

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

## **2021 ANNUAL REPORT**

**Elica Group**



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## **A. 2021 DIRECTORS' REPORT**

**Elica Group**



### **A.1. The Elica Group today**

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 plants in various locations including in Italy, Poland, Mexico and China and employs more than 3,100 people, including temporary staff. With many years of 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 a simple accessory but as a design element that improves the quality of life.

## **A.2. Message from the Chief Executive Officer and the Chairperson**

In 2021, although uncertainties such as rising raw material and transport costs persist, the Elica Group has proven the strength and resilience of its strategy.

Our product innovation, design originality and commercial acumen has driven growth and extended our leadership, as we develop our own brands, which now represent 55% of cooking revenue. Nikola Tesla aspiration hob range growth of 40% on 2020 and of 80% on 2019 reflects the strength of our strategies and the expansion of the product range.

We have consistently focused on margins, supported by higher revenues driven by volumes, the price mix and ongoing SG&A cost control. We have also succeeded in offsetting rising raw material costs by significantly improving both the EBITDA margin and the EBIT margin.

Finally, thanks to improved EBITDA and working capital, we report a significantly lower Net Financial Position compared to the previous year, which will support our projects targeting growth and continued innovation and performance investment.

Despite an increasingly critical supply chain and production cost situation, we undertook strong discontinuity actions, including by means of a strategic acquisition in the Motors Division.

In July, the Elica Group's Motors Business Unit FIME in fact increased its presence in the electric motors market by acquiring E.M.C. and CPS, European leaders in the design and manufacture of electric motors, ventilation systems for domestic range hoods, pellet stove extractor fans and motors for medical applications. In doing so it further strengthened its position as a leader in the motors sector and accelerated its energy saving and energy transition activities.

For us, 2021 was also a breakthrough year. Constructive discussions with the trade unions some months later brought a positive conclusion to the dispute regarding the business plan which provides for a reorganisation of the Italy Cooking business area. This result was achieved through fruitful and constructive dialogue with the trade unions. The signing of the agreement demonstrates that a sustainable balance can be found between the demands for competitiveness and the equally important demands of our community and of our employees.

Finally, the excellent performance of all operating and financial indicators, achieved with the support of a completely renewed team, confirm our medium-term path and Elica's commitment to ever-greater value creation. Our priorities remain on growth, improving our margins over the medium-term and extending our geographic presence and product range.

Francesco Casoli - Elica Group Chairperson

Giulio Cocci - Chief Executive Officer

### **A.3. 2021 Economic overview and Outlook for 2022<sup>1</sup>**

#### **A.3.1. International developments**

In 2021, the global economic recovery continued amidst an improvement in the pandemic, which has posed unique policy challenges and requires a strong multilateral effort. The fracture lines opened up by COVID-19 appeared more persistent: the short-term divergences are expected to leave lasting impacts on the medium-term performance. Access to vaccines and timely policy supports are the main factors for such gaps. The global economy is expected to grow by 4.9% in 2022. The weaker outlook for 2021 on previous estimates reflects the downgrade for the advanced economies due to supply interruptions, and for the low-income developing countries caused by the worsening pandemic. This has been partially offset by expectations of a more solid short-term recovery for the emerging markets, commodity exporters and the developing economies. The rapid spread of the Delta and Omicron variants and the threat of new variants increased uncertainty on the speed with which the pandemic shall be overcome. Policy choices have become more difficult, with limited room for manoeuvre. Global growth is expected to moderate from 5.9% in 2021 to 4.4% in 2022, largely reflecting the projected slowing of the two leading economies. A revised assumption which removes the Build Back Better fiscal policy package from the baseline and considers the early withdrawal of monetary accommodation, results in a continued supply shortage, producing a downward revision of 1.2% in the United States. In China, pandemic-induced disruptions related to the zero-tolerance policy for COVID-19 and prolonged financial stress among real estate developers prompted a 0.8 percentage point downgrade. Global growth is expected to slow to 3.8% in 2023.

A military conflict broke out in the final week of February 2022. Russia invaded the Ukraine. These events are cause for serious concern, mainly for the human toll and the suffering of ordinary people. In terms of the economic impact, the International Monetary Fund speaks of a serious situation which will progressively deteriorate as the conflict goes on. This crisis comes at a delicate time, in which the global economy is recovering from the devastation of the COVID-19 pandemic and threatens to undo some of this progress. Beyond the Ukraine, the repercussions of the conflict pose significant economic risks for the region and the world. The International Monetary Fund is assessing the potential implications, also in terms of the functioning of the financial system, the raw material markets and the direct impacts on countries with economic links with the region.

