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# Elica S.p.A.

# Half-Year Report

# at June 30, 2021

Half-Year Report

**A.2.Corporate boards at the reporting date**

**Members of the Board of Directors**

**Francesco Casoli**
**Executive Chairman,** born in Senigallia (AN) on 05/06/1961, appointed by resolution of 29/04/2021.

**Elio Cosimo Catania**
**Independent Director**, born in Catania on 05/06/1946, appointed by resolution of 29/04/2021.

**Giulio Cocci**
**Chief Executive officer,** born in Fermo on 13/04/1970, appointed by resolution of 29/04/2021.

**Monica Nicolini**
**Independent Director and Lead Independent Director,** born in Pesaro on 16/04/1963, appointed by resolution of 29/04/2021.

**Susanna Zucchelli**
**Independent Director**, born in Bologna on 19/12/1956, appointed by resolution of 29/04/2021.

**Angelo Catapano**
**Independent Director**, born in Naples on 09/12/1958, appointed by resolution of 29/04/2021.

**Liliana Fratini Passi**
**Independent Director**, born in Rome on 19/06/1970, appointed by resolution of 29/04/2021.

**Members of the Board of Statutory Auditors**

**Giovanni Frezzotti**

**Chairman**, born in Jesi (AN) on 22/02/1944, appointed by resolution of 29/04/2021.

**Massimiliano Belli**

**Statutory Auditor,** born in Recanati (MC) on 22/08/1972, appointed by resolution of 29/04/2021.

**Simona Romagnoli**

**Statutory Auditor,** born in Jesi (AN) on 02/04/1971, appointed by resolution of 29/04/2021.

**Leandro Tiranti**

**Alternate Auditor,** born in Sassoferrato (AN) on 04/05/1966, appointed by resolution of 29/04/2021.

**Serenella Spaccapaniccia**

**Alternate Auditor,** born in Montesangiorgio (AP) on 04/04/1965, appointed by resolution of 29/04/2021.

**Internal Control, Risk Management and Sustainability Committee**
Susanna Zucchelli (Chairperson)
Angelo Catapano
Elio Cosimo Catania
Liliana Fratini Passi
Monica Nicolini

**Appointments and Remuneration Committee**
Elio Cosimo Catania (Chairman)
Angelo Catapano
Liliana Fratini Passi
Monica Nicolini
Susanna Zucchelli

**Independent Audit Firm**
KPMG S.p.A.

**Investor Relations Manager**
Francesca Cocco – Lerxi Consulting – Investor Relations
Tel: +39 (0)732 610 4205
E-mail: investor-relations@elica.com

**Registered office and Company data**
Elica S.p.A.
Registered office: Via Ermanno Casoli,2 – 60044 Fabriano (AN)
Share capital: Euro 12,664,560.00
Tax Code and Company Registration No.: 00096570429
Ancona REA No. 63006 – VAT Number 00096570429

## A.3. Interim H1 2021 Directors' Report

### A.3.1. Key Financial Highlights

#### A.3.1.1. H1 2021 Performance

**Elica Group Operating Performance**

| *In Euro thousands* | **HY 21** | **% revenue** | **HY 20** | **% revenue** | **21 Vs 20%** |
|---|---|---|---|---|---|
| Revenue | 269,459 | | 184,197 | | 46.3% |
| **Adjusted EBITDA** | **28,533** | 10.6% | **12,244** | 6.6% | 133.0% |
| EBITDA | 27,167 | 10.1% | 11,300 | 6.1% | 140.4% |
| **Adjusted EBIT** | **16,676** | 6.2% | **70** | 0.0% | 23,722.9% |
| EBIT | 13,700 | 5.1% | (874) | (0.5%) | 1,667.5% |
| Net financial expenses | (739) | (0.3%) | (1,921) | (1.0%) | 61.5% |
| Income taxes | (4,452) | (1.7%) | (163) | (0.1%) | (2,631.3%) |
| Profit/(loss) from continuing operations | 8,509 | 3.2% | (2,958) | (1.6%) | 387.7% |
| **Adjusted profit/(loss) for the period** | **10,368** | 3.9% | **(2,241)** | (1.2%) | 562.7% |
| Profit for the period | 8,509 | 3.2% | (2,958) | (1.6%) | 387.7% |
| **Adjusted profit/(loss) attributable to the owners of the Parent** | **7,594** | 2.8% | **(4,062)** | (2.2%) | 287.0% |
| Profit/(loss) attributable to the owners of the Parent | 5,742 | 2.1% | (4,779) | (2.6%) | 220.2% |
| Basic earnings/(loss) per share on continuing operations and discontinued operations (Euro/cents) | 9.07 | | (7.55) | | 220.1% |
| Diluted earnings/(loss) per share on continuing operations and discontinued operations (Euro/cents) | 9.07 | | (7.55) | | 220.1% |

In H1 2021, Elica returned **Consolidated revenue of Euro 269.5 million,** +46.3% on H1 2020 (+50.0% at like-for-like exchange rates). The growth in sales was driven both by higher volumes and a positive price-mix effect.

The global economic situation in the second quarter of 2021 confirmed the recovery emerging in Q1, thanks particularly to the vaccination campaigns, the economic-support measures, higher savings levels and rebounding demand. The significant growth rates on the previous year were also due to the considerable impact of the COVID-19 pandemic in Q2 2020. In particular, in H1 2021 global range hood demand growth was estimated at 16.1%[1], with divergent situations emerging across the various regions.
A gradual recovery was seen in Europe, also thanks to the high vaccination levels, which resulted in Q2 2021 to a return to pre-pandemic levels.
The US also saw further recovery, thanks to progressing vaccination campaigns and major economic stimuli. In Latin America however, the healthcare situation remains highly challenging in many countries (in particular in Brazil and Argentina), resulting in alternating phases of upswings and stagnancy - partially dampening the recovery.
The Asian countries present significant differences. In India, for example, sharply rising infection numbers in spring 2021 resulted in an economic contraction in Q2. Asia in addition features uneven growth whereby - against still solid increases in (for example) electronic component exports - consumer demand has declined.

**Own brand sales** were up 45.9% (+50.0% at like-for-like exchange rates) compared to H1 2020. The NikolaTesla range, with the new NikolaTesla Fit product, drove sales also in the high-end segment and accounted for 12.0% of Cooking revenue. Own brand sales in the Cooking segment accounted for 54.0% in H1 2021.
**OEM revenue** also saw significant growth, up 49.2% (+53.7% at like-for-like exchange rates) on the same period of the previous year, thanks in particular to accelerating volumes which in H1 2020 were impacted by the closure of the Mexican facility for two months.

The **Motors** segment, accounting for 14.0% of total revenue, reported 40.1% growth (+40.4% at like-for-like exchange rates), driven in particular by "heating" segment growth.

[1] Source: Elica Group, internal estimates

**Adjusted EBITDA** was Euro 28.5 million, significantly up on H1 2020 (Euro 12.2 million), with a margin of 10.6%, compared to 6.6% in 2020, **thanks to revenue growth driven by volumes and a positive price mix and the control of SG&A costs which offset higher raw material costs.**

**Adjusted EBIT** was Euro 16.7 million (Euro 0.1 million in H1 2020), with an increase also in margins.

In the first half of 2021, the Euro at average exchange rates strengthened against the main currencies to which the Group is exposed, with the exception of UK Sterling.

| | **Average H1 2021** | **Average H1 2020** | **%** | **Jun 30, 21** | **Dec 31, 20** | **%** |
|---|---|---|---|---|---|---|
| USD | 1.21 | 1.10 | 9.37% | 1.19 | 1.23 | (3.15%) |
| JPY | 129.87 | 119.27 | 8.89% | 131.43 | 126.49 | 3.91% |
| PLN | 4.54 | 4.41 | 2.84% | 4.52 | 4.56 | (0.87%) |
| MXN | 24.33 | 23.84 | 2.03% | 23.58 | 24.42 | (3.43%) |
| INR | 88.41 | 81.70 | 8.21% | 88.32 | 89.66 | (1.49%) |
| CNY | 7.80 | 7.75 | 0.58% | 7.67 | 8.02 | (4.34%) |
| RUB | 89.55 | 76.67 | 16.80% | 86.77 | 91.47 | (5.13%) |
| GBP | 0.87 | 0.87 | (0.75%) | 0.86 | 0.90 | (4.56%) |

**Net financial expense** was Euro 0.7 million, reducing on Euro 1.9 million in H1 2020.

**The Adjusted Profit was** Euro 10.4 million (compared to a loss of Euro 2.2 million in the same period of 2020). The Adjusted Group Net Profit was Euro 7.6 million, compared to a loss of Euro 4.1 million in H1 2020. The Minorities profit of Euro 2.8 million increased on Euro 1.8 million in H1 2020 and mainly reflects Elica's strong performance in India, despite a decline in the second quarter of 2021 due to the uptick in COVID-19 infections and the good performances by Ariafina and Airforce, which were substantially in line with 2020.

The **Group Net Profit** was Euro 5.7 million compared to a loss of Euro 4.8 million in H1 2020.

### Elica Group Equity and Financial Performance

| *In Euro thousands* | **Jun 30, 21** | **Dec 31, 20** | **Jun 30, 20** |
|---|---|---|---|
| Trade receivables | 92,291 | 88,821 | 55,489 |
| Inventories | 81,289 | 76,876 | 68,731 |
| Trade payables | (124,511) | (133,247) | (81,775) |
| **Managerial Working Capital** | **49,069** | **32,450** | **42,445** |
| % annualised revenue | *9.1%* | *7.2%* | *11.5%* |
| Other net receivables/payables | (10,834) | (8,495) | (9,993) |
| **Net Working Capital** | **38,235** | **23,955** | **32,452** |

| *In Euro thousands* | **Jun 30, 21** | **Dec 31, 20** | **Jun 30, 20** |
|---|---|---|---|
| Cash and cash equivalents | 73,215 | 59,147 | 48,128 |
| Bank loans and borrowings (current) | (35,878) | (16,459) | (23,375) |
| Bank loans and borrowings (non-current) | (83,900) | (94,053) | (99,416) |
| **Net Financial Position** | **(46,563)** | **(51,365)** | **(74,663)** |
| Lease payables IFRS 16 (current) | (3,672) | (3,650) | (4,088) |
| Lease payables IFRS 16 (non-current) | (6,122) | (6,027) | (6,736) |
| **Net Financial Position - Including IFRS 16 impact** | **(56,357)** | **(61,042)** | **(85,487)** |
| Assets for derivatives | 2,189 | 4,078 | 1,122 |
| Liabilities for derivatives (current) | (699) | (551) | (356) |
| Liabilities for derivatives (non-current) | (267) | (690) | 0 |
| **Net Financial Position - Including IFRS 16 and derivatives effect** | **(55,134)** | **(58,205)** | **(84,721)** |

**The Net Financial Position** at June 30, 2021, net of the IFRS 16 effect of Euro 9.8 million, was Euro -46.6 million, compared to Euro -74.7 million at June 30, 2020 (Euro -51.4 million at December 31, 2020). The reduction in the net financial position compared to H1 2020 was mainly due to: the positive effect of higher EBITDA and the movement of working capital on operating cash generation, the containment of CAPEX, a decrease on 2020 of the net cash out on dividends (Ariafina) and the extraordinary receipt of approx. Euro 2.0 million from the sale of a non-strategic asset, following the reorganisation of Elica's business model on the Chinese market. These positive effects were partially offset by the impact (in June 2021) of the payment of the downpayment for the acquisition of the companies E.M.C. S.r.l. and CPS S.r.l. and the cash out for the non-competition agreement signed with the preceding Chief Executive Officer.

