



ITALMOBILIARE
INVESTMENT HOLDING

Annual
Report

Sustainability
Report

2022

Annual Report

Sustainability Report

CONSOLIDATED
NON-FINANCIAL STATEMENT

IN ACCORDANCE WITH THE LEGISLATIVE
DECREE NO. 254/2016

2022 Annual Report

reviewed by the Board of Directors on March 8, 2023

ITALMOBILIARE

Società per Azioni

Registered Office: Via Borgonuovo, 20 - 20121 Milan - Italy

Fully paid-up Share Capital € 100,166,937

Milan Companies Register

Translation from the Italian original version which remains the definitive one.

This document is not drawn up in accordance with the provisions of the Delegated Regulation (EU) 2019/815 of the European Commission on regulatory technical standards relating to the specification of the Single Electronic Format (ESEF).

Annual Report

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Sustainability Report

ITALMOBILIARE GROUP

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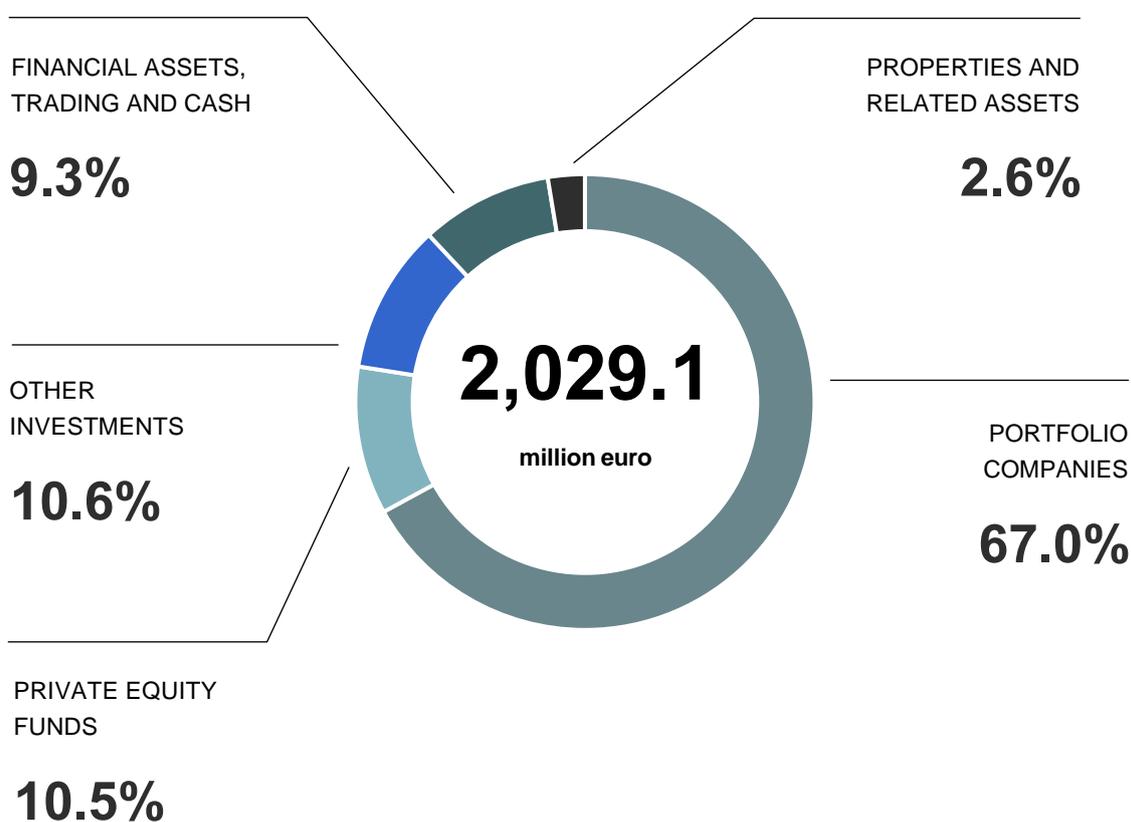
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Net Asset Value at December 31, 2022

Changes in the portfolio composition

SIDI Sport	IN
Bene Assicurazioni	IN
Impresoft Group	IN



NAV PER SHARE

48.0€

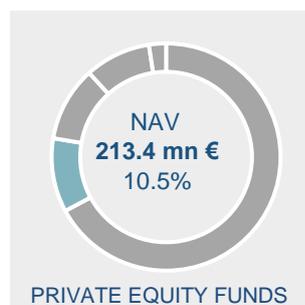
(million euro)

Portfolio Companies	1,359.1
Private Equity Funds	213.4
Investments	215.6
Financial assets, trading and cash	188.4
Properties and related assets	52.7
Total NAV at December 31, 2022	2,029.1

Portfolio composition at December 31, 2022



Portfolio of strategic investments, with representatives on the associate's governance bodies, which leverage on Italmobiliare's experience in managing national and international business operations. The portfolio has a mid-long term investment horizon with a focus on sustainable value creation.



Investments in Private Equity Funds and Alternative Investments aim at taking up opportunities in geographical areas or business sectors where Italmobiliare is not directly involved and at fostering potential business development in diversified sectors.



Portfolio of investments in diversified sectors focused on listed or not listed companies offering interesting growth prospects or steady investments returns.



188.4 mn €
9.3% FINANCIAL ASSETS, TRADING AND CASH

52.7 mn €
2.6% PROPERTIES AND RELATED ASSETS

Liquidity under management and financial assets, represented by limited-value investments, constitute a reserve of cash and cash equivalents allocated to instruments with a conservative risk profile available to Italmobiliare in order to seize new investment opportunities.

Our History



Italmobiliare Investment Holding S.p.A. is one of the leading Italian investment holding companies. Controlled by Efiparind (Pesenti family), it is a company that owns and manages a diversified portfolio of equity and other investments with a strategic vision based on a financial and industrial history that goes back more than 150 years.

Italmobiliare was founded in 1946 by Carlo Pesenti (1907-1984) as a vehicle to hold investments other than those in Italcementi. In the post-war period, there emerged an ability to take up as protagonists the major challenges and opportunities opened up by a scenario of recovery and reconstruction, resulting in Italmobiliare's first significant investments.

In 1979 Italmobiliare became the holding company for the entire Group when it acquired a majority of the ordinary shares in Italcementi. In 1980 Italmobiliare was admitted for trading on

the Italian Stock Exchange. Under the leadership of Giampiero Pesenti (1931-2019) a period spent focusing on the cement industry then followed, addressing the challenges imposed by globalisation and the need for sustainability in this sector.

Since 2016, following the sale of Italcementi to HeidelbergCement, **Italmobiliare has redesigned itself as a modern investment holding company** aiming at the creation of shared long-term value. Today, Italmobiliare prioritises investments in companies with high growth potential, for the business and the reference market, and a strong attitude to innovation and sustainability, working with them as a **strategic partner**. It plays an active and continuous role in the process of portfolio growth and enhancement by combining development, internationalisation and innovation with an effective governance and risk management model, and **full ESG integration at all stages of investing**. Vision, Mission and Values express the identity of Italmobiliare. The Code of Ethics lays down the set of fundamental principles and rules of conduct, together with the guidelines provided by the Sustainability Policies.

Milestones of a Success Story

1946 THE FOUNDATION

Italcementi, founded in 1864, transferred to the new company **Italmobiliare** all of its investments that were not to do with the building materials sector.



Italcementi SpA

1950s - 60s

Diversification of investments into insurance (RAS), banking (Finter Bank, Banca Provinciale Lombarda, Credito Commerciale and 8 banking institutions that later became Istituto Bancario Italiano) and public transport (SAB Autoservizi).

Purchase of a stake in Franco Tosi, an industrial company in the electromechanical sector.

Franco Tosi

1970s - 80s

It acquired a minority interest in Bastogi, which joined the one held in Falck.

In 1979, Italmobiliare became the holding company for the entire Group when it acquired a majority of the ordinary shares in Italcementi.

In 1980, Italmobiliare was admitted for trading on the Italian Stock Exchange.

The investments in RAS and Banca Provinciale Lombarda were sold and a minority shareholding was acquired in Poligrafici Editoriale.



Italian Stock Exchange Archive, Palazzo Mezzanotte, Sala delle Grida

1990s

Italcementi went international and rose to be a world leader in the construction materials sector through the acquisition of Ciments Français, the largest international acquisition carried out by an Italian group up to that point.

Franco Tosi sold its industrial activity to the ABB Group, reinvesting the proceeds in the food packaging sector (Sirap) and in the water and gas sector (Crea). It was then merged with Italmobiliare after the favourable outcome of a takeover bid.

Entry into the capital of Credito Italiano.



2000 - 2015

Portfolio diversification into RCS and Mediobanca.

Sale of SAB Autoservizi and of the shareholding in Poligrafici Editoriale.

In 2014, Italmobiliare participated pro-quota in the recapitalisation and simplification of the Italcementi Group, maintaining a controlling interest of 45%.

In September 2015, Finter Bank was sold to the Swiss group Vontobel, acquiring a minority interest in it.



Vontobel

2016

After acquiring direct control of Italgas and BravoSolution, the equity investment in Italcementi was sold to HeidelbergCement, acquiring a minority interest in it.

Conversion of the Italmobiliare savings shares.

Clessidra SGR, the main Italian private equity operator, was bought and Italmobiliare became anchor investor of the CCP3 fund.



2017

Purchase of a 40% interest in Tecnica Group, leader in outdoor footwear and ski equipment with historical brands such as Tecnica, Nordica, Moon Boot, LOWA, Blizzard and Rollerblade.

Entry into the Jaggaer group, operating in the eProcurement sector, by contributing BravoSolution.



2018

Purchase of a 60% stake in Caffè Borbone, one of the leading Italian coffee producers in the compatible pods and capsules sector.

Purchase of a 39% shareholding in Iseo Serrature, leader in the production and design of locking and access control systems.

Private equity investments increased, including the BDT Capital Partners funds.



2019

Purchase of a 30% shareholding in AGN Energia, a national leader in the distribution of LPG gas for domestic, commercial and industrial use.

Purchase of an 80% shareholding in Capitelli, active in the production and marketing of cooked ham and other high-quality products.

Italmobiliare joins in the STAR segment of the Italian Stock Exchange in September.

The investment in Jaggaer was sold to Cinven.



2020

Purchase of an 80% interest in Officina Profumo-Farmaceutica di Santa Maria Novella, a historic manufacturer of high-end perfumes and cosmetics.

Purchase of a 92.5% interest in Casa della Salute, a network of specialist outpatient clinics.

Purchase of a 60% stake in Callmewine, an eCommerce platform for the sale of wines.

The Italmobiliare Group joined the United Nations Global Compact Network, the largest strategic corporate citizenship initiative in the world.



2021

Exit from the food plastic packaging sector by disposing Sirap Group's assets.

Co-investor with Clessidra SGR in the Botter wine group (now Argea Group).

Investment in Farmagorà, chain of pharmacies closely linked to the local area.

Anchor investor of the Clessidra Capital Partners 4 fund.

Purchase of the remaining 20% of the capital of Officina Profumo-Farmaceutica di Santa Maria Novella.

ARGEA



2022

Purchase of a 19.99% interest in Bene Assicurazioni, an innovative technology company in the Italian non-life insurance market.

Purchase of 100% of SIDI Sport, an iconic Italian brand specialising in the production and sale of cycling and motorcycling footwear.



Key Consolidated Figures

(in millions of euro)	2022	2021	Change %
Revenue and income	483.6	492.3	(1.8)
Gross operating profit (EBITDA)	54.9	170.5	(67.8)
<i>% of revenue</i>	11.4	34.6	
Amortization and depreciation	(32.3)	(25.0)	29.2
Impairment losses on non-current assets	0.1	(0.3)	n.s.
Operating profit (EBIT)	22.7	145.2	(84.4)
<i>% of revenue</i>	4.7	29.5	
Net finance income (costs)	(2.9)	(1.9)	52.6
Impairment losses on financial assets	0.0	0.0	0.0
Share of profit/(loss) of equity-accounted associates	24.7	29.6	(16.6)
Profit/(loss) before tax	44.5	172.9	(74.3)
<i>% of revenue</i>	9.2	35.1	
Income tax	(8.0)	(48.8)	(83.6)
Profit/(loss) for the year relating to continuing operations	36.5	124.1	(70.6)
Profit relating to assets classified as held for sale	(0.1)	40.4	n.s.
Profit/(loss) for the year	36.4	164.5	(77.9)
<i>attributable to:</i>			
- Owners of the parent company	21.1	139.7	(84.9)
- Non-controlling interests	15.3	24.8	(38.3)
Cash flows from operating activities	(78.1)	72.0	n.s.
Cash flows from investing activities	278.9	197.8	41.0

n.s. not significant

(in millions of euro)	December 31, 2022	December 31, 2021
Total equity	1,610.1	1,637.9
Equity attributable to owners of the parent company	1,426.8	1,459.6
Net financial position	(15.6)	354.0
Employees (headcount) at the end of the year	1,305.0	848.0

Sustainability as an integrated growth lever

By joining the United Nations Global Compact, the Italmobiliare Group confirms its commitment – both formal and substantial – to promote a healthy, inclusive and sustainable global economy, respectful of human and labour rights, capable of protecting the environment and actively involved in every aspect of business integrity.

Italmobiliare shares, supports and applies the fundamental Ten Principles of the Global Compact in its sphere of influence and actively contributes to the achievement of the United Nations' Sustainable Development Goals.

The creation of shared value is directly or indirectly correlated with all of the SDGs. Governance and responsible investment management are essential levers for the effectiveness of action on all SDGs. The sustainable strategy of the Italmobiliare Group mainly targets the following six objectives.

		Target 2025	2018	2019	2020	2021	2022
	Objective: GENDER EQUALITY						
	Supported by adherence to the Women Empowerment Principles, the goal is to create conditions of inclusiveness and social culture that nurture a pathway aimed at achieving gender equality, starting from management positions.						
Women in managerial positions	%	> 40%	15%	19%	22%	33%	31%
Gender pay gap unadjusted	%	positive trend	--	--	--	--	-44%
	Objective: DECENT WORK						
	Every accident at work is unacceptable, therefore the only acceptable goal is Zero Accidents. Only the creation of a culture of safety, well beyond the legal obligations, allows to record progresses.						
Injury frequency rate (> 24h)	# / million worked hours	0	8.9	6.0	4.8	6.8	4.0
Hours of training	hours / person	> 40	7.4	5.0	5.0	28.9	33.0
	Objective: RESPONSIBLE PRODUCTION						
	Renewable or recycled materials out of the total materials used support the transition to a regenerative economy.						
Responsible resources: raw materials	%	> 80%		30%	46%	90%	90%
Responsible resources: packaging	%	> 60%		58%	64%	59%	54%
	Objective: NET-ZERO						
	The Group is committed to setting short- and long-term emission reduction targets in line with the science-based net-zero scenario according to SBTi.						
Carbon intensity: scope 1		0	23	19	17	15	13
Carbon intensity: scope 2	t CO ₂ / million Euros revenues	0	84	69	62	8	0
Carbon intensity: scope 3 subsidiary companies		to be defined according to SBTi	--	--	593	437	506
Carbon intensity: scope 3 affiliate companies and other investments			--	--	2329	2127	2567
	Objective: BUSINESS INTEGRITY						
	Organization and Control Model 231. For new investments, adoption is expected no later than the second year of active management.						
Companies with formalized instruments to combat offenses	%	100%	80%	100%	83%	88%	100%
	Objective: SUSTAINABLE PARTNERSHIP						
	Code of Ethics explicitly oriented toward sustainability; Evolved Sustainability Policies; Supplier Charter with ESG pre-qualification. For all new investments, implementation is planned within the first year of active management.						
Companies with Code of Ethics		100%	60%	60%	67%	100%	100%
Companies with Sustainability Policies	%	100%	10%	40%	33%	100%	100%
Companies with Supplier Charter		100%	--	--	--	--	81%

PORTFOLIO COMPANIES

Partnership with companies to create values

The core of the investment portfolio consists of companies in which Italmobiliare holds majority or significant-minority stakes. Portfolio Companies are characterised by high growth potential for the business and the reference market and by a strong aptitude for innovation and sustainability, in which Italmobiliare invests and which it supports as a strategic partner.

Italmobiliare Investment Holding plays an active and continuous role in the process of Portfolio Companies growth and enhancement by combining development, internationalisation and innovation with an effective governance and risk management model, and full ESG integration at all stages of investing.

PERFORMANCE OF THE MAIN GROUP COMPANIES

(in millions of euro)	Revenue			EBITDA		
	2022	2021	Change %	2022	2021	Change %
Italmobiliare	137.0	110.8	23.6	70.3	76.2	(7.7)
Portfolio Companies						
Caffè Borbone	262.7	252.9	3.9	65.8	83.1	(20.8)
Officina Profumo-Farmaceutica di Santa Maria Novella	46.6	30.0	55.4	11.3	8.2	37.6
Italgen	50.0	45.3	10.3	9.8	23.0	(57.4)
Casa della Salute	32.5	25.8	25.9	4.8	2.5	94.7
Capitelli	19.2	17.5	9.6	2.8	3.9	(29.1)
Callmewine	16.2	17.2	(5.8)	(1.6)	(0.8)	n.s.
SIDI Sport	33.2	38.0	(12.6)	3.7	7.4	(49.8)
Tecnica Group	561.0	463.8	21.0	94.5	82.9	14.0
AGN Energia	704.5	571.5	23.3	50.4	56.2	(10.3)
ISEO	163.3	152.5	7.1	20.5	22.4	(8.5)
Bene Assicurazioni	170.7	136.3	25.2	n.a.	n.a.	n.a.
Total Industrial Portfolio Companies	2,059.8	1,750.8	17.7	261.9	288.8	(9.3)
Clessidra Group	30.6	19.4	57.7	6.3	1.5	>100%
Total Portfolio Companies	2,090.4	1,770.2	18.1	268.3	290.2	(7.6)

n.s. not significant

n.a. not available

PORTFOLIO COMPANIES

Caffè Borbone

Founded in 1997 on the age-old tradition of Neapolitan coffee, Caffè Borbone is now one of Italy's main producers of coffee in compostable pods and compatible capsules, with a strong commercial network throughout the country and sales volumes that are growing constantly. The catalogue also includes traditional ground coffee for moka coffee pots and coffee in beans.

For the company, the link with its origins is an element of considerable importance: Naples is the city where the brand was born and where espresso is history. A unique and lively place, which Caffè Borbone also supports by marrying cultural projects and initiatives, especially linked to youngsters, such as the playful-didactic paths organised at the Città della Scienza to promote the "good practices" of recycling and reusing raw materials. Also dedicated to small children is the "Caffè del Birbantello" project, which aims to offer them an educational and creative opportunity that educates and enhances their attitudes. Caffè Borbone also participates in the Neapolitan Coffee Academy project for the training of operators in the sector, aimed above all at young people.

Adding sustainable value to a recognised quality product is a clear line of strategy for Caffè Borbone: excellent coffee, produced with a sense of global responsibility and able to promote Italian social, cultural and artistic values. For this reason, Caffè Borbone supports Italian cultural heritage through important partnerships, such as the one with the La Scala Theatre in Milan, the San Carlo Theatre in Naples, the Theatre of the Maggio Musicale Fiorentino.

SEGMENT

Food

YEAR OF INVESTMENT

2018

STRATEGY AND SUSTAINABILITY

Sustainability inspires Caffè Borbone's strategy: a virtuous approach, which concerns the entire value chain, from the procurement of raw materials to the products' end of life.

Quality raw materials responsibly selected on the supply chain, modern and innovative processing methods and special attention to the recyclability of the packaging combine to offer consumers the best of the Neapolitan coffee tradition through the passion of Caffè Borbone: a quality recognised time after time by the experts of the International Taste Institute and by consumers in the Quality Award.

Attention to the environment is a main theme for Caffè Borbone. It was the first Italian company to offer eco-conscious consumers the compostable pod, which when disposed of together with organic waste can be used for the production of compost, suitable for enriching the soil with vital elements. Today it is also the first to produce a wrapping that is recyclable as waste paper: a 100% nature-friendly pod, in order to offer the consumer an increasingly sustainable coffee break. The company is also offering consumers its compostable biopolymer capsule that can be disposed of as organic waste. It has a filter paper top, which allows natural extraction of the coffee.

60%
INTEREST

CAFFÈ
BORBONE
magica emozione

REVENUE
262.7 mn €
(252.9 mn € in 2021)

EBITDA
65.8 mn €
(83.1 mn € in 2021)

279
PEOPLE



**SILVER MEDAL
ECOVADIS**

82%
renewable raw materials

42%
recycled material
in packaging

PORTFOLIO COMPANIES

Officina Profumo-Farmaceutica di Santa Maria Novella

95%
INTEREST



REVENUE
46.6 mn €
(30.0 mn € in 2021)

EBITDA
11.3 mn €
(8.2 mn € in 2021)

187
PEOPLE

81%
renewable
ingredients

70%
recycled material
in packaging

100%
renewable
electricity

Officina Profumo-Farmaceutica di Santa Maria Novella: an unicum in the panorama of cosmetics and fragrances. It is considered the oldest historical pharmacy in Europe, and in 2021 it celebrated 800 years of uninterrupted activity in the same place.

In 1221, Dominican friars arrived in Florence and set up home in the convent of Santa Maria Novella. From that moment the history of the Officina began: an unrepeatable story, closely linked to its city of foundation, but which has always fascinated a cosmopolitan public.

The Officina Profumo-Farmaceutica di Santa Maria Novella, with its bewitching centuries-old heritage, is still today testimony to the culture of herbalists and apothecaries, whose knowledge is based on the principle that beauty and care reside in nature. Here's how to interpret the charm of an institution, which has gone through centuries of reigns, political events and changes, while remaining a cornerstone of the urban and social fabric of a city of global cultural significance, such as Florence, respecting nature, grace, uniqueness and tradition. An ancient savoir faire which, by virtue of its roots that are so "essential", is still contemporary today.

SEGMENT

Cosmetics

YEAR OF INVESTMENT

2020

STRATEGY AND SUSTAINABILITY

From the study of herbs, plants and their active ingredients, which has always been the main feature of the Officina's activity, and from highly selected raw materials, products are created based on historical formulations, but which respond to the new needs of consumers all over the world.

Ever since its foundation, Santa Maria Novella has been – and continues to be – a laboratory of scientific, technological, cultural and iconographic research and innovation. The sense of connection with nature that originates in the friars' botanical garden today gains new momentum in a responsible approach to global challenges, inspired by the beauty and well-being of each individual, of society as a whole and of the entire planet.

Creativity, innovation and continuous research supported by over a hundred years of know-how, experience and competence of the people and the analysis laboratories offer customers throughout the world a new experience every time, together with the most advanced ethical, environmental, hygiene and safety standards.

With over 300 of its own stores and corners present in various countries around the world, as well as digital channels, 61% of sales are made in the EMEA area, 18% in the USA and the other 21% in Asia, particularly South Korea and Japan.

PORTFOLIO COMPANIES

Italgen

Italgen is based in Villa di Serio (BG) and has been operating in Italy since 2001 as a producer and distributor of electricity from 100% renewable sources. The company currently manages 28 hydroelectric derivation concessions (including 5 large derivations) located in Lombardy, Piedmont and Veneto, and 3 photovoltaic parks in Lombardy and Puglia, with a total installed power of approximately 74 MW; it also owns a SEESEU-D configured transmission network with 300 km of power lines between the provinces of Bergamo and Brescia. Italgen is also a minority partner of an important Italian group in the management of wind farms installed in Bulgaria, in the region of Kavarnia, for a total of 18 MW.

The energy produced annually (in the order of 325 GWh) corresponds to the needs of approximately 120,000 typical families made up of 3 people and is sold partly under PPA - Power Purchase Agreement type contracts to a selected group of customers operating in Italy and, for the remainder, to wholesalers and on the National Electricity Exchange.

As part of its business development plan, Italgen has embarked on an important growth path through external lines since 2020, acquiring three equity investments in the hydroelectric sector (Idroenergy, Idrodezzo and Rovale, the last in a JV with Verdenergia Srl) and developing internally new projects in the photovoltaic field, both on roofs in Lombardy, Piedmont and Marche and on land in Puglia. Other projects are already under development, again in Italy, in the photovoltaic and wind fields which are reckoned to further increase installed capacity by another 40 MW, reaching the threshold of around 120 MW by 2025.

SEGMENT

Renewables

YEAR OF INVESTMENT

2016

STRATEGY AND SUSTAINABILITY

Italgen fully recognises the key role of renewable energies in the transition to a low-carbon economy and the promotion of responsible lifestyles.

Water is its main source of energy. Italgen protects it by releasing an ecological level of water as run-off from its plants, conserving the watersheds and protecting biodiversity by building ladders for fish and other living organisms. Moreover, thanks to the installation of self-cleaning screens at its plants, the company is able to filter debris and shrubs from waterways, returning a cleaner resource to the ecosystem.

Since 2019, a centralised supervision and remote control system for plants and intakes allows timely detection of any anomalies and immediate intervention on a remote basis. An innovative integrated system to protect the management of water resources.

A sense of responsibility towards the environment can also be found in the projects being developed in the photovoltaic sector; these mainly envisage the construction of plants on roofs or on land in the "Solar Belt" with low soil consumption.

100%
INTEREST



REVENUE
50.0 mn €
(45.3 mn € in 2021)

EBITDA
9.8 mn €
(23.0 mn € in 2021)

65
PEOPLE

100%
green energy
production

+12 h/pp
training

Zero
injuries

PORTFOLIO COMPANIES

Casa della Salute

84.67%
INTEREST



Casa della Salute is a network of specialist diagnostic, dental, physiokinesitherapy clinics, currently with a presence in Genoa (6 locations), Busalla (Ge), Sant'Olcese (Ge), Rapallo (Ge), Chiavari (Ge), La Spezia, Albenga (Sv), Savona, Alessandria and Sandigliano (Bi). Its aim has always been to help protect the right to health and to ensure that people had rapid access to high-quality healthcare.

The Clinic was born in 2014 as the first private centre for diagnostics and sports medicine, growing rapidly thanks to its high-quality healthcare service based on the optimisation of internal processes, the use of state-of-the-art technology and highly qualified medical staff.

At Casa della Salute, it is possible to obtain the following types of services: diagnostic imaging, laboratory analyses, specialist visits, sports medicine, aesthetic medicine, dentistry, physiotherapy and functional rehabilitation.

REVENUE
32.5 mn €
(25.8 mn € in 2021)

EBITDA
4.8 mn €
(2.5 mn € in 2021)

295
PEOPLE

Zero
fossil fuels

64 h/pp
training per year

33%
women in managerial
roles

SEGMENT

Healthcare

YEAR OF INVESTMENT

2020

STRATEGY AND SUSTAINABILITY

Casa della Salute is a network of outpatient clinics with the mission of providing a wide range of healthcare services, such as diagnostic imaging or physiotherapy, at affordable prices and with short waiting lists.

The company's growth is based on an innovative business model that uses advanced IT systems and cutting-edge equipment, which make for high operational efficiency, prices close to the NHS prescription charge, optimisation of internal processes and a reduction in the environmental footprint.

Attention to people's well-being is also achieved through a profound sense of social responsibility, including health services for certain categories of patients that are either free or at beneficial prices.

Since 2019, the company has doubled its business perimeter with the opening of new centres, thereby consolidating its presence in Liguria and entering Piedmont. 2022 saw the inauguration, among others, of the San Benigno facility in Genoa. It is a hub of over 3,000 m² equipped with a specialist outpatient clinic, a surgery block, an analysis laboratory and an advanced eye centre. More new centres are expected to be opened in 2023.

PORTFOLIO COMPANIES

Capitelli

Capitelli, founded in 1976 in Borgonovo Val Tidone (Piacenza), operates in the production and sale of cooked and smoked cured meat characterised by a careful choice of meats of selected origin, and an original craft manufacturing process, which make them refined and niche products positioned among the Italian food excellences.

The company's flagship product is the San Giovanni cooked ham, created by Capitelli in 1994 and today unanimously recognised as a precursor of so-called "hams cooked out of the mould". San Giovanni is the only cooked ham to obtain the maximum "5 SPILLI" award in the 2019, 2020, 2021 and 2022 editions of the Espresso Guide SALUMI D'ITALIA, which awarded it "Best Cooked Ham in Italy 2023".

The main sales channels are supermarkets, Ho.Re.Ca. and traditional retailers. The growth of Capitelli in recent years has been reinforced by consumer trends towards high-quality craft food products.

SEGMENT

Food

YEAR OF INVESTMENT

2019

STRATEGY AND SUSTAINABILITY

The cooked ham segment in Italy, currently split among various producers, represents about one third of the entire cured meat sector, in terms of both value and volume. Market fragmentation and growing attention on the part of Italian and international consumers to high-quality craft food products put Capitelli in prime position to seize new development opportunities, as demonstrated by its recent growth performance.

The challenge won by Angelo Capitelli has been to repeat in the industrial process the craft processing of ham, fully respecting tradition: this has involved research and experimentation to rediscover an ancient processing method and offer a cooked ham of times gone by.

Raw material from selected Italian farms that are part of the "Capitelli" supply chain in respect of animal well-being, selected directly on the slaughtering lines; brine made by an infusion of herbs and spices, as was done in the past, so as not to alter the fibre of the meat. The haunch is then slowly massaged before being cooked for 24 hours. Recovering the true flavours and values of the age-old Italian tradition of excellence.

80%
INTEREST



REVENUE
19.2 mn €
(17.5 mn € in 2021)

EBITDA
2.8 mn €
(3.9 mn € in 2021)

45
PEOPLE

Zero
CO₂ emissions Scope 2
since 2022

69%
recycled material
in packaging

100%
employees included in
evolved welfare plans

PORTFOLIO COMPANIES

Callmewine

80%
INTEREST

Callmewine

REVENUE
16.2 mn €
(17.2 mn € in 2021)

EBITDA
-1.6 mn €
(-0.8 mn € in 2021)

21
PEOPLE

Zero
CO₂ emissions
in 2023-2024

Zero
injuries

30 h/pp
training per year

Callmewine, established by Paolo Zanetti in 2010, is an e-commerce platform that specialises in the sale of wine, where it ranks as one of the market leaders in Italy.

It boasts an extensive catalogue of wines with about 11,000 labels on offer, ranging from the big names on the world wine scene to small producers, from the best-known spirits to more niche brands; a vast and heterogeneous selection that aims to have “wine for everyone”, but managing to guide users in a conscious choice without disorienting them, just like a real “personal sommelier”.

The website offers rich and fascinating contents, written by a team of young sommeliers and food and wine enthusiasts; the technical data sheets of the products are precise but informal in tone, especially as regards artisan wines, for which storytelling about the cellars relates the more human side of the producer.

Social media aim to keep followers and customers updated any time there is something new: new entries in the catalogue, wineries and labels, new vintages, new product categories.

SEGMENT

eCommerce wines and spirits

YEAR OF INVESTMENT

2020

STRATEGY AND SUSTAINABILITY

By developing the concept of the “personal online sommelier”, Callmewine has managed to reach a growing public that uses an online platform not only to buy goods at competitive prices, but also to find advice in selecting the most suitable wines, whether for special occasions or for daily consumption.

Callmewine also features a selection of more than 2,700 certified craft, organic and biodynamic wines, with a particular interest in macerated wines, orange wines and those produced in amphora. The craft wines, represented online by a green leaf, are produced by small independent artisans who work their own vineyards according to principles of agriculture that are as natural as possible, completely excluding the use of synthetic pesticides, herbicides or insecticides.

This same approach includes support for small wineries, offering their wines on the market at fair prices, creating and maintaining solid relationships with niche or little-known producers, all realities that find in Callmewine a commercial partner and an incomparable virtual showcase.

Wine is environment. Callmewine protects it even with attention to the smallest operating details, such as the use of packaging entirely in cardboard, 100% recyclable, and without the use of polystyrene or other plastics.

PORTFOLIO COMPANIES

SIDI Sport

SIDI Sport specialises in the production and sale of cycling and motorcycling footwear. Its products, which are used by the top professional and amateur athletes all over the world, are synonymous with excellence, quality, tradition, craftsmanship and design.

SIDI has a history that goes all the way from 1960 to the present day. 60 years of clever ideas that have revolutionised the world of cycling and motorcycling footwear. 60 years of legendary victories in both of these sports. 60 years of inspiration to go on growing and achieving new goals.

From a small artisan workshop for the manufacture of mountain sports footwear, the company specialised during the '70s in the production of motorcycle boots and cycling shoes.

Thanks to the passion, professionalism and innovative intuitions of the founder Dino Signori, SIDI has over time become one of the leading companies in its sector. Tradition and innovation, performance and design are the elements that make SIDI sports shoes special even today, as they have always been.

SEGMENT

Sport system

YEAR OF INVESTMENT

2022

STRATEGY AND SUSTAINABILITY

Tradition, values and commitment make SIDI a company in continuous expansion with a presence all over the world. SIDI is the footwear chosen by thousands of people to make their two-wheeled dreams come true. Quality, respect and continuous development are some of the company's key values.

Always striving to achieve new goals is not easy, but now more than ever is the time to invest in sustainability, a new challenge to mitigate the company's environmental footprint and make more of a positive impact on society. For example, this is already happening, and will happen more in the future, thanks to the use of recyclable materials and renewable energy, attention to the supply chain, good employment practices, the promotion of responsible consumption and many other strategic initiatives.

Already today, production is designed and managed to reduce waste, lower emissions and eliminate the more aggressive chemicals from products. The glue is made of corn starch and the colours used are plant-based. Packaging has been renewed and is environmentally friendly: the packing is completely recyclable, as is the wrapping round shoes and boots and the instruction leaflets. SIDI is FSC certified and promotes responsible and controlled management of the forests used to produce paper.

100%
INTEREST



REVENUE
33.2 mn €
(38.0 mn € in 2021)

EBITDA
3.7 mn €
(7.4 mn € in 2021)

273
PEOPLE

100%
renewable energy at the
Italian production facilities

100%
new instruction leaflets
(FSC certified)

100%
recyclable
packaging

PORTFOLIO COMPANIES

Tecnica Group

40%
INTEREST



Tecnica Group is a leading manufacturer of outdoor footwear and ski equipment with a portfolio that includes some of the industry's longest standing brand names: Tecnica (ski boots and footwear), Nordica (skis and boots), Moon Boot® (footwear), LOWA (hiking and outdoor shoes), Blizzard (skis) and Rollerblade (inline skates).

Founded in 1960 by Giancarlo Zanatta, it has always been an extremely innovative company. It created the first double-injection plastic ski boot that would revolutionise the sector and invented products that have become design icons, such as the legendary Moon Boot®. Today, it is an international group with 10 subsidiaries and direct agencies and more than 40 distribution partners to serve a total of 80+ countries all over the world. 3,891 employees, including some 300 in Italy, mainly at the head office in Giavera del Montello (Treviso).

The Zanatta family, which still leads the group, decided to open up to external capital in 2017, which is when Italmobiliare joined the shareholder structure.

SEGMENT

Sport system

YEAR OF INVESTMENT

2017

STRATEGY AND SUSTAINABILITY

The Group's industrial strategy is focused on people – on the market, the point of reference is the consumer – aiming to offer extraordinary experiences through exceptional products and inspiring them to have an active outdoor life.

The measures that the Group has decided to take to strengthen the Blizzard, LOWA, Moon Boot, Nordica, Rollerblade and Tecnica brands focus on innovation to come up with highly differentiated products, new distribution channels and programmes to make production and logistics more efficient. In addition, investments to reduce energy consumption, the installation of photovoltaic systems, the updating of industrial lighting systems and the promotion of electric mobility reflect the Group's commitment in favour of the climate.

The Group already applies these and other targeted actions, whether they are optimal use of non-renewable resources, such as plastic materials, choosing suppliers whose products come from recycling or sustainable processes, studying and applying biodegradable packaging and reducing single-use packaging with multi-container cartons and shoe repair shops to lengthen their life cycle, as well as specific projects based on the circular economy. Durable products, a quality that leads to a lower environmental impact, made with quality raw materials, virgin or recycled, and with the competence and passion of those who work for Tecnica Group.

The concept of sustainability in Tecnica Group wants to extend beyond protection of the environment, with attention to human capital and profitability. The group's strategic plan is designed to make all of its actions organic in this sense, trying to make all stakeholders more sensitive and aware. In 2022 the Group, a signatory of the United Nations Global Compact, published its first sustainability report.

REVENUE
561.0 mn €
(463.8 mn € in 2021)

EBITDA
94.5 mn €
(82.9 mn € in 2021)

3,891
PEOPLE



PORTFOLIO COMPANIES

AGN ENERGIA

AGN ENERGIA, founded in 1958, is a market leader in the distribution of LPG for domestic, industrial, agricultural and automotive use. The company, which is controlled by Holding Industriale Quiris Sapa and participated by Italmobiliare, completed its rebranding from Autogas Nord to AGN ENERGIA in 2022. The rebranding reflects the evolution of the company's business model, which in recent years has extended activities to all energy sectors.

Currently, AGN ENERGIA supplies around 250,000 customers and is a modern energy company able to support its customers also in the supply of 100% green electricity, natural gas, non-polluting technical gases, producing energy from renewable sources such as solar photovoltaic and LNG.

The commitment to sustainability also involves energy saving and efficiency solutions, also for electric mobility.

SEGMENT

Energy

YEAR OF INVESTMENT

2019

STRATEGY AND SUSTAINABILITY

AGN ENERGIA publicly embraces and supports its Values, taking them as a guide for its day-to-day activities and transforming them into strategies, objectives and actions agreed with the shareholders, business partners and all of the stakeholders in their respective spheres of influence.

AGN ENERGIA recognises the sensitive aspects of the energy sector and shares the key role of multiutilities in the transition to a low-carbon economy and in promoting responsible lifestyles. For this reason, it has continued to strengthen internal initiatives to increase the skills of its people and further integrate sustainability into its business strategies.

AGN ENERGIA promotes sustainable development in the area, collaborating with various organisations, engaging in social, sporting, cultural and environmental initiatives through economic contributions and integrated activities with the various partners.

32.02%
INTEREST

AGN
ENERGIA

REVENUE
704.5 mn €
(571.5 mn € in 2021)

EBITDA
50.4 mn €
(56.2 mn € in 2021)

557
PEOPLE

+44%
training hours

43%
women in the BoD

300 k €
Invested in
Local Community Initiatives

PORTFOLIO COMPANIES

ISEO

39.24%
INTEREST



REVENUE
163.3 mn €
(152.5 mn € in 2021)

EBITDA
20.5 mn €
(22.4 mn € in 2021)

1,156
PEOPLE

ISO 50001
certified
energy management

ISO 45001
certified
safety management

ISO 14001
certified
environmental management

ISEO ULTIMATE ACCESS TECHNOLOGIES is an Italian multinational that is market leader in Europe in mechanical and electronic solutions for intelligent access management. Located in Pisogne (Brescia), the company has been working for more than 50 years to continuously advance the meaning of safety, interpreting the needs of families, companies, designers and installers with cutting-edge technology. ISEO operates through 14 companies, including 5 production sites in Italy, France, Germany, Spain, Romania, with an international distribution network, generating 75% of its business abroad.

The portfolio of products, systems and solutions includes mechanical locking systems and access management products and solutions that combine mechanics and electronics working with software and apps developed by ISEO and which can be operated by smartphone, fingerprint card and tag.

In 2022, ISEO completed work on its new Research and Development Hub in Pisogne, investing approximately 1.5 million euro. The goal is to respond in the best way possible to the needs of the access control market in Italy and around the world, strengthening the skills of a team made up of technicians and young engineers, being well aware that innovation comes about through the definition of clear product strategies and research carried out in specialised R&D centres.

ISEO also redesigned its production processes during 2022. The new organisational model aims to maximise efficiency and guarantee even higher standard of service at both national and international level.

SEGMENT

Mechatronics

YEAR OF INVESTMENT

2018

STRATEGY AND SUSTAINABILITY

ISEO's growth is based on constant investment in research and development, which has made it possible to introduce innovative access solutions based on mechatronic and digital technologies. Among these, there is Argo 3.0, the app that lets you open and manage accesses, even remotely, using your smartphone and the V364 system that allows you to manage accesses for numerous users inside buildings.

ISEO dedicates a great deal of attention to the protection of health and safety at work, as reflected in the certifications obtained since 2010, through preventive and voluntary training courses and through the definition of plans for improvement of risk management. Of these, the ones dedicated to the car pool, the handling of loads and the ergonomics of workplaces have been confirmed.

Improving environmental performance remains one of ISEO's ongoing goals. The interventions that were planned have been completed and others which concern the production process, with even more responsible technical choices, and the efficiency of electrical systems, have been commenced. The effectiveness of the management systems adopted is confirmed by the fact that the company has achieved and maintained environmental and energy certifications (ISO 14001 and ISO 50001).

PORTFOLIO COMPANIES

Bene Assicurazioni

Bene Assicurazioni is an insurance technology company founded in 2016, which specialises in the non-life retail market, with a focus on the motor and small business segments.

The company is characterised by a high level of automation and digitisation of all business processes, and by the flexibility of the application architecture. These features make it possible to develop a lean, efficient and scalable business model, with an innovative approach compared with the way that incumbents operate.

Bene Assicurazioni has set up an omnichannel distribution model that combines the agent network with direct online sales, both on its own website (bene.it) and through aggregators.

Italmobiliare is working alongside the founder and entrepreneur Andrea Sabia to support a story of growth, currently in full expansion, which at the end of 2022 saw the company exceed the threshold of 170 million euro in total turnover in just six years of operation.

SEGMENT

Insurtech
(Insurance and Technology)

YEAR OF INVESTMENT

2022

STRATEGY AND SUSTAINABILITY

Bene Assicurazioni operates on the insurance market with a technological approach based on continuous innovation. Innovating means facilitating access to insurance in a personalised way through new products that are rich in benefits and clear in their formulation. A tech company based on an integrated digital platform, an insurance licence, own funds and an innovative distribution model, which pursues a pure omnichannel approach through an “open” product architecture.

On 23 March 2022, an Extraordinary Shareholders' Meeting approved Bene's new By-Laws, which transformed the company into a Benefit Corporation, replicating what was done previously with the subsidiaries FIT and bSERVICE and consolidating the entire insurance group according to the standards of benefit corporations.

This milestone is a source of pride for the company, which enhances the creation of a widespread and shared culture based on the values and commitments that the company has decided to pursue, also in relation to the positive impacts it wants to generate versus all of its stakeholders, favouring a transformation towards a new way of doing business.

19.99%
INTEREST



REVENUE
170.7 mn €
(136.3 mn € in 2021)

49
PEOPLE

BENEFIT
CORPORATION
since 2022

Fondo
FarBENE
to support solidarity
initiatives in Africa

PORTFOLIO COMPANIES

Clessidra Group

100%
INTEREST



Clessidra was founded in 2003 as an asset management company operating in private equity, becoming one of the main operators on the Italian market in a very short period of time.

Clessidra has progressively expanded its business into other sectors with the aim of offering a wide range of products and services for institutional investors and for medium-sized Italian companies. Clessidra is now one of the main financial operators active in alternative investments (private equity and private credit) and in factoring, by means of three specialised companies, each with its own operating autonomy.

The parent company, Clessidra Holding S.p.A., carries out management and coordination activities for the companies of the group, providing support for Operations, Compliance and Anti-Money Laundering activities, as well as coordination of the group's control functions, without prejudice to the decision-making autonomy of the individual companies.

ASSETS UNDER
MANAGEMENT

3.6 bn €

TURNOVER
CLESSIDRA FACTORING

~460 mn €

INVESTMENTS
OF THE SGRs

46

FUNDS CURRENTLY
UNDER MANAGEMENT
BY THE SGRs

4

75%

ESG funds
among those under
management

100%

employees included
in training courses

Zero

CO₂ emissions Scope 2
since 2022

SEGMENT

Alternative Investments

YEAR OF INVESTMENT

2016

STRATEGY AND SUSTAINABILITY

Clessidra intends to contribute through the development of innovative asset management solutions to a renewed synergistic relationship between financial capital, small and medium-sized Italian companies, society and the environment. The aim is to support the productive drive, creative excellence and competitiveness of companies on national markets, while facing up to global challenges.

The Clessidra Group is inspired by and promotes values in its sphere of activity that are consistent with the most advanced international practices on the subject of corporate governance. These include the United Nations Global Compact, the largest strategic corporate responsibility initiative, to which the Italmobiliare Group adheres through a formal and substantial declaration of commitment.

The Clessidra Group confirms its support for the Ten Principles and intends to contribute to the Sustainable Development Goals, as well as to the broader goals of the United Nations. Furthermore, it adopts the principles and guidelines for responsible investments, in particular through the adherence of group companies to the UN Principles for Responsible Investment (UN-PRI): in 2010 Clessidra was one of the first Italian signatories and today it is registered as Clessidra Private Equity SGR and Clessidra Capital Credit SGR.

The Clessidra Group fully embraces a sustainable strategy through policies, management, operating methods and initiatives developed according to its own specific characteristics and those of the associate companies, helping to promote a healthy, inclusive and sustainable global economy, respectful of labour and human rights, safeguarding the environment and being actively involved in the integrity of every aspect of the business.

Corporate Bodies

BOARD OF DIRECTORS

(Term ends on approval of financial statements at December 31, 2022)

Laura Zanetti	1-7	Chairman	1	Member of the Committee for Sustainability and Social Responsibility
Livio Strazzerà	7	Deputy Chairman	2	Chief Executive Officer in charge of setting up and maintaining the Internal Control and Risk Management System
Carlo Pesenti	1-2	Chief Executive Officer - Chief Operating Officer	3	Member of the Remuneration and Nominations Committee
Vittorio Bertazzoni	1-3-6		4	Member of the Control and Risk Committee
Giorgio Bonomi	4		5	Member of the Committee for Transactions with Related Parties
Mirja Cartia d'Asero	1-4-5-6		6	Independent director (pursuant to the Corporate Governance Code and Legislative Decree no. 58 February 24, 1998)
Valentina Casella	3-6		7	Independent director (pursuant to Legislative Decree no. 58 February 24, 1998)
Marco Cipelletti	6			
Elsa Fornero	1-5-6			
Sebastiano Mazzoleni				
Luca Minoli				
Chiara Palmieri	3-4-5-6			

BOARD OF STATUTORY AUDITORS

(Term ends on approval of financial statements at December 31, 2022)

Standing Auditors

Pierluigi De Biasi	Chairman
Luciana Ravicini	
Gabriele Villa	

Alternate Auditors

Michele Casò
Maria Maddalena Gnudi
Tiziana Nesa

FINANCIAL REPORTING MANAGER

Mauro Torri

INDEPENDENT AUDITORS

(Term ends on approval of financial statements at December 31, 2027)

Deloitte & Touche S.p.A.

Professional profiles of the members of the Boards of Directors and Statutory Auditors

BOARD OF DIRECTORS

Laura Zanetti – Director since November 14, 2013 and Chairman since April 19, 2017

Graduated with honours from Bocconi University, where she is Associate Professor with tenure of Corporate Finance as well as Research Fellow of the Baffi-Carefin Research Centre and Academic Director of the Bachelor Degree in Economics and Finance.

Previously, she was Director of the Master of Science in Finance at Bocconi University, Visiting Scholar at both the MIT (Massachusetts Institute of Technology) and the LSE (London School of Economics and Political Science).

She is a Certified Public Accountant, Registered Auditor and Director of various leading companies.

She is a member of the Executive Committee of Assonime.

She is the author of many articles on corporate governance, corporate finance and company valuations.

Livio Strazzerà – Director since May 3, 2002 and Deputy Chairman since April 19, 2017

Degree in Economics & Commerce - Bocconi University, Milan.

Certified Public Accountant in Milan and registered auditor.

Tax consultant, Director and Statutory Auditor of various companies.

Carlo Pesenti – Director since June 17, 1999 and Chief Executive Officer since May 27, 2014

Degree in Mechanical Engineering - Milan Polytechnic.

Master in Economics & Management - Bocconi University, Milan.

Since 1999 he has been a member of the Board of Directors of Italmobiliare, an investment holding company listed on the Milan Stock Exchange. In 2001 he was appointed Chief Operating Officer and in May 2014 he became Chief Executive Officer. During his career he served for more than a decade, till 2016, as CEO of Italcementi.

Along with the positions held in the Italmobiliare Group, he has also been a member of the Boards of Directors of leading companies such as Unicredit S.p.A., RCS S.p.A. and Mediobanca S.p.A. for several terms of office.

He is currently Chairman of Clessidra Private Equity SGR, the leading Italy-focused private equity firm, a member of the Board of Directors of Tecnica Group and Caffè Borbone (Italmobiliare Group Portfolio Companies). He is also a Director of the San Patrignano Onlus Foundation.

Permanent member of the General Board of Confindustria of which he was Vice President (2014-2016). Member of the Advisory Board of Assolombarda.

He is a member of the Board of ISPI and Co-Chairman of the Italy-Thailand Business Forum.

He is Chairman of the Pesenti Foundation, which promotes interaction between profit and non-profit organisations for the diffusion of a culture of innovation to generate projects and activities in the social, environmental and cultural sectors.

Vittorio Bertazzoni – Director since April 19, 2017

Degree in Law from the University of Parma.

After graduation, he began his career at Arthur Andersen in audit, gaining international experience first in the USA, at the New York office, and later in Italy.

Subsequently, he worked with the Research Department of Mediobanca S.p.A.

He is currently Deputy Chairman and Chief Executive Officer of SMEG S.p.A., an Italian manufacturer of electrical household appliances.

He is also Deputy Chairman and Chief Executive Officer of ERFIN S.p.A.

Giorgio Bonomi – Director since May 3, 2002

Degree in Law from the University of Milan in 1979. During the same year he began his legal career, ended at the end of 2020.

He is also a Registered Auditor.

Mirja Cartia d’Asero – Director since April 19, 2017

Degree in Law from the University of Catania. She has been a member of the Italian bar association since 1996, and has a specialisation in real estate finance.

From 1996 to 2005, she worked in banking and finance law at Clifford Chance (Rome-London) and Allen & Overy (Milan). From 2005 to 2017 she was with Lehman Brothers (London-Milan) holding various positions in the Global Real Estate Group and - since 2008 - in Administration. Since 2014 she has been Founder member and Chief Executive Officer of Restar, a non-performing loans platform for the US Varde Fund, which was sold and merged with Guber Banca, in which she served as Head of Real Estate until April 2022.

She is Chief Executive Officer of Il Sole 24 Ore S.p.A. since April 27, 2022.

She is a Director of Zurich Investments Life S.p.A. and Tecma Solutions S.p.A.

Valentina Casella – Director since July 29, 2021

She holds a degree in Law from the University of Milan, and is specialised in corporate law and business administration, with a Master of Laws from Columbia University and an M.B.A. from INSEAD.

She is a member of the Italian Bar Association since 2006 and of the New York State Bar Association since 2008.

From 2007 to 2012 she was an associate at Simpson Thacher & Bartlett LLP in New York.

She is a partner at Casella e Associati in Milan since 2014.

She is a Director of Banco di Desio e della Brianza S.p.A. and of Arnoldo Mondadori Editore S.p.A.

Marco Cipelletti – Director since January 27, 2021

Degree in Business Economics and Corporate Finance from Bocconi University.

Thirty years of work experience, including more than twenty years in the financial sector (investment analysis and fund management) at Amber Capital, Milan, UBS Investment Bank, Milan, ABN Amro Bank, NV, Milan, Credit Lyonnais Securities, London, San Paolo Bank – Istituto Bancario San Paolo di Torino, London, Actinvest Group Ltd, London, and the last eleven years in the real estate sector.

Since May 2011, CEO of Galtruccio S.p.A., a real estate company based in Milan, and of two other minor real estate companies linked to it.

Elsa Fornero – Director since July 27, 2017

Full Professor of Political Economics at the University of Turin and a member of the Accademia Europea; Scientific Coordinator of the Centre for Research on Pensions and Welfare Policies (CeRP); Vice President of SHARE-ERIC (Survey of Health, Ageing and Retirement in Europe); Honorary Senior Fellow at the Carlo Alberto College, Research Fellow at Netspar - Network for Studies on Pensions, Aging and Retirement and Policy Fellow at the IZA - Institute of Labor Economics in Bonn.

She is also a member of the Research Committee of the International Network on Financial Education (INFE) of the OECD and of the Scientific Committee of GFLEC (Global Financial Literacy Excellence Center, Washington DC) and columnist for La Stampa.

She is a Director of Buzzi Unicem S.p.A.

From November 16, 2011 to April 28, 2013 she was Minister of Employment and Social Policies, with responsibility for Equal Opportunities, in the government formed by Mario Monti. As Minister, she introduced reforms in pensions and the jobs market (approved by Parliament at the end of 2011 and in mid-2012 respectively).

She has published articles on public and private pensions systems, pensions reform and the jobs market, the ageing population, household savings, pension and life insurance decisions.

She is also very involved in the field of economic and financial education in the dual role of disseminator and researcher.

Sebastiano Mazzoleni – Director since May 25, 2011

Degree in Geology - Milan State University.

Master in Business Administration - Bocconi Business School, Milan.

He began his professional career in 1996 with CTG S.p.A. as the person in charge of assessing raw materials for cement production, coordinating work groups in Italy, France, Spain and Thailand.

In 2000, he moved to the Italcementi S.p.A. Marketing Division, with joint responsibility for drawing up new product marketing plans and benchmark analyses for development of competitive positioning models.

In 2003, he was involved in the creation of the new Group division "New Product Marketing", and was head of innovation for USA, Greece, Bulgaria, Turkey, Egypt, Thailand, Kazakhstan and India until 2009. Group manager in charge of the new project for the enhancement of recoverable resources.

Since 2010 he has been involved in non-profit, social entrepreneurship and consultancy on innovation.

Luca Minoli – Director since May 3, 2002

Degree in Law, magna cum laude, 1985 - Milan State University.

Registered member of the Order of Lawyers of Milan since 1988.

Registered member of the Special Order of Cassation Lawyers and Higher Jurisdictions since 2006. Associate of the Hughes Hubbard & Reed law firm in New York from 1986 to 1987. First associate, then partner of the Ardito law firm from 1991.

Partner of the Dewey & LeBoeuf law firm from 2004 to 2012.

He has been Founder member of the Gattai, Minoli, Partners law firm since 2013.

Chiara Palmieri – Director since April 19, 2017

She is the Sole Director of Tack SCF S.r.l., a company that provides Family Office services, and a member of the Board of Directors of various companies in Italy, including Amref Health Africa.

Previously, she worked as Chief Operating Officer of Laprima Holding S.r.l., Single Family Office, and in investment banks, in London and Milan (Morgan Stanley and Goldman Sachs).

She graduated summa cum laude from Bocconi University, she is a Certified Public Accountant and obtained a CEMS Master from HEC-Paris University, after an exchange at the MBA program of the Stern School - New York University.

BOARD OF STATUTORY AUDITORS

Pierluigi De Biasi

Degree in Law from the University of Milan.

A lawyer since May 19, 1983, he is listed in the Special Register for Legal Aid before Higher Jurisdictions. In his professional activity he deals with M&A, private equity and financial instruments. Having worked for various Italian and international law firms, he is currently a partner in E. Morace & Co. (Milan-Naples).

He is currently Chairman of the Board of Statutory Auditors of Green Stone SICAF S.p.A., Rome, and Director of 3iP SGR S.p.A., Rome. He was Chairman of the Board of Statutory Auditors of Parmalat S.p.A., Interpump Group S.p.A., Permasteelisa S.p.A. and Banca Italease S.p.A., as well as Independent Director of Guala Closures S.p.A., all listed companies. He has been a Director and Chairman of the Board of Statutory Auditors of various unlisted companies.

He is the author of three monographs and about forty articles on commercial, banking and bankruptcy law.

Luciana Ravicini

Degree in Economics & Commerce - University of Brescia.

Certified Public Accountant in Brescia.

Registered Auditor.

She is a practising Certified Public Accountant and Registered Auditor.

Her professional assignments have allowed her to gain broad experience, notably in financial, fiduciary and industrial companies, and detailed knowledge of legal and tax matters.

She is currently Chairman of the Board of Statutory Auditors of BMSP S.p.A., Molemab S.p.A., Serum Italia S.p.A. and Iseo Serrature S.p.A.

She is Sole Statutory Auditor of Autobase S.r.l., Finsippe S.r.l. Forsteel S.r.l., Sige S.r.l. and SIDI Sport S.r.l.; she is a Standing Auditor of Almag S.p.A., AMSA S.p.A., Bival S.p.A., Brawo S.p.A., Carlo Tassara S.p.A., Metalcam S.p.A., Metalcam Tools Steel S.p.A. and Terzo Salto S.r.l.

She is also a member of the Supervisory Body of Zoogamma S.p.A.

She has also gained experience as a Director in a company listed on the Milan Stock Exchange, where she chaired the Committee of Independent Directors and was a full member of the Audit and Risk Committee.

Gabriele Villa

Graduated in Economics and Commerce from the Catholic University of Milan.

Associate Professor at the Faculty of Banking, Financial and Insurance Sciences of the Catholic University of Milan.

Certified Public Accountant in Milan. Registered Auditor in the register established at the Ministry of Economy and Finance.

He is a Director and Member of the Executive Committee of Mediobanca S.p.A. and Chairman of the Board of Directors of Spafid S.p.A.

He is a Standing Auditor of Edison S.p.A. and Transalpina di Energia S.p.A., as well as Auditor of the Teatro alla Scala Academy of Arts and Crafts of the Performing Arts Foundation.

Annual Report



**DIRECTORS'
REPORT**

DIRECTORS' REPORT

General Information

INTRODUCTION

The Italmobiliare Group's consolidated financial statements for the year ended December 31, 2022, and the corresponding figures for 2021, have been prepared in compliance with International Financial Reporting Standards (IAS/IFRS).

During 2022, the consolidation area has changed following the purchase of a further 20% of Callmewine S.r.l., resulting in the increase of Italmobiliare's stake which went from 60% to 80%; the co-investment with Clessidra for the purchase of a 17.24% shareholding in Archimede S.p.A., parent company of Formula Impresoft; the purchase of a 19.996% of Bene Assicurazioni S.p.A. Società Benefit; the sale of a 5% stake in the share capital of Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A.; the purchase of 100% of SIDI Sport S.r.l. through the newco FT4 S.r.l.; the reduction of the investment in Florence InvestCo S.r.l. from 18.08% to 13.98%; the change in the shareholding in Farmagorà Holding S.p.A. from 29.81% to 31.83% and the decrease of the Italmobiliare's stake in Iseo Serrature S.p.A. from 39.28% to 39.246%.

PERFORMANCE INDICATORS

The Group for several years has consistently used different performance indicators (which are not contemplated by the IAS/IFRS) for assisting to understand its consolidated financial data. In particular, the income statement presents the following intermediate indicators/results: gross operating profit/(loss)¹ and operating profit/(loss)². Similar considerations apply to the statement of financial position with regards to the net financial debt, whose components are detailed in the specific section of the notes and the net asset value. Since the indicators used by the Group are not required by the IFRS, the criteria applied by us for calculating them may be different from the one used by other companies, therefore figures presented by us may not be comparable with those used by other groups (see Annex).

The financial performance indicators, which derive from the financial statements, determine the tables used for summarizing the Group's financial and economic performance, in relation to comparative amounts and to other amounts from the same year (e.g., changes with respect to the previous year in revenue, gross operating profit/(loss), operating profit/(loss) and changes of their incidence over revenue). The use of indicators not directly reflected in the financial statements (e.g., the exchange-rate effect on revenue and on profit or loss) and the presence of comments and analysis contribute to a better understanding of the amounts presented.

The non-financial indicators refer to external and internal elements: the general economic situation and that of the industries in which the Group operates, trends on the various markets and operating segments, trends in sales prices and cost factors, acquisitions and disposals, other significant events of the year, organisational developments, the introduction of new laws and regulations, etc. Furthermore, in the notes, in the net financial debt section is provided information about the economic and financial effects related to interest rates changes and exchange rates changes.

1. Defined as Operating profit, net of "Amortisation and depreciation" and "Impairment losses on non-current assets".

2. Defined as Profit/(loss) for the year, net of "Finance income", "Finance costs", "Exchange-rate differences and net gain/(loss) on derivatives", "Impairment losses on financial assets", "Share of profit/(loss) of equity-accounted associates" and "Income tax".

NET ASSET VALUE

In a year heavily conditioned by the war in Ukraine and by highly inflationary pressures on energy and raw material prices, with important global repercussions on corporate profitability and market performance, Italmobiliare's portfolio has yet again demonstrated considerable resilience.

At December 31, 2022, the NAV per share (excluding treasury shares) amounted to 48.0 euro, gross of the payment of dividends of 1.40 euro per share, showing an increase of approximately 0.3% compared with December 31, 2021.

The Net Asset Value of Italmobiliare S.p.A., at December 31, 2022 (whose definition and reconciliation is provided in the Annex) excluding treasury shares, amounted to 2,029 million euro (2,082 million euro at December 31, 2021); considering the distribution of 59.2 million euro of dividends during the year, the net performance is positive for 6.2 million euro.

	NAV (in millions of euro)	NAV per share (euro)
December 31, 2021	2,082.1	49.2
December 31, 2022	2,029.1	48.0
Change	(53.0)	(1.3)
Dividends paid	59.2	1.4
Net performance	6.2	0.2
Net performance %	+0.3%	

2022 posted an overall increase in value of the Portfolio Companies (56.7 million euro) and other equity investments (23.5 million euro), partially offset by the negative performance of private equity funds (-9.2 million euro), the decrease in value of financial assets, trading, cash and cash equivalents (-8.8 million euro), holding costs and tax payments.

(in millions of euro)	Net performance
Portfolio Companies ¹	56.7
Other equity investments	23.5
Financial assets, trading, cash and cash equivalents	(8.8)
Private equity funds	(9.2)
Holding costs	(26.0)
Taxes	(30.0)
Net performance of Italmobiliare's NAV	6.2

1. "Portfolio companies" include the investments in Italgem S.p.A., Caffè Borbone S.r.l., Clessidra Holding S.p.A., Tecnica Group S.p.A., Iseo Serrature S.p.A., AGN Energia S.p.A., Capitelli S.r.l., Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A., Callmewine S.r.l., Casa della Salute S.p.A., Bene Assicurazioni S.p.A. Società Benefit and SIDI Sport S.r.l. through the newco FT4 S.r.l.

At December 31, 2022, after the transactions occurred during the period, NAV composition was as follows:

(in millions of euro)	December 31, 2022	% of total	December 31, 2021 (*)	% of total	Change
Portfolio Companies ¹	1,359.1	67.0%	1,262.9	60.7%	96.2
Other equity investments ²	215.6	10.6%	163.5	7.9%	52.1
Private equity funds	213.4	10.5%	188.5	9.1%	24.8
Properties and related assets	52.7	2.6%	49.8	2.4%	2.9
Financial assets, trading, cash and cash equivalents ³	188.4	9.3%	417.4	20.0%	(229.0)
Total Net Asset Value (**)	2,029.1	100.0%	2,082.1	100.0%	(53.0)

(*) Figures relating to 2021 differ from what was published because the investment in Sirap Gema S.r.l. was reclassified from "Portfolio Companies" to "Financial assets, trading, cash and cash equivalents" as the only asset still held by the subsidiary is a financial investment, not attributable to the business sold by Sirap Gema S.r.l. In addition, for presentation purposes only, net financial position components alone of the vehicles FT2 S.r.l. and FT3 S.r.l. were reclassified from "Portfolio Companies" to "Financial assets, trading, cash and cash equivalents".

1. "Portfolio companies" include the investments in Italgem S.p.A., Caffè Borbone S.r.l., Clessidra Holding S.p.A., Tecnica Group S.p.A., Iseo Serrature S.p.A., AGN Energia S.p.A., Capitelli S.r.l., Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A., Callmewine S.r.l., Casa della Salute S.p.A., Bene Assicurazioni S.p.A. Società Benefit and SIDI Sport S.r.l. through the newco FT4 S.r.l.

2. "Other equity investments" include the equity investment in Archimede S.p.A. (parent company of Formula Impresoft S.p.A.) for 9 million euro, while the rest of the investment (6 million euro) are included in "Financial assets, trading, cash and cash equivalents" as part of the loan granted to Archimede S.p.A. by Italmobiliare. In addition, the item differs from that published at December 31, 2021 due to the reclassification of the investment in HeidelbergCement AG from "Listed equity investments" (currently zero) to "Other equity investments".

3. Note that "Financial assets, trading, cash and cash equivalents" include the net financial position of the parent company Italmobiliare for 151.5 million euro (337.5 million euro at December 31, 2021) and the investment in Sirap Gema S.r.l. for 21 million euro (82 million euro at December 31, 2021) and the net financial position of the vehicles FT2 S.r.l. and FT3 S.r.l.

(**) the criteria used for calculating NAV may be different from those adopted by other companies, so the figures may not be comparable.

In addition to the 56.7 million euro increase in value of the Portfolio Companies, the overall change of 96.2 million euro was mainly due to the acquisition of Bene Assicurazioni (41 million euro) and SIDI Sport (53.5 million euro), the purchase of a further 20% of Callmewine S.r.l. for 4.5 million euro and the capital increases or capital payments for future capital increases for Casa della Salute (4.3 million euro) and Clessidra Holding (6 million euro), partially offset by the sale of a 5% stake of Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A. to DHolding S.r.l. (10 million euro) and by dividend distribution for 59.9 million euro.

"Other investments" increased of 52.1 million euro. The increase was mainly due to the positive fair value performance for 23.5 million euro, the investment in Archimede S.p.A. (parent company of Formula Impresoft S.p.A.), as part of the co-investment along with the Clessidra Capital Partners 4 Fund (9 million euro), and the capital increases for Farmagorà and Florence InvestCo (23 million euro).

"Financial assets, trading, cash and cash equivalents" amount to 188.4 million euro (417.4 million euro at December 31, 2021) and include the net financial position of the parent company Italmobiliare S.p.A. for 151.5 million euro (337.5 million euro at December 31, 2021), the fair value of the subsidiary Sirap Gema for 21 million euro (82 million euro at December 31, 2021) as it now only owns liquidity awaiting to be distributed to the parent company, and cash components alone of FT2 S.r.l. and FT3 S.r.l. for total 16 million euro (-1.98 million euro at December 31, 2021). The decrease of 229.0 million euro is mainly due to dividends paid by Italmobiliare for 59.2 million euro, negative performances of trading activities for 10.5 million euro, tax payments for 30 million euro, operating costs for 26 million euro, new investments for 131.9 million euro and private equity funds for 34.1 million euro, only partially offset by dividends received for 63.9 million euro.

NAV calculation was computed by considering:

- the market price at December 31, 2022 of the equity investments in listed companies;
- the value of non-listed companies, determined on the basis of commonly used valuation methods (DCF and/or market multiples) or, whether sufficient information for the application of the methods envisaged by the International Private Equity and Venture Capital (IPEV) valuation guidelines is not available and/or their consistency can be considered immaterial, taking into account their net equity as resulting from the latest approved financial statements, determined according to IAS/IFRS or local accounting standards;
- the market value of real estate assets;
- the deferred tax effect.

The Independent Auditors have performed a Limited Assurance engagement based on ISAE 3000 (revised) to verify that valuation methods adopted by the Directors for calculating the NAV were in line with the IPEV guidelines.

PERFORMANCE OF THE MAIN GROUP COMPANIES

(in millions of euro)	Revenue			Gross operating profit (EBITDA)		
	2022	2021	Change %	2022	2021	Change %
Italmobiliare	137.0	110.8	23.6	70.3	76.2	(7.7)
Portfolio Companies						
Caffè Borbone	262.7	252.9	3.9	65.8	83.1	(20.8)
Officina Profumo-Farmaceutica di Santa Maria Novella	46.6	30.0	55.4	11.3	8.2	37.6
Italgen	50.0	45.3	10.3	9.8	23.0	(57.4)
Casa della Salute	32.5	25.8	25.9	4.8	2.5	94.7
Capitelli	19.2	17.5	9.6	2.8	3.9	(29.1)
Callmewine	16.2	17.2	(5.8)	(1.6)	(0.8)	n.s.
SIDI Sport ¹	33.2	38.0	(12.6)	3.7	7.4	(49.8)
Tecnica Group ²	561.0	463.8	21.0	94.5	82.9	14.0
AGN Energia	704.5	571.5	23.3	50.4	56.2	(10.3)
Iseo	163.3	152.5	7.1	20.5	22.4	(8.5)
Bene Assicurazioni ³	170.7	136.3	25.2	n.a.	n.a.	n.a.
Total Industrial Portfolio Companies	2,059.8	1,750.8	17.7	261.9	288.8	(9.3)
Clessidra Group	30.6	19.4	57.7	6.3	1.5	>100
Total Portfolio Companies	2,090.4	1,770.2	18.1	268.3	290.2	(7.6)

The information in the table relates to the reporting packages, prepared according to IFRS, of each company/group regardless of the date of acquisition of control by Italmobiliare and the percentage held.

Tecnica Group, AGN Energia and Iseo have been included in the consolidated financial statements of the Italmobiliare Group using the equity method.

n.s. not significant

n.a. not available

1. The figures relating to 2021 and 2022 refer to the consolidated figures of SIDI Sport S.r.l. and La Sierra Scarpe S.r.l. and have not been consolidated in Italmobiliare. From January 1, 2023 they will be consolidated on a line-by-line basis. The figures have been prepared according to national accounting standards (ITA GAAP) and reclassified according to Group formats.

2. The figures relating to 2021 differ from what was published in the previous report to ensure better comparability with 2022 figures.

3. The figures have been prepared according to the information provided by the Company.

Despite a scenario characterised by events of an extraordinary nature and a high level of uncertainty, in 2022 Italmobiliare's portfolio was able to confirm significant resilience thanks to the reactivity of the Industrial Portfolio Companies, a consequence also of the proactive risk management and constant strategic support of Italmobiliare as an active shareholder and partner wanting to promote development and sustainable value creation. In addition to the challenging overall context, some contingent factors influenced the performance of specific Industrial Portfolio Companies: Italgen's production was affected by the ongoing drought, while AGN Energia's results compare with a 2021 that featured the positive impact of hedging LPG purchases during the lockdown. The negative performance during the year of SIDI also weighs on the overall results, though it only became a Portfolio Company on October 25, 2022.

Looking at the pro-forma aggregate:

- The total revenues of the Industrial Portfolio Companies in 2022 amounted to 2,060 million euro, up by 18% compared with 2021. Excluding the growth of AGN Energia and Italgen attributable to the rise in energy prices, with no direct impact on their profitability, as commented on below, the growth of the non-energy Portfolio Companies comes to 15.0%;
- The gross operating profit (EBITDA) of the Portfolio Companies amounted to 268 million euro, down by 7.6% compared with the previous year, mainly due to the pressure on margins linked to the increase in raw material costs. Neutralising these three factors relating to Italgen, AGN Energia and SIDI Sport, the gross operating profit of the Portfolio Companies shows a slight increase compared with the previous year (+1.4%), which again confirms the resilience of the portfolio;

- Cash generation net of dividends paid, increases/returns of capital, the impact of non-recurring transactions and the effects deriving from the application of IFRS 16 is negative for 14.8 million euro; the figure is influenced by the significant investments made during the year (approximately 98 million euro) and the increased weight of working capital (approximately 96 million euro) linked to the increase in raw material prices.

Looking at the individual companies, the results of which are detailed in the individual sections, it should be noted that:

- In the food sector, Caffè Borbone and Capitelli closed the year with growing revenue compared with 2021 (+4% and +10% respectively) and a decrease in EBITDA that can be explained in both cases by the impact of higher raw material costs on industrial margins, on top of which came increased energy and transport costs;
- In the energy sector, Italgas is discounting in terms of EBITDA the massive drought that characterised 2022, which resulted in hydroelectric production that was 43% lower than the ten-year average. If we neutralise hedging transactions, AGN Energia shows a better result than last year, defending its margins well in a complex energy scenario;
- In the outdoor sector, the Tecnica Group posted revenue up 21% compared with the same period of the previous year, driven by the excellent performance of the winter brands as they recovered from the contraction suffered during the pandemic, with EBITDA up by 14%. SIDI, which has been included in the Italmobiliare scope of consolidation since October 25, 2022, closed the period with revenue and EBITDA down on 2021, the year in which the bike and motorbike sector turned in very positive results because of the pandemic;
- Iseo substantially repeated its record margins achieved in 2021, despite an extremely challenging context in terms of raw materials, continuing on the trajectory outlined in the company's business plan;
- The performance of Officina Profumo-Farmaceutica di Santa Maria Novella was excellent, recording a 55% growth in revenue. Excellent results by Direct Retail, with a significant recovery also by the Italian stores following the end of the pandemic, with EBITDA also well up (+38%);
- Casa della Salute continues to expand with revenue up 36%, neutralising the revenue related to the pandemic, with EBITDA doubling the 2021 result;
- Callmewine closed the year with revenue down compared with 2021, but it was a year that had benefited from higher domestic wine consumption because of the lockdown. EBITDA is negative mainly due to the higher fixed costs to support the future growth of the company;
- The macroeconomic context did not stop the growth of Bene Assicurazioni, which successfully pursued its development strategy and recorded a 25% increase in premiums compared with the previous year.

Clessidra, a non-industrial portfolio company, closed 2022 with a positive brokerage margin of 27.7 million euro (18.7 million euro at December 31, 2021), which includes 19 million euro in management fees for the Clessidra Funds (11.5 million euro at December 31, 2021) and 9.2 million euro in commissions from the factoring activity (5 million euro at December 31, 2021). The Clessidra Group's consolidated result at December 31, 2022 was good: net of taxes of 1.5 million euro, it amounted to 1.8 million euro, up on the figure of 4 thousand euro at December 31, 2021.

SUMMARY OF RESULTS FOR THE FOURTH QUARTER

(in millions of euro)	Revenue			Gross operating profit (EBITDA)		
	4Q 2022	4Q 2021	Change %	4Q 2022	4Q 2021	Change %
Italmobiliare	(8.2)	13.4	(161.2)	(19.3)	4.7	n.s.
Portfolio Companies						
Caffè Borbone	69.8	66.2	5.5	17.6	15.7	12.2
Officina Profumo-Farmaceutica di Santa Maria Novella	15.3	9.9	54.7	4.2	1.3	>100
Italgen	13.3	15.5	(14.5)	6.8	7.7	(11.8)
Casa della Salute	8.8	7.4	18.6	1.9	0.2	n.s.
Capitelli	5.1	5.1	(0.4)	0.8	0.9	(13.3)
Callmewine	5.4	5.7	(5.2)	(0.4)	(0.5)	n.s.
SIDI Sport	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Tecnica Group	197.5	164.8	19.8	44.1	29.0	52.0
AGN Energia	212.2	209.0	1.5	16.5	21.4	(22.8)
Iseo	43.3	40.7	6.4	5.9	4.7	25.5
Bene Assicurazioni	57.1	44.3	28.9	n.a.	n.a.	n.a.
Total Industrial Portfolio Companies	627.7	568.6	10.4	97.3	80.4	21.1
Clessidra Group	7.6	7.2	6.7	(0.8)	1.0	n.s.
Total Portfolio Companies	635.4	575.8	10.3	96.6	81.4	18.6

n.s. not significant

n.a. not available

Note that the quarterly figures have not been audited neither completely nor partially.

The Portfolio Companies' fourth quarter closes with encouraging results for 2023. Specifically:

- The revenues of the Industrial Portfolio Companies amount to 627.7 million euro, up 10% on the previous year. Excluding energy companies, whose revenues, as we said, are affected by the extreme volatility of energy prices, revenue growth comes to 17%.
- EBITDA stands at 97.3 million euro, up by 21% compared with the same period of 2021, despite the negative performance during the period of AGN Energia because of the high temperatures that characterised the last quarter and the consequent impact on LPG consumption.

Italmobiliare Group

KEY CONSOLIDATED FIGURES

(in millions of euro)	2022	2021	Change %
Revenue and income	483.6	492.3	(1.8)
Gross operating profit (EBITDA)	54.9	170.5	(67.8)
% of revenue	11.4	34.6	
Amortisation and depreciation	(32.3)	(25.0)	29.2
Impairment losses on non-current assets	0.1	(0.3)	n.s.
Operating profit (EBIT)	22.7	145.2	(84.4)
% of revenue	4.7	29.5	
Net finance income/(costs)	(2.9)	(1.9)	52.6
Impairment losses on financial assets	0.0	0.0	0.0
Share of profit/(loss) of equity-accounted associates	24.7	29.6	(16.6)
Profit/(loss) before tax	44.5	172.9	(74.3)
% of revenue	9.2	35.1	
Income tax	(8.0)	(48.8)	(83.6)
Profit/(loss) for the year relating to continuing operations	36.5	124.1	(70.6)
Profit relating to assets classified as held for sale	(0.1)	40.4	n.s.
Profit/(loss) for the year	36.4	164.5	(77.9)
attributable to:			
- Owners of the parent company	21.1	139.7	(84.9)
- Non-controlling interests	15.3	24.8	(38.3)
Cash flows from operating activities	(78.1)	72.0	n.s.
Cash flows from investing activities	278.9	197.8	41.0

n.s. not significant

(in millions of euro)	December 31, 2022	December 31, 2021
Total equity	1,610.1	1,637.9
Equity attributable to owners of the parent company	1,426.8	1,459.6
Net financial position	(15.6)	354.0
Employees (headcount) at the end of the year	1,305.0	848.0

- **Revenue and income:** 483.6 million euro compared with 492.3 million euro for the year ended December 31, 2021 (-1.8%);
- **Gross operating profit:** 54.9 million euro compared with 170.5 million euro for the year ended December 31, 2021 (-67.8%);
- **Operating profit:** 22.7 million euro compared with 145.2 million euro for the year ended December 31, 2021 (-84.4%);
- **Profit/(loss) before tax:** a profit of 44.5 million euro compared with 172.9 million euro for the year ended December 31, 2021 (-74.3%).

The negative change in revenue and income is mainly attributable to Italmobiliare (-58.7 million euro, considering intra-group eliminations), partially offset by Caffè Borbone (+9.8 million euro), Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A. (+16.7 million euro), Italgem (+4.3 million euro), Clessidra Holding (+11.2 million euro) and Casa della Salute (+6.7 million euro).

At December 31, 2022 **total equity** was 1,610.1 million euro, while **equity attributable to the owners of the parent company** was 1,426.8 million euro, compared with 1,637.9 million euro and 1,459.6 million euro respectively at December 31, 2021.

In 2022 **capital expenditure** was 278.9 million euro, showing an increase compared with 2021 (197.8 million euro).

The consolidated **net financial position** at December 31, 2022 showed a negative balance of 15.6 million euro compared with a positive balance of 354.0 million euro at the end of 2021. The negative change of 369.6 million euro is mainly due to the decrease in the net financial position of Sirap Gema S.p.A. (-66.1 million euro, mainly due to dividend distribution), Italmobiliare (-186.0 million euro), the Clessidra Group (-49.4 million euro), Casa della Salute (-10.2 million euro), Italgo (-10.9 million euro) and Caffè Borbone (-28.5 million euro).

Gross operating profit, equal to 54.9 million euro, decreased by 115.6 million euro compared with December 31, 2021 (positive for 170.5 million euro) mainly due to the results of Italmobiliare, which were affected by the negative performance of private equity funds and trading activities (negative for 27.4 million euro in 2022 compared with positive for 62.7 million in 2021), Caffè Borbone (-17.3 million euro), and Italgo (-13.2 million euro).

Operating profit, after an increase in amortisation and depreciation and impairment losses on non-current assets compared with 2021, was 22.7 million euro (positive for 145.2 million euro in 2021).

FINANCE COSTS AND OTHER ITEMS

Net finance costs had a negative balance of 2.9 million euro, showing a decrease of 1.0 million euro from December 31, 2021.

The caption did not include Italmobiliare's finance income and costs as they form part of the Company's core business and were therefore presented in the line items included in the gross operating profit.

Share of profit/loss of equity-accounted associates was positive for 24.7 million euro (29.6 million euro in 2021) thanks to positive contributions by the groups Tecnica (+15.7 million euro), Iseo (+3.5 million euro), AGN Energia (+4.0 million di euro) and Gardawind (+2.7 million euro), partially offset by the negative performance of Florence InvestCo, Farmagorà Holding and CCC Holdings Europe (-0,4 million euro).

PROFIT FOR THE PERIOD

The Group generated a **profit before tax** of 44.5 million euro (positive for 172.9 million euro in 2021).

After negative taxes for 8.0 million euro (negative for 48.8 million euro in 2021), the Group's **consolidated profit for the year** totalled 36.4 million euro (of which 21.1 million euro attributable to the owners of the parent company), compared with the consolidated profit of 164.5 million for the year ended at December 31, 2021 (of which 139.7 million euro attributable to the owners of the parent company).

REVENUE AND OPERATING PROFIT FOR 2022

CONTRIBUTION TO CONSOLIDATED REVENUE AND INCOME

(net of intragroup eliminations)

(in millions of euro)	2022		2021		Change	
		%		%	%	% ¹
Business segments						
Italmobiliare	24.1	5.0	82.7	16.8	-70.9%	-70.9%
Caffè Borbone	262.7	54.3	252.9	51.4	3.9%	3.9%
Officina Profumo-Farmaceutica di Santa Maria Novella	46.6	9.6	29.9	6.1	55.7%	49.2%
Italgen	49.7	10.3	45.3	9.2	9.6%	9.6%
Casa della Salute	32.5	6.7	25.8	5.2	25.9%	11.2%
Capitelli	19.2	4.0	17.5	3.6	9.6%	9.6%
Callmewine	16.2	3.3	17.2	3.5	-5.9%	-5.9%
SIDI Sport	0.0	-	0.0	-	-	-
Clessidra	30.7	6.3	19.4	3.94	57.7%	57.7%
Other Companies	2.1	0.4	1.6	0.3	39.1%	39.1%
Total	483.6	100.0	492.3	100.0	-1.8%	-0.6%

1. On a like-for-like basis and at constant exchange rates.

BREAKDOWN OF CONSOLIDATED PROFIT BY SEGMENT

(in millions of euro)	December 2022	%of total	December 2021 (*)	%of total
Italmobiliare	33.5	>100	53.1	38.0
Caffè Borbone	23.3	>100	37.4	26.8
Officina Profumo-Farmaceutica di Santa Maria Novella	4.4	21.0	2.5	1.8
Italgen	5.0	23.6	12.6	9.0
Casa della Salute	(1.5)	(7.2)	(0.7)	(0.5)
Capitelli	1.0	4.9	0.7	0.5
Callmewine	(1.3)	(6.0)	(0.6)	(0.4)
SIDI Sport (*)	(1.0)	(4.9)	-	-
Clessidra	2.0	9.3	-	-
Tecnica Group	15.7	74.7	12.7	9.1
AGN Energia	4.0	19.0	5.6	4.0
Iseo	3.5	16.5	4.6	3.3
Other companies	(3.3)	(4.7)	43.9	31.4
Elimination of dividends and intragroup gains/losses	(64.2)	n.s.	(32.1)	(23.0)
Profit/(loss) for the year attributable to owners of the parent company	21.1	100.0	95.0	100.0

(*) The figures mainly refer to the costs alone related to the acquisition of SIDI.

n.s. not significant

STATEMENT OF COMPREHENSIVE INCOME

In 2022, the components of the comprehensive income had a positive balance of 4.0 million euro (positive for 23.5 million euro in 2021), mainly determined by fair value gain/(loss) on cash flow hedging derivatives and investments in equity-accounted associates (2.1 million euro), foreign exchange differences on translation of foreign operations (1.2 million euro), and remeasurement of net defined benefit liability/(asset) (2.7 million euro), partially offset by negative adjustments to assets carried at FVTOCI for a total of 2.9 million euro. Considering the profit for the year of 36.4 million euro and the above items, total comprehensive income in 2022 was positive for 40.5 million euro (positive for 188.0 million euro in 2021).

The statement of comprehensive income forms part of the consolidated financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION

(in millions of euro)	December 31, 2022	December 31, 2021
Property, plant & equipment and investment property	225.5	188.7
Intangible assets	607.5	553.3
Other non-current assets	674.4	558.1
Non-current assets	1,507.4	1,300.1
Current assets	579.3	697.0
Assets classified as held for sale	0.0	0.1
Total assets	2,086.7	1,997.2
Equity attributable to owners of the parent company	1,426.8	1,459.6
Non-controlling interests	183.3	178.3
Total equity	1,610.1	1,637.9
Non-current liabilities	193.0	128.8
Current liabilities	283.6	230.5
Total liabilities	476.6	359.3
Liabilities directly linked to discontinued operations		
Total equity and liabilities	2,086.7	1,997.2

EQUITY

Total equity at December 31, 2022 was 1,610.1 million euro, down 27.8 million euro from December 31, 2021. The overall change was due to:

- positive change in the profit for the period for 36.4 million euro;
- positive change in the exchange-rate reserve for 1.3 million euro;
- negative change for dividends paid for 80.2 million euro;
- changes in the consolidation area and other changes for 14.7 million euro.

NET FINANCIAL POSITION

On December 31, 2022 the **consolidated net financial position** showed a negative balance of 15.7 million euro, down by 369.6 million euro on the figure on December 31, 2021 (positive for 354.0 million euro).

Cash flows for the period show a negative balance of 369.6 million euro, mainly due to investments for 278.9 million euro, partially offset by disposals of non-current assets for 37.8 million euro. Furthermore, there were dividends paid for 80.2 million euro and negative proceeds from operating activities for 78.1 million euro.

BREAKDOWN OF THE NET FINANCIAL POSITION

(In millions of euro)	December 31, 2022	December 31, 2021
Current financial assets	262.9	496.2
Current financial liabilities	(143.3)	(84.7)
Non-current financial assets	12.1	11.8
Non-current financial liabilities	(147.4)	(69.4)
NFP of assets held for sale		0.1
Net financial position	(15.7)	354.0

A breakdown of the "Consolidated net financial position" is given in the notes to the consolidated financial statements in the section dedicated to IFRS 7.

CONDENSED STATEMENT OF CASH FLOWS

(In millions of euro)	December 31, 2022	December 31, 2021
Net financial position at the beginning of year	354.0	320.8
Cash flows from operating activities	(78.1)	72.0
Capital expenditure:		
<i>PPE, investment property and intangible assets</i>	(51.3)	(62.9)
<i>Non-current financial assets</i>	(227.6)	(134.9)
Cash flows from investing activities	(278.9)	(197.8)
Proceeds from disposal of non-current assets	37.8	245.0
Dividends paid	(80.2)	(39.9)
Translation and structure differences	11.4	(10.5)
Other	18.3	(62.9)
Net cash flows for the year	(369.7)	5.9
Cash flows relating to assets classified as held for sale	-	27.3
Net financial position at the end of year	(15.7)	354.0

CAPITAL EXPENDITURE

(in millions of euro)	Investments in non-current financial assets		Investments in PPE and investment property		Investments in intangible assets		Total capital expenditure	
	2022	2021	2022	2021	2022	2021	2022	2021
Business segments								
Italmobiliare	132.4	67.9	1.4	0.5			133.8	68.4
Caffè Borbone	2.2		9.3	11.2	0.2	0.6	11.8	11.8
Officina Profumo-Farmaceutica di Santa Maria Novella		42.0	4.0	6.7	0.1	0.2	4.1	48.9
Italgen	1.4	9.5	8.9	5.3	0.3	0.5	10.6	15.3
Capitelli			0.6	1.0	0.0	0.1	0.6	1.1
Casa della Salute		0.1	15.0	26.9	5.1	0.7	20.1	27.7
Callmewine	4.5		0.1	0.4	0.3		4.9	0.4
Tecnica Group							-	-
AGN Energia							-	-
Iseo							-	-
SIDI Sport ¹	87.1						87.1	
Other companies ²		19.3	2.8	4.3	2.4	4.1	5.2	27.7
Inter-segment eliminations				(0.3)			-	(0.3)
Total capital expenditure (*)	227.6	138.8	42.1	56.0	8.5	6.2	278.2	201.0

1. Investment in SIDI Sport through the newco FT4 S.r.l.

2. The figure includes the Clessidra Group.

(*) Total capital expenditure does not include the changes of payables for investments equal to 0.7 million euro.

Group capital expenditure during the year amounted to 278.2 million euro, showing an increase from 2021 (201.0 million euro).

Capital expenditure in non-current financial assets amounted to 227.6 million euro (138.8 million euro in 2021) and are mainly related to Italmobiliare S.p.A. (132.4 million euro) and SIDI Sport S.r.l. (87.1 million euro).

Capital expenditure on property, plant and equipment and investment property amounted to 42.1 million euro and mainly refer to Casa della Salute for 15.0 million euro, Caffè Borbone for 9.3 million euro and Italgen for 8.9 million euro.

RECONCILIATION BETWEEN THE PARENT'S PROFIT FOR THE YEAR AND EQUITY AND THE PROFIT FOR THE YEAR AND EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY

(in millions of euro)	December 31, 2022
Profit for the year of the parent company Italmobiliare S.p.A.	33,548.0
Consolidation adjustments	
• Profit for the year of consolidated companies (Group share)	39,391.0
• Adjustment to the carrying amount of equity-accounted associates	23,822.0
• Derecognition of dividends in the year	(120,161.0)
• Derecognition of intercompany gains or losses and other changes	(3,791.0)
• Reversal of write-downs in consolidated equity investments	48,244.0
Profit for the year attributable to owners of the parent company	21,053.0
Equity of the parent company Italmobiliare S.p.A.	1,289,743.0
• Derecognition of the carrying amount of consolidated equity investments	
<i>in fully consolidated companies</i>	(893,685.0)
<i>in equity-accounted associates and subsidiaries</i>	(208,159.0)
• Recognition of equity of consolidated equity investments	
<i>in fully consolidated companies</i>	870,128.0
<i>in equity-accounted associates and subsidiaries</i>	203,684.0
• Gains allocated to equity of subsidiaries and associates	124,451.0
• Elimination of intragroup transactions and other changes	40,592.0
Consolidated equity attributable to owners of the parent company	1,426,754.0

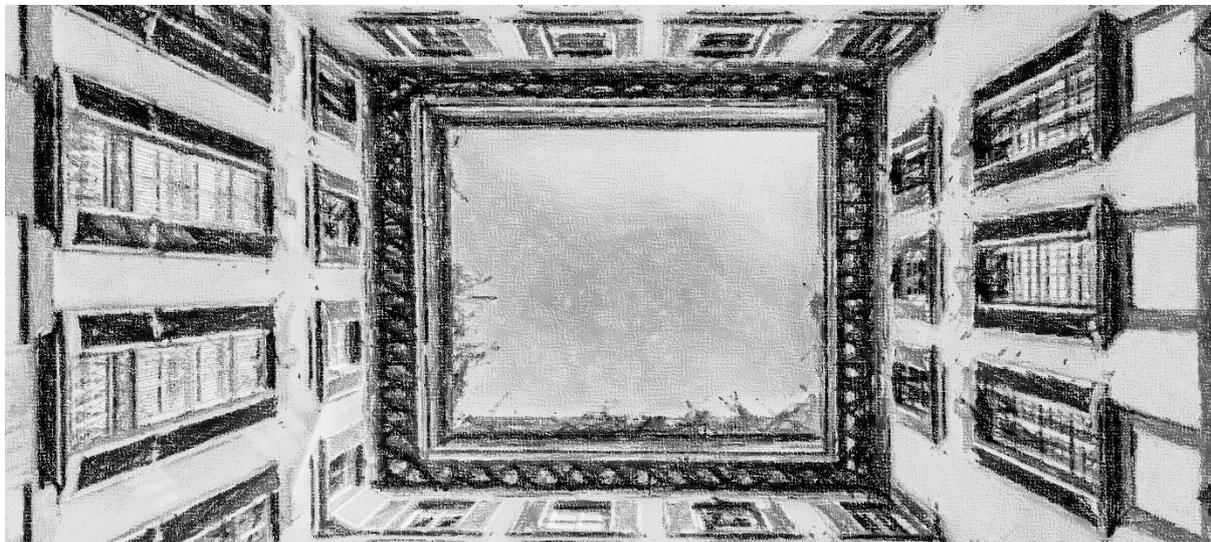
RISKS AND UNCERTAINTIES

Risks and uncertainties are examined in the sections of the individual segments, since they are different and specific for each Group segment.

INFORMATION ON PERSONNEL AND THE ENVIRONMENT

Information on personnel and the environment is provided in the sections of the individual segments, since each segment presents its own specific characteristics.

Italmobiliare S.p.A.



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	2022	2021	Change %
Revenue and income	137.0	110.8	23.6
Gross operating profit (EBITDA)	70.3	76.2	(7.7)
<i>% of revenue</i>	51.3	68.8	
Amortisation and depreciation	(0.8)	(0.8)	-
Operating profit (EBIT)	69.5	75.4	(7.8)
<i>% of revenue</i>	50.7	68.1	
Net finance costs	-	-	-
Impairment of financial assets	(48.1)	(0.4)	>100
Profit/(loss) before tax	21.4	74.9	(71.4)
<i>% of revenue</i>	15.6	67.6	
Income tax	12.1	(21.8)	n.s.
Profit/(loss) for the year	33.5	53.1	(36.9)

n.s. not significant

(in millions of euro)	December 31, 2022	December 31, 2021
Equity	1,289.7	1,320.8
Net financial position	151.5	337.5
Employees (headcount) at the end of the year	47	43

Revenue and income for the year amounted to 137.0 million euro (110.8 million euro at December 31, 2021) and consisted mainly of dividends from equity investments (116.9 million euro), gains and fair value gains on equity investments, funds and securities (4.9 million euro), other finance income (14.1 million euro) and revenue from services provided (1.1 million euro).

RESULTS IN ACCORDANCE WITH THE FINANCIAL MODEL

Given the specific nature of the Company, to allow a full understanding of the Company's performance, the table below sets out its results in the format normally used for financial companies. The model reflects the following classification:

- "Net gains/(losses) on equity investments" which includes, regarding FVTOCI equity investments, the dividends received; on the other hand, regarding the investments in subsidiaries and associates, the item includes both dividends and gains/losses realized on sales, as well as any impairment losses/value recoveries;
- "Net gains/(losses) on investments of cash and cash equivalents", which includes interest income on bank coupons and deposits, impairment gain or losses on bonds and trading equities, gains/losses realized on the sale of trading securities, income/expense on trading derivatives and investment funds, and "Net borrowing costs". "Net borrowing costs" consist essentially of interest expense on borrowings, bank commissions and costs.
- "Other income and expense" includes personnel expense and operating expenses for the financial structure, net of amounts recovered from other Group companies or third parties.

(million euro)	2022	2021	Change %
Net gains (losses) on equity investments	68.8	31.9	>100
Net gains on investments of cash and cash equivalents	(19.1)	70.4	n.s.
Total finance income/costs	49.8	102.3	(51.4)
Other expenses	(28.4)	(27.4)	3.5
Income tax	12.1	(21.8)	n.s.
Profit/(loss) for the year	33.5	53.1	(36.9)

n.s. not significant

Net income and charges from equity investments are positive for 68.8 million euro, showing an increase of 36.9 million euro compared with 31.9 million euro at December 31, 2021, mainly due to the increase in dividends (+84.6 million euro, including the dividend of the subsidiary Sirap Gema amounting to 60.0 million euro at December 31, 2022), partially offset by the impairment of certain equity investments (negative balance of 48.1 million euro at December 31, 2022, against a negative balance of 0.4 million euro at December 31, 2021).

Net gains and losses on investments of cash and cash equivalents, on the other hand, have decreased by 89.5 million euro, mainly due to the negative performance of investments and private equity funds.

Other income and expense are negative for 28.4 million euro, substantially in line with the previous year.

Taxes are positive for 12.1 million euro compared with negative 21.8 million euro in 2021. The negative value of the previous year was affected by the provision of 11 million euro related to the Ansaldo dispute concluded in 2022, as better specified in the relevant section.

Equity of 1,289.7 million euro decreased by 31.1 million euro compared with the previous year, mainly due to the distribution of dividends for 59.2 million euro and the negative change in the FVTOCI reserve for 6.5 million euro, partially offset by the profit for the year for 33.5 million euro.

SIGNIFICANT EVENTS DURING THE PERIOD

During 2022, the situation of uncertainty at national and international level made Italmobiliare's strategy increasingly focused on its portfolio of core investments.

The unprecedented energy crisis and, at the same time, the focus of the European Union and, more generally, of the main world economies on the ecological and energy transition of production require incisiveness and flexibility. Italmobiliare, thanks to a team with diversified industrial, managerial and financial skills and a wide network of strategic relationships, constantly offers maximum support to management of the portfolio companies in identifying rapid responses and defending profitability and growth prospects in an extremely complex market scenario: hedging strategies, intra-group synergies in energy supply and timely transfers to alternative energy sources, refinancing operations, hiring and training qualified resources, and development partnerships.

The measures taken both at the holding company level and at the portfolio companies in such a complex situation, allowed us to achieve satisfactory results while limiting the impacts of the global crisis and pursuing growth through new investments.

In February 2022, Italmobiliare S.p.A. completed its purchase of a further 20% of Callmewine S.r.l. for 4.5 million euro. As a result, Italmobiliare's stake went from 60% to 80%. This transaction is part of Italmobiliare's strategy to consolidate its shareholding in the company.

In 2022, Italmobiliare through a co-investment with Clessidra purchased a 17.24% stake in Archimede S.p.A. for 9 million euro and granted Archimede S.p.A. a loan of 6 million euro. On April 5, 2022, Archimede S.p.A., through its indirect subsidiary Pitagora 2 S.p.A., acquired 71.07% of Formula Impresoft S.p.A., a company operating in the IT sector.

On April 29, 2022, Italmobiliare's investment in Bene Assicurazioni S.p.A. Società Benefit was finalised. The entry into this company's share capital involved a cash out of 40 million euro. Following the cancellation of 4,200,000 treasury shares with no share capital reduction, authorised by IVASS - Istituto per la Vigilanza sulle Assicurazioni (Institute for Insurance Supervision) and awaiting to be registered in the Companies Register, Italmobiliare's interest amounts to 19.996% of the share capital.

In May 2022, Italmobiliare, through its subsidiary FT2 S.r.l., sold a 5% stake in the share capital of Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A. to D Holding S.r.l. for a total amount of 10 million euro.

On July 18, 2022, Italmobiliare signed a preliminary contract for the acquisition of 100% of SIDI Sport S.r.l. (through the newco FT4 S.r.l.). SIDI is an iconic Italian brand specialising in the production and sale of cycling and motorcycling footwear. On October 25, Italmobiliare finalised the agreement based on an enterprise value of 66 million euro, plus 20 million euro in net cash held by the company. The overall outlay of around 86 million euro consists of a net payment by Italmobiliare of 53.5 million euro with the rest of the loans (32.5 million euro) borrowed from Banco BPM.

ITALMOBILIARE NET FINANCIAL POSITION

(in millions of euro)	December 31, 2022	December 31, 2021
Current financial assets	154.8	334.9
Current financial liabilities	(21.0)	(6.9)
Current net financial position	133.8	328.0
Non-current financial assets	17.8	9.6
Non-current financial liabilities	(0.1)	(0.1)
Non-current net financial position	17.7	9.5
Net Financial Position	151.5	337.5

On December 31, 2022 the net financial position of Italmobiliare S.p.A. is showing a decrease of 186 million euro, going from 337.5 million euro at December 31, 2021 to 151.5 million euro at the end of December 2022, allocated for 54% to the Vontobel Fund which has a conservative risk profile consistent with the company's investment policies. The main flows include the investment in private equity funds, net of reimbursements (-34.1 million euro), the investment in Bene Assicurazioni Società Benefit S.p.A. with an interest of 19.99% (-40 million euro), the acquisition of 100% of SIDI Sport S.r.l. (-53.5 million euro), and other investments (approximately -50 million euro). The payment of ordinary and extraordinary dividends was more than offset by dividends received from subsidiaries and associated companies.

The composition of the "Net financial position" is shown in the notes to the separate financial statements in the section dedicated to IFRS 7.

RISKS AND UNCERTAINTIES

An integrated analysis of the main risk factors and related mitigation measures was carried out during the year. Several analyses were performed, specifically:

- a quantitative analysis of the risk levels and correlation among the various companies belonging to the Italmobiliare investment portfolio as a whole;
- bottom-up analysis of Group-specific risk factors and related mitigation measures;
- a specific analysis to assess the actual exposure of the investment portfolio to the various geographical areas.

As regards the investment portfolio, an analysis of the main risks and trends of the Group made it possible to identify the most widespread and relevant issues as a whole and at the level of the individual Portfolio Companies and, for the priority risks and trends, to identify precise supervision/risk mitigation actions to be monitored over time.

In general, 2022 will see a progressive increase in costs associated with the procurement of raw materials for production and/or the supply chain which are affecting all Group companies. The current macroeconomic context is changing the business dynamics in which the companies operate, generating a contraction in consumption by customers, which could expose companies to the risk of falling demand.

Alongside the Portfolio Companies, Italmobiliare is looking more and more for alternative energy resources (using LPG instead of natural gas or installing photovoltaic systems). Steps are also being taken to transfer part of the cost increase by adjusting price lists. Furthermore, the aim for all companies is to diversify their markets in order to offset any drop in demand and consumption.

Among the issues that are widespread among Group companies, environmental issues take on an increasingly significant value, especially from a strategic point of view, as well as so-called cyber risk. In this regard, to supplement normal activities in 2022, the Company put in place a mapping activity to define appropriate ESG strategies by Group companies as detailed below.

Holding Company risks

The constant monitoring of risks, the actions taken in support of the Portfolio Companies and the reactivity shown by them made it possible to limit the impacts of the pandemic, the energy crisis and the conflict in Ukraine.

In all companies, initiatives for the development of alternative commercial channels (e-commerce) have continued with improvements, in order to cope with the slow recovery by traditional distribution channels, forms of flexibility of production cycles to limit possible inventory imbalances and a careful rescheduling of investment flows.

In the meantime, financial risk management made it possible to mitigate the impact of the negative performance of world markets on Italmobiliare's portfolio: also thanks to effective diversification both by sector and by exposure to various geographical areas, it has shown considerable resilience, despite all the difficulties.

In the process of managing its investments and selecting further investments, particular attention was paid to the analysis and management of risks, to sector diversification, also based on the acceleration of macro-trends imposed by the pandemic situation, and to the particular analysis of aspects such as their technological evolution and the sustainability of their business models over time.

Italmobiliare S.p.A., directly and through its subsidiaries, carries out investment activities involving natural risks arising from the difficulty of identifying new investment opportunities that respond to its objectives, or divesting, especially in non-listed companies.

The results of Italmobiliare S.p.A., also depend on:

- gains and losses on equity investments, if any, which characteristically are not of a periodical and/or recurring nature;
- consideration of dividends from non-controlling equity investments, whose distribution and payment policies are independent of the shareholder.

Consequently, business performance may not follow a linear and/or significantly comparable trend from one year to the next.

Italmobiliare S.p.A. also holds investments in listed securities. Exposure to this type of investment is part of following a core business as a long-term investor. Risk is monitored constantly; nevertheless, any adverse change in the share prices of its equity investments could affect its financial position and results of operations.

Italmobiliare S.p.A. is active in a variety of segments and is therefore exposed to the risks typical of the markets and segments in which its associates operate.

ESG and climate risks

Under coordination by the Internal Audit Department, which is responsible for risk management, and with the support of the Sustainability Department, the process of ESG and climate risks assessment was further refined in 2022 with a more detailed view of the medium/long-term trends suggested and with an ESG methodological approach based on the results of the materiality analyses. The assessment of climate risk was particularly detailed for all the portfolio companies, according to the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), through a complex, internally developed rating model subsequently applied to all portfolio companies. For further details, please refer to the 2022 Sustainability Report.

Financing risks

Access to the capital market and to other forms of financing, and related costs, depends on the Company's creditworthiness and on the prevailing general macro-financial conditions. Any downgrade in creditworthiness and/or a general credit worsening can restrict access and raise the cost of borrowing, with negative repercussions on the financial position and results of operations of the Company and its Portfolio Companies.

The liquidity of the equity and bond portfolio may be influenced by contingent market situations that reduce market variety and efficiency. The Group is committed to maintaining a high level of liquidity in its portfolio by diversifying investments, using financial instruments with systematic pricing, daily evaluation of resources using prudential approaches, and selection of counterparties on the basis of their creditworthiness and reliability. However, in the face of acute tensions and situations of market dislocation, which imply a significant contraction in trading volumes, there is no guarantee that it will be possible to divest as expected in terms of timing, methods and conditions. As part of the risk analysis and management process, the sustainability of the portfolio companies' debt, as well as

their ability to generate cash, is constantly monitored by the Company, which makes specific interventions whenever necessary.

Risks of fluctuation in interest and exchange rates

A significant portion of cash is invested in bonds: although the risk is contained by low average duration, the rise in interest rates has a negative impact on the value of the bond portfolio. There is limited exposure to the currency risk. Although exposure constitutes a factor of diversification of the overall risk of NAV, sudden fluctuations in exchange rates could have a negative impact on the Company's financial position and results of operations.

Legal and tax risks

Suitable provisions have been accrued with regard to existing legal and tax risks and their related economic effects. Estimates and measurements are based on available information and are in any case regularly reviewed, with immediate recognition of any effects in the financial statements. Nonetheless, it is not possible to exclude future negative impacts connected with these risks on the financial positions and results of operations of Italmobiliare S.p.A., and/or of its subsidiaries and associates.

INSURANCE

Italmobiliare S.p.A., signed insurance policies with leading insurance providers to cover the main risks to people and property, as well as general third-party liability cover.

ENVIRONMENT AND HUMAN RESOURCES

Given the nature of the Company, there are no significant environmental problems.

On December 31, 2022, the Company had 47 employees, with the increase of four persons compared with the end of 2021.

LITIGATION AND DISPUTES PENDING

A description of the main legal and tax disputes involving Italmobiliare S.p.A., is provided in the relevant section on page B64.

OUTLOOK

The business outlook for Italmobiliare S.p.A., is explained in the relevant section on page B66.

Caffè Borbone

(60% INTEREST)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	2022	2021	Change %
Revenue and income	262.7	252.9	3.9
Gross operating profit (EBITDA)	65.8	83.1	(20.8)
<i>% of revenue</i>	25.1	32.9	
Amortisation and depreciation	(11.0)	(10.3)	7.2
Operating profit (EBIT)	54.8	72.9	(24.8)
<i>% of revenue</i>	20.9	28.8	
Net finance income (costs)	(0.3)	7.4	n.s.
Profit/(loss) before tax	54.5	80.3	(32.1)
<i>% of revenue</i>	20.7	31.7	
Income tax	(15.7)	(16.8)	(6.8)
Profit/(loss) for the year	38.8	63.5	(38.8)
Capital expenditure	11.8	11.7	1.0

The figures in the table refer to Caffè Borbone S.r.l. and Caffè Borbone American Corp.
n.s. not significant

(in millions of euro)	December 31, 2022	December 31, 2021
Total equity	369.4	379.8
Net financial position	(20.6)	8.0
Free Cash Flow	22.0	48.0
Employees (headcount) at the end of the year	279	261

2022 was a positive year for Caffè Borbone: in addition to consolidating its market position in an extremely challenging context, as commented on below, the company managed to complete various projects in preparation for future growth. In particular, please note that:

- In July, the company appointed a new Chief Executive Officer, Marco Schiavon, with 25 years of experience in leading companies in the consumer goods sector and solid skills in internationalisation and digital channels. The appointment of the new Chief Executive Officer was a further step in the company's strategy of strengthening management, which saw the entry of six front-line managers during the year;
- Caffè Borbone has laid the foundations for further sales growth abroad by setting up a new Export Department and a new product line specifically for the American market. This operation was completed in January 2023 and is explained in greater detail below;
- The product range has been expanded even more with the launch in 2022 of a new line of soluble products and aluminium capsules that are compatible with Nespresso coffee machines. The Kicca and Nicaragua blends and capsules that are compatible with Bialetti and Caffitaly machines complete the novelties;
- During the year, the company developed numerous brand promotion activities, to the extent that it was one of the top 10 brands in the Best Growth Brand 2022 ranking drawn up by the Utenti Pubblicità Associati network (which brings together the most important companies that invest in advertising). It also won numerous prizes at the Brands Award 2022 (1st place in the "Top Brand" and "Packaged Food" categories and 3rd place in the "Retailer Award" category), an initiative that evaluates branded products on the basis of both quantitative parameters (e.g. sales data) and the qualitative assessment of consumers and professionals from the large-scale retail trade.

Turning to the numbers, Caffè Borbone closed 2022 with revenue of 262.7 million euro, up 4% on the previous year, which was positively affected by the increase in domestic coffee consumption due to the pandemic.

Analysing the distribution channels, 2022 was affected by the short-term impacts of the strategy to boost the importance of specialised stores served directly, decreasing use of the wholesale channel; the large-scale retail trade channel continues to grow at above-average rates (+40% compared with 2021), gaining additional share in a single-serve coffee market that is growing by 9.6% on 2021 (source: Nielsen). Encouraging signals from abroad with growth of 22%. In terms of products, single-serve coffee is still the main product, though there has been a recovery in sales of coffee beans, +17% compared with 2021, having been affected by the slowdown in the Ho.Re.Ca. channel (hotels, restaurants and bars) due to the health emergency.

Gross operating profit comes to 65.8 million euro, with a margin on sales of just over 25%, and non-recurring costs of 2.7 million euro. Without these costs, operating profit would have been 68.5 million euro. The contraction compared with the same period of the previous year is mainly due to higher raw material costs, which the company has only partially passed on to the end-customer through price increases on the main products in the range. Margins have also been affected by transport costs for 3.7 million euro, due to inflation and the logistical complexity caused by changes in the mix of channels, and the increased cost of electricity and natural gas (+3.1 million euro). To cope with the increase in energy costs, during 2022 the company entered into a fixed-price energy supply contract with Italgas and a contract for the supply of LPG with AGN Energia, both Portfolio Companies of Italmobiliare.

Net of slightly higher depreciation and amortisation, the operating result comes to 54.8 million euro.

The item finance income and costs is negative for 0.3 million euro. The balance of +7.4 million euro in 2021 was affected by dividends of 1.1 million euro paid by the subsidiary MFS Web S.r.l. and by the capital gain of 6.5 million euro realized following the sale of the production unit of MFS Web S.r.l.

Taxes are negative for 15.7 million euro (compared with 16.8 million euro at December 31, 2021). The 2021 figure benefited from a one-off positive impact of 4.6 million euro deriving from the fact that there was no longer the substitute tax on goodwill.

Net profit for 2022 comes to 38.8 million euro.

The net financial position at December 31, 2022 is negative for 20.6 million euro, already net of 50 million euro of dividends paid (20 million euro in the last quarter).

Cash generation¹, gross of dividends, has been positive for 22.0 million euro, despite the 10.5 million euro increase in working capital.

RISKS AND UNCERTAINTIES

As mentioned in the previous reports, the Caffè Borbone business is exposed to two main areas of risk and uncertainty: trends in commodity prices on the coffee bean procurement market and competitive pressure on market prices.

The cost of the raw material recorded a strong increase over the course of 2022. Generally speaking, the coffee bean market is highly volatile and subject to oscillations as a result of the strategies of large commodities investors, climate conditions in a specific year for a specific quality of bean, and geo-political conditions in the main producer countries. This increase in the price of raw coffee beans is in any case less significant in the single-dose segment given the lower incidence on the cost of the finished product.

At market level, the high margins available in the mono-portion segment will sooner or later lead to an increase in competitive pressure on prices and margins through aggressive pricing strategies by existing competitors or by new competitors entering the market. Management constantly monitors competitive dynamics on the markets where Caffè Borbone operates, and activates initiatives to support the distinctive value of its products and transfer it to consumers, also by strengthening the Caffè Borbone brand and re-organising its sales channels.

During 2022, ESG risks were assessed, especially those related to the climate. Overall climate risk for Caffè Borbone is considered high as a consequence of exposure to both physical and transitional risks in the food sector. Exposure to physical risks, both acute and chronic, has been estimated as medium-high, mainly on the availability of green coffee which is cultivated in sensitive non-European areas. Exposure to transition risks has been rated medium-high due to the probable evolution of segment policies. In addition, there is market risk due to the growing sensitivity of distributors and consumers to low-carbon food products and reputational risk because of insufficiently effective communication on climate objectives. The risks identified helped to confirm the mitigation initiatives already in progress or to define additional action plans to deal with the transition in the best way possible, transforming risks into business opportunities.

SUSTAINABILITY

Caffè Borbone fully embraces the Italmobiliare Group's sustainable strategy through policies, management, operating methods and initiatives developed according to its own specific characteristics, helping to promote a healthy, inclusive and sustainable global economy, respectful of human rights and labour, safeguarding the environment and being actively involved in the integrity of every aspect of the business.

In 2022 Caffè Borbone adopted the Supplier Charter, which is an operational tool for ESG pre-qualification in line with the Code of Ethics and the Sustainability Policies. Attention to the management of internal social aspects ensures the protection of workers' health and the continuity of production activities, supporting the provision of training at all levels. Despite the continuous efforts of all the social partners, there were two accidents at work. To improve operations, Caffè Borbone planned the entry of new dedicated resources and the adoption of a methodological approach aimed at creating a complete safety culture.

In the environmental field, the company has obtained ISO 14001 certification of its management system. In 2022, the Caivano plant only used electricity that was guaranteed as renewable. In addition, a new 500 kW photovoltaic system went into operation in December, which will significantly reduce the need to buy energy. The partnership with the main coffee suppliers has been strengthened by progressive purchases of coffee lots certified for aspects relating to human and labour rights, the environment and business integrity. A social project has also been activated with one of the traders in Uganda, a strategic country for Caffè Borbone. For the next five years, this project will promote female and youth empowerment of the many small coffee producers and improve their skills in the field of sustainable agriculture. In recognition of the sustainable approach that it has adopted, Caffè Borbone was awarded the Silver Sustainability Rating by EcoVadis in 2022.

Detailed qualitative and quantitative information on sustainable governance, social aspects and environmental initiatives of Caffè Borbone are explained in the Sustainability Report.

1. Free cash flow is the difference between the net financial position at the end of the year and the net financial position at the end of the previous year, gross of dividends paid, capital increases or repayments, the impact of extraordinary operations and the effects of applying IFRS 16.

HUMAN RESOURCES AND ORGANIZATION

In 2022, the workforce grew by 18 units, going from 261 to 279 employees, mainly new hires for the production and the commercial area to support the company's ambitious multi-year growth plan.

LITIGATION AND DISPUTES PENDING

The company is not involved in any significant dispute that needs to be mentioned in this report.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Preparations to develop the business in the USA were finalised in January 2023. They began in 2022 with the establishment of the newco Caffè Borbone America Corp. and continued with it buying the assets that it needed to launch the activity from the previous company that Caffè Borbone used to serve the American market. This operation involved a total outlay of 2.3 million euro, of which 0.5 million euro deferred.

OUTLOOK

In 2023, the company expects higher growth rates than last year, also thanks to the initiatives just mentioned. The first few weeks of the year showed good results and these expectations are corroborated by the important portfolio of new products and the commercial reorganisation.

In terms of margins, management will monitor trends in the cost of raw materials in general and of coffee in particular, reserving the right to increase the price list if necessary.

Officina Profumo-Farmaceutica di Santa Maria Novella

(95% INTEREST
THROUGH FT2 S.r.l.)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	2022	2021	Change %
Revenue and income	46.6	30.0	55.4
Gross operating profit (EBITDA)	11.3	8.2	37.6
<i>% of revenue</i>	24.2	27.3	
Amortisation and depreciation	(4.4)	(3.6)	21.8
Operating profit (EBIT)	6.9	4.6	50.1
<i>% of revenue</i>	14.8	15.3	
Net finance income (costs)	(0.3)	(0.9)	(63.6)
Profit/(loss) before tax	6.6	3.7	77.7
<i>% of revenue</i>	14.1	12.3	
Income tax	(1.9)	(1.2)	59.7
Profit/(loss) for the year	4.7	2.5	86.4
Capital expenditure	4.1	6.9	(40.6)

Figures refer to the consolidated financial statements of FT2 S.r.l., Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A. and its subsidiaries.

(in millions of euro)	December 31, 2022	December 31, 2021
Total equity	213.0	197.6
Net financial position of the FT2 Group	21.8	12.8
Net financial position of FT2 S.r.l.	16.0	(2.0)
Net financial position of the SMN Group	5.8	14.8
Free Cash Flow	(0.9)	7.2
Employees (headcount) at the end of the year	187	144

2022 was a very positive year for Officina Profumo-Farmaceutica di Santa Maria Novella, which posted a 55% increase in revenue. An even more significant result considering that the trend in the first few months of the year was partially conditioned by the latest effects of the pandemic on retail sales.

In addition to continuing the process of consolidating and increasing brand awareness, the company continued with its development plan and presented some interesting innovations during the year:

- In June, “L'Iris” was launched as the first eau de parfum created by Officina Profumo-Farmaceutica di Santa Maria Novella in the 800 years that it has been in business;
- In November “Idralia” arrived on the market. This is the company's historical skin care line which has been relaunched with a new look, introducing a complete range of products for daily use.

Looking at the numbers, consolidated turnover in 2022 amounted to 46.6 million euro, up by 16.6 million euro compared with the previous year. A significant contribution to this increase came from the excellent performance of the direct retail channel, which more than doubled world-wide. In particular, the Italian shops enjoyed a recovery following the pandemic, including the flagship store in Via della Scala in Florence, which grew significantly compared with the previous year, also thanks to the return of tourists to the Tuscan capital. Double-digit growth was also seen in e-commerce, supported by online advertising, and in the wholesale channel, mainly driven by the APAC area, which is still showing interesting growth prospects.

Gross operating profit amounts to 11.3 million euro, 38% up on the previous year, mainly thanks to the increase in volumes. This result was affected by higher personnel costs and the increase in marketing and sales expenses incurred in support of the numerous initiatives to expand the business and strengthen brand awareness. To cope with the increase in energy costs, in 2022 the company entered into a fixed-price energy supply contract with Italgas, Italmobiliare's portfolio company, which will come into force in July 2023.

In 2022, the company posted a profit of 4.7 million euro, up 86% from 2.5 million euro in 2021.

At December 31, 2022, the net financial position of the Group amounted to 21.8 million euro (12.8 million euro at December 31, 2021). At the end of the year, lease liabilities amounted to 13.8 million euro, relating to the development of the company's retail network. In this regard, the net financial position has been significantly affected by the application of IFRS 16.

By virtue of its good results in 2021, the company pay 8 million euro of dividends to its parent company FT2 S.r.l. during the year. Furthermore, during the first half of 2022 Italmobiliare, through its subsidiary FT2 S.r.l., completed the sale of 5% of the shares in Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A. for 10 million euro, where the valuation is in line with its book net equity. Lastly, deferred payments for the acquisition of the UK company were recorded for 0.3 million euro.

Analysing cash flow and neutralising the non-recurring transactions mentioned above, the distribution of dividends and the impact of applying IFRS 16, cash generation¹ is negative for 0.9 million euro. This result is severely impacted by an increase in working capital of 5.6 million euro.

RISKS AND UNCERTAINTIES

The company is exposed to the risks associated with the high-quality standards of products issued for consumption. So, to mitigate this risk, particularly accurate control procedures are in place to ensure full compliance in terms of product quality and safety .

During 2022, ESG risks were assessed, especially those related to the climate. The risks identified helped to confirm the mitigation initiatives already in progress or to define additional action plans to deal with the transition in the best way possible, transforming risks into business opportunities.

1. Free cash flow is the difference between the net financial position at the end of the year and the net financial position at the end of the previous year, gross of dividends paid, capital increases or repayments, the impact of extraordinary operations and the effects of applying IFRS 16.

SUSTAINABILITY

Officina Profumo-Farmaceutica di Santa Maria Novella fully embraces the Italmobiliare Group's sustainable strategy through policies, management, operating methods and initiatives developed according to its own specific characteristics, helping to promote a healthy, inclusive and sustainable global economy, respectful of human rights and labour, safeguarding the environment and being actively involved in the integrity of every aspect of the business.

In 2022 Officina Profumo-Farmaceutica di Santa Maria Novella adopted the Supplier Charter, which is an operational tool for ESG pre-qualification in line with the Code of Ethics and the Sustainability Policies, subjecting the vast majority of suppliers to a detailed evaluation questionnaire. Attention to the management of internal social aspects ensures the protection of workers' health and the continuity of production activities, supporting the provision of training at all levels. There were two not serious accidents at work. In any case, Officina Profumo-Farmaceutica di Santa Maria Novella maintains high attention to risk management and has activated behavioural and training courses aimed at further improving the safety culture, also reinforcing the internal resources who will manage the production departments and the Health, Safety, Environment & Quality (HSEQ) aspects.

From 2021, the Florence plant uses exclusively renewable electricity, derived from photovoltaic self-production and from the purchase of guarantee of origin certificates.

Detailed qualitative and quantitative information on sustainable governance, social aspects and environmental initiatives of Officina Profumo-Farmaceutica di Santa Maria Novella are explained in the Sustainability Report.

HUMAN RESOURCES AND ORGANIZATION

In 2022, the workforce increased from 144 to 187 employees. This increase relates both to personnel directly linked to business growth (e.g. production and retail personnel) and to the introduction of new skills within the company.

LITIGATION AND DISPUTES PENDING

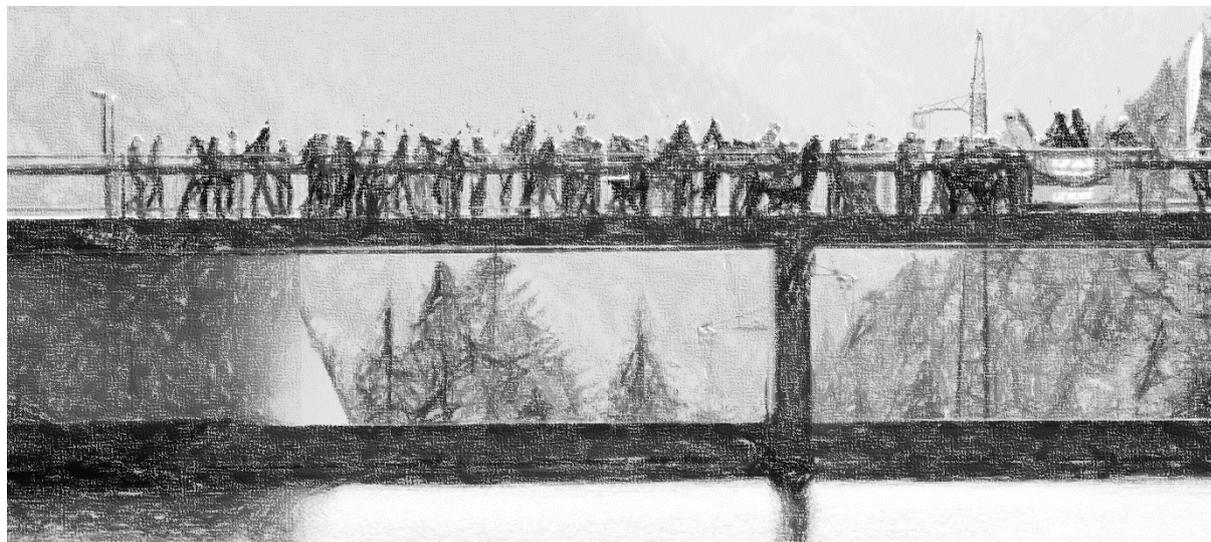
The company is not involved in any significant dispute that needs to be mentioned in this report.

OUTLOOK

In 2023, the company plans to continue the ambitious growth path that has been mapped out. The retail channel will start operating at full capacity again, leaving behind the effects of the pandemic, and will benefit from the new openings in EMEA and the US. Development of the e-commerce platform will also continue, thanks also to continuous investment in this area; the same applies to the wholesale channel, thanks to the growth of current partners and expansion into new market segments and geographical areas.

Italgen

(100% INTEREST)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	2022	2021	Change %
Revenue and income	50.0	45.3	10.3
Gross operating profit (EBITDA)	9.8	23.0	(57.4)
<i>% of revenue</i>	19.6	50.8	
Amortisation and depreciation	(6.3)	(5.1)	>100
Impairment losses on non-current assets	0.0	0.0	n.s.
Operating profit (EBIT)	3.5	17.9	n.s.
<i>% of revenue</i>	7.0	39.5	
Net finance income (costs)	(0.5)	(0.3)	n.s.
Share of profit (loss) of equity-accounted associates	2.7	0.3	n.s.
Profit/(loss) before tax	5.7	17.9	n.s.
<i>% of revenue</i>	11.5	39.5	
Income tax	(0.8)	(5.3)	(84.5)
Profit/(loss) for the year	4.9	12.6	n.s.
Capital expenditure	9.9	5.7	n.s.

The figures in the table refer to the Italgen Group.

n.s. not significant

(in millions of euro)	December 31, 2022	December 31, 2021
Total equity	36.5	37.4
Net financial position	(29.6)	(18.7)
Free Cash Flow	(0.5)	15.5
Employees (headcount) at the end of the year	65	68

During 2022 Italgas carried forward the strategic plan to strengthen its position in the renewable energy sector, by acquiring new derivations and by starting a process of diversification of production sources, increasing its share of photovoltaic production in particular. Note that:

- During the year, the company completed the development of three photovoltaic projects. The first two concern the construction of photovoltaic systems on the roof of two Sisma Group production plants, one located in Bollate (1 MW, which entered service in October 2022) and the other in Valdaro (0.8 MW, which entered service in February 2023). Furthermore, during the year Italgas completed the development of a photovoltaic park with 10,054 panels and 5.5 MW of power in Modugno, which will enter service in March 2023;
- In July, Italgas and Verdenergia S.r.l. (a company controlled by Quiris S.a.p.a., the majority shareholder of AGN Energia) completed their acquisition of 51% and 49% respectively of Rovale S.r.l., which controls a 0.5 MW hydroelectric power plant in Val Divedro, province of Verbania;
- In a macroeconomic context characterised by a constant increase in energy costs, Italgas has entered into contracts for the supply of energy at a fixed price with the Portfolio Companies of the Italmobiliare Group, which will come into force during 2023 in line with existing legislative constraints. It has also signed new long-term power purchase agreements with industrial companies operating in Italy;
- The company also took out medium-long term bank loans for 37 million euro during the year to strengthen its financial structure and help finance the Group's ambitious growth plan.

The extraordinary drought that characterised 2022 obviously hit the Italgas Group's production of hydroelectric energy, which stood at 179.6 GWh for the year, down from the 315.5 GWh of the previous year and 43% down on the ten-year average.

