Relazioni e Bilancio al 31.12.2023

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 2023

138th company year

Contents

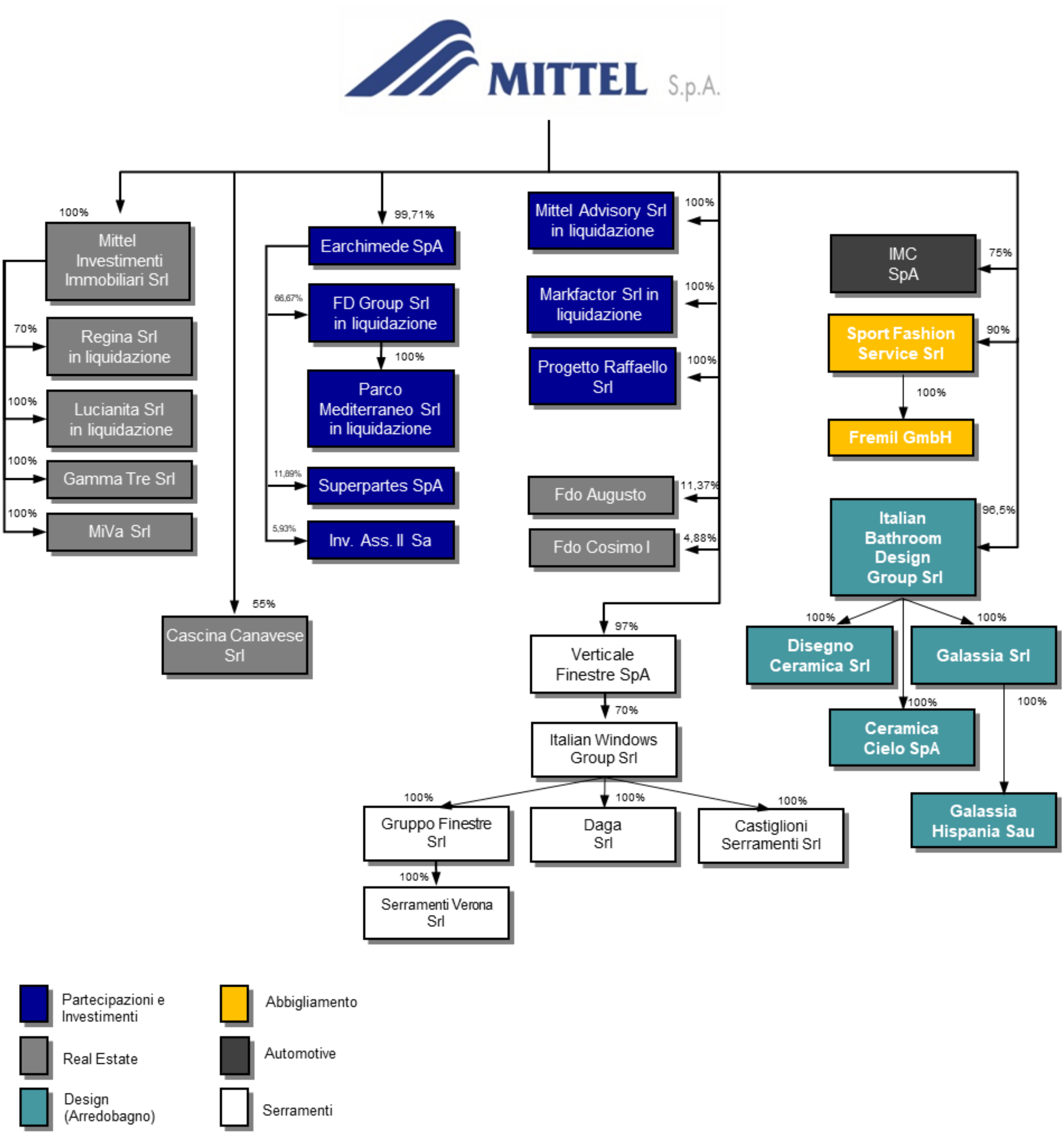
Board of Directors
Chairman – Chairman of the Executive Committee
Marco Giovanni Colacicco (b)
Deputy Chairman
Michele Iori (b)
Directors
Gabriele Albertini (a) (d) (e)
Anna Francesca Cremascoli (b)
Patrizia Galvagni (a) (c) (e)
Riccardo Perotta (a) (c) (d) (e)
Anna Saraceno
Manager in charge of financial 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 24 April 2024



Lettera agli Azionisti

Directors’ Report on Operations

Letter to Shareholders

Dear Shareholders,

The year 2023 marked a further fundamental step in the Group's growth path, i.e. the completion of the sale of the Zaffiro Group, which took place on 28 June 2023. Exit from the Zaffiro Group took place upon completion of a successful build-up process, which was carried out within the nursing home sector during the timeframe in which Mittel held the investment. This process has led the investee to establish itself as one of the most important operators in the sector at national level, moving from the original 8 facilities managed (for about 900 beds) to 31 facilities (for about 2.600 beds).

The sale resulted in a gross capital gain (compared to the value of the original investment) for Mittel of EUR 28,5 million (amount equal to the difference between the sale price of EUR 42 million and the purchase value of the equity interest equal to EUR 13,5 million) and the recognition in the consolidated financial statements of a positive impact on profit attributable to the Group of EUR 45,4 million. At the same time as the aforementioned sale, Mittel also collected from the Zaffiro Group an amount of EUR 26,6 million, by way of repayment of principal and interest on shareholder loans previously granted to it for a principal amount of EUR 25 million. Therefore, the overall transaction led to the collection of financial resources of EUR 68,6 million, in addition to the elimination, at the level of the consolidated financial statements, of the extremely significant negative contribution of the net financial position of the Zaffiro Group, equal to EUR 271,5 million as at 31 December 2022 (amount significantly affected by the application of IFRS 16, equal to EUR 243,6 million). The overall positive impact on the consolidated accounting net financial position was therefore EUR 340,1 million.

With regard to the general market context in which the Mittel Group operated, the instability of the macroeconomic scenario, exacerbated during 2022, continued during 2023: the economic cycle remained weak, however, although remaining at high levels, inflation decreased compared to 2022 thanks to the sharp decrease in the energy component. Monetary restriction policies continued to affect the credit market with inevitable impacts on industrial production and consumption dynamics.
In 2023 the risks deriving from international political tensions, in particular from the Middle East since last October, also remained high; however, the solidity consistently demonstrated in recent years in the industrial sectors in which the Group operates (Design, Automotive and Clothing) has allowed the Group's solid financial and operational stability, limiting, on the whole, the negative impacts on the consolidated economic results achieved (net of significant positive contribution of the deconsolidation of the Zaffiro Group) in the year ended as at 31 December 2023. The sale of the Zaffiro Group finalised in July 2023 led 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.

The Design sector recorded a total turnover of EUR 65,8 million (EUR 75,7 million in the comparison year), maintaining margins (IFRS 16 net EBITDA of EUR 10,1 million, compared to EUR 15,3 million in the comparison year) and confirming the high cash generation capacity. After an extremely positive first quarter in terms of turnover, the companies recorded a slowdown. In the 2023 market context, characterised by persistent inflationary dynamics and the consequences of monetary policy decisions, it is possible to highlight the growing production and commercial synergies that the companies are continuing to achieve, operating as an integrated Group able to offer diversified and complementary products on different customer segments and on different geographical markets.
These aspects, together with the level of industrial, economic and financial solidity achieved with the continuous business growth recorded in recent years thanks to Mittel's investment strategy, should be suitable to limit the negative impacts of the current macroeconomic context in the coming quarters, confirming the important ability to create value in this vertical, demonstrated in recent years and attained through the active and direct management of the investment and the strong commitment of an industrial nature.

During 2023, the Automotive sector confirmed the operational recovery that began in 2022. The investee company IMC achieved a turnover of EUR 44,0 million (compared to EUR 38,6 million in 2022), thanks to the renewed commercial offer aimed at seizing a wider range of opportunities in the current market context. This result was possible thanks to its high industrial capacity and its economic and financial soundness, also promoted by being part of the Mittel Group. EBITDA before IFRS 16 was EUR 5,8 million, compared to EUR 3,6 million recorded for the entire year 2022. The company benefited from the growth of the top line. After the end of the year, IMC completed a refinancing transaction on the debt deriving from the original acquisition. This transaction is aimed at optimising the company's deleverage process at more advantageous economic conditions.

Lastly, the Clothing sector recorded a turnover of EUR 23,1 million as at 31 December 2023 (in line with the comparison year) and a negative EBITDA before IFRS 16 of EUR 3,3 million (EUR 2,6 million in the comparison year). As is known, the sector investee generated its profit margins in the second half of the year, given the seasonal nature of the Ciesse Piumini brand, and also thanks to the contribution to the margins of the first collection under the new management of the Jeckerson brand, which until now has contributed through the royalties accrued to licensees and the sales made by the two outlets used for the valuation of the inventories acquired together with the brand.

It should also be noted that in the first half of 2023 an interesting investment opportunity in the real estate sector, located in Milan, in Via Cavriana, was identified, which last June led to the purchase by Mittel of 55% of the special purpose vehicle owning the asset to be developed, for an initial investment pertaining to Mittel of EUR 7,7 million. This is an ambitious project (5 buildings for 12.500 square meters of commercial area) in an area with high potential, for the construction of a new and well-structured residential complex surrounded by greenery, in an area subject to intense redevelopment and featuring extensive green areas and urban orchards. The project therefore fits perfectly into the Group's sustainable development plans. It is hoped that the building permit from the Municipality of Milan will be received during the year in order to launch the initiative.

The significant financial resources deriving from the Zaffiro sale transaction, which were added to those already available at the holding company level, also made it possible to implement a new investment in July 2023. Through its operating sub-holding Italian Windows Group S.r.l. ("IWG") Mittel acquired the company Gruppo Finestre S.r.l., thus accessing the high-quality technical performance windows and doors production and distribution sector.
The acquisition transaction involved the purchase, through equity, of 100% of Gruppo Finestre S.r.l. for a price of EUR 13,2 million by the vehicle IWG; Stefano Zanasi, an entrepreneur in the sector, reinvested in 30% of the share capital of IWG, sealing a strategic partnership with the entrepreneur aimed at growth.

With the investment in Gruppo Finestre, Mittel has launched a new vertical investment in the sector of windows, doors and other related solutions for energy efficiency, further expanding its portfolio of investments in diversified sectors, continuing along the path of investing in Italian SMEs of excellence, aimed at the creation of sustainable long-term value for all shareholders and other stakeholder categories.

Subsequently, the vehicle IWG continued to scout for new opportunities and acquired the entire share capital of two other entities in the sector, Daga Srl (with accounting acquisition date on 31 October 2023) and Castiglioni Serramenti Srl (with accounting acquisition date on 31 December 2023). In November 2023, Gruppo Finestre Srl also acquired the full share capital of Serramenti Verona Srl.

Among the main characteristics that make Gruppo Finestre a strategic investment, there is its commitment to sustainability, which is perfectly aligned with the objectives of Mittel S.p.A., given the important challenge of energy efficiency and reduction of emissions further promoted by the recent revision of the directive on energy efficiency in buildings (Energy Performance of Buildings Directive) approved by the European Union. In addition, the company has demonstrated solid cash generation and a strong positioning in the market, thanks to a diversified customer base and a direct sales strategy that makes it possible to preserve greater margins and consolidate the brand on the market. Entry into the capital by Mittel is aimed at supporting the growth process of Gruppo Finestre over a long-term time horizon. The prerequisite for development is based on the expansion of the commercial offer and the product distribution network on the various sales channels to further enhance the brand on the national market.
Daga Srl, Serramenti Verona Srl and Castiglioni Serramenti Srl: the entities acquired in the last quarter of 2023 are entities involved in the marketing and installation of windows and doors operating substantially in Emilia Romagna, Veneto and Piedmont respectively. On provisional basis, the goodwill recognised in relation to the aforementioned business combinations is equal to total of EUR 7,4 million.

In 2023, the Windows and Doors sector contributed a turnover of EUR 15,6 million (EUR 52,9 million in the entire 2023 net of intercompany sales) and an EBITDA before IFRS 16 of EUR 2,2 million (EUR 9,8 million in the entire year 2023). The positive result for the year also benefited from tax concessions and the possibility of "invoice discount" linked to the construction and energy efficiency field.

As regards non-core assets in the portfolio, after the constant results already obtained in the process of realisation of these assets in previous years (including the last significant collections in the property sector in

2022, with overall sales of EUR 17,6 million, including those relating to the Regina Teodolinda-Como and Metauro-Milan contracts), in 2023 there were no collections of similar entity.

Lastly, with regard to the holding system, it should be noted that in July 2023 the residual amount of the Mittel SpA 2017-2023 bond loan was fully repaid, completing the process of reducing structural costs, both of a financial and operational nature. The sale of the Zaffiro Group marked a further substantial step in the complete turnaround process of the Mittel Group, which is making it possible to vigorously pursue the process for creating value and increasing the Group size, both by supporting the growth of investment verticals and through the entry into new operating segments, where to best express its skills, as happened in 2023 with the Windows and Doors sector.

Andamento del Gruppo

MITTEL

Group Performance

The Group net profit for the year was EUR 50,5 million, incorporating the effects of the completion of the sale of the Zaffiro Group, which had a total impact on profit of EUR 41,8 million, deriving from: (i) consolidation of the investee until the date of sale, with a loss pertaining to the Group of EUR 2,5 million; (ii) the profit from deconsolidation of EUR 47,9 million (the net effect of the two direct components is therefore EUR 45,4 million); (iii) the indirect effect due to the accrual of the variable remuneration payable to the management of Mittel, as envisaged by the remuneration policy in force, amounting to EUR 2,9 million; (iv) the additional indirect effect due to the accessory costs, of a tax and social security nature, related to the previous point, amounting to EUR 0,7 million.

Net of the important result deriving from the completion of the Zaffiro Group sale, which took place in the first half of the year, the Group's profit is EUR 8,7 million and confirms the robust performance in the year of the profit margins of core assets, attributable to the other investment verticals developed in recent years and present in the Group as at 31 December 2023 (Design, Automotive and Clothing), as well as the recently acquired Windows and Doors sector, even though it only partially contributed to the result, starting from its entry into the scope of consolidation.

This result benefits above all from the important positive contribution of the Design sector, which has an EBITDA before IFRS 16 of EUR 10,1 million (EUR 15,3 million in 2022), in addition to the positive performance of the Automotive sector, which shows an EBITDA before IFRS 16 of EUR 5,8 million (EUR 3,6 million in the comparison year) and of the Clothing sector, which contributes an EBITDA before IFRS 16 of EUR 3,3 million (EUR 2,6 million in the comparison year).

Consolidated revenues amounted to EUR 151,4 million (EUR 155,2 million in the comparison year, net of the contribution of the Zaffiro Group), thanks to the contribution of the industrial investees and in particular of the Design companies, which contribute to the consolidated data with a turnover of EUR 65,8 million (EUR 75,7 million in the comparison year), the Automotive sector, with a turnover of EUR 44,0 million (EUR 38,6 million in the comparison year), the Clothing sector, with a turnover of EUR 23,1 million (EUR 23,1 million in 2022) and the Windows and Doors sector, which contributes EUR 15,6 million to the consolidated data.

Consolidated accounting EBITDA for the year amounted to EUR 14,9 million (compared to EUR 21,6 million recorded in the comparison year net of the Zaffiro Group). The consolidated operating EBITDA before IFRS 16 is equal to EUR 14,9 million (EUR 18,4 million in the comparison year, net of the Zaffiro Group contribution) and includes the allocation to the result from the disposal of the Zaffiro Group of the costs relating to the variable remuneration accrued by Mittel management as a result of the disposal, amounting to EUR 2,9 million, and the related tax and social security charges, amounting to EUR 0,7 million.

The Group equity as at 31 December 2023 amounted to EUR 259,3 million, an increase of EUR 39,8 million compared to EUR 219,6 million as at 31 December 2022. The net increase is mainly explained by the result for the year, amounting to EUR 50,5 million (including the important contribution of the deconsolidation of the Zaffiro Group), net of the dividend distributed by Mittel at the beginning of the half-year, equal to EUR 10 million.

The net operating financial position of Mittel and the holding system, excluding the contribution of industrial investees to IFRS 16 liabilities and including bridge loans to industrial investee companies, was a positive EUR 66,9 million (a positive EUR 53,3 million as at 31 December 2022). The further clear improvement is mainly due to the combined effect of the completion of the sale of the Zaffiro Group, with the consequent collection of the equity component (equal to EUR 42 million, to which the actual translation into cash of the bridge loan component previously granted by Mittel is to be added), already included in the operational Net Financial Position of the original holding system for EUR 26 million), net of cash absorption mainly related to the dividend distributed at the beginning of the half-year by Mittel, equal to EUR 10 million, the investment of EUR 7,7 million made in June in the real estate sector, with the purchase of a majority stake in an important real estate initiative in Milan and the investments in the Windows and Doors sector in July 2023, through the newly established holding and sub-holding companies.

The consolidated net financial position, excluding financial payables recognised pursuant to IFRS 16 in relation to rights of use on lease contracts, became significantly positive in the 2023 financial year, standing at EUR 74,4 million (negative for EUR 6,4 million as at 31 December 2022). During the year, the significant financial exposure of the Nursing Home sector was eliminated, subject to deconsolidation at the end of the first half-year, which frees the Group from a significant financial exposure and which allows the Group to have, in the current market context characterised by strong instability in terms of interest rates and availability of funding sources, significant financial resources to be allocated to new strategic investments.

Lastly, the consolidated accounting net financial position was positive for EUR 42,3 million, compared to the negative EUR 271,0 million recorded as at 31 December 2022, incorporating, in addition to the factors described above, the deconsolidation of the Nursing Home sector which included the significant contribution of IFRS 16 liabilities that were related, as is known, to the long-term lease agreements that characterise the sector in question.

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.

In relation to the sale of the Zaffiro Group, which took place at the end of the first half of 2023, the income statement schedules show in a single item the contribution of these assets to the consolidated net result (*Profit (loss) from discontinued operations*); this item includes both the result for the year attributable to the Zaffiro Group and the result deriving from the deconsolidation carried out in 2023.

As envisaged by IFRS 5, the contribution to the consolidated result of the discontinued operations of the comparison year was also included in the same item; therefore, as a result of this restatement, the income statement figures for 2022 differ from those published originally.

Main economic figures of the Group

(Thousands of Euro)	**31.12.2023**	**31.12.2022**
Revenue and other income	157.281	163.134
Increases (decreases) in inventories	236	(9.493)
Net revenue	**157.517**	**153.641**
Purchases, provision of services, sundry costs	(107.912)	(101.960)
Personnel costs	(34.697)	(30.079)
Operating costs	**(142.609)**	**(132.040)**
Operating margin (EBITDA)	**14.908**	**21.602**
Amortisation/depreciation, allocations and adjustments to non-current assets	(9.499)	(9.092)
Share of income (loss) of investments	(1.217)	-
Operating result (EBIT)	**4.192**	**12.510**
Profit (loss) from financial management	2.260	2.747
Result of management and valuation of financial assets and receivables	(1.408)	(8.704)
Profit (loss) before taxes	**5.044**	**6.553**
Taxes	473	(839)
Profit (loss) from continuing operations	**5.517**	**5.714**
Profit (loss) from discontinued operations	44.409	(7.487)
Net profit (loss) for the year	**49.926**	**(1,773)**
Profit (loss) pertaining to non-controlling interests	(575)	(2,424)
Profit (loss) pertaining to the Group	**50.500**	**651**

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

(Thousands of Euro)	31.12.2023	31.12.2022 Restated
Operating margin (EBITDA) post IFRS 16	**14.908**	**21.602**
Lease payments	(3.606)	(3.177)
Operating margin (EBITDA) before IFRS 16	**11.302**	**18.425**

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

(Thousands of Euro)	31.12.2023	31.12.2022 Restated
Profit (loss) pertaining to the Group post IFRS 16	**50.500**	**651**
Lease payments	(3.606)	(3.177)
Amortisation	3.109	2.756
Financial expenses	681	582
Deferred tax assets	(37)	(95)
Profit (loss) pertaining to non-controlling interests	(20)	(9)
Result of discontinued operations	336	-
Profit (loss) pertaining to the Group before IFRS 16	**50.964**	**709**

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 2023 (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 newly acquired Windows and Doors sector, although only partially consolidated from the date of acquisition of control of the individual entities) was significant and amounted to EUR 155,0 million (EUR 148,3 million in the previous year, net of contribution of the Nursing Home sector), corresponding to approximately 98% of the consolidated revenue totalling EUR 157,5 million (compared to EUR 153,6 million in the previous year, net of the Nursing Home contribution).

Below are the main economic results for 2023 and the comparative values for 2022 which, as previously indicated, are shown net of the Nursing Home sector contribution since it was sold in the first half of 2023 and, therefore, the related contribution to the 2023 income statement balances in the consolidated income statement is not included in the individual income statement items but, pursuant to IFRS 5, is represented in the single item "*Profit (loss) from discontinued operations*".

During the year under review, despite the significant negative impacts of the geopolitical and market context, the Group's industrial sectors contributed to generating a significant consolidated operating margin, equivalent to EUR 14,9 million (EUR 21,6 million as at 31 December 2022), as a result of the following net contributions by sector:

- *Design*: EBITDA equal to EUR 11,1 million (EUR 16,0 million as at 31 December 2022), despite a slowdown in turnover recorded for the year as a whole in the current economic context, after an extremely positive first quarter, the sector investees (Ceramica Cielo, Galassia and Disegno Ceramica), maintained their high martins;
- *Clothing*: EBITDA of EUR 3,8 million (EUR 3,3 million in the comparison year), confirming the operational recovery recorded in 2022, after a very difficult 2021 and despite the impacts of the difficult geopolitical and market situation;
- *Automotive*: EBITDA of EUR 7,3 million (EUR 5,0 million as at 31 December 2022), a value that confirms the operational recovery that began in 2022 following the renewed commercial offer;
- *Windows and Doors:* EBITDA of EUR 2,3 million, which contributed only partially to the Group's results, starting from the acquisition of control of each entity acquired (these entities generated an EBITDA of approximately EUR 10 million in the entire year 2023);

- *Real Estate*: negative EBITDA of EUR 1,5 million (positive for EUR 1,6 million as at 31 December 2022), with an insignificant year in terms of sales, after the important enhancement process carried out in previous years and in particular in the last year, which included the results of the successful completion of the residential contract in Como (Via Regina);
- *Equity and investments*: negative EBITDA of EUR 8,1 million (negative EUR 4,2 million as at 31 December 2022), which benefits from the strong reduction in holding costs realised in previous years but includes the effect of the variable remuneration paid with respect to the sale of the Zaffiro Group.

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 2023 had a balance of EUR 157,3 million (EUR 163,1 million in the comparison year). This balance was the combined result of the following factors:

(i) revenue recognition for EUR 151,4 million (EUR 155,3 million as at 31 December 2022); the following sectors primarily contributed to this total:

- the Design sector (Ceramica Cielo, Galassia and Disegno Ceramica) for EUR 65,8 million (EUR 75,7 million in the previous period);
- the Automotive sector (IMC) for EUR 44,0 million (EUR 38,6 million in the comparison year);
- the Clothing sector for EUR 23,1 million (EUR 23,1 million in the previous year);
- the newly acquired Windows and Doors sector, for EUR 15,6 million;
- the Real Estate sector for EUR 2,8 million (EUR 17,8 million in the comparison year);

(ii) the recognition of other income for EUR 5,9 million (EUR 7,9 million in the comparison year), mainly attributable to the Design sector.

- **Increases (decreases) in inventories**: the positive contribution recorded during the year, amounting to EUR 0,3 million (negative for EUR 9,5 million in the comparison year), is due to the net effect of:

  (i) the net increase in inventories of the Clothing sector for EUR 0,2 thousand, the Design sector for EUR 1 million, and the Automotive sector for EUR 0,8 million;
  (ii) the net decrease in property inventories of EUR 0,8 million in the real estate sector explained for EUR 2,5 million by the cancellation of the cost of goods sold, only partially offset by capitalised costs of EUR 2,0 million and other changes.

  The Windows and Doors sector contributed to the change in inventories with a decrease of EUR 1 million, starting from the date of consolidation of each entity.

- **Costs for purchases, provision of services, sundry costs**: this item, totalling EUR 107,9 million (EUR 102,0 million as at 31 December 2022), was heavily influenced by the operating costs of the industrial investees and includes costs for purchases of EUR 68,2 million (EUR 65,2 million in the comparison year), costs for services of EUR 36,4 million (EUR 34,5 million as at 31 December 2022) and sundry costs of EUR 3,2 million (EUR 2,2 million in the comparison year). The main contributors to this item were the following sectors:
  (i) the Design sector for EUR 40,9 million (EUR 47,8 million in the comparison year);
  (ii) the Automotive sector for EUR 31,1 million (EUR 29,6 million in the comparison year);
  (iii) the Clothing sector for EUR 16,7 million (EUR 18,6 million in the comparison year);
  (iv) the recently acquired Windows and Doors sector, for EUR 9,6 million;
  (v) the Real Estate sector for EUR 3,4 million (EUR 3,2 million in the comparison year);
  (vi) the Parent Company Mittel for EUR 4,8 million which include EUR 2,9 million relating to the portion of the variable remuneration - accrued, as required by the remuneration policy, for the sale of the Zaffiro Group - referring to directors (EUR 2,3 million in gross remuneration and EUR 0,6 million in ancillary charges relating to tax and social security contributions).

- **Personnel costs**: the item shows a balance of EUR 34,7 million (EUR 30,1 million as at 31 December 2022), EUR 19,1 million regarding the Design sector (EUR 19,5 million in the comparison year), EUR 7,0 million attributable to the Automotive sector (EUR 5,9 million in the comparison year), EUR 2,8 million relating to the Parent Company Mittel (EUR 2,1 million in the comparison year), of which EUR 0,7 million relating to the portion of the variable remuneration - accrued, as required by the remuneration policy, for the sale of the Zaffiro Group - referring to employees (EUR 0,6 million in gross remuneration and EUR 0,1 million in ancillary social security contribution charges), and EUR 3,0 million relating to the Clothing sector (EUR 2,6 million in the comparison year), EUR 2,7 million relating to the newly acquired Windows and Doors sector.

- **Amortisation/depreciation, allocations and adjustments to non-current assets**: the item showed a total balance as at 31 December 2023 of EUR 9,5 million (EUR 9,0 million as at 31 December 2022), explained by amortisation on rights of use in application of IFRS 16 (EUR 3,1 million in 2023 compared to EUR 2,8 million in 2022); for the remaining portion amortisation/depreciation refers to the property, plant and equipment held by the operating companies (EUR 5,5 million for the Design sector, EUR 5,5 million for the Automotive sector and EUR 2,6 million for the Clothing sector).

- **Profit (loss) from financial operations**: the item shows an overall positive balance of EUR 2,3 million (compared to EUR 2,7 million in 2022), explained by the net effect of:

  (i) financial income of EUR 4,9 million, of which EUR 3,2 million relating to the holding company (written down, however, for EUR 1,7 million in the item "Income from management and measurement of financial assets and receivables"), accrued during the year on receivables and time deposits held, and EUR 0,4 million to the Design sector (attributable to the remuneration of the liquidity held by Ceramica Cielo and to a price adjustment item accrued on the purchase of Disegno Ceramica);
  (ii) financial charges of EUR 2,6 million, of which EUR 0,8 million relating to financial charges recognised in accordance with IFRS 16, EUR 0,5 million relating to the banking debt of the Automotive sector and EUR 0,3 million to cost of the Mittel bond loan (repaid in July 2023).

- **Income from management and measurement of financial assets and receivables**: the item as a whole makes a negative contribution to the consolidated income statement for EUR 1,8 million (negative contribution of EUR 8,7 million as at 31 December 2022) and is mainly explained by the combined effect of net value adjustments on receivables and financial assets partially offset by the positive effects recorded on financial assets.

- **Taxes**: this item contributed a positive EUR 0,5 million to the consolidated income statement (negative contribution of EUR 0,8 million in the comparison year) and is mainly explained by the net effect of: (i) the current IRAP cost for EUR 0,7 million (EUR 0,8 million in 2022) and the current IRES cost for EUR 0,5 million; (ii) deferred tax assets, of which EUR 2,0 million recognised on previous years tax losses; deferred tax liabilities and the recognition of charges pertaining to previous years contribute to the item in a marginal way.

- **Profit (loss) from discontinued operations**: this item shows a balance of EUR 44,4 million (EUR 3,6 million in the comparison year), relating to the Nursing Home operating segment, subject to disposal in the half-year. The item is attributable to the net effect: (i) of the loss for the year (until the date of sale) of EUR 4,1 million (EUR 2,5 million net of minority interests, equal to EUR 1,6 million, shown in the specific financial statement item); (ii) of the result from deconsolidation, equal to EUR 48,5 million. Therefore, the overall contribution to the Group result for the year from the Zaffiro Group is equal to EUR 46,0 million (EUR 45,4 million net of the effect of the intercompany items accrued by Mittel in the year on existing loans to the investee, fully repaid with the sale).

Main financial and equity figures of the Group

(Thousands of Euro)	**31.12.2023**	**31.12.2022**
Intangible assets	68.981	109.734
Property, plant and equipment	70.991	302.091
- of which IFRS 16 rights of use	*30.890*	*233.457*
Investments	2.266	3.483
Non-current financial assets (financial receivables and other financial assets)	21.864	27.576
Provisions for risks, employee severance indemnity and employee benefits	(8.226)	(9.071)
Other non-current assets (liabilities)	13.113	1.122
Tax assets (liabilities)	11.701	19.396
Net working capital (*)	60.469	46.682
Net invested capital	**241.158**	**501.013**
Equity pertaining to the Group	(259.400)	(219.620)
Non-controlling interests	(24.024)	(10.355)
Total equity	**(283.423)**	**(229.975)**
Net financial position	**42.266**	**(271.038)**

- of which IFRS 16 financial liabilities	*(32.141)*	*(264.622)*
Net financial position before IFRS 16	**74.407**	**(6.416)**

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

With reference to the equity figures, it should be noted that the breakdown of the items shown above reflects the scope of consolidation at the respective dates in application of the international accounting standards; in particular, the values as at 31 December 2023, compared with the values relating to 31 December 2022, include the effects of the changes in the scope of consolidation during 2023, thus reflecting i) the sale of the Zaffiro Group (Nursing Home sector), ii) the acquisition of the controlling interest in Cascina Canavese Srl (Real Estate sector) and iii) the acquisition of the equity investments in companies operating in the Windows and Doors sector.

Intangible assets amounted to EUR 69,0 million (EUR 109,7 million as at 31 December 2022), which is almost entirely attributable to goodwill and trademarks, which are broken down as follows:

- EUR 18,4 million relating to the Design sector, of which EUR 12,1 million for goodwill of the sector entities: i) EUR 5,6 million for the acquisition of Ceramica Cielo S.p.A. (in June 2017); ii) EUR 4,4 million for the acquisition of Galassia S.r.l. in 2019; (iii) EUR 2,1 million for Disegno Ceramica S.r.l. in 2019.
  Trademarks amounting to EUR 6,3 million relate to Cielo for EUR 4,3 million and to Galassia for EUR 2,0 million.
- EUR 19,3 million relating to the acquisition of IMC S.p.A. at the end of 2017.
- EUR 23,6 million relating to the Clothing sector: 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. The purchase value of the Jeckerson brand was recognised in 2021, equal to approximately EUR 3,4 million.
- EUR 7,4 million relating to the Windows and Doors sector for the acquisitions made in 2023; at present, the Purchase Price Allocation ("PPA") process has not yet been completed, therefore, the recognition of this goodwill is not to be considered definitive; in this regard, it should be noted that, in application of IFRS 3, the Company is required to complete the PPA process and the allocation of the consolidation deficit within a maximum of 12 months from the date of the business combination.

For completeness, it should be noted that the value as at 31 December 2022 includes EUR 48 million for the Nursing Home sector, EUR 39,3 million of which attributable to the goodwill relating to the acquisition (in November 2016) of the Zaffiro Group, 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.

Property, plant and equipment amounted to EUR 71,0 million (EUR 302,1 million as at 31 December 2022), of which EUR 30,9 million for rights of use recognised pursuant to IFRS 16 (EUR 233,5 million as at 31 December 2022 mainly 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 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 28,4 million, and from the Design sector, which contributed EUR 25,0 million.

Investments measured using the equity method totalled EUR 2,3 million (EUR 3,5 million as at 31 December 2022) 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 loss made by the investee company in 2023.

Non-current financial assets amounted to EUR 21,8 million (EUR 27,6 million as at 31 December 2022) and refer for EUR 9,9 million (EUR 15,8 million in the comparison year) to credit positions held by the Parent Company and other non-current financial assets, represented mainly by real estate UCITS units held by the Parent Company and by interests in investment vehicles held by the subsidiary Earchimede S.p.A.

Provisions for risks, employee severance indemnity and employee benefits amounted to EUR 8,2 million (EUR 9,1 million as at 31 December 2022). In particular, as at 31 December 2023, this item consisted of:

- for EUR 6,4 million for *Provisions for personnel* (EUR 7,5 million in the comparison year), with contributions from the Design sector (EUR 2,9 million), the Parent Company Mittel S.p.A. (EUR 1,1 million), the Automotive sector (EUR 0,4 million) and the Clothing sector (EUR 0,2 million). The Nursing Home sector contributed to the item *Provisions for personnel in* the comparison year (for EUR 2,9 million).

- for EUR 1,8 million for *Provisions for risks and charges* (EUR 1,6 million in the comparison year), mainly contributed to by the Clothing sector (for EUR 0,8 million).

The item **Net tax assets (liabilities)** was positive for EUR 11,7 million (EUR 19,3 million as at 31 December 2022), and is composed of the sum of current tax assets of EUR 1,2 million (EUR 1,0 million as at 31 December 2022) and deferred tax assets of EUR 13,3 million (EUR 20,7 million in the comparison year), offset by deferred tax liabilities for EUR 1,2 million (EUR 1,8 million in the comparison year) and current tax liabilities for EUR 1,6 million (EUR 0,5 million in the comparison year).

Net working capital amounted to EUR 60,5 million (EUR 46,7 million as at 31 December 2022) and breaks down as follows:

- inventories of EUR 70,4 million (EUR 55,7 million as at 31 December 2022), attributable for EUR 35,6 million to real estate inventories (EUR 26,0 million in 2022), for EUR 16,4 million to the Design sector (EUR 15,6 million in 2022), for EUR 8,2 million to the Automotive sector (EUR 7,4 million in the comparison year), for EUR 6,7 million to the Clothing sector (EUR 6,5 million in the comparison year) and for EUR 3,1 million to the Windows and Doors sector;
- sundry receivables and other current assets for EUR 56,7 million (EUR 53,5 million in the comparison period), mainly with contributions from the Design sector for EUR 16,9 million (EUR 21,7 million as at 31 December 2022), the Automotive sector for EUR 8,9 million (EUR 8,4 million as at 31 December 2022), the Clothing sector for EUR 11,9 million (EUR 11,8 million in the previous year) and the Windows and Doors sector for EUR 14,8 million, mainly for trade receivables; the balance as at 31 December 2022 includes EUR 10,7 million relating to the Nursing Home sector;
- sundry payables and other current liabilities for EUR 66,5 million (EUR 62,5 million in the comparison year), mainly with contributions from the Design sector for EUR 20,5 million (EUR 24,6 million as at 31 December 2022), the Automotive sector for EUR 11,4 million (EUR 11,5 million as at 31 December 2022), the Clothing sector for EUR 5,6 million (EUR 5,3 million in the previous year) and the Windows and Doors sector for EUR 22,5 million, mainly for advances and deposits from customers; the balance as at 31 December 2022 includes EUR 17,0 million relating to the Nursing Home sector.

