit (loss) per share (in Euro)	38		
- Basic		(0,122)	(0,061)
- Diluted		(0,122)	(0,061)

(*) Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of transactions with related parties on the 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 also in the explanatory notes to these financial statements, to which reference should be made.

Statement of Comprehensive Income

	Notes	01.01.2022 31.12.2022	01.01.2021 31.12.2021
Profit/(loss) for the year (A)		**(9.915.828)**	**(4.969.591)**
Other comprehensive profits/(losses) which are not subsequently reclassified to profit/(loss) for the period:			
Profits/(losses) from remeasurement of defined benefit plans		111.846	32.972
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)		**111.846**	**32.972**
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 income/(expense) 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)		**111.846**	**32.972**
Total comprehensive profit/(loss) (A) + (B)		**(9.803.982)**	**(4.936.619)**

Statement of Changes in Equity for the year ended as at 31 December 2022

Amounts in EUR

	Share capital	Treasury shares	Capital reserves	Profit reserves	Reserve from remeasurement of defined benefit plans	Reserve for financial assets	Total
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**
Balance as at 1 January 2022	**87.907.017**	**-**	**53.716.218**	**66.412.072**	**(152.112)**	**-**	**207.883.195**
Share capital increases	-	-	-	-	-	-	**-**
Merger transactions	-	-	-	-	-	-	**-**
Sale of treasury shares	-	-	-	-	-	-	**-**
Purchase of treasury shares	-	-	-	-	-	-	**-**
Other changes	-	-	-	-	-	-	**-**
Dividends distributed	-	-	-	-	-	-	**-**
Total comprehensive profit/(loss)	-	-	-	(9.915.828)	111.846	-	**(9.803.982)**
Balance as at 31 December 2022	**87.907.017**	**-**	**53.716.218**	**56.496.244**	**(40.266)**	**-**	**198.079.213**

Cash Flow Statement

Amounts in EUR	Notes	31.12.2022	31.12.2021
OPERATING ACTIVITIES			
Net profit (loss) for the year		**(9.915.828)**	**(4.969.591)**
Adjustments to reconcile net profit (loss) with cash flows generated (absorbed) by operating activities:			
Current taxes		(737.800)	(763.752)
Deferred taxes		(108.794)	(10.842)
Depreciation of property, plant and equipment		353.590	348.491
Amortisation of intangible assets		2.939	4.326
Dividends received		(663.978)	-
Financial income		(2.694.503)	(2.032.735)
Financial expenses		759.346	2.815.355
Allocations to provisions for risks and charges		-	(139.343)
Provisions for employee severance indemnity		94.262	163.904
Write-downs (reversals of impairment losses) on receivables		9.061.341	353.470
Capital (gains)/losses from transfer of investments and financial assets		(136.777)	(200.000)
Write-downs (reversals of impairment losses) on financial assets		(131.134)	(77.470)
Write-downs (reversals of impairment losses) on investments		665.000	500.000
Cash flows from operating activities before changes in working capital		**(3.452.336)**	**(4.008.187)**
(Increase)/decrease in sundry receivables and other current assets		1.258.114	3.928.115
Increase/(decrease) in sundry payables and other current liabilities		354.002	(623.437)
Cash and cash equivalents generated (absorbed) by operating activities		**(1.840.220)**	**(703.509)**
Usage of provisions for risks and charges		(83.159)	-
Payments of employee severance indemnity		(123.595)	(102.914)
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES		**(2.046.974)**	**(806.423)**
INVESTING ACTIVITIES			
Dividends received on investments		303.478	-
Investments in:			
Investments		(505.000)	-
Property, plant and equipment and intangible assets (including IFRS 16 rights of use)		(671.063)	(5.730)
Realisation from disposal of:			
Investments		120.562	1.887.000
Other financial assets		108.631	336.585
(Increase)/decrease in financial receivables		(6.607.400)	(5.776.224)
Interest collected		2.694.503	2.032.735
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES		**(4.556.288)**	**(1.525.634)**
FINANCING ACTIVITIES			
Increase (decrease) in loans and borrowings from banks and other lenders		(3.216.800)	4.244.676
Issue (redemption) of bonds		-	(64.471.895)
Interest paid		(750.739)	(2.815.355)
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		**(3.967.539)**	**(63.042.574)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)		**(10.570.801)**	**(65.374.631)**
OPENING CASH AND CASH EQUIVALENTS (E)		23.648.784	89.023.415
CLOSING CASH AND CASH EQUIVALENTS (F = D+E)		**13.077.983**	**23.648.784**

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

Amounts in EUR

	Notes	31.12.2022	*of which related parties*	*% incidence*	31.12.2021	*of which related parties*	*% incidence*
Non-current assets							
Intangible assets	4	2.130			3.569		
Property, plant and equipment	5	4.568.616			4.252.643		
- of which IFRS 16 rights of use		4.235.434			3.852.151		
Investments	6	108.872.976			99.046.525		
Financial receivables	7	20.359.276	4.523.225	22,2%	56.606.264	32.673.725	57,7%
Other financial assets	8	10.177.553			10.138.836		
Sundry receivables and other assets	9	552.919			144.741		
Deferred tax assets	10	6.224.025			6.115.231		
Total non-current assets		**150.757.495**	**4.523.225**	**3,0%**	**176.307.809**	**32.673.725**	**18,5%**
Current assets							
Financial receivables	11	56.705.660	56.705.660	100,0%	32.538.564	30.576.043	94,0%
Other financial assets		-			-		
Current tax assets	12	404.379			303.780		
Sundry receivables and other assets	13	3.635.211	3.111.395	85,6%	4.666.143	3.720.785	79,7%
Cash and cash equivalents	14	13.077.983			23.648.784		
Total current assets		**73.823.233**	**59.817.055**	**81,0%**	**61.157.271**	**34.296.828**	**56,1%**
Assets held for sale		-			-		
Total assets		**224.580.728**	**64.340.280**	**28,6%**	**237.465.080**	**66.970.553**	**28,2%**
Equity							
Share capital		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 year		(9.915.828)			(4.969.591)		
Total equity	15	**198.079.213**			**207.883.195**		
Non-current liabilities							
Bonds	16	-			15.182.956		
Financial payables	17	4.323.924			3.988.202		
- of which IFRS 16 financial liabilities		4.323.924			3.988.202		
Other financial liabilities		-			-		
Provisions for personnel	18	996.405			1.141.440		
Deferred tax liabilities	19	22.467			22.467		
Provisions for risks and charges	20	100.000			185.000		
Sundry payables and other liabilities		-			-		
Total non-current liabilities		**5.442.796**			**20.520.065**		
Current liabilities							
Bonds	21	15.435.091			243.528		
Financial payables	22	1.145.870	900.000	78,5%	4.698.392	4.478.536	95,3%
- of which IFRS 16 financial liabilities		245.870			219.856		
Other financial liabilities		-			-		
Current tax liabilities	23	-			-		
Sundry payables and other liabilities	24	4.477.758	2.222.735	49,6%	4.119.900	2.242.658	54,4%
Total current liabilities		**21.058.719**	**3.122.735**	**14,8%**	**9.061.820**	**6.721.194**	**74,2%**
Liabilities held for sale		-			-		
Total equity and liabilities		**224.580.728**	**3.122.735**	**1,4%**	**237.465.080**	**6.721.194**	**2,8%**

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

Amounts in EUR

		31.12.2022	*of which related parties*	*% incidence*	31.12.2021	*of which related parties*	*% incidence*
Revenue	25	484.043	484.043	100,0%	480.446	480.446	100,0%
Other income	26	447.348	314.060	70,2%	312.637	255.823	81,8%
Costs for services	27	(1.839.546)	(800.880)	43,5%	(1.801.717)	(800.880)	44,5%
Personnel costs	28	(2.067.156)	(352.234)	17,0%	(2.641.334)	(1.017.828)	38,5%
Other costs	29	(571.287)			(522.123)		
Dividends		663.978	663.978	100,0%	-		
Profit (loss) from management of financial assets and investments	30	136.777	120.563	88,1%	200.000		
Amortisation and value adjustments to intangible assets	31	(356.529)			(352.817)		
Allocations to the provision for risks	32	-			139.343		
Operating result (EBIT)		**(3.102.372)**			**(4.185.565)**		
Financial income	33	2.694.503	1.371.250	50,9%	2.032.735	1.024.392	50,4%
Financial expenses	34	(759.346)	(25.560)	3,4%	(2.815.355)	(40.199)	1,4%
Value adjustments to financial assets, loans and receivables	35	(8.930.207)			(276.000)		
Value adjustments on investments	36	(665.000)			(500.000)		
Profit (loss) before taxes		**(10.762.422)**			**(5.744.185)**		
Income taxes	37	846.594			774.594		
Profit (loss) for the year		**(9.915.828)**			**(4.969.591)**		

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 2022.

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 2022 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 2022, 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 2022 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 2022 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 carrying amount 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 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 at 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 Company's continuing involvement. The value of the continuing involvement in the transferred receivables corresponds to the extent to which the Company 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 at 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 Company 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 2022 – 31 December 2022 was not characterised by changes to the estimation criteria already applied to draft the financial statements as at 31 December 2021.

Information on the Statement of Financial Position

Non-current assets

4. Intangible assets

These totalled EUR 2 thousand (EUR 4 thousand as at 31 December 2021). The overall decrease compared to the previous year was EUR 1,5 thousand.