### A.3.1.2. Definitions and reconciliations

#### Definitions

EBITDA is the operating result (EBIT) plus amortisation and depreciation and any impairment losses on Goodwill, brands and other tangible and intangible assets.
EBIT is the operating result as reported in the consolidated Income Statement.
Adjusted EBITDA is EBITDA net of the relative adjustment items.
Adjusted EBIT is EBIT net of the relative adjustment items.
Net financial income/(expenses) is the sum of the Share of profit/(loss) from associates, Financial income, Financial Expenses, Impairment of available-for-sale financial assets and Exchange rate gains and losses.
The adjusted result is the result for the period, as published in the Consolidated Income Statement, net of the relative adjustment items.
The adjusted result attributable to the owners of the Parent is the result for the period attributable to the owners of the Parent, as published in the Consolidated Income Statement, net of the relative adjustment items.
Adjustment items: earnings items are considered for adjustment where they: (i) derive from non-recurring events and operations or from operations or events which do not occur frequently; (ii) derive from events and operations not considered as in the normal course of business operations, as is the case for impairments, disputes considered atypical in terms of frequency and amount and restructuring charges.
The earnings per share for H1 2021 and H1 2020 was calculated by dividing the Group profit attributable to the owners of the Parent, as defined in the Consolidated Income Statement, by the number of outstanding shares at the respective reporting dates. The numbers of shares in circulation at the reporting date is unchanged on June 30, 2020 and December 31, 2020 (63,322,800).
The earnings per share so calculated coincide with the earnings per share as per the consolidated income statement, as there were no changes to the number of shares in circulation in the period.
Managerial Working Capital is the sum of Trade receivables with Inventories, net of Trade payables, as presented in the Consolidated Statement of Financial Position.
Net Working Capital is the amount of Managerial Working Capital and Other net receivables/payables. Other net receivables/payables comprise the current portion of Other receivables and Tax Receivables, net of the current portion of Provisions for risks and charges, Other payables and Tax payables, as presented in the Consolidated Statement of Financial Position.
Net Financial Position (NFP) is the sum of Cash and Cash equivalents and Other financial assets less Current and Non-current bank loans and borrowings and amounts due under finance leases and to other lenders, as reported in the Statement of Financial Position. Amounts due under finance leases were zero.
The Net Financial Position - Including IFRS 16 Impact is the sum of the Net Financial Position and current and non-current lease payables from application of IFRS 16, as per the Statement of Financial Position.
The Net Financial Position - Including IFRS 16 impact and Derivatives Effect is the sum of the Net Financial Position - Including IFRS 16 impact and the derivative instrument assets and liabilities, as per the Consolidated Statement of Financial Position.

**Reconciliations**

| *in Euro thousands* | H1 21 | H1 20 |
|---|---|---|
| **Operating profit/(loss) - EBIT** | **13,700** | **(874)** |
| (Impairment losses on Tangible assets) | 1,610 | - |
| (Amortisation & Depreciation) | 11,857 | 12,174 |
| **EBITDA** | **27,167** | **11,300** |
| (Non-recurring service expense - departure former CEO) | 600 | |
| (Additional Accrual to the risks provision for the case with Esperança Real) | | 750 |
| (Restructuring charges) | 766 | 194 |
| **Adjusted EBITDA** | **28,533** | **12,244** |

| *in Euro thousands* | H1 21 | H1 20 |
|---|---|---|
| **Operating profit/(loss) - EBIT** | **13,700** | **(874)** |
| (Impairment losses on Tangible assets) | 1,610 | - |
| (Non-recurring service expense - departure former CEO) | 600 | - |
| (Additional Accrual to the risks provision for the case with Esperança Real) | - | 750 |
| (Restructuring charges) | 766 | 194 |
| **Adjusted EBIT** | **16,676** | **70** |

| *in Euro thousands* | H1 21 | H1 20 |
|---|---|---|
| **Profit for/(loss) the period** | **8,509** | **(2,958)** |
| (Impairment losses on Tangible assets) | 1,610 | - |
| (Non-recurring service expense - departure former CEO) | 600 | - |
| (Additional Accrual to the risks provision for the case with Esperança Real) | - | 750 |
| (Restructuring charges) | 766 | 194 |
| (Income taxes on adjusted items) | (1,117) | (227) |
| **Adjusted profit/(loss) for the period** | **10,368** | **(2,241)** |
| | | |
| **(Loss) attributable to non-controlling interests)** | **(2,767)** | **(1,821)** |
| (Adjustments to non-controlling interests) | (7) | - |
| **Profit/(loss) attributable to the owners of the Parent - Adjusted** | **7,594** | **(4,062)** |

| | H1 21 | H1 20 |
|---|---|---|
| Profit/(loss) attributable to owners of the Parent *(in Euro thousands)* | 5,742 | (4,779) |
| Outstanding shares at year-end | 63,322,800 | 63,322,800 |
| **Earnings (loss) per share (Euro/cents)** | **9.07** | **(7.55)** |

| *in Euro thousands* | Jun 30, 21 | Dec 31, 20 | Jun 30, 20 |
|---|---|---|---|
| Other receivables | 10,191 | 4,803 | 6,717 |
| Tax assets | 18,191 | 17,049 | 10,225 |
| (Provision for risks and charges) | (8,263) | (5,351) | (3,038) |
| (Other payables) | (18,301) | (15,908) | (14,655) |
| (Tax liabilities) | (12,652) | (9,088) | (9,242) |
| **Other net receivables / payables** | **(10,834)** | **(8,495)** | **(9,993)** |

### A.3.2. Significant events in H1 2021

**On January 11, 2021,** in accordance with Article 2.6.2, paragraph 1, letter b) of the Regulations of the Markets Organised and Managed by Borsa Italiana S.p.A., Elica S.p.A. published the Financial Calendar for the year 2021.

**On February 12, 2021,** the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the fourth quarter of 2020, prepared according to IFRS and the 2020 preliminary consolidated results.

**On March 16, 2021,** the Board of Directors of Elica S.p.A. approved the consolidated results at December 31, 2020 and the statutory financial statements at December 31, 2020, prepared in accordance with IFRS, in addition to the Directors' Report.

**On March 16, 2021,** the Board of Directors of Elica S.p.A. announced Mauro Sacchetto's decision to resign, for personal reasons, from his position as Director and Chief Executive Officer of Elica S.p.A., with effect from the same date.

**On March 31, 2021,** Elica S.p.A. communicated to the trade union representatives - FIM, FIOM and UILM - the new organisational structure necessary to ensure the business continuity of the entire Group. The reorganisation, in line with the 2021-2023 industrial plan, establishes for the Italy Cooking area the conversion of the production site of Mergo into a high-end hub, the transfer of the higher standard production lines to the Jelcz-Laskowice plant in Poland and the integration into the Mergo plant of the activities currently carried out at the Cerreto site. It takes into account the current regulations on the prohibition of redundancies in the manufacturing sector, with a total impact of about 400 jobs at the Mergo and Cerreto plants. This painful choice will help to safeguard the strategic importance and centrality of the Fabriano and Mergo sites and will make it possible to keep the heart of the Group in the Marche region.
In the months that followed, meetings took place between the Company, the social partners and institutions, as described in detail in the Company's press releases at https://www.elica.com/corporation/it/sala-stampa.

**On April 29, 2021,** the Shareholders' Meeting of Elica S.p.A. approved the following matters on the agenda:

- **Separate financial statements at December 31, 2020 of Elica S.p.A.,** the Directors' Report, the Board of Statutory Auditors' Report, the Non-Financial Report and the Independent Auditors' Report. The Shareholders' Meeting also noted the consolidated results for 2020.

- **Appointment of the members of the Board of Directors:** The Shareholders' Meeting of Elica also appointed the Board of Directors, from Slate No. 1, who will remain in office for the years 2021, 2022 and 2023, until the Shareholders' Meeting called for the approval of the 2023 Annual Accounts, which shall consist of seven members. The Directors, nominated in the slate filed by the majority shareholder FAN Srl, holding 52.81% of the share capital, and approved by a 99.92% majority were: Francesco Casoli, who assumed the position of Chairman; Angelo Catapano; Giulio Cocci; Monica Nicolini; Elio Cosimo Catania; Susanna Zucchelli and Liliana Fratini Passi.
  Angelo Catapano, Monica Nicolini, Elio Cosimo Catania, Susanna Zucchelli and Liliana Fratini Passi declared that they meet the independence requirements set out in current legislation, including the Consolidated Finance Act, and in the Corporate Governance Code.
  At today's date, as far as the company is aware, none of the directors hold shares in the company, with the exception of the Chairman Francesco Casoli, who holds directly 160,000 shares and indirectly 33,440,445 shares.

- **Appointment of the members of the Board of Statutory Auditors:** The Shareholders' Meeting of Elica also appointed 3 members of the Board of Statutory Auditors and the 2 alternate auditors from Slate No. 1 proposed by the majority shareholder FAN Srl, holder of 52.81% of the share capital, who will remain in office for the years 2021, 2022 and 2023 and approved unanimously: Giovanni Frezzotti, who assumes the role of Chairman of the Board of Statutory Auditors; Simona Romagnoli; elected statutory auditor; Massimiliano Belli, elected statutory auditor; Leandro Tiranti elected alternate auditor; Serenella Spaccapaniccia, elected alternate auditor.
  At today's date, as far as the company is aware, none of the statutory auditors holds shares in the company.
  The curriculum vitae of the members of the Board of Directors and of the Board of Statutory Auditors are available on the company website:https://elica.com/corporation/it/investor-relations/assemblea-azionisti.

- In accordance with Article 123-ter, paragraphs 3-bis and 6 of Legislative Decree 58/1998, the Elica S.p.A. Shareholders' Meeting, noting its content, approved **the remuneration policy and report and voted in favour of its second section.** The report was filed on March 29, 2021 and is available to the public on the Company website: https://elica.com/corporation (Investor Relations / Shareholders' Meeting section), in addition to the 1Info authorised storage mechanism at www.1info.it. The results of the vote will be made available to the public in accordance with Article 125-*quater*, paragraph 2 of the same Decree.

- **Purchase and disposal of treasury shares:** the Shareholders' Meeting also approved the authorisation to purchase and dispose of treasury shares, pursuant to Article 2357 and 2357-ter of the Civil Code, in order to provide the company with an important instrument of strategic and operative flexibility. Today's authorisation concerns the purchase of ordinary company shares up to a maximum of 20% of the share capital, therefore 12,664,560 ordinary shares and runs for a period of 18 months from the date of the Shareholders' Meeting motion, while the authorisation to utilise such shares is without time limit. The Board of Directors proposes that the purchase price per ordinary share shall be fixed as: (a) not below a minimum of 95% of the official price recorded of the share in the trading session before each operation (b) not above a maximum (i) Euro 5 and (ii) 105% of the official price of the share in the trading session before each operation. It is expected that the purchases will be carried out at price conditions in line with that established by Article 3 Delegated Regulation 2016/1052 in enactment of Regulation (EC) 596/2014 and however in compliance with the applicable regulations and conditions and the limits fixed by Consob in relation to accepted industry guidelines, where applicable. The Board of Directors (or delegated parties thereof) in concluding the individual treasury share buy-back operations must comply with the operational conditions established by the market concerning the purchase of treasury shares of Consob, in addition to the applicable legal and regulatory provisions, including the Regulations as per Regulation 596/2014, Delegated Regulation 2016/1052 and the EU and national executing regulations, and in particular in compliance with Article 132 of the CFA, Article 144-*bis*, paragraph 1, letter b) of the Issuers' Regulation or as per the relative applicable regulation, in order to ensure equal treatment among shareholders.