As a result, **net invested capital** amounted to EUR 241,2 million (EUR 501,0 million as at 31 December 2022), a figure that includes the rights of use recognised pursuant to IFRS 16 for a total of EUR 30,9 million (EUR 233,5 million as at 31 December 2022), as previously explained. Invested capital is financed by equity for EUR 283,4 million (EUR 229,9 million in the comparison year); as at 31 December 2022, the Group net financial position is positive for EUR 42,3 million (EUR 271,0 million as at 31 December 2022), also influenced by the application of IFRS 16 (financial payables for leases totalling EUR 30,9 million as at 31 December 2023, EUR 265,6 million in the comparison year).

Equity pertaining to the Group amounted to EUR 259,4 million (EUR 219,6 million as at 31 December 2022), while that pertaining to non-controlling interests amounted to EUR 24,0 million (EUR 10,3 million as at 31 December 2022).

Given the performance of consolidated equity and profit figures described above, the active **net financial position** amounted to EUR 42,3 million (negative for EUR 271,0 million as at 31 December 2022, attributable to the application of IFRS 16) mainly related to the Nursing Home sector. During the year, in fact, the significant financial exposure of the Nursing Home sector was eliminated, subject to deconsolidation at the end of the first half-year, which frees the Group from a significant financial exposure and which allows the Group to have, in the current market context characterised by strong instability in terms of interest rates and availability of funding sources, significant financial resources to be allocated to new strategic investments.

Statement relating to the Group net financial position

(Thousands of Euro)	**31.12.2023**	**31.12.2022**
Cash	117	178
Other cash and cash equivalents	87.171	61.538
Securities held for trading	1.187	-
Current liquidity	**88.474**	**61.716**
Current financial receivables	**270**	**-**
Bank loans and borrowings	(13.008)	(43.036)
Bonds	-	(15.435)
Other financial payables	(33.470)	(274.283)

Financial debt	**(46.478)**	**(332.754)**
Net financial position	**42.266**	**(271.038)**
- of which IFRS 16 financial liabilities	*(32.141)*	*(264.622)*
Net financial position before IFRS 16	**74.407**	**(6.416)**

Informativa per settore di attività

JECKERSON

Ciesse Piumini

MITTEL

Information by business segment

As at 31 December 2023, 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 trademarks Ciesse Piumini and Jeckerson. The latter trademark was acquired in September 2021 at auction, through the subsidiary vehicle Fashion Time S.r.l. (which was incorporated into SFS in 2022), with the aim of creating within Mittel an Italian urban/lifestyle and outdoor clothing reference hub;
- **Automotive:** through its majority shareholding in I.M.C. - 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;
- **Windows and Doors**: held for 67,9% through the sector parent company Italian Windows Group S.r.l., the Group is dedicated to the production and distribution of windows and doors and other related solutions for energy efficiency with high technical performance;
- **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.

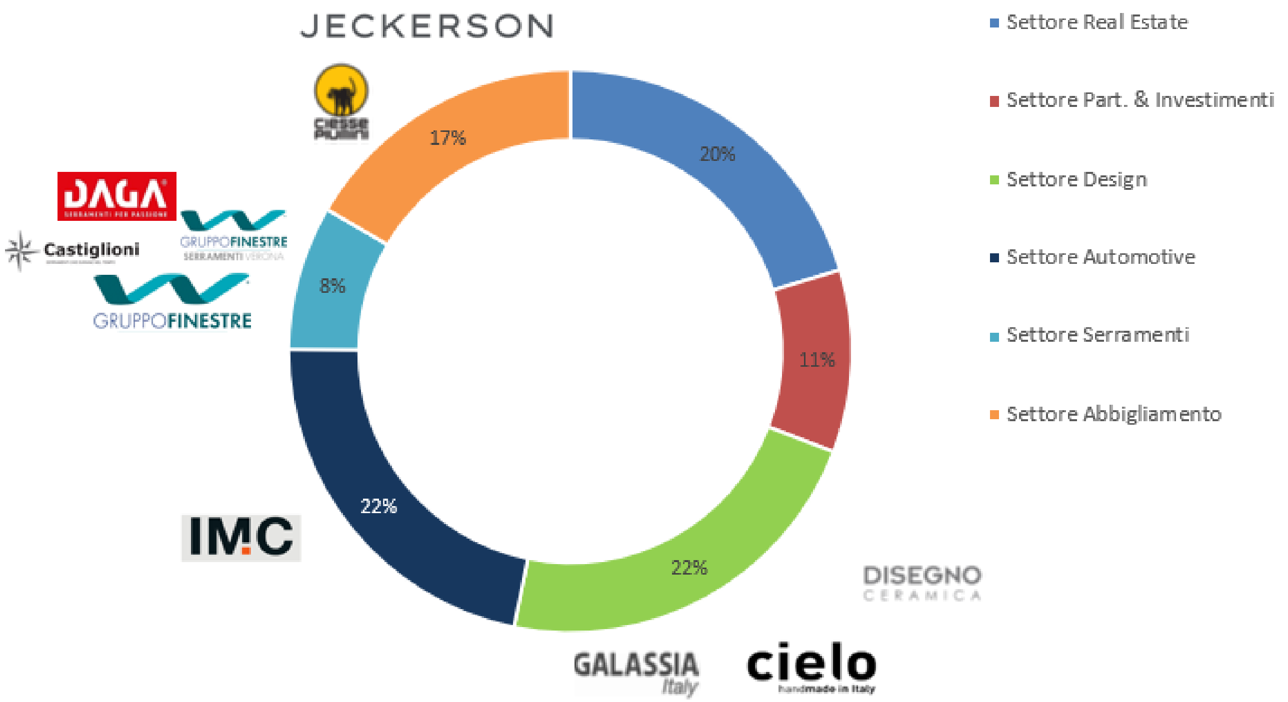
Segment groupings are defined by the following companies (only main companies are listed):

- 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.;
- Windows and Doors: Verticale Finestre S.p.A. (sector holding parent company), Italian Windows Group S.r.l. (Group operating sub-holding, hereinafter also referred to as "IWG"), Gruppo Finestre S.r.l., Daga S.r.l., Serramenti Verona S.r.l., Castiglioni Serramenti S.r.l.;
- Real Estate: Mittel Investimenti Immobiliari S.r.l. and subsidiaries, Cascina Canavese S.r.l., Augusto and Cosimo I real estate funds;
- Equity and Investments: Mittel S.p.A. and Earchimede S.p.A.

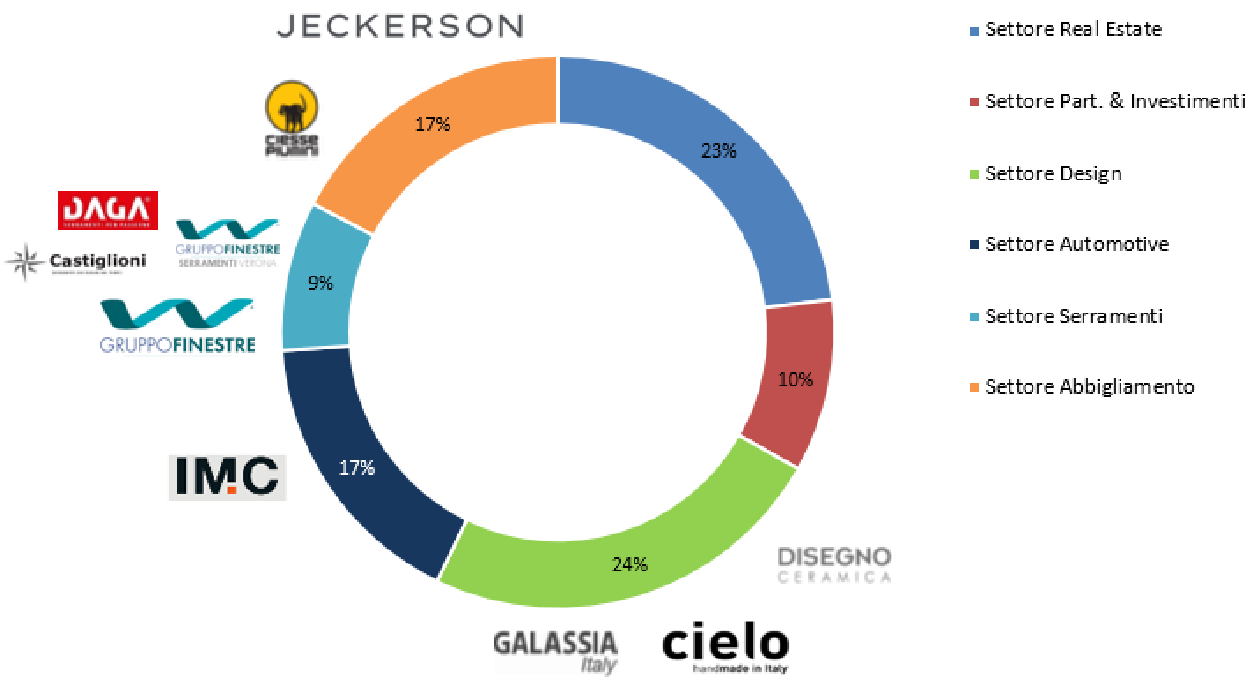
It should be noted that in 2023 the Group also operated in the Nursing Home sector through the majority stake held in the Zaffiro S.r.l. Group (60%), offering long-term care services; the Nursing Home sector also included real estate activities relating to Nursing Home structures. In the first half year of the year, the exit process underway in this operating segment was finalised.

INVESTED CAPITAL BY BUSINESS SEGMENT

Including application of IFRS 16
EUR 241,2 million



Without application of IFRS 16 (Before IFRS 16)
EUR 212,1 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 2023

Amounts in million EUR	31/12/2023										
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	0,8	-9,0	-8,1	-0,4	-1,2	3,9	-1,3	3,8	-0,0	0,0	-3,2
Nursing Home/RSA sector	-	-	-	-	-	-	-	-	43,7	-1,6	45,4
Design sector	71,3	-60,2	11,1	-3,6	-	0,3	-0,0	-1,8	-	0,2	5,8
Automotive sector	45,4	-38,1	7,3	-4,5	-	-1,0	-	-0,5	-	0,3	1,0
Clothing sector	23,5	-19,7	3,8	-0,8	-	-0,3	-0,1	-0,6	-	0,2	1,9
Real Estate sector	2,2	-3,7	-1,5	-0,0	-	0,0	0,0	0,2	-	-0,1	-1,2
Windows and Doors	14,8	-12,5	2,3	-0,3	-	-0,1	-0,0	-0,7	-	0,4	0,8
IC ELIMINATION	-0,6	0,5	-0,1	-	-	-0,6	-	-	0,7	-	-
CONSOLIDATED TOTAL	157,5	-142,6	14,9	-9,5	-1,2	2,3	-1,4	0,5	44,4	-0,6	50,5

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	-5,2	-4,2	-0,4	-	5,7	-8,7	-	1,0	0,0	-6,5
Nursing Home/RSA sector	-	-	-	-	-	-	-	-8,8	-	-3,5	-5,3
Design sector	83,3	-67,3	16,0	-3,3	-	-0,4	-0,0	-	- 2,0	0,4	9,8
Automotive sector	40,5	-35,5	5,0	-4,4	-	-0,9	-	-	0,4	0,0	0,1
Clothing sector	24,5	-21,2	3,3	-1,0	-	-0,4	-0,1	-	-0,3	0,1	1,3
Real Estate sector	4,9	-3,3	1,6	-0,0	-	-0,1	0,1	-	0,1	0,5	1,3
IC ELIMINATION	-0,6	0,5	-0,1	-	-	-1,2	-	1,3	-	-	-
CONSOLIDATED TOTAL	153,6	-132,0	21,6	-9,1	-	2,7	-8,7	-7,5	-0,8	-2,4	0,7

Note: In line with the other income statements, the Nursing Home sector contribution for the comparison year was shown in a single item (Result of non-recurring transaction); therefore, the aforementioned statement differs from that originally published as a result of this reclassification.

Structure of the consolidated statement of financial position by business segment

31 December 2023

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	20,3	8,6	-	29,1		68,5	97,6		0,1	97,5
Nursing Home/RSA sector	-	-	-	-	-		-	-		-	-
Design sector	12,3	44,3	-2,5	-	54,0		15,7	69,8		2,4	67,3
Automotive sector	5,0	47,7	0,1	-	52,8		-24,3	28,5		7,1	21,4
Clothing sector	12,6	27,9	-0,5	-	40,0		-10,5	29,5		2,9	26,5
Real Estate sector	36,7	10,2	2,1	-	49,0		-10,7	38,3		6,9	31,4
Windows and Doors	-6,3	17,6	8,7	-	20,0		-0,2	19,8		4,5	15,3
IC ELIMINATION	0,0	-3,9	-	-	-3,8		3,8				-
CONSOLIDATED TOTAL	60,5	164,1	16,6	-	241,2		42,3	283,4		24,0	259,4

31 December 2022

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	-0,2	29,5	6,1	-	35,4	-	55,8	91,2		0,3	91,0
Nursing Home/RSA sector	-6,4	292,5	5,7	-	291,9	-	- 297,5	-5,6		-2,2	-3,4
Design sector	11	44,0	-2,5	-	52,5	-	11,3	63,9		1,658	62,197
Automotive sector	4	41,9	0,3	-	46,2	-	- 19,1	27,1		6,8	20,3
Clothing sector	13	29,3	-0,3	-	41,9	-	- 14,5	27,4		2,7	24,7
Real Estate sector	25,3	10,2	2,1	-	37,5	-	-11,5	26,0		1,2	24,8
IC ELIMINATION	-	4,4	-		4,4		4,4				
CONSOLIDATED TOTAL	**46,7**	**442,9**	**11,4**	**-**	**501,0**	**-**	**- 271,0**	**230,0**		**10,4**	**219,6**

Note: The Nursing Home sector was fully included in the consolidated scope as at 31 December 2022 since, although the disposal process of the Zaffiro Group had already started, pursuant to the IFRS 5 definition of *discontinued operation*, at the end of the year the highly probable sale requirement had not yet been met, in the presence of a condition precedent in the agreements in place with the purchasing counterparty.

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

Overview

Italian Bathroom Design Group S.r.l. ("IBD") is the subsidiary of the Mittel Group through which the acquisitions in the bathroom design sector took place. The company controls an active group with about 350 employees, aggregate revenue of more than EUR 65 million and an aggregated EBITDA of about EUR 11 million, with a sound and solid financial structure which guarantees excellent cash generation, and which boasts a significant share of exports, with data supported by the results the companies have achieved in the last few years.

Investment year

2017

Strategy and Value Creation

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 furnishings 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. 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 2023 Results

Design sector *figures in million EUR*	**Ceramica Cielo**	***Galassia***	***Disegno***	***IBD***	**Intercom party**	**Sector Total 31/12/2023**	***%***	**Sector Total 31/12/2022**	***%***
Revenues	*32,0*	*23,9*	*11,1*	*0,1*	*(1,2)*	65,8		**75,7**	
Operating costs	*(23,7)*	*(21,5)*	*(10,5)*	*(0,2)*	*1,2*	(54,7)		**(59,7)**	
EBITDA	***8,2***	***2,4***	***0,5***	***(0,1)***	***(0,0)***	**11,1**		**16,0**	
IFRS 16 reversal effect (lease restoration)	**(0,6)**	**(0,1)**	**(0,3)**			**(1,0)**		**(0,7)**	
EBITDA before IFRS 16	***7,6***	**2,3**	**0,3**	**(0,1)**	**(0,0)**	**10,1**	*20%*	**15,3**	*20%*

The Design sector recorded a total turnover of EUR 65,8 million (EUR 75,7 million in the comparison year), maintaining margins (IFRS 16 net EBITDA of EUR 10,1 million, compared to EUR 15,3 million in the comparison year) and confirming the high cash generation capacity.
After an extremely positive first quarter in terms of turnover, the companies recorded a slowdown in the second quarter, in a 2023 macroeconomic scenario characterised by persistent inflation and by the consequences of monetary policy decisions.

As at 31 December 2023, Ceramica Cielo recorded a turnover of EUR 32,0 million (EUR 37,1 million for the entire year 2022), with an EBITDA before IFRS 16 of EUR 7,6 million (EUR 9,0 million for the entire year 2022) and a positive Net Financial Position net of the application of IFRS 16 (hereinafter also "NFP before IFRS 16") positive for EUR 29,8 million (showing a further growth compared to EUR 26,4 million as at 31 December 2022).

Galassia recorded a turnover of EUR 23,9 million (EUR 26,4 million for the entire 2022), with an EBITDA before IFRS 16 of EUR 2,3 million (EUR 4,5 million for the entire 2022) and a negative NFP before IFRS 16 of EUR 0,1 million (an improvement compared to EUR 1,8 million as at 31 December 2022).

Finally, Disegno Ceramica recorded a turnover of EUR 11,1 million (EUR 13,7 million for the entire 2022), with an EBITDA before IFRS 16 of EUR 0,3 million (EUR 1,9 million for the entire 2022) and a negative NFP before IFRS 16 of EUR 7,3 million (EUR 6,8 million as at 31 December 2022).

The production and commercial synergies that the companies are continuing to implement should be highlighted. Their impact will continue to grow in the near future and the process has now made it possible to configure the investees in the sector as an integrated Group able to offer diversified and complementary products on different customer segments and on different geographic markets. These aspects, together with the level of industrial, economic and financial solidity achieved with the continuous business growth recorded in recent years thanks to Mittel's investment strategy, should be suitable to limit the negative impacts of the current macroeconomic context in the coming quarters, confirming the important ability to create value in this vertical, demonstrated in recent years and attained through the active and direct management of the investment and the strong commitment of an industrial nature.

Automotive Sector

Overview

Industria Metallurgica Carmagnolese (IMC) is active in the Automotive components sector. The company has around 110 employees and a turnover of around EUR 44 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/product portfolio.

Founded in the 1960s, IMC is recognised by the main international OEMs (including, by way of example, Renault, Daimler, Volkswagen, BMW, MAN and Iveco) as an efficient and reliable supplier, able to quickly meet outsourcing requirements for moulding activities, both of a temporary nature (i.e. productive capacity peaks) and those structured as series and end of series co-design projects. 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.

Investment Year

2017

Strategy and Value Creation

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 Mittel.

During the year, the company intensified its positioning activities linked to ESG issues in order to monitor the current situation and assess the main specific business impacts. These activities are aimed at defining a project aimed at mitigating the main impacts and results identified by the assessment.

Automotive 2023 Results

Automotive sector *figures in million EUR*	**31/12/2023**	*%*	**31/12/2022**	*%*
Revenues	**44,0**		**38,6**	
Operating costs	**(36,6)**		**(33,5)**	
EBITDA	**7,3**		**5,0**	
IFRS 16 reversal effect (lease restoration)	**(1,6)**		**(1,5)**	
EBITDA before IFRS 16	**5,8**	*13%*	**3,6**	*9%*

In 2023, IMC confirmed the resumption of operations that began in 2022. The investee company IMC consolidated its turnover thanks to the renewed commercial offer aimed at seizing a wider range of opportunities in the current market context. This result was possible thanks to its high industrial capacity and economic and financial soundness, also promoted by its being part of Mittel.

The investee company recorded a turnover of EUR 44,0 million, comparable with EUR 38,6 million in 2022, also showing an increase of approximately 5% compared to the planned budget, equal to EUR 41,8 million. EBITDA before IFRS 16 was EUR 5,8 million, with an EBITDA margin of 13%, up compared to the previous period when it was EUR 3,6 million in 2022. This figure is 11% higher than the figure envisaged in the budget of EUR 5,1 million, thanks to the growth of the top line, the improvement in the gross margin compared to forecasts and the effect of operating leverage.

The NFP before IFRS 16 is equal to EUR 24,3 million as at 31 December 2023 (EUR 6,6 million as at 31 December 2022); net of IFRS 16 as at 31 December 2023, it was negative for EUR 6,6 million, compared to EUR 10,0 million as at 31 December 2022. After the end of the year, IMC completed a refinancing transaction on the debt deriving from the original acquisition. This transaction is aimed at optimising the company's deleverage process at more advantageous economic conditions.

<u>Clothing Sector</u>

Overview

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

Investment year

2019

Strategy and Value Creation

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. Ciesse Piumini manages the outlet stores in Pomezia, Barberino, Ovindoli and Abetone; Jeckerson is present in the Agira and Casette d'Ete outlets.

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.
The work on these initiatives has been and is carried out within a macroeconomic scenario which was suddenly complicated, starting from 2020, by the health emergency linked to Covid 19, with repercussions on the company's economic and financial performance and the slowdown of the value enhancement process.
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; (iii) review of the commercial network, in line with the image and growth plans of the company.
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 2023 Results

Clothing sector *figures in million EUR*	**31/12/2023**	*%*	**31/12/2022**	*%*
Revenues	23,1		23,1	
Operating costs	(19,3)		(19,9)	
EBITDA	**3,8**		**3,3**	
IFRS 16 reversal effect (lease restoration)	(0,6)		(0,7)	
EBITDA before IFRS 16	**3,3**	*14%*	**2,6**	*11%*

As at 31 December 2023 the company recognised a turnover of EUR 23,1 million, in line with the comparison year; SFS achieved its profit margins in the second half of the year, given the seasonal nature of the Ciesse Piumini brand, and also thanks to the contribution to the margins of the first collection under the new management of the Jeckerson brand, which has only contributed through the royalties accrued to licensees and the sales made by the two outlets used for the valuation of the inventories acquired together with the brand. Both the Wholesale Channel and the Retail Channel contributed to the Ciesse Piumini brand turnover; the residual portion is contributed by other channels (web, barter and sample collections).

EBITDA before IFRS 16 was EUR 3,3 million (EUR 2,6 million in the comparison year).

The NFP before IFRS 16 as at 31 December was negative for EUR 10,5 million (negative for EUR 7,1 million in 2022).

Nursing Home Sector

With regard to the contribution of the Nursing Home sector, subject to deconsolidation in June 2023, please refer to the extensive information provided in other sections of this report and in the explanatory notes.

Windows and Doors Sector

Overview

Italian Windows Group (IWG) is the sector sub-holding through which Mittel, to date, has finalised the aggregation of companies active in the production and distribution of windows and doors and other related solutions for energy efficiency with high technical performance. The company controls an active group with around 200 employees, an annual turnover of approximately EUR 53,0 million, annual EBITDA of EUR 9,8 million and a sound financial structure.

The business combination process started immediately after the acquisition of the Finestre Group in July 2023 and is a fundamental element of the value creation strategy defined by Mittel already at the time of entry into the sector. This strategy aims to create value through the acquisition of both production and distribution companies. Mittel has capitalised on the main success factors of the Finestre Group, including its extensive experience in direct sales, its sound pre/post sales service organisation and its significant production capacity, to create an aggregation platform. Currently, in addition to the Finestre Group, which remains the main player in terms of production, the Group also includes Daga, Castiglioni and Serramenti Verona, all important distribution companies in their respective territorial areas.

The Finestre Group was founded in 2005 thanks to the acquisition by Stefano Zanasi (current CEO of IWG) of the Italian window production division of the multinational Alphacan and the consequent combination with the historic Trentino brand Fersina. The company specialises in the production of PVC windows and doors (80% of revenues), aluminum shutters (12%) and armored doors/interior doors (8%). The commercial offer includes standard products and high added-value customised solutions, which allow (i) integration with home automation systems, (ii) the combination of PVC with other materials (i.e. wood and aluminium) and (iii) the realisation of structural glass sash windows or other stylistic solutions. Thanks to production flexibility, the Finestre Group has developed its own business model on production to order (“*Made to Order*”).

Investment Year

2023

Strategy and Value Creation

In the period after the investment, Mittel’s activities were particularly focused on the following aspects:

- support for buy & build activities;
- support in defining corporate governance in line with the new size target (i.e. strengthening of the managerial structure);
- increase in the efficiency of the Group’s financial structure;
- international development in order to increase foreign turnover share;
- 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.).

The sector in question is inevitably promoted by the development of solutions compatible with sustainability objectives as it is active in the production and installation of windows and doors; where possible, the entities also manage the collection and disposal of replaced fixtures as well as maximise recycling at the end of their life. A further determining factor is the product durability and quality, which makes it possible to limit post-installation replacement rate as much as possible. In the context of the sector companies, the direct and indirect impacts of the emissions produced are being assessed with the aim of activating projects aimed at reducing them (i.e. photovoltaic plant) and aimed at maximising the recycling of waste plastic material from production.

Windows and Doors 2023 Results

Settore Serramenti Dati in Euro mln	VF	*IWG*	*GF*	*Daga*	*SV*	*Intercompany*	Sector Total 31/12/2023
Revenues	0,0	0,0	14,0	1,4	0,5	(0,2)	**15,6**
Operating costs	(0,0)	(0,4)	(11,6)	(1,3)	(0,2)	0,2	**(13,3)**
EBITDA	**(0,0)**	**(0,4)**	**2,4**	**0,1**	**0,2**	**(0,0)**	**2,3**
IFRS 16 reversal effect (lease restoration)	0,0	0,0	(0,1)	(0,0)	(0,0)		**(0,1)**
EBITDA before IFRS 16	**(0,0)**	**(0,4)**	**2,3**	**0,0**	**0,2**	**(0,0)**	**2,2**

In 2023, the sector contributed EUR 15,6 million in turnover and EUR 2,2 million in EBITDA before IFRS 16 to the Group's economic results. Overall, on a pro-forma basis for the entire year, the sector generated a turnover of EUR 53,0 million and an EBITDA net of IFRS 16 of EUR 9,8 million (EBITDA margin of approximately 19%).

The positive result for the year was also promoted by tax benefits and the possibility of “invoice discounts” linked to the construction and energy efficiency fields. These concessions, today without the possibility of an “invoice discount”, accelerated the achievement of the business plan drawn up at the time of the Finestre Group acquisition. Net of the positive, one-off regulatory effect, the reference market remains highly attractive and shows growth in the long term promoted by sustainability macro trends and by the constant confirmation of the efficiency objectives in the real estate sector promoted by the European Union.

It is relevant to highlight the production and commercial synergies that the companies are already starting to implement. Their impact will continue to grow in the near future and the process undertaken makes it possible to configure the sector investees into an integrated group able to offer diversified and complementary products with a widespread territorial presence. These aspects, together with the level of industrial, economic and financial solidity, offer prospects for strong value creation in this vertical sector.

Performance of the Real Estate sector

As regards the real estate assets in the portfolio, after the constant results already obtained in realising these assets in previous years, sales of EUR 2,7 million were recorded in 2023 (EUR 17,6 million in 2022), mainly attributable to the residual sales made on the orders for Milan/Metauro (EUR 1,3 million in 2023 compared to EUR 6,6 million in 2022), for Vimodrone (EUR 0,6 million in 2023 compared to EUR 0,5 million in 2022) for Santarosa (EUR 0,2 million in 2023 compared to EUR 0,1 million in 2022) and for Bresso (EUR 0,3 million in 2023 compared to EUR 0,4 million in 2022).
Sales for the year 2022 benefited from the sales carried out on the order located in Como (Regina Teodolinda) pertaining to Regina S.r.l. amounting to EUR 9,9 million.
As at 31 December 2023, reflecting the trends of the last few years described above, the real estate sector historical inventories equal EUR 23,4 million (compared to EUR 26,0 million in 2022); to this value are added EUR 12,2 million relating to the new investment in June 2023 in Cascina Canavese Srl, a corporate vehicle for the development of an ambitious project in Milan (5 buildings for 12.500 square meters of commercial area) in a high-potential area, which involves the construction of a new and structured residential complex surrounded by greenery, in an area experiencing intense upgrading activities, characterised by extensive green areas and urban gardens. Moreover, the project fits perfectly into the Group's sustainable development plans.

Equity and Investments sector performance

The Equity and Investments sector includes the parent company Mittel S.p.A. and the residual portfolio of non-controlling interests and private equity investments, which is being disposed of compatibly with the individual asset characteristics, in order to contribute to the generation of financial resources intended for acquisitions of controlling equity investments.
It should be noted that in July 2023 the remainder of the Mittel SpA 2017-2023 bond loan was fully repaid, completing the process of reducing structural costs, both financial and operational.
At equity investment level, it should be noted that the sale of the Zaffiro Group allowed to collect significant financial resources useful for vigorously pursuing the process of value creation and increasing the Group size, both by supporting the growth of existing investment verticals and through the entry into new operating segments, where to best express its skills, as happened in 2023 with the Windows and Doors sector, as mentioned earlier.
With the entry into the Windows and Doors sector, Mittel has further expanded its portfolio of investments in diversified sectors, continuing along the path of investing in Italian SMEs of excellence operating in global markets, aimed at the creation of sustainable long-term value for all shareholders and other stakeholder categories.

Andamento della Capogruppo

MITTEL

Performance of the Parent Company

The Company closed the financial statements as at 31 December 2023 with a profit of EUR 19,8 million (loss of EUR 9,9 million as at 31 December 2022), which benefits from the significant capital gain realised on the sale of the Zaffiro Group finalised in the first half of 2023.
More specifically, the result for the year derives from the combined effect of:

- the capital gain realised on the sale of Gruppo Zaffiro Srl, a gross gain deriving from the difference between the sale price of EUR 42,0 million and the carrying amount of the equity investment of EUR 28,5 million
- net operating expenses of EUR 8,0 million, which include the effects of the variable remuneration accrued by the management of Mittel for the sale of the Zaffiro Group for a total of EUR 2,9 million as required by the remuneration policy (in addition to EUR 0,7 million relating to accessory costs of a tax and social security nature);
- net financial income of EUR 3,7 million;
- net write-downs of EUR 8,0 million made on non-core assets (receivables, financial assets and equity investments);
- taxes for the year, which made a positive contribution to the recognition of income from tax consolidation as well as deferred tax assets.

Disregarding the described net write-downs of non-core assets, substantially attributable to a single historical credit position subject to impairment during the year, the economic performance of the holding company benefited from the effects of the equity investments valuation strategies as well as, to a lesser extent, from the rationalisation measures implemented in previous years in terms of financial and structural costs.

Shareholders' equity amounted to EUR 207,9 million as at 31 December 2023, compared to EUR 198,1 million for the year ended 31 December 2022, with a net increase attributable to the result for the year of EUR 19,8 million, partially offset by the distribution of the extraordinary dividend for a total of EUR 10,0 million carried out in February 2023.

The **net financial position** was positive by EUR 52,8 million (positive for EUR 48,9 million as at 31 December 2022) and was affected by financial payables recognised as a result of the provisions of IFRS 16 for EUR 4,1 million as at 31 December 2023 (EUR 4,6 million as at 31 December 2022). As at 31 December 2023, it included significant cash and cash equivalents as well as a material amount of current loans substantially relating to the subsidiaries.

Financial highlights of Mittel S.p.A.

Main economic figures of Mittel S.p.A.

(Thousands of Euro)	**31.12.2023**	**31.12.2022**
Revenue and other income	861	931
Purchases, provision of services, sundry costs	(6.056)	(2.411)
Personnel costs	(2.803)	(2.067)
Net operating costs	**(7.998)**	**(3.547)**
Dividends	-	664
Profit (loss) from investments and financial assets	28.500	137
Operating margin (EBITDA)	**20.502**	**(2.746)**
Amortisation/depreciation, allocations and adjustments to non-current assets	(353)	(357)
Operating result (EBIT)	**20.149**	**(3.102)**
Profit (loss) from financial management	3.676	1.935
Value adjustments to financial assets, loans and receivables	(8.030)	(9.595)
Profit (loss) from trading of financial assets	-	-
Profit (loss) from non-recurring transactions	-	-
Profit (loss) before taxes	**15.795**	**(10.762)**
Taxes	3.955	847
Profit (loss) from continuing operations	**19.750**	**(9.916)**
Profit (loss) from discontinued operations	-	-
Net profit (loss) for the year	**19.750**	**(9.916)**

Details on the most significant of above shown items are presented below:

- **Revenue and other income:** EUR 0,9 million, in line with the comparison year, essentially explained by servicing activities and recharges made to the investee companies;
- **Purchases, provisions of services, sundry costs:** EUR 6,0 million, an increase compared to the previous year as the item includes the effects of the variable remuneration accrued by the management of Mittel for the sale of the Zaffiro Group and the related accessory costs of a tax and social security nature;
- **Personnel costs**: EUR 2,8 million, up compared to the previous year due to variable remuneration related to the sale of the Zaffiro Group;
- **Profit (loss) from equity investments and financial assets**: EUR 28,5 million, includes the gross gains realised on the sale of Gruppo Zaffiro Srl;
- **Profit (loss) from financial operations**: EUR 3,7 million, includes net financial income determined by the net effect of financial income on receivables for EUR 4,2 million and financial charges for EUR 0,5 million, the latter essentially attributable to the reducing bond loan compared to the previous year following its settlement;
- **Value adjustments to financial assets and receivables**: EUR 8,0 million made on non-core assets (receivables, financial assets and equity investments);
- **Taxes**: they make a positive contribution to the result for the year of EUR 4,0 with respect to income from the tax consolidation pertaining to the financial year and the allocation of deferred tax assets for EUR 2,0 million, due to the significant changes in the Group's perimeter that occurred with the acquisitions of the Windows and Doors sector, which resulted in the inclusion in the scope of tax consolidation companies with taxable incomes that will contribute together with the entities in the other operational sector to the recovery of latent tax benefits for the Company, mainly represented by substantial tax losses in prior years were carried forward by the Group.

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

(Thousands of Euro)	31.12.2023	31.12.2022
Intangible assets	1	2
Property, plant and equipment	4.008	4.569
- of which IFRS 16 rights of use	*3.728*	*4.235*
Investments	118.316	108.873
Non-current financial assets	23.982	30.537
Provisions for risks, employee severance indemnity and employee benefits	(1.177)	(1.096)
Other non-current assets (liabilities)	553	553
Tax assets (liabilities)	9.107	6.606
Net working capital (*)	217	(843)
Net invested capital	**155.007**	**149.200**
Total equity	**(207.820)**	**(198.079)**
Net financial position	**52.813**	**48.879**
- of which IFRS 16 financial liabilities	*(4.094)*	*(4.570)*
Net financial position before IFRS 16	**56.907**	**53.449**

(*) 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 4,0 million (EUR 4,6 million in the previous year) and refer primarily to rights of use recognised as a result of the application of IFRS 16.

Investments amounted to EUR 118,3 million, compared to EUR 108,9 million in the year ended as at 31 December 2022. The increase is due to the net effect of:

- the decrease deriving from the sale of the Zaffiro Group (previously with a recognised book value of EUR 13,5 million) in June 2023;
- the increase of EUR 7,7 million for the acquisition of the 55% interest in Cascina Canavese Srl in June 2023;
- the increase for a total of EUR 14,5 million following the establishment of Verticale Finestre SpA, a holding company created by the recently acquired Windows and Doors sector and subsequent capital payments subscribed to support the investment;

- the increase of EUR 2,0 million in the equity investment in SFS following the payment of the established earn-out
- the decreases of EUR 0,7 million due to value adjustments made on the investee company Mittel Generale Investimenti.