The breakdown of this item is as follows:

	Goodwill	Trademarks	Plant	Concessions and licences	Other	Total
Values as at 01.01.2022				**1.393**	**2.176**	**3.569**
Changes in the year:						
- acquisitions					1.500	**1.500**
- increase due to business combinations						**-**
- disposals						**-**
- reclassifications						**-**
- amortisation				(1.393)	(1.546)	**(2.939)**
- other changes				-	-	**-**
Total changes	**-**	**-**	**-**	**(1.393)**	**(46)**	**(1.439)**
Values as at 31.12.2022					**2.130**	**2.130**

5. Property, plant and equipment

These totalled EUR 4.569 thousand (EUR 4.253 thousand as at 31 December 2021). They decreased by a total of EUR 316 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 01.01.2022	**24.990**			**160.475**	**3.852.151**	**215.027**	**4.252.643**
Changes in the year:							
- acquisitions				4.477	664.840	246	**669.563**
- increase due to business combinations							**-**
- disposals							**-**
- reclassifications							**-**
- depreciation				(41.900)	(281.557)	(30.133)	**(353.590)**
- other changes							**-**
Total changes	**-**	**-**	**-**	**(37.423)**	**383.283**	**(29.887)**	**315.973**
Values as at 31.12.2022	**24.990**			**123.052**	**4.235.434**	**185.140**	**4.568.616**

6. Investments

These totalled EUR 108.873 thousand (EUR 99.047 thousand as at 31 December 2021). The overall increase was EUR 9.826 thousand.
The breakdown of this item is as follows:

	31.12.2022	31.12.2021
Earchimede S.p.A.	8.200.000	8.200.000
Mittel Investimenti Immobiliari S.r.l.	11.500.000	11.500.000
Mittel Generale Investimenti S.r.l.	3.483.000	3.753.000
Mittel Advisory S.r.l. in liquidation	800.000	800.000
Italian Bathroom Design Group S.r.l.	37.836.451	27.850.000
IMC S.p.A.	17.863.548	17.863.548
Gruppo Zaffiro S.r.l.	13.500.000	13.500.000
Sport Fashion Service S.r.l. formerly Curae Group S.r.l.	-	4.010.000
Sport. Fashion Service S.r.l.	15.569.977	11.559.977
Progetto Raffaello S.r.l.	120.000	10.000
	108.872.976	**99.046.525**

The changes in investments during the year are illustrated in the following table:

Company name	% interest	Balances as at 01.01.2022	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 31.12.2022
Investments										
Earchimede S.p.A.	99,7%	8.200.000								8.200.000
Gruppo Zaffiro S.r.l.	60%	13.500.000								13.500.000
IMC S.r.l.	75%	17.863.548								17.863.548
Mittel Advisory S.r.l. in liquidation	100%	800.000								800.000
Italian Bathroom Design Group S.r.l.	100%	27.850.000	9.986.450							37.836.451
Mittel Generale Investimenti S.r.l.	27%	3.753.000			(270.000)					3.483.000
Mittel Investimenti Immobiliari S.r.l.	100%	11.500.000								11.500.000
Sport Fashion Service formerly Curae Group S.r.l.	100%	4.010.000							(4.010.000)	-
Sport Fashion Service S.r.l.	90%	11.559.977							4.010.000	15.569.977
Progetto Raffaello S.r.l.	100%	10.000	505.000					(395.000)		120.000
Total investments		**99.046.525**	**10.491.450**	**-**	**(270.000)**	**-**	**-**	**(395.000)**	**-**	**108.872.976**

The change in this item during the year is mainly due to the partial waiver of the shareholders' loan in favour of IBD Group S.r.l. for EUR 9.986.450, with a view to strengthening the equity of the investee companies. Also note the reduction attributable to the distribution of EUR 270.000 made by the associate Mittel Generale Investimenti S.r.l. and the reduction of EUR 395.000 attributable to the write-down of the equity investment in Progetto Raffaello S.r.l.. The item “Other changes” is instead attributable to the merger of Curae Group S.r.l. into Sport Fashion Service S.r.l., as better described in the paragraph “Significant events during the year” reported in the Directors' Report on Operations.

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 performance of the investees and the positive continuation of the process for the recovery of the assets held were analysed, as were the values of the remaining assets. No indicators of impairment were found.

To be noted is the only impairment loss recognised for a total of EUR 665 thousand, attributable (i) for EUR 270 thousand to the equity investment MGI, due to the recognition in the income statement of a dividend of the same amount, which resulted in the recognition of a write-down for the amount subject to collection, in consideration of the pre-existing alignment of the carrying amount to the recoverable value of the equity investment (ii) EUR 395 thousand to Progetto Raffaello, a special purpose vehicle recapitalised during the year to cover the losses incurred, to be traced back to costs for a potential transaction that did not take place, with the resulting residual book value to be attributed solely to the tax benefits accrued in respect of the tax consolidation.

7. Financial receivables

These totalled EUR 20.359 thousand (EUR 56.606 thousand as at 31 December 2021). The overall decrease was EUR 36.247 thousand.

	31.12.2022	**31.12.2021**
Loans	20.359.276	56.606.264
Other receivables	-	-
Security deposits	-	-
	20.359.276	**56.606.264**

The marked decrease is mainly due to the transformation of the maturities of the loans to the companies Italian Bathroom Design Group S.r.l. and Gruppo Zaffiro S.r.l. from medium-long to short term.

8. Other non-current financial assets

These totalled EUR 10.178 thousand (EUR 10.139 thousand as at 31 December 2020). The overall increase was EUR 39 thousand.

The breakdown of this item is as follows:

	31.12.2022	**31.12.2021**
Financial assets		
Equities and fund units	10.177.553	10.138.836
Bonds	-	-
Derivative financial instruments	-	-
	10.177.553	**10.138.836**

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:

	31.12.2022	**31.12.2021**
Financial assets		
Equities and fund units:		
Fondo Augusto	10.118.491	9.985.561
Fondo Cosimo I	50.148	53.275
Nomisma S.p.A.	8.914	100.000
	10.177.553	**10.138.836**

The change during the year in financial assets is presented in the following table.

Name/company name	Values as at 01.01.2022	Purchases - Calls for funds	Sales - Distributions of funds	Capital gains (losses)	Write-downs for impairment	Fair value adjustments	Values as at 31.12.2022
Equities and fund units:							
Fondo Augusto	9.985.561					132.930	10.118.491
Fondo Cosimo I	53.275					(3.127)	50.148
Nomisma S.p.A.	100.000		(108.631)	16.215		1.330	8.914
	-						-
	10.138.836	**-**	**(108.631)**	**16.215**	**-**	**131.133**	**10.177.553**

The main changes in the item, detailed above, essentially refer to the increase in the value of the Augusto Fund for 133 thousand, partially offset by the sale of Nomisma shares previously held.

9. Sundry receivables and other assets

The item “Sundry receivables and other assets” totalled EUR 553 thousand (EUR 145 thousand as at 31 December 2021), increased by EUR 408 thousand, mainly referring to the usufruct on an equity security (EUR 143 thousand) and the registration tax paid by the Company following an unfavourable first instance ruling (EUR 408 thousand). In this regard, the Company is waiting for the second instance ruling to become final, which overturned the first ruling and gave the Company the right to be reimbursed the registration tax paid.

	31.12.2022	31.12.2021
Tax receivables	408.178	-
Other receivables	144.741	144.741
Other assets	-	-
	552.919	**144.741**

10. Deferred tax assets

This item totalled EUR 6.224 thousand, increasing by EUR 9 thousand compared to 31 December 2021.
The breakdown of this item is as follows:

	31.12.2022	31.12.2021
Tax assets recognised through profit or loss	6.222.532	6.113.738
Tax assets recognised in equity	1.493	1.493
	6.224.025	**6.115.231**

	31.12.2022	31.12.2021
Deferred tax assets		
Losses carried forward	6.099.182	6.000.000
Other assets/liabilities (including IFRS 16 prepaid taxes)	124.843	115.231
	6.224.025	**6.115.231**

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:

	31.12.2022	31.12.2021
Opening balance	**6.113.738**	**6.102.896**
Increases	**108.794**	**10.842**
Relating to previous years	-	-
Increases in tax rates	-	-
Other increases	108.794	10.842
Decreases	**-**	**-**
Relating to previous years	-	-
Decreases in tax rates	-	-
Other decreases	-	-
	6.222.532	**6.113.738**

Tax assets recognised in equity:

	31.12.2022	31.12.2021
Opening balance	**1.493**	**1.493**
Increases	**-**	**-**
Relating to previous years	-	-
Increases in tax rates	-	-
Other increases	-	-
Decreases	**-**	**-**
Relating to previous years	-	-
Decreases in tax rates	-	-
Other decreases	-	-
	1.493	**1.493**

Current assets

11. Financial receivables

These totalled EUR 56.706 thousand (EUR 32.539 thousand as at 31 December 2021). The overall increase was EUR 24.167 thousand.

The breakdown of this item is as follows:

	31.12.2022	31.12.2021
Loans	56.705.660	32.538.564
Other receivables	-	-
Security deposits	-	-
	56.705.660	**32.538.564**

This item primarily consisted of outstanding loans with the subsidiaries Mittel Investimenti Immobiliari S.r.l. for EUR 15,4 million, Sport Fashion Service S.r.l. formerly Curae Group S.r.l. for EUR 2,1 million, Italian Bathroom Design Group S.r.l. for EUR 5,4 million, Sport Fashion Service S.r.l. for EUR 8,0 million and Gruppo Zaffiro S.r.l. for EUR 25,8 million.
The marked increase is mainly due to the transformation of the maturities of the loans to the companies Italian Bathroom Design Group S.r.l. and Gruppo Zaffiro S.r.l. from medium-long to short term. The additional changes are mainly due to the taking out of new loans in favour of Sport Fashion Service S.r.l. for EUR 7,0 million, Gruppo Zaffiro S.r.l. for EUR 6,0 million and the partial repayment by Mittel Investimenti Immobiliari S.r.l. for EUR 12,5 million.

12. Current tax assets

These totalled EUR 404 thousand (EUR 304 thousand as at 31 December 2021). The overall increase was EUR 100 thousand.

This item comprises the IRES receivable for tax consolidation of EUR 251 thousand and an IRAP receivable of EUR 153 thousand, mainly attributable to the tax benefit deriving from the recalculation of the IRAP tax base for the 2011/2012 financial year. The restatement was calculated by the Company 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.

	31.12.2022	31.12.2021
IRES (corporate income tax)	251.698	151.099
IRAP (regional business tax)	152.681	152.681
Other taxes	-	-
	404.379	**303.780**

The changes in this item in the year are shown below:

	31.12.2022	31.12.2021
Opening balance	**303.780**	**154.727**
Increases	**100.599**	**149.053**
Relating to previous years	-	-
Other increases	100.599	149.053
Decreases	**-**	**-**
Reimbursements	-	-
Other decreases	-	-
	404.379	**303.780**

13. Sundry receivables and other assets

These totalled EUR 3.635 thousand (EUR 4.666 thousand as at 31 December 2021). The overall decrease was EUR 1.031 thousand.

The breakdown of this item is as follows:

	31.12.2022	31.12.2021
Trade receivables	365.705	263.841
Other tax receivables	362.562	716.540
Other receivables	2.803.476	3.541.682
Accrued income and prepaid expenses	103.468	144.080
	3.635.211	**4.666.143**

The item "Trade receivables" increased by EUR 102 thousand compared to 31 December 2021, and refers to invoices issued in December 2022 to consolidated companies for services rendered.

The item “Other tax receivables” for EUR 363 thousand refers to VAT receivables, of which EUR 350 thousand for which reimbursement was requested.