**On April 29, 2021**, the Board of Directors of Elica S.p.A.:
- confirmed Francesco Casoli and Giulio Cocci as executive directors of Elica S.p.A., appointing the latter as Chief Executive Officer;
- set the criteria to assess the significance of relationships subject to assessment, assuming significant relations and additional remuneration where (i) exceeding the total amount of fixed annual remuneration for the office and for any participation in committees and (ii) where this total annual remuneration exceeds Euro 25,000.
- assessed the independence of the Directors Elio Cosimo Catania, Monica Nicolini, Angelo Catapano, Susanna Zucchelli and Liliana Fratini Passi, considering them independent as per the CFA and the Corporate Governance Code. The Board of Statutory Auditors of the Company verified the correct application of the independence assessment criteria and procedures adopted by the Board.
- assessed the independence of the Chairman of the Board of Statutory Auditors Giovanni Frezzotti and the statutory auditors Simona Romagnoli and Massimiliano Belli, considering them independent as per the CFA and the Corporate Governance Code;
- appointed as independent directors Angelo Catapano, Liliana Fratini Passi, Monica Nicolini, Susanna Zucchelli and Elio Cosimo Catania, with the latter acting as chairman, as members of the Appointments and Remuneration Committee;
- appointed the independent directors Angelo Catapano, Elio Cosimo Catania, Liliana Fratini Passi, Monica Nicolini and Susanna Zucchelli, with the latter acting as chairperson, as members of the Control, Risks and Sustainability Committee;
- appointed the independent director Monica Nicolini as the Lead Independent Director;
- identified the Chief Executive Officer Giulio Cocci as in charge of setting up and maintaining the internal control and risk management system.
- confirmed Emilio Silvi, holding the necessary requirements pursuant to the Company By-Laws, as Corporate Financial Reporting Manager, having heard the opinion of the Board of Statutory Auditors; confirmed Stefania Santarelli as the Chief Financial Officer.

**On June 28, 2021,** the Elica Group began the process of strengthening its presence on the electric motors market through a preliminary agreement signed between Elica S.p.A. and Electric Motors Company S.r.l. ("E.M.C.") and CPS S.r.l. ("CPS") for the full acquisition of the respective companies.
The payment for the purchase of 100% of E.M.C. and CPS of approx. Euro 31 million, will take place using Elica's own resources, in several tranches, the last of which in January 2023. On the same date, following the signing of the preliminary purchase agreement, a downpayment of Euro 4 million was paid.

### A.3.3. Subsequent events and outlook

**Subsequent events**

**On July 2, 2021, the Elica Group** completed the full acquisition of Electric Motors Company S.r.l. ("E.M.C.") and CPS S.r.l. ("CPS") by Elica S.p.A.. The consideration for the full acquisition of E.M.C. and CPS was approx. Euro 31 million. On the same date, with the completion of the acquisition, Euro 9 million was paid, with a total impact on 2021 of Euro 13 million. The residual price of approx. Euro 18 million shall be settled by Elica in deferred tranches on January 5, 2022, July 5, 2022 and January 5, 2023.

**Outlook**

The Group has outlined the pillars of its growth strategy:
focus on boosting EBITDA margin and cash flow generation;
- expanded own brand sales portfolio and market share;
- sustainable research and development investment;
- expansion of geographic presence in the Cooking segment;
- motor division growth through opportunities and synergies arising from the recent acquisition.

The principal levers of this strategy, supported also by the ongoing market recovery, further stimulated by the Eco-bonus and other incentives at European level, are:
- utilisation of the price-mix to contain raw material cost increases;
- focus on SG&A cost containment measures and financial sustainability;
- solid fundamentals to adequately respond to the current recovery in demand and expected medium-term developments.

**A.3.4. Elica Group structure and consolidation scope**

**Parent**

- Elica[2] S.p.A. - Fabriano (Ancona, Italy) is the parent of the Group (in short Elica).

**Subsidiaries**

- Elica Group Polska Sp.zo.o – Wroclaw – (Poland) (in short Elica Group Polska). This wholly-owned company has been operational since September 2005 in the production and sale of electric motors and from December 2006 in the production and sale of exhaust hoods for domestic use;
- Elicamex S.A. de C.V. – Queretaro (Mexico) (in short Elicamex). This company was incorporated at the beginning of 2006 (the parent owns 98% directly and 2% through Elica Group Polska). The Group intends to concentrate production for the American markets with this company in Mexico and reap the benefits of optimising operations and logistics;
- Leonardo Services S.A. de C.V. – Queretaro (Mexico) (in short Leonardo). This wholly-owned subsidiary was incorporated in January 2006 (the Parent owns 98% directly and 2% indirectly through Elica Group Polska Sp.zo.o.). Leonardo Services S.A. de C.V. manages the Mexican staff, providing services to Elicamex S.A. de C.V;
- Ariafina CO., LTD – Sagamihara-Shi (Japan) (in short Ariafina). Incorporated in September 2002 as an equal Joint Venture with Fuji Industrial of Tokyo, the Japanese range hood market leader, Elica S.p.A. acquired control in May 2006 (51% holding) to provide further impetus to the development of the important Japanese market, where high-quality products are sold;
- Airforce S.p.A. – Fabriano (Ancona, Italy) (in short Airforce). This company operates in a special segment of the production and sale of hoods. Elica S.p.A. owns 60% of this company;
- Elica Inc – Chicago, Illinois (United States), offices in Issaqua, Washington (United States). This company aims to develop the Group's brands in the US market by carrying out marketing and trade marketing with resident staff. The company is a wholly-owned subsidiary of Elicamex S.A. de C.V.;
- Elica PB India Private Ltd. – Pune (India) (in short Elica India). Elica PB India Private Ltd. is involved in the production and sale of Group products. At December 31, 2017, Elica S.p.A. held 51% of the Indian company's share capital. In 2018, following the conversion of the Debenture, the Elica Group increased its holding to 58% and thereafter sold its share to a third party, holding at year-end 25.5%. Thanks to the signing of a shareholder agreement with the Indian shareholders, the Elica Group continues to have control.
- Zhejiang Elica Putian Electric CO.,LTD. – Shengzhou (China) (in short Putian), a Chinese company held 99% and operating under the Puti brand, a leader in the Chinese home appliances sector, producing and marketing range hoods, gas hobs and kitchenware sterilisers. Putian is one of the main players in the Chinese hood market and the principal company developing Western-style hoods. The production site is located in Shengzhou, a major Chinese industrial district for the production of cooking appliances.

[2] The company also has a stable organisation in Spain, in Avda, Generalitat de Catalunya Esc.9, bayos 1 08960 Sant Just Desvern – Barcelona.

- Elica Trading LLC – St. Petersburg (Russian Federation) (in short Elica Trading), a Russian company held 100%, incorporated on June 28, 2011 and selling Elica Group products on the Russian market.
- Elica France S.A.S. - Paris (France) (in short Elica France), a wholly-owned French company incorporated in 2014 and selling Elica Group products on the French market.
- Elica GmbH – Munich (Germany), a German company wholly-owned by Elica S.p.A. and incorporated in 2017 and selling Elica Group products on the German market.

**Changes in the consolidation scope**

There were no changes in the consolidation scope compared to December 31, 2020, except for the sale of the holding in the associate I.S.M. S.r.l., which undertakes real estate operations and of which Elica S.p.A. held 49.385% of the share capital.

**A.4. Compliance with Article 5, paragraph 8, Consob Regulation 17221 of 12.03.2010 regarding transactions with subsidiaries, associates and other related parties**

In the first half of 2021, transactions were entered into with subsidiaries, associates and other related parties. All transactions were conducted on an arm's length basis in the ordinary course of business.
There are no particular issues to highlight in accordance with Article 5, paragraph 8 of Consob Regulation 17221 of 12.03.2010[3].

**A.5. Compliance pursuant to Section VI of the regulation implementing legislative decree No. 58 of February 1998 concerning market regulations ("Market Regulations")**

Elica S.p.A. confirms compliance with the conditions for listing pursuant to Articles 36 and 37 of Consob's Market Regulations. In particular, having control, directly or indirectly, over some companies registered in countries outside of the European Union, the financial statements of the above-mentioned companies, prepared for the purposes of the Elica Group Consolidated Financial Statements, were made available in accordance with the provisions required by the current regulations enacted on March 30, 2009.

**A.6. Compliance with Article 70, paragraph 8 and Article 71, paragraph 1-bis of the "Issuers Regulation"**

In accordance with Article 70, paragraph 8 and Article 71, paragraph 1-*bis* of the Consob Issuers' Regulation, on January 16, 2013, Elica announced that it would employ the exemption from publication of the required disclosure documents concerning significant merger, spin-off, and share capital increase operations through conferment of assets in kind, acquisitions and sales.

[3] The article provides that: "Companies that have issued listed shares and that have Italy as their home Member State, pursuant to Article 154-ter of the Consolidated Act, shall provide information, in their interim report on operations and annual report on operations: a) on individual transactions of greater importance concluded during the reporting period; b) on any other individual transactions with related parties as defined under Article 2427, second subsection, of the Italian Civil Code, concluded in the reporting period, that have materially affected the financial position or results of the companies; c) any change in or development of transactions with related parties described in the most recent annual report that has had a material effect on the financial situation or operating results of the companies in the reporting period".

**Elica S.p.A.**

**B. Condensed Interim Consolidated Financial Statements**

**as at and for the six months ended**

**June 30, 2021**

## B.1.Consolidated financial statements at June 30, 2021

### B.1.1. H1 2021 Consolidated Income Statement

| *In Euro thousands* | ***Note*** | **H1 21** | **H1 20** |
|---|---|---|---|
| Revenue | B.3.1 | 269,459 | 184,197 |
| Other operating income | B.3.1 | 1,175 | 1,567 |
| Changes in inventories finished/semi-finished goods | B.3.2 | (3,265) | (3,007) |
| Increase in internal work capitalised | | 1,217 | 1,265 |
| Raw materials and consumables | B.3.2 | (137,901) | (97,482) |
| Services | B.3.2 | (41,775) | (32,990) |
| Personnel expenses | B.3.2 | (52,043) | (39,001) |
| Amortisation & depreciation | | (11,857) | (12,175) |
| Other operating expenses and provisions | B.3.2 | (8,934) | (3,054) |
| Restructuring charges | B.3.2 | (766) | (194) |
| Impairment losses on Goodwill/tangible/intangible assets | B.3.4 | (1,610) | - |
| **Operating profit/(loss)** | | **13,700** | **(874)** |
| Share of profit/(loss) of associates | B.3.3 | 125 | - |
| Financial income | B.3.3 | 307 | 270 |
| Financial expenses | B.3.3 | (1,396) | (2,063) |
| Exchange rate gains/(losses) | B.3.3 | 225 | (128) |
| **Profit/(loss) before taxes** | | **12,961** | **(2,795)** |
| Income taxes | | (4,452) | (163) |
| **Profit/(loss) from continuing operations** | | **8,509** | **(2,958)** |
| **Profit/(loss) from discontinued operations** | | | |
| **Profit/(loss) for the period** | | **8,509** | **(2,958)** |
| of which: | | | |
| Attributable to non-controlling interests | | 2,767 | 1,821 |
| Attributable profit/(loss) to the owners of the Parent | | 5,742 | (4,779) |

| | | |
|---|---|---|
| ***Basic earnings per Share (Euro/cents)*** | | |
| from continuing and discontinued operations (Euro/cents) | 9.07 | (7.55) |
| from continuing operations (Euro/cents) | 9.07 | (7.55) |
| ***Diluted earnings per Share (Euro/cents)*** | | |
| from continuing and discontinued operations (Euro/cents) | 9.07 | (7.55) |
| from continuing operations (Euro/cents) | 9.07 | (7.55) |