In 2022 Italgas posted revenue of 50 million euro, with only apparent growth compared with the previous year linked to two distorting factors:

- On the one hand, there was a growth in "pass-through" revenue with no impact on the company's profitability, as it had to buy on the market the energy that it needed to fulfil the commitments under existing sales contracts, making up for the low level of production;
- On the other hand, the company values the production sold at a variable price on the Electricity Exchange based on the PUN (average price of electricity for the whole country). The Sostegni ter Decree, which came into force in February 2022, requires the difference between the PUN and the so-called "fair price", equal to 58 euro/MWh for plants that entered operation before 2010, to be paid back to the tax authorities. Moreover, the European price cap which limits it to 180 euro/MWh for other plants took effect in December 2022. Consequently, for a better understanding of the dynamics of 2022, revenue must be interpreted net of the impact of these regulations.

Neutralising both effects, the company's "normalised" revenue would be down by 13.2 million euro compared with 2021, due to the extreme drought that characterised the period.

EBITDA amounted to 9.8 million euro, down by 13.2 million euro compared with 2021 due to the contraction in "normalised" revenue. The cost base of the Italgas Group, on the other hand, is more or less constant, with the impact of expansion of the perimeter attributable to the developments carried out at the end of 2021 and in 2022 and the growth of free energy due to the regions offset by a reduction in fixed costs.

Taking into account amortisation and depreciation of 6.3 million euro, slightly higher than in 2021 due to the investments made in the year, the 2022 operating result was 3.5 million euro. The share of profit of the equity-accounted associates, positive for 2.7 million euro and significantly up on the 0.3 million euro in 2021, is almost entirely due to the excellent performance achieved by Gardawind (Bulgaria), which benefited from the rise in energy prices.

In 2022, the net profit of the Italgas Group amounted to 4.9 million euro, a positive result considering the extreme drought mentioned in the introduction.

Investments of 9.9 million were made during the period, mainly due to the construction of three new photovoltaic parks.

The net financial position of the Italgas Group at December 31, 2022 is negative for 29.6 million euro. If we exclude the 8 million euro of dividends paid in the second quarter, cash generation¹ is negative for 0.5 million euro.

RISKS AND UNCERTAINTIES

The Group is exposed to uncertainties related to the evolution of the regulatory context which saw the extension of Article 15-bis of the Decreto Sostegni ter in the first half of 2023, as well as the European price cap (which limits the price of subsidised production to 180 euro/MWh). Management closely monitors regulatory developments in order to react fast to market opportunities or threats.

The Italgem Group is exposed to both meteorological risks, linked to the volume of rainfall which in a single year can differ significantly from the historical average, with negative effects on production volumes, and to price risk. In recent years, the company has reduced its fixed cost base in order to be less exposed in the event of particularly dry years. It has also embarked on a process of diversifying its sources of energy production. As far as price risk is concerned, the company has had a hedging strategy for some time, which involves the physical sale at a fixed price of approximately 50% of expected production through the negotiation of forward contracts with wholesalers and industrial entities.

With regards to the Italian activities of the Italgem Group, as already reported in last year's report, the Vaprio, Mazzunno and Mezzoldo plants (with an installed capacity of 33 MW, out of a Group total of 66 MW) have an average annual nominal power in excess of 3,000 kW. They are therefore subject to the so-called Simplification Decree and the so-called Competition Decree finally approved in 2022, which governs the conditions of large-scale hydroelectric concessions and provides for a public tender for awarding the concession on expiry. Pending more precise indications from the legislator, it is worth recalling that for the three plants in question, operations on a provisional basis has been extended until December 31, 2023. The company has initiated discussions with the institutions to illustrate the specific features of the Italgem plants, such as the ownership of a network of power lines. During 2022, ESG risks were assessed, especially those related to the climate. Overall climate risk for Italgem is considered medium-high. Exposure to physical risks, both acute and chronic, is put at medium-high, mainly because of the effects of reduced rainfall on the availability of water to be used in turbines; in fact, in the 2023-2055 business plan updated to January 2023, the assumption for the forecast of future rainfall is the average rainfall of the last five years (lower than the ten years used previously due to the scarcity of rainfall in recent years).

SUSTAINABILITY

Italgem fully embraces the Italmobiliare Group's sustainable strategy through policies, management, operating methods and initiatives developed according to its own specific characteristics, helping to promote a healthy, inclusive and sustainable global economy, respectful of human rights and labour, safeguarding the environment and being actively involved in the integrity of every aspect of the business. In 2022, Italgem adopted the Supplier Charter, which is an operational tool for ESG pre-qualification in line with the Code of Ethics and the Sustainability Policies, integrating the requirements into existing procurement processes. There have been no accidents at work.

In the environmental field, sensitive aspects continue to be handled well, starting with the management of water resources and attention to the local areas and their biodiversity, as evidenced by the fact that the company's has maintained its ISO 14001 certification.

Detailed qualitative and quantitative information on Italgem's sustainable governance, social aspects and environmental initiatives are described in the Sustainability Report attached to this document.

HUMAN RESOURCES AND ORGANISATION

At December 31, 2022 Italgem had 65 employees showing a decrease of 3 people compared with December 31, 2021.

1. Free cash flow is the difference between the net financial position at the end of the year and the net financial position at the end of the previous year, gross of dividends paid, capital increases or repayments, the impact of extraordinary operations and the effects of applying IFRS 16.

LITIGATION AND DISPUTES PENDING

Based on the uncertainties of the regulatory context, it is possible that Italgas could incur other liabilities in the future, both in relation to changes in the regulatory framework and the final outcome of some ongoing administrative disputes concerning the regulatory structure of large hydroelectric derivation concessions and/or the related state fees (fixed and variable components).

OUTLOOK

The first few weeks of 2023 were also characterised by extreme drought, which suggests that production will be down on the historical average. However, lower rainfall will be partially offset by the new plants coming on stream and by ongoing investment. In this regard, the company plans to complete three new green field photovoltaic plants, for a total capacity in excess of 7 MW. If confirmed, the price determined by the Decreto Sostegni ter and the European price cap would lead to a reduction in the unit margin compared with last year.

Casa della Salute

(84.67% INTEREST)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	2022	2021	Change %
Revenue and income	32.5	25.8	25.9
Gross operating profit (EBITDA)	4.8	2.5	94.7
<i>% of revenue</i>	14.7	9.5	
Amortisation and depreciation	(5.9)	(2.7)	>100
Operating profit (EBIT)	(1.1)	(0.2)	n.s.
<i>% of revenue</i>	(3.5)	(0.8)	
Net finance income (costs)	(1.1)	(0.6)	>100
Profit/(loss) before tax	(2.2)	(0.8)	n.s.
<i>% of revenue</i>	(6.8)	(3.2)	
Income tax	0.5	0.0	>100%
Profit/(loss) for the year	(1.7)	(0.7)	n.s.
Capital expenditure	20.0	27.6	

The figures in the table refer to the Casa della Salute group, which consists of Casa della Salute S.p.A., BEA Biella S.p.A., Casa della Salute Sardegna S.r.l. and CDS Medical S.r.l.

n.s. not significant

(in millions of euro)	December 31, 2022	December 31, 2021
Total equity	11.7	7.8
Net financial position	(44.5)	(34.3)
Free Cash Flow	(14.4)	(11.9)
Employees (headcount) at the end of the year	295	205

During 2022, Casa della Salute continued its growth trajectory. In particular:

- The opening of two new clinics in Savona (January 2022) and Genoa Torri MSC (May 2022) and two new sampling centres in Genoa. Among the largest in the Group, the new Genoa Torri MSC polyclinic is equipped with three operating theatres and has a completely new layout designed to meet the needs of patients better and enhance the brand; due to its structural characteristics, fittings and technologies, it can be considered the clinical flagship store of the group which perfectly represents the path taken by Casa della Salute. Furthermore, preparatory construction sites have been launched for the opening of new clinics in Liguria, Piedmont and Sardinia which will be completed in 2023;
- The project to strengthen the Casa della Salute brand has been developed through numerous commercial initiatives, events, sponsorships and a graphic restyling of the brand. Of particular note is the success of the Casa della Salute Village format: an interconnected nucleus of domes was set up in the centre of Genoa from 20 to 24 October with an event area and two studios in which health checks, eye exams and dental visits were provided free of charge. In just 4 days, over 700 check-ups were offered and 13 events were organised, with the involvement of over 100 doctors. In light of its success, the initiative will be repeated in new locations in 2023;
- The start of insourcing of dental services by renting a business unit of Gestdent (an external company that provided dental services at the Casa della Salute clinics), for which Casa della Salute has a definitive purchase option at the end of the rental period. This transaction did not have a significant impact on the company's income statement, while the impact on the Net Financial Position is commented on below;
- A revision of the Group's corporate structure through the establishment of CDS Sardegna, which will drive the company's future development in that region, and of CDS Medical, a company held 100% by Casa della Salute which manages the three clinics accredited with the National Health System (Busalla, Albenga and Genoa Miltedo). However, in 2022 the company did not have a budget for activities affiliated with the NHS;
- During 2022, Casa della Salute obtained a 30 million euro bank loan from BPM to help finance the company's ambitious growth plan.

2022 for Casa della Salute closed with revenue of 32.5 million euro, 26% higher than the previous year. The increase is even more significant if evaluated net of Covid-related activities (swabs, serological tests and management of the vaccination hub), which are decreasing thanks to the easing of the pandemic; neutralising these figures, overall growth comes to 36%. Excluding the new openings in 2021/2022 and neutralizing the non-recurring revenue linked to Covid, the like-for-like increase is 6%, a very positive figure considering that the new openings are also in Liguria.

In terms of services, the growth in revenue is driven by polyclinic activities, which are the services that contribute most to turnover with growth in line with the average; the trends in diagnostics (+59%) and dental services (+57%) were particularly positive. Surgery is growing at lower than average rates, due to delays in the process of authorising the new operating theatres. Outpatient activities are down following the progressive easing of the pandemic.

EBITDA stands at 4.8 million euro (+94.7% on 2021), including non-recurring costs of 1.7 million euro mainly due to new openings and investments to support the company's growth. Neutralising these costs, EBITDA stands at 6.5 million euro, with a margin of 21% of sales.

Depreciation and amortisation, equal to 5.9 million euro, is up due to the investments made by the company for the new openings in 2021 and 2022 and the start of amortisation of the company's goodwill for 0.8 million euro

The pre-tax result, negative for 2.2 million euro, is 80% due to non-recurring costs linked to the new openings. The net result for 2022 is a loss of 1.7 million euro.

The net financial position at December 31, 2022 is negative for 44.5 million euro. Neutralising the increase in capital of 5 million euro carried out in the second quarter of 2022 and the one-off negative impact of 1.3 million euro from the rent of the Gestdent business unit, cash generation¹ for the period was negative for 14.4 million euro. This is more than explained by the cash outlay of 14.6 million euro for the investments made in the new openings during 2022 and the advances made for the new openings in 2023.

RISKS AND UNCERTAINTIES

The company has an ambitious plan to open new clinics at a national level, though it is exposed to risks due to possible delays caused by Public Administration obligations (e.g., receipt of information regarding the compatibility of the intended use of a property with the zoning plan, obtaining the necessary health authorisations). Such delays could cause a temporary financial imbalance due to the lengthening of the interval between making the investment and opening the clinic; management carefully monitors the company's liquidity position in close coordination with the equivalent structures of the Italmobiliare Group.

Furthermore, due to the nature of the business, the company is exposed to the risk of possible cyber attacks, which could lead to the disclosure of sensitive data on patients; this risk is particularly high for diagnostic/reporting systems and for systems managed by third parties. The company, which already has important security measures in place, is committed to constantly mitigating this risk by assessing and strengthening its organisational and technological safeguards, also thanks to the entry of new dedicated figures in the digital/IT department.

Lastly, Casa della Salute is committed to improving its recruiting process and implementing retention measures for its personnel, also with a view to supporting the ambitious development plan which requires a constant search for specialised professionals.

During 2022, ESG risks were assessed, especially those related to the climate. The risks identified helped to confirm the mitigation initiatives already in progress or to define additional action plans to deal with the transition in the best way possible, transforming risks into business opportunities.

SUSTAINABILITY

Casa della Salute fully embraces the Italmobiliare Group's sustainable strategy through policies, management, operating methods and initiatives developed according to its own specific characteristics, helping to promote a healthy, inclusive and sustainable global economy, respectful of human rights and labour, safeguarding the environment and being actively involved in the integrity of every aspect of the business. In 2022, Casa della Salute adopted the Supplier Charter, which is an operational tool for ESG pre-qualification in line with the Code of Ethics and the Sustainability Policies. There were two accidents at work involving company personnel. In a situation that typically sees the presence of numerous members of staff, both internal and external, customers and patients, the qualitative health and safety supervision of all the offices remains of a high level, thanks to an intense audit plan and continuous training. The entire complex of Casa della Salute clinics has newly or recently installed heating and cooling systems with high levels of energy efficiency and, out of choice, powered exclusively by certified electricity from renewable sources.

Detailed qualitative and quantitative information on Casa della Salute's sustainable governance, social aspects and environmental initiatives are described in the Sustainability Report.

HUMAN RESOURCES AND ORGANISATION

In 2022, the workforce grew from 205 to 295 employees. 70 were hired to work for the network and 20 to handle the expansion of the company's structure.

1. Free cash flow is the difference between the net financial position at the end of the year and the net financial position at the end of the previous year, gross of dividends paid, capital increases or repayments, the impact of extraordinary operations and the effects of applying IFRS 16.

LITIGATION AND DISPUTES PENDING

In the period September 2022-February 2023 CDS Medical, a company of the Casa della Salute group, filed appeals with the Liguria Regional Administrative Court against resolutions of the Ligurian Health Authority and the Liguria Region. These concerned the allocation of public sector budgets for the purchase of diagnostic imaging services from accredited entities under an agreement with the Regional Health Service (RHS). CDS Medical considers the methods of assignment to be in contrast with the applicable legislation on the protection of free competition and the market, as well as the constitutional principles of good performance and impartiality of the Public Administration. In particular, the appeals refer to: (i) an extraordinary budget (as part of a programme aimed at reducing the waiting lists accumulated during the pandemic) assigned through an expression of public interest, which reserved the most remunerative services to entities already affiliated to the RHS, limiting access to entities that were accredited but not yet affiliated - such as CDS Medical - only to services that were less remunerative; and (ii) an ordinary budget assigned directly to entities already affiliated to the RHS if there were no manifestations of public interest. CDS Medical has also submitted a report to the Italian Competition Authority.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

It should be noted that:

- On February 10, 2023, the company approved an increase in capital of 7 million euro, of which 5.9 million euro was paid in by Italmobiliare S.p.A.
- In February, the company completed the acquisition of Istituto Chiroterapic, a company of excellence that has been active for almost fifty years in the field of physiokinesitherapy and diagnostic imaging based in Genoa and Rapallo. The enterprise value of the transaction is equal to 1.8 million euro.
- In January 2023, the Savona clinic was awarded to CDS Medical, which concluded the accreditation process.
- In February 2023, the process of changing the name of the company from Casa della Salute to CDS was begun.

OUTLOOK

In 2023, the company expects to continue its revenue growth trajectory, thanks to the planned opening of new clinics and the increase in revenue from existing clinics (e.g. increase in surgery on the MSC Tower after obtaining authorisation). In terms of margins, the company expects significant growth in EBITDA, thanks to the incremental revenue generated by expansion of the business.

Capitelli

(80% INTEREST)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	2022	2021	Change %
Revenue and income	19.2	17.5	9.6
Gross operating profit (EBITDA)	2.8	3.9	(29.1)
<i>% of revenue</i>	14.5	22.4	
Amortisation and depreciation	(1.0)	(1.0)	9.5
Operating profit (EBIT)	1.7	3.0	(41.4)
<i>% of revenue</i>	9.1	17.0	
Net finance income (costs)	(0.0)	0.0	n.s.
Profit/(loss) before tax	1.7	3.0	(42.3)
<i>% of revenue</i>	9.0	17.0	
Income tax	(0.4)	0.1	n.s.
Profit/(loss) for the year	1.3	3.1	(59.0)
Capital expenditure	0.6	1.2	

n.s. not significant

(in millions of euro)	December 31, 2022	December 31, 2021
Total equity	17.2	20.9
Net financial position	(1.4)	2.1
Free Cash Flow	1.5	1.7
Employees (headcount) at the end of the year (*)	45	47

(*) Figures relating to 2021 were restated to ensure better comparability with 2022 figures.

During 2022 the company consolidated its growth path. In particular:

- The communication activity designed to increase brand awareness and promote the excellence of Capitelli products continues. On the occasion of Cibus, one of the main events dedicated to Italian agri-food which was held in Parma in May, the company won the national award for "Best New Media Campaign 2021" in the "Salumi & Consumi Awards" thanks to the Capitelli Coast to Coast social campaign. Again, as part of the brand strengthening process, in 2022 Capitelli created the first television commercial in its history which was aired at the beginning of 2023 on the main national channels;
- "San Giovanni" Capitelli cooked ham was confirmed as the best cooked ham in Italy in the Salumi d'Italia 2023 Guide, it was awarded the Gambero Rosso Top Italian Food 2023 stamp and achieved the highest recognition in the Gambero Rosso Grandi Salumi 2023 Guide, which also rewarded "Giovanna" bacon and "Proibita" cooked shoulder;
- In February, a review of the company's financial structure was completed, which led to Capitelli obtaining a 5 million euro bank loan at a fixed rate (0.6 bps) and subsequently distributing 5 million euro in dividends.

In 2022 Capitelli saw revenue rise to 19.2 million euro, an increase of 10% compared with the same period of 2021, mainly attributable to the growth in volumes. With specific reference to the various distribution channels, there was a positive trend in sales through the large-scale retail trade channel, which grew at above-average rates. Even more significant is the increase in the Ho.Re.Ca. channel (hotels, restaurants and bars), which grew by 17% compared with a 2021 that was negatively affected by the lockdown. Analysing sales product by product, "San Giovanni" cooked ham is confirmed as the flagship of the company's production, with above-average growth on 2021; "Giovanna" (bacon cooked in three different ways) confirms the product's strong potential.

EBITDA amounts to 2.8 million euro, with an 8-point drop in margins of sales compared with 2021, which was entirely due to a contraction in the industrial margin (-8%) because of the significant increase in the cost of meat, currently at historical highs. The company increased its list prices twice during the year, partially offsetting this rise in costs. Also worthy of note is the increase in electricity costs, which had an impact of 0.2 million euro. To cope with the increase in energy costs, during 2022 the company entered into a fixed-price energy supply contract with the Italmobiliare's subsidiary Italgas and a contract for the supply of LPG with the Italmobiliare's associate AGN Energia.

After depreciation, which was more or less constant, the operating result came to 1.7 million euro.

Income tax amounts to 0.4 million euro. It should be recalled that the previous year's figure for income tax included a one-off positive impact of 0.9 million euro linked to the decision to realign the tax and statutory values of goodwill, applying the provisions of article 15 paragraph 10 et seq. of Legislative Decree 185/2008.

Capitelli closed 2022 with a profit of 1.3 million euro, down for the same reasons as mentioned above.

The net financial position at December 31, 2022 was negative for 1.4 million euro. Gross of the distribution of dividends for 5 million euro in the first quarter, cash generation¹ was positive for 1.5 million euro, a result that is substantially in line with 2021, partially thanks to the reduced level of investments during the year.

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RISKS AND UNCERTAINTIES

The main risk for Capitelli undoubtedly concerns the procurement of pork, its raw material, both in terms of its cost and in terms of its quality:

- On the one hand, it is normal for the price of pork to suffer considerable volatility, though this has been exacerbated in recent years by external events;
- On the other hand, procuring high quality raw material is essential to support the excellent positioning of the company's products and is becoming increasingly critical also for specific issues in the sector (e.g., the situation of the Parma Ham circuit).

The company has put a number of specific measures in place to mitigate these risks. The most important undoubtedly concerns the creation and progressive strengthening of a supply chain dedicated to Capitelli. Indeed, the company already guarantees a safe and certified source of supply for a significant percentage of the company's production through partnerships with breeders and slaughterhouses. From a medium to long-term perspective, the plan is to offer to its partners multi-year agreements at a fixed price, which would help to limit the fluctuation in the cost of raw materials for a certain period of time.

Capitelli invests continuously in process improvements to ensure the excellence of its products and is currently engaged in a certification process which is expected to be completed by the end of 2023.

During 2022, ESG risks were assessed, especially those related to the climate. The overall climate risk for Capitelli has been estimated as medium-high as a consequence of exposure to both physical and transitional risks in the food sector. Exposure to both acute and chronic physical risks has been put at medium-high, mainly due to the effects of drought on the high-quality pork supply chain. Exposure to transition risks has been assessed as medium-high due to the probable evolution of policies in the segment, market risk resulting from the growing sensitivity of distributors and consumers to low-carbon food products and reputational risk linked to the effectiveness of the communication on climate objectives. The risks identified helped to confirm the mitigation initiatives already in progress or to define additional action plans to deal with the transition in the best way possible, transforming risks into business opportunities.

As regards swine fever, some infected wild boars have been reported in Italy, which means that there is some risk of contagion of the country's pig population; to date, mitigating action by the Government and the European Community, including the creation of a red zone from which the export of pork products is prohibited, have not impacted the company's business, except for indirect repercussions in terms of further nervousness about the cost of raw material. The company is obviously monitoring the situation closely.

SUSTAINABILITY

Capitelli fully embraces the Italmobiliare Group's sustainable strategy through policies, management, operating methods and initiatives developed according to its own specific characteristics, helping to promote a healthy, inclusive and sustainable global economy, respectful of human rights and labour, safeguarding the environment and being actively involved in the integrity of every aspect of the business. In 2022, Capitelli adopted the Supplier Charter, which is an operational tool for ESG pre-qualification in line with the Code of Ethics and the Sustainability Policies. The Supply Chain Policy was built on these foundations, intended as an engagement tool for all players who contribute to the maintenance of ESG and quality safeguards that can guarantee product excellence.

Only one work-related injury occurred in 2022. Capitelli continues to implement a methodological approach aimed at creating a full culture of safety. At the beginning of 2022, the new heating and refrigeration systems became fully operational with the adoption of solutions that are highly efficient from an energy point of view. Starting from 2022, Capitelli uses exclusively renewable electricity, self-produced or purchased with guarantees of origin.

Detailed qualitative and quantitative information on Capitelli's sustainable governance, social aspects and environmental initiatives are described in the Sustainability Report.

HUMAN RESOURCES AND ORGANISATION

At December 31, 2022, Capitelli had 45 employees, substantially in line with 2021.

LITIGATION AND DISPUTES PENDING

The company is not involved in any significant dispute that needs to be mentioned in this report.

OUTLOOK

The company managed to grow thanks to the positive trend in 2022, confirming the appreciation of the end customer for its products. This allows the company to look to 2023 with good growth prospects. The first few weeks of 2023 confirmed this expectation of growth, also thanks to television advertising campaigns.

Callmewine

(80% INTEREST
THROUGH FT3 S.r.l.)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	2022	2021	Change %
Revenue and income	16.2	17.2	(5.8)
Gross operating profit (EBITDA)	(1.6)	(0.8)	n.s.
<i>% of revenue</i>	<i>(9.9)</i>	<i>(4.7)</i>	
Amortisation and depreciation	(0.4)	(0.3)	n.s.
Operating profit (EBIT)	(2.0)	(1.1)	n.s.
<i>% of revenue</i>	<i>(12.5)</i>	<i>(6.4)</i>	
Net finance income (costs)	(0.0)	0.0	n.s.
Profit/(loss) before tax	(2.0)	(1.1)	n.s.
<i>% of revenue</i>	<i>(12.6)</i>	<i>(6.4)</i>	
Income tax (expense)	0.5	0.3	n.s.
Profit/(loss) for the year	(1.5)	(0.8)	n.s.
Capital expenditure	0.4	0.4	

n.s. not significant

The figures refer to the consolidated financial statements of FT3 S.r.l. and Callmewine.

(in millions of euro)	December 31, 2022	December 31, 2021
Total equity	19.6	12.6
Net financial position including FT3 S.r.l.	1.1	3.5
Free Cash Flow	(2.4)	(1.0)
Employees (headcount) at the end of the year	21	13

In February 2022, the Italmobiliare Group consolidated its interest in Callmewine S.r.l. by purchasing (through FT3 S.r.l.) a further 20% of its capital from minority shareholders, rising from 60% to 80%. Among the results achieved by the company during the year, it should be noted that:

- Callmewine UK was set up during the fourth quarter of 2022 and received its first orders in the last few months of the year. It will become fully operational in 2023. This new opening, which is part of the company's expansion into foreign markets, is particularly significant because the United Kingdom is the first country that Callmewine is entering with a dedicated website, product range and local warehouse.
- To complete the managerialisation of the company, in 2022 a Chief Technology Officer was hired and an IT department set up on a structured basis, the aim being to ensure that the company has maximum strategic flexibility in the medium to long term. This has also involved internalising certain processes. The first projects to be developed included the launch of the UK platform and the restyling of the Italian website, which went online at the beginning of 2023.
- The strengthening of the value proposition for end-customers continues through expansion of the range, an increase in the share of products offered on an exclusive basis and the launch of new services like home delivery ("Callmewine sotto casa"), which for now is only available in Milan.

Callmewine closed 2022 with revenue of 16.2 million euro, down 6% compared with 17.2 million in 2021, which was positively affected by the increase in domestic wine consumption as a result of the Covid restrictions. Looking at the individual markets, there are encouraging signs from the foreign market, particularly from Germany where Callmewine posted growth of 67%.

Despite the inflationary hike in the cost of wine and transport, product margins are more or less the same as in 2021, thanks to growing attention to pricing and the product range.

EBITDA for the period was negative by 1.6 million euro, mainly due to the increase in marketing and personnel costs, both to prepare for the company's future growth.

Taking into account depreciation and amortisation of 0.4 million euro, which is in line with the previous year, the operating result is negative for 2 million euro.

Taxes are positive for 0.5 million euro due to the effect of joining the Italmobiliare Group's tax consolidation. The net loss for 2022 comes to 1.5 million euro.

The net financial position at December 31, 2022 is positive for 1.1 million euro, with cash generation¹ during the period negative for 2.4 million euro due to the negative result for the year and the growth in working capital.

RISKS AND UNCERTAINTIES

Callmewine operates in a sector that is growing quite rapidly – despite the slowdown that followed the easing of Covid restrictions in 2022 – but it has few barriers to entry; this has led to an increase in the number of small players entering the market over time, with pricing policies that are very aggressive in the short term and unsustainable in the long term. The effects of these dynamics were evident during 2022, the year in which numerous players made extensive use of the price lever to increase sales, progressively eroding the margins of the entire market. To deal with the risk that comes from a market with these characteristics, Callmewine has taken numerous initiatives to strengthen brand awareness and achieve a distinctive positioning, allowing it to become one of the market leaders over the years.

Furthermore, as foreseen in previous reports, the general increase in the cost of raw materials is having an impact on both the cost of wine and of product packaging and shipping. The risk is felt more as the competitive situation mentioned above could make it harder to pass on all increases to end-consumers; the company's management carefully monitors the sustainability of product margins, with increasing attention to end-customer pricing policies and wine purchase strategies.

During 2022, ESG risks were assessed, especially those related to the climate. The risks identified helped to confirm the mitigation initiatives already in progress or to define additional action plans to deal with the transition in the best way possible, transforming risks into business opportunities.

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SUSTAINABILITY

Callmewine fully embraces the Italmobiliare Group's sustainable strategy through policies, management, operating methods and initiatives developed according to its own specific characteristics, helping to promote a healthy, inclusive and sustainable global economy, respectful of human rights and labour, safeguarding the environment and being actively involved in the integrity of every aspect of the business. In 2022, Callmewine adopted the Supplier Charter, which is an operational tool for ESG pre-qualification in line with the Code of Ethics and the Sustainability Policies. Callmewine promotes the health, safety and well-being of all employees, creating and keeping its offices and other workplaces safe as an essential condition for the professional growth and enhancement of its resources. There have been no accidents at work.

In terms of the environment, Callmewine pays particular attention to packaging, using mostly recycled cardboard, and without using polystyrene or other plastics. In support of its sustainability strategy, which includes carbon neutrality, the decision was made in 2022 to purchase certified CO₂ credits covering its entire carbon footprint for the next two years, including the supply and distribution chain, and end-of-life. Every wine purchase made by Callmewine customers in 2023 and 2024 is therefore guaranteed to be Zero CO₂.

Detailed qualitative and quantitative information on sustainable governance, social aspects and environmental initiatives are described in the Sustainability Report

HUMAN RESOURCES AND ORGANISATION

In 2022 the workforce grew from 13 to 21, with an increase of 8 employees.

LITIGATION AND DISPUTES PENDING

The company is not involved in any significant dispute that needs to be mentioned in this report.

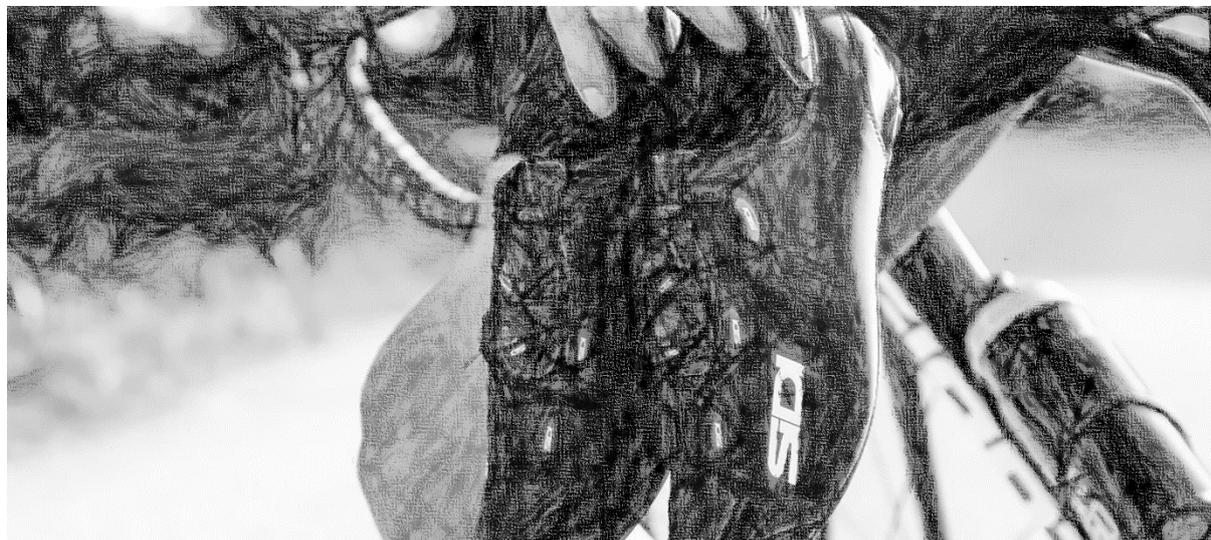
OUTLOOK

In 2023 the company expects to continue the growth trajectory that it has taken over the years, also through the development of new initiatives. These include expanding the B2B segment in Italy and intensifying initiatives on the foreign market, with further growth in Germany and the development of Callmewine UK.

In terms of margins, a negative gross operating result is also expected in 2023, as the investments in personnel and marketing will continue.

SIDI Sport

(100% INTEREST
(THROUGH THE NEWCO FT4 S.r.l.)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	2022	2021	Change %
Revenue and income	33.2	38.0	(12.6)
Gross operating profit (EBITDA)	3.7	7.4	(49.8)
<i>% of revenue</i>	11.2	19.4	
Amortisation and depreciation	(0.9)	(1.0)	(11.1)
Operating profit (EBIT)	2.8	6.4	(56.0)
<i>% of revenue</i>	8.5	16.8	
Net finance income (costs)	(0.6)	(0.0)	
Profit/(loss) before tax	2.2	6.4	(65.5)
<i>% of revenue</i>	6.6	16.8	
Income tax (expense)	(0.7)	(1.6)	
Profit/(loss) for the year	1.5	4.7	(68.9)
Capital expenditure	n.a.	n.a.	

The 2021 and 2022 figures refer to the consolidated financial statements of SIDI Sport S.r.l. and La Sierra Scarpe S.r.l. and have not been consolidated in Italmobiliare. From January 1, 2023 they will be consolidated line-by-line. The figures have been prepared according to national accounting standards (ITA GAAP) and reclassified according to Group formats.

n.a. not available

(in millions of euro)	December 31, 2022 (*)	December 31, 2021
Total equity	52.5	n.a.
Free Cash Flow	1.9	n.a.
Net financial position of the FT4 Group	(19.7)	n.a.
Net financial position of FT4 S.r.l.	(33.8)	n.a.
Net financial position of the SIDI Group	14.1	n.a.
Employees (headcount) at the end of the year	273	263

(*) The figures refer to the consolidated financial statements of SIDI Sport S.r.l. and La Sierra Scarpe S.r.l. and have been prepared according to international accounting standards.

n.a. not available

SIDI Sport is an iconic Italian brand specializing in the production and sale of cycling and motorcycling footwear used by the most important professional and amateur athletes all over the world. On October 25, 2022 Italmobiliare completed the acquisition of 100% of the company's capital on the basis of an enterprise value of 66 million euro, plus 20 million in net cash held by the company. The total consideration of 86 million resulted in a net outlay by Italmobiliare of 53.5 million, while the balance of 32.5 million was covered by a bank loan. Significant events that took place after SIDI's acquisition by Italmobiliare included the following:

- To give immediate impetus to the company's development and growth path, a new CEO, Davide Rossetti – with over 25 years of experience in the world of sporting goods in multinational excellences in Italy and abroad – and a new CFO, Claudio Crespan, have been appointed.
- The company's Board of Directors was also strengthened with the entry of the former national cycling coach, Davide Cassani, who thanks to his skills and huge experience will make an important contribution to SIDI's development.
- In November, SIDI took part in EICMA, one of the main international exhibitions dedicated to the world of two wheels. In addition to representing an opportunity in terms of marketing and commercial development, taking part in this fair was also an opportunity to present the new ownership and the company's renewed growth ambitions to a qualified representation of international stakeholders.
- In November, Alvaro Bautista, a SIDI standard bearer, was crowned world champion in the Superbike World Championship. To celebrate this important victory, in January 2023 the company presented a special edition of Mag-1, the boot that accompanied him during all of the world championship races.

Looking at the financial performance, SIDI closed 2022 with revenue of 33.2 million euro, a 13% dip compared with 2021. Analysing the data, it should be remembered that 2022 suffered a physiological slowdown in consumption, as the bike and motorbike sector turned in exceptional results in 2021 because of the pandemic.

EBITDA shrank from 7.4 to 3.7 million euro, mainly due to the contraction in revenue. Starting in August, the gross operating profit was impacted by higher rental costs of 0.3 million euro following the spin-off of the company's land and buildings. Furthermore, the company incurred non-recurring costs of 0.3 million euro during the year. In 2022 (effective from July 2023) the company entered into electricity supply contracts with Italgas at a fixed price for the Italian branch with a view to containing these costs.

The net financial position at 31 December 2022 is negative for 19.7 million euro, while current cash generation¹ by the operating company was positive for 1.9 million euro.

LITIGATION AND DISPUTES PENDING

The company is not involved in any significant dispute that needs to be mentioned in this report.

OUTLOOK

In a context of high uncertainty, characterised by the general contraction in demand, especially as regards the bike segment, the company is focusing on projects related to business development. On the marketing side, the goal is to consolidate SIDI's positioning and improve brand awareness, further enhancing collaborations with some of the best riders and athletes in the world. At the same time, the commercial strategy will be reinforced, strengthening the existing channels and the brand's presence on the market. On the product side, the presentation of new collections in both the bike and motorbike fields is already expected to take place in the first half of the year. On the industrial front, work will be done to further improve the efficiency of operations, which are almost entirely managed internally. Lastly, the process of strengthening and expanding the management team will also continue in 2023.

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Tecnica Group

(40% INTEREST)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	2022	2021	Change %
Revenue and income	561.0	463.8	21.0
Gross operating profit (EBITDA)	94.5	82.9	14.0
<i>% of revenue</i>	16.8	17.9	
Amortisation and depreciation	(22.7)	(21.8)	4.1
Operating profit (EBIT)	71.8	61.1	17.5
<i>% of revenue</i>	12.8	13.2	
Net finance income (costs)	(10.3)	(3.7)	>100
Share of profit (loss) of equity-accounted associates	(0.8)	(0.3)	>100
Non-recurring expense	(2.5)	(2.5)	
Profit/(loss) before tax	58.2	54.6	6.6
<i>% of revenue</i>	10.4	11.8	
Income tax	(13.4)	(13.4)	(0.3)
Profit/(loss) for the year	44.8	41.2	8.8
Capital expenditure	27.7	21.9	26.4

The figures in the table refer to the Tecnica Group.

(*) Figures relating to 2021 differ from what was published in previous report to ensure better comparability with 2022 figures.

(in millions of euro)	December 31, 2022	December 31, 2021
Total equity	137.4	96.2
Equity attributable to owners of the parent company	109.0	71.6
Net financial position (*)	(139.3)	(127.5)
Free Cash Flow	(5.9)	57.2
Employees (headcount) at the end of the year	3,891	3,429

(*) Figures relating to 2021 differ from what was published in previous report to ensure better comparability with 2022 figures.

The Tecnica Group closes 2022 with revenue of 561.0 million euro, an increase of 21% compared with the previous year. Looking at the results in detail, it is clear that the winter brands (Nordica, Blizzard-Tecnica and Moon Boot) had an excellent performance, turning in a 54% increase, which was helped by a positive exchange rate effect. This growth confirms the recovery of the winter sports brands that had been most penalised during the pandemic. LOWA, the group's main brand in terms of turnover, also did well, growing despite a production delay in the second half of the year. The positive results are partially offset by Rollerblade, which contracted slightly after the exceptional growth achieved during the pandemic, a period when the entire inline skate category benefited from a strong boost. The results of Tecnica Outdoor remain stable.

The group's gross operating profit is equal to 94.5 million euro, compared with 82.9 million euro the previous year, an increase of 14%, mainly due to the increase in revenue. There has been a reduction in margins of 1 percentage point. This is because, in addition to the physiological increase in direct costs linked to business volumes, the company suffered an increase in certain expenses – such as energy – and invested in people and marketing in support of future growth.

Depreciation and amortisation amounted to 22.7 million euro, slightly up on the previous year. The operating result came to 71.8 million euro, an improvement of 10.7 million euro compared with 2021.

Financial income and charges are negative for 10.3 million euro (3.7 million euro in the previous year), worse than in the previous year, mainly due to the exchange rate effect.

The consolidated net profit of the Tecnica Group in 2022 amounts to 44.8 million euro, a significant improvement (+9%), thanks above all to the increase in sales volumes.

Investments of 27.7 million euro were made during the year, an increase on the previous year due to the ambitious projects launched by the company both in the digital area and for the expansion and modernisation of its production plants. In particular, the digital transformation project is proceeding according to a four-year plan, which will allow the Group to be state-of-the-art in a strategic area for future development.

In 2022, there was an increase in net operating working capital of 52 million euro, caused principally by the significant increase in volumes produced for the winter sports market (ski boots and skis). In fact, the seasonal nature of the winter sports sector, which has grown more than proportionally compared with the growth of the outdoor sector in general – still the group's main market – has led to an increase in inventories and trade receivables, which are expected to be recovered during the first quarter of 2023.

The net financial position is negative for 139.3 million euro. Cash generation¹, gross of dividends for 8 million euro, is negative for 5.9 million euro, mainly due to the increase in net working capital.

1. Free cash flow is the difference between the net financial position at the end of the year and the net financial position at the end of the previous year, gross of dividends paid, capital increases or repayments, the impact of extraordinary operations and the effects of applying IFRS 16.

RISKS AND UNCERTAINTIES

The Tecnica Group operates in a business that is influenced to a considerable extent by macroeconomic trends and consumption. The company is therefore working to strengthen and consolidate the positioning of its brands in strategic markets with high potential, as well as evaluating the possibility for selected brands to enter new product segments.

As mentioned in previous reports, the Tecnica Group has located part of its production of winter sports brands in Ukraine and owns a factory in Chop, a city on the border with Slovakia and Hungary. To date, the situation remains stable and production is regular.

During 2022, ESG risks were assessed, especially those related to the climate. The overall climatic risk for the Tecnica Group has been estimated as medium-high. Exposure to both acute and chronic physical risks has been estimated as medium-high in relation to the winter sports segment due to the effects of global warming on snowfall, which create volatility in demand. Exposure to transition risks has been assessed as medium-high, especially for reputational risk given the lack of adequate communication on its own climate objectives. The risks identified helped to confirm the mitigation initiatives already in progress or to define additional action plans to deal with the transition in the best way possible, transforming risks into business opportunities.

In the broader risk management programme, the Tecnica Group sustainability strategy takes on considerable importance. It permeates and inspires the company's industrial, production and commercial decisions, taking into consideration the environmental challenges, internal social and market dynamics and the approach adopted for business integrity.

In this sense, the Tecnica Group's decision to join the UN Global Compact, the largest strategic corporate responsibility initiative in the world, is particularly relevant. In 2022 the Tecnica Group published its first Sustainability Report based on 2021 and has already started collecting data for reporting on 2022, extending the scope to the entire LOWA organisation and the American branch.

LITIGATION AND DISPUTES PENDING

The company is not involved in any significant dispute that needs to be mentioned in this report.

HUMAN RESOURCES AND ORGANISATION

In 2022, the workforce grew from 3,429 to 3,891 employees.

OUTLOOK

In line with the good results achieved in 2022, the company expects to continue the ambitious development path outlined in its business plan. In particular, a positive trend is expected for LOWA, which will launch some strategic initiatives in the commercial area, and for Moon Boot, which continues to reap the benefits of the plan to revitalise the brand.

AGN Energia

(32.02% INTEREST)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	2022*	2021*	Change %
Revenue and income	704.5	571.5	23.3
Gross operating profit (EBITDA)	50.4	56.2	(10.3)
<i>% of revenue</i>	7.2	9.8	
Amortisation and depreciation	(26.9)	(27.4)	(1.9)
Operating profit (EBIT)	23.5	28.8	(18.3)
<i>% of revenue</i>	3.3	5.0	
Net finance income (costs)	(1.0)	(0.3)	n.s.
Share of profit (loss) of equity-accounted associates	1.4	1.8	(20.3)
Profit/(loss) before tax	24.0	30.3	(20.7)
<i>% of revenue</i>	3.4	5.3	
Income tax	(4.9)	(5.9)	(16.7)
Profit/(loss) for the year	19.1	24.4	(21.7)
Capital expenditure	21.8	25.1	(13.1)

The figures in the table refer to the AGN Energia Group.

* The 2022 and 2021 figures refer to the company's statutory IFRS financial statements and do not differ significantly from the figures in the consolidated reporting package.
n.s. not significant

(in millions of euro)	December 31, 2022	December 31, 2021
Total equity	203.9	190.9
Equity attributable to owners of the parent company	203.4	190.4
Net financial position	(119.6)	(106.5)
Free Cash Flow	(6.0)	24.6
Employees (headcount) at the end of the year	557	559

In 2022, Italmobiliare's stake in AGN Energia increased from 30.00% to 32.02%, following the completion of agreements signed at the time the interest was acquired, according to which 2.82% of AGN Energia's share capital was held in escrow. As a result, Italmobiliare collected back dividends of 0.3 million euro linked to the additional 2.02% stake.

For AGN Energia, 2022 closed with positive results despite a decidedly challenging market context. In particular:

- the company's new business plan was prepared during 2022 in light of the challenges involved in the energy transition. In particular, the business plan envisages maintaining the leadership position achieved in the LPG market, keeping a close eye on the possible evolution of bio LPG. This is a technology that AGN is investing in by participating with other sector operators in a company dedicated to R&D activities with a view to producing bio LPG at an industrial level; in addition, the plan provides for the growth of new businesses, with a particular focus on energy efficiency improvement and the distribution of technical gases;
- the company has completed the rebranding process, a strategic repositioning that reflects the company's evolution. Starting from the LPG sector, it has expanded its scope of activity, becoming in all respects a multi-utility in the energy sector, active in the electricity & gas market, providing solutions for energy efficiency improvement and distributing technical gases.
- the company has developed numerous projects to support industrial customers in the transition from natural gas to LPG through plant conversions; among these we note the projects started and completed with Caffè Borbone and Capitelli, both portfolio companies of Italmobiliare. Due to the time needed to complete the plants, the projects in this area did not generate profits in 2022, but will have a positive impact from 2023 onwards, as detailed below;
- an LPG acquisition (Renieri) was completed, which through synergies will strengthen the existing positions held in certain areas.

Looking at the numbers, in 2022 the AGN recorded revenue of 704.5 million euro, with growth on the previous year linked to the significant increase in the cost of raw materials seen in almost all businesses, which is reflected in terms of revenue, but with no impact on the company's profitability. At an individual business level:

- retail LPG volumes decreased by 10% compared with 2021 due to above-average temperatures, especially in the last quarter of the year, with lower volumes from heating as a result;
- volumes of electricity (-15%) and natural gas (-21%) also decreased, due to the company's decision to limit commercial development in light of the delicate market context;
- excellent performances on the part of energy efficiency – which has achieved concrete results from the project development launched by the company in recent years, with interesting volumes linked to projects involving the 110% bonus and photovoltaics;
- good performances on the part of technical gases which, though still relatively unimportant in absolute terms, do confirm expectations of future growth.

The Group posted value added¹ during the year of 130.5 million euro, which is 2.3 million euro lower than the previous year. It should be recalled that 2021 benefited from a positive impact of hedging on the volumes of LPG purchased equal to 7.2 million euro; neutralising this impact, the overall growth in added value came to 4.9 million euro. Looking at the individual businesses, LPG fell by 3.8 million euro (11 million euro including the hedges in the 2021 result), with the drop in retail volumes partially offset by the growth in unit margins. The new businesses grew by 9.0 million euro, thanks above all to the contribution made by energy efficiency improvement (+4.4 million euro) and electricity distribution (+3.9 million euro).

1. Defined as revenue and income, net of the cost of raw materials and primary transport.

EBITDA amounted to 50.4 million euro, up by 1.4 million euro on the previous year, neutralizing the impact of the hedging transactions. The 3.5 million euro increase in fixed costs for investments made in people and projects to support the new businesses had an impact on the results. EBITDA for the year includes non-recurring costs of 1.4 million euro, mainly due to the rebranding activities carried out by the company; excluding these costs, it would have been 51.8 million euro.

Net of depreciation and amortisation of 26.9 million euro, the operating result for the year amounted to 23.5 million euro.

The AGN Energia Group made a consolidated net result of 19.1 million euro, down compared with 24.4 million in 2021.

Capital investment amounted to 21.8 million euro, down on the previous year thanks to the efficiency improvement measures carried out on LPG.

At December 31, 2022, the net financial position is negative for 119.6 million euro, including dividends paid during the year of 8.0 million euro. Cash generation² for the year was negative for 6.0 million euro, penalised by the growth in working capital for 11 million euro. This is attributable to the dynamics of energy costs and tax credits for invoice discounts linked to the efficiency improvement business which at December 31, 2022 amounted to 15.5 million euro.

RISKS AND UNCERTAINTIES

2022 was characterised by a high level of uncertainty following the pandemic; in fact, the war in Ukraine has aggravated numerous problems related to the supply chain, caused a surge in raw material and energy prices and fuelled inflation. In particular, the group is exposed to changes in the price of the products offered, in the same way as other operators in the sector. It should also be remembered that the group's assets and liabilities are moderately exposed to financial risk from changes in exchange rates, with particular reference to the euro/dollar rate, the currency in which LPG is purchased. The company limits these risks by hedging, which consists of forward purchases of dollars.

During 2022, ESG risks were assessed, especially those related to the climate. The overall climate risk for AGN Energia has been put at high. Exposure to both acute and chronic physical risks has been estimated as medium-high, mainly due to lower demand for LPG when winters are less cold. Exposure to transition risks has been assessed as high given the probable evolution of policies in the petroleum products segment, due to market risk caused by the growing sensitivity towards low-carbon solutions and the progressive improvement in the efficiency of thermal systems. There is also reputational risk if there is a lack of effective communication about the company's own climate objectives. The risks identified helped to confirm the mitigation initiatives already in progress or to define additional action plans to deal with the transition in the best way possible, transforming risks into business opportunities.

Given that the demand for LPG is sensitive to climate variations and energy efficiency improvement measures, over the years, the AGN Group has continued to diversify and expand its offer in all energy sectors: supply of natural gas and green electricity, technical gases, production from renewable sources, and solutions for energy efficiency improvement and electric mobility.

2. Free cash flow is the difference between the net financial position at the end of the year and the net financial position at the end of the previous year, gross of dividends paid, capital increases or repayments, the impact of extraordinary operations and the effects of applying IFRS 16.

LITIGATION AND DISPUTES PENDING

The company is not involved in any significant dispute that needs to be mentioned in this report.

HUMAN RESOURCES AND ORGANISATION

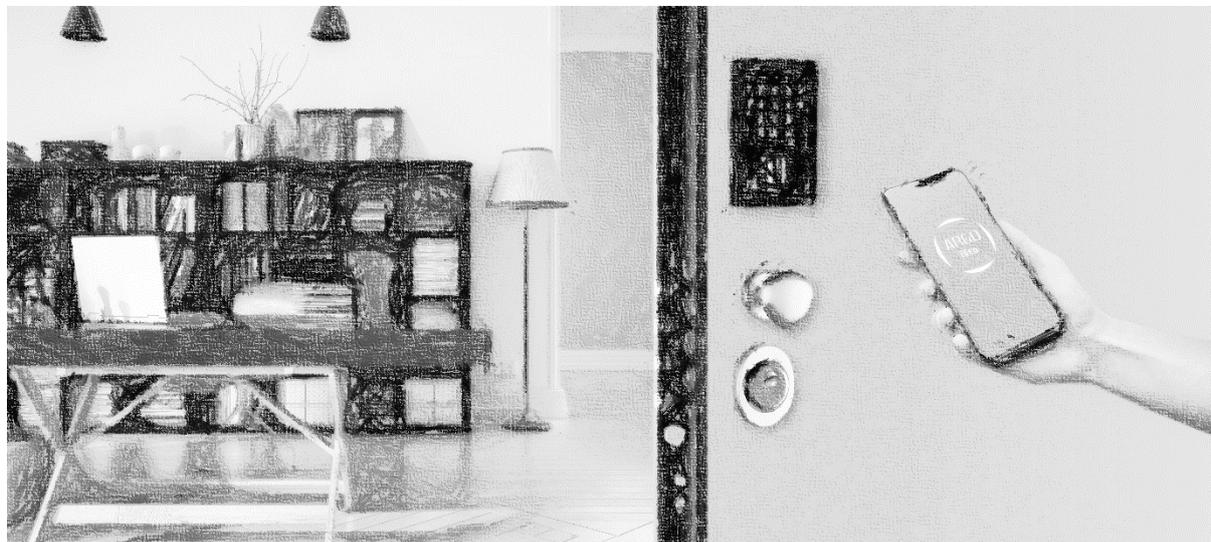
In 2022, the workforce went from 559 to 557 employees.

OUTLOOK

The first few weeks of 2023 have been characterised by temperatures above the historical average, which will impact the volumes of LPG sold in the first quarter; looking at the rest of the year, management expects volumes to be substantially constant, net of the uncertainty linked to the climate. There are encouraging signs from industrial LPG, as the projects with industrial customers mentioned in the introduction will come on stream during the year, with consumption depending on how the spread between natural gas and LPG moves. Both technical gases and energy efficiency improvement are expected to grow, though the situation will be weighed down in the short term by the regulatory uncertainty linked to the management of end-customers' tax credits.

Iseo

(39.246% INTEREST)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	2022	2021	Change %
Revenue and income	163.3	152.5	7.1
Gross operating profit (EBITDA)	20.5	22.4	(8.5)
<i>% of revenue</i>	12.6	14.7	
Amortisation and depreciation	(7.9)	(7.7)	2.6
Operating profit (EBIT)	12.6	14.7	(14.3)
<i>% of revenue</i>	7.7	9.6	
Net finance income (costs)	0.5	(0.1)	n.s.
Profit/(loss) before tax	13.1	14.6	(10.3)
<i>% of revenue</i>	8.0	9.6	
Income tax	(3.0)	(2.6)	15.4
Profit/(loss) for the year	10.1	12.0	(15.8)
Capital expenditure	12.0	8.7	37.9

The figures in the table refer to the Iseo Group.

(in millions of euro)	December 31, 2022	December 31, 2021
Total equity	72.7	72.2
Equity attributable to owners of the parent company	70.1	70.1
Net financial position	(38.8)	(16.9)
Free Cash Flow	(10.1)	13.9
Employees (headcount) at the end of the year	1,156	1,125

For the Iseo Group, 2022 was the third year of implementation of the industrial plan drawn up by the company's new management. The main goals achieved included the following:

- Continuation of the process of strengthening the electronic business, which is strategic for the Group. During the year, Iseo completed the integration of Sofia S.r.l., a company acquired at the end of 2021 that offers advanced access management services. The new Pisogne research centre has become operational, with laboratories and offices dedicated to the development and strengthening of employees' technological skills;
- Application of the Group's new brand identity, designed to reposition it from the traditional sector of mechanical locks to the more advanced segment of electronic access;
- Reorganisation of the company's commercial structure, with the creation of geographical "Regions";
- A multi-year lease contract was also signed for a new finished product warehouse in Pisogne to improve the level of logistic service, both for end-customers and for Group companies. After an important intervention to ensure that the warehouse met all requirements, it became operational at the beginning of 2023;
- The launch of the Group's digitisation plan, which in 2022 saw the start of a project for the adoption of the new ERP platform;
- Completion of the management co-investment plan, with the subscription of an increase in capital for 100,000 euro (Italmobiliare's share was 39.24%).

Turning to the numbers, 2022 closed with a turnover of 163.3 million euro, an increase of 7% compared with the previous year, mainly due to the price increases made to offset the rise in the cost of raw materials and energy. In terms of products, the mechanical sector, which represents the majority of the business, grew by 8.8% compared with 2021. The electronic segment, on the other hand, closed the year 3% down on 2021, a year when revenue benefited from an important order on the Asian market. Without the effect of this order, growth comes to 20%. As regards the individual Regions, all of the Group's main markets, with the exception of Asia, recorded an increase in revenue compared with 2021. The performances of "Spain and South America" and "UK and North America" were particularly positive; the "Africa and Asia" Region contracted, but this was mainly because in 2021 it had benefited from the important contract mentioned above, whereas in 2022 it was still affected by the lockdown in China because of its "Zero Covid policy".

The industrial profit amounted to 74.8 million euro, up compared with 72.2 million euro in 2021. Industrial margins decreased from 46.9% to 45.5%, despite a rigorous and disciplined sales price adjustment policy which made it possible to offset, in absolute terms, the significant increase in raw material costs.

In 2022, EBITDA amounted to 20.5 million euro, lower than in 2021. While the industrial margin was growing, it was weighed down by the increase in commercial costs and IT infrastructure, at the service of the strategic development and digitisation plan. In 2022, non-recurring costs amounted to 1.3 million euro; neutralising these effects, EBITDA comes to 21.8 million euro with a profit margin of 13% of sales.

Net of depreciation and amortisation of 7.9 million euro, more or less stable compared with 2021, the operating result came to 12.6 million euro.

Net finance costs are showing a positive balance of 0.5 million euro, thanks to a positive impact of 0.8 million euro relating to the fair value of the parent company's IRS derivative contracts.

The net result for the period amounted to 10.1 million euro, down compared with 12 million euro in 2021.

Investments amounted to 12 million euro, up on the previous year to support the growth envisaged in the business plan, together with the digitisation process.

The net financial position at December 31, 2022 was negative for 38.8 million euro. Net of the dividend payment of 10 million euro, cash generation¹ was negative for 10.1 million euro, which is more than explained by the increase of 16.9 million euro in net working capital compared with December 31, 2021. This was mainly due to the increase in the value of inventories caused by the rise in the cost of raw materials.

1. Free cash flow is the difference between the net financial position at the end of the year and the net financial position at the end of the previous year, gross of dividends paid, capital increases or repayments, the impact of extraordinary operations and the effects of applying IFRS 16.

RISKS AND UNCERTAINTIES

2022 was characterised by a high level of uncertainty following the pandemic; in fact, the war in Ukraine has aggravated numerous problems related to the supply chain, caused a surge in raw material and energy prices and fuelled inflation. During 2022, the interventions made to strengthen the business from a technological point of view continued, with the dual purpose of protecting it from the risk of cyber attacks and ensuring that products met the best possible quality standards. Numerous projects were also launched, including:

- Project 27001, which is the international information security standard, for "the development and management of technological infrastructures and information services to support and protect website access information", the aim being to obtain certification during 2023;
- the "Corporate Certification" project which involves a revision of all the processes, indicators and responsibilities involved, with the inclusion of Locken UK Ltd and Microhard S.r.l. in the UNI EN ISO 9001 corporate certificate (Quality), and of Microhard Srl in the UNI EN corporate certificates ISO 45001 (health and safety in the workplace) and 14001 (environment).

LITIGATION AND DISPUTES PENDING

The company is not involved in any significant dispute that needs to be mentioned in this report.

HUMAN RESOURCES AND ORGANISATION

In 2022, the workforce grew by 31, going from 1,125 to 1,156 employees, mainly to strengthen the commercial network and the marketing area.

OUTLOOK

For 2023, the company expects to continue the growth trajectory outlined in its business plan, thanks to the combined effect of the increase in list prices and capitalisation of the pipeline of existing projects in the electronic segment. In terms of profit margins, the price increases will allow the company to limit the drop in the percentage margin linked to the cost of raw materials, with overall margins expected to grow slightly.

Bene Assicurazioni

(19.996% INTEREST)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	2022 ¹	2021
Premiums	170.7	136.3
Employees (headcount) at the end of the period	49.0	43.0

Figures as of December 31, 2022 were still not available at the date of preparation of this report.

1. Data estimated on the basis of information provided by the Company.

In April, following the authorisation by IVASS - Istituto per la Vigilanza sulle Assicurazioni (Institute for Insurance Supervision), Italmobiliare finalised its investment in Bene Assicurazioni, with a shareholding of 19.996%.

For the Italian insurance sector, 2022 was a challenging year due to the financial market volatility and the increase in the cost of claims. The latter is the result of a dual effect: on the one hand, an increase in frequency within the motor sector following the recovery of post-pandemic traffic; on the other hand, an increase in the average cost of claims, due to the general increase in the cost of raw materials and labour.

However, the difficult situation did not hinder the growth of Bene Assicurazioni, which successfully pursued the development strategy of its omnichannel distribution model – which combines an agency network with direct online sales and B2B partnerships – achieving a 25% increase in premiums compared with the previous year. Looking at the performance of the individual channels, strong growth in direct online deposits (+34% on the previous year) and in the physical channel (+27%), also considering that after opening almost 30 new agencies, the Bene Assicurazioni network now has 380 points of sale nationwide.

On March 23, 2022, the Extraordinary Shareholders' Meeting of the company approved Bene's new By-laws, which provided for the transformation of the Company into a Benefit Company and consolidating the entire Insurance Group according to the standards of Benefit Companies. Bene Assicurazioni is one of the first national insurance companies to become a Benefit Company, a goal that represents a further boost to the creation of a widespread culture sharing the values and commitments that the company has decided to pursue.

The company was also awarded the "Insurance Élite, Best START-UP" award at the Milano Finanza Insurance Awards 2022, for "the organic growth that led the Company to exit the start-up phase and enter the scale-up phase, helped by the involvement of Italmobiliare."

LITIGATION AND DISPUTES PENDING

The company is not involved in any significant dispute that needs to be mentioned in this report.

OUTLOOK

Bene Assicurazioni expects to continue its growth path during 2023 as well, through the increase in premium income, expansion of its agency network and the development of new partnership agreements, confirming the ambitious multi-year objectives defined in the business plan. In terms of profitability, an improvement in the technical result is expected, thanks to a progressive optimisation of operational efficiency, as well as an improvement in the claims rate of the motor portfolio.

Clessidra Group

(100% INTEREST)



BUSINESS AND FINANCIAL PERFORMANCE

(in millions of euro)	2022	2021	Change %
Interest margin	1.0	0.8	28.1
Commission income	27.1	18.0	50.5
Income (expense) from financial assets	(0.3)	(0.1)	>100
Brokerage margin	27.7	18.7	48.7
Administrative expense	(26.5)	(22.4)	18.3
Other operating income and charges	2.0	3.9	(48.9)
Operating profit	3.3	0.2	>100
Income tax	(1.5)	(0.2)	>100
Profit (loss) for the period	1.8	0.0	>100

The figures have been prepared according to the standards required by the Bank of Italy and the comparative figures for 2021 have been restated for consistency with them.

(in millions of euro)	December 31, 2022	December 31, 2021
Total equity	36.3	28.0

At December 31, 2022, the Clessidra Financial Group was made up of the parent company Clessidra Holding S.p.A., which directly holds 100% of the shares of Clessidra Private Equity SGR S.p.A., Clessidra Capital Credit SGR S.p.A. and Clessidra Factoring S.p.A., as well as indirect control of Società Semplice Clessidra CRF G.P., in which it directly holds 51% with the other 49% held indirectly through the subsidiary Clessidra Capital Credit SGR S.p.A.

For the Clessidra Group, 2022 closed with a positive net banking income of 27.7 million euro (18.7 million euro at December 31, 2021), including management fees of the Clessidra Funds for 19 million euro (11.5 million euro at December 31, 2021) and interest and commissions deriving from the factoring activity for 9.2 million euro (5 million euro at December, 2021).

Administrative expenses for 2022 amounted to 26.5 million euro (22.4 million euro at December 31, 2021) and are mainly due to personnel expense for 15.9 million euro (11.8 million euro at December 31, 2021) and to consulting and operating expenses, classified as administrative expenses, for total 10.5 million euro (10.6 million euro at December 31, 2021).

The consolidated result of the Clessidra Group at December 31, 2022, net of taxes of 1.5 million euro, comes to 1.8 million euro (4 thousand euro at December 31, 2021).

During the year, the Clessidra Group companies continued their activities in various business segments. Specifically:

- Clessidra Holding continued its investment management activity as the group holding company and, as outsourcer, it continued to provide Fund Administration, Corporate Administration, Human Resources and Organisation, Budget and Planning, Legal and Corporate, Compliance and Anti-Money Laundering services to the two asset management companies, as well as services relating to the management of Human Resources, Compliance and Anti-Money Laundering to Clessidra Factoring;
- Clessidra Private Equity SGR continued its fund raising activity for the Clessidra Capital Partners 4 Fund (the "CCP4 Fund"), a closed-end reserved Italian AIF established on May 19, 2021, finalising two further investments. On December 12, 2022, the Fund completed its sixth closing, reaching a total amount of 544.8 million euro. With regard to the management of the Clessidra Capital Partners 3 Fund, during the half-year period Clessidra continued to manage and enhance the value of the companies in its portfolio. Lastly, with regard to the Clessidra Capital Partners II Fund, the liquidation process was completed. Specifically, the allocation plan and the liquidation process were approved by the Board of Directors of Clessidra Private Equity SGR on September 12, 2022, while on November 29, 2022 the Board approved the Final Liquidation Report of Clessidra Capital Partners II, which was closed for accounting purposes as of November 24, 2022;
- Clessidra Capital Credit SGR has continued to manage the Clessidra Restructuring Fund with the aim of maximising the recovery rate of the Loans and Instruments in portfolio. Specifically, during the year increases in capital were carried out in companies already present in the Fund's portfolio. As regards the Clessidra Private Debt Fund, whose fund raising activity is still open, having been launched in the first half of the year, the first four investments were made in equities, bonds and loans. On October 4, 2022, the Fund completed its second closing, reaching a total endowment of 135.8 million euro;
- Clessidra Factoring confirms that it has grown significantly in terms of volumes (revenue, employment, outstanding) compared with the previous year, thanks to the significant acceleration in its commercial development. At December 31, 2022, revenue for the year amounted to 459 million euro, total receivables amounted to 153 million euro, while net loans at the end of the year amounted to 133 million euro. There were 230 active customers at December 31, 2022. In order to stabilize the current and prospective funding structure, the company finalised the issue of a bond loan in May. Against a maximum approved amount of up to 50 million euro at December 31, 2022, the deadline of the subscription period, securities were issued for a total of 35.6 million euro.

RISKS AND UNCERTAINTIES

The risk factors of the various companies differ, depending on the type of business activity that they perform. Specifically, Clessidra Private Equity SGR and Clessidra Capital Credit SGR, through the funds that they manage, perform investment activities that involve risks such as the difficulty of identifying new investment opportunities that respond to the objectives pursued, or difficulty in disposing of investments, especially in non-listed companies. The risks involved in managing these activities could have negative effects on the companies' financial position and results of operations.

INFORMATION ON PERSONNEL AND THE ENVIRONMENT

The number of personnel is adequate for the needs of the Group companies. At December 31, 2022, there were 70 employees (50 employees at December 31, 2021). There are no material environmental issues.

OUTLOOK

During 2023, the Clessidra Group companies will pursue their objectives in the various business segments, in particular:

- Clessidra Private Equity SGR will continue to raise subscriptions for the CCP4 Fund, and at the same time carry on its scouting and investment activities, taking advantage of the current pipeline which offers reasonably good visibility of possible new transactions;
- As part of its strategic plan, Clessidra Capital Credit SGR will continue to raise subscriptions for the Clessidra PD Fund, and at the same time will carry on its scouting and investment activities. It will also conclude the activities involved in setting up the parallel CRF Fund, starting to collect subscriptions for it;
- Clessidra Factoring expects to increase in brokered volumes in consideration of both the greater size of the company and the commercial drive that it has been given by its management. The target product will remain that of factoring, alongside the traditional "Crossover" segment, aimed at SMEs with little access to bank credit, greater intervention and increasing volumes in "Distressed" factoring, aimed at companies with good industrial fundamentals, but affected by crisis settlement procedures in- or out-of-court.

Other companies

The following are included in “Other companies” of the Italmobiliare Group: Florence InvestCo S.r.l., CCC Holdings Europe S.p.A. and Farmagorà Holding S.p.A. and a number of companies that own land and buildings, service companies that essentially carry out activities within the Group and a credit institution based in the Principality of Monaco.

At December 31, 2022, overall revenue and income amounted to 4.6 million euro, up by 0.2 million euro compared with 2021, with a gross operating profit of 0.8 million euro (-0.2 million euro at December 31, 2021).

After amortisation and depreciation of 0.6 million euro and revaluations of 0.2 million euro, share of income/(loss) from equity-accounted associates of -1.2 million euro, and taxes of -0.2 million euro, the result for the year was a loss of 1.0 million euro (-1.4 million euro in 2021). The companies accounted for using the equity method (Florence InvestCo S.r.l., CCC Holdings Europe S.p.A. and Farmagorà Holding S.p.A.) mainly contributed to these results.

Main financial assets of Italmobiliare S.p.A.

OTHER EQUITY INVESTMENTS

Within its portfolio, the Company has invested in listed holdings including HeidelbergCement AG. To date, the Company holds 650,000 shares for a fair value at December 31, 2022 of 34.6 million euro. Based on market dynamics, the strategy in 2023 will be a further reduction in exposure and the implementation of hedges.

PRIVATE EQUITY FUNDS

The Company has invested in a portfolio of select Italian and international Private Equity funds with a view to diversifying sectors and geographical investments, including the CCP3 and CCP4 funds, the Clessidra Restructuring Fund and the Clessidra Private Debt Fund, the BDT Capital Partners Funds II and III, Isomer Capital I and II, Isomer Capital Opportunities, Connect Ventures 3 and 4, Iconiq IV and V, Lindsay Goldberg Fund V, Lauxera Growth I, 8-Bit Capital I, Expedition Growth Capital Fund I, La Famiglia Fonds III GmbH and JAB Consumer. At December 31, 2022 the value of the Private Equity funds saw overall growth of 24.8 million euro, of which 6.5 million euro from the exchange rate effect and 52.6 million euro from new investments, partially offset by the negative change in fair value of 15.8 million euro and by 18.5 million euro repaid following disinvestments.

Other significant information on the Group

HUMAN RESOURCES

The Italmobiliare Group had 1,305 employees at December 31, 2022, with an increase of 445 employees from December 31, 2021.

The following table provides a breakdown of employees by operating segment.

(headcount)	December 31, 2022		December 31, 2021	
		%		%
Business segments				
Italmobiliare	47	3.6	43	5.0
Caffè Borbone	279	21.4	261	30.3
Officina Profumo-Farmaceutica di Santa Maria Novella	187	14.3	144	16.7
Sirap	0	0.0	3	0.3
Italgen	65	5.0	68	7.9
Casa della Salute	295	22.6	205	23.8
Capitelli	45	3.4	47	5.5
Callmewine	21	1.6	13	1.5
SIDI Sport	273	20.9	0	0.0
Clessidra	67	5.1	50	5.8
Other companies	26	2.0	26	3.0
Total	1,305	100.0	860	100.0

TRANSACTIONS WITH RELATED PARTIES

For the purposes of the Group's consolidated financial statements, transactions with related parties were with:

- associates and their subsidiaries;
- other related parties.

All transactions with related parties, whether for the exchange of goods and services or of a financial nature, are conducted at normal market conditions and in compliance with the Code of Corporate Governance.

Highlights of transactions with related parties at December 31, 2022 are provided in the notes.

No atypical or unusual transactions as defined by Consob Communication no. DEM/6064293 of July 28, 2006 took place during the year.

Transactions with subsidiaries, associates and their subsidiaries

Transactions with subsidiaries, associates and their non-consolidated subsidiaries are of a commercial nature (exchange of goods and/or services) or of a financial nature.

The parent company Italmobiliare S.p.A., also provides administrative services to certain subsidiaries, which are billed at cost.

Transactions with other related parties

Transactions with other related parties in 2022 were as follows:

- legal consultancy and assistance on judicial and extrajudicial matters provided to Italmobiliare S.p.A. by the Gattai, Minoli & Partners law firm, of which the director Luca Minoli is a partner, for fees totalling 246,649 euro;
- legal consultancy and assistance provided to the subsidiary Italgem S.p.A., by the Gattai, Minoli & Partners law firm, of which Italmobiliare director Luca Minoli is a partner, for fees totalling 82,137 euro;
- compensation for the work performed as an employee by Giampiero Pesenti, son of Carlo Pesenti, paid by Officina Profumo-Farmaceutica di Santa Maria Novella for a total of 141,576 euro;
- compensation for the work performed as an employee by Roberto Pesenti, son of Carlo Pesenti, paid by Italmobiliare S.p.A. for a total of 119,788 euro;
- compensation for the work performed as an employee by Roberto Pesenti, son of Carlo Pesenti, paid by Callmewine S.r.l. for a total of 26,199 euro;
- compensation for the work performed as an employee by Giulio Pesenti, son of Carlo Pesenti, paid by Clessidra Capital Credit SGR for a total of 26,199 euro.

Fees paid are in line with market conditions for the type of professional service provided.

The equity investments held by Directors, Statutory Auditors, Chief Operating Officer and Financial Reporting Officer in Italmobiliare S.p.A. and subsidiaries, as well as their remuneration for the positions they hold in the Group, are set out in the Remuneration Report.

Highlights of transactions with related parties at December 31, 2022 are provided in the notes.

LEGAL AND TAX DISPUTES

As explained in previous financial reports, following the completion of various M&A transactions in recent years, the Company – as the seller – is subject to compensation claims, notified by the respective purchasing parties, for alleged violations of the declarations and guarantees given by the seller and/or non-fulfilment of obligations placed on it by the related contractual documentation. In this regard, it should be noted that on July 5, 2022, agreements were signed to settle the disputes relating to the sale of the investment in BravoSolution S.p.A. in 2017, with a net outlay for the Company of approximately 0.2 million euro.

Furthermore, on September 26, 2022 the Provincial Tax Directorate I of Milan issued an assessment notice relating to the application of the Controlled Foreign Company (CFC) regulations to the subsidiary Crédit Mobilier in 2016. The higher tax assessed comes to around 115 thousand euro, plus fines and interest. In November 2022, the Company proceeded to pay 11.3 million euro following the adverse sentence of the Court of Cassation in relation to the Ansaldo dispute for which the company appealed to the Court of Cassation. On November 11, 2022, the 2nd level Court of Tax Justice of Lombardy with sentence no. 4400 confirmed the full cancellation of the assessment relating to application of the CFC rules for 2014.

COMPLIANCE WITH THE CONDITIONS FOR LISTING ACCORDING TO CONSOB'S MARKET REGULATION

With reference to the Conditions for the listing of certain companies, laid down in art. 15 et seq, of the market regulation adopted by Consob with Resolution no. 20249 of December 28, 2017, on the basis of the Audit Plan, no subsidiary based in a non-European Union country is included in the scope of materiality.

COMPLIANCE WITH SIMPLIFIED RULES PURSUANT TO ARTS. 70 AND 71 OF THE ISSUERS' REGULATION

Italmobiliare S.p.A. has adopted the opt-out regime envisaged by Consob's Issuers' Regulation, exercising the right to waive the obligations to publish disclosure documents required in connection with significant merger and demerger transactions, acquisitions, sales or share capital increases by contributions in kind.

In compliance with this regime. Italmobiliare S.p.A., has provided appropriate disclosures to the market.

CONSOLIDATED NON-FINANCIAL REPORT

The consolidated non-financial report of Italmobiliare S.p.A. drafted pursuant to Legislative Decree no. 254/16 (Sustainability Report) is published separately from this Director's Report, pursuant to art. 5, para. 3, b) of Legislative Decree 254/16, and is available at www.italmobiliare.it in the "Sustainability" section and included in the Annual Report.

* * *

Information on "Significant events after the reporting date" is provided in the sections on the individual segments.

* * *

Outlook

The global economy in 2022, in a physiological slowdown after the post-pandemic recovery, recorded a real GDP growth rate of 3.4%. However, the slowdown was greater than initially expected (the average consensus was 4.5%). Various factors came into play in this. The process of normalising monetary and fiscal policy after the extraordinary boost of 2021 was launched in conjunction with the shock of the Russian invasion in Ukraine and the persistent zero-Covid policy in China. In particular, the war exacerbated the imbalance in the fossil fuel market with energy expenditure of OECD countries (as a percentage of GDP) jumping to the crisis levels of the early 1980s. Central banks implemented the most aggressive and coordinated rise in interest rates in history, being faced with an inflation that after accelerating considerably for over twelve months, went over the peak of 10% during the year (average OECD countries).

Since the beginning of 2023, the weakness of the international economic cycle has highlighted a general stabilisation in all the main areas. In Europe, the fall in energy prices, mainly thanks to a mild winter, the fiscal measures and the still high savings surplus, helped to mitigate the risk of contraction, particularly in the early months of this year. In the United States, faced with the Fed's restrictive policy, the disinflationary process and the reduction in wage pressure seem compatible with a lower unemployment rate than in previous cycles. Furthermore, global prospects should sequentially benefit from the asynchrony of the economic cycle in Asia, supported by the end of the restrictive measures in China, the impact of which should start to be felt by the end of the first half. The global growth rate expected for 2023 averages 2.5%, in line with the potential, with the Eurozone at 0.6%, the same figure on which Italian growth is estimated on average.

Despite this, some grey areas remain in the scenario. In particular, although the current and leading global indices of the manufacturing sector have been on the rise since the end of 2022, they are now in the contraction area with a ratio of new orders to inventories above the previous lows, but still negative. Furthermore, considering the physiological time lags between the impact of monetary policy and the real economy, the restrictive effects of 2022 are likely to have their full repercussions in the coming months, increasing the margins of uncertainty. Lastly, the global process of disinflation, more evident in the goods sector, in most areas shows greater stickiness in the service sector: any slower-than-expected deceleration of the inflation rate would imply that the cycle of interest rate hikes is likely to be prolonged. The scenario is also rendered uncertain by the intensity of the expected Chinese recovery and – obviously – by the geopolitical tensions and further escalations of the war in Ukraine.

Despite a scenario characterised by events of an extraordinary nature and a high level of uncertainty, in 2022 Italmobiliare's portfolio was able to confirm significant resilience thanks to the reactivity of the Portfolio Companies, a consequence also of the proactive risk management and constant strategic support of Italmobiliare as an active shareholder and partner wanting to promote development and sustainable value creation.

This approach will also characterise 2023, with a particular focus on the support provided to Portfolio Companies in the recovery of margins, thanks to the implementation of careful pricing policies, cost and energy consumption efficiency, network optimisation and distribution channels, constantly looking for process efficiencies and technological developments and, last but not least, an increasingly structured approach to innovative marketing strategies, in line with the Portfolio Companies' positioning as it evolves and with changing trends shown by international markets.

The portfolio of direct shareholdings – between portfolio companies and other significant equity investments – has reached a composition in line with Italmobiliare's capital allocation targets, representing overall about 80% of NAV. Further developments in the portfolio management strategy will therefore be focused mainly on investments to support the Portfolio Companies' growth (organic or through strategic add-ons), the possible valorisation of certain investments whose maturity could allow them to express their full value, and possible new investments with an extremely selective approach, in segments considered of high interest that are complementary to the existing portfolio.

In particular, in terms of the companies in the portfolio, considerable effort will be dedicated to consolidating the success already recorded in 2022 by the iconic brands of the Tecnica Group, to the further expansion – also along a trajectory of international development – of Caffè Borbone and to the growth and development of Officina Profumo-Farmaceutica di Santa Maria Novella, always in the wake of a centuries-old tradition of excellence that is unique in the world. The dynamics of radical change in the respective sectors will also guide the development of the other companies. In particular, through technological innovation and organisational efficiency, Casa della Salute aims to intercept the ever-increasing demand for high-quality and efficient healthcare services; Callmewine aims to grow further both abroad, thanks to the new branch opening in the UK, and in Italy, through B2B services, expanding the range and increasing the proportion of exclusive products; Italgem, which is at the centre of the energy transition

process which is more than ever a priority for the country, will continue making investments to increase the business and diversify the sources of production; Capitelli will continue to promote brand awareness, enhancing the extraordinary quality of its products; SIDI will be strengthened at an organisational level, the marketing and commercial functions will also be strengthened with the aim of making the most of the enormous potential of one of the most recognised and appreciated brands in the sport system; ISEO will continue the growth trajectory outlined in its business plan, which specifically envisages development in the electronic locks segment; Bene Assicurazioni aims to carry on growing by further developing its omnichannel distribution model; in addition to consolidating the LPG core business, AGN Energia will give further impetus to the development of the electricity and gas markets, the supply of energy efficiency solutions.

On the alternative investment fund front, in addition to the diversification of an increasingly varied portfolio spread across a wide variety of asset classes, Italmobiliare's leading role continues in the development of the Clessidra Group's multi-asset platform, with projects for further evolution, growth and diversification in all of its consolidated areas of activity: Private Equity, Credit/Debt and Factoring.

Milan, March 8, 2023

For the Board of Directors
The Chief Executive Officer
(Carlo Pesenti)

ANNEX

Annex

The Net Asset Value (NAV) of Italmobiliare S.p.A., as a non-GAAP financial measure, is defined as the fair value of financial assets and property investments, net of financial liabilities and the tax effect.

NET ASSET VALUE

(in millions of euro)	Notes	31.12.2022	31.12.2021	Change
Portfolio Companies	B	1,359	1,263	96
Other equity investments	A - C	216	164	52
Private equity funds	D	213	189	24
Properties and related assets	E	53	50	3
Financial assets, trading, cash and cash equivalents	F	188	417	(229)
Total Net Asset Value		2,029	2,082	(53)

The following is a reconciliation of the captions that make up the NAV with the statement of financial position of Italmobiliare included in the Italmobiliare Group's consolidated financial statements as at December 31, 2022. The figures at December 31, 2021 were reclassified in different NAV items.

(in millions of euro)	Notes	31.12.2022	31.12.2021	Change
Portfolio Companies as per NAV	B	1,359	1,263	96
Equity investments in subsidiaries and associates				
Caffè Borbone		144	144	0
Italgen		20	20	0
Fratelli Capitelli		14	14	0
FT2 Santa Maria Novella		186	204	(18)
FT3 S.r.l. Callmewine		18	13	5
SIDI Sport		54	0	54
Casa della Salute		31	27	4
Tecnica gROUP		43	43	0
ISEO		43	43	(0)
AGN Energia		60	60	0
Bene Assicurazioni		41	0	41
Clessidra		33	27	6
Total amounts as per statement of financial position	H	687	595	92
Difference	H-B	672	668	4

The difference relates to the fact that in the statement of financial position of Italmobiliare S.p.A., the investments are measured at cost, whereas in the NAV they are valued at fair value.

(in millions of euro)	Notes	31.12.2022	31.12.2021	Change
Other investments as per NAV	A-C	216	164	52
HeidelbergCement		35	39	(4)
Total amounts as per statement of financial position	G	35	39	(4)
Archimede		9	0	0
Vontobel		7	9	(2)
UBI		0	0	0
Unicredit		3	3	0
Cairo Communication		0	0	(0)
Coima Res		0	3	(3)
Piaggio		0	0	(0)
Sesaab		1	1	(0)
Fin.Priv. Mediobanca shares		19	21	(2)
035 Investimenti		1	1	0
KKR Teemo CO-INVEST L.P.		12	9	3
Ariston		9	10	(1)
Atmos Venture		0	0	0
New Flour S.p.A.		6	6	0
Compagnia Fiduciaria		1	1	(0)
Total	I	69	65	4
Equity investments in subsidiaries and associates				
Credit Mobilier de Monaco		6	5	0
SES		7	6	1
Franco Tosi Ventures		1	0	1
CCC Holdings Europe		8	5	3
Farmagorà		14	4	10
ITM Bacco S.r.l.		12	12	0
Dokimè		2	2	0
Florence InvestCo		31	18	13
Total	L	80	52	28
Total amounts as per statement of financial position	I+L	148	117	32
Difference	(I+L+G)-(A/C)	(33)	(8)	(24)

(in millions of euro)	Notes	31.12.2022	31.12.2021	Change
Private equity funds as per NAV	D	213	189	25
Bonds and mutual funds				
Clessidra (Funds)		85	63	22
BDT2		58	64	(6)
BDT3		8	7	1
Isomer		13	12	1
Isomer II		1	0	1
Isomer Opportunities		1	0	1
ICONIQ IV		20	26	(6)
ICONIQ V		13	12	1
LINDSAY		2	1	1
Lauxera		1	1	0
Expedition		2	1	1
Connect Ventures		2	0	2
Jab Consumer		7	0	7
Other		0	1	(1)
Total	M	213	189	25
Difference	M-D	0	(0)	0

(in millions of euro)	Notes	31.12.2022	31.12.2021	Change
Properties and related assets as per NAV	E	53	50	3
of which properties		12	12	0
of which subsidiaries		13	14	(1)
				0
Property, plant and equipment of Italmobiliare S.p.A.				
Property - Via Borgonuovo, Milan		5	5	0
Total	P	5	5	0
				0
Investment property of Italmobiliare S.p.A.				
Property - Via Sallustiana, Rome		7	7	(0)
Total	Q	7	7	(0)
				0
Equity investments in subsidiaries and associates (which own properties)				
Punta Ala		2	2	0
Italmobiliare Servizi		12	12	0
Total	R	14	14	0
Investments in other companies				
Astra Immobiliare		0	0	0
Total		0	0	0
Total amounts as per statement of financial position	(P+Q+R)	26	26	(0)
Difference	(P+Q+R)-E	27	24	3

The difference relates for approximately 27 million euro to the fact that in the statement of financial position of Italmobiliare S.p.A., properties are valued at cost, whereas in the NAV they are shown at fair value (i.e., the subsidiaries that own the buildings).

(in millions of euro)	Notes	31.12.2022	31.12.2021	Change
Financial assets, trading, cash and cash equivalents as per NAV	F	188	417	(229)
Cash and cash equivalents		22	55	(33)
FV of derivatives receivable		0	0	0
Other current assets (1)		135	279	(145)
Non-current financial assets (2)		15	10	5
Total cash and cash equivalents		172	344	(172)
				0
Current loans and borrowings		0	0	0
Current financial liabilities		(21)	(6)	(14)
Current options on securities		(1)	(0)	(0)
Non-current lease payables (3)		(0)	(0)	(0)
Total net financial position		(21)	(7)	(14)
Total net financial position Italmobiliare S.p.A.		151	338	(186)
Other current activities Sirap S.r.l. (*)		21	82	(61)
Total net financial position FT2 S.r.l. (*)		16	(2)	18
Total financial assets, trading, cash and cash equivalents as per NAV (*)	S	188	417	(229)
Difference	S-F	(0)	(0)	(0)

(1) this item also includes mutual investment funds, bonds, intercompany current accounts, accrued interest and commission income on loans and mutual funds.

(2) this item includes medium/long-term loans and cashes (Unicredit convertible bonds).

(3) this item includes intercompany receivables/payables and short-term payables for lease contracts.

(*) it should be noted that the item "Financial assets, trading, cash and cash equivalents" includes the net financial position of FT2 S.r.l. for 16 million euro (-1.9 million euro at December 31, 2021) and the investment in Sirap Gema S.r.l. for 21 million euro (82 million euro at December 31, 2021).

RECONCILIATION OF THE PERFORMANCE INDICATORS WITH THE FINANCIAL STATEMENTS

(in millions of euro)	Notes	31.12.2022	31.12.2021	Change
Gross operating profit (EBITDA)	A	54.9	170.5	(115.6)
Revenue and income		483.6	492.3	(8.7)
Other revenue and income		4.4	5.1	(0.7)
Change in inventories		3.7	1.0	2.7
Internally produced and capitalised assets		1.1	0.3	0.8
Raw materials and supplies		(205.4)	(146.6)	(58.8)
Services		(96.0)	(88.2)	(7.8)
Personnel expenses		(84.5)	(72.1)	(8.1)
Other operating income (expense)		(52.0)	(21.3)	(30.7)
Total amounts as per statement of financial position	B	54.9	170.5	(115.6)
Difference	A-B	0.0	0.0	0.0

(in millions of euro)	Notes	31.12.2022	31.12.2021	Change
Operating profit (EBIT) as per report	C	22.7	145.2	(122.5)
Revenue and income		483.6	492.3	(8.7)
Other revenue and income		4.4	5.1	(0.7)
Change in inventories		3.7	1.0	2.6
Internally produced and capitalised assets		1.1	0.3	0.8
Raw materials and supplies		(205.4)	(146.6)	(58.8)
Services		(96.0)	(88.2)	(7.8)
Personnel expenses		(84.5)	(72.1)	(12.4)
Other operating income (expense)		(52.0)	(21.3)	(30.7)
Amortisation and depreciation		(32.3)	(25.0)	(7.3)
Impairment losses on non-current assets		0.1	(0.4)	0.5
Total amounts as per statement of financial position	D	22.7	145.2	(122.5)
Difference	A-B	0.0	0.0	(0.0)

(in millions of euro)	Notes	31.12.2022	31.12.2021	Change
Net financial position	E	(15.6)	354.0	(369.6)
Caption	Financial statement class			
Cash and bank balances	Cash and bank balances	101.6	135.4	(33.8)
Short-term derivatives	Other current assets including derivatives	0.7	0.2	0.5
Equity investments measured at FVTPL	Investments, bonds and current financial receivables	16.5	16.6	(0.1)
Financial assets at amortised cost	Investments, bonds and current financial receivables	0.0	0.0	0.0
Funds and other financial instruments	Investments, bonds and current financial receivables	126.6	306.8	(180.1)
Other receivables	Investments, bonds and current financial receivables	6.7	27.4	(20.7)
Other loan assets and financial instruments	Other current assets including derivatives	10.8	9.9	0.9
Prepaid expenses	Other current assets including derivatives	0.0	0.0	0.0
Total current assets		262.9	496.2	(233.3)
Loans and borrowings	Loans and borrowings	(99.7)	(59.7)	(40.0)
Financial liabilities	Financial liabilities	(33.9)	(15.6)	(18.3)
Due to financial and private equity companies	Other liabilities	(9.3)	(9.0)	(0.3)
Derivatives	Other liabilities	(0.5)	(0.4)	(0.1)
Total current financial liabilities		(143.3)	(84.7)	(58.6)
Non-current receivables	Trade receivables and other non-current assets	7.9	7.0	0.9
Other	Trade receivables and other non-current assets	1.7	1.8	(0.2)
Financial assets measured at amortised cost	Trade receivables and other non-current assets	0.0	0.0	0.0
Financial assets at FVTPL in NFP	Trade receivables and other non-current assets	2.1	2.9	(0.8)
Long-term derivatives		0.5	0.0	0.5
Total non-current assets		12.1	11.7	0.4
Financial liabilities	Financial liabilities	(147.4)	(69.3)	(78.1)
Derivatives payable on loans	Other non-current payables and liabilities	(0.0)	0.0	(0.0)
Total non-current financial liabilities		(147.4)	(69.3)	(78.1)
Financial assets held for sale	Financial assets held for sale			0.0
Liabilities directly associated with assets classified as held for sale	Liabilities directly associated with assets classified as held for sale	0.0	0.1	(0.1)
Net financial position relating to discontinued operations		0.0	0.1	(0.1)
Total net financial position	F	(15.6)	354.0	(369.6)
Difference	E-F	0.0	(0.0)	0.0

REPORT ON
CORPORATE
GOVERNANCE
AND THE
OWNERSHIP
STRUCTURE 2022

TRADITIONAL
ADMINISTRATION
AND CONTROL MODEL

APPROVED BY THE BOARD OF DIRECTORS
ON MARCH 8, 2023

REPORT ON CORPORATE GOVERNANCE AND THE OWNERSHIP STRUCTURE 2022

Introduction

This report on corporate governance and the ownership structure (the "**Report**") explains the corporate governance system adopted by Italmobiliare S.p.A. ("**Italmobiliare**" or the "**Company**").

The Report contains information on the ownership structure and on the methods of application of the Corporate Governance Code approved by the Corporate Governance Committee in January 2020, (the "**Corporate Governance Code**" or the "**Code**", available on the Italian Stock Exchange website at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020-eng.en.pdf>), to which the Company resolved to adhere on April 21, 2021, subsequently implementing its principles and recommendations. For the purposes of applying the Code, Italmobiliare can be defined as a "**large company**" with "**diffused ownership**".

Given that the corporate bodies were last elected in 2020, when the previous Code of Conduct applied, certain recommendations of the Corporate Governance Code will be implemented for the first time when the corporate bodies are next up for election, at the shareholders' meeting to which the 2022 financial statements will be submitted for approval.

The Report refers to the year ended December 31, 2022 but has been updated for any significant subsequent events that took place up to the date of its approval.

I. General information and the ownership structure

1. PROFILE OF THE ISSUER

Italmobiliare, the company headed up by the Pesenti family, was founded in 1946 and listed on the Italian Stock Exchange in 1980. It is an investment holding company with a diversified portfolio that is managed with a strategic vision backed by a financial and industrial history that goes back more than 150 years. The Company plays an active, ongoing role in the process of expanding and enhancing the value of its portfolio, combining development, internationalisation and innovation with an effective governance and risk management model.

Italmobiliare applies a traditional governance model with a Board of Directors and a Board of Statutory Auditors (the "**Board of Statutory Auditors**"), both appointed by the Shareholders' Meeting (the "**Shareholders' Meeting**"), as this system of corporate governance is deemed to be the most suitable to combine "efficient management" and "effective controls", while at the same time pursuing the interests of Italmobiliare's shareholders (the "**Shareholders**") and making full use of management's skills.

The Company's system of Corporate Governance is defined by the By-laws (the "**By-laws**") and the Corporate Governance Code, as well as by the following documents, codes and internal regulations:

- a. the Code of Ethics and the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001;
- b. the procedure for the management of relevant and inside information.
- c. the Code of Conduct on Internal Dealing;
- d. the procedure for transactions with related parties;
- e. the procedure for maintaining the list of people with access to inside information (the so-called "insider list");
- f. the procedure on market sounding;
- g. the rules governing the Financial Reporting Officer (the "**Financial Reporting Officer**").

These documents are available on the Company's website, except for: (i) the rules governing the Financial Reporting Officer, which are distributed electronically to the members of the Board of Directors (the "Directors") and Board of Statutory Auditors (the "Statutory Auditors"), the Financial Reporting Officer and the Heads of Finance, Administration and Control of the companies controlled by Italmobiliare (the "Group"); and (ii) the Special Section of the Organisation, Management and Control Model, which is distributed electronically to the Company's Directors, Statutory Auditors and all employees.

2. INFORMATION ON THE OWNERSHIP STRUCTURE PURSUANT TO ART. 123-BIS OF THE CONSOLIDATED LAW ON FINANCE (CLF)

a) Share capital structure, indicating the various categories of shares, their rights and obligations, as well as the percentage of share capital that they represent

Italmobiliare's share capital as of December 31, 2022 amounts to Euro 100,166,937, fully subscribed and paid in, divided into 42,500,000 ordinary shares with no par value, that give a right to vote at the Company's Ordinary and Extraordinary Shareholders' Meetings.

The shares are listed on the Euronext STAR Milan segment of the Italian Stock Exchange, a regulated market organized and managed by Borsa Italiana S.p.A.

Each share gives a right to one vote. Holders of Italmobiliare shares can vote at Ordinary and Extraordinary Shareholders' Meetings and exercise the rights given to them under current legislation, subject to the limits laid down in law and the Company's By-laws. The Company does not currently have any savings shares in issue nor any other categories of shares apart from ordinary shares.

There are currently no stock option plans.

b) Restrictions on share transfers

There are no restrictions on share transfers, such as limits on the possession of shares or clauses involving the acceptance of transfers by the Company or other shareholders.

c) Significant shareholdings according to the communications received under art. 120 of the CLF

The following is a list of shareholders with significant shareholdings over 3% of the share capital, according to the communications received under art. 120 of the CLF.

SIGNIFICANT SHAREHOLDINGS AT 31.12.2022

Shareholder	Number of shares	% of the share capital	% of voting capital
Efiparind B.V. (indirectly and through CFN Generale Fiduciaria S.p.A.)	20,969,250	49.339%	49.593%
Serfis S.p.A.	4,765,000	11.212%	11.269%
Mediobanca S.p.A.	2,894,044	6.81%	6.844%

d) Shares that confer special control rights

No shares conferring special control rights have been issued.

There are no special powers and the By-laws do not foresee shares with multiple or increased voting rights.

e) Employee shareholdings: mechanism for exercising voting rights

There is no system for employees to hold shares in the Company.

f) Restrictions on voting rights

There are no restrictions on the exercise of voting rights.

g) Shareholders' agreements under art. 122 CLF of which the Company is aware

As far as the Company is aware, there are no agreements of any kind regarding the exercise of voting rights assigned to the shares and the transfer of such shares or any of the situations envisaged in art. 122 of the CLF.

h) Change of control clauses and provisions of the By-laws on takeover bids

There are no significant contracts to which the Company or its subsidiaries are parties and which become effective, modified or terminated in the event of a change of control over the Company.

Some framework contracts on derivatives provide for early termination in the event of extraordinary events that could involve a change of control.

With regard to takeover bids, the By-laws do not derogate from the provisions of the CLF in relation to the passivity rule or application of the neutralisation rules.

i) Mandates to increase the share capital and authorisations to purchase treasury shares

There are no mandates to increase the share capital.

The Shareholders' Meeting of April 21, 2022, under art. 2357 of the Italian Civil Code, authorised the purchase of 1,000,000 of the Company's ordinary shares on one or more occasions for a period of 18 months from the date of the resolution.

At the date of this Report the Company holds 217,070 treasury shares, purchased under the authorisations previously approved by the Shareholders' Meeting.

The Shareholders' Meeting of April 27, 2023, convened for the approval of the 2022 financial statements, will also be called to resolve on the renewal of the authorisation to purchase treasury shares pursuant to art. 2357 of the Italian Civil Code, subject to revocation of the previous Shareholders' resolution.

j) Management control and coordination

Based on the information and communications received by the Company under art. 120 CLF, Efiparind B.V. participates indirectly in Italmobiliare with approximately 49% of the voting share capital through its subsidiary Cemital Privital Aureliana S.p.A. and through fiduciary registration with CFN Generale Fiduciaria S.p.A.

On February 15, 2023 the Board of Directors again confirmed that, in their opinion, neither Efiparind B.V. nor any other entity or company exercised management control and coordination over Italmobiliare pursuant to arts. 2497-2497-septies of the Italian Civil Code. In fact:

- a) Italmobiliare does not receive from companies or entities in the investment chain that leads to Efiparind B.V. any instructions, directives or constraints regarding the preparation or approval of business, financial or strategic plans, nor regarding the approval of budgets or the definition of investment or divestment plans, nor regarding the choice of counterparties with whom to do business;
- b) Italmobiliare is not a party to any industrial or financial policy or practice performed under the direction or through the coordination of companies or entities of the said investment chain, such as cash pooling, tax consolidation or similar sharing of functions;
- c) there is no trace of any contractual relationship currently or previously in place between the Company and other companies or entities in its investment chain, nor with other companies or entities subject to control by, or connected to, companies or entities in its investment chain;

- d) there is no trace of requests for prior approval by companies or entities included in the investment chain of ordinary or extraordinary transactions carried out or seriously considered by the Company;
- e) the Company has not received any policies, regulations or organisational charts from companies or entities in the investment chain;
- f) there are no Executive Directors that are common to the companies or entities in the investment chain and Italmobiliare; incidentally, there is only one common non-Executive Director of Italmobiliare, Luca Minoli, who has not been granted any powers in either of the companies in which he is a board member, namely Italmobiliare and Cemital Privital Aureliana S.p.A.

Note that the information required by art. 123-bis, first paragraph, letter i) on agreements between the Company and the Directors which provide for compensation in the case of resignation or dismissal without just cause or if their employment relationship is terminated following a takeover bid are contained in the report on the remuneration policy and compensation paid published in accordance with art. 123-ter of the CLF.

The information required by article 123-bis, first paragraph, letter l) regarding the appointment and replacement of directors as well as the amendment of the By-laws is provided below in the paragraph dedicated to the Role and Duties of the Board of Directors and in the paragraph dedicated to the Shareholders' Meeting.

As regards the Company's diversity policies, please refer to the specific paragraph in section VI.

II. Board of Directors

1. ROLE AND DUTIES

The Board of Directors has the task of defining the strategic guidelines of the Company and the Group and is responsible for managing them. It is vested with all powers of ordinary and extraordinary administration of the Company, as all matters not expressly reserved for the Shareholders' Meeting by law and the By-laws fall under its remit.

In consideration of Italmobiliare's role as the holding company of the Group's equity investments, the Board of Directors pursues its sustainable success through the flow of investments and disposals and the management over time of the equity investments held in portfolio. In particular, it evaluates and approves all possible investments with reference to: *i)* the Company's mission; *ii)* the strategic guidelines approved by the Board during the annual budget review; *iii)* the Code of Ethics, Sustainability Policies and Responsible Investment Policy. It is also worth emphasising that at each meeting of the Board of Directors, a specific point on the agenda is dedicated to an in-depth analysis of ESG issues, progress on the annual ESG Plan and the activities of the Committee for Sustainability and Social Responsibility. A similar practice has been adopted by the Board of Directors of each portfolio company. The sustainability profiles are also taken into consideration for remuneration purposes: part of the short-term variable remuneration (MBO) of the Chief Executive Officer and the Company's top management is in fact linked to the achievement of predetermined ESG objectives under the ESG plan (depending on the degree to which the plan has been implemented). Furthermore, the new long-term incentive plan, submitted to the next Shareholders' Meeting convened for the approval of the 2022 financial statements, includes an ESG objective among the performance indicators.

In this regard, reference should be made to the report on the remuneration policy and compensation paid drawn up pursuant to art. 123-ter of the CLF.

In addition to the powers bestowed on it by law and the By-laws, resolutions on the following matters are referred to the Board of Directors, without prejudice to the sphere of competence of the Shareholders' Meeting: absorbing companies that are wholly owned or at least 90% owned; transferring the registered office, providing it remains in Italy; opening or closing branches, whether in Italy or abroad; reducing the share capital in the event of withdrawal by a shareholder; amending the By-laws to comply with mandatory regulations.

It is up to the Board of Directors to review and approve the Company's strategic plans and guidelines and to monitor their implementation on a regular basis. During the examination and approval of the accounting records for the period, in light of the information received by the delegated bodies, the Board assesses the overall operating performance, comparing the actual results with the budget for the year.

The Board of Directors is responsible, among other things, for *i)* assessing the overall results of operations; *ii)* assessing the adequacy of the organisational, administrative and accounting structure with particular reference to the Internal Control and Risk Management System, supervised by the Chief Executive Officer, *iii)* defining the Company's corporate governance system; *iv)* assigning powers to Executive Directors, as well as *v)* defining the remuneration policy and setting the remuneration of Directors vested with special powers. The Board of Directors resolves on those transactions of the Company and its subsidiaries that may have strategic, economic or financial importance for Italmobiliare, such as acquisitions or disposals that would significantly change the size of the Group or financial operations that would significantly change the overall level of Group borrowing; the Board also resolves on related party transactions, according to the terms of the specific procedure adopted by the Company and the procedures laid down in it.

On the basis of information received during the year and feedback from the Chief Executive Officer-Chief Operating Officer and the Control and Risk Committee, the Board of Directors acknowledged that the Company's organisational, administrative and accounting structure was substantially adequate, particularly the internal control and risk management system.

The Shareholders' Meeting has not authorised any derogation from the ban on competition pursuant to art. 2390 of the Italian Civil Code nor is one provided for in the By-laws. Moreover, no Director is a shareholder with unlimited liability in a competitor company, nor do they run a competitor business for themselves or on behalf of third parties, nor are they a director or general manager in competitor companies.

2. PROCEDURES AND DOCUMENTATION

In order to regulate the functioning of the Board of Directors and its various Committees – with the exception of the Committee for Transactions with Related Parties which is governed by a specific procedure – as well as how supporting documentation is to be managed, the Regulation governing the Board of Directors of Italmobiliare was approved in 2021.

The Regulation, which is available on the Company's website in the Governance/Documents and Procedures section, is applied alongside the legal, regulatory and by-law provisions, as well as the recommendations of the Corporate Governance Code on the subject. The document summarises the functions and powers of the Board of Directors and the duties of the Board Committees; it lays down the rules for the information to be provided to directors and the procedures for taking minutes of Board and Committee meetings; it identifies the prerogatives of the Chairman, who ensures that Board proceedings function as they should and coordinates the activities of the Committees with those of the Board.

In particular, the Chairman ensures that the documentation relating to the items on the agenda of the Board meetings is brought to the attention of the Directors and Statutory Auditors well in advance, identified two days prior to the date of the meeting, except in cases of urgency, in which the documentation is made available as soon as possible. Where deemed appropriate in relation to the nature of the topic and the related resolution or for reasons of confidentiality, the documentation can be made available with less notice or provided directly at the meeting. In this case, enough time for analysis has to be made available, so that the Board can decide in an informed and knowledgeable manner.

The minimum notice for the distribution of documentation was generally observed during 2022 for the transactions submitted for the Board's approval. In the few cases when the supporting documentation (presentation of the results for the period) was made available with a shorter deadline, all clarifications and insights were made during the meeting, also in the presence of the managers concerned, to allow the Board to decide in an informed manner. The period of notice has never been waived merely for reasons of confidentiality. On certain occasions, documents providing additional information have been made available to the Board shortly before the meeting. The Chairman made sure that full details were made available at each meeting when requested. At the meeting on February 15, 2023, the Board of Directors carried out its usual evaluation of the pre-meeting documentation, which was deemed complete and adequate.

The Board of Directors, on the proposal of the Chairman, appoints the Secretary who, under the supervision of the Chairman, prepares the minutes of the meetings. The minutes represent a true, clear summary of the Board proceedings and the decisions made. They can make reference to more detailed information contained in the supporting documentation. They are normally approved at the next Board meeting.

The same provisions regarding the disclosure and minutes of meetings envisaged for the Board of Directors are valid for Board Committees as well, where applicable.

The Secretary helps the Chairman to carry out her duties and assists the Directors in key aspects to ensure that the Board functions properly. The Directors can access the corporate functions to request information or clarifications, normally after informing the Chairman and/or the Chief Executive Officer.

The Board of Directors meets regularly (at least quarterly) to approve the annual and half-year financial reports and the quarterly figures for the additional periodic reports. On this occasion, the CEO reports back on the activities carried out in exercising the powers granted to him. In any case, pursuant to the By-laws, the Board of Directors meets every time it is considered necessary by the Chairman, or the Deputy Chairman, or when it is requested by at least three Directors, or at the request of any of the Statutory Auditors after notifying the Chairman of the Company.

In 2022, the Board of Directors held 8 meetings, lasting for about two hours on average, with the Board of Statutory Auditors always in attendance; the attendance records of individual Directors and Statutory Auditors are shown in a table at the end of this Report. In the first part of the year, meetings were held by video-conference, given the persistence of the epidemiological emergency, with the President, CEO and management present at the registered office. As can be seen from the attendance records for Board and Committee meetings, the Directors ensured that adequate time was available for the performance of their duties.

During the year, all Board meetings were attended by the Financial Reporting Officer, the Chief of Staff and the Head of Legal and Corporate Affairs. On the Chairman's initiative, the Heads of Investment Management, Investor Relations, Internal Audit, Investments & Development, Finance, Human Resources and Sustainability also attended for matters concerning their sphere of competence to ensure that there was adequate information.

In December 2022, the Company issued a calendar of corporate events for 2023, which can be found on www.italmobiliare.it. The Board of Directors has met three times in 2023 up to the date of approval of this Report.

The Board of Directors and the Board of Statutory Auditors were informed about the recommendations made in a letter from the Chairman of the Corporate Governance Committee dated January 25, 2023. The recommendations were discussed at the Board meeting held on February 15, 2023.

3. APPOINTMENT AND REPLACEMENT OF DIRECTORS

Directors are appointed by the Shareholders' Meeting on the basis of slates submitted by the Shareholders.

The slates must be filed at the registered office at least 25 days prior to the date set for the Shareholders' Meeting at a single calling; this is mentioned in the notice of calling along with the procedures and shareholding required for their submission.

Only shareholders who, alone or with others, have a stake in the share capital with voting rights not lower than the level set by Consob pursuant to current regulations are entitled to present slates. No shareholder can file or participate in the filing of more than one slate, directly or through a nominee or trust company, or vote for different slates. Shareholders belonging to the same group and shareholders who join a shareholders' agreement involving the Company's shares may not file or vote for more than one slate, not even through a nominee or trust companies. Slates filed in violation of these restrictions will not be accepted. Each candidate can only be on one slate under penalty of ineligibility.

Slates that have a total number of candidates equal to or greater than three must be composed of candidates belonging to both genders, to an extent that complies with current regulations on gender balance.

At the time they are filed, slates must include:

- a. the statements in which the individual candidates accept their candidacy and declare, under their own responsibility, that there are no grounds for ineligibility, that they comply with the integrity requirements established by law, and whether or not they meet the independence requirements of the law and the Code. With reference to this last aspect, this principle used to be contained in the Code of Conduct and the Board of Directors decided to maintain it;
- b. a brief curriculum vitae on the personal and professional skills of each candidate with an indication of positions they hold as director or statutory auditor in other companies;
- c. information on the identity of the shareholders who have presented slates. The certification or statement proving ownership of the shareholding prescribed by the law in force when the slate is presented may also be produced after the filing of the slate, providing that it reaches the Company before the deadline laid down in current regulations on the publication of slates by the Company;
- d. a statement by shareholders – other than those who have a controlling or majority stake, jointly or severally – acknowledging that they do not have any joint shareholdings, as defined by law.

The By-laws do not set additional integrity and independence requirements to those laid down for Statutory Auditors in the CLF. Any elected Director who, during their term of office, no longer complies with the integrity requirements of law or the By-laws falls from office.

A number of Directors that is not less than the minimum required by law have to meet the independence requirements laid down in current legislation.

If a slate does not comply with these provisions, it will be considered as though not presented.

At least 21 days prior to the date set for the Shareholders' Meeting called to resolve on the appointment of the management bodies, the Company makes the slates of candidates filed by shareholders and the supporting documentation available to the public at the registered office, the company that runs the stock market and on its own website.

In the event of more than one slate being filed:

- a. all of the Directors on the slate that obtains the highest number of votes at the Shareholders' Meeting are elected in the order in which they are listed, except for the minimum number reserved by law for the minority shareholders' slate;
- b. the minimum number of Directors reserved by law for the minority shareholders are elected from the minority shareholders' slate that obtains the highest number of votes and is not connected in any way, directly or indirectly, with the majority shareholders;
- c. should more than one slate obtain the same number of votes, a run-off is held between these slates by all the shareholders entitled to vote present at the Shareholders' Meeting, and the candidates are elected from the slate that obtains a relative majority of the share capital represented at the Shareholders' Meeting.

For the purposes of apportioning the Directors to be elected, the slates that have not achieved a percentage of votes at least equal to half of the percentage required for the presentation of slates will not be considered.

Should a party connected to a majority shareholder vote for a slate of the minority shareholders, the connection is only considered significant for the purpose of excluding the minority shareholders' elected Director if this vote was crucial for the election of the Director in question.

Should a single slate be filed, all the candidates included in that slate are elected with a simple majority vote of the share capital represented at the Shareholders' Meeting.

If as a result of the voting based on slates or the voting on the only slate presented, the composition of the Board of Directors does not meet the current regulations on gender balance, the necessary replacements will be carried out within the slate that has obtained the highest number of votes or within the only slate presented, starting from the candidate in the last place of the slate in question. Subsequently, if compliance with the gender balance requirement is not ensured in the minimum number required by law, there will be similar replacements, again within the slate that has obtained the highest number of votes, or within the only slate presented.

In the absence of slates, and whenever by means of the slate voting mechanism, the number of candidates elected is lower than the minimum number envisaged in the By-laws for its composition, the Board of Directors is respectively appointed or supplemented by the shareholders at their meeting with the legal majority, providing that the gender balance required under current legislation is ensured and at least the minimum number of Directors meeting the legal independence requirement is ensured.

If during the year one or more Directors should cease to hold office due to resignation or any other reason, the others shall make provision to replace them with a resolution approved by the Board of Statutory Auditors, providing the Directors appointed by the Shareholders' Meeting continue to constitute the majority. Directors are replaced, in compliance with the above requirements of good reputation and independence, with the appointment of unelected candidates belonging to the same slate as the Directors who no longer serve, following the original order of presentation. If this is not possible, the Board of Directors will act according to the law. All this, in any case, in compliance with the current regulations on gender balance. Directors appointed in this manner hold office until the following Shareholders' Meeting.

The Shareholders' Meeting decides about the replacement of Directors in accordance with the above principles, by a simple majority of the share capital represented at the Shareholders' Meeting. The term of office of Directors appointed this way will end at the same time as that of the Directors already in office at the time of their appointment.

No limits are set on the re-electability of Directors even if having held the same office for more than nine years in the last twelve years could represent a non-peremptory reason for exclusion from the independence requirement under the Code.

At the time of the last renewal of the corporate bodies in 2020, the Board of Directors, assisted by the Remuneration and Nominations Committee, expressed its orientation on the size and composition of the administrative body (published in the section of the website dedicated to the shareholders' meeting in question), to be submitted to the shareholders, also giving its opinion, based on a specific benchmark analysis, on the basic remuneration to be granted to the members of the Board and the Board Committees. Likewise, in view of the appointment of the Board of Directors which the next shareholders' meeting in April 2023 will vote on, the Board has prepared its opinion on the quantitative and qualitative composition of the Board with the support of the Remuneration and Nominations Committee. The opinion was published in advance of the deadline for calling the Shareholders' Meeting and is available in the "Governance/Shareholders' Meeting" section.

4. COMPOSITION

The By-laws say that the Company is to be administered by a Board of Directors made up of between five and fifteen members, who remain in office for the period established at the time of appointment, in any case not exceeding three financial years, and cease to hold office on the date of the Shareholders' Meeting called to approve the financial statements relating to the last year of their term of office and that they can be re-elected.

The Board of Directors currently in office, appointed by the Shareholders' Meeting on April 21, 2020 up until approval of the financial statements at December 31, 2022, is made up of twelve directors.

Eleven Directors are members of the majority list, which was at the time presented by Compagnia Fiduciaria Nazionale S.p.A. (now CFN Generale Fiduciaria S.p.A.): Laura Zanetti, Carlo Pesenti, Livio Strazzera, Vittorio Bertazzoni, Giorgio Bonomi, Mirja Cartia d'Asero, Elsa Fornero, Sebastiano Mazzoleni, Luca Minoli, Chiara Palmieri and Valentina Casella – first and only non-elected candidate on the majority list presented by Compagnia Fiduciaria Nazionale at the 2020 meeting – who was co-opted onto the Board on July 29, 2021 and subsequently confirmed by the Shareholders' Meeting of April 21, 2022.

One Director, Marco Cipelletti, is an expression of the minority list presented by RWC Asset Management LLP and Fidelity International.

At the time the corporate bodies were renewed, the minimum shareholding required by Consob to submit a slate was 1%. The slates and supporting documentation, filed and published by the deadlines laid down by law, are available on the website www.italmobiliare.it in the section entitled "Governance/Shareholders' Meeting/Shareholders' Meeting archive".

The curriculum vitae of each Director – which shows that they have adequate professional experience and skills for the tasks assigned to them – is available in the "Governance/Board of Directors" section of the website www.italmobiliare.it and quoted in the introduction to the Annual Financial Report. The offices held by them in other listed companies or companies of significant size are indicated later in this Report.

Of the twelve Directors currently in office, eleven are non-executive; six of these are independent according to both the CLF and the Code, and two are independent only according to the CLF. In compliance with the provisions on gender quotas, 40% of the positions are reserved for the less-represented gender.

The composition of the Board of Directors at the date of approval of this Report is shown below, specifying the office that each one holds and the Committees that they are members of.

Laura Zanetti*	Chairman, Member of the Committee for Sustainability and Social Responsibility
Livio Strazzera*	Deputy Chairman
Carlo Pesenti	Chief Executive Officer–Chief Operating Officer and Chairman of the Committee for Sustainability and Social Responsibility
Vittorio Bertazzoni**	Chairman of the Remuneration and Nominations Committee and Member of the Committee for Sustainability and Social Responsibility
Giorgio Bonomi	Member of the Control and Risk Committee
Mirja Cartia d'Asero**	Chairman of the Control and Risk Committee, Member of the Committee for Transactions with Related Parties and of the Committee for Sustainability and Social Responsibility
Valentina Casella**	Member of the Remuneration and Nominations Committee
Marco Cipelletti**	
Elsa Fornero**	Member of the Committee for Transactions with Related Parties and of the Committee for Sustainability and Social Responsibility
Sebastiano Mazzoleni	
Luca Minoli	
Chiara Palmieri**	Chairman of the Committee for Transactions with Related Parties, Member of the Remuneration and Nominations Committee and of the Control and Risk Committee

* Director who meets the independence requirements laid down in the CLF.

** Director who meets the independence requirements laid down in the CLF and the Corporate Governance Code.

5. LIMITS ON THE ACCUMULATION OF APPOINTMENTS AND OFFICES OF DIRECTORS

With a resolution passed on April 21, 2020, the Board of Directors confirmed that the maximum number of offices that could be held in listed companies on regulated markets, in Italy or abroad, was four, including the office held in Italmobiliare S.p.A., but excluding other companies in the Italmobiliare Group, which can be considered compatible with being an effective director of Italmobiliare. All of the Directors and Statutory Auditors comply with this limit.

The offices of Director or Statutory Auditor held by each Director in other listed and/or large companies are shown below:

Laura Zanetti	WeBuild S.p.A. (listed) Allianz Bank Financial Advisors S.p.A.	Director
Livio Strazzera	Serfis S.p.A. Bormioli Luigi S.p.A.	Sole Director Director
Carlo Pesenti	Caffè Borbone S.r.l. Tecnica Group S.p.A.	Deputy Chairman Director
Vittorio Bertazzoni	Erfin S.p.A. SMEG S.p.A.	Deputy Chairman and CEO Deputy Chairman and CEO
Mirja Cartia d'Asero	Il Sole 24 Ore S.p.A. (listed) Tecma Solutions S.p.A. (listed)	CEO Director
Valentina Casella	Arnoldo Mondadori S.p.A. (listed) Banco di Desio and Brianza S.p.A. (listed)	Director Director
Elsa Fornero	Buzzi Unicem S.p.A. (listed)	Director
Luca Minoli	Cemital Privital Aureliana S.p.A.	Chairman

6. EXECUTIVE DIRECTORS

Of the twelve Directors in office, only Carlo Pesenti, Chief Executive Officer-Chief Operating Officer, qualifies as an Executive Director. The Board of Directors has assigned him duties and powers, setting limits on how they can be exercised.

7. CHAIRMAN AND CHIEF EXECUTIVE OFFICER-CHIEF OPERATING OFFICER

Within the scope of the Board of Directors, the following powers have been granted.

The following duties have been assigned to the **Chairman**, Ms Laura Zanetti: to submit proposals to be resolved on by the Board of Directors; to supervise and ensure compliance with the principles of Corporate Governance approved by the Company and propose any amendment to them to be submitted to the Board of Directors for approval; to supervise the regularity of meetings and actions of the corporate bodies ensuring that the documentation relating to the items on the agenda is made available to Directors and Statutory Auditors suitably in advance; to supervise the work of the Chief Operating Officer with reference to real estate management transactions; to promote the Company's image; in agreement with and in coordination with the Chief Executive Officer, to maintain relations with the economic-financial community, institutional bodies and authorities.

In addition to the powers of representation, the Chairman has been granted the powers to act, also before a criminal court, to protect the Company's interests, the power to appoint consultants, to negotiate and conclude any transaction or contract to purchase or sell real estate, to exchange and divide real estate, for the establishment of easements or property rights in general, with the limit of Euro 25 million, signing jointly together with the Chief Operating Officer.

As **Chief Executive Officer**, Carlo Pesenti has been assigned the following tasks, among others, in addition to the general power of representation of the Company: to submit proposals to be resolved on by the Board of Directors; to oversee the execution and implementation of the investment plans defined by the Board of Directors; to look after the management policies, corporate development strategies of Italmobiliare S.p.A. and its main subsidiaries, held directly or indirectly; to oversee and direct the activities of Italmobiliare S.p.A. and its main direct or indirect subsidiaries; to establish guidelines for managing the main companies in which Italmobiliare S.p.A., directly or indirectly, holds an equity investment that allows it to exercise significant influence; to look after corporate organisation and propose important amendments to the Board of Directors. The CEO has been granted the powers to carry out all tasks relating to administration and arrangements concerning the management of the Company, including securities, financial and credit transactions, assuming any form of obligations in the name of the Company, even accompanied by collateral security, accepting guarantees, providing collateral security and guarantees for third parties, as long as they are subsidiaries or associates, buying and selling government bonds, corporate bonds, mortgage bonds, equities, company quotas. As **Chief Operating Officer**, he has been granted powers in the administrative, financial, commercial and real estate areas.

The powers granted for the office of Chief Operating Officer can be exercised within a limit of Euro 25 million per individual transaction, except for real estate transactions exceeding Euro 10 million and up to Euro 25 million, which need the joint signature of the Chairman; the powers granted for the office of Chief Executive Officer can be exercised within a limit of Euro 25 million, except for funding transactions and transactions on derivatives which can be made within a limit of Euro 50 million, and transactions to sell securities of listed companies, which can be made within a limit of Euro 100 million per single open market day.

The Chief Executive Officer-Chief Operating Officer qualifies as the main person responsible for the Company's management. He reports back to the Board every time it meets on the activities carried out in the exercise of the powers.

The Chief Executive Officer-Chief Operating Officer is not a Director in any other listed company not belonging to the Group at which a Company Director is the Chief Executive Officer.

To manage current operations, powers have been granted to managers of the Company, within the scope of their respective remits.

8. SUCCESSION PLANS

The Board of Directors has assigned the Remuneration and Nominations Committee the task of drawing up succession plans for Executive Directors, which the Board of Directors has to decide whether to adopt.

Considering the nature of Italmobiliare as a Holding Company and its organisational structure which has been kept flexible over the years, on the Committee's recommendation, having reviewed the situation in 2021, the Board of Directors did not adopt a formal succession plan for the CEO and key management personnel. On the other hand, it was ascertained that, in the event of an extraordinary situation, all the safeguards are in place, in the form of an Emergency Plan, to ensure that the Company will continue to be managed, while starting the selection of a new management team.

9. INDEPENDENT DIRECTORS

Following its appointment in April 2020, the Board of Directors assessed the independence of its members based on the provisions of the CLF and the criteria laid down in the Code of Conduct in effect at the time, the results of which were disclosed to the market.

The Board of Directors recently verified whether Directors satisfied the independence requirements, based on the information received from each of them, at the meeting held on February 15, 2023, having regard to the parameters of the Corporate Governance Code. The Board of Statutory Auditors has checked correct application of the criteria and the procedures adopted by the Board of Directors to assess its members' independence.

In this connection, note that the amount above which a Director cannot qualify as independent pursuant to letter c) of recommendation 7 of the Code has been set at Euro 200,000 per year and the additional amount above which a Director cannot qualify as independent pursuant to letter d) of recommendation 7 of the Code has also been set at Euro 200,000 per year.

Given the rigorous application of the quantitative criteria and, in general, of the parameters indicated in the Code, which up to now have not highlighted any uncertainties, the Board did not consider it necessary to introduce qualitative criteria on which to assess whether the independence requirements were still being met in accordance with letters c) and d) of recommendation 7 of the Code. In fact, there are no commercial, professional or financial relationships involving the Company and the six directors who qualify as independent under both the CLF and the Code.

As a result of these assessments, half of the Directors qualify as Independent under the provisions of the CLF and the criteria laid down in the Code: Vittorio Bertazzoni, Mirja Cartia d'Asero, Valentina Casella, Marco Cipelletti, Elsa Fornero and Chiara Palmieri.

The Directors who qualified as independent according to both the Code and the CLF met once during 2022 in the absence of the other Directors.

The Chairman Laura Zanetti and Deputy Chairman Livio Strazzera are Independent Directors only according to the CLF.

10. LEAD INDEPENDENT DIRECTOR

At the time of renewal, at the meeting on April 21, 2020, the Board of Directors resolved not to appoint a "Lead Independent Director" for the 2020-2022 term of office. The conditions envisaged by the previous Code of Conduct for the appointment did not – and still do not – exist, i.e. that the Chairman of the Board of Directors was the main person responsible for managing the company or that the office of Chairman was held by the person who controlled the Company. The Independent Directors did not ask for one to be appointed.

11. SELF-ASSESSMENT

In accordance with the provisions of the Board Regulation, the Directors are asked to make an annual assessment of the composition, role and functioning of the Board and of its Committees. The Board of Statutory Auditors also participates in the self-assessment process.

The Chairman supervises and coordinates the process, with the support of the Remuneration and Nominations Committee and the Corporate Affairs Department. The Chairman ensures its adequacy and transparency, considering together with the Committee whether they need assistance from an independent consultant.

At the end of the 2022 financial year, an internally prepared questionnaire was distributed to all Directors and Statutory Auditors, previously shared with the Chairman of the Board of Directors and the Remuneration and Nominations Committee, who did not consider it necessary to involve an external consultant. The questionnaire concerns the overall assessment of the functioning and composition of the Board of Directors and the individual Committees and contemplates the possibility of making recommendations or comments. Each recipient was asked to make their assessment based on a scale of values ranging from 1 to 6.

The questionnaire was returned anonymously by fourteen of the fifteen persons consulted. The CEO, as in the past, did not take part in the process.

Before it was distributed, the questionnaire and the results of the self-assessment were first reviewed by the Remuneration and Nominations Committee and then by the Board of Directors.

In general terms, the opinions of the Directors and Statutory Auditors confirmed their general satisfaction with the procedural and operational aspects, the Chairman's role and her relations with the other Directors, as well as the information given by the managers invited to participate in Board meetings to illustrate the items on the agenda.

12. INDUCTION PROGRAMME

With the help of the various company departments, the Chairman works to ensure that the Directors and Statutory Auditors participate in initiatives aimed at increasing their knowledge of the Company's situation and dynamics and are informed about the main legislative and regulatory changes that concern the Company and its corporate bodies.

Three induction sessions were held in 2022: two dedicated to the evolution of macroeconomic and business scenarios and one dedicated to the associate company Tecnica Group S.p.A., at which the Board of Directors met.

13. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has set up a Remuneration and Nominations Committee, a Control and Risk Committee, a Committee for Sustainability and Social Responsibility, all with advisory and propositional functions towards the Board of Directors, as well as a Committee for Transactions with Related Parties in accordance with Consob's RPT Regulation. The responsibilities and functions of the first three Committees are laid down in the Regulation governing the Board of Directors of Italmobiliare. The responsibilities of the Committee for Transactions with Related Parties, on the other hand, are included in a specific procedure.

In carrying out their functions, the Committees are entitled to access the corporate information and functions that they need to perform their duties. They can also use external consultants at the Company's expense. At the invitation of the Chairman of each Committee, the meetings may be attended by persons who are not members and therefore managers of the Company or of associate companies and consultants.

Each Committee appoints a Secretary, who does not have to be a member of it. The Secretary's main task is to draw up minutes of the meetings. The Chairman of each Committee reports back to the Board of Directors at the next Board meeting.

Detailed information on the Remuneration and Nominations Committee, the Control and Risk Committee and the Committee for Sustainability and Social Responsibility is provided below, whereas details of the Committee for Transactions with Related Parties can be found in the section entitled "Codes of conduct, procedures and other corporate governance practices".

14. REMUNERATION AND NOMINATIONS COMMITTEE

The Committee, made up solely of Independent Directors who meet the requirements laid down in the Code and the CLF, currently consists of Vittorio Bertazzoni, Chairman, Valentina Casella and Chiara Palmieri.

All of the members have adequate experience in accounting, financial and remuneration policy matters, as assessed by the Board at the time of appointment and which was disclosed to the market.

The Board of Statutory Auditors and the Head of Human Resources are regularly invited to attend Committee meetings. No Director is present at the meeting when their remuneration is discussed.

The Committee has regular access to the Company's information and departments needed to perform its tasks; it has an annual budget of Euro 50,000 assigned by the Board of Directors. The Committee can seek assistance from independent consultants.

The Committee's responsibilities and procedures are laid down in the Regulation governing the Board of Directors

In its role as the Remuneration Committee, it performs the following functions, among others:

- a) makes proposals to the Board about remuneration policy;
- b) periodically assesses the adequacy and overall consistency of remuneration policy, monitoring its application in practice;
- c) presents proposals to the Board of Directors, or expresses opinions, about the remuneration of the executive Directors and the other Directors vested with special powers, as well as on the setting of performance objectives;

- d) assesses proposed short- and long-term incentive schemes, both cash- and share-based, prior to submission to the Board of Directors for approval;
- e) it proposes performance objectives to the Board, linked to the variable component of the remuneration of Executive Directors, Directors vested with special powers and key management personnel;
- f) checks whether the performance objectives linked to the long-term incentive plans and the variable remuneration have been achieved, in part by using information received from the relevant business functions;
- g) prepares opinions on how to determine the indemnities payable on the early termination of employment relationships with key management personnel; assesses the possible effects of termination on the rights assigned under incentive plans based on financial instruments.