The item “Other receivables”, amounting to EUR 2.803 thousand (EUR 3.542 thousand as at 31 December 2021), decreased by EUR 739 thousand compared to the previous year and it mainly includes receivables from group companies for IRES tax consolidation in the amount of EUR 2.577 thousand, VAT in the amount of EUR 72 thousand, as well as miscellaneous charges.

The item “Accrued income and prepaid expenses” consists exclusively of prepayments on contractual instalments attributable to future periods for EUR 103 thousand (EUR 144 thousand as at 31 December 2021).

14. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 13.078 thousand (EUR 23.649 thousand as at 31 December 2021), include cash held by the Company and investments in bank deposits and certificates maturing within three months, and therefore considered readily convertible to cash.

	31.12.2022	31.12.2021
Cash	12.129	10.245
Bank and postal deposits	13.065.854	23.638.539
	13.077.983	**23.648.784**

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 198.079 thousand (EUR 207.833 thousand as at 31 December 2021), a decrease of EUR 9.804 thousand compared to 31 December 2021.

The breakdown of equity is shown in the following table:

	31.12.2022	31.12.2021
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	(40.267)	(152.112)
Other reserves	3.749.733	3.749.733
Profit (loss) of previous years	45.080.937	50.050.527
Profit (loss) for the year	(9.915.828)	(4.969.591)
Equity	**198.079.213**	**207.883.195**

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		
Profit reserves:					
Legal reserve	17.581.403	B	17.581.403		
Other:					
- 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		
- surplus on share swap	949.931	A,B,C	949.931		
- merger reserves	3.907.896	A,B,C	3.907.896		
- IAS/IFRS FTA reserve	(4.640.956)		(4.640.956)		
- other	1.116.037	A,B,C	1.116.037		
Valuation reserve	(40.267)		(40.267)		
Profits carried forward	45.080.937	A,B,C	45.080.937	6.625.687	
Total reserves	**120.088.024**		**120.088.024**		
Non-distributable portion			19.998.228		
Residual distributable portion			**100.089.796**		

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 2022, the Parent Company held no treasury shares.

Valuation reserve

The valuation reserve refers, following the application of IFRS 9, from 1 January 2018, 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:

	31.12.2022	**31.12.2021**
Current portion	15.435.091	243.528
Non-current portion	-	15.182.956
	15.435.091	**15.426.484**

The bond loan, maturing on 27 July 2023, is fully recognised under the related item of current liabilities, as detailed in note 21.

17. Financial payables

As at 31 December 2022, the item amounted to EUR 4.324 thousand, an increase of EUR 336 thousand over the previous year.

The item is composed as follows:

	31.12.2022	**31.12.2021**
Bank loans		
Other loans		
Other financial payables		
Liabilities for rights of use	4.323.924	3.988.202
	4.323.924	**3.988.202**

18. Provisions for personnel

As at 31 December 2022, this item totalled EUR 996 thousand (EUR 1.142 thousand as at 31 December 2021) and is composed as follows:

	31.12.2022	31.12.2021
Employee severance indemnity	996.405	1.141.440
Other allowances		
	996.405	**1.141.440**

The table below illustrates changes during the year in the provision for Employee Severance Indemnity:

	31.12.2022	31.12.2021
Opening balances	**1.141.440**	**1.113.422**
Increases:		
- Allocation for the period	94.262	163.904
- Other increases		
Decreases:		
- Utilisations	(123.595)	(99.876)
- Other decreases	(115.702)	(36.010)
	996.405	**1.141.440**

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 2022, the item amounted to EUR 22 thousand, unchanged from 31 December 2021. The breakdown of this item is as follows:

	31.12.2022	31.12.2021
Tax liabilities recognised through profit or loss		
Tax liabilities recognised in equity	22.467	22.467
	22.467	**22.467**

	31.12.2022	31.12.2021
Deferred liabilities		
Receivables	-	-
Financial assets/liabilities	22.467	22.467
Property, plant and equipment/intangible assets, other assets/liabilities	-	-
	22.467	**22.467**

The changes in tax liabilities recognised in equity were as follows:

	31.12.2022	31.12.2021
Opening balance	**22.467**	**22.467**
Increases	**-**	**-**
Relating to previous years	-	-
Increases in tax rates	-	-
Other increases	-	-
Decreases	**-**	**-**
Relating to previous years	-	-
Decreases in tax rates	-	-
Other decreases	-	-
	22.467	**22.467**

20. Provisions for risks and charges

As at 31 December 2022 the item amounted to EUR 100 thousand (EUR 185 thousand at 31 December 2021).

The breakdown is as follows:

	31.12.2022	31.12.2021
Provision for risks:		
Legal disputes	100.000	185.000
Disputes with personnel		
Contractual disputes		
Other disputes		
Other provisions:		
Expenses for personnel		
Other expenses		
	100.000	**185.000**

The item saw the following changes:

	31.12.2022	31.12.2021
Opening balance	**185.000**	**324.343**
Increases:		
Allocation for the period		76.400
Other increases	-	-
Decreases:		
Utilisations in the period	(83.159)	
Other decreases	(1.841)	(213.943)
	100.000	**185.000**

Current liabilities

21. Bonds

These amounted to EUR 15.435 thousand and refer for EUR 15.190 thousand to the payable that will be repaid on maturity of the loan on 23 July 2023 and for EUR 245 thousand to the portion of interest accrued relating to the coupon (23/07/2022-23/01/2023). For further details, please refer to note 16 "Bonds".

As at 31 December 2022, 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:

	31.12.2022	31.12.2021
"Mittel S.p.A. 2017-2023" bonds, fixed rate 3,75%		
Current portion	15.435.091	243.528
Non-current portion	-	15.182.956
Total "Mittel S.p.A. 2017-2023" bonds, fixed rate 3,75%	**15.435.091**	**15.426.484**

The table below shows the differentials between the face values of each bond issue (including the coupon accrued as at 31 December 2022) 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.

	31.12.2022	31.12.2021
Current portion		
"Mittel S.p.A. 2017-2023" bonds, fixed rate 3,75% (coupon in the process of maturity)	245.089	243.528
"Mittel S.p.A. 2017-2023" bonds, fixed rate 3,75% (repayment value at maturity)	15.194.464	15.194.464
Total nominal repayment value	**15.439.553**	**15.437.992**
Measurement at amortised cost	(4.462)	(11.508)
Total book value	**15.435.091**	**15.426.484**

The fair value as at 31 December 2022 of the bond issue is EUR 15,4 million (clean price on a 100 par value equal to 99,9830).
The prospectus and the regulation for the bond issue are available on the website www.mittel.it, in the "Investor Relations" section.

22. Financial payables

These totalled EUR 1.146 thousand (EUR 4.698 thousand as at 31 December 2021).

The item is composed as follows:

	31.12.2022	31.12.2021
Bank loans		
Current portion of medium/long-term bank loans		
Other loans	900.000	4.478.536
Other financial payables		
Liabilities for rights of use	245.870	219.856
	1.145.870	**4.698.392**

The significant reduction in the amount is based almost entirely on the repayment of the loan to the company Earchimede S.p.A. for EUR 3.604 thousand.

23. Sundry payables and other liabilities

These totalled EUR 4.478 thousand (EUR 4.120 thousand as at 31 December 2021). The overall increase was EUR 358 thousand.

The breakdown of this item is as follows:

	31.12.2022	31.12.2021
Trade payables	1.012.001	1.177.795
Tax payables	209.936	181.258
Payables relating to employees	398.417	411.192
Payables due to directors and statutory auditors	660.880	660.880
Payables due to social security institutions	134.348	106.670
Other payables	2.027.468	1.581.794
Accrued expenses and deferred income	34.708	311
	4.477.758	**4.119.900**

The item "Trade payables" refers to invoices received but not yet paid for EUR 376 thousand and invoices to be received for EUR 636 thousand. The latter refer to payables allocated on the basis of existing mandates and relating to payables for legal expenses (EUR 452 thousand), professional consulting (EUR 75 thousand), fees for certification of the financial statements (EUR 93 thousand), and utilities (EUR 2 thousand).

The item "Tax payables" consists primarily of EUR 141 thousand for payables to Inland Revenue Agency for fees paid in December 2022 and EUR 69 thousand of other tax payables.

The item "Other payables", equal to EUR 2.027 thousand, refers primarily to the payable to the companies adhering to the tax consolidation (EUR 1.467 thousand) and to the group VAT (EUR 61 thousand), of which Mittel S.p.A. is the parent company.

25. Revenue

These totalled EUR 484 thousand (EUR 480 thousand as at 31 December 2021). The overall increase was EUR 4 thousand.

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

	31.12.2022	31.12.2021
Revenue from sales	-	-
Revenue from rent	-	-
Revenue from provision of services	484.043	480.446
	484.043	**480.446**

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.

25. Other income

These totalled EUR 447 thousand (EUR 313 thousand as at 31 December 2021). The overall increase was EUR 135 thousand.

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

	31.12.2022	31.12.2021
Recoveries of various expenses	-	-
Extraordinary contingent assets	117.445	41.815
Income from elimination of assets	-	-
Other revenue and income	329.903	270.822
	447.348	**312.637**

The item “Contingent assets” consists of unexpected collections in previous years.

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.

26. Costs for services

These totalled EUR 1.840 thousand (EUR 1.802 thousand as at 31 December 2021). The overall increase compared to 31 December 2021 was EUR 38 thousand.

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

	31.12.2022	31.12.2021
Legal consultancy	(148.424)	(116.760)
Notary consultancy	(8.267)	(7.688)
Other consultancy	(439.492)	(377.365)
General services and maintenance	(116.825)	(166.317)
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	(39.129)	(40.278)
Insurance	(162.686)	(175.262)
Utilities	(72.302)	(63.793)
Advertising	-	-
Other services	(3.541)	(5.374)
	(1.839.546)	**(1.801.717)**

The item other consultancy services includes, for the most part, expenses to the independent auditors of EUR 204.159, communication expenses of EUR 40.000 and expenses for tax consultancy of EUR 41.600.

27. Personnel costs

These totalled EUR 2.067 thousand (EUR 2.641 thousand as at 31 December 2021). The overall decrease compared to 31 December 2021 was EUR 574 thousand.