#### **A.3.2 Cooker hoods market<sup>2</sup>**

In 2021, the global range hood market grew 7.7%, featuring - although on average positive - divergent developments across the various geographic areas.

EMEA saw expansion of 6.6%, with a very strong recovery in demand in the initial part of the year and a reversal in Q4 2021, with a contraction of 4.2%, essentially due to its comparison with a Q4 2020 which had seen a significant rebound and also due to the raw material supply difficulties.

Regional growth in Central and Eastern Europe remained stable, while Western Europe regained pre-pandemic levels after a strong rebound in the first half of the year.

The Americas market grew 9.8%, with the strongest growth in North America of 11.3% and an expansion of 5% in Latin America, with Q4 2021 also in this case slowing on the initial part of the

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<sup>1</sup> Data sources: International Monetary Fund, World Economic Outlook. World Bank, Global Economic Prospects.

<sup>2</sup> Source: company estimate.

year.

Asia saw 8.1% growth amid divergent performances across the region. China, for example, grew 10.2%, as did India (+12.9%), with Japan however reporting stable demand on the previous year.

#### A.4. Currency markets

In 2021, at average exchange rates the Euro strengthened against all currencies, except for the Chinese Yuan and the Mexican Peso.

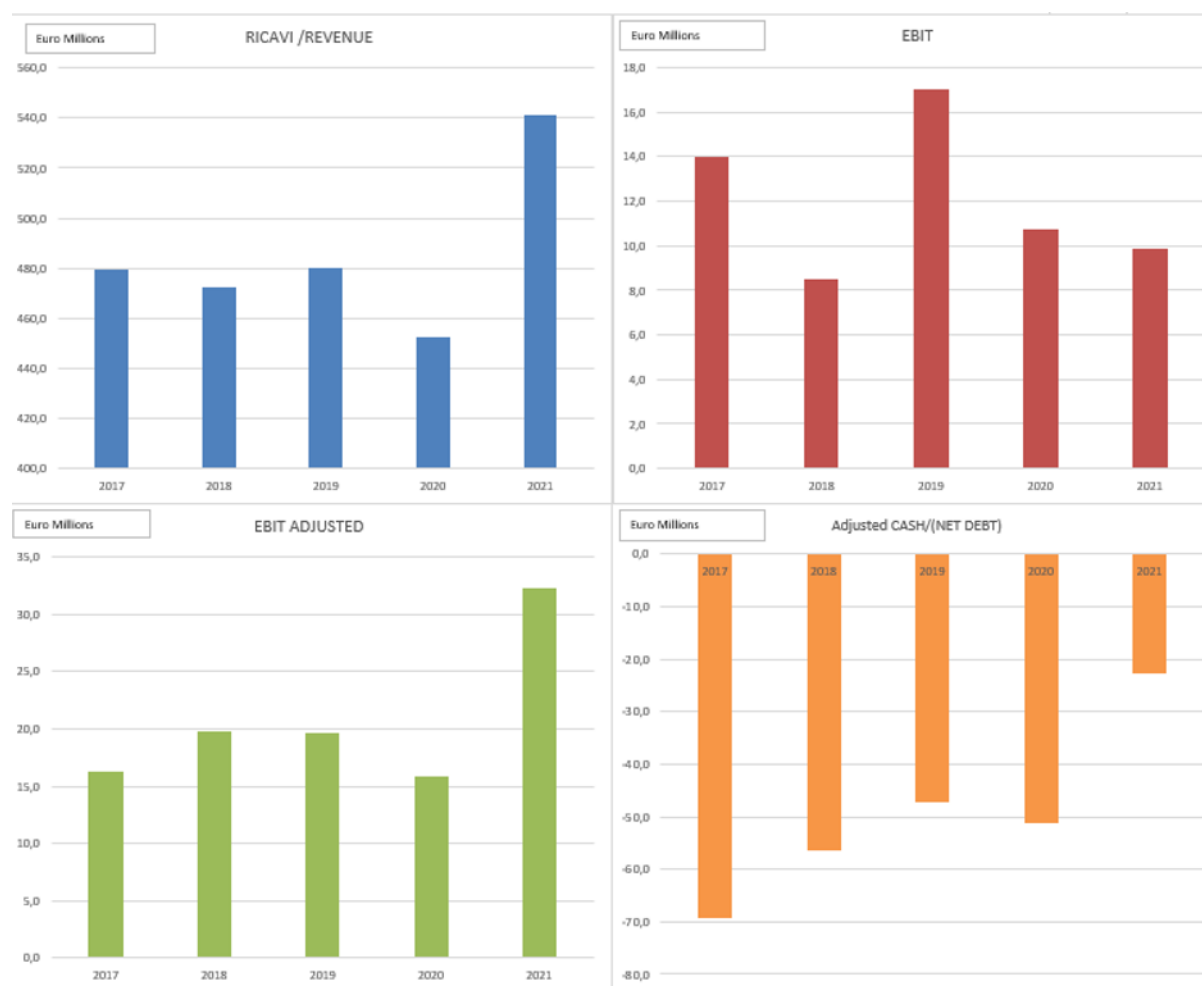
	2021 average	2020 average		12/31/2021	12/31/2020	
EUR	1.00	1.00	0.0%	1.00	1.00	0.0%
USD	1.18	1.14	3.5%	1.13	1.23	(8.1%)
PLN	4.57	4.44	2.9%	4.60	4.56	0.9%
INR	87.44	84.64	3.2%	84.23	89.66	(6.4%)
RUB	87.15	82.72	5.4%	85.30	91.47	(6.7%)
CNY	7.63	7.87	(3.0%)	7.19	8.02	(10.5%)
MXN	23.99	24.52	(2.2%)	23.14	24.42	(5.3%)
JPY	129.88	121.85	6.6%	130.38	126.49	3.1%