## B.1.2. H1 2021 Statement of Comprehensive Income

| *In Euro thousands* | ***Note*** | **H1 21** | **HY 20** |
|---|---|---|---|
| **Profit/(loss)** | | **8,509** | **(2,958)** |
| **Other comprehensive income/(expense) which may not be subsequently reclassified to profit/(loss) for the period:** | | | |
| Actuarial gains/(losses) on defined employee benefit plans | B.3.11 | 449 | 60 |
| Tax effect of Other income/(expense) which will not be subsequently reclassified to the profit/(loss) for the period | | - | (4) |
| **Total other comprehensive income/(expense) which may not be subsequently reclassified to profit/(loss) for the period, net of the tax effect** | | **449** | **56** |
| **Other comprehensive income/(expense) which may be subsequently reclassified to profit/(loss):** | | | |
| Exchange differences on the conversion of foreign financial statements | B.3.14 | 2,523 | (8,526) |
| Net change in cash flow hedges | B.3.14 | (984) | (28) |
| Tax effect concerning the Other income/(expense) which may be subsequently reclassified to the profit/(loss) for the period | B.3.14 | 328 | 290 |
| **Total other comprehensive income/(expense) which may be subsequently reclassified to profit/(loss) for the period, net of the tax effect** | | **1,868** | **(8,264)** |
| **Total other comprehensive income/expense, net of the tax effect:** | | **2,316** | **(8,207)** |
| **Total comprehensive income/(loss) for the period** | | **10,825** | **(11,165)** |
| of which: | | | |
| Attributable to non-controlling interests | | 2,816 | 1,384 |
| Attributable to the owners of the parent | | 8,010 | (12,550) |

### B.1.3. Consolidated Statement of Financial Position at June 30, 2021

| *In Euro thousands* | ***Note*** | **Jun 30, 21** | **Dec 31, 20** |
|---|---|---|---|
| Property, plant and equipment | B.3.4 | 87,480 | 91,875 |
| Goodwill | B.3.5 | 39,282 | 39,017 |
| Other intangible assets | B.3.6 | 20,844 | 22,363 |
| Rights-of-use as per IFRS 16 | B.3.4 | 10,400 | 10,270 |
| Investments in associates | B.3.3 | - | 275 |
| Other receivables and other assets | B.3.12 | 304 | 307 |
| Deferred tax assets | B.3.7 | 22,621 | 22,876 |
| **Total non-current assets** | | **180,932** | **186,983** |
| Trade receivables | B.3.8 | 92,291 | 88,821 |
| Inventories | B.3.9 | 81,289 | 76,876 |
| Other receivables | B.3.12 | 10,191 | 4,802 |
| Tax assets | B.3.13 | 18,191 | 17,049 |
| Derivative financial instruments | B.3.19 | 2,189 | 4,078 |
| Cash and cash equivalents | B.3.15 | 73,215 | 59,147 |
| **Current assets** | | **277,367** | **250,773** |
| **Assets of discontinued operations** | | **-** | |
| **Total assets** | | **458,298** | **437,756** |
| Liabilities for post-employment benefits | B.3.11 | 9,868 | 10,475 |
| Provisions for risks and charges | B.3.10 | 20,647 | 17,228 |
| Deferred tax liabilities | B.3.7 | 3,077 | 4,017 |
| Finance leases and other lenders as per IFRS 16 | B.3.15 | 6,122 | 6,027 |
| Bank loans and borrowings | B.3.15 | 83,900 | 94,053 |
| Derivative financial instruments | B.3.19 | 267 | 690 |
| **Non-current liabilities** | | **123,881** | **132,490** |
| Provisions for risks and charges | B.3.10 | 8,263 | 5,351 |
| Finance leases and other lenders as per IFRS 16 | B.3.15 | 3,672 | 3,650 |
| Bank loans and borrowings | B.3.15 | 35,878 | 16,459 |
| Trade payables | B.3.7 | 124,511 | 133,247 |
| Other payables | B.3.12 | 18,303 | 15,908 |
| Tax liabilities | B.3.13 | 12,652 | 9,088 |
| Derivative financial instruments | B.3.19 | 699 | 551 |
| **Current liabilities** | | **203,979** | **184,254** |
| **Liabilities of discontinued operations** | | | |
| Share capital | | 12,665 | 12,665 |
| Capital reserve | | 71,123 | 71,123 |
| Hedging and translation reserve | | (15,714) | (17,562) |
| Reserve for actuarial gains/losses | | (2,844) | (3,264) |
| Treasury shares | | - | - |
| Retained earnings | | 40,003 | 42,621 |
| Profit/(loss) attributable to the owners of the Parent | | 5,742 | (1,786) |
| **Equity attributable to the owners of the parent** | | **110,975** | **103,797** |
| Capital and reserves attributable to non-controlling interests | | 16,699 | 11,284 |
| Profit attributable to non-controlling interests | | 2,767 | 5,932 |
| **Equity attributable to non-controlling interests** | | **19,466** | **17,216** |
| **Total equity** | **B.3.14** | **130,441** | **121,012** |
| **Total equity and liabilities** | | **458,298** | **437,756** |

### B.1.4. H1 2021 Consolidated Statement of Cash Flows

| *In Euro thousands* | **H1 21** | **H1 20** |
|---|---|---|
| **Opening cash and cash equivalents** | **59,147** | **35,613** |
| **Operating activities** | | |
| **Profit/(loss) for the period** | **8,509** | **(2,958)** |
| Amortisation & Depreciation | 11,857 | 12,175 |
| *Impairment* | 1,610 | - |
| Non-monetary (income)/charges | (125) | - |
| Trade working capital | (16,192) | (25,762) |
| Other working capital accounts | 6,693 | 5,459 |
| Income taxes paid | (2,823) | (2,303) |
| Change in provisions | 6,098 | (3,247) |
| Other changes | (503) | 632 |
| **Cash flow from operating activities** | **15,123** | **(16,004)** |
| **Investing activities** | | |
| Investments | | |
| - Intangible | (1,588) | (2,167) |
| - Tangible | (2,567) | (3,428) |
| - Rights-of-use | (2,023) | (257) |
| - Financial | 400 | - |
| Downpayment for acquisitions of holdings | (4,000) | - |
| **Cash flow used in investing activities** | **(9,779)** | **(5,852)** |
| **Financing activities** | | |
| Dividends | (565) | (1,584) |
| Increase (decrease) in loans and borrowings | 9,137 | 39,223 |
| Net changes in other financial assets/liabilities | 966 | (294) |
| Interest paid | (1,057) | (1,742) |
| **Cash flow from (used in) financing activities** | **8,482** | **35,603** |
| Increase/(Decrease) in cash and cash equivalents | **13,826** | **13,747** |
| Net translation effect on cash and cash equivalents | 242 | (1,229) |
| **Closing cash and cash equivalents** | **73,215** | **48,131** |

### B.1.5. Statement of changes in Consolidated Equity at June 30, 2021

| *In Euro thousands* | Share capital | Share premium reserve | Acquisition/ Sale treasury shares | Retained earnings | Hedge, trans. & post-employ ben. res. | Profit/(loss) for the period | Equity owners of parent | Equity non-control. int. | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Balance at December 31, 2019** | **12,665** | **71,123** | **-** | **39,395** | **(15,104)** | **3,063** | **111,142** | **14,173** | **125,315** |
| Fair value changes on cash flow hedges net of the tax effect | | | | | 262 | | **262** | | **262** |
| Actuarial gains/(losses) on post-employment benefits | | | | | 50 | | **50** | 6 | **56** |
| Exchange rate gains/(losses) on translation of foreign subsidiaries' financial statements | | | | | (8,083) | | **(8,083)** | (443) | **(8,526)** |
| **Total gains/(losses) recognised directly in equity** | | | | | **(7,771)** | | **(7,771)** | **(437)** | **(8,208)** |
| Profit for the period | | | | | | (4,779) | **(4,779)** | 1,821 | **(2,958)** |
| **Total gains/(losses) recognised in profit or loss** | | | | | | **(4,779)** | **(12,550)** | **1,384** | **(11,166)** |
| Allocation of profit/(loss) for the period | | | | 3,063 | | (3,063) | | | - |
| Other movements | | | | 248 | | | **248** | 5 | **262** |
| Dividends | | | | | | | | (1,584) | **(1,584)** |
| **Balance at June 30, 2020** | **12,665** | **71,123** | **-** | **42,706** | **(22,875)** | **(4,779)** | **98,840** | **13,987** | **112,827** |
| **Balance at December 31, 2020** | **12,665** | **71,123** | | **42,621** | **(20,826)** | **(1,787)** | **103,796** | **17,216** | **121,012** |
| Fair value changes on cash flow hedges net of the tax effect | | | | | (656) | | (656) | | (656) |
| Actuarial gains/(losses) on post-employment benefits | | | | | 420 | | 420 | 29 | 449 |
| Exchange rate gains/(losses) on translation of foreign subsidiaries' financial statements | | | | | 2,504 | | 2,504 | 20 | 2,523 |
| **Total gains/(losses) recognised directly in equity** | | | | | **2,268** | | **2,268** | **49** | **2,316** |
| Profit for the period | | | | | 0 | 5,742 | 5,742 | 2,767 | 8,509 |
| **Total gains/(losses) recognised in profit or loss** | | | | | **2,268** | **5,742** | **8,010** | **2,816** | **10,825** |
| Allocation of profit/(loss) for the period | | | | (1,787) | | 1,787 | | | |
| Other movements | | | | (831) | | | (831) | (1) | (832) |
| Dividends | | | | | | | | (565) | **(565)** |
| **Balance at June 30, 2021** | **12,665** | **71,123** | **-** | **40,003** | **(18,558)** | **5,742** | **110,975** | **19,466** | **130,441** |

**B.2. Notes to the Condensed Interim Consolidated Financial Statements at June 30, 2021**

**B.2.1. Group structure and brief description of its activities**

Elica, a market player since the 1970's, is the leading global manufacturer of range hoods and hobs and of motors for domestic ventilation. Chaired by Francesco Casoli and led by Giulio Cocci, the Group has seven plants, including in Italy, Poland, Mexico, India and China and employs more than 3,800 people. With many years' experience in the sector, Elica has combined meticulous care for design with judicious choice of high-quality materials and cutting-edge technology to guarantee maximum efficiency and low energy consumption, making the Elica Group the prominent market figure it is today. This has enabled the Group to revolutionize the traditional image of cooker hoods: they are no longer seen as simple accessory but as a design element that improves the quality of life.

The Euro is the functional and reporting currency for Elica and all consolidated companies, except for such foreign subsidiaries as Elica Group Polska Sp.zo.o, Elicamex S.A. de C.V., Leonardo Services S.A. de. C.V., Ariafina CO., LTD, Elica Inc., Elica PB India Private Ltd., Zhejiang Elica Putian Electric Co. Ltd. and Elica Trading LLC, which prepare their financial statements in the Polish Zloty (Elica Group Polska Sp.zo.o), the Mexican Peso (Elicamex S.A. de C.V. and Leonardo Services S.A. de C.V.), Japanese Yen, US Dollar, Indian Rupee, Chinese Renminbi and Russian Ruble respectively.