The Remuneration and Nominations Committee also:

- h) helps the Board to apply the self-assessment process to the Board and its Committees;
- i) expresses opinions on the size and composition of the Board and the Committees;
- j) without prejudice to the provisions of the By-laws, proposes candidates to be co-opted onto the Board, if needed;
- k) performs analyses for the preparation and revision of succession plans for top management roles prior to submission to the Board of Directors for approval;
- l) carries out any additional tasks assigned by the Board of Directors.

In 2022, the Committee met three times with all of its members and those of the Board of Statutory Auditors in attendance; meetings lasted about one hour on average. In two out of three meetings it performed the functions of both the Nominations Committee and the Remuneration Committee; in one it only performed the functions of the Remuneration Committee.

The Committee made use of the independent consultant Willis Tower Watson, among other things, in the preparation of the Remuneration Policy for 2022 and 2023, in the definition of the new long-term incentive plan for the period 2023-2025 to be submitted to the Shareholders' Meeting, and in the introduction of a new medium-long term incentive system, the "Value Creation Sharing Incentive", designed to share the value created as a result of extraordinary transactions.

During 2022, the Committee carried out the following activities involving remuneration matters: it examined the Company's report on the remuneration policy for 2022 and on the compensation paid in 2021 to be submitted to the Board of Directors and subsequently to the Shareholders' Meeting; it checked whether the performance objectives had been achieved in order to determine the short-term variable remuneration to be paid to the Chief Executive Officer-Chief Operating Officer and key management personnel (2021 MBO); it made a proposal to the Board of Directors on the variable remuneration of the Chief Executive Officer-Chief Operating Officer and of key management personnel for 2022 (2022 MBO); launched in-depth analyses in preparation of the Company's new long-term incentive plan and the introduction of a new medium-long term incentive system, the "Value Creation Sharing Incentive", designed to share the value created as a result of extraordinary transactions, as well as the definition of the remuneration policy for 2023.

As regards the functions of the Nominations Committee, in 2022 it: preliminarily reviewed the results of the 2021 self-assessment process, which were then submitted to the Board of Directors; reviewed the questionnaire to be used for the 2022 self-assessment process, after agreeing not to use an independent consultant; began preparatory investigations for the formulation of an opinion on the quantitative and qualitative composition of the Board of Directors, in view of the renewal of the corporate bodies.

In 2023, up to the date of approval of the Report, the Committee has met twice, performing the functions of both the Nominations Committee and the Remuneration Committee at both meetings. Among its activities involving remuneration, it has examined the Company's report on the remuneration policy for 2023 and on the compensation paid in 2022 to be submitted to the Board of Directors and subsequently to the Shareholders' Meeting; checked whether the performance objectives had been achieved in order to determine the short-term variable remuneration to be assigned to the Chief Executive Officer-Chief Operating Officer and key management personnel (2022 MBO) and the long-term variable remuneration (Italmobiliare 2020-2022 Phantom Stock Grant Plan); shared the structure of the 2023 MBO of the Chief Executive Officer-General Manager and key management personnel; examined the structure and the information document relating to the new long-term incentive plan (Italmobiliare 2023-2025

Phantom Stock Grant Plan) and the proposed introduction of the Value Creation Sharing Incentive; examined a benchmark analysis, which was then submitted to the Board of Directors, regarding the remuneration of directors and statutory auditors, for use in the preparation of a proposal for the Shareholders' Meeting.

Furthermore, in its capacity as the Nominations Committee, it examined the results of the 2022 self-assessment, subsequently submitted to the Board of Directors, and formulated a proposal regarding the guidance opinion on the qualitative and quantitative composition of the Board of Directors to be appointed, subsequently approved by the Board and published before the Shareholders' Meeting was called.

For further information on the duties of the Remuneration and Nominations Committee, and in general on the remuneration policy for 2023, approved by the Board of Directors on the Committee's proposal, please refer to the remuneration report drawn up in accordance with art. 123-ter of the CLF, which will be published by the legal deadline.

15. COMMITTEE FOR SUSTAINABILITY AND SOCIAL RESPONSIBILITY

In view of the renewal of the corporate bodies, in 2020 the Board of Directors decided to set up a Committee for Sustainability and Social Responsibility, made up of Carlo Pesenti, Chief Executive Officer-Chief Operating Officer, who assumed the office of Chairman, Laura Zanetti, and the Independent Directors, Vittorio Bertazzoni, Mirja Cartia d'Asero and Elsa Fornero. The Committee is headed up by the Chief Executive Officer-Chief Operating Officer to ensure that ESG issues are fully integrated with the Company's strategies. Moreover, in order to ensure a correct flow of information between the various bodies, the Chairman of the Control and Risk Committee and the Chairman of the Remuneration and Nominations Committee sit on the Committee. The Director of Sustainability as well as the Director of Investment Management attend each meeting of the Committee as secretary.

The Committee has a duty to provide the Board with advice and proposals in order to implement a development strategy focused on sustainability, consistent with Italmobiliare's mission in all its components: governance, economic, social and environmental.

The Committee's responsibilities and procedures are laid down in the Regulation governing the Board of Directors. In particular, in the ESG area, the Committee assists the Board in:

- i. defining Italmobiliare's business strategy and mission, also with regard to the evolution of its internal processes;
- ii. carrying out analysis and research;
- iii. promoting an integrated culture;
- iv. generating long-term shared value for the Company and the Group.

Among its specific functions, the Committee:

- a) verifies and assesses the sustainability strategy adopted, designed to ensure the creation of value over time for the shareholders and for all the other stakeholders, in compliance with the commitments deriving from adherence to international ESG principles;
- b) promotes the adoption of sustainability principles, partly via the competent company functions, and defines the objectives and monitors their achievement;
- c) proposes initiatives and projects and indicates best practices in order to strengthen the culture of sustainability throughout the Group and help implement the strategic guidelines, in full compliance with the ESG principles;
- d) monitors implementation of the policies and guidelines adopted by the Company from time to time with regard to sustainability issues;
- e) assesses the Sustainability Report, submitted annually to the Board of Directors, which contains the non-financial report (NFR) and, in general, the documents published by the Company because of its adherence to international ESG principles.

In 2022, the Committee met three times with all of its members, those of the Board of Statutory Auditors and the Chief Sustainability Officer in attendance. Meetings lasted about an hour and a half on average. Activities included: completion of the 2021 ESG Plan; a review of the 2021 Sustainability Report; definition of the 2022 ESG Plan and its monitoring; analysis of the developments in the global ESG context, including relevant regulatory aspects; updating of the materiality matrix and the evolution of non-financial reporting.

The Committee has met once in 2023, up to the approval of this Report, with the participation of all of its members, the Statutory Auditors and the Chief Sustainability Officer for reviewing and assessing the 2022 Sustainability Report, completion of the 2022 ESG Plan (which, as for last year, is linked to a variable remuneration target for all the members of top management) and a review of the 2023 ESG Plan, then submitted to the Board of Directors.

16. CONTROL AND RISK COMMITTEE

Following its appointment in April 2020, the Board of Directors set up the Control and Risk Committee, which currently consists of Mirja Cartia d'Asero, Chairman, Chiara Palmieri, both Independent Directors, and Giorgio Bonomi, non-Executive Director.

All of the members have adequate experience in finance, accounting and risk management, as assessed by the Board at the time of its appointment and disclosed to the market. The Committee as a whole has adequate expertise in the sector of activity in which the Company operates.

The Committee has a duty to provide the Board with advice and proposals on: i) the Internal Control and Risk Management System and ii) periodic financial reporting; on the renewal of the corporate bodies, the duties on social sustainability matters connected with the Company's business were attributed to the Committee for Sustainability and Social Responsibility, which was described above and with which the Control and Risk Committee coordinates.

The Control and Risk Committee also performs its duties on the basis of information flows received from the Head of Internal Audit of the Company, as regards Italmobiliare S.p.A. and its subsidiaries that do not have autonomous third-level control systems and structures. As regards the other subsidiaries, which may also include entities subject to monitoring by control authorities, the Committee uses the information flows laid down in the guidelines of the ICRMS and, in particular, information received from their equivalent departments, where present.

The Committee's responsibilities and procedures are laid down in the Regulation governing the Board of Directors. In particular, the Control and Risk Committee, in assisting the Board of Directors:

- a) after consulting the Financial Reporting Officer, the Board of Statutory Auditors and the Independent Auditors, considers whether the reference accounting standards were applied in a proper and consistent manner when preparing consolidated financial statements;
- b) considers whether the periodic financial disclosures present properly the business model and strategies of the Company, the impact of its activities and the results achieved;
- c) before presenting the sustainability report to the Board of Directors, coordinates with the Committee for Sustainability and Social Responsibility, possibly via the Directors who sit on both Committees, in order to assess whether the non-financial disclosures present properly the business model and strategies of the Company, the impact of its activities and the results achieved, also for the purposes of the system of internal control and risk management;
- d) expresses opinions on specific aspects involved in identifying the principal business risks, and supports the assessments and decisions made by the Board of Directors with regard to the management of risks deriving from any adverse events identified;
- e) examines the periodic reports and those of particular significance prepared by the Internal Audit Department;

- f) monitors the independence, adequacy, effectiveness and efficiency of the Internal Audit Department, which it may ask to perform checks in specific operational areas, notifying the Chairman of the Board of Statutory Auditors at the same time;
- g) examines the periodic reports on internal control and risk management received from the subsidiaries of Italmobiliare S.p.A. and, in particular, those prepared by the equivalent Committees;
- h) reports to the Board of Directors, at least every six months, at the time of approval of the financial statements and the half-yearly report, on the overall activity carried out and on the adequacy of the Internal Control and Risk Management System (ICRMS);
- i) carries out the additional tasks envisaged by the Guidelines of the Internal Control and Risk Management System, as well as those assigned to it by the Board.

The Board of Directors is supported by the Control and Risk Committee for the following issues and activities within the remit of the Board:

- a) determines guidelines for the system of internal control and risk management, consistent with the strategies of the Company, and assesses at least once each year the adequacy of the system, having regard for the characteristics of the business and the risk profile accepted, as well as its effectiveness;
- b) resolves on the appointment and revocation of the Internal Audit manager, establishing remuneration for the role that is consistent with corporate policies and checking that sufficient resources are made available for performance of the duties assigned;
- c) approves, at least once a year, the audit plan prepared by the Internal Audit manager, after consulting the Board of Statutory Auditors and the Chief Executive Officer;
- d) appoints the Supervisory Body pursuant to Legislative Decree 231/2001;
- e) assesses the introduction of measures to guarantee the effectiveness and impartiality of the business functions that perform control activities;
- f) assesses, after consulting the Board of Statutory Auditors, the conclusions expressed by the Independent Auditors in their letter of recommendations, if issued, and in the additional report addressed to the control body;
- g) describes in the report on corporate governance the principal characteristics of the system of internal control and risk management and the methods used to coordinate the parties involved in the system, explaining the choices made regarding the composition of the Supervisory Body.

The meetings are minuted by the Secretary of the Committee. The managers responsible for the areas being discussed are regularly invited to meetings of the Committee to provide suitable in-depth analyses; the Financial Reporting Officer and the Head of Internal Audit attend all of the meetings in any case. The Committee has an annual budget of Euro 50,000 assigned by the Board of Directors.

In 2022, the Committee held a total of six meetings, lasting around one and a half hours on average, with all its members in attendance. The Board of Statutory Auditors always attended these meetings.

During 2022, the Committee, among other things:

- a) examined and approved the Company's approach to carrying out impairment tests; it also reviewed and took note of the results;
- b) assessed correct use of the accounting standards and their consistency in drawing up the period financial report, together with the Financial Reporting Officer, after consulting the Board of Statutory Auditors and the Independent Auditors;
- c) reviewed the Audit Plan for 2022, which was subsequently approved by the Board of Directors, and monitored its implementation;
- d) analysed the results of risk management;

- e) received updates from the Finance Director and the Investment Management Department in relation to the macroeconomic scenarios and the possible impacts on the Group of the war between Russia and Ukraine;
- f) examined the guidelines on the Internal Control and Risk Management System, subsequently submitted to the Board of Directors;
- g) examined the reports prepared by the Head of Internal Audit to check the adequacy, efficiency and effective functioning of the Internal Control and Risk Management System;
- h) met the equivalent departments at the main subsidiaries;
- i) met the Independent Auditors before the Board of Directors examined the draft financial statements and the interim report;
- j) received periodic updates on the state of outstanding disputes for and against the Company;
- k) exchanged information with the Board of Statutory Auditors and the Supervisory Body on their activities.

In 2023, up to the date of approval of this Report, the Committee has met three times in the presence of the Board of Statutory Auditors to examine, among other things: the impairment test methodology applied in 2022 and its results; the results of risk management; the accounting policies used in drawing up the 2022 annual financial report; updates on outstanding disputes; the results of the 2022 Audit and the 2023 Audit Plan. The Committee met the Independent Auditors before the Board of Directors examined the draft financial statements; was informed by its Chairman, who sits on the Committee for Sustainability and Social Responsibility, about the contents of the Sustainability Report that are relevant to the ICRMS; examined the section of this Report that gives a description of the ICRMS, agreeing on its content.

A total of six meetings are scheduled for 2023.

III. The Internal Control and Risk Management System

1. DEFINITION AND OBJECTIVES

The Internal Control and Risk Management System ("**ICRMS**") of Italmobiliare is an essential part of the Corporate Governance system. It is a set of organisational rules, procedures and structures intended to enable the identification, measurement, management and monitoring of the main risks facing the Company and its subsidiaries.

The Board of Directors has defined and continuously updated the Internal Control and Risk Management System Guidelines ("**Guidelines**"), in compliance with the recommendations of the Code, having obtained the favourable opinion of the Control and Risk Committee. Taking into account the specific structure of the Group, which includes companies – among which there may be entities subject to the supervision of Supervisory Authorities – with internal control systems and structures in turn responsible for overseeing the ICRMS of their respective sub-groups (so-called "Group of groups"), the Guidelines seek to ensure consistency and harmonisation between the various control tools that exist. This entails establishing the roles and departments involved in the identification, measurement, management and monitoring of the main risks of the Company and its subsidiaries.

The Guidelines have been sent to the subsidiaries so that they could take account of them in the definition and maintenance of their own ICRMS, without prejudice to each company's autonomy and independence.

The ICRMS must contribute to the running of the Company in line with the corporate objectives laid down by the Board of Directors, encouraging informed decision-making. It helps to ensure the safeguarding of company assets, the efficiency and effectiveness of company processes, the reliability of financial reporting, compliance with laws and regulations and with the By-laws and internal procedures.

The ICRMS is broken down into three levels of control, in line with the best national and international standards and with the provisions of the organisation, management and control model pursuant to Legislative Decree 231/2001:

1st level: represented by line checks designed to ensure that operations are performed correctly, in line with the Company's business and governance objectives; these checks are carried out by the heads of the operating areas who identify and assess the risks and lay down specific steps for managing them;

2nd level: functions in charge of establishing the methodologies and tools for risk management and performance of risk monitoring activities;

3rd level: the Internal Audit function, as well as any others who provide objective and independent assurance as to the design and functioning of the overall System.

The Guidelines provide for the involvement of the following corporate bodies and functions:

the **Board of Directors**, with the following tasks:

- a) to assess and approve investments that are consistent with the mission of the Company and the strategic guidelines approved by the Board during the annual budget review, having regard for the indications provided by the Committee for Sustainability and Social Responsibility (see below) regarding the generation of long-term value;
- b) to determine the nature and level of risks compatible with the strategic objectives of the Company, considering all elements that may be significant in terms of sustainable success;
- c) to define the corporate governance system of the company and the structure of the group headed by it and assess the adequacy of the organisational, administrative and accounting structure of the Company and of subsidiaries that are of strategic importance, with particular reference to the internal control system and risk management;
- d) to examine at least once a year the main corporate risks as well as the set of control processes implemented and planned for their prevention, reduction and effective and efficient management;

the **Board of Directors**, with the support of the Control and Risk Committee, with the following tasks:

- e) to set guidelines for the system of internal control and risk management, consistent with the strategies of the Company, and assess at least once each year the adequacy of the system, having regard for the characteristics of the business and its risk profile, as well as its effectiveness;
- f) to appoint and revoke the Head of Internal Audit, establishing remuneration for the role that is consistent with corporate policies and ensuring that sufficient resources are made available for performance of the duties assigned; if it decides to entrust the Internal Audit function, as a whole or by segments of activity, to an external entity, it ensures that it meets the requisites of professionalism, independence and organisation and provides adequate reasons for this choice in the report on the corporate governance;
- g) to approve, at least once a year, the work plan prepared by the Head of Internal Audit, after consulting the control body and the Chief Executive Officer;
- h) to appoint the Supervisory Body pursuant to art. 6, paragraph 1b) of the Legislative Decree no. 231/2001;
- i) to assess the introduction of measures to guarantee the effectiveness and impartiality of the business functions that perform control activities;
- j) to evaluate, after consulting the control body, the results presented by the Independent Auditors in any letter of recommendations and in the additional report addressed to the control body;
- k) to describe in the report on corporate governance the main characteristics of the internal control and risk management system and the methods of coordination between the parties involved in it, to express its overall assessment of the system's adequacy and to explain the choices made regarding the composition of the supervisory body.

The Board of Directors, with the assistance of the Control and Risk Committee and the Committee for Sustainability and Social Responsibility based on their feedback, evaluates the adequacy, effectiveness and effective functioning of the ICRMS with respect to the characteristics of the business.

With reference to subsidiaries with autonomous internal control structures that have similar duties to those assigned by the Code to the Control and Risk Committee, the activities performed by the Control and Risk Committee of Italmobiliare essentially involve reviewing and assessing the reports received from these structures.

During the course of the year, when the Board of Directors carried out their investment analyses, it did not find any risk profiles that were incompatible with the Company's strategic objectives, also with a view to their sustainability over the medium to long term.

The Board of Directors approved the work plan prepared by the Head of Internal Audit, having consulted the Board of Statutory Auditors and the Chief Executive Officer.

This process is operating in the main subsidiaries.

2. CHIEF EXECUTIVE OFFICER IN CHARGE OF SETTING UP AND MAINTAINING THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Chief Executive Officer-Chief Operating Officer, Carlo Pesenti, at the time of the renewal of the corporate bodies in 2020, was identified as the "Director in charge of the internal control and risk management system"; following the adherence to the Corporate Governance Code and the consequent revision of the Guidelines, Carlo Pesenti was identified as the "Chief Executive Officer in charge of setting up and maintaining the internal control system" (**Chief Executive Officer**).

As such, he has the task of:

- a. identifying the main risks, taking into account the characteristics of the business activities carried on by the Company and its subsidiaries, and submitting them periodically to review by the Board of Directors;
- b. implementing the Guidelines, taking care of the planning, implementation and management of the ICRMS, constantly verifying its adequacy and effectiveness, adapting it to the dynamics of the operating conditions and the legislative and regulatory situation;
- c. reporting promptly to the Control and Risk Committee, the Committee for Sustainability and Social Responsibility (or to the Board of Directors) issues and problems identified during his activity or of which he becomes aware, so that they can take appropriate action.

He can also entrust the Internal Audit Department to carry out reviews of specific operational areas and whether business operations comply with the rules and internal procedures, giving simultaneous notice to the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Statutory Auditors.

He has the task, together with the Financial Reporting Officer, of issuing statements regarding the adequacy and effective application of the administrative and accounting procedures, the compliance of the documents with international accounting standards, that the documents correspond to the contents of the accounting books and records, and the suitability of the documents to provide a true and fair view of the key financial data of the Company and of the Group.

3. HEAD OF INTERNAL AUDIT

The Board of Directors, on the proposal of the then "Director in charge of the internal control and risk management system", and after consulting the Board of Statutory Auditors, appointed Delia Strazzarino as the Head of Internal Audit, establishing her remuneration in line with the Company's policies and ensuring that she had adequate resources to perform her duties.

The Head of Internal Audit has the task of verifying that the ICRMS is functioning, adequate and consistent with the Guidelines laid down by the Board of Directors, providing an objective assessment of its suitability to the corporate bodies and to top management. She therefore has direct access to all information needed to carry out her role, she is not responsible for any operating area and reports hierarchically to the Board of Directors.

The Head of Internal Audit verifies how the ICRMS operates in practice, both on an ongoing basis and in relation to specific needs in compliance with international standards, through an Audit Plan approved by the Board of Directors, based on a structured process of analysis and assessment of the main risks. Once a year, as part of the Audit Plan, the Head of Internal Audit explains to the Board of Directors how her department is structured and whether or not it is suitable, in numerical and professional terms, to perform the tasks assigned to it. She prepares periodic reports containing pertinent information on her department's activities, the methods used to manage risk and compliance with the plans to mitigate risk, in addition to an assessment of the appropriateness of the ICRMS and any reports on particularly important events, and sends them to the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risk Committee and the Chairman of the Board of Directors, as well as to the Chief Executive Officer. She also verifies the reliability of the information systems, including the accounting systems.

As part of its "Quality Assurance and Improvement Programme," the Internal Audit Department undergoes a Quality Assurance Review by an independent external body at least once every five years; the last review, which was completed at the beginning of 2020, ended with an assessment of substantial compliance with the international standards for professional practice and the Code of Ethics of Internal Audit.

After obtaining the opinion of the Control and Risk Committee and having consulted with the Chief Executive Officer and the Board of Statutory Auditors, the Board of Directors approved:

- the mandate of the Internal Audit Department, last amended by resolution on March 2, 2017, which formally defines the mission, objectives, organisational context and responsibilities of the department in line with the definition of Internal Auditing, with the Code of Ethics and the international standards as per the International Professional Practices Framework of the Institute of Internal Auditors;
- the work plan for the year 2022 prepared by the Head of Internal Audit.

The Internal Audit Department carries out its duties directly in all areas of the Italmobiliare Group, except for the subsidiaries that have an independent Internal Audit function.

At Group level, the Internal Audit Department coordinates with the equivalent functions at the subsidiaries in order to encourage a uniform approach to the operational and adequacy checks of the ICRMS, taking into account the autonomy, independence and responsibilities of the subsidiaries and their corporate bodies.

4. THE ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE 231/2001 AND THE SUPERVISORY BODY

In order to make the internal control and corporate governance system more effective, to prevent the perpetration of corporate offences and those against the Public Administration, since 2004 the Company has adopted an Organisation, Management and Control Model (the "**Model**"), in application of Legislative Decree 231/2001, updated over the years and last amended by resolution of the Board of Directors on December 15, 2022.

By adopting the Model, the Company intends to disseminate and establish a corporate culture based on legality, with the express censure of all conduct contrary to the law and the regulations contained in the Model.

There have been several updates to incorporate changes made to the law which have gradually extended the scope of application of Legislative Decree 231/2001 to additional categories of offences with respect to those originally included. All updates to the Model, except those of a purely formal nature, have been carried out on the basis of targeted risk assessments performed by consultants who specialise in the matters taken into consideration on each occasion.

In 2022, the updates of the Model submitted to the Board of Directors were motivated by the regulatory changes that have extended the types of predicate offences, as well as by a review of the relationships between the Models and the Supervisory Bodies within the Group.

With regard to the regulatory updates, a new Special Section has been inserted ("Crimes against the cultural heritage"), while the Special Section entitled "Receiving, laundering, using money, self-laundering of goods or other benefits of illicit origin" has been extended to "Crimes involving non-cash payment instruments". The Special Section entitled "Crimes against the Public Administration" was integrated with a new activity at risk and new control protocols.

The General Section of the Model is available on the Company's website (www.italmobiliare.it), in the "Governance/Organization, management and control model" section.

The main subsidiaries of Italmobiliare also have an organisation, management and control model pursuant to Legislative Decree 231/2001.

The task of continuously supervising effective functioning and compliance with the Model, as well as proposing updates to it, is assigned to the Supervisory Body, appointed by the Board of Directors to which it reports directly, and given adequate resources to ensure autonomy, professionalism and independence in the exercise of its duties.

In accordance with the Model, the Supervisory Body appointed by the Board of Directors on April 21, 2020 is made up of Paolo Sfameni (Chairman), an external consultant, Luciana Ravicini, standing auditor, and Delia Strazzarino, the Company's Head of Internal Audit. This composition is considered suitable for combining the requisites of autonomy, independence and competence, which are essential to ensure the Body's authority and effectiveness.

As part of its duties, the Supervisory Body periodically meets with the Company's managers in charge of sensitive areas as defined by Legislative Decree 231/2001, the Board of Statutory Auditors, the Control and Risk Committee, the Financial Reporting Officer and representatives of the independent auditors to discuss any matters concerning the prevention of offences specified in the Model, including those relating to financial reporting. The Supervisory Body is granted autonomous initiative and control powers within the Company in order to carry out its functions effectively.

The Supervisory Body periodically, and at least once every six months, prepares a written report on its activities, sending it together with a documented list of any expenses it may have incurred to the Chairman of the Board of Directors, the Chairman of the Board of Statutory Auditors, the Chairman of the Control and Risk Committee and the Financial Reporting Officer. Such reports contain any proposals for additions and amendments to the Model. This periodic report must at least contain or highlight:

- a) any problems that have arisen with regard to the methods of implementing the procedures laid down in the Model;
- b) the reports received from internal and external parties with comments they may have on the Model;
- c) disciplinary procedures and penalties, if any, applied by the Company, with exclusive reference to activities at risk;
- d) a complete assessment of how the Model functions with any indications for supplements, corrections or amendments.

The Supervisory Body met 8 times during the year 2022.

5. INTERNAL CONTROL AND FINANCIAL REPORTING

The Internal Control and Risk Management System relating to the process of financial reporting is made up of a series of company rules and procedures adopted by the various operating structures to ensure the soundness, accuracy, reliability and timeliness of financial reports.

Italmobiliare has defined its own operating model to comply with the Law on savings ("**Operating Model**"), detailing the operational approach for carrying out its activities. This Model is based on the principles contained in the CoSO framework and in the document "Internal Control over Financial Reporting Guidance for Smaller Public Companies", also developed by CoSO.

In this Operating Model, the Internal Control and Risk Management System is considered together with the internal control system in relation to the financial reporting process.

The Operating Model defined by Italmobiliare is based on the following main elements:

- a. Preliminary Analysis.** This activity, carried out on an annual basis and whenever deemed necessary, is aimed at identifying and assessing the risks related to the Internal Control and Risk Management System with regard to financial reporting, in order to determine priorities for the steps to be taken in terms of documentation, assessment and testing of administrative and accounting procedures and related controls. The identification of the relevant entities and processes is based on both quantitative factors (proportion of revenue and assets of a single entity compared with the consolidated amounts, the size of consolidated balance sheet items related to a particular process) and qualitative factors (the country in which an entity operates, specific risks, risk levels assigned to the various items);
- b. Operational planning.** Every year, activities are planned on the basis of the priorities identified through the preliminary analysis and any other assumptions;
- c. Analysis of controls at company level.** The individual companies within the scope of intervention, identified in the preliminary analysis, are responsible for the related activities *i)* assessment of the effectiveness of the Internal Control and Risk Management System in relation to the governance principles operating at company level (Entity Level Controls), as well as *ii)* overall management of the information systems used in processes relevant for financial reporting and the related IT infrastructure (Information Technology General Controls), to be carried out in accordance with the timing established during the operational planning phase and on the basis of the guidelines, instructions and templates provided by the Financial Reporting Officer;
- d. Analysis of controls at process level.** The individual companies within the scope of intervention, identified in the preliminary analysis, are responsible for the related activities: *i)* documenting, with varying levels of detail depending on the level of risk allocated, the administrative and accounting processes previously identified, *ii)* performing tests to check the effective operation of controls, in accordance with the deadlines established during operational planning and on the basis of guidelines, instructions and templates provided by the Financial Reporting Officer;
- e. Assessment of the adequacy and effective operation of the administrative and accounting procedures and of the related controls.** In order to guarantee compliance with the key requirements for financial reporting ("financial statement assertions"), on the basis of the results of the activities carried out and the documentation obtained, the Financial Reporting Officer assesses the overall adequacy and effective operation of the system of administrative and accounting procedures and related controls, and more generally, the Internal Control System for these areas.

With reference to the financial reporting process, the ICRMS also benefited from: the continuous development of an integrated corporate governance system (Service Orders, company processes and procedures); more accurate organisation and programming in relation to the provisions of Law no. 262 of December 28, 2005, containing "Provisions on the protection of savings and the regulation of financial markets" and subsequent corrective decrees ("Savings Law"), issued by the legislator for the purpose of increasing transparency in corporate reporting and strengthening the internal control systems of listed issuers.

6. INDEPENDENT AUDITORS

The auditing of the company's accounts, as required by current law, has been entrusted to a firm of independent auditors appointed by the Shareholders' Meeting on the proposal of the Board of Statutory Auditors. The assignment to audit the separate financial statements of Italmobiliare and the consolidated financial statements of the Group and to perform a limited audit of the condensed half-year consolidated financial statements of the Group for the years 2019-2027 was awarded to Deloitte & Touche S.p.A. by the Shareholders' Meeting on April 17, 2019 on the Board of Statutory Auditors' recommendation.

7. FINANCIAL REPORTING OFFICER

At the board meeting on April 21, 2020 the Board of Directors confirmed Mauro Torri as the Financial Reporting Manager, pursuant to art. 154-bis of the CLF and art. 29 of the By-laws. According to the By-laws, the Financial Reporting Officer has to be a manager and meet the integrity requirements established by law for members of the Board of Directors; he must also have acquired at least three years' experience in administration, accounting, finance or control at the Company or its subsidiaries or at other joint-stock companies.

At the time of his appointment, on the proposal of the Remuneration Committee and with the favourable opinion of the Board of Statutory Auditors, the Board of Directors established the compensation of the Financial Reporting Officer and granted him full spending autonomy to exercise the powers conferred on him, with the obligation to report to the Board of Directors on a half-yearly basis on how funds have been spent.

In view of the Law on Savings, the Company has adopted a specific Regulation, which in compliance with the law, the By-laws and following current best practices:

- a) defines the responsibilities and powers of the Financial Reporting Officer of Italmobiliare;
- b) identifies the responsibilities and method for the appointment, removal and termination of office of the Financial Reporting Officer, the term of office and requirements in terms of professional skills and integrity;
- c) lays down the principles of conduct which the Financial Reporting Officer has to observe in the event of conflicts of interest, as well as the confidentiality that has to be maintained while carrying out their activities;
- d) indicates the responsibilities, powers and resources granted to the Financial Reporting Officer for the exercise of their duties, identifying the financial and human resources needed to carry out the mandate;
- e) defines dealings with other Company entities and functions, with the corporate bodies, the internal and external control bodies and with subsidiaries, regulating the information flows between them;
- f) explains the process of internal and external attestation with reference to: the Financial Reporting Officer's statements that the Company's acts and communications disclosed to the market agree with the supporting documentation, books of account and accounting entries; statements made by the Financial Reporting Officer and delegated administrative bodies relating to the financial statements, the condensed interim financial statements and the consolidated financial statements.

The Regulation, last updated in January 2021, applies to all entities, functions and corporate bodies of Italmobiliare, as well as all its direct or indirect subsidiaries. The Regulation has been circulated to the staff of the Company, the subsidiaries, as well as to all those affected by its contents.

The functions and duties of the Financial Reporting Officer laid down in the Regulation include:

- a) ensuring there are adequate administrative and accounting procedures for the drafting of the financial statements, the condensed interim financial statements and the consolidated financial statements, as well as any other financial and non-financial reporting drawn up under Legislative Decree 254/2016, updating such procedures and ensuring dissemination and compliance, as well as verifying that they are applied in practice;
- b) assessing, together with the Control and Risk Committee and the Independent Auditors, correct application of the accounting standards and their consistency for the purpose of the financial statements mentioned above;
- c) reporting periodically to top management and the Board of Directors on the activities performed;
- d) periodically reviewing the assessment of financial reporting risks and updating the mapping of such risks;
- e) participating in the design of IT systems that have an impact on the Company's results and financial position.

8. RISK MANAGEMENT

The Company develops and maintains a risk management model aimed at identifying, assessing and managing the main business risks on the basis of the guidelines defined periodically by the Board of Directors, also with a view to pursuing the Company's sustainable success.

Within the context of the ICRMS, the Head of Risk Management:

- proposes a system of governance of enterprise risk management to the Board of Directors;
- coordinates the risk assessment activities carried out by the other corporate functions involved (the "risk experts") for specific insights, to the extent of their sphere of competence;
- coordinates the process of analysis and management of the risks that are considered relevant to the Group, consolidating the results of the risk assessment carried out by the associate companies;
- ensures the definition, evolution and updating over time of the methodology to support the risk management process, providing methodological support to the individual functions involved.
- prepares a system of periodical risk reporting for top management, the Control and Risk Committee and the Board of Directors;
- at least once every six months, monitors implementation of the strategies adopted to mitigate the main risks that have emerged.

Responsibility for risk management is entrusted to the Head of Internal Audit, who does not take any decisions regarding risk management, but carries out work that involves assessment and monitoring. Specific actions to handle risks are decided by management.

Analysis of risk events that could affect achievement of the objectives of the Company and the Group continued in 2022 and up to the date of approval of this Report, as did monitoring of the mitigating action taken for the main risks. In particular, the evolution of the geopolitical and macroeconomic context, with specific reference to the continuation of the conflict in Ukraine and the impact of the energy crisis on the associate companies was constantly monitored, and the Control and Risk Committee and the Board of Directors were periodically informed about the situation. Targeted technical analyses were also dedicated to cyber risk.

9. COORDINATION BETWEEN PARTIES INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The various parties involved in the Internal Control and Risk Management System (the Board of Directors, Chief Executive Officer, Control and Risk Committee, Committee for Sustainability and Social Responsibility, the Head of Internal Audit, the Financial Reporting Officer, the Board of Statutory Auditors, Supervisory Body and other roles and company departments with specific duties regarding internal control and risk management) are coordinated through an exchange of information and meetings scheduled *ad hoc* or at meetings of the individual bodies.

10. ASSESSMENT OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

On the basis of the assessments and information received, with the support of the activities carried out by the Control and Risk Committee and with the contribution of the Chief Executive Officer, the Head of Internal Audit and the Financial Reporting Officer, the Board of Directors acknowledged that there had been no reports of problem areas that could invalidate the overall adequacy and effectiveness of the Internal Control and Risk Management System with respect to the structure of the Company and the Group and the characteristics of the business. In fact, the Internal Control and Risk Management System is subject to ongoing improvement by means of systematic monitoring and planning of improvement initiatives, in line with international standards.

IV. Board of Statutory Auditors

1. APPOINTMENT OF THE STATUTORY AUDITORS

The members of the Board of Statutory Auditors are appointed on the basis of slates submitted by the Shareholders, according to a system designed to allow the minority to appoint a Standing Auditor, who assumes the office of Chairman, and an Alternate Auditor. The appointment is made in accordance with current regulations on gender balance.

The slates must be filed at the Company's registered office or sent to the certified email address indicated in the notice of calling of the Shareholders' Meeting, at least 25 days prior to the date set for the Shareholders' Meeting; this is mentioned in the notice of calling along with the procedures and shareholding required for their submission.

Only Shareholders who, alone or with others, can provide evidence that they have a stake in the share capital with voting rights not lower than the level set by Consob pursuant to current regulations for the appointment of the Board of Directors are entitled to present slates.

No shareholder may file or participate in the filing of more than one slate, directly or through a nominee or trust company, or vote for different slates. Shareholders belonging to the same group and shareholders who join a shareholders' agreement involving the Company's shares may not file or vote for more than one slate, not even through a nominee or trust companies. Slates filed in violation of these restrictions will not be accepted.

Each candidate can only be on one slate under penalty of ineligibility.

Slates that have a total number of candidates equal to or greater than three must be composed of candidates belonging to both genders, to an extent that complies with current regulations on gender balance. This applies to candidates for the office of Standing Auditor, as well as to candidates for the office of Alternate Auditor.

At the time they are filed, slates must include:

- a. the statements with which the individual candidates accept their candidacy and declare, under their own responsibility, that they meet the professionalism requirements laid down in the By-laws, that there are no grounds for ineligibility, that they comply with the integrity requirements established by law, and whether or not they meet the independence requirements of the law and the Code;
- b. a brief curriculum vitae on the personal and professional skills of each candidate with an indication of positions they hold as director or statutory auditor in other companies;
- c. information on the identity of the shareholders who have presented slates. The certification or statement proving ownership of the shareholding prescribed by the law in force when the slate is presented may also be produced after the filing of the slate, providing that it reaches the Company before the deadline laid down in current regulations on the publication of slates by the Company;
- d. a statement by shareholders – other than those who have a controlling or majority stake, jointly or severally – acknowledging that they do not have any joint shareholdings, as defined by law.

If a slate does not comply with these provisions, it will be considered as though not presented.

In the event that, by the deadline of 25 days prior to the date of the Shareholders' Meeting, only one slate has been filed, or only slates presented by shareholders who are connected to each other pursuant to current regulations, further slates can be presented up to the third day subsequent to that date and the threshold indicated in the notice of calling is halved.

At least 21 days prior to the date set for the Shareholders' Meeting called to resolve on the appointment of the control bodies, the Company shall make the slates of candidates filed by shareholders and the relative documentation available to the public at the registered offices, the market management company and on its website.

In the event of more than one slate being filed:

- the slate that obtains the highest number of votes at the Shareholders' Meeting elects two Standing Auditors and two Alternate Auditors, in the order in which they are listed in the sections of the slate;
- the minority shareholders' slate that obtains the highest number of votes among the slates presented and voted by shareholders who are not connected in any way, directly or indirectly, with the majority shareholders, elects the third Standing Auditor and the third Alternate Auditor, in the order in which they are listed in the sections of the slate;
- if more than one slate obtains the same number of votes, a run-off is held between these slates by all the shareholders with voting rights present at the Shareholders' Meeting, and the candidates are elected from the slate that obtains a majority of the share capital represented at the Shareholders' Meeting.

If a party connected to a majority shareholder votes for a slate of the minority shareholders, the connection is only considered significant for the purposes of excluding the minority shareholders' elected Statutory Auditor if this vote was crucial for the election of the Auditor in question.

If only one slate is filed, all the candidates included on that slate are elected with a simple majority vote of the share capital represented at the Shareholders' Meeting.

If, as a result of voting several slates or voting the only slate presented, the composition of the Board of Statutory Auditors, as to its standing members, does not meet the current regulations on gender balance, the necessary replacements will be made choosing from among candidates to the office of Standing Auditor on the slate that has obtained the highest number of votes or from within the only slate presented, starting from the last candidate on that slate.

If no slates are filed, the Shareholders' Meeting appoints the Board of Statutory Auditors with a simple majority vote of the share capital represented at the Shareholders' Meeting, providing gender balance is ensured in accordance with current legislation.

The Chairmanship of the Board of Statutory Auditors lies with the person indicated in first place on the slate presented and voted by the minority shareholders, or with the first person listed if only one slate is filed, or with the person appointed as such by the Shareholders' Meeting if no slates are presented.

Pursuant to the By-laws, those who find themselves in an incompatible situation as defined by law, or those who have exceeded the limit on the accumulation of appointments established by current regulations may not be elected as Statutory Auditors, and if they have been elected shall fall from office. Should an elected Statutory Auditor during their term of office no longer meet the requirements envisaged by the law or the By-laws, they fall from office.

When it is necessary to replace a Standing Auditor, the Alternate Auditor belonging to the same slate as the outgoing Auditor takes over. In their absence, in accordance with the original order of presentation, the candidate from the same slate as the outgoing Auditor takes over, without taking the initial section into account. If the replacement involves the Chairman of the Board of Statutory Auditors, the position will be taken over by the Auditor representing the minority shareholders. The Statutory Auditors appointed in this way as replacements remain in office until the following Shareholders' Meeting.

If it is necessary to integrate the Board of Statutory Auditors:

- to replace a Statutory Auditor elected from the majority shareholders' slate, the appointment takes place with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated in the original majority shareholders' slate;
- to replace a Statutory Auditor elected from the minority shareholders' slate, the appointment takes place with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated in the original minority shareholders' slate;
- for the simultaneous replacement of Auditors elected in both the majority and minority shareholders' slates, the appointment takes place with a simple majority vote of the share capital represented at the Shareholders' Meeting, choosing from among the candidates indicated on the slate to which each Statutory Auditor to be replaced belonged, with a number of Statutory Auditors equal to the number of outgoing Statutory Auditors belonging to the same slate.

Where it is not possible to proceed as described above, the Shareholders' Meeting called to integrate the Board of Statutory Auditors decides by relative majority of the share capital represented at the Shareholders' Meeting, without prejudice to the principle according to which the minority will always be entitled to appoint one Standing Auditor and one Alternate Auditor. In any case, the Chairmanship of the Board of Statutory Auditors must be assigned to the Statutory Auditor representing the minority shareholders. The procedures on replacements as indicated in the previous paragraphs must in any case ensure compliance with current legislation on gender balance.

Pursuant to the Code, the Statutory Auditors are chosen from among people who would also qualify as independent under the criteria laid down for Directors.

2. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors, in office for the duration of three years up to approval of the financial statements at December 31, 2022, was appointed by the Shareholders' Meeting on April 21, 2020 and is made up of Pierluigi De Biasi, Chairman, Gabriele Villa and Luciana Ravicini. The Alternate Auditors are Maria Maddalena Gnudi, Michele Casò and Tiziana Nesa.

The Board of Statutory Auditors in office was appointed using the slate voting system: Gabriele Villa, Luciana Ravicini, Maria Maddalena Gnudi and Michele Casò were selected from the majority slate submitted by the Compagnia Fiduciaria Nazionale S.p.A. (now CFN Generale Fiduciaria S.p.A.); Pierluigi De Biasi and Tiziana Nesa were selected from the minority slate submitted by institutional investors (RWC Asset Management LLP and Fidelity International). The slates are available in the "Governance/Shareholders' Meeting/Shareholders' Meeting Archive/" section of the Company's website. Further detailed information on the Board of Statutory Auditors is provided in the table set out at the end of this Report.

All of the members are independent according to the CLF and meet all of the independence requirements of the Code for Directors, as well as the integrity and professionalism requirements needed for the exercise of their functions. Immediately after their appointment, the Board of Statutory Auditors verified that they met the independence requirements based on the previous Code of Conduct and informed the Board accordingly. Meeting the requirements of the Code was last assessed in February 2023 and the Board was informed of the results.

In compliance with the provisions on gender quotas in force at the time of appointment, one third of the positions are reserved for the less represented gender.

The curriculum vitae of each Standing Auditor is available in the "Governance/Statutory Auditors" section of the website (www.italmobiliare.it) and is also in the incipit of the Annual Financial Report, together with the offices that they hold.

During 2022, the Board of Statutory Auditors held a total of 15 meetings – six of which together with the Control and Risk Committee – lasting an average of about an hour and a half on average, with attendances shown in the tables at the end of this report, in addition to having participated in all meetings of the Company's other Board Committees. The Independent Auditors, the Chief Executive Officer-Chief Operating Officer, the Financial Reporting Officer, the Head of Internal Audit and other heads of department were invited on various occasions to meetings of the Board of Statutory Auditors to provide appropriate insights into the items on the agenda. During the year, the Board also met the Supervisory Body and the representatives of the control bodies of the main associate companies.

In accordance with the CLF, the Board of Statutory Auditors oversees: *i)* compliance with the law and the By-laws; *ii)* compliance with the principles of correct administration; *iii)* the adequacy of the Company's organisational structure for the aspects within its sphere of competence, the internal control system and the administrative-accounting system, as well as its reliability in giving a true and fair view of the Company's operations; *iv)* the ways in which the rules laid down in the Corporate Governance Code adopted by the Company are implemented in practice; *v)* the adequacy of the instructions that the Company issues to its subsidiaries to ensure the correct fulfilment of the reporting obligations laid down by law.

Moreover, pursuant to art. 19 of Legislative Decree 39/2010, the Board of Statutory Auditors, as the “Internal Control and Auditing Committee” is responsible for:

- a) informing the Board of Directors of the outcome of the external audit, sending it the additional report prepared by the Independent Auditors, accompanied by any observations;
- b) monitoring the financial reporting process and presenting recommendations or proposals intended to ensure its integrity;
- c) checking the effectiveness of the internal quality control and business risk management systems and of the internal audit, as regards the financial reporting of Italmobiliare, without infringing their independence;
- d) monitoring the independent audit of the annual and consolidated financial statements, also taking into account the results and conclusions of any quality checks carried out by Consob;
- e) checking and monitoring the independence of the Independent Auditors, particularly as regards the adequacy of services provided other than audit;
- f) the procedure for selecting the Independent Auditors, and once the selection process has been carried out, recommending to the Shareholders' Meeting which Independent Auditors should be appointed.

The Chairman of the Board of Directors has arranged for the Statutory Auditors to participate in the most appropriate forms in initiatives designed to provide them with adequate knowledge of the sectors in which the Company operates, the corporate dynamics and their evolution, the principles of correct risk management and the regulatory and self-regulatory framework of reference. In particular, during 2022, the Statutory Auditors were able to participate in the induction meetings organised by the Company for the directors and to hold meetings with the Chief Executive Officer-Chief Operating Officer for an exchange of information.

The remuneration of the Statutory Auditors is commensurate with the commitment required, the relevance of their role and the size and sector-related characteristics of the business. Please refer to the “Report on the Remuneration Policy and Compensation Paid” for further information.

Any Statutory Auditor who, on their own behalf or on behalf of third parties, has an interest in a specific Company transaction, to inform the other Statutory Auditors and the Chairman of the Board of Directors promptly and in detail about the nature, terms, origin and extent of such interest.

In performing its activities, the Board of Statutory Auditors coordinated with Internal Audit and with the Control and Risk Committee. This coordination is guaranteed by the Board of Statutory Auditors attending all meetings of the Control and Risk Committee, continuous exchanges of information between the Chairmen of the two corporate bodies as necessary, regarding issues of interest to both, and frequent meetings with the Head of Internal Audit at meetings of the Board of Statutory Auditors and those of the Control and Risk Committee.

V. Relations with the Shareholders

1. DIALOGUE WITH THE SHAREHOLDERS AND OTHER STAKEHOLDERS

The Company makes sure that there is continuous dialogue with the shareholders and the market, in accordance with the laws and regulations on the disclosure of inside information. The Company's behaviour and procedures are designed, among other things, to anticipate and avoid information asymmetries and to ensure proper application of the principle whereby all investors and potential investors are entitled to receive the same information in order to make sound investment decisions.

In 2021, the Board of Directors approved the "Policy for managing dialogue with the shareholder base", to govern relations with the shareholders in general, including institutional investors, in order to guarantee systematic dissemination of information that is complete, transparent and timely about the Company's business and pursuit of its mission.

Relations with the shareholders and the financial community are maintained by:

- the Chairman;
- the Chief Executive Officer-Chief Operating Officer;
- The Investor Relations Officer who, on specific topics or for special events, is supported by other business functions (principally the Sustainability Department, the Communications Department, the Corporate and Legal Affairs Department and the Investment Management Department).

The Policy is consistent with the characteristics of the Company in terms of size and ownership structure. It is available on the Company's website in the "Governance/Documents and Procedures" section.

The Investor Relations Officer (IRO) supervises communications between the Company and the shareholders, including institutional investors. The Board of Directors is informed periodically by the IRO about his activities and significant contents of the dialogue with shareholders. As part of these activities, during 2022 the Investor Relations function held approximately 40 meetings with Italian and foreign institutional investors, both in dedicated meetings and by participating in various conferences reserved for listed companies, such as the Euronext STAR Conference, the Italian Sustainability Week and the Italian Investment Conference. During these meetings, the topics covered concerned the performance of the portfolio companies, also in light of the main macroeconomic and geopolitical issues that emerged during 2022, including: recent inflationary pressures on raw materials, rising energy costs, the war in Ukraine, international tensions, rising interest rates and the after-effects of the Covid pandemic. The investors met showed interest in the consolidation of Italmobiliare's portfolio, the evolution of the investment strategy and potential exits, even partial, on more mature investments.

Information of major interest to investors is made available on the Company's website, in the "Investor" section, in addition to official communications. The "Governance" section includes information on Shareholders' Meetings, with particular reference to how to participate and exercise the right to vote, the documentation on items on the agenda, including reports on the matters on the agenda and the slates of candidates for the offices of Director and Statutory Auditor with an indication of their personal and professional characteristics.

As for the other stakeholders, they are regularly involved in defining the ESG strategy, particularly in the annual review of the materiality matrix, a shared tool for analysing the strategic levers of the business. For the 2022 update, presented and discussed in the Sustainability and Social Responsibility Committee and subsequently brought to the Board of Directors, experts from outside the Group were consulted, including the members of the Board of Directors of Global Impact Network Italy, representatives of the Italian academia and associations devoted to sustainability. As a good practice, a similar process was carried out at all of the portfolio companies under Group control, involving employees who took part in specific training sessions on sustainability during the year. Furthermore, the ESG performance of Italmobiliare and its portfolio companies are disseminated through the corporate website, with the possibility for all institutional and non-institutional stakeholders to send questions and requests for further information.

2. SHAREHOLDERS' MEETING

The Shareholders' Meeting is called, according to the laws and regulations for companies whose shares are listed on regulated markets, to pass resolutions on the matters reserved for it by law. The decisions taken in accordance with the law and the By-laws are binding on all shareholders, including those absent or dissenting, without prejudice to the right of withdrawal in certain situations. The majorities required to amend the By-laws are those established by law.

The Board of Directors recommends to all of its members to participate regularly in Shareholders' Meetings and seeks to encourage and facilitate the widest possible participation of shareholders and to facilitate the exercise of voting rights.

The Board of Directors reports to the Shareholders' Meeting on its past activities and future plans and acts to ensure that the shareholders have adequate information to allow them to take the decisions required of the Shareholders' Meeting on an informed basis.

All those who have the right to vote as certified by the legally required communication received by the Company by the end of the third trading day prior to the date set for the Shareholders' Meeting at a single calling are entitled to attend the Shareholders' Meeting. The right to attend and vote is retained if the communications are received by the Company after the deadline, as long as they are received before proceedings of the Shareholders' Meeting begin.

Shareholders who, individually or jointly, own at least one fortieth of the share capital represented by shares with voting rights can, by the legal deadline, ask for items to be added to the agenda, stating in their request what other issues they have proposed for discussion or what other motions they have suggested on matters already on the agenda.

The Company can designate a person, giving a clear indication thereof in the notice of calling, for each Shareholders' Meeting to whom all eligible parties may grant a proxy with voting instructions on all or some of the proposals on the agenda, in the manner provided for by law.

A specific regulation governing Shareholders' Meetings has not been adopted as the extensive powers attributed to the Chairman by law and doctrine are considered adequate enough to ensure the orderly conduct of Shareholders' Meetings, also because art. 13 of the By-laws expressly gives the Chairman the power to direct the debate and establish the order and methods of voting, providing it is open.

In 2022, according to Decree Law no. 18 of March 17, 2020 "Measures to strengthen the National Health Service and economic support for families, workers and businesses connected to the Covid-19 emergency", particularly art. 106 of the Decree, the Shareholders' Meeting was held with the participation of those entitled to vote exclusively through the "Designated Representative" of the Company pursuant to art. 135-undecies of the CLF.

The Shareholders' Meeting was held on April 21, 2022 to vote on the following agenda:

1. Financial statements for the year ended December 31, 2021;
2. Proposed distribution of the dividend and an additional extraordinary dividend, also out of reserves.
3. Appointment of a director pursuant to art. 2386 of the Italian Civil Code.
4. Report on the Remuneration Policy and Compensation Paid, pursuant to art. 123-ter of the Consolidated Law on Finance:
 - 4.1 Remuneration Policy for 2022;
 - 4.2 Consultation on the compensation paid in 2021.
5. Authorisation to buy and sell treasury shares, subject to revocation of the authorisation given by the Ordinary Shareholders' Meeting held on April 21, 2021.

To make it possible for interested parties to exercise the right as per art. 126-bis, paragraph 1, penultimate sentence, of Legislative Decree 58/1998 – albeit with methods and terms compatible with the context resulting from the Covid-19 pandemic and with the unfailing need for the individual motions to be known by the generality of those entitled to attend the meeting and exercise the right to vote in time to provide voting instructions to the Designated Representative – the shareholders were allowed individually to submit motions to the Company on the items on the agenda.

The answers to questions presented by the shareholders were published two days before the Meeting.

VI. Codes of conduct, procedures and other corporate governance practices

1. CODE OF ETHICS, SUSTAINABILITY POLICIES AND RESPONSIBLE INVESTMENT POLICY

The Company introduced the Code of Ethics for the first time in 1993, modifying and updating it periodically. The Code of Ethics in force since 2018 was further revised and a new version was approved by the Board of Directors in 2021.

The Code of Ethics lays down Italmobiliare's fundamental principles and rules of conduct.

The Sustainability Policies, updated in 2021, extend and integrate the Code of Ethics. The “Guiding Principles” are the cornerstone, with further details contained in four dedicated policies referring to health and safety, environment and resources, rights and society, quality and responsibility.

The Responsible Investment Policy, adopted in 2021, describes all phases of the investment management process: sector-related principles and criteria, pre-investment, active management and disposal.

The three documents, taken together, constitute a solid point of reference for the sustainable success of the Group through the creation of shared value in the long term. The Group's subsidiaries have in turn adopted or are in the process of adopting their own Code of Ethics and Sustainability Policies, harmonised with those of Italmobiliare.

Code of Ethics, Sustainability Policies and Responsible Investment Policy are available on the Company's website (www.italmobiliare.it) in “The Company/Creating value” and “Sustainability” sections.

2. DIVERSITY AND GENDER BALANCE POLICIES IN THE COMPOSITION OF CORPORATE BODIES

The composition of the Board of Directors and Board of Statutory Auditors of Italmobiliare has evolved over time in accordance with best practice, in order to ensure adequate representation in terms of experience, age and gender.

In January 2020, the Board of Directors approved an amendment to the By-laws on this matter to ensure compliance with the legal provisions, which now provide that 2/5 of the members of the corporate bodies are to go to the less represented gender.

The Board of Directors, supported by the Remuneration and Nominations Committee, in view of the renewal of the corporate bodies in 2020 and 2023, issued a guidance opinion on the qualitative and quantitative composition and professional skills of the Directors, aware that the enhancement of diversity is a fundamental element of sustainability of the business in the medium to long term, both for Group employees and for the members of Italmobiliare's administrative and control bodies.

Adequate gender representation is ensured on the current Board of Directors, with the presence of 5 female Directors out of 12, i.e. 42%. The average age of the directors is 57. Thanks to the variety of their professional training and careers, the members currently in office guarantee the contribution of qualified and complementary skills to the Company's governance.

Likewise for the current Board of Statutory Auditors: one out of three Standing Auditors and one out of three Alternate Auditors are female.

As from 2021, the Board of Directors has strengthened efforts to protect and enhance the value of the Company's employees. The Code of Ethics identifies the levers of success in the creation of an inclusive work environment, continuous training, the promotion of health, safety and well-being and the enhancement of diversity. In confirmation of the specific commitment to gender equality, considered an essential element for the professional growth of the Company, Italmobiliare has signed and promotes in all Group companies the Women Empowerment Principles laid down by the United Nations' "UN Women and Global Compact". Accordingly, the Sustainability Policies aim to implement work practices based on fair employment, equal opportunities, skills development and inclusiveness, considering diversity as a source of value. Lastly, the new Responsible Investment Policy explicitly includes in its value creation objectives the contribution to Sustainable Development Goal no. 5 (SDG 5 – Gender Equality), dedicated to achieving gender equality and empowering all women.

As an example of implementation, in addition to monitoring and increasing the presence of women on the boards and in the personnel of the Company and its Portfolio Companies, the gender pay gap was included in the data collected for the Sustainability Report.

3. PROCEDURES FOR MANAGING INSIDER INFORMATION AND THE INSIDER LIST

The Company has adopted a procedure for the management of insider information, i.e. information of a precise nature, not yet made public, directly or indirectly concerning Italmobiliare or its financial instruments, which, if made public, could have a significant effect on the price of the listed financial instruments issued by Italmobiliare, or on the prices of related derivatives. The procedure, available on the Company's website in the "Governance/Documents and Procedures" section, was last updated in 2018 for the purpose of incorporating the Consob Guidelines on inside and relevant information, as well as the provisions of Legislative Decree 107/2018.

The rules of conduct and principles set out in the procedure aim to:

- guarantee the utmost confidentiality of the inside and relevant information (i.e. information that could become inside information at some later date, even quite soon), balancing the interest in ensuring the confidentiality of the information as it is being created with the duty to ensure non-selective disclosure;
- protect investors and market integrity, preventing situations of information asymmetry and preventing certain parties from using non-public information to operate on the markets;
- define the process for identifying and managing relevant information;
- define the processes for identifying and managing inside information;
- protect the Company in relation to any liability it might incur as a result of unlawful conduct involving market abuse adopted by persons traceable to the Company and, in more general terms, as a result of conduct that violates the principle of confidentiality.

The procedure is an essential component of the Company's Internal Control and Risk Management System and of the overall system for preventing the offences mentioned in Legislative Decree 231/2001 and, in particular, of the Organisational Model adopted by the Company for this purpose. It is available on the Company's website (www.italmobiliare.it) in the "Governance/Documents and Procedures" section.

The rules contained in the procedure bind all Company employees, the members of the Board of Directors and the Board of Statutory Auditors, and all those who have advisory or collaboration relationships with the Company and/or the Group.

The Company has also adopted a new procedure for registering individuals with access to inside information (the so-called “insider list” procedure) which is strictly linked to internal regulations on the management and publication of inside information. The procedure, which was also updated in 2018, was adopted in order to fulfil the obligation to draw up a list of people who, based on their work or professional activities, or on the basis of the functions they perform, have access to inside information concerning Italmobiliare. It is available on the Company's website (www.italmobiliare.it) in the “Governance/Documents and Procedures” section.

4. THE CODE OF CONDUCT ON INTERNAL DEALING

The Code of Conduct on Internal Dealing, last amended on July 31, 2018, governs the conduct and information requirements relating to transactions involving financial instruments issued by the Company carried out by “relevant persons” – identified as the Company's Directors, Statutory Auditors and key management personnel – and people closely related to them, or by those who hold a number of shares amounting to or exceeding 10% (ten percent) of the Company's share capital, represented by shares with voting rights, as well as any other entity that controls the Company.

The Code of Conduct is an essential component of the Company's Internal Control and Risk Management System and of the overall system for preventing the offences mentioned in Legislative Decree 231/2001 and, in particular, of the Organisational Model adopted by Italmobiliare for this purpose.

According to the Code, the reporting requirement applies if the overall amount of the transactions involving Italmobiliare shares comes to more than Euro 20,000 in a year.

The Code of Conduct also stipulates that relevant persons and persons closely related to them, during the course of the year, must abstain from carrying out transactions in the listed financial instruments issued by Italmobiliare in the 30 days prior to the Board of Directors' review of the results, up until publication of the press release containing the results.

The Code is available on the Company's website (www.italmobiliare.it) in the “Governance/Documents and Procedures” section. Likewise, all reports on internal dealing made during the year are available in the “Governance” section.

5. DIRECTORS' INTERESTS AND TRANSACTIONS WITH RELATED PARTIES

Since 2010, the Board of Directors has adopted the Procedure for Transactions with Related Parties in accordance with Consob's RPT Regulation of March 12, 2010. The Procedure has been modified over time, most recently in 2021 to adapt to the changes introduced by Consob Resolution no. 21624 of December 10, 2020, on the proposal of the Committee for Transactions with Related Parties made up of the independent directors Chiara Palmieri, Chairman, Elsa Fornero, Mirja Cartia.

The Procedure aims to ensure that transactions with related parties and subjects comparable to them, directly or through the subsidiaries of Italmobiliare, are carried out transparently and in compliance with criteria of substantial and procedural correctness, also to facilitate the identification and allow adequate management of situations in which a Director has an interest, on their own behalf or on behalf of third parties.

The Procedure distinguishes “transactions of greater importance” from those of “lesser importance” on the basis of specific criteria predetermined by Consob. This distinction serves to determine the transparency rules that are applicable: simpler in the case of transactions of lesser importance and tighter for those of greater importance.

The main changes introduced by the RPT Regulation and implemented in the Procedure with effect from July 1, 2021 concern:

- an updated definition of “related party” which is now in line with the definition given in IAS 24;
- a new and broad definition of “director involved in the transaction” required to abstain from voting on the related party transaction;
- the timing with which the independent directors who are members of the Committee for Transactions with Related Parties: *i)* receive, at least once a year, information on the application of exemptions, at least for transactions of “greater importance”; *ii)* verify correct application of the exemptions for transactions of “greater importance” defined as “ordinary and concluded at market or standard conditions”;
- timely involvement in transactions of “greater importance” of the Committee for Transactions with Related Parties in the negotiation phase and in the preliminary phase, through the receipt of a flow of information that is not only complete but also “up-to-date”;
- the express obligation to attach the Committee's opinion to the minutes of the Committee meeting for transactions of “greater” and “lesser” importance;
- express automatic non-application of the RPT Regulation to transactions involving minor amounts;
- an express exemption from application of the procedural safeguards for transactions approved by the Company and addressed to all shareholders on equal terms;
- subordination of the exemption of “ordinary transactions concluded at market or standard conditions” to the communication to Consob – and to the independent directors or directors who express opinions on related party transactions – of a structured reasoning regarding the existence of such elements, in which it is also required to include objective evidence (art. 13, paragraph 3, letter c), i), RPT Reg.).

The Procedure governing how related party transactions should be carried out is available on the Company's website (www.italmobiliare.it) in the “Governance/Documents and Procedures” section.

In 2022, the Committee and the Board of Statutory Auditors were informed by the Financial Reporting Officer on a quarterly basis about any related-party transactions exempted from the safeguards controlling the procedure, including transactions with subsidiaries and associates and transactions of minor amounts.

6. GENERAL DATA PROTECTION

The Company has implemented the provisions of Regulation (EU) 2016/679 – General Data Protection Regulation (GDPR) and monitors its application constantly. The Data Controller is the Company, in the person of the Chief Executive Officer-Chief Operating Officer, assisted by a Privacy Coordinator who defines, updates and manages the model for the protection of personal data. The Privacy Coordinator, designated by the Board of Directors, is Lawyer Mr. Giacomo Cardani who has an obligation to report, on an annual basis, on the activities carried out in relation to the privacy organisational model.

During 2022, the Company, with the support of the privacy coordinator, intervened on various issues relating to the protection of personal data. Specifically: (i) a round table discussion was started with the other associate companies concerning the use of Google Analytics in compliance with the provisions of the European authorities on the protection of personal data; the Company is verifying whether to use different suppliers; (ii) relations with certain suppliers who process personal data in the execution of their services have been regulated in accordance with the GDPR; (iii) the legislation for the Covid-19 health emergency was applied; (iv) it was verified that the Company does not use automated decision-making or monitoring systems in the workplace and that the Transparency Decree should therefore not apply for aspects relating to the protection of personal data.

The Board of Directors and the Board of Statutory Auditors were informed about the recommendations made in a letter from the Chairman of the Corporate Governance Committee. The measures taken by the Company based on these recommendations, where applicable, are mentioned in the Report.

Unless otherwise indicated in the preceding sections, at the end of 2022, no changes have occurred that might significantly affect the contents of this Report.

Structure of the Board and its Committees

Board of Directors in office at December 31, 2022

Position	Members	Year of birth	Date of first appointment ^{t*}	In office since	In office until	Slate ^{**}	Exec.	Non-exec.	Indep. Code	Indep. CLF	No. of other offices ^{***}	Control and Risk Committee			Remuneration and Nominations Committee		Committee for Transactions with Related Parties		Committee for Sustainability and Social Responsibility	
												(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Laura Zanetti	1970	14.11.2013	21.04.2020	Fin. Stats. 2022	M	.	.	.	.	2	8/8							3/3	M
Deputy Chairman	Livio Strazzera	1961	03.05.2002	21.04.2020	Fin. Stats. 2022	M	.	.	.	.	2	8/8								
CEO-COO ◊	Carlo Pesenti	1963	17.06.1999	21.04.2020	Fin. Stats. 2022	M	.	.	.	.	2	8/8							3/3	C
Director	Vittorio Bertazzoni	1976	19.04.2017	21.04.2020	Fin. Stats. 2022	M	.	.	.	.	2	5/8			3/3	C			3/3	M
Director	Giorgio Bonomi	1955	03.05.2002	21.04.2020	Fin. Stats. 2022	M	.	.	.	.	0	8/8	6/6	M						
Director	Mirja Cartia d'Asero	1969	19.04.2017	21.04.2020	Fin. Stats. 2022	M	.	.	.	.	2	8/8	6/6	C				M	3/3	M
Director	Valentina Casella	1979	19.04.2017 [^]	29.07.2021	Fin. Stats. 2022	M	.	.	.	.	2	8/8			3/3	M				
Director	Marco Cipelletti	1965	27.01.2021	27.01.2021	Fin. Stats. 2022	m	.	.	.	.	0	7/8								
Director	Elsa Fornero	1948	27.07.2017	21.04.2020	Fin. Stats. 2022	M	.	.	.	.	1	7/8						M	3/3	M
Director	Sebastiano Mazzoleni	1968	25.05.2011	21.04.2020	Fin. Stats. 2022	M	.	.	.	.	0	8/8								
Director	Luca Minoli	1961	03.05.2002	21.04.2020	Fin. Stats. 2022	M	.	.	.	.	1	8/8								
Director	Chiara Palmieri	1970	19.04.2017	21.04.2020	Fin. Stats. 2022	M	.	.	.	.	0	8/8	6/6	M	3/3	M		C		

Number of Board meetings held during the year: 8 Control and Risk Committee: 6 Remuneration and Nominations Committee: 3 Committee for Transactions with Related Parties: 0 Committee for Sustainability and Social Responsibility: 3

Quorum required for minorities to submit slates to elect one or more members (pursuant to Art. 147-ter CLF): 1%

NOTES

◊ This symbol indicates the main person responsible for managing the issuer (Chief Executive Officer or CEO).

* Date of first appointment of each director means the date on which the director was appointed for the very first time to the Board of the issuer.

** This column indicates the slate from which each director was chosen ("M": majority slate; "m": minority slate).

*** This column indicates the number of offices as director or statutory auditor held by the person concerned in other companies listed in regulated markets or other large companies.

(*) This column indicates the attendance of directors at the meetings respectively of the Board and of Board Committees.

(**) This column shows the status of the director within the Committee: "C": chairman; "M": member.

[^] Valentina Casella was a Director of Italmobiliare in the period 2017-2020; subsequently, following the resignation of Marinella Soldi, she was co-opted onto the Board on July 29, 2021.

Board of Statutory Auditors

Position	Members	Year of birth	Date of first appointment *	In charge from	In charge until	Slate **	Indep. Code	Attendance at BoSA meetings ***	Attendance at BoD meetings	No. of other offices ****
Chairman	Pierluigi De Biasi	1956	21.04.2020	21.04.2020	Fin. Stats. 2022	m	•	15/15	8/8	3
Standing Auditor	Gabriele Villa	1964	21.04.2020	21.04.2020	Fin. Stats. 2022	M	•	14/15	8/8	5, of which 2 listed
Standing Auditor	Luciana Ravicini	1959	25.05.2011	21.04.2020	Fin. Stats. 2022	M	•	15/15	8/8	18
Alternate Auditor	Maria Maddalena Gnudi	1979	21.04.2020	21.04.2020	Fin. Stats. 2022	M	N.A.	-	-	-
Alternate Auditor	Michele Casò	1970	21.04.2020	21.04.2020	Fin. Stats. 2022	M	N.A.	-	-	-
Alternate Auditor	Tiziana Nesa	1973	21.04.2020	21.04.2020	Fin. Stats. 2022	m	N.A.	-	-	-

Number of meetings held during 2022: 15 (of which 6 jointly with the Control and Risk Committee).

Quorum required for minorities to submit slates to elect one or more members (pursuant to Art. 148- CLF): 1%.

NOTES

* Date of first appointment of each statutory auditor means the date on which the statutory auditor was appointed for the very first time to the Board of Statutory Auditors of the issuer.

** This column indicates the slate from which each statutory auditor was chosen ("M": majority slate; "m": minority slate).

*** This column indicates the attendance of statutory auditors at the meetings of the Board of Statutory Auditors.

**** This column indicates the number of offices as director or statutory auditor held by the person concerned pursuant to Article 148-bis of the CLF and the relative implementing provisions contained in Consob's Issuers' Regulation.

ANNEX

Corporate Governance Code TOPICS	Italmobiliare S.p.A. Corporate Governance Report REPORTING AND REFERENCES	
COMPANY TYPE	➤ Large company with dispersed ownership	Introduction
ROLE OF THE BOARD OF DIRECTORS	<ul style="list-style-type: none"> ➤ Pursuit of sustainable success ➤ Verification of the level of risk compatible with the Company's strategic objectives ➤ Adoption of a policy of dialogue with shareholders and investors ➤ Establishment of the Committee for Sustainability and Social Responsibility, which is responsible, among other things, for examining the non-financial report. 	<p>Section II, para. 1</p> <p>Section III, para. 2 and 8</p> <p>Section V, para. 1</p> <p>Section II, para. 1 and 15</p>
COMPOSITION OF THE BOARD OF DIRECTORS	<ul style="list-style-type: none"> ➤ Adequate proportion of non-executive directors. Clear definition of the management powers of the CEO and the non-executive role of the Chairman ➤ 1/2 of the independent directors ➤ Annual meeting of the independent directors ➤ Assessment of independence and publication of results ➤ Criteria for assessing independence (adoption of quantitative, not qualitative parameters) ➤ Gender balance 	<p>Section II, para. 6 and 7</p> <p>Section II, para. 9</p> <p>Section II, para. 9</p> <p>Section II, para. 9</p> <p>Section II, para. 9</p> <p>Section VI, para. 2</p>
OPERATION OF THE BOARD OF DIRECTORS, ROLE OF THE CHAIRMAN AND REPORTING	<ul style="list-style-type: none"> ➤ Adoption of Regulation for the functioning of the BoD and its Committees ➤ Identification of the reporting deadline ➤ Identification of the Chairman's prerogatives ➤ Holding periodic induction sessions ➤ Regular attendance of managers at meetings ➤ Lead Independent Director (lack of conditions for appointment) ➤ Identification of the limit on the accumulation of offices ➤ Definition of the tasks and composition of the committees ➤ Appointment of the Secretary 	<p>Section II, para. 2</p> <p>Section II, para. 2</p> <p>Section II, para. 2</p> <p>Section II, para. 12</p> <p>Section II, para. 2</p> <p>Section II, para. 10</p> <p>Section II, para. 5</p> <p>Section II, para. 13-16</p> <p>Section II, para. 2</p>
REMUNERATION AND NOMINATIONS COMMITTEE	<ul style="list-style-type: none"> ➤ Composition and functions ➤ Internal Self-Assessment Process (without support from consultants) ➤ Orientation opinion on the composition of the corporate bodies published before the meeting is called ➤ Emergency plan for the CEO's succession 	<p>Section II, para. 14</p> <p>Section II, para. 11</p> <p>Section II, para. 14</p> <p>Section II, para. 8</p>

<p>REMUNERATION POLICY</p>	<ul style="list-style-type: none"> ➤ Adequate balance between the fixed and variable component of remuneration, consistent with the company's risk management objectives and policy ➤ Cap and clawback clause for the variable component (MBO, LTI, Value Creation Sharing Incentive) ➤ Three-year LTI aligned with shareholder interests, linked to pre-determined and measurable performance targets (80% NAV, 20% ESG) ➤ Remuneration of executive directors and statutory auditors adequate considering their expertise and professionalism and consistent with benchmark analysis ➤ Severance indemnity not envisaged ex ante and aligned with the provisions of the CCNL applicable from time to time 	<p>Re: Report on the 2023 Remuneration Policy</p>
<p>INTERNAL CONTROL SYSTEM</p>	<ul style="list-style-type: none"> ➤ Involvement of the corporate bodies (BoD, CEO, Board of Statutory Auditors, Control and Risk Committee, Sustainability Committee, Internal Audit Manager, Financial Reporting Manager) in the internal control system, each according to their responsibilities. ➤ Board of Directors's assessment of the adequacy of the internal control system ➤ Identification of the CEO as the person in charge of setting up and maintaining the internal control and risk management system ➤ Establishment of the Control and Risk Committee ➤ Establishment of the Internal Audit function, not responsible for any operational area ➤ Adoption of 231 Model and appointment of a SB made up of the Internal Audit Manager, a Statutory Auditor and an external professional 	<p>Section III, para. 1, 2, 3, 7, 9</p> <p>Section III, para. 10</p> <p>Section III, para. 2</p> <p>Section II, para. 16</p> <p>Section III, para. 3</p> <p>Section III, para. 4</p>
<p>BOARD OF STATUTORY AUDITORS</p>	<ul style="list-style-type: none"> ➤ Assessment of the Statutory Auditors' independence according to the same criteria as the directors and publication of the results ➤ Participation of the Board of Statutory Auditors at meetings of all the Committees, including Board meetings and periodic discussions with the SB 	<p>Section IV, para. 2</p> <p>Section IV, para. 2</p>

ITALMOBILIARE
INVESTMENT HOLDING

**ITALMOBILIARE
GROUP**

**CONSOLIDATED
FINANCIAL
STATEMENTS
2022**

FINANCIAL STATEMENTS

Statement of financial position

(in thousands of euro)	Notes	31.12.2022	31.12.2021	Change
Non-current assets				
Property, plant and equipment	1	220,559	183,286	37,273
Investment property	2	4,954	5,389	(435)
Goodwill	3	301,586	245,206	56,380
Intangible assets	4	305,939	308,095	(2,156)
Investments in equity-accounted associates	5	257,191	208,646	48,545
Other equity investments	6	174,738	131,515	43,223
Trade receivables and other non-current assets	7	230,536	205,895	24,641
Deferred tax assets	22	11,898	12,104	(206)
Non-current receivables from employees				
Total non-current assets		1,507,401	1,300,136	207,265
Current assets				
Inventories	8	58,671	33,585	25,086
Trade receivables	9	205,636	129,875	75,761
Other current assets including derivative financial instruments	10	34,423	28,795	5,628
Tax assets	11	29,074	18,544	10,530
Equity investments, bonds and current financial receivables	12	149,805	350,770	(200,965)
Cash and cash equivalents	13	101,641	135,406	(33,765)
Total current assets		579,250	696,975	(117,725)
Assets classified as held for sale	14		56	(56)
Total assets		2,086,651	1,997,167	89,484
Equity				
Share capital	15	100,167	100,167	
Share premium reserve	16	55,607	55,607	
Reserves	16	11,388	12,285	(897)
Treasury shares	17	(5,166)	(5,166)	
Retained earnings		1,264,758	1,296,709	(31,951)
Equity attributable to owners of the parent company		1,426,754	1,459,602	(32,848)
Non-controlling interests	18	183,316	178,256	5,060
Total equity		1,610,070	1,637,858	(27,788)
Non-current liabilities				
Financial liabilities	20	147,389	69,319	78,070
Employee benefits	19	6,806	8,176	(1,370)
Provisions	21	23,697	27,961	(4,264)
Non-current tax liabilities	22	5,129	15,858	(10,729)
Other non-current payables and liabilities		493	226	267
Deferred tax liabilities	23	9,500	7,285	2,215
Total non-current liabilities		193,014	128,825	64,189
Current liabilities				
Financial liabilities	20	133,523	75,261	58,262
Trade payables	24	71,183	53,119	18,064
Provisions	21	4,468	4,748	(280)
Tax liabilities	25	4,562	36,388	(31,826)
Other liabilities	26	69,831	60,968	8,863
Total current liabilities		283,567	230,484	53,083
Total liabilities		476,581	359,309	117,272
Liabilities directly associated with assets classified as held for sale	14			
Total equity and liabilities		2,086,651	1,997,167	89,484

Income statement

(in thousands of euro)	Notes	2022	%	2021	%	Change	%
Revenue and income	27	483,630	100.0	492,288	100.0	(8,658)	-1.8
Other revenue and income		4,386		5,118		(732)	
Change in inventories		3,669		1,039		2,630	
Internally produced and capitalised assets		1,121		291		830	
Raw materials and supplies	28	(205,423)		(146,640)		(58,783)	
Services	29	(95,972)		(88,172)		(7,800)	
Personnel expenses	30	(84,549)		(72,138)		(12,411)	
Other operating income (expense)	31	(51,969)		(21,262)		(30,707)	
Gross operating profit (EBITDA)		54,893	11.4	170,524	34.6	(115,631)	-67.8
Amortisation and depreciation	32	(32,318)		(24,999)		(7,319)	
Impairment losses on non-current assets	33	124		(350)		474	
Operating profit (EBIT)		22,699	4.7	145,175	29.5	(122,476)	-84.4
Finance income	34	250		193		57	
Finance costs	34	(3,560)		(2,219)		(1,341)	
Exchange-rate difference and net gain (loss) on derivatives	34	368		136		232	
Impairment of financial assets	35						
Share of profit/(loss) of equity-accounted associates	36	24,719		29,576		(4,857)	
Profit/(loss) before tax		44,476	9.2	172,861	35.1	(128,385)	-74.3
Income tax	37	(8,015)		(48,777)		40,762	
Profit/(loss) from continuing operations		36,461	7.5	124,084	25.2	(87,623)	-70.6
Profit/(loss) from discontinued operations, net of tax	38	(38)		40,437		(40,475)	
Profit/(loss) for the year		36,423	7.5	164,521	33.4	(128,098)	-77.9
Attributable to:							
Owners of the parent company		21,053	4.4	139,697	28.4	(118,644)	-84.9
Non-controlling interests		15,370	3.1	24,824	5.0	(9,454)	-38.1
Earnings per share	40						
Basic ordinary shares		0.498 €		3.305 €			
Diluted ordinary shares		0.498 €		3.305 €			

Statement of comprehensive income

(in thousands of euro)	Notes	2022	%	2021	%	Change	%
Profit/(loss) for the year		36,423	7.5	164,521	33.4	(128,098)	-77.9
Other comprehensive income (expense) from continuing operations, net of tax	39						
Items that will not be reclassified subsequently to profit or loss, net of tax							
Remeasurement of net defined benefit liability/(asset)		1,773		108		1,665	
Remeasurement of net defined benefit liability/(asset) - investments in equity-accounted associates		933		7		926	
Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI		(2,860)		17,547		(20,407)	
Total items that will not be reclassified to profit or loss, net of tax		(154)		17,662		(17,816)	
Items that may be reclassified subsequently to profit or loss, net of tax							
Foreign exchange differences on translation of foreign operations		162		256		(94)	
Foreign exchange differences on translation of foreign operations - investments in equity-accounted associates		1,169		1,509		(340)	
Fair value gain/(loss) on cash flow hedging derivatives		718		133		585	
Fair value gain/(loss) on cash flow hedging derivatives - investments in equity-accounted associates		2,143		(752)		2,895	
Total items that may be reclassified subsequently to profit or loss, net of tax		4,192		1,146		3,046	
Other comprehensive income for the year from discontinued operations, net of tax				4,703		(4,703)	
Total other comprehensive income for the year		4,038		23,511		(19,473)	
Total comprehensive income for the year		40,461	8.4	188,032	38.2	(147,571)	-78.5
Attributable to:							
Owners of the parent company		23,787		159,723		(135,936)	
Non-controlling interests		16,674		28,309		(11,635)	

Consolidated statement of changes in equity

(in thousands of euro)	Attributable to owners of the parent company										Non-controlling interests	Total equity
	Reserves											
	Share capital	Share premium	FVTOCI fair value reserve	Fair value hedging reserve	Actuarial gains/losses on defined benefit plans	Other reserves	Treasury shares	Translation reserve	Retained earnings	Total share capital and reserves		
Balances at December 31, 2020	100,167	55,607	(8,102)	1,011	(1,138)	1,734	(6,620)	(5,598)	1,193,303	1,330,364	193,766	1,524,130
Profit/(loss) for the year									139,697	139,697	24,824	164,521
Total other comprehensive income from continuing operations			14,051	(619)	108			1,783		15,323	3,485	18,808
Total other comprehensive income from discontinued operations								4,703		4,703		4,703
Total comprehensive income			14,051	(619)	108			6,486	139,697	159,723	28,309	188,032
Dividends									(27,484)	(27,484)	(12,400)	(39,884)
Stock options exercised							1,454		(611)	843		843
Other			4,031		(74)	1,283		(778)	(8,306)	(3,844)	(31,419)	(35,263)
Balances at December 31, 2021	100,167	55,607	9,980	392	(1,104)	3,017	(5,166)	110	1,296,599	1,459,602	178,256	1,637,858

The change classified as "Other", in the column "FVTOCI fair value reserve" refers to the reclassification of the gains realized in the divestment of the FVTOCI financial assets, from the FVTOCI reserve to retained earnings. The reduction in non-controlling interests, included in "Other", is mainly due to the acquisition of the remaining 20% of Officina Profumo-Farmaceutica di Santa Maria Novella which took place during the year, offset by the non-controlling interest in ITM Bacco, subsidiary consolidated in the current year and the change in the consolidation percentage of Casa della Salute, which was reduced following the sale of part of the shares.

(in thousands of euro)	Attributable to owners of the parent company										Non-controlling interests	Total equity
	Reserves											
	Share capital	Share premium	FVTOCI fair value reserve	Fair value hedging reserve	Actuarial gains/losses on defined benefit plans	Other reserves	Treasury shares	Translation reserve	Retained earnings	Total share capital and reserves		
Balances at December 31, 2021	100,167	55,607	9,980	392	(1,104)	3,017	(5,166)	110	1,296,599	1,459,602	178,256	1,637,858
Profit/(loss) for the year									21,053	21,053	15,370	36,423
Total other comprehensive income from continuing operations			(3,787)	2,836	2,364			1,321		2,734	1,304	4,038
Total other comprehensive income from discontinued operations												
Total comprehensive income			(3,787)	2,836	2,364			1,321	21,053	23,787	16,674	40,461
Dividends									(59,196)	(59,196)	(21,000)	(80,196)
Stock options exercised												
Other			(1,317)	(18)	199	(1,174)		(114)	4,985	2,561	9,386	11,947
Balances at December 31, 2022	100,167	55,607	4,876	3,210	1,459	1,843	(5,166)	1,317	1,263,441	1,426,754	183,316	1,610,070

The increase of the non-controlling interests, classified as "Other" is mainly related to the sale of a 5% stake in the share capital of Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A. during the year, net of the impact of the acquisition of an additional 20% of Callmewine.

Statement of cash flows

(in thousands of euro)	Notes	2022	2021
A) Cash flows from operating activities			
Profit/(loss) before tax		44,476	172,861
Adjustments for:			
Amortisation, depreciation and impairment		32,034	25,370
Reversal of share of profit/(loss) of equity-accounted associates		(24,719)	(23,064)
(Gain)/loss on non-current assets		(1,737)	(9,349)
Change in employee benefits and other provisions		(7,060)	(18,060)
Reversal of net finance costs and income		(6,948)	(6,224)
Inventories		(16,658)	(8,806)
Trade receivables		(77,537)	(66,627)
Trade payables		20,998	7,897
Other receivables/liabilities, accruals and deferrals		25,037	21,578
Net finance costs paid/received		3,741	519
Dividends received		5,070	5,307
Income tax paid		(74,706)	(29,398)
Other financial cash flows			(47)
Cash flow from operating activities relating to discontinued operations			
	Total A)	(78,009)	71,957
B) Cash flows from investing activities			
Capital expenditure:			
Property, plant, equipment and investment property		(34,879)	(36,392)
Intangible assets		(8,484)	(6,247)
Financial assets (equity investments and funds) net of cash acquisitions (*)		(206,493)	(134,510)
Proceeds from disposal of net non-current assets		37,755	245,036
Change in financial assets		194,008	(85,180)
Change in current equity investments		110	4,627
Cash flow from investing activities relating to discontinued operations			(274)
	Total B)	(17,983)	(12,940)
C) Cash flows from financing activities			
Change in financial payables		139,724	(9,217)
Increases in capital shares subscribed by third parties		1,020	752
Dividends paid		(80,196)	(39,884)
Other (non-monetary) changes		3,234	959
	Total C)	63,782	(47,390)
D) Translation differences and other changes			
Translation differences and other changes		(1,588)	2,872
Translation differences and other changes relating to discontinued operations		33	(2,159)
	Total D)	(1,555)	713
E) Cash flows for the year (A+B+C+D)		(33,765)	12,340
F) Cash and cash equivalents at the beginning of the year		135,406	123,066
Cash and cash equivalents at the end of the year (E+F)	13	101,641	135,406

The main changes of the cash flows from investing activities are discussed in the "Statement of cash flows" section of the notes.

NOTES

The consolidated financial statements of Italmobiliare S.p.A. for the year ended December 31, 2022 were approved by the Board of Directors on March 8, 2023. During the meeting, the Directors authorised also the publication of a press release dated March 8, 2023, containing the financial statements' key information.

The financial statements have been presented on a going-concern basis. Despite the actual economic and financial situation, the Italmobiliare Group's management assessed that there are not significant uncertainties on its going concern, also thanks to the actions already taken to respond to the changes in demand of the portfolio companies (as detailed in the Directors' report) and to the economic results achieved in 2022.

Core businesses

Italmobiliare S.p.A. is a legal entity established in accordance with the laws of the Republic of Italy. It has been listed on the Milan Stock Exchange since 1980.

Italmobiliare S.p.A. operates as an investment holding company and consequently manages a diversified portfolio of investments and equity investments.

Accounting policies

These consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2022 as endorsed by the European Union, and with the provisions issued in the implementation of article 9 of Legislative Decree no. 38/2005. The term IFRS also includes all revised international accounting standards (IAS) and all the interpretations issued by the IFRS Interpretation Committee (formerly IFRIC), previously called SIC.

The Italian laws that enact EU Directive 2013/34 also apply, where compatible, to companies that prepare financial statements in accordance with the IFRS. Consequently, the financial statements are compliant with the Italian Civil Code and the corresponding indications of the Consolidated Law on Finance (CLF) for listed companies with regard to the Directors' report, the statutory audit and the publication of the financial statements. The consolidated financial statements and related notes also set out the details and additional disclosures required under the articles of the Italian Civil Code governing financial statements, since such requirements are not in conflict with the IFRS, and under other Consob regulations and dispositions governing financial statements.

Directive 2013/50/EU, which amended Directive 2004/109/EC (Transparency Directive), established that all Annual Financial Reports of Issuers, whose securities are admitted to trading on a regulated market, must be drawn up in a single electronic reporting format. The European Commission has implemented these rules in the Delegated Regulation 2019/815 (European Single Electronic Format - ESEF Regulation). This is in order to make annual financial reports readable by both human users and automatic devices and to improve the comparability and analysis of the information included in them. The ESEF Regulation provides that issuers who prepare consolidated financial statements in compliance with IAS/IFRS must prepare and publish their annual financial report in the eXtensible Hypertext Markup Language ("XHTML") format, using the Inline Extensible Business Reporting Language ("iXBRL") for marking up the Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Statement of Changes in Consolidated Equity, Consolidated Cash Flow Statement) from the financial year starting on 1 January 2021 and for marking up also the information contained in the consolidated explanatory notes from the financial year starting on 1 January 2022, which is why this financial report has been prepared using XHTML and the consolidated financial statements have been marked up using XBRL.

In compliance with European Regulation no. 1606 of July 19, 2002, the policies adopted do not include the standards and interpretations published by the IASB and the IFRS IC at December 31, 2022 but not yet endorsed by the European Union as of that date, except as indicated below.

Accounting standards, amendments and IFRS interpretations applied from January 1, 2022

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

On May 14, 2020, the IASB published the following amendments:

- Amendments to IFRS 3 Business Combinations: the purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without this entailing changes to the provisions of IFRS 3;
- Amendments to IAS 16 Property, Plant and Equipment: the amendments are intended not to allow the amount received from the sale of goods produced during the test phase of a fixed asset to be deducted from its cost. Such revenues and the related costs are to be recorded in the income statement;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that all costs directly attributable to the contract must be considered when estimating whether a contract could make a loss. This means that when assessing whether a contract could make a loss, one has to include not only the incremental costs (e.g. the cost of direct materials used in processing), but also any other costs that the company cannot avoid as it has stipulated the contract (e.g. a share of the labour cost and depreciation of the machinery used to fulfil the contract);
- Annual Improvements 2018-2020: amendments have been made to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and the "Illustrative Examples of IFRS 16 Leases".

The adoption of these standards and amendments did not have any effect on the Group's financial statements.

Accounting standards, amendments and IFRS and IFRIC interpretations endorsed by the European Union, not yet compulsorily applicable and not adopted in advance by the Company at December 31, 2022

- On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which is intended to replace IFRS 4 - Insurance Contracts. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from insurance contracts. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts, including the reinsurance contracts that an insurer holds. The new standard also includes presentation and disclosure requirements to improve comparability between entities in this sector. The new standard measures an insurance contract based on a General Model, or a simplified version of it called the Premium Allocation Approach ("PAA"). The General Model's main features are:
 - estimates and assumptions of future cash flows are always current;
 - the measurement reflects the time value of money;
 - estimates include extensive use of observable market information;
 - there is a current and explicit measurement of risk;
 - the expected profit is deferred and aggregated into groups of insurance contracts at initial recognition; and
 - the expected profit is recognised over the contract coverage period taking into account adjustments resulting from changes in assumptions about cash flows for each group of contracts.

The PAA approach provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, at the time of initial recognition, the entity expects this liability to be reasonably an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications arising from the application of the PAA approach do not apply to the measurement of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year from the date the claim arose. The entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and to investment contracts with a discretionary

participation feature (DPF). The standard will apply from January 1, 2023 but earlier application is allowed, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

- On December 9, 2021, the IASB published an amendment to IFRS 17 called "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information*". The amendment is a transition option relating to comparative information on financial assets presented at the date of first-time application of IFRS 17. The amendment aims to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, i.e. to improve the usefulness of comparative information for readers of financial statements. The amendments will apply from January 1, 2023, together with the application of IFRS 17.
- On February 12, 2021, the IASB published an amendment called "*Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2*" and an amendment called "*Definition of Accounting Estimates—Amendments to IAS 8*". The amendments are aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from January 1, 2023, but early application is permitted.
- On May 7, 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 can generate assets and liabilities of the same amount, such as leasing and dismantling obligations, must be accounted for. The changes will apply from January 1, 2023 but early application is permitted.

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

Accounting standards, amendments and IFRS interpretations published at December 31, 2022, but not endorsed by the European Union at that date

At the date of these financial statements the competent bodies of the European Union have not yet completed the approval process necessary for adoption of the amendments and principles described below.

- On January 23, 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 October 31, 2022 an amendment called "*Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants*". These documents aim to clarify how to classify payables and other short or long term liabilities. The changes will come into force from January 1, 2024; but early application is permitted;
- On September 22, 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 lease liability arising from a sale and leaseback transaction so as not to recognise income or loss that relates to the retained right of use. The amendments will come into force from January 1, 2024, but early application is permitted;
- On January 30, 2014, the IASB published the "*IFRS 14 - Regulatory Deferral Accounts*", which allows only those who adopt IFRS for the first time to continue to recognize the amounts relating to activities subject to regulated tariffs (so-called "Rate Regulation Activities") according to the previous accounting principles adopted. As the Group is not a first-time adopter, this standard is not applicable.

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

MEASUREMENT CRITERIA AND BASIS OF PRESENTATION

The consolidated financial statements adopt the cost method, with the exception of derivatives and financial assets, which are measured at fair value. The carrying amounts of hedged assets and liabilities are adjusted to reflect changes in fair value on the basis of the hedged risks. The consolidated financial statements are presented in euro, the functional currency of the parent Italmobiliare S.p.A. All amounts in the accounting schedules and in the notes are rounded to thousands of euro, unless otherwise specified.

The basis of presentation of the Italmobiliare Group financial statements is as follows:

- current and non-current assets and current and non-current liabilities are presented as separate classifications on the statement of financial position. Current assets, which include cash and cash equivalents, are assets that the Group intends to realize, sell or consume during its normal business cycle; current liabilities are liabilities that the Group expects to settle during the normal business cycle or in the twelve months after the end of the reporting period;
- on the income statement, costs are analysed by nature;
- with regard to comprehensive income, the Group presents two statements: the first statement reflects traditional income statement components and the profit (loss) for the year, while the second statement, beginning with the profit (loss) for the year, presents other comprehensive income, net of tax: fair value gain and losses on investments in equity instruments measured at FVTOCI and derivatives designated as hedge accounting, translation differences and effects of the remeasurement of defined benefit plans, distinguishing between the components that may, or may not, be subsequently recycled to the income statement;
- the indirect method is used for the statement of cash flows, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations. In particular, although the Group does not diverge from the provisions of IAS 7 in the classification of items, please note:
 - cash flows from operating activities report cash flows from core operations, interest on loans granted and obtained and dividends received from associates;
 - investing activities comprise investments in property, plant and equipment and intangible assets, shareholdings, private equity funds and disposals of such assets. They include, also, the effects of business combinations in which the Group acquires or loses control of companies, as well as other minor investments;
 - cash flows from financing activities include cash flows generated by liability management transactions and leases, dividends and interim dividends paid to owners of the Parent and non-controlling interests and the effects of transactions in non-controlling interests that do not change the status of control of the companies involved;
 - a separate item is used to report the impact of exchange rates on cash and cash equivalents and their impact on profit or loss is eliminated in full in order to neutralize the effect on cash flows from operating activities.

USE OF ESTIMATES

In preparing the consolidated financial statements, the following significant judgements were made when applying the Group's accounting standards.

The investment in Bacco (held indirectly through ITM Bacco) is measured in the consolidated financial statements of Italmobiliare at FVTOCI as management believes that there is no significant influence on the part of Italmobiliare. Considering that:

- the stake held directly by the Group is 13.69%, that held by CCP3 is 56.71% and that held by CCP4 is 17.48%;
- Italmobiliare has 100% control over Clessidra, but does not have direction and coordination over it;
- the members of the Board of Directors of Bacco (which has control over the company's relevant activities) are appointed by CCP3 (Italmobiliare is unable to use its power over Clessidra to direct the relevant activities of CCP3 which is not controlled or consolidated by Italmobiliare). This assessment takes into account the CCP3 fund's qualification as an "agent" (at a consolidated level, so considering both the variable returns relating to Clessidra as a fund manager, and that relating to Italmobiliare as an investor), which leads to the conclusion that Italmobiliare does not have control over the fund as there is no link between decision-making power and exposure to the variability of returns (similar considerations apply to CCP4).

It should be noted that Italmobiliare has the right to appoint an "observer", who has the right to participate in meetings of the Board of Directors of Bacco and the right to be informed in advance of the matters under discussion, without having any right to vote on the resolutions passed by the Board of Directors, nor be considered a member of Bacco's Board of Directors (so IAS 28.6 does not apply, as it assumes that an investor has significant influence if it appoints a member of the Board).

As for the investment in Bacco, also the investment in Archimede is measured in the consolidated financial statements of Italmobiliare at FVTOCI as the stake held is 17.24% and Italmobiliare does not have significant influence over it.

The investment in Bene Assicurazioni is measured at FVTOCI. On 29 April 2022 Italmobiliare finalised its investment in Bene Assicurazioni S.p.A. The entry into this company's share capital involved an outlay of 40 million euro for a 19.99% stake, having received authorisation from IVASS, the Supervisory Authority for the Italian Insurance Sector. Notwithstanding the Company has the right to appoint a Director, the Group management excludes the presence of a significant influence over the investee, because the controlling shareholder owns a 55% stake in the company and the remaining stake is owned by a second investor (Nurberger at 25%). As a consequence, the director appointed by Italmobiliare does not have a significant influence over the decision to be taken by Bene Assicurazioni's Board of Directors (in the absence of shareholders agreements among the parties).

The estimates that have had a significant effect on the amounts recognised in the financial statements are shown below.

The main assumptions regarding the future and the main causes of uncertainty in the estimate at the end of the reporting period that present a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities during the next financial year are shown below:

- indefinite useful life of trademarks (for further details, see the paragraph on intangible assets);
- provisions (for further details, see the paragraph on current and non-current provisions);
- impairment of goodwill (for further details, see the paragraph on goodwill);
- fair value of financial assets: as regards investments in listed companies, the fair value is calculated on the basis of the stock market price at the reporting date and could undergo significant changes during the following year; while for financial assets valued with a level 2 and 3 fair value, there is a high degree of judgement due to the elements of complexity inherent in the valuation techniques and significant inputs.

SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are based on the financial statements for the year ended December 31, 2022 of the parent Italmobiliare S.p.A. and the consolidated companies, in compliance with the Group accounting policies.

RELATED PARTIES

Related parties are mainly those that share the same parent with Italmobiliare S.p.A., the companies that directly or indirectly are controlled by Italmobiliare S.p.A., the associates (including their subsidiaries) of Italmobiliare S.p.A., or the associates (including their subsidiaries) of any Group company. Related parties also include statutory auditors, and their immediate family, and the key management personnel, and their immediate family, of Italmobiliare S.p.A. Key management personnel comprises management personnel who have the power and direct or indirect responsibility for the planning, management and control of the activities of the Company. They include directors (whether executive or not).

SUBSIDIARIES

Subsidiaries are companies in which the Group is exposed to variable returns, or holds rights to such returns, by virtue of its relationship with the companies in question, and simultaneously has the ability to affect such returns by exercising its power.

The Group ascertains the existence of control on the basis of the existence of three elements:

- power: the current ability of the Group, arising from substantial rights, to decide on the relevant activities that have a material impact on the company's returns;
- the exposure of the Group to the variability of the returns of the investee;
- correlation between power and returns, the Group has the ability to exercise its power to affect the returns arising from the relationship.

Basis of consolidation

ASSOCIATES

Associates are companies in which the Group has significant influence over administrative and management decisions even though it does not hold control. Generally speaking, significant influence is assumed to exist when the Group holds, directly or indirectly, at least 20% of voting rights at ordinary shareholders' meetings or, even if it holds a lower percentage of voting rights, when it is entitled to take part in financial and management policy decisions by virtue of a specific juridical status including, but not limited to, participation in shareholders' agreements or other forms of material exercise of rights of governance.

Investments in associates are measured using the equity method, whereby they are recognized initially at cost, and subsequently adjusted to reflect changes in the value of the Group's interest in the associate's equity. The Group's share of an associate's profit or loss is recognized in a specific income statement caption from the date at which the Group exerts significant influence until it relinquishes such influence.

BASIS OF CONSOLIDATIONS AND ELIMINATIONS

Subsidiaries are consolidated on a line-by-line basis as from the date at which control is obtained and until control is transferred out of the Group.

All intragroup balances and transactions, including any unrealized gains in respect of third parties, are eliminated in full. Unrealized losses in respect of third parties deriving from intragroup transactions are eliminated, except in cases where it will not subsequently be possible to recover such losses.

Unrealized gains in respect of third parties deriving from transactions with associates are eliminated against the equity investment carrying amount. Losses are eliminated proportionately to the Group's interest, unless it will not subsequently be possible to recover such losses.

CONSOLIDATION AREA

A list of companies and how they are consolidated (line-by-line, proportionately or under equity method) is provided in the annex to these notes.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets and liabilities held for sale and discontinued operations are classified as such when their carrying amount will be recovered mainly through sale rather than through continuing use; such operations must be separate major line of business or geographical area of operation.

The conditions indicated are deemed to exist when the sale is considered highly probable and the assets and liabilities are immediately available for sale in their current condition.

Assets held for sale are recognized at the lower of their net carrying amount and fair value, less costs to sell.

Once property, plant and equipment and intangible assets have been classified as held for sale, they should no longer be depreciated or amortized.

In the income statement, profit (loss) relating to discontinued operations, together with fair value gains (losses) less costs to sell and gains or losses arising from the sale of the operation, are reflected in a single item separately from profit (loss) relating to continuing operations.

Cash flows relating to discontinued operations are not shown separately in the statement of cash flows, while disclosure is provided in the notes.

A similar disclosure is also presented for the comparative period.

PURCHASE PRICE OF BUSINESS COMBINATIONS

Under IFRS 3, the purchase price is the sum of the acquisition-date fair value of the consideration transferred and the amount of any non-controlling interests in the acquired entity. For each business combination, any non-controlling interests in the acquired entity must be measured at fair value or in proportion to their non-controlling interest in the identifiable net assets of the acquired entity.

IFRS 3 provides that costs relating to the acquisition be expensed in the periods in which they are incurred and the services are received.

ALLOCATION OF THE CONSIDERATION OF BUSINESS COMBINATIONS

Goodwill is measured as the positive difference between:

- the sum of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquired entity and the fair value at the acquisition date of the equity interest in the acquired entity that the acquirer held previously; and
- the net fair value of assets and liabilities identifiable at the acquisition date.

Negative differences are recognized immediately to the income statement.

If on initial recognition the purchase price allocation can only be determined provisionally, the allocated amounts are adjusted within twelve months of the acquisition date (measurement period).

BUSINESS COMBINATIONS ACHIEVED IN STAGES

When a business combination is achieved in stages, through a series of share purchases, for each transaction the fair value of the previously held interest is re-determined and any gain or loss is taken to the income statement.

PURCHASE OF NON-CONTROLLING INTERESTS

Acquisitions of additional shares after acquisition of control do not require re-determination of identifiable asset and liability amounts. The difference between the consideration and the acquired equity interest is recognized as equity attributable to owners of the parent. Transactions that reduce the percentage interest held without loss of control are treated as sales to non-controlling interests and the difference between the interest sold and the price paid is recognized in equity attributable to the owners of the parent.

COMMITMENTS TO PURCHASE NON-CONTROLLING INTERESTS

A put option granted to non-controlling interests of a company controlled by the Group is initially recognized by recording the purchase value as a liability, since the value in question is the present value of the put option exercise price.

The complementary acquisition of non-controlling interests with put options is recognized in the financial statements:

- the non-controlling interests to which the put option refers are eliminated from equity and reclassified under liabilities and the difference between the fair value of the purchase commitment liabilities and the carrying amount of the non-controlling interests is recognized under equity attributable to owners of the parent;
- subsequent changes in liabilities are recognized to the income statement.

TRANSACTIONS IN CURRENCIES OTHER THAN THE FUNCTIONAL CURRENCY

The functional currency of the subsidiaries located outside the Eurozone is usually the local currency.

Foreign currency transactions are initially translated into the functional currency using the exchange rate at the transaction date. At the reporting date, foreign currency monetary assets and liabilities are translated into the functional currency at the closing rate. Exchange-rate gains and losses are taken to the income statement.

Non-monetary foreign currency assets and liabilities measured at cost are translated at the exchange rate ruling at the transaction date; those measured at fair value are translated with the exchange rate at the date fair value was determined.

TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

At the reporting date, the assets, including goodwill, and liabilities of consolidated companies that report in currencies other than the euro are translated into the presentation currency of the Group's consolidated accounts at the closing rate. Income statement items are translated at the average rate for the year. Gains and losses arising from the translation of opening equity at the closing rates and those arising from the different method used to translate profit or loss for the year are recognized in a specific equity item. In the event of subsequent disposal of a foreign operation, the cumulative translation differences are taken to the income statement.

PROPERTY, PLANT & EQUIPMENT

Recognition and measurement

Property, plant and equipment are recognized at cost, less accumulated depreciation and any impairment losses. Cost includes the purchase or production cost and the directly attributable costs of bringing the asset to the location and the conditions required for its operation. Production cost includes the cost of materials and direct labour costs. Finance costs relating to the purchase, construction and production of qualifying assets are capitalized. The carrying amount of some assets existing at the IFRS first-time adoption date of January 1, 2004, reflects revaluations applied in prior periods in connection with specific local laws, based on the real economic value of the assets in question. The revalued amount recognized in accordance with IFRS 1 was assumed as cost at the IAS/IFRS transition date.

Assets acquired through business combinations are stated at fair value, determined on a provisional basis at the acquisition date and subsequently adjusted where necessary within the following twelve months.

Subsequent to initial recognition, property, plant and equipment are carried at cost and depreciated over the asset's useful life, less any impairment losses.

Assets under construction are recognized at cost; depreciation begins when the assets are available for use.

When an asset consists of components with a significant cost and different useful lives, initial recognition and subsequent measurement are carried out separately for each component.

Subsequent expense

Repair and maintenance expense is normally recognized as incurred. Component replacement costs are treated as separate assets and the carrying amount of the replaced component is eliminated with a balancing entry in the income statement.

Amortisation and depreciation

Depreciation is generally calculated on a straight-line basis over the estimated useful life of each component of property, plant and equipment. Land is recognized separately from buildings erected on it and is not depreciated.

Useful life determines the depreciation rate until such time that the residual useful life is revised. The useful life range adopted for the various categories of property, plant and equipment is disclosed in the notes.

Lease

The Group must assess whether the contract is or contains a lease on the date it was entered into. The Group recognises the Right of Use and the related Lease Liability for all the lease contracts in which it acts as a lessee, with the exception of short-term ones (lease contracts with a duration of twelve months or less) and leases relating to low-value goods (i.e. goods with a value of less than Euro 5,000 when new). The contracts for which this exemption has been applied fall mainly into the following categories:

- Computers, telephones and tablets;
- Printers;
- Other electronic devices;
- Furniture and fittings.

With regard to these exemptions, the Group recognises the related payments in the form of operating costs on a straight-line basis over the duration of the contract.

The lease liability is initially recognised at the present value of future payments at the start date of the contract. Since there is no implicit interest rate in most of the rental contracts entered into by the Group, the discount rate to be applied to future payments of rents was determined as the risk-free rate of each country in which the contracts are entered into, with maturities in line with the duration of the specific rental contract, increased by the credit spread that is specific to the subsidiary or Group.

Lease payments included in the Lease Liability include:

- The fixed component of lease payments, net of any incentives received;
- Payments of variable lease fees based on an index or rate, initially valued using the index or rate on the date the contract begins;
- The amount of guarantees for the residual value that the lessee expects to pay;
- The exercise price of the purchase option, which should only be included if it is deemed reasonably certain that the option will be exercised;
- Penalties for early termination of the contract, if the lease term provides an option to cancel the lease and it is reasonably certain that it will be exercised.

After initial recognition, the book value of the Lease Liability increases due to the interest accrued (using the effective interest method) and decreases to take into account the payments made under the lease contract.

The Group restates the value of Lease Liability (and adjusts the value of the corresponding Right of Use) if:

- The duration of the lease changes or there is a reassessment of whether the option right will be exercised; in this case, the Lease Liability is recalculated by discounting the new lease payments at the revised discount rate;
- The value of lease payments changes as a result of changes in the indices or rates, in such cases the Lease Liability is recalculated by discounting the new lease payments at the initial discount rate (unless payments due under the lease contract change following a fluctuation in interest rates, in which case a revised discount rate must be used);
- A lease contract has been modified and the change is not one of the situations leading to separate recognition of the lease contract. In such cases, the Lease Liability is recalculated by discounting the new lease payments at the revised interest rate.

The Group did not find any of such changes during the period.

The Right of Use asset includes the initial assessment of the Lease Liability, the lease payments made before or on the date of the contract and any other initial direct costs. The Right of Use is recorded in the financial statements net of depreciation and any impairment losses.

The incentives linked to the lease (for example, free lease periods) are recognised as part of the initial value of the Right of Use and the Lease Liability over the contractual period.

The Right of Use is depreciated on a straight-line basis over the lower of the lease term and the residual useful life of the underlying asset. If the lease contract transfers ownership of the asset or the cost of the Right of Use reflects the Group's willingness to exercise the purchase option, the Right of Use is depreciated over the useful life of the asset in question. Depreciation begins from the start of the lease.

The Right Of Use asset is shown under "Property, plant and equipment" in the consolidated statement of financial position.

The Group applies IAS 36 Impairment of Assets in order to identify any impairment losses.

Variable lease payments that do not depend on an index or rate are not included in the value of the Lease Liability or the Right of Use. The related payments are accounted for in accordance with the accrual principle and are included in "Other expenses" in the income statement.

In the consolidated cash flow statement, the Group divides the total amount paid between the principal portion (recognised in cash flows from financing activities) and the interest portion (recorded in cash flows from operating activities).

INVESTMENT PROPERTY

Investment property is land and/or buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods and services. Investment property is initially recognized at purchase cost, including costs directly attributable to the purchase. Subsequent to initial recognition, investment property is measured at amortized cost, based on the asset's useful life less any impairment losses.

GOODWILL

Goodwill recognized in accordance with IFRS 3 is allocated to the cash-generating units that are expected to benefit from the synergies created by the acquisition. Goodwill is stated at the original value less any impairment losses identified through tests carried out on an annual basis or more frequently if there are signs of impairment.

When goodwill is allocated to a cash-generating unit part of whose assets are disposed of, the goodwill associated with the sold assets is taken into account when determining any gain or loss arising from the transaction.

INTANGIBLE ASSETS

Intangible assets acquired separately are capitalized at cost, while those acquired through business combinations are recognized at fair value.

Subsequent to initial recognition, intangible assets are carried at cost amortized over the asset's useful life, less any impairment losses.

Other than goodwill, the Group has identified trademarks as intangible assets with an indefinite useful life.

Impairment

Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment on an annual basis or more frequently if there are signs of impairment.

Property, plant and equipment and investment property, as well as intangible assets subject to amortisation, are tested for impairment if indication of impairment will emerge, in accordance with IAS 36.

Investments in associates are tested for impairment if indications of impairment emerged and in any case when there is a goodwill, in the measurement of the equity of the associate, arising from the acquisition of the associate by the Group.

An impairment loss is the difference between the asset carrying amount and its recoverable amount. Recoverable amount is the higher of fair value, less costs to sell, of an asset or cash-generating unit, and its value in use, determined as the present value of future cash flows. Fair value less costs to sell is determined through application of suitable valuation models. These calculations are carried out adopting appropriate income multipliers, quoted share prices on an active market for similar enterprises, comparable transactions on similar assets or other available fair value indicators applicable to the assets being measured.

In determining value in use, assets are measured at the level of cash-generating units, on the basis of their operating allocation. For the expected cash flow approach, the discount rate is determined using the weighted average cost of capital method (WACC).

If an impairment loss on an asset other than goodwill subsequently reverses in full or in part, the asset carrying amount is increased to reflect the new estimated recoverable amount, which may not exceed the amount that would have been reflected in the absence of the impairment loss. Impairment losses and reversals of impairment losses are taken to the income statement.

Impairment losses on goodwill cannot be reversed.

FAIR VALUE MEASUREMENT

For all fair value measurements and disclosures of fair value, that are either required or permitted by IFRS, the Group applies IFRS 13. Fair value is defined 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 (i.e., an exit price). The fair value measurement assumes that the transaction to sell an asset or transfer a liability takes place in the principal market, i.e., the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market to which the Group has access, i.e., the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Market participants are independent, knowledgeable sellers and buyers who are able to enter into a transaction for the asset or the liability and who are motivated but not forced or otherwise compelled to do so. When measuring fair value, the Group considers the characteristics of the asset or liability, in particular:

- for a non-financial asset, a fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use;
- for liabilities and own equity instruments, the fair value reflects the effect of non-performance risk, i.e., the risk that an entity will not fulfill an obligation, including among others the credit risk of the Group itself;
- in the case of groups of financial assets and financial liabilities with offsetting positions in market risk or credit risk, managed on the basis of an entity's net exposure to such risks, it is permitted to measure fair value on a net basis.

In measuring the fair value of assets and liabilities, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

FINANCIAL ASSETS

All financial assets are recognized initially at cost at the trade date. Cost corresponds to fair value plus additional costs attributable to the purchase with the exception of financial assets held for trading (fair value through profit or loss).

All financial assets must subsequently be recognised at amortized cost or fair value based on the entity's business model for the management of financial assets and the characteristics of the financial asset's contractual cash flows.

Specifically:

- Debt instruments held as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows, and which have cash flows represented only by payments of principal and interest on the amount of principal to be returned, are subsequently valued at amortised cost;
- Debt instruments held as part of a business model whose objective is achieved both through the collection of contractual financial flows and through the sale of financial assets, and which have cash flows represented only by payments of principal and interest on the amount of principal to be returned, are subsequently measured at fair value with changes recorded through other comprehensive income (FVTOCI);
- All other debt instruments and investments in equity instruments are subsequently valued at fair value with changes recognised through profit or loss (FVTPL).

Notwithstanding the above, on January 1, 2018, or after initial recognition, the Group irrevocably designated investments in equity instruments, previously classified as available for sale, to the FVTOCI category, except for the investment in Tri Alpha Energy, which is measured at FVTPL.

When an investment in a debt instrument measured at FVTOCI is eliminated, the accumulated gain or (loss) previously recognised in other comprehensive income is reclassified from equity to profit or loss for the year by means of a reclassification adjustment. On the other hand, when an investment in an equity instrument representing capital designated at FVTOCI is eliminated, the accumulated gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings without passing through the income statement. Dividends received from investments in equity instruments are recognised in the income statement.

Debt instruments subsequently valued at amortised cost or FVTOCI are subject to impairment.

The CPP3 and CCP4 investment funds managed by Clessidra Capital Credit Sgr S.p.A. are valued at FVTPL. Although Clessidra Capital Credit Sgr S.p.A. has the power to manage the fund, the variable returns on the investment for the Italmobiliare Group are linked to the shares directly owned by Italmobiliare S.p.A., in addition to those deriving from the activity of fund manager. So, in a broad sense, the Italmobiliare Group does not hold control as there is no link between the management power and the exposure to the variability of the fund's returns. Consequently, the fund manager is considered to be an agent in its management of the fund for the benefit of the unitholders of the fund.

Impairment of financial assets

As regards the impairment of financial assets, the Group has applied a model based on expected credit losses, with reference to:

- Investments in debt instruments subsequently valued at amortised cost or FVTOCI;
- Trade receivables and contract assets.

In particular, the Group measures the provision to cover losses of a financial asset at an amount equal to lifetime expected credit losses (or Lifetime ECL) if the credit risk of this financial asset has significantly increased after initial recognition, or if the financial instrument is an impaired financial asset that has been purchased or originated. However, if the credit risk of a financial instrument has not increased significantly after initial recognition, the Group has to measure the provision to cover losses for the financial instrument at an amount equal to the expected losses on receivables deriving from a default event in the next twelve months (or "12-months expected credit losses").

The Group adopts the simplified method to measure the provision to cover losses for trade receivables and contract assets by estimating the expected losses throughout the life of the receivables, also using a Group procedure that requires customer-by-customer analysis of past due loans that are unlikely to be collected.

The financial assets included in the net financial position (also "NFP") are those that accrue interest and/or have a financial counterparty (thus excluding Clessidra Factoring receivables, which are included in trade receivables). The net financial position is therefore made up of all financial assets and liabilities, with the exception of equity instruments valued at FVTOCI and Private Equity funds (also referred to below as "non-NFP"), and cash and cash equivalents.

Derecognition of financial assets

The Group derecognizes financial assets in whole or in part when:

- the contractual rights attributable to the assets in question have expired;
- it transfers the risks and rewards incidental to ownership of the asset or does not transfer and does not even substantially maintain all the risks and rewards but transfers control of the assets;
- receivables sold as a result of factoring transactions are eliminated from the statement of financial position, but only if transferred without recourse and if substantially all of the risks relating to the receivables are transferred. Receivables sold without recourse, or in any case without the transfer of all the risks, remain in the financial statements and a financial liability of the same amount is recorded under liabilities for the advance received.

INVENTORIES

Inventories are measured at the lower of purchase/production cost (using the weighted average cost method) and net realizable value.

Purchase cost includes costs incurred to bring assets to the warehouse, less allowances for write-downs of obsolete and slow-moving items.

Production cost of finished goods and semi-finished goods includes the cost of raw materials, direct labour and a portion of general production costs, determined on the basis of normal plant operations. Financial costs are not included.

The net realizable value of raw materials, consumables and supplies is their replacement cost.

The net realizable value of finished goods and semi-finished goods is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs to sell.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost less allowances for impairment, which are provided as bad debts are identified.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, checks, bank demand deposits and other cash investments with original maturity of not more than three months. Current account overdrafts are treated as source of financing and not as cash and cash equivalents.

The definition of cash and cash equivalents in the statement of cash flows is identical to that in the statement of financial position.

TREASURY SHARES

Treasury shares are deducted from equity. The original cost of treasury shares and income arising from any subsequent sales are treated as movements in equity.

EMPLOYEE BENEFITS EXPENSE

The Group operates pension plans, post-employment medical benefit plans and post-employment benefits.

It also has other commitments, in the form of bonuses payable to employees on the basis of length of service in some Group companies ("Other long-term benefits").

Post-employment benefits (TFR)

From January 1, 2007, companies with more than 50 employees at the date of introduction of the reform have an obligation to pay the new severance indemnity (TFR) flows to pension schemes chosen by the employees or, in the event that they have opted to keep these flows in the company, to a treasury account set up at INPS.

For employees of Italian companies with less than 50 employees, the severance indemnities at December 31, 2022 are configured as a defined benefit plan.

For the Group, only the severance indemnities accrued at December 31, 2006 continue to be included in the "defined benefit plans", while those accrued after that date are considered, for all employees, as a "defined contribution plan", because all of the company's obligations end with the periodic payment of a contribution to third-party entities. The portions accrued by employees who have opted to maintain their severance indemnities in the company as a defined benefit plan are an exception.

Defined contribution plans

Defined contribution plans are structured post-employment benefit programs where the Group pays fixed contributions to an insurance company or pension fund and will have no legal or constructive obligation to pay further contributions if the fund does not dispose of sufficient assets to pay all the employee benefits accruing in respect of services rendered during the current year and in previous years.

These contributions are paid in exchange for the services rendered by employees and recognized as an expense as incurred.

Defined benefit plans

Defined benefit plans are structured post-employment benefit programs that constitute a future obligation for the Group. In substance, the company assumes the actuarial and investment risks of the plan. In accordance with IAS 19, the Group uses the Projected Unit Credit Method to determine the present value of obligations and the related current service cost.

These actuarial calculations require use of consistent and objective actuarial assumptions about demographic variables (mortality rate, personnel turnover rate) and financial variables (discount rate, future increases in salaries and medical benefits).

When a defined benefit plan is funded in full or in part by contributions paid to a fund that is a separate legal entity or to an insurance company, the plan assets are estimated at fair value.

Benefit obligations are therefore recognized net of the fair value of the plan assets that will be used to settle the obligations.

Employment termination plans

Employment termination plans include provisions for restructuring costs recognized when the Group company in question has approved a detailed formal plan that has already been implemented or notified to the third parties concerned.

Actuarial gains and losses

Actuarial gains and losses on post-employment defined benefit plans may arise as a result of changes in the actuarial assumptions used in two consecutive years or as a result of changes in the obligation value in respect of the actuarial assumptions used at the beginning of the year.

Actuarial gains and losses are recognized immediately under other comprehensive income (expense).

Actuarial gains and losses relating to "Other long-term benefits" (service medals, length of service benefits) and to early retirement benefits are recognized in profit or loss immediately.

Past service cost

Changes in liabilities resulting from a change to an existing defined benefit plan are recognized in the income statement for the year, as are costs that vest immediately upon changes to a plan.

Curtailement and settlement

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized as profit or loss when the curtailment or settlement occurs. The gain or loss includes changes in the present value of the obligation, changes in the fair value of plan assets, actuarial gains or losses and past service costs not previously accounted for.

At the curtailment or settlement date, the obligation and the fair value of the plan assets are remeasured using current actuarial assumptions.

Net finance costs

Net finance costs on defined benefit plans consist of the following measurements:

- finance costs computed on the present value of the defined benefit plan liability;
- finance income arising from measurement of the plan assets;
- finance costs or income arising from any limits on recognition of plan surpluses.

Net finance costs are determined by applying to all the above items the discount rate adopted at the beginning of the year to measure the defined benefit plan obligation.

Net finance costs on defined benefit plans are recognized under finance income/costs on the income statement.

Share-based payments

Options for the subscription and purchase of shares granted by Group companies to employees and directors give rise to recognition of a cost classified under personnel expense, with a corresponding increase in equity.

In particular, options for the subscription and purchase of shares are measured at fair value at the grant date and amortized over the vesting period. Fair value at the grant date is determined using the binomial method, and taking account of dividends. Future volatility is determined on the basis of historic market prices, after adjustment for non-recurring events or factors.

The cost of granted options is reviewed on the basis of the actual number of options that have vested at the beginning of the exercise period.

PROVISIONS

The Group recognizes provisions for risks and charges when a present or constructive obligation arises as a result of a past event, the amount of which can be reliably estimated, and use of resources is probable to settle the obligation. Provisions reflect the best estimate of the amount required to settle the obligation or transfer it to third parties at the reporting date. If the present value of the financial resources that will be used is material, provisions are determined by discounting expected future cash flows at a rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is performed, movements in provisions due to the effect of time or changes in interest rates are recognized in financial items.

Changes in estimates are recognized in the income statement in the year in which the change occurs.

Restructuring costs are provided when the Group company concerned has approved a detailed formal plan that has already been implemented or notified to the relevant third parties.

LOANS AND BORROWINGS

Loans and borrowings are initially recognized at the fair value of the consideration paid/received less charges directly attributable to the financial asset/liability.

After initial recognition, loans and borrowings are measured at amortized cost using the effective interest-rate method.

TRADE PAYABLES AND OTHER PAYABLES

Trade payables and other payables are stated initially at the fair value of the original consideration received and subsequently measured at amortized cost.

REVENUE, OTHER REVENUE, INTEREST INCOME AND DIVIDENDS

Sale of goods and services

Revenue is measured taking into account the consideration specified in the contract with the customer. The Group recognizes revenue when the control of the goods or service is transferred.

Revenue is recognized by applying a five-stage model:

- Identification of the contract with the customer;
- Identification of the performance obligations set out in the contract;
- Determination of the transaction consideration;
- Allocation of the consideration to the individual performance obligations;
- Recognition of revenue upon (or during) satisfaction of the individual performance obligation.

Revenue is recognized to the extent that it is probable that the economic benefits associated with the sale of goods or rendering of services are collected by the Group and the amount in question can be reliably determined.

Revenue is recognized at the fair value of the consideration received or due, taking account of any trade discounts given and volume discounts.

Revenue from the sale of goods is recognized when the company transfers the material risks and rewards incidental to ownership of the goods to the purchaser.

In the caption "Revenue and income" the sub-item "income" includes dividends received, interest and commission income earned by the financial and banking companies, and remeasurement gains and gains realized on financial assets measured at FVTPL.

Contracts with clients generally include a single performance obligation. The performance obligation is considered satisfied:

- upon delivery of the goods for Caffè Borbone and Capitelli;
- for online sales by Caffè Borbone, Officina Profumo-Farmaceutica di Santa Maria Novella and Callmewine, on delivery to the distributor or shipper;
- for Casa della Salute on delivery of services;
- for Italgen, revenue is recognized on an hourly basis according to the output of the company's hydroelectric plants and existing sales contracts;
- and lastly, for Italmobiliare, dividends are accounted for on the approval date of the investee company; interest, commissions and rents according to the terms of the individual contract (this revenue of Italmobiliare is shown in the Revenue sub-item "Other revenue and income").

Rental income

Rental income is recognized as other revenue, as received, at constant amounts over the rental period.

Interest income

Interest income earned by companies that are not financial or banking companies is recognized as finance income on an accruals basis using the effective interest method.

Dividends

Dividends are recognized as shareholders' right to receive payment arises, in accordance with local laws, and are classified under "Net finance income (costs)", with the exception of dividends earned by banking and finance companies, which are classified under "Revenue".

COSTS

Costs are recognized on an accruals basis in accordance with the matching principle.

GOVERNMENT GRANTS

Government grants are recognized when there is a reasonable certainty that they will be received and all the requirements on which receipt depends have been fulfilled.

Grants related to the purchase or production of non-current assets (grants related to assets) are recognized as deferred income and taken to profit or loss over the useful life of the underlying assets.

DERIVATIVES

The Group uses derivatives such as options and futures to manage market risks.

Derivatives are measured and recognized at fair value.

Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

The fair value of foreign-currency forward contracts is determined on the basis of the current forward exchange rates for contracts with similar maturity profiles.

The fair value of derivatives is determined using the swap curve weighted to take account of the counterparty credit risk.

The fair value of interest-rate contracts is determined on the basis of discounted flows using the zero coupon curve.

Derivatives, with the exception of those that qualify for hedge accounting, are classified under current assets and fair value gains and losses are taken directly to profit or loss.

Hedging transactions

Under IFRS 9, derivatives may be designated as hedging instruments when:

- the hedging relationship is formally designated and documented at inception;
- the hedging relationship is expected to be highly effective;
- effectiveness can be reliably measured;
- the hedging relationship can pass effectiveness tests at its inception and in all the accounting periods in which it is in operation.

Cash flow hedges protect against exposure to fluctuations in cash flows attributable to a particular risk linked to a recognized liability (i.e. interest on floating rate loans). The portion of the gain or loss on the fair value hedging instrument that is determined to be an effective hedge is recognized under comprehensive income (expense), while the non-effective component is recognized in the income statement.

Amounts deferred in equity are transferred to the income statement when the hedged transaction affects profit or loss.

INCOME TAX

Current income taxes are provided in accordance with local tax laws in the countries where the Group operates.

Deferred tax is recognized on the basis of temporary differences between the tax base of assets and liabilities and their carrying amount in the statement of financial position.

Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax assets, to the extent that it is probable that future taxable income will be available against which such differences, losses or credits may be reversed.

Taxable or deductible temporary differences do not generate recognition of deferred tax liabilities or assets only in the following cases:

- taxable temporary differences arising from the initial recognition of goodwill, except when such goodwill is tax-deductible;
- taxable or deductible temporary differences arising from initial recognition of an asset or a liability in transactions that are not business combinations and affect neither accounting profit nor taxable profit at the transaction date;
- equity investments in subsidiaries, associates and joint ventures when:
 - the Group is able to control the timing of reversal of the taxable temporary differences and it is probable that such differences will not reverse in the foreseeable future;
 - it is not probable that the deductible temporary differences will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference can be reversed.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that sufficient taxable income is no longer likely to be available in the future against which the assets can be used in full or in part.

Deferred tax assets and liabilities are determined at tax rates expected to apply when the deferred tax asset (liability) is realized (settled), based on rates that have been enacted or substantially enacted at the reporting date.