Source: ECB data



## A.5. The Elica Group: Operating results and performance

### A.5.1. Financial highlights



## A.5.2. The Elica Group: Financial results and performance

### A.5.2.1. Elica Group Operating Performance

<i>In Euro thousands</i>	<b>2021</b>	<b>% revenue</b>	<b>2020</b>	<b>% revenue</b>	<b>21 Vs 20%</b>
Revenue	541,293		452,639		19.6%
<b>Adjusted EBITDA</b>	<b>57,105</b>	10.6%	<b>42,204</b>	9.3%	35.3%
EBITDA	38,539	7.1%	38,817	8.6%	(0.7%)
<b>Adjusted EBIT</b>	<b>32,276</b>	6.0%	<b>15,864</b>	3.5%	103.5%
EBIT	9,927	1.8%	10,664	2.4%	(6.9%)
Net financial expense	(2,211)	(0.4%)	(3,988)	(0.9%)	44.6%
Income from the sale of subsidiaries	15,524	2.9%	0	0.0%	(100.0%)
Income taxes	(5,768)	(1.1%)	(2,531)	(0.6%)	(127.9%)
Profit from continuing operations	17,470	3.2%	4,145	0.9%	321.4%
<b>Adjusted profit for the year</b>	<b>21,296</b>	3.9%	<b>8,532</b>	1.9%	149.6%
Profit for the year	17,472	3.2%	4,145	0.9%	321.4%
<b>Adjusted profit attributable to the owners of the parent</b>	<b>15,936</b>	2.9%	<b>2,584</b>	0.6%	516.4%
Profit attributable to the owners of the parent	12,119	2.2%	(1,787)	(0.4%)	778.4%
Earnings/(loss) per share on continuing operations and discontinued operations (Euro/cents)	19.14		(2.82)		778.7%
Diluted earnings/(loss) per share on continuing operations and discontinued operations (Euro/cents)	19.14		(2.82)		778.7%

Elica reports consolidated revenue of Euro 541.3 million for 2021, up 19.6% (+20.6% at constant exchange rates and scope). The growth in sales was driven both by higher volumes and a positive price-mix effect.

Global range hood demand in 2021 grew an estimated <sup>3</sup>7.7% and featured divergent performances across the world, although generally of a positive nature. In particular, the Eurozone economic recovery weakened during the summer as a result of supply disruptions and rising raw material and transport costs. Regional growth in Central and Eastern Europe remained stable, while Western Europe regained pre-pandemic levels after a strong rebound in the first half of the year.

In the United States, durable goods consumption began to slow in the second half of 2021. Supply chain issues and declining consumer confidence have dampened the recovery, leading to higher commodity prices and an overall higher cost of living. The Latin American economies have continued to recover, although to a more contained extent, as trade has picked up. Finally, recovery among the Asian economies has diverged significantly. The Chinese economy slowed in the second half of 2021. The deceleration is being felt in most South-East Asian economies, from the retail to industrial sectors. The Indian market, although held back by supply level issues, saw one of the highest growth rates in 2021.