The exchange rates used for the translation to Euro of the financial statements of companies consolidated in a currency other than the consolidation currency, compared with those used in the previous periods, are shown in the table below:

| | **Average H1 2021** | **Average H1 2020** | **%** | **Jun 30, 21** | **Dec 31, 20** | **%** |
|---|---|---|---|---|---|---|
| USD | 1.21 | 1.10 | 9.37% | 1.19 | 1.23 | -3.15% |
| JPY | 129.87 | 119.27 | 8.89% | 131.43 | 126.49 | 3.91% |
| PLN | 4.54 | 4.41 | 2.84% | 4.52 | 4.56 | -0.87% |
| MXN | 24.33 | 23.84 | 2.03% | 23.58 | 24.42 | -3.43% |
| INR | 88.41 | 81.70 | 8.21% | 88.32 | 89.66 | -1.49% |
| CNY | 7.80 | 7.75 | 0.58% | 7.67 | 8.02 | -4.34% |
| RUB | 89.55 | 76.67 | 16.80% | 86.77 | 91.47 | -5.13% |

**B.2.2. Approval of the 2021 Half-Year Report**

The report for the period ended June 30, 2021 was approved by the Board of Directors on July 30, 2021.

**B.2.3. Accounting policies and basis of consolidation**

The annual consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union through Regulation No. 1606/2002.

These condensed consolidated half-year financial statements were prepared, in summary form, in conformity with IAS 34 "Interim Financial Statements" and in conformity with the requirements of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and integrations.
The condensed consolidated half-year financial statements therefore do not include all the information published in the annual report and must be read together with the consolidated financial statements as at December 31, 2020.

The accounting and consolidation principles adopted for the preparation of the current condensed consolidated half-year financial statements are unchanged compared to those adopted for the preparation of the Group annual consolidated financial statements for the year ended December 31, 2020.

The Condensed Consolidated Half-Year Financial Statements were prepared on the basis of the historical cost convention, except for some financial instruments which are recognised at fair value. The financial statement accounts have been measured in accordance with the general criteria of prudence and accruals and on a going concern basis, and also take into consideration the economic function of the assets and liabilities.

The Condensed Consolidated Interim Financial Statements at June 30, 2021 consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity. The condensed interim consolidated financial statements are compared with the corresponding period of the previous year for the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity and with the consolidated statement of financial position.

The present consolidated financial statements are presented in thousands of Euro and all the amounts are rounded to the nearest thousandth, unless otherwise specified.

### B.2.4. Changes in accounting standards

There are no accounting standards applied for the first time for the preparation of these condensed financial statements that have produced any effects to be noted.

### B.2.5. New accounting standards not yet in force

As required by IAS 8 - Accounting standards, changes in accounting estimates and errors - the main new accounting standards and interpretations, in addition to amendments to the existing standards and interpretations that are already applicable, not yet in force or not yet approved by the European Union (EU), which could be applied in the future to the financial statements, are illustrated below.

**Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract".**
On May 14, 2020, the IASB issued amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract" (hereinafter amendments to IAS 37), so as to provide clarification on how to determine the onerousness of a contract. The amendments to IFRS 37 are effective from periods beginning on, or subsequent to, January 1, 2022.

**Amendment to IAS 16 - "Property, Plant and Equipment: Proceeds before Intended Use"**
On May 14, 2020, the IASB issued amendments to IAS 16, "Property, Plant and Equipment: Proceeds before Intended Use" (hereinafter amendments to IAS 16), which establishes that revenues deriving from the sale of goods produced by an asset before it is ready for its intended use are posted to the income statement together with the related production costs. The amendments to IFRS 16 are effective from periods beginning on, or subsequent to, January 1, 2022.

**Amendments to IFRS 3 - "Reference to the Conceptual Framework"**
On May 14, 2020, the IASB issued the amendments to IFRS 3 "Reference to the Conceptual Framework" (hereinafter the amendments to IFRS 3), in order to: (i) complete the update of the references to the Conceptual Framework for Financial Reporting included in the accounting standard; (ii) provide clarifications on the conditions for the recognition, at the acquisition date, of provisions, contingent liabilities and tax liabilities (levies) assumed as part of a business combination; (iii) clarify the fact that contingent assets may not be recognised as part of a business combination. The amendments to IFRS 3 are effective from periods beginning on, or subsequent to, January 1, 2022.

**Amendments to IAS 1 "Classification of Liabilities as Current or Non-current-Deferral of Effective Date"**
On July 15, 2020, the IASB issued amendments to IAS 1 "Classification of Liabilities as Current or Non-current-Deferral of Effective Date" designed to defer the effective date of the amendments to IAS 1 "Presentation of Financial Statements" by one year: Classification of Liabilities as Current or Non-current" (hereinafter amendments to IAS 1), issued by the IASB on January 23, 2020. The amendments to IFRS 1 are effective from periods beginning on, or subsequent to, January 1, 2023.

For all the newly issued standards, as well as the revision and amendments to existing standards, the Group is assessing impacts which are currently unforeseeable that will derive from their future application.

**B.2.6. Use of estimates**

In the preparation of the condensed half-year financial statements, the Group's management made accounting estimates and assumptions which have an effect on the values of the assets and liabilities and disclosures. The actual results may differ from these estimates. The estimates and assumptions are periodically reviewed and the effects of any changes are promptly recognised in the consolidated financial statements. In particular, the current situation, which is defined by COVID 19, has made all forecasts even more uncertain, although not calling into question the key going concern principle.

In this context, the Group made assumptions about the future performance characterised by significant uncertainty, in which results in the coming years could differ from such estimates and, therefore, require adjustments that is not currently possible to estimate or forecast, and these adjustments might even be significant.

The account items principally concerned by uncertainty are: goodwill, the allowance for impairment and inventory obsolescence provision, non-current assets (property, plant and equipment and intangible assets), pension funds and other post-employment benefits, provisions for risks and charges and deferred tax assets and liabilities.

Reference is made to the previous year annual accounts and the notes to the present condensed consolidated half-year financial statements for the details relating to the estimates stated above.

## B.3.Composition and main changes in the Income Statement and Statement of Financial Position

### B.3.1. Revenue and other income

| *In Euro thousands* | **H1 21** | **H1 20** | **Changes** |
|---|---|---|---|
| Revenue | 269,459 | 184,197 | 85,262 |
| **Revenue** | **269,459** | **184,197** | **85,262** |

| *In Euro thousands* | **H1 21** | **H1 20** | **Changes** |
|---|---|---|---|
| Grants related to income | 342 | 753 | (411) |
| Ordinary gains | 18 | 9 | 9 |
| Claims and insurance settlement | 64 | 185 | (121) |
| Other revenues and income | 751 | 621 | 130 |
| **Other revenues and income** | **1,175** | **1,568** | **(393)** |

Reference should be made to paragraph A.3.1.1 for the account's performance. H1 2021 performance. Customers who comprise more than 10% of total revenue constituted 11.6% of revenue in the first six months of 2021 (11.83% in 2020).
The Group carried out an analysis to identify the separate performance obligations which indicated that it was not necessary to further breakdown revenue. The criteria applied by the Group are in line with those established by IFRS 15. Finally, no circumstances were identified whereby a Group company had the role of "agent".

The decrease in other operating income was concentrated in the Grants related to income account, which included in 2020 state grants received as support in view of the COVID-19 emergency, particularly those by the Polish subsidiary.

### B.3.2. Operating costs

| *In Euro thousands* | **H1 21** | **H1 20** | **Changes** |
|---|---|---|---|
| Purchase of raw materials | 112,707 | 75,830 | 36,877 |
| Purchase of finished goods | 15,750 | 13,369 | 2,381 |
| Purchases of semi-finished products | 8,493 | 6,181 | 2,312 |
| Transport of purchases | 5,002 | 2,073 | 2,929 |
| Purchases of consumables | 1,273 | 842 | 431 |
| Packaging | 1,099 | 730 | 369 |
| Other purchases | 1,305 | 665 | 640 |
| Purchases of supplies | - | 340 | (340) |
| Change in inventory of raw materials, consumables, supplies and goods | (7,729) | (2,548) | (5,181) |
| **Raw materials and consumables** | **137,901** | **97,482** | **40,419** |
| **Changes in inventories of finished and semi-finished goods** | **3,265** | **3,007** | **258** |
| **Total** | **141,166** | **100,489** | **40,677** |

| *In Euro thousands* | **H1 21** | **H1 20** | **Changes** |
|---|---|---|---|
| Outsourcing | 14,910 | 10,050 | 4,860 |
| Other professional services | 6,118 | 4,430 | 1,688 |
| Transport | 5,543 | 3,871 | 1,672 |
| Consulting | 3,645 | 3,096 | 549 |
| Management of finished products | 3,774 | 2,729 | 1,045 |
| Directors' and Statutory Auditors' fees | 28 | 1,968 | (1,940) |
| Utilities | 1,925 | 1,957 | (32) |
| Trade fairs and promotional events | 1,041 | 980 | 61 |
| Maintenance | 1,127 | 834 | 293 |
| Travel | 402 | 700 | (298) |
| Commissions | 1,057 | 691 | 366 |
| Insurance | 734 | 655 | 79 |
| Advertising | 808 | 529 | 279 |
| Industrial services | 538 | 358 | 180 |
| Banking commissions and charges | 124 | 143 | (19) |
| **Services** | **41,775** | **32,990** | **8,785** |

| *In Euro thousands* | **H1 21** | **H1 20** | **Changes** |
|---|---|---|---|
| Wages and salaries | 33,194 | 27,557 | 5,637 |
| Social security expenses | 9,099 | 7,672 | 1,427 |
| Post-employment benefit | 1,247 | 1,372 | (125) |
| Other costs | 8,504 | 2,399 | 6,105 |
| **Personnel expense** | **52,043** | **39,001** | **13,043** |

| *In Euro thousands* | **H1 21** | **H1 20** | **Changes** |
|---|---|---|---|
| Leases and rentals | 532 | 570 | (38) |
| Rental of cars and industrial vehicles | 208 | (4) | 212 |
| Hardware, software and patents | 211 | 322 | (111) |
| Other taxes | 485 | 554 | (69) |
| Magazine and newspaper subscriptions | 1 | 3 | (2) |
| Sundry equipment | 137 | 102 | 35 |
| Catalogues and brochures | 171 | 144 | 27 |
| Losses on receivables and allowance for impairment | 264 | 13 | 251 |
| Provisions for risks and charges | 6,486 | 551 | 5,935 |
| Other prior year expenses and losses | 438 | 799 | (361) |
| **Other operating expenses and accruals** | **8,934** | **3,054** | **5,880** |

| *In Euro thousands* | **H1 21** | **H1 20** | **Changes** |
|---|---|---|---|
| Restructuring charges | 766 | 194 | 572 |
| **Restructuring charges** | **766** | **194** | **572** |

Consumables, including the impact of changes to finished and semi-finished products, accounted for 52.4% of revenues (54.6% in the previous year). This development reflects, on the one hand, the anomalous revenue result in the first half of the previous year, and, on the other, the gradual increase in the cost of raw materials during 2021. This aggregate includes also the risk assessment by Management upon inventory obsolescence.

The increase in service costs concerned almost all items, demonstrating the Group's quick reaction in 2020 to the difficulties created by the COVID-19 emergency, which saw costs contained. In particular, we highlight the decrease in "Travel expenses", as in Q1 2020 an almost normal situation was in place, while for the entirety of H1 2021 company policies prohibited employee business trips. "Directors and statutory auditors fees" decreased, mainly due to the adjustment of the director's long-term incentive provisions.