Non-current financial assets amounted to EUR 24,0 million, compared to EUR 30,5 million in the year ended as at 31 December 2022. The item is composed of:

- Non-current financial receivables of EUR 13,8 million (EUR 20,4 million as at 31 December 2022), down significantly due to write-downs for 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 1,2 million (EUR 1,1 million in the previous year). In particular, as at 31 December 2023, this item is composed, for EUR 1,1 million, of Provisions for personnel and, for EUR 0,1 million, of Provisions for risks and charges.

Net tax assets amounted to EUR 9,1 million, compared to EUR 6,6 million in the prior year. This item is essentially comprised of deferred tax assets recognised in recent years as a result of the growth in the Group companies' taxable income following the acquisition of new companies with significant taxable incomes which will make it possible to recover additional latent tax benefits, mainly represented by the substantial tax losses in prior years and, to a lesser extent, by interest expenses that can be carried forward, accrued by the Company in the previous years.

Net working capital was positive for EUR 0,2 million (negative for EUR 0,8 million in the previous year). The reclassified item is a result of the net effect (i) of the change in sundry receivables and other current assets 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 represented mostly by trade payables and intercompany tax items (for tax consolidation or Group VAT).

Shareholders' equity amounted to EUR 207,9 million as at 31 December 2023, compared to EUR 198,1 million for the year ended 31 December 2022, with a net increase attributable to the result for the year of EUR 19,8 million, partially offset by the distribution of the extraordinary dividend for a total of EUR 10,0 million carried out in February 2023.

The **net financial position** was positive by EUR 52,8 million (positive for EUR 48,9 million as at 31 December 2022) and was affected by financial payables recognised as a result of the provisions of IFRS 16 for EUR 4,1 million as at 31 December 2023 (EUR 4,6 million as at 31 December 2022). It should be noted that the current loans substantially relate to the subsidiaries (EUR 56,7 million as at 31 December 2022) and decreased due to the collection of the receivable due from the Zaffiro Group of approximately EUR 26 million. Note also the settlement of the 2017-2023 bond loan, which as at 31 December 2022 amounted to EUR 15,4 million.
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 of Mittel S.p.A.

(Thousands of Euro)	**31.12.2023**	**31.12.2022**
Cash	12	12
Other cash and cash equivalents	30.354	13.066
Securities held for trading	-	-
Current liquidity	**30.366**	**13.078**
Current financial receivables	**27.453**	**56.706**
Bank loans and borrowings	-	-
Bonds	-	(15.435)
Other financial payables	(5.006)	(5.470)
Financial debt	**(5.006)**	**(20.905)**
Net financial position	**52.813**	**48.879**

Notizie sulle società partecipate

MITTEL

Information on the principal investees

Mittel S.p.A. main subsidiaries as at 31 December 2023

- **IBD (96,5%)**: sub-holding of the Design sector which in turn holds 100% equity investments in Ceramica Cielo S.p.A., Galassia S.r.l. and Disegno Ceramica S.r.l. 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 (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.

- **Verticale Finestre S.p.A.** (97%): sub-holding of the Windows and Doors sector, which in turn holds a 70% interest in the holding company IWG, which controls companies operating in the sector. For information, please refer to the section on the Group's operating sectors (Windows and Doors sector), and the consolidated explanatory notes.

- **Cascina Canavese S.r.l.** (55%): entity in the real estate sector acquired in 2023 for the development of a real estate initiative located in Milan.

- **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 2023 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. in liquidation, holding 70% of its share capital.

Economic figures (EUR 000)	31.12.2023	31.12.2022
Value of production	385	600
Costs of production	(1.060)	(959)
Operating result (EBIT)	**(675)**	**(359)**
Financial income (expense)	1.047	1
Value adjustments on investments	(343)	(55)
Profit (loss) before taxes	**28**	**(413)**
Taxes	265	-
Net profit (loss)	**293**	**(413)**

Equity figures (EUR 000)	31.12.2023	31.12.2022
Investments	2.850	2.527
Financial receivables	1.039	2.489
Property inventories	20.430	21.718
Other assets	449	983
Total assets	**24.769**	**27.717**
Total liabilities	13.200	16.441
Equity	**11.569**	**11.276**

The result for the year as at 31 December 2023 shows a profit of EUR 0,4 million (loss of EUR 0,6 million as at 31 December 2022), essentially deriving from net financial income recorded during the year. Equity as at 31 December 2023 amounted to EUR 11,6 million, compared to EUR 11,3 million as at 31 December 2022; the change is exclusively attributable to the result 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. As at 31 December 2023, 21 garages and 3 parking spaces remain to be sold, of which 5 garages and 3 parking spaces subject to preliminary sale.
During the year, sales of EUR 0,1 million were recorded.
In the year ended as at 31 December 2023, property inventories were written down by EUR 0,1 thousand based on their estimated realisable value; for the other property units, subject to valuation by an appointed independent expert, the book value was in line with the market value.

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. As at 31 December 2023, approximately 1.800 square meters of tertiary/commercial space and 12 garages remain to be sold;
There were no sales during the year (EUR 0,1 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.
As at 31 December 2023, there is a lease for the first floor in addition to some garages; some discussions that took place in the previous months were not followed up; in any case, the Company is validating opportunities to make the most 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 2023, approximately 695 square meters remain to be sold, already subject to sales preliminaries.
During the year, sales of EUR 0,6 million were recorded. The book value of inventories as at 31 December 2023 was EUR 0,4 million (EUR 0,9 million in 2022).

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

Bresso – Via C. Romani
The management/industrial/craft building complex in Bresso (Milan) is composed of three lots which have been gradually renovated.
During the year, sales of EUR 0,3 million were recorded (EUR 0,4 million in the previous year). The carrying amount of inventories as at 31 December 2023 was EUR 1,5 million (EUR 1,6 million as at 31 December 2022).
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.

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. As at 31 December 2023, 2 offices and 10 garages remain to be sold
During the year, sales totalling EUR 0,4 million were recorded (EUR 0,1 million in 2022). The book value of inventories as at 31 December 2023 was EUR 1,1 million (EUR 1,4 million in 2022). 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.

Investments of Mittel Investimenti Immobiliari S.r.l.

Lucianita S.r.l. in liquidation (100%)
The company owns a property complex at Via Lomellina no. 12, Milan, whose sale was completed in 2021. The company has been in liquidation since 2019 and has not completed the liquidation process.
In 2023 and in the previous year, no revenue was recorded. As at 31 December 2023, the company shows a loss of EUR 8,5 thousand, essentially as in the comparison year, and an equity of EUR 0,5 million.

MiVa S.r.l. (100%)
The activity of the Company MiVa S.r.l., a wholly-owned subsidiary 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. Sales started in 2021 and continued in subsequent years (sales of EUR 6,6 million in 2022 and of EUR 1,3 million in 2023). At present, 29 of the original 118 garages remain to be sold.
As at 31 December 2023, the company recorded a positive result of EUR 49 thousand (negative for EUR 46 thousand in 2022) and an equity of EUR 2,2 million (essentially unchanged compared to the previous year). 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 initiative, stated at EUR 1,2 million as at 31 December 2023.

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 2023, the company recorded a loss of EUR 0,3 million (EUR 0,1 million as at 31 December 2022) and equity of EUR 0,4 million (EUR 0,1 million as at 31 December 2022).
The property inventories held by the company were valued with the help of an external appraiser and this resulted in the write-downs of EUR 0,2 million.

Regina S.r.l. (70%)
The company owned a property complex in Via Regina 23 in Como, acquired in July 2011, at the time of the stipulation of the Agreement with the Municipality, in enactment of the Implementation Plan for the construction of a residential building with four above ground storeys for a total of 2.937 square meter for residential use. Specifically, the project called for the construction of 35 apartments with a basement area, 38 garages and 7 parking spaces.
The real estate development was concluded in June 2022 and the sales of the property units realised were completed between July 2022 and the beginning of September 2022. During 2022, the company

substantially completed its sales activities (2022 sales of EUR 9,9 million), therefore, in the first quarter of 2023 the company was placed in liquidation.
As at 31 December 2023, the company recorded a loss of EUR 8 thousand (a profit of EUR 1,7 million as at 31 December 2022) and equity of EUR 0,1 million (EUR 1,6 million as at 31 December 2022).

❖ **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. in liquidation, already owner of 600.000 square metres in Belpasso (Catania), which was sold by the latter in June 2021.

Economic figures (EUR 000)	31.12.2023	31.12.2022
Value of production	-	3
Costs of production	(97)	(92)
Operating result (EBIT)	**(97)**	**(89)**
Financial income (expense)	7.128	1.874
Value adjustments to investments and financial assets	(859)	(1.597)
Profit (loss) before taxes	**6.172**	**187**
Taxes	(115)	-
Net profit (loss)	**6.057**	**187**

Equity figures (EUR 000)	31.12.2023	31.12.2022
Investments	370	900
Current financial assets	-	361
Cash	14.189	7.182
Other assets	75	84
Total assets	**14.634**	**8.527**
Total liabilities	135	85
Equity	**14.499**	**8.442**

The company closed the financial statements as at 31 December 2023 with a significant profit which essentially derives from income from financial assets of EUR 6,5 million (profit of EUR 0,1 million as at 31 December 2022). The equity of Earchimede S.p.A. as at 31 December 2023 was EUR 14,5 million (EUR 8,4 million as at 31 December 2022).

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 2023 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 collecting the credit positions held.
As at 31 December 2023, compared to the previous year, the income statement of Mittel Generale Investimenti S.r.l. shows an improvement in the margin from interest and commissions, positive for EUR 2,4 million (positive for EUR 1,5 million in the previous year). The profit before taxes, which was negative for EUR 4,7 million (negative for EUR 0,8 million in the previous year), was down by EUR 3,9 million compared to 2022, due to higher net value adjustments on loans of EUR 4,8 million (net value adjustments on loans

of EUR 6,8 million as at 31 December 2023 compared to EUR 2 million in the previous year) partly mitigated by higher interest income for EUR 0,9 million.
As at 31 December 2023, total equity amounted to EUR 8,4 million, compared to EUR 13,1 million in the previous year. The reduction in equity is attributable to the loss for the year 2023 of EUR 4,7 million.

Fatti di rilievo intervenuti nell'esercizio

MITTEL

Significant events in the year

Governance and corporate events

The Shareholders' Meeting of Mittel S.p.A. - which met on 21 June 2023 - unanimously expressed its opinion on the matters dealt with as follows:

- *Directors' Report on Operations, report of the Board of Statutory Auditors, financial statements as at 31 December 2022:* the Shareholders' Meeting resolved to approve the financial statements for the financial year from 1 January 2022 to 31 December 2022, as well as the proposal to offset the loss for the year of EUR 9.915.828 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 2022 financial year" set out in Section II of the "Report on the remuneration policy and on compensation paid".

On 12 September 2023, the Shareholders' Meeting of Mittel S.p.A. approved the Remuneration Policy, as integrated with the 2022-2024 Policy, contained in Section I of the "Report on the Remuneration Policy and remuneration paid" (the "Report"), and the related adoption and implementation procedures. In particular, the integration of the M/L Incentive (which will continue to apply, with some changes, to the investments held in the Design, Automotive and Clothing sectors) with a new mechanism which, exclusively for the new Mittel shareholdings acquired and to be acquired from the beginning of June 2023, provides for a co-investment capable of generating in the Beneficiaries themselves an exposure to the risk of loss of invested capital. The Policy, as a result of the changes that have been better outlined in it, is functional to further aligning the interests of all shareholders and stakeholders with those of the Company's management, through the described share of the latter in the risk capital of the SPVs that the Company controls and will control in the course of the investment process in the various industrial targets.

On 29 December 2023, the Board of Directors of Mittel S.p.A. approved the proposed policy of equity reserves distribution as dividends for 2024 and 2025.
For 2024, the Board of Directors resolved to propose to the Shareholders the distribution of part of the Retained Earnings Reserve, through the payment of a dividend per share to be considered ordinary in stock exchange terms. Therefore, gross of any applicable substitute tax, the payment of the dividend is equal to EUR 0,12293 for each of the 81.347.368 ordinary shares with no nominal value currently in circulation, and thus for a total of EUR 10.000.031,95, in line with the amount already distributed in February 2023.
The date of detachment of coupon no. 55 is on 5 February 2024, with right to payment on 6 February 2024 (record date) and payment of the dividend on 7 February 2024.
Therefore, the Board of Directors called the Shareholders' Meeting on 31 January 2024 to resolve on the proposed distribution proposal (this Shareholders' Meeting approved the aforementioned proposal). For 2025, the Board of Directors intends to propose to the Shareholders - except for unforeseen changes in the Group's economic, equity and financial situation - the same dividend distribution transaction, for the same amount and with a similar payment timetable (i.e. January/February 2025).
The distribution proposals referred to above represent a form of remuneration of the shareholders' investment in the Company and do not compromise the equity, financial and economic balance of the same. In fact, the Company's significant financial and equity soundness which makes these distribution proposals sustainable is confirmed.

Additional significant events

Change in equity investments in the Design sector

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 Design 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.

Disbursement of dividend for February 2023

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.

Payment of the Fashion Service Earn Out (transaction with related parties)

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/

Exit from the Nursing Home sector, disposal of the Zaffiro Group (transaction with related parties)

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 Chief Executive Officer 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 carried out 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. 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..
Lastly, on 28 June 2023, Mittel S.p.A. informed the market that it had completed the sale of the entire majority stake (equal to 60%) held in the share capital of Gruppo Zaffiro S.r.l. for a consideration of EUR 42 million. The transaction was completed through the sale to Sarafin S.p.A. and to the funds called “Eurizon Iter” as well as “Eurizon Iter Eltif” managed by Eurizon Capital SGR S.p.A. The sale transaction involved the recognition of a gross capital gain in the separate financial statements for Mittel S.p.A. of EUR 28,5 million (amount equal to the difference between the sale price of EUR 42 million and the book value of the investment of EUR 13,5 million) and the recognition on the consolidated financial statements of a positive impact on profit pertaining to the Group of EUR 45,4 million (deriving from the comparison of the sale price with the book value implicit in the consolidated financial statements as at 28 June 2023). At the same time as the aforementioned sale, Mittel S.p.A. also collected from Gruppo Zaffiro S.r.l. an amount of EUR 26,6 million, by way of repayment of principal and interest

on shareholder loans previously granted to it for a principal amount of EUR 25 million. The overall transaction, therefore, involves the collection of financial resources of EUR 68,6 million.

Expansion of investments in the Real Estate sector

On 12 June 2023, Mittel S.p.A. acquired 55% of the share capital of the company Cascina Canavese s.r.l., active in the real estate development sector. The purchase was completed through the payment by Mittel S.p.A. of EUR 7,7 million, of which EUR 0,6 million for the purchase of the shares and the remaining EUR 7,1 million as a shareholder loan. The partnership between Mittel and other shareholders is aimed at implement a real estate project for five residential buildings in Milan.

Entry into the Windows and Doors sector

On 26 July 2023, Mittel S.p.A. continued the diversification of investments in Italian companies of excellence, entering the sector of production and distribution of PVC windows and doors with high quality technical performance through the acquisition of a shareholding in the company "Gruppo Finestre S.r.l.", which was established in 2005 thanks to Stefano Zanasi's acquisition of the Italian window production division of a multinational company and the consequent merger with the Fersina brand. The company specialises in the production of PVC windows and doors (80% of revenues), aluminum shutters (12%) and armored doors/interior doors (8%). The acquisition involved the purchase, through equity, of 100% of Gruppo Finestre S.r.l. for a price of EUR 13,2 million by the vehicle Italian Windows Group S.r.l. (IWG) established by the Mittel Group as the holding company of the new window and door investment sector; Stefano Zanasi invested in 30% of the capital of IWG (the remaining 70% of which is therefore held by Mittel), sealing a strategic partnership with the entrepreneur aimed at growth. Among the main characteristics that make Gruppo Finestre a strategic investment, there is its commitment to sustainability, which is perfectly aligned with the objectives of Mittel S.p.A., given the important challenge of energy efficiency and reduction of emissions further promoted by the recent revision of the directive on energy efficiency in buildings (Energy Performance of Buildings Directive) approved by the European Union. In addition, the company has demonstrated solid cash generation and a strong positioning in the market, thanks to a diversified customer base and a direct sales strategy that makes it possible to preserve greater margins and consolidate the brand on the market.
Subsequently, the vehicle IWG continued to scout for new opportunities and acquired the entire share capital of two other entities in the sector, Daga Srl (with accounting acquisition date on 31 October 2023) and Castiglioni Serramenti Srl (with accounting acquisition date on 31 December 2023). In November 2023, Gruppo Finestre Srl also acquired the full share capital of Serramenti Verona Srl.
Through the IWG sector sub-holding, the vertical investment is held for 67,9% and is dedicated to the production and distribution of windows and other related energy efficiency solutions with high technical performance.

Repayment of the Mittel SpA 2017-2023 Bond Loan

On 27 July 2023, Mittel S.p.A. fully repaid the "Mittel SpA 2017-2023" bond loan by paying EUR 15,2 million as principal and EUR 0,3 million as interest.

Significant events after 31 December 2023

In relation to the provisions of IAS 10, subsequent to 31 December 2023, the reference date of the Half-Yearly Financial Report, and until 24 April 2024, 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 31 January 2024, the Mittel Shareholders' Meeting unanimously resolved to approve the distribution, by way of an ordinary 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 (regulation on 7 February 2024, date of coupon detachment on 5 February 2024 and record date on 6 February 2024).

As is well known, international geopolitical tensions have recently intensified following the attacks between Israel and Iran. At present, it is not possible to predict how these conflicts will evolve, however, the Group's management monitors their developments to mitigate their potential effects on the Group and on its operating subsidiaries. Although there are currently no direct effects on the economy, it cannot be excluded that the general slowdown of the economy may continue, with potential effects on the Group's main business areas and more generally on the extent of the effects (inflation dynamics, increase in raw material prices).

Business outlook

The evolution of the Group's results is related to the performance of the sectors in which the strategic equity investments operate as well as the reference macroeconomic context. Although the macroeconomic projections currently formulated by the central authorities of the Eurozone, prior to the last conflict between Israel and Iran, whose effects are - at present - unpredictable and not quantifiable, indicate a slower recovery for the short term than expected in the December 2023 projections and a gradual acceleration of economic activity, a recovery is expected for the medium term, supported by the gradual ending of the impact of ECB monetary policy tightening. The inflationary trend is also declining, albeit at a modest pace, thanks to the continuing softening of inflationary pressures (drop in energy prices, robust labour cost dynamics) and the impact of the monetary policy tightening; disruptions in maritime transport in the Red Sea are considered likely to have only a limited upwards impact on prices.

Even in an unstable geopolitical context, characterised by the unpredictability of the duration and repercussions that could ensue on the international economy, the Mittel Group intends to confirm its attitude to growth, both internally and externally. As it is also clear from the analysis of the financial data of the last few years and, in particular, of the financial year ended as at 31 December 2023, the strong solidity demonstrated by the Group in this difficult context is highlighted by its sound financial and operational stability.

The sale of the Zaffiro Group, in addition to resulting in the exit (with an important economic result achieved compared to the original investment made) from an operating segment that, in the current economic situation, was particularly penalised (both for the difficulties in passing on operating costs and for the high absorption of financial resources), has further and significantly increased liquidity at holding system level. The strong independence of the Group from the banking system and from external sources of financing will therefore make it possible to limit the impacts of the current market situation also on the financial management front, allowing it to continue with the path of investment undertaken in the Windows and Doors sector as well as further strengthening of existing ones and possible new investments in other operating sectors.

Moreover, the investments made in the Windows and Doors sector in the second half of the year resulted in a further increase in the level of diversification of investments, favouring the mitigation of the market phenomena analysed also through the contribution of the new operating sector to the Group profitability results which, from the 2024 financial year, will fully contribute to the accounting results.
Therefore, the results of the Group in the next financial year 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 effects of the important growth path achieved to date as a dynamic and efficient industrial holding company, with a strong focus on further enhancing the significant investments made in recent years and on further development strategies, also in the Windows and Doors sector, and with the aim of creating long-term sustainable value for shareholders and all stakeholders.

Main ongoing legal proceedings and disputes

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

Dispute history

With regard to the known credit for approximately EUR 12,8 million held by Mittel S.p.A. 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. 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. 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. And in fact, 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. On 22 May 2023, Mittel collected EUR 0,6 million from the bankruptcy of Sofimar.

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.
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.

In a ruling published on 28 January 2022, the Court of Appeal of Milan 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 considered not proven that the damage suffered by Mittel was a "direct" consequence of the actions 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. A hearing in chambers was scheduled for 17 May 2024.

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.

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

Risks associated with the current economic situation

As highlighted in other sections of this report, the instability of the macroeconomic scenario, exacerbated in 2022, continued in 2023, a period characterised by inflationary dynamics and the effects of monetary policy restrictive measures. Although the last period of 2023 showed signs of a trend reversal (compared to 2022, although remaining at high levels, inflation dropped thanks to the marked decrease in the energy component and in the last quarter of 2023 the fall in inflation accentuated and extended to non-energy industrial goods and services), the international geopolitical context has remained unstable (conflicts in the Middle East, exacerbated in March and April 2024). Therefore, considering the main factors of uncertainty that could affect the future scenarios in which the Group will operate, uncertainty persists on the development of the current geopolitical and macroeconomic context, whose impacts cannot be analytically and reliably quantified to date.

The Group's management has paid the utmost attention to the evolution of these aspects over time, monitoring the ability of its operating companies to source raw materials as well as to fix the price of gas and energy supplies.
The use of alternative energy resources continued as this was considered fundamental for the Group, also with a view to expanding its actions in terms of environmental sustainability.
The transferring of cost increases to the prices applied to customers was also fundamental (particularly effective in the Bathroom Furnishings sector).
With regard to interest rate levels, the Group's strong financial soundness and the resulting overall independence from market loan sources is a strong element mitigating the potential underlying risks; in this regard, it should be noted that, in July 2023, the Group also repaid the residual 2017-2023 bond loan.
Lastly, it should be noted that the sale of the Zaffiro Group finalised in July 2023 led 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.

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

Within the environment of geopolitical uncertainty, which continues to characterise the performance of the market economy, 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.

Risks associated to performance in the Group's operating sectors

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 recent economic situation incorporates the effects of the Russian-Ukrainian war conflict (increase in inflation, difficulty in sourcing certain raw materials, increase in the cost of gas and energy, increase in the prices of consumer goods, high interest rates) with consequent impacts on the general economy in terms of reduction in sales volumes and issues relating to supply chains.

Should the negative economic cycle of the last months continue further, 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 the same at less than optimal values. In any case, these theoretical risks appear to be of remote for the Group, given also its strong capital and financial strength.

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, usually apply to the Design, Clothing and Automotive sectors, 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 operations sectors that contributed most to the results for the year (Design, Clothing, Automotive) were impacted by the macroeconomic dynamics described above, however, the operating entities have implemented actions to mitigate these risks:

- 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.

The aforementioned actions should also be suitable to contain any further impacts from the macroeconomic scenario.

In this sense, it should also be noted that the investments launched in the second half year of 2023 in the Windows and Doors sector are a diversification element that promotes the mitigation of the aforementioned market phenomena.

With regard to 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 historical real estate portfolio occurred 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 a limited impact, given the residual historical assets still held.

Another investment in the real estate sector was made in the first half of the year (in Milan, in Via Cavriana), which led to the purchase by Mittel of 55% of the special purpose vehicle to which the asset to be developed belongs, for an initial investment pertaining to Mittel of EUR 7,7 million. This is an ambitious project (5 buildings for 12.500 square meters of commercial area) in an area with high potential, for the construction of a new and well-structured residential complex surrounded by greenery, in an area subject to intense redevelopment and featuring extensive green areas and urban orchards. The project therefore fits perfectly into the Group's sustainable development plans.

The focus on the sustainability of the project, also through the impact it will have on demand, may constitute an additional element to mitigate the risks associated with operations on the real estate market. Furthermore, also for this asset, the significant cash and cash equivalents present at the level of the holding system and the consequent independence from the financial sector, should make it possible to limit, during the development phase, exposure to the risks of obtaining financial sources and costs related to the current interest rate situation. Finally, the timing for the development of the contract should be such as to allow the marketing phase to take place at a different time in the market, in which the current macroeconomic and financial dynamics and their potential repercussions on real estate demand and prices may ease.

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 (in order to access resources for new investments); (iii) develop investment activities with a permanent capital perspective.
On the basis of this strategy, Mittel S.p.A. is pursuing an important path focusing on controlling investments in Italian small and medium enterprises characterised by high cash generation.
The management, which in previous years has radically accelerated this strategy, has followed up on this strategy in a practical manner by creating a new industrial vertical (Windows and Doors).
The process of reducing structural and financial costs can also be considered achieved (with repayment of the residual amount of the bond loan fully repaid in July 2023).

Among the potential risk profiles of the above strategy, it should be noted 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 geopolitical nature (also in light of the most recent international events). 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.

Any failure to dispose of significant portions of non-core assets could impede access to further financial resources for future investments. However, the substantial liquidity held currently makes the risks that the failure to make the planned investments could have a negative impact on the economic and financial sustainability of the Group's indebtedness not significant for the Group (significantly positive consolidated financial position).

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 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.

The sale of the Zaffiro Group led, inter alia, to a strong increase in cash and cash equivalents and the release of the Group from a significant financial debt in the sector.

Therefore, as at 31 December 2023, covenants are envisaged only on the residual portion of the medium/long-term loan taken out by the Group at the time of entry into the share capital of the investee IMC S.p.A. The last verification of these covenants was positive; however, it should be noted that, after the end of the year, IMC completed a refinancing transaction on the debt deriving from the original acquisition. Also subject to covenants, this transaction is aimed at optimising the company’s deleverage process at more advantageous economic conditions.

Risks related to interest rate fluctuations

The Mittel Group potentially uses various forms of financing to support its investments. Therefore, significant changes in interest rates could potentially involve in theory major increases/decreases in the cost of financing.

In any case, the current debt structure as well as the strongly positive consolidated financial position make it possible to mitigate this risk.

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. Finally, as mentioned above, the sale of the Zaffiro Group resulted in a further significant increase in cash and cash equivalents, making the Mittel Group highly liquid and largely independent from the banking sector and, consequently, little exposed to the risk in question.

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 investees, 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 considerable profitability recovery achieved by the Group.

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.

In this regard, it should be noted that the variable remuneration plan envisaged in Mittel's remuneration policy, which was further strengthened (in terms of alignment with shareholder interests) in September 2023, through the provision of a co-investment on new investments made as of June 2023, contributes to mitigating the risks associated with dependence on key figures of the parent company.

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. However, Mittel management's strong industrial oversight of the investees it holds contributes to mitigating these risks.

Risks related to dividend policy

The regulations of the "Mittel S.p.A. 2017-2023" fixed-rate bond, repaid in July 2023, required 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).

On 29 December 2023, the Board of Directors approved the proposed policy of equity reserves distribution as dividends for 2024 and 2025.

For 2024, the Board of Directors resolved to propose to the Shareholders the distribution of part of the Retained Earnings Reserve, through the payment of a dividend per share to be considered ordinary in stock exchange terms. Therefore, gross of any applicable substitute tax, the payment of the dividend will be equal to EUR 0,12293 for each of the 81.347.368 ordinary shares with no nominal value currently in circulation, and thus for a total of EUR 10.000.031,95, in line with the amount already distributed in February 2023. The date of detachment of current coupon no. 55 will be on 5 February 2024, with right to payment on 6 February 2024 (record date) and payment of the dividend on 7 February 2024. This dividend was approved by the Shareholders' Meeting of 31 January 2024.

For 2025, the same dividend distribution transaction, for the same amount and with a similar payment timetable (i.e. January/February 2025) was proposed - unless there are unforeseen changes in the Group's economic, equity and financial position. Given the Company's high financial and equity strength, which makes these distribution proposals sustainable, the aforementioned distribution proposals represent a form of remuneration of the shareholders' investment in the Company and do not compromise the equity, financial and economic balance of the same.

Any future dividend distributions and their totals 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, as well as on the continued realisation of the remaining non-core assets, 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.

It should be noted that the exit during the first half of 2023 from the Zaffiro Group, which operates in a highly regulated sector, contributes to mitigating the risk in question.

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.

In consideration of the forthcoming application of the *Corporate Sustainability Reporting Directive* ("CSRD"), which represents a new element of discontinuity in the financial reporting process, in the near future the Parent Company, and consequently all the subsidiaries, will be facing a time of change that will lead to review and supplement reporting processes and systems.
To monitor these risks, the Group will carry out an assessment of impacts, risks and opportunities with the aim of implementing new processes and strategies.

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.

It is worth mentioning that the exit from the Zaffiro Group took place without the issue of any guarantee to the acquiring party and entailed the elimination of the risks associated with the sector of operations, the realisation of a significant capital gain on the book values (including the significant goodwill recognised) and the elimination of the significant financial debt of the investee.

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

There are risks 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 monitor 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 or geopolitical tensions impeding goods traffic could lead to procurement difficulties, causing an increase in costs with subsequent negative consequences on the entity's economic results.

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, the company aims to develop the digital sales channel.

In the Design sector, the Group's companies are exposed to the risk of raw material (clay) procurement and, above all, rising energy costs. In this regard, it should be noted that the group's investees operating in the sector qualify as "gas-intensive companies" and in the last financial year were significantly exposed to the further sharp rises in gas prices; in 2023 the price of natural gas remained contained despite attacks on naval traffic in the Red Sea.
The Group has implemented all possible measures to mitigate these risks:

- better management of supplies and orders;
- monitoring of gas tariffs;
- use of photovoltaic plants by Galassia and Cielo and use of the cogeneration plant by Galassia;
- energy efficiency initiatives;
- increasing the efficiency of production yields with 4.0 investments;
- where possible, signature of gas supply contracts with the possibility of fixing tariffs in advance.

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

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 effect on the business and operating results.

<u>Risks associated with sustainability issues</u>

The Group pursues the progressive integration of ESG aspects within its business strategy, with the aim of controlling and improving the impacts that the various business activities, as well as its own products, generate on the territory and on the community.
From this perspective, the Mittel Group is committed to adjust its business model into line with the continuous socio-environmental challenges and the increasingly more stringent regulatory developments, both with regard to regulations on safety and the environment (e.g. restrictions tied to pollution in the main inhabited centres, waste management, etc.), and in terms of disseminating sustainability principles throughout the Group companies, also in relation to the supply chain of the production facilities. In particular, taking into consideration the growing importance of the issue at global level (e.g. EU Green Deal) and also the regulatory changes (CSRD), the Group will strengthen its analyses on the impact of risks and related opportunities, also in the investment and value creation processes.

Moreover, also in the acquisitions made in 2023 (real estate initiative in Milan/Cavriana and Gruppo Finestre), the purchase decisions took into due consideration the strong consistency of the investments made with the sustainable development strategies of the Mittel Group; this approach will be pursued also in future acquisitions also progressively paying more attention to ESG aspects also at due diligence stage.

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 Group initiatives.

<u>Risks associated with climate change</u>

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. Although at present these risks are not particularly significant for the Group as they are not deemed to have significant financial implications in the short and medium term, taking into consideration the change in the Group perimeter (exit from the Nursing Home sector as well as entry into the Windows and Doors sector) and in view of the CSRD application, the Group will appropriately update its assessments by adequately identifying the correlation between financial and non-financial impacts.
In the context of the changed regulatory framework (CSRD), the Group aims to address these issues with a growing commitment to sustainability; the recently acquired Windows and Doors sector is particularly in line with the objectives of the Mittel Group.

Corporate Governance

MITTEL

Corporate Governance

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

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

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

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

With regard to the remuneration policy, Mittel S.p.A.:

(i) in 2021, initiated a review of the incentive systems, providing for the application of a variable incentive system only for the medium/long term with a three-year duration (2022-2024), whose enforcement principles and methods, applicable from the 2022 financial year, were set out in detail in the remuneration policy ("Remuneration Policy" or also just "Policy"), unanimously approved by the Shareholders' Meeting of 15 December 2021;

(ii) in 2023, in light of the concrete growth path undertaken, developed some supplementary principles and additional methods for enforcement of the Policy, leaving its duration unchanged. The supplementary enforcement principles and methods were effective from the date they were bindingly approved by the Shareholders' Meeting of 12 September 2023.

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 year that have not already been disclosed to the market, pursuant to the Issuers' Regulations.

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

In application of Italian Legislative Decree 254/2016, issued in enforcement of Directive 2014/95/EU (also known as *Non-Financial Reporting Directive* or "NFRD"), starting from the 2018 financial year, the Mittel Group prepares a consolidated non-financial statement ("NFS"). The document as at 31 December 2023, to which reference should be made, was published at the same time as the consolidated financial statements as at 31 December 2023.

Information on the environmental impact

For information on the Group's environmental impact, please refer to the NFS for the year 2023, which discloses the non-financial information relating to the Group, with particular attention to the operations of its subsidiaries active in the *Automotive, Design, Clothing and Windows and Doors* operating sectors which, over time, have increasingly characterised the Group as an industrial holding company.

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 2023, 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 what is reported in detail in the section on the main events of the half-year, with regard to the transaction that provided for the early settlement of the earn-out relating to Sport Fashion Service S.r.l., and to the section on subsequent events, in relation to the change in Mittel's remuneration policy approved by the shareholders in September 2023.

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 did not hold treasury shares in 2023 and 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 previous financial reports 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) and to what is stated in the section on subsequent events for the subsequent change in September 2023.

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 applicable regulation. 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 2023 - 31 December 2023, 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 carry forward the profit for the year of EUR 19.749.765; therefore, the item *Profits (losses) of previous years* will amount to EUR 44.914.842.