<sup>3</sup> Source: Elica Group, internal estimates

The Cooking segment, representing 83.7% of total revenue, grew 15.6% (20.4% at constant exchange rates and scope). Own brand sales were up 16.4% (+24% at constant exchange rates and consolidation scope) on 2020, slowing in Q4 by 11.2% (+6% at constant exchange rates and scope), compared to significant growth in Q4 2020. Own brand sales in the Cooking segment accounted for 55% in 2021. OEM revenue performed similarly, increasing 14.7% (+16.1% at constant exchange rates and scope) over the previous year, with significant growth in the first nine months of the year and a slowdown in the final quarter of -17.3% (-18.7% at constant exchange rates and scope), principally due to the impacts on the supply chain and the planned phase out for certain clients. This improvement was mainly in the EMEA and Americas regions and for the Nikola Tesla aspiration hob range, which now accounts for approx. 12% of Cooking revenue - growing 40% on 2020 and 80% on 2019.

EMEA and Americas revenue grew significantly in 2021 (+22.7% and +20.9% on 2020), outperforming the general market with consequent gaining of market share.

The Motors segment, accounting for 16.3% of total revenue, was up 44.9% (+21.8% at constant exchange rates and scope) accelerating in Q4 (+45.7%), driven - in particular - by the development of the “heating” and “ventilation” areas and, also thanks to the consolidation of E.M.C. and CPS, acquired at the beginning of July 2021, which contributed Euro 14.3 million.

Adjusted EBITDA was Euro 57.1 million, significantly up on 2020 (Euro 42.2 million), equal to 10.6% of revenue, compared to 9.3% in the previous year, thanks to revenue growth driven by volumes, a positive price mix and the control of SG&A costs which offset higher raw material costs, whose impact was particularly apparent in Q4.

Adjusted EBIT of Euro 32.3 million in 2021 more than doubled on the Euro 15.9 million of 2020, equal to 6.0% of revenue, improving 2.5 percentage points over 3.5% in 2020.

Net financial expense was Euro 2.2 million, down on Euro 4.0 million in 2020, mainly thanks to the significant reduction in net financial position.

The capital gain from the sale of the 19% holding in Elica PB India was Euro 15.5 million and positively affected the profit for 2021 attributable to owners of the parent.

The adjusted profit for the year was Euro 21.3 million, compared to Euro 8.5 million in 2020.

The adjusted profit for the year attributable to the owners of the parent was Euro 15.9 million, compared to Euro 2.6 million in 2020. The profit for the year attributable to non-controlling interests of Euro 5.4 million decreased on Euro 5.9 million in 2020 and reflects the performances by Ariaфина and Airforce which were substantially in line with 2020 and the deconsolidation of Elica PB India at the beginning of Q4. Consequently, from Q4 2021, non-controlling interests in this area significantly contracted.

### A.5.2.2 Elica Group Equity and Financial Performance

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Cash and cash equivalents	99,673	59,147	40,526
Bank loans and borrowings (current)	(44,543)	(16,459)	(28,084)
Bank loans and borrowings (non current)	(77,866)	(94,053)	16,187
<b>Adjusted Net Financial Position</b>	<b>(22,736)</b>	<b>(51,365)</b>	<b>28,629</b>
Lease liabilities as per IFRS 16 (current)	(4,106)	(3,650)	(456)
Lease liabilities as per IFRS 16 (non-current)	(8,314)	(6,027)	(2,287)
<b>Adjusted Net Financial Position - Including the effects of IFRS 16</b>	<b>(35,156)</b>	<b>(61,042)</b>	<b>25,886</b>
Other payables for purchase of investment	(17,998)	0	(17,998)
<b>Net financial position</b>	<b>(53,154)</b>	<b>(61,042)</b>	<b>7,888</b>

The adjusted net financial position at December 31, 2021 was Euro 22.7 million (net of the IFRS 16 effect of Euro 12.4 million and the non-recurring assets relating to the acquisition of investments for Euro 17.9 million), significantly improving on adjusted net financial position of Euro 51.4 million at December 31, 2020. The reduction in net financial position compared to 2020 was mainly due to the positive effect of higher EBITDA and the change in working capital on operating cash generation. It was also due to the decrease in the net cash out on dividends (Ariafina), the cash in of over Euro 2 million from the sale of a non-strategic asset following the reorganisation of Elica's business model on the Chinese market and the cash in of Euro 22 million from the sale of the 19% stake in Elica PB in India and for Euro 1.5 million the repayment of a loan with the Group by the Indian subsidiary. These positive effects were partially offset by the impact of the payment of the initial two tranches for the acquisition of the companies E.M.C. S.r.l. and CPS S.r.l., for Euro 13 million, with closing on July 2, by the cash out for the non-competition agreement signed with the previous Chief Executive Officer, by Capex of Euro 23.3 million and the Euro 10.3 million impact of the deconsolidation of the net financial position of Elica PB India.