With reference to the possibility granted by Italian tax legislation to realign the tax value of goodwill to its book value, the Directors have decided as an accounting policy not to proceed with immediate recognition in the income statement of the future tax benefit linked to the step-up.

Taxes relating to items recognized directly in equity are recognized in equity, not in the income statement.

Deferred tax assets and deferred tax liabilities are not discounted to present value.

The Parent Company has established a National Tax Consolidation contract with the main Italian subsidiaries which makes it possible to offset the various companies' tax profits and losses for IRES purposes.

Exchange rates used to translate the financial statements of foreign operations

Exchange rates for 1 euro:

Currencies	Average rate		Closing rate	
	2022	2021	December 31, 2022	December 31, 2021
Czech koruna	24.56593	25.63776	24.11600	24.85800
Serbian dinar	117.41840	117.54925	117.32460	117.61650
Moroccan dirham	10.67814	10.62523	11.15800	10.48300
US dollar	1.05305	1.18241	1.06660	1.13260
Hungarian florin	391.28646	358.58256	400.87000	369.19000
Swiss franc	1.00471	1.08089	0.98470	1.03310
Ukrainian hryvnia	34.02486	32.24958	39.03700	30.92190
Croatian kuna	7.53487	7.52847	7.53650	7.51560
Moldavian leu	19.86115	20.88578	20.39740	20.11950
Bulgarian lev	1.95583	1.95583	1.95583	1.95583
Egyptian pound	20.16359	18.56268	26.39900	17.80120
Bosnian mark	1.95580	1.95580	1.95580	1.95580
New Turkish lira	17.40879	10.53207	19.96490	15.23350
New Romanian leu	4.93131	4.92156	4.94950	4.94900
Pound sterling	0.85276	0.85952	0.88693	0.84028
Polish zloty	4.68611	4.56548	4.68080	4.59690

The exchange rates used to translate the financial statements of foreign operations are those published by the Bank of Italy.

Significant events and changes in the consolidation area

The unprecedented energy crisis and, at the same time, the focus of the European Union and, more generally, of the main world economies on the environmental and energy transition of production require incisiveness and flexibility. Thanks to a team with a wide variety of industrial, managerial and financial skills and a widespread network of strategic relationships, Italmobiliare has been able to provide ongoing support to the Portfolio Companies' management in identifying rapid responses and defending profitability and growth prospects in a very complex market scenario: hedging strategies, intra-group synergies in energy procurement and timely transitions to alternative energy sources, refinancing operations, hiring and training of qualified resources, partnerships for development.

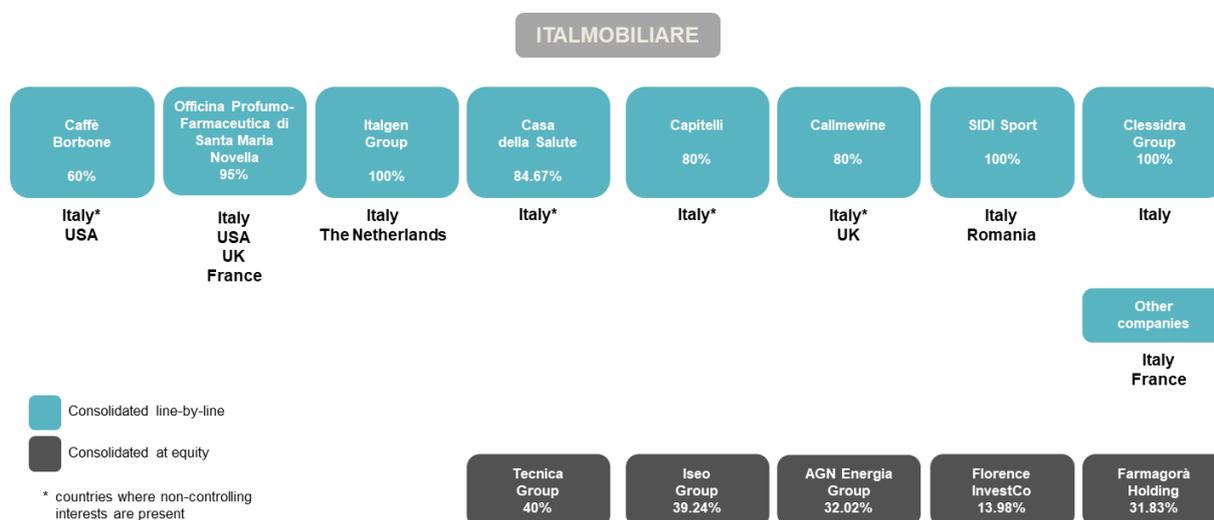
The actions taken at Holding Company level and by the Portfolio Companies in such a complex situation made it possible to achieve satisfactory results, limiting the impacts of the global crisis.

The main changes with respect to December 31, 2021 are as follows:

- purchase of a further 20% of the capital of Callmewine by FT3 for 4.5 million euro;
- inclusion of Industrie Mediterranee S.r.l. (Italy), owner of a plot of land, after being merged by incorporation into Caffè Borbone S.r.l.;
- sale of a 5% stake of Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A. for 10 million euro;
- establishment of Santa Maria Novella France sas (France), 100% owned by Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A.;
- establishment of FT4 S.r.l. by Italmobiliare S.p.A.;
- line-by-line consolidation of SIDI Sport S.r.l. (Italy), operating in the production of sport shoes and held 100% by FT4 S.r.l.;
- line-by-line consolidation of La Sierra Scarpe S.r.l. (Romania), operating in the production of sport shoes and held 100% by SIDI Sport S.r.l.;
- establishment of Callmewine UK Limited by Callmewine S.r.l. and line-by-line consolidation of 100%;
- establishment of Caffè Borbone America Corp. by Caffè Borbone S.r.l. and line-by-line consolidation of 100%;
- establishment of CDS Medical S.r.l. by Casa della Salute S.p.A. and line-by-line consolidation of 100%;
- establishment of Casa della Salute Sardegna S.r.l. by Casa della Salute S.p.A. and line-by-line consolidation of 90%;
- change in the percentage of consolidation at equity of Florence InvestCo S.r.l. and its subsidiaries (Italy) to 13.983% following the purchase/subscription of capital;
- change in the percentage of consolidation at equity of Farmagorà Holding S.p.A. and its subsidiaries (Italy) to 31.833% following the purchase/subscription of capital;
- line-by-line consolidation of Rovale S.r.l. (Italy), operating in the hydroelectric sector, held 51% by Italgen S.p.A.

Subsidiaries with non-controlling interests

The chart below illustrates the structure of the Italmobiliare Group:



There are no restrictions on access to or use of the assets of the Group non-wholly owned subsidiaries.

At December 31, 2022, the majority of the non-controlling interests refer to the 40% of Caffè Borbone whose financial data are set out below:

Caffè Borbone		
(in thousands of euro)	2022	2021
Revenue	262,734	252,891
Profit/(loss) for the year	38,958	63,471
Profit attributable to non-controlling interests of the Italmobiliare Group	15,583	25,388
Total comprehensive income	39,629	63,514
Total comprehensive income attributable to non-controlling interests of the Italmobiliare Group	15,852	25,406
Non-current assets	362,049	360,091
Current assets	98,365	71,705
Non-current liabilities	(15,823)	(5,276)
Current liabilities	(75,172)	(46,730)
Net assets	369,419	379,790
Net assets attributable to non-controlling interests of the Italmobiliare Group	147,768	151,916
Dividends paid	50,000	30,000
Dividends paid to non-controlling interests of the Italmobiliare Group	20,000	12,000

The following are the figures at December 31, 2022 of Capitelli F.lli S.r.l. with a 20% non-controlling interests:

Capitelli		
(in thousands of euro)	2022	2021
Revenue	19,182	17,499
Profit/(loss) for the year	1,279	3,122
Profit attributable to non-controlling interests of the Italmobiliare Group	256	624
Total comprehensive income	1,341	3,126
Total comprehensive income attributable to non-controlling interests of the Italmobiliare Group	268	625
Non-current assets	20,275	21,194
Current assets	7,781	6,192
Non-current liabilities	(6,112)	(3,038)
Current liabilities	(4,718)	(3,465)
Net assets	17,226	20,883
Net assets attributable to non-controlling interests of the Italmobiliare Group	3,445	4,177
Dividends paid	5,000	2,000
Dividends paid to non-controlling interests of the Italmobiliare Group	1,000	400

The following are the balance sheet figures at December 31, 2022 of the Casa della Salute group with a 15.328% non-controlling interests:

Casa della Salute		
(in thousands of euro)	2022	2021
Revenue	32,481	25,802
Profit/(loss) for the year	(1,691)	(775)
Profit attributable to non-controlling interests of the Italmobiliare Group	(259)	(119)
Total comprehensive income	(1,289)	(823)
Total comprehensive income attributable to non-controlling interests of the Italmobiliare Group	(198)	(127)
Non-current assets	62,881	49,863
Current assets	8,537	6,430
Non-current liabilities	(44,056)	(34,336)
Current liabilities	(15,637)	(14,020)
Non-controlling interests	(333)	(118)
Net assets	11,392	7,819
Net assets attributable to non-controlling interests of the Italmobiliare Group	1,746	1,202
Dividends paid		
Dividends paid to non-controlling interests of the Italmobiliare Group		

The following are the balance sheet figures at December 31, 2022 of the sub-consolidated figures of FT3, the vehicle used by the Italmobiliare Group for the acquisition, including Callmewine, with a 20% non-controlling interests:

Consolidated FT3 and Callmewine		
(in thousands of euro)	2022	2021
Revenue	16,202	17,215
Profit/(loss) for the year	(1,539)	(820)
Profit attributable to non-controlling interests of the Italmobiliare Group	(308)	(328)
Total comprehensive income	(1,343)	(831)
Total comprehensive income attributable to non-controlling interests of the Italmobiliare Group	(269)	(332)
Non-current assets	18,417	18,400
Current assets	4,698	6,871
Non-current liabilities	(1,329)	(1,408)
Current liabilities	(2,184)	(2,749)
Net assets	19,602	21,114
Net assets attributable to non-controlling interests of the Italmobiliare Group	3,920	8,446
Dividends paid		
Dividends paid to non-controlling interests of the Italmobiliare Group		

The following are the balance sheet figures at December 31, 2022 of the sub-consolidated figures of FT2, the vehicle used by the Italmobiliare Group for the acquisition, including the Officina Profumo-Farmaceutica di Santa Maria Novella Group, with a 5% non-controlling interests:

Consolidated FT2 and Officina Profumo-Farmaceutica di Santa Maria Novella		
(in thousands of euro)	2022	2021
Revenue	46,616	29,959
Profit/(loss) for the year	4,659	2,493
Profit attributable to non-controlling interests of the Italmobiliare Group	233	
Total comprehensive income	5,145	2,538
Total comprehensive income attributable to non-controlling interests of the Italmobiliare Group	257	
Non-current assets	188,455	188,200
Current assets	51,204	37,252
Non-current liabilities	(14,263)	(14,244)
Current liabilities	(12,437)	(13,568)
Net assets	212,959	197,640
Net assets attributable to non-controlling interests of the Italmobiliare Group	10,648	
Dividends paid		
Dividends paid to non-controlling interests of the Italmobiliare Group		

Acquisitions of subsidiaries and associates

As regards the consideration incurred for the acquisitions, please refer to the information provided in the Directors' report.

The provisional allocation of the consideration paid for SIDI Sport S.r.l., which is consolidated from December 31, 2022, is summarised below:

(in thousands of euro)	100% statutory amount of companies acquired	Fair Value adjustment	Fair Value
Net property, plant & equipment and other non-current assets	9,750		9,750
Goodwill	632	55,479	56,111
Intangible assets	15		15
Trade receivables and other current assets	11,415		11,415
Cash and cash equivalents	21,088		21,088
Trade payables and other current liabilities	(4,472)		(4,472)
Provision for risks and charges and deferred tax liabilities	(1,136)		(1,136)
Employee benefits	(12)		(12)
Financial payables and other financial liabilities (current and non-current)	(6,635)		(6,635)
Fair value of net assets acquired (A)	30,645	55,479	86,124
Goodwill (B)	55,479	(55,479)	
Acquisition costs (C)	937		937
Non-controlling interests at fair value (D)			
Total consideration A + B + C + D	87,061		87,061
(in thousands of euro)			
Cash consideration			87,061
Cash and cash equivalents acquired			(21,088)
Net cash outflow arising on acquisition			65,973

Acquisition expenses are recognized in the "Services" line of the income statement.

The SIDI Sport group recognised revenue of 33.2 million euro and a profit of 1.5 million euro in its statutory income statement. They have not been included in the consolidated financial statements of the Italmobiliare Group as the SIDI Sport group was acquired at the end of 2022.

The preliminary purchase price allocation (PPA) of Rovale S.r.l. is summarised below:

(in thousands of euro)	100% statutory amount of companies acquired	Fair Value adjustment	Fair Value
Net property, plant & equipment and other non-current assets	936	3,166	4,102
Intangible assets	341		341
Trade receivables and other current assets	325		325
Cash and cash equivalents	31		31
Trade payables and other current liabilities	(177)		(177)
Provision for risks and charges and deferred tax liabilities		(883)	(883)
Financial payables and other financial liabilities (current and non-current)	(1,006)		(1,006)
Fair value of net assets acquired (A)	450	2,283	2,733
Goodwill (B)	2,283	(2,283)	
Non-controlling interests at fair value (C)	(1,339)		(1,339)
Total consideration A + B + C	1,394		1,394
(in thousands of euro)			
Cash consideration			1,394
Cash and cash equivalents acquired			(31)
Net cash outflow arising on acquisition			1,363

Operating segment disclosure

The Group's operating sectors for segment reporting purposes as required by IFRS 8 correspond to its main subsidiaries and associates (Caffè Borbone, Italgem, Capitelli, Officina Profumo-Farmaceutica di Santa Maria Novella, Casa della Salute, Callmewine, SIDI Sport, Clessidra Group, Tecnica Group, Iseo Serrature, AGN Energia and "Other companies", including Crédit Mobilier de Monaco and Italmobiliare Servizi, which make up 81% of that segment's revenue, and Sirap). The comparative figures for 2021 have been restated for consistency with those of the year under review.

The Group management and organizational structure reflects the disclosure by business segment described above. Identification of the operating segments is based on the elements used by Group senior management to take decisions regarding allocation of resources and evaluation of results.

The table below sets out revenue and income and the results by segment for 2022:

(in thousands of euro)	Revenue and income	Inter-company sales	Contribution revenue	Gross operating profit (EBITDA)	Operating profit (EBIT)	Net finance income/(costs)	Impairment of financial assets	Share of profit (loss) of equity-accounted associates	Profit (loss) before tax	Income tax
Italmobiliare	137,049	(112,997)	24,052	70,298	69,592					
Caffè Borbone	262,734	(4)	262,730	65,824	54,827					
Officina Profumo-Farmaceutica di Santa Maria Novella	46,616	(53)	46,563	11,287	6,903					
Italgem	49,951	(299)	49,652	9,787	3,519			2,744		
Casa della Salute	32,481		32,481	4,786	(1,149)					
Capitelli	19,182	(1)	19,181	2,779	1,744					
Callmewine	16,202	(7)	16,195	(1,612)	(2,022)					
Clessidra	30,650		30,650	6,330	3,907					
SIDI Sport				(951)	(951)					
Tecnica Group								15,718		
AGN Energia								4,011		
Iseo								3,477		
Other companies	4,631	(2,505)	2,126	(1,543)	(1,967)			(1,231)		
Unallocated items and adjustments	(115,866)	115,866		(112,092)	(111,704)	(2,942)			44,476	(8,015)
Total	483,630		483,630	54,893	22,699	(2,942)		24,719	44,476	(8,015)

The table below sets out revenue and income and the results by segment for 2021:

(in thousands of euro)	Revenue and income	Inter-company sales	Contribution revenue	Gross operating profit (EBITDA)	Operating profit (EBIT)	Net finance income/(costs)	Impairment of financial assets	Share of profit (loss) of equity accounted associates	Profit (loss) before tax	Income tax
Italmobiliare	110,795	(28,093)	82,702	76,203	75,403					
Caffè Borbone	252,891	(4)	252,887	83,124	72,865					
Officina Profumo-Farmaceutica di Santa Maria Novella	29,959	(54)	29,905	8,215	4,590					
Italgem	45,319		45,319	22,956	17,900			343		
Casa della Salute	25,802		25,802	2,458	(214)					
Capitelli	17,499	(2)	17,497	3,921	2,969					
Callmewine	17,216	(3)	17,213	(791)	(1,072)					
Clessidra	19,435		19,435	1,466	229					
SIDI Sport										
Tecnica Group								12,744		
AGN Energia								5,577		
Iseo								4,622		
Other companies	4,352	(2,824)	1,528	210	(667)			6,290		
Unallocated items and adjustments	(30,980)	30,980		(27,238)	(26,828)	(1,890)				
Total	492,288		492,288	170,524	145,175	(1,890)		29,576	172,861	(48,777)

The table below sets out other segment figures at December 31, 2022:

(in thousands of euro)	December 31, 2022		December 31, 2022			
	Total assets	Total liabilities	Capital expenditure	Non-current financial investments	Amortisation and depreciation	Impairment losses of non-current assets
Italmobiliare	1,363,353	73,611	1,427	132,376	(707)	
Caffè Borbone	460,331	91,020	9,574	2,237	(10,997)	
Officina Profumo-Farmaceutica di Santa Maria Novella	239,659	26,700	4,118		(4,384)	
Italgem	97,365	60,913	9,214	1,401	(6,268)	
Casa della Salute	71,418	59,693	20,097		(5,908)	(27)
Capitelli	28,056	10,830	597		(1,035)	
Callmewine	23,115	3,513	358	4,506	(410)	
Clessidra	169,027	132,735	3,319		(2,423)	
SIDI Sport	99,524	47,042		87,061		
Tecnica Group	76,500					
AGN Energia	71,308					
Iseo	47,531					
Other companies	81,836	23,742	1,902		(574)	151
Inter-segment eliminations	(742,372)	(53,218)			388	
Total	2,086,651	476,581	50,606	227,581	(32,318)	124
From assets classified as held for sale						
Total	2,086,651	476,581	50,606	227,581	(32,318)	124

The table below sets out other segment figures at December 31, 2021:

(in thousands of euro)	December 31, 2021		December 31, 2021			
	Total assets	Total liabilities	Capital expenditure	Non-current financial investments	Amortisation and depreciation	Impairment losses of non-current assets
Italmobiliare	1,416,209	95,397	515	67,870	(800)	
Caffè Borbone	431,796	52,006	11,726		(10,259)	
Officina Profumo-Farmaceutica di Santa Maria Novella	225,452	27,812		42,040	(3,625)	
Italgem	91,530	54,189	5,729	9,491	(5,056)	
Casa della Salute	56,293	48,356			(2,672)	
Capitelli	27,386	6,503	1,159		(952)	
Callmewine	25,271	4,157		85	(281)	
Clessidra	107,678	79,705			(1,237)	
SIDI Sport						
Tecnica Group	59,435					
AGN Energia	65,735					
Iseo	47,898					
Other companies	143,133	13,730	3,505	19,290	(527)	(350)
Inter-segment eliminations	(700,705)	(22,546)	(295)		410	
Total	1,997,111	359,309	22,339	138,776	(24,999)	(350)
From assets classified as held for sale	56					
Total	1,997,167	359,309	22,339	138,776	(24,999)	(350)

Capital expenditure in this table includes investments coming from the IFRS 16 application.

ASSETS

Non-current assets

1) PROPERTY, PLANT AND EQUIPMENT

(in thousands of euro)	Land and buildings	Technical plant, materials and equipment	Other property, plant & equipment	Total
Gross amount	105,044	177,337	51,605	333,986
Accumulated depreciation	(23,608)	(101,514)	(25,578)	(150,700)
Carrying amount at December 31, 2021	81,436	75,823	26,027	183,286
Investments	6,812	8,485	18,887	34,184
Right-of-use assets pursuant IFRS 16	5,999	1,033	906	7,938
Change in the consolidation area, reclassifications, other	12,188	13,068	(7,850)	17,406
Decreases	(585)	(428)	(294)	(1,307)
Depreciation	(7,352)	(12,256)	(1,743)	(21,351)
Impairment losses				
Translation differences	378	26	(1)	403
Carrying amount at December 31, 2022	98,876	85,751	35,932	220,559
Gross amount	131,207	197,481	66,514	395,202
Accumulated depreciation	(32,331)	(111,730)	(30,582)	(174,643)
Carrying amount at December 31, 2022	98,876	85,751	35,932	220,559

The net carrying amount of the right-of-use assets amounts to 58,484 thousand euro at December 31, 2022 (50,118 thousand euro at December 31, 2021) and includes buildings for 54,483 thousand euro, plant for 3,096 thousand euro and vehicles for 915 thousand euro. The variations of the period are mainly linked to new investments for 42,122 thousand euro and changes in the consolidation area for 9,865 thousand euro. The investments refer to the Casa della Salute group for 15,035 thousand euro, to Caffè Borbone for 9,325 thousand euro, to the Italgen group for 8,923 thousand euro and to the Officina Profumo-Farmaceutica di Santa Maria Novella group for 3,990 thousand euro. The changes in the consolidation area are mainly related to the entry of the companies of the SIDI Sport group, the company Rovale (Italgen group) and the plot of land of Industrie Mediterranee.

"Other property, plant and equipment" includes assets under construction for 25,221 thousand euro.

The useful lives adopted by the Group for the main asset categories are as follows:

Civil and industrial buildings	10 - 33 years
Plant and machinery	5 - 30 years
Other property, plant and equipment	3 - 10 years

The range between the above minimum and maximum limits indicates the presence for the same asset category of different useful lives.

2) INVESTMENT PROPERTY

(in thousands of euro)	
Gross amount	6,992
Accumulated depreciation	(1,603)
Carrying amount at December 31, 2021	5,389
Investments	
Decreases	(352)
Depreciation and impairment losses	(83)
Carrying amount at December 31, 2022	4,954
Gross amount	6,640
Accumulated depreciation	(1,686)
Carrying amount at December 31, 2022	4,954

Investment property, with an estimated useful life of 33 years, is measured at cost.

The fair value of these investments at December 31, 2022 was 21,161 thousand euro (20,527 thousand euro at December 31, 2021). The designation of their fair value is a level 3 determined by verifying the value of comparable transactions and based on the appraisal prepared by independent external experts.

3) GOODWILL

(in thousands of euro)	
Carrying amount at December 31, 2021	245,206
Increases	55,479
Sales	
Translation differences and other changes	631
Carrying amount at December 31, 2022	301,586

The change in goodwill is mainly due to the acquisition of the SIDI Group. Such amount is to be considered provisional until the completion of the purchase price allocation process.

Goodwill impairment test

Goodwill, coming from the acquisition method of accounting for a business combination, is allocated to cash-generating units (CGUs). The Group tests goodwill recoverability at least once a year or more frequently if there are signs of impairment. The method used to determine the recoverable amount of goodwill is described in the section "Basis of consolidation", paragraph "Impairment".

The following table shows the values of post-impairment test goodwill:

(in thousands of euro)	Carrying amount of goodwill	
	December 31, 2022	December 31, 2021
Cash-generating units		
Caffè Borbone	158,837	158,837
SIDI Sport	56,111	
Officina Profumo-Farmaceutica di Santa Maria Novella	33,383	33,383
Casa della Salute	22,290	22,021
Callmewine	14,382	14,382
Capitelli	8,011	8,011
Other companies	8,572	8,572
Total	301,586	245,206

Caffè Borbone

The goodwill allocated to the subsidiary Caffè Borbone, which is a single cash generating unit (CGU) for the purposes of the Italmobiliare Group consolidated financial statements, was tested for impairment in accordance with IAS 36. The recoverable amount of the CGU was estimated with the assistance of an independent expert using the value in use configuration, based on the present value of (unlevered) future cash flows, net of tax, based on the 2023 budget approved by the company's Board and on the plan's financial and business projections for the period 2023-2026 prepared by its management and updated to January 2023. The 2022-2026 CAGR of revenue foreseen in the budget/plan is equal to 9.8%, compared with an actual growth rate of 3.7% in 2022 and 15.3% in 2021. The cash flows were discounted using a post-tax discount rate (WACC) of 10.0%, including an additional premium with respect to the Capital Asset Pricing Model (CAPM) to take account of the specific risk. For the purpose of estimating the terminal value, an annual growth rate for long-term sustainable revenue (g rate) of 2.0% was used. The test did not identify any evidence of impairment losses on goodwill.

The sensitivity analysis showed that an increase of 100 basis points (+1%) in the discount rate (WACC), even in conjunction with a 100 basis point reduction in the growth rate (g) in the terminal value, would not generate any impairment loss. In addition, a further sensitivity analysis showed that a 57% decrease in (unlevered) future cash flows, net of tax, would lead to a recoverable amount in line with the value of net invested capital.

Furthermore, also reducing the 2022-2026 growth rate of revenue (CAGR) to 5% (reduction of 4.8 percentage points compared with the 9.8% foreseen in the budget/plan), with the same discount rate (WACC) and growth rate (g) in the terminal value, no impairment loss would emerge.

Officina Profumo-Farmaceutica di Santa Maria Novella

The goodwill allocated to the Officina Profumo-Farmaceutica di Santa Maria Novella Group, which is a single cash generating unit (CGU) for the purposes of the Italmobiliare Group consolidated financial statements, was tested for impairment in accordance with IAS 36. In particular, the recoverable amount of the CGU was estimated with the assistance of an independent expert using the value in use configuration, based on the present value of (unlevered) future cash flows, net of tax, based on the 2023 budget approved by the company's Board and on the plan's financial and business projections for the period 2022-2026 prepared by its management in January 2022. The 2022-2026 CAGR of revenue foreseen in the plan is equal to 21.3%. The cash flows were discounted using a post-tax discount rate (WACC) of 14.0%, including an additional premium with respect to the Capital Asset Pricing Model (CAPM) for the specific risk. For the purpose of estimating the terminal value, an annual long-term sustainable growth rate for revenue (g rate) of 2.0% was used from 2027 onwards. The test did not identify any evidence of impairment losses on goodwill.

At the same long-term growth rate (g), an increase in the discount rate of +0.6% would lead to a recoverable amount in line with the value of net invested capital. Furthermore, also by reducing the EBITDA margin of each plan year by 4.6% with the same discount rate (WACC) and growth rate (g) in the terminal value, no impairment loss would emerge. Finally, a further sensitivity analysis showed that a 5.2% decrease in (unlevered) future cash flows, net of tax, would lead to a recoverable amount in line with the value of net invested capital.

Capitelli

The goodwill allocated to Capitelli, which is a single cash generating unit (CGU) for the purposes of the Italmobiliare Group consolidated financial statements, was tested for impairment in accordance with IAS 36. In particular, the recoverable amount of the CGU was estimated with the help of an independent expert using the fair value configuration on the basis of the EV/EBITDA multiple applied to the 2023 EBITDA (adjusted compared to the EBITDA that resulted from the 2023 budget approved by the company's Board of Directors and that took into account an unusually high cost of raw materials), up 14% compared with 2022. The test did not identify any evidence of impairment losses on goodwill. This test is also supported by the results of the valuation control analyses carried out based on the present value of the expected future cash flows. Furthermore, the estimate of the fair value on the basis of the EV/EBITDA multiple applied to the 2023 EBITDA (not adjusted) would not identify any evidence of impairment losses on goodwill.

The sensitivity analysis carried out indicates that even in the event of significant changes (-15%) in the EBITDA used, there would be no evidence of impairment. A decrease in the EV/EBITDA of 49% would lead to a recoverable amount in line with the value of the net invested capital.

The overall climate risk for Capitelli has been estimated as medium-high as a consequence of exposure to both physical and transitional risks in the food sector. Exposure to both acute and chronic physical risks has been put at medium-high, mainly due to the effects of drought on the high-quality pork supply chain. Exposure to transition risks has been assessed as medium-high due to the probable evolution of policies in the segment, market risk resulting from the growing sensitivity of distributors and consumers to low-carbon food products and reputational risk linked to the effectiveness of the communication on climate objectives. The main risk factor identified by the company in relation to climate change is the increase in the price of raw material (pork), though it should be possible to transfer all of it onto the price of the finished product.

Casa della Salute

The goodwill allocated to the Casa della Salute group, which is a single cash generating unit (CGU) for the purposes of the Italmobiliare Group consolidated financial statements, was tested for impairment in accordance with IAS 36. In particular, the recoverable value of the CGU was estimated with the support of an independent expert using the value in use configuration, based on the present value of (unlevered) future cash flows, net of tax, and on the financial and business projections for the period 2022-2025 updated by its management to April 2022. The cash flows were discounted using a post-tax discount rate (WACC) of 12.8%, including an additional premium with respect to the Capital Asset Pricing Model (CAPM) to take into account the specific risk. For the purpose of estimating the terminal value, an annual growth rate for long-term sustainable revenue (g) of 2.0% was used. The test did not identify any evidence of impairment losses on goodwill.

The sensitivity analysis showed that an increase of 50 basis points (+0.5%) in the discount rate (WACC) would not generate any impairment loss. Moreover, another sensitivity analysis verified that an 8.7% decrease in future (unlevered) cash flows (net of taxes) would lead to a recoverable amount in line with the value of the net invested capital.

Callmewine

The goodwill allocated to Callmewine, which is a single cash generating unit (CGU) for the purposes of the Italmobiliare Group consolidated financial statements, was tested for impairment in accordance with IAS 36. The recoverable value of the CGU was estimated with the support of an independent expert according to the market multiples method, applying the multiple EV/Sales 2022 (forecast January 2023). In particular, the entry multiple, which was implicit in the purchase of shares by Italmobiliare, was used. The test did not identify any evidence of impairment losses on the goodwill. The sensitivity analysis carried out indicates that even in the event of significant changes (-10%) in revenue or in the multiple used, there would be no evidence of impairment. The multiple used is in line with the average of market multiples and stock market multiples.

Other companies

With reference to the other companies, goodwill was mainly attributable to the CGU represented by the Clessidra Group and relating to Clessidra Private Equity SGR S.p.A., Clessidra Capital Credit SGR S.p.A. and Clessidra Factoring S.p.A., fully owned subsidiaries of the direct subsidiary Clessidra Holding S.p.A.

The Sum-of-the-Parts (SOTP) approach was adopted, which determines the overall recoverable amount of the operating net invested capital of the CGU. For Clessidra Private Equity SGR S.p.A. and Clessidra Capital Credit SGR S.p.A., being financial companies that perform management and investment activities and are subject to the regulatory framework provided by the specific Supervisory Authorities, the recoverable amount was determined according to an equity-side approach based on an estimate of the present value of future financial flows available for the shareholders. In particular, the recoverable amount was estimated with the help of an independent expert on the basis of existing liquidity and the present value of future cash flows available for the shareholders taken from the economic-financial projections for the period 2023-2025 of the plan approved by the Board of Directors of Clessidra Holding S.p.A. Given the particular nature of the business and the importance of human resources, a "finite" perspective has been adopted which is based on the projections of future cash flows expected in the years covered by the plan. The cash flows were discounted using a Ke rate of 12.7%. For Clessidra Factoring S.p.A. the recoverable amount was determined according to an equity-side approach based on the application of P/E 2023 market multiple. The tests did not identify any evidence of impairment losses on goodwill.

The sensitivity analysis carried out indicates that an increase of 100 basis points (+1.0%) in the discount rate would not generate any impairment loss on goodwill .

Market capitalisation

During the year, Italmobiliare S.p.A. market capitalization recorded a decrease with respect to December 31, 2021 (passing from 1,374.2 million euro to 1,080.7 million euro) notwithstanding the positive results of the main portfolio companies, the distribution of dividends and the downturn in the reference stock market (ITSTAR -28.3%).

NAV reported a decrease, as explained in the Directors' report, significantly lower than the decrease in market capitalisation; consequently, the discount against equity increased.

Management believes, nevertheless, that the difference between the two measures is characteristic of the current situation and that the amounts reflected by the valuations, which were also based on external and market parameters, confirm consistency with the equity amounts recognized in the Group consolidated financial statements.

4) INTANGIBLE ASSETS

(in thousands of euro)	Brands, patents and licenses	Other intangible assets	Total
Gross amount	231,822	103,668	335,490
Accumulated amortisation	(2,743)	(24,652)	(27,395)
Carrying amount at December 31, 2021	229,079	79,016	308,095
Investments	1,720	6,494	8,214
Acquisitions after business combinations and other	51	505	556
Decreases	(195)		(195)
Amortisation and impairment losses	(2,074)	(8,659)	(10,733)
Translation differences	2		2
Carrying amount at December 31, 2022	228,583	77,356	305,939
Gross amount	233,231	110,594	343,825
Accumulated amortisation	(4,648)	(33,238)	(37,886)
Carrying amount at December 31, 2022	228,583	77,356	305,939

The item "Trademarks, patents and licences" mainly includes the Caffè Borbone trademark for 92,105 thousand euro (value at December 31, 2021 equal to 92,112 thousand euro) and Officina Profumo-Farmaceutica di Santa Maria Novella for 124,186 thousand euro (same value as at December 31, 2021).

Since an indefinite useful life (assessment revised at each balance sheet date) was attributed to the **Caffè Borbone** trademark on allocation of the acquisition price, the Group conducts an impairment test to check the recoverability of the carrying amount at least on an annual basis, or more frequently if events or circumstances suggest an impairment loss. For the impairment test at December 31, 2022, carried out with the help of an independent expert, the estimated recoverable amount of the trademark was based on the so-called "Relief-from-royalty-rate method", which considers the present value of the royalty flows, net of tax, that the company theoretically saves in relation to the future trend in turnover envisaged by the plan and long-term sustainable growth assumptions. Royalty flows were discounted using a discount rate (WACC) of 10.0%, including an additional premium with respect to the Capital Asset Pricing Model (CAPM) for specific risk. Terminal value was estimated with reference to a long-term sustainable growth rate (g rate) of 2.0%. The test confirmed the full recoverability of the trademark's carrying amount.

The sensitivity analysis showed that an increase of 25 basis points (+0.25%) in the discount rate, at the same royalty rate and long-term growth rate (g), would not generate any impairment loss. At the same royalty rate and long-term growth rate (g), an increase in the discount rate of 520 basis points (+5.2%) would lead to a recoverable amount in line with the carrying amount of the trademark. Furthermore, reducing the CAGR 2022-2026 of revenue to 5.0% (reduction of 4.8 percentage points compared with the 9.8% foreseen in the budget/plan), with the same discount rate (WACC) and growth rate (g) in the terminal value, no impairment loss would emerge.

Since an indefinite useful life was attributed to the **Officina Profumo-Farmaceutica di Santa Maria Novella** trademark on allocation of the acquisition price, the Group conducts an impairment test to test the recoverability of the carrying amount at least on an annual basis, or more frequently if events or circumstances suggest on impairment. For the impairment test at December 31, 2022, carried out with the help of an independent expert, the estimated recoverable amount of the trademark was based on the so-called "Relief-from-royalty-rate method", which considers the present value of the royalty flows, net of tax, that the company theoretically saves in relation to the future trend in turnover envisaged by the plan and long-term sustainable growth assumptions. Royalty flows were discounted using a discount rate (WACC) of 14.0%, including an additional premium with respect to the Capital Asset Pricing Model (CAPM) for specific risk estimated taking into account the evolution of "business plan revenues". Terminal value was estimated with reference to a long-term sustainable growth rate (g rate) of 2.0%. The test, also taking into account the results of the sensitivity analysis conducted, confirmed the overall recoverability of the carrying amount of the trademark. The sensitivity analysis showed that an increase of 100 basis points (+1.0%) in the discount rate, at the same royalty and long-term growth rate (g), would generate an impairment loss of 14.1 million euro.

The method used for impairment testing trademarks is in line with that used to determine the fair value of these assets during the PPA.

The item "Other intangible assets" mainly includes customer lists. The intangible asset based on the "Customer relationships" of Caffè Borbone has a net carrying amount at December 31, 2022 of 64,923 thousand euro. Given that it has a finite useful life and is subject to amortisation based on an estimated useful life of 15 years, the first assessment was whether or not there were any indication of impairment, as required by IAS 36. As an analysis of actual customer performance of the customer relationships and other relevant evidence and circumstances led to the exclusion of any presumption of impairment, we did not carry out an analytical impairment test of the customer relationships.

5) INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES

This caption reflects the portions of net equity held in equity-accounted investments in associates. The main equity-accounted investments in associates are listed below:

(in thousands of euro)	Carrying amount of investments		Share of profit (loss)	
	December 31, 2022	December 31, 2021	2022	2021
Associates				
Tecnica Group	74,373	59,435	15,718	12,744
Iseo	47,531	47,898	3,477	4,622
AGN Energia	71,308	65,735	4,011	5,577
S.E.S.	7,500	6,400		
Dokimè	1,893	1,935	(42)	(46)
Florence InvestCo	31,238	17,859	(545)	
Other	23,348	9,384	2,100	6,679
Total associates	257,191	208,646	24,719	29,576

Information on the main investments in associates is set out below.

Tecnica Group

(in thousands of euro)	2022	2021
Revenue	560,984	465,891
Profit (loss) for the year attributable to owners of the parent company	39,295	31,860
Profit (loss) for the year attributable to non-controlling interests	5,546	8,182
Profit (loss) for the year	44,841	40,042
Other comprehensive income (expense)	9,634	1,931
Total comprehensive income for the year	54,475	41,973
Non-current assets	148,093	145,060
Current assets	378,653	289,570
Non-current liabilities	(148,737)	(176,193)
Current liabilities	(240,617)	(162,207)
Non-controlling interests	(28,439)	(24,618)
Net assets	108,953	71,612
Equity interest	40%	40%
Equity interest at the beginning of the year	59,435	48,816
Change during the year	14,938	10,619
Equity interest at the end of the year	74,373	59,435
Dividends received in the year	3,200	

Iseo

(in thousands of euro)	2022	2021
Revenue	163,308	152,463
Profit (loss) for the year attributable to owners of the parent company	9,501	11,459
Profit (loss) for the year attributable to non-controlling interests	591	498
Profit (loss) for the year	10,092	11,957
Other comprehensive income (expense)	736	18
Total comprehensive income for the year	10,828	11,975
Non-current assets	73,391	69,543
Current assets	112,649	118,478
Non-current liabilities	(52,446)	(50,384)
Current liabilities	(60,921)	(65,422)
Non-controlling interests	(2,579)	(2,087)
Net assets	70,094	70,128
Equity interest	39.2%	39.4%
Equity interest at the beginning of the year	47,898	45,700
Change during the year	(367)	2,198
Equity interest at the end of the year	47,531	47,898
Dividends received in the year	3,931	1,381

AGN Energia

(in thousands of euro)	2022	2021
Revenue	703,387	571,476
Profit (loss) for the year attributable to owners of the parent company	17,015	23,910
Profit (loss) for the year attributable to non-controlling interests	22	27
Profit (loss) for the year	17,037	23,937
Other comprehensive income (expense)	1,235	
Total comprehensive income for the year	18,272	23,937
Non-current assets	261,256	254,606
Current assets	202,973	200,864
Non-current liabilities	(75,002)	(89,907)
Current liabilities	(187,378)	(174,096)
Non-controlling interests	(547)	(524)
Net assets	201,302	190,943
Equity interest	32.0%	30.0%
Equity interest at the beginning of the year	65,735	60,791
Change during the year	5,573	4,944
Equity interest at the end of the year	71,308	65,735
Dividends received in the year	2,730	1,290

S.E.S. Group

(in thousands of euro)	2022*	2021**
Revenue	4,951	18,325
Profit (loss) for the year	(1,058)	(1,764)
Other comprehensive income (expense)		
Total comprehensive income for the year	(1,058)	(1,764)
Non-current assets	37,143	48,630
Current assets	17,326	26,191
Non-current liabilities	(2,563)	(12,887)
Current liabilities	(5,489)	(10,766)
Non-controlling interests		(4,330)
Net assets	46,417	46,838
Equity interest net of treasury shares	33.5%	33.7%
Equity interest at the beginning of the year	6,400	6,400
Impairment		
Equity interest at the end of the year	6,400	6,400
Dividends received in the year		

* Figures at June 30, 2022 ITA GAAP.

** Consolidated figures at December 31, 2020 ITA GAAP

Impairment test of associates

For the purpose of impairment testing the carrying amount of the investments in associates, the recoverable amount has been estimated in the fair value configuration on the basis of appropriate multiples derived from a sample of comparable listed companies, as further explained below. The sensitivity analysis was based on the (negative) change in the economic variables applied to the related multiples within reasonable intervals.

With regards to the associate Tecnica Group S.p.A., the recoverable amount was determined in the fair value configuration on the basis of the multiple EV/EBITDA 2022 (using January 2023 forecast data approved by the company's Board of Directors). In particular, reference was made to the EV/EBITDA multiple implicit in the option to repurchase the investment held by the controlling shareholder, after verifying that this multiple was lower than the current market multiples referring to a sample of comparable listed companies. Since the fair value of the investment estimated on the basis of this multiple is significantly higher than the carrying amount of the investment,

there is no evidence of an impairment loss on the investment. The sensitivity analysis carried out indicates that even in the event of significant changes (-20%) in the EBITDA used, there would be no evidence of impairment.

An impairment test was also carried out for the two associates ISEO Serrature S.p.A. and AGN Energia S.p.A. based on an estimate of their fair value. The latter was determined by applying the market multiples method (specifically, EV/EBITDA 2023 was used for Iseo and EV/EBITDA 2023 was used for AGN Energia). The expected result of AGN Energia (in terms of normalised EBITDA 2023) is the one prepared according to Italian accounting standards, adjusted to reflect the best available estimate of the IFRS adoption effects. In both cases, an adequate discount was taken into account with respect to the reference rate which consisted of the average of market multiples recorded for a sample of reference listed companies. Its measurement was defined in relation to facts and circumstances concerning the specific situation of the subsidiary considered and the effective level of comparability in terms of size, profitability and risk of the listed companies that make up the sample. There is neither impairment loss for AGN Energia nor for Iseo. With regard to AGN Energia, the sensitivity analysis carried out indicates that even in the event of significant changes (-10%) in the EBITDA used, there would be no evidence of impairment. A 14.0% reduction in the multiple would result in a recoverable value in line with the carrying amount of the investment. With regard to Iseo, the sensitivity analysis carried out indicates that even in the event of significant changes (-10%) in the reference EBITDA used, there would be no evidence of impairment. A 16.6% reduction in the multiple would result in a recoverable value in line with the amount of the investment.

Given that the verification of equity investments for the purpose of impairment testing is based on the configuration of fair value (with the market multiples technique), the impact of climate risk indicated in the Director's Report did not have any effect on the valuation of the groups in question.

With regard to the investment in the associate Società Editrice Sud S.p.A. (S.E.S.), an impairment test was carried out based on an estimate of its fair value. The latter was determined by applying the market multiples method. Since there are no updates to the accounting data, nor any forward-looking indications formalized in a budget/plan document, the fair value of the investment was estimated based on the 2021 EV/Sales trailing multiple obtained from a sample of listed companies in the same sector. Since these companies have sizes and business profiles that are sometimes significantly different, an appropriate discount was used to determine the fair value of the investment compared with the value implicit in a straightforward application of the average multiple for the sample. The estimate of the fair value of the investment carried out according to the criteria described above did not show any impairment losses.

With regard to the investment in the Florence Group, an impairment test was carried out based on an estimate of its fair value. The latter was determined by applying the market multiples method (EV/EBITDA applied to the forecast 2022 EBITDA). The test did not reveal any evidence of losses due to impairment. The sensitivity analysis carried out indicates that even in the event of significant changes in the reference multiple used, there would be no evidence of impairment.

6) OTHER EQUITY INVESTMENTS

This caption, classified under the non-current assets, reflects equity investments measured at FVTOCI as required by the IFRS 9.

(in thousands of euro)	
At December 31, 2021	131,515
Increases	53,051
Sales and repayments	(5,753)
Fair value changes taken to equity reserves	(4,075)
At December 31, 2022	174,738

The increases mainly concern the investments in Bene Assicurazioni for 41,051 thousand euro and in Archimede for 12,000 thousand euro.

"Sales and repayments" mainly concern the partial disposal of Archimede for 3,000 thousand euro and the total disposal of Coima Res for 2,676 thousand euro.

"Fair value changes of equity reserves" relate essentially to Bacco for 2,452 thousand euro, the shares in KKR Teemo for 2,742 thousand euro, New Flour for 559 thousand euro, 035 Investimenti for -2 thousand euro, HeidelbergCement for -4,056 thousand euro, Fin. Priv. S.p.A. for -2,279 thousand euro, Unicredit for -55 thousand euro, Vontobel for -1,739 thousand euro, Coima Res for -408 thousand euro, Ariston for -507 thousand euro, and Cairo Communication for -104 thousand euro. The above amounts include both the change in the fair value for the period and the fair value differences recorded in the equity reserves following the disposals.

The fair value changes in FVTOCI relating to listed securities and recognized during 2022 amounted overall to -6,881 thousand euro.

Other equity investments at December 31, 2022 were as follows:

(in thousands of euro)	Number of shares	December 31, 2022
Investments in listed companies		
HeidelbergCement	650,000	34,632
Ariston	975,000	9,380
Vontobel	115,238	7,174
Unicredit	204,331	2,712
Piaggio	169,699	476
Cairo Communication	189,198	282
Can Fite	204	
	Total	54,656
Equity investments in non-listed companies		
Bacco		30,393
Fin. Priv.		18,793
KKR Teemo		11,744
New Flour		6,338
Sesaab		1,000
Bene Assicurazioni		41,051
Other		10,763
	Total	120,082
	At December 31, 2022	174,738

The fair value of listed companies is determined on the basis of the official share price of the last accounting day while for the unlisted investments, in accordance with IFRS 13, the fair value was determined using different methods based on the characteristics and available data, like the fair value less cost to sell, the discounted cash flow or the equity.

7) TRADE RECEIVABLES AND OTHER NON-CURRENT ASSETS

"Trade receivables and other non-current assets" were made up as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Non-current receivables	11,257	10,678	579
Financial assets at FVTPL in NFP	2,052	2,897	(845)
Financial assets at FVTPL not in NFP	213,352	188,513	24,839
Guarantee deposits	1,732	1,929	(197)
Other	2,143	1,878	265
Total	230,536	205,895	24,641

The main movements on this caption were:

- the purchase of mutual fund, bonds and private equity funds for 52,552 thousand euro;
- the partial reimbursement of private equity funds for 18,462 thousand euro;
- decrease in fair value of private equity funds for 18,939 thousand euro;
- increase in fair value of the private equity funds for 3,146 thousand euro;
- the increase of exchange rates differences for 6,542 thousand euro;

Non-current receivables include the financial receivable from the company Archimede for 6,000 thousand euro and from the company Gardawind for 1,813 thousand euro and cashes for 1,815 thousand euro.

Current assets

8) INVENTORIES

"Inventories" are made up as follows:

in thousands of euro)	December 31, 2022	December 31, 2021	Change
Raw materials, consumables and supplies	40,998	25,990	15,008
Work in progress and semifinished goods	3,399	521	2,878
Finished goods	13,618	6,818	6,800
Payments on account	656	256	400
Total	58,671	33,585	25,086

Inventories reported an increase mainly due to Caffè Borbone, because of the increase in the price of raw coffee, and the consolidation of the SIDI Sport group. Inventories are shown net of allowances totalling 1,424 thousand euro (1,666 thousand euro at December 31, 2021) accounted for mainly to cover the risk of slow-moving of ancillary materials, spare parts and other consumables.

Spare parts at December 31, 2022 amounted to 73 thousand euro (93 thousand euro at December 31, 2021).

9) TRADE RECEIVABLES

This caption is made up as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Gross amount	210,409	133,893	76,516
Impairment losses	(4,773)	(4,018)	(755)
Total	205,636	129,875	75,761

The change is due for over 58 million euro to Clessidra Factoring (going from 74,781 thousand euro at December 31, 2021 to 133,482 thousand euro at December 31, 2022) and for over 10 million euro to Caffè Borbone following the growth in operations in 2022.

10) OTHER CURRENT ASSETS INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

(in thousands of euro)	December 31, 2022	December 31, 2021	Chang
Receivables from employees and social security bodies	290	359	(69)
Tax credits	14,620	10,229	4,391
Prepaid expenses	3,190	3,537	(347)
Accrued income	12	8	4
Short-term derivatives	688	151	537
Other receivables and financial instruments	10,783	9,850	933
Other receivables	4,840	4,661	179
Total	34,423	28,795	5,628

Other bank loans and financial instruments include loans to customers of Crédit Mobilier de Monaco and receivables from the Clessidra Private Equity and Clessidra Capital Credit funds.

Derivatives

The method adopted by the Group to determine the impact of credit/counterparty risk on its measurements at the reporting date applies a default probability to each flow in order to incorporate the adjustment for credit/counterparty risk into the measurement.

Default probabilities are computed using secondary bond market data through calculation of the implicit "Credit Default Swaps" (CDS).

The loss given default (LGD) is set at 60% in line with market standards.

The table below shows the fair value of the financial instruments recognized in the statement of financial position, subdivided by type of hedge:

(in thousands of euro)	December 31, 2022		December 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Interest-rate derivatives hedging cash flows	429			(35)
Interest-rate derivatives	429			(35)
Derivatives on shares and securities	259	(506)	151	(402)
Total current instruments	688	(506)	151	(437)
Interest-rate derivatives hedging cash flows	293		32	
Interest-rate derivatives hedging fair value	162			(35)
Interest-rate derivatives	455		32	(35)
Total long-term instruments	455		32	(35)
Total	1,143	(506)	183	(472)

The interest-rate derivatives used to hedge cash flows are variable-rate to fixed-rate IRSs stipulated by Casa della Salute, Italgas and FT4, and are designated in "hedge accounting".

Derivatives on equities and securities mainly refer to purchases of put options and sales of call options on shares in portfolio and valued at FVTOCI, not designated in "hedge accounting".

Derivatives are measured at fair value, including the impact of the counterparty risk.

11) TAX ASSETS

Tax assets amount to 29,074 thousand euro (18,544 thousand euro at December 31, 2021) and refer principally to Italmobiliare for tax credits resulting from the tax consolidation.

12) EQUITY INVESTMENTS, BONDS AND CURRENT FINANCIAL RECEIVABLES

This caption is broken down as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Equity investments measured at FVTPL	16,490	16,601	(111)
Funds and other financial instruments	126,627	306,757	(180,130)
Other receivables	6,688	27,412	(20,724)
Total	149,805	350,770	(200,965)

"Funds and other financial instruments", measured at FVTPL, include the Vontobel Fund for 98,846 thousand euro (275,032 thousand euro at December 31, 2021), which decreased during the year due to disposals for 171,253 thousand euro and negative fair value changes of 4,933 thousand euro.

"Other receivables" decreased mainly due to the repayment of the bond loan to the associate Tecnica Group for 9,000 thousand euro and the closure of the receivable for the sale of BravoSolution following settlement of the dispute.

13) CASH AND CASH EQUIVALENTS

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Cash and cheques in hand	1,841	3,421	(1,580)
Bank and postal accounts	99,695	131,985	(32,290)
Cash-in-transit	105		105
Total	101,641	135,406	(33,765)

Cash and cash equivalents are also shown under "Cash and cash equivalents at the end of the year" on the statement of cash flows.

There are escrow accounts of 20 million euro in the Group.

14) ASSETS CLASSIFIED AS HELD FOR SALE

The cash left available in Energy for Misr for 56 thousand euro and reabsorbed by Italgas S.p.A. was classified under this item.

EQUITY AND LIABILITIES

Share capital, reserves and retained earnings

15) SHARE CAPITAL

At December 31, 2022, the Parent Company's fully paid-up share capital amounted to 100,166,937 euro represented by 42,500,000 no-par ordinary shares.

Number of shares	December 31, 2022	December 31, 2021	Change
Ordinary shares	42,500,000	42,500,000	
Cancelled shares			
Total	42,500,000	42,500,000	

16) RESERVES

Share premium

It amounts to 55,607 thousand euro, with no changes compared with 2021.

Other reserves

The negative change in the fair value reserve for the period amounts to 5,057 thousand euro and refers to the change in fair value for -3,787 thousand euro and to the sale of equity investments for -1,307 thousand euro.

17) TREASURY SHARES

At December 31, 2022 the carrying amount of treasury shares in portfolio stood at 5,166 thousand euro, with no changes compared with 2021. Treasury shares were as follows:

	No. ordinary shares	Carrying amount (in thousands of euro)
At December 31, 2021	217,070	5,166
Decreases		
At December 31, 2022	217,070	5,166

Dividends paid

The Parent Company Italmobiliare S.p.A. paid the following ordinary dividends in 2022 and 2021:

	2022	2021	2022	2021
	(euro per share)	(euro per share)	(in thousands of euro)	(in thousands of euro)
Ordinary shares	1.400	0.650	59,196	27,484
Total dividends			59,196	27,484

Cash outflows, also considering the dividends paid to third parties by Caffè Borbone and Capitelli, amounted to 80,196 thousand euro.

Translation reserve

This reserve includes differences on the translation of the financial statements of consolidated foreign companies. At December 31, 2022, the balance on the reserve was positive, at 1,317 thousand euro, referring to the currencies of the following countries:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
U.S. (Dollar)	537	345	192
UK (Pound Sterling)	(35)	7	(42)
Leu (Romania)			
Other countries	815	(242)	1,057
Total	1,317	110	1,207

18) NON-CONTROLLING INTERESTS

Equity attributable to non-controlling interests at December 31, 2022 amounted to 183,316 thousand euro, up by 5,060 thousand euro from December 31, 2021. The positive change is largely due to the sale by the Group of the 5% interest of the Officina Profumo-Farmaceutica di Santa Maria Novella group for 10,000 thousand euro, the profit attributable to non-controlling interests for 15,370 thousand euro of the Group non-wholly owned subsidiaries, the positive change in the valuation of ITM Bacco for 927 thousand euro, offset by a decrease of 21,000 thousand euro for the dividend paid to the non-controlling interests of Caffè Borbone and Capitelli.

Non-current and current liabilities

19) EMPLOYEE BENEFITS

Employee benefits at December 31, 2022 amounted to 6,086 thousand euro (8,176 thousand euro at December 31, 2021).

(in thousands of euro)	Opening amount	Increases	Decreases	Translation differences	Delta in the consolidation area	Other changes	Closing amount
Defined benefit pension plans	7,718	2,386	(1,557)		12	(2,071)	6,488
Provisions for long-term benefits	342	231	(120)			(143)	310
Provisions for retirement benefits	116		(108)				8
Total	8,176	2,617	(1,785)		12	(2,214)	6,806

Defined benefit plans

The Group operates pension plans and other long-term benefits.

Plans in favour of employees are generally not funded.

With regard to the post-employment benefits for personnel of the Group's Italian companies, liabilities in respect of post-employment benefits accrued and optioned by employees as from 2007 no longer qualify as defined benefit plans. They are treated as quotas of defined contribution plans.

In some companies in Italy, the Group also recognizes liabilities in respect of future commitments, in the form of bonuses payable to employees on the basis of length of service; these liabilities are measured with actuarial assumptions. Net liabilities for pension plans, post-employment benefit plans and termination benefit plans are determined with actuarial calculations performed by independent actuaries.

In the tables set out below, the column "Pension plans and other long-term benefits" includes, besides pension plans, post-employment benefits other than medical care, termination benefits and employee length-of-service bonuses.

The change in defined benefit obligations during the period, for the companies to which it is applicable, is made up as follows:

(in thousands of euro)	Pension plans and other long-term benefits	
	December 31, 2022	December 31, 2021
Defined benefit obligations at the end of the previous year	7,995	13,461
Reclassification from liabilities classified as held for sale		
Service cost:		
current service cost	1,606	1,353
Finance costs	91	67
Cash flows:		
amounts paid by employer	(937)	(1,093)
Other significant events:		
(increase)/decrease due to business combinations, investments and disposals	75	(5,759)
Changes arising from remeasurement:		
effects due to change in financial assumptions	(2,773)	(121)
experience adjustments (change since previous measurement not in line with assumptions)	615	87
effects due to change in exchange rates		
Defined benefit obligations at the end of the year	6,672	7,995

Actuarial assumptions

The actuarial assumptions used to determine obligations arising from the Group's pension plans and other long-term benefits are set out below:

(in %)	Italy	
	2022	2021
Discount rate	4.20	1.30
Inflation rate	2.50	1.80
Future wage and salary increases	2.33	2.21

Discount rates

The discount rate for Italy, equal to 4.20%, was determined with reference to market yields on high-quality corporate bonds, using the market yields on government bonds and the Eurozone Mercer Yield curve at December 31, 2022.

The table below sets out expected plan contributions for next year and a year-by-year breakdown of benefit payments:

(in millions of euro)	Pension plans and other long-term benefits	
	December 31, 2022	
Expected plan contributions for next year		559
Benefit payment maturities:		
2023		559
2024		297
2025		271
2026		332
2027		361
2028-2032		1,898
Total		4,277

Sensitivity analysis

The table below sets out the sensitivity analysis for the key assumptions at December 31, 2022:

(in thousands of euro)	Pension plans and other long-term benefits	
Change	-0.25%	0.25%
Discount rate	6,875	6,479
Average duration of defined benefit obligation (in years)	12,00	11,76
Inflation rate	6,596	6,751
Wage and salary increases	6,610	6,737

Employment termination plans

At December 31, 2022, provisions for termination plans totalled 8 thousand euro (116 thousand euro at December 31, 2021).

20) NON-CURRENT AND CURRENT FINANCIAL LIABILITIES, LOANS AND BORROWINGS

Loans and borrowings are shown below by category, broken down by current and non-current liabilities:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Bank loans and borrowings	66,276	31,255	35,021
Bonds	35,555		35,555
Other loans and borrowings	177	165	12
Lease payables	45,381	37,899	7,482
Non-current financial liabilities	147,389	69,319	78,070
Fair value of hedging derivatives		35	(35)
Total non-current financial liabilities	147,389	69,354	78,035
Current loans and borrowings	119,539	59,672	59,867
Current portion of borrowings	4,152	4,220	(68)
Other loans and borrowings	4,139	6,189	2,050
Lease payables	5,693	5,180	513
Current financial liabilities	133,523	75,261	58,262
Other current financial liabilities	9,084	8,894	190
Accrued interest expense	193	76	117
Fair value of derivatives	506	437	69
Total current financial liabilities	143,306	84,668	58,638
Total financial liabilities	290,695	154,022	136,673

Current financial payables are classified under "Financial liabilities" and under "Other liabilities" for approximately 9,783 thousand euro.

"Bonds" refers to the issue of the bond loan, called "Clessidra Factoring S.p.A. – floating-rate Bond Loan – 2022-2025", subscribed for a total of 35.6 million; it was issued on May 19, 2022 and expires on May 19, 2025; the bonds bear six-monthly interest in arrears at a nominal floating rate equal to the 6-month Euribor plus a spread of 3.00%. The Bond Loan is reserved exclusively for subscription by persons who fall into the category of Qualified Investors Subject to Prudential Supervision. The securities are measured at amortized cost.

The change differs from what is reported on the line "Change in financial payables" of the cash flow statement as the financial payables of the SIDI Group were classified as changes in the consolidation area.

Bank liabilities for factoring are included in "Current loans and borrowings" in current financial liabilities.

There are no reverse factoring transactions.

Non-current loans and borrowings by currency were as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Euro	140,623	63,846	76,777
U.S. dollar	3,894	4,585	(691)
Pound sterling	717	888	(171)
Other	2,155		2,155
Total	147,389	69,319	78,070

Non-current loans and borrowings by maturity were as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
2022		833	(833)
2023	983	10,397	(9,414)
2024	23,085	10,359	12,726
2025	50,089	9,800	40,289
2026	17,215	8,341	8,874
2027	26,563	6,939	19,624
2028	9,506	7,846	1,660
Beyond	19,948	14,804	5,144
Total	147,389	69,319	78,070

Main bank loans, drawings on lines of credit, available lines of credit:

- Italmobiliare has undrawn uncommitted lines of credit with a number of banks, totalling 103 million euro;
- In May 2020, Italgem S.p.A. took out a floating-rate loan from Intesa San Paolo with maturity on June 30, 2026; net of repayments made up to December 31, 2021, the loan had a residual amount of 8.5 million euro;
- In 2021 Italgem S.p.A. took out a loan from Banco BPM with maturity in 2028 at a fixed rate for 12.2 million euro, net of the amortisation instalments at December 31, 2022; the loan appears for a residual balance of 9.6 million euro;
- In 2022 Italgem S.p.A. took out a new loan from BPER with maturity in 2029 at a fixed rate for 26.0 million euro, net of the amortisation instalments at December 31, 2022; the loan appears for a residual balance of 4.7 million euro;
- In 2017 Idrodezzo took out two floating-rate loans from Mediocredito Italiano for an original amount of 4.7 million euro, maturing in 2032; the loans are shown with a residual balance of 3.2 million euro;
- In 2022 Caffè Borbone took out a new floating-rate loan from Banca Nazionale del Lavoro with maturity in March 2023 for 20.0 million euro; the loan is utilised for its full amount;
- In 2022 Caffè Borbone took out a new floating-rate loan from BPER with maturity in December 2024 for 10.0 million euro; the loan is utilised for its full amount;
- Casa della Salute took out a floating-rate loan from BPM on July 3, 2020 with maturity in 2025 for 1.0 million euro; the loan is shown with a residual balance of 0.5 million euro;
- Casa della Salute took out a floating-rate loan from Banca Carige on July 3, 2020 with maturity in 2027 for 1.0 million euro; the loan is shown with a residual balance of 0.8 million euro;
- Casa della Salute took out a floating-rate loan from BPM on March 31, 2021 with maturity in 2027 for 2.0 million euro; the loan has a balance of 1.7 million euro;
- Casa della Salute took out a new floating-rate loan from BPM on February 24, 2022 with maturity in 2026 for 1.6 million euro; the loan is shown with a residual balance of 1.2 million euro;
- Casa della Salute took out a new floating-rate loan from BPM on October 4, 2022 with maturity in 2027 for 30 million euro; the loan is shown with a residual balance of 8.5 million euro;

- Bea Biella took out a floating-rate loan from Unicredit on January 16, 2020 with maturity in 2025 for 1.2 million euro; the loan is shown with a residual balance of 0.6 million euro

Information on available lines of credit and covenants is provided in the section on IFRS 7.

21) CURRENT AND NON-CURRENT PROVISIONS

Non-current and current provisions totalled 28,165 thousand euro at December 31, 2022, showing a decrease of 4,544 thousand euro from December 31, 2021.

(in thousands of euro)	Opening amount	Increases	Decreases	Translation differences	Change in the consolidation area	Other changes	Closing amount
Environmental restoration	764		(1)				763
Disputes	864	26	(786)				104
Other provisions	31,081	245	(4,861)	(1)	1,136	(302)	27,298
Total	32,709	271	(5,648)	(1)	1,136	(302)	28,165
Non-current portion	27,961	271	(5,640)	(1)	1,136	(30)	23,697
Current portion	4,748		(8)			(272)	4,468
Total	32,709	271	(5,648)	(1)	1,136	(302)	28,165

"Disputes" largely reflects provisions for risks from the sale of investments, provisions relating to antitrust proceedings and provisions for disputes with employees.

"Other provisions" reflects the amounts provided in connection with contractual and commercial liabilities.

The main disputes pending at December 31, 2022 are summarised below.

As explained in previous financial reports, following the completion in recent years of various mergers and acquisitions as the selling party, Italmobiliare S.p.A. (whose provisions amount to 15,700 thousand euro) is subject to compensation claims by the respective purchasing parties for alleged violations of the declarations and guarantees given by the seller and/or non-fulfilment of obligations contained in the contract. In this regard, nothing took place during the period that might entail material changes to the risk provisions made in previous years. The change compared with December 31, 2021, of 3,683 thousand euro refers to the execution on July 5, 2022 of the dispute settlement relating to the sale of the equity investment held in BravoSolution S.p.A., which took place in 2017, with a net cash outflow for the Company of approximately 0.2 million euro (and 2,390 thousand euro offsetting the receivable from the purchaser, classified in the "Equity investments, bonds and current financial receivables").

Italgen (whose provisions amount to 5,058 thousand euro) is involved in tax and administrative proceedings and in legal actions related to the normal performance of its activities. Any liabilities are adequately covered by the provision for risks in the balance sheet. In addition to the provision for risks set aside in the financial statements, it is possible that Italgen may sustain other liabilities in the future, in addition to the amounts already provided for, due to uncertainties about possible regulatory developments in the energy sector, as well as the final outcome of certain proceedings still pending, particularly those connected to the so-called "surcharges" for the provisional operation of the large hydroelectric branches and reimbursement of the additional excise duties on electricity.

Appropriate provision has been made on an accruals basis for legal and tax disputes concerning other Group companies, in cases where, with respect to risks that have emerged and assessment of related risks, potential liabilities are probable and measurable.

22) NON-CURRENT TAX PAYABLES

Non-current tax payables amount to 5,129 thousand euro (15,858 thousand euro at December 31, 2021); the difference compared with 2021 is mainly due to Italmobiliare's payment resulting from the Ansaldo dispute discussed below.

On September 26, 2022 the Provincial Tax Directorate I of Milan issued an assessment notice to Italmobiliare relating to application of the Controlled Foreign Company (CFC) regulations to the subsidiary Crédit Mobilier in 2016. The higher tax assessed comes to around 115 thousand euro, plus fines and interest. In November, Italmobiliare S.p.A. proceeded to pay 11.3 million euro following the adverse sentence of the Court of Cassation in relation to the Ansaldo dispute for which the Company appealed to the Court of Cassation. On November 11, 2022, the 2nd level Court of Tax Justice of Lombardy with sentence no. 4400 confirmed full cancellation of the assessment relating to application of the CFC rules for 2014.

No contingent liabilities were reported.

23) DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Total deferred tax assets net of deferred tax liabilities amounted to 2,398 thousand euro at December 31, 2022, were as follows:

(in thousands of euro)	December 31, 2021	Impact on the income statement	Other changes	December 31, 2022
Tax benefit on carry-forward losses	220	909	(610)	519
Property, plant and equipment	165	(33)	(623)	(491)
Other equity investments	(3)	3	(134)	(134)
Inventories	566	(51)	261	776
Non-current provisions and employee benefits	8,496	(1,492)	(86)	6,918
Other	(4,625)	(1,554)	989	(5,190)
Total	4,819	(2,218)	(203)	2,398
of which				
Deferred tax assets	12,104			11,898
Deferred tax liabilities	(7,285)			(9,500)
Total	4,819			2,398

Deferred tax assets consist of amounts computed on tax losses. The assets were recognized on the basis of a forecast made by the companies included in the current Italian tax consolidation system, which considers that sufficient taxable income is likely to be made in the coming years to offset the carry-forward tax losses.

At December 31, 2022, the amount of net deferred tax liabilities recorded in equity reserves was 333 thousand euro (30 thousand euro at December 31, 2021).

Unrecognised deferred tax assets relating to losses for the year and previous years amounted to 665 thousand euro (279 thousand euro at December 31, 2021); the amount referred to losses reported by Group companies not included in the Italian tax consolidation, which are unlikely to be recovered.

24) TRADE PAYABLES

"Trade payables" consisted entirely of amounts due to suppliers, and totalled 71,183 thousand euro (53,119 thousand euro at December 31, 2021). The increase refers to Caffè Borbone for 10,689 thousand euro, due to both higher sales volumes and the increase in raw material costs compared with the previous year, and the consolidation of the SIDI Sport group.

25) TAX LIABILITIES

Tax liabilities amounted to 4,562 thousand euro (36,388 thousand euro at December 31, 2021) and refer mainly to amounts due to the tax authorities for income taxes accrued during the year, which decreased due to the lower taxable income made during the year by the companies participating in the tax consolidation.

26) OTHER LIABILITIES

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Due to employees	25,519	21,874	3,645
Due to social security bodies	5,295	4,394	901
Due to tax authorities	8,311	5,830	2,481
Accrued expenses and deferred income	9,206	5,141	4,065
Derivatives	506	437	69
Due to financial and private equity companies	9,277	8,970	307
Advances from customers	399	813	(414)
Due to suppliers for non-current assets	1,530	1,593	(63)
Other liabilities	9,788	11,916	(2,128)
Total	69,831	60,968	8,863

Amounts due to financial and private equity companies include payables to customers of Crédit Mobilier de Monaco and payables to Clessidra Private Equity and Clessidra Capital Credit funds.

"Other payables" include the residual debt of Italgas for the purchase of the investments in Idroenergy S.r.l. and Idrodezzo S.r.l. for 3,883 thousand euro.

COMMITMENTS

(in thousands of euro)	December 31, 2022	December 31, 2021
Collateral given		43,333
Deposits, guarantees, sureties, commitments and other	142,957	173,011
Total	142,957	216,344

It should be noted that during 2022 the Parent Company released guarantees (43,333 thousand euro) related to the bond loan to the associate Tecnica Group that was repaid during the year.

The decrease in "Deposits, guarantees, sureties, commitments and others" compared with December 31, 2021 is mainly due to cancellation of the 40 million euro commitment on the part of Bene Assicurazioni following the acquisition of the investment in 2022.

Commitments include a residual amount of 115,488 thousand euro (97,475 thousand euro at December 31, 2021) for the subscription of private equity funds. There are no irrevocable commitments for raw material purchases.

Income statement

27) REVENUE AND INCOME

Revenue from sales and services and income totalled 483,630 thousand euro, divided as follows:

(in thousands of euro)	2022	2021	Change	Change %
Industrial revenue				
Product sales	344,553	317,426	27,127	8.5%
Services provided	82,776	71,668	11,108	15.5%
Total	427,329	389,094	38,235	9.8%
Financial revenue and income				
Interest	4,692	3,400	1,292	38.0%
Dividends paid	5,070	5,307	(237)	-4.5%
Gains realised and other revenue	17,690	76,019	(58,329)	-76.7%
Commissions	28,286	18,432	9,854	53.5%
Total	55,738	103,158	(47,420)	-46.0%
Revenue from other activities				
Other revenue	563	36	527	n.s.
Total	563	36	527	n.s.
Grand total	483,630	492,288	(8,658)	-1.8%

The line item "Product sales" is mainly attributable to Caffè Borbone. The change is mainly attributable to the higher revenue of Caffè Borbone for 9,843 thousand euro and to the Officina Profumo-Farmaceutica di Santa Maria Novella group for 16,657 thousand euro.

The line item "Services provided" is attributable almost exclusively to the Italgem group and the Casa della Salute group, with an increase of 4,632 thousand euro and 6,679 thousand euro, respectively.

The line item "Gains realised and other revenue" mainly refers to the Parent Company and includes revaluations of FVTPL securities for 4,478 thousand euro (60,964 thousand euro in 2021).

The item "Commissions" refers to the Clessidra Group's companies (an increase of 9,854 thousand euro) and Crédit Mobilier de Monaco.

28) RAW MATERIALS AND SUPPLIES

Raw materials and supplies amounted to 205,423 thousand euro, divided as follows:

(in thousands of euro)	2022	2021	Change	Change %
Raw materials and semifinished goods	97,553	65,783	31,770	48.3%
Fuel	4,475	1,840	2,635	n.s.
Materials and machinery	60,507	51,839	8,668	16.7%
Finished goods	25,661	23,202	2,459	10.6%
Electricity and water	29,780	8,902	20,878	n.s.
Change in inventories of raw materials, consumables and other	(12,553)	(4,926)	(7,627)	n.s.
Total	205,423	146,640	58,783	40.1%

The increase in "Raw materials and semifinished goods" is attributable to the increase in revenue and in the cost of raw materials, which particularly affected the Group's industrial companies.

29) SERVICES

Expense for services amounted to 95,972 thousand euro, divided as follows:

(in thousands of euro)	2022	2021	Change	Change %
Services	21,002	19,535	1,467	7,5%
Maintenance	3,147	3,429	(282)	-8,2%
Transport	16,770	12,190	4,580	37,6%
Legal fees and consultancy	16,454	15,151	1,303	8,6%
Rents	6,449	6,079	370	6,1%
Insurance	2,392	1,625	767	47,2%
Membership fees	332	299	33	11,0%
Other expense	29,426	29,864	(438)	-1,5%
Total	95,972	88,172	7,800	8,8%

"Other expense" largely consisted of commission expense on trading activities, communication and marketing expense, and entertainment expense, mainly relating to the Group's industrial companies.

30) PERSONNEL EXPENSES

Personnel expenses amounted to 84,549 thousand euro, broken down as follows:

(in thousands of euro)	2022	2021	Change	Change %
Wages and salaries	57,940	48,931	9,009	18,4%
Social security contributions	16,795	14,694	2,101	14,3%
Other expense	9,814	8,513	1,301	15,3%
Total	84,549	72,138	12,411	17,2%

The incremental change is due to the increase in the number of employees mainly in the Clessidra group, the Casa della Salute group and Officina Profumo-Farmaceutica di Santa Maria Novella.

"Other expense" is mainly related to costs of temporary personnel, canteen costs, employee insurance costs, travel costs and personnel training and recruitment costs.

The number of employees is shown below:

(units)	2022	2021	Change
Number of employees at year end	1,305	848	457
Average number of employees	965	1,004	(39)

The number of employees showed an increase of 273 people at year end, due to the consolidation of the SIDI Sport group at December 31, 2022.

31) OTHER OPERATING (INCOME) EXPENSES

Other operating expenses, net of other operating income, amounted to 51,969 thousand euro, broken down as follows:

(in thousands of euro)	2022	2021	Change	Change %
Other tax	6,567	4,937	1,630	33.0%
Provision for impairment loss on receivables	2,244	1,324	920	69.5%
Provision for environmental restoration fund		416	(416)	-100.0%
Interest expense and other expense relating to financial companies	42,147	7,750	34,397	n.s.
Amounts set aside to provisions and other expense	8,054	11,108	(3,054)	-27.5%
Other income	(7,662)	(4,429)	(3,233)	73.0%
Net gains from the sale of non-current assets	(166)	(1,078)	912	-84.6%
Other (income) expense	785	1,234	(449)	-36.4%
Total	51,969	21,262	30,707	144.4%

"Interest expense and other expense financial companies" include write-downs and losses on financial assets valued at FVTPL and derivatives on investments for 37,016 thousand euro (6,761 thousand euro at December 31, 2021).

"Other income" mainly includes insurance indemnities, reimbursements and compensation.

32) AMORTISATION AND DEPRECIATION

The total amount of 32,318 thousand euro (24,999 thousand euro in 2021) refers to property, plant and equipment for 21,351 thousand euro (16,229 thousand euro in 2021), property investments for 234 thousand euro (258 thousand euro in 2021) and intangible assets for 10,733 thousand euro (8,512 thousand euro in 2021).

Depreciation of property, plant and equipment includes 6,769 thousand euro (4,581 thousand euro at December 31, 2021) relating to the depreciation of the right of use on leased assets, following the application of IFRS 16.

33) IMPAIRMENT LOSSES ON NON-CURRENT ASSETS

In 2022, property investments were revaluated for 124 thousand euro (write-downs for 350 thousand euro at December 31, 2021). There were no impairment losses on intangible assets.

34) FINANCE INCOME AND COSTS, NET GAINS (LOSSES) ON EXCHANGE-RATE DIFFERENCES AND DERIVATIVES

Net finance costs amount to 2,942 thousand euro. This amount is composed as follows:

(in thousands of euro)	2022		2021	
	Income	Costs	Income	Costs
Interest income	108		140	
Interest expense		(2,007)		(754)
Dividends and income (costs) from equity investments		(167)	36	(838)
Other finance income	142		17	
Other finance costs		(1,386)		(627)
Total finance income (costs)	250	(3,560)	193	(2,219)
Gains/(losses) from derivatives on interest-rate risk	170			(32)
Gains/(losses) from derivatives on exchange-rate risk				
Net exchange-rate differences	198		168	
Exchange-rate differences and net gains (losses) on derivatives	368		136	
Total finance income (costs), exchange-rate differences and net gains (losses) on derivatives		(2,942)		(1,890)

The caption mainly consists of interest on loans for 960 thousand euro (467 thousand euro in 2021), interest expenses for the bond loan issued by Clessidra Factoring for 662 thousand euro, interest expenses for leases for 385 thousand euro following the application of IFRS 16 (319 thousand euro in 2021) and bank charges and commissions of 864 thousand euro (457 thousand euro in 2021).

35) IMPAIRMENT OF FINANCIAL ASSETS

In 2022, following the impairment test performed, there were no impairment losses on financial assets, as in 2021.

36) SHARE OF PROFIT/(LOSS) OF EQUITY-ACCOUNTED INVESTEEES

(in thousands of euro)	2022	2021	Change	Change %
Tecnica Group	15,718	12,744	2,974	23.3%
Iseo	3,477	4,622	(1,145)	-24.8%
AGN Energia	4,011	5,577	(1,566)	-28.1%
Dokimè	(42)	(46)	4	-8.7%
CCC Holdings Europe	(549)	(604)	55	-9.1%
Gardawind	2,744	343	2,401	n.s.
Florence InvestCo	(545)		(545)	100.0%
Farmagorà	(95)		(95)	100.0%
MFS Web		6,940	(6,940)	-100.0%
Total	24,719	29,576	(4,857)	-16.4%

37) INCOME TAX

Income tax for the period was negative for 8,015 thousand euro, analysed as follows:

(in thousands of euro)	2022	2021	Change	Change %
Current tax	10,774	39,164	(28,390)	-72.5%
Prior-year tax and other prior-year tax items	(5,209)	86	(5,295)	n.s.
Deferred tax	2,450	9,527	(7,077)	-74.3%
Total	8,015	48,777	(40,762)	-83.6%

The change in this item is mainly due (33.9 million euro) to the Parent Company's status as a holding company, which has as its main component dividends subject to the participation exemption (PEX) regime, which lead to a tax loss. Furthermore, in 2022 Italmobiliare received 4.9 million euro of tax rebates relating to previous years.

In Italy, the IRES tax rate applied by the Italian companies on estimated taxable profit for the year was 24%. Taxes for Group companies in other countries are calculated using local tax rates.

The reconciliation between the tax charge reflected in the income statement and the theoretical tax charge does not consider IRAP, since IRAP uses a taxable base other than profit before tax.

The reconciliation between the theoretical tax charge and the tax charge reflected in the income statement is set out below:

(in thousands of euro)		2022
Consolidated profit (loss) before tax relating to continuing operations		44,476
Current IRES tax rate		24,0%
Theoretical tax charge		(10,674)
Tax effect on permanent differences:		
- foreign dividends and other exempt income		19,113
- non-deductible costs		(14,102)
Net effect for the year of deferred tax assets and liabilities not recognized on temporary differences		(2,676)
Recovery in year of deferred tax assets not recognised in previous years on deductible temporary differences and/or tax losses		8
Effect of change in tax rates		(124)
Withholdings on foreign dividends		(615)
Effect of difference between Italian and foreign tax rate		
Other changes		4,996
Effective income tax charge	9.2%	(4,074)
Effective IRAP tax charge		(3,974)
Other components not related to income for the year		33
Total income tax relating to continuing operations	18.0%	(8,015)

No offsets were made in the item "Net effect for the year of deferred tax assets and liabilities not recognized on temporary differences".

38) PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

The figure referring to 2021 concerned the consolidation of the Sirap group according to IFRS 5.

(in thousands of euro)	2022	2021	Change	Change %
Result of the companies being sold	(38)	(3,092)	3,054	-98.8%
Reclassification of items in other comprehensive income		(3,189)	3,189	-100.0%
Net capital gain of the companies being sold		46,718	(46,718)	-100.0%
Total	(38)	40,437	(40,475)	-100.1%

39) OTHER COMPREHENSIVE INCOME

(in thousands of euro)	Gross amount	Income tax	Net amount
Other comprehensive income			
Fair value gain/(loss) on:			
Financial assets measured at FVTOCI	(2,759)	(101)	(2,860)
Derivatives	2,992	(131)	2,861
Translation differences	1,331		1,331
Actuarial gains (losses) on defined benefit plans	2,904	(198)	2,706
Total other comprehensive income from continuing operations	4,468	(430)	4,038
Other comprehensive income from discontinued operations			
Total other comprehensive income	4,468	(430)	4,038

The change in financial assets measured at FVTOCI is made of -4,177 thousand euro for changes in fair value and 1,317 thousand euro for gains on sales.

40) EARNINGS PER SHARE

Earnings per share at December 31, 2022 and 2021, were determined on the Parent Company profit for the respective periods.

Basic earnings per share

The weighted average number of shares and attributable profit are shown below:

	2022	2021
(no. shares in thousands)	Ordinary shares	Ordinary shares
No. shares at January 1	42,500	42,500
Treasury shares at January 1	(271)	(278)
Weighted average number of treasury shares sold in the year		51
Total	42,229	42,273
Attributable profit in thousands of euro	21,053	139,697
Basic earnings per share in euro	0.498	3.305

Profit attributable by share category was determined as follows:

	2022	2021
(in thousands of euro)	Ordinary shares	Ordinary shares
Residual profit apportioned to all shares	21,053	139,697
Total	21,053	139,697

Diluted earnings per share are not reported due to the expiration of the stock option plans.

IFRS 7

Net financial position

The net financial position at December 31, 2022 is set out below:

(in thousands of euro)	Caption	NOT NFP	NFP	Current assets	Current liabilities	Non-current assets	Non-current liabilities
Trade receivables and other non-current assets	230,536	218,430	12,106			12,106	
Other current assets including derivative financial instruments	34,423	22,952	11,471	11,471			
Investments, bonds and current financial receivables	149,805		149,805	149,805			
Cash and cash equivalents	101,641		101,641	101,641			
Non-current financial liabilities	(147,389)		(147,389)				(147,389)
Current financial liabilities	(133,523)		(133,523)		(133,523)		
Other liabilities	(69,831)	(60,048)	(9,783)		(9,783)		
Total	165,662	181,334	(15,672)	262,917	(143,306)	12,106	(147,389)
Assets classified as held for sale							
Liabilities directly associated with assets classified as held for sale							
Total	165,662	181,334	(15,672)	262,917	(143,306)	12,106	(147,389)

The net financial position at December 31, 2022 was negative for 15,672 thousand euro, as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Current financial assets	262,917	496,177	(233,260)
Cash and cash equivalents	101,641	135,406	(33,765)
Derivative financial instruments	688	151	537
Other current financial assets	160,588	360,620	(200,032)
Current financial liabilities	(143,306)	(84,668)	(58,638)
Bank loans and overdrafts	(99,652)	(59,672)	(39,980)
Borrowings	(43,148)	(24,559)	(18,589)
Derivative financial instruments	(506)	(437)	(69)
Non-current financial assets	12,106	11,773	333
Non-current financial assets	11,651	11,741	(90)
Derivative financial instruments	455	32	423
Non-current financial liabilities	(147,389)	(69,354)	(78,035)
Borrowings	(147,389)	(69,319)	(78,070)
Derivative financial instruments		(35)	35
Net financial position relating to continuing operations	(15,672)	353,928	(369,600)
Assets classified as held for sale		56	(56)
Liabilities directly associated with assets classified as held for sale			
Net financial position relating to discontinued operations		56	(56)
Total net financial position	(15,672)	353,984	(369,656)

Net financial debt as at December 31, 2022, calculated as envisaged in the Consob communication "Call for attention no. 5/21 of April 29, 2021", is positive (i.e. the net financial position is negative) for 27,778 thousand euro (negative for 342,211 thousand euro at December 31, 2021). This amount does not include non-current financial assets and includes current lease liabilities of 5,693 thousand euro and non-current lease liabilities of 45,381 thousand euro.

Non-current financial assets include receivables from customers of Credit Mobilier de Monaco and receivables from the funds of the Clessidra group.

COMPARISON BETWEEN FAIR VALUE AND CARRYING AMOUNT AND HIERARCHY

The table below compares the carrying amount and the fair value of financial assets and liabilities at December 31, 2022, divided on the basis of the new IFRS 9 categories and the related hierarchy:

(in thousands of euro)	Carrying amount					Fair value				
	FVTPL	FVTOCI	Amortised cost	FV hedges	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets										
Other equity investments		174,738				174,738	54,655	18,793	101,290	174,738
Trade receivables and other non-current assets	215,404		14,677	455		230,536	237	2,270	213,352	215,859
Financial assets at FVTPL in NFP	2,052					2,052	237	1,815		2,052
Financial assets at FVTPL not in NFP	213,352					213,352			213,352	213,352
Non-current receivables			11,257			11,257				
Trade receivables			1,688			1,688				
Derivatives				455		455		455		455
Guarantee deposits			1,732			1,732				
Decrease/(increase) in trade receivables			205,636			205,636				
Current assets including derivative financial instruments	259		33,735	429		34,423		688		688
Derivatives	259			429		688		688		688
Trade receivables			10,783			10,783				
Other amounts due			22,952			22,952				
Equity investments, bonds and current financial receivables	143,117		6,688			149,805	43,815	98,846	456	143,117
NFP Equity investments FVTPL	16,490					16,490	16,490			16,490
Financial assets at FVTPL in NFP	126,627					126,627	27,325	98,846	456	126,627
Financial receivables and accruals			6,688			6,688				
Cash and cash equivalents			101,641			101,641				
Total	358,780	174,738	362,377			896,779	98,707	120,597	315,098	534,402
Financial liabilities										
Non-current financial liabilities					147,389	147,389		147,434		147,434
Loans and borrowings					66,276	66,276		66,276		66,276
Bond loans					35,555	35,555		35,600		35,600
Finance lease payables					45,381	45,381		45,381		45,381
Other loans and borrowings					177	177		177		177
Other non-current payables and liabilities			493			493				
Derivatives										
Other non-current payables			493			493				
Current financial liabilities					133,523	133,523		133,523		133,523
Loans and borrowings					103,804	103,804		103,804		103,804
Finance lease payables					5,693	5,693		5,693		5,693
Other loans and borrowings					10	10		10		10
Other financial payables					24,016	24,016		24,016		24,016
Trade payables			71,183			71,183				
Other liabilities	506		69,325			69,831		506		506
Derivatives	506					506		506		506
Trade receivables			9,277			9,277				
Other payables, accruals and deferrals			60,048			60,048				
Total	506		141,001		280,912	422,419		281,463		281,463

Loans and borrowings are at a floating rate, therefore their book values are reasonably in line with their fair values.

The table below compares the carrying amount and the fair value of financial assets and liabilities at December 31, 2021, divided on the basis of the new IFRS 9 categories and the related hierarchy:

(in thousands of euro)	Carrying amount					Fair value				
	FVTPL	FVTOCI	Amortised cost	FV hedges	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets										
Other equity investments		131,515				131,515	64,212	21,072	46,231	131,515
Trade receivables and other non-current assets	191,410		14,453	32		205,895	256	2,673	188,513	191,442
Financial assets at amortised cost	2,897					2,897	256	2,641		2,897
Financial assets at FVTPL in NFP	188,513					188,513			188,513	188,513
Financial assets at FVTPL not in NFP			10,678			10,678				
Non-current receivables			1,846			1,846				
Derivatives				32		32		32		32
Guarantee deposits			1,929			1,929				
Decrease/(increase) in trade receivables			129,875			129,875				
Current assets including derivative financial instruments	151		28,644			28,795		151		151
Derivatives	151					151		151		151
Trade receivables			9,850			9,850				
Other amounts due			18,794			18,794				
Equity investments, bonds and current financial receivables	323,358		27,412			350,770	48,209	275,032	117	323,358
NFP Equity investments FVTPL	16,601					16,601	16,601			16,601
Financial assets at FVTPL in NFP	306,757					306,757	31,608	275,032	117	306,757
Financial receivables and accruals			27,412			27,412				
Cash and cash equivalents			135,406			135,406				
Total	514,919	131,515	335,790			982,256	112,677	298,928	234,861	646,466
Financial liabilities										
Non-current financial liabilities						69,319		69,319		69,319
Loans and borrowings						31,255		31,255		31,255
Finance lease payables						37,899		37,899		37,899
Other loans and borrowings						165		165		165
Other non-current payables and liabilities	35		191			226		35		35
Derivatives	35					35		35		35
Other non-current payables			191			191				
Current financial liabilities						75,261		75,261		75,261
Loans and borrowings						63,892		63,892		63,892
Finance lease payables						5,180		5,180		5,180
Other loans and borrowings						110		110		110
Other financial payables						6,079		6,079		6,079
Trade payables			53,119			53,119				
Other liabilities	437		60,531			60,968		437		437
Derivatives	437					437		437		437
Trade receivables			8,970			8,970				
Other payables, accruals and deferrals			51,561			51,561				
Total	472		113,841			144,580		145,052		145,052

Trade receivables and payables were short term current assets and liabilities and their book values are reasonably in line with their fair values.

Derivatives are measured and recognized at fair value.

The fair value of foreign-currency assets and liabilities is determined using the closing rates. The fair value of fixed-rate assets and liabilities is determined using a fixed rate with no credit margin, net of transaction costs directly attributable to the financial assets and financial liabilities.

In determining and documenting the fair value of financial instruments, the Group uses the following hierarchy based on different measurement methods:

- level 1: financial instruments with prices quoted on active markets;
- level 2: prices quoted on active markets for similar financial instruments, or fair value determined with other measurement methods where all significant inputs are based on observable market data;
- level 3: fair value determined with measurement methods where no significant input is based on observable market data.

Information on the fair value of financial assets and financial liabilities not measured at fair value is excluded, when carrying amount is a reasonable approximation of fair value.

Movements on level 3 financial instruments at December 31, 2022 were as follows:

(in thousands of euro)	Level 3 31/12/2021	Increases					Decreases					Level 3 31/12/2022
		Purchases	Gains on disposals in income statement	Other gains in income statement	Gains in equity	Other changes	Sales	Repayments	Losses on disposals in income statement	Other losses in income statement	Losses in equity		Other changes
Non-current equity investments	46,231	136,257			5,757	(10,077)		(148)		(673)	(76,057)	101,290
Receivables and other non-current assets	188,513	52,552		3,145			(18,462)		(18,939)			213,352
Equity investments, bonds and current financial assets	117	563	1			(93)					(132)	456

No reclassifications from categories measured at fair value to categories measured at amortized cost were made in the year under review or in the previous year, in the Group financial asset portfolio.

The fair value of level 3 non-current equity investments has been estimated. For further information, please refer to the paragraph "Other equity investments".

Currency risk hedges and Hedge Accounting

The Group has no currency risk hedges.

Variable-rate to fixed-rate IRS contracts were arranged by Italgas for a nominal amount of 9.7 million euro, by FT4 for a nominal amount of 7.5 million euro and by the Casa della Salute group for a nominal amount of 3.0 million euro to hedge the floating rate loans taken out by them.

Financial risk management policy and objectives

The Italmobiliare Board of Directors defines general Group principles and management policy for the Parent Company. In the other Group segments, management policy for financial risks and financial instruments is defined by the parent of each segment or by individual companies on the basis of the characteristics of the segment, and consistently with general Group principles.

The "Other companies" segment does not present material financial risks and therefore does not formulate a specific policy.

For discussion of management policies and objectives in each segment, the reader is referred to the specific section.

Notional amount of derivatives

Financial risk management is an integral part of Group asset management, and is conducted by each segment on the basis of the guidelines drawn up with reference to the type of business. The Group uses derivatives to optimize its risk/yield profile.

The notional amount of derivative contracts at December 31, 2022, is set out below, subdivided by operating segment and maturity:

Notional amounts					
(in millions of euro)	Italmobiliare	Italgen	Casa della Salute	SIDI Sport	Total
Derivatives on interest rates		9.7	3.0	7.5	20.2
Derivatives on shares	14.3				14.3
Derivatives on indices	9.0				9.0
Total	23.3	9.7	3.0	7.5	43.5

Notional amounts					
(in millions of euro)	< 1 year	1-2 years	2-5 years	> 5 years	Total
Derivatives on interest rates	2.4	2.4	4.9	10.5	20.2
Derivatives on shares	14.3				14.3
Derivatives on indices	9.0				9.0
Total	25.7	2.4	4.9	10.5	43.5

FINANCIAL RISKS

Credit risk

Credit risk is the risk that a counterparty might default on its obligations and generate a financial loss for the Group.

Credit risk is managed by each segment in relation to its type of business.

Liquidity risk

Liquidity risk is the risk that due to an inability to raise new funds or sell assets on the market, the company might be unable to settle its payment obligations. This would impact on the results of operations if the group was obliged to sustain additional costs to meet its commitments, or conditions of insolvency putting the company's ability to continue as a going concern at risk.

The table below shows consolidated net financial debt by maturity (without the fair value of derivatives and financial receivables) compared with undrawn lines of credit and cash and cash equivalents.

At December 31, 2022:

(in millions of euro)	Maturity				Total
	< 1 year	1 - 2 years	2 - 5 years	Beyond	
Total financial liabilities	(141.8)	(32.8)	(88.8)	(26.8)	(290.2)
Undrawn committed lines of credit	76.8			1.8	78.6
Cash and cash equivalents	101.6				101.6

The Group also has uncommitted lines of credit for 124.5 million euro.

At December 31, 2021:

(in millions of euro)	Maturity				Total
	< 1 year	1 - 2 years	2 - 5 years	Beyond	
Total financial liabilities	(77.8)	(23.3)	(27.2)	(25.3)	(153.6)
Undrawn committed lines of credit					
Cash and cash equivalents	135.4				135.4

The Group also has uncommitted lines of credit for 103.0 million euro.

Market risks

INTEREST RATE RISK

The Group is exposed to the risk of changes in market interest rates, as follows:

- the risk of variations in the fair value of fixed-rate financial assets and liabilities. A change in interest rates affects the fair value of fixed-rate assets and liabilities;
- the risk linked to future cash flows on floating-rate financial assets and liabilities. A change in interest rates has a limited impact on the fair value of floating-rate financial assets and liabilities, but may affect future cash flows and profits.

In the industrial companies, management of the interest-rate risk has a dual purpose, to minimize the cost of net financial debt and reduce exposure to fluctuation.

In the financial companies, interest-rate risk management is an integral part of the core business, and is based on investment and debt policies established by the governing bodies of the companies in question.

The Group may hedge interest-rate risks with derivatives such as interest-rate swaps, forward rate agreements, futures and interest-rate options arranged from time to time with leading banks.

Net financial debt at inception and after interest-rate hedges recorded at notional value was as follows at December 31, 2022:

(in millions of euro)	
Balance at December 31, 2022	
Fixed-rate financial liabilities	(73.7)
Fixed-rate financial assets	9.5
Fixed rate NFP at inception	(64.2)
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	(20.2)
Fixed rate NFP after hedging	(84.4)
Floating-rate financial liabilities	(175.3)
Floating-rate financial assets	5.7
Floating rate NFP at inception	(169.6)
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	20.2
Floating rate NFP after hedging	(149.4)
Net fair value of derivatives	
Other instruments not subject to interest-rate risk	218.1
Total NFP	(15.7)

CURRENCY RISK

The table below details consolidated net exposure by currency, showing financial assets and liabilities denominated in currencies other than the local currency.

(in millions of euro)	euro (*)	USD (*)	GBP (*)
Financial assets (**)		101.2	3.6
Financial liabilities (**)			
Net exposure by currency		101.2	3.6

(*) assets and liabilities are stated at their nominal amount in euro when the local currency is not euro

(**) excluding trade payables and receivables

Group companies are structurally exposed to currency risk on cash flows from operating activities and on financing activities denominated in currencies other than their respective functional currencies.

The impact of currency translation on subsidiaries' equity is recorded in a separate equity reserve.

EQUITY PRICE RISK

The Group is exposed to the risk of market fluctuations on listed equities and other instruments in portfolio. Exposure is concentrated in Italmobiliare, to which reference should be made for further details.

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Investments at FVTOCI	54,655	64,212	(9,557)
Equity investments FVTPL	16,490	16,601	(111)
Overall exposure	71,145	80,813	(9,668)

In addition, the Group is exposed to changes in the fair value of financial assets measured at fair value levels 2 and 3.

COMMODITY PRICE RISK

The Group is exposed to a commodity price risk on raw materials and energy products.

These risks are managed by the individual segments, through diversification of procurement sources.

ITALMOBILIARE

Risk management policies

OBJECTIVES

For Italmobiliare, exposure to financial risk is an opportunity to generate profits within the constraints established for the purposes of careful and prudent management of financial resources.

FINANCIAL INSTRUMENTS

Group guidelines define the types of financial instruments allowed, maximum amounts, counterparties and methods of approval.

Derivatives may be used both as risk management instruments and as instruments relating to market positioning.

Credit risk

Italmobiliare is exposed to credit risk with respect to issuers of financial instruments and counter-parties on financial transactions.

The guidelines establish minimum rating levels for individual investments (where applicable), for type of instrument, for rating class and maximum exposure in relation to individual counterparties.

A monitoring and reporting system has also been established for senior management.

Italmobiliare has no significant exposure to trade credit risks.

The table below illustrates the level of credit risk exposure for each instrument (bonds, deposits, other financial assets) and with respect to the counterparties to derivatives.

(in millions of euro)	Fair Value	Average rating	Residual average life (in years) (*)
Bonds at FVTPL	19.2	Baa1	5.33
Deposits	22.5	n/a	n/a
Other financial assets	216.5	n/a	n/a
Derivatives on shares	(0.2)	n/a	<1

(*) determined on first call

Assuming a parallel shift of +100 bps in the credit curve of CDS, the estimated total change in financial instruments would be -0.6 million euro, reflected entirely in the income statement.

Deposits are subject to counterparty risk, but a shift of +100 bps in the curve would not have an impact on the amount thereof.

Other financial assets and derivatives are excluded from the sensitivity analysis since their fair value does not depend on the creditworthiness of the counterparty.

Liquidity risk

Italmobiliare risk management policy is designed to optimize financial resources through effective management (in terms of maturities, costs and liquidity) of the segment's assets and liabilities.

The Net Financial Position (hereinafter "NFP") at December 31, 2022 reflected a strong positive position: a regular report is drawn up analysing the NFP trend in relation to the segment's requirements.

The table below sets out debt by maturity (residual life) compared with financial assets and undrawn lines of credit.

(in millions of euro)	Maturity				Total
	< 1 year	1 - 2 years	2 - 5 years	Beyond	
Total financial liabilities	(18.8)	(1.1)	(1.2)		(21.1)
Total financial assets	44.6	1.1	11.1	115.8	172.6
Total NFP	25.8		9.9	115.8	151.5
Undrawn committed lines of credit					

Short-term drawings on committed lines of credit are reclassified on expiry of the respective facility.

Uncommitted lines of credit available amount to 103.0 million euro, while the residual commitment to subscribe to private equity funds amounts to 115,488 thousand euro.

Market risks

INTEREST RATE RISK

Fluctuations in interest rates affect the fair value of financial assets and liabilities and the level of net finance costs.

Regular reports are drawn up analysing the NFP and detailing asset and liability management.

The table below illustrates the NFP of Italmobiliare at December 31, 2022, and exposure to interest-rate risk; reference should be made to the specific note for a detailed breakdown of the NFP.

(in millions of euro)	
Balance at December 31, 2022	
Fixed-rate financial liabilities	(0.2)
Fixed-rate financial assets	
Fixed rate NFP at inception	(0.2)
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	
Fixed rate NFP after hedging	(0.2)
Floating-rate financial liabilities	(18.2)
Floating-rate financial assets	12.7
Floating rate NFP at inception	(5.5)
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	
Floating rate NFP after hedging	(5.5)
Assets not exposed to interest-rate risk	159.9
Liabilities not exposed to interest-rate risk	(2.7)
Total NFP	151.5

Floating-rate assets include cash and cash equivalents, amounts due from Group companies and floating-rate bonds; fixed-rate liabilities include amounts due to third parties and Group companies and lease liabilities.

A sensitivity analysis was performed to determine the change in the fair value of the total net financial position caused by an instantaneous shift of 100 bps in forward interest rates (assuming a parallel shift in the curve). Modified Duration was used as the sensitivity criterion.

The analysis found an overall estimate of -0.9 million euro, with an effect exclusively on the income statement.

On demand and time deposits, an instantaneous shift in the curve would not generate an automatic effect on the income statement.

Symmetrical results would be generated by an instantaneous parallel downward shift in the rate curve.

CURRENCY RISK

Overall exposure to the currency risk is limited. Currency positions are limited and used with the objective of de-correlating the risk of traditional financial assets in the liquidity management portfolio.

OTHER PRICE RISKS

Italmobiliare is particularly exposed to the risk of fluctuations in the prices of listed equities carried at fair value.

Since Italmobiliare is a holding company, exposure to the equity risk is inherent to its core business. In some cases, for limited amounts, the Policies set out procedures and approvals for the use of derivatives to reduce this risk.

At December 31, 2022, listed financial assets exposed to price risk amounted to 71.2 million euro, of which 54.7 million euro measured at FVTOCI and 16.5 million euro measured at FVTPL.

A hypothetical reduction of 5% in share prices would have a negative impact of 3.5 million euro on the assets' fair value, of which 2.7 million euro on equity and 0.8 million euro on the income statement.

(in millions of euro)	Fair value	Share price delta	Impact on income statement	Impact on equity
Shares at FVTPL	16.5	-5%	(0.8)	
Shares at FVTOCI	54.7	-5%		(2.7)

Other risks

CYBER SECURITY

During 2022, the Company continued to monitor cyber security risk for the entire Group. This involved carrying out a specific follow-up to verify the extent to which Group companies had implemented the organisational, procedural and technological measures to mitigate this type of risk. It also involved increasing the number of companies covered by an insurance policy. Work continues on strengthening or adopting organisational, procedural and technological measures to mitigate this type of risk.

CLIMATE CHANGE

In 2021 Italmobiliare carried out its first specific assessment of climate risk, separate from the ESG risk assessment, based on the recommendations of the TCFD Guidelines. In 2022, the assessment was even more analytic, helping Portfolio Companies to identify risks and opportunities related to climate change scenarios. The risks that were identified helped to confirm the mitigation initiatives already in progress or to define further action plans aimed at transforming risks into opportunities.

The climate risk assessment is included in the annual risk assessment carried out by the Holding Company and by all Portfolio Companies under the guidance of the Group Risk Manager, supported by the Chief Sustainability Officer and the Chief Financial Officer. The assessment weighs the risks across the entire value chain and considers the different geographies involved. The results and updates are shared and refined with the Investment Management Department and subsequently discussed by the Control and Risk Committee and approved by the Board of Directors.

Among the physical risks, with a potential short-term impact, the assessment highlighted the exposure to extreme, acute or chronic events for sectors with characteristics of vulnerability (e.g. outdoor activities) or which operate in high-risk geographical areas. The direct structures of the Group are not particularly exposed. However, for some sectors the impacts could be significant in the supply chain or for specific market segments.

Among the transition risks, we would highlight the increase in the price of carbon and the investments necessary for the technological transition, which could impact many suppliers of energy-intensive materials, products or services, clarity in the definition of climate strategies and the communication transparency of objectives, which could affect the ability to attract investors, access to capital and the choices made by customers and consumers.

Reliable metrics are needed to support carbon footprint analysis and goal setting. GHG Scope 1, 2 and 3 emissions are reported in full in the Non-Financial Report, aggregating the detailed accounting of all the material components of Net Asset Value. Carbon price scenarios on institutional or voluntary markets are used for an initial assessment of the reduction commitments to be faced. While many short or medium-term objectives have already been achieved – for example, from 2022 the Holding Company and all of the Portfolio Companies under its control use exclusively renewable sources of electricity – the commitment made to define a Science-Based Target will pave the way for the strategic management of climate-related risks and, above all, of the related opportunities.

Further details in line with the TCFD Recommendations are set out in the Non-Financial Report.

As regards new acquisitions, the environmental impact is taken into account in the Due Diligence if significant.

CAFFÈ BORBONE

Risk management policies

By its nature, the Company is exposed daily to risks deriving from its own activity, whether they are connected to the more traditional area of hygiene/health risk that can affect the quality of the products, to risks that may affect the health and safety of those directly or indirectly involved in the production process.

OBJECTIVES

The Company places among its objectives the ability to prevent and control the spread of risks associated with operating activities, with particular attention to the quality of its products to protect the health of consumers.

This occurs through "exclusion" and "precaution" interventions during the programming phase, to "prevention" interventions in the production processes.

FINANCIAL INSTRUMENTS

The financial instruments adopted by the company are intended solely to provide it with the funds required to carry on its business. Consequently, amounts, terms and conditions of financial instruments are designed to meet the needs of the operations to which they refer.

Credit risk

The company has established procedures for constant vetting of the creditworthiness of its customers, to whom it grants extended terms of payment, and limits product sales to customers with inadequate creditworthiness and guarantees. Customer vetting is based on the collection of data and information on new customers, and on monthly analyses of individual credit positions in order to check for any anomalies in average collection time, with investigation of material bad debts. The company has also arranged insurance cover against credit risk.

In addition to assessing the specific risk towards certain credit positions, the company also carries out analyses of probable default of an overall nature, in relation to the ageing of the receivable.

In this regard, note that during 2022 the company increased the provision for bad and doubtful accounts by 503 thousand euro to align the nominal amount, mainly of some specific credit positions, with the estimated realisable amount.

Liquidity risk

The company manages liquidity risk through an efficient liquidity management policy and planning designed to establish short-term financial commitments as well as extraordinary measures to identify the most appropriate hedging solutions.

The table below sets out the NFP by maturity (residual life) compared with financial assets:

(in millions of euro)	Maturity				Total
	< 1 year	1 - 2 years	2 - 5 years	Beyond	
Total financial liabilities	(20.4)	(10.7)	(0.9)	(0.2)	(32.2)
Total financial assets	11.6				11.6
Total NFP	(8.8)	(10.7)	(0.9)	(0.2)	(20.6)

Market risks

INTEREST RATE RISK

Interest rate risk is the risk of changes in the value or future cash flows of a financial instrument, due to changes in interest rates.

Since part of the loans granted are not covered by swap derivative instruments, the company is exposed to interest rate risk.

CURRENCY RISK

The segment is exposed to currency risk particularly as regards the euro/dollar exchange, since coffee-bean prices are quoted in dollars.

The risks of a rise in raw material prices are managed through appropriate commercial strategies contemplating corresponding adjustments to price lists where necessary.

OTHER PRICE RISKS

This category includes risks related to fluctuations in market prices, which may have a material impact on the value or future cash flows of the Company.

Specifically, the segment is exposed to variations in the price of coffee, plastic and paper. The prices of these production factors and related market indicators are monitored continually in order to mitigate negative impact on results of operations through appropriate commercial strategies contemplating corresponding adjustments to price lists where necessary.

Even if only to a residual extent, Caffè Borbone S.r.l. is exposed to the risk of fluctuations in the prices of listed equities carried at fair value.

Other risks

CLIMATE CHANGE

During 2022, ESG risks were assessed, especially those related to the climate. The risks identified helped to confirm the mitigation initiatives already in progress or to define additional action plans to deal with the transition in the best way possible, transforming risks into business opportunities.

Overall climate risk for Caffè Borbone is considered high as a consequence of exposure to both physical and transitional risks in the food sector. Exposure to physical risks, both acute and chronic, has been estimated as medium-high, mainly on the availability of green coffee which is cultivated in sensitive non-European areas. Exposure to transition risks has been rated medium-high due to the probable evolution of segment policies. In addition there is market risk due to the growing sensitivity of distributors and consumers to low-carbon food products and reputational risk because of insufficiently effective communication on climate objectives. The main risk factor identified by the company is the increase in the price of raw material (coffee), which has been reflected in the forecast used for the impairment test.

OFFICINA PROFUMO-FARMACEUTICA DI SANTA MARIA NOVELLA

Risk management policies

By its nature, the group is exposed daily to risks deriving from its own activity, to risks that may affect the health and safety of those directly or indirectly involved in the production process.

OBJECTIVES

The group places among its objectives the ability to prevent and control the spread of risks associated with operating activities, with particular attention to the quality of its products to protect the health of consumers.

FINANCIAL INSTRUMENTS

The financial instruments adopted by the group are intended solely to provide it with the funds required to carry on its business. Consequently, amounts, terms and conditions of financial instruments are designed to meet the needs of the operations to which they refer.

Credit risk

The credit risk is limited overall and relates to sales to distributors on the Asian market, as there is no credit risk on sales in shops and online. In any case, the Group adopts credit risk mitigation procedures by analysing in advance the reliability of its distributors, limiting credit lines and monitoring the collection of receivables based on contractual deadlines. An adequate allowance is set aside for doubtful accounts.

Liquidity risk

With regard to the policies and choices based on which management intends to address liquidity risk, the following should be noted:

- the group owns financial assets for which a liquid market exists and which are readily saleable to meet liquidity needs;
- there are debt instruments or other lines of credit to meet liquidity needs;
- the group has bank deposits to meet liquidity needs;
- there are no significant concentrations of liquidity risk.

In this context, liquidity risk is considered to be extremely limited.

Market risks

The group operates in the so-called “Beauty and Personal Care” (BPC) sector, characterised by high competition and the presence of large operators able to influence consumers' choices and preferences. In any case, the particular segment in which the Company operates, the level of differentiation of the products that it sells, combined with high brand awareness and tradition, has created a close relationship with customers that significantly mitigates this risk.

During the pandemic a new risk that has never happened before arose, i.e. that of limited access to shops. To cope with and mitigate this risk, the group began to concentrate its efforts on improving a direct approach to the market by developing efficient and user-friendly online channels. It has also been promoting marketing investments to strengthen brand awareness, while constantly working on new products and the renewal of existing products.

INTEREST RATE RISK

Interest rate risk is the risk of changes in the value or future cash flows of a financial instrument, due to changes in interest rates.

The Group does not have any financial debt with the banking system. Consequently, the risk of changes in the interest rate is connected to the return on financial assets and that of cash and cash equivalents, so it is considered irrelevant.

CURRENCY RISK

Group companies do not carry out operations and transactions in currencies other than their own, so there is no risk for the Group attributable to changes in exchange rates.

Other risks

CLIMATE CHANGE

During 2022, ESG risks were assessed, especially those related to the climate. The risks identified helped to confirm the mitigation initiatives already in progress or to define additional action plans to deal with the transition in the best way possible, transforming risks into business opportunities. The climate change risk is not regarded as significant.

ITALGEN

The segment is exposed to the following risks arising from the use of financial instruments:

- credit risk;
- market risk.

Information about group exposure to each of the listed risks, the goals and processes of risk management policy and the methods used to assess risk is provided below.

Credit risk

Italgen has a commercial policy which gives preference to selling on an electricity exchange at a variable price rather than selling to third-party customers at a fixed price. This strategy allowed a drastic reduction in credit risk as most of the production is sold on the National Electricity Exchange and to highly rated wholesalers. At the end of 2022, Italgen S.p.A. updated its commercial policy by signing new long-term supply contracts with subsidiaries of the Italmobiliare Group and selected end-customers outside the Group for approximately 11% of non-subsidised production forecast in 2023. The company is therefore exposed to a very low risk of trade receivables not being collectible.

Market risks

Market risk is the risk of fluctuation in the fair value or future cash flows of a financial instrument due to variations in market prices as a result of changes in exchange and interest rates. The aim of market risk management is to keep exposure to the risk within acceptable limits and, at the same time, to optimize return on investment.

INTEREST RATE RISK

Italgen is exposed to an interest-rate risk since about 72% of its gross debt is at a floating rate, indexed to 6-month Euribor.

In addition, the loan contracts of Italgen S.p.A. have covenants requiring compliance with financial indicators, typically on an annual basis. The financial indicator of reference is leverage (gross financial debt, net of cash and cash equivalents/gross operating profit), with a top limit of 3.5. Failure to comply with covenants leads to termination and consequent early repayment, although the covenants also include a stand-by period prior to actual execution. Italgen complied with the covenants at December 31, 2022.

At December 31, a positive change of 1% in the reference rates would have led to negative 44 thousand euro of finance costs.

Liquidity risk

Italgen has unconfirmed credit lines for a total of 23.5 million euro. These credit lines cover the financial requirements caused by the seasonal nature of the business which typically results in a rise of the net financial position in the first half and a subsequent decline in the second half of the year.

During the periodic refinancing of the medium-term gross debt, the company aims to maintain at least 50% of the repayment instalments with a maturity of more than twelve months.

Other risks

CLIMATE CHANGE

The Italgem Group is exposed to both meteorological risks, linked to the volume of rainfall which in a single year can differ significantly from the historical average, with negative effects on production volumes, and to price risk. In recent years, the company has reduced its fixed cost base in order to be less exposed in the event of particularly dry years. It has also embarked on a process of diversifying its sources of energy production.

During 2022, ESG risks were assessed, especially those related to the climate. The risks identified helped to confirm the mitigation initiatives already in progress or to define additional action plans to deal with the transition in the best way possible, transforming risks into business opportunities. Overall climate risk for Italgem is considered medium-high. Exposure to physical risks, both acute and chronic, is put at medium-high, mainly because of the effects of reduced rainfall on the availability of water to be used in turbines; in fact, in the 2023-2055 business plan updated to January 2023, the assumption for the forecast of future rainfall is the average rainfall of the last five years (lower than the ten years used previously due to the scarcity of rainfall in recent years).

CASA DELLA SALUTE

Risk management policies

Operating in the medical-health sector, the group is exposed on a daily basis to risks deriving from its business and the health of the patients wanting the services that it offers.

OBJECTIVES

The Casa della Salute group wants to be a point of reference for the prevention and promotion of health, responding to the needs of assistance and of people with innovative and patient-oriented management models, with the excellence of instrumental performances always aligned with state-of-the-art technologies and a consolidated partnership with the National Health System.

FINANCIAL INSTRUMENTS

The financial instruments adopted by the group are intended solely to provide it with the funds required to conduct its core business. Consequently, amounts, terms and conditions of financial instruments are designed to meet the needs of the transaction to which they refer.

Credit risk

Cash receipts are mainly collected through a POS (using a debit or credit card); for this reason, the group has a low risk exposure in relation to the collection of trade receivables, which represent approximately 85% of turnover.

The group is currently establishing a procedure for managing receivables and evaluating their ageing; in addition to assessing the specific risk in relation to certain debtor positions, analyses are carried out in relation to the age of the receivable.

At the end of 2022, as a result of these evaluations, the allowance for doubtful accounts was increased by 57 thousand euro.

Liquidity risk

In relation to the debt position, Casa della Salute is exposed to liquidity risk (i.e. the risk of encountering difficulties in meeting the obligations assumed in the loan agreements).

The following is a summary of the residual value of the loans outstanding at 31 December 2021 and the repayment plan.

(in millions of euro)	Maturity				Total
	< 1 year	1 - 2 years	2 - 5 years	Beyond	
Total financial liabilities	(4.0)	(10.1)	(21.0)	(11.5)	(46.6)
Total financial assets	1.5				1.5
Total NFP	(2.5)	(10.1)	(21.0)	(11.5)	(45.1)

Market risks

INTEREST RATE RISK

Interest rate risk is the risk of changes in the value or future cash flows of a financial instrument, due to changes in interest rates.

The Casa della Salute group has twelve bank loans outstanding, of which nine at floating rate and therefore exposed to interest rate risk, and three at fixed rate.

OTHER PRICE RISK

This category includes risks related to fluctuations in market prices, which may have a material impact on the value or future cash flows of the group.

In particular, Casa della Salute is exposed to changes in the price of the utilities and raw materials used. Their prices are constantly monitored with the aim of mitigating, as far as possible, these risks and any negative impact on the group's results.

Other risks

CLIMATE CHANGE

During 2022, ESG risks were assessed, especially those related to the climate). The risks identified helped to confirm the mitigation initiatives already in progress or to define additional action plans to deal with the transition in the best way possible, transforming risks into business opportunities. The climate change risk is not regarded as significant.

CALLMEWINE

The company, which operates in the online sale of wines and spirits, is mainly exposed to market risk, specifically the price risk of raw materials and products for resale.

Market risks

OTHER PRICE RISK

This category includes risks related to fluctuations in market prices, which may have a material impact on the margins of the company.

In particular, the sector is mainly exposed to changes in energy costs which in 2022 posted a significant increase in the price of both glass, essential for the production of bottles, and fuel and the consequent costs of transporting goods. The price of the cardboard used for packaging also had a sharp surge and, to mitigate the negative effects, the company opted to use raw materials with a lower aesthetic impact, but more in line with the Group's sustainability policies.

The risk associated with a temporary lack of and possible rise in the price of certain products for resale should also be highlighted, due in some cases to the seasonal characteristics intrinsic to the sector, in others to commercial strategies adopted by distributors to adjust their prices.

Other risks

CLIMATE CHANGE

During 2022, ESG risks were assessed, especially those related to the climate).The risks identified helped to confirm the mitigation initiatives already in progress or to define additional action plans to deal with the transition in the best way possible, transforming risks into business opportunities. The climate change risk is not regarded as significant.

OTHER INFORMATION

Transactions with related parties

Data relating to transactions with related parties in 2022 were not significant. They are detailed in the table below:

(in thousands of euro)	Revenue and income (expense)	Trade receivables (payables)	Financial assets (liabilities)	Net finance income/(costs)	Other operating income (expense)
Associates not consolidated line-by-line	763	47	1.834	43	
		(9)			
Other related parties	(711)				
Total	763	47	1.834	43	
	(711)	(9)			
% impact on financial statement items	0.2%	0.0%	0.7%	17.2%	
	0.2%	0.0%			1.2%

The comparatives for 2021 are set out below:

(in thousands of euro)	Revenue and income (expense)	Trade receivables (payables)	Financial assets (liabilities)	Net finance income/(costs)	Other operating income (expense)
Associates not consolidated line-by-line	5,763	1,212	15,088	47	
	(10)				
Other related parties	47	13			
	(901)				(500)
Total	5,810	1,225	15,088	47	
	(911)				(500)
% impact on financial statement items	1.2%	0.9%	3.0%	24.4%	
-	0.3%				2.4%

The percentage impact of the above-mentioned transactions with related parties on cash flows was negligible.

Remuneration of key management personnel

The table below sets out the amounts accrued during the year by key management personnel: the Directors, the Chief Operating Officer and the Italmobiliare S.p.A. Financial Reporting Officer, for positions held in the Group:

(in thousands of euro)	2022	2021
Short-term benefits: fees and remuneration	6,882	6,910
Other long-term benefits: length-of-service bonuses and incentives	3,276	3,276
Share-based payments (stock options)		861
Total	10,158	11,047

Audit fees

The following table provides details of the 2022 audit fees of the Italmobiliare Group for the independent auditors Deloitte & Touche S.p.A. and the foreign companies of the Deloitte & Touche network, pursuant to art. 149-duodecies para. 1, CONSOB Resolution no. 11971 of May 14, 1999:

(in thousands of euro)	Deloitte S.p.A.	Other Italian companies in the Deloitte network	Other foreign companies in the Deloitte network
Audit services	684		
Other attestation services	46		
Other legal, tax and corporate services	85	20	
Expenses	61		
Total	876	20	

With regard to Clessidra, 149 thousand euro was also invoiced for activities carried out on unconsolidated funds by Italmobiliare.

Grants from the Public Administration

Following approval of the annual Competition Law no. 124/2017 aimed at improving the transparency of public grants received, it should be noted that:

- the company Italgas, during the year, received from Gestore dei Servizi Energetici S.p.A., with tax code 05754381001, GRIN incentives (a new form of incentive provided under ministerial decree 06/07/2012 for all IAFR ex Green Certificates plant, effective as from 2016) totalling 3,147 thousand euro gross of tax withholdings and operating expense as per art. 4 of the incentivised tariff agreement, as well as electric energy sales at the All-Inclusive Tariff, i.e. tariffs for withdrawal of power sent to the grid whose value includes both the price component and the incentivised component, also from Gestore dei Servizi Energetici S.p.A., for 970 thousand euro, and FER-E incentivised electric energy sales for 541 thousand euro, also from Gestore dei Servizi Energetici S.p.A.;
- during the year, Idroenergy received from Gestore dei Servizi Energetici S.p.A. 60 thousand euro for sales of so-called "FER-E" incentivised electric energy and 218 thousand euro for sales of so-called "Dedicated Withdrawal" electricity at minimum guaranteed prices;
- during the year, Idrodezzo received 4 thousand euro from Gestore dei Servizi Energetici S.p.A. for sales of FER-E incentivised electric energy;
- during the year, Rovale received 105 thousand euro from Gestore dei Servizi Energetici S.p.A. for sales of Dedicated Withdrawal electricity at minimum guaranteed prices;
- In 2022, the Casa della Salute group collected 36 thousand euro in exemption from the payment of social security contributions, 68 thousand euro as a direct guarantee from Banca del Mezzogiorno, 3 thousand euro as an advertising bonus, used 966 thousand euro as a credit tax for Industry 4.0 investments and 100 thousand euro as an energy tax credit (for electricity and gas);
- SIDI Sport used 9 thousand euro as an energy tax credit (electricity and gas), 17 thousand euro as a tax credit for investments in research and development, technological innovation, design and aesthetic conception and 12 thousand euro as a tax credit for investments in capital goods;
- Caffè Borbone received relief from social contributions under the "Decontribution for Southern Italy" scheme for 688 thousand euro, used 754 thousand euro as an energy tax credit (electricity and gas) and 1,443 thousand euro as a tax credit for Industry 4.0 investments;
- Capitelli used 45 thousand euro as an energy tax credit (electricity and gas).

Statement of cash flows

B) CASH FLOWS FROM INVESTING ACTIVITIES

The table below shows the main equity investments acquired by the Group in 2022:

(in millions of euro)	2022	2021
SIDI Sport	87.1	
Private equity funds	52.5	39.1
Bene Assicurazioni	41.1	
Florence InvestCo	13.0	4.1
Archimede	12.0	
Farmagorà Group	10.2	3.7
Callmewine	4.5	
CCC Holdings Europe	2.5	
SES	1.1	
Officina Profumo-Farmaceutica di Santa Maria Novella Group		42.1
Bacco		19.2
KKR Teemo		10.5
Ariston		10.0
Idrodezzo and Idroenergy		5.6
Casa della Salute Group		0.3
Other	3.6	0.3
Cash acquired	(21.1)	(0.4)
Total	206.5	134.5

Equity investments are shown net of the cash and cash equivalents of the companies acquired and the change in payables for equity investment acquisitions.

The following table shows the main disposals of equity investments made by the Group in 2022:

(in millions of euro)	2022	2021
Sale of property, plant & equipment	1.6	5.7
Sales of investments:		
Officina Profumo-Farmaceutica di Santa Maria Novella (partial sale)	10.0	
BDT fund (partial reimbursement)	8.8	2.8
Clessidra funds (partial reimbursement)	6.8	28.3
Coima Res	4.1	
Iconiq fund (partial reimbursement)	2.1	
Lindsay Goldberg fund (partial reimbursement)	0.6	
Lauxera (partial reimbursement)	0.2	
Sale of operating activities of the Sirap group		143.8
HeidelbergCement		50.4
ITM Bacco (partial sale)		7.7
Casa della Salute (partial sale)		2.0
San Carlo		1.9
Other		2.4
Total	34.2	245.0

The significant change in financial assets in 2021 was mainly attributable to the increase in the investment in the Vontobel fund by Sirap S.r.l.

Significant events after the reporting date

Preparations to develop the business in the USA were finalised in January 2023. They began in 2022 with the establishment of the newco Caffè Borbone America Corp. and continued with it buying the assets that it needed to launch the activity from the previous company that Caffè Borbone used to serve the American market. This operation involved a total outlay of 2.3 million euro, of which 0.5 million euro deferred.

As regards the Casa della Salute group, it should be noted that:

- On February 10, 2023, the company approved an increase in capital of 7 million euro, of which 5.9 million euro was paid in by Italmobiliare S.p.A.
- In February, the company completed the acquisition of Istituto Chirotherapic, a company of excellence that has been active for almost fifty years in the field of physiokinesitherapy and diagnostic imaging based in Genoa and Rapallo. The enterprise value of the transaction is equal to 1.8 million euro.
- In January 2023, the Savona clinic was awarded to CDS Medical, which concluded the accreditation process.
- In February 2023, the process of changing the name of the company from Casa della Salute to CDS was begun.

Outlook

The global economy in 2022, in a physiological slowdown after the post-pandemic recovery, recorded a real GDP growth rate of 3.4%. However, the slowdown was more marked than initially expected (the average consensus was 4.5%) due to a variety of factors. The process of normalising monetary and fiscal policy after the extraordinary boost of 2021 was launched in conjunction with the shock of the Russian invasion in Ukraine and the persistent zero-Covid policy in China. In particular, the war exacerbated the imbalance in the fossil fuel market with energy expenditure of OECD countries (as a percentage of GDP) jumping to the crisis levels of the early 1980s. Central banks implemented the most aggressive and coordinated rise in interest rates in history, being faced with an inflation that after accelerating considerably for over twelve months, went over the peak of 10% during the year (average OECD countries).

Since the beginning of 2023, the weakness of the international economic cycle has highlighted a general stabilisation in all the main areas. In Europe, the fall in energy prices, mainly thanks to a mild winter, the fiscal measures and the still high savings surplus, helped to mitigate the risk of contraction, particularly in the early months of this year. In the United States, faced with the Fed's restrictive policy, the disinflationary process and the reduction in wage pressure seem compatible with a lower unemployment rate than in previous cycles. Furthermore, global prospects should sequentially benefit from the asynchrony of the economic cycle in Asia, supported by the end of the restrictive measures in China, the impact of which should start to be felt by the end of the first half. The global growth rate expected for 2023 averages 2.5%, in line with the potential, with the Eurozone at 0.6%, the same figure on which Italian growth is estimated on average.

Despite this, some grey areas remain in the scenario. In particular, although the current and leading global indices of the manufacturing sector have been on the rise since the end of 2022, they are now in the contraction area with a ratio of new orders to inventories above the previous lows, but still negative. Furthermore, considering the physiological time lags between the impact of monetary policy and the real economy, the restrictive effects of 2022 are likely to have their full repercussions in the coming months, increasing the margins of uncertainty. Lastly, the global process of disinflation, more evident in the goods sector, in most areas shows greater stickiness in the service sector: any slower-than-expected deceleration of the inflation rate would imply that the cycle of interest rate hikes is likely to be prolonged. The scenario is also rendered uncertain by the intensity of the expected Chinese recovery and - obviously - by the geopolitical tensions and further escalations of the war in Ukraine.

Despite a scenario characterised by events of an extraordinary nature and a high level of uncertainty, in 2022 Italmobiliare's portfolio was able to confirm significant resilience thanks to the reactivity of the Portfolio Companies, a consequence also of the proactive risk management and constant strategic support of Italmobiliare as an active shareholder and partner wanting to promote development and sustainable value creation.