Personnel expenses also reflect the Group's capacity in 2020 to react to contracting revenue, following curtailed demand due to the lock-down, through the use of instruments made available by the local governments as support.

Other operating expenses and provisions in H1 2021 increased on the same period of the previous year. Provisions for risks and charges rose following the assessment by the Group, and in particular by the Parent Company, of the likelihood of certain risks connected with business operations. The increase in the warranty provision impacted for Euro 1.4 million. Reference should be to paragraph **B.3.10. Provisions for risks and charges** for further details.

Restructuring charges include the costs incurred by the Group to introduce the restructuring plan launched in 2020, which resulted in a decrease in Corporate white-collars. They principally concern personnel expense.

### B.3.3. Net financial expense

| *In Euro thousands* | **H1 21** | **H1 20** | **Changes** |
|---|---|---|---|
| Financial income | 307 | 270 | 37 |
| Financial expenses | (1,396) | (2,063) | 667 |
| Exchange rate gains/(losses) | 225 | (128) | 353 |
| **Total net financial expenses** | **(864)** | **(1,921)** | **1,057** |

The financial management performance reflects the reduced impact of financial expense, thanks to an extended cash concentration with the Group companies, in addition to an improvement of the currency effects of the currencies used by the Group.
We in addition highlight the disposal in the period of the investment in the associate I.S.M. srl, for Euro 400 thousand and recognised to the financial statements at December 31, 2020 for Euro 275 thousand. A gain was therefore recognised to the "Share of profit/(loss) of associates" of Euro 125 thousand.

### B.3.4. Property, plant and machinery rights-of-use as per IFRS 16

The breakdown of property, plant and equipment at June 30, 2021 and December 31, 2020 is detailed below.

| *In Euro thousands* | **Jun 30, 21** | **Dec 31, 20** | **Changes** |
|---|---|---|---|
| Land, land usage rights and buildings | 35,843 | 40,542 | (4,699) |
| Plant and machinery | 26,128 | 26,954 | (826) |
| Industrial and commercial equipment | 18,583 | 19,456 | (873) |
| Other assets | 4,030 | 3,855 | 175 |
| Assets in progress and advances | 2,896 | 1,068 | 1,828 |
| **Total property, plant and equipment** | **87,480** | **91,875** | **(4,394)** |

Property, plant and equipment decreased from Euro 91,875 thousand at December 31, 2020 to Euro 87,480 thousand at June 30, 2021, a decrease of Euro 4,394 thousand as a result of the sales, purchases and of depreciation recorded in the income statement of Euro 6,629 thousand (Euro 6,582 thousand in 2020) and the write-down of Euro 1.6 million. The movement includes exchange losses of approx. Euro 1.2 million and the effect of the sale by the Group of land and buildings of the Chinese subsidiary, for approx. Euro 2 million. The sale transaction in China, which did not have an impact on the income statement, resulted in the fair value measurement of the residual portion of these assets, which led to a write-down of Euro 1.6 million.

| *In Euro thousands* | **Jun 30, 21** | **Dec 31, 20** | **Changes** |
|---|---|---|---|
| Buildings rights-of-use | 4,821 | 4,083 | 738 |
| Plant & machinery rights-of-use | 759 | 984 | (225) |
| Other assets rights-of-use | 4,819 | 5,203 | (384) |
| **Total rights-of-use as per IFRS 16** | **10,400** | **10,270** | **130** |

The Group has many assets under lease, such as buildings, production machinery, cars and IT equipment. The relative rights-of-use increased from Euro 10,270 thousand at December 31, 2020 to Euro 10,400 thousand at June 30, 2021, a net increase of Euro 130 thousand as a result of the sales, purchases and of depreciation recognised to the income statement of Euro 1,954 thousand (Euro 1,872 thousand in 2020). The change includes exchange rate losses of approx. Euro 60 thousand.

### B.3.5. Goodwill

| *In Euro thousands* | **Jun 30, 21** | **Dec 31, 20** | **Changes** |
|---|---|---|---|
| Goodwill allocated to subsidiaries | 39,282 | 39,017 | 265 |
| **Goodwill** | **39,282** | **39,017** | **265** |

At each reporting date, and in any case at least once a year, the Group assesses whether events or circumstances exist that raise doubts as to the recoverability of the carrying amount of property, plant and equipment and intangible assets with definite useful lives. If there are any indications of impairment, the company estimates the recoverable amount of the assets to determine any impairment loss.
According to the Group accounting policy, based on IAS 36, the goodwill and intangible assets with indefinite useful lives are tested at least annually for impairment and whenever there is an indication of a possible loss in value. The test was carried out as usual in December 2020, although considering that the COVID-19 emergency is viewed as an impairment indicator, the test is also carried out during the present half-year, on the basis of the most up-to-date information held by the Group.
The goodwill, amounting to Euro 39.3 million, is allocated to the Elica Group, as the only Cash Generating Unit (CGU). The change in goodwill is due to the translation effect.
The recoverable amount of the CGU was tested by calculating its value in use, which is the present value of expected cash flows using a discount rate which reflects the risks of the CGU at the valuation date.
The impairment test was approved by the Board of Directors on July 30, 2021, independently and prior to the preparation of the financial statements.

The estimate of the future operating cash flows used for the impairment test, prepared and approved by the Directors, was made based on the best estimates of the directors, for the sole purposes of the impairment test.

***Assumptions of the Discounted cash flow***

The principal assumptions utilised by the Company for the estimate of the future cash flows for the impairment test were as follows:

| | **Jun 30, 21** |
|---|---|
| Weighted average cost of capital (WACC) | 7.64% |
| Growth rate terminal value | 2.07% |
| CAGR revenue period 2021-2025 | 3% |

The Weighted Average Cost of Capital (WACC) utilised to discount the future cash flows was determined utilising the Capital Asset Pricing Model (CAPM). For the calculation of the WACC a free risk rate of 1.5% was used, a market premium risk of 5.00% and a beta-unlevered factor of 0.82.

**Assumptions utilised in estimating cash flows**

The discounted cash flow model is based on the financial cash flows, calculated on the basis of the best estimates made by the directors, for the sole purposes of the impairment test, for a period of five years. The main assumptions utilised in the determination of the cash flows were as follows:

- average EBITDA on revenue equal to 10.5% (10.6% at December 31, 2020);
- average EBIT on revenue equal to 6.1% (6.1% at December 31, 2020);
- average Capex on revenue equal to 4.2% (4.4% at December 31, 2020);
- level of Free Operating Cash flow After Taxes on revenue equal to 4.6% (4.7% at December 31, 2020).

The assumptions utilised in the estimates are based on historical and forecast data of the Group, and are in line with information available from independent sector and market analysts (Consensus) in which the Group operates. These estimates are subject to changes, even significant, deriving from uncertainties which continue to effect the markets, and for this reason management continues to periodically monitor the circumstances and events which affect these assumptions and future trends.

**Results of the impairment test**

The impairment test did not result in the recognition of loss in value of the goodwill. The value in use of the CGU was 2.81 times its book value (Euro 497 million). The book value is defined as the sum of Consolidated equity and the Net financial position[4].

**Sensitivity analysis**

Various sensitivity analyses were carried out assuming reasonable changes to the base assumptions of these estimates, and in particular the growth rate (+/- 5%), the WACC (+/- 5%), the cost of raw materials (+2%/-2%) and the CAPEX (+/-10%). None of the changes considered resulted in a CGU recoverable amount equal to or below the respective book values. In particular, upon changes in the growth rate coverage would fluctuate between 2.72 and 2.90, upon changes in the WACC coverage would fluctuate between 2.45 and 3.25, upon changes in the cost of consumption of raw materials it would fluctuate between 2.22 and 3.40, while the coverage would fluctuate between 2.58 and 3.03 for changes in Capex.

### B.3.6. Other intangible assets

The breakdown of the “Other intangible assets” at June 30, 2021 and December 31, 2020 is shown below.

| *In Euro thousands* | **Jun 30, 21** | **Dec 31, 20** | **Changes** |
|---|---|---|---|
| Development costs | 8,100 | 9,432 | (1,332) |
| Industrial patents and intellectual property rights | 8,470 | 9,041 | (571) |
| Concessions, licenses, trademarks and similar rights | 342 | 368 | (27) |
| Assets in progress and advances | 1,410 | 2,201 | (792) |
| Other intangible assets | 2,522 | 1,321 | 1,202 |
| **Total other intangible assets** | **20,844** | **22,363** | **(1,519)** |

[4] Net Financial Position (NFP) is the sum of Cash and Cash equivalents and Other financial assets less Current and Non-current bank loans and borrowings and amounts due under finance leases and to other lenders, as reported in the Statement of Financial Position. Amounts due under finance leases were zero.

The other intangible assets decreased from Euro 22,363 thousand at December 31, 2020 to Euro 20,844 thousand at June 30, 2021, a reduction of Euro 1,519 thousand as a result of the purchases, sales and amortisation recorded to the income statement of Euro 3,274 thousand (Euro 3,721 thousand at June 30, 2020). The reduction is due also on the one hand to the currency impact on the opening values for approx. Euro 0.2 million, while on the other to a reduction in the 2021 increases.
Assets in progress and payments on account refer to advances and the development of projects for the implementation of new IT platforms and the design, development and creation of new software applications, and also the development of new products.

### B.3.7. Deferred tax assets – Deferred tax liabilities

| *In Euro thousands* | **Jun 30, 21** | **Dec 31, 20** | **Changes** |
|---|---|---|---|
| Deferred tax assets | 22,621 | 22,876 | (255) |
| Deferred tax liabilities | (3,077) | (4,017) | 940 |
| **Total** | **19,544** | **18,859** | **685** |

Deferred tax assets principally concern the following accounts: amortisation and depreciation, accruals to non-deductible provisions, employee bonuses and tax losses.
The deferred tax asset was recorded as it is considered recoverable in relation to the assessable results for the periods in which deferred taxes will reverse in the financial statements and as Group management considers that such commitments will be respected. The parent's portion is Euro 18 million, of which Euro 7.7 million relating to prior year losses.

### B.3.8. Trade receivables and payables

Trade receivables and trade payables were as follows:

| *In Euro thousands* | **Jun 30, 21** | **Dec 31, 20** | **Changes** |
|---|---|---|---|
| Trade receivables | 92,291 | 88,821 | 3,470 |
| Trade payables | (124,511) | (133,247) | 8,736 |
| **Total** | **(32,220)** | **(44,426)** | **12,206** |

Trade receivables are recorded net of the allowance for impairment of Euro 4,752 thousand (Euro 3,904 thousand at December 31, 2021) made following an analysis of the credit risk on receivables and on the basis of historical data on credit losses, considering that a substantial portion of the receivables are insured by prime international insurance companies. Management considers that the value approximates the fair value of the receivables.
The decrease in trade payables is due to a "stabilisation" of the business in 2021, compared to the final quarter of 2020, while trade receivables were substantially in line with the end of 2020.

### B.3.9. Inventories

| *In Euro thousands* | **Jun 30, 21** | **Dec 31, 20** | **Changes** |
|---|---|---|---|
| Raw materials, ancillaries and consumables | 35,146 | 28,458 | 6,688 |
| Raw materials obsolescence provision | (2,496) | (2,806) | 310 |
| ***Total*** | 32,650 | 25,652 | 6,998 |
| Work-in-progress and semi-finished products | 15,625 | 14,574 | 1,051 |
| Semi-finished goods obsolescence provision | (519) | (523) | 4 |
| ***Total*** | 15,106 | 14,051 | 1,055 |
| Finished products and goods | 36,684 | 40,971 | (4,287) |
| Finished products obsolescence provision | (3,151) | (3,798) | 647 |
| ***Total*** | 33,534 | 37,173 | (3,639) |
| **Total inventories** | **81,289** | **76,876** | **4,413** |

The account increased from Euro 76,876 thousand at December 31, 2020 to Euro 81,289 thousand at June 30, 2021.