Milan, 24 April 2024

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 year of the Parent Company, as shown in the separate financial statements for the year ended as at 31 December 2023, and the equity and profit (loss) for the year of the Group, as reported in the consolidated financial statements as at the same date, is as follows:

Amounts in thousands of EUR	31 December 2023		31 December 2022	
	Equity	Profit (loss) for the year	Equity	Profit (loss) for the year
Equity and profit (loss) of the Parent Company	**207.820**	**19.750**	**198.079**	**(9.916)**
Elimination of book value of consolidated investments:				
Value of investments in consolidated companies	(170.744)		(168.187)	
Goodwill arising on consolidation	57.063		95.448	
Pro-rata amount of equity of consolidated companies	165.260		94.280	
Results achieved by fully consolidated companies		30.743		10.541
Cancellation of write-downs of investments		7		690
Elimination of intragroup dividends:				
Dividends distributed by fully consolidated companies		-		(394)
Dividends distributed by associates		-		(270)
Equity and profit (loss) for the period pertaining to the Group	**259.399**	**50.500**	**219.620**	**651**
Non-controlling interests	24.024	(575)	10.355	(2.424)
Consolidated equity and profit (loss)	**283.423**	**49.925**	**229.975**	**(1.773)**

Bilancio consolidato

Consolidated Financial Statements as at 31 December 2023

Consolidated Statement of Financial Position (*)

Amounts in EUR

	Notes	31.12.2023	31.12.2022
Non-current assets			
Intangible assets	4	68.980.566	109.734.195
Property, plant and equipment	5	70.990.664	302.091.338
- of which IFRS 16 rights of use		*30.889.905*	*233.457.260*
Investments accounted for using the equity method	6	2.265.645	3.483.000
Financial receivables	7	11.075.078	15.836.052
Other financial assets	8	10.788.596	11.739.916
Sundry receivables and other assets	9	13.158.120	1.291.738
Deferred tax assets	10	13.306.567	20.737.209
Total non-current assets		**190.565.236**	**464.913.448**
Current assets			
Inventories	11	70.362.615	55.664.525
Financial receivables	12	269.554	-
Other financial assets	13	1.186.726	-
Current tax assets	14	1.239.563	955.959
Sundry receivables and other assets	15	56.655.777	53.484.280
Cash and cash equivalents	16	87.287.130	61.715.966
Total current assets		**217.001.365**	**171.820.730**
Assets held for sale		-	-
Total assets		**407.566.601**	**636.734.178**
Equity			
Share capital		87.907.017	87.907.017
Share premium		53.716.218	53.716.218
Treasury shares		-	-
Reserves		67.276.101	77.345.442
Profit (loss) for the year		50.500.265	650.867
Equity pertaining to the Group	17	**259.399.601**	**219.619.544**
Non-controlling interests	18	24.023.862	10.355.210
Total equity		**283.423.463**	**229.974.754**
Non-current liabilities			
Bonds		-	-
Financial payables	19	31.225.175	282.697.614
- of which IFRS 16 financial liabilities		*29.226.270*	*255.405.690*
Other financial liabilities	20	1.315.668	2.009.314
Provisions for personnel	21	6.402.809	7.496.108
Deferred tax liabilities	22	1.200.392	1.821.297
Provisions for risks and charges	23	1.823.477	1.575.289
Sundry payables and other liabilities	24	44.663	170.074
Total non-current liabilities		**42.012.184**	**295.769.696**
Current liabilities			
Bonds	25	-	15.435.091
Financial payables	26	13.924.504	32.611.959
- of which IFRS 16 financial liabilities		*2.915.219*	*9.216.262*
Other financial liabilities	27	12.490	-
Current tax liabilities	28	1.644.652	475.633
Sundry payables and other liabilities	29	66.549.308	62.467.045
Total current liabilities		**82.130.954**	**110.989.728**
Liabilities held for sale		-	-
Total equity and liabilities		**407.566.601**	**636.734.178**

(*) 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

	Note	31.12.2023	31.12.2022**
Revenue	30	151.387.136	155.251.771
Other income	31	5.893.648	7.882.459
Changes in inventories	32	236.473	(9.492.809)
Costs for purchases	33	(68.179.400)	(65.227.820)
Costs for services	34	(36.439.089)	(34.486.340)
Personnel costs	35	(34.696.691)	(30.079.144)
Other costs	36	(3.293.666)	(2.246.277)
Amortisation and value adjustments to intangible assets	37	(9.449.420)	(8.855.103)
Allocations to the provision for risks	38	(50.033)	(236.616)
Share of income (loss) of investments accounted for using the equity method	39	(1.217.355)	-
Operating result (EBIT)		**4.191.603**	**12.510.121**
Financial income	40	4.905.272	5.407.640
Financial expenses	41	(2.645.050)	(2.660.871)
Dividends		-	-
Profit (loss) from management of financial assets and investments	42	6.569.697	301.914
Value adjustments to financial assets, loans and receivables	43	(7.977.755)	(9.005.664)
Profit (loss) from trading of financial assets		-	-
Profit (loss) before taxes		**5.043.767**	**6.553.140**
Income taxes	44	473.199	(839.236)
Income (loss) from continuing operations		**5.516.966**	**5.713.904**
Profit (loss) from discontinued operations	45	44.408.500	(7.487.365)
Profit (loss) for the year		**49.925.466**	**(1.773.461)**
Attributable to:			
Profit (loss) pertaining to non-controlling interests	46	(574.799)	(2.424.328)
Profit (loss) pertaining to the Group		**50.500.265**	**650.867**
Profit (loss) per share (in EUR)	47		
From ordinary activities:			
- Basic		0,621	0,008
- Diluted		0,621	0,008

(*) 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.

(**) Some amounts shown in the column do not coincide with those reported in the Report and financial statements as at 31 December 2022 as they reflect the reclassifications related to the sale of the Zaffiro Group, in accordance with the provisions of IFRS 5. These reclassifications are detailed in Note 2.2.1 of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

Amounts in EUR	**01.01.2023 31.12.2023**	**01.01.2022 31.12.2022**
Profit/(loss) for the year (A)	**49.925.466**	**(1.773.461)**
Other comprehensive profits/(losses) which will be not subsequently reclassified to profit/(loss) for the period:		
Profits/(losses) from remeasurement of defined benefit plans	(339.142)	628.029
Tax effect relating to other profits/(losses) which will be not subsequently reclassified to profit/(loss) for the period	83.052	(123.958)
Total other profits/(losses) which will be not subsequently reclassified to profit/(loss) for the period, net of taxes (B.1)	**(256.090)**	**504.071**
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	(129.367)	25.970
Total other profits/(losses) which will be subsequently reclassified to profit/(loss) for the period, net of taxes (B.2)	**(129.367)**	**25.970**
Total other profits/(losses), net of taxes (B) = (B.1) + (B.2)	**(385.457)**	**530.041**
Total comprehensive profit/(loss) A + B	**49.540.009**	**(1.243.420)**
Total comprehensive profit/(loss) attributable to:		
Non-controlling interests	(687.878)	(2.354.613)
Profit (loss) pertaining to the Group	50.227.887	1.111.193

Statement of Changes in Consolidated Equity

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	Non-controlling interests	Total
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**
Balance as at 1 January 2023	**87.907.017**	**-**	**53.716.218**	**78.215.031**	**(281.738)**	**63.016**	**-**	**10.355.210**	**229.974.754**
Changes in the consolidation scope				(457.004)	9.175			14.969.904	**14.522.075**
Other changes									**-**
Capital payments by non-controlling shareholders									**-**
Dividends distributed				(10.000.000)				(613.374)	**(10.613.374)**
Total comprehensive profit/(loss)	-	-	-	50.500.265	(187.456)	(84.923)	-	(687.878)	**49.540.008**
Balance as at 31 December 2023	**87.907.017**	**-**	**53.716.218**	**118.258.292**	**(460.019)**	**(21.907)**	**-**	**24.023.862**	**283.423.463**

Consolidated Cash Flow Statement

Amounts in EUR	Notes	31.12.2023	31.12.2022 (**)
OPERATING ACTIVITIES			
Net profit (loss) for the year pertaining to the Parent Company and non-controlling interests		**49.925.466**	**(1.773.461)**
Adjustments to reconcile net profit (loss) with cash flows generated (absorbed) by operating activities:			
Current taxes		1.199.132	991.192
Deferred taxes		(1.672.331)	(151.956)
Depreciation of property, plant and equipment		9.018.213	8.430.865
Amortisation of intangible assets and write-downs		431.207	424.238
Dividends received		(6.569.697)	-
Financial income		(4.826.765)	(5.215.223)
Financial expenses		2.556.459	2.463.842
Gains/(losses) on exchange		10.084	4.612
Allocations to provisions for risks and charges		50.033	236.616
Provisions for employee severance indemnity		1.287.951	1.407.511
Profits/(losses) of investments measured using the equity method		1.217.355	-
Write-downs (reversals of impairment losses) on receivables		7.199.042	9.122.396
Capital (gains)/losses from transfer of investments and financial assets		(47.838.350)	-
Write-downs (reversals of impairment losses) on financial assets		778.713	(116.732)
Cash flows from operating activities before changes in working capital		**12.766.511**	**15.823.900**
(Increase)/decrease in inventories		(236.476)	9.596.064
(Increase)/decrease in other current assets		1.987.651	(6.252.136)
Increase/(decrease) in trade payables and other current liabilities		(1.676.959)	476.049
Cash and cash equivalents generated (absorbed) by operating activities		**12.840.727**	**19.643.877**
Usage of provisions for risks and charges		590.223	(73.128)
Payments of employee severance indemnity		(1.459.118)	(1.319.541)
Change in tax payables/receivables		(1.889.547)	(1.020.892)
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES		**10.082.285**	**17.230.316**
INVESTING ACTIVITIES			
Dividends received on equity investments and financial assets		6.598.936	270.000
Investments in:			
Investments		-	(6.972.520)
Property, plant and equipment		(13.544.979)	(7.587.210)
Intangible assets		(312.551)	(328.369)
Cash flow connected to business combinations:			
Cascina Canavese S.r.l.	**3**	(5.262.489)	-
Gruppo finestre S.r.l.	**3**	(8.334.761)	-
Daga S.r.l.	**3**	(3.090.171)	-
Serramenti Verona S.r.l.	**3**	(838.727)	-
Castiglioni Serramenti S.r.l.	**3**	(585.549)	-
Sport Fashion Service S.r.l. deferred price		(2.000.000)	-
Realisation from disposal of:			
Other financial assets		8.914	316.635
Net cash flow associated with discontinued operations		68.105.119	4.443.606
Property, plant and equipment		436.324	-
Intangible assets		-	83.546
(Increase)/decrease in financial receivables		(599.219)	1.077.346
Interest collected		2.885.453	5.215.223
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES		**43.466.300**	**(3.481.743)**
FINANCING ACTIVITIES			
Increase (decrease) in loans and borrowings from banks and other lenders (including IFRS 16 liabilities)		(3.509.566)	(12.212.275)
Issue (redemption) of bonds		(15.194.464)	-
Interest paid		(2.797.086)	(2.455.235)
Change in financial liabilities		23.101	(3.690.408)
Payment of dividends to non-controlling interests		(10.612.406)	(1.234.955)
Capital payments by non-controlling shareholders		4.113.000	-
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES		**(27.977.421)**	**(19.592.873)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)		**25.571.164**	**(5.844.300)**
OPENING CASH AND CASH EQUIVALENTS (E)		**61.715.966**	**67.560.266**
CLOSING CASH AND CASH EQUIVALENTS (F = D+E)		**87.287.130**	**61.715.966**

(**) Some amounts shown in the column do not coincide with those reported in the Report and financial statements as at 31 December 2022 as they reflect the reclassifications related to the sale of the Zaffiro Group, in accordance with the provisions of IFRS 5. These reclassifications are detailed in Note 2.2.1 of these consolidated financial statements.

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

Amounts in EUR

	Notes	31.12.2023	*of which related parties*	*% incidence*	31.12.2022	*of which related parties*	*% incidence*
Non-current assets							
Intangible assets	4	68.980.566			109.734.195	-	
Property, plant and equipment	5	70.990.664			302.091.338	-	
- of which IFRS 16 rights of use		*30.889.905*			*233.457.260*	-	
Investments accounted for using the equity method	6	2.265.645			3.483.000	-	
Financial receivables	7	11.075.078			15.836.052	-	
Other financial assets	8	10.788.596			11.739.916	-	
Sundry receivables and other assets	9	13.158.120			1.291.738	-	
Deferred tax assets	10	13.306.567			20.737.209	-	
Total non-current assets		190.565.236	-		464.913.448	-	
Current assets		-			-	-	
Inventories	11	70.362.615			55.664.525	-	
Financial receivables	12	269.554			-	-	
Other financial assets	13	1.186.726			-	-	
Current tax assets	14	1.239.563			955.959	-	
Sundry receivables and other assets	15	56.655.777			53.484.280	-	
Cash and cash equivalents	16	87.287.130			61.715.966	-	
Total current assets		217.001.365	-		171.820.730	-	
Assets held for sale		-			-		
Total assets		407.566.601	-		636.734.178	-	
Equity		-			-	-	
Share capital		87.907.017			87.907.017	-	
Share premium		53.716.218			53.716.218	-	
Treasury shares		-			-	-	
Reserves		67.276.101			77.345.442	-	
Profit (loss) for the year		50.500.265			650.867	-	
Equity pertaining to the Group	17	259.399.601			219.619.544	-	
Non-controlling interests	18	24.023.862			10.355.210	-	
Total equity		283.423.463			229.974.754	-	
Non-current liabilities		-			-	-	
Bonds		-			-	-	
Financial payables	19	31.225.175			282.697.614	-	
- of which IFRS 16 financial liabilities		*29.226.270*			*255.405.690*	-	
Other financial liabilities	20	1.315.668			2.009.314	-	
Provisions for personnel	21	6.402.809			7.496.108	-	
Deferred tax liabilities	22	1.200.392			1.821.297	-	
Provisions for risks and charges	23	1.823.477			1.575.289	-	
Sundry payables and other liabilities	24	44.663			170.074	-	
Total non-current liabilities		42.012.184	-		295.769.696	-	
Current liabilities		-			-	-	
Bonds	25	-			15.435.091	-	
Financial payables	26	13.924.504			32.611.959	-	
- of which IFRS 16 financial liabilities		*2.915.219*			*9.216.262*	-	
Other financial liabilities	27	12.490			-	-	
Current tax liabilities	28	1.644.652			475.633	-	
Sundry payables and other liabilities	29	66.549.308	660.880	1.0%	62.467.045	660.880	1,1%
Total current liabilities		82.130.954	660.880	0.8%	110.989.728	660.880	0,6%
Liabilities held for sale		-			-	-	
Total equity and liabilities		407.566.601	660.880	0,2%	636.734.178	660.880	0,1%

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

Amounts in EUR

	Notes	31.12.2023	*of which related parties*	*% incidence*	31.12.2022**	*of which related parties*	*% incidence*
Revenue	30	151.387.136	50.000	0,0%	155.251.771	50.000	0,0%
Other income	31	5.893.648	50.000	0.8%	7.882.459	50.000	0,6%
Changes in inventories	32	236.473			(9.492.809)		
Costs for purchases	33	(68.179.400)			(65.227.820)		
Costs for services	34	(36.439.089)	(3.191.608)	8,8%	(34.486.340)	(847.188)	2,5%
Personnel costs	35	(34.696.691)	(486.083)	1.4%	(30.079.144)	(352.233)	1,2%
Other costs	36	(3.293.666)			(2.246.277)		
Amortisation and value adjustments to intangible assets	37	(9.449.420)			(8.855.103)		
Allocations to the provision for risks	38	(50.033)			(236.616)		
Share of income (loss) of investments accounted for using the equity method	39	(1.217.355)			-		
Operating result (EBIT)		**4.191.603**			**12.510.121**		
Financial income	40	4.905.272			5.407.640		
Financial expenses	41	(2.645.050)			(2.660.871)		
Dividends		-			-		
Profit (loss) from management of financial assets and investments	42	6.569.697			301.914		
Value adjustments to financial assets, loans and receivables	43	(7.977.755)			(9.005.664)		
Profit (loss) from trading of financial assets		-			-		
Profit (loss) before taxes		**5.043.767**			**6.553.140**		
Income taxes	44	473.199			(839.236)		
Income (loss) from continuing operations		**5.516.966**			**5.713.904**		
Profit (loss) from discontinued operations	45	44.408.500			(7.487.365)		
Profit (loss) for the year		**49.925.466**			**(1.773.461)**		
Attributable to:							
Profit (loss) pertaining to non-controlling interests	46	(574.799)			(2.424.328)		
Profit (loss) pertaining to the Group		**50.500.265**			**650.867**		

(**) Some amounts shown in the column do not coincide with those reported in the Report and financial statements as at 31 December 2022 as they reflect the reclassifications related to the sale of the Zaffiro Group, in accordance with the provisions of IFRS 5. These reclassifications are detailed in Note 2.2.1 of these consolidated financial statements.

Explanatory Notes

1. Form and content of the financial statements

Mittel S.p.A. (hereinafter also the "Parent Company" or the “Company”) is an Italian limited company registered in the Milan Monza Brianza Lodi Register of Companies.
It is the Parent Company of the Mittel Group (hereinafter also the "Group") with a direct interest, or indirect through other sub-holding companies, in the share capital of the companies that operate in the same business sectors as Mittel S.p.A.
The registered office address is Via Borromei 5 - Milan; the duration of the Company is established until 31 December 2100, as stated in art. 4 of the Articles of Association.
The Group's core business is indicated in the descriptive section of the Directors’ Report on Operations.
These consolidated financial statements are expressed in Euro.

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 as at 31 December 2021, the obligation was introduced to provide the following information:

- 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 references are made.

In accordance with Directive 2004/109/EC (the “ *Transparency*Directive”) amended by Directive 2013/50/EU and Delegated Regulation (EU) 2019/815 (the “ESEF Regulation”), this document, which includes the consolidated and separate financial statements, is prepared using the XHTML format, approved by the Board of Directors of Mittel S.p.A. at the meeting of 24 April 2024. The entire document is filed with the relevant entities and institutions in accordance with the law. The document can be consulted on the Mittel S.p.A. website *https://www.mittel.it*.

2. Significant accounting standards and basis of preparation of the financial statements

2.1 General principles

The consolidated financial statements for the year 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 in application of the applicable accounting standards for the valuation of certain financial instruments. The Directors established that, despite the presence of an unstable 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 2023, 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 2023 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 as 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.
For completeness, please refer to paragraph 2.2.1 below.

2.2 Financial statements and tables

The consolidated financial statements are composed of the accounting statements (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 (consolidated 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 the 2023 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.

Where not expressly indicated, the values of the items in the consolidated financial statements are expressed in units of Euro.

2.2.1 Reclassification of the income statement balances for 2022

The income statement balances for 2022, presented for comparative purposes, have been reclassified to reflect the effects of the sale of the Zaffiro Group (completed on 28 June 2023 and for the details of which, please refer to the paragraph "Significant events in the year").
In accordance with IFRS 5, the costs and revenues in 2022 related to the discontinued operations were reclassified to the special income statement item "Profit (loss) from discontinued operations", with no effect on the net result and equity as at 31 December 2022.

The following table shows the effect of the aforementioned reclassifications on the *Consolidated Income Statement* in the financial statements.

	01.01.2022 31.12.2022 original	**Reclassifications for sale Zaffiro Group**	**01.01.2022 31.12.2022 Reclassified**
Revenue	210.213.302	54.961.531	155.251.771
Other income	12.893.167	5.010.708	7.882.459
Changes in inventories	(9.492.809)	-	(9.492.809)
Costs for purchases	(69.967.851)	(4.740.031)	(65.227.820)
Costs for services	(51.966.279)	(17.479.939)	(34.486.340)
Personnel costs	(56.528.528)	(26.449.384)	(30.079.144)
Other costs	(4.084.405)	(1.838.128)	(2.246.277)
Amortisation and value adjustments to intangible assets	(18.710.050)	(9.854.947)	(8.855.103)
Allocations to the provision for risks	(263.298)	(26.682)	(236.616)
Operating result (EBIT)	**12.093.249**	**(416.872)**	**12.510.121**
Financial income	5.468.653	61.013	5.407.640
Financial expenses	(12.773.852)	(10.112.981)	(2.660.871)
Value adjustments to financial assets, loans and receivables	(9.074.173)	(68.510)	(9.005.664)
Profit (loss) from trading of financial assets	301.914	-	301.914
Profit (loss) before taxes	**(3.984.209)**	**(10.537.350)**	**6.553.140**
Income taxes	2.210.748	3.049.985	(839.236)
Income (loss) from continuing operations	**(1.773.461)**	**(7.487.365)**	**5.713.904**
Profit (loss) from discontinued operations	-	7.487.365	(7.487.365)
Profit (loss) for the year	**(1.773.461)**	**-**	**(1.773.461)**
Attributable to:			
Profit (loss) pertaining to non-controlling interests	(2.424.328)	-	(2.424.328)
Profit (loss) pertaining to the Group	**650.867**	**-**	**650.867**

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 24 April 2024. 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 Significant 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 inflows for the Group.
Intangible assets with an indefinite useful life are not amortised but are subject to an impairment test, to verify the recoverability of their carrying amount; this test pertains to the value of the individual asset and is carried out when impairment has been identified and, in any case, at least on an annual basis.

Property, plant and equipment (IAS 16)

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

The depreciation rates used by Group companies are as follows:
- Buildings: a range between 3,0% and 6,0%

- Vehicles: a range between 20% and 25%
- Furniture and fittings: 12%
- Office machines: a range between 20% and 33%
- Equipment: a range between 15% and 40%;
- Generic systems: 10%;
- Specific systems: a range between 12,5% and 17,5%;
- Robotic work centres: 22%.

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

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

Leases (IFRS 16)

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

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

The financial liability for leases is recognised on the start date of the agreement for a total value equal to the present value of the lease payments to be paid during the contract's duration, discounted using incremental borrowing rates (IBR), when the interest rate implicit in the lease contract cannot be easily determined. Variable lease payments continue to be charged to the income statement as a cost for the period.
After the start date, the amount of lease liabilities increases to reflect the accrual of interest and decreases to reflect payments made. Each lease payment is divided between repayment of the liability's principal and the financial expense. The financial expense is charged to the income statement over the contract's duration, to reflect a constant interest rate on the liability's residual debt, for each period.

In the case of sub-lease agreements and amendment of the lease agreement, the rules envisaged in IFRS 16 "Leases" apply.
IFRS 16 requires entities to make estimates and assumptions that may affect the measurement of the right of use and the financial liability for leasing, including the determination of:

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

The contracts are included or excluded from the application of the standard based on detailed analyses carried out on each individual agreement and in line with the rules established by IFRS.
The lease term is calculated considering the non-cancellable period of the lease, together with the periods covered by an option to extend the agreement if it is reasonably certain that it will be exercised, or any period covered by a termination option for the lease contract, if it is reasonably certain not to be exercised. The Group assesses whether it is reasonably certain whether or not to exercise the extension and termination options, taking into account all relevant factors that create an economic incentive relating to these decisions. The initial assessment is reviewed if there is a significant event or a change in the characteristics that affect the assessment itself and are under the control of the Group.
The marginal interest rates defined by the Group are reviewed on a recurring basis and applied to all contracts with similar characteristics, which were considered as a single portfolio of contracts. The rates are determined starting from the market rate that takes into account the time value of money as well as a spread depending on the type of asset leased and the entity of the Group that subscribes it.
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;
- the amount 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 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 (Fair Value Through Profit & Loss):

- 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. 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.

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)

Where present in the portfolio, treasury shares 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 opening allocation to the assets and liabilities referred to above (*"Purchase Price Allocation", "PPA"*), making use of the option referred to in IFRS 3, can be provisionally determined; this allocation must be definitively completed within 12 months from the date of 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 to be collected are recorded at the time the right to collection arises, which corresponds to the shareholders' meeting resolution on the distribution of dividends.
Dividend to be distributed are recognised as liabilities only when they are resolved by the Shareholders' Meeting.

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.

2.4 Significant accounting standards adopted by the Mittel Group

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. These assets 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. 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 of the condensed consolidated financial statements.

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 with the current geopolitical tensions, whose impacts are being continuously assessed by the Group; please refer to what is indicated in the paragraph “Significant events in the year” and in the “Business outlook”.
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 2023 – 31 December 2023 was not characterised by changes to the estimation criteria already applied to draft the financial statements as at 31 December 2022.

2.5 Changes in IFRS standards, amendments and interpretations

IFRS accounting standards, amendments and interpretations effective from 1 January 2023

The following IFRS standards, amendments and interpretations were applied for the first time by the Company from 1 January 2023:

- On 18 May 2017, the IASB published IFRS 17 - “Insurance Contracts”, which is intended to replace IFRS 4 - “Insurance Contracts”. The standard was applied from 1 January 2023. 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 adoption of this standard and its relative amendment had no effect on the Group’s 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 at the date of first recognition, such as leasing and decommissioning obligations, must be accounted for. The changes were applied from 1 January 2023. The adoption of these amendments had no effect on the Group’s 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 regarding IAS 1 require an entity to disclose the relevant information on the accounting standards applied by the Company. The amendments are aimed at improving information on the accounting standards applied by the Company 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 changes were applied from 1 January 2023. The adoption of these amendments had no effect on the Group’s financial statements;
- On 23 May 2023, the IASB published an amendment called “Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules”. The document introduces a temporary exception to the obligations of recognition and disclosure of deferred tax assets and liabilities relating to the Model Rules of Pillar Two (whose regulation is in force it Italy since 31 December 2023 but applicable from 1 January 2024) and provides for specific disclosure obligations for the entities concerned by the relative International Tax Reform. The document provides for the immediate application of the temporary exception, while the disclosure obligations only apply to annual financial statements starting on 1 January 2023 (or later) but not to interim financial statements with a closing date before 31 December 2023. The adoption of these amendments had no effect on the Group’s financial statements;

IFRS standards, amendments and interpretations endorsed by the European Union as at 31 December 2023 but not yet compulsorily applicable and not adopted early by the Group.

The following IFRS standards, amendments and interpretations were endorsed by the European Union but are not yet compulsorily applicable and not adopted early by the Group as at 31 December 2023:

- On 23 January 2020, the IASB published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". These amendments aim to clarify how to classify payables and other liabilities as current or non-current. In addition, the amendments also improve the information that an entity must provide when its right to defer the settlement of a liabilities for at least 12 months is subject to compliance with certain metrics (i.e. covenants). The amendments enter into force as at 1 January 2024 but early application is permitted. The directors do not expect a significant effect on the Group's financial statements;
- On 22 September 2022, the IASB published an amendment called "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to measure the liability for the lease deriving from a sale & leaseback transaction so as not to recognise an income or a loss relating to the right of use withheld. The amendments will apply from 1 January 2024 but early application is permitted. The directors do not expect a significant effect on the Group's financial statements.

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

As at the reporting date of these 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 25 May 2023, the IASB published an amendment called "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures: Supplier Finance Arrangements". The document requires an entity to provide additional information on reverse factoring agreement to allow readers of the financial statements to assess how financial agreements with suppliers may affect the liabilities and cash flows of the entity and to understand the effects of such agreements on the entity's exposure to liquidity risk. The amendments will apply from 1 January 2024 but early application is permitted. The directors do not expect a significant effect on the Group's financial statements;
- On 15 August 2023, the IASB published an amendment called "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to apply a consistent methodology in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the information to be provided in the explanatory notes. The amendment will apply from 1 January 2025 but early application is permitted. The directors do not expect a significant effect on the Group's financial statements.

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 2023:

	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.	96.50,	96,50%	96,50%
2	IMC S.p.A.	Carmagnola (TO)	(1)	Full	Mittel S.p.A.	75,00%	75,00%	75,00%
3	Mittel Investimenti Immobiliari S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
4	Earchimede S.p.A.	Milan	(1)	Full	Mittel S.p.A.	99,71%	99,71%	99,71%
5	Mittel Advisory S.r.l. in liquidation	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
6	Markfactor S.r.l. in liquidation	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
7	Sport Fashion Service S.r.l.	Pomezia (RM)	(1)	Full	Mittel S.p.A.	90,00%	90,00%	90,00%
8	Progetto Raffaello S.r.l.	Milan	(1)	Full	Mittel S.p.A.	100,00%	100,00%	100,00%
9	Cascina Canavese S.r.l.	Milan	(1)	Full	Mittel S.p.A.	55,00%	55,00%	55,00%
10	Verticale Finestre S.p.A.	Milan	(1)	Full	Mittel S.p.A.	97,00%	97,00%	97,00%
Indirect subsidiaries:								
11	Ceramica Cielo S.p.A.	Fabrica di Roma (VT)	(1)	Full	IBD Group S.r.l.	100,00%	100,00%	96,50%
12	Disegno Ceramica S.r.l.	Gallese (VT)	(1)	Full	IBD Group S.r.l.	100,00%	100,00%	96,50%
13	Galassia S.r.l.	Corchiano (VT)	(1)	Full	IBD Group S.r.l.	100,00%	100,00%	96,50%
14	Galassia Hispania S.a.u.	Spain	(1)	Full	Galassia S.r.l.	100,00%	100,00%	96,50%
15	Fremil GmbH	Germany	(1)	Full	Sport Fashion Service S.r.l.	100,00%	100,00%	90,00%
16	Gamma Tre S.r.l.	Milan	(1)	Full	Mittel Investimenti Immobiliari S.r.l.	100,00%	100,00%	100,00%
17	Lucianita S.r.l. in liquidation	Milan	(1)	Full	Mittel Investimenti Immobiliari S.r.l.	100,00%	100,00%	100,00%
18	MiVa S.r.l.	Milan	(1)	Full	Mittel Investimenti Immobiliari S.r.l.	100,00%	100,00%	100,00%
19	Regina S.r.l. in liquidation	Milan	(1)	Full	Mittel Investimenti Immobiliari S.r.l.	70,00%	70,00%	70,00%
20	Fashion District Group S.r.l. in liquidation	Milan	(1)	Full	Earchimede S.p.A.	66,66%	66,66%	66,47%
21	Parco Mediterraneo S.r.l. in liquidation	Milan	(1)	Full	Fashion District Group S.r.l. in liquidation	100,00%	100,00%	66,47%
22	Italian Windows Group S.r.l.	Milan	(1)	Full	Verticale Finestre S.r.l.	70,00%	70,00%	67,90%
23	Gruppo Finestre S.r.l.	Trento	(1)	Full	Italian Windows Group S.r.l.	100,00%	100,00%	67,90%
24	Daga S.r.l.	Modena	(1)	Full	Italian Windows Group S.r.l.	100,00%	100,00%	67,90%
25	Castiglioni Serramenti S.r.l.	Verbania	(1)	Full	Italian Windows Group S.r.l.	100,00%	100,00%	67,90%
26	Serramenti Verona S.r.l.	Verona	(1)	Full	Gruppo Finestre S.r.l.	100,00%	100,00%	67,90%
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 2023, 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

Detailed information on the most significant changes intervened in the year is provided below:

Establishment of vehicles for the Windows and Doors sector

Established on 29 June 2023, Verticale Finestre S.p.A. is the subholding of the Mittel Group created with the aim of holding, through an operating subholding company, equity investments in the Windows and Doors sector. To this end, together with a third party shareholder, on 4 July 2023 Mittel S.p.A. established the company Italian Windows Group S.r.l. (IWG) of which it has control with a 70% interest. IWG was established with the aim of acquiring several equity investments in the Windows and Doors sector in order to create an integrated group capable of offering a complete range of windows and doors and seizing cross-selling opportunities. The business combinations carried out in 2023 are explained below.

Disclosure on business combinations

The goodwill recognised for the business combinations represented below is to be considered provisionally recognised as the PPA process has not been completed.

Acquisition of Cascina Canavese S.r.l. by Mittel S.p.A.

As described in the Directors' Report on Operations in the paragraph "Significant events in the year", on 12 June 2023, Mittel S.p.A. acquired 55% of the share capital of the company Cascina Canavese s.r.l., active in the real estate development sector. The purchase was completed through the payment by Mittel S.p.A. of EUR 7,7 million, of which EUR 0,6 million for the purchase of the shares and the remaining EUR 7,1 million as a shareholder loan. The partnership between Mittel and other shareholders will allow the launch of a real estate project for the construction of 5 residential buildings in Milan.

The acquisition did not lead to the initial recognition of goodwill.

In order to provide adequate information, details of the net assets acquired as at the reference date are provided below.

Statement of financial position of Cascina Canavese S.r.l. as at 12 June 2023

Amounts in EUR '000	IFRS
Intangible assets	2
Sundry receivables and other assets	85
Deferred tax assets	3
Total non-current assets	**90**
Inventories	10.333
Sundry receivables and other assets	1.509
Cash and cash equivalents	2.438
Total current assets	**14.279**
Total non-current liabilities	**-**
Sundry payables and other liabilities	(371)
Total current liabilities	**(371)**
Net assets	**13.998**

Share of Net assets (55%)	**7.700**
Spot settled purchase price	7.700
Fair value of the cost of the business combination at acquisition date	**7.700**
Goodwill of business combination	**-**

Liquidity connected with the business combination:	
Purchase price - spot settled share	(7.700)
Cash acquired	2.438
Net liquidity used for the acquisition	**(5.262)**

Acquisition of Gruppo Finestre S.r.l. by Italian Windows Group S.r.l.

On 26 July 2023, Mittel S.p.A. continued the diversification of investments in Italian companies of excellence, entering the sector of production and distribution of PVC windows and doors with high quality technical performance through the acquisition of a shareholding in the company "Gruppo Finestre S.r.l.", which was established in 2005 thanks to Stefano Zanasi's acquisition of the Italian window production division of a multinational company and the consequent merger with the Fersina brand. The company specialises in the production of PVC windows and doors (80% of revenues), aluminum shutters (12%) and armored doors/interior doors (8%). The acquisition involved the purchase, through equity, of 100% of Gruppo Finestre S.r.l. for a price of EUR 13,2 million by the vehicle Italian Windows Group S.r.l. (IWG) established by the Mittel Group as the holding company of the new Windows and Doors investment sector; Stefano Zanasi invested in 30% of the capital of IWG (the remaining 70% of which is therefore held by Mittel), sealing a strategic partnership with the entrepreneur aimed at growth.

In order to provide adequate information, details of the net assets acquired as at the reference date are provided below.

Equity and financial position of Gruppo Finestre s.r.l. as at 31 July 2023

Amounts in EUR ‘000	IFRS
Intangible assets	19
Property, plant and equipment	6.262
Other financial assets	30
Sundry receivables and other assets	8
Deferred tax assets	74
Total non-current assets	**6.393**
Inventories	3.672
Current tax assets	263
Sundry receivables and other assets	17.429
Cash and cash equivalents	4.865
Total current assets	**26.229**
Financial payables	(3.790)
Provisions for personnel	(1.360)
Deferred tax liabilities	(312)
Total non-current liabilities	**(5.462)**
Financial payables	(216)
Current tax liabilities	(1.280)
Sundry payables and other liabilities	(13.963)
Total current liabilities	**(15.459)**
Net assets	**11.701**
Share of Net assets (100%)	**11.701**
Spot settled purchase price	13.200
Fair value of the cost of the business combination at acquisition date	**13.200**

Goodwill of business combination	**1.499**
Liquidity connected with the business combination:	
Purchase price - spot settled share	(13.200)
Cash acquired	4.865
Net liquidity used for the acquisition	**(8.335)**

Acquisition of Daga S.r.l. by Italian Windows Group S.r.l.

On 18 October 2023, as the holding company in the Windows and Doors investment sector, Italian Windows Group S.r.l. acquired, through its own means, the entire share capital of Daga S.r.l., a company that markets windows and doors inclusive of installation. The purchase price paid at the time of subscription the contract was set at EUR 3,6 million. Contractually, a deferred price of EUR 0,5 is envisaged upon the occurrence of certain conditions.

In order to provide adequate information, details of the net assets acquired as at the reference date are provided below.

Equity and financial position of Data S.r.l. as at 31 October 2023

Amounts in EUR '000	IFRS
Intangible assets	22
Property, plant and equipment	1.344
Other financial assets	84
Sundry receivables and other assets	3.075
Deferred tax assets	313
Total non-current assets	**4.838**
Inventories	63
Other financial assets	299
Sundry receivables and other assets	989
Cash and cash equivalents	481
Total current assets	**1.832**
Financial payables	(2.121)
Provisions for personnel	(213)
Total non-current liabilities	**(2.334)**
Financial payables	(519)
Current tax liabilities	(44)
Sundry payables and other liabilities	(3.454)
Total current liabilities	**(4.017)**
Net assets	**319**
Share of Net assets (100%)	**319**
Spot settled purchase price	3.571
Potential purchase price with deferred settlement	523
Fair value of the cost of the business combination at acquisition date	**4.094**
Goodwill of business combination	**3.775**
Liquidity connected with the business combination:	
Purchase price - spot settled share	(3.571)
Cash acquired	481
Net liquidity used for the acquisition	**(3.090)**

Acquisition of Serramenti Verona S.r.l. by Gruppo Finestre S.r.l.