This approach will also characterise 2023, with a particular focus on the support provided to Portfolio Companies in the recovery of margins, thanks to the implementation of careful pricing policies, cost and energy consumption

efficiency, network optimisation and distribution channels, constantly looking for process efficiencies and technological developments and, last but not least, an increasingly structured approach to innovative marketing strategies, in line with the Portfolio Companies' positioning as it evolves and with changing trends shown by international markets.

The portfolio of direct shareholdings – between portfolio companies and other significant equity investments – has reached a composition in line with Italmobiliare's capital allocation targets, representing overall about 80% of NAV. Further developments in the portfolio management strategy will therefore be focused mainly on investments to support the Portfolio Companies' growth (organic or through strategic add-ons), the possible valorisation of certain investments whose maturity could allow them to express their full value, and possible new investments with an extremely selective approach, in segments considered of high interest that are complementary to the existing portfolio.

In terms of the companies in the portfolio, considerable effort will be dedicated to consolidating the success already recorded in 2022 by the iconic brands of the Tecnica Group, to the further expansion – also along a trajectory of international development – of Caffè Borbone and to the growth and development of Officina Profumo-Farmaceutica di Santa Maria Novella, always in the wake of a centuries-old tradition of excellence that is unique in the world. The dynamics of radical change in the respective sectors will also guide the development of the other companies in the Italmobiliare portfolio, in particular: through technological innovation and organisational efficiency, Casa Della Salute aims to intercept the ever-increasing demand for high-quality and efficient healthcare services; Callmewine aims to grow further both abroad, thanks to the new branch opening in the UK, and in Italy, through B2B services, expanding the range and increasing the proportion of exclusive products; Italgen, which is at the centre of the energy transition process which is more than ever a priority for the country, will continue making investments to increase the business and diversify the sources of production; Capitelli will continue to promote brand awareness, enhancing the extraordinary quality of its products; SIDI will be strengthened at an organisational level, the marketing and commercial functions will also be strengthened with the aim of making the most of the enormous potential of one of the most recognised and appreciated brands in the sport system; ISEO will continue the growth trajectory outlined in its business plan, which specifically envisages development in the electronic locks segment; in addition to consolidating the LPG core business, AGN Energia will give further impetus to the development of the electricity and gas markets, the supply of energy efficiency solutions.

On the alternative investment fund front, in addition to the diversification of an increasingly varied portfolio spread across a wide variety of asset classes, Italmobiliare's leading role continues in the development of the Clessidra Group's multi-asset platform, with projects for further evolution, growth and diversification in all of its consolidated areas of activity: Private Equity, Credit/Debt and Factoring.

Milan, March 8, 2023

For the Board of Directors
The Chief Executive Officer
(Carlo Pesenti)

ANNEX

The table below sets out equity investments held also indirectly when such investments exceed 10% of capital. It also indicates the consolidation method and non-controlling interests.

Company	Head Office	Share Capital		Interest held by Group Companies		
				Direct	Indirect	%
Parent Company						
Italmobiliare S.p.A.	Milano	I	EUR	100,166,937.00		
035 Investimenti S.p.A.	Bergamo	I	EUR	4,157,928.00	10.588	10.588
4Ward S.r.l.	Bolzano	I	EUR	80,000.00		100.000
AGN Energia S.p.A.	Volpiano (TO)	I	EUR	11,287,783.00	32.019	32.019
Alba Tramezzini S.p.A.	Faggiano (TA)	I	EUR	90,000.00		70.000
Ape S.r.l.	Palermo	I	EUR	3,640,000.00		100.000
Archimede S.p.A.	Milano	I	EUR	1,000,000.00	17.241	17.241
Autogas Riviera S.r.l.	Taggia (IM)	I	EUR	102,000.00		50.000
Bea Arquata S.r.l.	Busalla (GE)	I	EUR	60,000.00		80.000
BEA Biella S.r.l.	Busalla (GE)	I	EUR	130,000.00		51.000
Beijing Tecnica Sport Equipment Co., Ltd	Beijing	RC	CNY	25,727,280.00		50.000
Bene Assicurazioni S.p.A. Società Benefit	Milano	I	EUR	25,199,000.00	19.996	19.996
Blizzard Produktion GmbH	Chop	UA	EUR	6,001,701.00		100.000
Blizzard Sport GmbH	Mittersill	A	EUR	36,336.00		100.000
Blizzard Sport Liegenschaftsverwaltungs GmbH	Mittersill	A	EUR	36,336.00		99.000
bService S.C.A.R.L. Società Benefit	Milano	I	EUR	50,000.00		51.000
Caffè Borbone S.r.l.	Caivano (NA)	I	EUR	1,000,000.00	60.000	60.000
Caffè Borbone America Corp.	Trenton (NJ)	USA	USD	10,000.00		100.000
Callmewine S.r.l.	Milano	I	EUR	12,245.92		80.000
Callmewine UK Limited	London	UK	£	5,000.00		100.000
Capitelli F.lli S.r.l.	Borgonovo Val Tidone (PC)	I	EUR	51,480.00	80.000	80.000
Casa della Salute S.p.A.	Genova	I	EUR	2,904,770.00	84.672	84.672
Casa della Salute Sardegna S.r.l.	Genova	I	EUR	250,000.00		90.000
CDS Medical S.r.l.	Genova	I	EUR	1,800,000.00		100.000
Cerraduras Iseo Iberica S.L.	Ajalvir - Madrid	E	EUR	300,500.00		90.000
Clessidra Capital Credit SGR S.p.A.	Milano	I	EUR	2,550,000.00		100.000
Clessidra CRF G.P. società semplice	Milano	I	EUR	10,000.00		49.000
Clessidra Factoring S.p.A.	Milano	I	EUR	13,650,000.00		100.000
Clessidra Holding S.p.A.	Milano	I	EUR	10,000,000.00	100.000	100.000
Clessidra Private Equity SGR S.p.A.	Milano	I	EUR	3,600,000.00		100.000
C.R.M. S.p.A.	Modena	I	EUR	110,000.00		100.000
Compagnia Fiduciaria Nazionale S.p.A.	Milano	I	EUR	90,000.00	16.668	16.668
Crédit Mobilier de Monaco S.A.	Montecarlo	MC	EUR	5,355,000.00	99.914	99.914
Dokimè S.r.l. (*)	Milano	I	EUR	100,000.00	20.627	20.627
Eco Park Wind Power	Sofia	BG	BGN	5,000.00		100.000
Ecoclima S.r.l.	Ariano nel Polesine (RO)	I	EUR	90,000.00		55.000
Fara Real Estate S.r.l.	Bergamo	I	EUR	10,000.00		100.000
Farmacia Bonanni S.r.l.	Genova	I	EUR	10,000.00		100.000
Farmacia Centrale S.r.l.	Genova	I	EUR	20,000.00		100.000
Farmacia Chivasso Est S.r.l.	Chivasso (TO)	I	EUR	30,000.00		100.000
Farmacia degli Angeli S.r.l.	Volpiano (TO)	I	EUR	10,000.00		100.000
Farmacia dell'Isola S.r.l.	Presezzo (BG)	I	EUR	50,000.00		100.000
Farmacia Murtas S.r.l.	Cagliari	I	EUR	10,000.00		100.000
Farmacia Vanoncini S.r.l.	Sant'Omobono Terme (BG)	I	EUR	10,000.00		100.000
Farmagorà 6 S.r.l.	Bergamo	I	EUR	10,000.00		100.000
Farmagorà 7 S.r.l.	Bergamo	I	EUR	10,000.00		100.000
Farmagorà 8 S.r.l.	Bergamo	I	EUR	10,000.00		100.000
Farmagorà 9 S.r.l.	Bergamo	I	EUR	10,000.00		100.000
Farmagorà 11 S.r.l.	Bergamo	I	EUR	10,000.00		100.000
Farmagorà 12 S.r.l.	Bergamo	I	EUR	10,000.00		100.000
Farmagorà 13 S.r.l.	Bergamo	I	EUR	10,000.00		100.000

Method	Non-controlling interest %	Equity at 31/12/2021	Profit for the year 2021	Company
				Parent Company Italmobiliare S.p.A.
Fair Value		EUR 7,951,909.00	EUR 3,645,034.00	035 Investimenti S.p.A.
Fair Value		EUR 10,834,522.00	EUR 2,566,833.00	4Ward S.r.l.
Equity		EUR 201,053,734.00	EUR 6,599,760.00	AGN Energia S.p.A.
Fair Value		EUR 6,091,535.00	EUR -300,459.00	Alba Tramezzini S.p.A.
Cost		EUR 4,286,823.00	EUR -169,585.00	Ape S.r.l.
Fair Value		n.d.	n.d.	Archimede S.p.A.
Equity		EUR 2,525,701.00	EUR 1,033,447.00	Autogas Riviera S.r.l.
Cost		EUR 41,876.00	EUR -1,314.00	Bea Arquata S.r.l.
Line-by-line	49.000	EUR 479,590.00	EUR 85,630.00	BEA Biella S.r.l.
Equity		CNY -32,342,970.82	CNY -11,691,621.34	Beijing Tecnica Sport Equipment Co., Ltd
Fair Value		EUR 35,179,309.26	EUR 3,018,860.35	Bene Assicurazioni S.p.A. Società Benefit
Equity		EUR 2,048,257.63	EUR 3,747.59	Blizzard Produktion GmbH
Equity		EUR 20,061,173.36	EUR 2,474,074.84	Blizzard Sport GmbH
Equity		EUR 5,622,781.87	EUR 22,061.48	Blizzard Sport Liegenschaftsverwaltungs GmbH
Fair Value		EUR 54,988.00	EUR 4,988.00	bService S.C.A.R.L. Società Benefit
Line-by-line	40.000	EUR 379,790,007.00	EUR 63,470,705.00	Caffè Borbone S.r.l.
Line-by-line		USD n.d.	USD n.d.	Caffè Borbone America Corp.
Line-by-line	20.000	EUR 4,125,310.00	EUR -565,327.00	Callmewine S.r.l.
Line-by-line		GBP n.d.	GBP n.d.	Callmewine UK Limited
Line-by-line	20.000	EUR 20,882,844.00	EUR 3,121,595.00	Capitelli F.lli S.r.l.
Line-by-line	15.328	EUR 9,723,872.00	EUR -804,836.00	Casa della Salute S.p.A.
Line-by-line	10.000	EUR n.d.	EUR n.d.	Casa della Salute Sardegna S.r.l.
Line-by-line		EUR n.d.	EUR n.d.	CDS Medical S.r.l.
Equity		EUR 3,976,174.00	EUR 940,491.00	Cerraduras Iseo Iberica S.L.
Line-by-line		EUR 2,856,978.00	EUR -1,274,522.00	Clessidra Capital Credit SGR S.p.A.
Line-by-line	51.000	EUR 9,515.00	EUR -43,542.43	Clessidra CRF G.P. società semplice
Line-by-line		EUR 12,698,339.00	EUR 937,420.00	Clessidra Factoring S.p.A.
Line-by-line		EUR 26,161,920.00	EUR -384,020.00	Clessidra Holding S.p.A.
Line-by-line		EUR 7,522,182.00	EUR 747,735.00	Clessidra Private Equity SGR S.p.A.
Fair Value		EUR 13,543,727.00	EUR -6,392,375.00	C.R.M. S.p.A.
Fair Value		EUR 5,818,339.00	EUR 779,247.00	Compagnia Fiduciaria Nazionale S.p.A.
Line-by-line	0.086	EUR 5,429,000.00	EUR -677,000.00	Crédit Mobilier de Monaco S.A.
Equity		EUR 9,171,848.00	EUR -203,504.00	Dokimè S.r.l. (*)
Equity		BGN 2,695,048.04	BGN 487,782.43	Eco Park Wind Power
Equity		EUR 866,154.00	EUR 28,822.00	Ecoclina S.r.l.
Equity		EUR 65,052.00	EUR -3,500.00	Fara Real Estate S.r.l.
Equity	-	EUR 79,191.00	EUR 136,314.00	Farmacia Bonanni S.r.l.
Equity	-	EUR 402,437.00	EUR 17,835.00	Farmacia Centrale S.r.l.
Equity	-	EUR 82,209.00	EUR 95,810.00	Farmacia Chivasso Est S.r.l.
Equity	-	EUR 239,831.00	EUR 259,878.00	Farmacia degli Angeli S.r.l.
Equity	-	EUR 37,807.00	EUR 64,133.00	Farmacia dell'Isola S.r.l.
Equity	-	EUR 3,504,382.00	EUR -53,736.00	Farmacia Murtas S.r.l.
Equity	-	EUR 103,250.00	EUR -4,024.00	Farmacia Vanoncini S.r.l.
Equity		EUR 1,420,889.00	EUR 10,890.00	Farmagorà 6 S.r.l.
Equity		EUR 239,007.00	EUR -994.00	Farmagorà 7 S.r.l.
Equity		EUR 6,950.00	EUR -3,050.00	Farmagorà 8 S.r.l.
Equity		EUR 6,945.00	EUR -3,054.00	Farmagorà 9 S.r.l.
Equity		EUR n.d.	EUR n.d.	Farmagorà 11 S.r.l.
Equity		EUR n.d.	EUR n.d.	Farmagorà 12 S.r.l.
Equity		EUR n.d.	EUR n.d.	Farmagorà 13 S.r.l.

Company	Head Office	Share Capital			Interest held by Group Companies		
					Direct	Indirect	%
Farmagorà 15 S.r.l.	Bergamo	I	EUR	10,000.00	100.000	100.000	Farmagorà Holding S.p.A.
Farmagorà 16 S.r.l.	Bergamo	I	EUR	10,000.00	100.000	100.000	Farmagorà Holding S.p.A.
Farmagorà 17 S.r.l.	Bergamo	I	EUR	10,000.00	100.000	100.000	Farmagorà Holding S.p.A.
Farmagorà 18 S.r.l.	Bergamo	I	EUR	10,000.00	100.000	100.000	Farmagorà Holding S.p.A.
Farmagorà 19 S.r.l.	Bergamo	I	EUR	10,000.00	100.000	100.000	Farmagorà Holding S.p.A.
Farmagorà Barlassina S.r.l.	Barlassina (MB)	I	EUR	10,000.00	100.000	100.000	Farmagorà Holding S.p.A.
Farmagorà Carmagnola S.r.l.	Bergamo	I	EUR	10,000.00	100.000	100.000	Farmagorà Holding S.p.A.
Farmagorà Cernusco S.N. 1 S.r.l.	Cernusco sul Naviglio (MI)	I	EUR	10,000.00	100.000	100.000	Farmagorà Holding S.p.A.
Farmagorà Holding S.p.A.	Bergamo	I	EUR	40,120,000.00	31,833	31.833	Italmobiliare S.p.A.
Farmagorà Lumezzane S.r.l.	Lumezzane (BS)	I	EUR	10,000.00	100.000	100.000	Farmagorà 12 S.r.l.
Farmagorà Mantello S.r.l.	Mantello (SO)	I	EUR	10,000.00	100.000	100.000	Farmagorà Holding S.p.A.
Farmagorà Montjovet S.r.l.	Montjovet (AO)	I	EUR	10,000.00	100.000	100.000	Farmagorà Holding S.p.A.
Farmagorà Ponte Nizza S.r.l.	Ponte Nizza (PV)	I	EUR	102,000.00	100.000	100.000	Farmagorà Holding S.p.A.
Farmagorà Solza S.r.l.	Solza (BG)	I	EUR	30,000.00	100.000	100.000	Farmagorà Holding S.p.A.
Feroneria Prod. S.A.	Arad	RO	RON	20,628,636.40	99.9999	99.9999	Iseo Serrature S.p.A.
					0.0001	0.0001	Microhard S.r.l.
Fin.Priv. S.r.l. (**)	Milano	I	EUR	20,000.00	14,285	14.280	Italmobiliare S.p.A.
FIT S.r.l. Società Benefit	Seregno (MB)	I	EUR	120,000.00		100.000	Bene Assicurazioni S.p.A.
Florence InvestCo S.r.l.	Milano	I	EUR	1,988,583.00	13,983	13.983	Italmobiliare S.p.A.
Formula S.p.A.	Milano	I	EUR	4,000,000.00		100.000	Formula Impresoft S.p.A.
Formula Impresoft S.p.A.	Milano	I	EUR	4,806,710.63		63.158	Archimede S.p.A.
Franco Tosi Ventures S.r.l.	Milano	I	EUR	100,000.00	100,000	100.000	Italmobiliare S.p.A.
FT2 S.r.l.	Milano	I	EUR	10,000.00	100,000	100.000	Italmobiliare S.p.A.
FT3 S.r.l.	Milano	I	EUR	10,000.00	100,000	100.000	Italmobiliare S.p.A.
FT4 S.r.l.	Milano	I	EUR	10,000.00	100,000	100.000	Italmobiliare S.p.A.
G.D.S. Media & Communication S.r.l. Società unipersonale (under liquidation)	Palermo	I	EUR	30,000.00		100.000	S.E.S. Società Editrice Sud S.p.A.
Gardawind S.r.l.	Vipiteno (BZ)	I	EUR	100,000.00		49.000	Italgen S.p.A.
Gastone S.r.l.	Ravenna	I	EUR	60,000.00		100.000	C.R.M. S.p.A.
Giornale di Sicilia Editoriale Poligrafica S.p.A.	Palermo	I	EUR	9,717,608.00		100.000	APE S.r.l.
GN Technology S.r.l.	Milano	I	EUR	25,500.00		100.000	Formula Impresoft S.p.A.
GRES Hub S.r.l.	Milano	I	EUR	10,000.00		100.000	Italmobiliare Servizi S.r.l.
Gruppo Energia Italia S.r.l. (***)	Volpiano (TO)	I	EUR	108,000.00		50.000	AGN Energia S.p.A.
Haekon Eood	Sofia	BG	BGN	5,000.00		100.000	Gardawind S.r.l.
Idrodezzo S.r.l.	Villa di Serio (BG)	I	EUR	10,000.00		100.000	Italgen S.p.A.
Idroenergy S.r.l.	Villa di Serio (BG)	I	EUR	99,000.00		100.000	Italgen S.p.A.
Immobiliare Lido di Classe S.r.l. (under liquidation)	Roma	I	EUR	255,000.00	18,036	18.036	Italmobiliare S.p.A.
Impresoft S.p.A.	Milano	I	EUR	50,000.00		100.000	Formula Impresoft S.p.A.
IQ-Sports Verwaltungs GmbH	Mittersill	A	EUR	35,000.00		100.000	Tecnica Group S.p.A.
Iseo (Beijing) Security Technology Co., Ltd	Beijing	RC	CNY	500,000.00		100.000	Iseo Asia Limited
Iseo Asia Limited	Hong Kong	HK	HKD	1,000,000.00		100.000	Iseo Serrature S.p.A.
Iseo Asia Pacific Sdn Bhd	Puchong, Selangor D.E.	MAL	MYR	715,560.00		100.000	Iseo Asia Limited
Iseo Colombia S.A.S.	Bogotà	CO	COP	1,800,000,000.00		55.556	Iseo Serrature S.p.A.
Iseo Denmark A.P.S.	Copenaghen	DK	EUR	18,000.00		55.000	Iseo Serrature S.p.A.
Iseo Deutschland GmbH	Gera	D	EUR	1,000,000.00		100.000	Iseo Serrature S.p.A.
Iseo France S.A.S.	Vaux Le Pénil	F	EUR	1,075,440.00		100.000	Iseo Serrature S.p.A.
Iseo Galvanica S.r.l.	Arad	RO	RON	2,800,000.00		99.500	Iseo Serrature S.p.A.
						0.500	Microhard S.r.l.
Iseo Gulf LCC	Dubai	UAE	AED	300,000.00		100.000	Iseo Middle East FZE
Iseo Middle East FZE	Dubai	UAE	AED	1,000,000.00		100.000	Iseo Denmark A.P.S.
Iseo Peru S.A.C.	Lima	PE	PEN	1,250,000.00		90.000	Iseo Serrature S.p.A.
Iseo Serrature S.p.A.	Pisogne (BS)	I	EUR	24,429,800.00	39,246	39.246	Italmobiliare S.p.A.
Iseo South Africa Proprietary Limited	Cape Town	ZA	ZAR	2,163.00		100.000	Iseo Serrature S.p.A.
Italgen S.p.A.	Villa di Serio (BG)	I	EUR	20,000,000.00	100,000	100.000	Italmobiliare S.p.A.
Italmobiliare Servizi S.r.l.	Milano	I	EUR	3,520,000.00	100,000	100.000	Italmobiliare S.p.A.
ITM Bacco S.r.l.	Milano	I	EUR	100,000.00	60,000	60.000	Italmobiliare S.p.A.
Kipcast S.r.l.	Sant'Ambrogio di Valpolicella (VR)	I	EUR	25,000.00		90.280	Formula Impresoft S.p.A.
La Sierra Scarpe S.R.L.	Popești Leordeni	RO	RON	50,000.00		100.000	SIDI Sport S.r.l.

Method	Non-controlling interest %	Equity at 31/12/2021	Profit for the year 2021	Company
Equity	EUR	n.d.	EUR n.d.	Farmagorà 15 S.r.l.
Equity	EUR	n.d.	EUR n.d.	Farmagorà 16 S.r.l.
Equity	EUR	n.d.	EUR n.d.	Farmagorà 17 S.r.l.
Equity	EUR	n.d.	EUR n.d.	Farmagorà 18 S.r.l.
Equity	EUR	n.d.	EUR n.d.	Farmagorà 19 S.r.l.
Equity	EUR	145,077.00	EUR 135,078.00	Farmagorà Barlassina S.r.l.
Equity	EUR	n.d.	EUR n.d.	Farmagorà Carmagnola S.r.l.
Equity	-	EUR 141,296.00	EUR -72,365.00	Farmagorà Cernusco S.N. 1 S.r.l.
Equity	-	EUR 15,107,247.00	EUR -297,754.00	Farmagorà Holding S.p.A.
Equity	EUR	-225,464.00	EUR 180,075.00	Farmagorà Lumezzane S.r.l.
Equity	EUR	6,944.00	EUR -3,056.00	Farmagorà Mantello S.r.l.
Equity	EUR	332,128.00	EUR 2,128.00	Farmagorà Montjovet S.r.l.
Equity	-	EUR 234,444.00	EUR 132,445.00	Farmagorà Ponte Nizza S.r.l.
Equity	EUR	395,711.00	EUR -98,056.00	Farmagorà Solza S.r.l.
Equity	RON	32,376,294.00	RON 2,594,159.00	Feroneria Prod. S.A.
Fair Value	EUR	104,565,654.00	EUR 10,293,017.00	Fin.Priv. S.r.l. (**)
Fair Value	EUR	470,919.32	EUR 55,055.73	FIT S.r.l. Società Benefit
Equity	EUR	98,124,717.00	EUR -175,283.00	Florence InvestCo S.r.l.
Fair Value	EUR	n.d.	EUR n.d.	Formula S.p.A.
Fair Value	EUR	62,294,549.00	EUR -5,785,968.00	Formula Impresoft S.p.A.
Line-by-line	EUR	86,887.00	EUR -13,113.00	Franco Tosi Ventures S.r.l.
Line-by-line	EUR	201,009,552.00	EUR -45,791.00	FT2 S.r.l.
Line-by-line	EUR	13,288,829.00	EUR -20,493.00	FT3 S.r.l.
Line-by-line	EUR	n.d.	EUR n.d.	FT4 S.r.l.
Cost	EUR	-700,907.00	EUR -831,778.00	G.D.S. Media & Communication S.r.l. Società unipersonale (under liquidation)
Equity	EUR	1,165,607.63	EUR 13,552.27	Gardawind S.r.l.
Fair Value	EUR	835,231.00	EUR -332,507.00	Gastone S.r.l.
Cost	EUR	14,079,264.00	EUR -91,944.00	Giornale di Sicilia Editoriale Poligrafica S.p.A.
Fair Value	EUR	11,001,753.00	EUR 375,849.00	GN Techonomy S.r.l.
Line-by-line	EUR	2,994,526.00	EUR -57,494.00	GRES Hub S.r.l.
Equity	EUR	3,887,642.00	EUR 1,303,463.00	Gruppo Energia Italia S.r.l. (***)
Equity	BGN	3,517,820.85	BGN 709,127.64	Haekon Eood
Line-by-line	EUR	2,393,975.00	EUR -119,232.00	Idrozezzo S.r.l.
Line-by-line	EUR	3,983,323.00	EUR 147,802.00	Idroenergy S.r.l.
Cost	EUR	-3,648,928.00	EUR -83,175.00	Immobiliare Lido di Classe S.r.l. (under liquidation)
Fair Value	EUR	n.d.	EUR n.d.	Impresoft S.p.A.
Equity	EUR	14,568,786.27	EUR -8,279.97	IQ-Sports Verwaltungs GmbH
Equity	CNY	5,851,550.00	CNY 1,640,680.00	Iseo (Beijing) Security Technology Co., Ltd
Equity	EUR	72,836.00	EUR -3,417.00	Iseo Asia Limited
Equity	MYR	43,002.00	MYR 448,159.00	Iseo Asia Pacific Sdn Bhd
Equity	COP	49,642,851.00	COP -304,167,054.00	Iseo Colombia S.A.S.
Equity	EUR	9,741.00	EUR -54,454.00	Iseo Denmark A.P.S.
Equity	EUR	4,160,703.00	EUR 856,374.00	Iseo Deutschland GmbH
Equity	EUR	13,065,999.00	EUR 2,805,789.00	Iseo France S.A.S.
Equity	RON	1,127,116.00	RON -680,736.00	Iseo Galvanica S.r.l.
Equity	AED	428,417.00	AED 1,119.00	Iseo Gulf LCC
Equity	EUR	3,608,898.00	EUR 972,692.00	Iseo Middle East FZE
Equity	PEN	1,190,055.00	PEN 546,981.00	Iseo Peru S.A.C.
Equity	EUR	96,117,985.00	EUR 6,026,189.00	Iseo Serrature S.p.A.
Equity	ZAR	2,945,342.00	ZAR -1,490,670.00	Iseo South Africa Proprietary Limited
Line-by-line	EUR	36,779,246.00	EUR 12,397,040.00	Italgen S.p.A.
Line-by-line	EUR	11,191,044.00	EUR 230,654.00	Italmobiliare Servizi S.r.l.
Line-by-line	40,000	EUR 19,271,202.00	EUR -3,796.00	ITM Bacco S.r.l.
Fair Value	EUR	863,782.00	EUR 338,583.00	Kipcast S.r.l.
Line-by-line	RON	n.d.	RON n.a.	La Sierra Scarpe S.R.L.

Company	Head Office	Share Capital			Interest held by Group Companies		
					Direct	Indirect	%
Locken Iberica S.L.	Madrid	ES	EUR	5,000.00	100.000	100.000	Iseo Serrature S.p.A.
Locken UK Limited	London	GB	GBP	1,000.00	99.200	99.200	Iseo Serrature S.p.A.
Lowa Boots LLC	Stanford	USA	USD	35,000.00	99.900	99.900	Lowa Sportschuhe GmbH
					0.100	0.100	Tecnica Group S.p.A.
Lowa Production Sro	Bošany	SK	EUR	1,068,115.00	100.000	100.000	Lowa R&D S.r.l. (già Riko Sport S.r.l.)
Lowa R&D S.r.l.	Caselle di Altivole (TV)	I	EUR	780,000.00	100.000	100.000	Lowa Sportschuhe GmbH
Lowa Schuhe AG	Interlaken	CH	CHF	1,100,000.00	100.000	100.000	MM Holding AG
Lowa Sportschuhe GmbH	Jetzendorf	D	EUR	5,000,000.00	80.000	80.000	Tecnica Group S.p.A.
Mesomarket Eood	Sofia	BG	BGN	5,000.00	100.000	100.000	Gardawind S.r.l.
Microhard S.r.l.	Rovellasca (CO)	I	EUR	100,000.00	100.000	100.000	Iseo Serrature S.p.A.
MM Holding AG	Stans	CH	CHF	100,000.00	100.000	100.000	Lowa Sportschuhe GmbH
New Flour S.p.A.	Milano	I	EUR	163,000.00	16,974	16,974	Italmobiliare S.p.A.
NextCRM S.r.l.	Vicenza	I	EUR	59,035.00	100.000	100.000	Formula Impresoft S.p.A.
Nexttech S.r.l.	Mira (VE)	I	EUR	10,000.00	100.000	100.000	Formula Impresoft S.p.A.
Norfin S.r.l.	Giavera del Montello (TV)	I	EUR	95,000.00	100.000	100.000	Tecnica Group S.p.A.
Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A.	Firenze	I	EUR	2,100,000.00	95.000	95.000	FT2 S.r.l.
Officina Profumo-Farmaceutica di Santa Maria Novella of America Corporation	New York	USA	USD	2,000,000.00	100.000	100.000	Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A.
Opensymbol S.r.l.	Vicenza	I	EUR	10,000.00	100.000	100.000	Formula Impresoft S.p.A.
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milano	I	EUR	1,300,000.00	100,000	100.000	Italmobiliare S.p.A.
Qualitas Informatica S.p.A.	Santorso (VI)	I	EUR	640,000.00	100.000	100.000	Formula Impresoft S.p.A.
R.T.P. Radio Televisione Peloritana S.r.l.	Messina	I	EUR	200,000.00	100.000	100.000	S.E.S. Società Editrice Sud S.p.A.
Rovale S.r.l.	Villa di Serio (BG)	I	EUR	10,000.00	51.000	51.000	Italgen S.p.A.
S.E.S. Società Editrice Sud S.p.A.	Messina	I	EUR	10,695,505.08	33,527	33,527	Italmobiliare S.p.A.
Santa Maria Novella France S.A.S.	Levallois-Perret	FR	EUR	20,000.00	100.000	100.000	Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A.
Santa Maria Novella UK Limited	London	UK	£	1,000.00	100.000	100.000	Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A.
Sc QRMES S.R.L.	Sibiu	RO	RON	1,000.00	99.000	99.000	Qualitas Informatica S.p.A.
Schöffel-Lowa-Sportartikel GmbH & Co. KG	Schwabmünchen	D	EUR	100,523.00	50.000	50.000	Lowa Sportschuhe GmbH
Sicilia On Line S.r.l. (under liquidation)	Palermo	I	EUR	99,000.00	50.000	50.000	Giornale di Sicilia Editoriale Poligrafica S.p.A.
SIDI Sport S.r.l.	Maser (TV)	I	EUR	500,000.00	100.000	100.000	FT4 S.r.l.
Sirap Gema S.r.l.	Bergamo	I	EUR	2,500,000.00	100,000	100.000	Italmobiliare S.p.A.
Société d'Etudes de Participations et de Courtages S.A.	Montecarlo	MC	EUR	1,290,000.00	99,983	99,983	Italmobiliare S.p.A.
Sofia S.r.l.	Pisogne (BS)	I	EUR	18,918.00	55.001	55.001	Iseo Serrature S.p.A.
Solar Derthona S.r.l.	Villa di Serio (BG)	I	EUR	30,000.00	100.000	100.000	Italgen S.p.A.
Solar Rooftop S.r.l.	Villa di Serio (BG)	I	EUR	50,000.00	100.000	100.000	Italgen S.p.A.
Splendorgas S.r.l.	Santi Cosma e Damiano (LT)	I	EUR	10,000.00	60.000	60.000	AGN Energia S.p.A.
Stoccaggi Riuniti Cotignola Scarl	Cotignola (RA)	I	EUR	12,000.00	50.000	50.000	AGN Energia S.p.A.
T.G.S. Telegiornale di Sicilia S.r.l.	Palermo	I	EUR	336,000.00	98.099	98.099	Giornale di Sicilia Editoriale Poligrafica S.p.A.
Tecnica Group Canada Inc	Saint-Laurent	CA	CAD	4,000,000.00	100.000	100.000	Tecnica Group S.p.A.
Tecnica Group France S.a.r.l.	Annecy-Le-Vieux	FR	EUR	1,000,000.00	100.000	100.000	Tecnica Group S.p.A.
Tecnica Group Germany GmbH	Jetzendorf	D	EUR	715,808.00	100.000	100.000	Tecnica Group S.p.A.
Tecnica Group Japan Ltd	Tokyo	JP	YEN	100,000,000.00	99.900	99.900	Tecnica Group S.p.A.
Tecnica Group S.p.A.	Giavera del Montello (TV)	I	EUR	38,533,835.00	40,000	40.000	Italmobiliare S.p.A.
Tecnica Group Schweiz AG	Stans	CH	CHF	500,000.00	100.000	100.000	Tecnica Group S.p.A.
Tecnica Group USA-Corp.	West Lebanon	USA	USD	5,800,000.00	100.000	100.000	Tecnica Group S.p.A.
Tecnica Ungheria Kft.	Nagykálló	H	EUR	98,352.00	99.000	99.000	Tecnica Group S.p.A.
					1.000	1.000	Norfin S.r.l.
Tecnicas S.r.l.	Prevalle (BS)	I	EUR	49,920.00	50.000	50.000	AGN Energia S.p.A.
Tianjing Tecnica International Trading Co., Ltd	Tianjin Port	RC	CNY	2,417,770.00	50.000	50.000	Tecnica Group S.p.A.
Versilgas S.r.l.	S. Stefano di Magra (SP)	I	EUR	36,400.00	50.000	50.000	AGN Energia S.p.A.

Method	Non-controlling interest %		Equity at 31/12/2021		Profit for the year 2021	Company
Equity		EUR	137,503.00	EUR	-193,028.00	Locken Iberica S.L.
Equity		EUR	1,224,664.00	EUR	764,392.00	Locken UK Limited
Equity		USD	14,794,472.53	USD	2,460,433.97	Lowa Boots LLC
Equity		EUR	20,975,757.74	EUR	3,555,241.10	Lowa Production Sro
Equity		EUR	23,493,722.81	EUR	4,420,755.81	Lowa R&D S.r.l.
Equity		CHF	5,824,784.00	CHF	3,305,839.00	Lowa Schuhe AG
Equity		EUR	89,185,335.64	EUR	21,299,739.60	Lowa Sportschuhe GmbH
Equity		BGN	-2,726,560.07	BGN	-34,109.55	Mesomarket Eood
Equity		EUR	3,742,296.00	EUR	1,257,873.00	Microhard S.r.l.
Equity		CHF	9,567,204.00	CHF	1,864,518.00	MM Holding AG
Fair Value		EUR	22,814,465.00	EUR	-296,965.00	New Flour S.p.A.
Fair Value		EUR	295,159.00	EUR	565.00	NextCRM S.r.l.
Fair Value		EUR	11,208,274.00	EUR	-404,861.00	Nexttech S.r.l.
Equity		EUR	-3,126.00	EUR	-97,728.00	Norfin S.r.l.
Line-by-line	5.000	EUR	165,860,758.00	EUR	-2,423,143.00	Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A.
Line-by-line		USD	-994,253.00	USD	66,452.00	Officina Profumo-Farmaceutica di Santa Maria Novella of America Corporation
Fair Value		EUR	3,617,651.00	EUR	1,003,943.00	Opensymbol S.r.l.
Line-by-line		EUR	1,041,641.00	EUR	-38,586.00	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
Fair Value		EUR	8,567,566.00	EUR	-812,981.00	Qualitas Informatica S.p.A.
Cost		EUR	148,247.00	EUR	7,935.00	R.T.P. Radio Televisione Peloritana S.r.l.
Line-by-line	49.000	EUR	512,289.00	EUR	87,859.00	Rovale S.r.l.
Equity		EUR	47,474,598.00	EUR	419,181.00	S.E.S. Società Editrice Sud S.p.A.
Line-by-line	-	EUR	n.d.	EUR	n.d.	Santa Maria Novella France S.A.S
Line-by-line	-	GBP	664,226.00	GBP	340,089.00	Santa Maria Novella UK Limited
Fair Value		RON	146,494.00	RON	9,752.00	Sc QRMES S.R.L.
Equity		EUR	2,368,166.00	EUR	418,338.00	Schöffel-Lowa-Sportartikel GmbH & Co. KG
Cost		EUR	-25,740.00	EUR	-62,743.00	Sicilia On Line S.r.l. (under liquidation)
Line-by-line		EUR	33,652,672.00	EUR	4,123,184.00	SIDI Sport S.r.l.
Line-by-line		EUR	83,547,397.00	EUR	70,026,947.00	Sirap Gema S.r.l.
Line-by-line	0.020	EUR	284,010.00	EUR	-86,235.00	Société d'Etudes de Participations et de Courtages S.A.
Equity		EUR	1,129,666.00	EUR	-122,304.00	Sofia S.r.l.
Line-by-line		EUR	n.d.	EUR	n.d.	Solar Derthona S.r.l.
Line-by-line		EUR	31,856.00	EUR	-18,143.00	Solar Rooftop S.r.l.
Equity		EUR	354,739.00	EUR	34,133.00	Splendorgas S.r.l.
Equity		EUR	114,849.00	EUR	11,296.00	Stoccaggi Riuniti Cotignola Scarl
Cost		EUR	1,697,603.00	EUR	1,297,364.00	T.G.S. Telegiornale di Sicilia S.r.l.
Equity		CAD	6,307,458.11	CAD	966,083.11	Tecnica Group Canada Inc
Equity		EUR	3,187,596.00	EUR	262,871.00	Tecnica Group France S.a.r.l.
Equity		EUR	500,529.85	EUR	80,965.17	Tecnica Group Germany GmbH
Equity		YEN	199,370,842.00	YEN	7,143,403.00	Tecnica Group Japan Ltd
Equity		EUR	94,500,146.00	EUR	14,893,351.00	Tecnica Group S.p.A.
Equity		CHF	1,169,362.71	CHF	486,905.73	Tecnica Group Schweiz AG
Equity		USD	36,435,629.00	USD	4,740,533.00	Tecnica Group USA-Corp.
Equity		EUR	11,569,735.10	EUR	226,039.46	Tecnica Ungheria Kft.
Equity		EUR	2,854,709.00	EUR	537,029.00	Tecnigas S.r.l.
Equity		CNY	-1,713,984.75	CNY	-25,659.47	Tianjing Tecnica International Trading Co., Ltd
Equity		EUR	1,098,589.00	EUR	13,168.00	Versilgas S.r.l.

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Certification pursuant to art. 154-bis paragraph 5 of the Italian Consolidated Law on Finance (CLF) regarding the consolidated financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments and additions

1. The undersigned Carlo Pesenti, Chief Executive Officer, and Mauro Torri, Manager in charge of financial reporting of Italmobiliare S.p.A., hereby certify, also in consideration of art. 154-bis, paragraphs 3 and 4, of legislative decree no. 58 of February 24, 1998:
 - the adequacy in relation to the characteristics of the company and
 - the actual application

of the administrative and accounting procedures adopted for the preparation of the **consolidated financial statements** during the period from January 1, 2022 to December 31, 2022.
2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of the consolidated financial statements as at and for the year ended December 31, 2022 is based on a model identified by Italmobiliare in accordance with the CoSO framework (illustrated in the *CoSO Report*) and also takes into account the document "*Internal Control over Financial Reporting – Guidance for Smaller Public Companies*", both issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represent a generally accepted international framework.
3. It is also certified that:
 - 3.1 the consolidated financial statements as at and for the year ended December 31, 2022:
 - a) have been prepared in compliance with the applicable International Financial Reporting Standards recognized by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002 of July 19, 2002;
 - b) correspond to the contents of the accounting books and records;
 - c) are suitable to provide a true and fair view of the financial position, results of operations and cash flows of Italmobiliare S.p.A. and of the group of companies included in the consolidation scope;
 - 3.2 the Director's report includes a reliable analysis of the performance and results of operations, as well as of the situation of Italmobiliare S.p.A. in its capacity as an issuer, and of the group of companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

March 8, 2023

Chief Executive Officer

Manager in charge of financial reporting

Carlo Pesenti

Mauro Torri

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Italmobiliare S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Italmobiliare S.p.A. and its subsidiaries (the "Group"), which comprise the statement of financial position as at December 31, 2022, the income statement, the statement of comprehensive income, the consolidated statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Italmobiliare S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.

Codice Fiscale/Registro delle imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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Measurement of financial assets with fair value levels 2 and 3

Description of the key audit matter The consolidated financial statements at December 31, 2022 include financial assets measured at fair value categorized into hierarchy levels 2 and 3 amounting to Euro 435 million, equal to 48,5% of total financial assets and 20,8% of total assets.

For the above financial assets, a listed price on an active market is not available and therefore the related measurement is based on complex valuation techniques that require a significant level of judgement.

We considered the measurement of financial assets with fair value levels 2 and 3 a key audit matter of the Group consolidated financial statements at December 31, 2022 considering: i) it entails a significant level of judgements by the Directors, ii) the complexity of the relevant valuation techniques and of the significant inputs and iii) the significance of the amounts.

Note 6) "Other equity investments", 7) "Trade receivables and other non-current assets" and 12) "Equity investments, bonds and current financial receivables" of the consolidated financial statements include the disclosures about the measurement of financial assets.

Audit procedures performed

Our audit procedures, among others, included:

- understanding of the relevant controls implemented for the acquisition, disposal and measurement of financial assets;
- assessing the appropriateness of the accounting rules adopted by the Group in accordance with the requirements of IFRS 9 and IFRS 13;
- testing, on a sample basis, the appropriate categorization of financial assets into the fair value levels;
- testing, on a sample basis, the reasonableness and the accuracy of the valuation techniques, the significant inputs and their actual application provided by the Directors for measurement purposes of the fair value levels 2 and 3.
- assessing the appropriateness of the disclosures provided in the notes about financial assets and their fair value levels and their compliance with the related accounting principles.

Recoverability of goodwill and intangible asset with indefinite useful life

Description of the key audit matter The consolidated financial statements at December 31, 2022 include goodwill amounting to Euro 301,6 million, and intangible assets with indefinite useful life related to the "Caffè Borbone" and the "Officina Profumo Farmaceutica di Santa Maria Novella" trademark amounting Euro 92,1 million and Euro 124,2 million respectively. The above reported assets, as required by IAS 36, are not systematically amortized but are subject to impairment test at least annually.



The Directors carried out an impairment test of the cash generating units (CGUs) to whom the goodwill is allocated, supported also by an independent external advisor, comparing their recoverable amount, assessed on the basis of the value in use or the fair value, and their carrying amount.

The Directors determined the value in use based on assumptions that include, among others, (i) the cash flows included in the 2023 budget approved by the Board of Directors of the subsidiaries and the plans prepared by Management which include the projections of the financial and economic results (ii) the determination of an appropriate discount rate (WACC) and (iii) an estimate of the long-term growth rate (g-rate) for the cash flows beyond the plan explicit period. The determination of the value in use is also based on assumptions influenced by future expectations and external variables, including the evolution of the conditions for their respective markets.

The recoverable amount of the “Caffè Borbone” and the “Officina Profumo Farmaceutica di Santa Maria Novella” trademarks with indefinite useful life were estimated by the Directors, also with the support of an independent external advisor, as their fair value, determined using an income approach method, based on assumptions made by the Directors relating to the expected turnover set out in the 2023 budget and the plan for the following years, the explicit royalty rates and the discount rate (“Relief from royalty method”). This methodology is in line with the one used during the purchase price allocation exercise when their fair value was determined.

The impairment tests performed did not identify any impairment loss.

Given the significance of the assets recognized in the consolidated financial statements, the judgement required in the estimates of expected cash flows, royalties, and of the key assumptions of the impairment test model used for the calculation of the value in use, we considered the recoverability of goodwill and intangible assets with indefinite useful life a key audit matter of the consolidated financial statements.

Note 3) “Goodwill” and 4) “Intangible assets” of the consolidated financial statements include the disclosures on the valuation of goodwill and intangible assets.

Audit procedures performed

In order to assess the recoverability of the above assets we have preliminary analyzed the process used by Management to determine the recoverable amount of the CGUs and the trademark with indefinite useful life, analyzing the methods and assumptions used for the development of the impairment test.



Our audit procedures, which also involved our own valuation specialists, included:

- understanding of the relevant controls implemented by the Group on the impairment test process;
- analyzing the reasonableness of the main assumptions used for developing the expected cash flows (including the effects of the macroeconomic scenario and potential impacts coming from the climate change) and royalties, together with the collection of other relevant information provided by the Directors;
- evaluating the competences, capabilities and objectivity of the external advisor involved by the Directors for the preparation of the impairment test;
- analyzing the differences between budgeted targets and actual results in order to understand the nature of the deviations, also considering, where applicable the evolution of the Covid-19 pandemic and changes of the macroeconomic scenario, and the reliability of the budgeting process;
- analyzing the reasonableness of the discount rate (WACC) and long-term growth rate (g-rate) in the value in use determination and of the market multiples in the fair value determination;
- assessing the mathematical accuracy of the model used to determine the value in use of the CGUs and the fair value of the trademarks with indefinite useful life;
- analyzing the appropriate determination of the carrying amount of the CGUs, in compliance with the methods used for the estimate of the value in use;
- assessing the sensitivity analysis performed by Management;
- assessing the appropriateness of the disclosures reported in the notes and its compliance with IAS36.

Recoverability of investments in associates

Description of the key audit matter

The consolidated financial statements at December 31, 2022 include investments in associates amounting Euro 257,2 million – accounted for using the equity method.

At each reporting date, the Directors, supported also by an independent external advisor, carry out an impairment test for the investments in associates, in order to compare their recoverable amount, assessed as either their value in use or their fair value, with their carrying amount. In fiscal year 2022, the recoverable amount has been assessed exclusively with the fair value methodology, where the fair value is determined in accordance with the market multiples method, based on the assumptions of the actual ebitda/expected ebitda included in the 2023 budget/forecast for year 2022 together with the estimate of such market multiples.

The estimate of the recoverable amount is also based on assumptions influenced by future expectations and external variables, including the conditions for their respective markets.

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The impairment test performed did not identify any impairment loss.

Given the judgement in the estimates of the expected ebitda, together with the key assumptions of the impairment test model used by the Directors for the calculation of the investments in associates' recoverable amount, we considered the recoverability of the investments in associates a key audit matter of the consolidated financial statements.

Note 5) "Investments in associates" of the consolidated financial statements include the disclosures on the recoverability of the investments in associates.

**Audit procedures
performed**

We have preliminary assessed the process used by Management to determine the recoverable amount of the investments in associates analyzing the methods and assumptions used for the development of the impairment test.

Our audit procedures, which also involved our own valuation specialists, included:

- understanding of the relevant controls implemented by the Group on the impairment test process of the investments in associates;
- analyzing the reasonableness of the main assumptions used for developing the expected ebitda (including the effects of the macroeconomic scenario and potential impacts coming from the climate change), together with the collection of other relevant information provided by the Directors;
- evaluating the competences, capabilities and objectivity of the external advisor involved by the Directors for the preparation of the impairment test;
- analyzing the differences between budgeted targets and actual results in order to understand the nature of the deviations, also considering, where applicable the evolution of the Covid-19 pandemic and changes of the macroeconomic scenario, and the reliability of the budgeting process;
- analyzing the reasonableness of the market multiples method used;
- assessing the mathematical accuracy of the model used to determine the recoverable amount of the investments in associates;
- comparing the recoverable amount of the investments in associates with their carrying amount;
- assessing the sensitivity analysis performed by Management;
- assessing the appropriateness of the disclosures reported in the notes and its compliance with IAS36.



Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related threats or the related safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Italmobiliare S.p.A. has appointed us on April 17, 2019 as auditors of the Company for the years from December 31, 2019 to December 31, 2027.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.



REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Italmobiliare S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the consolidated financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the illustrative notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Italmobiliare S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of the Italmobiliare Group as at December 31, 2022, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Italmobiliare Group as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Italmobiliare Group as at December 31, 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

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Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Italmobiliare S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Massimiliano Semprini
Partner

Milan, Italy
March 17, 2023

*As disclosed by the Directors on page **A3**, the accompanying consolidated financial statements of Italmobiliare S.p.A. is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*

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S.P.A.**

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**SEPARATE
FINANCIAL
STATEMENTS
2022**

FINANCIAL STATEMENTS

Statement of financial position

(euro)	Notes	31.12.2022	31.12.2021	Change
Non-current assets				
Property, plant and equipment	1	7,738,798	6,837,563	901,235
Investment property	2	7,082,977	7,348,764	(265,787)
Intangible assets	3		6,117	(6,117)
Equity investments in subsidiaries and associates	4	762,210,291	727,764,104	34,446,187
Other equity investments	5	144,172,570	103,402,902	40,769,668
Deferred tax assets	6	3,776,501	4,656,139	(879,638)
Other non-current assets	7	236,292,412	208,073,243	28,219,169
Total non-current assets		1,161,273,550	1,058,088,832	103,184,718
Current assets				
Trade receivables	8	534,860	724,529	(189,669)
Other current assets including derivative financial instruments	9	13,610,678	849,307	12,761,371
Tax assets	10	33,383,219	21,832,029	11,551,190
Equity investments, bonds and current financial receivables	11	132,051,431	279,469,799	(147,418,368)
Cash and cash equivalents	12	22,499,597	55,233,522	(32,733,925)
Total current assets		202,079,784	358,109,187	(156,029,402)
Total assets		1,363,353,335	1,416,198,019	(52,844,684)
Equity				
Share capital	13	100,166,937	100,166,937	
Share premium reserve	14	55,606,873	55,606,873	
Reserves	14	(1,628,355)	4,900,281	(6,528,636)
Treasury shares	15	(5,165,730)	(5,165,730)	
Retained earnings	16	1,140,762,377	1,165,304,369	(24,541,992)
Total equity		1,289,742,102	1,320,812,730	(31,070,628)
Non-current liabilities				
Borrowings	18	122,646	114,486	8,160
Employee benefits	17	723,742	809,369	(85,627)
Provisions	19	15,700,000	19,383,000	(3,683,000)
Tax liabilities	19	5,129,437	15,858,159	(10,728,722)
Other non-current liabilities	20	93,606	7,801,824	(7,708,218)
Deferred tax liabilities	21	173,719	214,052	(40,333)
Total non-current liabilities		21,943,150	44,180,890	(22,237,740)
Current liabilities				
Loans and borrowings	18			
Financial liabilities	18	18,301,394	3,158,911	15,142,483
Employee benefits	22	2,654,685	2,114,190	540,495
Provisions				
Tax liabilities		3,602,934	34,844,723	(31,241,789)
Other current liabilities	23	27,109,071	11,086,575	16,022,496
Total current liabilities		51,668,083	51,204,399	463,684
Total liabilities		73,611,233	95,385,289	(21,774,056)
Total equity and liabilities		1,363,353,335	1,416,198,019	(52,844,684)

The effects of transactions with related parties on the statement of financial position, income statement and statement of cash flows are shown in the relevant attachments, pursuant to Consob Resolution no. 15519 of July 27, 2006.

Income statement

(euro)	Notes	2022	%	2021	%	Change amount	%
Revenue							
Revenue and income		137,048,735		110,782,771		26,265,964	
Total revenue and income	24	137,048,735	100.0	110,782,771	100.0	26,265,964	23,7
Other revenue and income	25	809,535		741,246		68,289	
Raw materials and supplies	26	(310,651)		(270,060)		(40,591)	
Services	27	(8,505,013)		(8,899,814)		394,801	
Personnel expenses	28	(16,204,213)		(15,884,504)		(319,709)	
Other operating income (expenses)	29	(42,539,902)		(10,260,233)		(32,279,669)	
Gross operating profit		70,298,490	51.3	76,209,406	68.8	(5,910,916)	-7,8
Amortisation and depreciation	30	(706,505)		(800,397)		93,892	
Operating profit		69,591,985	50.8	75,409,009	68.1	(5,817,024)	-7,7
Finance income and costs	31	(80,763)		(29,089)		(51,674)	
Impairment of financial assets	32	(48,084,069)		(434,685)		(47,649,384)	
Profit/(loss) before tax		21,427,153	15.6	74,945,235	67.7	(53,518,083)	-71,4
Income tax	33	12,120,864		(21,798,805)		33,919,669	
Profit/(loss) for the year		33,548,017	24.5	53,146,430	48.0	(19,598,413)	-36,9

Statement of comprehensive income

(euro)	Notes	2022	2021	Change amount	%
Profit/(loss) for the year		33,548,017	53,146,430	(19,598,413)	-36.9
Items that will not be reclassified subsequently to profit or loss					
Financial assets measured at FVTOCI	5	(5,546,095)	14,065,353	(19,611,448)	
Income tax related to other comprehensive income		32,995	(102,012)	135,007	
Remeasurement of net defined benefit liability/asset		90,557	1,862	88,695	
Total items that will not be reclassified to profit or loss		(5,422,543)	13,965,203	(19,387,746)	
Items that may be reclassified subsequently to profit or loss					
Foreign exchange differences on translation of foreign operations			(474)	474	
Total items that may be reclassified subsequently to profit or loss			(474)	474	
Total other comprehensive income for the year		(5,422,543)	13,964,729	(19,387,272)	
Total comprehensive income		28,125,474	67,111,159	(38,985,685)	n.s.

n.s. not significant

Statement of changes in equity

(euro)	Reserves						Total equity
	Share capital	Share premium	OCI reserve	Other reserves	Treasury shares	Retained earnings	
Balances at December 31, 2020	100,166,937	55,606,873	(8,041,585)	348,976	(6,620,158)	1,138,881,166	1,280,342,209
Statement of comprehensive income			13,963,341			1,388	13,964,729
Reclassification for sale of investments at FVTOCI			(1,021,475)			1,021,475	
Profit for the year						53,146,430	53,146,430
Reduction of stock option plans for extinction and/or exercise				(348,976)		348,976	
Stock options exercised					1,454,428	(611,161)	843,267
Profit distribution:							
Dividends						(27,483,905)	(27,483,905)
Balances at December 31, 2021	100,166,937	55,606,873	4,900,281		(5,165,730)	1,165,304,369	1,320,812,730
Statement of comprehensive income			(5,513,100)			90,557	(5,422,543)
Reclassification for sale of investments at FVTOCI			(1,015,536)			1,015,536	
Profit for the year						33,548,017	33,548,017
Reduction of stock option plans for extinction and/or exercise							
Stock options exercised							
Profit distribution:							
Dividends						(59,196,102)	(59,196,102)
Balances at December 31, 2022	100,166,937	55,606,873	(1,628,355)		(5,165,730)	1,140,762,377	1,289,742,102

Statement of cash flows

(in thousands of euro)	Notes	2022	2021
A) Cash flows from operations			
Profit/(loss) before tax		21,427	74,945
Amortisation, depreciation and impairment losses		707	800
(Capital gains)/losses on securities, investments, PPE and investment property		(3,444)	(2,852)
Change in employee benefits and other provisions		(3,769)	72
Reversal of impairment adjustments to financial assets		48,084	435
Reversal of net finance income/costs	34	(135,259)	(107,080)
Cash flows from operating activities before tax, finance income/costs and change in working capital		(65,366)	(33,680)
Change in trade receivables		190	(69)
Change in trade payables		540	457
Change in other receivables/payables, accruals and deferrals		(9,992)	28,784
Total changes in working capital		(9,262)	29,172
Net finance costs paid		36,961	9,196
Dividends received	24	116,931	32,377
Tax payments, net of rebates		(46,152)	(19,798)
Total A)		33,112	17,267
B) Cash flows from investing activities:			
Capital expenditure:			
PPE and investment property	2	(1,656)	(516)
Intangible assets			
Change in financial receivables		11,186	2,200
Financial assets (Investments and Private Equity funds)	34	(201,670)	(135,479)
Change in current equity investments and securities	34	(20,074)	(29,769)
Total capital expenditure		(212,214)	(163,564)
PPE and investment property			1,121
Change in receivables for sale of financial assets			
Proceeds from disposal of non-current assets	34	33,330	92,589
Change in current equity investments and securities		151,049	78,842
Total disposals		184,379	172,552
Total B)		(27,835)	8,988
C) Cash flows from financing activities:			
Change in financial liabilities	18	15,151	965
Change in treasury shares and Other non-monetary change	15	6,034	843
Dividends paid	15	(59,196)	(27,484)
Total C)		(38,012)	(25,676)
D) Change in cash and cash equivalents (A+B+C)		(32,734)	579
E) Cash and cash equivalents at the beginning of the year		55,234	54,654
D+E) Cash and cash balances at the end of the year	12	22,500	55,233

NOTES

The draft financial statements of Italmobiliare S.p.A. for the year ended December 31, 2022 were approved by the Board of Directors on March 8, 2023. During the meeting, the Directors authorised also the publication of a press release dated March 8, 2023, containing the abovementioned financial statements' key information.

The company that draws up the consolidated financial statements of the largest grouping that includes Italmobiliare is Cemital Privital Aureliana S.p.A., based in Milan.

The financial statements have been presented on a going-concern basis.

Core businesses

Italmobiliare S.p.A. is a legal entity established in accordance with the laws of the Republic of Italy and listed on the Milan Stock Exchange since 1980. Its core business is the acquisition and management of equity investments in subsidiaries, associates or other companies.

Within this context, the Company may conduct financial, commercial, industrial and services transactions that it deems necessary and appropriate to achieve its corporate purposes.

The Company also provides subsidiaries with administrative and technical services.

Accounting policies

These financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) applicable at December 31, 2022 as endorsed by the European Union, and with the provisions issued in implementation of article 9 of Legislative Decree no. 38/2005. The term IFRS also includes all revised international accounting standards (IAS) and all the interpretations issued by the IFRS Interpretation Committee (formerly IFRIC), previously called SIC.

The Italian laws that enact EU Directive 2013/34 also apply, where compatible, to companies that prepared financial statements in accordance with the IFRS. Consequently, these financial statements are compliant with the Italian Civil Code and the corresponding indications of the Consolidated Law on Finance (CLF) for listed companies with regard to the Directors' report, the independent statutory audit and the publication of the financial statements. The separate financial statements and related notes also set out the details and additional disclosures required under the articles of the Italian Civil Code governing financial statements, since such requirements are not in conflict with the IFRS, and under other Consob regulations and dispositions governing financial statements.

In compliance with European Regulation no. 1606 of July 19, 2002, the policies adopted do not include the standards and interpretations published by the IASB and the IFRS at December 31, 2022 but not yet endorsed by the European Union as of that date, except as indicated below.

Accounting standards, amendments and IFRS interpretations applied from January 1, 2022

The following accounting standards, amendments and IFRS interpretations were applied for the first time by the Company starting from January 1, 2022.

On May 14, 2020, the IASB published the following amendments called:

- Amendments to IFRS 3 Business Combinations: the purpose of the amendments is to update the reference in IFRS 3 to the Conceptual Framework in the revised version, without this entailing changes to the provisions of IFRS 3.
- Amendments to IAS 16 Property, Plant and Equipment: the amendments are intended not to allow the amount received from the sale of goods produced during the test phase of a fixed asset to be deducted from its cost. Such revenues and the related costs are to be recorded in the income statement.

- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that all costs directly attributable to the contract must be considered when estimating whether a contract could make a loss. This means that when assessing whether a contract could make a loss, one has to include not only the incremental costs (e.g. the cost of direct materials used in processing), but also any other costs that the company cannot avoid as it has stipulated the contract (e.g. a share of the labour cost and depreciation of the machinery used to fulfil the contract).
- Annual Improvements 2018-2020: amendments have been made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

The adoption of these standards and amendments did not have any effect on the Company's financial statements.

Accounting standards, amendments and IFRS and IFRIC interpretations endorsed by the European Union, not yet compulsorily applicable and not adopted in advance by the Company at December 31, 2022.

- On May 18, 2017, the IASB published IFRS 17 - Insurance Contracts which is intended to replace IFRS 4 - Insurance Contracts. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations deriving from insurance contracts. The IASB developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts, including the reinsurance contracts that an insurer holds. The new standard also includes presentation and disclosure requirements to improve comparability between entities in this sector. The new standard measures an insurance contract based on a General Model, or a simplified version of it called the Premium Allocation Approach ("PAA"). The General Model's main features are:
 - estimates and assumptions of future cash flows are always current;
 - the measurement reflects the time value of money;
 - estimates include extensive use of observable market information;
 - there is a current and explicit measurement of risk;
 - the expected profit is deferred and aggregated into groups of insurance contracts at initial recognition; and
 - the expected profit is recognised over the contract coverage period taking into account adjustments resulting from changes in assumptions about cash flows for each group of contracts.

The PAA approach provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, at the time of initial recognition, the entity expects the liability to be reasonably an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications arising from the application of the PAA approach do not apply to the measurement of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year from the date the claim arose. The entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and to investment contracts with a discretionary participation feature (DPF). The standard will apply from January 1, 2023 but earlier application is allowed, only for entities that apply IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers.

- On December 9, 2021, the IASB published an amendment to IFRS 17 called "*Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 - Comparative Information*". The amendment is a transition option relating to comparative information on financial assets presented at the date of first-time application of IFRS 17. The amendment aims to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, i.e. to improve the usefulness of comparative information for readers of financial statements. The amendments will apply from January 1, 2023, together with the application of IFRS 17.

- On February 12, 2021, the IASB published an amendment called "*Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2*" and an amendment called "*Definition of Accounting Estimates—Amendments to IAS 8*". The amendments are aimed at improving disclosure on accounting policies in order to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will apply from January 1, 2023, but early application is permitted.
- On May 7, 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 can generate assets and liabilities of the same amount, such as leasing and dismantling obligations, must be accounted for. The amendments will apply from January 1, 2023, but early application is permitted.

The directors do not expect these standards to have a significant effect on the Company's financial statements.

Accounting standards, amendments and IFRS interpretations published at December 31, 2022, but not endorsed by the European Union at that date

At the date of these financial statements the competent bodies of the European Union have not yet completed the approval process necessary for adoption of the amendments and principles described below.

- On January 23, 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 October 31, 2022 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 short or long term liabilities. The changes will apply from January 1, 2024; but early application is permitted.
- On September 22, 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 lease liability arising from a sale and leaseback transaction so as not to recognise income or loss that relates to the retained right of use. The amendments will apply from January 1, 2024, but early application is permitted.
- On January 30, 2014, the IASB published the "*IFRS 14 - Regulatory Deferral Account*", which allows only those who adopt IFRS for the first time to continue to recognize the amounts relating to activities subject to regulated tariffs (so-called "Rate Regulation Activities") according to the previous accounting principles adopted. As the Company is not a first-time adopter, this standard is not applicable.

The directors do not expect these standards and amendments to have a significant effect on the Company's financial statements.

MEASUREMENT CRITERIA AND BASIS OF PRESENTATION

The financial statements adopt the cost method, with the exception of derivatives and financial assets held for trading or available for sale, which are measured at fair value. The carrying amounts of hedged assets and liabilities are adjusted to reflect changes in fair value on the basis of the hedged risks. The financial statements are presented in euro. All amounts in the accounting schedules and in the notes are rounded to thousands of euro, unless otherwise specified.

The basis of presentation of the Italmobiliare S.p.A. separate financial statements is as follows:

- current and non-current assets and current and non-current liabilities are presented as separate classifications on the statement of financial position. Current assets, which include cash and cash equivalents, are assets that the company intends to realize, sell or consume during its normal business cycle; current liabilities are liabilities that the company expects to settle during the normal business cycle or in the twelve months after the reporting date;

- on the income statement, costs are analysed by nature;
- with regard to comprehensive income, Italmobiliare S.p.A. presents two statements. The first statement reflects traditional income statement components and the profit (loss) for the year, while the second statement, beginning with the profit (loss) for the year, presents other comprehensive income: fair value changes on financial assets valued at FVTOCI, derivative financial instruments designated in hedge accounting, differences in conversion and effects of the remeasurement of defined benefit plans, presenting separately the elements that can subsequently be recycled to profit or loss for the year from those that will not be reclassified;
- the indirect method is used for the statement of cash flows, with separate reporting of any cash flows by operating, investing and financing activities associated with discontinued operations. In particular, although the Group does not diverge from the provisions of IAS 7 in the classification of items, please note:
 - cash flows from operating activities report cash flows from core operations, interest on loans granted and obtained and dividends received from subsidiaries and associates;
 - investing activities comprise investments in property, plant and equipment and intangible assets, shareholdings, private equity funds and disposals of such assets, as well as other minor investments;
 - cash flows from financing activities include cash flows generated by liability management transactions and leases, dividends and interim dividends paid to owners of the Parent Company and non-controlling interests and the effects of transactions in non-controlling interests that do not change the status of control of the companies involved;
 - a separate item is used to report the impact of exchange rates on cash and cash equivalents and their impact on profit or loss is eliminated in full in order to neutralize the effect on cash flows from operating activities.

USE OF ESTIMATES

In preparing the separate financial statements, the following significant judgments were made when applying the accounting standards of Italmobiliare S.p.A.:

The investment in Bacco (held indirectly through ITM Bacco) is measured in the separate financial statements of Italmobiliare at FVTOCI as management believes that there is no significant influence on the part of Italmobiliare. Considering that:

- the stake held directly by the Group is 13.69%, that held by CCP3 is 56.71% and that held by CCP4 is 17.48%;
- Italmobiliare has 100% control over Clessidra, but does not have direction and coordination over it;
- the members of the Board of Directors of Bacco (which has control over the company's relevant activities) are appointed by CCP3 (Italmobiliare is unable to use its power over Clessidra to direct the relevant activities of CCP3 which is not controlled or consolidated by Italmobiliare). This assessment takes into account the CCP3 fund's qualification as an "agent" (at a consolidated level, so considering both the variable returns relating to Clessidra as a fund manager, and that relating to Italmobiliare as an investor), which leads to the conclusion that Italmobiliare does not have control over the fund as there is no link between decision-making power and exposure to the variability of returns (similar considerations apply to CCP4).

It should be noted that Italmobiliare has the right to appoint an "observer", who has the right to participate in meetings of the Board of Directors of Bacco and the right to be informed in advance of the matters under discussion, without having any right to vote on the resolutions passed by the Board of Directors, nor be considered a member of Bacco's Board of Directors (so IAS 28.6 does not apply, as it assumes that an investor has significant influence if it appoints a member of the Board).

As for the investment in Bacco, also the investment in Archimede is measured at FVTOCI in the separate financial statements of Italmobiliare as the stake held is 17.24% and there is no significant influence on the part of Italmobiliare.

The investment in Bene Assicurazioni is measured at FVTOCI. On 29 April 2022 Italmobiliare finalised its investment in Bene Assicurazioni S.p.A. The entry into this company's share capital involved an outlay of 40 million euro for a 19.99% stake, having received authorisation from IVASS, the Supervisory Authority for the Italian Insurance Sector. Notwithstanding the Company has the right to appoint a Director, the Company management excludes the presence of a significant influence over the investee, because the controlling shareholder owns a 55% stake in the company and the remaining stake is owned by a second investor (Nurberger at 25%). As a consequence, the director appointed by Italmobiliare does not have a significant influence over the decision to be taken by Bene Assicurazioni's Board of Directors (in the absence of shareholders agreements among the parties).

The main assumptions regarding the future and the main causes of uncertainty in the estimate at the end of the reporting period that present a significant risk of resulting in material adjustments to the carrying amounts of assets and liabilities during the next financial year are shown below:

- calculation of the fair value of financial assets: as regards investments in listed companies, the fair value is calculated on the basis of the stock market price at the reporting date and could undergo significant changes during the following year; while for financial assets valued with a level 2 and 3 fair value, there is a high degree of judgement due to the elements of complexity inherent in the valuation techniques and significant inputs;
- estimate of provisions and key assumptions about future events used for calculating the provisions (for further details, see note 19);
- impairment losses and reversals on investments in subsidiaries and associates (for further details, see note 4).

RELATED PARTIES

Related parties are mainly those that share the same parent with Italmobiliare S.p.A., the companies that directly or indirectly are controlled by Italmobiliare S.p.A., the associates (including their subsidiaries) of Italmobiliare S.p.A., or the associates (including their subsidiaries) of any Group company. Related parties also include statutory auditors, and their immediate family, and the key management personnel, and their immediate family, of Italmobiliare S.p.A. Key management personnel comprises management personnel who have the power and direct or indirect responsibility for the planning, management and control of the activities of the Company. They include directors (whether executive or not).

SUBSIDIARIES AND ASSOCIATES

Subsidiaries are companies in which the company is exposed to variable returns, or holds rights to such returns, by virtue of its relationship with the companies in question, and simultaneously has the ability to affect such returns by exercising its power.

The Company ascertains the existence of control on the basis of the existence of three elements:

- power: the current ability of the company, arising from substantial rights, to decide key operations that have a material impact on the company's returns;
- the exposure of the company to the variability of the returns of the investee;
- correlation between power and returns, the company has the ability to exercise its power to affect the returns arising from the relationship.

Generally speaking, control is assumed to exist when the company holds, directly or indirectly, more than one half of voting rights, including potential voting rights deriving from convertible securities.

Associates are companies in which the company has significant influence over administrative and management decisions even though it does not hold control. Generally speaking, significant influence is assumed to exist when the company holds, directly or indirectly, at least 20% of voting rights at ordinary shareholders' meetings, or, even if it holds a lower percentage of voting rights, when it is entitled to take part in financial and management policy decisions by virtue of a specific juridical status including, but not limited to, participation in shareholders' agreements or other forms of material exercise of governance rights.

Equity investments in subsidiaries and associates are valued at cost. Based on this method, equity investments are initially recognized at cost, subsequently adjusted as a consequence of changes in value if, following suitable impairment tests, conditions occur that make it necessary to adjust the book value to its actual economic value. Original cost is restored in subsequent periods if the grounds for the adjustments no longer exist. Impairment losses and reversals of impairment losses are recognized in the income statement. The costs relating to the purchase of the investments are recorded as an increase in its value.

BUSINESS COMBINATIONS

Under IFRS 3, the purchase price is the sum of the acquisition-date fair value of the consideration transferred and the amount of any non-controlling interests in the acquired entity.

IFRS 3 provides that costs relating to the acquisition be expensed in the periods in which they are incurred and the services are received.

ALLOCATION OF THE CONSIDERATION OF BUSINESS COMBINATIONS

Goodwill is measured as the positive difference between:

- the sum of the fair value of the consideration transferred and the fair value at the acquisition date of the equity interest in the acquired entity that the acquirer held previously, and
- the net fair value of assets and liabilities identifiable at the acquisition date.

Negative differences are recognized immediately to the income statement.

If on initial recognition the purchase price allocation can only be determined provisionally, the allocated amounts are adjusted within twelve months of the acquisition date (measurement period).

TRANSACTIONS IN CURRENCIES OTHER THAN THE FUNCTIONAL CURRENCY

Foreign currency transactions are initially translated into the functional currency using the exchange rate at the transaction date. At the reporting date, foreign currency monetary assets and liabilities are translated into the functional currency at the closing rate. Exchange-rate gains and losses are taken to the income statement.

Non-monetary foreign currency assets and liabilities measured at cost are translated at the exchange rate ruling at the transaction date; those measured at fair value are translated with the exchange rate at the date fair value was determined.

PROPERTY, PLANT & EQUIPMENT

Recognition and measurement

Property, plant and equipment are recognized at cost, less accumulated depreciation and any impairment losses. Cost includes the purchase or production cost and the directly attributable costs of bringing the asset to the location and the conditions required for its operation. Production cost includes the cost of materials and direct labour costs. Finance costs relating to the purchase, construction and production of qualifying assets are capitalized. The carrying amount of some assets existing at the IFRS first-time adoption date of January 1, 2005, reflects revaluations applied in prior years in connection with specific local laws, based on the real economic value of the assets in question.

The revalued amount recognized in accordance with IFRS 1 was assumed as cost at the IAS/IFRS transition date.

Assets acquired through business combinations are stated at fair value, determined on a provisional basis at the acquisition date and subsequently adjusted where necessary within the following twelve months.

Subsequent to initial recognition, property, plant and equipment are carried at cost and depreciated over the asset's useful life, less any impairment losses.

Assets under construction are recognized at cost; depreciation begins when the assets are available for use.

When an asset consists of components with a significant cost and different useful lives, initial recognition and subsequent measurement are carried out separately for each component.

Subsequent expense

Repair and maintenance expense is normally recognized as incurred. Component replacement costs are treated as separate assets and the carrying amount of the replaced component is eliminated with a balancing entry in profit or loss.

Amortisation and depreciation

Depreciation is generally calculated on a straight-line basis over the estimated useful life of each component of property, plant and equipment. Land is recognized separately from buildings erected on it and is not depreciated.

Useful life determines the depreciation rate until such time that the residual useful life is revised. The useful life range adopted for the various categories of property, plant and equipment is disclosed in the notes.

Lease

The Company must assess whether the contract is or contains a lease on the date it was entered into. The Company recognises the Right of Use and the related Lease Liability for all the lease contracts in which it acts as a lessee, with the exception of short-term ones (lease contracts with a duration of 12 months or less) and leases relating to low-value goods (i.e. goods with a value of less than Euro 5,000 when new). The contracts for which this exemption has been applied fall mainly into the following categories:

- Computers, telephones and tablets;
- Printers;
- Other electronic devices;
- Furniture and fittings.

With regard to these exemptions, the Company recognises the related payments in the form of operating costs on a straight-line basis over the duration of the contract.

The Lease Liability is initially recognised at the present value of future payments at the start date of the contract. Since there is no implicit interest rate in most of the rental contracts entered into by the Company, the discount rate to be applied to future payments of rents was determined as the Italian risk-free rate, with maturities in line with the duration of the specific rental contract, increased by the credit spread that is specific to the Company.

Lease payments included in the Lease Liability include:

- The fixed component of lease payments, net of any incentives received;
- Payments of variable lease fees based on an index or rate, initially valued using the index or rate on the date the contract begins;
- The amount of guarantees for the residual value that the lessee expects to pay;

- The exercise price of the purchase option, which should only be included if it is deemed reasonably certain that the option will be exercised;
- Penalties for early termination of the contract, if the lease term provides an option to cancel the lease and it is reasonably certain that it will be exercised.

After initial recognition, the book value of the Lease Liability increases due to the interest accrued (using the effective interest method) and decreases to take into account the payments made under the lease contract.

The Company restates the value of Lease Liability (and adjusts the value of the corresponding Right of Use) if:

- The duration of the lease changes or there is a reassessment of whether the option right will be exercised; in this case, the Lease Liability is recalculated by discounting the new lease payments at the revised discount rate;
- The value of lease payments changes as a result of changes in the indices or rates, in such cases the Lease Liability is recalculated by discounting the new lease payments at the initial discount rate (unless payments due under the lease contract change following a fluctuation in interest rates, in which case a revised discount rate must be used);
- A lease contract has been modified and the change is not one of the situations leading to separate recognition of the lease contract. In such cases, the Lease Liability is recalculated by discounting the new lease payments at the revised interest rate.

The Company did not find any of such changes during the period.

The Right of Use asset includes the initial assessment of the Lease Liability, the lease payments made before or on the date of the contract and any other initial direct costs. The Right of Use is recorded in the financial statements net of depreciation and any impairment losses.

The incentives linked to the lease (for example, free lease periods) are recognised as part of the initial value of the Right of Use and the Lease Liability over the contractual period. The Company did not obtain any discounts on its lease agreements during 2022.

The Right of Use is depreciated on a straight-line basis over the lower of the lease term and the residual useful life of the underlying asset. If the lease contract transfers ownership of the asset or the cost of the Right of Use reflects the Company's willingness to exercise the purchase option, the Right of Use is depreciated over the useful life of the asset in question. Depreciation begins from the start of the lease.

The right-of-use asset is shown under "Property, plant and equipment" in the separate statement of financial position.

The Company applies IAS 36 Impairment of Assets in order to identify any impairment losses.

Variable lease payments that do not depend on an index or rate are not included in the value of the Lease Liability or the Right of Use. The related payments are accounted for in accordance with the accrual principle and are included in "Other expenses" in the income statement.

In the separate cash flow statement, the Company divides the total amount paid between the principal portion (recognised in cash flows from financing activities) and the interest portion (recorded in cash flows from operating activities).

INVESTMENT PROPERTY

Investment property is land and/or buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of services. Investment property is initially recognized at purchase cost, including directly attributable costs. Subsequent to initial recognition, investment property is measured at amortized cost, based on the asset's useful life less any impairment losses.

INTANGIBLE ASSETS

Intangible assets acquired separately are capitalized at cost, while those acquired through business combinations are recognized at fair value.

Subsequent to initial recognition, intangible assets are carried at cost amortised over their useful life, less any impairment losses.

The Company has not identified intangible assets with an indefinite useful life.

FAIR VALUE MEASUREMENT

For all fair value measurements and disclosures of fair value, that are either required or permitted by IFRS, the Group applies IFRS 13. Fair value is defined 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 (i.e., an exit price). The fair value measurement assumes that the transaction to sell an asset or transfer a liability takes place in the principal market, i.e., the market with the greatest volume and level of activity for the asset or liability. In the absence of a principal market, it is assumed that the transaction takes place in the most advantageous market to which the Group has access, i.e., the market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. Market participants are independent, knowledgeable sellers and buyers who are able to enter into a transaction for the asset or the liability and who are motivated but not forced or otherwise compelled to do so. When measuring fair value, the Group considers the characteristics of the asset or liability, in particular:

- for a non-financial asset, a fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use;
- for liabilities and own equity instruments, the fair value reflects the effect of non-performance risk, i.e., the risk that an entity will not fulfill an obligation, including among others the credit risk of the Group itself;
- in the case of groups of financial assets and financial liabilities with offsetting positions in market risk or credit risk, managed on the basis of an entity's net exposure to such risks, it is permitted to measure fair value on a net basis.

In measuring the fair value of assets and liabilities, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

IMPAIRMENT

At each balance sheet date, the Company checks whether there are any internal or external signs of possible impairment or recovery in the value of property, plant and machinery or intangible assets according to IAS 36.

If the conditions are verified, the recoverable amount of these assets is estimated to determine the amount of any write-down or write-back.

The recoverable amount is the greater of the market value (fair value, net of disposal costs) and the value in use. In determining the value in use, the estimated future cash flows are discounted to their present value, using a discount rate which is determined on the basis of the Company's weighted average cost of capital (WACC).

If the recoverable amount of an asset is reckoned to be lower than its carrying amount, it is reduced to this lower value. Impairment losses are recognized in the income statement. Fair value less costs to sell is determined through application of suitable valuation models. These calculations are carried out adopting appropriate income multipliers, quoted share prices on an active market for similar enterprises, comparable transactions on similar assets or other available fair value indicators applicable to the assets being measured.

Investments in subsidiaries and associates are tested for impairment if indications of impairment emerge. This assessment is performed at each reporting date for investments which give rise to a goodwill in the separate financial statements.

REVERSALS OF IMPAIRMENT LOSSES

If an impairment loss on an asset subsequently reverses in full or in part, the asset carrying amount is increased to reflect the new estimated recoverable amount, which may not exceed the amount that would have been reflected in the absence of the impairment loss. Impairment losses and reversals of impairment losses are taken to the income statement.

FINANCIAL ASSETS

All financial assets are recognized initially at cost at the trade date. Cost corresponds to fair value plus additional costs attributable to the purchase with the exception of financial assets held for trading (FVTPL).

All financial assets must subsequently be recognised at amortized cost or fair value based on the entity's business model for the management of financial assets and the characteristics of the financial asset's contractual cash flows.

Specifically:

- Debt instruments held as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows, and which have cash flows represented only by payments of principal and interest on the amount of principal to be returned, are subsequently valued at amortised cost;
- Debt instruments held as part of a business model whose objective is achieved both through the collection of contractual financial flows and through the sale of financial assets, and which have cash flows represented only by payments of principal and interest on the amount of principal to be returned, are subsequently measured at fair value with changes recorded through other comprehensive income (FVTOCI);
- All other debt instruments and investments in equity instruments are subsequently valued at fair value with changes recognised through profit or loss (FVTPL).

Notwithstanding the above, on January 1, 2018, or after initial recognition, the Company irrevocably designated investments in equity instruments previously classified as available for sale in the FVTOCI category. Subsequently, the Company irrevocably designated some investments in equity instruments in the FVTOCI category.

When an investment in a debt instrument measured at FVTOCI is eliminated, the accumulated gain or (loss) previously recognised in other comprehensive income is reclassified from equity to profit or loss for the year by means of a reclassification adjustment. On the other hand, when an investment in an equity instrument representing capital designated at FVTOCI is eliminated, the accumulated gain or loss previously recognised in other comprehensive income is subsequently transferred to retained earnings without passing through the income statement. Dividends received from investments in equity instruments are recognised in the income statement.

Debt instruments subsequently valued at amortised cost or FVTOCI are subject to impairment.

The CPP3 and CCP4 investment funds managed by Clessidra Capital Credit Sgr S.p.A. are measured at FVTPL. Although Clessidra Capital Credit Sgr S.p.A. has the power to manage the fund, the variable returns on the investment for the Italmobiliare Group are linked to the shares directly owned by Italmobiliare S.p.A., in addition to those deriving from the service of fund manager. Therefore, in a broad sense, Italmobiliare Group does not control them as there is no link between the management power and the exposure to the variability of the fund's returns. Consequently, the fund manager is considered to be an agent in its management of the fund for the benefit of the unitholders of the fund.

Impairment of financial assets

As regards the impairment of financial assets, the company has applied a model based on expected credit losses, with reference to: Investments in debt instruments subsequently valued at amortised cost or FVTOCI.

In particular, the Company measures the provision to cover losses of a financial asset at an amount equal to lifetime expected credit losses (or Lifetime ECL) if the credit risk of this financial asset has significantly increased after initial recognition, or if the financial instrument is an impaired financial asset that has been purchased or originated. However, if the credit risk of a financial instrument has not increased significantly after initial recognition, the company has to measure the provision to cover losses for the financial instrument at an amount equal to the expected losses on receivables deriving from a default event in the next 12 months (or "12-months expected credit losses").

Current financial assets included in the net financial position (also "NFP") are those that accrue interest and have a financial counterparty; the net financial position is therefore made up of all financial assets and liabilities, with the exception of the capital instruments valued at FVTOCI and Private Equity funds (also referred to below as "non-NFP"), and cash and cash equivalents.

Derecognition of financial assets

The Company derecognizes financial assets in whole or in part when:

- the contractual rights attributable to the assets in question have expired;
- it transfers the risks and rewards incidental to ownership of the asset or does not transfer and does not even substantially maintain all the risks and rewards but transfers control of the assets.

TREASURY SHARES

Treasury shares are deducted from equity. The original cost of treasury shares and income arising from any subsequent sales are treated as movements in equity.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost less allowances for impairment, which are provided as bad debts are identified.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, checks, bank demand deposits and other cash investments with original maturity of not more than three months.

The definition of cash and cash equivalents in the statement of cash flows is identical to that in the statement of financial position.

EMPLOYEE BENEFITS

The Company operates pension plans, post-employment medical benefit plans and post-employment benefits.

It also has other commitments, in the form of bonuses payable to employees on the basis of length of service ("Other long-term benefits").

From January 1, 2007, companies with more than 50 employees at the date of introduction of the reform have an obligation to pay the new severance indemnity (TFR) flows to pension schemes chosen by the employees or, in the event that they have opted to keep these flows in the Company, to a treasury account set up at INPS.

For employees of Italian companies with less than 50 employees, the severance indemnities at December 31, 2020 are configured as a defined benefit plan.

For Italmobiliare S.p.A., the severance indemnities accrued at December 31, 2006 continue to be included in the "defined benefit plans", while those accrued after that date are considered, for all employees, as a "defined contribution plan", because all of the Company's obligations end with the periodic payment of a contribution to third-party entities. The portions accrued by employees who have opted to maintain their severance indemnities in the Company as a defined benefit plan are an exception.

Defined contribution plans

Defined contribution plans are structured post-employment benefit programs where the company pays fixed contributions to an insurance company or pension fund and will have no legal or constructive obligation to pay further contributions if the fund does not dispose of sufficient assets to pay all the employee benefits accruing in respect of services rendered during the current year and in previous years.

These contributions are paid in exchange for the services rendered by employees and recognized as an expense as incurred.

Defined benefit plans

Defined benefit plans are structured post-employment benefit programs that constitute a future obligation for the Company. In substance, the company assumes the actuarial and investment risks of the plan. In accordance with IAS 19, the Company uses the projected unit credit method to determine the present value of obligations and the related current service cost.

These actuarial calculations require use of consistent and objective actuarial assumptions about demographic variables (mortality rate, personnel turnover rate) and financial variables (discount rate, future increases in salaries and medical benefits).

When a defined benefit plan is funded in full or in part by contributions paid to a fund that is a separate legal entity or to an insurance company, the plan assets are estimated at fair value.

Benefit obligations are therefore recognized net of the fair value of the plan assets that will be used to settle the obligations.

Employment termination plans

Employment termination plans include provisions for restructuring costs recognized when the Company has approved a detailed formal plan that has already been implemented or notified to the third parties concerned.

Actuarial gains and losses

Actuarial gains and losses on post-employment defined benefit plans may arise as a result of changes in the actuarial assumptions used in two consecutive years or as a result of changes in the obligation value in respect of the actuarial assumptions used at the beginning of the year.

Actuarial gains and losses are recognized immediately under other comprehensive income (expense).

Actuarial gains and losses relating to "Other long-term benefits" (service medals, length of service benefits) and to early retirement benefits are recognized in profit or loss immediately.

Past service cost

Changes in liabilities resulting from a change to an existing defined benefit plan are recognized in profit or loss, as are costs for benefits that vest immediately upon changes to a plan.

Curtailment and settlement

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized as profit or loss when the curtailment or settlement occurs. The gain or loss includes changes in the present value of the obligation, changes in the fair value of plan assets, actuarial gains or losses and past service costs not previously accounted for.

At the curtailment or settlement date, the obligation and the fair value of the plan assets are re-measured using current actuarial assumptions.

Net finance costs

Net finance costs on defined benefit plans consist of the following measurements:

- finance costs computed on the present value of the defined benefit plan liability;
- finance income arising from measurement of the plan assets;
- finance costs or income arising from any limits on recognition of plan surpluses.

Net finance costs are determined by applying to all the above items the discount rate adopted at the beginning of the year to measure the defined benefit plan obligation.

Net finance costs on defined benefit plans are recognized under finance income/costs on the income statement.

Share-based payments

Options for the subscription and purchase of shares granted by the company to employees and directors give rise to recognition of a cost classified under personnel expenses, with a corresponding increase in equity.

In particular, options for the subscription and purchase of shares are measured at fair value at the grant date and amortized over the vesting period. Fair value at the grant date is determined using the binomial method, and taking account of dividends. Future volatility is determined on the basis of historic market prices, after adjustment for non-recurring events or factors.

The cost of granted options is reviewed on the basis of the actual number of options that have vested at the beginning of the exercise period.

PROVISIONS

The Company recognizes provisions when a present or constructive obligation arises as a result of a past event, the amount of which can be reliably estimated, and use of resources is probable to settle the obligation.

Provisions reflect the best estimate of the amount required to settle the obligation or transfer it to third parties at the reporting date. If the present value of the financial resources that will be used is material, provisions are determined by discounting expected future cash flows at a rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. When discounting is performed, movements in provisions due to the effect of time or changes in interest rates are recognized in financial items.

Changes in estimates are recognized in the income statement in the year in which the change occurs.

LOANS AND BORROWINGS

Loans and borrowings are initially recognized at the fair value of the consideration paid/received less charges directly attributable to the financial asset/liability.

After initial recognition, loans and borrowings are measured at amortized cost using the effective interest-rate method.

TRADE PAYABLES AND OTHER PAYABLES

Trade payables and other payables are stated initially at the fair value of the original consideration received and subsequently measured at amortized cost.

REVENUE

Given the specific nature of the activity carried out by the company, "Revenue and income" comprises "Income" which includes dividends received, interest and commission income received by financial and banking companies and revaluations and capital gains from financial assets valued at FVTPL (recognized and measured on the basis of the rules defined by IFRS 9 for financial instrument assets). Dividends are accounted for on the approval date of the associate company; interest, commissions and rents according to the terms of the individual contract.

Revenue is measured taking into account the consideration specified in the contract with the customer. The Company recognizes revenue when it transfers control of the goods (i.e. property) or services.

Revenue is recognized to the extent that it is probable that the economic benefits associated with the sale of goods or rendering of services are collected by the Company and the amount in question can be reliably determined.

Revenue is recognized at fair value, equivalent to the consideration received or due, taking account of any trade discounts given and volume discounts.

As regards the sale of goods, the performance obligation is considered satisfied when the company transfers the material risks and rewards incidental to ownership of the goods to the purchaser.

RENTAL INCOME

Rental income is recognized as other revenue in the period that it accrues on a straight-line basis over the rental period, if they have been identified as operating leases.

COSTS

Costs are recognized on an accrual basis in accordance with the matching principle.

DERIVATIVES

The Company uses derivatives such as options on securities and futures to manage market risks. Derivatives are measured and recognized at fair value; fair value gains or losses are taken to profit or loss, since the derivatives in question do not qualify for hedge accounting, even though they are arranged in some cases for hedging purposes.

INCOME TAX

Current income taxes are provided in accordance with local tax laws.

Deferred tax is recognized on the basis of temporary differences between the tax base of assets and liabilities and their carrying amount in the statement of financial position.

Deferred tax liabilities are recognized on all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which such differences, losses or credits may be reversed.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that sufficient taxable profit is no longer likely to be available in the future against which the assets can be used in full or in part.

Deferred tax assets and liabilities are determined at tax rates expected to apply when the deferred tax asset (liability) is realized (settled), based on rates that have been enacted or substantially enacted at the reporting date.

Taxes relating to items recognized directly in equity are recognized in equity, not in the income statement. Deferred tax assets and deferred tax liabilities are not discounted to present value.

The Company has established a National Tax Consolidation contract with the main Italian subsidiaries which makes it possible to offset the various companies' tax profits and losses for IRES purposes.

Significant events during the period

During 2022, the framework of uncertainty at both national and international level meant that Italmobiliare's strategy focused more and more on its core investment portfolio.

The unprecedented energy crisis and, at the same time, the focus of the European Union and, more generally, of the main world economies on the ecological and energy transition of production require incisiveness and flexibility. Thanks to a team with a wide variety of industrial, managerial and financial skills and a widespread network of strategic relationships, Italmobiliare has been able to provide ongoing support to the Portfolio Companies' management in identifying rapid responses and defending profitability and growth prospects in a very complex market scenario: hedging strategies, intra-group synergies in energy procurement and timely transitions to alternative energy sources, refinancing operations, hiring and training of qualified resources, partnerships for development.

The actions taken at Holding Company level and by the Portfolio Companies in such a complex situation made it possible to achieve satisfactory results, limiting the impacts of the global crisis.

In January, an increase in the share capital of Iseo Serrature S.p.A. was carried out for a total of Euro 100,000 linked to a co-investment by one of the company's managers. As a result, Italmobiliare's interest decreased from 39.28% to 39.24%.

In February, the purchase of a further 20% of Callmewine S.r.l. was completed for 4.5 million euro, with Italmobiliare's stake going from 60% to 80%. This transaction is part of Italmobiliare's strategy to consolidate its interest in the company.

On March 31, 2022, Italmobiliare in co-investment with Clessidra entered the capital of Archimede S.p.A., buying a 22.99% stake, subsequently reduced to 17.24% during the year, for 9 million euro. On the same date, Italmobiliare also granted Archimede S.p.A. a loan of 6 million euro. On April 5, 2022 Archimede S.p.A. acquired 71.07% of Formula Impresoft S.p.A., a company active in the IT sector, through its indirect subsidiary Pitagora 2 S.p.A.

On April 29, 2022 Italmobiliare finalised its investment in Bene Assicurazioni S.p.A. Società Benefit. Taking a stake in the company's capital involved an outlay of 40 million euro. Following the cancellation of 4,200,000 treasury shares without reducing the share capital, as authorised by IVASS - Istituto per la Vigilanza sulle Assicurazioni currently being recorded in the Companies Register, the percentage held by Italmobiliare now stands at 19.996%.

In May, Italmobiliare (through its subsidiary FT2 S.r.l.) sold 5% of Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A. to D Holding S.r.l. for 10 million euro.

On July 18, 2022 Italmobiliare signed a preliminary contract for the acquisition of 100% of SIDI Sport S.r.l. through the newco FT4 S.r.l. SIDI is an iconic Italian brand that specializes in the production and sale of cycling and motorcycling footwear used by top professionals and enthusiasts all over the world. In 2021, SIDI Sport had 38 million euro in revenue and 7 million euro in EBITDA. On October 25, Italmobiliare closed the deal on the basis of an enterprise value of 66 million euro, plus 20 million of net cash held by the company. The total consideration of 86 million involves a net outlay by Italmobiliare of 53.5 million, while the balance of 32.5 million comes from a loan granted by Banco BPM (for a total of 37 million euro, of which 2 million euro of revolving credit facility currently not drawn down).

ASSETS

Non-current assets

1) PROPERTY, PLANT AND EQUIPMENT

At December 31, 2022 and at December 31, 2021, property, plant and equipment totalled respectively 7,739 thousand euro and 6,837 thousand euro; the movements on the caption are set out below:

(in thousands of euro)	Land and buildings	Plant and machinery	Office machines and furniture	Vehicles	Total
Gross amount	6,327	1,270	944	591	9,132
Accumulated depreciation	(1,169)	(469)	(385)	(272)	(2,295)
Carrying amount at December 31, 2021	5,158	801	559	319	6,837
Additions	1,031	38	166	149	1,358
Decreases				(220)	(220)
Depreciation	(67)	(148)	(108)	(111)	(435)
Utilisation of accumulated depreciation				171	171
Carrying amount at December 31, 2022	6,122	691	617	309	7,739
Gross amount	7,358	1,308	1,110	521	10,297
Accumulated depreciation	(1,236)	(617)	(493)	(212)	(2,559)
Carrying amount at December 31, 2022	6,122	691	617	309	7,739

The useful lives adopted by the company for the main asset categories are as follows:

- Plant and machinery 5 – 10 years
- Other property, plant and equipment 4 – 8 years

The Company has applied IFRS 16 - Leases, by presenting the right of use in the category of the underlying asset (contracts for car and property rental).

The increase during the year is mainly related to the renovation of the Company head office.

2) INVESTMENT PROPERTY

Investment property amounting to 7,083 thousand euro (7,349 thousand euro at December 31, 2021) is measured at cost.

The fair value of investment properties at December 31, 2022 was 10.3 million euro. The designation of their fair value is a level 3 calculated by verifying the value of comparable transactions and based on the appraisal prepared by independent external experts.

(in thousands of euro)	Investment property
Gross amount	8,860
Accumulated depreciation	(1,511)
Carrying amount at December 31, 2021	7,349
Decreases	
Depreciation	(266)
Utilisation of accumulated depreciation	
Carrying amount at December 31, 2022	7,083
Gross amount	8,860
Accumulated depreciation	(1,777)
Carrying amount at December 31, 2022	7,083

Investment properties were depreciated at an annual rate of 3%, which reflects their residual useful life.

3) INTANGIBLE ASSETS

Intangible assets consist of investments in software applications for administrative purposes.

(in thousands of euro)	Sundry licences and rights	Total
Gross amount	634	634
Accumulated amortisation	(628)	(628)
Carrying amount at December 31, 2021	6	6
Amortisation	(6)	(6)
Carrying amount at December 31, 2022	(0)	(0)
Gross amount	634	634
Accumulated amortisation	(634)	(634)
Carrying amount at December 31, 2022	(0)	(0)

4) INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The movements on this caption compared to December 31, 2021, are illustrated below:

(in thousands of euro)	
At December 31, 2021	727,764
Increase for the purchase of SIDI Sport S.r.l.	53,510
Increase for purchase of equity investments or capital contribution	42,555
Decrease for equity investment acquisition projects	(1,035)
Impairment loss	(48,084)
Decrease for the distribution of Sirap Gema's capital reserves	(12,500)
At December 31, 2022	762,210

The following corporate changes occurred in 2022:

- the "Increase for the purchase of SIDI Sport S.r.l." refers to the establishment of the newco FT4 S.r.l. (53,510 thousand euro), subsequently used by the newco to purchase 100% of SIDI Sport S.r.l.;
- the "Increase for purchase of equity investments" mainly refers to the capital increase in Florence InvestCo (12,986 thousand euro), in Farmagorà (10,187 thousand euro), in Casa della Salute (4,248 thousand euro) and CCC Holdings Europe (2,500 thousand euro);
- the reduction for distribution of 12,500 thousand euro of capital reserves, not yet carried out, refers to the process of downsizing Sirap Gema, which has not yet been completed.

The impairment loss refers to the write-down mainly of the equity investment in Sirap Gema following the downsizing of the company, which in terms of assets now only has cash waiting to be distributed to the parent company and receivables deriving from the asset disposals; note that the Company received 60,000 thousand euro of dividends from the subsidiary during the year (see note 24 - Revenue).

The investments in subsidiaries and associates at December 31, 2022 are listed below:

Subsidiaries	Head Office	% held
Caffè Borbone S.r.l.	Caivano	60.00%
Capitelli F.lli S.r.l.	Borgonovo Val Tidone	80.00%
Casa della Salute S.p.A.	Genoa	84.67%
Clessidra Holding S.p.A.	Milan	100.00%
Credit Mobilier de Monaco	Monte Carlo	99.91%
Franco Tosi Ventures S.r.l.	Milan	100.00%
FT2 S.r.l.	Milan	100.00%
FT3 S.r.l.	Milan	100.00%
FT4 S.r.l.	Milan	100.00%
Italgen S.p.A.	Villa di Serio	100.00%
Italmobiliare Servizi S.r.l.	Milan	100.00%
ITM Bacco S.r.l.	Milan	60.00%
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milan	100.00%
Société d'Etudes de Participations et de Courtages S.A.	Monte Carlo	99.98%
Sirap Gema S.p.A.	Verolanuova	100.00%

Associates	Head Office	% held
AGN Energia S.p.A.	Volpiano	32.02%
Cartiere Burgo S.p.A.	Altavilla Vicentina	11.68%
CCC Holdings Europe S.p.A.	Bergamo	10.00%
Dokimè S.r.l.	Milan	20.63%
Farmagorà Holding S.p.A.	Bergamo	31.83%
Florence InvestCo S.r.l.	Milan	13.98%
Iseo Serrature S.p.A.	Pisogne	39.24%
Società Editrice Sud S.p.A.	Messina	33.53%
Tecnica Group S.p.A.	Giavera del Montello	40.00%

See annexes "A" and "B" for further information on the investments in subsidiaries and associates.

With reference to the subsidiary Clessidra Holding S.p.A., an impairment test was carried out with the support of an independent expert according to the methods provided by IAS 36 (through a value in use configuration). In particular, the Sum-of-Parts (SoP) approach was adopted, which determines the equity value of the investee based on the economic values of the direct subsidiary Clessidra Holding S.p.A., and of its subsidiaries (i) Clessidra Private Equity SGR S.p.A., (ii) Clessidra Capital Credit SGR S.p.A., and (iii) Clessidra Factoring S.p.A. For Clessidra Holding S.p.A., Clessidra Private Equity SGR S.p.A., and Clessidra Capital Credit SGR S.p.A., the amount was determined according to an equity-side approach based on an estimate of its future discounted cash flows, available for the shareholders. For Clessidra Factoring S.p.A. an equity-side approach was applied based on the P/E 2023 multiple. In particular, the recoverable amount was estimated on the basis of the existing liquidity and the future discounted cash flows taken from the company's financial projections of the plans approved by the Board of Directors of Clessidra Holding S.p.A. Given the particular nature of Clessidra's business and the importance of human resources, a "finite" term has been adopted which is based on the projections of future cash flows expected in the years covered by the plan. The cash flows were discounted using a post-tax discount rate of 12.7%, including an additional premium with respect to the Capital Asset Pricing Model (CAPM) for the specific risk. The recoverable amount of the investment was higher than the respective carrying amount, so no adjustments were made. The sensitivity analysis showed that an increase of 100 basis points (+1.00%) in the discount rate (WACC), with all the other inputs unchanged, would not generate an impairment loss. A 3% increase in the reference rate (for Clessidra Holding S.p.A., Clessidra Private Equity SGR S.p.A. and Clessidra Capital Credit SGR S.p.A.) combined with a decrease in the P/E 2023 multiple (for Clessidra Factoring S.p.A.) of approximately 2.0x would determine a recoverable amount in line with the carrying amount of the investment.

The recoverable amount for Caffè Borbone S.r.l. was estimated with the help of an independent expert in the configuration of value in use based on the present value of (unlevered) future cash flows, net of taxes, based on the budget 2023 approved by the company's Board and business projections for the four-year period 2023-2026 prepared by its management and updated in January 2023. The 2022-2026 CAGR of revenues foreseen in the plan is equal to 9.8%, compared with an actual growth rate of 3.7% in 2022 and 15.3% in 2021. The cash flows were

discounted using a post-tax discount rate (WACC) of 10.0%, including an additional premium with respect to the CAPM to take into account the specific risk. For the purpose of estimating the terminal value, an annual growth rate for long-term sustainable revenue (g) of 2.0% was used. The test did not reveal any evidence of impairment losses since the recoverable amount is significantly higher than the carrying amount.

The sensitivity analysis showed that an increase of 100 basis points (+1.00%) in the discount rate (WACC), even in conjunction with a 100 basis point reduction in the growth rate (g) in the terminal value, would not generate any impairment loss. Moreover, another sensitivity analysis verified that a 68% decrease in future (unlevered) cash flows (net of taxes) would lead to a recoverable amount in line with the carrying amount of the investment.

Lastly, even reducing the revenue CAGR 2022-2026 to 5% (decrease of 4.8 percentage points compared with what is foreseen in the plan), with the same discount rate (WACC) and growth rate (g) in the terminal value, no impairment loss would emerge.

With regard to Italgas S.p.A., given that there were no facts or circumstances suggesting that there might trigger an impairment loss, an analytical test was not carried out.

Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A. (SMN) was tested for impairment in accordance with IAS 36. In particular, the recoverable amount of the subsidiary was estimated using the present value of expected future cash flows. The analytical projections of (unlevered) future cash flows, net of tax, are based on the 2023 budget approved by the company's Board and on the financial and business plan projections for the period 2022-2026 prepared by its management in January 2022. The revenue CAGR 2022-2026 envisaged by the plan is equal to 21.3%. The cash flows were discounted using a post-tax discount rate (WACC) of 14.0%, including an additional premium with respect to the Capital Asset Pricing Model (CAPM) to take into account the specific risk. For the purpose of estimating the terminal value, an annual growth rate for long-term sustainable revenue (g) of 2.0% was used from 2027 onwards. The test did not identify any evidence of impairment losses on the investment.

At the same long-term growth rate (g), an increase in the discount rate of 52 basis points (+0.52%) would lead to a recoverable amount in line with the carrying amount. Furthermore, by reducing the EBITDA margin of each year included in the plan by 4.3%, with the same discount rate (WACC) and growth rate (g) in the terminal value, no impairment loss would emerge. Lastly, another sensitivity analysis verified that a 4.8% decrease in future (unlevered) cash flows (net of taxes) would result in a recoverable value in line with the carrying amount of the investment.

Capitelli F.lli S.r.l. was tested for impairment in accordance with IAS 36. In particular, the recoverable amount of the investment was estimated with the help of an independent expert using the fair value configuration on the basis of the EV/EBITDA multiple applied to the 2023 EBITDA (adjusted compared to the EBITDA that resulted from the 2023 budget approved by the company's Board of Directors and that took into account a very high raw material cost classified as extraordinary). The test did not identify any evidence of impairment losses on the investment. The estimate of the fair value carried out on the basis of the EV/EBITDA multiple applied to the 2023 EBITDA (not adjusted) would result in a recoverable amount higher than the carrying amount of the investment. Furthermore, the sensitivity analysis carried out indicates that even in the event of significant changes (-15%) in the reference EBITDA used, there would be no evidence of impairment. A 46% reduction in the multiple EV/EBITDA would result in a recoverable amount in line with the carrying amount of the investment.

The sensitivity analysis carried out indicates that even in the event of significant changes (-15%) in the EBITDA or in the reference multiple used, there would be no evidence of impairment. A 46% reduction in the multiple EV/EBITDA would result in a recoverable amount in line with the carrying amount of the investment.

With reference to the investment in Casa della Salute S.r.l., the recoverable amount was estimated using the present value of expected future cash flows. The analytical projections of (unlevered) future cash flows, net of tax, are based on the financial and business plan projections for the period 2022-2025, updated by its management in April 2022. The cash flows were discounted using a post-tax discount rate (WACC) of 12.8%, including an additional premium with respect to the Capital Asset Pricing Model (CAPM) to take into account the specific risk. For the purpose of estimating the terminal value, an annual growth rate for long-term sustainable revenue (g) of 2.0% was used from 2027 onwards. The test did not identify any evidence of impairment losses on the investment.

With regard to the investment in Callmewine S.r.l., the recoverable amount was determined by applying the multiples method, using the multiple EV/Sales 2022 (January 2023 forecast). In particular, the entry multiple implicit in the purchase of shares by Italmobiliare was used. The test did not identify any evidence of impairment losses on the investment. The sensitivity analysis indicates that a 5% decrease in the sales or in the multiple used would result in a recoverable value in line with the carrying amount of the investment.

With regard to the associate Tecnica Group S.p.A., the recoverable amount was determined in the fair value configuration on the basis of the multiple EV/EBITDA 2022 (using the January 2023 forecast approved by the company's Board of Directors). In particular, reference was made to the EV/EBITDA multiple implicit in the option to repurchase the investment held by the controlling shareholder, after verifying that this multiple was lower than the current market multiples referring to a sample of comparable listed companies. Since the fair value of the investment estimated on the basis of this multiple is significantly higher than the carrying amount of the investment, there is no evidence of impairment loss of the investment. The sensitivity analysis carried out indicates that even in the event of significant changes (-20%) in the EBITDA or reference multiple used, there would be no evidence of impairment.

An impairment test was also carried out for the two associates ISEO Serrature S.p.A. and AGN Energia S.p.A. based on an estimate of the fair value of the investment. The latter was determined by applying the market multiples method (specifically, EV/EBITDA 2023 was used for Iseo, EV/EBITDA 2023 for AGN Energia).

The expected result of AGN Energia (in terms of normalised EBITDA 2023) is determined according to Italian accounting standards, adjusted to reflect the best available estimate of the effects of applying IFRS. In both cases, an adequate discount was taken into account with respect to the reference rate which consisted of the average of market multiples recorded for a sample of reference listed companies. Its measurement was defined in relation to facts and circumstances concerning the specific situation of the subsidiary considered and the effective level of comparability in terms of size, profitability and risk of the listed companies that make up the sample. There is no impairment loss both for AGN Energia and Iseo.

With regard to the investment in AGN Energia, the sensitivity analysis carried out indicates that even in the event of significant changes (-20%) in the reference EBITDA used, there would be no evidence of impairment, while a decrease in the multiple/EBITDA of 24.5% would determine a recoverable value in line with the carrying amount of the investment.

With regard to the investment in ISEO, the sensitivity analysis carried out indicates that even in the event of significant changes (-20%) in the reference EBITDA used, there would be no evidence of impairment. A decrease in the multiple/EBITDA of 23.3% would determine a recoverable value in line with the carrying amount of the investment.

With regard to the investment in the associate Società Editrice Sud S.p.A. (S.E.S.), an impairment test was carried out based on its estimated fair value. The latter was determined by applying the market multiples method. Since there are no updates to the accounting data, nor any forward-looking indications formalised in a budget or business plan, the fair value of the investment was estimated on the basis of the EV/Sales 2021 multiple obtained from a sample of listed companies in the same sector. Since these companies have sizes and business profiles that are sometimes significantly different, an appropriate discount was used to determine the fair value of the investment compared with the value implicit in a straightforward application of the average multiple for the sample. The estimate of the fair value of the investment carried out according to the criteria described above did not show any impairment loss.

With reference to the investment in CCC Holdings Europe S.p.A., the recoverable amount was determined by applying the market multiple method (specifically the EV/EBITDA 2023 method). An adequate discount was taken into account with respect to the reference rate which consisted of the market multiples recorded for a sample of reference listed companies. Its measurement was defined in relation to facts and circumstances concerning the specific situation of the subsidiary considered and the effective level of comparability in terms of size, profitability and risk of the listed companies that make up the sample. The test did not show any evidence of impairment losses on the investment. The sensitivity analysis indicates that a 4.8% decrease in EBITDA or the multiple used would result in a recoverable value in line with the carrying amount of the investment.

With reference to the investment in the Florence Group, the recoverable amount was determined by applying the multiples method (EV/EBITDA applied to the forecast 2022 EBITDA). The test did not identify any evidence of impairment losses on the investment.

In conclusion, the analyses carried out on the main investments of the Company did not reveal any impairment loss.

5) OTHER EQUITY INVESTMENTS

The caption, classified in the non-current assets reflects equity investments designated at FVTOCI as allowed by IFRS 9.

(in thousands of euro)	
At December 31, 2021	103,403
Purchases	53,051
Disposals	(6,156)
Change in fair value	(6,125)
At December 31, 2022	144,173

The increases of the caption refer to the investment in Bene Assicurazioni S.p.A. Società Benefit and Archimede S.p.A. (Formula Impresoft).

The decreases are related to the sale of the investment in Coima Res S.p.A., which took place in 2022, and the sale of a stake in Archimede S.p.A. The negative change in the fair value of other equity investments was due to the negative performance of financial markets.

Please refer to annex "A" for other movements.

Other equity investments measured at FVTOCI at December 31, 2022 were as follows:

(in thousands of euro)	Number of shares	December 31, 2022
Equity investments in listed companies:		
Ariston Holding N.V.	975,000	9,379,500
Cairo Communication S.p.A.	189,198	281,527
Coima Res S.p.A.		
HeidelbergCement AG	650,000	34,632,000
Piaggio S.p.A.	169,699	475,836
Unicredit S.p.A.	204,331	2,711,882
Vontobel Holding AG	115,238	7,173,849
Can Fite Biopharma	204	117
Total		54,654,711
Equity investments in non-listed companies		
Atmos Venture S.p.A.		
Compagnia Fiduciaria Nazionale S.p.A.	20,001	719,781
Fin. Priv. S.r.l.	2,857	18,793,097
Immobiliare Astra S.p.A.	12,012	29,448
KKR Teemo Co-Invest	1	11,744,327
New Flour S.p.A.	27,667	6,338,212
Sesaab S.p.A.	700,000	1,000,000
Archimede S.p.A.	172,414	9,000,013
Bene Assicurazioni S.p.A. – Società Benefit	4,199,000	41,051,032
035 Investimenti S.p.A.	1,114,550	841,949
Total		89,517,859
Total equity investments		144,172,570

The analysis of movements in equity investments is shown in annex "A".

6) DEFERRED TAX ASSETS

Deferred tax assets amount to 3,776 thousand euro (4,656 thousand euro at December 31, 2021) and consist of the deferred tax assets calculated on temporary differences of the company Italmobiliare and the subsidiaries included in the National Tax Consolidation.

7) OTHER NON-CURRENT ASSETS

The balance on this caption was as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Receivables due from subsidiaries and other Group companies	16,000	7,000	9,000
Bonds and Private equity funds	215,168	191,155	24,013
Other assets	2,630	2,089	541
Guarantee deposits	5	5	0
Receivables on tax consolidation due from subsidiaries	2,489	7,824	(5,335)
Total	236,292	208,073	28,219

The increase in "Receivables due from subsidiaries and other Group companies" amounts to 9 million euro and refers for 3 million euro to the subsidiary Casa della Salute and for 6 million euro to the loan granted to Archimede S.p.A. as part of the co-investment along with Clessidra.

The decrease in "Receivables on tax consolidation due from subsidiaries" is mainly due to the lower incomes achieved in 2022 by the Group companies included in the National Tax Consolidation.

The increase in "Bonds and Private equity funds" is mainly due to the exchange rate effect and new investments made, partially offset by the negative change in fair value and repayments. Details of "Bonds and mutual funds" are provided in annex "D".

Current assets

8) TRADE RECEIVABLES

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Customers	101	123	(22)
Associates	178	137	41
Subsidiaries	256	465	(209)
Total	535	725	(190)

The receivables refer to Italian entities.

9) OTHER CURRENT ASSETS INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

This item "Other current assets including derivative financial instruments" is made up as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Receivables from social security institutions	88	90	(2)
Receivables from subsidiaries	12,500	-	12,500
Receivables from tax authorities for VAT	-	15	(15)
Sundry other current receivables	160	517	(357)
Options on securities	259	151	108
Prepaid expenses – other	603	76	527
Total	13,611	849	12,762

The increase is mainly due for 12.5 million euro to the Sirap Gema's share capital reduction, which was approved in 2022 but not yet implemented at the reporting date.

10) TAX ASSETS

Tax assets totalled 33,383 thousand euro (21,832 thousand euro at December 31, 2021). The change is due to receivables from the tax authorities relating to Italmobiliare S.p.A. and the advances paid by the National Tax Consolidation.

11) EQUITY INVESTMENTS, BONDS AND CURRENT FINANCIAL RECEIVABLES

This caption is broken down as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Bonds and mutual funds held for trading (FVTPL)	107,934	243,948	(136,014)
Listed shares held for trading (FVTPL)	16,490	16,601	(111)
Other financial assets	6,311	13,365	(7,054)
Current financial receivables from subsidiaries	860	2,038	(1,178)
Accrued finance income	456	3,518	(3,062)
Total	132,051	279,470	(147,419)

Details of "Bonds and mutual funds held for trading" are provided in annex "D", while details of "Listed shares held for trading" are provided in annex "C".

12) CASH AND CASH EQUIVALENTS

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Cash and cheques in hand	1	5	(4)
Bank and postal accounts	22,499	55,229	(32,730)
Net amount	22,500	55,234	(32,734)

Short-term deposits were on demand deposits; accrued interests at the respective short-term rates. The fair value of cash and cash equivalents corresponds to their carrying amount.

The Company has no restricted current accounts.

For more information on the change of the caption, please refer to the analysis provided in the cash flow statement.

EQUITY AND LIABILITIES

Share capital, reserves and retained earnings

13) SHARE CAPITAL

At December 31, 2022, the Parent Company's fully paid-up share capital amounted to 100,166,937 euro represented by 42,500,000 no-par ordinary shares.

Number of shares	December 31, 2022	December 31, 2021	Change
Ordinary shares	42,500,000	42,500,000	
Total	42,500,000	42,500,000	

14) SHARE PREMIUM AND OTHER RESERVES

At December 31, 2022 other reserves were negative for 1,628 thousand euro, showing an overall decrease of 6,529 thousand euro compared with December 31, 2021, fully related to the changes of the OCI reserve.

15) TREASURY SHARES

At December 31, 2022, the cost of treasury shares purchased totalled 5,166 thousand euro (same value as at December 31, 2021) and was recorded as a decrease in equity.

Treasury shares were as follows.

	No. ordinary shares	Carrying amount in euro (in thousands of euro)
December 31, 2021	217,070	5,166
Exercise of stock options		
December 31, 2022	217,070	5,166

Dividends paid

Ordinary dividends declared and paid in 2022 and 2021 are detailed in the table below:

	2022 (euro per share)	2021 (euro per share)	December 31, 2022 (in thousands of euro)	December 31, 2021 (in thousands of euro)
Ordinary shares	1.400	0.650	59,196	27,484
Total dividends			59,196	27,484

16) RETAINED EARNINGS

The overall negative change, which amounted to 24,542 thousand euro, mainly relates to the result for the year 2022 for 33,548 thousand euro, offset by the negative change of 52,196 thousand euro for the payment of dividends and 1,106 thousand euro for disposals of investments valued at FVTOCI and reclassified from the OCI reserve.

Non-current liabilities

17) EMPLOYEE BENEFITS

This caption includes post-employment benefits in accordance with IAS 19 (the Company has less than 50 employees) and liabilities relating to future commitments, in the form of bonuses or incentives, to be paid to employees.

Movements on the caption are detailed below:

(in thousands of euro)	Post-employment benefits	Seniority bonus	Total
At December 31, 2021	579	230	809
Utilization of year	(14)		(14)
Provision for year	67	(35)	32
Actuarial gains/losses	(102)		(102)
At December 31, 2022	530	195	725

Costs for the year included:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Current costs of services	(54)	(64)	10
Finance costs	(9)	(6)	(3)
Total	(64)	(70)	6

The assumptions used to determine liabilities arising from long-term benefits are set out below:

	Post-employment benefits	Other employee benefits
Discount rate	1.30%	1.30%
Future wage and salary increases	2.85%	2.77%
Inflation	1.80%	n/a

n/a not applicable

The discount rate was determined with reference to market yields on high-quality corporate bonds, using the market yields on government bonds and the Eurozone Mercer Yield curve at December 31, 2022.

Inflation describes the implied inflation in the Eurozone for the duration of the company at December 31, 2022.

18) FINANCIAL LIABILITIES

Financial liabilities are shown below by category, broken down by current and non-current liabilities:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Bank loans and overdrafts			
Current financial liabilities	18,230	3,003	15,227
Lease liabilities	70	145	(75)
Options on securities	506	402	104
Accrued finance expense			
Total financial liabilities	18,806	3,550	15,256

Financial liabilities mainly include amounts due to subsidiaries for ordinary transactions on current account.

The following is a reconciliation of the changes in financial liabilities deriving from financing activities with the financial statement schedules, due exclusively to monetary movements involved in repaying old loans or taking out new loans.

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Non-current financial liabilities	123	114	9
Loans and borrowings			
Current financial liabilities	18,301	3,159	15,142
Total financial liabilities	18,424	3,273	15,151

Current financial liabilities include the balances of the intragroup current accounts and the lease liabilities deriving from the application of IFRS 16.

Information on available credit lines is included in the section IFRS 7 (there are no covenants to comply with on existing loans).

19) TAX LIABILITIES AND PROVISIONS

The provisions at December 31, 2022 amounted to 15,700 thousand euro and mainly included provisions for risks from the sale of equity investments.

The change compared with December 31, 2021 of 3,683 thousand euro mainly refers to the execution on 5 July, 2022 of the dispute settlement relating to the sale of the equity investment held in BravoSolution S.p.A., which took place in 2017, with a net cash outflow for the Company of approximately 0.2 million euro (and an offsetting of 3,655 million euro against the receivable from the purchaser, which is recorded under "Equity investments, bonds and current financial receivables").

(in thousands of euro)	Opening amount	Increases	Decreases	Closing amount
Provisions	19,383		3,683	15,700

As explained in previous financial reports, following the completion of various M&A transactions in recent years, the Company - as the seller - is subject to compensation claims, notified by the respective purchasing parties, for alleged violations of the declarations and guarantees given by the seller and/or non-fulfilment of obligations placed on it by the related contractual documentation. In this regard, no events took place during the period that might entail substantial changes in the risk provisions already made.

Tax liabilities amounted to 5,129 thousand euro at December 31, 2022 (15,858 thousand euro at December 31, 2021). Movements on the caption are detailed below:

(in thousands of euro)	Opening amount	Increases	Decreases	Closing amount
Tax liabilities	15,858	471	11,200	5,129

The difference compared with 2021 is mainly due to the settlement of the Ansaldo dispute discussed below.

Furthermore, it should be noted that the current tax payables of 3,603 thousand euro at December 31, 2022 (34,845 thousand euro at December 31, 2021) refer to the debt deriving from the Tax Consolidation which decreased due to the lower taxable income made during the year by the companies participating in the tax consolidation.

Tax disputes

On September 26, 2022 the Provincial Tax Directorate I of Milan issued an assessment notice relating to application of the Controlled Foreign Company (CFC) regulations to the subsidiary Crédit Mobilier in 2016. The higher tax assessed comes to around 115 thousand euro, plus fines and interest. In November, the Company proceeded to pay 11.3 million euro following the adverse sentence of the Court of Cassation in relation to the Ansaldo dispute, for which the company appealed to the Court of Cassation. On November 11, 2022, the 2nd level Court of Tax Justice of Lombardy with sentence no. 4400 confirmed full cancellation of the assessment relating to application of the CFC rules for 2014.

No contingent liabilities were reported.

20) OTHER NON-CURRENT LIABILITIES

The decrease of 7,708 thousand euro is mainly due to the short-term reclassification of the LTI liabilities for the three-year period 2020-2022, which will be paid in April 2023, and the MBO, which will be paid in March 2023.

21) DEFERRED TAX LIABILITIES

Total deferred tax liabilities amounted to 174 thousand euro (214 thousand euro at December 31, 2021), divided as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Current and deferred taxes on shares at FVTOCI	131	164	(33)
Current and deferred taxes on taxable temporary differences	43	50	(7)
Total	174	214	(41)

Current liabilities

22) TRADE PAYABLES

This caption is made up as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Due to suppliers	1,397	1,420	(23)
Due to Group companies	1,258	694	564
Total	2,655	2,114	541

23) OTHER CURRENT LIABILITIES

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Payables to employees	14,368	2,709	11,659
Due to social security bodies	1,335	1,328	7
Due to the tax authorities	346	363	(17)
Accrued expenses and deferred income	61	76	(15)
Other liabilities	2,998	3,829	(831)
Payables on tax consolidation due to subsidiaries for IRES advances	7,495	2,380	5,115
Options on securities	506	401	105
Total	27,109	11,086	16,023

The change in "Payables to employees" is due to the liability for LTI and MBO reclassified as short-term as it will be paid during 2023.

COMMITMENTS

(in thousands of euro)	December 31, 2022	December 31, 2021
Collateral given	0	43,333
Deposits, guarantees, sureties, commitments and other	151,299	154,702
Total	155,299	198,035

Commitments include, for 115,488 thousand euro (97,475 thousand euro at 31 December 2021), the residual commitment for the subscription of private equity funds.

It should be noted that during 2022 the Company released guarantees (43,333 thousand euro) related to the bond loan to the associate Tecnica Group that was repaid during the year.

INCOME STATEMENT

24) REVENUE AND INCOME

Revenue from sales and services and income totalled 137,049 thousand euro, broken down as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change	Change %
Dividends	116,931	32,377	84,554	>100%
Gains on disposals and fair value increases on equity investments and securities	300	2,591	(2,291)	-88.4%
Other finance income	18,704	74,745	(56,041)	-75.0%
Services provided	1,114	1,069	45	4.2%
Total	137,049	110,783	26,266	23.7%

The breakdown of the various items was as follows:

Revenue from dividends:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change	Change %
Subsidiaries				
Caffè Borbone S.r.l.	30,000	18,000	12,000	67%
Capitelli S.r.l.	4,000	1,600	2,400	n.s.
Italgen S.p.A.	8,000	4,800	3,200	67%
Sirap Gema S.p.A.	60,000		60,000	100%
Total	102,000	24,400	77,600	n.s.
Associates				
AGN Energia S.p.A.	2,730	1,290	1,440	n.s.
Iseo Serrature S.p.A.	3,931	1,381	2,550	n.s.
Tecnica Group S.p.A.	3,200		3,200	100%
Total	9,861	2,671	3,990	n.s.
Other companies				
Ariston Holding NV	137		137	100%
Banco BPM	29	9	20	n.s.
BNP Paribas	48	35	13	37%
Cairo Communication S.p.A.	34	8	26	n.s.
Cartiere Burgo	181		181	100%
Coima Res S.p.A.	82	124	(42)	-34%
Compagnia Fiduciaria Nazionale S.p.A.	250	250		
Dassault Systèmes	2	1	1	100%
EDP RENOVAVEIS S.A.	1		1	100%
Enel S.p.A.	40	38	2	5%
ENI S.p.A.	248	235	13	6%
EUROAPI S.A.	2		2	100%
EUSKALTEL S.A.		14	(14)	-100%
Fin.Priv. S.r.l.	1,470	1,291	179	14%
HeidelbergCement AG	1,560	2,182	(622)	-29%
Intesa SanPaolo S.p.A.	62	83	(21)	-25%
Kuerig Inc	31		31	100%
Maar S.p.A.	8		8	100%
Mediobanca S.p.A.	15	13	2	15%
Mediaset S.p.A.		594	(594)	-100%
MFE-MEDIAFORUROPE A	66		66	100%
MFE-MEDIAFORUROPE B	66		66	100%
MRR		6	(6)	-100%
Natixis		8	(8)	-100%

OVS	15		15	100%
Piaggio S.p.A.	25	19	6	32%
Royal Dutch		57	(57)	-100%
SANOFI-AVENTIS FRANCE S.A.	9	9		
SAP AG	6	5	1	20%
SHELL PLC	72		72	100%
STMICROELECTRON	2		2	100%
Telecom Italia		9	(9)	-100%
Total SA		29	(29)	-100%
Total Energies	79	29	50	n.s.
Unicredit S.p.A.	110	25	85	n.s.
Vontobel S.A.	341	234	107	46%
035 Investimenti S.p.A.	78			100%
Total	5,069	5,307	(453)	-9%
Grand total	116,930	32,378	81,137	251%

n.s. not significant

Gains on disposals and fair value increases on equity investments and securities:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change	Change %
BILL.COM	1		1	100.0%
DoorDash INC	16		16	100.0%
ENI S.p.A.		224	(224)	-100.0%
EUSKALTEL S.A.		105	(105)	-100.0%
IAG		31	(31)	-100.0%
Kuerig Inc	283		283	100.0%
Mediaset S.p.A.		1,444	(1,444)	-100.0%
MFE - MediaForEurope N.V.		352	(352)	-100.0%
NATIXIS		168	(168)	-100.0%
OVS S.p.A.		198	(198)	-100.0%
Royal Dutch		41	(41)	-100.0%
Datadog		2	(2)	-100.0%
Telecom Italia		25	(25)	-100.0%
Total	300	2,590	(2,290)	-88.4%
Grand total	300	2,590	(2,290)	-88.4%

Other finance income:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change	Change %
Interest and finance income from subsidiaries	221	163	58	35.6%
Interest and finance income from associates	989	719	270	37.6%
Interest and finance income from others		315	(315)	-100.0%
Interest income on bonds and securities	1,019	527	492	93.4%
Bank interest income	1	1		100.0%
Options on securities	2,673	4,304	(1,631)	-37.9%
Income from currency trading	347	7	340	n.s.
Income from currency valuation	7,300	6,933	367	5.3%
Income from futures	1,595	359	1,236	n.s.
Positive change in fair value of Funds	4,559	61,416	(56,857)	-92.6%
Total	18,704	74,744	(56,040)	-75.0%

n.s. not significant

The negative change in the fair value of funds for 56,857 thousand euro was influenced by negative market performance and is mainly due to BDT (-13.7 million euro), Clessidra (-17.3 million euro) and Iconiq (-15 million euro). "Income from currency valuation" mainly refer to foreign exchange gains of investment and private equity funds for 6.8 million euro.

Revenue from services provided amounted to 1,114 thousand euro (1,069 thousand euro in 2021).

25) OTHER REVENUE AND INCOME

Other revenue and income amounted to 810 thousand euro (741 thousand euro at December 31, 2021) and included rents and recharges of condominium expenses for 509 thousand euro and other income for 300 thousand euro.