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>
Trade receivables	82,186	88,821
Inventories	84,861	76,876
Trade payables	(141,222)	(133,247)
<b>Managerial Working Capital</b>	<b>25,825</b>	<b>32,450</b>
% annualised revenue	4.8%	7.2%
Other net assets/liabilities	(34,474)	(8,495)
<b>Net Working Capital</b>	<b>-8,649</b>	<b>23,955</b>

### A.5.2.3 Definitions and reconciliations

#### A.5.2.3.1. Definitions

EBITDA is the operating profit/loss (EBIT) plus amortisation and depreciation and any impairment losses on Goodwill, brands and other property, plant and equipment and intangible assets.

EBIT is the operating profit/loss as reported in the 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/(expense) is the sum of the Gain/(loss) on group companies, Financial income, Financial Expense and Net exchange rate gains and losses.

The adjusted profit/(loss) is the profit/(loss) for the year in the Income Statement, net of the relative adjustment items.

The adjusted profit/(loss) for the year attributable to the owners of the Parent is the profit/(loss) for the year attributable to the owners of the Parent in the Income Statement, net of the relative adjustment items.

Adjustment items: income/expense items are considered adjustments where they: (i) derive from non-recurring events or transactions or from transactions or events which do not occur frequently in the normal course of business; (ii) derive from events or transactions not considered part of the normal course of business, as in the case of restructuring costs.

The earnings per share for 2021 and 2020 was calculated by dividing the Profit attributable to the owners of the parent in the Income Statement by the number of outstanding shares at the respective reporting dates. The numbers of outstanding shares at the reporting date is unchanged on December 31, 2020 (63,322,800).

The earnings per share so calculated coincide with the earnings per share in the income statement, as there were no changes to the number of outstanding shares in the year.

Managerial Working Capital is the sum of Trade receivables and Inventories, net of Trade payables, as presented in the Statement of Financial Position.

Net Working Capital is the amount of Managerial Working Capital plus Other net assets/liabilities. Other net assets/liabilities comprise the current portion of Other assets and Tax assets, net of the current portion of Provisions for risks and charges, Other liabilities and Tax liabilities, as presented in the Statement of Financial Position.

The Adjusted Net Financial Position is the sum of Cash and Cash equivalents, less Current and Non-current bank loans and borrowings, as reported in the Statement of Financial Position.

The Adjusted Net Financial Position - Including IFRS 16 Impact is the sum of the Adjusted Net Financial Position and current and non-current lease liabilities arising from the application of IFRS 16, as reported in the Statement of Financial Position.

The Net Financial Position is the sum of the Net Financial Position - Including IFRS 16 Impact and of the liabilities included among other liabilities arising in relation to the acquisition of the new companies, included in the consolidation scope. The result coincides with the Consob definition of the Net Financial Position.

### A.5.2.3.2. Reconciliations

<i>in Euro thousands</i>	2021	2020
<b>Operating profit - EBIT</b>	<b>9,927</b>	<b>10,664</b>
(Impairment losses on PPE and Intangible assets)	3,785	2,715
(Amortisation & Depreciation)	24,829	25,437
<b>EBITDA</b>	<b>38,539</b>	<b>38,817</b>
(Departure of the former chief executive officer)	600	
(Acquisition of EMC/CPS)	326	
(Sale of controlling interest in Elica India)	264	
(Cooking BU production reorganisation)	362	
(Motors BU reorganisation/integration)	923	
<b>(Service expense - adjustments)</b>	<b>2,475</b>	<b>-</b>
(Settlement of cases with Esperança Real)		750
(Sale of controlling interest in Elica India)	225	

(Motors BU reorganisation/integration)	54	
<b>(Other operating expenses and accruals - adjustments)</b>	<b>279</b>	<b>750</b>
(Cooking BU production reorganisation)	13,929	
(Other reorganisations)	1,883	2,637
<b>(Restructuring charges - adjustments)</b>	<b>15,812</b>	<b>2,637</b>
<b>Adjusted EBITDA</b>	<b>57,105</b>	<b>42,204</b>