On 23 November 2023, Gruppo Finestre S.r.l. acquired the entire share capital of Serramenti Verona S.r.l., a company that markets windows and doors inclusive of installation. The purchase price paid at the time of subscription the contract was set at EUR 1,9 million. Contractually, a deferred price of EUR 0,3 is envisaged upon the occurrence of certain conditions.

In order to provide adequate information, details of the net assets acquired as at the reference date are provided below.

Equity and financial position of Serramenti Verona S.r.l. as at 30 November 2023

Amounts in EUR '000	IFRS
Intangible assets	10
Property, plant and equipment	788
Sundry receivables and other assets	970
Total non-current assets	**1.768**
Inventories	102
Current tax assets	84
Sundry receivables and other assets	679
Cash and cash equivalents	1.096
Total current assets	**1.961**
Financial payables	(565)
Provisions for personnel	(129)
Total non-current liabilities	**(694)**
Financial payables	(97)
Current tax liabilities	(383)
Sundry payables and other liabilities	(1.708)
Total current liabilities	**(2.188)**
Net assets	**847**
Share of Net assets (100%)	**847**
Spot settled purchase price	1.935
Potential purchase price with deferred settlement	300
Fair value of the cost of the business combination at acquisition date	**2.235**
Goodwill of business combination	**1.388**

Liquidity connected with the business combination:	
Purchase price - spot settled share	(1.935)
Cash acquired	1.096
Net liquidity used for the acquisition	**(839)**

Acquisition of Castiglioni Serramenti S.r.l. by Italian Windows Group S.r.l.

On 19 December 2023, Italian Windows Group S.r.l. acquired the entire share capital of Castiglioni Serramenti S.r.l., a company that markets windows and doors inclusive of installation. The purchase price paid at the time of subscription the contract was set at EUR 1,6 million. Contractually, an earn-out of EUR 0,3 is envisaged if certain conditions are met.

In order to provide adequate information, details of the net assets acquired as at the reference date are provided below.

Equity and financial position of Castiglioni Serramenti s.r.l. as at 31 December 2023

Amounts in EUR ‘000	IFRS
Property, plant and equipment	514
Other financial assets	118
Sundry receivables and other assets	1.796
Deferred tax assets	18
Total non-current assets	**2.446**
Inventories	383
Current tax assets	53
Other financial assets	867
Sundry receivables and other assets	946
Cash and cash equivalents	1.014
Total current assets	**3.263**
Financial payables	(537)
Provisions for personnel	(48)
Total non-current liabilities	**(585)**
Financial payables	(150)
Current tax liabilities	(285)
Sundry payables and other liabilities	(3.329)
Total current liabilities	**(3.764)**
Net assets	**1.360**
Share of Net assets (100%)	**1.360**
Spot settled purchase price	1.600
Potential purchase price with deferred settlement	458
Fair value of the cost of the business combination at acquisition date	**2.058**
Goodwill of business combination	**698**
Liquidity connected with the business combination:	
Purchase price - spot settled share	(1.600)
Cash acquired	1.014
Net liquidity used for the acquisition	**(586)**

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 2023 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 2023 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 2023.

Investments with significant non-controlling interests: accounting information

Investments with significant non-controlling interests: accounting information

Amounts in thousands of EUR

Subsidiaries:	Cascina Canavese S.r.l.	IMC S.p.A.	Ceramica Cielo S.p.A.	Disegno Ceramica S.r.l.	Earchimede S.p.A.	Fashion District Group S.r.l. in liquidation	Parco Mediterraneo S.r.l.	Regina S.r.l.	Galassia Group	Sport Fashion Service Group
Gross operating margin (EBITDA)	**(236)**	**7.322**	**8.260**	**541**	**(97)**	**(46)**	**(17)**	**(16)**	**2.419**	**3.827**
of which:										
Revenue	*0*	*44.584*	*34.246*	*11.767*	*0*	*26*	*0*	*6*	*25.900*	*23.307*
Changes in inventories	*1.910*	*817*	*1.382*	*(72)*	*0*	*0*	*0*	*0*	*(310)*	*197*
Costs for purchases	*(1.881)*	*(26.355)*	*(10.851)*	*(3.674)*	*0*	*0*	*0*	*0*	*(9.247)*	*(11.836)*
Costs for services	*(222)*	*(4.596)*	*(8.370)*	*(3.043)*	*(94)*	*(61)*	*(16)*	*(10)*	*(6.376)*	*(4.648)*
Personnel costs	*0*	*(6.891)*	*(7.643)*	*(4.328)*	*0*	*(1)*	*0*	*0*	*(7.134)*	*(2.970)*
Operating result (EBIT)	**(236)**	**2.846**	**6.652**	**(325)**	**(97)**	**(46)**	**(17)**	**(16)**	**1.309**	**3.061**
of which:										
Amortisation	*0*	*(4.427)*	*(1.607)*	*(865)*	*0*	*0*	*0*	*0*	*(1.110)*	*(766)*
Allocations	*0*	*(49)*	*(1)*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Financial income	*0*	*1*	*751*	*5*	*246*	*45*	*1*	*3*	*29*	*118*
Financial expenses	*(14)*	*(955)*	*(171)*	*(269)*	*0*	*0*	*0*	*0*	*(163)*	*(414)*
(Adjustments to)/reversals of impairment losses on financial assets	*0*	*0*	*0*	*(2)*	*(800)*	*0*	*0*	*0*		
Profit (loss) before taxes	**(250)**	**1.891**	**7.231**	**(591)**	**5.897**	**(1)**	**(16)**	**(12)**	**1.175**	**2.639**
Income taxes	*79*	*(516)*	*(1.759)*	*187*	*(119)*	*0*	*1*	*1*	*(225)*	*(573)*
Profit (loss) for the year	**(171)**	**1.375**	**5.473**	**(403)**	**5.778**	**(1)**	**(15)**	**(12)**	**950**	**2.065**
of which: Profit (loss) pertaining to non-controlling interests	*76*	*(344)*	*(192)*	*14*	*(17)*	*0*	*5*	*3*	*(33)*	*(207)*
Non-current assets	**82**	**48.379**	**13.602**	**6.737**	**374**	**8**	**2.019**	**0**	**13.277**	**29.033**
of which:										
Financial receivables	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other financial assets	*0*	*0*	*0*	*1*	*300*	*0*	*0*	*0*	*81*	*0*
Current assets	**14.958**	**19.316**	**44.347**	**7.641**	**14.190**	**224**	**68**	**104**	**14.281**	**22.324**
of which:										
Inventories	*12.243*	*8.233*	*6.467*	*4.322*	*0*	*0*	*0*	*0*	*5.808*	*6.709*
Financial receivables	*0*	*0*	*28.772*	*2*	*0*	*0*	*0*	*0*	*317*	*0*
Cash and cash equivalents	*358*	*2.012*	*1.052*	*240*	*14.189*	*90*	*39*	*97*	*985*	*3.625*
Total assets	**15.040**	**67.696**	**57.950**	**14.378**	**14.564**	**232**	**2.087**	**104**	**27.558**	**51.356**
Non-current liabilities	**1.000**	**17.450**	**3.681**	**1.612**	**0**	**0**	**0**	**0**	**1.199**	**4.603**
of which:										
Financial payables	*1.000*	*16.971*	*1.253*	*699*	*0*	*0*	*0*	*0*	*455*	*2.979*
Current liabilities	***212***	***21.761***	***10.218***	***12.672***	***136***	***52***	***0***	***30***	***9.120***	***17.292***
of which:										
Financial payables	*0*	*9.385*	*400*	*7.827*	*0*	*0*	*0*	*0*	*1.199*	*11.153*
Equity	**13.829**	**28.485**	**44.051**	**94**	**14.429**	**180**	**2.087**	**74**	**15.719**	**29.461**
of which attributable to non-controlling interests	***6.223***	***7.121***	***1.542***	***3***	***42***	***60***	***700***	***22***	***550***	***2.946***

Subsidiaries:	IBD Group S.r.l.	Verticale Finestre S.r.l.	Italian Windows Group S.r.l.	Gruppo Finestre S.r.l.	Daga S.r.l.	Serramenti Verona S.r.l.	Castiglioni Serramenti S.r.l.
Gross operating margin (EBITDA)	**(109)**	**(10)**	**(365)**	**2.383**	**86**	**233**	
of which:							
Revenue	*50*	*0*	*4*	*14.172*	*1.413*	*483*	
Changes in inventories	*0*	*0*	*0*	*(1.014)*	*43*	*(23)*	
Costs for purchases	*0*	*0*	*0*	*(5.232)*	*(515)*	*(78)*	
Costs for services	*(155)*	*(7)*	*(367)*	*(3.245)*	*(269)*	*(79)*	
Personnel costs	*0*	*0*	*0*	*(2.233)*	*(570)*	*(66)*	
Operating result (EBIT)	**(109)**	**(11)**	**(366)**	**2.131**	**30**	**225**	
of which:							
Amortisation	*0*	*(2)*	*(1)*	*(252)*	*(56)*	*(9)*	
Allocations	*0*	*0*	*0*	*0*	*0*	*0*	
Financial income	*379*	*77*	*0*	*413*	*1*	*14*	
Financial expenses	*(303)*	*0*	*(80)*	*(444)*	*(61)*	*(6)*	
(Adjustments to)/reversals of impairment losses on financial assets	*0*	*0*	*0*	*(39)*	*0*	*0*	
Profit (loss) before taxes	**(33)**	**66**	**(446)**	**2.061**	**(8)**	**233**	
Income taxes	*7*	*(20)*	*4*	*(539)*	*(69)*	*(59)*	
Profit (loss) for the year	**(27)**	**46**	**(441)**	**1.522**	**(78)**	**174**	
of which: Profit (loss) pertaining to non-controlling interests	*1*	*(1)*	*142*	*(489)*	*25*	*(56)*	
Non-current assets	**12.045**	**6.333**	**3**	**11.935**	**9.616**	**3.929**	**3.143**
of which:							
Financial receivables	*0*	*6.327*	*0*	*0*	*0*	*0*	*0*
Other financial assets	*0*	*0*	*0*	*30*	*87*	*0*	*118*
Current assets	**29.361**	**198**	**296**	**21.472**	**2.741**	**2.001**	**3.263**
of which:							
Inventories	*0*	*0*	*0*	*2.658*	*106*	*79*	*383*
Financial receivables	*6.022*	*0*	*0*	*503*	*0*	*0*	*0*
Cash and cash equivalents	*23.101*	*198*	*243*	*5.292*	*925*	*1.325*	*1.014*
Total assets	**41.405**	**6.531**	**299**	**33.406**	**12.356**	**5.930**	**6.406**
Non-current liabilities	**0**	**0**	**983**	**4.660**	**1.490**	**696**	**584**
of which:							
Financial payables	*0*	*0*	*0*	*2.651*	*1.282*	*567*	*537*
Current liabilities	***33.030***	***32***	***6.899***	***16.317***	***6.865***	***2.829***	***3.764***
of which:							
Financial payables	*32.992*	*0*	*6.778*	*1.037*	*1.628*	*91*	*150*
Equity	**9.895**	**6.499**	**(7.583)**	**12.429**	**4.002**	**2.405**	**2.058**
of which attributable to non-controlling interests	***346***	***195***	***(2.434)***	***3.990***	***1.285***	***772***	***661***

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
IBD Group S.r.l.	3,50%	3,50%	(1)	346	
Disegno Ceramica S.r.l.	3,50%	3,50%	(14)	3	
Galassia S.r.l.	3,50%	3,50%	32	519	
Galassia Hispania	3,50%	3,50%	1	31	
Ceramica Cielo S.p.A.	3,50%	3,50%	191	1.542	
Earchimede S.p.A.	0,29%	0,29%	17	42	
Fashion District Group S.r.l. in liquidation	33,53%	33,34%		60	167
Parco Mediterraneo S.r.l. In liquidation	33,53%	33,53%	(5)	700	
Zaffiro Group	40,00%	40,00%	(1.646)	-	
IMC S.p.A.	25,00%	25,00%	344	7.121	
Regina S.r.l. in liquidation	30,00%	30,00%	(3)	22	446
Sport Fashion Service S.r.l.	10,00%	10,00%	208	2.945	
Fremil GmbH	10,00%	10,00%	(2)	1	
Cascina Canavese S.r.l.	45,00%	45,00%	(76)	6.223	
Verticale Finestre S.p.A.	3,00%	3,00%	1	195	
Italian Windows Group S.r.l.	32,10%	32,10%	(142)	(2.433)	
Gruppo Finestre S.r.l.	32,10%	32,10%	489	3.990	
Daga S.r.l.	32,10%	32,10%	(25)	1.285	
Castiglioni Serramenti S.r.l.	32,10%	32,10%	-	660	
Serramenti Verona S.r.l.	32,10%	32,10%	56	772	
			(575)	24.024	613

(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 69,0 million, down compared to EUR 109,7 million in the previous year. The item saw the following changes:

	Goodwill	Trademarks	Plant	Concessions and licences	Other	Total
Values as at 01.01.2023	**96.550.327**	**12.596.761**	**16.611**	**509.461**	**61.035**	**109.734.195**
Changes in the year:						
- acquisitions		18.144	11.683	112.603	170.121	**312.551**
- increase due to business combinations	7.358.798		1.813	28.904	21.538	**7.411.053**
- depreciation	-	(1.641)	(17.855)	(393.601)	(18.110)	**(431.207)**
- other changes	(46.845.800)	(1.106.167)	(1.814)	(35.346)	(56.899)	**(48.046.026)**
Total changes	**(39.487.002)**	**(1.089.664)**	**(6.173)**	**(287.440)**	**116.650**	**(40.753.629)**
Values as at 31.12.2023	**57.063.325**	**11.507.097**	**10.438**	**222.021**	**177.685**	**68.980.566**

As at 31 December 2023, goodwill amounted to EUR 57,1 million and is attributable to:

- for EUR 19,3 million to IMC;
- for EUR 18,4 million to Sport Fashion Service (Ciesse Piumini CGU);
- for EUR 5,6 million to Ceramica Cielo;
- for EUR 4,4 million to Galassia;
- for EUR 2,1 million to Disegno Ceramica;
- EUR 1,5 million to Gruppo Finestre;
- EUR 3,8 million to Daga;
- for EUR 1,4 million to Serramenti Verona;
- for EUR 0,7 million to Castiglioni Serramenti.

Compared to the balance of the previous period, there was an increase of EUR 7,4 million due to the entry into the scope of consolidation of the companies in the Windows and Doors sector. This goodwill is to be considered provisionally recognised as the PPA process has not been completed. For further details, please refer to note 3 to these consolidated financial statements “Scope of consolidation” (paragraph “Information on business combinations”).

The decrease in goodwill of EUR 46,8 million is instead due to the deconsolidation of the Zaffiro Group.

The “Trademarks” item, amounting to EUR 11,5 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 ("Ciesse Piumini" and "Jeckerson" brands).

Compared to the balance of the previous period, there was a decrease of EUR 1,1 million due to the deconsolidation of the values of the Zaffiro Group.

Goodwill impairment test

In the context of current uncertainty characterised by unstable geopolitical situations, inflationary phenomena as well as the effects on interest rates of previous restrictive policies, the Authorities issued recommendations to listed companies, requiring them to be responsible for the correct representation in the financial statements of the effects of the current macroeconomic scenario. 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 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 of IAS 36 (i.e. internal and external triggers).

It should be noted that the impairment tests as at 30 June 2023 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 2022.

The companies Ceramica Cielo and Galassia have reported 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 2023. 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 2023;
- 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;

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 2023.

With reference to Disegno Ceramica, on the other hand, the economic results for 2023 were less performing than previously estimated; therefore, having identified the presence of impairment indicators of an internal nature, the Company proceeded to update the impairment exercise.
The analyses carried out, which involved the joint analysis of the previously mentioned profiles as well as the application of stress scenarios to the cash flows and the discounting rate, did not identified any write-downs.

As a 31 December 2023, on the other hand, CGUs relating to the following companies were 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.

With regard to IMC and Sport Fashion Service, the plans used for the impairment test were reviewed and approved by management and reflect the anticipated cash flows.

The purpose of the impairment test on the aforementioned goodwill figures was to assess whether the book values of the CGUs as at 31 December 2023 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. Already at the time of preparation of the annual financial statements as at 31 December 2022, the consequent presence, within the merging entity, of pre-existing intangible assets with an indefinite useful life (goodwill and Ciesse

Piumini brands) and of the Jeckerson brand (incorporated as a result of the merger) suggested the performance of an impairment test, keeping the two CGUs pertaining to the two brands separate.

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

IMC

Operating cash flows for the explicit forecast period (2024-2028)

The cash flows identified in this method are those of an operating nature, destined for remuneration and possible repayment of all risk and debt capital providers. The estimate of expected cash flows is determined on the basis of projections formalised in the Economic and Financial Plan approved by the administrative body of IMC on 26 March 2024.
For the purposes of the model used to calculate value in use, the 2024-2028 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. The cash forecasts implicitly consider the risks and opportunities related to sustainability issues as the Plan's explicit flows, used for the impairment test, include estimates of capex in the photovoltaic field that may be undertaken also based on the assessment of a sustainability plan to be prepared in the near future. With reference to macroeconomic and geopolitical uncertainty, no significant direct impacts were identified.

Terminal Value or residual value ("TV")

From a prudential perspective, the value at the end of the cash flows analytical forecasting period (the "Terminal Value") was determined considering exclusively a nominal growth factor "g" (equal to 2% corresponding to the expected inflation rate) in the long term) applied, also based on the current uncertain economic situation that characterises the sector, to the cash flow prudentially estimated by incorporating the average revenues and the percentage of average gross operating margin of the last three years of explicit cash flows projection (instead of the 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 – Ke: overall, the identified cost of risk capital (Ke) as at 31 December 2023 stood at 13,89% (a significant decrease from the 15,39% used as at 31 December 2022), 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 4,33% (4,20% as at 31 December 2022).
- 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 1,43 (1,38 in the previous year) and was considered for the determination of the Cost of Capital Ke;
- An estimated market risk premium was used equal to 4,60% (5,94% as at 31 December 2022);
- 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 6,33% was recognised (6,20% as at 31 December 2022).
- 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 4,81% (4,71% as at 31 December 2022).
- 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), this was assumed on the basis of the financial structure at the reference valuation date, a target average leverage level in line with the reference market 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 61,98%, corresponding to a financial structure coefficient D/(D+E) of 38,3%.

The WACC discount rate used for the assessment in question is therefore 10,4% (a decrease compared to 11,8% used as at 31 December 2022).

IMC 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 amount higher than the book value of the CGU.

(Amounts in EUR 000)	**Carrying Amount**	**Impairment test 31.12.2023**	
IMC Impairment test	**CGU carrying amount after PPA (A)**	**Recoverable value (EV) (B)**	**Capital gain (+) / Impairment loss (-) B-A**
Net Invested Capital (before IFRS 16)	***16.292***		
Goodwill	19.258		
Group Invested Capital + Goodwill	***35.550***	***38.086***	***2.536***

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 56 basis points would make the recoverable value equal to the carrying amount. A similar result would be obtained by applying a reduction of 85 basis points to the growth rate g used to estimate the Terminal Value.
Finally, the carrying amount would be confirmed, with WACC equal to 10,42%, in the event of application of worst case scenario formulated on the basis of the plan approved by the administrative body and with TV cash flow made to coincide, in this case, with the average plan period flow, given the lower growth assumed from this prudential scenario.

Sport Fashion Service (Ciesse Piumini and Jeckerson)

Operating cash flows for the explicit forecast period (2024-2028)

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 before the approval of this annual financial report.
For the purposes of the model used to calculate value in use, the 2024-2028 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. The business plans incorporate assumptions related to the change in the business model that will find full expression in the years 2027-2028, also in consideration of the growing integration of the two CGUs Ciesse Piumini and Jeckerson, the latter more recently acquired.

Terminal Value or residual value ("TV")

The value at the end of the flows analytical forecasting period (the "Terminal Value") was determined considering a nominal growth factor "g" (corresponding to the expected long term inflation rate) applied i) for Ciesse Piumini, to the last explicit cash flow, the time when the CGU will find full expression, also taking into account that the clothing market ioperates on a time mismatch between the time a sales campaign is produced and the time when revenues are realised ii) for Jeckerson, at the average of the last two projection period cash flows (prudentially due to the greater uncertainty that characterises the start of full operations of this recently acquisition CGU).

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 flows.
In order to discount the operating cash flows, a rate representing the cost of all financial resources used by the company, represented by the Weighted Average Cost of Capital (WACC), was used.

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

- Cost of equity – K*e*: overall, the identified *cost of risk capital* (K*e*) was **11,9%**, 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 **4,33%**.
  - 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 **1,00** (1,24 as at 31 December 2022) and was considered for the determination of the Cost of Capital Ke;
  - A *market risk premium* of **4,6%** was used (5,9% as at 31 December 2022);
  - 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 **6,1%** 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 4,66%.
- Debt ratio – *D/(E+D):* as regards the leverage estimate (i.e. the ratio between the net financial debt - D - and the total sources of financing D+E - Equity) and, therefore, of an debt index (D/E) sustainable in the medium-long term, based on the financial structure of the valuation at the reference date and taking into account the specific nature of the business, which does not envisage medium/long-term investments, it is considered reasonable to assume a value tending to zero.

The WACC discount rate used for the assessment in question is therefore 11,9% (a decrease compared to the 12,0% used in the previous year).

Impairment test results

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

(Amounts in EUR 000)		Impairment test 31.12.2023	
Impairment test Sport Fashion Service	**CGU carrying amount after PPA (A)**	**Recoverable value (EV) (B)**	**Capital gain (+) / Impairment loss (-) B-A**
Goodwill	*18.401*		
Net Invested Capital (before IFRS 16)	*12.880*		
CGU Ciesse Piumini	31.282	36.484	5.203
Jeckerson CGU	5.340	14.621	9.281
Invested Capital + Goodwill	***36.622***	***51.106***	***14.484***

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 140 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.

5. Property, plant and equipment

They amounted to EUR 71 million, down compared to EUR 302,1 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 01.01.2023	**31.887.321**		**20.227.020**	**10.974.617**	**233.457.260**	**5.545.120**	**302.091.338**
Changes in the year:							
- acquisitions	882.634		2.159.452	201.069	10.142.404	159.420	**13.544.979**
- increase due to business combinations	4.301.809		600.627	121.263	3.568.767	315.709	**8.908.175**
- disposals	-		(148.299)	(4.141)		(283.884)	**(436.324)**
- depreciation	(944.465)		(4.396.896)	(270.784)	(3.108.784)	(297.284)	**(9.018.213)**
- other changes	(16.606.503)		-	(9.802.265)	(213.169.742)	(4.520.781)	**(244.099.291)**
Total changes	**(12.366.525)**	**-**	**(1.785.116)**	**(9.754.858)**	**(202.567.355)**	**(4.626.820)**	**(231.100.674)**
Values as at 31.12.2023	**19.520.796**		**18.441.904**	**1.219.759**	**30.889.905**	**918.300**	**70.990.664**

The value of the item mainly consists of rights of use for EUR 30,9 million. In particular, the rights of use recognised in the financial statements as at 31 December 2023 are mainly related to existing lease.
Other changes, for a total of EUR 244,1 million, refer to the exit of the Zaffiro Group from the scope of consolidation.

6. Investments accounted for using the equity method

These amounted to EUR 2,3 million, down by EUR 1,2 million from the comparative period. The item is composed and changed as follows:

	31.12.2023	31.12.2022
Mittel Generale Investimenti S.r.l.	2.265.645	3.483.000
	2.265.645	**3.483.000**

Name/company name	% interest	Values as at 1.01.2023	Purchases	Transfers	Profit/(loss), pro-rata	Adjustments to valuation reserve	Other changes	Dividends distributed	Values as at 31.12.2023
Associates									
Direct									
Mittel Generale Investimenti S.r.l.	27,00%	3.483.000	-	-	(1.217.355)	-		-	2.265.645
		3.483.000	**-**	**-**	**(1.217.355)**	**-**	**-**	**-**	**2.265.645**

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 Euro)	Total equity	Pro-rata equity	Goodwill	Other changes	Consolidated book value
Companies subject to significant influence:					
Mittel Generale Investimenti S.r.l.	8.391	2.266	-	-	**2.266**
	-	**-**	**-**	**-**	**2.266**

Associates

The economic and equity data from the financial statements as at 31 December 2023 of the associate and the reconciliation between the summary of the economic and financial data presented and the book value of the associates is detailed below:

Companies subject to significant influence	Mittel Generale Investimenti S.r.l.
(thousands of Euro)	
Non-current assets	**2.866**
Financial receivables	1.698
Other non-current assets	1.168
Current assets	**5.828**
Financial receivables	4.163
Other current assets	1.040
Cash and cash equivalents	624
Total assets	**8.693**
Equity	**8.391**
Non-current liabilities	**104**
Other non-current liabilities	104
Current liabilities	**199**
Other current liabilities	199
Total equity and liabilities	**8.693**
Gross operating margin (EBITDA)	**(281)**
Other income	27
Costs for services	(241)
Personnel costs	(60)
Other expenses	(7)
Operating result (EBIT)	**(7.090)**
Value adjustments to financial assets	(6.809)
Financial income	2.389
Profit (loss) before taxes	**(4.701)**
Income taxes	-
Profit (loss) for the year (1)	**(4.701)**
Other profits/(losses) components net of taxes (2)	-
Comprehensive profit (loss) (3) = (1) + (2)	**(4.701)**

There are no significant restrictions on the capacities of investees 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 11,1 million, down by EUR 4,8 million.

	31.12.2023	31.12.2022
Loans	11.075.078	15.836.052
	11.075.078	**15.836.052**

The item “Loans” mainly consists of loans granted by the parent company Mittel S.p.A. for EUR 9,9 million.

The item is subject to the application of IFRS 9 and, therefore, to the calculation of expected credit losses (ECL), based on the significant increase in credit risk (“SICR”) and the use of forward-looking information updated at the reporting date.

8. Other financial assets

These totalled EUR 10,8 million, down by EUR 0,9 million.

The item is composed as follows:

	31.12.2023	31.12.2022
Financial assets		
Equities and fund units	10.788.596	11.392.533
Bonds	-	347.383
	10.788.596	**11.739.916**

The item is composed and changed as shown below:

Name/company name	Values as at 01.01.2023	Purchases and subscriptions	Change in scope	Other changes	Transfers	Capital gains (losses)	Write-downs for impairment	Fair value adjustments	Values as at 31.12.2023
Equities and fund units:									
Fondo Augusto	10.118.491	-	-	-	-	-	-	3.809	10.122.300
Fondo Cosimo I	50.149	-	-	-	-	-	-	(757)	49.392
Investitori Associati II S.A.	833.170	-	-	-	-	-	(833.170)	-	-
Other	390.723	63.190	231.955	-	(68.964)	-	-	-	616.904
Bonds:									
BTP mat. 01/11/23	227.383	-	-	(227.383)	-	-	-	-	-
Generali life policy	120.000	-	-	(120.000)	-	-	-	-	-
	11.739.916	**63.190**	**231.955**	**(347.383)**	**(68.964)**	**-**	**(833.170)**	**3.052**	**10.788.596**

In November 2023, the investee company Earchimede S.p.A. collected a dividend of EUR 6,5 million from the vehicle Investitori Associati II SA (in liquidation). Also in consideration of this, the book value as at 31 December 2023 of Investitori Associati II SA (in liquidation) was aligned with its recoverable value, with a write-down of EUR 0,8 million.
Other changes, for a total of EUR 0,3 million, refer to the exit of the Zaffiro Group from the scope of consolidation.

9. Sundry receivables and other assets

The “Sundry receivables and other assets” item totalled EUR 13,2 million (EUR 1,3 million as at 31 December 2022) and is composed as follows:

	31.12.2023	31.12.2022
Tax receivables	12.638.650	815.120
Other receivables	243.553	153.060
Other assets	275.917	323.558
	13.158.120	**1.291.738**

Tax credits of EUR 11,8 million relate to tax credit accrued by companies in the Windows and Doors sector and relating to regulations on tax bonuses.

10. Deferred tax assets

These totalled EUR 13,4 million, down by EUR 7,3 million.

	31.12.2023	31.12.2022
Tax assets recognised through profit or loss	13.144.582	20.622.007
Tax assets recognised in equity	161.985	115.202
	13.306.567	**20.737.209**

Details of the item are provided below:

	31.12.2023	31.12.2022
Deferred tax assets		
Losses carried forward	10.018.952	8.018.952
Other assets/liabilities (including IFRS 16 prepaid taxes)	3.287.615	12.718.257
	13.306.567	**20.737.209**

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

	31.12.2023	31.12.2022
Opening balance	**20.622.007**	**18.709.564**
Increases	**3.842.760**	**2.534.718**
Relating to previous years	-	-
Increases in tax rates	-	-
Other increases	3.842.760	2.534.718
Decreases	**(11.320.185)**	**(622.275)**
Relating to previous years	-	-
Decreases in tax rates	-	-
Other decreases	(11.320.185)	(622.275)
	13.144.582	**20.622.007**

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

	31.12.2023	31.12.2022
Opening balance	**115.202**	**216.368**
Increases	**52.485**	**37**
Relating to previous years	-	-
Increases in tax rates	-	-
Other increases	52.485	37
Decreases	**(5.702)**	**(101.203)**
Relating to previous years	-	-
Decreases in tax rates	-	-
Other decreases	(5.702)	(101.203)
	161.985	**115.202**

With regard to deferred tax assets recognised as at 31 December 2023, it was considered probable that a positive taxable income would be realised such as to allow its use; the value is recognised on the basis of the value that management deems recoverable, 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.

Deferred tax assets are allocated due to the significant tax losses and other latent tax benefits accrued in the context of the tax consolidation, as well as based on the significant changes to the Group's perimeter in recent years and also in 2023, 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 recognised latent tax benefits.

As at 31 December 2023, the remaining usable previous losses pertaining to the tax consolidation amount to approximately EUR 113,3 million, in addition to the excess interest payable that can be used in the tax consolidation of around EUR 2,4 million, for a total tax value (at the tax rate of 24%) of approximately EUR 27,8 million (a value sufficient to absorb the deferred tax assets recognised in the financial statements). 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 60,0 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 recently made acquisitions 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.

Current assets

11. Inventories

The item amounted to EUR 70,4 million, an increase of EUR 14,7 million compared to the previous year. In particular, the item is composed as follows:

	31.12.2023	31.12.2022
Property inventories	35.596.610	26.049.081
Inventories of goods and products	27.148.940	24.234.953
Inventories of raw materials	7.617.065	5.380.491
	70.362.615	**55.664.525**

Property inventories

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

	31.12.2023	31.12.2022
Gamma Tre S.r.l.	1.679.000	1.900.000
Mittel Investimenti Immobiliari S.r.l.	20.430.253	21.718.078
MiVa S.r.l.	1.244.699	2.431.003
Cascina Canavese S.r.l.	12.242.658	-
Total	**35.596.610**	**26.049.081**

The change in the "Property inventories" item is as follows:

	31.12.2022	Change in scope	Increase for capitalisation of costs	Decrease for sales	Write-downs	Changes in advances	31.12.2023
Gamma Tre S.r.l.	1.900.000	-	-	-	(221.000)	-	1.679.000
Mittel Investimenti Immobiliari S.r.l.	21.718.078	-	-	(1.238.179)	(49.646)	-	20.430.253
MiVa S.r.l.	2.431.003	-	124.188	(1.310.492)	-	-	1.244.699
Cascina Canavese S.r.l.		10.332.600	1.910.058				12.242.658
Total	**26.049.081**	**10.332.600**	**2.034.246**	**(2.548.671)**	**(270.646)**	**-**	**35.596.610**

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.

Therefore, in light of the estimated realisable value thus determined, in the year ended as at 31 December 2023, property inventories were written down by EUR 0,3 million.

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:
- for EUR 16,6 million from companies in the Design sector;
- for EUR 8,2 million from the Automotive sector;
- for EUR 6,7 million from the Clothing sector;
- for EUR 3,3 million from companies in the Windows and Doors sector.

In addition, the industrial warehouse is carefully measured at the time of preparation of the financial statements, identifying any phenomena of obsolescence or slow- or no-moving goods.

12. Financial receivables

The item, equal to EUR 0,3 million, is broken down as follows:

	31.12.2023	**31.12.2022**
Loans	-	-
Other receivables	269.554	-
	269.554	**-**

13. Other financial assets

The item, equal to EUR 1,2 million, is broken down as follows:

	31.12.2023	**31.12.2022**
Bonds	-	-
Equity instruments	1.186.726	-
Derivative financial instruments	-	-
	1.186.726	**-**

These financial assets represent investments that can be liquidated and held by the Group on a short-term basis.

14. Tax assets

The item amounted to EUR 1,2 million, an increase of EUR 0,2 million.

	31.12.2023	31.12.2022
IRES (corporate income tax)	891.566	521.162
IRAP (regional business tax)	347.387	434.797
Other taxes	610	-
	1.239.563	**955.959**

Current IRES tax assets refer mainly to the tax consolidation receivable (IRES) of EUR 0,8 million.

The item showed the following changes:

	31.12.2023	31.12.2022
Opening balance	**955.959**	**1.520.429**
Increases	720.683	266.071
Decreases	(437.079)	(830.541)
	1.239.563	**955.959**

15. Sundry receivables and other assets

The item amounted to EUR 56,7 million, an increase of EUR 3,2 million, and was composed as follows:

	31.12.2023	31.12.2022
Trade receivables	45.949.935	41.298.781
Other tax receivables	6.720.267	6.167.942
Other receivables	2.748.061	4.352.821
Accrued income and prepaid expenses	1.237.514	1.664.736
	56.655.777	**53.484.280**

The “Trade receivables” item is mainly comprised of receivables due from customers deriving from the Group's ordinary operations.
“*Other Tax credits*” refer mainly to VAT receivables, for EUR 2,9 million, for EUR 1,6 million to tax credit accrued by the companies in the Windows and Doors sector relating to regulations on tax bonuses and for EUR 1,2 million to receivables for withholdings incurred by companies in the Windows and Doors sector.

The reduction in the item "Other receivables" of EUR 1,6 million is mainly due to the exit of the Nursing Home sector from the Group’s scope.

16. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 87,3 million (EUR 61,7 million as at 31 December 2022), include cash held by Group companies and investments in bank deposits. The item is composed as follows:

	31.12.2023	31.12.2022
Cash	116.596	178.138
Bank and postal deposits	87.170.534	61.537.828
	87.287.130	**61.715.966**

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

Equity

17. Equity pertaining to the Group

Equity pertaining to the Group stood at EUR 259,4 million, an increase of EUR 39,8 million from 31 December 2022.