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

	31.12.2022	31.12.2021
Wages and salaries	(1.452.140)	(1.948.770)
Social security costs	(471.505)	(519.512)
Allocation to employee severance indemnity	(94.262)	(163.904)
Payments to external supplementary pension funds	(23.147)	(1.374)
Other personnel costs	(26.102)	(7.774)
	(2.067.156)	**(2.641.334)**

Average number of employees broken down by category:

	Average in the year 2022	Average in the year 2021
Managers	3	4
Officials	8	7
Employees	6	9
Total	**17**	**20**

28. Other costs

These totalled EUR 571 thousand (EUR 522 thousand as at 31 December 2021). The increase compared to 31 December 2021 was EUR 49 thousand.

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

	31.12.2022	31.12.2021
Taxes and duties	(409.125)	(332.100)
Extraordinary contingent liabilities	(9.589)	(136)
Other sundry operating expenses	(152.573)	(189.887)
	(571.287)	**(522.123)**

The item “Taxes and duties” mainly includes pro-rata costs for non-deductible VAT amounting to EUR 358 thousand.
The item “Other sundry operating expenses” includes membership dues for EUR 107 thousand, non-deductible expenses for EUR 46 thousand, and expenses for managing company cars and those used by executives for EUR 51 thousand.

29. Dividends

These totalled EUR 664 thousand (zero as at 31 December 2021).

The item is composed as follows:

	31.12.2022	31.12.2021
Dividends from subsidiaries	393.978	-
Dividends from associates	270.000	-
	663.978	**-**

The item relating to subsidiaries refers to the partial distribution of the “capital contributions” reserve of Curae Group S.r.l. (subsequently merged into Sport Fashion Service S.r.l.). This amount was collected for EUR 33.478 on 20 December 2022, while the remainder was converted into a loan granted by the Company to the subsidiary Curae Group S.r.l. (now Sport Fashion Service S.r.l.). The item relating to dividends from associates refers to the company Mittel Generale Investimenti S.r.l., which partially distributed reserves on 1 March 2022.

30. Profit (loss) from management of financial assets and investments

This item totalled EUR 137 thousand (EUR 200 thousand as at 31 December 2021) and decreased by EUR 63 thousand compared to 31 December 2021.

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

	31.12.2022	31.12.2021
Financial assets		
Capital gains	-	-
Profits from fair value measurement	-	-
Other income	136.777	-
Capital losses	-	-
Losses from fair value measurement	-	-
Other expenses	-	-
Capital gains (losses) from transfer of receivables	**-**	**-**
Capital gains (losses) from transfer of investments	**-**	**200.000**
Capital gains (losses) from change in equity interest	**-**	**-**
Reversals/impairment losses on equity	**-**	**-**
	136.777	**200.000**

31. Amortisation/depreciation

These amounted to EUR 357 thousand (EUR 353 thousand as at 31 December 2021) and decreased by EUR 4 thousand.

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

	31.12.2022	31.12.2021
Intangible assets		
Amortisation	(2.939)	(4.326)
Impairment losses	-	-
Reversals of impairment losses	-	-
Property, plant and equipment		
Depreciation of investment property	-	-
Depreciation of other assets owned	(72.033)	(75.772)
Depreciation of rights of use	(281.557)	(272.719)
Impairment losses	-	-
Reversals of impairment losses	-	-
	(356.529)	**(352.817)**

32. Allocations to the provision for risks

No further provisions were made during the year (EUR 139 thousand compared to 31 December 2021).

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

	31.12.2022	31.12.2021
Provisions for ongoing disputes:		
For legal disputes	-	-
For personnel expenses	-	-
Provisions for contractual disputes	-	-
Provisions for restructuring expenses	-	-
Other provisions	-	139.343
	-	**139.343**

33. Financial income

These totalled EUR 2.695 thousand (EUR 2.033 thousand as at 31 December 2021). The overall increase compared to 31 December 2021 was EUR 662 thousand.

The item is composed as follows:

	31.12.2022	31.12.2021
Bank interest income	1.879	846
Interest income on financial receivables	2.661.539	1.964.808
Other interest income	2.131	-
Other financial income	28.954	67.081
Fair value hedging derivatives	-	-
Exchange rate gains	-	-
	2.694.503	**2.032.735**

34. Financial expenses

These totalled EUR 759 thousand (EUR 2.815 thousand as at 31 December 2021). The overall decrease compared to 31 December 2020 was EUR 2.056 thousand.

The item is composed as follows:

	31.12.2022	31.12.2021
Interest expense on bonds	(576.838)	(2.616.819)
Interest expense on bank current accounts	-	-
Interest expense on bank loans	-	-
Interest expense on other loans	(25.560)	(40.199)
Other interest expenses	(145.865)	(135.894)
Other financial expenses	(11.083)	(22.443)
	(759.346)	(**2.815.355)**

35. Value adjustments to financial assets, loans and receivables

This item totalled EUR 8.930 thousand, increasing by EUR 8.654 thousand compared to 31 December 2021.
The breakdown of the item is shown in the following table:

	31.12.2022	31.12.2021
Write-downs on financial receivables	(9.061.341)	(353.470)
Write-downs on other receivables	-	-
Write-downs on financial assets	-	-
Reversals of impairment losses on financial assets	131.134	77.470
	(8.930.207)	**(276.000)**

For further details of the item “Write-downs on financial assets”, reference should be made to paragraph “7 - Other financial assets”.

36. Value adjustments on investments

The item was equal to EUR 665 thousand (EUR 500 thousand as at 31 December 2021). The overall decrease compared to 31 December 2021 was EUR 165 thousand.

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

	31.12.2022	31.12.2021
Write-downs of investments	(665.000)	(500.000)
Revaluations of investments	-	-
	(665.000)	**(500.000)**

The item “Write-downs of investments” refers to the impairment of Mittel Generale Investimenti S.r.l. for EUR 270 thousand, and Progetto Raffaello S.r.l. for EUR 395 thousand. For more details, see note "6. Investments” in these financial statements.

37. Income taxes

These totalled EUR 847 thousand (EUR 775 thousand as at 31 December 2021). The overall decrease compared to 31 December 2021 was EUR 72 thousand.

The amount is composed as follows:

	31.12.2022	31.12.2021
IRES (corporate income tax)	690.003	919.369
IRAP (regional business tax)	-	-
Taxes of previous years	47.797	(155.617)
Total current taxes	**737.800**	**763.752**
Deferred tax liabilities	-	-
Deferred tax assets	108.794	10.842
Total deferred taxes	**108.794**	**10.842**
Other taxes	-	-
Total income taxes	**846.594**	**774.594**

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 2022 compared with the previous year, are as follows:

Earnings/(loss) per share (in EUR)	**31.12.2022**	**31.12.2021**
From income statement:		
- Basic	(0,122)	(0,061)
- Diluted		
From comprehensive income:		
- Basic	(0,121)	(0,061)
- Diluted		

Basic earnings or loss per share

During the period ended 31 December 2022, the number of shares outstanding remained unchanged.

Basic earnings/(loss) per share	**31.12.2022**	**31.12.2021**
(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)	**(9.915.828)**	**(4.969.591)**

EUR		
Basic earnings/(loss) per share	**(0,122)**	**(0,061)**

EUR		
Net comprehensive profit/(loss)	**(9.803.982)**	**(4.936.619)**

EUR		
Total basic comprehensive earnings/(loss) per share	**(0,121)**	**(0,061)**

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 2022, 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)	(9.915.828)	(4.969.591)
Effect of subscriptions of potential new shares	-	-
Net profit (loss) available to ordinary shareholders plus expected subscriptions	**(9.915.828)**	**(4.969.591)**
EUR		
Diluted earnings/(loss) per share	**(0,122)**	**(0,061)**

EUR		
Net comprehensive profit/(loss)	(9.803.982)	(4.936.619)
Effect of subscriptions of potential new shares	-	-
Overall net available profit/(loss) for ordinary shareholders plus expected subscriptions	**(9.803.982)**	**(4.936.619)**
EUR		
Total diluted comprehensive earnings/(loss) per share	**(0,121)**	**(0,061)**

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 2022 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 2022 was positive for EUR 48.879 thousand, as shown in the table below:

	31.12.2022	31.12.2021
Cash	12	10
Cash equivalents	13.066	23.639
Other current financial assets (*)	56.706	32.539
Liquidity	**69.784**	**56.188**
Current bank loans and borrowings	(16.581)	(4.942)
Current portion of non-current bank loans and borrowings	-	-
Current financial debt	**(16.581)**	**(4.942)**
Net current financial debt	**53.203**	**51.246**
Non-current bank loans and borrowings	(4.324)	(3.988)
Debt instruments	-	(15.183)
Trade payables and other non-current payables	-	-
Non-current financial debt	**(4.324)**	**(19.171)**
Total financial debt	**48.879**	**32.075**

(*) 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 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 2022, the following commitments and guarantees were in place:

	31.12.2022	31.12.2021
Guarantees:		
financial	-	-
commercial	850.905	850.905
assets pledged as collateral	-	-
Commitments:		
disbursement of funds	1.253.992	1.253.992
other irrevocable commitments	-	-
	2.104.897	**2.104.897**

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 2022 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		4.523.225		**4.523.225**
Current assets				
Financial receivables		56.705.660		**56.705.660**
Sundry receivables and other assets		3.111.395		**3.111.395**
Current liabilities				
Financial payables		900.000		**900.000**
Sundry payables and other liabilities	660.880	1.561.855		**2.222.735**
Income statement				
Revenue		434.043	50.000	**484.043**
Other income		264.060	50.000	**314.060**
Costs for services	(800.880)			**(800.880)**
Personnel costs	(330.481)		(21.753)	**(352.234)**
Other costs				**-**
Dividends				**-**
Financial income		1.371.250		**1.371.250**
Financial expenses		(25.560)		**(25.560)**
Value adjustments to financial assets, loans and receivables		(25.000)		**(25.000)**
Value adjustments on investments		(395.000)	(270.000)	**(665.000)**

- Non-current financial receivables refer to loans granted to the subsidiaries Markfactor S.r.l. in liquidation for EUR 0,1 million, Sport Fashion Service S.r.l. for EUR 4,4 million.