26) RAW MATERIALS AND SUPPLIES

Expense for raw materials and supplies amounted to 311 thousand euro, divided as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change	Change %
Materials and machinery	28	23	5	21.7%
Purchases of other materials	210	186	24	12.9%
Electricity and gas	73	61	12	19.7%
Total	311	270	41	15.2%

27) SERVICES

Services amounted to 8,505 thousand euro, divided as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change	Change %
Legal expenses, consultancy and fees for the board of statutory auditors	6,618	7,184	(566)	-7.9%
Rents and leases	57	54	3	5.6%
Insurance	672	578	94	16.3%
Residential building rent and expenses	22	9	13	n.s.
Repairs and maintenance	95	178	(83)	-46.6%
Membership fees	241	249	(8)	-3.2%
Communication and entertainment	448	331	117	35.3%
Post and telephone	102	90	12	13.3%
Cleaning	86	88	(2)	-2.3%
Other expenses and services	164	139	25	18.0%
Total	8,505	8,900	(395)	-4.4%

n.s. not significant

28) PERSONNEL EXPENSES

Personnel expenses totalled 16,024 thousand euro, divided as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change	Change %
Wages and salaries	11,895	11,697	198	1.7%
Social contributions	3,069	2,963	106	3.6%
Pension fund contributions	48	48	0	0.0%
Directors' fees	1,048	1,068	(20)	-1.9%
Miscellaneous costs	144	109	35	32.1%
Total	16,204	15,885	319	2.0%

The number of employees is shown below:

(headcount)	December 31, 2022	December 31, 2021
Employees (headcount) at the end of the year	47	43
Average number of employees	44	41

29) OTHER OPERATING INCOME (EXPENSES)

Other operating expenses net of other operating income amounted to 42,540 thousand euro, divided as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change	Change %
Finance income and costs				
Bank and loan interest expense	160	10	150	n.s.
Bonds and securities	165	2	163	n.s.
Currency trading	79	99	(20)	-20.2%
Exchange-rate valuation differences	30	21	9	42.9%
Options on securities	3,205	5,011	(1,806)	-36.0%
Other charges	52	49	3	6.1%
Total	3,691	5,192	(1,501)	-28.9%
Sale of securities	31		31	100.0%
Sale of mutual funds	3,834	24	3,810	100.0%
Sale of bonds	56		56	100.0%
Losses on P&G	240	60	180	n.s.
Write-down of trading investments	3,823	1,315	2,508	n.s.
Write-down of mutual funds	24,576	204	24,372	n.s.
Write-down of bonds	1,169	33	1,136	n.s.
Write-down of put/call options	549	34	515	n.s.
Total	34,278	1,670	32,608	n.s.
Condominium expenses on own properties	147	115	32	27.8%
Other operating expenses	1,290	559	731	n.s.
Non-deductible VAT	1,663	1,767	(104)	-5.9%
IMU (municipal tax)	207	218	(11)	-5.0%
Registration tax	8	5	3	60.0%
Other tax	56	66	(10)	-15.2%
Out-of-period expenses	989	537	452	84.2%
Capital gain on investment property		(260)	260	-100.0%
Capital gain on vehicles	(68)	(1)	(67)	n.s.
Loss from IFRS 16		-		100.0%
Other income and expenses	(300)	(129)	(171)	n.s.
Fondazione Cav. Lav. Carlo Pesenti	600	500	100	20.0%
Total	4,592	3,377	1,215	36.0%
Use/accruals of provisions for risks				
Release of risk provisions	(21)		(21)	100.0%
Accrual of provision for risks		21	(21)	-100.0%
Total	(21)	21	(42)	n.s.
Total other operating income/expenses	42,540	10,260	32,280	n.s.

n.s. not significant

The increase in finance costs is mainly due to a negative performance in bonds and securities as well as to the negative changes in the fair value of options and trading securities.

30) AMORTISATION AND DEPRECIATION

The overall amount of 706 thousand euro (800 thousand euro at December 31, 2021) reflects the depreciation of property, plant and equipment and investment properties for 700 thousand euro (699 thousand euro at December 31, 2021) and the amortisation of intangible assets for 6 thousand euro (101 thousand euro at December 31, 2021).

31) FINANCE INCOME AND COSTS

Net finance costs amounted to 80 thousand euro. The amount is composed as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change	Change %
Financial services	103	46	57	123.7%
Other financial income (expenses)	(22)	(17)	(5)	30.2%
Total	81	29	52	>100%

32) IMPAIRMENT OF FINANCIAL ASSETS

During the year, write-downs were made for 48,084 thousand euro and mainly related to the subsidiary Sirap Gema, after distributing 60 million euro of dividends and the company's downsizing process, and to a residual extent to some minor companies (Italmobiliare Servizi).

33) INCOME TAX

This caption reflects a positive effect for the year of 12,121 thousand euro, divided as follows:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change	Change %
Current tax	9,242	(10,984)	20,226	>100%
Deferred tax assets/liabilities on temporary differences	(872)	(1,678)	806	-48.0%
Irrecoverable withholding tax on dividends	(615)		(615)	n.s.
Reimbursement of prior-year tax	4,971		4,971	>100%
Prior-year tax	(605)	(9,157)	8,552	-93.4%
Other		20	(20)	>100%
Total	12,121	(21,799)	33,920	>100%

n.s. not significant

The change in this item is mainly due (33.9 million euro) to the Parent Company's status as a holding company, which has as its main component dividends subject to the participation exemption (PEX) regime, which lead to a tax loss. Furthermore, in 2022 Italmobiliare received 4.9 million euro of tax rebates relating to previous years.

34) STATEMENT OF CASH FLOWS

Cash flows relating to management of financial assets (including equity investments in subsidiaries and associates) are presented in section B "Cash flows from investing activities", with the exception of the reversal of finance income/costs, which are shown in section A "Cash flows from operations". The "Reversal of net finance income/costs" of 135,259 thousand euro includes dividends (note 24), other finance income (note 31) and write-downs of financial assets (note 29).

Investments in financial assets (201,670 thousand euro) are due to acquisitions of subsidiaries and associates for 96,065 thousand euro (see Annex A), other companies for 53,051 thousand euro and investment funds for 52,552 thousand euro (see Annex D).

The item proceeds from disposal of non-current assets (33,330 thousand euro) is due to sales of investments in subsidiaries and associates for 13,531 thousand euro (see Annex A), investments in other companies for 6,157 thousand euro and bonds and mutual funds for 18,462 thousand euro (see Annex D).

IFRS 7

Net financial position

At December 31, 2022, the Company had a positive Net Financial Position of 151,485 thousand euro, showing a decrease of 186,020 thousand euro from December 31, 2021.

The breakdown of the Net Financial Position is set out below:

(in thousands of euro)	December 31, 2022	December 31, 2021	Change
Cash and cash equivalents	22,500	55,234	(32,734)
Financial receivables due from Group companies	16,860	9,037	7,823
Government securities and bonds - non-current	1,815	2,641	(826)
Mutual funds	90,556	214,826	(124,270)
P&G bonds	17,378	20,122	(2,744)
Receivables for extended payment terms of companies sold	3,835	6,072	(2,237)
Receivable for carried interest in CCP3 Fund		3,712	(3,712)
Receivable for Bea (Casa del Salute) escrow	2,210	3,315	(1,105)
Tecnica Group 2017/2022 convertible bond loan		9,000	(9,000)
Investments held for trading	16,490	16,601	(111)
Put/call options on equities	259	151	108
Derivatives on initial margin requirements	266	266	(0)
Prepayments and accrued income	456	3,518	(3,062)
Total financial assets	172,625	344,495	(171,870)
Bank loans and borrowings			
Payable for Bea (Casa del Salute) escrow	(2,210)	(3,315)	1,105
Financial payables vs subsidiaries	(18,230)	(3,003)	(15,227)
IFRS 16 short-term portion	(72)	(156)	
IFRS 16 long-term portion	(123)	(114)	(9)
Put/call options on equities	(506)	(402)	(104)
Total financial liabilities	(21,140)	(6,990)	(14,234)
Net financial position	151,485	337,505	(186,104)

COMPARISON BETWEEN FAIR VALUE AND CARRYING AMOUNT AND HIERARCHY

The tables below provide a breakdown of the carrying amount and the fair value of financial assets and financial liabilities at 12/31/2022 and 12/31/2021.

(in thousands of euro)	Carrying amount					Fair value			
	FVTPL	FVTOCI	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets									
Equity investments		144,173			144,173	54,655	18,793	70,725	144,173
Trade receivables and other non-current assets	233,167		5		233,172		1,815	213,352	215,167
Financial assets held to maturity									
Financial assets at FVTPL in NFP	1,815				1,815		1,815		1,815
Financial assets at FVTPL not in NFP	213,352				213,352			213,352	213,352
Non-current receivables	18,000				18,000				
Guarantee deposits			5		5				
Trade receivables			535		535				
Current assets including derivative financial instruments	259		634		893		259		259
Derivatives	259				259		259		259
Other amounts due			634		634				
Equity investments, bonds and current financial receivables	124,424		7,627		132,051	42,774	81,650		124,424
Equity investments FVTPL in NFP	16,490				16,490	16,490			16,490
Financial assets at FVTPL in NFP	107,934				107,934	26,284	81,650		107,934
Financial receivables and accruals			7,627		7,627				
Cash and cash equivalents			22,500		22,500				
Total	357,851	144,173	31,301		533,324	97,429	102,517	284,077	484,024
Financial liabilities									
Non-current financial liabilities			123		123		123		123
Finance lease payables			123		123		123		123
Other non-current payables and liabilities									
Other non-current payables									
Bank loans and overdrafts									
Current financial liabilities			20,510		20,510		20,510		20,510
Finance lease payables			70		70		70		70
Other loans and borrowings			20,440		20,440		20,440		20,440
Trade payables			2,655		2,655				
Other liabilities	506		1		507		506		506
Derivatives	506				506		506		506
Other payables, accruals and deferrals			1		1				
Total	506		23,289		23,795		21,139		21,139

(in thousands of euro)	Carrying amount				Fair value				
	FVTPL	FVTOCI	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets									
Equity investments		103,403			103,403	64,212	21,072	18,119	103,403
Trade receivables and other non-current assets	191,154		5		191,159		2,641	188,513	191,154
Financial assets held to maturity									
Financial assets at FVTPL in NFP	2,641				2,641		2,641		2,641
Financial assets at FVTPL not in NFP	188,513				188,513			188,513	188,513
Non-current receivables									
Guarantee deposits			5		5				
Trade receivables			725		725				
Current assets including derivative financial instruments	151		16,500		16,651		151		151
Derivatives	151				151		151		151
Other amounts due			10,124		10,124				
Equity investments, bonds and current financial receivables	251,549		27,921		279,470	46,990	204,559		251,549
Equity investments FVTPL in NFP	16,601				16,601	16,601			16,601
Financial assets at FVTPL in NFP	234,948				234,948	30,389	204,559		234,948
Financial receivables and accruals			27,921		27,921				
Cash and cash equivalents			55,234		55,234				
Total	442,854	103,403	94,020		640,277	111,202	228,423	206,632	546,257
Financial liabilities									
Non-current financial liabilities				115	115		115		115
Finance lease payables				115	115		115		115
Other non-current payables and liabilities									
Other non-current payables									
Bank loans and overdrafts									
Current financial liabilities				6,463	6,463		6,463		6,463
Finance lease payables				145	145		145		145
Other loans and borrowings				6,318	6,318		6,318		6,318
Trade payables			2,097		2,097				
Other liabilities	402		11		413		402		402
Derivatives	402				402		402		402
Other payables, accruals and deferrals			11		11				
Total	402		2,108	6,578	9,088		6,980		6,980

In determining and documenting the fair value of financial instruments, the following hierarchy based on different measurement methods was used:

- level 1: financial instruments with prices quoted on active markets;
- level 2: prices quoted on active markets for similar financial instruments, or fair value determined with other measurement methods where all significant inputs are based on observable market data;
- level 3: fair value determined with measurement methods where no significant input is based on observable market data.

The change in level 3 is set out in the table below:

(in thousands of euro)	Receivables and other non-current assets	Non-current equity investments	Total
Balance at December 31, 2021	188,513	18,119	206,632
Changes arising from acquisitions	52,552	41,051	93,603
Gains and losses in profit or loss	(15,794)		-15,794
Gains and losses in equity		2,632	2,632
Sales/reductions in capital	(18,462)	(77)	(18,539)
Other changes	6,543	9,000	15,543
Total changes	24,839	52,606	77,445
Balance at December 31, 2022	213,352	70,725	284,077

Risk management policies

OBJECTIVES

For Italmobiliare S.p.A., exposure to financial risk is an opportunity to generate profits within the constraints established for the purposes of careful and prudent management of financial resources.

FINANCIAL INSTRUMENTS

Group guidelines define the types of financial instruments allowed, maximum amounts, counterparties and methods of approval.

Derivatives may be used both as risk management instruments and as instruments relating to market positioning.

Credit risk

Italmobiliare S.p.A. is exposed to credit risk with respect to issuers of financial instruments and counterparties on financial transactions.

The guidelines establish minimum rating levels for individual investments (where applicable), for type of instrument, for rating class and maximum exposure in relation to individual counterparties.

A monitoring and reporting system has also been established for senior management.

Italmobiliare S.p.A. has no significant exposure to trade credit risks.

The table below illustrates the level of credit risk exposure for each instrument (bonds, deposits, other financial assets) and with respect to the counterparties to derivatives.

	Fair value (in millions of euro)	Rating Medio	Residual average life (in years) (*)
Bonds at FVTPL	19.2	Baa1	5.33
Bonds at amortised cost		n/a	
Deposits	22.5	n/a	n/a
Other financial assets	216.5	n/a	n/a
Derivatives on shares	(0.2)	n/a	<1

(*) determined on first call

n/a not applicable

Assuming a parallel shift of +100 bps in the credit curve of CDS, the estimated total change in financial instruments would be -0.6 million euro, reflected entirely in the income statement.

Deposits are subject to counterparty risk, but a shift of +100 bps in the curve would not have an impact on the amount thereof.

Other financial assets and derivatives are excluded from the sensitivity analysis since their fair value does not depend on the creditworthiness of the counterparty.

Liquidity risk

Italmobiliare S.p.A. risk management policy is designed to optimize financial resources through effective management (in terms of maturities, costs and liquidity) of the Company's assets and liabilities.

The Net Financial Position ("NFP") at December 31, 2022 reflected a strong positive position: a regular report is prepared up analysing the NFP trend in relation to the segment's requirements.

The table below sets out debt by maturity (residual life) compared with financial assets and undrawn lines of credit:

(in millions of euro)	Maturity				Total
	< 1 year	1 - 2 years	2 - 5 years	Beyond	
Total financial liabilities	(18.3)	(1.1)	(1.2)		(20.6)
Total financial assets	44.1	1.1	11.1	115.8	172.1
Net financial position	25.8		9.9	115.8	151.5
Undrawn committed lines of credit	103.0				103.0

Short-term draw-downs of committed lines of credit are reclassified based on the expiry date of the related facility.

Market risks

INTEREST RATE RISK

Fluctuations in interest rates affect the fair value of financial assets and liabilities and the level of net finance costs.

Regular reports are prepared up analysing the NFP and detailing asset and liability management.

The following table shows the composition of the Net Financial Position of Italmobiliare S.p.A. at December 31, 2022 and its exposure to interest rate risk; reference should be made to the specific note for a detailed analysis of the net financial position.

(in millions of euro)	
Balance at December 31, 2022	
Fixed-rate financial liabilities	0.2
Fixed-rate financial assets	
Fixed-rate NFP at inception	0.2
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	
Fixed-rate NFP after hedging	0.2
Floating-rate financial liabilities	18.2
Floating-rate financial assets	(12.7)
Floating-rate NFP at inception	5.5
Fixed-rate/Floating-rate hedging	
Floating-rate/Fixed-rate hedging	
Floating-rate NFP after hedging	5.5
Assets not exposed to interest-rate risk	(159.9)
Liabilities not exposed to interest-rate risk	2.7
Total NFP	(151.5)

Floating-rate assets include amounts due from Group companies and floating-rate bonds; fixed-rate liabilities include lease liabilities.

A sensitivity analysis was performed to determine the change in the fair value of the total net financial position caused by an instantaneous shift of 100 bps in forward interest rates (assuming a parallel shift in the curve). Modified Duration was used as the sensitivity criterion.

The analysis found an overall estimate of -0.95 million euro, with an effect exclusively on the income statement.

On demand and time deposits, an instantaneous shift in the curve would not generate an automatic effect on the income statement.

Symmetrical results would be generated by an instantaneous parallel downward shift in the rate curve.

CURRENCY RISK

Overall exposure to the currency risk is limited. Currency positions are limited and used with the objective of de-correlating the risk of traditional financial assets in the liquidity management portfolio.

OTHER PRICE RISK

Italmobiliare S.p.A. is particularly exposed to the risk of fluctuations in the prices of listed equities carried at fair value.

Since Italmobiliare S.p.A. is a holding company, exposure to equity risk is inherent to its core business. In some cases, for limited amounts, the Policies set out procedures and approvals for the use of derivatives to reduce this risk.

At December 31, 2022, listed financial assets exposed to price risk amounted to 71.2 million euro, of which 54.7 million euro measured at FVTOCI and 16.5 million euro measured at FVTPL.

A hypothetical reduction of 5% in share prices would have a negative impact of 3.5 million euro on the assets' fair value, of which 2.7 million euro on equity and 0.8 million euro on the income statement.

(in millions of euro)	Fair Value	Share price delta	Impact on income statement	Impact on equity
Shares at FVTPL	16.5	-5%	(0.8)	
Shares at FVTOCI	54.7	-5%		(2.7)

Other risks

CYBER SECURITY

During 2022, the Company continued to monitor cyber security risk for the entire Group. This involved carrying out a specific follow-up to verify the extent to which Group companies had implemented the organisational, procedural and technological measures to mitigate this type of risk. It also involved increasing the number of companies covered by an insurance policy. Work continues on strengthening or adopting organisational, procedural and technological measures to mitigate this type of risk.

CLIMATE CHANGE

In 2021 Italmobiliare carried out its first specific assessment of climate risk, separate from the ESG risk assessment, based on the recommendations of the TCFD Guidelines. In 2022, the assessment was even more analytic, helping Portfolio Companies to identify risks and opportunities related to climate change scenarios. The risks that were identified helped to confirm the mitigation initiatives already in progress or to define further action plans aimed at transforming risks into opportunities.

The climate risk assessment is included in the annual risk assessment carried out by the Holding Company and by all Portfolio Companies under the guidance of the Group Risk Manager, supported by the Chief Sustainability Officer and the Chief Financial Officer. The assessment weighs the risks across the entire value chain and considers the different geographies involved. The results and updates are shared and refined with the Investment Management Department and subsequently discussed by the Control and Risk Committee and approved by the Board of Directors.

Among the physical risks, with a potential short-term impact, the assessment highlighted the exposure to extreme, acute or chronic events for sectors with characteristics of vulnerability (e.g. outdoor activities) or which operate in high-risk geographical areas. The direct structures of the Group are not particularly exposed. However, for some sectors the impacts could be significant in the supply chain or for specific market segments.

Among the transition risks, we would highlight the increase in the price of carbon and the investments necessary for the technological transition, which could impact many suppliers of energy-intensive materials, products or services, clarity in the definition of climate strategies and the communication transparency of objectives, which could affect the ability to attract investors, access to capital and the choices made by customers and consumers.

Reliable metrics are needed to support carbon footprint analysis and goal setting. GHG Scope 1, 2 and 3 emissions are reported in full in the Non-Financial Report, aggregating the detailed accounting of all the material components of Net Asset Value. Carbon price scenarios on institutional or voluntary markets are used for an initial assessment of the reduction commitments to be faced. While many short or medium-term objectives have already been achieved – for example, from 2022 the Holding Company and all of the Portfolio Companies under its control use exclusively renewable sources of electricity – the commitment made to define a Science-Based Target will pave the way for the strategic management of climate-related risks and, above all, of the related opportunities.

Further details in line with the TCFD Recommendations are set out in the Non-Financial Report.

As regards new acquisitions, the environmental impact is taken into account in the Due Diligence if significant.

OTHER INFORMATION

Audit fees

The table below sets out details of the fees paid in 2022 to the independent auditors, pursuant to art. 149-duodecies, paragraph. 1 of CONSOB Resolution no. 11971 of May 14, 1999:

Services provided (in thousands of euro)	DELOITTE & TOUCHE S.p.A.	Other companies in the DELOITTE network	Total
Audit services	215		215
Review of non-financial disclosure	46		46
Non-audit services	81		81
Total	342		342

Grants from the Public Administration

Following the approval of the annual Competition Law no. 124/2018 aimed at greater transparency about government grants, during the year the Company did not receive any government grant.

Transactions with related parties

The figures at December 31, 2022 for transactions with related parties are set out in the following table:

Receivables and payables with related parties

(euro)					
Description	Company	Amount	% impact on carrying amount	Carrying amounts	Reference
Trade receivables					
Subsidiaries	Caffè Borbone S.r.l.	62,523			
	Callmewine S.r.l.	13,750			
	Capitelli F.lli S.r.l.	25,702			
	Casa della Salute S.p.A.	27,044			
	Clessidra Private Equity SGR S.p.A.	130,600			
	Clessidra Capital Credit SGR S.p.A.	30,600			
	Clessidra Holding S.p.A.	13,950			
	Franco Tosi Ventures S.r.l.	2,587			
	FT2 S.r.l.	12,500			
	FT3 S.r.l.	5,246			
	FT4 S.r.l.	5,000			
	Gres Hub S.r.l.	5,022			
	Italgen S.p.A.	7,762			
	Italmobiliare Servizi S.r.l.	20,000			
	ITM BACCO S.r.l.	2,606			
	Officina Profumo-Farmaceutica di Santa Maria Novella	7,500			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	7,500			
	SIDI Sport S.r.l.	6,148			
	Sirap Gema S.p.A.	4,583			
Trade receivables					
Associates	Farmagorà Holding S.p.A.	1,000			
	Tecnica Group S.p.A.	46,650			
Total trade receivables		438,273	81.94%	534,860	Note 8
Other amounts due					
Subsidiaries	Casa della Salute S.p.A.	10,000,000			
Other amounts due					
Associates	Archimede S.p.A.	6,000,000			
Total other non-current assets		16,000,000	6.77%	236,292,412	Note 7
Receivables for tax consolidation					
Subsidiaries	CDS Medical S.r.l.	24,455			
	Clessidra Private Equity SGR S.p.A.	539,720			
	Clessidra Factoring S.p.A.	821,047			
	FT2 S.r.l.	111,200			
	FT4 S.r.l.	37,216			
	Officina Profumo-Farmaceutica di Santa Maria Novella	877,562			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	78,167			
Prepayments and accrued income					
Subsidiaries	Casa della Salute S.p.A.	126,398			
Total other current assets including derivatives		2,615,765	19.22%	13,610,678	Note 9
Current account receivables					
Subsidiaries	Credit Mobilier Monaco	1,383,313			
	Franco Tosi Ventures S.r.l.	16,614			
	FT2 S.r.l.				
	FT3 S.r.l.	46,109			
	Gres Hub S.r.l.	657,346			
	Italgen S.p.A.	124,632			
	ITM BACCO S.r.l.	14,956			
Prepayments and accrued income					
Subsidiaries	Casa della Salute S.r.l.				
Associates	Tecnica Group S.p.A.				
Total current financial receivables		2,242,970	1.70%	132,051,431	Note 11

(euro)					
Description	Company	Amount	% impact on carrying amounts	Carrying amounts	Reference
Current account payables					
Subsidiaries	FT2 S.r.l.	15,938,972			
	Italmobiliare Servizi S.r.l.	1,324,085			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	966,661			
Total current financial liabilities		18,229,718	-99.61%	(18,301,394)	Note 18
Trade payables					
Subsidiaries	Caffè Borbone S.r.l.	668			
	Callmewine S.r.l.	1,486			
	FT2 S.r.l.	88,196			
	Italgen S.p.A.	4,400			
	Italmobiliare Servizi S.r.l.	1,118,405			
	Officina Profumo Farmaceutica di Santa Maria Novella	30,947			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	5,364			
	Sirap Gema S.p.A.				
Associates					
	Tecnica Group S.p.A.	250			
Total trade payables		1,249,716	-47.08%	(2,654,685)	Note 22
Other payables tax consolidation					
Associates	Caffè Borbone S.r.l.	3,395,872			
	Callmewine S.r.l.	434,419			
	Capitelli F.lli S.r.l.	203,469			
	Casa della Salute S.p.A.	600,993			
	Casa della Salute Sardegna S.r.l.	3,266			
	Clessidra Capital Credit SGR S.p.A.	519,294			
	Clessidra Holding S.p.A.	193,481			
	Franco Tosi Ventures S.r.l.	684			
	FT3 S.r.l.	7,260			
	Gres Hub S.r.l.	16,356			
	Italgen S.p.A.	1,035,150			
	Italmobiliare Servizi S.r.l.	58,334			
	ITM BACCO S.r.l.	5,217			
	Sirap Gema S.p.A.	1,021,457			
Other liabilities					
Subsidiaries	Italmobiliare Servizi S.r.l.	29,059			
	Franco Tosi S.r.l.	-			
	Italgen S.p.A.				
	Sirap Gema S.p.A.				
Total other non-current liabilities		7,524,311	n.s.	(93,606)	Note 20
Accrued expenses and deferred income					
Subsidiaries	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	39			
Total other current liabilities		39	n.s.	(27,109,071)	Note 23
COMMITMENTS WITH RELATED PARTIES					
Description	Company	Amount			
Letters of patronage to					
subsidiaries	Caffè Borbone S.r.l.	4,000,000			
Total commitments		4,000,000			

Revenue and expenses with related parties

(euro)					
Description	Company	Amount	% impact on carrying amounts	Carrying amounts	Reference
Dividends					
Subsidiaries	Caffè Borbone S.r.l.	30,000,000			
	Capitelli F.lli S.r.l.	4,000,000			
	Italgen S.p.A.	8,000,000			
	Sirap Gema S.p.A.	60,000,000			
Dividends					
Associates	AGN Energia S.p.A.	2,730,201			
	Iseo Serrature S.p.A.	3,930,922			
	Tecnica Group S.p.A.	3,200,000			
Total dividends		111,861,123	95.66%	116,930,573	Note 24
Current account and financial interest income and other income					
Subsidiaries	Casa della Salute S.r.l.	214,384			
	Franco Tosi Ventures S.r.l.	131			
	FT2 S.r.l.	2,939			
	FT3 S.r.l.	389			
	Gres Hub S.r.l.	2,132			
	Italmobiliare Servizi S.r.l.	961			
	ITM BACCO S.r.l.	189			
Associates	Archimede S.p.A.	345,333			
	Tecnica Group S.p.A.	643,069			
Total interest income		1,209,527	6.47%	18,703,502	Note 24
Recovery of cost of services					
Subsidiaries	Caffè Borbone S.r.l.	175,700			
	Callmewine S.r.l.	25,603			
	Capitelli F.lli S.r.l.	45,000			
	Casa della Salute S.p.A.	35,000			
	Clessidra Private Equity SGR S.p.A.	181,870			
	Clessidra Capital Credit SGR S.p.A.	69,750			
	Clessidra Holding S.p.A.	25,370			
	Credit Mobilier de Monaco	6,000			
	Franco Tosi Ventures S.r.l.	10,000			
	FT2 S.r.l.	50,000			
	FT3 S.r.l.	20,000			
	FT4 S.r.l.	5,000			
	Gres Hub S.r.l.	10,000			
	Italgen S.p.A.	50,000			
	Italmobiliare Servizi S.r.l.	40,000			
	ITM BACCO S.r.l.	10,000			
	Officina Profumo-Farmaceutica di Santa Maria Novella	63,952			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	30,000			
	SIDI Sport S.r.l.	7,795			
	Sirap Gema S.p.A.	61,962			
Associates	AGN Energia S.p.A.	30,000			
	Farmagorà Holding S.p.A.	1,000			
	Iseo Serrature S.p.A.	60,000			
	Tecnica Group S.p.A.	60,000			
Total services		1,074,002	96.37%	1,114,405	Note 24
Total revenue		114,144,652	83.47%	136,748,480	Note 24
Other revenue and income					
Subsidiaries	Caffè Borbone S.r.l.	125,607			
	Callmewine S.r.l.	1,351			
	Capitelli F.lli S.r.l.	3,603			
	Casa della Salute S.p.A.	10,211			
	Clessidra Private Equity SGR S.p.A.	2,283			
	Clessidra Capital Credit SGR S.p.A.	1,169			
	Clessidra Factoring S.p.A.	2,556			
	Clessidra Holding S.p.A.	1,260			
	Gres Hub S.r.l.	2,563			
	Italgen S.p.A.	39,715			
	Italmobiliare Servizi S.r.l.	128,763			

	Officina Profumo-Farmaceutica di Santa Maria Novella	19,226			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	153			
	SIDI Sport S.r.l.	1,148			
	Sirap Gema S.p.A.	14,794			
Associates	Tecnica Group S.p.A.	398			
Total other operating revenue and income		354.800	43.83%	809,535	Note 25
Services					
Subsidiaries	Italmobiliare Servizi S.r.l.	(2,489,560)			
	Other related parties	(246,649)			
Total services		(2,736,209)	32.17%	(8,505,013)	Note 27
Employee benefit expense	Other related parties	(119,788)			
Total employee benefits expenses		(119,788)	0.74%	(16,204,213)	Note 28
Current account and financial interest expense					
Subsidiaries	FT2 S.r.l.	(128,750)			
	Gres Hub S.r.l.	(1,222)			
	Italgen S.p.A.	(4,400)			
	Italmobiliare Servizi S.r.l.	(12,995)			
	Punta Ala Promoz. e Sviluppo Imm.re S.r.l.	(9,090)			
Other (income) expense					
Subsidiaries	Caffè Borbone S.r.l.	(4,343)			
	Callmewine S.r.l.	(7,156)			
	Capitelli F.lli S.r.l.	(1,702)			
	Italmobiliare Servizi S.r.l.	(67,474)			
	Officina Profumo-Farmaceutica di Santa Maria Novella	(68,979)			
Total other operating income/expenses		(306.111)	0.72%	(42.539.902)	Note 29
Interest expense on trade payables					
Subsidiaries	Italmobiliare Servizi S.r.l.	(359)			
Total finance income/costs		(359)	0.00%	(48,164,832)	Note 31-32

n.s. not significant

Impact of transactions with related parties on cash flows

(in thousands of euro)	Cash flows	
	Amount	%
Cash flow from operating activities with related parties	227,410	n.s.
Total A) - from statement of cash flows	33,112	
Cash flow from investing activities with related parties	(65,049)	n.s.
Total B) - from statement of cash flows	(27,835)	
Cash flow from financing activities with related parties	18,230	-48,0%
Total C) - from statement of cash flows	(38,012)	
Change in cash and cash equivalents with related parties	180,590	
Change in cash and cash equivalents from statement of cash flows (A+B+C)	(32,724)	

n.s. not significant

Fees paid to Directors and the Chief Operating Officer

The table below sets out the amounts accrued during the financial year for the directors, the Chief Operating Officer and the Financial Reporting Officer (key management personnel) for positions held:

(euro)	2022	2021
Short-term benefits: fees and remuneration	6,882,369	6,909,750
Post-employment benefits		0
Other long-term benefits	3,275,670	3,275,670
Share-based payments (stock options)	0	861,196
Total	10,158,039	11,046,616

Outlook and events after the reporting date

The global economy in 2022, in a physiological slowdown after the post-pandemic recovery, recorded a real GDP growth rate of 3.4%. However, the slowdown was more marked than initially expected (the average consensus was 4.5%) due to a variety of factors. The process of normalising monetary and fiscal policy after the extraordinary boost of 2021 was launched in conjunction with the shock of the Russian invasion in Ukraine and the persistent zero-Covid policy in China. In particular, the war exacerbated the imbalance in the fossil fuel market with energy expenditure of OECD countries (as a percentage of GDP) jumping to the crisis levels of the early 1980s. Central banks implemented the most aggressive and coordinated rise in interest rates in history, being faced with an inflation that after accelerating considerably for over twelve months, went over the peak of 10% during the year (average OECD countries).

Since the beginning of 2023, the weakness of the international economic cycle has highlighted a general stabilisation in all the main areas. In Europe, the fall in energy prices, mainly thanks to a mild winter, the fiscal measures and the still high savings surplus, helped to mitigate the risk of contraction, particularly in the early months of this year. In the United States, faced with the Fed's restrictive policy, the disinflationary process and the reduction in wage pressure seem compatible with a lower unemployment rate than in previous cycles. Furthermore, global prospects should sequentially benefit from the asynchrony of the economic cycle in Asia, supported by the end of the restrictive measures in China, the impact of which should start to be felt by the end of the first half. The global growth rate expected for 2023 averages 2.5%, in line with the potential, with the Eurozone at 0.6%, the same figure on which Italian growth is estimated on average.

Despite this, some grey areas remain in the scenario. In particular, although the current and leading global indices of the manufacturing sector have been on the rise since the end of 2022, they are now in the contraction area with a ratio of new orders to inventories above the previous lows, but still negative. Furthermore, considering the physiological time lags between the impact of monetary policy and the real economy, the restrictive effects of 2022 are likely to have their full repercussions in the coming months, increasing the margins of uncertainty. Lastly, the global process of disinflation, more evident in the goods sector, in most areas shows greater stickiness in the service sector: any slower-than-expected deceleration of the inflation rate would imply that the cycle of interest rate hikes is likely to be prolonged. The scenario is also rendered uncertain by the intensity of the expected Chinese recovery and - obviously - by the geopolitical tensions and further escalations of the war in Ukraine.

Despite a scenario characterised by events of an extraordinary nature and a high level of uncertainty, in 2022 Italmobiliare's portfolio was able to confirm significant resilience thanks to the reactivity of the Portfolio Companies, a consequence also of the proactive risk management and constant strategic support of Italmobiliare as an active shareholder and partner wanting to promote development and sustainable value creation.

This approach will also characterise 2023, with a particular focus on the support provided to Portfolio Companies in the recovery of margins, thanks to the implementation of careful pricing policies, cost and energy consumption efficiency, network optimisation and distribution channels, constantly looking for process efficiencies and technological developments and, last but not least, an increasingly structured approach to innovative marketing strategies, in line with the Portfolio Companies' positioning as it evolves and with changing trends shown by international markets.

The portfolio of direct shareholdings - between portfolio companies and other significant equity investments - has reached a composition in line with Italmobiliare's capital allocation targets, representing overall about 80% of NAV. Further developments in the portfolio management strategy will therefore be focused mainly on investments to support the Portfolio Companies' growth (organic or through strategic add-ons), the possible valorisation of certain investments whose maturity could allow them to express their full value, and possible new investments with an extremely selective approach, in segments considered of high interest that are complementary to the existing portfolio.

In particular, in terms of the companies in the portfolio, considerable effort will be dedicated to consolidating the success already recorded in 2022 by the iconic brands of the Tecnica Group, to the further expansion - also along a trajectory of international development - of Caffè Borbone and to the growth and development of Officina Profumo-Farmaceutica di Santa Maria Novella, always in the wake of a centuries-old tradition of excellence that is unique in the world. The dynamics of radical change in the respective sectors will also guide the development of the other companies in the Italmobiliare portfolio, in particular: through technological innovation and organisational efficiency, Casa della Salute aims to intercept the ever-increasing demand for high-quality and efficient healthcare services; Callmewine aims to grow further both abroad, thanks to the new branch opening in the UK, and in Italy, through

B2B services, expanding the range and increasing the proportion of exclusive products; Italgas, which is at the centre of the energy transition process which is more than ever a priority for the country, will continue making investments to increase the business and diversify the sources of production; Capitelletti will continue to promote brand awareness, enhancing the extraordinary quality of its products; SIDI will be strengthened at an organisational level, the marketing and commercial functions will also be strengthened with the aim of making the most of the enormous potential of one of the most recognised and appreciated brands in the sport system; ISEO will continue the growth trajectory outlined in its business plan, which specifically envisages development in the electronic locks segment; Bene Assicurazioni aims to carry on growing by further developing its omnichannel distribution model; in addition to consolidating the LPG core business, AGN Energia will give further impetus to the development of the electricity and gas markets, the supply of energy efficiency solutions.

On the alternative investment fund front, in addition to the diversification of an increasingly varied portfolio spread across a wide variety of asset classes, Italmobiliare's leading role continues in the development of the Clessidra Group's multi-asset platform, with projects for further evolution, growth and diversification in all of its consolidated areas of activity: Private Equity, Credit/Debt and Factoring.

Milan, March 8, 2023

For the Board of Directors
The Chief Executive Officer
(Carlo Pesenti)

Proposal for approval of the financial statements and allocation of the profit for the year

2022 Annual Report

1.1 Financial statements for the year ended December 31, 2022.

1.2 Proposal for the distribution of the dividend.

Dear Shareholders,

We submit for your approval the financial statements for the year ended December 31, 2022, which closed with a profit of Euro 33,548,016.77. Reference is made to the annual report and the draft financial statements contained in it for all information in this regard, specifying that it will be published by the legal deadline.

The profit for the year and the Company's financial situation enable us to propose the distribution of a dividend of Euro 0.70 per share, gross of the withholdings required by law.

We would like to propose that the dividend be paid on May 10, 2023 (going ex-coupon on May 8, 2023 and with a record date of May 9, 2023).

Taking into account the 217,070 treasury shares held at the date of this report, whose right to earnings is attributed proportionately to the other shares in accordance with art. 2357-ter of the Italian Civil Code, the distribution will come out of the profit for the year for Euro 29,598,051 and out of retained earnings for Euro 3,949,966.

Note that this amount could differ if there is a change in the number of treasury shares in the Company's portfolio on the record date.

With reference to point 1.1, we therefore invite you to pass the following resolution:

"The Shareholders' Meeting of Italmobiliare S.p.A., having noted the report of the Board of Directors on operations and the report of the Board of Statutory Auditors, and after having examined the financial statements at December 31, 2022,

resolves

to approve the report of the Board of Directors on operations and the 2022 financial statements, consisting of the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and explanatory notes, which show a profit of Euro 33,548,016.77 as presented by the Board of Directors in its entirety, in the individual postings and with the proposed allocations."

With reference to point 1.2, we therefore invite you to pass the following resolution:

"The Shareholders' Meeting of Italmobiliare S.p.A.,

- having examined the 2022 financial statements;
- considering that the legal reserve has reached one fifth of the share capital and consequently no further provisions need be made pursuant to article 2430 of the Italian Civil Code and article 30 of the Company's By-laws,

resolves

1. to distribute a gross dividend of Euro 0.70 to each of the shares with rights, therefore excluding the treasury shares held in the Company's portfolio on the record date, using the profit for the year for the amount of Euro 29,598,051.
2. to establish that the dividend will be paid on May 10, 2023 with a coupon date of May 8, 2023 and a record date of May 9, 2023;
3. to allocate the residual amount of profit after distribution of the dividend to retained earnings;
4. to authorise the Chairman and the Chief Executive Officer, separately, if the number of treasury shares in portfolio changes before the record date, to increase the amount to be taken from retained earnings by the amount of the dividend pertaining to any shares purchased or to reduce it for the amount of the dividend pertaining to any treasury shares sold".

Milan, March 8, 2023

For the Board of Directors
The Chief Executive Officer
(Carlo Pesenti)

ANNEXES

Annex A - Statement of changes in the accounts of investments in subsidiaries, associates and other companies at December 31, 2022

(euro)						
Shares and quotas	Balance on 1/1/2022		Increases		Decreases	
Subsidiaries	Quantity	Amounts	Quantity	Amounts	Quantity	Amounts
Casa della Salute S.p.A.	2,121,886	26,698,067		4,248,203	(5)	
Caffè Borbone S.r.l.	600,000	143,568,361				
Capitelli F.lli S.r.l.	1	14,232,033				
Clessidra Holding S.p.A.	10,000,000	26,701,118		6,000,000	(1)(5)	
Credit Mobilier de Monaco	34,970	5,285,223		455,000	(5)	
Franco Tosi Ventures S.r.l.	1	86,887		575,432	(5)	
FT2 S.r.l.	1	201,775,333				
FT3 S.r.l.	1	13,335,591		4,500,000	(1)	
FT4 S.r.l.				53,510,000	(1) (5)	
Italgas S.p.A.	20,000,000	20,131,526				
Italmobiliare Servizi S.r.l.	1	11,989,919				
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	1,300,000	1,558,523				
Société d'Etudes de Participations et de Courtages S.A.	85,985	1				
Sirap Gema S.p.A.	15,000,001	68,400,000				12,500,000
ITM Bacco S.r.l.	(40,000)	11,572,613				
Total subsidiaries		545,335,195		69,288,635		12,500,000
Associates						
Autogas Nord S.p.A.	3,685,315	60,358,345				
CCC HOLDINGS EUROPE S.p.A.	1,003,000	5,016,864	500,000	2,500,000	(5)	
Dokimè S.r.l.	20,627	1,980,074				
Florence InvestCo S.r.l.	1	17,859,416		12,986,400	(5)	
Farmagorà Holding S.p.A.	3,750,000	3,750,000		10,187,193	(5)	
Iseo Serrature S.p.A.	1,917,523	42,652,902				
Società Editrice Sud S.p.A.	29,275	6,400,000		1,099,085	(1) (3)	
Tecnica Group S.p.A.	15,413,534	43,376,254				
Capitalized costs for ongoing investments		1,035,056				1,031,056
Total associates		182,428,911		26,772,678		1,031,056
Other companies						
Archimede S.p.A.			229,885	12,000,000		
Atmos Venture S.p.A.	222,909	72,753				
Bene Assicurazioni S.p.A.			4,199,000	41,051,032	(3) (5)	
Cairo Communication S.p.A.	189,198	385,964				
Can-Fite Biopharma	204	232				
Cartiere Burgo S.p.A.	46,153,846	1				
Coima Res S.p.A.	412,332	3,084,243				
Compagnia Fiduciaria Nazionale S.p.A.	20,001	1,089,936				
Fin.Priv. S.r.l.	2,857	21,071,983				
HeidelbergCement AG	650,000	38,688,000				
Immobiliare Lido di Classe S.p.A.	45,991	1				
Immobiliare Astra S.p.A.	12,012	30,387				
New Flour S.p.A.	27,667	5,779,156				
Piaggio S.p.A.	169,699	487,714				
Sesaab S.p.A.	700,000	1,300,000				
UniCredit S.p.A. – ordinary shares	204,331	2,767,460				
Vontobel Holding AG	115,238	8,912,512				
KKR Teemo Co-Invest	1	9,001,969				
035 Investimenti S.p.A.	1,114,550	844,089				
Ariston Holding N.V.	975,000	9,886,500				
Total other companies		103,402,900		41,051,032		
Total equity investments		831,167,006		137,112,344		13,531,056

Quantity and sale value		Adjustment	Profit (loss) FVTOCI	% held	Balance at 31/12/2022		
Quantity	Amounts	Amounts	Amounts	%	Quantity	Quantity	Amounts
				84,670	2,121,886	30,946,270	Casa della Salute S.p.A.
				60,000	600,000	143,568,361	Caffè Borbone S.r.l.
				80,000	1	14,232,033	Capitelli F.lli S.r.l.
				100,000	10,000,000	32,701,118	Clessidra Holding S.p.A.
				99,910	34,970	5,740,223	Credit Mobilier de Monaco
		(4,796) (2)		100,000	1	657,523	Franco Tosi Ventures S.r.l.
				100,000	1	201,775,333	FT2 S.R.L.
				100,000	1	17,835,591	FT3 S.R.L.
				100,000		53,510,000	FT4 S.r.l.
				100,000	20,000,000	20,131,526	Italgen S.p.A.
		(529,309) (2)		100,000	1	11,460,610	Italmobiliare Servizi S.r.l.
				100,000	1,300,000	1,558,523	Punta Ala Promozione e Sviluppo Immobiliare S.r.l.
				99,980	85,985	1	Société d'Etudes de Participations et de Courtages S.A.
		(47,549,965) (2)		100,000	15,000,001	8,350,035	Sirap Gema S.p.A.
				60,000	(40,000)	11,572,613	ITM BACCO SRL
		(48,084,070)				554,039,760	Total subsidiaries
							Associates
				30,000	3,685,315	60,358,345	Autogas Nord S.p.A.
				10,000	1,503,000	7,516,864	CCC HOLDINGS EUROPE S.p.A.
				20,630	20,627	1,980,074	Dokimè S.r.l.
				13,980	1	30,845,816	Florence InvestCo S.r.l.
				31,830	3,750,000	13,937,193	Farmagorà Holding S.p.A.
				39,240	1,917,523	42,652,902	Iseo Serrature S.p.A.
				33,530	29,275	7,499,085	Società Editrice Sud S.p.A.
				40,000	15,413,534	43,376,254	Tecnica Group S.p.A.
						4,000	Capitalized costs for ongoing investments
						208,170,533	Total subsidiaries
							Associates
57,471	2,999,987	-		17,241	172,414	9,000,013	Archimede S.p.A.
222,909	203,379		130,626			0	Atmos Venture S.p.A.
					4,199,000	41,051,032	Bene Assicurazioni S.p.A.
		(104,437)		0,141	189,198	281,527	Cairo Communication S.p.A.
		(115)		0,130	204	117	Can-Fite Biopharma
				11,680	46,153,846	1	Cartiere Burgo S.p.A.
412,332	4,069,717		985,474	0,011			Coima Res S.p.A.
		(370,155)		16,668	20,001	719,781	Compagnia Fiduciaria Nazionale S.p.A.
		(2,278,887)		14,285	2,857	18,793,096	Fin.Priv. S.r.l.
		(4,056,000)		0,328	650,000	34,632,000	HeidelbergCement AG
				18,036	45,991	1	Immobiliare Lido di Classe S.p.A.
		(940)		1,784	12,012	29,447	Immobiliare Astra S.p.A.
		559,055		16,970	27,667	6,338,211	New Flour S.p.A.
		(11,879)		0,470	169,699	475,835	Piaggio S.p.A.
		(300,000)		7,000	700,000	1,000,000	Sesaab S.p.A.
		(55,578)		0,009	204,331	2,711,882	UniCredit S.p.A. – ordinary shares
		(1,738,663)		0,203	115,238	7,173,849	Vontobel Holding AG
		2,742,358			1	11,744,327	KKR Teemo Co-Invest
		(2,141)		11,145	1,114,550	841,948	035 Investimenti S.p.A.
		(507,000)		0,935	975,000	9,379,500	Ariston Holding N.V.
	4,273,096	(6,124,381)	1,116,100			144,172,568	Total other companies
	4,273,096	(54,208,451)	1,116,100			906,382,861	Total equity investments

(1) Payment on capital account

(2) Impairment

(3) Capitalized commission

(4) Payment to FT2 S.r.l. for Santa Maria Novella increase in capital

(5) Subscription and/or increase in capital

Annex B - List of investments in subsidiaries and associates at December 31, 2022 (art. 2427 no.5 of the Italian Civil Code)

	Head Office	Share capital	Total equity	Profit/ (loss) for the year	% held	Carrying amount
		(in euro)	(in euro)	(in euro)		(in euro)
Subsidiaries						
Casa della Salute S.p.A.	Genova	€ 2,904,770	11,147,491	(2,207,842)	84,670	30,946,270
Caffè Borbone S.r.l.	Caivano	€ 1,000,000	369,419,086	38,958,263	60,000	143,568,360
Capitelli F.lli S.r.l.	Borgonovo Val Tidone	€ 51,480	17,225,912	1,279,239	80,000	14,232,033
Clessidra Holfig S.p.A.	Milano	€ 20,600,000	31,873,520	(406,244)	100,000	32,701,118
Credit Mobilier de Monaco	Montecarlo	€ 5,740,223	5,740,223	(134,952)	99,910	5,740,223
Franco Tosi Ventures S.r.l.	Milano	€ 100,000	657,494	(2,295)	100,000	657,523
FT2 S.r.l.	Milano	€ 10,000	208,814,053	7,804,501	100,000	201,775,333
FT3 S.r.l.	Milano	€ 10,000	17,765,449	(23,380)	100,000	17,835,591
FT4 S.r.l.	Milano	€ 10,000	53,418,734	(91,266)	100,000	53,510,000
Italgen S.p.A.	Bergamo	€ 20,000,000	33,649,474	4,242,852	100,000	20,131,526
Italmobiliare Servizi S.r.l.	Milano	€ 3,520,000	11,310,191	164,999	100,000	11,460,610
ITM Bacco S.r.l.	Milano	€ 100,000	30,313,063	(16,711)	60,000	11,572,613
Punta Ala Promozione e Sviluppo Immobiliare S.r.l.	Milano	€ 1,300,000	1,342,608	299,571	100,000	1,558,523
Société d'Etudes de Participations et de Courtages S.A.	Montecarlo	€ 1,290,000	240,144	(43,866)	99,980	1
Sirap Gema S.p.A.	Verolanuova	€ 2,500,000	8,681,945	(2,365,453)	100,000	8,350,035
Total subsidiaries						554,039,759
Associates						
Autogas Nord S.p.A.	Volpiano	€ 11,287,783	201,848,912	17,015,355 (4)	32,020	60,358,345
CCC HOLDINGS EUROPE S.P.A.	Bergamo	€ 6,130,000	29,197,504	(1,259,720) (1)	10,000	7,516,863
Dokimè S.r.l.	Milano	€ 100,000	9,171,848	(203,504)	20,627	1,980,074
Florence InvestCo S.r.l.	Milano	€ 1,463,921	224,401,521	72,615,864 (1)	13,980	30,845,816
Iseo Serrature S.p.A.	Pisogne	€ 24,429,800	72,672,432	10,091,946 (4)	39,240	42,652,902
Società Editrice Sud S.p.A.	Messina	€ 10,695,505	46,416,967	(1,057,632) (2)	33,530	7,499,085
Farmagorà Holding S.p.A.	Genova	€ 15,405,000	15,107,247	(297,754) (1)	31,830	13,937,193
Tecnica Group S.p.A.	Giavena del Montello	€ 38,534,000	137,394,648	(40,041,987) (4)	40,000	43,376,255
Total associates						208,166,533

(1) figures from the separate financial statements at 31/12/2021

(2) figures at 30/06/2022

(3) Figures related to the financial statements of Iseo Serrature S.p.A. stated according to ITA GAAP

(4) Figures from the consolidated financial statements at 31/12/2022

Annex C - Statement of changes in the accounts of trading investments that took place on December 31, 2022

Shares and quotas	Balance on 1/01/2022		Increases		Decreases		Adjustment	% held	Balance at 12/31/2022		Profits (losses) on sales
	Quantity	Amounts	Quantity	Amounts	Quantity	Amounts	Amounts	%	Quantity	Amounts	Amounts
Other companies											
Banco BPM S.p.A.	150,000	396,000					104,100	0,0100%	150,000	500,100	
BNP Paribas S.A.	13,020	791,224					(97,910)	0,0010%	13,020	693,314	
Dassault Systèmes SE	2,520	659,106					(237,069)	0,0002%	2,520	422,037	
EDP Renovaveis S.A.	4,739	103,785					(6,255)	0,0005%	4,739	97,529	
ENI S.p.A.	310,000	3,788,200			50,000	611,000	277,160	0,0072%	260,000	3,454,360	31
Enel S.p.A.	105,000	739,830					(211,680)	0,0010%	105,000	528,150	
EUROAPI S.A.	0	0	121	1,513			163	0,0001%	121	1,676	
International Consolidated Airlines Group S.A.	326,000	555,504					(102,201)	0,0066%	326,000	453,303	
Intesa Sanpaolo S.p.A.	399,799	909,143					(78,361)	0,0021%	399,799	830,782	
Marr S.p.A.	17,341	327,746					(130,058)	0,0260%	17,341	197,688	
Mediobanca Banca di Credito Finanziario S.p.A.	19,600	198,157					(22,070)	0,0023%	19,600	176,087	
MFE-MEDIAFOREUROPE NV CL. B (ex. Mediaset S.p.A.)	1,329,926	1,655,758					(909,005)	0,1126%	1,329,926	746,753	
MFE-MEDIAFOREUROPE NV CL. A	1,329,926	1,190,949					(710,314)	0,0872%	1,329,926	480,635	
OVS S.p.A.	387,380	991,693					(175,871)	0,1332%	387,380	815,822	
Royal Dutch Shell	76,580	1,478,760			76,580	1,478,760			0	(0)	
Shell Plc			76,580	1,478,760			549,078	0,0011%	76,580	2,027,838	
Sanofi S.A.	2,800	248,024					3,528	0,0002%	2,800	251,552	
SAP AG	2,450	306,005					(69,849)	0,0002%	2,450	236,156	
STIMICROELECTRONICS NV	10,000	437,600					(107,550)	0,0010%	10,000	330,050	
TeamViewer AG	13,300	157,206					2,993	0,0071%	13,300	160,199	
Telecom Italia S.p.A.	500,000	217,100					(108,950)	0,0023%	500,000	108,150	
Total Energies S.A.	21,690	968,025					304,094	0,0009%	21,690	1,272,119	
BILL.COM HOLDINGS INC.			355	71,940	355,00	71,940			0	0	(2)
DATADOG INC.	1,716	269,854	3,774	506,731			(398,266)	0,0017%	5,490	378,319	
DOORDASH INC.			24,552	1,577,142	7,000	466,221	(307,538)	0,0045%	17,552	803,383	(17)
KUERIG DR PEPPER INC.			254,746	8,356,778	211,626	6,942,255	27,122	0,0030%	43,120	1,441,645	(283)
ZOOM VIDEO Communications Inc.	1,300	211,093					(128,529)	0,0004%	1,300	82,564	
Total other companies		16,600,760		11,992,864		9,570,176	(2,533,238)			16,490,211	(271)

Annex D - Statement of changes in bonds and mutual fund units that took place during 2022

(euro)	Balance on 1/01/2022	Increases	Decreases	Adjustment	Balance at 12/31/2022
Bonds and investment funds (non-current)					
Other variable-income securities	2,641,400	0	158,484	(667,776)	1,815,140
Other fixed-income securities	0	0			0
Investment funds	188,513,380	52,552,358	18,461,753	(9,251,478)	213,352,507
Total	191,154,780	52,552,358	18,620,237	(9,919,254)	215,167,647

The item "Investment Funds" of 213,352,507 euro is made up principally of:

Clessidra (quotas "A" and "B") for 44,670,737 euro, BDT Capital Partners Fund II and III for 66,555,358 euro and ICONIQ Strategic Partners IV-B and V for 32,639,360 euro.

(euro)	Balance on 1/01/2022	Increases	Decreases	Adjustment	Balance at 12/31/2022
Bonds and investment funds (non-current)					
Other variable-income securities	6,302,618		1,566	(504,116)	5,796,936
Other fixed-income securities					0
Investment funds	228,645,033	9,561,627	130,649,538	(5,419,777)	102,137,345
Total	234,947,652	9,561,627	130,651,104	(5,923,893)	107,934,281

The "Other variable-income securities" are mainly ETFs.

The item "Investment Funds" of 102,137,345 euro mainly consists of the Vontobel Fund for 81,650,181 euro. The balance at December 31, 2022 is equal to the market value at December 31, 2022.

Annex E - Comparison between carrying amounts and market prices at December 31, 2022 of investments in companies with listed shares

(euro)					
Shares	Number of shares	Total carrying amount	Unit carrying amount	Unit market value at December 31, 2022	Total amount at market value at December 31, 2022
Other companies					
Cairo Communication S.p.A,	189,198	281,527	2.0400	2.0400	281,527
HeidelbergCement AG	650,000	34,632,000	59.5200	59.5200	34,632,000
Can-Fite Biopharma	204	117	1.1390	1.1390	117
Piaggio S.p.A,	169,699	475,835	2.8740	2.8740	475,835
Unicredit S.p.A,	204,331	2,711,882	13.5440	13.5440	2,711,882
Vontobel Holding AG	115,238	7,173,849	77.3400	77.3400	7,173,849
Ariston Holding N.V,	975,000	9,379,500	10.1400	10.1400	9,379,500
Total		54,654,710			54,654,710
Treasury shares (deducted from equity)					
Italmobiliare Società per Azioni - ordinary shares	217,070	5,141,901	23.6878	25.5500	5,546,139
		5,141,901			5,546,139

Annex F - Reconciliation between the theoretical tax charge and the actual tax charge recorded in the income statement

(in thousands of euro)		
A) Profit/(loss) before tax		21,427
B) Current rate of corporation tax (IRES)	24.0%	
C) Theoretical IRES (AxB)		(5,143)
D) Permanent differences		
- non-deductible		(12,637)
- non-taxable/exempt		26,739
	Tot. D)	14,103
F) Withholdings on foreign dividends		(615)
	Tot. F)	
G) Deferred tax assets/liabilities arising during the year:		
- deferred tax liabilities on taxable temporary differences not recorded		123
- deferred tax assets on deductible temporary differences not recorded		(1,048)
- deferred tax assets on tax loss not recorded		-
	Tot. G)	(925)
N) Other changes		4,701
	Tot. N)	
Total	(D+F+G+N)	17,264
O) Actual IRES shown in the income statement		12,121

Annex G - Analysis of equity items at December 31, 2022

(in thousands of euro)	Nature/description	Amount	Possibility of use	Summary of uses made in the previous three years	
				Available portion	to cover losses for other reasons
	Share capital	100,167			
	Reserves:				
	Share premium	55,607	A, B, C	55,607	
	Reserve for stock options				
	Non-distributable OCI reserve	(1,628)			
	Total reserves	53,979		55,607	
	Treasury shares at cost	(5,166)			(129,491)
	Retained earnings:				
	Revaluation reserves		A, B, C		
	Reserve for capital grants		A, B, C		
	Merger surplus	159,938	A, B, C	159,938	(3,212)
	Reserve as per art. 55 DPR 597/1973 and 917/86		A, B, C		
	Reserve as per art. 54 DPR 597/1973 and 917/86		A, B, C		
	Reserve as per Law 72/83	165	A, B, C	165	
	Reserve as per art. 34 Law 576/75	60,087	A, B, C	60,087	
	Legal reserve	20,033	B		
	Extraordinary reserve		A, B, C		
	Distributable retained earnings	832,930	A, B, C	832,930	(126,554)
	Non-distributable retained earnings	33,019			
	Reserve from net exchange gains		A, B, C		
	Reserve as per art. 7 of Legislative Decree 38/2005	(1,042)	A, B, C	(1,042)	3
	Profit for the year	33,548		33,548	
	Total retained earnings	1,138,679		1,085,626	(259,254)
		1,192,657		1,141,233	
	Non-distributable portion - art. 2426 no. 5 Civil Code				
	Residual distributable portion	1,192,657		1,141,233	
Legend	A: for increase in capital B: to cover losses C: for distribution to shareholders				

ITALMOBILIARE
INVESTMENT HOLDING

Certification pursuant to art. 154-bis paragraph 5 of the Italian Consolidated Law on Finance (CLF) regarding the separate financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments and additions

1. The undersigned Carlo Pesenti, Chief Executive Officer, and Mauro Torri, Manager in charge of financial reporting of Italmobiliare S.p.A., hereby certify, also in consideration of art. 154-bis, paragraphs 3 and 4, of legislative decree no. 58 of February 24, 1998:
 - the adequacy in relation to the characteristics of the company and
 - the actual applicationof the administrative and accounting procedures adopted for the preparation of the **separate financial statements** during the period from January 1, 2022 to December 31, 2022.
2. The assessment of the adequacy of the administrative and accounting procedures adopted for the preparation of the separate financial statements as at and for the year ended December 31, 2022 is based on a model identified by Italmobiliare in accordance with the CoSO framework (illustrated in the *CoSO Report*) and also takes into account the document "*Internal Control over Financial Reporting – Guidance for Smaller Public Companies*", both issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represent a generally accepted international framework.
3. It is also declared that:
 - 3.1 the separate financial statements as at and for the year ended December 31, 2022:
 - a) have been prepared in compliance with the applicable International Financial Reporting Standards recognized by the European Community pursuant to European Parliament and Council Regulation no. 1606/2002 of July 19, 2002;
 - b) correspond to the contents of the accounting books and accounting entries;
 - c) are suitable to provide a true and fair view of the financial position, results of operations and cash flows of the issuer;
 - 3.2 the Director's report includes a reliable analysis of the performance and results of operations, as well as of the situation of Italmobiliare S.p.A. in its capacity as an issuer, together with a description of the main risks and uncertainties to which it is exposed.

March 8, 2023

Chief Executive Officer

Manager in charge of financial
reporting

Carlo Pesenti

Mauro Torri

Report of the Board of Statutory Auditors to the Shareholders' Meeting
pursuant to art. 153 of Legislative Decree 58/1998 and of art. 2429, paragraph 2,
of the Italian Civil Code
2022

Milan, March 17, 2023

Shareholders,

We, the Board of Statutory Auditors, pursuant to art. 153 of Legislative Decree. 58/1998 ("TUF") and art. 2429, paragraph 2, of the Italian Civil Code, are called upon to report to the Shareholders' Meeting convened for the approval of the financial statements on our activities during the year, as well as on any omissions and any reprehensible facts that may be found. We can also make proposals regarding the financial statements and their approval, as well as any other matters within our sphere of competence.

During the year, we carried out our supervisory tasks as required by the law, taking into account the guidelines of the standards of conduct recommended by the National Councils of Chartered Accountants and Accounting Experts, as well as by Consob and the Corporate Governance Code for Listed Companies.

* * *

Appointment and meetings of the Board of Statutory Auditors

The Board of Statutory Auditors met 15 times in 2022, 6 of which in joint session with the Control and Risk Committee.

During 2022, the entire Board of Statutory Auditors or, in any case, some of us also took part in all meetings of the Board of Directors (which met 8 times), of the Control and Risk Committee (6 times), the Committee for Sustainability and Social Responsibility (3 times), the Related-Party Transactions Committee (never met) and the Remuneration and Nominations Committee (3 times), as well as the 3 induction sessions organised by the Company. From the start of 2023 and up to the date of this report, we have all taken part in all meetings of the Corporate Bodies mentioned above.

Significant events during the year

In 2023, the investment and consolidation of the shareholding structure continued.

The most significant events that took place during 2022 were as follows:

- In February, the purchase of a further 20% of Callmewine S.r.l. was completed for 4.5 million euro, with Italmobiliare's stake going from 60% to 80%;
- Italmobiliare in co-investment with Clessidra entered the capital of Archimede S.p.A., buying a 17.24% stake for 9 million euro and granted Archimede S.p.A. a loan of 6 million euro; on April 5, 2022 Archimede S.p.A. acquired 71.07% of Formula Impresoft S.p.A., a company active in the IT sector, through its indirect subsidiary Pitagora 2 S.p.A.;

- On April 29, 2022 Italmobiliare finalised its investment in Bene Assicurazioni S.p.A. Società Benefit. Taking a stake in the company's capital involved an outlay of 40 million euro. Following the cancellation of 4,200,000 treasury shares without reducing the share capital, as authorised by IVASS - Istituto per la Vigilanza sulle Assicurazioni currently being recorded in the Companies Register, the percentage held by Italmobiliare now stands at 19.996%.
- In May, Italmobiliare (through its subsidiary FT2 S.r.l.) sold 5% of Officina Profumo-Farmaceutica di Santa Maria Novella S.p.A. to DHolding S.r.l. for 10 million euro.
- On July 18, 2022 Italmobiliare signed a preliminary contract for the acquisition of 100% of SIDI Sport S.r.l. through a newco FT4 S.r.l.; on October 25, Italmobiliare closed the deal for a total consideration of 86 million involving a net outlay by Italmobiliare of 53.5 million, while the balance of 32.5 million comes from a loan granted by Banco BPM.

For further details of significant events that took place in the year ended December 31, 2022, please refer to the Directors' report on Group operations which, to the best of our knowledge, summarises all of the key events involving the Italmobiliare Group in 2021 and up to the date of approval of the draft financial statements.

Intragroup transactions or transactions with related parties. Atypical or unusual operations

Pursuant to art. 2391-bis of the Italian Civil Code and the Regulation on transactions with related parties approved by Consob resolution 17221 of March 12, 2010, the Company has prepared and adopted a "Related-Party Transactions Procedure" ("RPT Procedure") and established a "Related-Party Transactions Committee" ("RPT Committee").

The current RPT Procedure was approved by the Board of Directors on April 21, 2021, coming into force on July 1, 2021. The Procedure is available on the Company's website at www.italmobiliare.it.

During 2022, the RPT Committee never met.

In 2022, to the best of our knowledge, intragroup transactions carried out without the involvement of the RPT Committee essentially consisted of reciprocal administrative, legal, organisational, leasing and financial services, on which we receive quarterly information from the Financial Reporting Officer. No anomalies emerged from our analysis of the information made available to us.

Detailed information on related-party transactions is contained (i) in the Directors' report on Group operations, (ii) in the Notes to the consolidated financial statements at December 31, 2022, (iii) in the Directors' report on operations and (iv) in the Notes to the separate financial statements at December 31, 2022.

Atypical or unusual transactions as defined by Communication no. DEM/6064293 of July 28, 2006 "are those transactions which, due to their importance or materiality, nature of the counterparties, subject of the transaction, method of determining the transfer price and timing of the event (proximity to the end of the financial year), could give rise to doubts regarding the correctness or completeness of the information in the financial statements, conflict of interest, protection of company assets or the protection of minority shareholders".

Within the sphere of the control activity that we carried out, no atypical or unusual transactions arose during the year.

Supervisory activity pursuant to Legislative Decree 39/2010

The activities that we performed in our role as the "Internal Control and Auditing Committee", pursuant to Legislative Decree no. 39/2010, in relation to 2022 and the results that emerged, as are follows.

(a) Information provided to the Board of Directors and Additional Report

We are required to inform the Company's Board of Directors about the outcome of the independent audit and to send it the additional report referred to in Article 11 of the European Regulation, accompanied by any observations.

In order to fulfil this obligation, we had a regular exchange of information with the independent auditors Deloitte & Touche S.p.A. ("Deloitte"), acquiring information on the progress and outcome of the audit.

It will be our responsibility to transmit the Additional Information received from Deloitte pursuant to art. 11 of the European Regulation to the Board of Directors, together with any observations that might be useful or necessary to allow the Board of Directors to improve its financial reporting.

(b) Monitoring the financial reporting process and the presentation of recommendations or proposals aimed at guaranteeing its integrity

We verified that there were adequate rules and processes governing the process of "formation" and "dissemination" of financial information at meetings with Financial Reporting Officer and with the Head of Internal Audit (which audits the financial reporting process), each to the extent of its sphere of competence, obtaining an adequate description of the financial reporting process, the Company's administrative and accounting procedures and the process of reporting by subsidiaries, also pursuant to Article 114 of the CFA and the guidelines prepared by Consob. We also confirmed with the Head of Internal Audit the control activities carried out in coordination with the Financial Reporting Officer, focused on the obligations pursuant to art. 154-*bis*, CFA.

During the year, the Company continued to maintain and update the procedures that it had adopted. No real need for action emerged from this review of the processes used in the formation and dissemination of financial information.

Our work did not reveal any shortcomings or facts to be submitted to the Shareholders' Meeting, nor do we have any proposals or recommendations to make regarding the integrity of the financial reporting process.

(c) Monitoring of the effectiveness of the internal control, internal audit and risk management systems

We took part in all 6 meetings of the Control and Risk Committee, in some cases organised jointly between the two committees. At these meetings, we maintained an exchange of information with the Committee on the activities carried out by both of our committees.

We met periodically with the Head of Internal Audit, also as part of meetings of the Control and Risk Committee, obtaining updates on the audit plan and the results of their audits. We also regularly received from the Head of Internal Audit the reports prepared at the end of each specific control carried out by the department.

Also at meetings with the Head of Internal Audit and from the reports prepared by the department, we were kept up-to-date on the results of the checks carried out at the subsidiaries of Italmobiliare.

At meetings with the Head of Internal Audit and examining the documentation produced by her, we assessed the functioning of the Company's internal control system and its adequacy, compliance with the law, with company procedures and processes, as well as implementation of the improvements recommended by the department.

We received and examined the Audit Plan for 2022, judging it to be adequate, being consistent with the 2020-2022 three-year Plan.

For the subsidiaries excluded from the Company's audit plan, as they have their own Internal Audit Departments, the Company's Head of Internal Audit and the Control and Risk Committee examined and assessed the reports received from the subsidiaries' control functions. This led to the conclusion that their internal control and risk management systems were adequate.

Also during 2022 and up to the date of preparation of this Report, we continued to oversee the adequacy of the Company's Internal Audit Department (especially as regards available resources) in consideration of the evolution of the Italmobiliare Group, which involved the inclusion of various new equity investments in the scope of consolidation. Based on the information from the Head of Internal Audit and the Control and Risk Committee, it emerged that the powers, resources and means made available by the Company's Board of Directors were substantially adequate and suitable during the reference period of this Report. They are also adequate in relation to the 2022 Audit Plan, thanks to the strengthening of in-house business skills and the ongoing support from external providers.

In light of the results of this activity, input from the Control and Risk Committee (during its meetings, joint meetings and the Committee's Annual Report), from meetings with Internal Audit and from what is presented in their Annual Reports, our overall assessment of the internal control system and of the Internal Audit Department is that they are adequate, also in terms of their effectiveness.

The Risk Management Function is the responsibility of the Company's Head of Internal Audit. Considering the size and operational characteristics of the Company, we deem the concentration in a single person of the responsibilities of Risk Management and Internal Audit to be efficient and effective, without prejudice to the need to continuously monitor the adequacy - in both quantitative and qualitative terms - of the resources available to this "single function".

On December 15, 2022, an updated version of the Organisation, Management and Control Model drawn up under Legislative Decree 231/2001 was approved. It became necessary following the numerous changes in the regulatory framework.

In conclusion, our opinion on the adequacy of the monitoring of operational risks at Group level is that it is adequate.

(d) Monitoring of the independent audit of the separate and consolidated financial statements

We have had regular meetings with the independent auditors for a periodic exchange of information. At meetings with Deloitte, we were kept up-to-date on any important issues that emerged during the audit of the separate and consolidated financial statements. Often, these concerned valuation issues, questions of impairment in particular, as well as the main impacts on the scope of consolidation of the various acquisitions that took place in 2022. These included the above mentioned transactions: (i) (ii) (iii).

We also shared with the independent auditors the key accounting issues indicated by Deloitte, including valuations of the investments and financial assets held by Company and the accounting standards applicable in this area, in addition to the above matters regarding the scope of consolidation. Like every year, we also discussed any litigation involving with the Company and the Group with the independent auditors.

We are not aware of any controls carried out by Consob pursuant to art. 26, para. 6, of Regulation (EU) 537/2014.

(e) Verification and monitoring of the auditors' independence, particularly with regard to the provision of non-audit services

We have supervised the independence of the auditors, taking note of the internal authorisation procedure adopted by Deloitte as part of the monitoring system for the acceptance of assignments for the performance of non-audit services (NAS) by companies belonging to the Deloitte & Touche network to companies of the Italmobiliare Group. The procedure makes it possible to supervise in advance the acceptance of assignments that could jeopardise Deloitte's independence and it was deemed adequate with respect to the market standards that we are aware of.

We examined Deloitte's requests for authorisation to provide NAS and authorised the services, pursuant to art. 5 (4) of the European Regulation. In particular, in 2022, at Deloitte's request, we issued 7 authorisations for the possible acceptance of assignments for NAS pursuant to art. 19 paragraph 1 letter e) of Legislative Decree 39/2010 and art. 5(4) of the European Regulation, as they are considered compatible with the independence requirements of the Auditors.

We also received from the Auditors their annual confirmation of independence pursuant to art. 6 (2) (a) of the European Regulation and paragraph 17 of the International Auditing Standard (ISA Italia 260). In particular, in the exchanges of information and communications with us, Deloitte confirmed that, based on the information obtained and the checks carried out, taking into account the regulatory and professional standards governing the audit activity, the ethical standards referred to in arts. 9 and 9-*bis* of Legislative Decree 39/2010, no situations were found that might compromise the independence of the Auditors pursuant to art. 10 and 17 of Legislative Decree 39/2010 and art. 4 and 5 of the European Regulation. Deloitte also confirmed that they had not come across any relationships with the Company or other profiles that could reasonably compromise their independence.

During the year ended December 31, 2022, Deloitte and the companies belonging to the same network earned fees for a total of 794 thousand euro from the Italmobiliare Group (excluding expenses), broken down as follows: 653 thousand euro for auditing activities, 59 thousand euro for activities that involved issuing a certificate and 97 thousand euro for other services.

The fees received by the Auditors for providing NAS to the Italmobiliare Group in 2022 total approximately 16% of the overall fees received in the same period for the provision of audit services to companies of the Italmobiliare Group.

Purely for information purposes, it is worth noting that the proportion of NAS fees in the period is lower than the maximum threshold established by art. 4 of the European Regulation.

It is also worth noting that between January 1, 2023 and the date of preparation of this report, Deloitte has submitted two authorisation requests to us for the provision of NAS, with fees of 47 thousand euro. We have authorised them as they were deemed compatible with the independence requirement.

Accordingly, in our opinion, the fact that companies of the Deloitte & Touche network have carried out NAS assignments for the Italmobiliare Group does not prejudice the Auditors' independence.

Separate and consolidated financial statements

As regards the separate and consolidated financial statements at December 31, 2022, it is understood that the duties regarding the external audit and, therefore, the opinion on the separate and consolidated financial statements are attributed exclusively to the Independent Auditors, Deloitte. Having said this, we would point out that:

- we monitored compliance by the Board of Directors with the procedural rules relating to the preparation of the separate and consolidated financial statements as well as their general layout, their overall compliance with the law as regards form and structure and we have no observations to make in this regard;
- the separate and consolidated financial statements at December 31, 2022 were prepared on the basis of the international accounting standards IAS/IFRS issued by the International Accounting Standards Board (IASB) and approved by the European Union, in force at December 31, 2020, as explained in the notes;
- there is correspondence between the separate and consolidated financial statements at December 31, 2022, on the one hand, and the facts and information of which we became aware by participating in meetings of the Board of Directors and Executive Committee and in carrying out our control activities, on the other hand;
- we supervised the impairment tests carried out by the Company, with the support of external professionals, and subject to verification by the Independent Auditors;
- the provisions of art. 154-ter, Legislative Decree 58/98 and, in particular, paragraphs 1-bis and 1-ter have been complied with;
- the control activity requested by Consob in its Notice no. 3/22 of March 19, 2022 has been carried out.

It should be remembered that Directive 2013/50/EU amended the regulations governing annual financial reports, laying down that a single electronic reporting format had to be used in preparing the constituent documents and that the Delegated Regulation (EU) no. 2018/815 obliges European listed companies, starting from the financial year beginning on or after January 1, 2021, to prepare annual financial reports according to the European Single Electronic Format (ESEF), using the XHTML integrated computer language - where the consolidated financial statements are prepared in accordance with IAS/IFRS - with appropriate mark-ups in iXBRL (Inline eXtensible Business Reporting Language).

As indicated above, we met periodically with the Independent Auditors in order to maintain a continuous exchange of information on the control activities carried out by them, on the one hand, and by ourselves, on the other. No critical issues worthy of note emerged during these meetings.

We have examined the reports prepared by Deloitte on the separate and consolidated financial statements at December 31, 2022 and have taken note:

- of the opinions on the separate and consolidated financial statements at December 31, 2022, from which it emerges that they comply with the rules governing their preparation and give a true and fair view of the assets and liabilities and results of the Company and of the Group;
- that the audit reports do not highlight any particular matters;
- the opinions of consistency and conformity of the Directors' report on operations and the Directors' report on Group operations with the separate and consolidated financial statements, respectively, as well as the information contained in the Report on Corporate Governance and Ownership Structures, limited to those referred to in art. 123-bis, para. 1 c), d), f), l) and m) and para. 2 b), of Legislative Decree 58/98.

We have also examined the attestation reports prepared by the Chief Executive Officer and by the Financial Reporting Officer pursuant to art. 154-*bis*, paragraph 5, Legislative Decree 58/98 with regard to the separate and consolidated financial statements, acknowledging the completeness of their contents.

Director's report on operations and on Group operations

We have checked the contents of the Directors' report on operations. The report summarises the main risks and uncertainties and discusses the outlook for the Company and for the Group.

After reviewing the report, we found that, to the best of our knowledge, it was complete with respect to current legal provisions, as well as for the clarity of the information contained in it.

Non-Financial Information

The Non-Financial Information pursuant to Legislative Decree 254/2016 ("NFI") was prepared in compliance with the Reporting Standards defined by the Global Reporting Initiative (GRI), according to the "in accordance - Core" option.

We have monitored the drafting of the NFI, verifying not only the mere fulfilment of obligations imposed by the law, but also - and above all - the suitability of the information flows to ensure that the systems and methods of data collection, processing and consolidation for the preparation of the NFI guaranteed completeness, accuracy, truthfulness and verifiability of the entire data flow. We attended meetings of the Sustainability and Social Responsibility Committee, which the Board of Directors specifically set up during the year, assigning to it specific tasks related to sustainability issues. We took part in the Committee's proceedings and in meetings when the NFI was analysed, taking note of the attention paid to the process of drawing up the NFI and of the favourable opinion formulated by the Committee for the approval of the NFI by the Board of Directors, which took place by a resolution dated March 8, 2022.

The Company, which adheres to the United Nations Global Compact, has made commitments to achieve some of the UN's Sustainable Development Goals.

We have read the report prepared by the Independent Auditors on the consolidated non-financial report, on which Deloitte was asked to carry out a limited assurance engagement, following which it acknowledged that no matters had come to their attention to suggest that the report had not been drawn up, in all significant aspects, in compliance with the law and the *GRI Sustainability Reporting Standards* established in 2016 by the *Global Reporting Initiative*.

Further activities of the Board of Statutory Auditors

As required by art. 2403 of the Italian Civil Code and art. 149 of the CFA, we supervised compliance with the law and the By-laws and compliance with the principles of correct administration, in particular as regards the adequacy of the Company's organisational, administrative and accounting structure. As regards the organisational structure of the Company, we were able to ascertain that the Company required the Directors to carry out the periodic self-assessment process – through a questionnaire that has been extended and improved compared with the one used in the previous year – regarding the composition, role and functioning of the Board of Directors and of the internal Board Committees. This self-assessment by the Company was also extended to the Board of Statutory Auditors (so we carried out our own self-assessment). The outcome of the self-assessment, explained anonymously to the Directors and Statutory Auditors at the meeting of the Board of Directors on February 16, 2022, confirmed general satisfaction with regard to procedural and operational aspects, the frequency and duration of the meetings, the role of the Chairman and relations with the Directors, as well as the contribution and efficiency of the Committees.

Again with regard to the organisational structure, no elements emerged from our activity that cast doubt on the substantial correspondence between the decision-making structure of the company and the powers assigned, the substantial compliance with the lines of hierarchical dependence and the corporate training process and implementation of the decisions, as well as that of financial reporting, the definition and functioning of the control system in practice.

Pursuant to art. 2405 of the Italian Civil Code, as indicated above, we attended all meetings of the Board of Directors, where we obtained periodic information on the results of operations, on their outlook. We were also kept up-to-date on the more important economic and financial transactions carried out by the Company, making sure that the resolutions adopted were not manifestly imprudent, risky, in potential conflict of interest, in contrast with the shareholders' resolutions or such as to compromise the Company's financial equilibrium. The entire Board of Statutory Auditors attended the Shareholders' Meeting, which as required by art. 106, paragraph 4, Legislative Decree no. 18 of March 17, 2020, was held in the presence of only the representative designated by the Company pursuant to art. 135-undecies CFA.

We received and examined the Report on Corporate Governance and Ownership Structures for 2022, which explains in full the Company's adherence to the Corporate Governance Code for Listed Companies.

With regard to the corporate bodies, we would point out that:

- at the date of this report, the Board of Directors appointed on April 21, 2020 is made up of 12 Directors, 6 of whom meet both the independence requirements of the CFA and the Corporate Governance Code, while 2 only meet the requirements of the CFA. During 2022, the Board of Directors held 8 meetings;
- the Control and Risk Committee is made up of 3 Directors, 2 of whom meet the independence requirements of the Corporate Governance Code. In 2022, the Control and Risk Committee met 6 times;
- the Remuneration and Nominations Committee is made up of 3 Directors, all of whom meet the independence requirements of the Corporate Governance Code. During 2022, the Remuneration and Nominations Committee met 3 times;
- the RPT Committee is made up of 3 Directors, all of whom meet the independence requirements of the Corporate Governance Code. The RPT Committee never met during 2022;
- the Committee for Sustainability and Social Responsibility is made up of 5 Directors, 3 of whom meet the independence requirements of the Corporate Governance Code. In 2022, the Committee for Sustainability and Social Responsibility met 3 times.

Please refer to Report on Corporate Governance and Ownership Structures for 2022, for more details on the issues dealt with at the meetings and the work performed by the committees.

By attending meetings of the various corporate bodies, as foreseen by the Corporate Governance Code, we were able to ascertain that the Board of Directors has carried out the various functions attributed to it; we were also able to ascertain that each of the Committees functioned properly.

As far as we are aware, each Company body or function has fulfilled the disclosure requirements provided for by the law, particularly with regard to information that is regulated, privileged or required by the supervisory authorities (attestations, communications and compliance with formats and content envisaged by Consob in particular).

As part of our checks and to maintain a constant exchange of information, we periodically met:

- the Independent Auditors, ensuring a continuous exchange of information with them in relation to the audit activities carried out;
- the Control and Risk Committee, with which we also organised joint meetings on issues that fall within the sphere of competence of the two bodies;
- the Head of Internal Audit, receiving information about the results of their activities;
- the Head of Risk Management, receiving information about the results of their activities; the members of the Supervisory Body, established pursuant to Legislative Decree 231 on June 8, 2001, receiving information on the results of their supervisory activity, subsequently confirmed in the Reports of the Supervisory Body to the Board of Directors. The Reports show that no anomalies or reprehensible facts have been found and that the Supervisory Body has not received any reports from internal or external sources regarding alleged violations of the Organisation and Management Model or related procedures;
- Financial Reporting Officer;
- the Legal Department of the Company.

During our supervisory activity described above, no omissions, reprehensible facts or irregularities emerged such as to require reporting to the competent external control and supervisory bodies or to be mentioned in this report.

During the year, we did not receive any reports pursuant to art. 2408 of the Italian Civil Code, nor have we received any complaints.

The Board has not been called upon to issue any opinion pursuant to current legislation other than those provided for by art. 2389, paragraph 3, of the Italian Civil Code in relation to the remuneration paid to directors with particular responsibilities, except as specified below.

We have issued our favourable opinion, pursuant to art. 2389, paragraph 3, of the Italian Civil Code, on the assessments discussed and proposed by the Remuneration and Nominations Committee, and the subsequent decision of the Board of Directors', with reference to the MBO plan applied to the Chief Executive Officer and some senior managers.

The Board has not been called upon to issue any further opinion pursuant to current legislation.

* * *

Considering the above and our sphere of competence, also in light of the report prepared by the Independent Auditors and their opinion on the financial statements, we are not aware of any impediments to the approval of the financial statements at December 31, 2022 prepared by the Board of Directors and we have no objections to their proposals to the Shareholders' Meeting.

For the Board of Statutory Auditors

Pierluigi De Biasi



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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Italmobiliare S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of Italmobiliare S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2022, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at December 31, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Measurement of financial assets with fair value levels 2 and 3

Description of the key audit matter The separate financial statements at December 31, 2022 include financial assets measured at fair value categorized into hierarchy levels 2 and 3 amounting to Euro 386,3 million, equal to 72,4% of total financial assets and 28,3% of total assets.

For the above financial assets, a listed price on an active market is not available and therefore the related measurement is based on complex valuation techniques that require a significant level of judgement.

We considered the measurement of financial assets with fair value levels 2 and 3 a key audit matter of the separate financial statements at December 31, 2022 considering: i) it entails a significant level of judgement by the Directors, ii) the complexity of the relevant valuation techniques and of the significant inputs and iii) the significance of the amounts.

Note 5) "Other equity investments", 7) "Other non-current assets" and 11) "Equity investments, bonds and current financial receivables" of the separate financial statements include the disclosures on the measurement of financial assets.

Audit procedures performed

- Our audit procedures, among others, included:
- understanding of the relevant controls implemented for the acquisition, disposal and measurement of financial assets;
 - assessing the appropriateness of the accounting rules adopted by the Company in accordance with the requirements of IFRS 9 and IFRS 13;
 - testing, on a sample basis, the appropriate categorization of financial assets into the fair value levels;
 - testing, on a sample basis, the reasonableness and the accuracy of the valuation technics, the significant inputs and their actual application provided by the Directors for measurement purposes of fair value levels 2 and 3;
 - assessing the appropriateness of the disclosures provided in the notes about financial assets and their fair value levels and their compliance with the related accounting principles.

Recoverability of equity investments in subsidiaries and associates

Description of the key audit matter The separate financial statements at December 31, 2022 include equity investments in subsidiaries and associates amounting to Euro 554,0 million and Euro 208,2 million respectively; both categories are measured at cost.

In presence of impairment indicators, Directors perform an assessment (impairment test), supported also by an independent advisor expert, in order to determine whether the investments are recognised in the separate financial statements for an amount higher than their recoverable amount. This assessment is performed at each reporting date for investments which give rise to a goodwill in the consolidated financial statements.



For the equity investments in subsidiaries and associates, where an impairment test was carried out, their recoverable amount, estimated as either value in use or fair value, based on the market multiples method, resulted higher than their carrying amount and consequently no adjustment was made to the relevant values.

Impairment testing is complex and the Directors determined the recoverable amount based on assumptions including, among others: the expected cash flows and/or the expected ebitda for the following year, the determination of an appropriate discount rate (WACC) and an estimate of the long-term growth rate (g-rate). Such assumptions are influenced by future expectations about the conditions for their respective markets.

Given the judgement required in the estimates of expected cash flows and expected ebitda, and of the key assumptions of the impairment test model used by the Directors for the calculation of the subsidiaries and associates' recoverable amount, we considered the recoverability of the equity investments in subsidiaries and associates a key audit matter of the separate financial statements.

Note 4) "Equity investments in subsidiaries and associates" of the separate financial statements include the disclosure on the recoverability of the equity investments in subsidiaries and associates.

Audit procedures performed

We have preliminary assessed the process used by the Directors to determine the recoverable amount of the equity investments in subsidiaries and associates analyzing the methods and assumptions used for the development of the impairment test.

Our audit procedures, which also involved our own valuation specialists, included:

- understanding of the relevant controls implemented by the Company on the impairment test process of the equity investments in subsidiaries and associates;
- analyzing the reasonableness of the main assumptions used for developing the expected cash flows (including the effects of the macroeconomic scenario and potential impacts coming from the climate change) and ebitda, together with the collection of the other relevant information provided by the Directors;
- evaluating the competences, capabilities and objectivity of the external advisor involved by the Directors for the preparation of the impairment test;
- analyzing the differences between budgeted targets and actual results in order to understand the nature of the deviations, also considering, where applicable, the impacts of the Covid-19 virus and the evolution of the Covid-19 pandemic and changes of the macroeconomic scenario, and the reliability of the budgeting process;

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- analyzing the reasonableness of the discount rate (WACC) and long-term growth rate (g-rate) in the value in use determination and of the market multiples in the fair value determination;
- assessing the mathematical accuracy of the model used to determine the recoverable amount of the equity investments in subsidiaries and associates;
- comparing the recoverable amount of the equity investments in subsidiaries and associates with their carrying amount;
- assessing the sensitivity analysis performed by Management;
- assessing the appropriateness of the disclosures reported in the notes and its compliance with IAS36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of the separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate the related threats or the related safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Italmobiliare S.p.A. has appointed us on April 17, 2019 as auditors of the Company for the years from December 31, 2019 to December 31, 2027.

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We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the separate financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Italmobiliare S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Italmobiliare S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Italmobiliare S.p.A. as at December 31, 2022, including their consistency with the related separate financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the separate financial statements of Italmobiliare S.p.A. as at December 31, 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the separate financial statements of Italmobiliare S.p.A. as at December 31, 2022 and are prepared in accordance with the law.

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With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Massimiliano Semprini
Partner

Milan, Italy
March 17, 2023

*As disclosed by the Directors on page **A3**, the accompanying financial statements of Italmobiliare S.p.A. is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*

Sustainability Report 2022



Sustainability Report 2022

COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

ITALMOBILIARE
Società per Azioni
Registered office: Via Borgonuovo, 20 20121 Milan - Italy
Share capital Euro 100,166,937 fully paid
Milan Companies Register

Translation from the Italian original version which remains the definitive one.

ITALMOBILIARE GROUP

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ITALMOBILIARE
INVESTMENT HOLDING

ITALMOBILIARE
GROUP

STRATEGIC PROFILE

ITALMOBILIARE INVESTMENT HOLDING

Italmobiliare Investment Holding, founded in 1946 and listed on the Milan Stock Exchange since 1980, is one of the leading Italian investment holding companies. Controlled by Efiparind (Pesenti family), it owns and manages a diversified portfolio of equity and other investments with a strategic vision based on a financial and industrial history that goes back more than 150 years.

Italmobiliare Investment Holding plays an active and continuous role in the process of portfolio growth and enhancement by combining development, internationalisation and innovation with an effective governance and risk management model, and full ESG integration at all stages of investing.

1946 Italcementi, founded in 1864, transferred to the new company Italmobiliare all of its investments that were not to do with the building materials sector.

1950s - 60s Diversification of investments into insurance (RAS), banking (Finter Bank, Banca Provinciale Lombarda, Credito Commerciale and 8 banking institutions that later became Istituto Bancario Italiano) and public transport (SAB Autoservizi).

Purchase of a stake in Franco Tosi, an industrial company in the electromechanical sector..

1970s - 80s Acquisition of a minority interest in Bastogi, which joined the one held in Falck.
In 1979, Italmobiliare became the holding company for the entire Group when it acquired a majority of the ordinary shares in Italcementi.

In 1980, Italmobiliare was admitted for trading on the Milan Stock Exchange.

The investments in RAS and Banca Provinciale Lombarda were sold and a minority shareholding was acquired in Poligrafici Editoriale.

1990s Italcementi went international and rose to be a world leader in the construction materials sector through the acquisition of Ciments Français, the largest international acquisition carried out by an Italian group up to that point.

Franco Tosi sold its industrial activity to the ABB Group, reinvesting the proceeds in the food packaging sector (Sirap) and in the water and gas sector (Crea). It was then merged with Italmobiliare after the favourable outcome of a takeover bid.

Entry into the capital of Credito Italiano

2000s - 2015s Portfolio diversification into RCS and Mediobanca. Sale of SAB Autoservizi and of the shareholding in Poligrafici Editoriale.

In 2014, Italmobiliare participated pro-quota in the recapitalisation and simplification of the Italcementi Group, maintaining a controlling interest of 45%.

In September 2015, Finter Bank was sold to the Swiss group Vontobel, acquiring a minority interest in it.

2016 After acquiring direct control of Italgen and BravoSolution, the equity investment in Italcementi was sold to HeidelbergCement, acquiring a minority interest in it.

Conversion of the Italmobiliare savings shares.

Clessidra SGR, the main Italian private equity operator, was bought and Italmobiliare became anchor investor of the CCP3 fund.

2017 Purchase of a 40% interest in Tecnica Group, leader in outdoor footwear and ski equipment with historical brands such as Tecnica, Nordica, Moon Boot, Lowa, Blizzard and Rollerblade.

Entry into the Jaggaer group, operating in the eProcurement sector, by contributing BravoSolution.

<p>2018</p>	<p>Purchase of a 60% stake in Caffè Borbone, one of the leading Italian coffee producers in the compatible pods and capsules sector.</p> <p>Purchase of a 39% shareholding in Iseo Serrature, leader in the production and design of locking and access control systems.</p> <p>Private equity investments increased, including the BDT Capital Partners funds.</p>
<p>2019</p>	<p>Purchase of a 30% shareholding in Autogas-AGN Energia, a national leader in the distribution of LPG gas for domestic, commercial and industrial use.</p> <p>Purchase of an 80% shareholding in Capitelli, active in the production and marketing of cooked ham and other high-quality products.</p> <p>Italmobiliare joins in the STAR segment of the Italian Stock Exchange in September.</p> <p>The investment in Jaggaer was sold to Cinven</p>
<p>2020</p>	<p>Purchase of an 80% interest in Officina Profumo-Farmaceutica di Santa Maria Novella, a historic manufacturer of high-end perfumes and cosmetics.</p> <p>Purchase of a 92.5% interest in Casa della Salute, a network of specialist outpatient clinics.</p> <p>Purchase of a 60% stake in Callmewine, an eCommerce platform for the sale of wines.</p> <p>The Italmobiliare Group joined the United Nations Global Compact Network, the largest strategic corporate citizenship initiative in the world.</p>
<p>2021</p>	<p>Exit from the food plastic packaging sector by disposing Sirap Group's assets.</p> <p>Co-investor with Clessidra SGR in the Botter wine group.</p> <p>Investment in Farmagorà, chain of pharmacies closely linked to the local area.</p> <p>Anchor investor of the Clessidra Capital Partners 4 fund.</p> <p>Increased stake in Officina Profumo Farmaceutica di Santa Maria Novella to 100%.</p>
<p>2022</p>	<p>Purchase of a 19.99% interest in Bene Assicurazioni, an innovative technology company in the Italian non-life insurance market.</p> <p>Purchase of 100% of Sidi Sport, an iconic Italian brand specialising in the production and sale of cycling and motorcycling footwear.</p>

FOCUS 2022: A RENEWED COMMITMENT TO LOW-CARBON TRANSITION

In its long history as an investment holding company in the industrial and financial fields, Italmobiliare was one of the forerunners in Italy to have an innovative approach to sustainability. Already in the 1990s it had structured ambitious sustainability programmes in the main industrial holdings, fully integrated into the strategic development priorities and coordinated by dedicated functions. Thanks to this experience, a constant commitment to best practices has matured, from principles to policies, from processes to products, from local and global initiatives to reporting tools.

Through the flow of investments and divestments and the active management of the investments held in the portfolio, Italmobiliare aims at the sustainable success of the Group, assigning priorities and mobilizing financial resources in a targeted and selective way. The goal is contributing to the global challenges and, at the same time, protecting and strengthening the financial performance, for the benefit of shareholders and all other stakeholders.

As confirmation of its commitment, in 2020 Italmobiliare joined the United Nations Global Compact, aiming at an even more deep ESG integration into the business strategy of the holding and at an increasingly effective monitoring of subsidiaries and affiliated companies.

In 2021, taking inspiration from the highest global references, Italmobiliare updated the Code of Ethics and the Sustainability Policies with the precise aim of emphasizing its sustainable strategy, supported by the Responsible Investment Policy, which clearly identifies the Sustainable Development Goals as the paradigm for value creation.

As a coherent development of an evolutionary pathway that involves the entire investment portfolio, during 2022 Italmobiliare has matured a further acceleration of pace.

Fighting against climate change was already the focal element of the environmental action, with initiatives to rationalize raw materials, design increasingly sustainable products, capable of promoting responsible lifestyles and targeted activities to reduce the carbon footprint across the entire value chain. In 2022, Italmobiliare reduced direct CO₂ emissions by 35% compared to 2020 and eliminated indirect emissions thanks to the exclusive use of renewable electricity. In the wake of these achievements, the Board of Directors has approved the adherence to the Science Based Targets initiative (SBTi), by which Italmobiliare has committed to set near-term company-wide emission reductions in line with net-zero scenario.

The challenge of decarbonisation has been definitively accepted, fully aware that the energy crisis we are facing is only a symptom. The climate crisis is the real disease and without the right vision it will continue even when the current geopolitical tensions are - hopefully soon - overcome. Italmobiliare was born from a 150-year industrial history and has experienced the birth of the crisis at the forefront since the 1990s and has followed its evolution by gradually developing its antibodies.

A lot has already been done, but the planet is strongly asking to aim for renewed ambitions Today, with the adherence to the Science Based Targets initiative, Italmobiliare is ready to give full scientific and strategic solidity to its actions for climate.



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



PORTFOLIO COMPANIES

The portfolio of investments in a growing number of subsidiaries or associates makes use of Italmobiliare's experience in the management of business activities at national and international level. The investment horizon is medium-long term and marked by the creation of value. The Portfolio Companies' sustainable strategy is detailed in this report. The consolidation perimeter is detailed in the Reporting section is clarified in the section Reporting.

Company % held	Investment date	Description	Notes
Italgen 100%	Jul 2016	Italgen operates in Italy as a producer and distributor of electricity from 100% renewable sources.	Registered office in Villa di Serio (BG). 28 hydroelectric plants in Lombardy, Piedmont and Veneto. 3 photovoltaic plants, 74 MW power. 300 kilometres of transmission lines. Investments in two wind plants in Bulgaria, 18 MW total capacity.
Clessidra 100%	Sep 2016	Clessidra Holding S.p.A. is the parent company of the Clessidra Group one of the main financial operators active in alternative investments (private equity and private credit) and in factoring, by means of three specialised companies, each with its own operating autonomy	Registered office in Milan. Clessidra Private Equity portfolio: Nexi, L&S, Argea, Viabizzuno, Impresoft. Clessidra Capital Credit portfolio (Restructuring Fund): Sisma, Acque Minerali d'Italia, Italtel and other non-equity. Clessidra Capital Credit portfolio (Private Debt Fund): Casa del Dolce/Liking, MGM/Rekord, Trime, Florence Group.
Tecnica Group 40%	Nov 2017	Tecnica Group is a leading manufacturer of outdoor footwear and ski equipment with the brands: Tecnica (ski boots and footwear), Nordica (skis and boots), Moon Boot (footwear), Lowa (trekking shoes), Blizzard (skis) and Rollerblade (in-line skates).	Registered office in Gaverana del Montello (TV). Production sites in Austria, Germany, Italy, Slovakia, Ukraine and Hungary.
Caffè Borbone 60%	May 2018	Caffè Borbone is one of the leading coffee producers specialising in compatible capsules and pods, with a strong distribution network throughout Italy.	Registered office and production site in Caivano (NA).
Iseo 39.24%	Oct 2018	Iseo is a leader in the design, production and sale of mechanical and electronic locks, solutions for security and access management.	Registered office in Pisogne (BS). Production sites in Italy, Romania, France, Germany, Spain and South Africa.
AGN ENERGIA 30%	Jan 2019	AGN Energia has established itself as a leader in the LPG market, operating throughout the Italy in the domestic, agricultural, industrial and automotive sectors. The commercial offer expands to all energy sectors: supply of natural gas and 100% green electricity, technical gases, production from renewable sources, energy efficiency solutions and electric mobility solutions.	Registered office in Genoa. 44 offices throughout the country.
Capitelli 80%	Dec 2019	Capitelli operates in the production and sale of cooked and smoked cured meat characterised by a careful choice of meats of selected origin, and an original craft manufacturing process, which make them refined and niche products positioned among the Italian food excellences.	Registered office and production site in Borgonovo Val Tidone (PC).
Officina Profumo-Farmaceutica di Santa Maria Novella 95%	Jan 2020	Officina Profumo-Farmaceutica di Santa Maria Novella is an unicum in the panorama of cosmetics and fragrances. It is considered the oldest historical pharmacy in Europe, and in 2021 it celebrated 800 years of uninterrupted activity in the same place.	Registered office in Florence. Over 300 owned shops and corners in different countries of the world.
Casa della Salute 84,63%	Dec 2020	Casa della Salute is a network of specialist diagnostic, dental, physiokinesitherapy clinics. Its aim is to help protect the right to health and to ensure that people had rapid access to high-quality healthcare.	Registered office in Genoa. 13 outpatient clinics between Liguria and Piedmont.
Callmewine 60%	Dec 2020	Callmewine is an e-commerce platform that specialises in the sale of wine, where it ranks as one of the market leaders in Italy.	Registered office in Milan. Online business with deliveries throughout Italy.
Bene Assicurazioni 19.99%	Apr 2022	Bene Assicurazioni is an insurance technology company specialized in the non-life insurance retail market with a focus on the motor segment.	Registered office in Milan.
SIDI Sport 100%	Ott 2022	SIDI Sport specialises in the production and sale of cycling and motorcycling footwear. Its products, which are used by the most important professional and amateur athletes all over the world, are synonymous with excellence, quality, tradition, craftsmanship and design.	Registered office in Maser (TV).h Production sites in Maser and Bucharest (Romania)

PRIVATE EQUITY AND ALTERNATIVE INVESTMENT FUNDS

The purpose of investing in Private Equity and Alternative Investment funds is to take advantage of growth opportunities in geographical areas or business sectors not directly covered by Italmobiliare and potentially to allow its shareholdings to develop and diversify. In 2022, with reference to the NAV, 51% of investments are represented by products of companies that are signatories to the UN PRI, 43% by products of companies that adopt an ESG Policy, 37% is represented by SFDR "article 8" products, i.e., that explicitly promote social or environmental characteristics and verify that the investee companies comply with good governance practices.

Asset Manager	UN PRI	ESG Policy	Invested Fund	SFDR Regulation		
				Art. 6	Art. 8	Art. 9
Clessidra Private Equity SGR	✓	✓	Clessidra Capital Partners 3		✓	
			Clessidra Capital Partners 4		✓	
Clessidra Capital Credit SGR	✓	✓	Clessidra Private Debt Fund		✓	
			Clessidra Restructuring Fund	✓		
BDT			BDT Capital Partners Fund II			
			BDT Capital Partners Fund III			
Iconiq Capital			Iconiq Strategic Partners IV			
			Iconiq Strategic Partners V			
Isomer Capital	✓		Isomer			
			Isomer II			
JAB Holding Company	✓	✓	Isomer Opp.			
			JAB Consumer			
Connect Ventures			Connect Ventures III			
			Connect Ventures IV			
Lindsay Goldberg	✓		LG Lindsay Goldberg V			
Expedition Growth Capital			Expedition Growth Capital			
Lauxera Capital Partners	✓	✓	Lauxera Capital Partners	✓		
8-bit Capital			8-bit Capital			
Lakestar	✓	✓	Lakestar Growth			
			Lakestar Early			
La Famiglia			La Famiglia	✓		

INVESTMENTS AND CO-INVESTMENTS

The portfolio of investments in various different sectors is focused on listed and unlisted companies that offer attractive growth prospects or constant returns on the investment.

In the industrial sector, HeidelbergCement, one of the world leaders in cement and building materials, embeds the sustainable heritage of Italcementi, adhering to the UN Global Compact and adopting a sustainable strategy built on innovation, a culture of safety, reduction of the environmental footprint, circular economy, business citizenship and integrity. Its main focus is the fight against climate change.

The co-investment with Fondo Italiano d'Investimento Sgr and Vam Investments for the creation of Florence, the first production hub for luxury clothing in Italy growing also upon the adhesion to sectoral platform 4SUSTAINABILITY®, is of considerable importance.

In the financial sector, it is worth mentioning the investments in Mediobanca and Vontobel, a Swiss private bank that specialises in asset management for private and institutional customers. It has been a pioneer of sustainable investments ever since the 1990s with numerous international awards. It is also a signatory of the UN Principles for Responsible Investment and a member of the Swiss Sustainable Finance association.

CASH, CASH EQUIVALENTS AND OTHER ASSETS

Liquidity under management and financial assets constitute a reserve of cash and cash equivalents, allocated to instruments with a conservative risk profile, available to the Company for possible new investment opportunities. At the end of 2022, this reserve represented approximately 10% of the entire NAV. In addition to this activity, there is the management of the real estate assets owned by the Company, including its head office building in Milan.

Highlights

	Governance and supply chain	Climate strategy	Health, safety and well-being	Gender and human capital development
<i>The foundation for Holding and Portfolio</i>	Adoption of Code of Ethics and Sustainability Policies, with application extended to the entire value chain.	Monitoring with analytical detail of carbon footprint (scopes 1, 2 and 3).	Actively supporting people in addressing emerging social challenges.	Adoption of the Women Empowerment Principles (WEPs), incorporating them into identity documents.
<i>The 2022 key results</i>	100%	-35% CO₂ Scope 1 vs 2020	-18% Injuries vs 2020	100%
	It is the percentage of entities, including Holding and Portfolio Companies, that have adopted Code of Ethics and Sustainability Policy, and business integrity model.	From 2020, Holding and Portfolio Companies reduced the consumption of fossil fuels for production and mobility	Improvement of the frequency rate, strong improvement also vs 2021. It is the starting point for the zero- injuries goal.	This is the percentage of entities, including Holding and Portfolio Companies, that have used WEPs Gender Gap Analysis Tool and performed Gender Pay Gap analysis.
	81%	Zero CO₂ Scope 2, from 2022	75%	+31 h/pp Training vs 2020
	It is the percentage of entities, including Holding and Portfolio Companies, that have adopted a Supplier Charter, the foundation of building a responsible supply chain.	From 2022, Holding and Portfolio Companies will use only renewable electricity.	It is the percentage of entities, including Holding and Portfolio Companies, that have adopted voluntary initiatives for the health, safety, and welfare of people.	Training activities have resumed in full swing after the COVID-19 lock-down period with new skill development initiatives.
<i>Next challenges</i>	100%	100%	100%	100%
	Portfolio Companies	Pathway to Net Zero	Portfolio Companies	Portfolio Companies
	Adopting ESG prequalification models of all suppliers.	With scope 1 and 3 mitigation and offsetting plans	Of the Portfolio companies adopting a plan for performance evaluation and career accompaniment	Of the Portfolio companies adopting a plan for GHG reduction

ESG Ratings







ESG Rating

Total score resulted at 66° percentile in the reference industry.

Scored 100% for the quality of social and environment reporting

ESG Risk Rating

“Low risk”, combination of “Low Exposure” and “Strong Management”.

#1 among comparable companies by level of capitalization.

CDP Climate Change

Rating “C - Awareness” for climate change management.

ESG Score

73/100

#8 out of 63 investment holding.

ESG Ranking

93/100

Among the 4 best-ranked companies in the sector.

Strategic objectives

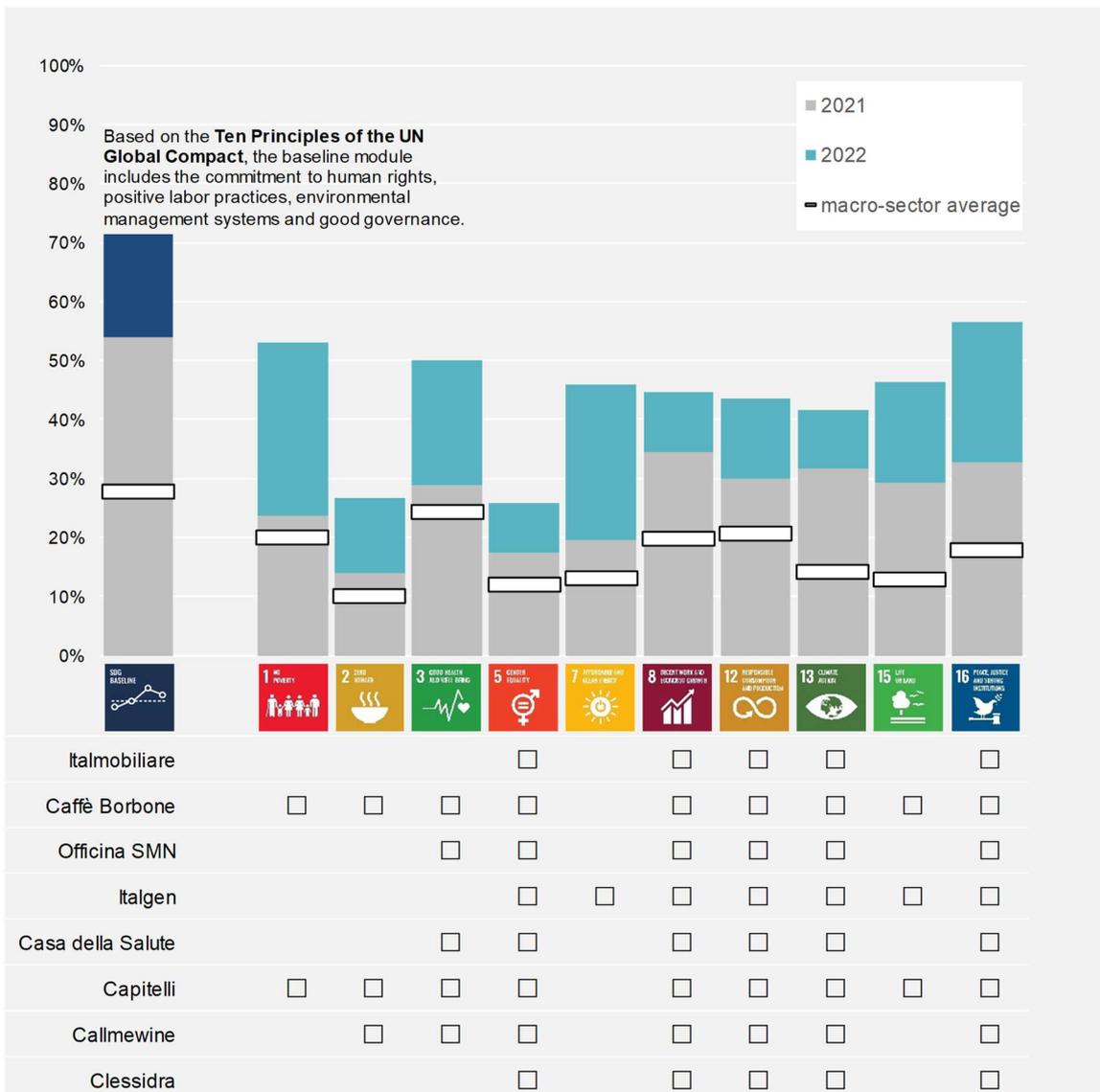
		Target 2025	2018	2019	2020	2021	2022
	Objective: GENDER EQUALITY						
	Supported by adherence to the Women Empowerment Principles, the goal is to create conditions of inclusiveness and social culture that nurture a pathway aimed at achieving gender equality, starting from management positions.						
Women in managerial positions	%	> 40%	15%	19%	22%	33%	31%
Gender pay gap unadjusted	%	positive trend	--	--	--	--	-44%
	Objective: DECENT WORK						
	Every accident at work is unacceptable, therefore the only acceptable goal is Zero Accidents. Only the creation of a culture of safety, well beyond the legal obligations, allows to record progresses.						
Injury frequency rate (> 24h)	# / million worked hours	0	8.9	6.0	4.8	6.8	4.0
Hours of training	hours / person	> 40	7.4	5.0	5.0	28.9	33.0
	Objective: RESPONSIBLE PRODUCTION						
	Renewable or recycled materials out of the total materials used support the transition to a regenerative economy.						
Responsible resources: raw materials	%	> 80%		30%	46%	90%	90%
Responsible resources: packaging	%	> 60%		58%	64%	59%	54%
	Objective: NET-ZERO						
	The Group is committed to setting short- and long-term emission reduction targets in line with the science-based net-zero scenario according to SBTi.						
Carbon intensity: scope 1		0	23	19	17	15	13
Carbon intensity: scope 2		0	84	69	62	8	0
Carbon intensity: scope 3 subsidiary companies	t CO ₂ / million Euros revenues	to be defined according to SBTi	--	--	593	437	506
Carbon intensity: scope 3 affiliate companies and other investments			--	--	2329	2127	2567
	Objective: BUSINESS INTEGRITY						
	Organization and Control Model 231. For new investments, adoption is expected no later than the second year of active management.						
Companies with formalized instruments to combat offenses	%	100%	80%	100%	83%	88%	100%
	Objective: SUSTAINABLE PARTNERSHIP						
	Code of Ethics explicitly oriented toward sustainability; Evolved Sustainability Policies; Supplier Charter with ESG pre-qualification. For all new investments, implementation is planned within the first year of active management.						
Companies with Code of Ethics		100%	60%	60%	67%	100%	100%
Companies with Sustainability Policies	%	100%	10%	40%	33%	100%	100%
Companies with Supplier Charter		100%	--	--	--	--	81%

Contribution to SDGs

Italmobiliare Investment Holding intends to be an inspiration, an example and a reference for all those who want to identify, accelerate and enhance their long-term transformation potential and actively contribute to global challenges, creating sustainable, innovative and therefore more competitive and resilient businesses.

By joining the **United Nations Global Compact**, the Italmobiliare Group confirms its commitment - both formal and substantial - to promote a healthy, inclusive and sustainable global economy, respectful of human and labour rights, capable of protecting the environment and actively involved in every aspect of business integrity. To this end, Italmobiliare shares, supports and applies the fundamental **Ten Principles** of the Global Compact in its sphere of influence and actively contributes to the achievement of the United Nations **Sustainable Development Goals** (SDGs). Among them, six are set as common targets, integrated by those specific for the business sectors of the portfolio companies

The **SDG Action Manager** analysis tool integrates B Lab's **B Impact Assessment**, the **Ten Principles** of the UN Global Compact and the **SDGs**, allowing effective self-assessment of the progress achieved by the holding and all the portfolio companies. Due to its multidimensional and participatory nature, SDG 17, although among the six selected as a common reference, cannot be evaluated. The following graph represents the weighted contribution of holding and portfolio companies, constituting a solid strategic reference.

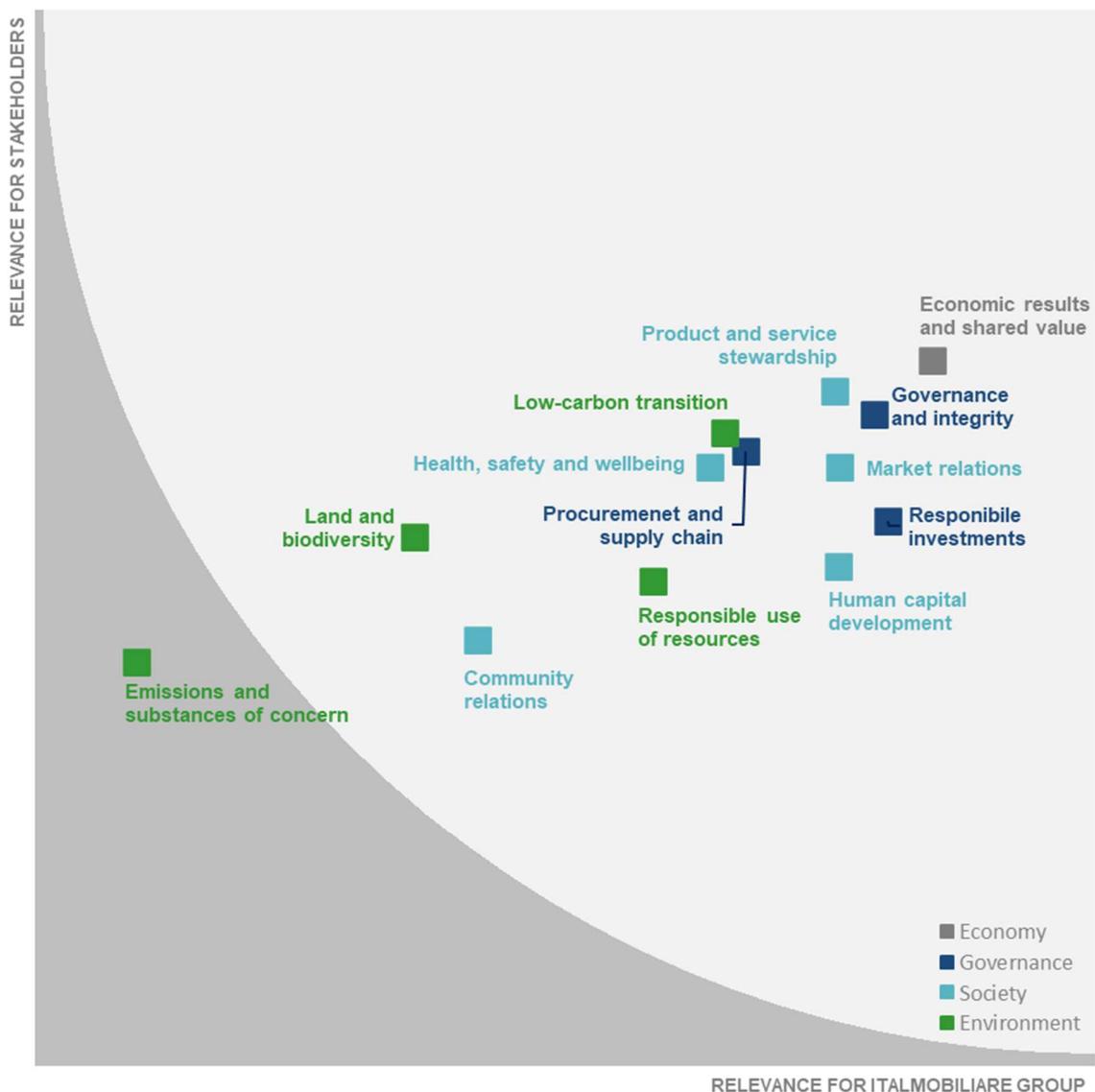


Materiality

In defining the strategy and related action plans, the **materiality analysis** offers effective tool to identify the governance, economic, social and environmental issues that are relevant for the Group matching the interests of the business with the expectations of stakeholders.

Identifying, understanding, measuring and managing all the success levers and potential impacts, positive or negative, of the business in the best possible way means valorising all the capitals that the Group has to manage responsibly. **Financial and manufactured capital** includes financial and operating instruments used in obtaining the result. **Human capital** brings together the individual skills and experience of everyone in the Group. **Intellectual capital** is fuelled by innovation and by technological and managerial know-how. **Social and relational capital** represents the importance of stakeholders, communities, supply chains, customers, market, institutions in generating social consensus. **Natural capital** defines the set of natural assets, intended as providers of environmental resources and services for economic production and social well-being.

SDGs and materiality are the reference for the action plans adopted by the holding and all the portfolio companies, coordinated and monitored with the support of the Sustainability Department, discussed in the Sustainability and Social Responsibility Committee and included in the variable remuneration of the management.



Economic result and shared value

The Italmobiliare Group manages the flow of investments and disposals in order to guarantee its sustainable success through the creation of shared value in the long term.

The commitment signed with the United Nations Global Compact confirms the Group's willingness to contribute to global challenges, at the same time protecting and strengthening financial performance for the benefit of shareholders and all other stakeholders.

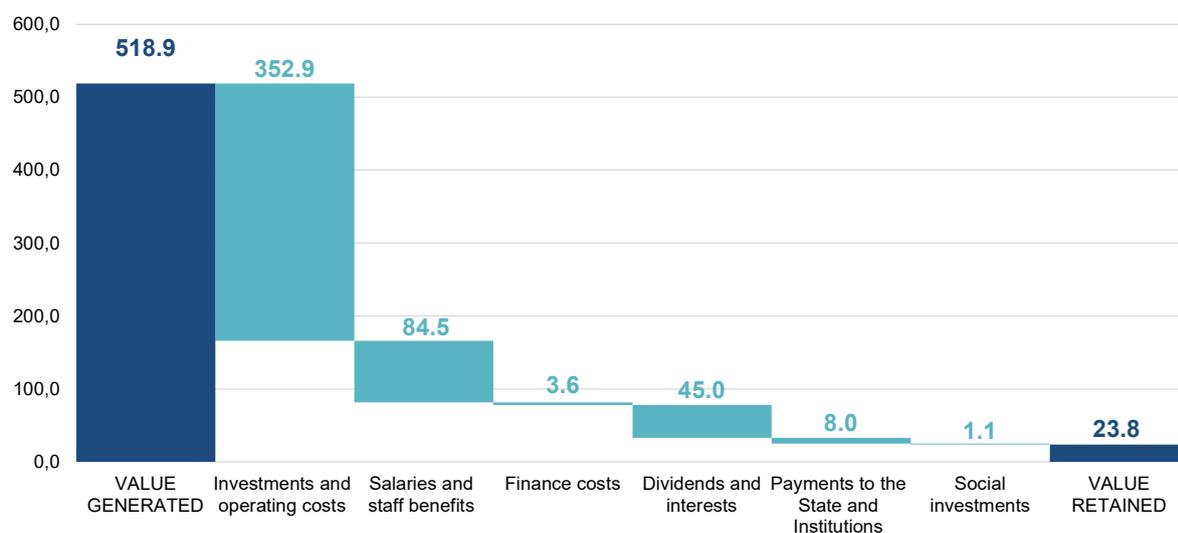
		2020	2021	2022	
Economic value generated		600.3	568.7	518.9	
Revenue and income	<i>millions euro</i>	575.5	492.3	483.6	
Public financing receives *		0.2	0.6	0.6	
Other		24.6	75.9	34.6	
Economic value retained	<i>millions euro</i>	72.2	105.0	23.8	Amortisation and depreciation, retained earnings and provisions for new investments
Economic value distributed		528.1	463.7	495.1	Stakeholders who benefit
Investments and operating costs		372.3	255.7	352.9	Suppliers of goods and services
Salaries and staff benefits		111.6	72.1	84.5	Personnel
Dividends and interests **	<i>millions euro</i>	62.6	84.0	45.0	Shareholders and Minorities
Payments to the State and Institutions ***		-26.5	48.8	8.0	State and Public Administration
Finance costs		5.8	2.2	3.6	Capital providers
Social investments		2.3	0.9	1.1	Communities

* The 2022 figure includes operating and capital grants. Including other pertinent items, the total funding received is about 5 million euros.

** The 2022 figure includes the distribution of profits for the year which the Board of Directors of Italmobiliare S.p.A. will propose to the Shareholders' Meeting.

*** The figures are net of tax credits, which in 2022 amounted to 3.3 million euros.

Economic value distributed to the stakeholder in 2022 (million euro)



Governance

GOVERNANCE AND INTEGRITY

The annual **Report on Corporate Governance and the Ownership Structure** details the corporate governance system, the composition and operations of the Board of Directors, the Board of Statutory Auditors and the four Board Committees (Remuneration and Nominations, Transactions with Related Parties, Control and Risk, Sustainability and Social Responsibility).

The **Board of Directors** defines the strategic guidelines of the Company and the Group and is responsible for its management with a view to sustainable success. It is vested with all powers of ordinary and extraordinary administration of the Company, as all matters not expressly reserved for the Shareholders' Meeting by law and the By-laws fall under its remit. The **Committee for Sustainability and Social Responsibility**, set up in 2020 and chaired by the Chief Executive Officer, has a duty to provide the Board of Directors with advice and proposals in order to implement a development strategy focused on sustainability, consistent with Italmobiliare's mission in all its components: governance, economic, social and environmental (ESG). At corporate level, a **Sustainability Department** is established. The Chief Sustainability Officer has secretarial and management functions for the Committee for Sustainability and Social Responsibility. The composition and management of the governance bodies ensure representativeness, competence and the absence of conflicts of interest, aiming at maximum operational efficiency and integrity. Women participation in the Board of Directors is at 42% (5 directors out of 12). In addition to what is reported in the Report on Remuneration in theme of transparency and balancing of the remuneration of top management figures, the ratio between the total remuneration of the Chief Executive Officer and the median of Italmobiliare employees in 2022 is equal to 27 (59 on the Group).

The Portfolio Companies have governance systems that are consistent with the Group's approach. The presence on the Boards of Directors of members representing the Parent Company, together with independent directors, creates continuity of vision towards sustainable success.

The **Code of Ethics** explicitly recalls the Ten Principles of the United Nations Global Compact, which is internationally recognised as an advanced point of reference, also in terms of corporate governance. Through a sustainable approach aimed at creating shared value for the society and for the environment, the Italmobiliare Group intends to explore further levers of success to increase turnover and profit margins, mitigate business risk, attract capital and investors, motivate its people and consolidate the brand. Further guidance is provided by the various policies adopted and periodically updated, particularly the **Sustainability Policies**, which commit, among other things, to enforce and ensure transparent governance and integrity, implementing appropriate models and effective organisational procedures. All the Portfolio Companies have aligned their Codes of Ethics and Sustainability Policies during their first year of active ownership.

Italmobiliare has adopted an **Organisation, Management and Control Model**, regulated by law but voluntary. It is designed to limit the risk of committing certain types of crimes, mainly in terms of corruption, bribery, fraud against the State, corporate offences, fencing, unintentional serious injuries or fatalities due to non-compliance with safety norms, serious environmental crimes, terrorism or violations against the individual, market abuse, tax offences, trafficking in illicit influences. In 2022, crimes related to non-cash payments and against cultural heritage assets have been integrated. The Supervisory Body, appointed on the basis of autonomy and independence, is responsible for the control activity. In addition, the control functions that supervise compliance with regulations have been identified. They have the support of the Legal and Corporate Affairs and Internal Audit departments of the holding company. Compliance risks are identified and evaluated at least once a year as part of the risk assessment process. In addition to specific periodic training, the approach adopted includes the whistleblowing procedure for reporting unlawful behaviour, in order to offer employees and third parties confidential channels to raise concerns or violations of the procedure, without fear of retaliation, discrimination or disciplinary action. The Model adopted by the Parent Company acts as a point of reference for the systematic adoption of consistent approaches by the Portfolio Companies.

More generally, the **Internal Control and Risk Management System** (ICRMS) adopted by Italmobiliare has risk management bodies, systems and processes aligned with international best practices. These allow constant monitoring and effective management of risks of an economic-financial, social and environmental nature at Group level and conscious decision-making on the matter. It consists of rules, procedures and organisational structures

to allow the identification, measurement, management and monitoring of the main risks to which the Company and its subsidiaries are exposed.

The Board of Directors, with the opinion of the **Control and Risk Committee**, defines the Guidelines and assesses their adequacy and effectiveness at least once a year. These Guidelines are sent to the subsidiaries so that they can take them into account when defining and maintaining their own ICRMS, without prejudice to each other's autonomy and independence. Under the coordination of the **Internal Audit Department**, which is responsible for risk management, and with the support of Sustainability Department, the process of assessment was refined in 2022 with an even more detailed view of the medium/long-term trends and with an ESG methodological approach based on the materiality analyses and consolidated performance. The assessment of climate risk, carried out since 2021 according to the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD), was further detailed. The Group's sustainable approach is in itself a strategy of risk anticipation and mitigation, particularly for the categories shown in the table.

Main risks mitigated through the ESG approach	Key levers affected	Parent Company	Portfolio Companies
Consistency with ESG commitments and effective execution of related action plans	Governance and integrity	medium	from low to medium/high
Climate change:		medium/low	from low to high
Physical risks	Responsible investments Market and communities Responsible use of resources Low-carbon transition	low	from low to medium/high
Transition risks		medium/low	from low to high
Trends in the ESG and regulatory framework (sector, health, safety, environment, quality, product, or other corporate aspects)	Governance and integrity Market and communities	medium	from low to high
Competitive sector trends, including ESG policies, innovation and M&A processes	Governance and integrity Responsible investments Market and communities	medium	from low to high
Marketing and commercial processes	Governance and integrity Market and communities	-	from low to high
Sustainability, availability and cost-effectiveness of supplies and raw materials	Governance and integrity Responsible investments Procurement and supply chain	-	from low to medium
Organisational structure, internal processes and skills	Governance and integrity Human capital development	low	from low to high
IT infrastructure and cyber risk	Governance and integrity Market and communities	low	from low to high
Quality of products and services in line with expectations of the Group and customers, also in ESG terms	Governance and integrity Responsible investments Product and service stewardship	-	from low to medium

The Group's approach to **tax** is grounded on the principle of legality and rigorously follows the legislation in force in Italy and in the other countries in which it operates. The Model 231, subject to the control of the Supervisory Body, includes effectively actions against tax crimes and the updated risk assessment did not reveal any significant aspects in this area. In any case, considering the Group's geography, 99% of taxes is paid to Italian institutions.