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

	31.12.2023	31.12.2022
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	(481.926)	(218.722)
Other reserves	19.010.272	23.286.799
Profit (loss) of previous years	31.166.352	36.695.962
Profit (loss) for the year	50.500.265	650.867
Equity	**259.399.601**	**219.619.544**

Changes in equity during the year are shown in the *Consolidated statement of changes in equity* to which reference should be made.

Share capital

As at 31 December 2023, 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, during 2023 and as at 31 December 2023, the Parent Company did not hold 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 01.01.2023	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 31.12.2023	Share pertaining to non-controlling interests as at 31.12.2023	Total valuation reserve as at 31.12.2023
			Increases	Decreases					
Cash flow hedge reserve									
Hedging derivatives	63	-	22	(63)	-	-	22	2	24
Total	**63**	**-**	**22**	**(63)**	**-**	**-**	**22**	**2**	**24**
Employee defined benefit plans (IAS 19 revised):									
Actuarial gains and losses reserve	(282)		(109)		(69)	-	(460)	(46)	(506)
	(282)		**(109)**	**-**	**(69)**	**-**	**(460)**	**(46)**	**(506)**
	(219)	**-**	**(87)**	**(63)**	**(69)**	**-**	**(438)**	**(44)**	**(482)**

Other comprehensive profits/(losses)

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

			Non-controlling interests		Profit (loss) pertaining to the Group	
	01.01.2023 31.12.2023	**01.01.2022 31.12.2022**	**01.01.2023 31.12.2023**	**01.01.2022 31.12.2022**	**01.01.2023 31.12.2023**	**01.01.2022 31.12.2022**
Profit/(loss) for the year (A)	**49.925.466**	**(1.773.461)**	**(574.799)**	**(2.424.328)**	**50.500.265**	**650.867**
Effective part of the cash flow hedges	(129.367)	25.970	(44.445)	6,974	(84.922)	18.996
Profits/(losses) from remeasurement of defined benefit plans	(339.142)	628.029	(90.307)	82.554	(248.835)	545.475
Tax effect relating to other profits/(losses)	83.052	(123.958)	21.673	(19.813)	61.379	(104.145)
Total other profits/(losses), net of taxes (B)	**(385.457)**	**530.041**	**(113.079)**	**69.715**	**(272.378)**	**460.326**
Total comprehensive profit/(loss) (A) + (B)	**49.540.009**	**(1.243.420)**	**(687.878)**	**(2.354.613)**	**50.227.887**	**1.111.193**

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

	01.01.2023 31.12.2023			**01.01.2022 31.12.2022**		
	Gross value	**Tax expense/benefit**	**Net value**	**Gross value**	**Tax expense/benefit**	**Net value**
Effective part of the cash flow hedges	(129.367)	-	(129.367)	25.970	-	25.970
Profits/(losses) from remeasurement of defined benefit plans	(339.142)	83.052	(256.090)	628.029	(123.958)	504.071
Other components of the statement of comprehensive income reclassified to the income statement						-
Total Other profits/(losses)	**(468.509)**	**83.052**	**(385.457)**	**653.999**	**(123.958)**	**530.041**

Dividends distributed during the year

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.

Dividends approved in the following year

On 29 December 2023, the Board of Directors of Mittel S.p.A. approved the proposed policy of equity reserves distribution as dividends for 2024 and 2025.
For 2024, the Board of Directors resolved to propose to the Shareholders the distribution of part of the Retained Earnings Reserve, through the payment of a dividend per share to be considered ordinary in stock exchange terms. Therefore, gross of any applicable substitute tax, the payment of the dividend is equal to EUR 0,12293 for each of the 81.347.368 ordinary shares with no nominal value currently in circulation, and thus for a total of EUR 10.000.031,95, in line with the amount already distributed in February 2023.
The date of detachment of coupon no. 55 is on 5 February 2024, with right to payment on 6 February 2024 (record date) and payment of the dividend on 7 February 2024.
On 31 January 2024, the Mittel's Shareholders' Meeting resolved to approve the aforementioned distribution.

18. Non-controlling interests

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

	31.12.2023	31.12.2022
Share capital pertaining to non-controlling interests	1.819.541	13.060.121
Other reserves pertaining to non-controlling interests	22.827.679	(354.277)
Non-controlling interests - Cash flow hedge reserve	(2.434)	42.010
Non-controlling interests - Valuation reserve IAS 19	(46.125)	31.684
Profit (loss) of non-controlling interests	(574.799)	(2.424.328)
Equity pertaining to non-controlling interests	**24.023.862**	**10.355.210**

Non-current liabilities

19. Financial payables

As at 31 December 2023, the item amounted to EUR 31,2 million, a decrease of EUR 251,5 million over the previous year.

The item is composed as follows:

	31.12.2023	31.12.2022
Bank loans	1.998.905	27.291.924
Liabilities for rights of use	29.226.270	255.405.690
	31.225.175	**282.697.614**

The item "Bank loans" mainly represents the contribution of the Windows and Doors sector for EUR 1,7 million and of the Design sector for EUR 0,3 million.

Liabilities for rights of use derive from the application of IFRS 16. These liabilities represent the present value of future lease payments during the lease term.
Lease liabilities are shown in the statement of financial position as follows:

	31.12.2023	31.12.2022
Liabilities for short-term leases	2.915.219	9.216.262
Liabilities for medium/long-term leases	29.226.270	255.405.690
Total lease liabilities	**32.141.489**	**264.621.952**

The interest expense accrued in the year on the financial liabilities booked pursuant to IFRS 16 amounted to a total of EUR 4,9 million.

The reduction in financial payables is mainly due to the exit of the Nursing Home sector from the Group's perimeter (EUR 15,2 million for bank loans and EUR 237 million for rights of use liabilities).

20. Other financial liabilities

As at 31 December 2023, the item amounted to EUR 1,3 million (EUR 2 million as at 31 December 2022).

	31.12.2023	31.12.2022
Derivative financial instruments	32.028	9.314
Other liabilities	1.283.640	2.000.000
	1.315.668	**2.009.314**

The item "Derivative financial instruments" relates to hedging derivatives for exchange rate risk for transactions in foreign currency.

The item "Other liabilities" as at 31 December 2023 relates to:

- for EUR 0,525 million to the non-current payable relating to the Deferred Price to be paid by Italian Windows Group S.r.l. to the former shareholders of Daga S.r.l. upon the occurrence of certain conditions;
- for EUR 0,458 million to the non-current payable relating to the *Earn Out* attributed to the former shareholders of Castiglioni Serramenti S.r.l. upon the occurrence of certain conditions and to be paid by Italian Windows Group S.r.l.;
- for EUR 0,3 million to the non-current payable relating to the Deferred Price to be paid by Gruppo Finestre S.r.l. to the former shareholders of Serramenti Verona S.r.l. upon the occurrence of certain conditions.

As at 31 December 2022 the item "Other liabilities" included EUR 2 million for the fair value of the Earn Out contractually envisaged for the acquisition of Sport Fashion Service by Mittel S.p.A. This amount was paid by

Mittel S.p.A. to Blue Fashion Group S.p.A. in February 2023. For more information, please refer to the paragraph "Significant events in the year".

21. Provisions for personnel

The item amounted to EUR 6,4 million, a decrease of EUR 1,1 million, and was composed as follows:

	31.12.2023	31.12.2022
Employee severance indemnity	6.402.809	7.496.108
Other allowances	-	-
	6.402.809	**7.496.108**

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

	31.12.2023	31.12.2022
Opening balances	**7.496.108**	**8.018.426**
Increases:		
- Allocation for the period	1.277.902	2.592.613
- Increase due to business combinations	1.750.139	-
- Other increases	260.371	90.641
Decreases:		
- Utilisations	(807.246)	(1.057.394)
- Other decreases	(3.574.465)	(2.148.178)
	6.402.809	**7.496.108**

It should be noted that the item "other decreases", for EUR 2,9 million, relates to the deconsolidation of the Zaffiro Group during the financial year.

The item 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 1,2 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:

	31.12.2023	**31.12.2022**
Tax liabilities recognised through profit or loss	1.200.392	1.757.807
Tax liabilities recognised in equity	-	63.490
	1.200.392	**1.821.297**

Details of the item are provided below:

	31.12.2023	**31.12.2022**
Deferred liabilities		
Receivables	-	36.373
Assets/liabilities held for sale	-	22.467
Property, plant and equipment/intangible assets, other assets/liabilities	1.200.392	1.762.457
	1.200.392	**1.821.297**

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

	31.12.2023	**31.12.2022**
Opening balance	**1.757.807**	**2.231.773**
Increases	**149.671**	**231.727**
Decreases	**(707.086)**	**(705.693)**
	1.200.392	**1.757.807**

It should be noted that the item "Other decreases", for EUR 0,6 million, relates to the exit of the Zaffiro Group from the consolidation scope.

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

	31.12.2023	**31.12.2022**
Opening balance	**63.490**	**40.696**
Increases	**-**	**28.011**
Decreases	**(63.490)**	**(5.217)**
	-	**63.490**

23. Provisions for risks and charges

This item, amounting to EUR 1,8 million, an increase compared to the balance as at 31 December 2022, breaks down as follows:

	31.12.2023	**31.12.2022**
Provision for risks:		
Legal disputes	734.947	512.498
Other disputes	3.879	395.947
Other provisions:		
Other expenses	1.084.651	666.844
	1.823.477	**1.575.289**

As at 31 December 2023, provisions for risks mainly refer to disputes with suppliers and estimates for returns and discounts.

The balance of provisions for *Other charges* mainly consists of the Supplementary Customer Indemnity Fund, which has a balance of EUR 1 million. This amount is estimated on the basis of the regulations governing agency relationships, and is deemed adequate to meet any liabilities that may arise in the future.

The item saw the following changes:

	31.12.2023	31.12.2022
Opening balance	**1.575.289**	**1.435.670**
Increases:		
Allocation for the period	385.903	313.568
Other increases	417.371	-
Decreases:		
Utilisations in the period	(163.018)	(173.949)
Other decreases	(392.068)	-
	1.823.477	**1.575.289**

24. Sundry payables and other non-current liabilities

	31.12.2023	31.12.2022
Other non-current liabilities	44.663	170.074
	44.663	**170.074**

Current liabilities

25. Bonds

As at 31 December 2023, the balance was zero (EUR 15,5 million as at 31 December 2022). On 27 July 2023, Mittel S.p.A. fully repaid the "Mittele S.p.A. 2017 - 2023" bond loan by paying EUR 15,2 million as principal and EUR 0,3 million as interest (at a rate of 3,75%).

26. Financial payables

These amounted to EUR 13,9 million, down by EUR 18,7 million. The item is composed as follows:

	31.12.2023	**31.12.2022**
Bank loans	1.092.354	3.065.868
Current portion of medium/long-term bank loans	9.916.931	12.678.567
Other loans	-	7.651.262
Liabilities for rights of use	2.915.219	9.216.262
	13.924.504	**32.611.959**

"*Bank loans*" are composed of hot money or other short-term credit facilities granted by banks, regulated at rates indexed to the 1-3 month Euribor with short-term expiry, of which EUR 0,8 million to companies in the Design sector and EUR 0,3 million to Windows and Doors sector.

The Automotive sector contributes to the item "*Current portion of medium/long-term bank loans*" for EUR 8,6 million (loan settled in the first few months of 2024 and subject to refinancing with other banks), together with the companies in the Windows and Doors sector for EUR 1,1 million and the Design sector for EUR 0,2 million.

The item "Payables for rights of use" is related to the application of IFRS 16; for the sake of completeness on financial liabilities as a whole, please refer to what is specified in the comments to the corresponding non-current liability item.

The reduction in the item as a whole is mainly due to the exit of the Nursing Home sector from the Group's perimeter (EUR 1,2 million for bank loans, EUR 7,8 million for the current portion of medium/long-term bank loans, EUR 6,9 million for the item "Other loans" and EUR 7,8 million for rights of use liabilities).

27. Other current financial liabilities

Equal to EUR 12 thousand, the item breaks down as follows:

	31.12.2023	**31.12.2022**
Derivative financial instruments	-	-
Other liabilities	12.490	-
	12.490	**-**

The balance includes the payable for *Earn out* to be paid by the parent company Mittel S.p.A. to the former shareholders of Earchimede S.p.A. upon the occurrence of certain conditions.

28. Current tax liabilities

This item totalled EUR 1,6 million, up by EUR 1,1 million compared to the previous year, and is composed of tax liabilities broken down as follows:

	31.12.2023	31.12.2022
IRES (corporate income tax)	1.348.973	-
IRAP (regional business tax)	295.679	130.129
Other	-	345.504
	1.644.652	**475.633**

	31.12.2023	31.12.2022
Opening balance	**475.633**	**1.514.320**
Increases	**1.672.068**	**123.660**
Increase due to business combinations	1.672.068	-
Other increases	-	123.660
Decreases	**(503.049)**	**(1.162.347)**
Other decreases	(503.049)	(1.162.347)
	1.644.652	**475.633**

The item "IRES tax liabilities" mainly includes the contribution for EUR 1,4 million of the companies in the Windows and Doors sector acquired during the 2023 financial year, which do not fall within the scope of the Mittel tax consolidation for the 2023 tax year.

29. Sundry payables and other liabilities

This item amounted to EUR 66,5 million, up by EUR 4 million compared to the previous year. The item is composed as follows:

	31.12.2023	31.12.2022
Trade payables	37.169.863	42.709.034
Tax payables	1.773.268	1.792.248
Payables relating to employees	4.220.621	5.632.588
Payables due to directors and statutory auditors	949.115	1.035.366
Payables due to social security institutions	3.025.844	4.002.154
Other payables	15.890.462	4.369.698
Accrued expenses and deferred income	3.520.135	2.925.957
	66.549.308	**62.467.045**

The item “Trade payables” mainly includes EUR 13,7 million from the Design sector, EUR 9,1 million from the Automotive sector, EUR 5 million from the Clothing sector and EUR 0,9 million from companies in the Real Estatesector, for EUR 7,3 million from the companies in the Windows and Doors sector and for EUR 1,1 million from the Parent Company.

This item includes EUR 15,7 million for advances received from customers for work not yet completed.

Information on the Consolidated Income Statement

30. Revenue

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

	31.12.2023	31.12.2022
Revenue from sales	148.416.354	137.450.402
Revenue from property sales	2.718.000	17.570.631
Revenue from rent	202.743	181.115
Revenue from provision of services	50.039	49.623
	151.387.136	**155.251.771**

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**	**Windows and Doors**	**Real Estate**	**Investments**	**Total**
Italy	9.963	38.809	22.664	15.564	2.882	50	89.932
Abroad	33.991	27.011	416	37	-	-	61.455
	43.954	**65.820**	**23.080**	**15.601**	**2.882**	**50**	**151.387**

31. Other income

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

	31.12.2023	31.12.2022
Recoveries of various expenses	690.295	681.922
Extraordinary contingent assets	603.886	816.761
Income from elimination of assets	121.931	116.686
Other revenue and income	4.477.536	6.267.090
	5.893.648	**7.882.459**

The item "Other revenues and income" is mainly composed of the contribution of the Design sector for EUR 3,6 million and includes reimbursements and contributions.

32. Changes in inventories

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

	31.12.2023	31.12.2022
Increases in property inventories	2.034.246	1.930.530
Decreases in property inventories	(2.548.668)	(15.109.678)
Impairment losses in property inventories	(270.647)	-
Change in inventories of goods and products	1.232.465	3.127.643
Change in inventories of raw materials	(140.923)	558.696
Impairment losses in inventories	(70.000)	-
	236.473	**(9.492.809)**

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 of these consolidated financial statements).

33. Costs for purchases

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

	31.12.2023	31.12.2022
Purchases and property increases	(67.047.193)	(61.973.914)
Provision of services and consultancy	(1.719.177)	(973.647)
Urbanisation expenses	2.346.695	-
Maintenance	(314.370)	(313.030)
Other	(1.445.355)	(1.967.229)
	(68.179.400)	**(65.227.820)**

The contribution to the item is mainly attributable to:

- Automotive sector for EUR 26,4 million (EUR 25 million as at 31 December 2022);
- Design sector for EUR 22,3 million (EUR 24,6 million as at 31 December 2022);
- Clothing sector for EUR 11,8 million (EUR 13,8 million as at 31 December 2022);
- companies in the Windows and Doors sector for EUR 5,6 million;
- companies in the Real Estate sector for EUR 2,1 million (EUR 1,8 million as at 31 December 2022).

34. Costs for services

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

	31.12.2023	31.12.2022
Legal consultancy	(831.096)	(434.474)
Notary consultancy	(49.737)	(32.471)
Other consultancy	(3.037.905)	(2.825.516)
General services and maintenance	(8.235.986)	(5.689.796)
Administrative, organisational and audit services	(288.289)	(121.115)
Directors’ fees	(4.409.111)	(2.142.520)
Board of Statutory Auditors’ fees	(351.365)	(358.135)
Supervisory Body’s fees	(90.047)	(98.616)
Fees for prosecutors and Manager in charge	(16.000)	(16.000)
Leases and rentals	(832.290)	(652.502)
Insurance	(680.303)	(585.264)
Utilities	(7.268.533)	(11.037.432)
Advertising	(2.810.054)	(2.531.514)
Other services	(7.538.373)	(7.960.985)
	(36.439.089)	**(34.486.340)**

Costs for general services and maintenance mainly include EUR 2,4 million for maintenance expenses and EUR 2,1 million for transport and shipping costs.

Directors' remuneration, of EUR 4,4 million, include EUR 2,3 million for the portion of the variable remuneration accrued, as envisaged by the remuneration policy, with respect to the sale of the Zaffiro Group.

Costs for other services include costs for commercial services of EUR 7,3 million.

35. Personnel costs

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

	31.12.2023	31.12.2022
Wages and salaries	(23.998.385)	(21.104.929)
Social security costs	(7.125.743)	(6.133.422)
Allocation to employee severance indemnity	(1.277.902)	(1.380.575)
Allocation to retirement fund and similar obligations	-	-
Payments to external supplementary pension funds	(10.049)	(26.936)
Other personnel costs	(2.284.612)	(1.433.282)
	(34.696.691)	**(30.079.144)**

The increase in the item “Wages and salaries” and “Social charges” is essentially due to the increase in the average number of Group employees compared to the previous year.

For details of the item “Provision for employee severance indemnity”, please refer to note 21 “Provisions for personnel” to these consolidated financial statements.

The item “Other personnel costs” mainly includes costs for temporary work.

Average number of Group employees broken down by category:

	Exact number at 31 December 2023	Average in the year 2023	Average in the year 2022 (*)
Managers	11	11	11
Officials	32	31	27
Employees	210	149	115
Blue-collar staff	489	434	375
Total	**742**	**625**	**528**

(*) The average for 2022 was recalculated following the exit from the consolidation of the Zaffiro Group companies.

36. Other costs

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

	31.12.2023	31.12.2022
Taxes and duties	(1.674.031)	(973.756)
Losses on receivables	(31.447)	(34.237)
Capital losses from transfer of property, plant and equipment	(151.966)	(11.093)
Extraordinary contingent liabilities	(334.065)	(288.673)
Other sundry operating expenses	(1.102.157)	(938.518)
	(3.293.666)	**(2.246.277)**

The item “taxes and duties” is mainly composed of indirect taxes (mainly non-deductible VAT) pertaining to the parent company Mittel S.p.A. for EUR 1 million.

Other operating expenses are mainly linked to the Parent Company (EUR 0,3 million), the Design sector (EUR 0,5 million), the Clothing sector (EUR 0,2 million) and the Real Estate sector (EUR 0,1 million).

37. Amortisation and value adjustments to intangible assets

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

	31.12.2023	31.12.2022
Intangible assets		
Amortisation	(431.207)	(424.238)
Property, plant and equipment		
Depreciation of other assets owned	(5.909.429)	(5.675.218)
Depreciation of rights of use	(3.108.784)	(2.755.647)
	(9.449.420)	**(8.855.103)**

For more details on the depreciation of property, plant and equipment and the amortisation of intangible assets, please refer to the analysis provided in note 4 “Intangible assets” and note 5 “Property, plant and equipment”.

38. Allocations to the provision for risks

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

	31.12.2023	31.12.2022
Allocations to the provision for risks	**(50.033)**	**(236.616)**

For more details on the changes in provisions for risks and charges, please refer to the analyses reported in note 23 “Provisions for risks and charges” to these consolidated financial statements.

39. Share of income (loss) of investments accounted for using the equity method

The item includes:
- the pro-rata profit/(loss) of the net result of companies valued using the equity method, including any impairment;
- write-downs/(writebacks) of investments measured using the equity method;
- capital gains/(losses) on the disposal of investments measured using the equity method;
- capital gains/(losses) corresponding to the net economic result of the period of investments no longer fully consolidated, due to the disposal of the controlling interest in the same;
- any impairment losses of investees exceeding the respective book value to the extent corresponding to the actual obligations for the coverage of losses and with a contra-item in the form of an allocation to the provision for risks.

As at 31 December 2023, the item is composed as follows:

	31.12.2023	31.12.2022
Pro-rata losses		
Mittel Generale Investimenti S.r.l.	(1.217.355)	-
	(1.217.355)	**-**

40. Financial income

	31.12.2023	31.12.2022
Bank interest income	1.489.391	85.579
Interest income on financial receivables	2.394.285	1.319.242
Other interest income	424.585	2.497
Other financial income	517.002	3.807.765
Fair value hedging derivatives	1.502	140
Exchange rate gains	78.507	192.417
	4.905.272	**5.407.640**

Interest income on financial receivables relates primarily for EUR 2,4 million (EUR 1,3 million as at 31 December 2022) to the contribution of the Parent Company Mittel S.p.A. for outstanding loans from third parties
The item "Bank interest income" increased due to the investment activities relating to cash and cash equivalents available to the Parent Company and the Group.

41. Financial expenses

The item is composed as follows:

	31.12.2023	31.12.2022
Interest expense on bonds	(327.604)	(576.838)
Interest expense on bank current accounts	(73.980)	(37.408)
Interest expense on bank loans	(161.345)	(249.603)
Interest expense on other loans	(542.712)	(610.701)
Other interest expenses	(1.248.466)	(734.241)
Other financial expenses	(202.352)	(182.683)
Hedging activities		
Fair value hedging derivatives	-	(72.368)
Exchange rate losses	(88.591)	(197.029)
	(2.645.050)	**(2.660.871)**

The item "Interest expense on bonds" is attributable exclusively to the recognition of interest expense on the bond loan pertaining to the parent company Mittel S.p.A. settled in July 2023 on which interest accrued at a rate of 3,75%.

The main contribution to the item “Interest expense on bank loans” is from companies in the Design sector for EUR 96 thousand and the companies in the Windows and Doors sector for EUR 65 thousand.

The main contributor to the item “Interest expense on other loans” was the Automotive sector, for EUR 0,5 million.

The item "Other interest expenses" mainly consists of financial charges related to lease contracts recognised in accordance with IFRS 16 (EUR 780 thousand as at 31 December 2023 compared to EUR 676 thousand as at 31 December 2022).

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

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

	31.12.2023	31.12.2022
Financial assets		
Capital gains	21.820	-
Other income	6.547.877	301.914
	6.569.697	**301.914**

The item “Other income” refers to the dividend collected by the associate company Earchimede S.p.A. from the vehicle Investitori Associati II SA (in liquidation). For further information, please refer to the details provided in note 8 “Other non-current financial assets”.

43. Value adjustments to financial assets, loans and receivables

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

	31.12.2023	31.12.2022
Write-downs on financial receivables	(7.031.951)	(8.981.662)
Write-downs on other receivables	(167.091)	(140.734)
Write-downs on financial assets	(833.925)	(14.402)
Reversals of impairment losses on financial assets	55.212	131.134
	(7.977.755)	**(9.005.664)**

Write-downs of loans refer for EUR 7 million to loans granted by the Parent Company.

Write-downs of financial assets refer to the write-down of the carrying amount of the vehicle Investitori Associati II SA (in liquidation), which was aligned with its recoverable value. For further information, please refer to the details provided in note 8 "Other non-current financial assets".

44. Income taxes

The amount is composed as follows:

	31.12.2023	31.12.2022
IRES (corporate income tax)	(511.131)	(291.769)
IRAP (regional business tax)	(666.800)	(762.379)
Taxes of previous years	(21.201)	62.956
Total current taxes	**(1.199.132)**	**(991.192)**
Deferred tax liabilities	(69.189)	(148.886)
Deferred tax assets	1.741.520	300.842
Total deferred taxes	**1.672.331**	**151.956**
Total income taxes	**473.199**	**(839.236)**

45. Profit (loss) from discontinued operations

	31.12.2023	31.12.2022
Transfer of the Zaffiro Group	44.408.500	(7.487.365)
	44.408.500	**(7.487.365)**

The result from discontinued operations amounted to EUR 44,4 million and is composed of the capital gain deriving from the transfer of the Zaffiro Group of EUR 47,8 million and the loss for the period of the Zaffiro Group of EUR 3,4 million. As at 31 December 2022, the net loss from discontinued operations amounted to EUR 7,5 million, coinciding with the net result of the Zaffiro Group in the previous year.

The breakdown of the result from discontinued operations as at 31 December 2023 compared with the previous year is shown.

(Thousands of Euro)	**Statement of profit (loss)**	**Capital gains from transfer**	**31.12.2023**	**31.12.2022**
Revenue and other income	34.616		34.616	59.972
Purchases, provision of services, sundry costs	(13.164)		(13.164)	(24.058)
Personnel costs	(15.548)		(15.548)	(26.449)
Net operating costs	**5.904**		**5.904**	**(50.507)**
Profit (loss) from investments and financial assets		47.838	47.838	
Operating margin (EBITDA)	**5.904**	**47.838**	**53.742**	**9.465**
Amortisation/depreciation, allocations and adjustments to non-current assets	(5.078)		(5.078)	(9.882)
Operating result (EBIT)	**826**	**47.838**	**48.665**	**(417)**
Profit (loss) from financial management	(5.092)		(5.092)	(10.052)
Result of management and valuation of financial assets and receivables	(27)		(27)	(69)
Profit (loss) before taxes	**(4.293)**	**47.838**	**43.545**	**(10.537)**
Taxes	863		863	3.050

Profit (loss) from discontinued operations	**(3.430)**	**47.838**	**44.409**	**(7.487)**

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

	31.12.2023	31.12.2022
Profit (loss) of non-controlling interests	(574.799)	(2.424.328)
	(574.799)	**(2.424.328)**

47. Basic and diluted earnings (loss) per share

As set forth in IAS 33, the Mittel Group shows i) the basic earnings per share, as consolidated net profit or loss for the year attributable to the Parent Company divided by the weighted average number of shares outstanding in the year and ii) the diluted result calculated by adjusting net profit or loss attributable to holders of ordinary equity instruments of the Parent Company 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 earnings or loss per share

Number of shares	31.12.2023	31.12.2022
No. of shares at start of the period	81.347.368	81.347.368
Changes in the year	-	-
No. of shares at start of the financial year	81.347.368	81.347.368

The number of shares outstanding remained unchanged compared to 31 December 2022 and is equal to 81.347.368. No changes were recorded during the year.

Basic earnings/(loss) per share	31.12.2023	31.12.2022
Average weighted number of shares outstanding at the end of the period	**81.347.368**	**81.347.368**
Profit (loss) pertaining to the Group from the income statement	**50.500.265**	**650.867**
Basic earnings/(loss) per share	0,621	0,008
Profit (loss) pertaining to the Group from the comprehensive income statement	**50.227.887**	**1.111.193**
Total basic comprehensive earnings/(loss) per share	0,617	0,014
Profit/(loss) for the year from continuing operations	**5.516.966**	**5.713.904**
Profit/(loss) per share from continuing operations	0,068	0,070

Diluted earnings or loss per share

In 2023, there were no transactions with a dilutive effect on profit or loss per share.
Therefore, the diluted profit or loss per share therefore coincides with the basic one represented above.

48. Consolidated net financial position

According to the provisions of Consob Communication of 28 July 2006 and in compliance with "ESMA Guidelines on disclosure requirements under the prospectus regulation", it should be noted that the net financial position of the Mittel Group as at 31 December 2023 was positive for EUR 42 million (negative for EUR 271 million as at 31 December 2022), as shown in the table below:

	31.12.2023	31.12.2022
Cash	117	178
Cash equivalents	87.171	61.538
Other current financial assets	1.456	-
Liquidity	**88.744**	**61.716**
Current bank loans and borrowings	(4.020)	(35.368)
Current portion of non-current bank loans and borrowings	(9.917)	(12.679)
Current financial debt	**(13.937)**	**(48.047)**
Net current financial debt	**74.807**	**13.669**
Non-current bank loans and borrowings	(31.225)	(282.698)
Debt instruments	-	-
Trade payables and other non-current payables	(1.316)	(2.009)
Non-current financial debt	**(32.541)**	**(284.707)**
Total financial debt	**42.266**	**(271.038)**
- of which IFRS 16 financial liabilities		
- current	(2.915)	(9.216)
- non current	(29.226)	(255.406)
Net financial position before IFRS 16	**74.407**	**(6.416)**

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 the note "Intercompany relations and relations with related parties" to these consolidated financial statements.

49. Commitments and guarantees

As at 31 December 2023, the following commitments and guarantees given were in place:

	31.12.2023	31.12.2022
Guarantees:		
commercial	4.448.105	4.628.105
Commitments:		
disbursement of funds	727.980	4.284.832
	5.176.085	**8.912.937**

Commercial guarantees refer to (i) EUR 0,8 million to Mittel S.p.A., 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) and EUR 25 thousand to the contribution of Disegno Ceramica S.r.l.

Commitments to disburse funds refer to the commitments for payments to be made into investment vehicles and as at 31 December 2023 they are attributable to Earchimede S.p.A. for EUR 0,7 million; the amount as at 31 December 2022 included commitments attributable to Earchimede S.p.A. for EUR 3 million and Mittel for EUR 0,3 million.

50. Intercompany transactions and transactions with related parties

In terms of transactions with related counterparties identified on the basis of art. 2359 of the Italian Civil Code and IAS 24, it should be noted that, during the year closed as at 31 December 2023, 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	(3.156.163)	-	(35.445)	**(3.191.608)**
Personnel costs	(464.105)	(21.978)	-	**(486.083)**

- 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 3.012 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.

Additional disclosures on financial instruments and risk management policies

With reference to supplementary disclosures regarding financial instruments and the inherent risks required by IFRS 7 and IFRS 13, aimed at outlining the impact of financial instruments with respect to the size of the associated risk exposures and the fair value measurement of financial instruments, details on the measures and mechanisms the Group has implemented to manage the exposure to financial risks are shown below.

51. 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 2023, and for comparative purposes as at 31 December 2022, the table below illustrates the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis (level 3 includes the book values of unlisted financial assets recognised at cost in the absence of an available fair value):

(thousands of Euro)	31 December 2023			31 December 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets measured at fair value:						
Financial assets measured at fair value with balancing entry in equity	-	-	-	-	-	-
Financial assets measured at fair value through profit or loss *	-	11.358	617	-	11,349	391
Financial instruments | Assets	**-**	**11.358**	**617**	**-**	**11,349**	**391**
Other financial liabilities:						
Financial liabilities measured at fair value through profit or loss **	-	32	-	-	-	9
Financial liabilities measured at fair value through profit or loss	-	-	1.284	-	-	2.000
Financial instruments | Liabilities	**-**	**32**	**1.284**	**-**	**-**	**2.009**

(*) these are equity securities (**) these are derivative instruments

Completing the analyses required by IFRS 13, the reconciliation of financial instruments with the financial statement items as at 31 December 2023 is shown and, for comparative purposes, as at 31 December 2022, 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 2023 | Criteria applied in the measurement of the financial instruments in the financial statements

Financial statement item	Financial instruments at Fair Value						Financial instruments at amortised cost	Not regulated by IFRS 7	Financial Statements total as at 31.12.2023	Fair Value as at 31.12.2023
	with change in fair value with contra-item recognised in:		Total Fair Value	Fair Value Hierarchy						
	Income statement	*Equity in Other comprehensive Profits/ (losses)*		*Level 1*	*Level 2*	*Level 3*				
Amounts in thousands of EUR			(A)				(B)	(C)	(A+B+C)	
ASSETS										
Non-current financial receivables	-	-	**-**	-	-	-	**11.075**	-	**11.075**	**11.075**
Other non-current financial assets	10.789	-	**10.789**	-	*10.172*	*617*	-	-	**10.789**	**10.789**
Sundry receivables and other current assets (*)	-	-	**-**	-	-	-	**2.287**	**10.871**	**13.158**	**2.287**
Non-current financial receivables	-	-	**-**	-	-	-	**270**		**270**	**270**
Other current financial assets	1.187	-	**1.187**	-	*1.187*	-	-	-	**1.187**	**1.187**
Sundry receivables and other current assets (*)	-	-	**-**	-	-	-	**50.269**	**6.387**	**56.656**	**50.269**
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**87.287**		**87.287**	**87.287**
	11.976	**-**	**11.976**	**0**	**11.359**	**617**	**151.188**	**17.258**	**180.422**	**163.164**
LIABILITIES										
Non-current financial payables (*)	-	-	**-**	-	-	-	**31.225**		**31.225**	**31.225**
Other non-current financial liabilities	-	1.316	**1.316**	-	*32*	*1285*	**-**		**1.316**	**1.316**
Sundry payables and other non-current liabilities (*)							**45**		**45**	**45**
Current financial payables (*)	-	-	**-**	-	-	-	**13.925**		**13.925**	**13.925**
Other current financial liabilities		-	**-**	-	-	-	**12**		**12**	**12**
Sundry payables and other current liabilities (*)	-	-	**-**	-	-	-	**58.230**	**8.319**	**66.549**	**58.230**
	-	1.316	**1.316**	**-**	***32***	***1.284***	**103.437**	**8.319**	**113.072**	**104.753**

(*) Receivables and payables for which the fair value was not calculated as the corresponding book value substantially approximates the fair value

Position as at 31 December 2022 | Criteria applied in the measurement of the financial instruments in the financial statements

Financial statement item	Financial instruments at fair value						Financial instruments at amortised cost	Financial statements total as at 31 December 2022	Fair value as at 31 December 2022
	with change in fair value with contra-item recognised in:		Total Fair Value	Fair Value Hierarchy					
	Income statement	*Equity in Other comprehensive income*		Level 1	Level 2	Level 3			
Amounts in thousands of EUR			(A)				(B)	(A+B)	
ASSETS									
Other non-current financial assets	11.740	-	11.740	-	11.349	391	**-**	**11.740**	**11.740**
Non-current financial receivables	-	-	-	-	-	-	**15.836**	**15.836**	**15.836**
Other receivables and financial assets (*)	-	-	-	-	-	-	**153**	**153**	**153**
Other assets (*)	-	-	-	-	-	-	**324**	**324**	**324**
Trade receivables (*)	-	-	-	-	-	-	**44.095**	**44.095**	**44.095**
Current sundry receivables (*)	-	-	-	-	-	-	**1.547**	**1.547**	**1.547**
Cash and cash equivalents (*)	-	-	-	-	-	-	**61.716**	**61.716**	**61.716**
	11.740	**-**	**11.740**	**-**	**11.349**	**391**	**123.671**	**135.411**	**135.411**
LIABILITIES									
Bonds (current and non-current)	-	-	**-**	-	-	-	**15.435**	**15.435**	**15.435**
Financial payables (current and non-current) (*)	-	-	**-**	-	-	-	**315.310**	**315.310**	**315.310**
Other financial liabilities	-	2.009	2.009	-	-	2.009	**-**	**2.009**	**2.009**
Trade payables (*)	-	-	-	-	-	-	**170**	**170**	**170**
Sundry payables (*)	-	-	-	-	-	-	**47.141**	**47.141**	**47.141**
	-	**2.009**	**2.009**	**-**	**-**	**2.009**	**380.056**	**380.056**	**380.056**

Notes
(*) Receivables and payables for which the fair value was not calculated as the corresponding book value substantially approximates the fair value

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.