- Current financial receivables refer to loans granted to Sport Fashion Service S.r.l. for EUR 10,2 million, to Mittel Investimenti Immobiliari S.r.l. for EUR 15,4 million, to Sport Fashion Service S.r.l. for EUR 8,0 million, to Gruppo Zaffiro S.r.l. for EUR 25,8 million and to Italian Bathroom Design Group S.r.l. for EUR 5,3 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 0,7 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 0,2 million, Gruppo Zaffiro S.r.l. for EUR 1,1 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 2022, and for comparative purposes as at 31 December 2021, 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 2022			31 December 2021		
	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	-	10.168.639	8.914	-	10.038.836	100.000
- Other non-current securities	-	-	-	-	-	-
Financial assets measured at fair value held for trading:						
- Current securities held for trading	-	-	-	-	-	-
- Other receivables	-	-	-	-	-	-
- Trading derivatives	-	-	-	-	-	-
- Other financial assets	-	-	-	-	-	-
Total assets	**-**	**10.168.639**	**8.914**	**32.538.564**	**10.038.836**	**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 2022 are shown and, for comparative purposes, as at 31 December 2021, 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 2022

(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 total as at 31 December 2022	Fair value as at 31 December 2022
	Income statement	*Equity in Other comprehensive income*	**(A)**	Level 1	Level 2	Level 3	**(B)**	**(A+B)**	
ASSETS									
Other non-current financial assets (a)	10.168.639	-	10.168.639	-	10.168.639	8.914	**-**	**10.177.553**	10.177.553
Non-current financial receivables (b)	-	-	**-**	-	-	-	**20.359.276**	**20.359.276**	20.359.276
Other receivables and financial assets (*) (b)	-	-	**-**	-	-	-	**552.919**	**552.919**	552.919
Other assets (*)	-	-	**-**	-	-	-	**-**	**-**	-
Current financial receivables (b)	-	-	**-**	-	-	-	**56.705.660**	**56.705.660**	56.705.660
Trading derivatives (d)	-	-	**-**	-	-	-	**-**	**-**	-
Trade receivables (*) (b)	-	-	**-**	-	-	-	**3.111.395**	**3.111.395**	3.111.395
Current sundry receivables (*) (b)	-	-	**-**	-	-	-	**56.860**	**56.860**	56.860
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**13.077.983**	**13.077.983**	13.077.983
	-	**-**	**-**	**-**	**-**	**-**	**93.864.093**	**104.041.646**	104.041.646
LIABILITIES									
Bonds (current and non-current) (b)	-	-	**-**	-	-	-	**15.435.091**	**15.435.091**	15.436.970
Financial payables (current and non-current) (*) (b)	-	-	**-**	-	-	-	**5.469.794**	**5.469.794**	5.469.794
Other financial liabilities (c)	-	-	**-**	-	-	-	**-**	**-**	-
Trade payables (*) (b)	-	-	**-**	-	-	-	**-**	**-**	-
Sundry payables (*) (b)	-	-	**-**	-	-	-	**2.172.903**	**2.172.903**	2.172.903
	-	**-**	**-**	**-**	**-**	**-**	**23.077.788**	**23.077.788**	23.079.667

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 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:			Fair Value Hierarchy			Financial instruments at amortised cost	Financial statements total as at 31 December 2021	Fair value as at 31 December 2021
	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)	10.138.836	-	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

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 2022, 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 2022, 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 2022, including profits/(losses) booked to the income statement, are shown below:

(in EUR)	Financial assets	Financial liabilities
As at 31 December 2021	**100.000**	**-**
Profits/(losses) recognised in the income statement	17.545	-
Profits/(losses) recognised in other comprehensive income	-	-
Issues/Extinguishments	(108.631)	-
As at 31 December 2022	**8.914**	**-**

Financial assets available for sale measured at fair value classified in level 3 refer to the remaining shares held in Nomisma S.p.A.

42. 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 2022	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	-	10.177.553	-	**10.177.553**
Bonds	-	-	-	**-**
Other financial assets	-	-	-	**-**
Non-current receivables:				**-**
Financial receivables	20.359.276	-	-	**20.359.276**
Sundry receivables	552.919	-	-	**552.919**
Receivables due from related parties	-	-		**-**
Receivables due from customers and other current commercial assets:				
Sundry receivables and other assets	3.635.211	-	-	**3.635.211**
Current financial assets:				
Financial receivables	56.705.660	-	-	**56.705.660**
Sundry receivables	-	-	-	**-**
Other financial assets	-	-	-	**-**
Hedging derivatives	-	-	-	**-**
Non-hedging derivatives	-	-	-	**-**
Cash and cash equivalents				
Bank and postal deposits	13.065.854	-	-	**13.065.854**
TOTAL FINANCIAL ASSETS	**94.318.920**	**10.177.553**	**-**	**104.496.473**

Financial assets as at 31 December 2021	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	-	10.138.836	-	**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 liabilities as at 31 December 2022	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	-	4.323.924	**4.323.924**
Sundry payables and other liabilities	-	-	**-**
Bonds	-	-	**-**
Current liabilities:			
Loans and borrowings from banks and other lenders	-	1.145.870	**1.145.870**
Trade payables	-	1.012.001	**1.012.001**
Sundry payables	-	2.027.468	**2.027.468**
Bonds	-	15.435.091	**15.435.091**
Other financial liabilities:			
Hedging derivatives	-	-	**-**
Non-hedging derivatives	-	-	**-**
TOTAL FINANCIAL LIABILITIES	**-**	**23.944.354**	**23.944.354**

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**

Transfers between portfolios and reclassifications of financial assets

During 2022, 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 2022 and the prior year.

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Total as at 31 December 2022	**105.284.807**	**(28.219.871)**	-	**77.064.936**
Total as at 31 December 2021	**109.246.320**	**(20.101.492)**	**-**	**89.144.828**

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

Cash and cash equivalents of the company totalled EUR 13.078 thousand (EUR 23.649 thousand as at 31 December 2021) 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 2022 and 31 December 2021 relating to the guarantees issued in favour of third parties and to commitments to disburse funds are shown below:

	31.12.2022	31.12.2021
Financial guarantees issued	-	-
Commercial guarantees issued	850.905	850.905
Irrevocable commitments to disburse funds	1.253.992	1.253.992
Commitments underlying credit derivatives	-	-
Other irrevocable commitments	-	-
	2.104.897	**2.104.897**

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

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			20.359	-	-		20.359
Current financial receivables	35.020	21.686					56.706
Available-for-sale financial assets							-
Financial assets at fair value							-
	35.020	**21.686**	**20.359**	**-**	**-**	**-**	**77.065**
Liabilities							
Non-current bank loans			-				-
Current bank loans	-	-					-
Bonds	-	15.435	-	-			15.435
Other financial payables - related parties	900						900
	900	**15.435**	**-**	**-**	**-**	**-**	**16.335**
Financial derivatives							
Hedging derivatives							-
Trading derivatives							-
	-	**-**	**-**	**-**	**-**	**-**	**-**
	34.120	**6.251**	**20.359**	**-**	**-**	**-**	**60.730**

The figures relating to the financial statements as at 31 December 2021 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			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 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 2022;
- 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 2022, 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 2022		
	Fixed rate	Variable rate	Total
Bank loans	-	-	**-**
Bonds	15.435	-	**15.435**
Other financial liabilities	900	-	**900**
Total	**16.335**	**-**	**16.335**

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 2022		
	Fixed rate	Variable rate	Total
Financial receivables	61.229	15.836	**77.065**
Other financial assets	-	-	**-**
Total	**61.229**	**15.836**	**77.065**

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**

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 2022		31 December 2021	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Deposits and cash	13.078	0,01%	23.649	0,00%
Other financial receivables - third parties	15.836	0,15%	25.895	0,25%
Other financial receivables - related parties	61.229	4,28%	63.250	2,87%
Total	**90.143**	**2,93%**	**112.794**	**1,67%**

Amounts in thousands of EUR

	31 December 2022		31 December 2021	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Bank loans	-	0,00%	-	0,00%
Bonds	15.435	3,69%	15.426	3,69%
Other financial payables - related parties	900	0,00%	-	0,00%
Total	**16.335**	**3,49%**	**79.898**	**3,69%**

Currency risk – Sensitivity analysis

As at 31 December 2022 (and as at 31 December 2021), 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:				
	2023	**2024**	**2025**	**Beyond 2025**	**Total**
Bank loans	-	-			-
Bonds	15.435	-	-	-	15.435
Other financial liabilities	900				900
Total	**16.335**	**-**	**-**	**-**	**16.335**

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 50 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 2022 - 31 December 2022, 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 9.915.828 by using the available reserves.

Milan, 26 April 2023

for the Board of Directors

The Chairman

(Marco Giovanni Colacicco)

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 2022.

It is also certified that the separate financial statements for the year ended as at 31 December 2022:

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, 26 April 2023

Director in charge of the risk management and internal control system

Anna Francesca Cremascoli

Manager in charge of financial reporting

Pietro Santicoli

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'articolo 153 del D.lgs. n. 58/1998 e

dell'articolo 2429, comma 3, del Codice Civile

Signori azionisti,

il collegio sindacale di Mittel S.p.A. (di seguito, rispettivamente: "**Collegio**" e "**Società**") Vi riferisce ai sensi dell'articolo 153 del D.lgs. n. 58/1998 (di seguito: "**TUF**") e dell'articolo 2429, comma 3, del Codice Civile, in merito alle attività di vigilanza svolte in relazione all'esercizio chiuso il 31 dicembre 2022, anche nella veste di "C*omitato per il controllo interno e la revisione contabile*" ai sensi dell'articolo 19 del D.lgs. n. 39/2010, nonché sull'osservanza delle disposizioni di cui al D.lgs. n. 254/2016, il tutto tenendo in considerazione le indicazioni fornite in materia dalla Commissione Nazionale per le Società e la Borsa, dal codice di *Corporate Governance* approvato dal Comitato per la *Corporate Governance*, nonché dalle "*Norme di comportamento del collegio sindacale di società quotate*" emanate dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (di seguito, rispettivamente: "**Consob**", "**Codice di *Corporate Governance***" e "**Norme di Comportamento**").

I. Premessa

Il Collegio, anche nella veste di "C*omitato per il controllo interno e la revisione contabile*" ai sensi dell'articolo 19 del D.lgs. n. 39/2010, ha acquisito le informazioni per lo svolgimento delle attività di vigilanza di cui sopra attraverso le ordinarie e periodiche verifiche, la partecipazione alle riunioni del consiglio di amministrazione, la partecipazione alle riunioni dei comitati endoconsiliari (*i.e.* comitato esecutivo, comitato controllo e rischi, comitato parti correlate e comitato remunerazione, di seguito: "**Comitati Endoconsiliari**"), il confronto con l'amministratore incaricato del sistema di controllo interno e di gestione dei rischi (di seguito: "**Amministratore Incaricato**"), il confronto con il dirigente preposto alla redazione dei documenti contabili societari (di seguito: "**Dirigente Preposto**"), il confronto con gli altri *manager* della Società, il confronto con il responsabile della funzione *internal audit*, il confronto con i responsabili delle altre funzioni aziendali, lo scambio di informazioni con la società incaricata della revisione legale dei conti (di seguito: "**Società di Revisione**"), lo scambio di informazioni con l'organismo di vigilanza di cui al D.lgs. n. 231/2001 (di seguito: "**ODV**"), lo scambio di informazioni con i corrispondenti organi di controllo delle società controllate (di seguito: "**Controllate**").