Inventories are stated net of the obsolescence provisions of Euro 6,166 thousand (Euro 7,127 thousand at December 31, 2020), in order to take into consideration the effect of waste, obsolete and slow moving items and the risk estimates of the use of some categories of raw and semi-finished materials based on assumptions made by management. The inventory obsolescence provision of raw materials, semi-finished and finished products amounts to 7.1% of inventories (8.5% at December 31, 2020).
Inventories also include materials and products that were not physically held by the Group at the balance sheet date. These items were held by third parties on display, for processing or for examination.

### B.3.10. Provisions for risks and charges

The details are reported below.

| *In Euro thousands* | **Jun 30, 21** | **Dec 31, 20** | **Changes** |
|---|---|---|---|
| Accruals for agents' termination benefits | 744 | 692 | 52 |
| Product warranties | 2,923 | 2,945 | (21) |
| Legal, tax and other risks provision | 3,163 | 3,039 | 124 |
| Restructuring provision | - | 486 | (486) |
| Personnel provision | 2,369 | 1,843 | 526 |
| Long Term Incentive Provision | 12,232 | 11,132 | 1,100 |
| Other provisions | 7,479 | 2,442 | 5,037 |
| **Total** | **28,909** | **22,579** | **6,330** |
| of which | | | |
| Non-current | 20,647 | 17,228 | 3,419 |
| Current | 8,263 | 5,351 | 2,912 |
| **Total** | **28,910** | **22,579** | **6,330** |

Accruals for agents' termination benefits cover possible charges upon the termination of contracts with agents and sales representatives.

Product warranties represent an estimate of the costs likely to be incurred to repair or replace items sold to customers. These provisions reflect the average warranty costs historically incurred by the company as a percentage of sales still covered by warranty.

The provision for legal risks relates to likely costs and charges to be incurred as a result of ongoing legal disputes, estimated by Management on the basis of the best information available.
As was the case at December, the provision includes, among others, the estimate made by the Board of Directors with regards to the risk upon outstanding cases.

The amount, Euro 486 thousand, carried in the Restructuring Provision, at December 31, 2020 was fully utilised to cover departures in accordance with IAS 37, required to complete the downsizing plan of the Company and the subsidiaries involved, designed to reduce and optimise the Group's organisational structure. They principally concern personnel expense.

On March 31, 2021, Elica S.p.A. communicated to the trade union representatives - FIM, FIOM and UILM - the new organisational structure necessary to ensure the business continuity of the entire Group. The reorganisation establishes for the Italy Cooking area the conversion of the production site of Mergo into a high-end hub, the transfer of the higher standard production lines to the Jelcz-Laskowice plant in Poland and the integration into the Mergo plant of the activities currently carried out at the Cerreto site. This reorganisation has a total impact of about 400 jobs at the Mergo and Cerreto plants. At the present date, discussions are still underway between the Company, the social partners and institutions, to assess the actual impact of the reorganisation plan in order to minimise its effects on the area. Given the volatility of the proposals, the Group believes that it is not in a position to establish a reasonable estimate of the value of any necessary restructuring provision. Reference should be to paragraph **B.3.18. Contingent liabilities** for further details.

The Personnel provision includes contractual indemnities and employee bonuses accrued in the year, based on the best estimates according to the information available. The utilisations relate to payments in 2021 in this regard.

The Long Term Incentive Plan provision concerns the accrued liability at June 30, 2021 for the 2016-2022 Phantom Stock and Voluntary Co-investment Plan and the 2019-2025 Phantom Stock and Voluntary Co-investment Plan. The provision refers to the second and third cycle of the first Plan, which was approved by the Board of Directors of Elica S.p.A. on June 26, 2017 and February 12, 2018, and the first and second cycle of the second Plan, which was approved by the Board of Directors of Elica S.p.A. on July 30, 2019 and May 7, 2020.
It in addition includes the share matured of the new Long Term Incentive plan, entirely cash-based, reserved to Key People, the related contributions, the accrued portion of the C.E.O.'s long-term incentive plan and the provision for a specific incentive plan for some members of top management. For further details, reference should be made to the Remuneration Report.

The other risks provisions include the provisions quantified by the Group to cover risks affecting business operations or to mitigate the impact from the market volatility identified in the first half of the year, in addition to the product disposal provisions.

The impact of the discounting on the non-current provisions is not material.

### B.3.11. Liabilities for post-employment benefits

The most recent actuarial calculation of the present value of the provision was performed at December 31, 2020 and June 30, 2021 by an actuarial services company. The changes in the present value of post-employment benefit obligations in the reporting period were as follows:

| *In Euro thousands* | **Jun 30, 21** | **Dec 31, 20** |
|---|---|---|
| **Opening balance** | 10,475 | 10,737 |
| Current service cost | 1,247 | 2,980 |
| Actuarial gains and losses | (449) | (96) |
| | **11,273** | **13,621** |
| Financial expenses | 26 | 78 |
| Pension fund | (1,019) | (2,736) |
| Benefits provided | (411) | (488) |
| | **(1,404)** | **(3,146)** |
| **Liabilities for post-employment benefits** | **9,868** | **10,475** |

### B.3.12. Other Receivables and Other Payables

| *In Euro thousands* | **Jun 30, 21** | **Dec 31, 20** | **Changes** |
|---|---|---|---|
| Other receivables (non-current) | 304 | 307 | (3) |
| Other receivables (current) | 10,191 | 4,803 | 5,388 |
| **Total** | **10,495** | **5,110** | **5,386** |

| *In Euro thousands* | **Jun 30, 21** | **Dec 31, 20** | **Changes** |
|---|---|---|---|
| Other payables (current) | 18,301 | 15,908 | 2,393 |
| **Total** | **18,301** | **15,908** | **2,393** |

Other receivables increased by Euro 5.4 million, particularly at the parent company following the settlement of the downpayment of Euro 4 million for the signing on June 28, 2021 of the preliminary agreement between Elica S.p.A. and Electric Motors Company S.r.l. ("E.M.C.") and CPS S.r.l. ("CPS") for the full acquisition of the two companies. This transaction was thereafter concluded on July 2, 2021.
This transaction will create a European hub of excellence for the fan and heating motors segment, allowing the development of a critical mass to better respond to growing market demand.

The movement in the current portion of Other payables is due, among other reasons, to the increase in the payable of the Parent regarding employees and due also to untaken holidays and leave, in addition to the portion matured for the thirteenth month.

### B.3.13. Tax Assets and Payables

| *In Euro thousands* | **Jun 30, 21** | **Dec 31, 20** | **Changes** |
|---|---|---|---|
| Tax assets (current) | 18,191 | 17,049 | 1,142 |
| Tax liabilities (current) | (12,652) | (9,088) | (3,564) |
| **Total** | **5,539** | **7,961** | **(2,422)** |

The movement in current tax assets and liabilities is due to the income tax asset and liability movements.

### B.3.14. Equity

Equity attributable to owners of the parent at June 30, 2021 amounted to Euro 110,975 thousand (Euro 103,797 thousand at December 31, 2020). Movements in the half-year principally concerned the translation reserve, the hedging reserve and the Post-employment benefit reserve. For further details, reference should be made to the Statement of changes in Consolidated Equity. The movement in the translation reserve, negative at consolidated level and at Group level for Euro 2.6 million, mainly relates to the Mexican subsidiary Elicamex and the Chinese subsidiary Elica Putian and therefore to the performance of the Mexican Peso and US Dollar and of the Chinese Renminbi against the Euro.
The movement in the Cash Flow Hedge reserve is negative for Euro 656 thousand, with Euro 984 thousand due to the valuation and an opposing tax impact of Euro 328 thousand. This includes the valuation of commodities, of currency derivatives and the movement in currency derivatives.
The account Non-controlling interest Equity at June 30, 2021 amounted to Euro 19,466 thousand (Euro 17,216 thousand at December 31, 2020). The movements in the account in the period principally related to: an increase of Euro 2.8 million following the recording of the profit for the period and a decrease of Euro 0.6 million for the distribution of dividends to third parties.

### B.3.15. Net Financial Position

The breakdown at June 30, 2021 and at December 31, 2020 is detailed below.
(disclosed in accordance with Consob Communication No. DEM 6064293 of July 28, 2006 - supplemented by Call for attention 5/21)

| *In Euro thousands* | | **Jun 30, 21** | **Dec 31, 20** |
|---|---|---|---|
| **A.** | **Cash and cash equivalents** | **73,215** | **59,147** |
| | Cash and cash equivalents | 73,215 | 59,147 |
| **B.** | **Other liquidity** | **-** | **-** |
| **C.** | **Other current financial assets** | **2,189** | **4,078** |
| | Derivative financial instruments | 2,189 | 4,078 |
| **D.** | **Liquidity (A+B+C)** | **75,404** | **63,225** |
| **E.** | **Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)** | **24,612** | **10,610** |
| | Bank payables | 20,241 | 6,409 |
| | Lease payables IFRS 16 (current) | 3,672 | 3,650 |
| | Liabilities for derivatives (current) | 699 | 551 |
| **F.** | **Current portion of non-current financial debt** | **15,637** | **10,050** |
| | Bank loans and borrowings | 15,637 | 10,050 |
| **G.** | **Current financial debt (E+F)** | **40,249** | **20,660** |
| **H.** | **NET CURRENT FINANCIAL DEBT (G-D)** | **(35,155)** | **(42,565)** |
| **I.** | **Non-current financial debt (excluding current portion and debt instruments)** | **90,022** | **100,080** |
| | Bank loans and borrowings (non-current) | 83,900 | 94,053 |
| | Lease payables IFRS 16 (non-current) | 6,122 | 6,027 |
| **J.** | **Debt instruments** | **267** | **690** |
| | Liabilities for derivatives (non-current) | 267 | 690 |
| **K.** | **Trade payables and other non-current payables** | **-** | **-** |
| **L.** | **Non-current financial debt (I+J+K)** | **90,289** | **100,770** |
| **M.** | **NET FINANCIAL DEBT (H+L)** | **55,134** | **58,205** |

The company’s net financial position (including IFRS 16 and the derivatives effect) was a debt position of Euro 55 million and therefore, according to the Consob Communication, is defined as “net financial debt”. This parameter decreased by over 3 million compared to December 2020.
The loan covenants have been complied with and according to the available information shall be complied with in the future. The main bank loan of Elica S.p.A. stipulates covenants concerning the ratio between NFP/EBITDA, EBITDA/Net Financial Expense and NFP/Equity, tested half-yearly on an LTM basis on the Group's consolidated figures.
Management believes that at the present moment, the funds available, in addition to those that will be generated from operating and financial activities, will permit the Group to satisfy its requirements deriving from investment activities, working capital management and repayment of debt in accordance with their maturities.

**B.3.16. Significant non-recurring events and operations**

On June 28, 2021, FIME, the Elica Group's motors business unit, laid the foundation to strengthen its presence on the electric motors market through a preliminary agreement signed between Elica S.p.A. and Electric Motors Company S.r.l. ("E.M.C.") and CPS S.r.l. ("CPS") for the full acquisition of the respective companies.
E.M.C. and CPS are European leaders in the design and production of electric motors, domestic range hood systems, fans for pellet stoves and motors for medical applications.