Confirming the overall effectiveness of the integrity and compliance safeguards adopted by Italmobiliare and its subsidiaries, in 2022 there were no cases of corruption, anti-competitive behaviour or non-compliance with socio-economic and environmental regulations. The Supervisory Body has not received any reports of alleged illegal behaviour or conduct contrary to the Code of Ethics.

CLIMATE: RISKS AND OPPORTUNITIES

Italmobiliare Investment Holding recognizes the urgency of the fight against climate change and the need to take into account the risks and opportunities it generates in its strategic planning and operational management. In addition to the mitigation initiatives already undertaken, has committed to set near- and long-term company-wide emission reductions in line with science-based net-zero with the **Science Based Targets initiative (SBTi)**.

The ultimate responsibility for ESG **governance** and in particular for climate-related risks and opportunities lies with the Board of Directors. At Board level, the Sustainability and Social Responsibility Committee has been established since 2020 to help overseeing the full ESG integration in business processes. The Sustainability and Social Responsibility Committee is chaired by the Group CEO and has as permanent members the Board Chair and three independent Directors. The Committee is animated by the Chief Sustainability Officer and is always attended by the Investment Management Director. Together, they have the responsibility to align the strategy of the Portfolio Companies to Group ESG objectives.

ESG performance is the first item in the agenda of any Board meeting, at Holding or Portfolio Companies' level, at least checking the progress of yearly ESG Plans for all Portfolio Companies and aggregation at corporate level. All ESG Plans include specific climate-related actions. Holding and Portfolio Companies' CEOs and first line Managers have 20% of their variable compensation linked to the progress of the annual ESG Plans.

Italmobiliare Investment Holding's **strategy** assigns priorities and mobilises financial resources in a targeted and selective manner, thereby contributing to global challenges and, at the same time, protecting and strengthening financial performance for the benefit of shareholders and all other stakeholders. It also actively contributes to achieving the Sustainable Development Goals. SDG 13 "Climate Action" is one of the six reference Goals for value creation. The Responsible Investment Policy adopted constitutes the first mitigation layer, for example by excluding investments in high-carbon sectors and by submitting potential targets to extensive positive screening and due diligence process, including the assessment of climate risks and alignment with EU Taxonomy.

In line with its role as an active shareholder, since 2021 Italmobiliare applies the recommendations of the Guidelines of the Task Force on Climate Related Financial Disclosures (TCFD) for the assessment of climate risk. In 2022 the assessment has been further enhanced, assisting Portfolio Companies in identifying risks and opportunities linked to climate change scenarios (see summary table below). The risks identified helped to confirm the already ongoing mitigation initiatives or to inform additional action plans addressing the Net Zero pathway, turning risks in opportunities. The financial impacts have been first estimated through sectoral data. The calculation will be refined by benchmarking the current climate plans of Portfolio Companies against the scenario chosen as strategic reference.

Within the **risk management** process, transition risks are identified against the preferred "Net Zero 2050" scenario set the Network for Greening the Financial System (NGFS). Physical risks are identified against the "Current Policies" scenario set by NGFS.

The climate risk assessment is embedded in the annual risk assessment performed by the Holding and all the Portfolio Companies under the coordination of risk management function and the support of the Chief Sustainability Officer and the Chief Financial Officer. The assessment weighs the risks across the entire value chain and considers the different geographies involved. The results are presented to the Control and Risk Committee and approved by the Board of Directors.

Reliable **metrics** is needed to support carbon footprint analysis and **targets** setting. Scope 1, 2 and 3 GHG emissions, including category 15 "investments" are fully disclosed in this Report, aggregating detailed accountings for all material components of Net Asset Value. Projected trends of carbon pricing, on institutional or voluntary markets, are used for the first assessment of the reduction efforts to be deployed. Other variables will be added in time.

While many short-term or medium-term targets have been already met – as an example, since 2022 the Holding and all controlled Portfolio Companies use only renewable source of electric power, thus cancelling the Scope 2 emissions - the commitment taken to define a Science-Based Target will indicate the way for the strategic management of climate-related risks and, above all, of the related opportunities.

Description	Exposure	Mitigation and opportunities
Transition risks and opportunities		
Increase of carbon price	medium-high on entire value chain	<p>In addition to adopting carbon footprint mitigation initiatives, Holding and Portfolio Companies anticipate potential impacts, internalising the cost of carbon to evaluate future investments and strategic choices.</p> <p>The selection of suppliers and the strength of strategic partners based on specific requirements are essential.</p> <p>Emission compensation as a transitional leverage is a further incentive towards carbon neutrality.</p>
Investors attraction and access to capitals	medium-high on direct activities	<p>Italmobiliare supports Portfolio Companies in the continuous comparison with emerging trends and sector performances.</p> <p>With the formal SBTi commitment, Italmobiliare will identify objectives that will guide the development of specific climate strategies and effective communication at corporate and portfolio level.</p>
Investments for low-carbon technology	medium-low on entire value chain	<p>In 2022, the Italmobiliare Group zeroed its Scope 2 emissions, through direct production of renewable energy, renewable electricity supply contracts or the purchase of guarantees of origin.</p> <p>Many Portfolio Companies have renewed their equipments and are optimizing internal processes to improve energy efficiency and material consumption. Furthermore, supply agreements with strategic partners ensure supplies with a decreasing carbon footprint.</p> <p>Finally, active monitoring of emerging solutions for direct operations and along the supply chain enables strategic collaborations along the entire supply chain.</p>
Transparent communication and disclosure	medium-low on direct activities	<p>Italmobiliare is progressively refining its reporting capabilities, with metrics capable of highlighting the initiatives and progress of the Portfolio Companies in reducing their carbon footprint.</p> <p>Science based targets setting will further help define and align strategies and an effective narrative.</p>
Transition risks and opportunities		
Extreme events	medium-low on entire value chain	<p>Portfolio Companies carefully monitor upstream operators, downstream distribution channels and market segments.</p> <p>Specific attention to potential physical climate risks will enable to assess the resilience of the value chain in ever greater detail, so that potential alternatives can be identified.</p>

RESPONSIBLE INVESTMENTS

In line with its identity, inspired by its Vision, Mission and Values, adopting the principles and rules of conduct defined by the Code of Ethics and following the guidelines provided by the Sustainability Policies, Italmobiliare Investment Holding manages its flow of investments and disposals in order to guarantee the sustainable success of the Group through the creation of shared value.

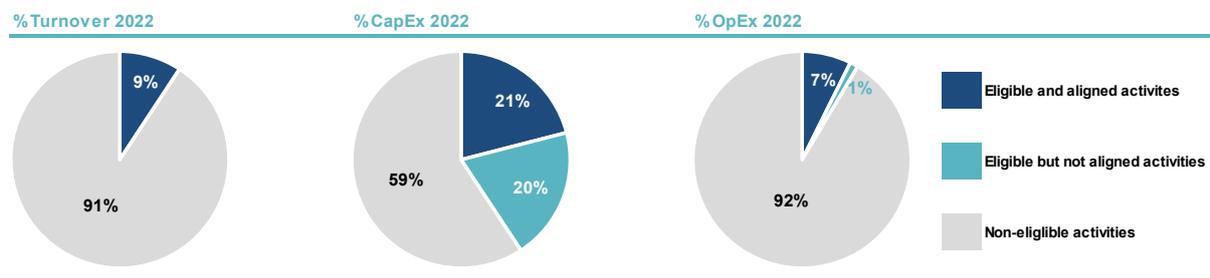
The [Responsible Investment Policy](#) explains all stages of the investment process: sector criteria, pre-investment, ownership and divestment. It covers all the components that contribute to Italmobiliare's Net Asset Value: portfolio companies, equity investments in listed and unlisted companies, investments in private equity funds, financial assets held for trading and cash management.

Contribution to the SDGs is a fundamental metric for evaluating the sustainable success of the Group. Among the various elements to be assessed, the prospects for improving the ESG positioning and alignment with Italmobiliare's sustainable strategy play a significant role. To this end, Italmobiliare refrains from any investment or involvement, whether direct or indirect, with entities involved in the production, marketing, use or trade of illegal products or activities. Other ascertained direct or indirect practices also lead to exclusion: for example, corruption, money laundering, human rights violations, activities in conflict zones, violations of the fundamental principles of labour, production of goods harmful to health, the environment and morality, an obstacle to sustainability in general. Furthermore, the activities and sectors subject to particular attention are detailed in the chapter "Sectoral criteria" of the Responsible Investment Policy.

Italmobiliare assigns priorities and mobilises financial resources in a targeted and selective manner, thereby contributing to global challenges and, at the same time, protecting and strengthening financial performance for the benefit of shareholders and all other stakeholders. The choices of capital allocation, with limited use of financial leverage, are aimed at long-term "core" majority shareholdings, with clear development and enhancement objectives, as well as minority shareholdings with a main focus on stable dividend generation or strong growth. In 2022, 10 dossiers were analyzed against around 90 screening investment opportunities. Preliminary due diligence, including ESG, was carried out for 2 of these in order to formalize the non-binding offer. 1 operation has been closed (SIDI Sport) after full due diligence, including ESG.

The attention paid to the sustainability profiles finds continuity in the management phase of the companies in the portfolio, through an active dialogue with the investee companies aimed at fully integrating sustainability into the business strategy. In the organisation of Italmobiliare, the task of translating the strategic indications received from the Board of Directors into current management operations is the responsibility of the Investment Management Department, supported by the other functional departments at holding company level.

In the active ownership of Portfolio Companies, the strategic and operational references of the **European Taxonomy** for sustainable finance are duly considered. Below is a graphical representation of the eligibility and alignment of the Group's turnover, CapEx and OpEx. Details are available on page F107.



Still on the subject of sustainable finance, the full enforcement of Regulation 2019/2088 on sustainability-related disclosures in the financial services sector (**SFDR**) progressively makes direct information available on the ESG approach and performance of asset managers of private equity and private credit funds, venture capital and other alternative investments, with progressive levels of transparency and commitment. Accordingly, related investment procedures have been updated. Details of Italmobiliare's specific investments are shown on page F12.

Society

As expressed by the Sustainability Policies, in relations with all the companies or counterparties of the Group and in the active involvement of all stakeholders in its sphere of influence, Italmobiliare commits:

- To support and respect internationally proclaimed human rights, which are universal and belong equally to every person.
- To implement work practices based on fair employment, equal opportunities, skills development and inclusiveness, considering diversity as a source of value.
- To ensure the health, safety and well-being of all parties involved by providing adequate working conditions, equipment, information and training.
- To create and maintain relationships with shareholders, investors and the market based on partnerships, transparency, exchange of information and sharing of commitments.
- To invest time, skills and resources in supporting community and fostering local development with the regular involvement of all interested parties.
- To guarantee constant improvement in the quality and in the environmental and social value of processes, products, applications and services, promoting research and innovation.

HUMAN CAPITAL DEVELOPMENT

The growth of the Group also depends on the ability to attract and retain, at the Holding Company and at all the other companies, people with different, complementary skills and leaders capable of guiding the evolution of companies by aligning the interests of management and shareholders and promoting the sustainable success of the Group through the creation of shared value in the long term.

The Group considers the management and development of human capital a clear responsibility of all its managers, not only to respect and protect their skills and diversity, but above all to develop and enhance them to the full.

Equal opportunities are a particular point of attention, with steps being defined to encourage the presence and representation of women in senior positions. In particular, Italmobiliare believes that promoting gender equality is not only indispensable for creating and maintaining an inclusive working environment, but also that it constitutes an essential element for the professional growth of the Group.

By way of confirmation of this specific commitment, since 2020 Italmobiliare subscribes and promotes the Women Empowerment Principles, explicitly recalled in the Code of Ethics of all Group's companies.

HOLDING (% female participation)	2020	2021	2022
Board of Directors	42%	42%	42%
Board of Statutory Auditors (<i>including alternate auditors</i>)	50%	50%	50%
Management positions*	35%	37%	40%
Total personnel	50%	50%	49%
Gender pay gap	--	--	-50%

PORTFOLIO COMPANIES (% female participation)			
Boards of Directors	10%	14%	16%
Boards of Statutory Auditors (<i>including alternate auditors</i>)	19%	25%	35%
Management positions*	20%	31%	29%
Total personnel	27%	40%	46%
Gender pay gap	--	--	-44%

Confirming the value given to people, permanent full-time contracts are by far the main type of employment. Part-time jobs constitute an element of flexibility to meet individual needs for work-life balance, but they are limited. 97% of the Group's employees are covered by collective bargaining agreements.

All Group companies prefer to develop and enhance skills and professionalism of people from their local communities. As confirmation, 72% of the Group's executives reside in the same region in which the operational headquarters are located.

With 295 new hires versus 156 terminations, staff turnover in 2022 was significant (45%), confirming dynamic and competitive sectors also in terms of professional skills. In any case, the assessment of management and the improvement of all levers of attraction and retention of talents remains open, including structured training programmes and individual performance assessment schemes linked to merit-based remuneration policies.

In addition to employees, the Group relies on the support of 859 non-employee workers, mostly temporary or self-employed workers and agents.

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Personnel	481	1,294	1,775	338	489	827	463	542	1,005
<i>Managers</i>	13	58	71	11	42	53	13	48	61
<i>Middle managers</i>	26	78	104	28	38	66	37	64	101
<i>Office workers</i>	208	256	464	266	114	380	374	123	497
<i>Production workers</i>	234	902	1,136	33	295	328	39	307	346
Permanent contracts	90%	94%	93%	80%	92%	87%	84%	92%	88%
Full time contracts	90%	97%	95%	56%	94%	79%	55%	95%	77%
Training (hours per capita)	0.7	4.8	5.0	45.1	17.7	28.9	47.9	20.4	33.0
<i>Managers</i>	9.7	6.4	7.0	15.5	7.8	9.4	28.2	19.1	21.0
<i>Middle managers</i>	7.6	3.0	4.3	13.0	7.6	9.9	20.6	20.8	20.7
<i>Office workers</i>	6.0	13.2	10.0	53.8	57.5	54.9	54.1	34.5	49.2
<i>Production workers</i>	0.0	3.5	3.4	12.4	5.1	5.8	20.9	14.8	15.5
Performance assessment (%)	44%	20%	23%	17%	25%	22%	64%	38%	50%
<i>Managers</i>	100%	97%	98%	91%	83%	85%	100%	92%	93%
<i>Middle managers</i>	56%	83%	75%	46%	71%	61%	76%	84%	81%
<i>Office workers</i>	33%	44%	39%	13%	32%	19%	64%	60%	63%
<i>Production workers</i>	0%	0%	0%	0%	9%	8%	38%	11%	14%

	2020	2021	2022
Gender pay gap	--	--	-44%
<i>Managers</i>	--	--	-18%
<i>Middle managers</i>	--	--	-14%
<i>Office workers</i>	--	--	-35%
<i>Production workers</i>	--	--	-40%

HEALTH, SAFETY AND WELLBEING

Italmobiliare considers safety, protection and promotion of the health and wellbeing of the person as fundamental values to be integrated into all of the Group's activities and in business or social relations with all stakeholders in its sphere of influence. This principle extends to employees, businesses, suppliers, visitors, local communities and any other interested parties within its sphere of influence.

The Group is committed to taking concrete measures to eliminate accidents, injuries and illnesses caused by work, reducing the risks in all its activities. It also aims to achieve the highest levels of collective and individual awareness, encouraging a process of continuous improvement by adopting effective management systems and visible leadership as the key to success.

All personnel are adequately trained and equipped to carry out their role in conditions of complete safety and health, according to operating procedures aimed at minimising exposure to risk factors and taking into consideration the different needs and requirements of men and women. Also in 2022, no cases of occupational disease were reported throughout the consolidated perimeter.

All Group companies undertake initiatives to promote the psychological and physical wellbeing of their people.

		2020	2021	2022
Employees injuries		12	8	6
<i>Fatalities</i>		0	0	0
<i>Serious injuries</i>	<i>with absence from work for at least 180 days</i>	0	0	1
<i>Injuries</i>	<i>with absence from work between 1 and 180 days</i>	12	8	5
Frequency rate	number of injuries per million hours worked	4.8	6.8	4.0
Severity rate	lost days per thousand hours worked	-	0.1	0.2
Non-employees injuries		3	2	0
<i>Fatalities</i>		0	0	0
<i>Serious injuries</i>	<i>with absence from work for at least 180 days</i>	0	0	0
<i>Injuries</i>	<i>with absence from work between 1 and 180 days</i>	3	2	0
Frequency rate	number of injuries per million hours worked	7.8	33.3	0.0

PRODUCT AND SERVICE STEWARDSHIP

Italmobiliare promotes commercial policies and strategic choices in line with best practices and the principle of professional loyalty towards customers and consumers in all Group companies, in particular those with services and products intended for national or international business or consumer markets.

All Group companies work to ensure and continually improve the quality of processes, products and services, adopting a systematic approach aimed at satisfying increasingly challenging requirements and creating value along the life cycle of products and improving relationships with customers and suppliers. Furthermore, they provide customers and consumers with complete, updated, verified and transparent information on the characteristics and quality of products and services, well beyond legal obligations, including, when necessary, aspects related to environmental and social performance.

Initiatives aimed at promoting and encouraging the purchase of products and services must respect the regulations that protect the interests of consumers and customer satisfaction. In addition, customers and consumers must have complete, updated, verified and transparent information on the characteristics and quality of products and services, including, when necessary, aspects related to environmental and social performance. This is not only to allow free and informed choices, but also to promote responsible lifestyles and consumption.

By combining this vision with the growing demands of the market, the Group aims to understand, control and communicate the technical, environmental and social performance of its products and services throughout their life cycle, from the procurement of raw materials to production and final disposal or reuse.

Caffè Borbone	82% of the raw materials and packaging materials used are of renewable origin.
Officina Profumo-Farmaceutica di Santa Maria Novella	The ingredients used in the formulations are 81% of renewable origin. 71% of the materials used for packaging are renewable or recycled.
Italgen	The electricity sold is 68% renewable hydroelectric, with a total carbon footprint of approximately 100 g CO2/kWh.
Casa della Salute	High quality healthcare service, with short waiting times, affordable prices and low carbon footprint.
Capitelli	95% of the raw materials and packaging materials used are of renewable origin.
Callmewine	Packaging is made exclusively by cardboard, 100% FSC. From 2023, all activities will be CO2 compensated internally.
Clessidra	3 out of 4 managed funds (75%) are "Art. 8" SFDR, i.e. they promote environmental or social characteristics.

MARKET AND COMMUNITIES

The sustainable success of the Group also involves transparent information, from holding companies to subsidiaries or investee companies, from the single operating site to the corporate level, from local communities to society in general, including institutions, non-governmental organizations and representatives of the public and private sector.

The Parent Company Italmobiliare and all the companies of the Group aim at creating and maintaining relationships with the community and with stakeholders based on long-lasting shared commitments, trust, transparency and active collaboration.

The dialogue methods adopted depend on the nature and specific expectations of the respective stakeholders, also promoting the active involvement of their collaborators. The following table describes the multidimensional approach towards stakeholders, identified by categories.

Stakeholders	Relational modalities	Topics	Group companies
Personnel: employees and their representatives	Continuous manager/team dialogue, safety initiatives, thematic events, industrial relations	Work organisation, corporate climate, health, safety and wellbeing, strategy and sustainability	All
Management: holding company and portfolio companies	Continuous management	Strategy and sustainability, investments	All
Financial community: investors, analysts, shareholders, capital providers, rating agencies	Dedicated meetings, road shows, corporate and web documents	Strategy and sustainability, governance, economic, environmental and social performance, risk management, investments	Italmobiliare Clessidra
Customers: B2B, B2C and end-users	Fairs, forums and sector events, direct individual contacts, customer satisfaction and quality	Customer services and logistics for products and solutions, also with reference to environmental and social performance	Caffè Borbone Officina Profumo-Farmaceutica di Santa Maria Novella Casa della Salute Capitelli
Supply chain: suppliers of goods and services	Strategic partnerships, supply chain management, direct individual contacts, qualification audits	Pre-qualification and qualification requirements, contractual terms and conditions, supply chain disciplinary, audit feedback	Callmewine
Communities, media and NGOs: local and global	Interviews, conferences, dialogue with the community, social initiatives	Transparent communication on strategy and sustainability, social and environmental performance, investments for the community	All
Associations: partnership and academia	Meetings, conferences, shared initiatives, partnerships, research	Strategy and sustainability, governance, individual and sectoral contribution	All
Authorities and institutions	Individual or collective interactions (e.g. meetings, conferences, events)	Governance, legal compliance, strategy and sustainability	All

Considering the nature of an investment holding company, relations with the financial community are particularly relevant, both for Italmobiliare and all the major Portfolio Companies. Italmobiliare is listed on the STAR segment of the Italian Stock Exchange, which groups together mid-cap companies committed to meeting the requirements of excellence in terms of transparency, share liquidity and corporate governance. Relations with Italmobiliare's shareholders are coordinated by the Investor Relator, following the instructions of the Chief Executive Officer - Chief Operating Officer in collaboration with the other Departments and Corporate Functions involved.

In 2022, Investor Relations activities mainly concerned:

- Maintaining a stable coverage by leading equity research analysts, with Equita and Kepler Cheuvreux which today follow the Italmobiliare stock with constant updates on the Group's activities.
- Taking part in the main investor conferences organised by investment banks and Borsa Italiana.
- One-to-one meetings with Italian and international investors.

In support of Investor Relations activities and for the benefit of all interested stakeholders, Italmobiliare constantly updates the contents of its website in order to improve the usability and clarity of information. The periodic newsletter, sent to a list of selected recipients but made available to all through the website, adds further elements of transparency.

All Group companies create relationships with local communities by understanding their needs, promoting sustainable local projects that do not generate relationships of dependency and regularly involving stakeholders. An important role in supporting local communities is played in parallel by the Pesenti Foundation, named after the Cavaliere del Lavoro Carlo Pesenti, one of the protagonists of Italian industry and finance of the last century.

Although they operate in different industrial sectors and different markets, Italmobiliare and its Group companies are united in that they apply the highest possible standards of safety and integrity in the products and services that they offer to customers, as well as the regulatory obligations, which are combined with careful monitoring of the transparency and correctness of communications to customers and effective protection of personal data belonging to customers and other key stakeholders.

In order to comply with the regulatory provisions on privacy and the security of sensitive data, the Italmobiliare Group has defined its own model for the protection of personal data. Through it, the Group aims to guarantee respect for the rights of people subject to the treatment of personal data, to fulfil obligations, to prevent possible violations by monitoring and controlling all obligations and implementing adequate security measures. In 2022, Group companies did not receive any complaints about violations of customer privacy, nor did they suffer any data losses or leaks.

Lastly, active participation in associations is also relevant, encouraging or supporting common initiatives and the adoption of responsible business practices.

Company	Affiliations
Italmobiliare	AIDAF - Italian Association of Family Businesses, American Chamber of Commerce in Italy, Assolombarda, Assonime, Business Forum Italy/ Thailand, Europeanissuers, United Nations Global Compact, Global Compact Network Italy (Foundation), Group of Italian Initiative of the Embassy of Italy in Brussels, ISPI - Institute for International Political Studies
Caffè Borbone	Comitato Italiano del Caffè at Unione Italiana Food, CONFIDA - Association of Italian Vending Industry
Officina SMN	Cosmetica Italia - member of Cosmetics Europe
Italgen	Confindustria Bergamo, Elettricità Futura
Casa della Salute	Confindustria (Genoa, Alessandria, Savona e La Spezia)
Clessidra	AIFI, AODV (Association of Members of Supervisory Bodies), Invest Europe, ItaSIF (Italian Sustainable Investment Forum), UN PRI - Principles for Responsible Investment

Environment

As expressed by the Sustainability Policies, in relations with all the companies or counterparties of the Group and in the active involvement of all stakeholders in its sphere of influence, Italmobiliare commits, among other things:

- To promote responsible access to natural resources over the entire life cycle and adopt management methods aimed at reducing consumption and preserving availability and quality.
- To tackle pro-actively the challenge of climate change, with the purpose of an overall reduction of greenhouse gas emissions over the entire life cycle, implementing measures aimed at energy saving, the efficiency of plants and the supply and distribution chain and designing products and services that contribute to the global goal of the Paris Agreement.
- To protect the quality of water and soils, to safeguard the collective usability and to preserve biodiversity even outside protected areas, ensuring the best environmental and historic management of any contamination.

RESPONSIBLE USE OF RESOURCES

Group companies make responsible use of renewable resources of biological origin and non-renewable resources of extractive or fossil origin, favouring whenever possible those originating from virtuous recycling processes according to technological evolution and in compliance with sector regulations.

Applying the same principle, secondary products, co-products and by-products are intended for use by other parties in the supply chain. The waste generated in the process or in the auxiliary and maintenance activities are best exploited as resources for other consumption or production cycles and only as a last resort is it sent to controlled disposal sites, where further partial valorisation is possible, at least in terms of energy.

Production processes, heating, sanitary uses and company fleets require thermal and electrical energy. Excluding initiatives to raise plant or operational efficiency, attention is focused on choosing fuels that are more favourable to the environment and renewable sources. Italgas plays a fundamental role in the energy transition, producing and marketing renewable hydroelectric energy. Caffè Borbone, Capitelli and Officina Profumo-Farmaceutica di Santa Maria Novella have photovoltaic systems that produce renewable energy used directly or fed into the grid. Overall, the Portfolio Companies use exclusively renewable electricity, from direct production, supply contracts or coverage with guarantees of origin.

	units	2020	2021	2022
Raw materials, semifinished goods and ancillaries		78,748	34,530	34,050
Renewable		28,178	30,950	30,792
% of total from recycling	t	0%	0%	1%
Non-renewable		50,570	3,580	3,257
% of total from recycling		15%	0%	0%
Packaging materials		15,207	11,217	11,513
Renewable		9,612	6,515	6,150
% of total from recycling	t	59%	42%	41%
Non-renewable		5,595	4,702	5,363
% of total from recycling		2%	1%	1%

	units	2020	2021	2022
Energy consumed		477,823	193,754	186,042
Renewable		126,763	123,241	110,298
<i>% of total</i>	GJ	27%	64%	59%
Non-renewable		351,060	70,514	75,744
<i>% of total</i>		73%	36%	41%
<i>Energy fed into the grid</i>				0
Renewable		1,115,476	1,084,508	622,641
<i>From hydroelectric</i>	GJ	1,115,039	1,084,115	622,226
<i>From photovoltaic</i>		436.6404	392.4936	415.2564
				0
Water		65,451	14,616	16,065
<i>From water-stressed areas</i>	m3	11,505	3,508	4,169
				0
Valorisation of waste generated		7,363	2,791	2,540
Hazardous waste		151.9	61.6	129.1
<i>% Recovery</i>		18%	26%	64%
<i>% Energy recovery or disposal</i>	t	82%	74%	36%
Non-hazardous waste		7,210.7	2,729.3	2,411.1
<i>% Recovery</i>		65%	59%	68%
<i>% Energy recovery or disposal</i>		35%	41%	32%

LOW-CARBON TRANSITION

The Group is aware of the priority dimension of the fight against climate change. Direct emissions (Scope 1) derive from the use of fuels and fuels used in the company perimeter. Indirect emissions (Scope 2) derive from the electricity purchased and used. Value chain emissions (Scope 3) include other indirect emissions in specific categories to be considered, if relevant. Within Scope 3, Category 15 - "investments" is particularly relevant for Italmobiliare and Clessidra.

The Group has committed to set near- and long-term company-wide emission reductions in line with science-based net-zero with the Science Based Targets initiative (SBTi). The SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science, accelerating companies across the world to halve emissions before 2030 and achieve net-zero emissions before 2050.

	units	2020	2021	2022	2022
Carbon Footprint		1,728,033	1,273,527	1,492,258	
Scope 3 Upstream		198,481	117,759	144,327	10%
1. Purchased products and services		158,281	87,357	95,087	6%
2. Capital goods		--	6	9	0%
3. Fuel-and energy-related activities		26,270	10,667	27,336	2%
4. Upstream transportation and distribution		13,930	19,632	19,734	1%
5. Waste generated by the sites		--	96	132	0%
6. Business travel		--	--	211	0%
7. Employee commuting		--	--	1,817	0%
8. Upstream leased assets		n.m.	n.m.	n.m.	0%
Scope 1	t CO₂	9,742	7,151	6,331	0%
Scope 2 market based		35,737	3,914	0	0%
<i>location based</i>		31,655	6,170	6,628	
Scope 3 Downstream		1,484,073	1,144,703	1,341,600	90%
9. Downstream transportation and distribution		4,644	8,075	10,579	1%
10. Processing of sold products		--	--	18,382	1%
11. Use of sold products		76,627	88,757	70,697	5%
12. End-of-life treatment of sold products		61,499	715	712	0%
13. Downstream leased assets		n.m.	n.m.	n.m.	0%
14. Franchises		n.m.	n.m.	n.m.	0%
15. Investments		1,341,303	1,047,157	1,241,231	83%
Emissioni evitate (location based)		107,060	100,943	63,593	
From photovoltaic production		101	134	138	
	t CO₂	106,958	97,327	56,827	
From renewable electricity purchased		0	3,481	6,628	
Carbon Intensity					
Scope 1+2 market based	t CO₂ / M€ Revenues	79.0	22.5	13.1	

ITALMOBILIARE
INVESTMENT HOLDING

ITALMOBILIARE

Italmobiliare

The Parent Company Italmobiliare S.p.A. has the duty to ensure know-how, professionalism and internal processes suitable to best support its role as an Investment Holding Company, managing the flow of investments and disposals in order to guarantee the sustainable success of the Group through the creation of shared value over the long term.

HIGHLIGHTS

	Governance and supply chain	Strategy climate	Health, safety and well-being	Gender and human capital development
<i>The foundation</i>	Adoption of Code of Ethics and Sustainability Policies with application extended to the entire investment portfolio.	Monitoring with analytical detail of carbon footprint (scopes 1, 2 and 3).	Actively supporting people in addressing emerging social challenges.	Adoption of the Women Empowerment Principles (WEPs), incorporating them into identity documents.
<i>The 2022 key results</i>	100% ESG investments All investment asset classes are managed through procedures aiming at full ESG integration.	Zero CO₂ Scope 2 since 2022 From 2022, Italmobiliare Headquarter will use only renewable electricity.	Zero Injuries Commitment to ensuring a safe working environment by promoting people's mental and physical well-being must be continuous.	+9 h/pp Training Training activities have resumed in full swing after the lock-down period with renewed skills development initiatives.
<i>Next challenges</i>	100% Investment and finance aimed at creating positive ESG impact.	100% Investment and finance Aligned with carbon footprint mitigation and offset plans.	100% People capable of promoting a culture of safety in all managed financial investments and activities.	100% People covered by development plans aimed at growth, inclusion and gender equality.

HUMAN CAPITAL DEVELOPMENT

At the end of 2022, it has a team of 47 motivated and specialized people (overall turnover 9% with 4 new hires and no exit). Direct employees are all covered by a collective bargaining agreement. 40% of managerial positions are held by women.

The selection of human resources aims only to find the required skills and aptitudes, the most suitable types of contracts and the correct timing, without any discrimination or constraints. The hiring of resources at any level is assisted by a dedicated induction programme. Correctness, loyalty, transparency and mutual respect are the guiding elements of personnel management, well beyond the contractual aspects and the regulations in force on labour matters. Consistently with this approach, the remuneration policy is based on a merit matrix that matches performance and benchmarks with the outside market.

Each year, the Human Resources Department plans training initiatives starting from an analysis of individual needs and then follows delivery of the courses and their assessment. In 2022, training mainly involved governance and strategy issues, such as ethics and sustainability, and managerial and technical-operational aspects, such as management, safety and the environment, information systems and data privacy. Following a structured training plan a total of 1229 hours of training were provided.

The annual assessment of individual performance, extended to all staff even if not formalised, accompanies the development of human capital. Direct interviews between the Head of Human Resources and the managers of the company department or function in question and interviews between the latter and their collaborators feed the assessment. This combines quantitative elements, i.e. achieving the results expected in the particular role held, and qualitative elements, such as the ability to complete tasks autonomously, meeting deadlines, being proactive, continuity and other soft skills that may have been developed.

Middle managers and office workers can join the Fondo Fonte supplementary pension plan, while the managers the Fondo Previp. In both cases, the participation of the company becomes mandatory the moment the employee registers. In 2022, the contribution paid by Italmobiliare was 2.2% for members of the Fondo Fonte and 4% for members of the Fondo Previp.

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Personnel	19	19	38	22	21	43	23	24	47
<i>Managers</i>	5	11	16	6	14	20	6	14	20
<i>Middle managers</i>	3	4	7	4	2	6	6	4	10
<i>Office workers</i>	11	4	15	12	5	17	11	6	17
Permanent contracts	100%	100%	100%	100%	95%	98%	100%	96%	98%
Full time contracts	100%	95%	97%	95%	95%	95%	96%	96%	96%
Training (hours per capita)	9.5	13.6	11.6	22.3	16.8	19.6	28	24	26
<i>Managers</i>	13.9	14.3	14.2	25.3	16.9	19.5	42	21	27
<i>Middle managers</i>	20.2	15.4	17.4	48.0	21.8	39.3	29	40	33
<i>Office workers</i>	4.6	9.8	6.0	12.2	14.3	12.8	21	22	21
Performance assessment (%)	26%	58%	42%	100%	81%	98%	30%	58%	45%
Managers	100%	100%	100%	100%	93%	95%	100%	86%	90%
<i>Middle managers</i>	0%	0%	0%	100%	100%	100%	17%	50%	30%
<i>Office workers</i>	0%	0%	0%	100%	100%	100%	0%	0%	0%

	2020	2021	2022
Gender pay gap	--	--	-50%
<i>Managers</i>	--	--	-38%
<i>Middle managers</i>	--	--	37%
<i>Office workers</i>	--	--	17%
<i>Production workers</i>	--	--	--

HEALTH, SAFETY AND WELLBEING

Italmobiliare promotes the health, safety and wellbeing of all employees, creating and maintaining safe offices and other workplaces as an essential condition for the professional growth and enhancement of its resources.

The approach adopted is aligned with the applicable national regulations, starting with a solid risk assessment, updated periodically with the support of qualified third parties. A dedicated professional contact, the presence of a doctor for both institutional and voluntary health promotion activities and the formal involvement of the social partners constitute the support organisation. Preventive reporting of anomalous or risk conditions by everyone, an accurate analysis of accidental events, even if not serious, and adequate training activities ensure continuous improvement.

In the last three years there have been no accidents of any kind to employees or non-employee workers.

The psychological and physical wellbeing of people is promoted through the offer of health and social security benefits. For middle managers, office workers and intermediate staff, the Company provides a health plan for medical examinations and specialist tests, which covers all or part of the expense. As for management staff, a free annual check-up is provided at accredited facilities.

Starting from 2022, Italmobiliare consolidated and increased the welfare initiatives introduced in previous years, including smart working for all employees, the flexibility of working hours and the portal dedicated to corporate welfare, now with a doubled budget, offering with the possibility of purchasing goods and services for themselves and their families, such as health care, leisure, tuition and book reimbursement. Finally, with the completion of the restructuring of the headquarters, the company restaurant was opened, entirely free for all employees, designed as a people-friendly space that offers healthy food, respects the environment and inspires collaboration.

ITALMOBILIARE
INVESTMENT HOLDING

**PORTFOLIO
COMPANIES**
controlled



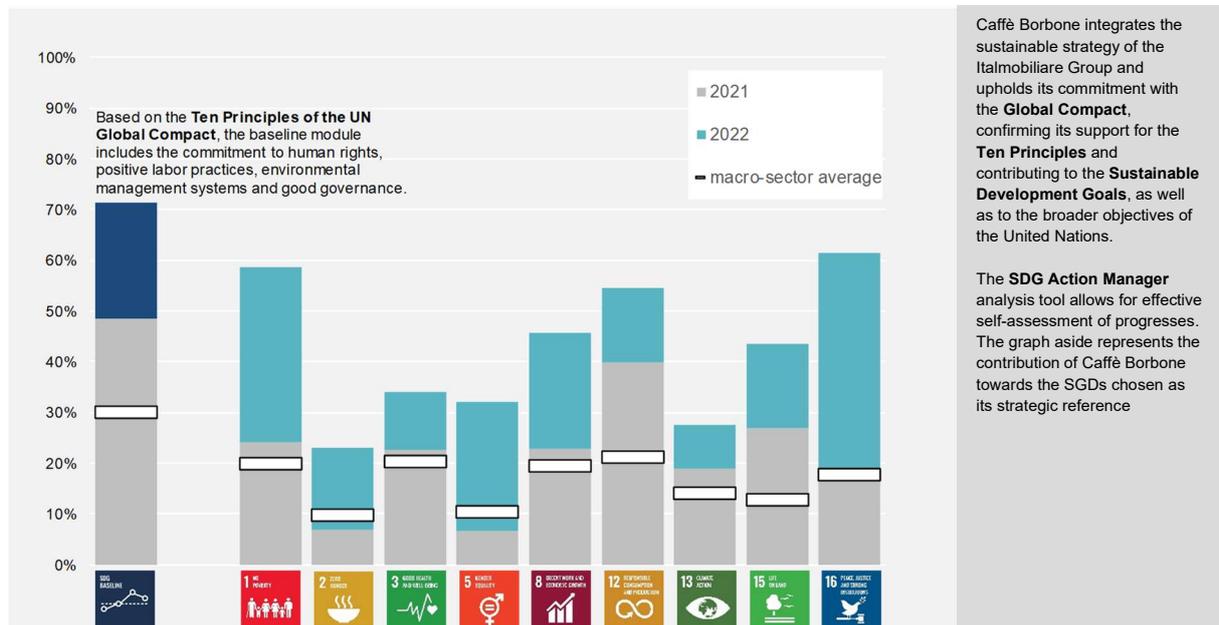
Caffè Borbone

Caffè Borbone was founded in 1997 in Caivano (Naples) as a coffee roasting and packaging business, later becoming one of the main producers specialized in compatible capsules and pods, with a dense commercial network in Italy. It has been part of the Italmobiliare Group since May 2018, as a **subsidiary with a 60% stake**.

HIGHLIGHTS

	Governance and supply chain	Strategy climate	Health, safety and well-being	Gender and human capital development
<i>The foundation</i>	Adoption of Code of Ethics and Sustainability Policies, with application extended to the entire value chain.	Monitoring with analytical detail of carbon footprint (scopes 1, 2 and 3).	Actively supporting people in addressing emerging social challenges.	Adoption of the Women Empowerment Principles (WEPs), incorporating them into identity documents.
<i>The 2022 key results</i>	 EcoVadis' Silver Medal reflects the quality of the sustainability management system.	Zero CO₂ Scope 2 since 2022 From 2022, Caffè Borbone uses only renewable electricity. Activated a new 500 kW photovoltaic system.	-42% Injuries vs 2021 Improvement of the frequency rate, strong improvement also vs 2020. It is the starting point for the zero- injuries goal.	96% People trained Training activities have resumed in full swing after the lock-down period with renewed skills development initiatives.
<i>Next challenges</i>	100% Value chain aligned with Caffè Borbone's model, including through increasing certified coffee supplies.	100% Products & services Aligned with carbon footprint mitigation and offset plans.	100% People with full safety culture as a model of ethics and business efficiency.	100% People covered by development plans aimed at growth, inclusion and gender equality.

CONTRIBUTION TO SDGs



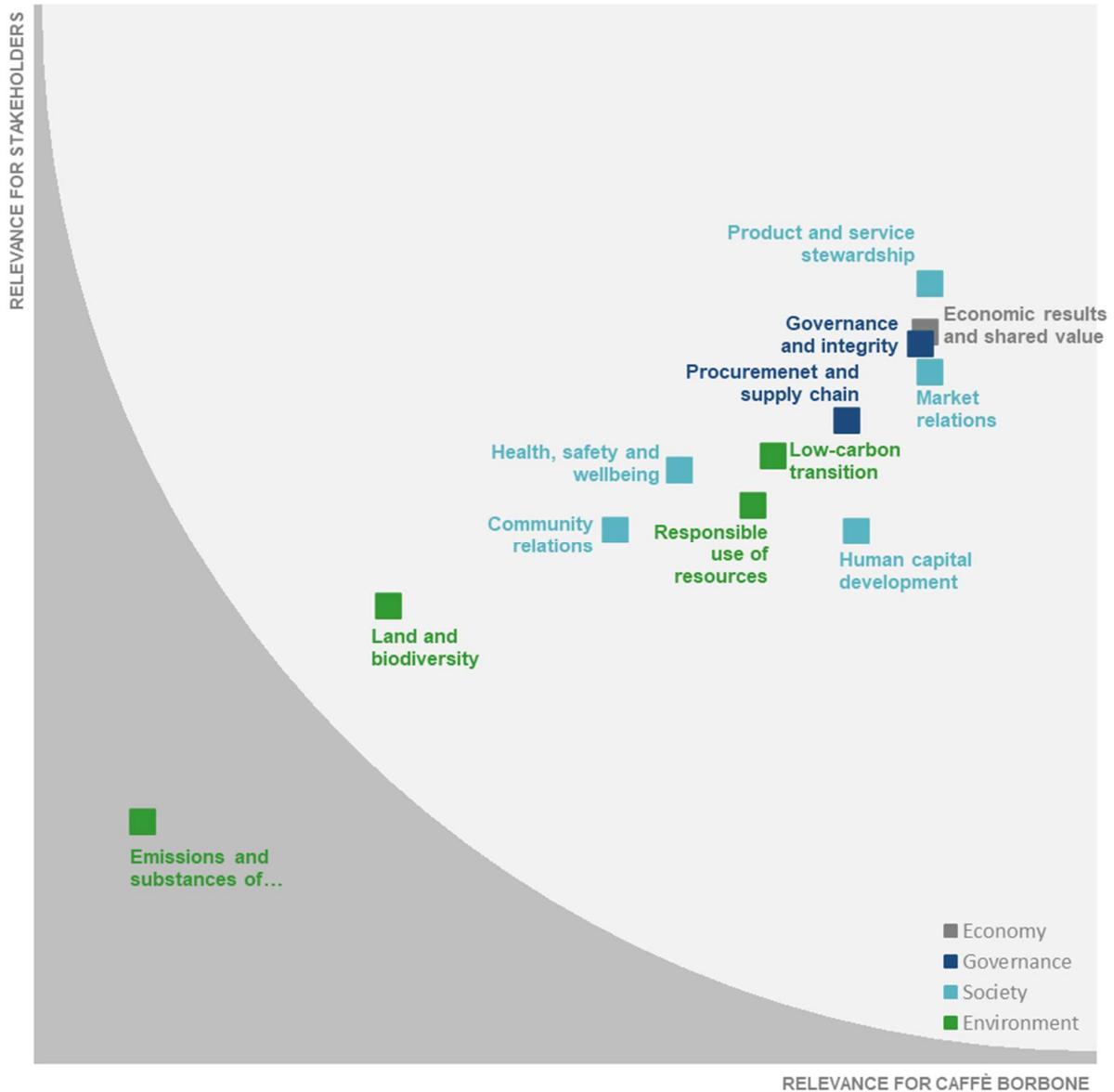
MATERIALITY

Italmobiliare and Caffè Borbone recognize the sensitive aspects of the sector, highlighting important issues for the sustainable success of the business, economic, social and environmental issues, which cover the entire value cycle, from the procurement of raw materials to management of the products' end of life.

In defining the sustainable strategy and related action plans, the materiality analysis offers an effective tool for identifying the relevant governance, economic, social and environmental issues, matching the interests of the business with the expectations of stakeholders.

The materiality matrix is built by systematically evaluating risks, opportunities, positive or negative impacts, analysing all the aspects relevant for the business with the contribution of the first line of management, the majority shareholder and finally collecting the positions expressed by the most representing stakeholders.

The result is graphically represented in the graph hereunder.



GOVERNANCE

GOVERNANCE AND INTEGRITY

The composition and management of the governance bodies, starting with the **Board of Directors**, ensure representativeness, competence and the absence of conflicts of interest, aiming at maximum operational efficiency and integrity. Women participation in the Board of Directors is at 17% (1 director out of 6).

In line with the Group's approach, the **Code of Ethics** and the **Sustainability Policies** adopted by Caffè Borbone explicitly recall the Ten Principles of the United Nations Global Compact and inspired by the highest global references. Through a sustainable approach aimed at creating shared value for the society and for the environment, Caffè Borbone intends to explore further levers of success to increase turnover and profit margins, mitigate business risk, attract capital and investors, motivate its people and consolidate the brand.

Based on that of the Parent Company and considering the specificities relating to the nature, size, type of activity or structure of internal powers, Caffè Borbone has adopted an **Organisation, Management and Control Model**, which is foreseen by law but not mandatory, to limit the risk of committing specific relevant crimes. The Supervisory Body, appointed on the basis of autonomy and independence, is responsible for the control activity. In addition to specific periodic training, the approach adopted includes a whistleblowing procedure, in order to offer employees and third parties confidential channels to raise concerns or violations of the procedure, without fear of retaliation, discrimination or disciplinary action.

More generally, Caffè Borbone implements and strengthens the **Enterprise Risk Management** system over time, according to the management framework and the risk catalogue defined at Group level, which integrate ESG issues. The process adopted allows the identification, measurement, monitoring and management of the risks, including climate risks, and helps consolidating the Group's approach.

At an operational level, the **management systems adopted for quality, food safety and environment**, represent fundamental assets to guarantee activities that are fully aligned with the corporate strategy, in a logic of continuous improvement. The integration with business processes helps to consolidate the organisational, technological and behavioural methods.

PROCUREMENT AND SUPPLY CHAIN

The main areas in the supply chain are the procurement of raw coffee, packaging materials and logistics and distribution services, which together accounted for over 60% of the total spending. In 2022, the main countries of origin of the coffee used were Uganda, India, Vietnam, and Brazil.

Coffee supplies require particular attention to the risks associated with respect for human and labour rights, as well as for environmental aspects such as deforestation and those of business integrity. To this end, Caffè Borbone creates partnerships with coffee suppliers, relying on selected international intermediaries committed to sustainability, who offer ample guarantees to align with international standards and to actively promote a sustainable coffee supply chain. Caffè Borbone aims at combining quality with responsibility and integrity in the supply chain to favour agricultural practices in balance with ecosystems, resilient to climate change and attentive to social needs, women, indigenous peoples and farmers' families.

In 2022, it has adopted the **Supplier Charter**, defining the principles to which the suppliers of goods or services and contractors shall align, in their direct activities, in contractual relations with their possible sub-suppliers or subcontractors and, in general, in the creation and management and of their respective value chains. Moreover, it has started sourcing with **certified supply lots**, in particular with the AtSource+ program by Olam Food Ingredients (Ofi), which ensures:

- Traceability of origin, with data and insights by geographical area.
- Third-party verification, covering also the application of the Olam Food Ingredients Supplier Code.
- Initiatives and programs aimed at the economic, social and environmental development of farmers.

In 2022, this supply represented 10% of coffee purchases, with a clearly increasing trend also involving other traders with similar certification schemes.

SOCIETY

HUMAN CAPITAL DEVELOPMENT

Caffè Borbone benefits from the value of 278 specialized and motivated people (overall turnover 16%, 31 new hires and 13 exits). Direct employees, by choice mainly of local origin, are all covered by collective bargaining agreements. 18% of managerial positions are held by women.

A significant use of non-employee workers, partly to enable job rotations. In 2022, there were 48 temporary agency workers, agents, self-employed workers and interns. Social dialogue flows in an open and constructive way, ensuring the protection of workers' health and the continuity of production activities and supporting the provision of training at all levels.

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Personnel	8	210	218	17	243	260	22	256	278
<i>Managers</i>	1	5	6	1	7	8	1	7	8
<i>Middle managers</i>	0	4	4	0	4	4	2	7	9
<i>Office workers</i>	7	19	26	16	30	46	19	31	50
<i>Production workers</i>	0	182	182	0	202	202	0	211	211
Permanent contracts	100%	90%	91%	94%	93%	93%	86%	93%	93%
Full time contracts	100%	98%	98%	82%	98%	97%	86%	97%	96%
Training (hours per capita)	1.0	3.5	3.4	85.5	6.7	11.9	35	10	12
<i>Managers</i>	0.0	0.0	0.0	4.0	5.7	5.5	33	37	37
<i>Middle managers</i>	0.0	0.0	0.0	0.0	7.0	7.0	20	15	16
<i>Office workers</i>	1.1	0.4	0.6	90.6	19.0	43.9	36	19	25
<i>Production workers</i>	0.0	4.0	4.0	0.0	4.9	4.9	0	8	8
Performance assessment (%)	63%	10%	10%	24%	8%	9%	36%	13%	14%
<i>Managers</i>	100%	100%	100%	100%	57%	63%	100%	100%	100%
<i>Middle managers</i>	0%	100%	100%	0%	100%	100%	100%	86%	89%
<i>Office workers</i>	57%	42%	46%	19%	33%	28%	26%	48%	40%
<i>Production workers</i>	0%	0%	0%	0%	0%	0%	0%	2%	2%

	2020	2021	2022
Gender pay gap	--	--	32%
<i>Managers</i>	--	--	53%
<i>Middle managers</i>	--	--	-24%
<i>Office workers</i>	--	--	-12%
<i>Production workers</i>	--	--	--

HEALTH, SAFETY AND WELLBEING

Caffè Borbone promotes the health, safety and wellbeing of all employees, including companies, suppliers, visitors, customers and the local community in the approach.

The approach adopted is aligned with the applicable national regulations, starting with a solid risk assessment, updated periodically with the support of qualified third parties. The interaction between people and mobile vehicles, process machines with moving mechanical parts and the presence of flammable materials are the prevailing risk conditions identified. A dedicated internal contact, the availability of a doctor for both institutional and voluntary health promotion activities and the formal involvement of the social partners constitute the support organisation. Preventive reporting of anomalous or risk conditions by everyone, an accurate analysis of accidental events, even if not serious, and adequate training activities ensure continuous improvement.

In line with the adopted Sustainability Policies, Caffè Borbone intends to further develop the safety management, starting from management leadership that supports a motivational, organisational, and operational system. Far beyond simple legislative compliance, this approach aims to build a true culture of safety, protecting the safety of anyone involved in operational activities and, at the same time, improving managerial skills and motivations for achieving broader results objectives.

In parallel, the process of alignment the safety management system to the ISO 45001 standard has been initiated, targeting the certification.

		2020	2021	2022
Employees injuries		3	5	3
<i>Fatalities</i>		0	0	0
<i>Serious injuries</i>	<i>with absence from work for at least 180 days</i>	0	0	1
<i>Injuries</i>	<i>with absence from work between 1 and 180 days</i>	3	5	2
Frequency rate	number of injuries per million hours worked	8.1	11.5	6.6
Severity rate	lost days per thousand hours worked	0.0	0.1	0.3
Non-employees injuries		0	2	0
<i>Fatalities</i>		0	0	0
<i>Serious injuries</i>	<i>with absence from work for at least 180 days</i>	0	0	0
<i>Injuries</i>	<i>with absence from work between 1 and 180 days</i>	0	2	0
Frequency rate	number of injuries per million hours worked	0.0	34.6	0.0

PRODUCT AND SERVICE STEWARDSHIP

Caffè Borbone creates, produces and markets coffee in capsules, pods, beans or ground coffee according to quality regulations.

Adding sustainable value to a recognised quality product is a clear line of strategy for Caffè Borbone. In addition to the responsible procurement of raw materials and the efficient management of the production site, particular attention is paid to the choice of materials used for the production of pods, capsules, ground coffee or beans and related wrapping and packaging.

In 2022, 34% of production volume consists of coffee in pods certified as compostable and distributed in packaging, easily recyclable as paper. In addition, the product range includes growing shares of coffee in compostable and aluminium capsules, both solutions that allow for easier post-consumer valorisation. Finally, the coffee sold as ground or in beans through e-commerce qualifies as "Climate Pledge Friendly" thanks to packaging with an efficient design for shipping.

The paper and cardboard used for packaging are FSC MIX certified, with at least 70% FSC certified or recycled materials.

MARKET AND COMMUNITIES

Food quality and safety are ensured throughout the entire production process with advanced and integrated management systems, which thanks to the effectiveness demonstrated and verified over time have obtained formal third-party certification.

ISO 9001	<p>The ISO 9001 standard lays down the requirements of an organisation quality management system.</p> <p>It is the reference standard for companies that want to submit their production process to quality control in a cyclical manner, starting with the requirements of customers, expressed or otherwise, through to the monitoring of the entire production process, from the procurement of raw materials and utilities to the finished products.</p>	System certified by DNV-GL
IFS FOOD STANDARD	<p>The IFS standard, which is applicable to companies in the food sector, identifies the specific elements of a management system focused on product quality and safety from a hygiene and health point of view.</p> <p>It provides for the adoption of reference good practices, a Hazard Analysis Critical Control Point (HACCP) system, a documented quality management system, control of standards for the workplace, for the product, for the process and for the staff. It also requires defined specifications for raw materials, intermediates/semifinished products and products, monitoring of suppliers and the pro-active management of environmental aspects such as waste management and industrial hygiene.</p>	System certified by DNV-GL

Attention to customers and consumers is completed by the management of customer satisfaction and data protection, adopting and continuously improving its application of the legislative and voluntary standards. This approach also includes the shopping experience through digital channels, which the company tries to optimise in terms of user-friendliness and security.

Caffè Borbone actively promotes responsible lifestyles through its brand. Wrappers contain clear and detailed information on the correct way to dispose of waste after use, in order to benefit fully from the products' characteristics of compostability and recyclability.

Caffè Borbone is aware that some activities in the value chain can have significant potential and actual negative impacts on local communities. Promoting sustainability also means taking care of those who, at the origin of the coffee supply chain, are committed to improving the yield and quality of crops, supporting fair and inclusive ways of working and contributing to global challenges by adopting sustainable agricultural practices. In 2022 Caffè Borbone launched a project in Uganda in partnership with Olam Food Ingredients (Ofi), called **Mwany** (coffee in the local language). Thanks to a contribution of €100k per year for five years, the project aims to increase the participation of young people and women in the sustainable production of coffee, increasing employment, providing better product quality, improving profitability for small producers and fighting precariousness and rural exodus. Financial literacy, sustainable cultivation competences and facilitation of access to credit are the main levers.

The many social initiatives on the national territory and for the community close to the production plant in Italy also fit into this same logic.

Caffè Borbone supports with scholarships, donations, in-kind activities and the provision of people, non-profit organizations committed to the recovery of complicated quarters of five Italian cities selected according to commitment and need, to combat early school leaving.

Finally, Caffè Borbone chooses the most active universities in the field of research to start collaborations aimed at improving the circularity of its production, for example by enhancing the use of coffee as a raw material for the production of bioplastics and pallets.

ENVIRONMENT

RESPONSIBLE USE OF RESOURCES

Raw materials and energy are procured on the basis of production demand, with the aim of maximising process efficiency and minimising waste. As an example, in the roasting phase, coffee beans have a weight loss of 15-20%. Two by-products are recovered from the roasters: silverskin, the film that wraps the coffee bean, and screening coffee powders. Both fractions are sent for composting or other forms of valorisation. Even the coffee jute bags are partially sold to manufacturing activities managed by a social enterprise.

The computerised management of the entire cycle makes it possible to monitor the use of resources and improve traceability, which is also essential for guaranteeing food safety. The environmental management system adopted has received the certification according to the ISO 14001 standard.

Water consumption at the plant is limited to sanitary uses. However, Caffè Borbone is aware of the significant water footprint of its supply chain.

	units	2020	2021	2022
Raw materials		39,680	43,150	42,017
Coffee		25,829	28,619	28,147
Compostable paper for pods and capsules		444	412	341
Aluminium for capsules		0	0	5
Plastic for capsules		2,388	2,614	2,568
Compostable plastic for capsules		0	3	2
CO ₂ refrigerant	t	761	700	511
Packaging		10,258	10,803	10,443
Aluminium		286	147	189
Cardboard		6,577	6,440	6,072
Plastic		323	299	284
Poly laminate (plastic prevalence)		3,072	2,526	1,657
Poly laminate (paper prevalence)		0	1,391	2,242
	units	2020	2021	2022
Energy consumed		126,330	134,605	123,605
Thermal: natural gas		102,091	105,897	92,398
Non-renewable energy purchased		24,239	25,470	0
Renewable energy self-produced	GJ	0	2,183	29,678
Automotive: diesel		0	1,054	1,376
Energy sold to the grid		392	379	407
Renewable energy self-produced		392	379	407

The waste generated by the production process can become a resource for other consumption or production cycles. With this awareness, in 2022 around 1,600 tons of waste were sent for valorisation. In any case, the remainder is sent to energy recovery or controlled disposal destinations, where further partial valorisation is possible.

	units	2020	2021	2022
Valorisation of waste generated		2,114	2,046	1,829
Hazardous waste		0	1	0
% Material recovery		57%	71%	50%
% Energy recovery or disposal	t	43%	29%	50%
Non-hazardous waste		2114	2045	1829
% Material recovery		77%	77%	87%
% Energy recovery or disposal		23%	23%	13%

LOW-CARBON TRANSITION

Caffè Borbone supports Italmobiliare in his commitment to company-wide emission reductions in line with climate science with the Science Based Targets initiative (SBTi). The SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science, accelerating companies to halve emissions before 2030 and achieve net-zero emissions before 2050.

Caffè Borbone is committed to mitigating the climate-altering effects of its activity along the entire value chain. Supplier selection, production process efficiency, eco-design of product and packaging, logistics optimization are the areas of greatest attention. Two photovoltaic systems are active at the plant. The first, of around 50kW, feeds over 100,000 electric kilowatt hours into the grid a year. The second, of 500 kW, went into operation at the end of 2022 and is entirely dedicated to self-consumption. Since 2022, the Caffè Borbone production plant has used exclusively renewable electricity, through self-production, dedicated supply contracts or the purchase of certificates of guarantee of origin.

	units	2020	2021	2022	2022
Carbon Footprint		156,055	180,122	183,817	
Scope 3 Upstream		65,421	79,696	87,828	48%
1. Purchased products and services		51,491	60,380	66,527	36%
2. Capital goods		n.m.	n.m.	n.m.	0%
3. Fuel-and energy-related activities (not included in Scope 1 and Scope 2 emissions)		--	--	--	0%
4. Upstream transportation and distribution		13,930	19,316	19,424	11%
5. Waste generated by the sites		n.m.	n.m.	0	0%
6. Business travel		n.m.	n.m.	60	0%
7. Employee commuting		n.m.	n.m.	1,817	1%
8. Upstream leased assets		--	--	--	0%
Scope 1	t CO₂	5,767	6,046	5,304	3%
Scope 2 market based		3,138	3,244	0	0%
<i>location based</i>		2,262	2,420	2,597	
Scope 3 Downstream		81,729	91,136	90,685	49%
9. Downstream transportation and distribution		4,484	4,969	5,493	3%
10. Processing of sold products		--	--	18,382	10%
11. Use of sold products		76,627	85,492	66,148	36%
12. End-of-life treatment of sold products		617	675	662	0%
13. Downstream leased assets		--	--	0	0%
14. Franchises		--	--	0	0%
15. Investments		--	--	0	0%
Emissioni evitate (location based)		37	224	2,632	
From photovoltaic production	t CO₂	37	33	36	
From hydroelectric production		0	0	0	
From renewable electricity purchased		0	191	2,597	
Carbon Intensity					
Scope 1+2 market based	t CO₂ / M€ Revenues	40.6	36.8	20.2	



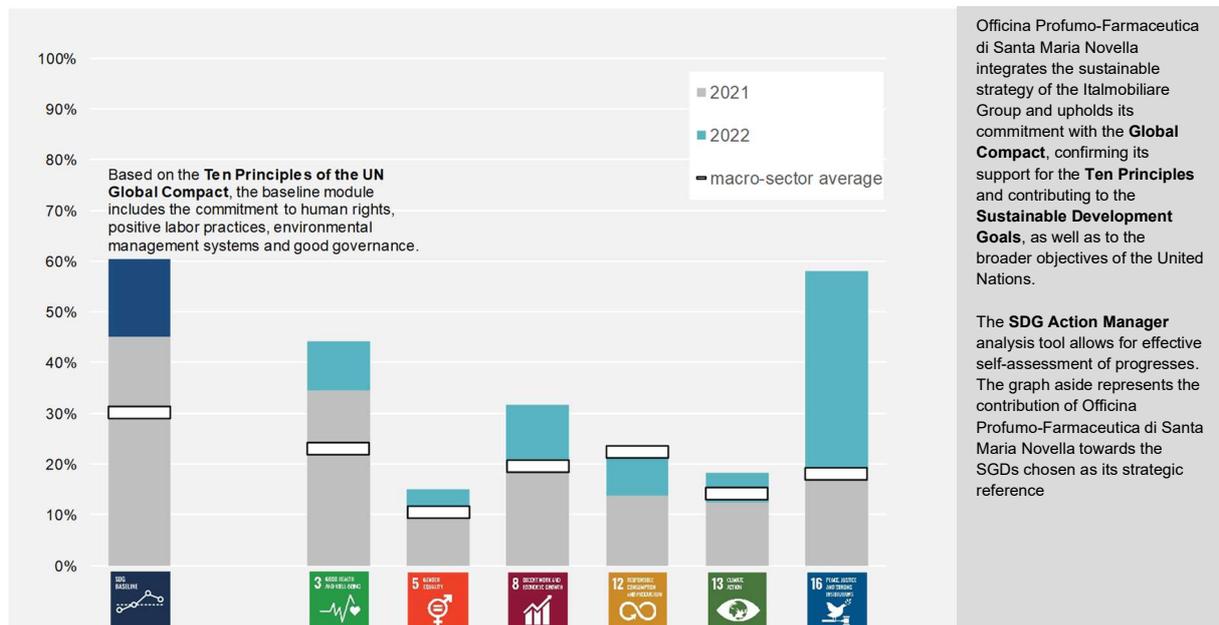
Officina Profumo-Farmaceutica di Santa Maria Novella

In Florence, for eight centuries and always in the same places, Officina Profumo-Farmaceutica di Santa Maria Novella creates, produces and distributes high-end perfumes and cosmetics, and products for health and well-being. It has been part of Italmobiliare Group since January 2020, as a **subsidiary with a 95% stake**.

HIGHLIGHTS

	Governance and supply chain	Strategy climate	Health, safety and well-being	Gender and human capital development
<i>The foundation</i>	Adoption of Code of Ethics and Sustainability Policies, with application extended to the entire value chain.	Monitoring with analytical detail of carbon footprint (scopes 1, 2 and 3).	Actively supporting people in addressing emerging social challenges.	Adoption of the Women Empowerment Principles (WEPs), incorporating them into identity documents.
<i>The 2022 key results</i>	>75% Qualifies suppliers With the adoption of the Supplier Charter, all supply chain partners were sent a detailed ESG pre-qualification questionnaire.	70% Renewable/recycled Raw materials used for packaging with renewable or recycled origin help reduce the carbon footprint.	81% Renewables The pursuit of well-being begins with the selection of ingredients of renewable origin, in line with society's expectations.	+17 h/pp Training Training activities resumed at full capacity after the lock-down period, with new initiatives to develop competences.
<i>Next challenges</i>	100% Value chain aligned with Officina Profumo-Farmaceutica di Santa Maria Novella's model, including through increasing certified coffee supplies.	100% Products aligned with carbon footprint mitigation and offset plans.	100% People with full safety culture as a model of ethics and business efficiency.	100% People covered by development plans aimed at growth, inclusion and gender equality.

CONTRIBUTION TO SDGs



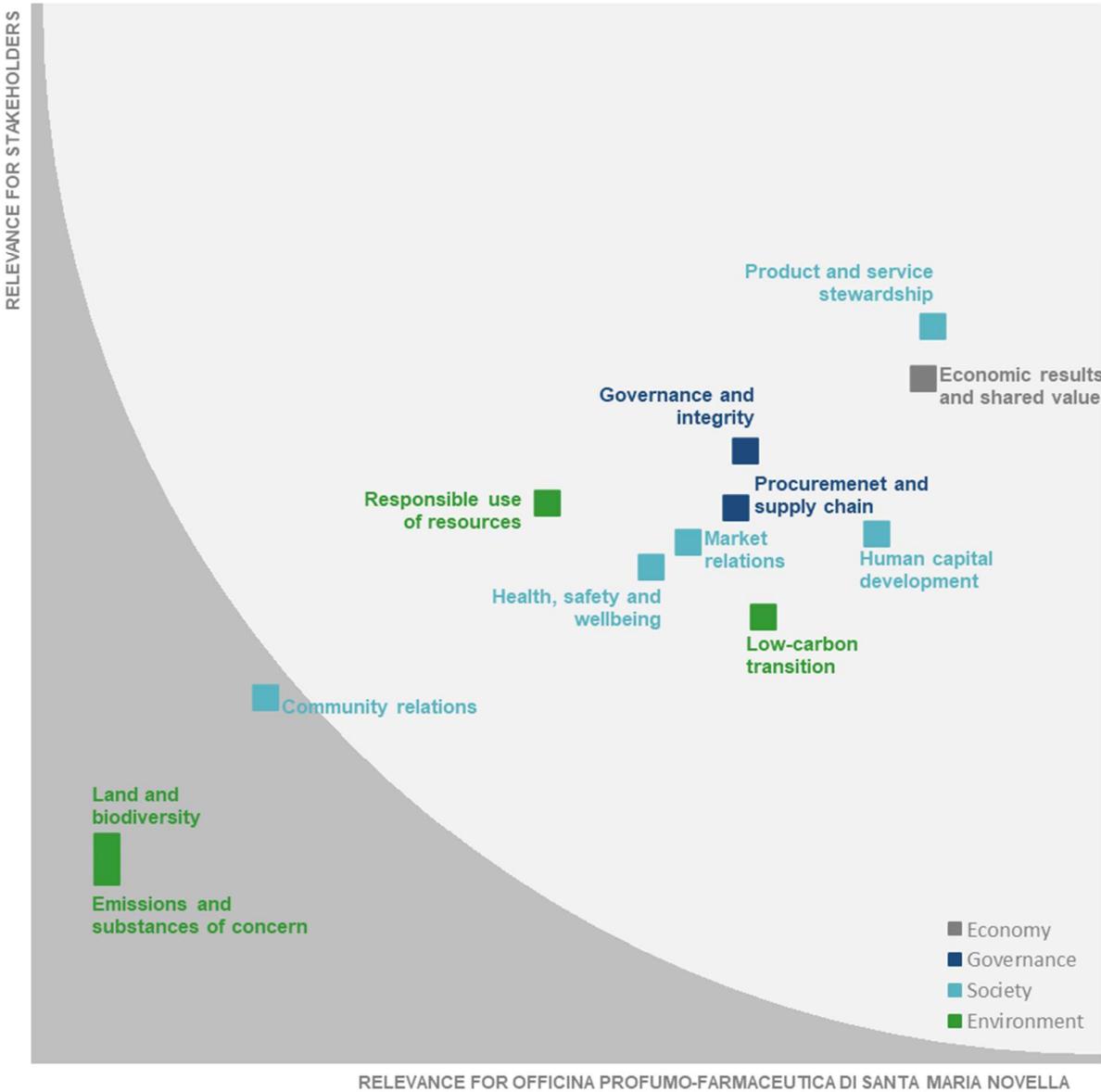
MATERIALITY

Italmobiliare and Officina Profumo-Farmaceutica di Santa Maria Novella recognize the sensitive aspects of the sector, highlighting important issues for the sustainable success of the business, economic, social and environmental issues, which cover the entire value cycle, from the procurement of raw materials to management of the products' end of life.

In defining the sustainable strategy and related action plans, the materiality analysis offers an effective tool for identifying the relevant governance, economic, social and environmental issues, matching the interests of the business with the expectations of stakeholders.

The materiality matrix is built by systematically evaluating risks, opportunities, positive or negative impacts, analysing all the aspects relevant for the business with the contribution of the first line of management, the majority shareholder and finally collecting the positions expressed by the most representing stakeholders.

The result is graphically represented in the graph hereunder.



GOVERNANCE

GOVERNANCE AND INTEGRITY

The composition and management of the governance bodies, starting with the **Board of Directors**, ensure representativeness, competence and the absence of conflicts of interest, aiming at maximum operational efficiency and integrity. Women participation in the Board of Directors is at 29% (2 directors out of 7).

In line with the Group's approach, the **Code of Ethics** and the **Sustainability Policies** adopted by Officina Profumo-Farmaceutica di Santa Maria Novella explicitly recall the Ten Principles of the United Nations Global Compact and inspired by the highest global references. Through a sustainable approach aimed at creating shared value for the society and for the environment, Officina Profumo-Farmaceutica di Santa Maria Novella intends to explore further levers of success to increase turnover and profit margins, mitigate business risk, attract capital and investors, motivate its people and consolidate the brand.

Based on that of the Parent Company and considering the specificities relating to the nature, size, type of activity or structure of internal powers, Officina Profumo-Farmaceutica di Santa Maria Novella has adopted an **Organisation, Management and Control Model**, which is foreseen by law but not mandatory. It is designed to limit the risk of committing specific relevant crimes. The Supervisory Body, appointed on the basis of autonomy and independence, is responsible for the control activity. In addition to specific periodic training, the approach adopted includes the whistleblowing procedure for reporting unlawful behaviour, in order to offer employees and third parties confidential channels to raise concerns or violations of the procedure, without fear of retaliation, discrimination or disciplinary action.

More generally, Officina Profumo-Farmaceutica di Santa Maria Novella implements and strengthens the **Enterprise Risk Management** system over time, according to the management framework and the risk catalogue defined at Group level, which integrate ESG issues. The process adopted allows the identification, measurement, monitoring and management of the risks, including climate risks, and helps consolidating the Group's approach.

At an operational level, the ongoing implementation of **management systems** represent an additional asset to guarantee activities that are fully aligned with the corporate strategy, in a logic of continuous improvement. The integration with business processes helps to consolidate the organisational, technological and behavioural methods.

PROCUREMENT AND SUPPLY CHAIN

The supply chain of Officina Profumo-Farmaceutica di Santa Maria Novella mainly includes the basic raw materials, ingredients and fragrances that enter the formulation of a complex range of products. Equally significant are the supplies of packaging materials and logistic-distribution services.

In 2022, the **Supplier Charter** was adopted, defining the principles to which the suppliers of goods or services and contractors shall align, in their direct activities, in contractual relations with their possible sub-suppliers or subcontractors and, in general, in the creation and management and of their respective value chains. In the prequalification process all suppliers were asked to complete an online questionnaire covering human and labour rights, respect for the environment and business integrity.

In the following selection of suppliers and supplies, with the same characteristics, ingredients from the national or European territory and from recovery are preferentially selected, made by companies with certifiable processes according to international standards for the quality and safety of products. The ingredients identified as critical for aspects of product quality or safety, but also for social aspects, including risks connected to human and labour rights, or environmental aspects in the supply chain are replaced with alternative products.

With the aim to mitigate the dependence on a small number of suppliers, in recent years Officina Profumo-Farmaceutica di Santa Maria Novella has internally reformulated some fragrances not covered by intellectual property rights, starting their direct production.

Moreover, the company maintains partnerships with suppliers of selected packaging materials, with the aim of increasing the share of recyclable and recovered packaging.

SOCIETY

HUMAN CAPITAL DEVELOPMENT

Officina Profumo-Farmaceutica di Santa Maria Novella benefits from the value of 187 specialized and motivated people (overall turnover 67%, 86 new hires and 40 exits). 2022 saw a strong restructuring of the headquarters staff and the opening of new owned stores. The direct employees, who work mainly in the production plant and in the shops on the Italian territory, are fully covered by a collective bargaining agreement. The 35 employees of businesses in France, UK and US comply with local labor regulations. 60% of managerial positions are held by women.

A significant use of non-employee workers was made. In 2022, there were 84 temporary workers, self-employed workers and interns. The social dialogue, even in the absence of trade union organizations, flows in an open and constructive way, ensuring the protection of workers' health and the continuity of production activities, and supporting the delivery of training at all levels.

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Personnel	--	--	--	98	43	141	131	56	187
<i>Managers</i>	--	--	--	1	4	5	2	5	7
<i>Middle managers</i>	--	--	--	9	3	12	12	10	22
<i>Office workers</i>	--	--	--	68	19	87	97	19	116
<i>Production workers</i>	--	--	--	20	17	37	20	22	42
Permanent contracts	--	--	--	89%	98%	91%	82%	88%	83%
Full time contracts	--	--	--	59%	98%	71%	66%	96%	75%
Training (hours per capita)	--	--	--	14.4	11.7	13.6	27	41	31
<i>Managers</i>	--	--	--	8.0	6.5	6.8	19	10	12
<i>Middle managers</i>	--	--	--	13.2	2.7	10.6	25	11	18
<i>Office workers</i>	--	--	--	16.7	17.2	16.8	28	28	28
<i>Production workers</i>	--	--	--	7.7	8.3	8.0	25	72	50
Performance assessment (%)	--	--	--	1%	5%	2%	8%	13%	10%
<i>Managers</i>	--	--	--	100%	50%	60%	100%	60%	71%
<i>Middle managers</i>	--	--	--	0%	0%	0%	67%	30%	50%
<i>Office workers</i>	--	--	--	0%	0%	0%	1%	5%	2%
<i>Production workers</i>	--	--	--	0%	0%	0%	0%	0%	0%

	2020	2021	2022
Gender pay gap	--	--	-34%
<i>Managers</i>	--	--	-11%
<i>Middle managers</i>	--	--	-1%
<i>Office workers</i>	--	--	-29%
<i>Production workers</i>	--	--	-10%

HEALTH, SAFETY AND WELLBEING

Officina Profumo-Farmaceutica di Santa Maria Novella promotes the health, safety and wellbeing of all employees, including companies, suppliers, visitors, customers and the local community in the approach.

The approach adopted is aligned with the applicable national regulations, starting with a solid risk assessment, updated periodically with the support of qualified third parties. The interaction between people and mobile vehicles, process machines with moving mechanical parts and the presence of flammable materials are the prevailing risk conditions identified. A dedicated internal contact, the availability of a doctor for both institutional and voluntary health promotion activities and the formal involvement of the social partners constitute the support organisation. Preventive reporting of anomalous or risk conditions by everyone, an accurate analysis of accidental events, even if not serious, and adequate training activities ensure continuous improvement.

In line with the adopted Sustainability Policies, Officina Profumo-Farmaceutica di Santa Maria Novella intends to further develop the safety management, starting from management leadership that supports a motivational, organisational, and operational system. Far beyond simple legislative compliance, this approach aims to build a true culture of safety, protecting the safety of anyone involved in operational activities and, at the same time, improving managerial skills and motivations for achieving broader results objectives.

In order to improve well-being and work-life balance, smart working has been introduced for all compatible functions.

		2020	2021	2022
Employees injuries		0	1	1
<i>Fatalities</i>		0	0	0
<i>Serious injuries</i>	<i>with absence from work for at least 180 days</i>	0	0	0
<i>Injuries</i>	<i>with absence from work between 1 and 180 days</i>	0	1	1
Frequency rate	number of injuries per million hours worked	0.0	5.3	3.4
Severity rate	lost days per thousand hours worked	0.0	0.1	0.3
Non-employees injuries		0	0	0
<i>Fatalities</i>		0	0	0
<i>Serious injuries</i>	<i>with absence from work for at least 180 days</i>	0	0	0
<i>Injuries</i>	<i>with absence from work between 1 and 180 days</i>	0	0	0
Frequency rate	number of injuries per million hours worked	0.0	0.0	0.0

PRODUCT AND SERVICE STEWARDSHIP

Officina Profumo-Farmaceutica di Santa Maria Novella operates in full compliance with the complex regulatory system applicable to the sector. The launch of new products is subjected to rigorous testing procedures, conducted in accordance with the law, which also concern the effects on health and those deriving from possible incorrect use. continuous quality and safety standards.

The continuous research and development activity of Officina Profumo-Farmaceutica di Santa Maria Novella has among the main drivers the reduction of the environmental footprint generated by the production, use and end-of-life of the products marketed. This happens both through a progressive reformulation of the recipes, aimed not only at improving the customer experience but also at increasing the presence of ingredients of natural origin or, in any case, with a higher environmental value, such as a lower carbon or water footprint, and the low water demand in the use phase.

Similar attention is paid to the evolutionary development of packaging, primary and secondary, through dimensional resizing, aimed at reducing its weight, or by introducing increasing quantities of materials of renewable origin, coming from recycling or in any case easily recyclable. Currently, the glass supplied contains on average 15% of material recovered directly in the production cycle. For some references, the satin-finished glass

has been replaced with transparent glass to reduce the necessary processing steps and the consequent energy consumption. On the main product lines, the plastics used are switching from PE to recyclable PET and, in a second step, to R-PET, that is recycled PET. The paper and cardboard are FSC certified.

Finally, R&D design formulations and packaging according to a specification for ESG footprint evaluation, which must return indications in line with the company's objectives for products under development and launch and clearly evolutionary results for updates to existing products.

MARKET AND COMMUNITIES

Compliance with the relevant regulations, quality and, for some product lines, even food safety, are ensured throughout the entire production process with constantly evolving management systems. In fact, for the production of cosmetics, the formal certification process of the management system adopted according to good manufacturing practices (GMP - ISO 22716), in terms of quality and safety for the consumer, is in progress. This harmonized standard, specially designed for the cosmetic industry, provides guidelines for the production, control, storage and shipping of cosmetic products.

The attention to customers and consumers is completed by the management of customer satisfaction and data protection, with the alignment and continuous improvement of the application of the applicable legislative and voluntary standards, including the optimization of the shopping experience through digital channels, in terms of usability and safety. The company constantly detects customer complaints, through customer care, digital channels and the distribution network, as a continuous stimulus for improvement

ENVIRONMENT

RESPONSIBLE USE OF RESOURCES

Cosmetic quality water and ethyl alcohol of agricultural origin are the main raw materials used. To these are added, according to the different product lines, a wide variety of ingredients, fragrances, and essences mainly of natural origin. Primary and secondary packaging, mainly in glass, plastic and paper, constitute a significant fraction of the material consumption.

Energy needs are limited. The electricity used is exclusively renewable, self-produced by a photovoltaic system or purchased with a guarantee of origin.

The withdrawal of water is mainly (over about 85%) intended for sanitary uses. The resource is managed with particular attention, as the plant is in an area at risk of water stress.

	units	2020	2021	2022
Raw materials		0	501	1,142
Renewable		0	137	168
<i>Water</i>		0	65	134
<i>Ethanol</i>		0	21	34
<i>Other</i>		0	51	0
Non-renewable		0	44	0
Packaging	t	0	320	974
<i>Glass</i>		0	188	422
<i>Paper</i>		0	80	454
<i>Ceramics</i>		0	22	37
<i>Plastic</i>		0	18	27
<i>Metals</i>		0	10	23
<i>Other</i>		0	2	11
	units	2020	2021	2022
Energy consumed		0	9,932	11,284
<i>Thermal: natural gas</i>		0	5,935	6,919
<i>Non-renewable energy purchased</i>		0	3,485	3,744
<i>Renewable energy self-produced</i>	GJ	0	420	433
<i>Automotive: diesel</i>		0	94	188
Energy sold to the grid		0	420	433
<i>Renewable energy self-produced</i>		0	1	1
Water		0	3,551	4,211
<i>Withdrawn from wells</i>	m3	0	43	42
<i>Withdrawn from an aqueduct</i>		0	0	0

The waste generated from the production process can become a resource for other consumption or production cycles. With this awareness, in 2022 almost 70 tons of waste were sent for valorisation. In any case, the remainder is sent to energy recovery or controlled disposal destinations, where further partial valorisation is possible.

	units	2020	2021	2022
Valorisation of waste generated		0	48	96
Hazardous waste		0	24	34
<i>% Materia recovery</i>		0%	35%	59%
<i>% Energy recovery or disposal</i>	t	0%	65%	41%
Non-hazardous waste		0	25	62
<i>% Material recovery</i>		0%	93%	92%
<i>% Energy recovery or disposal</i>		0%	7%	8%

LOW-CARBON TRANSITION

Officina Profumo-Farmaceutica di Santa Maria Novella supports Italmobiliare in his commitment to company-wide emission reductions in line with climate science with the Science Based Targets initiative (SBTi). The SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science, accelerating companies to halve emissions before 2030 and achieve net-zero emissions before 2050.

Direct emissions (Scope 1) are limited while indirect emissions (Scope 2) are already totally neutralised. The carbon footprint depends almost entirely on the emissions of the value chain (Scope 3), which Officina Profumo-Farmaceutica di Santa Maria Novella strives to analyse more and more in detail to highlight mitigation opportunities. The ongoing initiatives on packaging go in this direction.

	units	2020	2021	2022	2022
Carbon Footprint			6,984	11,372	
Scope 3 Upstream			557	1,463	13%
1. Purchased products and services			557	1,396	12%
2. Capital goods			n.m.	n.m.	0%
3. Fuel-and energy-related activities (not included in Scope 1 and Scope 2 emissions)			--	--	0%
4. Upstream transportation and distribution			n.m.	n.m.	0%
5. Waste generated by the sites			n.m.	n.m.	0%
6. Business travel			n.m.	67	0%
7. Employee commuting			n.m.	n.m.	0%
8. Upstream leased assets			--	--	0%
Scope 1	t CO₂		341	403	4%
Scope 2 market based			0	0	0%
<i>location based</i>			342	365	
Scope 3 Downstream			6,086	9,507	84%
9. Downstream transportation and distribution			2,814	4,937	43%
10. Processing of sold products			--	--	0%
11. Use of sold products			3,265	4,549	40%
12. End-of-life treatment of sold products			7	21	0%
13. Downstream leased assets			--	--	0%
14. Franchises			--	--	0%
15. Investments			--	--	0%
Emissioni evitate (location based)			342	365	
From photovoltaic production			37	38	
From hydroelectric production	t CO₂		0	0	
From renewable electricity purchased			305	328	
Carbon Intensity					
Scope 1+2 market based	t CO₂ / M€ Revenues		11.4	8.6	

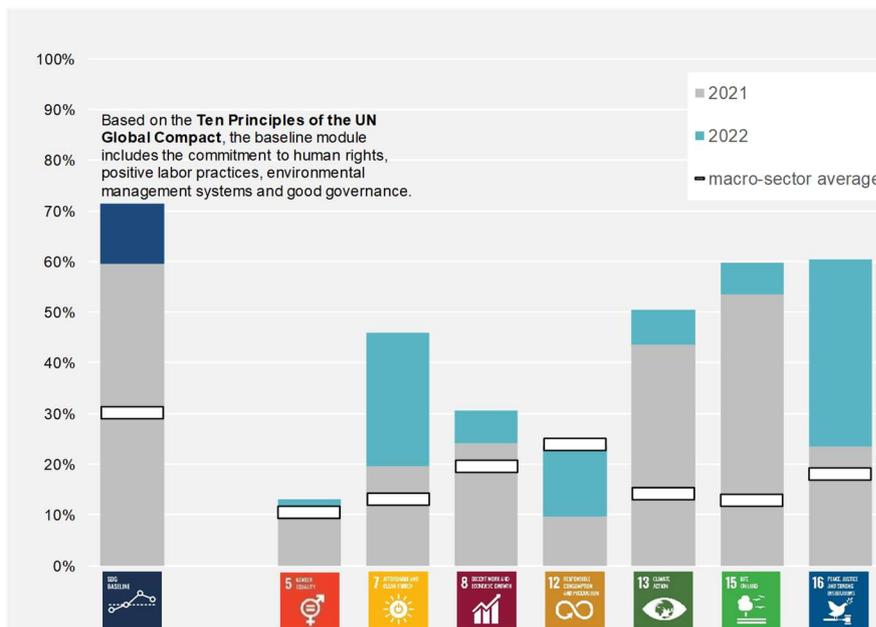
Italgen

Founded in 2001, capitalising on the experience gained as part of the Italcementi Group, Italgen operates as a producer and distributor of electricity from renewable sources, thanks to a production structure consisting of 28 concessions for hydroelectric derivation located in Lombardy, Piedmont and Veneto. It has been part of the Italmobiliare Group since May 2016, as a **subsidiary with a 100% stake**.

HIGHLIGHTS

	Governance and supply chain	Strategy climate	Health, safety and well-being	Gender and human capital development
<i>The foundation</i>	Adoption of Code of Ethics and Sustainability Policies, with application extended to the entire value chain.	Monitoring with analytical detail of carbon footprint (scopes 1, 2 and 3).	Actively supporting people in addressing emerging social challenges.	Adoption of the Women Empowerment Principles (WEPs), incorporating them into identity documents.
<i>The 2022 key results</i>	<p>The legality rating is a summary indicator of companies' compliance with high standards of legality.</p>	<p>1,8 MW</p> <p>Photovoltaic</p> <p>Photovoltaic systems installed at third-party companies are in addition to the well-established hydroelectric generating capacity.</p>	<p>Zero</p> <p>Injuries</p> <p>Commitment to ensuring a safe working environment by promoting people's mental and physical well-being must be continuous.</p>	<p>+12 h/pp</p> <p>Training</p> <p>Training activities resumed at full capacity after the lock-down period, involving 100 percent of the people.</p>
<i>Next challenges</i>	<p>100%</p> <p>Value chain</p> <p>aligned with Italgen's virtuous model</p>	<p>100%</p> <p>Services</p> <p>aligned with the carbon footprint mitigation and offset needs of Italian companies.</p>	<p>100%</p> <p>People</p> <p>able to promote to all stakeholders the culture of safety by inviting the adoption of virtuous behavior.</p>	<p>100%</p> <p>People</p> <p>covered by development plans aimed at growth, inclusion and gender equality.</p>

CONTRIBUTION TO SDGs



Italgen integrates the sustainable strategy of the Italmobiliare Group and upholds its commitment with the **Global Compact**, confirming its support for the **Ten Principles** and contributing to the **Sustainable Development Goals**, as well as to the broader objectives of the United Nations.

The **SDG Action Manager** analysis tool allows for effective self-assessment of progresses. The graph aside represents the contribution of Italgen towards the SDGs chosen as its strategic reference

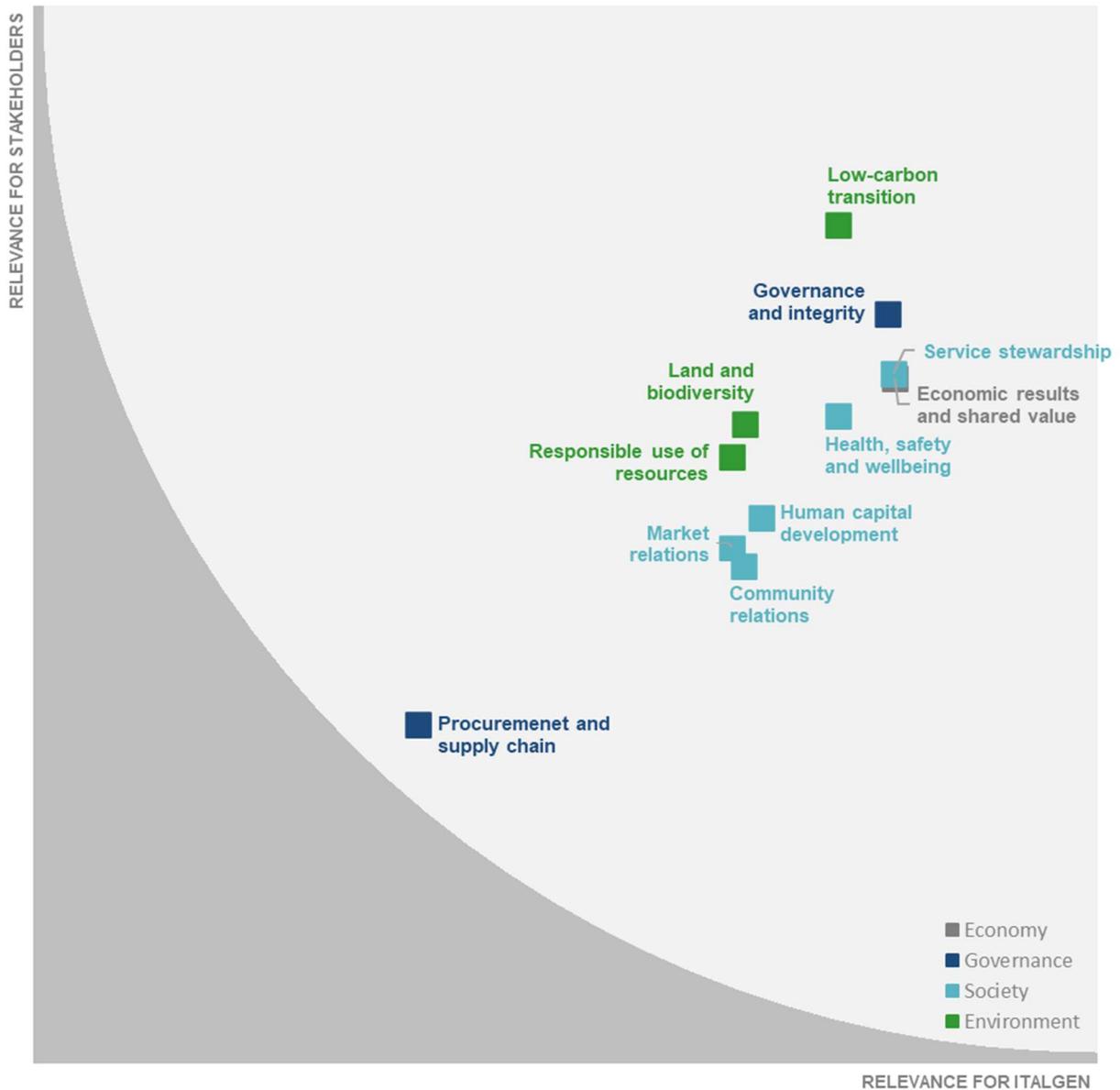
MATERIALITY

Italmobiliare and Italgas recognize the sensitive aspects of the energy sector and share the key role of renewable energy in the transition to a low-carbon economy and in promoting responsible lifestyles.

In defining the sustainable strategy and related action plans, the materiality analysis offers an effective tool for identifying the relevant governance, economic, social and environmental issues, matching the interests of the business with the expectations of stakeholders.

The materiality matrix is built by systematically evaluating risks, opportunities, positive or negative impacts, analysing all the aspects relevant for the business with the contribution of the first line of management, the majority shareholder and finally collecting the positions expressed by the most representing stakeholders.

The result is graphically represented in the graph hereunder.



GOVERNANCE

GOVERNANCE AND INTEGRITY

The composition and management of the governance bodies, starting with the **Board of Directors**, ensure representativeness, competence and the absence of conflicts of interest, aiming at maximum operational efficiency and integrity. Women participation in the Board of Directors is at 20% (1 director out of 5).

In line with the Group's approach, the **Code of Ethics** and the **Sustainability Policies** adopted by Italgas explicitly recall the Ten Principles of the United Nations Global Compact and inspired by the highest global references. Through a sustainable approach aimed at creating shared value for the society and for the environment, Italgas intends to explore further levers of success to increase turnover and profit margins, mitigate business risk, attract capital and investors, motivate its people and consolidate the brand.

Based on that of the Parent Company and considering the specificities relating to the nature, size, type of activity or structure of internal powers, Italgas has adopted an **Organisation, Management and Control Model**, which is foreseen by law but not mandatory. It is designed to limit the risk of committing specific relevant crimes. The Supervisory Body, appointed on the basis of autonomy and independence, is responsible for the control activity. In addition to specific periodic training, the approach adopted includes the whistleblowing procedure for reporting unlawful behaviour, in order to offer employees and third parties confidential channels to raise concerns or violations of the procedure, without fear of retaliation, discrimination or disciplinary action. In addition, Italgas has defined and adopted the Anti-Corruption Guidelines.

More generally, Italgas implements and strengthens the **Enterprise Risk Management** system over time, according to the management framework and the risk catalogue defined at Group level, which integrate ESG approach. The process adopted allows the identification, measurement, monitoring and management of the risks, including climate risks, and helps consolidating the Group's approach.

At an operational level, the **management systems adopted for quality and environment** represent a fundamental asset to guarantee activities that are fully aligned with the corporate strategy, in a logic of continuous improvement. Integration with business processes helps to consolidate the organisational, technological and behavioural methods implemented.

PROCUREMENT AND SUPPLY CHAIN

Italgas uses suppliers mainly for the construction, installation, commissioning and maintenance of mechanical, electrical and instrumental equipment for power plants, for the renovation or repair of buildings, intake and derivation works and for design and engineering consultancy activities. The supply chain involves almost exclusively national operators.

The choice of suppliers starts with gathering information on the ethical, dimensional, product and technical profile, including the necessary certifications, reserving the right to carry out direct audits. In the contract, all suppliers are required to sign the compliance clause of the Code of Ethics and the Organisation, Management and Control Model adopted by Italgas. In any case, the type and geography of the subjects involved in Italgas's value chain do not highlight specific risks of violation of human and workers' rights.

In 2022, the **Supplier Charter** was adopted, defining the principles to which the suppliers of goods or services and contractors shall align, in their direct activities, in contractual relations with their possible sub-suppliers or subcontractors and, in general, in the creation and management and of their respective value chains. In the prequalification process all suppliers will be asked to complete an online questionnaire covering human and labour rights, respect for the environment and business integrity.

SOCIETY

HUMAN CAPITAL DEVELOPMENT

Italgen benefits from the value of 65 specialized and motivated people (overall turnover around 11% with 2 new hires and 5 exits). Procedures are in place for the hiring of personnel, for the post-hiring induction programme and for remuneration, based on a merit matrix that matches performance and benchmarks with the outside market.

In 2022, 1,355 hours of training were provided, covering topics well beyond legislative compliance. In addition, the activity of the Internal Academy continued with the aim of enhancing the skills and experience present in the company, sharing know-how at all levels and increasing the level of engagement, raising awareness among staff on the most important issues, both managerial and technical-operational, such as ethics, sustainability, finance, energy management, planning and control.

The skills, behaviours and technical knowledge acquired by the staff are also monitored as part of their performance assessment, which is carried out annually through direct interviews. Furthermore, Italgen offers executives the possibility of joining the Concreto-Previp pension fund, to which the company voluntarily contributes with a share that in 2022 represented 26% of total payments.

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Personnel	5	65	70	4	64	68	4	61	65
<i>Managers</i>	0	3	3	0	3	3	0	4	4
<i>Middle managers</i>	2	11	13	1	11	12	1	10	11
<i>Office workers</i>	3	12	15	3	12	15	3	11	14
<i>Production workers</i>	0	39	39	0	38	38	0	36	36
Permanent contracts	100%	100%	100%	100%	98%	99%	100%	100%	100%
Full time contracts	80%	98%	97%	75%	98%	97%	75%	98%	97%
Training (hours per capita)	26.2	10.0	11.2	19.6	7.7	8.4	37	20	21
<i>Managers</i>	0.0	15.0	15.0	0.0	4.0	4.0	0	18	18
<i>Middle managers</i>	0.0	35.0	29.7	6.0	11.6	11.2	66	26	30
<i>Office workers</i>	43.7	8.5	15.6	24.2	20.4	21.2	27	26	26
<i>Production workers</i>	0.0	3.1	3.1	0.0	2.9	2.9	0	17	17
Performance assessment (%)	80%	32%	36%	100%	41%	44%	100%	41%	45%
<i>Managers</i>	0%	100%	100%	0%	100%	100%	0%	100%	100%
<i>Middle managers</i>	50%	100%	92%	100%	100%	100%	100%	100%	100%
<i>Office workers</i>	100%	58%	67%	100%	100%	100%	100%	100%	100%
<i>Production workers</i>	0%	0%	0%	0%	0%	0%	0%	0%	0%

	2020	2021	2022
Gender pay gap	--	--	-14%
<i>Managers</i>	--	--	--
<i>Middle managers</i>	--	--	-26%
<i>Office workers</i>	--	--	-12%
<i>Production workers</i>	--	--	--

HEALTH, SAFETY AND WELLBEING

Italgen promotes the health, safety and wellbeing of all employees, including companies, suppliers, visitors, customers and the local community in the approach.

The approach adopted is aligned with the applicable national regulations, starting with a solid risk assessment, updated periodically with the support of qualified third parties. Electric shock, night work, working at a height and in isolated places, process machines with moving mechanical parts, the presence of flammable materials and the use of vehicles are the prevailing risk conditions that have been identified. A dedicated internal contact, the availability of a doctor for both institutional and voluntary health promotion activities and the formal involvement of the social partners constitute the support organisation. Preventive reporting of anomalous or risk conditions by everyone, also through the Supervisory Body, accurate analysis of accidental events, even if not serious, near-accidents and system non-conformities, and intense training activities ensure continuous improvement and correct response to emergencies.

In line with the Sustainability Policies adopted, Italgen has developed the management method far beyond simple legislative compliance, finding a foundation in the managerial leadership that supports the motivational elements, the organisational structures and the necessary operational tools, such as risk assessment and the analysis of accidental events. The goal is to build and maintain a true culture of safety, protecting the safety of anyone involved in operational activities and, at the same time, improving managerial skills and motivation for the achievement of more ambitious objectives.

The correct functioning of the entire management system adopted in compliance with the UNI-NAIL Guidelines is subject to annual verification by an internal audit team coordinated by an external team leader.

		2020	2021	2022
Employees injuries		0	1	0
<i>Fatalities</i>		0	0	0
<i>Serious injuries</i>	<i>with absence from work for at least 180 days</i>	0	0	0
<i>Injuries</i>	<i>with absence from work between 1 and 180 days</i>	0	1	0
Frequency rate	number of injuries per million hours worked	0.0	8.7	0.0
Severity rate	lost days per thousand hours worked	0.0	0.2	0.0

In addition to health and safety, Italgen actively promotes psychological and physical wellbeing and work-life balance, making a range of flexible benefits available to its employees and managers. The activation of remote working, made structural from 2021, will allow the people involved a better work-life balance.

Lastly, it has to be noticed that since 2020 Italgen converted part of the buildings and areas of the former Villa di Serio power plant into a clubhouse with a living area, dining area, changing rooms and a large outdoor green space. The facility allows employees more convenient access to the cycle/foot path and the exercise circuit near the headquarters, along the river Serio.

SERVICE STEWARDSHIP

Italgen aims at the continuous improvement of service quality, in order to guarantee customer satisfaction and safety. The key elements are to supply electricity with the lowest possible carbon footprint and to guarantee production efficiency and distribution continuity and safety.

The Fibra Project, which began in 2019, has automated remote monitoring of the entire production process, with high-precision sensors and cameras installed at the plants to monitor production parameters in real time and continuously, as well as any anomalies and situations of emergency. The centralized control room at the Villa di Serio headquarters processes the information collected and is able to promptly react remotely or locally, activating the intervention teams. In the following years, the project saw the automation and connection to the remote control system of the waterways of the Villa di Serio plant and of the electrical transformation and transmission equipment. In 2022, the process of improving the monitoring of the production system continued and almost all of the recently acquired plants were also interfaced with the system.

Thanks to the remote-control system, in 2022 there were neither accidents or plant malfunctions that could have caused physical injury to people, nor episodes of general service interruptions, while 7 events affected individual distribution lines, without affecting the service as a whole, for a total of 4992 minutes. These episodes are mainly to do with extreme weather conditions resulting in heavy storms or falling trees. Italgen mitigates this risk by contributing to the maintenance of the wooded areas adjacent to the plants and transmission networks.

The 2021-23 Strategic Plan, now being completed, is aimed at further reducing the risk of unscheduled outages, thanks to production indicators and active diagnostics, capable of anticipating the state of integrity of assets and generating automatic alerts in the event of performance below the expected values or critical maintenance issues. Furthermore, a process of mapping, monitoring and evaluation of new technologies capable of offsetting the volatility of energy demand has been launched, activating tenders and research funding programs in partnership with public and private bodies, in support of technological innovation in the sector energetic.

In 2022 the Company continued the R&D project started in 2021 with the support of the Milan Polytechnic. The aim of the project is the technical-economic evaluation of the production of green hydrogen using the company's current assets. In particular, two sites were selected and evaluated to develop a case study, which gave encouraging results. To date, the project is paused, pending the identification of one or more potential off-takers and the consolidation of the regulatory and incentive framework.

MARKET AND COMMUNITIES

Protecting the transparency and correctness of customer information is a guiding value for Italgen. Given that an electricity bill is a document that is not particularly easy to understand, together with the tax invoice appropriate explanatory documentation is attached that specifies all of the items that make up the total amount to be paid, their meaning and, in compliance with the law, the energy procurement mix used to supply end-users.

To ensure the protection of its customers' and users' data and to ensure compliance with the requirements of the privacy regulations, Italgen has adopted the data protection model of the parent company Italmobiliare. Particular attention is also paid to the continuity and protection of production data, thanks to a back-up system that duplicates all signals through two suitably configured servers. As regards the company's IT systems, a disaster recovery plan has been activated, which backs up the entire database on a daily basis and stores it in a place other than the primary server. From 2021, an intrusion detection system has been implemented to identify unauthorised access to computers or local networks.

In addition to business relationships, Italgen cultivates ties with the local area and local community, by promoting responsible lifestyles and initiatives to support social and cultural values.

Lastly, Italgen opens up to global transparency by making available to all stakeholders the Sustainability Report, published ever since 2019.

ENVIRONMENT

RESPONSIBLE USE OF RESOURCES

The main natural resource used by Italgas is the water that passes through the turbines at its hydroelectric plants. It is a process in which water is neither consumed nor modified in its chemical and physical characteristics.

The company's production and administrative structures consume limited quantities of thermal and electrical energy and well water.

	units	2020	2021	2022
Energy consumed		31,576	28,866	27,994
<i>Thermal: natural gas</i>		106	83	130
<i>Non-renewable energy purchased</i>		30,945	28,197	27,230
<i>Automotive: diesel</i>	GJ	429	533	574
<i>Automotive: gasoline</i>		96	52	61
Energy sold to the grid		1,396,505	1,195,773	920,597
<i>Renewable energy self-produced</i>		1,115,039	1,084,115	622,226
<i>Energy purchased from the grid and sold</i>		281,466	111,658	298,371
Water		6,089	5,580	4,525
<i>Withdrawn from wells</i>	m3	6,089	5,580	4,525
<i>Withdrawn from an aqueduct</i>		1,310	755	879
<i>Discharged into sewers</i>		1,310	755	879

The operation of the plants produces limited quantities of waste. The main type of waste originates from the cleaning of waterways at the intakes by means of grids installed at the entrance to the plants to hold back the various materials carried by the current, such as wood, plants, leaves, plastic and other organic or inorganic matter, that are collected in special bins waiting to be sent for recovery or disposal according to specific procedures.

The waste generated can become a resource for other consumption or production cycles. With this awareness, the 2021-23 Strategic Plan provides for the identification of objectives for each plant relating to the share of waste sent for recovery.

Due to the specificity of the activities, waste is to energy recovery or controlled disposal destinations, where further partial valorisation is possible.

	units	2020	2021	2022
Valorisation of waste generated		267	332	318
Hazardous waste		9	7	63
<i>% Material recovery</i>		95%	92%	100%
<i>% Energy recovery or disposal</i>	t	5%	8%	0%
Non-hazardous waste		259	324	256
<i>% Material recovery</i>		0%	0%	0%
<i>% Energy recovery or disposal</i>		100%	100%	100%

LOW-CARBON TRANSITION

Italgen supports Italmobiliare in his commitment to company-wide emission reductions in line with climate science with the Science Based Targets initiative (SBTi). The SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science, accelerating companies to halve emissions before 2030 and achieve net-zero emissions before 2050.

Italgen actively contributes to the low-carbon transition with hydroelectric plants in Lombardy, Piedmont and Veneto. Self-consumption is extremely limited and decreasing constantly thanks to the continuous updating of the structures. Full implementation of the centralised remote control system and the progressive modernisation of the company's car pool further reduces its carbon footprint. The purchase of energy on the Power Exchange integrates contractual commitments that exceed production.

Hydroelectric and photovoltaic production sent to the grid and sold makes it possible to avoid the emission of significant quantities of greenhouse gases compared with the average output currently available on the market.

	units	2020	2021	2022	2022
Carbon Footprint		26,317	9,817	26,171	
Scope 3 Upstream		26,270	9,770	26,114	100%
1. Purchased products and services		--	--	--	0%
2. Capital goods		n.m.	n.m.	n.m.	0%
3. Fuel-and energy-related activities (not included in Scope 1 and Scope 2 emissions)		26,270	9,770	26,107	100%
4. Upstream transportation and distribution		--	--	--	0%
5. Waste generated by the sites		n.m.	n.m.	0	0%
6. Business travel		n.m.	n.m.	6	0%
7. Employee commuting		n.m.	n.m.	n.m.	0%
8. Upstream leased assets		--	--	--	0%
Scope 1	t CO₂	47	47	57	0%
Scope 2 market based		0	0	0	0%
<i>location based</i>		2,888	2,467	2,383	
Scope 3 Downstream		0	0	0	0%
9. Downstream transportation and distribution		--	--	--	0%
10. Processing of sold products		--	--	--	0%
11. Use of sold products		--	--	--	0%
12. End-of-life treatment of sold products		--	--	--	0%
13. Downstream leased assets		--	--	--	0%
14. Franchises		--	--	--	0%
15. Investments		--	--	--	0%
Emissioni evitate (location based)		106,958	97,327	56,827	
From photovoltaic production					
From hydroelectric production	t CO₂	106,958	97,327	56,827	
From renewable electricity purchased					
Carbon Intensity					
Scope 1+2 market based	t CO₂ / M€ Revenues	1.6	1.0	1.2	

LAND AND BIODIVERSITY

Italgen's energy source is water, taken from the waterways Adda, Oglio, Brembo e Serio, nonché i torrenti Vò, Dezzo, Povo, Cassiglio, Canalone, Stabina, Mora (Lombardy), Gesso, Vermenagna, Strona, San Giovanni, Ganna, Nivia e dai Rii Passone, Egua, Airola, Scoccia, Piana, Sanfaié e Rovale (Piedmont) e Meschio (Veneto). Thanks to intake and collection works, basins and penstocks or by simple direct flow, the water reaches the hydroelectric power plants where it passes through the turbines connected to the alternators that generate electricity. The total amount of turbine water is extremely significant, but it is released immediately downstream of the plant, without being consumed or modified in its chemical and physical characteristics. The cooling circuits of the machinery lubrication oil do not come into contact with the water flowing through the turbines.

7 out of 26 hydroelectric plants are located in or near protected geographical areas. Since ever, Italgen undertakes to ensure that its plants do not alter the balance of the ecosystem in which they are located, in particular by not hindering the movements and migrations of fish fauna. The release of the ecological flow, the installation of fish ladders, the restocking of fish species in the waterways on which the power plants are located represent a concrete commitment to the protection of biodiversity. The data of the microclimatic monitoring carried out by Italgen are made available to entities, institutions and other persons upon request.

To protect against any form of unintentional spillage on the ground, the high voltage electrical transformers present in most hydroelectric power plants are placed above a tank which in the event of an emergency intercepts any leakage of dielectric oil. Similarly, all product or waste storage tanks and containment tanks are subject to periodic controls planned according to the environmental management system adopted. The oil used at the shut-off devices is contained in tanks built above ground, making it easy to detect and resolve any leaks. In addition, Italgen has identified biodegradable lubricating oils on the market, undertaking to extend their use progressively to all plants subject to revamping or plant modifications. Since 2019, there has been only one case of accidental hydraulic oil spillage, which occurred in August 2022 at the Vaprio d'Adda power plant. Prompt action by the plant's internal staff and relevant authorities allowed the containment of the leaked oil in the very first section of the outflow water return channel, before its removal with environmental remediation.

In order to contain land consumption, the 2021-23 Strategic Plan provides for systematic mapping of any abandoned or unproductive industrial areas and sites owned by Italgen, where new production activities could be installed. In 2022 redevelopment of the former cement plant at Modugno (BA) and its quarry has continued. This will see the construction of a new photovoltaic park, an area of high naturalistic value and an artificial lake that can be used by the local community.



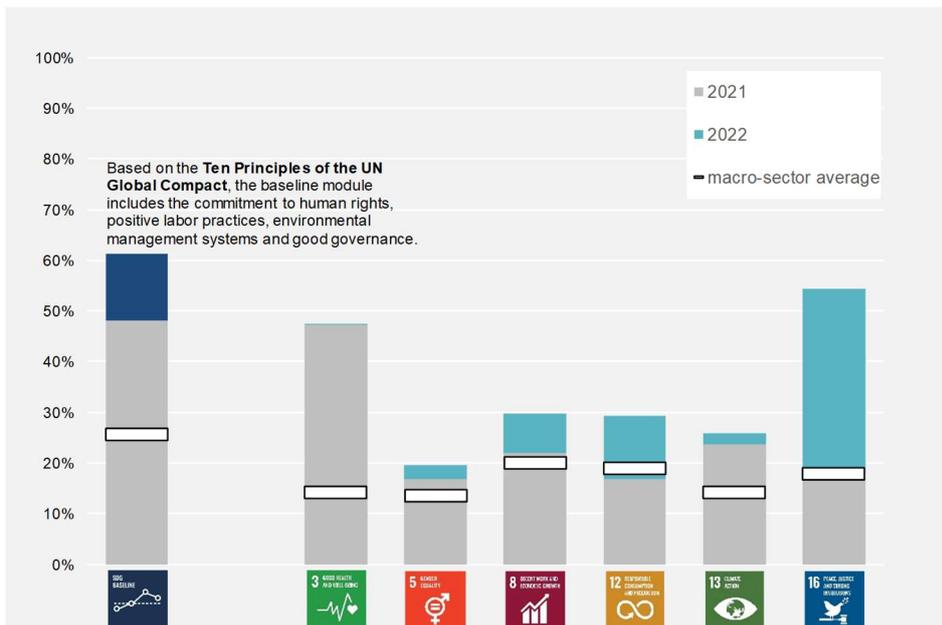
Casa della Salute

Casa della Salute is a network of specialist clinics, diagnostics, dentists, physio-kinesitherapy, with numerous facilities in Liguria and Piedmont, with the common goal of contributing to the protection of the right to health and guaranteeing citizens a high-quality health service and short waiting lists. It has been part of the Italmobiliare Group since December 2020, as a **subsidiary with an 84,67% stake**.

HIGHLIGHTS

	Governance and supply chain	Strategy climate	Health, safety and well-being	Gender and human capital development
<i>The foundation</i>	Adoption of Code of Ethics and Sustainability Policies, with application extended to the entire value chain.	Monitoring with analytical detail of carbon footprint (scopes 1, 2 and 3).	Actively supporting people in addressing emerging social challenges.	Adoption of the Women Empowerment Principles (WEPs), incorporating them into identity documents.
<i>The 2022 key results</i>	 The legality rating is a summary indicator of companies' compliance with high standards of legality.	Zero Fossil fuels Operating facilities use only renewable electricity for heating and motive power needs.	100% Facilities improved All operating facilities have seen improvements in employee facilities, starting with the Break Area.	63 h/pp Training Educational activity is an indispensable asset for ensuring health service excellence.
<i>Next challenges</i>	100% Value chain aligned with the virtuous model of Casa della Salute	100% Products & services Aligned with carbon footprint mitigation and offset plans.	100% People updated to best-practice for employees and patients, including through the coordination efforts of new facility managers.	100% People covered by development plans aimed at growth, inclusion and gender equality.

CONTRIBUTION TO SDGs



Casa della Salute integrates the sustainable strategy of the Italmobiliare Group and upholds its commitment with the **Global Compact**, confirming its support for the **Ten Principles** and contributing to the **Sustainable Development Goals**, as well as to the broader objectives of the United Nations.

The **SDG Action Manager** analysis tool allows for effective self-assessment of progresses. The graph aside represents the contribution of Casa della Salute towards the SDGs chosen as its strategic reference

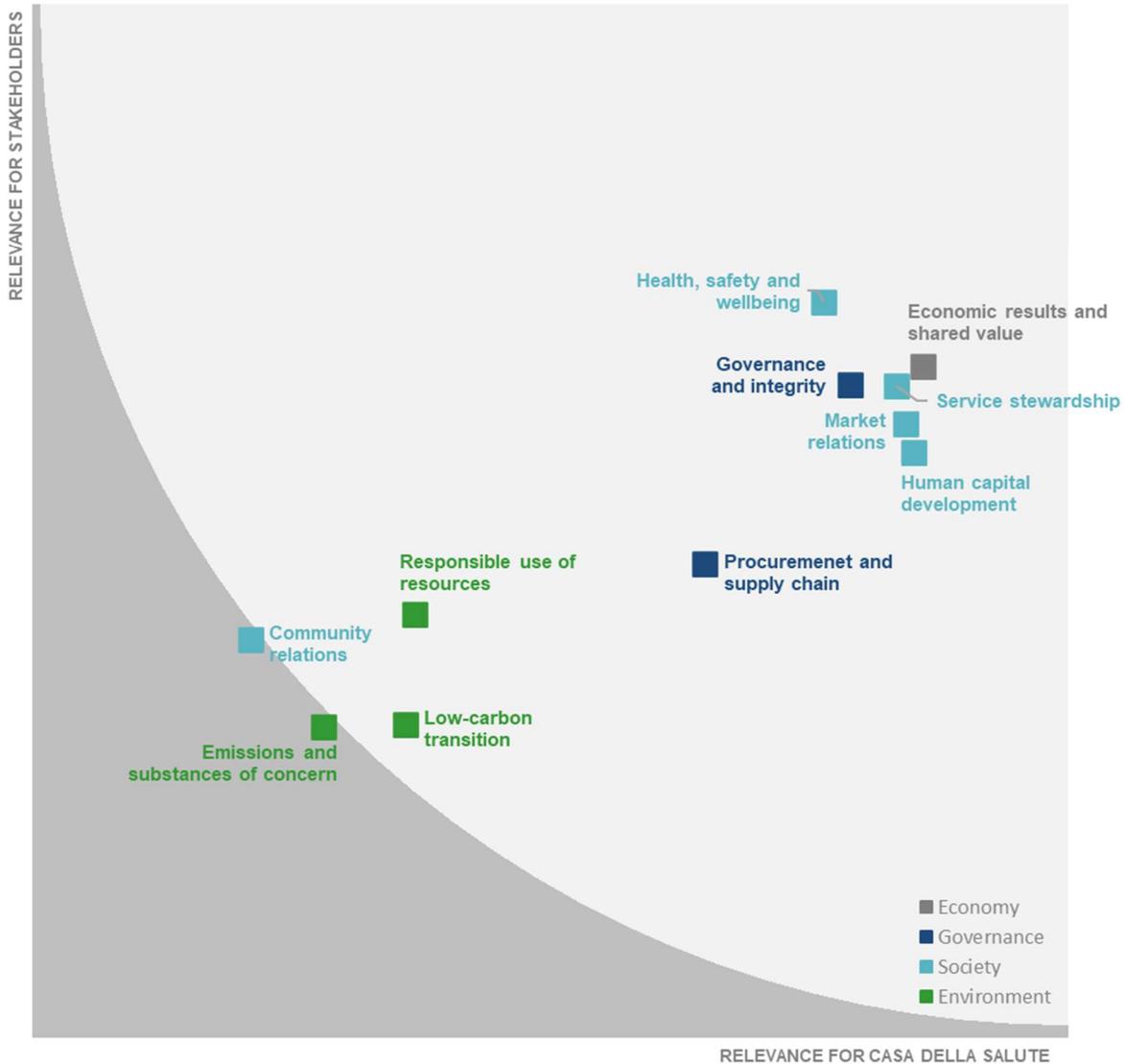
MATERIALITY

Italmobiliare and Casa della Salute recognize the sensitive aspects of the sector, aiming at innovative and highly digitized healthcare.

In defining the sustainable strategy and related action plans, the materiality analysis offers an effective tool for identifying the relevant governance, economic, social and environmental issues, matching the interests of the business with the expectations of stakeholders.

The materiality matrix is built by systematically evaluating risks, opportunities, positive or negative impacts, analysing all the aspects relevant for the business with the contribution of the first line of management, the majority shareholder and finally collecting the positions expressed by the most representing stakeholders.

The result is graphically represented in the graph hereunder.



GOVERNANCE

GOVERNANCE AND INTEGRITY

The composition and management of the governance bodies, starting with the **Board of Directors**, ensure representativeness, competence and the absence of conflicts of interest, aiming at maximum operational efficiency and integrity. At the moment, there is no women participation in the Board of Directors (5 directors).

In line with the Group's approach, the **Code of Ethics** and the **Sustainability Policies** adopted by Casa della Salute explicitly recall the Ten Principles of the United Nations Global Compact and inspired by the highest global references. Through a sustainable approach aimed at creating shared value for the society and for the environment, Casa della Salute intends to explore further levers of success to increase turnover and profit margins, mitigate business risk, attract capital and investors, motivate its people and consolidate the brand.

Based on that of the Parent Company and considering the specificities relating to the nature, size, type of activity or structure of internal powers, Casa della Salute has adopted an **Organisation, Management and Control Model**, which is foreseen by law but not mandatory. It is designed to limit the risk of committing specific relevant crimes. The Supervisory Body, appointed on the basis of autonomy and independence, is responsible for the control activity. In addition to specific periodic training, the approach adopted includes the whistleblowing procedure for reporting unlawful behaviour, in order to offer employees and third parties confidential channels to raise concerns or violations of the procedure, without fear of retaliation, discrimination or disciplinary action.

More generally, Casa della Salute implements and strengthens the **Enterprise Risk Management** system over time, according to the management framework and the risk catalogue defined at Group level, which integrate ESG issues. The process adopted allows the identification, measurement, monitoring and management of the risks, including climate risks, and helps consolidating the Group's approach.

At an operational level, the planned implementation of **management systems** is expected to represent an additional asset to guarantee activities that are fully aligned with the corporate strategy, in a logic of continuous improvement. The integration with business processes helps to consolidate the organisational, technological and behavioural methods.

PROCUREMENT AND SUPPLY CHAIN

Casa della Salute's supply chain includes suppliers of medical-surgical devices, diagnostic systems (managed on the basis of global service contracts), IT solutions and maintenance, cleaning and sanitizing services for the premises.

In the selection process, in addition to the quality and safety requirements of the products, offers are preferentially evaluated that guarantee supply conditions and timing that align with the company targets. With the same technical requirements, interaction with realities rooted in the area is also preferred. At present, the environmental and social criteria evaluated during the selection process concern the presence of environmental certifications for consumables and data security certifications for IT solutions. Scientific partnerships are active with imaging equipment suppliers for testing and improving solutions.

In 2022, the **Supplier Charter** was adopted, defining the principles to which the suppliers of goods or services and contractors shall align, in their direct activities, in contractual relations with their possible sub-suppliers or subcontractors and, in general, in the creation and management and of their respective value chains. In the prequalification process all suppliers will be asked to complete an online questionnaire covering human and labour rights, respect for the environment and business integrity.

SOCIETY

HUMAN CAPITAL DEVELOPMENT

For Casa della Salute, making use of competent and qualified collaborators is an essential condition for the success of the company, which is constantly growing. At the end of 2022, the staff of Casa della Salute numbered 296 motivated and specialized people. In a year characterized by new openings, the turnover was significant (44% incoming, with 129 hires and 26% outgoing, with 77 terminations). 33% of managerial positions are occupied by women. Furthermore, in line with the sector specificity, the use of non-employees was significant. In 2022, there were 629 self-employed workers and interns, largely represented by specialized and loyal medical personnel.

The dialogue with the social partners, even in the absence of trade unions, flows in an open and constructive way, ensuring the protection of the health of workers and the continuity of the service and supporting the provision an intense training program at all levels, in the classroom and in the field. A week of intensive training is provided for the call center and acceptance personnel, carried out by the heads of the business units and the main company functions, aimed at providing a transversal knowledge of the activities and procedures of Casa della Salute, followed by a period of coaching on -the-job of at least three weeks. For technical professionals, the theoretical training relating to the management of equipment and on-the-job takes place alongside the staff in force at the clinics, for a duration of not less than three weeks. In order to allow for adequate organizational flexibility, the laboratory technicians are prepared to use all the equipment in use at the centers. The people involved in administrative activities follow a similar path to that of the technical figures. Continuing training is provided following the induction period, planned on the basis of the needs of the business units.

In terms of welfare, employees enjoy free health insurance and discounts on services provided by Casa della Salute for themselves and for first-degree relatives.

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Personnel	--	--	--	159	46	205	237	59	296
<i>Managers</i>	--	--	--	0	0	0	0	0	0
<i>Middle managers</i>	--	--	--	5	6	11	6	12	18
<i>Office workers</i>	--	--	--	145	33	178	215	39	254
<i>Production workers</i>	--	--	--	9	7	16	16	8	24
Permanent contracts	--	--	--	69%	85%	72%	83%	85%	83%
Full time contracts	--	--	--	41%	80%	50%	36%	83%	45%
Training (hours per capita)	--	--	--	72.3	118.3	82.6	68	49	64
<i>Managers</i>	--	--	--	0.0	0.0	0.0	0	0	0
<i>Middle managers</i>	--	--	--	6.4	5.3	5.8	11	34	26
<i>Office workers</i>	--	--	--	77.3	157.8	92.2	74	59	71
<i>Production workers</i>	--	--	--	28.3	28.6	28.4	20	18	20
Performance assessment (%)	--	--	--	0%	0%	0%	98%	95%	98%
<i>Managers</i>	--	--	--	0%	0%	0%	0%	0%	0%
<i>Middle managers</i>	--	--	--	0%	0%	0%	100%	100%	100%
<i>Office workers</i>	--	--	--	0%	0%	0%	99%	95%	98%
<i>Production workers</i>	--	--	--	0%	0%	0%	94%	88%	92%
						2020	2021	2022	
Gender pay gap						--	--	--	-31%
<i>Managers</i>						--	--	--	--
<i>Middle managers</i>						--	--	--	-38%
<i>Office workers</i>						--	--	--	-15%
<i>Production workers</i>						--	--	--	-17%

HEALTH, SAFETY AND WELLBEING

Casa della Salute promotes the health, safety and well-being of all employees and collaborators, including companies, suppliers, visitors, patients and the local community in the approach.

The management adopted is in line with the applicable national regulations, starting with a solid risk assessment, periodically updated with the support of qualified third parties. The main source of risk for workers is the potential malfunction of medical systems and equipment, which are subject to an intense program of periodic checks and maintenance. A dedicated internal structure, the presence of the doctor for both institutional and voluntary health promotion activities and the formal involvement of the social partners constitute the reference organization. The preventive reporting by everyone of anomalous or risk conditions, the accurate analysis of accidental events, even if not serious, and adequate training support continuous improvement. It should be noted the adoption of a radiation protection program with a higher profile than the regulatory classification of radio-exposed workers and a ticketing system that allows you to report risk situations due to the state of surfaces or furnishings and to request maintenance.

In line with the Sustainability Policies adopted, Casa della Salute aims to continuously evolve safety management, starting from management leadership to support a motivational, organizational and operational system. Far beyond simple legislative compliance, this approach aims to build a true culture of safety, protecting the safety of anyone involved in operational activities and, at the same time, improving managerial skills and motivations for achieving broader results objectives.

		2020	2021	2022
Employees injuries		0	0	1
<i>Fatalities</i>		0	0	0
<i>Serious injuries</i>	<i>with absence from work for at least 180 days</i>	0	0	0
<i>Injuries</i>	<i>with absence from work between 1 and 180 days</i>	0	0	1
Frequency rate	number of injuries per million hours worked	0.0	0.0	2.6
Severity rate	lost days per thousand hours worked	0.0	0.0	0.0

SERVICE STEWARDSHIP

The offer of a high quality and accessible health service is based on the Vision and Mission of Casa della Salute.

In order to allow a timely and regular assessment of patient satisfaction, with a view to continuous improvement, from 2021 a Mystery Client system is operational, managed by a private investigation company, which carries out the entire cycle of care undercover, providing monthly monitoring of the quality of patient acceptance and management and of the punctuality and courtesy of professionals.

Following the increase in activity and the expansion of the specialties covered by Casa della Salute in recent years, a formalization and standardization of the intervention models and reporting processes has been initiated, in order to combine objectives of effectiveness and efficiency. For this purpose, in 2022 a standard report model has been extended to all the specialties covered.

Technological innovation is a key element in providing patients with high quality services at a low cost. Thanks to strategic partnerships with leading manufacturers of non-invasive imaging and diagnostic solutions such as Esaote, Casa della Salute benefits from the best technologies available and actively contributes to equipment testing and improvement activities.

ENVIRONMENT

RESPONSIBLE USE OF RESOURCES

Casa della Salute uses drugs, medical-surgical aids, health protection devices and other consumables.

Water withdrawals are carried out for the operation of magnetic resonance systems or hygienic-sanitary purposes and are of modest entity. Similarly, the discharges affect only domestic wastewater.

	units	2020	2021	2022
Energy consumed		0	5,298	8,954
<i>Renewable energy self-produced</i>		0	4,762	7,970
<i>Automotive: diesel</i>	GJ	0	464	726
<i>Automotive: gasoline</i>		0	72	251

Healthcare activities generate hazardous and non-hazardous waste with infectious risk, which are managed according to a specific procedure and entrusted to a specialized company with the aim of maximizing the chances of recovery. Administrative activities also generate solid municipal waste, sorted on site and collected by local waste companies.

	units	2020	2021	2022
Valorisation of waste generated		0	15	17
Hazardous waste		0	15	16
<i>% Material recovery</i>		0%	100%	99%
<i>% Energy recovery or disposal</i>	t	0%	0%	1%
Non-hazardous waste		0	0	1
<i>% Material recovery</i>		0%	0%	0%
<i>% Energy recovery or disposal</i>		0%	100%	100%

LOW-CARBON TRANSITION

Casa della Salute supports Italmobiliare in his commitment to company-wide emission reductions in line with climate science with the Science Based Targets initiative (SBTi). The SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science, accelerating companies to halve emissions before 2030 and achieve net-zero emissions before 2050.