Il Collegio dà atto che le tutte le attività di cui sopra sono state svolte con adeguatezza, efficacia ed efficienza nonostante gli strascichi dell'emergenza sanitaria *ex* COVID-19.

II. Nomina ed indipendenza del Collegio

Questo Collegio:

(1) è stato nominato dall'assemblea degli azionisti in data 21 giugno 2022 nelle persone di Mattia Cesare Carlo Bock (presidente), Fabrizio Colombo (sindaco effettivo) e Federica Sangalli (sindaco effettivo); questi ultimi due erano componenti del precedente Collegio, rispettivamente in veste di presidente e di sindaco effettivo, il che ha garantito un efficace, completo e tempestivo passaggio di consegne, nonché una sostanziale continuità di azione nelle attività di vigilanza;

(2) ha effettuato la autovalutazione della propria composizione, con particolare riferimento ai criteri di cui all'articolo 148 del TUF, all'indipendenza dei propri componenti, alla dimensione, al funzionamento, ai requisiti di professionalità, di competenza, di disponibilità di tempo e di risorse in relazione alla complessità dell'incarico, nonché alla soglia "*comply or explain*" relativa al cumulo degli incarichi, il tutto attenendosi alle indicazioni recate sul tema dal TUF, dalla Consob, dal Codice di *Corporate Governance*, dalle Norme di Comportamento.

In conclusione, riassumendo gli esiti della autovalutazione di cui al presente paragrafo, il Collegio dà atto della sussistenza dei requisiti richiesti richieste dalle norme primarie, secondarie e regolamentari di riferimento.

III. Vigilanza sull'osservanza della legge e dello statuto

Il Collegio, svolgendo le attività indicate in premessa nonché acquisendo le informazioni indicate in premessa:

(1) ha vigilato sulla conformità delle delibere assunte dagli organi societari alle norme primarie, secondarie e regolamentari, ivi incluse quelle statutarie;

(2) ha accertato il rispetto delle norme primarie, secondarie e regolamentari, ivi incluse quelle statutarie, che disciplinano lo svolgimento delle riunioni degli organi sociali, e l'adempimento dell'obbligo informativo da parte degli organi delegati in merito all'esercizio delle deleghe conferite;

(3) ha vigilato sull'osservanza degli obblighi informativi in materia di informazioni regolamentate e privilegiate;

(4) ha acquisito le informazioni utili per la comprensione dell'impatto prodotto dall'attività della Società con riferimento a tematiche ambientali, attinenti al personale, al rispetto dei diritti umani, alla lotta contro la corruzione attiva e passiva, che risultano esposte nella dichiarazione non finanziaria di cui al D.lgs. n. 254/2016, e, a tale proposito, rinvia al successivo paragrafo VII;

(5) ha vigilato sull'osservanza delle disposizioni stabilite dal D.lgs. n. 254/2016 ai sensi dell'articolo 3, comma 7, ultimo periodo, dello stesso decreto alla luce degli assetti della Società strumentali alla produzione della dichiarazione ivi prevista, e, a tale proposito, rinvia al successivo paragrafo VII;

(6) ha verificato l'esistenza di un'adeguata struttura organizzativa atta a consentire un adeguato monitoraggio dei rischi di inosservanza delle norme primarie, secondarie e regolamentari, ivi incluse quelle statutarie, e, a tale proposito, rinvia al successivo paragrafo V;

(7) ha vigilato sull'ufficio legale e societario preposto alla raccolta e all'esame di norme primarie, secondarie e regolamentari riguardanti la Società e il suo settore di attività, verificando, anche con il confronto con la funzione *internal audit*, che quest'ultima adotti idonee procedure interne atte ad assicurarne il rispetto;

(8) ha acquisito presso l'ufficio legale e societario e presso la funzione *internal audit* informazioni sulle procedure in materia di informazioni privilegiate e di *internal dealing* e sulle modalità di effettuazione delle comunicazioni al pubblico;

(9) dà atto che alcun amministratore ed alcun componente del Collegio ha avuto interessi, per conto proprio o di terzi, in alcuna operazione della Società;

(10) non ha ricevuto notizia di operazioni con parti correlate di carattere atipico o inusuale;

(11) ha espresso parere favorevole in merito alla nomina del Dirigente Preposto;

(12) ha espresso parere favorevole in merito alla proposta di remunerazione degli amministratori investiti di particolari cariche formulata dal comitato per la remunerazione;

(13) ha espresso all'organo amministrativo parere favorevole all'approvazione del piano annuale di lavoro della funzione *internal audit*;

(14) ha espresso al comitato controllo e rischi parere favorevole sulla correttezza dell'utilizzo dei principi contabili ai fini della redazione del bilancio di esercizio e del bilancio consolidato relativi all'esercizio chiuso il 31 dicembre 2022, nonché sulla omogeneità di tali principi ai fini della redazione di quest'ultimo.

In conclusione, riassumendo gli esiti dell'attività di vigilanza di cui al presente paragrafo, il Collegio: non ha rilevato non conformità; non ha formulato raccomandazioni o proposte; non ha ravvisato l'esistenza di conflitti di interessi da parte degli organi di amministrazione e controllo; non ha ricevuto notizia di operazioni con parti correlate di carattere atipico o inusuale; ha espresso parere favorevole nelle circostanze richieste dalle norme primarie, secondarie e regolamentari di riferimento.

IV. Vigilanza sul rispetto dei principi di corretta amministrazione

Il Collegio, svolgendo le attività indicate in premessa nonché acquisendo le informazioni indicate in premessa:

(1) ha vigilato sul procedimento decisionale adottato dall'organo amministrativo;

(2) dà atto di aver ricevuto nel corso delle riunioni del consiglio di amministrazione e del comitato esecutivo, informativa in merito alle operazioni di maggior rilievo poste in essere dalla Società e/o dalle Controllate;

(3) dà atto che non sono emerse omissioni, irregolarità, fatti censurabili o comunque di significatività tale da richiederne la menzione nella presente relazione;

(4) dà atto che non sono pervenute al Collegio denunce *ex* articolo 2408 del Codice Civile né esposti da parte di terzi;

(5) non ha avuto notizia di operazioni atipiche o inusuali con Controllate, con altre partecipate, con altri parti correlate;

(6) dà atto che le scelte gestionali dell'organo amministrativo risultano ispirate al principio di corretta informazione e ragionevolezza.

In conclusione, riassumendo gli esiti dell'attività di vigilanza di cui al presente paragrafo, il Collegio: non ha rilevato non conformità; non ha formulato raccomandazioni o proposte; non ha ricevuto denunce *ex* articolo 2408 del Codice Civile né esposti da parte di terzi; non ha avuto notizia di operazioni atipiche o inusuali con Controllate, con altre partecipate, con altri parti correlate; non ha ravvisato scelte gestionali disinformate o irragionevoli.

V. Vigilanza sull'adeguatezza dell'assetto organizzativo, nonché sull'adeguatezza e sul funzionamento del sistema di controllo interno e gestione dei rischi

Il Collegio svolgendo le attività indicate in premessa nonché acquisendo le informazioni indicate in premessa:

(1) ha vigilato sull'adeguatezza del sistema di controllo interno;

(2) ha partecipato a tutte le riunioni del comitato controllo e rischi, svoltesi alla presenza del responsabile della funzione *internal audit*, condividendone, nel rispetto delle prerogative di ciascun organo, le determinazioni;

(3) si è confrontato sistematicamente con il responsabile della funzione *internal audit* anche alla luce del piano di lavoro annuale processato nell'esercizio in commento, acquisendo, inoltre, quello da processare nell'esercizio corrente;

(4) nell'ambito del confronto di cui sopra, ha accertato con il responsabile della funzione *internal audit* il funzionamento del sistema interno per le segnalazioni da parte dei dipendenti di eventuali irregolarità, il tutto nel rispetto delle disposizioni di legge sulla protezione dei dati personali e sulla tutela dell'anonimato;

(5) ha acquisito le relazioni periodiche ed annuali emesse dal comitato controllo e rischi, dall'Amministratore Incaricato e del responsabile della funzione *internal audit*, da cui non risultano

non conformità, accertandosi che i suggerimenti e le raccomandazioni ivi formulati fossero adeguatamente divulgati anche per le vie brevi all'organo amministrativo;

(6) ha periodicamente scambiato informazioni con l'ODV, del quale ha acquisito le relazioni periodiche ed annuali da cui non risultano non conformità, accertandosi che i suggerimenti e le raccomandazioni ivi formulati fossero adeguatamente divulgati anche per le vie brevi all'organo amministrativo;

(7) ha vigilato sul processo di *risk assessment*, acquisendone gli esiti e monitorando le azioni di contenimento e/o riscontro e/o mitigazione;

(8) ha preso atto che dalle informazioni rese dalla Società di Revisione mediante specifiche presentazioni dedicate al "C*omitato per il controllo interno e la revisione contabile*" di cui all'articolo 19 del D.lgs. n. 39/2010, che sono state illustrate nell'ambito dello scambio di informazioni di cui all'articolo 2409-*septies* del Codice Civile, non risultano profili di rischio nel sistema di controllo interno.

In conclusione, riassumendo gli esiti dell'attività di vigilanza di cui al presente paragrafo, il Collegio: non ha rilevato non conformità; non ha formulato raccomandazioni o proposte; non ha riscontrato profili di rischio nel sistema di controllo interno.