**B.3.17. Related party transactions and balances**

Inter-company transactions are eliminated in the Condensed Consolidated Half-Year Financial Statements and therefore not shown in this note.
Related party transactions were carried out in accordance with law and based on reciprocal business needs.
The income statement and statement of financial position amounts deriving from the transactions carried out as per IAS 24 with related parties are summarised below.

<u>Elica Group vs Related parties</u>

| *In Euro thousands* | **Receivables** | **Payables/ IFRS16 Payables** | **Revenue** | **Costs** |
|---|---|---|---|---|
| Fastnet S.p.A. | - | - | | 4 |
| La Ceramica | - | - | | 5 |
| Ermanno Casoli Foundation | - | 60 | | 60 |
| Other related parties and natural persons | 17 | 46 | 3 | 62 |
| Indian shareholders (*) | - | 17 | | 683 |
| | **17** | **123** | **3** | **814** |

(*) Pralhad Bhutada, Pallavi Bhutada, Dileep Shringarpure, Sham Bhaltad and Nishant Hundiwala.

In accordance with IAS 24, remuneration paid to Directors, Statutory Auditors and Key Management Personnel are included in related party transaction, and their amounts are in line with previous periods; reference should be made to the Annual Report in this regard. There are no balances with the parents Fan and Fintrack.

**B.3.18. Contingent liabilities**

Group companies have valued the contingent liabilities that could arise from pending judicial proceedings and have made appropriate provisions in their financial statements on a prudent basis.

The allocation in the Group consolidated financial statements at June 30, 2021 for contingent risks and charges relating to legal disputes amounts to Euro 3,163 thousand and is mainly held by the Parent.

Management considers that the provision for risks in order to cover possible liabilities from pending or potential disputes is, on the whole, adequate.

On March 31, 2021, Elica S.p.A. communicated to the trade union representatives - FIM, FIOM and UILM - the new organisational structure necessary to ensure the business continuity of the entire Group. The reorganisation establishes for the Italy Cooking area the conversion of the production site of Mergo into a high-end hub, the transfer of the higher standard production lines to the Jelcz-Laskowice plant in Poland and the integration into the Mergo plant of the activities currently carried out at the Cerreto site. This reorganisation has a total impact of about 400 jobs at the Mergo and Cerreto plants. At the present date, discussions are still underway between the Company, the social partners and institutions, to assess the actual impact of the reorganisation plan in order to minimise its effects on the area. During the period and to-date, a number of meetings have been held, both bilateral, between the Company and the institutions and between the Company and the trade unions, and trilateral, involving all three parties at the same time. Many proposals and ideas emerged, which are still subject to much change and differing greatly from each other. Given the volatility of the proposals, the Group believes that it is not in a position to establish a reasonable estimate of the value of any necessary restructuring provision.

## B.3.19. Risk management policy

### B.3.19.1 Introduction

The active management of risk is essential for the Elica Group's achievement of strong results. The ongoing Coronavirus pandemic adds uncertainty to 2021 financial results. An analysis of Group risks is reported below, while reference should be made to the 2020 Annual financial report for further details.

The Elica Group's operations are exposed to different types of financial risks, including risks associated with fluctuations in exchange rates, interest rates, the cost of its main raw materials and cash flows. In order to mitigate the impact of these risks on the company's results, the Elica Group has implemented a financial risk monitoring system through a "Financial Risk Policy" approved by the Board of Directors of the Parent Company. Within this policy, the Group constantly monitors the financial risks of its operations in order to assess any potential negative impact and takes corrective action where necessary.

The main guidelines for the Group's risk policy management are as follows:

- identify the risks related to the achievement of the business objectives;
- assess the risks to determine whether they are acceptable considering the controls in place and if they require additional treatment;
- respond appropriately to risks;
- monitor and report on the current state of the risks and the effectiveness of their control.

The Group's Financial Risk Policy is based on the principle of active management and the following assumptions:

- prudent management of the risk with a view to protecting the expected value of the business;
- use of "natural hedges" in order to minimise the net exposure on the financial risks described above;
- undertake hedging transactions within the limits approved by management and only for actual, clearly identified exposures.

The process for the management of the financial risks is structured on the basis of appropriate procedures and controls, based on the correct segregation of conclusion, settlement, registration and reporting of results.

The following table breaks down the derivative instruments in place:

| *In Euro thousands* | **Jun 30, 21** | | **Dec 31, 20** | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | **Assets** | **Liabilities** |
| FX derivatives on foreign exchange | 1,181 | 397 | 1,121 | 219 |
| Interest rate derivatives | 0 | 568 | 0 | 1,022 |
| Commodities derivatives | 1,008 | 0 | 2,957 | 0 |
| **Derivative financial instruments** | **2,189** | **965** | **4,078** | **1,241** |
| of which | | | | |
| Non-current | 0 | 267 | 0 | 690 |
| Current | 2,189 | 698 | 4,078 | 551 |
| **Derivative financial instruments** | **2,189** | **965** | **4,078** | **1,241** |

### B.3.19.2. Market risk

According to IFRS 7, market risk includes all the risks directly or indirectly related to the fluctuations of the general market prices and the financial markets in which the company is exposed:

- currency risk;
- commodity risk, related to the volatility of the prices of the raw materials utilised in the production processes;
- interest rate risk.

In relation to these risk profiles, the Group uses derivative instruments to hedge its risks. The Group does not engage in derivative trading.

#### B.3.19.2.1. Currency risk

The Group's operating currency is the Euro. However, the Group companies trade also in American Dollars (USD), British Pounds (GBP), Japanese Yen (JPY), Polish Zloty (PLN), Mexican Pesos (MXN), Swiss Francs (CHF), Russian Roubles (RUB), Chinese Yuan (CNY) and the Indian Rupee (INR).

The amount of the currency risk, defined in advance by management of the Group on the basis of the budget for the reporting period, is gradually hedged over the acquisition process of the orders, up to the amount of the orders corresponding to budget projections or emerging during the year.

The hedge is entered into through agreements with third party lenders for forward contracts and options for the purchase and sale of foreign currency. As previously described, these hedges are entered into without any speculative or trading purposes, in line with the strategic policies of prudent cash flow management.

In addition to the aforementioned transaction risks, the Group is also exposed to translation risk. The assets and liabilities of consolidated companies whose currency differs from the Euro may be translated into Euro with carrying amounts that vary according to different exchange rates, with recognition in the translation reserve under equity.
The Group monitors this exposure, against which there were no hedging operations at the reporting date; in addition, given the Parent's control over its subsidiaries, governance over the respective foreign currency transactions is greatly simplified.

**B.3.19.2.2. Commodity risk**
The Group is subject to market risk deriving from price fluctuations in commodities used in the production process. The raw materials purchased by the Group (including copper and aluminium) are affected by the trends of the principal markets. The Group regularly evaluates its exposure to the risk of changes in the price of commodities and manages this risk through fixing the price of contracts with suppliers and through hedging contracts with financial counterparties.
In particular, between the end of the previous year and the beginning of the year, on the basis of the production budget for the year, the prices and quantities were fixed through both channels described above. Operating in this manner, the Group covers the standard cost of the raw materials contained in the budget from possible increases in commodity prices, achieving the operating profit target.

**B.3.19.2.3. Interest rate risk**

The management of interest rate risk by the Elica Group is in line with longstanding, consolidated practices to reduce the volatility risk on the interest rates, while at the same time minimising the borrowing costs within the established budget limits.
The Group's debt mainly bears a floating rate of interest.

**B.3.19.3. Credit risk**

The credit risks represent the exposure of the Elica Group to potential losses deriving from the non-compliance of obligations by trading partners. This risk derives in particular from economic-financial factors related to a potential solvency crisis of one or more counterparties.

For further details, see paragraph B.3.8 "Trade receivables and payables" of these notes.

**B.3.19.4. Liquidity risk**
The liquidity risk represents the risk related to the unavailability of financial resources necessary to meet short-term commitments assumed by the Group and its own financial needs.
The principal factors which determine the liquidity of the Group are, on the one hand, the resources generated and absorbed by the operating and investment activities and on the other the due dates and the renewal of the payable or liquidity of the financial commitments and also market conditions. These factors are monitored constantly in order to guarantee a correct equilibrium of the financial resources.

Management believes that at the present time, the funds available, in addition to those that will be generated from operating and financial activities, will permit the Group to satisfy its requirements deriving from investment activities, working capital management and repayment of debt in accordance with their maturities.
For details on the net financial position, reference should be made to note B.3.15 of the notes.

**B.3.20. Positions or transactions arising from exceptional and/or unusual transactions**
In the first half of 2021, no transactions classifiable in this category were recorded.

**B.3.21. Subsequent events after period-end**

**On July 2, 2021, the Elica Group** completed the full acquisition of Electric Motors Company S.r.l. ("E.M.C.") and CPS S.r.l. ("CPS") by Elica S.p.A.. The consideration for the full acquisition of E.M.C. and CPS was approx. Euro 31 million. On the same date, with the completion of the acquisition, Euro 9 million was paid, with a total impact on 2021 of Euro 13 million. The residual price of approx. Euro 18 million shall be settled by Elica in deferred tranches on January 5, 2022, July 5, 2022 and January 5, 2023.

**Outlook**

The Group has outlined the pillars of its growth strategy:
focus on boosting EBITDA margin and cash flow generation;
- expanded own brand sales portfolio and market share;
- sustainable research and development investment;
- expansion of geographic presence in the Cooking segment;
- motor division growth through opportunities and synergies arising from the recent acquisition.

The principal levers of this strategy, supported also by the ongoing market recovery, further stimulated by the Eco-bonus and other incentives at European level, are:
- utilisation of the price-mix to contain raw material cost increases;
- focus on SG&A cost containment measures and financial sustainability;
- solid fundamentals to adequately respond to the current recovery in demand and expected medium-term developments.

Fabriano, July 30, 2021

The Chairman
Francesco Casoli

**C. Statement of the corporate financial reporting manager in accordance with Article 154 bis, paragraph 5 of Legislative Decree 58/1998**

The undersigned Giulio Cocci, as Chief Executive Officer, and Emilio Silvi, as Corporate financial reporting manager of Elica S.p.A., affirm, and also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:
- the accuracy of the information on company operations and
- the effective application of the administrative and accounting procedures for the compilation of the condensed half-year consolidated financial statements in the first half-year of 2021.

In addition, we declare that the condensed consolidated half-year financial statements:
a) were prepared in accordance with international accounting standards, endorsed by the European Union pursuant to EU regulation No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
b) correspond to the underlying accounting documents and records;
c) provide a true and fair view of the financial position and results of operations of the issuer and of the companies included in the consolidation.

The Directors' Report on the First Half 2021 includes a reliable analysis of the significant events in the first six months of the year and their impact on the condensed consolidated half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months. The condensed consolidated half-year financial statements also contain a reliable analysis of the significant transactions with related parties.

Fabriano, July 30, 2021

The Chief Executive Officer
Giulio Cocci

Corporate financial
reporting manager
Emilio Silvi

AUDITORS' REPORT

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**(Translation from the Italian original which remains the definitive version)**

## Report on review of condensed interim consolidated financial statements

*To the Shareholders of*
*Elica S.p.A.*

### Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Elica Group comprising the income statement and the statements of comprehensive income, financial position, cash flows and changes in equity and notes thereto, as at and for the six months ended 30 June 2021. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Elica Group as at and for the six months ended 30 June 2021 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Ancona, 2 August 2021

KPMG S.p.A.

(signed on the original)

Gianluca Geminiani
Director of Audit