Direct emissions (Scope 1) of Casa della Salute are limited to the operation of the small company fleet, which is being updated with hybrid or electric vehicles. The health clinics of Casa della Salute have newly or recently installed heating and cooling systems, characterized by high levels of energy efficiency and, by choice, powered exclusively with certified electricity from renewable sources. Therefore, indirect emissions (Scope 2) are zero. The carbon footprint depends almost entirely on the emissions of the value chain (Scope 3), which Casa della Salute analyses more and more in detail to identify mitigation opportunities.

	units	2020	2021	2022	2022
Carbon Footprint			2,128	2,793	
Scope 3 Upstream			1,986	2,721	97%
1. Purchased products and services			907	1,242	44%
2. Capital goods			6	9	0%
3. Fuel-and energy-related activities (not included in Scope 1 and Scope 2 emissions)			897	1,229	44%
4. Upstream transportation and distribution			80	78	3%
5. Waste generated by the sites			96	132	5%
6. Business travel			n.m.	31	1%
7. Employee commuting			n.m.	n.m.	0%
8. Upstream leased assets			--	--	0%
Scope 1	t CO₂		142	72	3%
Scope 2 market based			0	0	0%
<i>location based</i>			417	697	
Scope 3 Downstream			0	0	0%
9. Downstream transportation and distribution			--	--	0%
10. Processing of sold products			--	--	0%
11. Use of sold products			--	--	0%
12. End-of-life treatment of sold products			--	--	0%
13. Downstream leased assets			--	--	0%
14. Franchises			--	--	0%
15. Investments			--	--	0%
Emissioni evitate (location based)			417	697	
From photovoltaic production			0	0	
From hydroelectric production	t CO₂		0	0	
From renewable electricity purchased			417	697	
Carbon Intensity					
Scope 1+2 market based	t CO₂ / M€ Revenues	0	5.5	2.3	



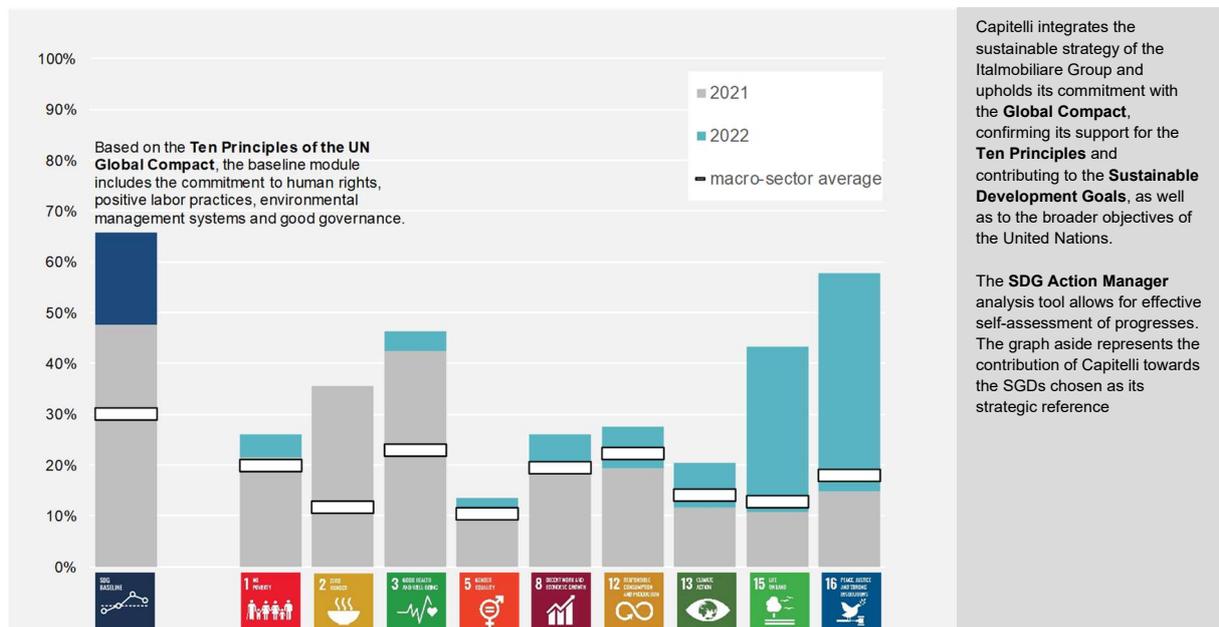
Capitelli

Capitelli, which was founded in 1976 in Borgonovo Val Tidone (Piacenza), produces premium-range cooked ham. It is characterised by a careful choice of meats of selected origin and an original craft process, which make it a sought-after, niche product positioned among Italy's food excellences. It has been part of Italmobiliare Group since December 2019, as a **subsidiary with an 80% stake**.

HIGHLIGHTS

	Governance and supply chain	Strategy climate	Health, safety and well-being	Gender and human capital development
<i>The foundation</i>	Adoption of Code of Ethics and Sustainability Policies, with application extended to the entire value chain.	Monitoring with analytical detail of carbon footprint (scopes 1, 2 and 3).	Actively supporting people in addressing emerging social challenges.	Adoption of the Women Empowerment Principles (WEPs), incorporating them into identity documents.
<i>The 2022 key results</i>	 <p>To share the highest ethical, social, environmental, animal welfare, quality and food safety standards.</p>	<p>Zero CO₂ Scope 2 since 2022</p> <p>Since 2022, Capitelli has used only renewable electricity, including through a photovoltaic system.</p>	<p>60% Facilities improved</p> <p>3 new entrance/exit compasses from departments. First tranche of a project that also co-involves locker rooms and offices.</p>	<p>45 people Welfare</p> <p>100 percent of the people who contribute to Capitelli's excellence have been placed on an evolved welfare plan.</p>
<i>Next challenges</i>	<p>100% Value chain</p> <p>aligned with Capitelli's model.</p>	<p>100% Products & services</p> <p>aligned with carbon footprint mitigation and offset plans.</p>	<p>100% Facilities</p> <p>updated to production and administrative best-practice.</p>	<p>100% People</p> <p>covered by development plans aimed at growth, inclusion and gender equality.</p>

CONTRIBUTION TO SDGs



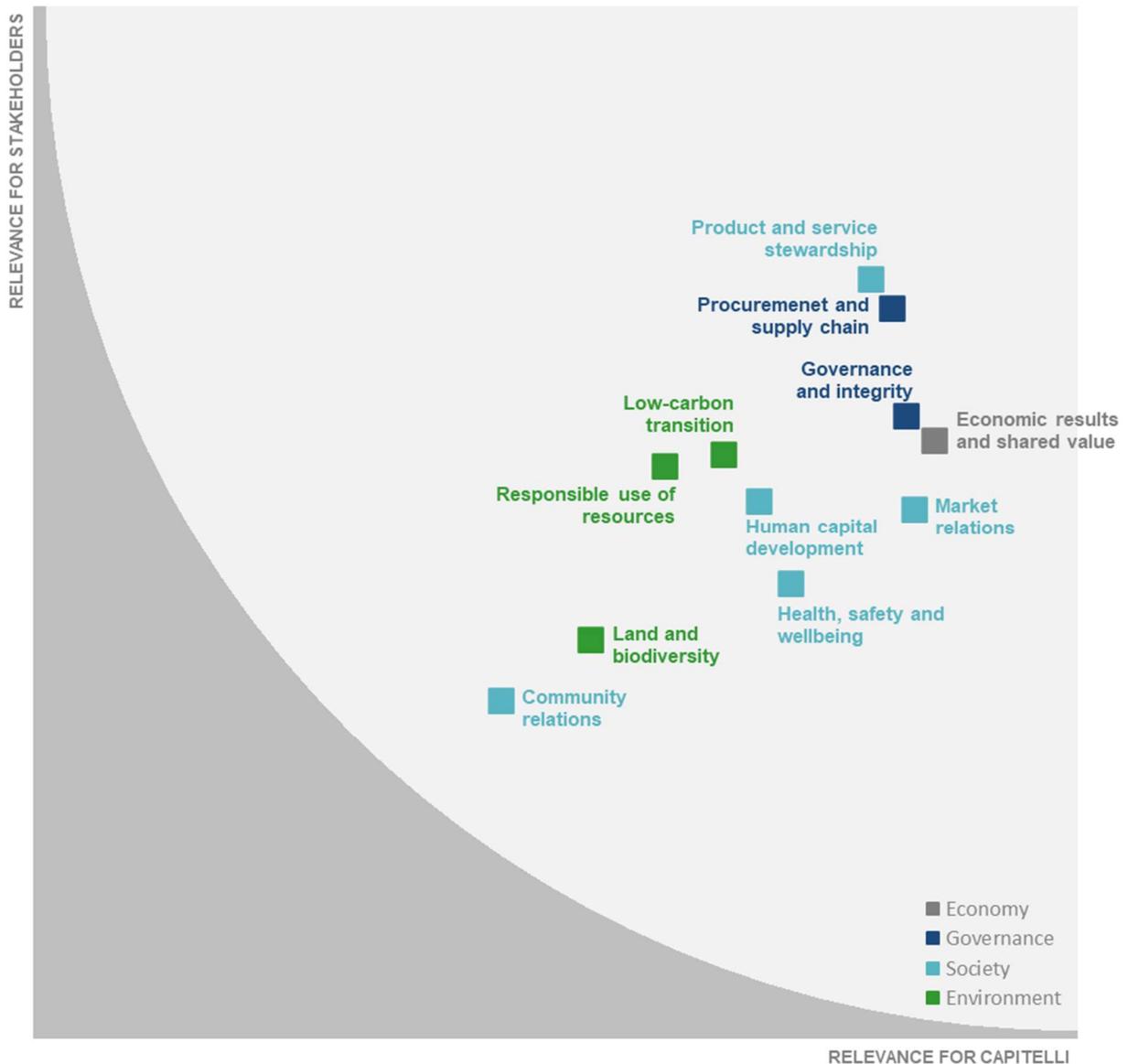
MATERIALITY

Italmobiliare and Capitelli recognize the sensitive aspects of the animal-based commodity sector. In particular, the sector highlights important issues for the sustainable success of the business, economic, social and environmental issues, which cover the entire value cycle, from the procurement of raw materials to the promotion of responsible consumption.

In defining the sustainable strategy and related action plans, the materiality analysis offers an effective tool for identifying the relevant governance, economic, social and environmental issues, matching the interests of the business with the expectations of stakeholders.

The materiality matrix is built by systematically evaluating risks, opportunities, positive or negative impacts, analysing all the aspects relevant for the business with the contribution of the first line of management, the majority shareholder and finally collecting the positions expressed by the most representing stakeholders.

The result is graphically represented in the graph hereunder



GOVERNANCE

GOVERNANCE AND INTEGRITY

The composition and management of the governance bodies, starting with the Board of Directors, ensure representativeness, competence and the absence of conflicts of interest, aiming at maximum operational efficiency and integrity. At the moment, there is no women participation in the Board of Directors (3 directors).

In line with the Group's approach, the **Code of Ethics** and the **Sustainability Policies** adopted by Capitelli explicitly recall the Ten Principles of the United Nations Global Compact and inspired by the highest global references. Through a sustainable approach aimed at creating shared value for the society and for the environment, Capitelli intends to explore further levers of success to increase turnover and profit margins, mitigate business risk, attract capital and investors, motivate its people and consolidate the brand.

Based on that of the Parent Company and considering the specificities relating to the nature, size, type of activity or structure of internal powers, Capitelli has adopted an **Organisation, Management and Control Model**, which is foreseen by law but not mandatory. It is designed to limit the risk of committing specific relevant crimes. The Supervisory Body, appointed on the basis of autonomy and independence, is responsible for the control activity. In addition to specific periodic training, the approach adopted includes the whistleblowing procedure for reporting unlawful behaviour, in order to offer employees and third parties confidential channels to raise concerns or violations of the procedure, without fear of retaliation, discrimination or disciplinary action.

More generally, Capitelli implements and strengthens the **Enterprise Risk Management** system over time, according to the management framework and the risk catalogue defined at Group level, which integrate ESG issues. The process adopted allows the identification, measurement, monitoring and management of the risks, including climate risks, and helps consolidating the Group's approach.

At an operational level, the planned implementation of **management systems** is expected to represent an additional asset to guarantee activities that are fully aligned with the corporate strategy, in a logic of continuous improvement. The integration with business processes helps to consolidate the organisational, technological and behavioural methods.

PROCUREMENT AND SUPPLY CHAIN

The procurement of quality pork constitutes over 60% of Capitelli's total spending, buying largely from national suppliers, chosen on the basis of quality and certified food safety standards.

In addition, the "Filiere Capitelli" project was launched in. In 2022, the "**Filiere Capitelli**" Policy was defined, with which Capitelli shares the highest ethical, social, environmental and animal welfare standards with all partners along the value chain, guaranteeing qualitative excellence and respect for the most advanced food safety standards. To this end, Capitelli intends to guide the active commitment of each partner with training, managerial and economic support, all essential conditions for obtaining a raw material that meets the quality standards sought for premium-range products. Thanks to this approach, Capitelli also intends to mitigate the dependence of farmers on consolidated market logics which require the adaptation of the offer to the trend in price lists, in favour of direct negotiation between the processing company, the farmers and the slaughterhouses

In 2022, the **Supplier Charter** was adopted, defining the principles to which the suppliers of goods or services and contractors shall align, in their direct activities, in contractual relations with their possible sub-suppliers or subcontractors and, in general, in the creation and management and of their respective value chains. In the prequalification process all suppliers will be asked to complete an online questionnaire covering human and labour rights, respect for the environment and business integrity.

Suppliers of packaging and subsidiary materials are also required to comply with environmental standards, preferably certified, even without a formal procedure.

SOCIETY

HUMAN CAPITAL DEVELOPMENT

Capitelli benefits from the value of 45 specialized and motivated people (overall turnover 40%, 8 new hires and 10 exits), by choice mainly from the local area, including a fair number of non-EU citizens. A significant use of non-employee workers was made. In 2022, they were 81, mostly agents.

From 2021, an organic review of the corporate organization model was carried out, which saw a formalization of internal functions and responsibilities, the enhancement of female figures, and the definition of the main internal procedures in conjunction with the renewal of company information systems.

At the same time, the training offer was expanded with the inclusion of digital skill courses preparatory to the use of new IT applications and a specific path on food safety as part of the certification process according to IFS - International Food Standard, edited from the Catholic University - Piacenza site.

An incentive system is active, anchored to an assessment of performance at company, function / area and individual level. The results obtained by the figures with organizational responsibilities include qualitative parameters regarding food safety and sustainability.

The teleworking methods introduced for administrative functions in 2020 were confirmed in 2023 as a flexibility tool, accompanied by the provision of welfare initiatives.

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Personnel	13	37	50	12	35	47	11	34	45
<i>Managers</i>	0	1	1	0	1	1	0	1	1
<i>Middle managers</i>	0	0	0	0	0	0	0	0	0
<i>Office workers</i>	8	3	11	8	3	11	8	3	11
<i>Production workers</i>	5	33	38	4	31	35	3	30	33
Permanent contracts	54%	59%	58%	58%	69%	66%	73%	74%	73%
Full time contracts	46%	65%	60%	42%	74%	66%	45%	79%	71%
Training (hours per capita)	0.0	0.6	0.5	22.6	4.4	9.1	17	21	20
<i>Managers</i>	0.0	0.0	0.0	0.0	0.0	0.0	0	13	13
<i>Middle managers</i>	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<i>Office workers</i>	0.0	0.0	0.0	33.9	30.0	32.8	23	54	31
<i>Production workers</i>	0.0	0.7	0.6	0.0	2.1	1.9	0	18	17
Performance assessment (%)	0%	0%	0%	67%	83%	79%	73%	82%	80%
<i>Managers</i>	0%	0%	0%	0%	100%	100%	0%	100%	100%
<i>Middle managers</i>	0%	0%	0%	0%	0%	0%	0%	0%	0%
<i>Office workers</i>	0%	0%	0%	100%	100%	100%	100%	100%	100%
<i>Production workers</i>	0%	0%	0%	0%	81%	71%	0%	80%	73%

	2020	2021	2022
Gender pay gap	--	--	-10%
<i>Managers</i>	--	--	--
<i>Middle managers</i>	--	--	--
<i>Office workers</i>	--	--	-18%
<i>Production workers</i>	--	--	--

HEALTH, SAFETY AND WELLBEING

Capitelli promotes the health, safety and wellbeing of all employees, including companies, suppliers, visitors, customers and the local community in the approach.

The approach adopted is aligned with the applicable national regulations, starting with a solid risk assessment, updated periodically with the support of qualified third parties. The use of cutting tools, potentially slippery surfaces, interaction between people and moving vehicles and process machines with moving mechanical parts are the prevailing risk conditions identified. A dedicated internal structure, the presence of the company doctor and the formal involvement of the social partners constitute the reference organisation. Preventive reporting of anomalous or risk conditions by everyone, an accurate analysis of accidental events, even if not serious, and adequate training activities ensure continuous improvement.

In line with the Sustainability Policies adopted, Capitelli intends to develop the management method, finding a foundation in the managerial leadership that supports the motivational elements, the organisational structures and the necessary operational tools, such as risk assessment and the analysis of accidental events. Far beyond simple legislative compliance, this approach aims to build a true culture of safety, protecting the safety of anyone involved in operational activities and, at the same time, improving managerial skills and motivations for achieving broader results objectives.

		2020	2021	2022
Employees injuries		2	1	1
<i>Fatalities</i>		0	0	0
<i>Serious injuries</i>	<i>with absence from work for at least 180 days</i>	0	0	0
<i>Injuries</i>	<i>with absence from work between 1 and 180 days</i>	2	1	1
Frequency rate	number of injuries per million hours worked	37.6	16.9	16.5
Severity rate	lost days per thousand hours worked	0.0	0.3	0.1

PRODUCT AND SERVICE STEWARDSHIP

The ultimate goal of Capitelli's entire business is quality excellence, repeatedly appreciated by the market. Also in 2022, the "San Giovanni" cooked ham was confirmed with the assignment of five pins by the Guide to Salumi d'Italia de L'Espresso, the only cooked ham in Italy to obtain this result since the first edition. These awards are the result of careful research conducted in the field since the foundation of the company by Angelo Capitelli, starting from the rediscovery of traditional processing methods to pursue a progressive refinement of the individual phases.

The sustainable value of the products arises from the supply chain, with responsible choices for procurement that will be further consolidated with the full implementation of the "Capitelli Supply Chain". It continues with initiatives aimed at reducing the environmental footprint of production, from renewable energy to the search for business partners for the enhancement of processing waste. In addition, thanks to the close relationship with suppliers, Capitelli monitors the technological opportunities for the introduction of recycled and recyclable packaging and subsidiary materials.

For Capitelli, the pursuit of qualitative excellence is inextricably combined with compliance with the highest food safety standards.

The main suppliers of pork used by the company have certifications in the field of food safety (BRC / IFS). Capitelli also started the certification process according to IFS standards in 2021 and planned the necessary adjustments. Compliance with the HACCP system of the individual processing stages carried out in the plant is ensured by analytical plans for controlling the physical, chemical and biological characteristics of the meat and by the bimonthly carrying out of sample analyzes on the finished product by an external analysis laboratory. Furthermore, every two months, analyzes are carried out on incoming meat samples and swabs on processing surfaces, cold rooms and technical equipment. For the "San Giovanni" terracotta line, an additional analysis of sample units for the search for bacteria and pathogens is also provided on a six-monthly basis, as well as checks for determining the nitrite and nitrate content. The pork legs are subjected to pasteurization, ensuring a better shelf life.

In addition to direct production, for a marginal portion of its business volume, Capitelli distributes national cured meats made by selected producers and with the highest guarantees of quality and food safety.

The company actively participates in the audits carried out periodically by large-scale distribution chains, whose specific evaluation parameters are integrated from time to time into the HACCP self-control protocol. In order to ensure greater control of the distribution phase, the company has introduced a digital system that allows timely tracking of batches.

MARKET AND COMMUNITIES

Capitelli adopts the utmost transparency criteria in product communication, to allow its customers and the end consumer to appreciate its distinctive characteristics and to promote responsible consumption. In addition to the mandatory information on the product label, the company website provides additional elements, such as nutritional values, ingredients and origin of raw materials, any allergens, packaging materials, advice for use and storage methods.

By virtue of its B2B business model, the company does not collect sensitive data relating to end-consumers.

ENVIRONMENT

RESPONSIBLE USE OF RESOURCES

In addition to pork legs, Capitelli consumes packaging materials, during cooking and pasteurisation, as well as during moulding and packing. Meat processing creates a significant quantity of by-products. At the slaughterhouse, an initial fraction is separated for use by other subjects in the food chain. At Capitelli, trimmings, bones, fat and gelatine are entrusted to specialist operators for direct commercial use or for transformation into animal feed, for the chemical industry, for the production of biofuels and for the production of fertilizers.

The water from internal wells is mainly consumed in the daily sanitation of facilities. However, Capitelli is aware of the significant water footprint of its supply chain.

	units	2020	2021	2022
Raw materials		1,793	2,097	2,140
Pork meat		1,632	1,906	1,951
Other ingredients		77	97	93
Packaging	t	83	94	95
Aluminium		2	2	1
Cardboard		62	76	78
Plastic		20	16	16
	units	2020	2021	2022
Energy consumed		8,650	10,522	9,677
Thermal: natural gas		4,914	6,184	5,021
Non-renewable energy purchased		2,581	3,047	3,332
Renewable energy self-produced	GJ	649	722	4,059
Automotive: diesel		507	569	544
Energy sold to the grid		693	734	735
Renewable energy self-produced		44	13	8
Water		9,782	14,810	14,365
Withdrawn from wells	m3	406	300	444
Withdrawn from an aqueduct		9,000	14,000	13,398
Discharged into sewers		0	0	0

For the “out of mould” cooking and pasteurisation of the legs, bags made of temperature-resistant polymeric materials are required, currently available only in virgin material and not recyclable except as energy recovery. Agreements with suppliers envisage introducing products with recycled content by 2025. Capitelli's finished products are packaged in bags made of poly laminates in virgin materials, which can be sent for material recovery after differentiation or for energy recovery. The packaged products are delivered to the carrier in FSC MIX certified cardboard packaging, i.e. partially recycled and completely recyclable.

Currently, the waste generated is all sent to controlled disposal destinations, where it is possible to valorise the energy, at least partially.

	units	2020	2021	2022
Valorisation of waste generated		215	335	264
Non-hazardous waste	t	215	335	264
% Material recovery		0%	0%	0%
% Energy recovery or disposal		100%	100%	100%

LOW-CARBON TRANSITION

Capitelli supports Italmobiliare in his commitment to company-wide emission reductions in line with climate science with the Science Based Targets initiative (SBTi). The SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science, accelerating companies to halve emissions before 2030 and achieve net-zero emissions before 2050.

The carbon footprint largely depends on the management of pig farms. Since 2022, Scope 2 emissions, from the use of electricity, have been completely eliminated, thanks to self-production, specific supply contracts and the purchase of certificates of guarantees of renewable origin. While improving the analytical assessment of the emissions of the value chain (Scope 3), Capitelli is committed to mitigating the climate-altering effects of its business.

In 2021 the heating and refrigeration systems were completely renovated with the adoption of highly energy efficient solutions, which entered full capacity at the beginning of 2022.

In addition to the efficiency of the production processes, the plant owns an active photovoltaic system that produces almost 200,000 kilowatt hours of electricity per year, most of which is reused directly.

	units	2020	2021	2022	2022
Carbon Footprint		21,720	25,384	25,412	
Scope 3 Upstream		20,901	24,393	24,960	98%
1. Purchased products and services		20,901	24,393	24,960	98%
2. Capital goods		n.m.	n.m.	n.m.	0%
3. Fuel-and energy-related activities (not included in Scope 1 and Scope 2 emissions)		--	--	--	0%
4. Upstream transportation and distribution		n.m.	n.m.	n.m.	0%
5. Waste generated by the sites		n.m.	n.m.	n.m.	0%
6. Business travel		n.m.	n.m.	0	0%
7. Employee commuting		n.m.	n.m.	n.m.	0%
8. Upstream leased assets		--	--	--	0%
Scope 1	t CO₂	324	415	365	1%
Scope 2 market based		334	388	0	0%
<i>location based</i>		241	330	355	
Scope 3 Downstream		161	189	87	0%
9. Downstream transportation and distribution		160	186	85	0%
10. Processing of sold products		n.m.	n.m.	n.m.	0%
11. Use of sold products		--	--	--	0%
12. End-of-life treatment of sold products		2	2	2	0%
13. Downstream leased assets		--	--	--	0%
14. Franchises		--	--	--	0%
15. Investments		--	--	--	0%
Emissioni evitate (location based)		65	64	356	
From photovoltaic production	t CO₂	65	64	64	
From hydroelectric production		0	0	0	
From renewable electricity purchased		0	0	292	
Carbon Intensity					
Scope 1+2 market based	t CO₂ / M€ Revenues	44.4	45.9	19.0	



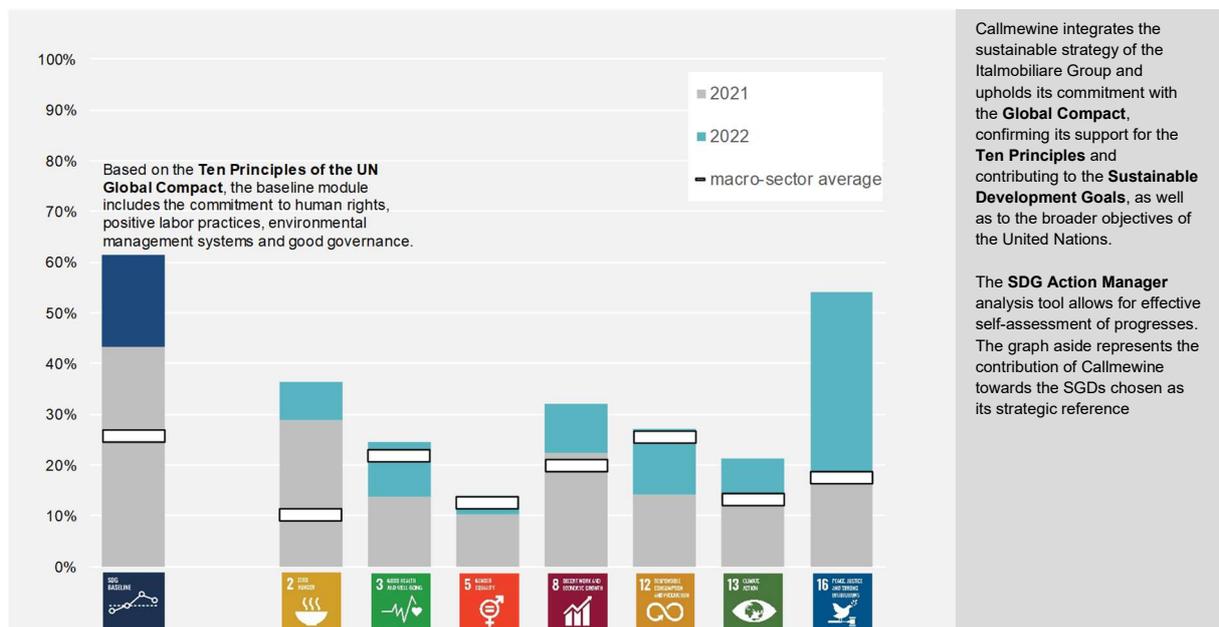
Callmewine

Callmewine, established in 2010, is an e-commerce platform that specialises in the sale of wine, where it ranks as one of the market leaders in Italy. It boasts an extensive catalogue of wines with around 10,000 labels on offer, ranging from big names on the global wine scene to small producers. It has been part of the Italmobiliare Group since December 2020, as a **subsidiary with a 80% stake**.

HIGHLIGHTS

	Governance and supply chain	Strategy climate	Health, safety and well-being	Gender and human capital development
<i>The foundation</i>	Adoption of Code of Ethics and Sustainability Policies, with application extended to the entire value chain.	Monitoring with analytical detail of carbon footprint (scopes 1, 2 and 3).	Actively supporting people in addressing emerging social challenges.	Adoption of the Women Empowerment Principles (WEPs), incorporating them into identity documents.
<i>The 2022 key results</i>	80% Suppliers With the adoption of the Supplier Charter, they received a detailed ESG pre-qualification questionnaire.	Zero CO₂ 2023-2024 In 2022 it acquired credits to offset the entire carbon footprint for at least the next 2 years.	Zero Injuries Commitment to ensuring a safe working environment by promoting people's mental and physical well-being must be continuous.	30 h/pp Training Training activities resumed at full capacity after the lock-down period, involving 100 percent of the people.
<i>Next challenges</i>	100% Value chain aligned with Callmewine's virtuous model.	100% Products & services aligned with carbon footprint mitigation and offset plans.	100% People able to promote to all stakeholders the culture of safety by inviting the adoption of virtuous behavior.	100% People covered by development plans aimed at growth, inclusion and gender equality.

CONTRIBUTION TO SDGs



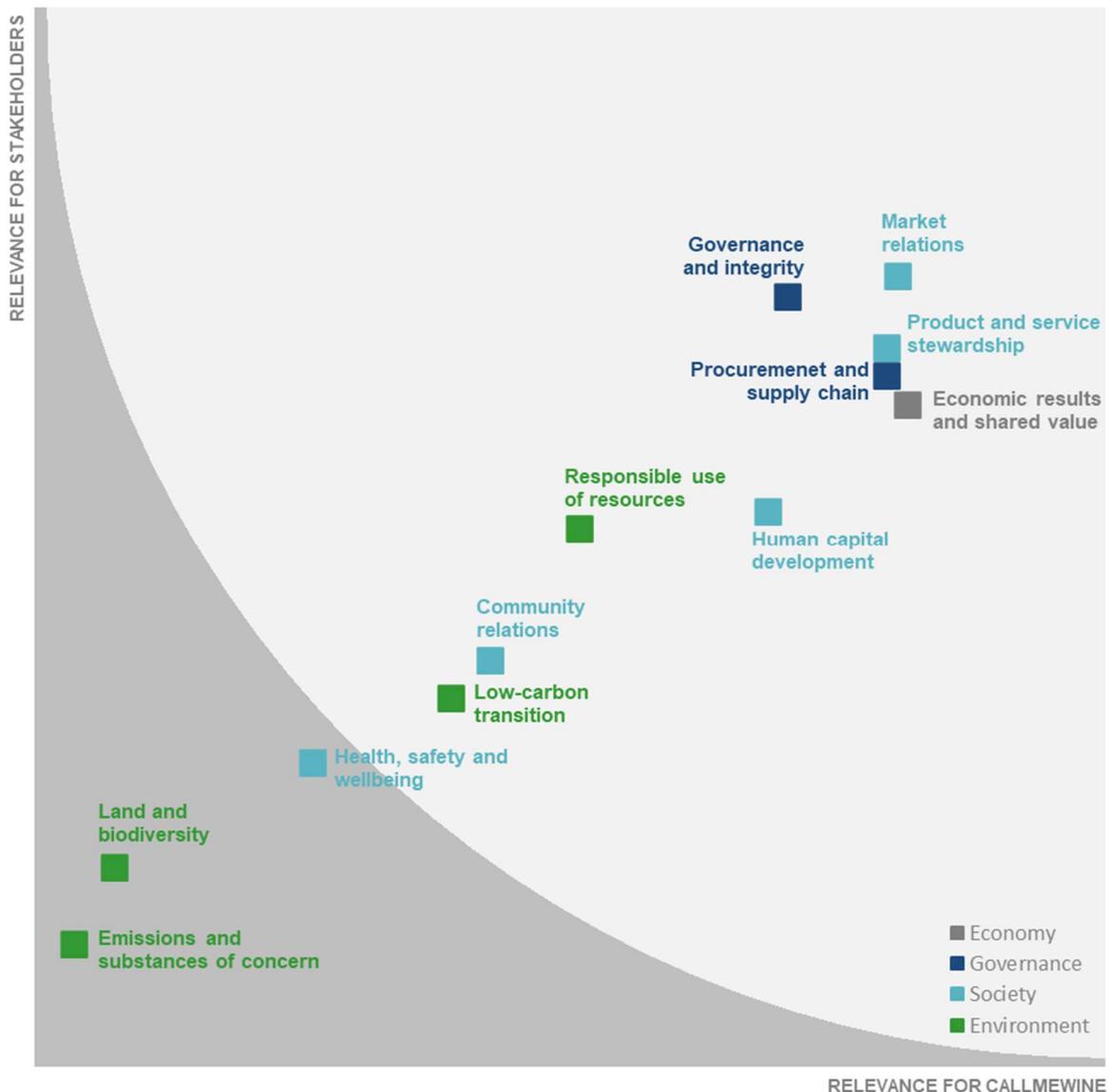
MATERIALITY

Italmobiliare and Callmewine recognize the sensitive aspects of the food e-commerce sector, which highlights important issues for the sustainable success of the business, economic, social and environmental, which cover the entire value chain, from the procurement of products and raw materials for packaging to logistics services for widespread delivery.

In defining the sustainable strategy and related action plans, the materiality analysis offers an effective tool for identifying the relevant governance, economic, social and environmental issues, matching the interests of the business with the expectations of stakeholders

The materiality matrix is built by systematically evaluating risks, opportunities, positive or negative impacts, analysing all the aspects relevant for the business with the contribution of the first line of management, the majority shareholder and finally collecting the positions expressed by the most representing stakeholders.

The result is graphically represented in the graph hereunder.



GOVERNANCE

GOVERNANCE AND INTEGRITY

The composition and management of the governance bodies, starting with the **Board of Directors**, ensure representativeness, competence and the absence of conflicts of interest, aiming at maximum operational efficiency and integrity. Women participation in the Board of Directors is at 20% (1 director out of 5).

In line with the Group's approach, the **Code of Ethics** and the **Sustainability Policies** adopted by Callmewine explicitly recall the Ten Principles of the United Nations Global Compact and inspired by the highest global references. Through a sustainable approach aimed at creating shared value for the society and for the environment, Callmewine intends to explore further levers of success to increase turnover and profit margins, mitigate business risk, attract capital and investors, motivate its people and consolidate the brand.

Based on that of the Parent Company and considering the specificities relating to the nature, size, type of activity or structure of internal powers, Callmewine adopts an **Organisation, Management and Control Model**, which is foreseen by law but not mandatory. It is designed to limit the risk of committing specific relevant crimes. The Supervisory Body, appointed on the basis of autonomy and independence, will be responsible for the control activity. In addition to specific periodic training, the approach will include the whistleblowing procedure for reporting unlawful behaviour, in order to offer employees and third parties confidential channels to raise concerns or violations of the procedure, without fear of retaliation, discrimination or disciplinary action.

More generally, Callmewine implements and strengthens the **Enterprise Risk Management** system over time, according to the management framework and the risk catalogue defined at Group level, which integrate ESG issues. The process adopted allows the identification, measurement, monitoring and management of the risks, including climate risks, and helps consolidating the Group's approach.

At an operational level, the adopted **management procedures** represent a fundamental asset to guarantee activities that are fully aligned with the corporate strategy, in a logic of continuous improvement. The integration with business processes helps to consolidate the organisational, technological and behavioural methods.

PROCUREMENT AND SUPPLY CHAIN

The company purchases products from suppliers selected through solid personal relationships, making them available for purchase on its web portal.

An outsourced logistics system guarantees retail delivery within the deadlines indicated at the time of purchase.

In 2022, the **Supplier Charter** was adopted, defining the principles to which the suppliers of goods or services and contractors shall align, in their direct activities, in contractual relations with their possible sub-suppliers or subcontractors and, in general, in the creation and management and of their respective value chains. In the prequalification process all suppliers are asked to complete an online questionnaire covering human and labour rights, respect for the environment and business integrity.

SOCIETY

HUMAN CAPITAL DEVELOPMENT

Callmewine benefits from the value of 21 motivated and specialized people, in a growing reality (total turnover 57%, 10 new hires and 2 exits). Direct employees are covered by a collective bargaining agreement. 20% of managerial positions are occupied by women. In 2022, 1 intern was also present.

A performance appraisal system including top levels and key people has been adopted, also aimed at increasing the level of attraction and retention. A corporate welfare plan introduced in 2021 allows each employee to take advantage of the bonus linked to company results on the DoubleYou platform. Furthermore, employees benefit from special discounts on the purchase of company products. From 2022, all employees will be able to do smart working for one day a week.

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Personnel	--	--	--	6	7	13	10	11	21
<i>Managers</i>	--	--	--	0	1	1	0	1	1
<i>Middle managers</i>	--	--	--	1	2	3	1	3	4
<i>Office workers</i>	--	--	--	5	4	9	9	7	16
Permanent contracts	--	--	--	100%	100%	100%	50%	100%	76%
Full time contracts	--	--	--	100%	100%	100%	100%	100%	100%
Training (hours per capita)	--	--	--	4.0	4.0	4.0	39	21	30
<i>Managers</i>	--	--	--	0.0	4.0	4.0	0	19	19
<i>Middle managers</i>	--	--	--	4.0	4.0	4.0	25	19	20
<i>Office workers</i>	--	--	--	4.0	4.0	4.0	41	22	33
Performance assessment (%)	--	--	--	0%	0%	0%	10%	36%	24%
<i>Managers</i>	--	--	--	0%	0%	0%	0%	100%	100%
<i>Middle managers</i>	--	--	--	0%	0%	0%	100%	100%	100%
<i>Office workers</i>	--	--	--	0%	0%	0%	0%	0%	0%

	2020	2021	2022
Gender pay gap	--	--	-47%
<i>Managers</i>	--	--	--
<i>Middle managers</i>	--	--	-21%
<i>Office workers</i>	--	--	-17%

HEALTH, SAFETY AND WELLBEING

Callmewine promotes the health, safety and wellbeing of all employees, creating and maintaining safe offices and other workplaces as an essential condition for the professional growth and enhancement of its resources.

The approach adopted is aligned with the applicable national regulations, starting with a solid risk assessment, updated periodically with the support of qualified third parties. A dedicated professional contact, the presence of a doctor for both institutional and voluntary health promotion activities and the formal involvement of the social partners constitute the support organisation. Preventive reporting of anomalous or risk conditions by everyone, an accurate analysis of accidental events, even if not serious, and adequate training activities ensure continuous improvement.

In 2022, there have been no accidents of any kind to employees or non-employee workers.

		2020	2021	2022
Employees injuries		0	0	0
<i>Fatalities</i>		0	0	0
<i>Serious injuries</i>	<i>with absence from work for at least 180 days</i>	0	0	0
<i>Injuries</i>	<i>with absence from work between 1 and 180 days</i>	0	0	0
Frequency rate	number of injuries per million hours worked	0.0	0.0	0.0
Severity rate	lost days per thousand hours worked	0.0	0.0	0.0

PRODUCT AND SERVICE STEWARDSHIP

Callmewine is characterised by a consistent selection of certified craft, organic and bio-dynamic wines, but also wines that macerated and produced in amphora. Above all, the craft wines are produced by independent artisans with their own vineyards according to an agricultural model as natural as possible, one that completely excludes the use of synthetic pesticides, herbicides or insecticides. This same approach includes support for small wineries, offering their wines on the market at fair prices, creating and maintaining solid relationships with niche or little-known producers: all realities that find in Callmewine a commercial partner and an incomparable virtual showcase.

Wine is environment. Callmewine protects it even with attention to the smallest operating details, such as the use of packaging entirely in cardboard, 100% recyclable, and without the use of polystyrene or other plastics.

In 2022, Callmewine purchased CO₂ credits to offset the entire carbon footprint for at least the next two years, neutralizing every order that will be placed in 2023 and 2024.

MARKET AND COMMUNITIES

Callmewine is an e-commerce platform designed to be a sort of personal sommelier, stimulating, simple and intuitive, available 24 hours a day, 7 days a week, able to guide all wine lovers, expert tasters or simple enthusiasts, to the discovery of new wines and perfect combinations.

In this role, it is important to gain and maintain the customer's trust, dedicating a lot of time to tasting and selecting the products on sale, whose quality and food safety are ensured by advanced and integrated management systems, which thanks to the proven effectiveness and verified over time, they have obtained the formal third-party certification.

The shopping experience is also important: the products that can be bought on Callmewine are all actually available and are stored at a controlled temperature in suitable places. The technical and organoleptic characteristics of the product, as well as the possible presence of potential allergens, provided directly by the production companies or distributors, are widely described on the site.

ENVIRONMENT

RESPONSIBLE USE OF RESOURCES

Callmewine pays particular attention to packaging, using exclusively cardboard, and no polystyrene or other plastics. In 2022, 275 tons of cardboard packaging were used, of which 65% comes from recycling.

LOW-CARBON TRANSITION

Callmewine supports Italmobiliare in his commitment to company-wide emission reductions in line with climate science with the Science Based Targets initiative (SBTi). The SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science, accelerating companies to halve emissions before 2030 and achieve net-zero emissions before 2050.

The carbon footprint largely depends on the supply of wine and packaging.

In 2022, Callmewine purchased CO₂ credits (overall 3000 tons) to offset the entire carbon footprint at least for the next two years. The credits derive from a project developed in Ethiopia by the Italian NGO COOPI in collaboration with Carbonsink. The project involves the construction of solar energy systems for the supply of safe drinking water for domestic use, with positive effects on hygienic, social, economic and environmental conditions.

	units	2020	2021	2022	2022
Carbon Footprint			1,492	1,285	
Scope 3 Upstream			1,356	1,195	93%
1. Purchased products and services			1,121	963	75%
2. Capital goods			n.m.	n.m.	0%
3. Fuel-and energy-related activities (not included in Scope 1 and Scope 2 emissions)			--	--	0%
4. Upstream transportation and distribution			236	231	18%
5. Waste generated by the sites			n.m.	n.m.	0%
6. Business travel			n.m.	1	0%
7. Employee commuting			n.m.	n.m.	0%
8. Upstream leased assets			--	--	0%
Scope 1	t CO₂		0	0	0%
Scope 2 market based			0	0	0%
<i>location based</i>			2	2	
Scope 3 Downstream			136	90	7%
9. Downstream transportation and distribution			105	63	5%
10. Processing of sold products			--	--	0%
11. Use of sold products			--	--	0%
12. End-of-life treatment of sold products			31	27	2%
13. Downstream leased assets			--	--	0%
14. Franchises			--	--	0%
15. Investments			--	--	0%
Emissioni evitate (location based)			2	2	
From photovoltaic production	t CO₂		0	0	
From hydroelectric production			0	0	
From renewable electricity purchased			2	2	
Carbon Intensity					
Scope 1+2 market based	t CO₂ / M€ Revenues		0	0	

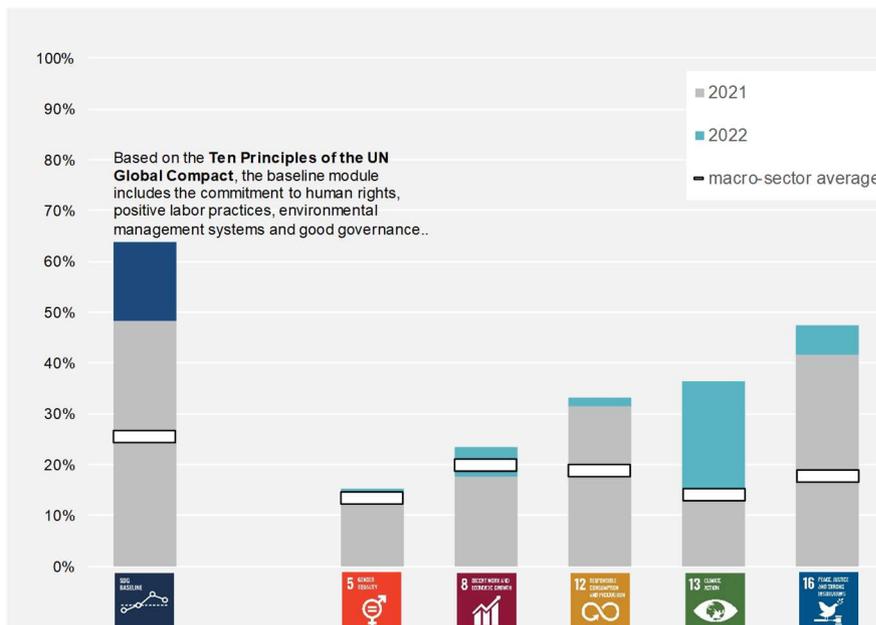
Clessidra

Clessidra was founded in 2003 as an asset management company operating in private equity, becoming today now one of the main financial operators active in alternative investments (private equity and private credit) and in factoring, by means of three specialised companies, each with its own operating autonomy, under the coordination of Clessidra Holding. In September 2016 it became part of the Italmobiliare Group, which took a **100% stake**.

HIGHLIGHTS

	Governance and supply chain	Strategy climate	Health, safety and well-being	Gender and human capital development
<i>The foundation</i>	Adoption of Code of Ethics and Sustainability Policies. Adhesion to UN Principles for Responsible Investment.	Monitoring with analytical detail of carbon footprint (scopes 1, 2 and 3).	Actively supporting people in addressing emerging social challenges.	Adoption of the Women Empowerment Principles (WEPs), incorporating them into identity documents.
<i>The 2022 key results</i>	75% ESG funds 3 out of 4 funds managed are SFDR Art.8 funds, which promote environmental and social characteristics and good governance practices.	Zero CO₂ Scope 2 since 2022 From 2022, Clessidra Headquarters will use only renewable electricity.	Zero Injuries Commitment to ensuring a safe working environment by promoting people's mental and physical well-being must be continuous.	66 people Training 100% of the people who contribute to Clessidra excellence have benefited from training activities.
<i>Next challenges</i>	100% Investment and finance aimed at creating positive ESG impact.	100% Investment and finance Aligned with carbon footprint mitigation and offset plans.	100% People capable of promoting a culture of safety in all managed financial investments and activities.	100% People covered by development plans aimed at growth, inclusion and gender equality.

CONTRIBUTION TO SDGs



Clessidra integrates the sustainable strategy of the Italmobiliare Group and upholds its commitment with the **Global Compact**, confirming its support for the **Ten Principles** and contributing to the **Sustainable Development Goals**, as well as to the broader objectives of the United Nations.

In addition, Clessidra Private Equity SGR and Clessidra Capital Credit SGR adheres to the **UN Principles for Responsible Investment (UN-PR)**, formally committing to follow its principles and guidelines.

The **SDG Action Manager** analysis tool allows for effective self-assessment of progresses. The graph aside represents the contribution of Clessidra towards the SDGs chosen as its strategic reference.

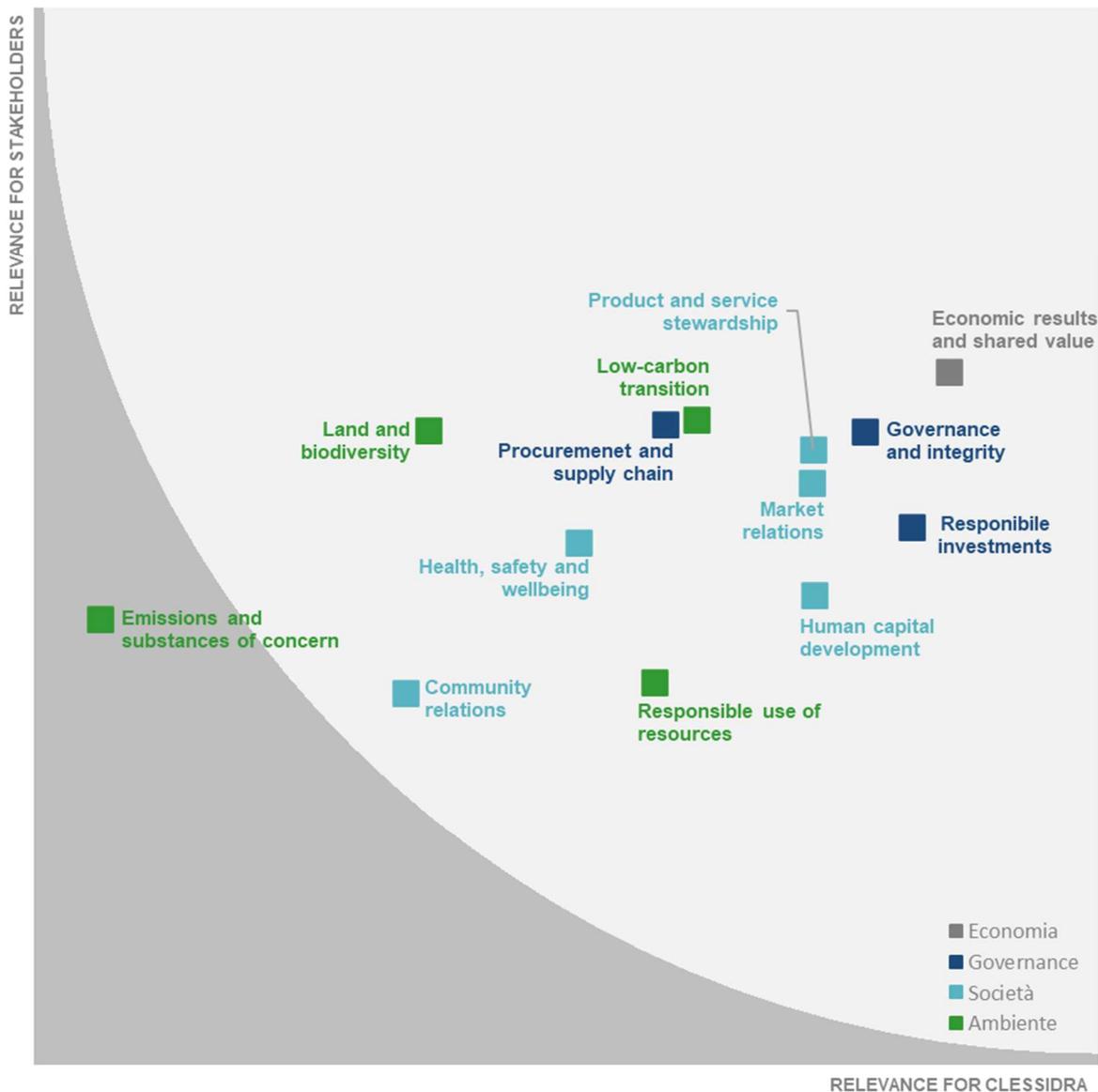
MATERIALITY

Italmobiliare and Clessidra recognize the importance of integrated risk assessment in investments and other financial transactions, but also the interconnected transformative capacity. In particular, the private equity business offers the opportunity to prioritize and mobilize financial resources in a targeted and selective manner, thus contributing to global challenges and, at the same time, protecting and strengthening financial performance for the benefit of investors and all other stakeholders.

In defining the sustainable strategy and related action plans, the materiality analysis offers an effective tool for identifying the governance, economic, social and environmental issues relevant for Clessidra and its portfolio, matching the interests of the business with the expectations of stakeholders.

The materiality matrix is built by systematically evaluating risks, opportunities, positive or negative impacts, analysing all the aspects relevant for Clessidra and its investment portfolio the business with the contribution of the first line of management, the majority shareholder and finally collecting the positions expressed by the most representing stakeholders.

The result is graphically represented in the graph hereunder.



GOVERNANCE

GOVERNANCE AND INTEGRITY

The composition and management of the governance bodies, starting with the **Board of Directors**, ensure representativeness, competence and the absence of conflicts of interest, aiming at maximum operational efficiency and integrity. Women participation in the Board of Directors of Clessidra Holding is at 14% (the Chief Executive Officer out of 7 directors). It rises to 20% for Clessidra Private Equity SGR and Clessidra Capital Credit SGR (2 directors out of 5, each) and to 40% for Clessidra Factoring (2 directors out of 5).

In line with the Group's approach, the **Code of Ethics** and the **Sustainability Policies** adopted by all Clessidra Group Companies explicitly recall the Ten Principles of the United Nations Global Compact. Coherently with the commitment undertaken by joining the UN Principles for Responsible Investment (UN PRI). Clessidra also recognizes the link between investment returns and environmental, social and governance (ESG) issues. Through a sustainable approach aimed at creating shared value for the society and for the environment, Clessidra supports its investees in exploring further levers of success to increase turnover and profit margins, mitigate business risk, attract capital and investors, motivate its people and consolidate the brand.

Clessidra Group's companies have adopted an **Organisation, Management and Control Model**, which is foreseen by law but not mandatory. It is designed to limit the risk of committing specific relevant crimes, but also terrorism or violations against the individual, market abuse and others. The Supervisory Body, appointed on the basis of autonomy and independence, is responsible for the control activity. In addition to specific periodic training, the approach adopted includes the whistleblowing procedure for reporting unlawful behaviour, in order to offer employees and third parties confidential channels to raise concerns or violations of the procedure, without fear of retaliation, discrimination or disciplinary action.

In its investment activities, Clessidra undertakes to promote compliance with applicable regulations and the highest ethical standards at the portfolio companies. In particular, it collaborates with the portfolio companies in order to adopt or update their own Organisational, Management and Control Models, including ethical principles, codes of conduct, control tools, procedures and training activities.

As it is not subject to management and control by Italmobiliare, Clessidra plays a role similar to that of the holding company in relation to its subsidiaries. The **Risk Management function** holds an independent position with respect to the operating structures and reports directly to the Board of Directors. It measures, manages and controls all financial and operational risks inherent to the assets managed, as well as those of the SGR such as strategic, operational and reputational risks, and climate risks, supported by the Sustainability & ESG Director. Specifically, the Risk Management function:

- Implements effective policies and procedures to identify and monitor on an ongoing basis the risks inherent to the investment strategy envisaged in the Regulation of each fund and to which each fund is currently or potentially exposed.
- Monitors compliance with the risk limits set in the Regulation of each fund and ensures that the risk profile communicated to investors during the marketing phase is compliant.
- Updates the Board of Directors at least every six months on the adequacy and effectiveness of the management process and on any actual or foreseeable violation of the risk limits set, thus allowing the prompt adoption of corrective actions.
- Reviews the policies and procedures adopted for the valuation of assets in the portfolio, ensuring consistency between the results of the valuation process and the measurement of the riskiness of the assets themselves.

The integration of the ESG approach in the management processes of Clessidra Group's companies in itself constitutes an element of risk mitigation.

Main risks mitigated through the ESG approach	Key levers affected
Consistency with the ESG commitments of Clessidra, including those related to the full alignment with SFDR Regulation, and its subsidiaries and effectiveness of the execution of action plans	ALL
Physical and transition climate risks	RESPONSIBLE INVESTMENTS RESPONSIBLE USE OF RESOURCES LOW-CARBON TRANSITION
Alignment with the evolution of the regulatory framework for health, safety and the environment	GOVERNANCE AND INTEGRITY
Alignment with the evolution of the regulatory framework on data privacy	GOVERNANCE AND INTEGRITY
Identification and prevention of potential cases of active and passive corruption	GOVERNANCE AND INTEGRITY

RESPONSIBLE INVESTMENTS

The Code of Ethics defines the set of fundamental principles and rules of conduct to which all the companies of Clessidra Group adhere, with the additional guidance provided by the Sustainability Policies. In particular, for Clessidra Private Equity SGR and Clessidra Capital Credit SGR, they guide the sustainable strategy, aiming at the creation of shared value, and constitute the reference for the Responsible Investment Policies adopted.

Clessidra Private Equity SGR's business involves investments in the private equity sector, with particular focus on the Italian upper-middle market segment. **Clessidra Capital Credit SGR's** business mainly involves investments in the private credit sector, with a focus on turnaround funds and corporate credit, managing alternative investment funds with a focus on credit market, both distressed and performing. **Clessidra Factoring** provides Italian SMEs with a wide range of services specialising in financing and in the sale and management of trade receivables.

All the managed activities require careful assessment of market counterparties with which to undertake investments, partnerships, and contractual relationships. Each component, managed according to specific internal procedures, helps to achieve the objectives of return on investment, risk diversification and value creation. Among the various elements to be assessed, the prospects for improving the ESG positioning and alignment with the adopted sustainable strategy play a significant role. To this end, Clessidra Private Equity SGR and Clessidra Capital Credit SGR refrain from any investment or involvement, whether direct or indirect, with entities involved in the production, marketing, use or trade of illegal products or activities. Other ascertained direct or indirect practices also lead to exclusion: for example, corruption, money laundering, violations of human rights, violations of the fundamental principles of labour, production of goods harmful to health, the environment and morality, an obstacle to sustainability in general.

Clessidra Private Equity SGR and Clessidra Capital Credit SGR assign priorities and mobilises financial resources in a targeted and selective manner, thereby contributing to global challenges and, at the same time, protecting and strengthening financial performance for the benefit of investors, shareholders, enterprises and all other stakeholders.

In line with the strategic vision of the entire Clessidra Group regarding responsible investment, the integration of environmental, social and governance (ESG) risks and opportunities is a fundamental element in all phases of the management process of all its investment activities of Clessidra Private Equity SGR and Clessidra Capital Credit SGR. In particular, in order to prevent or mitigate exposure to risks and benefit from opportunities of value creation, Clessidra Private Equity SGR and Clessidra Capital Credit SGR subjects all new investments to a verification of alignment with its own value references (Code of Ethics and Sustainability Policies), the requirements of its Responsible Investment Policy and the rules set by the Regulations of the Funds managed and a due diligence process which also assesses the environmental, social and governance aspects.

As a responsible investor, Clessidra Private Equity SGR and Clessidra Capital Credit SGR promote the evolution towards sustainable business models among all the companies in the portfolio of all the managed Funds, providing transformative capacity, specific expertise and full support in the management of risks and opportunities in ESG matters.

However, with reference to the level of detail and transparency required by the SFDR Regulation, Clessidra Private Equity SGR and Clessidra Capital Credit SGR adopt approaches differentiated by asset class of financial

product, especially in consideration of the investment timeline of the individual Funds currently under management, as duly described in the SFDR Disclosure published on the web:

In 2022, significant ESG interactions took place with all the companies in the portfolio, in particular within Art.8 SFDR Funds. The ESG management methods differ according to the level of control, the maturity of the investee and the time spent in the portfolio.

Portfolio Companies at end of 2022		Main ESG activities in 2022
Clessidra Private Equity SGR Funds (Art. 8 SFDR)		
CCP3 Fund	Nexi	The stake held in the investee and the level of governance exercisable by Clessidra do not allow direct influence on sustainability issues. However, the company has a high-level commitment to sustainability and Clessidra records its progress annually. As a listed company, it fully complies with the obligations relating to non-financial transparency.
	L&S	Preparation for new Code of Ethics, Sustainability Policies and Supplier Charter Follow-up and update of ESG Plan 100% Renewable Power for Italian operationsa ESG metrics and data collection, upon SFDR requirements
CCP3 CCP4 Funds	Argea	Drafting and issuance of first Sustainability Report Wine sector Equalitas certification ISO 45001 certification Adoption of Supplier Charter Follow-up and update of ESG Plan 100% Renewable Power ESG metrics and data collection, upon SFDR requirements
		ESG Induction to Board of Directors and first-line managers
CCP4 Funds	Viabizzuno	Workshop to define the Materiality Matrix Completion of B Corp Impact Assessment and SDG Action Manager Update of ESG Plan 100% Renewable Power ESG metrics and data collection, upon SFDR requirements
	Impresoft	ESG Induction to Board of Directors and first-line managers Workshop to define the Materiality Matrix Completion of B Corp Impact Assessment and SDG Action Manager Update of ESG Plan 100% Renewable Power ESG metrics and data collection, upon SFDR requirements
Clessidra Capital Credit SGR Funds (art. 8 SFDR)		
CPD Fund	all investees	ESG due diligence Definition of contractual ESG targets Support on ESG integration

SOCIETY

HUMAN CAPITAL DEVELOPMENT

Clessidra has a team of 66 motivated and specialized people. The overall turnover was 52%, with 25 new hires and 9 exits. Direct employees are all covered by a collective bargaining agreement. 28% of managerial positions are held by women.

Clessidra has adopted a remuneration and incentive system in line with the long-term corporate strategy. This means that it integrates the objectives, values and interests of its Alternative Investment Funds and their investors with the financial and socio-environmental performance, corporate values, development and retention of professional skills.

In order to accompany the development of human capital, Clessidra has adopted an individual performance assessment system extended to all staff based on individual annual qualitative and quantitative objectives, to which the variable element of annual remuneration is related.

	2020			2021			2022		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Personnel	10	20	30	20	30	50	25	41	66
<i>Managers</i>	2	13	15	3	12	15	4	16	20
<i>Middle managers</i>	4	4	8	8	10	18	9	18	27
<i>Office workers</i>	4	3	7	9	8	17	12	7	19
Permanent contracts	100%	90%	93%	100%	90%	94%	100%	98%	98%
Full time contracts	80%	100%	93%	90%	100%	96%	100%	100%	100%
Training (hours per capita)	2.4	1.2	1.6	1.1	2.5	1.9	11	13	12
<i>Managers</i>	4.0	0.6	1.1	2.3	0.8	1.1	11	13	13
<i>Middle managers</i>	2.0	2.0	2.0	1.4	4.1	2.9	11	13	12
<i>Office workers</i>	2.0	2.7	2.3	0.3	3.1	1.6	11	13	12
Performance assessment (%)	100%	100%	100%	95%	93%	94%	100%	100%	100%
<i>Managers</i>	100%	100%	100%	67%	100%	93%	100%	100%	100%
<i>Middle managers</i>	100%	100%	100%	100%	100%	100%	100%	100%	100%
<i>Office workers</i>	100%	100%	100%	100%	75%	88%	100%	100%	100%

	2020	2021	2022
Gender pay gap	--	--	-54%
<i>Managers</i>	--	--	-22%
<i>Middle managers</i>	--	--	-30%
<i>Office workers</i>	--	--	-24%

HEALTH, SAFETY AND WELLBEING

Clessidra promotes the health, safety and wellbeing of all employees and a safety culture that is also shared with the companies in its portfolio. The approach adopted is aligned with the applicable national regulations, starting with a solid risk assessment, updated periodically with the support of qualified third parties. The main risk conditions that have been identified are external to the workplace and mainly concern the use of company cars. A dedicated internal contact, the availability of a doctor for both institutional and voluntary health promotion activities and the formal involvement of the social partners constitute the support organisation. Preventive reporting of anomalous or risk conditions by everyone, an accurate analysis of accidental events, even if not serious, and adequate training activities ensure continuous improvement.

All employees benefit from health insurance: full cover for middle managers and white collar workers and supplementary cover for managers. Managers are also entitled to an annual check-up at a leading hospital.

		2020	2021	2022
Employees injuries		0	0	0
<i>Fatalities</i>		0	0	0
<i>Serious injuries</i>	<i>with absence from work for at least 180 days</i>	0	0	0
<i>Injuries</i>	<i>with absence from work between 1 and 180 days</i>	0	0	0
Frequency rate	number of injuries per million hours worked	0.0	0.0	0.0
Severity rate	lost days per thousand hours worked	0.0	0.0	0.0

MARKET AND COMMUNITIES

Clessidra Private Equity SGR and Clessidra Capital Credit SGR offer their investors quality services, creating and maintaining solid relationships built on transparency and trust. Communicating with subscribers guarantees an adequate and equal level of information for all investors, safeguards the confidentiality of processed information and protects the successful outcome of investments and divestment in progress.

Within 60 days from the end of each year, Clessidra Private Equity SGR and Clessidra Capital Credit SGR prepares a management report on each of its funds in accordance with the Bank of Italy's Collective Savings Management Regulation. The report includes a balance sheet, income statement, notes and directors' report and is subject to certification by the Independent Auditors. On a voluntary basis and in agreement with investors and according to international practice, the two companies also prepare a quarterly report called the LP Report which contains information based on official data similar to that of the management report. Those in charge of drafting respond jointly to requests for clarifications or insights about the communications sent, assessing the advisability of providing additional information to the general public of investors.

In addition to the communications due by law and voluntary reporting, Clessidra Private Equity SGR and Clessidra Capital Credit SGR convey information in response to specific requests from investors in the event that they express the need to be aware of foreseeable developments in investment management, also in order to allow them to assess potential sales of their shares. The information provided to investors is checked periodically by the independent auditors and by internal control bodies and functions.

Clessidra Private Equity SGR and Clessidra Capital Credit SGR fully adopt the principle of transparency also in the reporting of ESG performance, preparing the communications to the market and investors required by the SFDR Regulation, responding annually to the UN PRI questionnaire, and publishing the Transparency Report. Furthermore, to ensure transparency towards investors, in the financial reports prepared in accordance with the Bank of Italy's instructions, there is a specific paragraph about responsible investments. In addition, there is a quarterly report, based on guidelines for the presentation of financial information (IPEV Reporting Guidelines) and for valuations (International Private Equity and Venture Capital Valuation Guidelines), which highlights any critical issues and management's approach, also to issues of responsible investment.

Clessidra pays the utmost care and attention to data protection and the protection of the rights and freedoms of natural persons and to this end applies the technical and organisational measures needed to ensure implementation of the ruling regulations. In particular, the SGR implements appropriate and specific measures to avoid the violation of personal data, above all the risk of data loss or access by unauthorised parties. The Policy

on the Protection of Personal Data and Data Breach is constantly updated with respect to regulatory changes and amendments to internal processes.

In addition, through active participation in AIFI, the Italian Association of Private Equity, Venture Capital and Private Debt, and Invest Europe, the corresponding European trade association, and Assifact, Italian association for factoring, Clessidra supports the numerous initiatives and guidelines on ESG. In addition, Clessidra actively participates in the Italian Sustainable Investment Forum (ItaSIF), a non-profit association that promotes the knowledge and practice of responsible and sustainable investment.

ENVIRONMENT

LOW-CARBON TRANSITION

Clessidra supports Italmobiliare in his commitment to company-wide emission reductions in line with climate science with the Science Based Targets initiative (SBTi). The SBTi is a global body enabling businesses to set ambitious emissions reductions targets in line with the latest climate science, accelerating companies to halve emissions before 2030 and achieve net-zero emissions before 2050.

Clessidra is aware of the priority dimension of the fight against climate change and a key objective of its investment strategies. According to the GHG Protocol, the international reference for the accounting of greenhouse gases, direct emissions (Scope 1) derive from the heating of offices and the company fleet. Indirect emissions (Scope 2) derive from the electricity purchased and used in the offices. Value chain emissions (Scope 3) include other indirect emissions in specific categories to be considered if relevant. For Clessidra, the relevant category is “investments”, which includes Scope 1,2 and 3 emissions calculated or estimated for all companies with majority participation in the portfolio of managed funds.

	units	2020	2021	2022	2022
Carbon Footprint		200,662	271,678	499,736	
Scope 3 Upstream		0	0	25	0%
1. Purchased products and services		--	--	--	0%
2. Capital goods		--	--	--	0%
3. Fuel and energy-related activities (not included in Scope 1 and Scope 2 emissions)		--	--	--	0%
4. Upstream transportation and distribution		--	--	--	0%
5. Waste generated by the sites		--	--	--	0%
6. Business travel		n.m.	n.m.	25	0%
7. Employee commuting		n.m.	n.m.	n.m.	0%
8. Upstream leased assets		--	--	--	0%
Scope 1	t CO₂	0	38	44	0%
Scope 2 market based		0	112	0	0%
<i>location based</i>		0	77	69	
Scope 3 Downstream		200,662	271,528	499,667	100%
9. Downstream transportation and distribution		--	--	--	0%
10. Processing of sold products		--	--	--	0%
11. Use of sold products		--	--	--	0%
12. End-of-life treatment of sold products		--	--	--	0%
13. Downstream leased assets		--	--	--	0%
14. Franchises		--	--	--	0%
15. Investments		200,662	271,528	499,667	100%
Emissioni evitate (location based)		0	0	0	
From photovoltaic production	t CO₂	0	0	0	
From hydroelectric production		0	0	0	
From renewable electricity purchased		0	0	0	
Carbon Intensity					
Scope 1+2 market based	t CO₂ / M€ Revenues	0	8	1.4	



SIDI Sport

SIDI Sport was founded in 1960 and specialises in the production and sale of cycling and motorcycling footwear. Its products, which are used by the most important professional and amateur athletes all over the world, are synonymous with excellence, quality, tradition, craftsmanship and design. In October 2022 it became part of the Italmobiliare Group, as **controlled company with a 100% stake**.



The consolidation of ESG performance will take place with the 2023 Sustainability Report. By the end of 2023, SIDI Sport will have completed the onboarding plan dedicated to companies joining the portfolio.

IMPRINTING

- Constitution of the Board of Directors with a composition that meets the criteria of competence, independence and gender representation.
- Consumption of electricity 100% certified renewable.

STRATEGY

- ESG induction and ongoing training for the members of the Board of Directors and managers.
- Workshop for the definition of the Materiality Matrix.
- Assessment of ESG Maturity with B Corp Impact Assessment and SDG Action Manager.
- Definition of the 2024 ESG Plan.

CORPORATE IDENTITY AND GOVERNANCE

- Vision, Mission and Values.
- Code of Ethics.
- Sustainability Policies.
- Supplier Charter.
- Model 231 (formalized instrument to combat offenses).

MONITORING

- Structure of the agenda of the Board of Directors with the progress of the ESG Plan and relevant events.
- ESG Dashboard for monthly monitoring of the ESG Plan.
- Annual data collection for the Italmobiliare Sustainability Report.
- Risk assessment workshops, including climate risks

ITALMOBILIARE
INVESTMENT HOLDING

**PORTFOLIO
COMPANIES**
affiliated



Tecnica Group

Founded in 1962 by Giancarlo Zanatta, today it is an international group with 10 direct branches and agencies, and over 40 distribution partners, to serve a total of more than 80 countries around the world. 3,150 employees, including about 300 in Italy, almost all of whom work at the head office in Gaiavera del Montello (TV). It has been part of the Italmobiliare Group since November 2017, as an **affiliate with a 40% stake**.



Tecnica Group is a leading manufacturer of outdoor footwear and ski equipment with a portfolio that includes some of the industry's longest standing brand names: Tecnica (ski boots and footwear), Nordica (skis and boots), Moon Boot® (footwear), Lowa (hiking and outdoor shoes), Blizzard (skis) and Rollerblade (in-line skates).

Tecnica Group mirrors the sustainable strategy of the Italmobiliare Group, through policies, management, operating methods and initiatives designed according to its specific characteristics, helping to promote a healthy, inclusive and sustainable global economy, respectful of human and labour rights, capable of safeguarding the environment and actively involved in every aspect of business integrity. Italmobiliare and Tecnica Group recognize the sensitive aspects of the sector, from the procurement of raw materials to the end-of-life of the products marketed and share the commitment to contribute positively to global challenges.

To confirm this, from November 2021, Tecnica Group formally adheres to the **United Nations Global Compact**, adopting policies and operational management in support of the Ten Principles and committing itself to actively contribute to the Sustainable Development Goals.

The group's industrial strategy sets people at the center. On the market side, the reference is the consumer to whom the group offers extraordinary experiences through exceptional products and inspiring an active outdoor life. Internally, the focus is on human capital, through the promotion of health, safety and well-being in an inclusive and progressive work environment and the supply chain, preferring goods and services with social value.

The measures defined to strengthen the Blizzard, Lowa, Moon Boot, Nordica, Rollerblade and Tecnica brands focus on innovation to design highly differentiated products, new distribution channels and programmes to make production and logistics more efficient. In addition, investments to reduce energy consumption, the installation of photovoltaic systems, the updating of industrial lighting systems and the promotion of electric mobility reflect its climate-friendly commitment. The group already applies these and other targeted actions, be they optimisation of the use of non-renewable resources, such as plastic materials, use of recycled materials, biodegradable packaging and the reduction of single-use ones. Furthermore, the durability of products is in itself a mitigation of the environmental footprint. Outdoor footwear is designed and built to last, thanks to the quality of the raw materials used, virgin or recycled, to the technology and the competence and passion of the Group's people. Dedicated repair laboratories permit further creation of sustainable value, thus extending products life cycle.

Finally, the group considers the awareness and involvement of all its stakeholders to be fundamental, also through full transparency on its activities and performance: in 2022, Tecnica Group has published its first Sustainability Report.



AGN Energia

Founded in 1958 along with the distribution of LPG for domestic, agricultural, industrial and automotive use, AGN Energia is today a leading energy multi-utility at national level. Over the years, the offer has been diversified to include the supply of electricity and natural gas, energy efficiency solutions, solar and photovoltaic renewables and support for electric mobility. It has been part of the Italmobiliare Group since October 2018, as an **affiliate with a 30% stake**.



AGN Energia mirrors the sustainable strategy of the Italmobiliare Group, through policies, management, operating methods and initiatives designed according to its specific characteristics, helping to promote a healthy, inclusive and sustainable global economy, respectful of human and labour rights, capable of safeguarding the environment and actively involved in every aspect of business integrity.

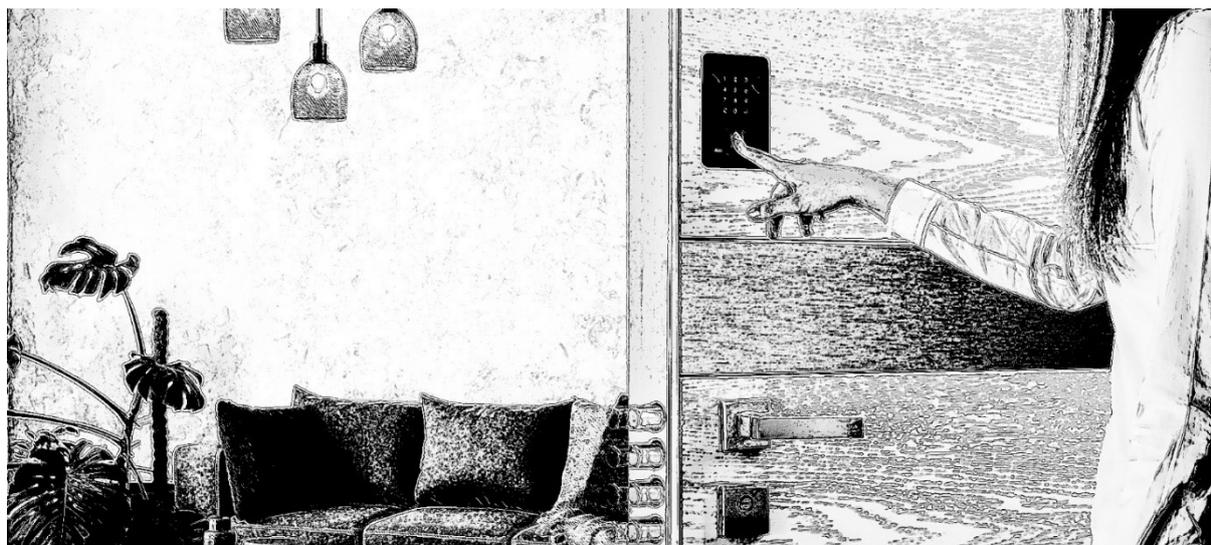
Over years, AGN Energia continued the diversification and expansion of its offer into all energy sectors: supply of natural gas and green electricity, technical gases, production from renewable sources, energy efficiency solutions and electric mobility solutions. Today, the company represents a point of reference for all energy needs with the aim of guiding its customers down the path of energy transition, guaranteeing positive effects on the environment through advantageous solutions and access to more sustainable energy resources; also thanks to the strong domestic presence that characterises the company's actions and its orientation towards a type of economic development that enhances the local territory and the communities to which it belongs.

Italmobiliare and AGN Energia recognize the sensitive aspects of the energy sector and share the key role of multi-utilities in the transition to a low-carbon economy and in promoting responsible lifestyles. In 2022, the Autogas Group strengthened internal initiatives to increase management competence and further integrate sustainability into business strategies.

Also with the support of the Italmobiliare sustainability team, the ESG aspects relevant to the success of the activities managed by the group were assessed, crossing them with the perception of its multiple stakeholders. The same exercise made it possible to evaluate the Sustainable Development Goals in detail, identify the most significant ones for the group and define the metrics to evaluate the contribution of the many sustainable initiatives already undertaken and planned.

Iseo

Founded in 1969 in Pisogne (Brescia), Iseo is a European leader in the design, manufacture and sale of products for intelligent access management and anti-intrusion security. Thanks to the acquisitions made over time, the Iseo Group has production sites in Italy, France, Germany, Spain, the United Kingdom and South Africa and commercial companies in China, Asia, Romania, the Middle East and South America. It has been part of the Italmobiliare Group since October 2018, as an **affiliate with a 39.24% stake**.



Iseo mirrors the sustainable strategy of the Italmobiliare Group, through policies, management, operating methods and initiatives designed according to its specific characteristics, helping to promote a healthy, inclusive and sustainable global economy, respectful of human and labour rights, capable of safeguarding the environment and actively involved in every aspect of business integrity.

Italmobiliare and Iseo recognize the sensitive aspects of the sector and share a passion for safety, with a vision that extends from the technical aspects of the products marketed to the perception of the value of people and the environment in which they live and work.

For Iseo, sustainability is a commitment built on values that unite ethics, environment, energy, safety and respect for the interests of all parties involved in the quality and reliability of innovative products. Advanced and participatory management systems constitute not only a guarantee of environmental, energy, health, safety and quality performances for the benefit of the market and the community, but also a continuous stimulus for the professional and motivational growth of the people in the group, at all levels. Thanks to an effectively integrated management policy, Iseo has ISO 9001 (quality), ISO 14001 (Environment), ISO 50001 (energy) and ISO 45001 (health and safety) certifications.

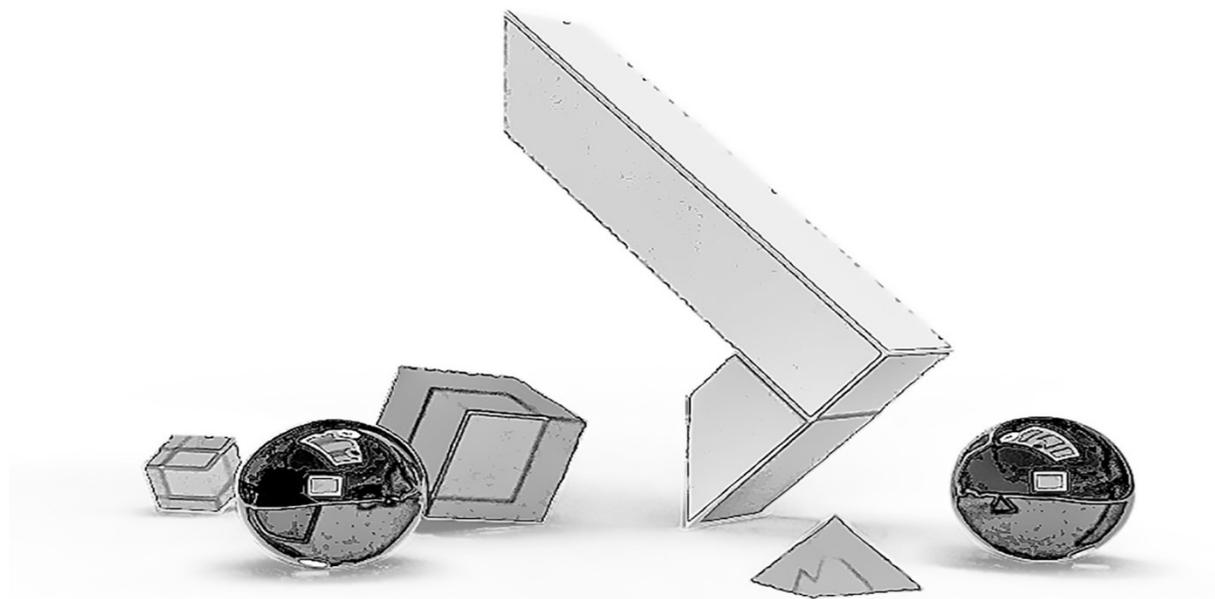
Attention to the people in the group is also important, with training plans for the development of human capital, the promotion of corporate welfare or the creation of a solidarity fund dedicated to staff and family members to support expenses related to health, study, physical activities and other individual needs.

In 2022, with the support of the Italmobiliare sustainability team, the competence and awareness of management on ESG aspects was strengthened and updated, also activating the process of assessing the materiality matrix, the starting point for defining even more challenging sustainable objectives.



Bene Assicurazioni

Bene Assicurazioni is an insurance technology company founded in 2016 and specialized in the non-life insurance retail market with a focus on the motor segment. The company is characterized by the high level of automation and digitization of all business processes and the flexibility of the application architecture that allows a lean, efficient, scalable and innovative business model. It has been part of the Italmobiliare Group since April 2022, as an **affiliate with a 19.99% stake**.



Bene Assicurazioni operates on the insurance market through a technological approach, based on continuous innovation. Innovating means facilitating access to insurance, in a personalized way, through new products, full of services and clear in their formulation. A tech company based on an integrated digital platform, an insurance license, own funds and an innovative distribution model, which, through an "open" product architecture, pursues a pure omnichannel approach.

These skills and the operational efficiency shown in its first years of commitment to giving birth and growing a native-digital insurance and aimed at streamlining procedures and giving greater satisfaction to end customers, in terms of safety and service, are the basis to face the sustainability challenges, also with the support of the dedicated Italmobiliare team.

**SUPPLEMENTARY
DATA**

GRI 2-7 Employees

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT (OPEN-ENDED AND FIXED-TERM), BY GENDER

		2020			2021			2022		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
GROUP	TOTAL	481	1,294	1,775	338	489	827	463	542	1,005
	Open-ended	433	1,214	1,647	271	448	719	387	498	885
	Fixed-term	48	80	128	67	41	108	76	44	120
Italia	TOTAL	133	679	812	323	479	802	442	528	970
	Open-ended	126	630	756	259	438	697	367	485	852
	Fixed-term	7	49	56	64	41	105	75	43	118
United Kingdom	TOTAL	18	61	79	2	3	5	5	3	8
	Open-ended	18	61	79	2	3	5	5	3	8
	Fixed-term	0	0	0	0	0	0	0	0	0
USA	TOTAL	0	0	0	13	7	20	12	10	22
	Open-ended	0	0	0	10	7	17	12	9	21
	Fixed-term	0	0	0	3	0	3	0	1	1
France	TOTAL	0	0	0	0	0	0	4	1	5
	Open-ended	0	0	0	0	0	0	3	1	4
	Fixed-term	0	0	0	0	0	0	1	0	1

*2020 data also include the Sirap perimeter, not consolidated in 2021 and in 2022. For Sirap, the data for the countries not present in the current perimeter of the Group are not shown, namely France, Germany, Poland, Spain, Hungary.

TOTAL NUMBER OF EMPLOYEES BY EMPLOYMENT CONTRACT (FULL-TIME AND PART-TIME), BY GENDER

		2020			2021			2022		
		Women	Men	Total	Women	Men	Total	Women	Men	Total
GROUP	TOTAL	481	1,294	1,775	338	489	827	463	542	1,005
	Full-time	432	1,259	1,691	190	462	652	255	514	769
	Part-time	49	35	84	148	27	175	208	28	236

* 2020 data also include Sirap perimeter, not consolidated in 2021 and in 2022.

GRI 2-8 Workers who are not employees

NON-EMPLOYEE WORKERS, BY GENDER

	2020	2021	2022
TOTAL	334	670	859
GROUP			
Temporary workers, self-employed workers, project workers	261	564	764
Interns	2	14	16
Agents	71	92	79

* 2020 data also include Sirap perimeter, not consolidated in 2021 and in 2022.

GRI 2-6.b.ii Supply chain

TOTAL NUMBER OF SUPPLIERS AND LIST OF MAIN TYPES OF GOODS AND SERVICES PROVIDED TO THE CONTROLLED COMPANIES

	2020	2021	2022	
GROUP *	Total number of suppliers	4,302	4,127	4,168
	Spending on local suppliers (with headquarters on national territory)	--	88%	86%
Italmobiliare S.p.A.	Management software			
	Consulting services			
Caffè Borbone	Raw coffee			
	Packaging materials			
	Logistic services			
Officina Profumo-Farmaceutica di Santa Maria Novella	Base raw materials, cosmetic ingredients and fragrances			
	Packaging materials			
	Logistic services			
Italgen	Supply, installation, implementation and maintenance of mechanical, electrical and instrumental equipment for power plants			
	Renovation and/or repair of buildings, intake and derivation works			
	Engineering services			
Casa della Salute	medical-surgical devices			
	diagnostic systems			
	IT solutions			
	maintenance, cleaning and sanitizing services.			
Capitelli	Pork meat			
	Trading services			
Callmewine	Bottled wines			
	Packaging materials			
	Logistic services			
Clessidra	Management software			
	Consulting services			

* 2020 data also include Sirap perimeter, not consolidated in 2021 and in 2022.

GRI 2-30 Collective bargaining agreements

PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

	2020	2021	2022
GROUP *	64%	97%	97%
Italmobiliare S.p.A. CCNL Commercial Confcommercio and CCNL Industry Managers	100%	100%	100%
Caffè Borbone CCNL Food Industry	100%	100%	100%
Officina SMN CCNL Chemical Industry	-	82%	84%
Italgen CCNL Cement and CCNL Industry Managers	100%	100%	100%
Casa della Salute CCNL Private Health	-	100%	100%
Capitelli CCNL Food Industry	-	100%	100%
Callmewine CCNL Commerce	-	100%	100%
Clessidra CCNL Commerce and Services	100%	100%	100%

* 2020 data also include Sirap perimeter, not consolidated in 2021 and in 2022

GRI 205-2 Communication and training about anti-corruption policies and procedures

TOTAL NUMBER AND PERCENTAGE OF EMPLOYEES AND STAKEHOLDERS TO WHOM THE ORGANIZATION'S ANTI-CORRUPTION PROCEDURES HAVE BEEN COMMUNICATED, DIVIDED BY EMPLOYEE CATEGORY

TOTAL NUMBER AND PERCENTAGE OF GOVERNMENT MEMBERS AND EMPLOYEES WHO HAVE RECEIVED ANTI-CORRUPTION TRAINING, DIVIDED BY EMPLOYEE CATEGORY

	2022	2022	
Communication anti-corruption policies and procedures	Governing body members	49	83%
	Managers	58	95%
	Middle managers	72	71%
	Office workers	194	39%
	Production workers	322	93%
	Suppliers	625	21%
	Customers	1392	29%
	Anti-corruption training	Governing body members	26	44%
Managers		39	43%
Middle managers		60	59%
Office workers		147	30%
Production workers		78	23%
Suppliers		44	2%
Customers		23	0%

GRI 305-1/2 Direct (Scope 1) and indirect (Scope 2) GHG emissions, by country

TONNES OF CO2 EMITTED

		2020	2021	2022
Italy	Scope 1	9,331.50	7,151.10	6,331.25
	Scope 2 (location based)	18,477.6	6,169.94	6,627.59
	Scope 2 (market based)	21,621.00	3,914.19	0.00

* 2020 data also include Sirap perimeter, not consolidated in 2021 and in 2022.

CONVERSION FACTORS USED

	units	2020	2021	2022
Electricity	GJ/kWh	0.036	0.036	0.036
	GJ/t	44.76	45.03	45.20
Natural gas (methane)	kg/mc	0.8	0.8	0.8
	GJ/mc	0.035808	0.036024	0.03588483
Gas oil	GJ/t	42.57	42.57	42.57
	l/t	1,171	1,171	1,184
Diesel	GJ/l	0.036353544	0.03635269	0.035953547
	GJ/t	42.64	42.47	42.602
Petrol	l/t	1,189.54	1,181.80	1,185.78
	GJ/l	0.035845789	0.035940152	0.035927437
LPG	GJ/t	43.83	43.8	43.616
	l/t	1,357.02	1,343.79	1,342.86
	GJ/l	0.032298713	0.032594379	0.032479931
	GJ/t	45.94	45.94	45.944
	l/t	1,889.47	1,887.69	1,887.843
	GJ/l	0.024313696	0.024338807	0.02433677

Source:
UK Government -
GHG Conversion
Factors for
Company Reporting
2020/2021/2022

CO₂ EMISSION FACTORS USED

		units	2020	2021	2022
Source: UK Government - GHG Conversion Factors for Company Reporting 2018/2019/2020	Natural gas (methane)	tCO ₂ e/m ³	0.00202266	0.00202135	0.00201574
	Gas oil for production processes and heating		0.00254603	0.00275857	0.00275857
	Diesel	tCO ₂ e/l	0.00275776	0.00251233	0.0026988
	Petrol		0.00216802	0.00219352	0.00216185
	LPG		0.00155537	0.00155709	0.00155709
Source: European Regulation on F-gases 517/2014	R-407C		1,774	1,774	1,774
	HFC R134	GWP	1,100	1,430	1,430
	R-22		1,810	1,810	1,810
	R-404A		3,922	3,922	3,922
Source: Terna, International Comparisons 2019, 2018	Italy	tCO ₂ /kWh	0.000336	0.000315	0.000315
Electricity location based *					
Fonte: European Residual Mixes 2021, 2020, 2019	Italy	tCO ₂ /kWh	0.000466	0.000459	0.00045657
Energia elettrica market based					

* Due to the delay in the publication of the updated emission factor, the value of the previous year was maintained for 2022.

GRI 303-3/4/5 Water withdrawal, discharge and consumption

Data expressed in Megaliters (MI), for the whole Italmobiliare Group

		2020	2021	2022
Volume and source of water withdrawal	Surface water	0	0	0
	<i>from water stressed areas</i>	0	0	0
	Groundwater	405.5	20.4	18.9
	<i>from water stressed areas</i>	10.6	0.0	0.0
	Aqueduct	27	9.3	11.9
	<i>from water stressed areas</i>	1.7	3.6	4.2
	TOTAL	432.6	29.7	30.8
	<i>in water stressed areas</i>	12.3	3.6	4.2
	<i>in freshwater</i>	432.6	29.7	30.8
<i>in other water bodies (>1,000 mg/l total dissolved solids)</i>	0	0.0	0.0	
Volume and destination of water discharge	Surface water	331.7	14.0	13.4
	<i>in water stressed areas</i>	0	0.0	0.0
	Groundwater	4.9	0.0	0.0
	<i>in water stressed areas</i>	0	0.0	0.0
	Sewage	30.6	1.1	1.4
	<i>in water stressed areas</i>	0.8	0.0	0.0
	TOTAL	367.1	15.1	14.8
	<i>in water stressed areas</i>	0.8	0.0	0.0
	<i>in freshwater</i>	367.1	15.1	14.8
<i>in other water bodies (>1,000 mg/l total dissolved solids)</i>	0	0.0	0.0	
Water consumption	TOTAL	65.5	14.6	16.1
	<i>in water stressed areas</i>	11.5	3.5	4.2

GRI 401-1 Total number and rate of new hires and turnover rate by age group, gender and region

NUMBER AND TURNOVER RATE (HIRES AND TERMINATIONS) IN ITALMOBILIARE GROUP, BY COUNTRY

The rate of new hires is the ratio between employees hired during the reporting period and the total number of employees. The turnover rate is the ratio between employees who have terminated their relationship with the Company and the total number of employees, by age group.

		2020				2021				2022			
		Women	Men	Total	rate %	Women	Men	Total	rate %	Women	Men	Total	rate %
Group*	Entry	40	129	169	10%	147	103	246	30%	175	120	295	29%
	rate %	8%	10%	10%	0%	43%	21%	30%	0%	38%	22%	29%	0%
	< 30	10	33	43	22%	58	38	96	60%	69	34	103	53%
	30-50	23	81	104	10%	71	57	128	25%	89	77	166	26%
	> 50	7	15	22	4%	10	12	22	14%	17	9	26	14%
	Exit	41	114	155	9%	45	43	88	11%	81	75	156	16%
	rate %	9%	9%	9%	0%	13%	9%	11%	0%	17%	14%	16%	0%
	< 30	4	24	28	15%	17	14	31	19%	29	17	46	24%
	30-50	25	48	73	7%	21	19	40	8%	38	40	78	12%
	> 50	12	42	54	10%	7	10	17	11%	14	18	32	17%
Italy *	Entry	6	61	67	8%	134	105	239	30%	157	109	266	27%
	rate %	5%	9%	8%	0%	41%	22%	30%	0%	36%	21%	27%	0%
	< 30	1	17	18	17%	56	37	93	60%	61	31	92	50%
	30-50	3	39	42	9%	70	56	126	25%	81	69	150	25%
	> 50	2	5	7	3%	8	12	20	14%	15	9	24	14%
	Exit	4	44	48	6%	43	40	83	10%	69	68	137	14%
	rate %	3%	6%	6%	0%	13%	8%	10%	0%	16%	13%	14%	0%
	< 30	2	8	10	10%	16	12	28	18%	24	14	38	21%
	30-50	1	20	21	4%	20	18	38	8%	35	38	73	12%
	> 50	1	16	17	8%	7	10	17	12%	10	16	26	15%
UK*	Entry	1	11	12	15%	0	0	0	0%	3	0	3	38%
	rate %	6%	18%	15%	0%	0%	0%	0%	0%	60%	0%	38%	0%
	< 30	0	3	3	30%	0	0	0	0%	1	0	1	100%
	30-50	1	6	7	17%	0	0	0	0%	2	0	2	67%
	> 50	0	2	2	7%	0	0	0	0%	0	0	0	0%
	Exit	4	13	17	22%	0	0	0	0%	0	0	0	0%
	rate %	22%	21%	22%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	< 30	0	4	4	40%	0	0	0	0%	0	0	0	0%
	30-50	3	4	7	17%	0	0	0	0%	0	0	0	0%
	> 50	1	5	6	22%	0	0	0	0%	0	0	0	0%
USA	Entry	0	0	0	0%	5	2	7	35%	10	10	20	91%
	rate %	0%	0%	0%	0%	38%	29%	35%	0%	83%	100%	91%	0%
	< 30	0	0	0	0%	2	1	3	60%	6	3	9	129%
	30-50	0	0	0	0%	1	1	2	29%	3	7	10	91%
	> 50	0	0	0	0%	2	0	2	25%	1	0	1	25%
	Exit	0	0	0	0%	2	3	5	25%	11	7	18	82%
	rate %	0%	0%	0%	0%	15%	43%	25%	0%	92%	70%	82%	0%
	< 30	0	0	0	0%	1	2	3	60%	4	3	7	100%
	30-50	0	0	0	0%	1	1	2	29%	3	2	5	45%
	> 50	0	0	0	0%	0	0	0	0%	4	2	6	150%
France	Entry	0	0	0	0%	0	0	0	0%	5	1	6	120%
	rate %	0%	0%	0%	0%	0%	0%	0%	0%	125%	100%	120%	0%
	< 30	0	0	0	0%	0	0	0	0%	1	0	1	0%
	30-50	0	0	0	0%	0	0	0	0%	3	1	4	100%
	> 50	0	0	0	0%	0	0	0	0%	1	0	1	100%
	Exit	0	0	0	0%	0	0	0	0%	1	0	1	20%
	rate %	0%	0%	0%	0%	0%	0%	0%	0%	25%	0%	20%	0%
	< 30	0	0	0	0%	0	0	0	0%	1	0	1	0%
	30-50	0	0	0	0%	0	0	0	0%	0	0	0	0%
	> 50	0	0	0	0%	0	0	0	0%	0	0	0	0%

*2020 data also include the Sirap perimeter, not consolidated in 2021 and in 2022. For Sirap, the data for the countries not present in the current perimeter of the Group are not shown, namely France, Germany, Poland, Spain, Hungary.

GRI 401-3 Parental leave

	Women	Men	Total
Total number of employees that were entitled to parental leave	25	30	55
Total number of employees that took parental leave	25	30	55
Total number of employees that returned to work in the reporting period after parental leave ended	10	30	40
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	18	31	49
Return to work rate	40%	100%	73%
Retention rate	--	--	--

GRI 403-9 Number and rate of recordable work-related injuries, with high-consequence or fatalities, by country

NUMBER AND RATE OF INJURIES PER MILLION HOURS WORKED

Data include work-related injuries, injuries with high consequences and fatalities, excluding events occurring on the commute from home to work not organized by the Group companies.

High-consequence injuries are those from which a worker cannot recover, does not recover or it is not realistic to foresee that they will fully recover by returning to their pre-accident state of health within 6 months.

		2020	2021	2022	
Italy *	Employees	Number of fatalities	0	0	0
		Number of high-consequence injuries (excluding fatalities)	0	0	1
		Number of recordable injuries	6	8	5
		Hours worked	1291460	1131633	1451325
		Rate of fatalities	0.0	0.0	0.0
		Rate of high-consequence injuries (excluding fatalities)	0.0	0.0	0.7
	Non-employees	Rate of recordable injuries	4.6	7.1	3.4
		Number of fatalities	0	0	0
		Number of high-consequence injuries (excluding fatalities)	0	0	0
		Number of recordable injuries	1	2	0
		Hours worked	116480	60052	57752
		Rate of fatalities	0.0	0.0	0.0
United Kingdom * **	Employees	Rate of high-consequence injuries (excluding fatalities)	0.0	0.0	0.0
		Rate of recordable injuries	8.6	33.3	0.0
		Number of fatalities	0	0	0
		Number of high-consequence injuries (excluding fatalities)	0	0	0
		Number of recordable injuries	1	0	0
		Hours worked	148030	8832	12553
	Non-employees	Rate of fatalities	0.0	0.0	0.0
		Rate of high-consequence injuries (excluding fatalities)	0.0	0.0	0.0
		Rate of recordable injuries	6.8	0.0	0.0
		Number of fatalities	0	0	0
		Number of high-consequence injuries (excluding fatalities)	0	0	0
		Number of recordable injuries	0	0	0
USA **	Employees	Hours worked	4069	0	0
		Rate of fatalities	0.0	0.0	0.0
		Rate of high-consequence injuries (excluding fatalities)	0.0	0.0	0.0
		Rate of recordable injuries	0.0	0.0	0.0
		Number of fatalities	0	0	0
		Number of high-consequence injuries (excluding fatalities)	0	0	0
	Non-employees	Number of recordable injuries	0	0	0
		Hours worked	0	0	1367
		Rate of fatalities	0.0	0.0	0.0
		Rate of high-consequence injuries (excluding fatalities)	0.0	0.0	0.0
		Rate of recordable injuries	0.0	0.0	0.0
		Rate of recordable injuries	0.0	0.0	0.0

		2020	2021	2022	
France	Employees	Number of fatalities	0	0	0
		Number of high-consequence injuries (excluding fatalities)	0	0	0
		Number of recordable injuries	0	0	0
		Hours worked	0	0	3904
		Rate of fatalities	0.0	0.0	0.0
		Rate of high-consequence injuries (excluding fatalities)	0.0	0.0	0.0
	Non-employees	Rate of recordable injuries	0.0	0.0	0.0
		Number of fatalities	0	0	0
		Number of high-consequence injuries (excluding fatalities)	0	0	0
		Number of recordable injuries	0	0	0
		Hours worked	0	0	0
		Rate of fatalities	0.0	0.0	0.0
	Rate of high-consequence injuries (excluding fatalities)	0.0	0.0	0.0	
	Rate of recordable injuries	0.0	0.0	0.0	

* 2020 data also include the Sirap perimeter, not consolidated in 2021. For Sirap, the data for the countries not present in the current perimeter of the Group are not shown, namely France, Germany, Poland, Spain, Hungary.

** the hours worked relating to the UK and US activities of Officina Profumo Farmaceutica di Santa Maria Novella are estimated

GRI 405-1b Diversity of employees

NUMBER OF EMPLOYEES BY GENDER AND AGE GROUP

ITALY		2022	2022
Managers	Total	60	
Manager - Women	Total	12	20%
	Under 30	0	0%
	30-50	8	13%
	Over 50	4	7%
Manager - Men	Total	48	80%
	Under 30	1	2%
	30-50	30	50%
	Over 50	17	28%
Middle managers	Total	91	
Middle Manager - Women	Total	34	37%
	Under 30	0	0%
	30-50	22	24%
	Over 50	12	13%
Middle Manager - Men	Total	57	63%
	Under 30	4	4%
	30-50	41	45%
	Over 50	12	13%
Office workers	Total	473	
Office workers - Women	Total	357	75%
	Under 30	101	21%
	30-50	207	44%
	Over 50	49	10%
Office workers - Men	Total	116	25%
	Under 30	20	4%
	30-50	76	16%
	Over 50	20	4%
Production workers	Total	346	
Production workers - Women	Total	39	11%
	Under 30	3	1%
	30-50	24	7%
	Over 50	12	3%
Production workers - Men	Total	307	89%
	Under 30	56	16%
	30-50	202	58%
	Over 50	49	14%

European Taxonomy Regulation (UE) 2020/852

The volumes of turnover, capital expenditures, and operating expenses appearing in the denominator of the indicators coincide with those reported within the 2022 Financial Report (insert reference to the relevant budget items).

The turnover volume related to the aligned and eligible activity "Production of electricity through solar photovoltaic technology" coincides with the overall 2022 turnover of the company Solar Rooftop S.r.l, a subsidiary of Italgas S.p.A. The volume of turnover related to the aligned and eligible activity "Production of electricity from hydropower" includes the entire turnover of the companies Idrodezza S.r.l, Idroenergy S.r.l and Rovale S.r.l, which are subsidiaries of Italgas S.p.A. and entirely dedicated to production from hydropower, as well as the share of turnover attributable to production from hydropower of Italgas itself, determined on the basis of the company's analytical accounting.

The allocation of capitalized (CapEx) and non-capitalized (OpEx) expenses to the numerator was conducted through a reconciliation of the accounting information collected from the management systems of the individual portfolio companies, the NACE/ATECO codes referring to the aligned and eligible activities, and the respective description. With the exception of Italgas S.p.A. and its subsidiaries, which carry out eligible activities that comply with the criteria of substantial contribution to climate objectives and Do Not Significant Harm in compliance with minimum safeguards, the remaining companies included in the Italmobiliare Group's consolidation scope as of 12/31/2022 do not carry out activities eligible for climate objectives; consequently, they do not have CapEx plans aimed at increasing the share of aligned activities. The trend in CapEx and OpEx expenses is therefore attributable to the investments made by the companies, as part of their ESG Plans, with the aim of reducing the carbon footprint of the activities carried out, to strategic business development objectives and to specific production and management needs.

Substantial contribution criteria
(‘Does Not Significantly Harm’)
DNSH criteria

Economic activities	Code (s)	Absolute turnover €	Proportion of turnover %	Climate change mitigation %	Climate change adaptation %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy-aligned proportion of turnover, year N %	Taxonomy-aligned proportion of turnover, year N-1 %	Category (enabling activity) A	Category (transitional activity) T
CONOMY-ELIGIBLE ACTIVITIES																
A.1. Environmentally sustainable activities (Taxonomy-aligned)																
4.1. Power generation by solar photovoltaic technology	D 35.11	12,979.50 €	0.0%	100.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	0.0%	0.0%		
Power generation from hydropower	D 35.11	45,308,300.00 €	9.2%	100.0%	0.0%	Y	Y	Y	Y	Y	Y	Y	9.2%	9.2%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		45,321,279.50 €	9.2%	100.0%	0.0%								9.2%	9.2%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																
		0	0.0%													
		45,321,279.50 €	9.2%													
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																
Turnover of Taxonomy-non-eligible activities (B)																
		446,966,720.50 €	90.8%													
		492,288,000.00 €	100.0%													

ITALMOBILIARE
INVESTMENT HOLDING

REPORTING

REPORTING

Scope and methodology

The Sustainability Report includes the services, data and information on the parent company Italmobiliare and on all the companies consolidated on a line-by-line basis in the Annual Report, excluding those which, due to the insignificance of the business (% NAV, assets, number of employees) or due to the absence of significant environmental, social or governance aspects or because of the type of business, are considered irrelevant in order to represent the Group's sustainable strategy.

In the event of changes to the scope of consolidation during the year, such as the acquisition or sale of companies or changes in the percentage of control, the data and information relating to these companies will in principle be included or excluded in accordance with the Annual Report or in any case in the following cases:

- For companies that entered the scope of consolidation in the first 6 months of the year, figures and information are normally included in the Sustainability Report for the entire year.
- For companies that entered the scope of consolidation in the last 6 months of the year, the figures and information are normally excluded from the Sustainability Report.
- For companies that were excluded from the scope of consolidation in the first 6 months of the year, the situation is considered case by case whether to include or exclude the figures and information in the Sustainability Report for the entire year.

For Portfolio Companies that are controlled but not yet consolidated and other affiliates, key figures and information are provided. The following table summarizes the evolution of the reporting perimeter, over years.

	Investment date	2020	2021	2022
Parent Company and controlled Portfolio Companies				
Italmobiliare		✓	✓	✓
Sirap	1990-2021	✓		
Italgen	July 2016	✓	✓	✓
Clessidra	September 2016	✓	✓	✓
Caffè Borbone	May 2018	✓	✓	✓
Capitelli	December 2019	✓	✓	✓
Officina Profumo-Farmaceutica di Santa Maria Novella	January 2020		✓	✓
Casa della Salute	December 2020		✓	✓
Callmewine	December 2020		✓	✓
SIDI Sport	October 2022			info
Affiliated Portfolio Companies				
Tecnica Group	November 2017	info	info	info
Iseo	October 2018	info	info	info
AGN ENERGIA	January 2019	info	info	info
Bene Assicurazioni	apr-22			info

Although fully controlled and consolidated, Franco Tosi Ventures, Crédit Mobilier de Monaco, Italmobiliare Servizi (only energy consumption is accounted), Punta Ala and SEPAC are not included, as their activities are not relevant to the Group's sustainable strategy. Together they represent less than 5% of NAV, have a very limited number of employees, and have no significant environmental, social or governance aspects.

The scope of the economic and financial data and information in this Report is the same as that of the Consolidated Financial Statements of the Italmobiliare Group on 31 December 2022, but may vary according to the materiality of these topics for the various Group companies, as detailed in the document. Minor administrative and commercial offices, which are not relevant to the Group's sustainable strategy, are excluded.

		Italmobiliare Group and Parent Company			Consolidated Portfolio Companies					
		Italmobiliare Group	Italmobiliare	Caffè Borbone	Officina SMN	Italgen	Casa della Salute	Capitelli	Callmewine	Clessidra
Governance	Economic result and shared value	✓								
	Governance and integrity	✓		✓	✓	✓	✓	✓	✓	✓
	Responsible investments	✓								✓
	Procurement and supply chain	✓		✓	✓	✓	✓	✓	✓	
Society	Human capital development	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Health, safety and wellbeing	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Product and service stewardship	✓		✓	✓	✓	✓	✓	✓	
	Market and community	✓		✓	✓	✓		✓	✓	✓
Environment	Responsible use of resources	✓		✓	✓	✓	✓	✓	✓	
	Low-carbon transition	✓		✓	✓	✓	✓	✓	✓	✓
	Land and biodiversity					✓				

With specific reference to the accountings of the carbon footprint, the following categories were considered as material and included in calculations or estimates.

		Italmobiliare	Caffè	Officina	Italgen	Casa della Salute	Capitelli	Callmewine	Clessidra
SCOPE 1	Direct GHG emissions	✓	✓	✓	✓	✓	✓	✓	✓
SCOPE 2	Electricity indirect GHG emissions	✓	✓	✓	✓	✓	✓	✓	✓
SCOPE 3 Other indirect GHG emissions	1 Purchased goods and services		✓	✓		✓	✓	✓	
	2 Capital goods					✓			
	3 Fuel- and energy-related activities				✓	✓			
	4 Upstream logistics		✓			✓		✓	
	5 Waste generated in operations					✓			
	6 Business travel	✓	✓	✓	✓	✓	✓	✓	✓
	7 Employee commuting		✓						
	8 Upstream leased assets								
	9 Downstream logistics		✓	✓			✓	✓	
	10 Processing of sold products		✓						
	11 Use of sold products		✓	✓					
	12 End-of-life treatment of products		✓	✓			✓	✓	
	13 Downstream leased assets								
	14 Franchises								
	15 Investments	✓							✓

Estimates were used as little as possible to give a true representation of performance and to ensure that the figures are reliable. Where estimates have been used, they are based on the best available methodologies and appropriately reported. The data relating to the financial year 2020 and 2021 are reported for comparative purposes in order to facilitate the understanding of the performance trend. The 2022 Sustainability Report was drawn up in accordance with the most recent "Reporting Standards" defined by the Global Reporting Initiative (GRI).

The "Supplementary Data" section is an integral part of this document. It contains the detailed information and data, in order to give complete evidence of the coverage of the GRI indicators associated with each theme that emerged as material. The Group has implemented a reporting process of non-financial information which involved the subsidiaries, both in the definition of material issues and by sharing the reporting model established by the Parent Company.

The materiality matrix is built as the weighted aggregation of the individual materiality matrices of Italmobiliare and each Portfolio Company. The applied methodology provides for three evaluation phases:

- With the support of Italmobiliare Sustainability Department, the first-line functions of the Portfolio Company assess systematically risks, opportunities and positive or negative impacts, analysing all the important aspects for the business and interpreting the point of view of their respective reference stakeholders.
- Subsequently, the functions of the Holding examine the evaluation carried out by the Portfolio Company, proposing alternatives or additions, when necessary.
- Eventually, the position expressed directly by the other relevant stakeholders for the specific Company is collected through dedicated questionnaires, interviews, or other engagement tools.

The 2022 update saw the refinement of the assessment of some particularly strategic topics, such as the low-carbon transition and greater involvement of internal stakeholders and external experts chosen from the academic world and associations. The matrix was presented and discussed in the Sustainability and Social Responsibility Committee, approved by the Board of Directors and made operational by management.

The data collected on the three evaluation levels are appropriately weighted and graphically represented (page F16). To make the matrix more communicative, material topics have been aggregated into macro-issues, following the reconciliation table hereunder.

Macro-issues	Material impacts	GRI standard	
Economic results and shared value	Continuity of creation of the economic value and safeguard of the capital soundness Fair distribution of the economic value to stakeholders (business partners, employees, clients, communities,...) Capability to mitigate related financial risks through a sustainable strategy, including climate action	201	Economic performance
Governance and integrity	Compliance with the law, for example, as regards anti-corruption, antitrust, environment, human rights and labour Active contribution to the dissemination of ethics, legality, and sustainability along the value chain (e.g.: suppliers, clients)	205	Anti-corruption
		206	Anti-competitive behavior
		207	Tax
Procurement and supply chain	Selection of suppliers based on ethical criteria and environmental and social performances aligned with the Company Establishment and maintenance of solid and mutually advantageous partnerships with suppliers of goods and services, also considering local companies Shared attention to environmental, social and governance aspects with suppliers, and engagement in the implementation of responsible practices	204	Procurement practices
		407	Freedom of association and collective bargaining
		408	Child labor
		409	Forced or compulsory labor
Human capital development	Compliance with labour rights (e.g. child labour, forced labour, freedom of association) Enhancement of gender equality and diversity in its different aspects, for example by ensuring non-discriminatory practices in terms of employees recruitment, management and remuneration Promotion of personal growth through skills mapping, continuous training, performance evaluation and development paths Provision of supplementary benefits and work-life balance opportunities	202	Market presence
		401	Employment
		402	Labor/management relations
		404	Training and education
		405	Diversity and equal opportunity
		406	Non-discrimination
Health, safety and wellbeing	Support and compliance of the health and safety of employees and people accessing the workplace (suppliers, guests, clients)	401	Employment
Product and service stewardship	Compliance of products and services with regulations and voluntary codes, health, safety, environment, labelling, product/service communication and marketing Development of sustainable and innovative products and services, through attention to components, ingredients, production processes, packaging, distribution methods, and end-of-life management Promotion of responsible consumption and lifestyles conscious of social and environmental impacts	403	Occupational health and safety
		416	Customer health and safety
Market and community	Development and maintenance of strong relationships with markets, even through the communication of economic and ESG performances	417	Marketing and labeling
		418	Customer privacy
Responsible use of resources	Optimization and reduction in consumption of raw, associated process or for packaging materials, with a preference for renewable or recycled materials Optimization and reduction in thermal and electric energy consumption Optimization and reduction in direct and indirect water consumption, particularly if withdrawn from areas with water stress Containment of by-products and waste generation and promotion of their recovery and reuse	301	Materials
		302	Energy
		303	Water and effluents
		306	Waste
Low-carbon transition	Reduction of GHG emissions generated by company operations Reduction of GHG emissions generated by upstream and downstream companies (e.g. supply of raw materials, logistics, distribution and use of products) Contribution to energy transition and climate change mitigation through the production and use of energy from renewable sources	305	Emissions
Land and biodiversity	Prevention and mitigation of negative impacts generated by water discharge	304	Biodiversity

This Sustainability Report, which is drawn up on an annual basis, was approved by the Risks and Sustainability Committee of Italmobiliare S.p.A. at its meeting of February 22, 2022 and by the Board of Directors on March 8, 2022.

The Report is also subject to a limited review (or "limited assurance engagement" according with the criteria indicated by ISAE 3000 Revised) by Deloitte & Touche S.p.A. which, at the end of its work, releases a specific report on the consistency of the information provided in the consolidated non-financial statement prepared by Italmobiliare S.p.A. in accordance with Legislative Decree 254/2016.

This document is available at: <https://www.italmobiliare.it/en/sustainability/sustainability-report>. For information or clarification, contact the company at the email address IR@Italmobiliare.it.

UN Global Compact: Communication On Progress (COP)



The Italmobiliare Group adheres to the United Nations Global Compact by means of a declaration of commitment - both formal and substantial - to promote a healthy, inclusive and sustainable global economy, respectful of human and labour rights, capable of protecting the environment and actively involved in every aspect of business integrity. To this end, Italmobiliare shares, supports and applies the 10 fundamental principles of the Global Compact in its sphere of influence and actively contributes to the achievement of the United Nations Sustainable Development Goals.

The Sustainability Report contains the information necessary for the Communication on Progress (COP), formally due to report on progresses in the implementation. The following table makes reference to the appropriate sections of the Report. The graph on page F15 details the direct and indirect contribution to the SDGs.

Principles of the Global Compact		Material topics and sections of the Report
HUMAN RIGHTS		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	GOVERNANCE AND INTEGRITY RESPONSIBLE INVESTMENTS PROCUREMENT AND SUPPLY CHAIN HUMAN CAPITAL DEVELOPMENT HEALTH, SAFETY AND WELLBEING PRODUCT AND SERVICE STEWARDSHIP
Principle 2	make sure that they are not complicit in human rights abuses.	MARKET AND COMMUNITIES RESPONSIBLE USE OF RESOURCES LOW-CARBON TRANSITION LAND AND BIODIVERSITY
LABOUR		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	GOVERNANCE AND INTEGRITY RESPONSIBLE INVESTMENTS PROCUREMENT AND SUPPLY CHAIN
Principle 4	the elimination of all forms of forced and compulsory labour;	HUMAN CAPITAL DEVELOPMENT
Principle 5	the effective elimination of child labour; and	
Principle 6	the elimination of discrimination in respect of employment and occupation.	
ENVIRONMENT		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	RESPONSIBLE INVESTMENTS PRODUCT AND SERVICE STEWARDSHIP
Principle 8	undertake initiatives to promote greater environmental responsibility; and	RESPONSIBLE USE OF RESOURCES
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	LOW-CARBON TRANSITION LAND AND BIODIVERSITY
ANTI-CORRUPTION		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	GOVERNANCE AND INTEGRITY RESPONSIBLE INVESTMENTS PROCUREMENT AND SUPPLY CHAIN MARKET AND COMMUNITIES

Non-Financial Report (NFR)

The Sustainability Report contains the information necessary to meet the requirements of the consolidated non-financial report (NFR) in compliance with Legislative Decree 254/16. As required by Art. 5 of the Decree itself, is published separately from the management report.

The document reports on the issues deemed relevant and foresees by Art. 3 and by Art. 4 of Legislative Decree 254/2016 with reference to the 2022 financial year (from 1 January to 31 December), to the extent necessary to ensure the understanding of the business activity, its trend, results, social and environmental impacts.

The definition of the relevant issues for the Italmobiliare Group and its stakeholders took place on the basis of the structured materiality analysis process described in the “Strategy, materiality and SDGs” paragraph of this document.

The following table summarises the main elements.

Themes requested by Legislative Decree 254/16	Material topics and sections of the Report
a) The business model for the management and organization of the company's activities, including any organization and management models adopted pursuant to article 6, paragraph 1, letter a), of legislative decree 231, also with reference to the management of the aforementioned issues	GOVERNANCE AND INTEGRITY RESPONSIBLE INVESTMENTS PROCUREMENT AND SUPPLY CHAIN
b) The policies enforced by the company, including those related to due diligence, the results achieved and the key performance indicators of non-financial nature	
c) The policies enforced by the company, including those related to due diligence, the results achieved and the key performance indicators of non-financial nature	
Environment	
a) The use of energy resources, distinguishing between those produced from renewable and non-renewable sources, and the use of water resources	
b) Greenhouse gas emissions and polluting emissions into the atmosphere	RESPONSIBLE USE OF RESOURCES LOW-CARBON TRANSITION LAND AND BIODIVERSITY
c) The impact, where possible on the basis of hypotheses or realistic scenarios even in the medium term, on the environment as well as on health and safety, associated with risk factors or other relevant environmental and health risk factors	
Social aspects related to personnel and respect for human rights	
c) The impact, where possible on the basis of hypotheses or realistic scenarios even in the medium term, on the environment as well as on health and safety, associated with risk factors or other relevant environmental and health risk factors	
d) Social aspects and aspects relating to personnel management, including the actions taken to guarantee gender equality, the measures aimed at implementing the conventions of international and supranational organizations on the subject, and the ways in which dialogue with the social partners	HUMAN CAPITAL DEVELOPMENT HEALTH, SAFETY AND WELLBEING PRODUCT AND SERVICE STEWARDSHIP MARKET AND COMMUNITIES
e) Respect for human rights, the measures adopted to prevent violations, as well as the actions taken to prevent discriminatory attitudes and actions	
Fight against active and passive corruption	
f) Fight against both active and passive corruption, with indication of the tools adopted for this purpose	GOVERNANCE AND INTEGRITY RESPONSIBLE INVESTMENTS

GRI standards

		Page / Remarks	Omissions
GRI 2	General Disclosures 2021		
2-1	Organizational details	F3, F11	
2-2	Entities included in the organization's sustainability reporting	F110	
2-3	Reporting period, frequency and contact point	F116	
2-4	Restatements of information	F114	
2-5	External assurance	F116	
2-6	Activities, value chain and other business relationships	F11, F26, F100	
2-7	Employees	F98	
2-8	Workers who are not employees	F99	
2-9	Governance structure and composition	F18	
2-10	Nomination and selection of the highest governance body	Report on Corporate Governance and the Ownership Structure, II. Board of directors, "Appointment and replacement of Directors"	
2-11	Chair of the highest governance body	Report on Corporate Governance and the Ownership Structure, II. Board of Directors, "Composition"	
2-12	Role of the highest governance body in overseeing the management of impacts	F18, F20	
2-13	Delegation of responsibility for managing impacts	F18, F20	
2-14	Role of the highest governance body in sustainability reporting	F114	
2-15	Conflicts of interest	Report on Corporate Governance and the Ownership Structure 2023, VI. Codes of conduct, procedures and other corporate governance practices, "Directors' interests and transactions with related parties"	
2-16	Communication of critical concerns	F18-19	
2-17	Collective knowledge of the highest governance body	Report on Corporate Governance and the Ownership Structure 2023, II. Board of directors, "Role and duties"	
2-18	Evaluation of the performance of the highest governance body	Report on Corporate Governance and the Ownership Structure, II. Board of directors, "Role and duties"; Remuneration Report 2022, Section I, Report on the Remuneration Policy in 2022	
2-19	Remuneration policies	Remuneration Report 2022, Section I, Report on the Remuneration Policy in 2022	
2-20	Process to determine remuneration	Remuneration Report 2022, Section I, Report on the Remuneration Policy in 2022	
2-21	Annual total compensation ratio	F18 - Global annual remuneration received during the year by employees present as at 31/12/2022, including the fixed component and variable remuneration from overtime work, allowances, benefits and performance-related bonuses. The remuneration of people with part-time employment contracts and of people hired during the year was calculated in terms of Full Time Equivalent. People with intermittent employment contracts under Capitelli and people who did not receive remuneration in 2022 are excluded from the calculation, for a total of 12 units.	The reporting of the ratio was started in 2022 and the annual percentage change (GRI 2-21-b) will therefore be reported starting from 2023.
2-22	Statement on sustainable development strategy	Letter to stakeholder	
2-23	Policy commitments	F18	

		Page / Remarks	Omissions
GRI 2	General Disclosures 2021		
2-24	Embedding policy commitments	F18	
2-25	Processes to remediate negative impacts	F18	
2-26	Mechanisms for seeking advice and raising concerns	F18	
2-27	Compliance with laws and regulations	F19	
2-28	Membership associations	F27	
2-29	Approach to stakeholder engagement	F26	
2-30	Collective bargaining agreements	F100	
ECONOMIC RESULTS AND SHARED VALUE			
3-3	Management of material topics	F17, F115	
GRI 201	Economic performance 2016		
201-1	Direct economic value generated and distributed	F17	
201-4	Financial assistance received from government	F17	
GOVERNANCE AND INTEGRITY			
3-3	Management of material topics	F18-19, F115	
GRI 205	Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	F101	
205-3	Confirmed incidents of corruption and actions taken	F20	
GRI 206	Anti-competitive behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	F20	
GRI 207	Tax 2019		
207-1	Approach to tax	F20	
207-2	Tax governance, control, and risk management	F20	
207-3	Stakeholder engagement and management of concerns related to tax	F20	
207-4	Country-by-country reporting	F20	
RESPONSIBLE INVESTMENTS			
3-3	Management of material topics	F22, F115	
PROCUREMENT AND SUPPLY CHAIN			
3-3	Management of material topics	F38, F46, F54, F64, F70, F78, F115	
GRI 204	Procurement practices 2016		
204-1	Proportion of spending on local suppliers	F100	
HUMAN CAPITAL DEVELOPMENT			
3-3	Management of material topics	F23-F24	
GRI 201	Economic performance 2016		
201-3	Defined benefit plan obligations and other retirement plans	F33, F55	

		Page / Remarks	Omissions
GRI 202	Market presence 2016		
202-2	Proportion of senior management hired from the local community	F24	
GRI 404	Training and education 2016		
401-1	New employee hires and employee turnover	F103	
401-3	Parental leave	F104	
GRI 404	Training and education 2016		
404-1	Average hours of training per year per employee	F24	
404-3	Percentage of employees receiving regular performance and career development reviews	F24	
GRI 405	Diversity and equal opportunity 2016		
405-1	Diversity of governance bodies and employees	F18, F106	
GRI 406	Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	In 2022 there were no episodes of discrimination	
HEALTH, SAFETY AND WELLBEING			
3-3	Management of material topics	F25, F115	
GRI 401	Employment 2016		
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	F34, F40, F48, F54, F65, F72, F80, F88	
GRI 403	Occupational health and safety 2018		
403-1	Occupational health and safety management system	F34, F40, F48, F54, F65, F72, F80, F88	
403-2	Hazard identification, risk assessment, and incident investigation	F34, F40, F48, F54, F65, F72, F80, F88	
403-3	Occupational health services	F34, F40, F48, F54, F65, F72, F80, F88	
403-4	Worker participation, consultation, and communication on occupational health and safety	F34, F40, F48, F54, F65, F72, F80, F88	
403-5	Worker training on occupational health and safety	F34, F40, F48, F54, F65, F72, F80, F88	
403-6	Promotion of worker health	F34, F40, F48, F54, F65, F72, F80, F88	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	F34, F40, F48, F54, F65, F72, F80, F88	
403-9	Work-related injuries	F25, F106	
PRODUCT AND SERVICE STEWARDSHIP			
3-3	Management of material topics	F25, F115	
GRI 416	Customer health and safety 2016		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	In 2022 there were no episodes of non-compliance with regulations and / or voluntary codes.	
MARKET AND COMMUNITY			
3-3	Management of material topics	F26, F115	
GRI 413	Local communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	F41	

		Page / Remarks	Omissions
GRI 417	Marketing and labeling 2016		
417-2	Incidents of non-compliance concerning product and service information and labeling		In 2022 there were no episodes of non-compliance with regulations and / or voluntary codes.
GRI 417	Marketing and labeling 2016		
417-3	Incidents of non-compliance concerning marketing communications		In 2022 there were no episodes of non-compliance with regulations and / or voluntary codes.
GRI 418	Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	F27	
RESPONSIBLE USE OF RESOURCES			
3-3	Management of material topics	F28, F115	
GRI 301	Materials 2016		
301-1	Materials used by weight or volume	F28	
301-2	Recycled input materials used	F28	
GRI 302	Energy 2016		
302-1	Energy consumption within the organization	F29	
GRI 303	Water and effluents 2018		
303-1	Interactions with water as a shared resource	F28, F42, F50, F58, F66, F74	
303-2	Management of water discharge-related impacts	F28, F42, F50, F58, F66, F74	
303-3	Water withdrawal	F102	
303-4	Water discharge	F102	
303-5	Water consumption	F102	
GRI 306	Waste 2020		
306-1	Waste generation and significant waste-related impacts	F28, F42, F50, F58, F66, F74	
306-2	Management of significant waste-related impacts	F28, F42, F50, F58, F66, F74	
306-3	Waste generated	F29	
LOW-CARBON TRANSITION			
3-3	Management of material topics	F30, F115	
GRI 305	Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	F30, F101	
305-2	Energy indirect (Scope 2) GHG emissions	F30, F101	
305-3	Other indirect (Scope 3) GHG emissions	F30	
305-4	GHG emissions intensity	F30	
LAND AND BIODIVERSITY			
3-3	Management of material topics	F60, F115	
GRI 304	Biodiversity 2016		
304-2	Significant impacts of activities, products and services on biodiversity	F60	



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**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016
AND ART. 5 OF CONSOB REGULATION N. 20267 OF JANUARY 2018**

To the Board of Directors of
Italmobiliare S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Italmobiliare S.p.A. and its subsidiaries (hereinafter "Italmobiliare Group" or "Group") as of December 31, 2022 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 8, 2023 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "European Taxonomy - Regulation (EU) 2020/852".

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - *Global Reporting Initiative* (hereinafter "GRI Standards"), which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1* (ISQC Italia 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;
2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;
3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the Italmobiliare Group;
4. understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a);

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

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In particular, we carried out interviews and discussions with the management of Italmobiliare S.p.A. and with the employees of the subsidiary Caffè Borbone S.r.l., Casa della Salute S.r.l. and Capitelli Fratelli S.r.l. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data;
- for the following companies and sites, Milano site for Italmobiliare S.p.A., Caivano (NA) site and production plant for Caffè Borbone S.r.l., Genova site for Casa della Salute S.r.l. and Borgonovo Val Tidone (PC) site and production plant for Capitelli Fratelli S.r.l., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Italmobiliare Group as of December 31, 2022 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and the GRI Standards.

Our conclusion on the NFS of the Italmobiliare Group does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph "European Taxonomy - Regulation (EU) 2020/852".

DELOITTE & TOUCHE S.p.A.

Signed by
Massimiliano Semprini
Partner

Milan, Italy
March 17, 2023

This report has been translated into the English language solely for the convenience of international readers.

This document has been compiled with the methodological support of

ALTIS advisory



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