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).

For units of funds managed by third-party counterparties, the valuation provided by the manager (level 2) is used.

For derivatives, the market to market valuation is based on the value indicated by the counterparty (level 2).

In the absence of observable inputs on the market or from third-party counterparties, the valuation of the instrument is carried out through the use of material metrics that are not observable but reflect the value of the item to be measured. Furthermore, 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 2023, 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 measured at fair value on a recurring basis, 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 Euro)	Financial assets	Financial liabilities
As at 31 December 2022	**391**	**9**
(Profits)/losses recognised in the income statement	(69)	
Profits/(losses) recognised in other comprehensive income		
Purchases/Issues/Disposals/Extinguishments	295	23
As at 31 December 2023	**617**	**32**

52. Risk management policies

52.1 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.
Allocations to allowance for impairment are made specifically on credit positions that present specific risk elements; on the credit positions that do not have these characteristics, provisions are instead made on the basis of the average collectability estimated on the basis of statistical indicators.

Qualitative information

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 the accounting standards.

Management and the Control and Risks Committee constantly monitor risk positions at collective and, where necessary, at 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 2023 and as at 31 December 2022.

Type of exposures/amounts	Gross exposure	Specific value adjustments	Net exposure
Total as at 31 December 2023	**60.918.809**	**(49.574.177)**	**11.344.632**
Total as at 31 December 2022	**57.777.497**	**(41.941.445)**	**15.836.052**

The table below shows the details of trade receivables as at 31 December 2023, 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

	31.12.2023		
	Nominal value	Write-downs	Net value
Falling due	33.044.311	(56.804)	32.987.507

0-180 days	12.594.491	(81.115)	12.513.376
180-360 days	968.476	(662.812)	305.664
More than 360 days	4.169.885	(4.026.497)	143.388
	50.777.163	**(4.827.228)**	**45.949.935**

The figures relating to the financial statements closed as at 31 December 2022 are provided below.

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**

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 Group totalled EUR 87.287 thousand (EUR 61.716 thousand as at 31 December 2022) 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 2023, 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 2023 and 31 December 2022 relating to the guarantees issued in favour of third parties and to commitments to disburse funds are reported in note 49 "Commitments and guarantees" to these consolidated financial statements.

52.2 Market risks

Interest rate risk

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.

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 2023		
	Fixed rate	Variable rate	Total
Bank loans		13.008	13.008
Total financial liabilities	**-**	**13.008**	**13.008**

The data relating to the previous year are shown below:

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 aforementioned tables relating to 31 December 2023 and the comparative period do not include the financial liabilities recognised pursuant to IFRS 16 (fixed rate).

Amounts in thousands of EUR	31 December 2023		
	Fixed rate	Variable rate	Total
Financial receivables		11.345	**11.345**
Total	**-**	**11.345**	**11.345**

The data relating to the previous year are shown below:

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

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 2023		31 December 2022	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Deposits and cash	87.287	5,14%	61.716	0,13%
Other financial receivables	11.345	5,35%	15.836	6,44%
Total	**98.632**	**5,17%**	**77.552**	**1,67%**

Amounts in thousands of EUR	31 December 2023		31 December 2022	
	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Bank loans	13.008	1,68%	43.036	2,17%
Bonds	-	0,00%	15.435	3,69%
Other financial liabilities	-	0,00%	7.651	0,00%
Total	**13.008**	**1,19%**	**66.122**	**2,30%**

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 2023, 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.

Currency risk

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.

The Group has no significant overall exposures in foreign currency. Where deemed necessary, the individual Group entities enter into derivatives to hedge specific commercial transactions.
As at 31 December 2023 (and as at 31 December 2022), no active and passive financial instruments were denominated in currencies different from the financial statement currency of the individual entities and, therefore, currency risk is not subject to sensitivity analysis.

52.3 Liquidity risk

Liquidity risk is the risk of the Group 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.
In order to measure and monitor the risk profile in question, reports are periodically produced to ensure timely monitoring of the available funds (and any indebtedness).
The Group has a positive financial situation; in 2023, the Parent Company settled the 2017-2023 bond loan; following the exit of the Zaffiro Group, the Group deconsolidated financial liabilities of a significant amount recognised pursuant to IFRS 16.

Quantitative information

The table below identifies the book value of the financial assets and liabilities:

Distribution by date of residual duration of financial assets and liabilities

Accounting 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 as at 31.12.2023
Assets							
Debt securities	-	-	-	-	-	-	-
Medium/long-term financial receivables	-	-	9.872	-	-	1.203	11.075
Current financial receivables	270		-	-	-	-	270
Available-for-sale financial assets	-	-	-	-	-	-	-
Financial assets at fair value	-	-	-	-	-	-	-
	270	**-**	**9.872**	**-**	**-**	**1.203**	**11.345**
Liabilities							
Non-current bank loans	-	-	1.732	-	-	-	1.732
Current bank loans	-	11.009	267				11.276
Other non-current financial payables	-	-		-	-	-	-
Other current financial payables	-	-		-	-	-	-
Bonds	-	-	-	-	-	-	-
	-	**11.009**	**1.999**	**-**	**-**	**-**	**13.008**
Financial derivatives							
Hedging derivatives	-	-	32	-	-	-	32
Trading derivatives	-	-	-	-	-	-	-
	-	**-**	**32**	**-**	**-**	**-**	**32**
	270	**(11.009)**	**7.841**	**-**	**-**	**1.203**	**(1.695)**

The table does not include the entries recognised in applying IFRS 16, which are better described in other sections of this report.

The figures relating to the financial statements as at 31 December 2022 are provided below:

Accounting 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 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	-	-	-	-	-	-	-
	-	**-**		**-**	**-**	**-**	
	(16.111)	**(22.719)**	**(10.012)**	**(1.453)**	**-**	**-**	**(50.295)**

For further information on the Mittel Group's risks, reference should be made to the Report on Operations.

Additional information

53. Ongoing disputes

A number of Group companies have disputes in progress. The main ongoing legal proceedings are described in the Directors' Report on Operations, under the paragraph “Main ongoing legal proceedings”.

54. 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 2023 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.	190
Attestation services*	KPMG S.p.A.		Mittel S.p.A.	15
Tax advisory services				-
Other services				
- Signing of tax declarations	KPMG S.p.A.		Mittel S.p.A.	4
Total				**209**

(*) Limited NFS audit

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	111
Attestation services*	KPMG S.p.A.		Other Mittel Group companies	12
Tax advisory services				-
Other services				
- Signing of tax declarations	KPMG S.p.A.		Other Mittel Group companies	6
- Due Diligence				78
Total				**207**

(*) Research and Development Cred.

Milan, 24 April 2024

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 2023.

It is also certified that the consolidated financial statements for the year ended as at 31 December 2023:

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, 24 April 2024

Director in charge of the risk management and internal control system

Anna Francesca Cremascoli

Manager in charge of financial reporting

Pietro Santicoli

Independent Auditors’ Report

Bilancio separato

MITTEL

Separate financial statements as at 31 December 2023

Statement of Financial Position (*)

Amounts in EUR

	Notes	31.12.2023	31.12.2022
Non-current assets			
Intangible assets	4	1.073	2.130
Property, plant and equipment	5	4.007.840	4.568.616
- of which IFRS 16 rights of use		*3.728.209*	*4.235.434*
Investments	6	118.316.111	108.872.976
Financial receivables	7	13.810.364	20.359.276
Other financial assets	8	10.171.692	10.177.553
Sundry receivables and other assets	9	552.919	552.919
Deferred tax assets	10	8.219.811	6.224.025
Total non-current assets		**155.079.810**	**150.757.495**
Current assets			
Financial receivables	11	27.452.698	56.705.660
Current tax assets	12	887.482	404.379
Sundry receivables and other assets	13	3.265.605	3.635.211
Cash and cash equivalents	14	30.366.183	13.077.983
Total current assets		**61.971.968**	**73.823.233**
Assets held for sale		-	-
Total assets		**217.051.778**	**224.580.728**
Equity			
Share capital		87.907.017	87.907.017
Share premium		53.716.218	53.716.218
Treasury shares		-	-
Reserves		46.446.684	66.371.806
Profit (loss) for the year		19.749.765	(9.915.828)
Total equity	15	**207.819.684**	**198.079.213**
Non-current liabilities			
Bonds		-	-
Financial payables	16	3.831.868	4.323.924
- of which IFRS 16 financial liabilities		*3.831.868*	*4.323.924*
Provisions for personnel	17	1.077.426	996.405
Deferred tax liabilities	18	-	22.467
Provisions for risks and charges	19	100.000	100.000
Sundry payables and other liabilities		-	-
Total non-current liabilities		**5.009.294**	**5.442.796**
Current liabilities			
Bonds	20	-	15.435.091
Financial payables	21	1.161.821	1.145.870
- of which IFRS 16 financial liabilities		*261.821*	*245.870*
Other financial liabilities	22	12.490	-
Current tax liabilities		-	-
Sundry payables and other liabilities	23	3.048.489	4.477.758
Total current liabilities		**4.222.800**	**21.058.719**
Liabilities held for sale		-	-
Total equity and liabilities		**217.051.778**	**224.580.728**

(*) 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

		31.12.2023	31.12.2022
Revenue	24	461.641	484.043
Other income	25	399.411	447.348
Costs for services	26	(4.689.417)	(1.839.546)
Personnel costs	27	(2.803.346)	(2.067.156)
Other costs	28	(1.366.452)	(571.287)
Dividends	29	-	663.978
Profit (loss) from management of financial assets and investments	30	28.500.000	136.777
Amortisation and value adjustments to intangible assets	31	(352.944)	(356.529)
Allocations to the provision for risks		-	-
Operating result (EBIT)		**20.148.893**	**(3.102.372)**
Financial income	32	4.196.873	2.694.503
Financial expenses	33	(520.478)	(759.346)
Value adjustments to financial assets, loans and receivables	34	(6.805.853)	(8.930.207)
Value adjustments on investments	35	(1.224.355)	(665.000)
Profit (loss) before taxes		**15.795.080**	**(10.762.422)**
Income taxes	36	3.954.685	846.594
Profit (loss) for the year		**19.749.765**	**(9.915.828)**

Profit (loss) per share (in EUR)	37		
- Basic		(0,243)	(0,122)
- Diluted		(0,243)	(0,122)

(*) 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

Amounts in EUR	01.01.2023 31.12.2023	01.01.2022 31.12.2022
Profit/(loss) for the year (A)	**19.749.765**	**(9.915.828)**
Other comprehensive profits/(losses) which are not subsequently reclassified to profit/(loss) for the period:		
Profits/(losses) from remeasurement of defined benefit plans	(9.262)	111.846
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)	**(9.262)**	**111.846**
Other comprehensive profits/(losses) which will be subsequently reclassified to profit/(loss) for the period:	-	-
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)	**(9.262)**	**111.846**
Total comprehensive profit/(loss) (A) + (B)	**19.740.503**	**(9.803.982)**

Statement of Changes in Equity

Amounts in EUR

	Share capital	Treasury shares	Capital reserves	Profit reserves	Reserve from remeasurement of defined benefit plans	Total
Balance as at 1 January 2022	**87.907.017**	**-**	**53.716.218**	**66.412.072**	**(152.112)**	**207.883.195**
Share capital increases	-	-	-	-	-	**-**
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**
Balance as at 1 January 2023	**87.907.017**	**-**	**53.716.218**	**56.496.244**	**(40.266)**	**198.079.213**
Share capital increases	-	-	-	-	-	**-**
Purchase of treasury shares	-					**-**
Dividends distributed	-			(10.000.032)		**(10.000.032)**
Total comprehensive profit/(loss)	-	-	-	19.749.765	(9.262)	**19.740.503**
Balance as at 31 December 2023	**87.907.017**	**-**	**53.716.218**	**66.245.977**	**(49.528)**	**207.819.684**

Cash Flow Statement

Amounts in EUR	31.12.2023	31.12.2022
OPERATING ACTIVITIES		
Net profit (loss) for the year	**19.749.765**	**(9.915.828)**
Adjustments to reconcile net profit (loss) with cash flows generated (absorbed) by operating activities:		
Current taxes	(1.936.432)	(737.800)
Deferred taxes	(2.018.253)	(108.794)
Depreciation of property, plant and equipment	351.887	353.590
Amortisation of intangible assets	1.057	2.939
Dividends received	-	(663.978)
Financial income	(4.196.873)	(2.694.503)
Financial expenses	520.478	759.346
Provisions for employee severance indemnity	89.447	94.262
Write-downs (reversals of impairment losses) on receivables	6.826.926	9.061.341
Capital (gains)/losses from transfer of investments and financial assets	(28.500.000)	(136.777)
Write-downs (reversals of impairment losses) on financial assets	(21.829)	(131.134)
Write-downs (reversals of impairment losses) on investments	1.224.355	665.000
Cash flows from operating activities before changes in working capital	**(7.909.472)**	**(3.452.336)**
(Increase)/decrease in sundry receivables and other current assets	1.822.935	1.258.114
Increase/(decrease) in sundry payables and other current liabilities	(933.125)	354.002
Cash and cash equivalents generated (absorbed) by operating activities	**(7.019.662)**	**(1.840.220)**
Change in current financial assets		
Usage of provisions for risks and charges	-	(83.159)
Payments of employee severance indemnity	(13.832)	(123.595)
(A) CASH FLOW GENERATED (ABSORBED) BY OPERATING ACTIVITIES	**(7.033.494)**	**(2.046.974)**
INVESTING ACTIVITIES		
Dividends received on investments	100.000	303.478
Investments in:		
Investments	(5.000)	(505.000)
Cascina Canavese S.r.l.	(14.550.000)	-
Verticale Finestre S.p.A.	(7.700.000)	-
Sport Fashion Service S.r.l. Earn out payment	(2.000.000)	-
Property, plant and equipment and intangible assets (including IFRS 16 rights of use)	215.323	(671.063)
Realisation from disposal of:		
Investments	-	120.562
Gruppo Zaffiro S.r.l.	68.105.119	-
Other financial assets	27.690	108.631
(Increase)/decrease in financial receivables	4.646.751	(6.607.400)
Interest collected	1.919.951	2.694.503
(B) NET CASH FLOW GENERATED (ABSORBED) BY INVESTING ACTIVITIES	**50.753.400**	**(4.556.288)**
FINANCING ACTIVITIES		
Increase (decrease) in loans and borrowings from banks and other lenders	(476.105)	(3.216.800)
Issue (redemption) of bonds	(15.194.464)	-
Interest paid	(761.105)	(750.739)
Divided payment	(10.000.032)	-
(C) NET CASH FLOW GENERATED (ABSORBED) BY FINANCING ACTIVITIES	**(26.431.706)**	**(3.967.539)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (D = A+B+C)	**17.288.200**	**(10.570.801)**
OPENING CASH AND CASH EQUIVALENTS (E)	13.077.983	23.648.784
CLOSING CASH AND CASH EQUIVALENTS (F = D+E)	**30.366.183**	**13.077.983**

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

Amounts in EUR

	Notes	31.12.2023	*of which related parties*	*% incidence*	31.12.2022	*of which related parties*	*% incidence*
Non-current assets							
Intangible assets	4	1.073	-		2.130	-	
Property, plant and equipment	5	4.007.840	-		4.568.616	-	
- of which IFRS 16 rights of use		3.728.209	-		4.235.434	-	
Investments	6	118.316.111			108.872.976	-	
Financial receivables	7	13.810.364	3.937.901	28,5%	20.359.276	4.523.225	22,2%
Other financial assets	8	10.171.692	-		10.177.553	-	
Sundry receivables and other assets	9	552.919	-		552.919	-	
Deferred tax assets	10	8.219.811	-		6.224.025	-	
Total non-current assets		**155.079.810**	**3.937.901**	**2,5%**	**150.757.495**	**4.523.225**	**3,0%**
Current assets							
Financial receivables	11	27.452.698	27.232.354	99,2%	56.705.660	56.705.660	100,0%
Other financial assets		-			-		
Current tax assets	12	887.482			404.379		
Sundry receivables and other assets	13	3.265.605	2.753.417	84,3%	3.635.211	3.111.395	85,6%
Cash and cash equivalents	14	30.366.183			13.077.983		
Total current assets		**61.971.968**	**29.985.771**	**48,4%**	**73.823.233**	**59.817.055**	**81,0%**
Assets held for sale		-			-		
Total assets		**217.051.778**	**33.923.672**	**15,6%**	**224.580.728**	**64.340.280**	**28,6%**
Equity							
Share capital		87.907.017			87.907.017		
Share premium		53.716.218			53.716.218		
Treasury shares		-			-		
Reserves		46.446.684			66.371.806		
Profit (loss) for the year		19.749.765			(9.915.828)		
Total equity	15	**207.819.684**			**198.079.213**		
Non-current liabilities							
Bonds		-			-		
Financial payables	16	3.831.868			4.323.924		
- of which IFRS 16 financial liabilities		3.831.868			4.323.924		
Other financial liabilities		-			-		
Provisions for personnel	17	1.077.426			996.405		
Deferred tax liabilities	18	-			22.467		
Provisions for risks and charges	19	100.000			100.000		
Sundry payables and other liabilities		-			-		
Total non-current liabilities		**5.009.294**	**-**		**5.442.796**	**-**	
Current liabilities							
Bonds	20	-			15.435.091		
Financial payables	21	1.161.821	900.000	77,5%	1.145.870	900.000	78,5%
- of which IFRS 16 financial liabilities		261.821			219.856		
Other financial liabilities	22	12.490			-		
Current tax liabilities		-			-		
Sundry payables and other liabilities	23	3.048.489	1.138.394	37,3%	4.477.758	2.222.735	49,6%
Total current liabilities		**4.222.800**	**2.038.394**	**48,3%**	**21.058.719**	**3.122.735**	**14,8%**
Liabilities held for sale		-			-		
Total equity and liabilities		**217.051.778**	**2.038.394**	**0,9%**	**224.580.728**	**3.122.735**	**1,4%**

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

Amounts in EUR

		31.12.2023	*of which related parties*	*% incidence*	31.12.2022	*of which related parties*	*% incidence*
Revenue	24	461.641	461.602	100,0%	484.043	484.043	100,0%
Other income	25	399.411	284.738	71,3%	447.348	314.060	70,2%
Costs for services	26	(4.689.417)	(3.156.163)	67,3%	(1.839.546)	(800.880)	43,5%
Personnel costs	27	(2.803.346)	(486.083)	17,3%	(2.067.156)	(352.234)	17,0%
Other costs	28	(1.366.452)			(571.287)		
Dividends	29	-			663.978	663.978	100,0%
Profit (loss) from management of financial assets and investments	30	28.500.000			136.777	120.563	88,1%
Amortisation and value adjustments to intangible assets	31	(352.944)			(356.529)		
Allocations to the provision for risks		-			-		
Operating result (EBIT)		**20.148.893**			**(3.102.372)**		
Financial income	32	4.196.873	994.478	23,7%	2.694.503	1.371.250	50,9%
Financial expenses	33	(520.478)	(4.129)	0,8%	(759.346)	(25.560)	3,4%
Value adjustments to financial assets, loans and receivables	34	(6.805.853)			(8.930.207)		
Value adjustments on investments	35	(1.224.355)			(665.000)		
Profit (loss) before taxes		**15.795.080**			**(10.762.422)**		
Income taxes	36	3.954.685			846.594		
Profit (loss) for the year		**19.749.765**			**(9.915.828)**		

Explanatory Notes

1. Form and content of the financial statements

Mittel S.p.A. (hereinafter also the “Company”) is an Italian joint stock company registered in the Register of Companies of Milan, Monza, Brianza and Lodi.
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.
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 2023.

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 single electronic reporting format for preparing annual financial reports

In accordance with Directive 2004/109/EC (the “ TransparencyDirective”) amended by Directive 2013/50/EU and Delegated Regulation (EU) 2019/815 (the “ESEF Regulation”), this document, which includes the consolidated and separate financial statements, is prepared using the XHTML format, approved by the Board of Directors of Mittel S.p.A. at the meeting of 24 April 2024. The entire document is filed with the relevant entities and institutions in accordance with the law. The document can be consulted on the Mittel S.p.A. website https://www.mittel.it.

2. Accounting standards and basis of preparation of the financial statements

2.1 General principles

The separate financial statements for the year ended 31 December 2023 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 2023, 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 separate 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 an unstable economic and financial context, no significant uncertainties existed, 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 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 2023 were prepared on basis of the going concern assumption.

The general standards adopted in the preparation of the separate financial statements as at 31 December 2023, as required by IAS 1, are the same as those used for the consolidated financial statements, to which reference is made.

2.2 Financial statements and tables

The separate financial statements are composed of the accounting statements (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 statement “Other components of comprehensive income” includes the components of the result suspended in equity such as gains and losses from the restatement of financial assets designated at fair value as a balancing entry to the valuation reserve.

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

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 24 April 2024. Reference is made to the information in the Directors’ Report on Operations for a description of the significant events after the reporting period as at 31 December 2023.

2.3 Main accounting standards adopted by the Parent Company

Intangible assets (IAS 38)

Intangible assets are identifiable non-monetary assets without physical substance, held to be used in a multi-year or indefinite period. These are recorded at cost, adjusted for additional expenses only if it is probable that the future economic benefits that are attributable to the asset will be realised and if the cost of the asset can be measured reliably. In the opposite case, the cost of the intangible asset is booked to the income statement in the year in which it was incurred.
The cost of intangible assets with a finite useful life is amortised using the straight-line method on the basis of the relative useful life.
If the useful life is indefinite, no amortisation is carried out, but solely the periodic verification of the adequacy of the book value of the fixed assets. Intangible assets originating from software developed internally and acquired from third parties are amortised on a straight-line basis, effective from the completion and entry into operation of the applications based on the relative useful life. At each reporting date, in the presence of evidence of impairment, the recoverable value of the asset is estimated.
The amount of the loss, booked in the income statement, is equal to the difference between the asset’s book value and its recoverable value.
An intangible asset is derecognised from the statement of financial position on disposal or when no future economic benefits are expected from its use.

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

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

Property, plant and equipment (IAS 16)

Property, plant and equipment are initially measured at cost which includes not only the purchase price, but all additional expenses directly attributable to the purchase and to bringing the asset to working condition for its intended use.
Extraordinary maintenance costs which involve an increase in future economic benefits are booked to increase the value of the assets, while other ordinary maintenance costs are recognised in the income statement.

Property, plant and equipment include operating premises, plants, furniture, fittings and equipment of any type.

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.
Property, plant and equipment are valued at cost, less any accumulated depreciation and impairment.
Property, plant and equipment are systematically depreciated over their useful life, by adopting the straight-line method.

The depreciation rates used by the company are as follows:
- Buildings 3,0%
- Vehicles 25,00%
- Furniture and fittings 12,00%
- Electronic machines 33,33%
- Equipment 15,00%.

Land is not depreciated as it has an indefinite useful life.

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

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

Leases (IFRS 16)

The Company has various contracts in place for the use of buildings, vehicles and other minor assets owned by third parties. The lease terms are negotiated individually and contain a wide range of differing terms and conditions.
In application of IFRS 16, the Company recognises for all lease (rental/leasing) 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;
- the amount 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.

With reference to contingent considerations (conditional on a future event and linked to the future return pertaining to the entity) related to the acquisition price of equity interests in subsidiaries, given that IAS 27 does not provide specific indications on the accounting treatment to be applied, in compliance with the international accounting standards framework and the commercial substance of the transaction, the Company has adopted cost-accumulation approach as its accounting policy, an approach borrowed from the accounting method for variable payments of intangibles pursuant to IAS 38, accounting standard applicable to classes of assets recognised at cost (similarly to the equity interests in question). In this regard, contingent considerations are excluded from the cost of the asset at the time of initial recognition (when no liabilities are recognised) and are recognised at the cost of the asset when incurred; the price adjustment of the equity interests, therefore, entails an adjustment of the cost of the equity interest initially recognised in the financial statements without recognising any component in the income statement.

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"), as envisaged 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 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 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).

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 to be collected are recorded at the time the right to collection arises, which corresponds to the shareholders' meeting resolution on the distribution of dividends.
Dividend to be distributed are recognised as liabilities only when they are resolved by the Shareholders' Meeting.

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.

2.4 Significant accounting standards adopted by the Parent Company

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

Non-current assets include property, plant and equipment and intangible assets, equity interests 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 10 to these separate financial statements.

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 macroeconomic context is characterised by the persistence of the restrictive monetary policy measures put in place by the monetary authorities as early as 2022, given the further intensification of inflation dynamics recorded after the outbreak of the Russian-Ukrainian conflict. The significant increase in interest rates continued throughout the first half of 2023 and also after the end of the year, with inevitable 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 Company 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.

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.

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 2023 – 31 December 2023 was not characterised by changes to the estimation criteria already applied to draft the financial statements as at 31 December 2022.

2.5 Changes in IFRS standards, amendments and interpretations

IFRS accounting standards, amendments and interpretations effective from 1 January 2023

The following IFRS standards, amendments and interpretations were applied for the first time by the Company from 1 January 2023:

- On 18 May 2017, the IASB published IFRS 17 - "Insurance Contracts", which is intended to replace IFRS 4 - "Insurance Contracts". The standard was applied from 1 January 2023. 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 adoption of this standard and its relative amendment had no effect on the Company's 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 at the date of first recognition, such as leasing and decommissioning obligations, must be accounted for. The changes were applied from 1 January 2023. The adoption of these amendments had no effect on the Company's 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 regarding IAS 1 require an entity to disclose the relevant information on the accounting standards applied by the Company. The amendments are aimed at improving information on the accounting standards applied by the Company 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 changes were applied from 1 January 2023. The adoption of these amendments had no effect on the Company's financial statements;
- On 23 May 2023, the IASB published an amendment called "Amendments to IAS 12 Income Taxes: International Tax Reform - Pillar Two Model Rules". The document introduces a temporary exception to the obligations of recognition and disclosure of deferred tax assets and liabilities relating to the Model Rules of Pillar Two (whose regulation is in force it Italy since 31 December 2023 but applicable from 1 January 2024) and provides for specific disclosure obligations for the entities concerned by the relative International Tax Reform. The document provides for the immediate application of the temporary exception, while the disclosure obligations only apply to annual financial statements starting on 1 January 2023 (or later) but not to interim financial statements with a closing date before 31 December 2023. The adoption of this amendment had no effect on the Company's financial statements.

IFRS standards, amendments and interpretations endorsed by the European Union as at 31 December 2023 but not yet compulsorily applicable and not adopted early by the Group.

The following IFRS standards, amendments and interpretations were endorsed by the European Union but are not yet compulsorily applicable and not adopted early by the Group as at 31 December 2023:

- On 23 January 2020, the IASB published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 published an amendment called "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". These amendments aim to clarify how to classify payables and other liabilities as current or non-current. In addition, the amendments also improve the information that an entity must provide when its right to defer the settlement of a liabilities for at least 12 months is subject to compliance with certain metrics (i.e. covenants). The amendments enter into force as at 1 January 2024 but early application is permitted. The directors do not expect a significant effect on the Company's financial statements;

- On 22 September 2022, the IASB published an amendment called "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to measure the liability for the lease deriving from a sale & leaseback transaction so as not to recognise an income or a loss relating to the right of use withheld. The amendments will apply from 1 January 2024 but early application is permitted. The directors do not expect a significant effect on the Company's financial statements.

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

As at the reporting date of these 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 25 May 2023, the IASB published an amendment called "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures: Supplier Finance Arrangements". The document requires an entity to provide additional information on reverse factoring agreement to allow readers of the financial statements to assess how financial agreements with suppliers may affect the liabilities and cash flows of the entity and to understand the effects of such agreements on the entity's exposure to liquidity risk. The amendments will apply from 1 January 2024 but early application is permitted. The directors do not expect a significant effect on the Company's financial statements;
- On 15 August 2023, the IASB published an amendment called "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to apply a consistent methodology in order to verify whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the information to be provided in the explanatory notes. The amendment will apply from 1 January 2025 but early application is permitted. The directors do not expect a significant effect on the Company's financial statements.

Information on the Statement of Financial Position

Non-current assets

4. Intangible assets

These totalled EUR 1 thousand (EUR 2 thousand as at 31 December 2022). The overall decrease compared to the previous year was EUR 1,0 thousand.

The breakdown of this item is as follows:

	Goodwill	Trademarks	Plant	Concessions and licences	Other	Total
Values as at 01.01.2023	**-**	**-**	**-**	**-**	**2.130**	**2.130**
Changes in the year:						
- depreciation	-	-	-	-	(1.057)	**(1.057)**
Total changes	**-**	**-**	**-**	**-**	**(1.057)**	**(1.057)**
Values as at 31.12.2023					**1.073**	**1.073**

5. Property, plant and equipment

These totalled EUR 4.008 thousand (EUR 4.569 thousand as at 31 December 2022). They decreased by a total of EUR 561 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 01.01.2023	**24.990**			**123.052**	**4.235.434**	**185.140**	**4.568.616**
Changes in the year:							
- acquisitions				3.469	-	2.964	**6.433**
- depreciation				(29.652)	(291.903)	(30.332)	**(351.887)**
- other changes				-	(215.322)	-	**(215.322)**
Total changes	**-**	**-**	**-**	**(26.183)**	**(507.225)**	**(27.368)**	**(560.776)**
Values as at 31.12.2023	**24.990**			**96.869**	**3.728.209**	**157.772**	**4.007.840**

6. Investments

These totalled EUR 118.316 thousand (EUR 108.873 thousand as at 31 December 2022). The overall increase was EUR 9.443 thousand.

This net increase includes the effect of changes in equity interests (disposal and purchases/ incorporations), as well as their valuation, which led to some write-downs.

The item mainly includes the value of equity interests in subsidiaries and, to a lesser extent, the value of equity interests in associates (Mittel Generale Investimenti, hereinafter also “MGI”).

Details of the item are provided below.

	31.12.2023	31.12.2022
Earchimede S.p.A.	8.212.490	8.200.000
Mittel Investimenti Immobiliari S.r.l.	11.500.000	11.500.000
Mittel Generale Investimenti S.r.l.	2.265.645	3.483.000
Mittel Advisory S.r.l. in liquidation	800.000	800.000
Italian Bathroom Design Group S.r.l.	37.836.451	37.836.451
IMC S.p.A.	17.863.548	17.863.548
Gruppo Zaffiro S.r.l.	-	13.500.000
Sport. Fashion Service S.r.l.	17.569.977	15.569.977
Progetto Raffaello S.r.l.	18.000	120.000
Cascina Canavese S.r.l.	7.700.000	-
Verticale Finestre S.p.A.	14.550.000	-
	118.316.111	**108.872.976**

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

Company name	% interest	Balances as at 01.01.2023	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 31.12.2023
Investments										
Earchimede S.p.A.	99,7%	8.200.000							12.490	8.212.490
Gruppo Zaffiro S.r.l.	60%	13.500.000		(42.000.000)			28.500.000			-
IMC S.p.A.	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%	37.836.451								37.836.451
Mittel Generale Investimenti S.r.l.	27%	3.483.000						(1.217.355)		2.265.645
Mittel Investimenti Immobiliari S.r.l.	100%	11.500.000								11.500.000
Sport Fashion Service S.r.l.	90%	15.569.977	2.000.000							17.569.977
Progetto Raffaello S.r.l.	100%	120.000	5.000		(100.000)			(7.000)		18.000
Cascina Canavese S.r.l.	55%	-	7.700.000							7.700.000
Verticale Finestre S.p.A.	97%	-	14.550.000							14.550.000
Total investments		**108.872.976**	**24.255.000**	**(42.000.000)**	**(100.000)**	**-**	**28.500.000**	**(1.224.355)**	**12.490**	**118.316.111**

The change in the item during the year is mainly due to:

- disposal of the equity interest in Gruppo Zaffiro S.r.l. for which, against the collection of EUR 42.000 thousand, a capital gain of EUR 28.500 thousand was recognised (for further details, please refer to the section of the Directors' Report on Operations "*Significant events during the year*");
- the purchase of Cascina Canavese S.r.l. was completed through the payment by Mittel S.p.A. of EUR 7.700 thousand, of which EUR 600 thousand for the purchase of the shares and the remaining EUR 7.100 thousand as a shareholder loan;
- subscription in the share capital of the company Verticale Finestre S.r.l. for a total of EUR 14.550 thousand, of which EUR 970 thousand for share capital (at the time of the entity incorporation) and the remaining EUR 13.580 thousand by way of capital contributions;
- payment by way of Earn-Out, equal to EUR 2.000 thousand relating to the associate company Sport Fashion Service S.r.l. (for further details, please refer to the section of the Directors' Report on Operations "*Significant events during the year*);
- reduction of EUR 100 thousand due to the distribution carried out by the subsidiary Progetto Raffaello S.r.l., preceded by a share capital increase of EUR 5 thousand and subsequent write-down of EUR 7 thousand.

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.

As regards the investments for which goodwill is booked in the consolidated financial statements and for which, at the time of preparation of the financial statements as at 31 December 2023 an impairment test was carried out with respect to the relative CGUs, the results of the analyses conducted for the above mentioned impairment test were used, re-adjusted accordingly, for the verification of the absence of impairment relating to the investments booked to the separate financial statements. As at 31 December 2023, the impairment test was carried out on IMC S.p.A. and Sport Fashion Service S.r.l.

For the other investments, the economic trends of the investees were analysed taking into consideration the values of the residual assets. As a result of the analyses carried out, value adjustments were recorded for a total of EUR 1.224 thousand attributable to:

(i) for EUR 1.217 thousand to the investment in MGI, due to the alignment of the book value with the recoverable value of the investment;

(ii) for EUR 7 thousand to Progetto Raffaello, a vehicle company with residual book value attributable solely to the tax benefits accrued from the tax consolidation.

7. Non-current financial receivables

These totalled EUR 13.810 thousand (EUR 20.359 thousand as at 31 December 2022). The overall decrease was EUR 6.549 thousand.

	31.12.2023	31.12.2022
Loans	13.810.364	20.359.276
	13.810.364	**20.359.276**

As at 31 December 2023, the value of loans refers to related parties for EUR 3.937 thousand.

8. Other non-current financial assets

These totalled EUR 10.172 thousand (EUR 10.178 thousand as at 31 December 2022). The overall decrease was EUR 6 thousand.

The breakdown of this item is as follows:

	31.12.2023	31.12.2022
Financial assets		
Equities and fund units	10.171.692	10.177.553
Bonds	-	-
Derivative financial instruments	-	-
	10.171.692	**10.177.553**

The item mainly includes equity instruments recorded as financial assets measured at fair value through profit or loss; the item is composed as follows:

	31.12.2023	31.12.2022
Financial assets		
Equities and fund units:		
Fondo Augusto	10.122.300	10.118.491
Fondo Cosimo I	49.392	50.148
Equinox Two S.c.a. in liquidation	-	-
Nomisma S.p.A.	-	8.914
	10.171.692	**10.177.553**

The vehicle Equinox Two Sca in liquidation completed the liquidation process in 2023.