VI. Vigilanza sull'adeguatezza del sistema amministrativo-contabile, monitoraggio del processo di informativa finanziaria e dell'attività di revisione legale dei conti

Il Collegio, svolgendo le attività indicate in premessa nonché acquisendo le informazioni indicate in premessa:

(1) ha verificato e monitorato l'indipendenza della Società di Revisione anche con riferimento alla prestazione di servizi diversi dalla revisione, attestata, da ultimo, nella conferma annuale dell'indipendenza ai sensi dell'articolo 6, paragrafo 2, lettera a), del Regolamento (UE) n. 537/2014, e ai sensi del paragrafo 17 del principio di revisione internazionale (ISA Italia) 260, la quale è riportata nell'allegato 1 alla "*Relazione aggiuntiva*" relativa all'esercizio chiuso il 31 dicembre 2022 di cui all'articolo 11 del citato Regolamento;

(2) ha informato l'organo amministrativo dell'esito della revisione legale relativa all'esercizio chiuso il 31 dicembre 2022, acquisendo dalla relativa "*Relazione aggiuntiva*" di cui all'articolo 11 del Regolamento (UE) n. 537/2014 quanto segue in tema di "*Rischi significativi*":

(a) in tema di "*Recuperabilità delle attività/avviamento – IAS 36*": "*Non sono emersi aspetti significativi da segnalare*";

(b) in tema di "*Valutazione delle rimanenze immobiliari – IAS 2*": "*Non sono emersi aspetti significativi da segnalare";*

(c) in tema *di "Recuperabilità del valore delle partecipazioni in imprese controllate e collegate*": "*Non sono emersi aspetti significativi da segnalare*";

(3) ha monitorato il processo di produzione dell'informativa finanziaria relativo all'esercizio chiuso il 31 dicembre 2022, ad esito del quale non ha rilevato non conformità e non ha formulato raccomandazioni o proposte;

(4) ai fini del monitoraggio di cui sopra, ha posto in essere un periodico scambio di informazioni con i Comitati Endoconsiliari, con il Dirigente Preposto, con il responsabile della funzione *internal audit*, con la Società di Revisione, con l'ODV, con gli organi di controllo delle Controllate, ad esito del quale non ha rilevato non conformità e non ha formulato raccomandazioni o proposte;

(5) ha acquisito il piano di revisione relativo all'esercizio chiuso il 31 dicembre 2022 dalla Società di Revisione tramite le informazioni rese note da quest'ultima mediante specifiche presentazioni dedicate al "C*omitato per il controllo interno e la revisione contabile*" di cui all'articolo 19 del D.lgs. n. 39/2010, che sono state illustrate nell'ambito dello scambio di informazioni di cui all'articolo 2409-*septies* del Codice Civile, e i cui contenuti sono riepilogati nell'allegato 1 alla *"Relazione aggiuntiva"* di cui all'articolo 11 del Regolamento (UE) n. 537/2014 relativa all'esercizio chiuso il 31 dicembre 2022;

(6) ha effettuato l'analisi dell'impianto metodologico adottato dalla Società di Revisione relativo all'esercizio chiuso il 31 dicembre 2022 processando le informazioni rese note da quest'ultima mediante specifiche presentazioni dedicate al "C*omitato per il controllo interno e la revisione contabile*" di cui all'articolo 19 del D.lgs. n. 39/2010, che sono state illustrate nell'ambito dello scambio di informazioni di cui all'articolo 2409-*septies* del Codice Civile, e i cui contenuti sono riepilogati nell'allegato 1 alla *"Relazione aggiuntiva"* di cui all'articolo 11 del Regolamento (UE) n. 537/2014 relativa all'esercizio chiuso il 31 dicembre 2022, tenendo altresì conto degli esiti sui controlli di qualità svolti dalla Consob sulla Società di Revisione come riferiti nella "*Relazione di trasparenza relativa all'esercizio chiuso al 30 settembre 2022*" emessa da quest'ultima, nonché dell'inclusione nel *team* di revisione della figura dell'*engagement quality control reviewer*; ad esito di tale analisi, il Collegio dà atto della coerenza dell'attività di revisione nel suo complesso rispetto alle caratteristiche strutturali e di rischio della Società;

(7) ha discusso con l'organo amministrativo le questioni principali emerse dalla revisione legale relativa all'esercizio chiuso il 31 dicembre 2022, dando atto che non sono emerse carenze nel sistema di controllo interno né nel sistema amministrativo-contabile, e dando altresì atto della coerenza dell'attività di revisione nel suo complesso rispetto alle caratteristiche strutturali e di rischio della Società.

In conclusione, riassumendo gli esiti dell'attività di vigilanza di cui al presente paragrafo, il Collegio: non ha rilevato non conformità; non ha formulato raccomandazioni; non ha riscontrato carenze nel sistema di controllo interno né nel sistema amministrativo-contabile; dà atto della coerenza dell'attività di revisione nel suo complesso rispetto alle caratteristiche strutturali e di rischio della Società; dà atto della indipendenza della Società di Revisione.

VII. Vigilanza in ordine al bilancio di esercizio, al bilancio consolidato, alle rispettive relazioni sulla gestione, alla dichiarazione non finanziaria di cui al D.lgs. n. 254/2016

Il Collegio, svolgendo le attività indicate in premessa nonché acquisendo le informazioni indicate in premessa:

(1) ha acquisito il bilancio di esercizio, il bilancio consolidato e la dichiarazione non finanziaria di cui al D.lgs. n. 254/2016 relativi all'esercizio chiuso il 31 dicembre 2022 come approvati dal consiglio di amministrazione, rinunciando ai termini di cui all'articolo 154-*ter,* comma 1-*ter*, del TUF, ai quali ha rinunciato anche la Società di Revisione,

(2) ha acquisito le relazioni di revisione sul bilancio di esercizio e sul bilancio consolidato relativi all'esercizio chiuso il 31 dicembre 2022 emesse dalla Società di Revisione, le quali riportano un giudizio senza rilievi;

(3) ha acquisito la *"Relazione aggiuntiva"* di cui all'articolo 11 del Regolamento (UE) n. 537/2014 relativa all'esercizio chiuso il 31 dicembre 2022 emessa dalla Società di Revisione, dalla quale non risultano non conformità;

(4) ha acquisito la relazione della Società di Revisione sulla dichiarazione non finanziaria di cui al D.lgs. n. 254/2016 relativa all'esercizio chiuso il 31 dicembre 2022, emessa ai sensi dell'articolo 3, comma 10, dello stesso decreto, da cui non risultano non conformità;

(5) ha acquisito le attestazioni rilasciate dal Dirigente Preposto e dall'Amministratore Incaricato ai sensi dell'articolo 81-*ter* del Regolamento Consob n. 11971/1999 sul bilancio di esercizio e sul bilancio consolidato relativi all'esercizio chiuso il 31 dicembre 2022, le quali confermano la sussistenza dei requisiti di "*adeguatezza*", di "*conformità*", di "*corrispondenza*" e di "*rappresentazione veritiera e corretta*" di cui all'allegato 3C-*ter* al medesimo Regolamento;

(6) ha vigilato sull'osservanza, da parte dell'organo amministrativo, delle disposizioni di legge e di statuto sul procedimento di formazione, controllo e approvazione del bilancio di esercizio e del bilancio consolidato relativi all'esercizio chiuso il 31 dicembre 2022, effettuando un controllo sintetico complessivo volto a verificare la correttezza del processo in base al quale essi sono stati redatti, e non ha rilevato non conformità e non ha formulato raccomandazioni o proposte;

(7) ha scambiato informazioni con il Dirigente Preposto, con le funzioni aziendali coinvolte nel procedimento di formazione, controllo e approvazione di cui sopra, e con la Società di Revisione

sul bilancio di esercizio, sul bilancio consolidato e sulla dichiarazione non finanziaria di cui al D.lgs. n. 254/2016 relativi all'esercizio chiuso il 31 dicembre 2022;

(8) con specifico riferimento al bilancio consolidato relativo all'esercizio chiuso il 31 dicembre 2022, ha accertato la composizione del gruppo e dei rapporti di partecipazione come definiti dall'articolo 2359 del Codice Civile e dall'articolo 26 del D.lgs. n. 127/1991, nonché l'esistenza in Società di una funzione responsabile dei rapporti con le società controllate e collegate, e ne ha rilevato l'efficienza e l'operatività;

(9) ha acquisito gli esiti della valutazione dell'avviamento delle attività a vita utile indefinita e delle partecipazioni iscritte, a seconda dei casi, nel bilancio di esercizio e nel bilancio consolidato relativi all'esercizio chiuso il 31 dicembre 2022;

(10) ha vigilato che i prospetti del bilancio di esercizio e del bilancio consolidato relativi all'esercizio chiuso il 31 dicembre 2022 siano redatti in conformità ai principi contabili internazionali adottati, che nelle note al bilancio di esercizio ed al bilancio consolidato siano stati indicati i criteri di valutazione seguiti e che questi siano conformi ai principi contabili internazionali adottati, che le note al bilancio di esercizio ed al bilancio consolidato relativi all'esercizio chiuso il 31 dicembre 2022, nonché le rispettive relazioni sulla gestione abbiano il contenuto previsto dai principi contabili internazionali adottati e dalla normativa nazionale, e non ha rilevato non conformità e non ha formulato raccomandazioni o proposte;

(11) ha appurato che l'organo amministrativo non ha fatto ricorso alla deroga di cui all'articolo 5, comma 1, del D.lgs. n. 38/2005;

(12) dà atto che il bilancio di esercizio ed il bilancio consolidato relativi all'esercizio chiuso il 31 dicembre 2022 rispondono ai fatti e ai dati di cui è venuto a conoscenza svolgendo le attività indicate in premessa nonché acquisendo le informazioni indicate in premessa, sulla cui rappresentazione nei suddetti bilanci non nutre dubbi;

(13) ha vigilato sull'osservanza delle disposizioni stabilite dal D.lgs. n. 254/2016 ai sensi dell'articolo 3, comma 7, ultimo periodo, dello stesso decreto alla luce degli assetti della Società strumentali alla produzione della dichiarazione ivi prevista, che ha ritenuto pertinenti ai "*generali assetti organizzativi*" piuttosto che a quelli "*specificatamente contabili*" attesa la natura espressamente "*non finanziaria*" del documento, condividendo la decisione della Società di avvalersi dell'assistenza di un primario consulente specializzato;

(14) in particolare, ha vigilato sul processo di formazione della dichiarazione non finanziaria di cui al D.lgs. n. 254/2016 relativa all'esercizio chiuso il 31 dicembre 2022, che si è svolto, per l'appunto, con l'assistenza di un primario consulente specializzato e si è articolato nelle seguenti fasi:

(a) esame delle implicazioni della Tassonomia UE per la Società attraverso l'analisi dei settori in cui essa opera attraverso le proprie partecipate;
(b) identificazione delle attività *eligible* (sussistono) e delle attività *aligned* (non sussistono);
(c) identificazione dei KPI applicabili alle società *eligible* (sussistono) ed alle società *aligned* (non sussistono);
(d) verifica dei codici identificativi delle attività svolte;
(e) quantificazione per l'esercizio 2021 ai fini di comparabilità dei KPI *eligible* (sussistono) ed *aligned* (non sussistono);
(f) quantificazione per l'esercizio 2022 dei KPI *eligible* (sussistono) ed *aligned* (non sussistono);
(g) adeguamento ai nuovi GRI Standards 2021 e aggiornamento dell'analisi di materialità;
(15) ha ritenuto il sopracitato processo di formazione della dichiarazione non finanziaria di cui al D.lgs. n. 254/2016 relativa all'esercizio chiuso il 31 dicembre 2022 metodologicamente coerente con le finalità di cui D.lgs. n. 254/2016, segnalando che, ai fini di tale dichiarazione, la Società ha adottato l'opzione "*With reference to*";
(16) posto che l'organo amministrativo è responsabile per l'applicazione delle disposizioni del Regolamento (UE) n. 2019/815 in materia di norme tecniche di regolamentazione relative alla specificazione del formato elettronico unico di comunicazione (ESEF – *European Single Electronic Format*) al bilancio dell'esercizio chiuso il 31 dicembre 2022, dà atto di avere vigilato sull'applicazione di tale Regolamento, e dà altresì atto che la Società di Revisione ha attestato che il suddetto bilancio "*è stato predisposto nel formato XHTML in conformità alle disposizioni del Regolamento Delegato (UE) 2019/815*";
(17) posto che l'organo amministrativo è responsabile per l'applicazione delle disposizioni del Regolamento (UE) n. 2019/815 in materia di norme tecniche di regolamentazione relative alla specificazione del formato elettronico unico di comunicazione (ESEF – *European Single Electronic Format*) al bilancio consolidato dell'esercizio chiuso il 31 dicembre 2022, dà atto di avere vigilato sull'applicazione di tale Regolamento, e dà altresì atto che la Società di Revisione ha attestato che il suddetto bilancio "*è stato marcato, in tutti gli aspetti significativi, in conformità alle disposizioni del Regolamento Delegato (UE) 2019/815*";
(18) dà atto di non avere ricevuto lettere di suggerimenti da parte della Società di Revisione.
In conclusione, riassumendo gli esiti dell'attività di vigilanza di cui al presente paragrafo, il Collegio: non ha rilevato non conformità; non ha formulato raccomandazioni o proposte; ha accertato la rispondenza del bilancio di esercizio e del bilancio consolidato relativi all'esercizio chiuso il 31 dicembre 2022 ai fatti e ai dati di cui il Collegio è venuto a conoscenza svolgendo le attività indicate in premessa ed acquisendo le informazioni indicate in premessa, sulla cui rappresentazione non

nutre dubbi; dà atto del giudizio senza rilievi risultante dalle relazioni di revisione sul bilancio di esercizio e sul bilancio consolidato relativi all'esercizio chiuso il 31 dicembre 2022; dà atto che dalla "*Relazione aggiuntiva*" di cui all'articolo 11 del Regolamento (UE) n. 537/2014 relativa all'esercizio chiuso il 31 dicembre 2022 emessa dalla Società di Revisione non risultano non conformità; dà atto della coerenza metodologica del processo di formazione della dichiarazione non finanziaria di cui al D.lgs. n. 254/2016 relativa all'esercizio chiuso il 31 dicembre 2022 con le finalità dello stesso decreto; dà atto che dalla relazione sulla dichiarazione non finanziaria di cui al D.lgs. n. 254/2016 relativa all'esercizio chiuso il 31 dicembre 2022 emessa dalla Società di Revisione ai sensi dell'articolo 3, comma 10, dello stesso decreto non risultano non conformità.

VIII. Vigilanza sull'attuazione delle regole di governo societario

Il Collegio, svolgendo le attività indicate in premessa nonché acquisendo le informazioni indicate in premessa.

(1) ha vigilato sulla concreta attuazione delle regole del governo societario come declinate nella "*Relazione sul governo societario e gli assetti proprietari*" di cui all'articolo 123-*bis* del TUF;

(2) ha vigilato sulla concreta attuazione delle disposizioni di cui al Codice di *Corporate Governance*;

(3) ha vigilato sull'esistenza di un appropriato processo di *risk assessment*, e a tale proposito, rinvia al precedente paragrafo V;

(4) dà atto che il consiglio di amministrazione in presenza di circostanze od eventi significativi suscettibili di incidere sul raggiungimento degli obiettivi aziendali, ha continuato ad agire in modo informato e ragionevole come di consueto, avvalendosi, all'occorrenza, di qualificati consulenti di primario rango;

(5) dà atto che la "*Relazione sul governo societario e gli assetti proprietari*" di cui all'articolo 123-*bis* del TUF è stata redatta secondo quanto prescritto dalle norme primarie, secondarie e regolamentari di riferimento.

In conclusione, riassumendo gli esiti dell'attività di vigilanza di cui al presente paragrafo, il Collegio: non ha rilevato non conformità; non ha formulato raccomandazioni o proposte; non ha ravvisato scelte gestionali disinformate o irragionevoli.

IX. Vigilanza sull'adeguatezza delle disposizioni impartite dalla società alle controllate

Il Collegio, svolgendo le attività indicate in premessa nonché acquisendo le informazioni indicate in premessa:

(1) al fine di vigilare sull'adeguatezza delle disposizioni impartite alle Controllate ai sensi dell'articolo 114, comma 2, del TUF, ha verificato la periodica impartizione da parte della direzione amministrativa, sotto la supervisione ed il coordinamento del *chief operating officer* (che ricopre anche la carica di Dirigente Preposto), in condivisione con la funzione investimenti, sotto il controllo della

funzione *internal audit*, di apposite istruzioni alle Controllate in relazione all'informativa finanziaria consolidata, periodica ed e annuale, nonché con riferimento alla informativa non finanziaria di cui al D.lgs. n. 254/2016;

(2) ha appurato presso il *chief operating officer* (che ricopre anche la carica di Dirigente Preposto) ed il responsabile della funzione *internal audit* l'effettiva adozione e/o implementazione, da parte delle Controllate, delle istruzioni di cui sopra;

(3) ha scambiato periodicamente informazioni con i corrispondenti organi di controllo delle Controllate, da cui non sono risultate non conformità;

(4) ha preso atto che, dalle informazioni rese dalla Società di Revisione mediante specifiche presentazioni dedicate al "C*omitato per il controllo interno e la revisione contabile*" di cui all'articolo 19 del D.lgs. n. 39/2010, le quali sono state illustrate nell'ambito dello scambio di informazioni di cui all'articolo 2409-*septies* del Codice Civile, non risultano non conformità in relazione alle Controllate soggette a revisione da parte della Società di Revisione;

(5) ha vigilato sulle condizioni di affidabilità del sistema di controllo interno in questa particolare area, e, a tale proposito, rinvia al precedente paragrafo V;

(6) non ha ravvisato rischi d'inefficiente o inefficace gestione dei processi aziendali relativi a questa particolare area.

In conclusione, riassumendo gli esiti dell'attività di vigilanza di cui al presente paragrafo, il Collegio: non ha rilevato non conformità; non ha formulato raccomandazioni o proposte; non ha riscontrato condizioni di inaffidabilità del sistema di controllo interno in questa particolare area; non ha ravvisato rischi d'inefficiente o inefficace gestione dei processi aziendali relativi a questa particolare area.

X. Vigilanza sulle operazioni con parti correlate

Il Collegio, svolgendo le attività indicate in premessa nonché acquisendo le informazioni indicate in premessa:

(1) ha vigilato sulla conformità delle procedure adottate dalla Società alle norme primarie, secondarie e regolamentari in materia di operazioni con parti correlate;

(2) non ha avuto notizia di operazioni con parti correlate di carattere atipico o inusuale, ed in tal senso si esprime con adeguatezza sia l'informativa annuale di bilancio sia la "*Relazione sulla politica in materia di remunerazione e sui compensi corrisposti*" di cui all'articolo 123-*ter* del TUF relative all'esercizio chiuso il 31 dicembre 2022, entrambe approvate dal consiglio di amministrazione.

In conclusione, riassumendo gli esiti dell'attività di vigilanza di cui al presente paragrafo, il Collegio: non ha rilevato non conformità; non ha formulato raccomandazioni o proposte; non ha avuto notizia di operazioni atipiche o inusuali con parti correlate.

XI. Conclusioni

Il Collegio, anche nella veste di "C*omitato per il controllo interno e la revisione contabile*" *ex* articolo 19 del D.lgs. n. 39/2010, avendo svolto le attività indicate in premessa ed avendo acquisito le informazioni indicate in premessa, il tutto come declinato nei singoli paragrafi della presente relazione, richiama le conclusioni sugli esiti della vigilanza formulate in calce ai medesimi paragrafi e non rileva motivi ostativi all'approvazione del bilancio di esercizio relativo all'esercizio chiuso il 31 dicembre 2022 come predisposto dal consiglio di amministrazione, né all'approvazione della proposta di copertura della perdita di esercizio come formulata dal consiglio di amministrazione.

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La presente relazione è approvata all'unanimità dei componenti del Collegio, e, su incarico del medesimo, è sottoscritta dal solo presidente.

29 aprile 2023

Il presidente del collegio sindacale

Mattia Cesare Carlo Bock

Independent Auditors' Report

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 2022, dal conto economico, 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 2022, 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 2022 sono iscritte partecipazioni in imprese controllate e collegate per complessivi €108,9 milioni, pari al 48,6% del totale attivo, come nel seguito dettagliate: • Italian Bathroom Design Group S.r.l. per €37,8 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 €15,6 milioni; • Mittel Investimenti Immobiliari S.r.l. per €11,5 milioni; • Earchimede S.p.A. per €8,2 milioni; • altre partecipazioni per €4,4 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 come il maggiore tra il *fair value* al netto dei costi di vendita ed il valore d'uso, determinato secondo metodologie valutative ritenute appropriate nelle circostanze. 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.	Le nostre procedure di revisione hanno incluso: • la comprensione del processo adottato dagli Amministratori ai fini della determinazione del valore recuperabile delle partecipazioni in imprese controllate e collegate; • l'analisi delle principali assunzioni utilizzate dagli Amministratori per la verifica dell'eventuale presenza di indicatori di perdite di valore e per la 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 dagli Amministratori per lo svolgimento dei test di *impairment*; • l'esame dell'appropriatezza dell'informativa di bilancio relativa alle partecipazioni in imprese controllate e ai test di *impairment*.

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 azioni intraprese per eliminare i relativi rischi o le misure di salvaguardia applicate.

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 della Società e del bilancio consolidato del Gruppo Mittel 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 al 31 dicembre 2022, 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 al 31 dicembre 2022 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 2022, 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 2022 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 2022 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, 29 aprile 2023

KPMG S.p.A.

Francesco Bellotto
Socio