The main changes in the item, shown in the table below, refer mainly to the fair value adjustments of the Fondo Augusto and Fondo Cosimo I, partially offset by the sale of the previously held Nomisma S.p.A. shares.

Name/company name	Values as at 01.01.2023	Purchases - Calls for funds	Sales - Distributions of funds	Capital gains (losses)	Write-downs for impairment	Fair value adjustments	Values as at 31.12.2023
Equities and fund units:							
Fondo Augusto	10.118.491					3.809	10.122.300
Fondo Cosimo I	50.148					(756)	49.392
Nomisma S.p.A.	8.914		(8.914)				-
	-						-
	10.177.553	**-**	**(8.914)**	**-**	**-**	**3.053**	**10.171.692**

9. Sundry receivables and other non-current assets

The item in question, equal to EUR 553 thousand (unchanged as at 31 December 2022), essentially refers to the amount of a registration tax to be reimbursed (EUR 408 thousand) and the usufruct on a share (EUR 143 thousand).

	31.12.2023	**31.12.2022**
Tax receivables	408.178	408.178
Other receivables	144.741	144.741
	552.919	**552.919**

10. Deferred tax assets

This item totalled EUR 8.220, decreasing by EUR 1.996 thousand compared to 31 December 2022.

	31.12.2023	**31.12.2022**
Tax assets recognised through profit or loss	8.218.318	6.222.532
Tax assets recognised in equity	1.493	1.493
	8.219.811	**6.224.025**

	31.12.2023	**31.12.2022**
Deferred tax assets		
Losses carried forward	8.000.000	6.000.000
Other assets/liabilities (including IFRS 16 prepaid taxes)	219.811	224.025
	8.219.811	**6.224.025**

It should be noted that, as previously described in the corresponding section of the consolidated financial statements to which reference should be made, deferred tax assets were allocated on the sizeable previous tax losses, due to significant changes to the Group in relation to the tax consolidation of Mittel S.p.A., which resulted in recent years and also in 2023 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.

Changes in the item "*Tax assets recognised in profit or loss*" are as follows:

	31.12.2023	**31.12.2022**
Opening balance	**6.222.532**	**6.113.738**
Increases	**2.000.000**	**108.794**
Relating to previous years	-	-
Increases in tax rates	-	-
Other increases	2.000.000	108.794
Decreases	**(4.214)**	**-**
Relating to previous years	-	-
Decreases in tax rates	-	-
Other decreases	(4.214)	-
	8.218.318	**6.222.532**

Tax assets with a balancing entry in equity did not change in 2023 and 2022.

Current assets

11. Current financial receivables

These totalled EUR 27.453 thousand (EUR 56.706 thousand as at 31 December 2022). They decreased by a total of EUR 29.253 thousand, mainly due to the disposal of the investee company Gruppo Zaffiro S.r.l., which involved the collection of the existing loan for EUR 26.605 thousand (equal to EUR 25.808 thousand as at 31 December 2022).

The breakdown of this item is as follows:

	31.12.2023	**31.12.2022**
Loans	27.232.354	56.705.660
Other receivables	220.344	-
	27.452.698	**56.705.660**

The item "Loans" relates entirely to related parties and consists mainly of loans in place with the subsidiaries Mittel Investimenti Immobiliari S.r.l. for EUR 12.060 thousand, Italian Bathroom Design Group S.r.l. for EUR 5.560 thousand, Sport Fashion Service S.r.l. for EUR 6.797 thousand, Cascina Canavese S.r.l. for EUR 1.001 thousand and Italian Windows Group S.r.l. for EUR 1.653 thousand.

12. Current tax assets

These totalled EUR 887 thousand (EUR 404 thousand as at 31 December 2022). The overall increase was EUR 483 thousand.

The item is represented by the tax consolidation credit (IRES) of EUR 791 thousand and a tax credit received from the subsidiary Markfactor S.r.l. in liquidation of EUR 96 thousand (the value of the original sale was EUR 104 thousand).

	31.12.2023	**31.12.2022**
IRES (corporate income tax)	887.482	251.698
IRAP (regional business tax)	-	152.681
	887.482	**404.379**

The changes in this item are shown below:

	31.12.2023	**31.12.2022**
Opening balance	**404.379**	**303.780**
Increases	**644.025**	**100.599**
Decreases	**(160.922)**	**-**
	887.482	**404.379**

The increases for the year are represented by EUR 518 thousand for the IRES credit for tax consolidation relating to the 2023 tax year, EUR 104 thousand relating to the tax credit received from the subsidiary Markfactor S.r.l. in liquidation and by EUR 21 thousand for the change in the tax consolidation receivable relating to the fiscal year 2022.
The decreases in the period are instead represented by EUR 153 thousand to offset the IRAP receivable and EUR 8 thousand to offset a tax credit received from the subsidiary Markfactor S.r.l. in liquidation.

13. Sundry receivables and other current assets

These totalled EUR 3.265 thousand (EUR 3.635 thousand as at 31 December 2022). The overall decrease was EUR 370 thousand.

The breakdown of this item is as follows:

	31.12.2023	31.12.2022
Trade receivables	262.000	365.705
Other tax receivables	350.000	362.562
Other receivables	2.560.830	2.803.476
Accrued income and prepaid expenses	92.775	103.468
	3.265.605	**3.635.211**

The item “Trade receivables”, down by EUR 104 thousand compared to 31 December 2022, refers entirely to subsidiaries and specifically to invoices issued for services rendered or charges for the remuneration of corporate bodies of subsidiaries and associates.

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

The item “Other receivables”, amounting to EUR 2.561 thousand (EUR 2.803 thousand as at 31 December 2022), as at 31 December 2023 mainly includes receivables from group companies for tax consolidation of IRES for EUR 2.307 thousand and Group VAT for EUR 94 thousand.

The item “Accrued income and prepaid expenses” consists exclusively of prepayments on contractual instalments attributable to future periods for EUR 93 thousand (EUR 103 thousand as at 31 December 2022).

14. Cash and cash equivalents

Cash and cash equivalents, amounting to EUR 30.366 thousand (EUR 13.078 thousand as at 31 December 2022), include cash held by the Company and investments in bank deposits readily convertible to cash.

	31.12.2023	31.12.2022
Cash	11.822	12.129
Bank and postal deposits	30.354.361	13.065.854
	30.366.183	**13.077.983**

For the changes in cash and cash equivalents, reference should be made to the Cash Flow Statement in these separate financial statements. In summary, the net increase in cash and cash and cash equivalents of EUR 17.288 thousand reflects:

- the decrease of EUR 7.033 thousand deriving from the Company's operating activities;
- a significant increase of EUR 50.753 thousand due to the sale of Gruppo Zaffiro S.r.l. and the investments made during the year (i.e. Cascina Canavese S.r.l., Verticale Finestre S.p.A.);
- cash absorption of EUR 26.432 thousand mainly for the repayment of the Mittel S.p.A. 2017-2023 bond loan (EUR 15.194 thousand) and payment of dividends to shareholders (EUR 10.000 thousand) made in February 2023.

15. Equity

Equity totalled EUR 207.820 thousand (EUR 198.079 thousand as at 31 December 2022), an increase of EUR 9.740 thousand compared to 31 December 2022.
The breakdown of equity is shown below:

	31.12.2023	31.12.2022
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	(49.529)	(40.267)
Other reserves	3.749.733	3.749.733
Profit (loss) of previous years	25.165.077	45.080.937
Profit (loss) for the year	19.749.765	(9.915.828)
Equity	**207.819.684**	**198.079.213**

Type/description	Amount	Possibility for utilisation	Portion available	Summary of utilisations during the three prior years	
				To cover losses	For other purposes
Share capital	87.907.017				
Capital reserves:					
Share premium reserve	53.716.218	A,B,C	53.716.218		
Other:					
- surplus on share swap	949.931	A,B,C	949.931		
- revaluation reserve as per Law no. 72/1983	2.372.917	A,B	2.372.917		
- revaluation reserve as per Law no. 413/1991	43.908	A,B	43.908		
Treasury shares	-		-		
Profit reserves:					
Legal reserve	17.581.403	B	17.581.403		
Other:					
- extraordinary reserve	-		-		
- merger reserve	3.907.896	A,B,C	3.907.896		
- share-based payment reserve	301.117				
- IAS/IFRS FTA reserve	(4.640.956)	A,B,C	(4.640.956)		
- other	814.920		814.920		
Valuation reserve	(49.529)		(49.529)		
Profit (loss) of previous years	25.165.077	A,B,C	25.165.077	16.541.515	10.000.032
Total reserves	**100.162.902**		**99.861.785**		
Non-distributable portion			19.998.228		
Residual distributable portion			**79.863.557**		

Key: A - for share capital increases, B - to cover losses, C - for distribution to shareholders

Changes in equity during the year, shown in the "Consolidated statement of changes in equity", show a net increase due to:

- distribution of profits made during the year 2023 for a total of EUR 10.000 thousand;
- accrual of the profit for the year of EUR 19.749 thousand.

It should be noted that the loss for the year 2022 of EUR 9.915.828, as approved by the Shareholders' Meeting, was covered with available reserves and specifically with profits (losses) from previous years included in the item of the aforementioned Statement called “Profit reserves”.

Share capital is made up of 81.347.368 ordinary shares with no nominal value.

As at 31 December 2023 and 31 December 2022, Mittel S.p.A. did not hold treasury shares.

The "Valuation reserve" refers to actuarial losses recorded following the application of IAS 19 for the measurement of employee severance indemnity.

Non-current liabilities

16. Financial payables

The item includes financial liabilities recognised in application of IFRS 16. As at 31 December 2023, the item amounted to EUR 3.832 thousand, a decrease of EUR 492 thousand over the previous year.

The item is composed as follows:

	31.12.2023	31.12.2022
Liabilities for rights of use	3.831.868	4.323.924
	3.831.868	**4.323.924**

17. Provisions for personnel

As at 31 December 2023, this item totalled EUR 1.077 thousand (EUR 996 thousand as at 31 December 2022) and is composed as follows:

	31.12.2023	31.12.2022
Employee severance indemnity	1.077.426	996.405
	1.077.426	**996.405**

The table below illustrates changes during the year:

	31.12.2023	31.12.2022
Opening balances	**996.405**	**1.141.440**
Increases:		
- Allocation for the period	89.447	94.262
Decreases:		
- Utilisations	(50.166)	(123.595)
- Other decreases	41.740	(115.702)
	1.077.426	**996.405**

The valuation was performed on application 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 Company: 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').

18. Deferred tax liabilities

As at 31 December 2023, the item was zero, down compared to 31 December 2022.

The breakdown of this item is as follows:

	31.12.2023	**31.12.2022**
Tax liabilities recognised through profit or loss	-	-
Tax liabilities recognised in equity	-	22.467
	-	**22.467**

The tax liabilities in question decreased in 2023.

19. Provisions for risks and charges

As at 31 December 2023 the item amounted to EUR 100 thousand (EUR 100 thousand at 31 December 2022).

The breakdown and changes are indicated below:

	31.12.2023	**31.12.2022**
Provision for risks:		
Legal disputes	100.000	100.000
	100.000	**100.000**

	31.12.2023	**31.12.2022**
Opening balance	**100.000**	**185.000**
Increases:	**-**	-
Decreases:		
Utilisations in the period	-	(83.159)
Other decreases	-	(1.841)
	100.000	**100.000**

Current liabilities

20. Bonds

As at 31 December 2023, the balance was zero (EUR 15.435 as at 31 December 2022).

On 27 July 2023, Mittel S.p.A. fully repaid the "Mittel S.p.A. 2017-2023" bond loan by paying EUR 15.194 thousand as principal and EUR 283 thousand as interest.

21. Current financial payables

These totalled EUR 1.162 thousand (EUR 1.146 thousand as at 31 December 2022). The item is composed as follows:

	31.12.2023	31.12.2022
Other loans	900.000	900.000
Liabilities for rights of use	261.821	245.870
	1.161.821	**1.145.870**

Receivables for rights of use are financial liabilities recognised pursuant to IFRS 16.

22. Other current financial liabilities

As at 31 December 2023, the item was EUR 12 thousand (zero as at 31 December 2022). The balance includes the payable for Earn out to be paid to a former shareholder of Earchimede S.p.A. linked to the occurrence of certain conditions agreed at the time of the sale.

23. Sundry payables and other current liabilities

These totalled EUR 3.048 thousand (EUR 4.478 thousand as at 31 December 2022). The overall decrease was EUR 1.430 thousand.

The breakdown of this item is as follows:

	31.12.2023	31.12.2022
Trade payables	1.158.346	1.012.001
Tax payables	257.642	209.936
Payables relating to employees	402.447	398.417
Payables due to directors and statutory auditors	660.880	660.880
Payables due to social security institutions	107.750	134.348
Other payables	441.846	2.027.468
Accrued expenses and deferred income	19.578	34.708
	3.048.489	**4.477.758**

The item “Trade payables” refers to invoices received but not yet paid for EUR 279 thousand and invoices to be received for EUR 879 thousand. The latter refer to payables allocated on the basis of existing mandates and relating to payables for legal expenses (EUR 693 thousand), professional consulting (EUR 29 thousand), fees for certification of the financial statements (EUR 107 thousand), and utilities (EUR 1 thousand).

The item “Tax payables” consists primarily of EUR 94 thousand for payables to the tax authorities for fees paid in December 2023, of EUR 68 thousand for VAT payables and of EUR 69 thousand for other tax payables.

The item “Other payables”, equal to EUR 442 thousand, refers primarily to the payable to the companies adhering to the tax consolidation (EUR 314 thousand), following the transfer of a tax credit received by Markfactor S.r.l. in liquidation (EUR 104 thousand) and to the VAT (EUR 2 thousand) for the Group of which Mittel S.p.A. is the Parent Company.

24. Revenue

These totalled EUR 462 thousand (EUR 484 thousand as at 31 December 2022). The overall decrease was EUR 22 thousand.

	31.12.2023	31.12.2022
Revenue from provision of services	461.641	484.043
	461.641	**484.043**

The item refers to accounting, administrative and ordinary and specific consulting services provided to Group companies.

25. Other income

These totalled EUR 399 thousand (EUR 447 thousand as at 31 December 2022). The overall decrease was EUR 48 thousand.

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

	31.12.2023	31.12.2022
Extraordinary contingent assets	112.670	117.445
Other revenue and income	286.741	329.903
	399.411	**447.348**

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 4.689 thousand (EUR 1.840 thousand as at 31 December 2022). The overall increase compared to 31 December 2022 was EUR 2.849 thousand.

	31.12.2023	31.12.2022
Legal consultancy	(427.487)	(148.424)
Notary consultancy	(10.681)	(8.267)
Other consultancy	(558.861)	(379.632)
General services and maintenance	(208.075)	(176.685)
Directors’ fees	(2.996.163)	(640.880)
Board of Statutory Auditors’ fees	(144.000)	(144.000)
Supervisory Body’s fees	(37.000)	(48.000)
Fees for prosecutors and Manager in charge	(16.000)	(16.000)
Leases and rentals	(63.767)	(39.129)
Insurance	(157.906)	(162.686)
Utilities	(65.957)	(72.302)
Other services	(3.520)	(3.541)
	(4.689.417)	**(1.839.546)**

The item "Other consultancy services" includes, for the most part, expenses pertaining to the independent auditors of EUR 204 thousand, communication expenses of EUR 40 thousand and expenses for tax consultancy of EUR 42 thousand.

27. Personnel costs

These totalled EUR 2.803 thousand (EUR 2.067 thousand as at 31 December 2022). The overall increase compared to 31 December 2022 was EUR 736 thousand.

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

	31.12.2023	31.12.2022
Wages and salaries	(2.097.076)	(1.452.140)
Social security costs	(592.054)	(471.505)
Allocation to employee severance indemnity	(89.447)	(94.262)
Payments to external supplementary pension funds	(3.710)	(23.147)
Other personnel costs	(21.059)	(26.102)
	(2.803.346)	**(2.067.156)**

Average number of employees broken down by category:

	Average in the year 2023	Average in the year 2022
Managers	3	3
Officials	9	8
Employees	6	6
Total	**18**	**17**

28. Other costs

These totalled EUR 1.366 thousand (EUR 571 thousand as at 31 December 2022). The increase compared to 31 December 2022 was EUR 795 thousand.

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

	31.12.2023	31.12.2022
Taxes and duties	(1.029.544)	(409.125)
Extraordinary contingent liabilities	(50.341)	(9.589)
Other sundry operating expenses	(286.567)	(152.573)
	(1.366.452)	**(571.287)**

The item “Taxes and duties” mainly includes pro-rata costs for non-deductible VAT amounting to EUR 980 thousand.
The item “Other sundry operating expenses” includes membership dues for EUR 112 thousand, non-deductible expenses for EUR 73 thousand, and expenses for managing company cars and those for personal use by executives for EUR 48 thousand.

29. Dividends

No dividends were recognised and collected in 2023; as at 31 December 2022, the item included the following amounts:

	31.12.2023	31.12.2022
Dividends from subsidiaries	-	393.978
Dividends from associates	-	270.000
	-	**663.978**

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

This item totalled EUR 28.500 thousand (EUR 137 thousand as at 31 December 2022) and increased by EUR 28.363 thousand compared to 31 December 2022. The breakdown of the item is shown in the following table:

	31.12.2023	31.12.2022
Financial assets	**-**	**136.777**
Capital gains (losses) from transfer of investments	**28.500.000**	**-**
	28.500.000	**136.777**

The capital gain of EUR 28.500 thousand relates to the disposal of the investment in Gruppo Zaffiro S.r.l. and is equal to the difference between the book value of the investment and the sale price of EUR 42.000 thousand. For further details, please refer to the Report on Operations section "*Significant events during the year*".

31. Amortisation/depreciation

These amounted to EUR 353 thousand (EUR 357 thousand as at 31 December 2022) and decreased by EUR 4 thousand.

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

	31.12.2023	31.12.2022
Intangible assets		
Amortisation	(1,057)	(2.939)
Property, plant and equipment		
Depreciation of other assets owned	(59.984)	(72.033)
Depreciation of rights of use	(291.903)	(281.557)
	(352.944)	**(356.529)**

32. Financial income

These totalled EUR 4.197 thousand (EUR 2.695 thousand as at 31 December 2022). The overall increase compared to 31 December 2022 was EUR 1.502 thousand.

The item is composed as follows:

	31.12.2023	31.12.2022
Bank interest income	512.646	1.879
Interest income on financial receivables	3.374.148	2.661.539
Other interest income	298.078	2.131
Other financial income	12.001	28.954
	4.196.873	**2.694.503**

The item "Bank interest income" increased due to the investment activities relating to cash and cash equivalents available to the Company.

33. Financial expenses

These totalled EUR 520 thousand (EUR 759 thousand as at 31 December 2022). They decreased overall compared to 31 December 2022 due to the repayment of the 2017-2023 bond loan.

The item is composed as follows:

	31.12.2023	**31.12.2022**
Interest expense on bonds	(327.604)	(576.838)
Interest expense on other loans	(4.129)	(25.560)
Other interest expenses	(171.781)	(145.865)
Other financial expenses	(16.964)	(11.083)
	(520.478)	**(759.346)**

"Other interest expenses" mainly relates to charges accrued on IFRS 16 financial liabilities.

34. Value adjustments to financial assets, loans and receivables

This item totalled EUR 6.806 thousand, decreasing by EUR 2.124 thousand compared to 31 December 2022. The breakdown of the item is shown in the following table:

	31.12.2023	**31.12.2022**
Write-downs on financial receivables	(6.826.926)	(9.061.341)
Write-downs on financial assets	(756)	-
Reversals of impairment losses on financial assets	21.829	131.134
	(6.805.853)	**(8.930.207)**

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

35. Value adjustments on investments

The item was equal to EUR 1.224 thousand (EUR 665 thousand as at 31 December 2022). The overall increase compared to 31 December 2022 was EUR 559 thousand.

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

	31.12.2023	**31.12.2022**
Write-downs of investments	(1.224.355)	(665.000)
Revaluations of investments	-	-
	(1.224.355)	**(665.000)**

The item "Write-downs of investments" refers to the impairment of Mittel Generale Investimenti S.r.l. for EUR 1.217 thousand, and Progetto Raffaello S.r.l. for EUR 7 thousand. For more details, see note "6. Investments" in these separate financial statements.

36. Income taxes

These totalled EUR 3.955 thousand (EUR 847 thousand as at 31 December 2022).

The positive contribution to this item as at 31 December 2023 mainly includes the recognition of the current tax benefit arising from the utilisation within the tax consolidation of a portion of the tax losses accrued during the 2023 financial year and EUR 2.000 thousand from the allocation of deferred tax assets; please refer to the balance sheet section for details of this.

The amount is composed as follows:

	31.12.2023	31.12.2022
IRES (corporate income tax)	1.936.432	690.003
IRAP (regional business tax)	-	-
Taxes of previous years	-	47.797
Total current taxes	**1.936.432**	**737.800**
Deferred tax liabilities	22.467	-
Deferred tax assets	1.995.786	108.794
Total deferred taxes	**2.018.253**	**108.794**
Total income taxes	**3.954.685**	**846.594**

37. 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 earnings or loss per share

Number of shares	31.12.2023	31.12.2022
No. of shares at start of the period	81.347.368	81.347.368
Changes in the year	-	-
No. of shares at start of the financial year	81.347.368	81.347.368

The number of shares outstanding remained unchanged compared to 31 December 2022 and is equal to 81.347.368. No changes were recorded during the year.

Basic earnings/(loss) per share	31.12.2023	31.12.2022
Average weighted number of shares outstanding at the end of the period	**81.347.368**	**81.347.368**
Profit/(loss) for the year	**19.749.765**	**(9.915.828)**
Basic earnings/(loss) per share from income statement	0,243	(0,122)
Basic earnings/(loss) from total comprehensive income	**19.740.503**	**(9.803.982)**
Basic earnings/(loss) per share from total comprehensive income	0,243	(0,121)

Diluted earnings or loss per share

In 2023, there were no transactions with a dilutive effect on profit or loss per share.
Therefore, the diluted profit or loss per share therefore coincides with the basic one represented above.

38. 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 2023 was positive for EUR 52.813 thousand, as shown in the table below:

Amounts in thousands of EUR	**31.12.2023**	**31.12.2022**
Cash	12	12
Cash equivalents	30.354	13.066
Other current financial assets (*)	27.453	56.706
Liquidity	**57.819**	**69.784**
Current bank loans and borrowings	(1.162)	(16.581)
Current portion of non-current bank loans and borrowings	-	-
Current financial debt	**(1.162)**	**(16.581)**
Net current financial debt	**56.657**	**53.203**
Non-current bank loans and borrowings	(3.832)	(4.324)
Debt instruments	-	-
Trade payables and other non-current payables	(12)	-
Non-current financial debt	**(3.844)**	**(4.324)**
Total financial debt	**52.813**	**48.879**

(*) The item refers to current financial receivables

The amount of current financial payable of EUR 1.162 thousand includes EUR 262 thousand relating to financial liabilities recognised pursuant to IFRS 16.
The amount of non-current financial payable of EUR 3.832 thousand includes all financial liabilities recognised pursuant to IFRS 16.
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.

39. Commitments and guarantees

As at 31 December 2023, the following commitments and guarantees given were in place:

	31.12.2023	**31.12.2022**
Guarantees:		
commercial	770.905	850.905
Commitments:		
disbursement of funds	-	1.253.992
	770.905	**2.104.897**

Commercial guarantees refer to sureties issued in favour of the Italian Revenue Agency for VAT receivables for which a refund was requested on behalf of Group companies.

40. 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 2023 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.

	Directors, Statutory auditors and internal committees	Subsidiaries	Associates	Total
Non-current assets				
Financial receivables		3.937.901		**3.937.901**
Current assets				
Financial receivables		27.232.354		**27.232.354**
Sundry receivables and other assets		2.753.416		**2.753.416**
Current liabilities				
Financial payables		900.000		**900.000**
Sundry payables and other liabilities	660.880	477.514		**1.138.394**
Income statement				
Revenue		411.602	50.000	**461.602**
Other income		234.738	50.000	**284.738**
Costs for services	(3.156.163)			**(3.156.163)**
Personnel costs	(464.105)		(21.978)	**(486.083)**
Financial income		994.478		**994.478**
Financial expenses		(4.129)		**(4.129)**

- Non-current financial receivables refer to loans granted to the subsidiaries Sport Fashion Service S.r.l. for EUR 3,9 million and Markfactor S.r.l. in liquidation for EUR 0,4 million, recognised in the financial statements net of the relative impairments pursuant to IFRS 9.
- Current financial receivables refer to loans granted to Mittel Investimenti Immobiliari S.r.l. for EUR 12,0 million, Sport Fashion Service S.r.l. for EUR 6,8 million, Italian Bathroom Design Group S.r.l. for EUR 5,6 million, Italian Windows Group S.r.l. for EUR 1,7 million, Cascina Canavese S.r.l. for EUR 1,0 million and Daga S.r.l. for EUR 0,4 million, recognised in the financial statements net of the relative impairments pursuant to IFRS 9.
- The item "Sundry receivables and other assets" is mainly composed of receivables from companies in the IRES tax consolidation pertaining to Mittel S.p.A. (EUR 2,3 million).
- The item "Sundry payables and other current liabilities" mainly includes EUR 0,7 million in payables to directors and statutory auditors for remuneration accrued but not yet paid and EUR 0,3 million in payables to companies in the tax consolidation pertaining to the consolidating company Mittel S.p.A.
- 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.
- 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 2,6 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 Gruppo Zaffiro S.r.l. for EUR 0,6 million (position settled in the 2023 financial year) and Sport Fashion Service S.r.l. for EUR 0,2 million.

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.

41. 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 2023, and for comparative purposes as at 31 December 2022, 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 2023			31 December 2022		
	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	-	10.171.692	-	-	10.168.639	8.914
Financial instruments | Assets	**-**	**10.171.692**	**-**	**-**	**10.168.639**	**8.914**
Other financial liabilities						
- Financial liabilities measured at fair value through other comprehensive income	-	-	-	-	-	-
- Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Financial instruments | Liabilities	**-**	**-**	**-**	**-**	**-**	**-**

Completing the analyses required by IFRS 13, the reconciliation of financial instruments with the financial statement items as at 31 December 2023 is shown and, for comparative purposes, as at 31 December 2022, 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 2023

(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:		Financial instruments at Fair Value	Fair Value Hierarchy			Financial instruments at amortised cost	Not regulated by IFRS 7	Financial statements total as at 31.12.2023	Fair value as at 31.12.2023
	Income statement	*Equity in Other comprehensive income*	(A)	*Level 1*	*Level 2*	*Level 3*	(B)	(C)	(A+B+C)	
ASSETS										
Other non-current financial assets	10.171.692	-	**10.171.692**	-	*10.171.692*	-	**-**		**10.171.692**	**10.171.692**
Non-current financial receivables	-	-	**-**	-	-	-	**13.810.364**		**13.810.364**	**13.810.364**
Sundry receivables and other non-current assets (*)	-	-	**-**	-	-	-	**144.741**	**408.178**	**552.919**	**144.741**
Current financial receivables	-	-	**-**	-	-	-	**27.452.698**		**27.452.698**	**27.452.698**
Sundry receivables and other current assets (*)	-	-	**-**	-	-	-	**2.822.830**	**442.775**	**3.265.605**	**2.822.830**
Cash and cash equivalents (*)	-	-	**-**	-	-	-	**30.366.183**		**30.366.183**	**30.366.183**
	10.171.692	**-**	**10.171.692**	**-**	*10.171.692*	**-**	**74.596.816**	**850.953**	**85.619.461**	**84.768.508**
LIABILITIES										
Non-current financial payables (*)	-	-	**-**	-	-	-	**3.831.868**		**3.831.868**	**3.831.868**
Current financial payables (*)	-	-	**-**	-	-	-	**1.161.821**		**1.161.821**	**1.161.821**
Other current financial liabilities		-	**-**	-	-	-	**12.490**		**12.490**	**12.490**
Sundry payables and other liabilities (*)	-	-	**-**	-	-	-	**2.663.519**	**384.970**	**3.048.489**	**2.663.519**
	-	**-**	**-**	**-**	**-**	**-**	**7.669.698**	**384.970**	**8.054.668**	**7.669.698**

(*) Receivables and payables for which the fair value was not calculated as the corresponding book value substantially approximates the fair value

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	10.177.553	-	10.177.553	-	10.168.639	8.914	**-**	**10.177.553**	10.177.553
Non-current financial receivables	-	-	-	-	-	-	**20.359.276**	**20.359.276**	20.359.276
Other receivables and financial assets (*)	-	-	-	-	-	-	**552.919**	**552.919**	552.919
Other assets (*)	-	-	-	-	-	-	**-**	**-**	-
Current financial receivables	-	-	-	-	-	-	**56.705.660**	**56.705.660**	56.705.660
Trade receivables (*)	-	-	-	-	-	-	**3.111.395**	**3.111.395**	3.111.395
Current sundry receivables (*)	-	-	-	-	-	-	**56.860**	**56.860**	56.860
Cash and cash equivalents (*)	-	-	-	-	-	-	**13.077.983**	**13.077.983**	13.077.983
	10.177.553	-	10.177.553	-	10.168.639	8.914	**93.864.093**	**104.041.646**	104.041.646
LIABILITIES									
Bonds (current and non-current)	-	-	**-**	-	-	-	**15.435.091**	**15.435.091**	15.436.970
Financial payables (current and non-current) (*)	-	-	**-**	-	-	-	**5.469.794**	**5.469.794**	5.469.794
Sundry payables (*)	-	-	**-**	-	-	-	**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

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.

Units of private equity funds 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 2023, 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 2023:

(in EUR)	Financial assets	Financial liabilities
As at 31 December 2022	**8.914**	**-**
Profits/(losses) recognised in the income statement	-	-
Profits/(losses) recognised in other comprehensive income	-	-
Issues/Extinguishments	(8.914)	-
As at 31 December 2023	**-**	**-**

There are no derivatives financial instruments recognised in the financial statements as at 31 December 2023, nor as at 31 December 2022.

The book value of the financial assets and financial liabilities recognised in these financial statements does not differ from their fair value.

42. Risk management policies

42.1. 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. 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.

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.

With a view to minimising credit risk, the Company also pursues a policy of diversification in its liquidity investments and uses leading banks.

Qualitative information

The book value of financial assets represents the maximum exposure to credit risk.

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 2023 and the prior year.

Type of exposures/amounts	Gross exposure	Specific value adjustments	Portfolio value adjustments	Net exposure
Total as at 31 December 2023	**81.320.903**	**(40.057.841)**	-	**41.263.063**
Total as at 31 December 2022	**109.695.070**	**(32.630.134)**	**-**	**77.064.936**

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 30.366 thousand (EUR 13.078 thousand as at 31 December 2022) 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 2023 and 31 December 2022 relating to the guarantees issued in favour of third parties and to commitments to disburse funds are reported in note 39 "Commitments and guarantees" to these separate financial statements.

42.2. Market risks

Interest rate risk

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, where appropriate, based on the Company's debt structure, 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.

Models and other methods for the measurement and management of interest rate risk

In particular, in previous years, 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.

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. Given the breakdown of financial assets and liabilities, the Company can be considered to have little exposure to interest rate risk.

Amounts in thousands of EUR		**31 December 2023**	
	Fixed rate	Variable rate	Total
Bank loans	-	-	**-**
Other financial liabilities	12		**12**
Bonds	-	-	**-**
Other financial payables	900	-	**900**
Total financial liabilities	**912**	**-**	**912**

Amounts in thousands of EUR		**31 December 2022**	
	Fixed rate	Variable rate	Total
Bank loans	-	-	**-**
Bonds	15.435	-	**15.435**
Other financial payables	900	-	**900**
Total financial liabilities	**16.335**	**-**	**16.335**

The aforementioned tables relating to 31 December 2023 and the comparative period do not include the financial liabilities recognised pursuant to IFRS 16 (fixed rate).

Amounts in thousands of Euro		**31 December 2023**	
	Fixed rate	Variable rate	Total
Financial receivables	31.391	9.872	**41.263**
Other financial assets	-	-	**-**
Total	**31.391**	**9.872**	**41.263**

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**

Effective interest rate

The effective interest rate, for categories for which it can be determined, is the one relating to the original transaction. 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.

	31 December 2023		31 December 2022	
Amounts in thousands of EUR	Adjusted book value	Effective interest rate (%)	Adjusted book value	Effective interest rate (%)
Deposits and cash	30.366	2,36%	13.078	0,01%
Financial receivables - third parties	9.872	2,41%	15.836	0,15%
Financial receivables - related parties	31.391	7,29%	61.229	4,28%
Total financial assets	**71.629**	**4,53%**	**90.143**	**2,93%**

Other than those recognised pursuant to IFRS 16, financial liabilities recognised in the financial statements as at 31 December 2023 are interest-free. As at 31 December 2022, the loan was outstanding for EUR 15.435 thousand with an effective interest rate of 3,69%.

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 2023;
- 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.

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 2023, 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 0,7 million.

Currency risk

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.

The Company has no financial statement items or commitments to sell or purchase denominated in foreign currency.

Qualitative/quantitative information

The Company has no exposures in foreign currency.

Sensitivity analysis

As at 31 December 2023 (and as at 31 December 2022), 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.

42.3. 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.
In order to measure and monitor the risk profile in question, reports are periodically produced to ensure timely monitoring of the available funds (and any indebtedness).
The Company has a positive financial situation; in 2023, it settled the 2017-2023 bond loan; following the sale of the Zaffiro Group, it also collected significant liquidity.

Quantitative information

The development of cash flows relating to the payment plan for annual periods is presented below.
The table below identifies the book value of the financial assets and liabilities.

Distribution by date of residual duration 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			13.810		-		13.810
Current financial receivables	27.453						27.453
	27.453	**-**	**13.810**	**-**	**-**	**-**	**41.263**
Liabilities							
Non-current bank loans			-				-
Current bank loans	-	-					-
Bonds	-	-	-	-			-
Other financial payables - related parties	900						900
Other current financial liabilities	12						12
	912	**-**	**-**	**-**	**-**	**-**	**912**
	26.540	**-**	**13.810**	**-**	**-**	**-**	**40.351**

The figures relating to the financial statements as at 31 December 2022 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			14.389	5.970	-		20.359
Current financial receivables	35.020	21.686					56.706
	35.020	**21.686**	**14.389**	**5.970**	**-**	**-**	**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**
	34.120	**6.251**	**14.389**	**5.970**	**-**	**-**	**60.730**

Additional information

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 the realtive Note 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 2023 - 31 December 2023, 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 carry forward the profit for the year of EUR 19.749.765; therefore, the item *Profits/(losses) of previous years* will amount to EUR 44.914.842.

Milan, 24 April 2024

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 2023.

It is also certified that the separate financial statements for the year ended as at 31 December 2023:

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 Directors' 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, 24 April 2024

Director in charge of the risk management and internal control system

Anna Francesca Cremascoli

Manager in charge of financial reporting

Pietro Santicoli

Report of the Board of Statutory Auditors pursuant to art. 153 of Italian Legislative Decree no. 58/1998 and art. 2429 of the Italian Civil Code

Independent Auditors' Report