<i>in Euro thousands</i>	<b>2021</b>	<b>2020</b>
<b>Operating profit - EBIT</b>	<b>9,927</b>	<b>10,664</b>
(Departure of the former chief executive officer)	600	
(Acquisition of EMC/CPS)	326	
(Sale of controlling interest in Elica India)	264	
(Cooking BU production reorganisation)	362	
(Motors BU reorganisation/integration)	923	
<b>(Service expense - adjustments)</b>	<b>2,475</b>	<b>-</b>
(Settlement of cases with Esperança Real)		750
(Sale of controlling interest in Elica India)	225	
(Motors BU reorganisation/integration)	54	
<b>(Other operating expenses and accruals - adjustments)</b>	<b>279</b>	<b>750</b>
(Cooking BU production reorganisation)	13,929	0
(Other reorganisations)	1,883	2,637
<b>(Restructuring charges - adjustments)</b>	<b>15,812</b>	<b>2,637</b>
(Land & Buildings - Other reorganisations)	1,610	
(Land & Buildings - Cooking BU production reorganisation)	1,852	
(Intangible assets - Other analyses)	323	1,812
<b>(Impairment - adjustments)</b>	<b>3,785</b>	<b>1,812</b>
<b>Adjusted EBIT</b>	<b>32,276</b>	<b>15,864</b>

<i>in Euro thousands</i>	<b>/2021</b>	<b>2020</b>
<b>Profit for the year</b>	<b>17,472</b>	<b>4,145</b>
(Service expense - adjustments)	2,475	-
(Other operating expenses and accruals - adjustments)	279	750
(Restructuring charges - adjustments)	15,812	2,637
(Impairment - adjustments)	3,785	1,812
(Income from the sale of controlling interest in Elica India)	(15,524)	-
(Income taxes on adjusted items)	(3,001)	(813)
<b>Adjusted Profit for the year</b>	<b>21,296</b>	<b>8,532</b>
<b>(Profit attributable to non-controlling interests)</b>	<b>(5,353)</b>	<b>(5,932)</b>
(Adjustments to non-controlling interests)	(7)	(15)
<b>Adjusted profit attributable to the owners of the parent</b>	<b>15,936</b>	<b>2,584</b>

	<b>2021</b>	<b>/2020</b>
Profit for the year attributable to the owners of the parent ( <i>in Euro thousands</i> )	12,119	(1,787)
Outstanding shares at year end	63,322,800	63,322,800
<b>Earnings per share (Euro/cents)</b>	<b>19.14</b>	<b>(2.82)</b>

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>
Other assets	5,413	4,803
Tax assets	24,575	17,049
Provisions for risks and charges	(22,069)	(5,351)
Other liabilities	(27,857)	(15,908)
Tax liabilities	(14,536)	(9,088)
<b>Other net assets/liabilities</b>	<b>(34,474)</b>	<b>(8,495)</b>

## A.6. The Parent, Elica S.p.A: Financial results and performance

### A.6.1. Elica S.p.A. Operating performance

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>21 Vs 20 %</b>
Revenue	402,609	339,799	18.48%
<b>EBITDA</b>	<b>11,999</b>	<b>11,159</b>	7.53%
% of revenue	2.98%	3.28%	-9.14%
<b>EBIT</b>	<b>(3,682)</b>	<b>(5,174)</b>	-28.83%
% of revenue	-0.91%	-1.52%	-39.83%
Net interest expense	(1,622)	(2,277)	-28.78%
% of revenue	-0.40%	-0.67%	-39.88%
Dividends from subsidiaries	2,477	4,638	-46.60%
% of revenue	0.62%	1.37%	-55.10%
Impairment of investments in subsidiaries	(8,600)	(2,495)	244.69%
% of revenue	-2.14%	-0.73%	192.61%
Proceeds on sale of controlling interest in investees	22,534	0	n/a
% of revenue	5.60%	0.00%	n/a
Net exchange rate gains/losses	1,689	(575)	-393.68%
% of revenue	0.42%	-0.17%	-346.73%
<b>Profit/(loss) for the year</b>	<b>10,122</b>	<b>(3,176)</b>	-418.69%
% of revenue	2.51%	-0.93%	-370.32%

In 2021, revenue increased 18.48% on the previous year. This growth, partly driven by very buoyant market demand compared to the previous year, was very strong for the first nine months of the year, while contracting in Q4, in part due to the availability of raw materials and however as compared with a record comparable quarter in 2020.

Revenue was strong both for the OEM and own brand segments, boosting further the Group's EMEA leadership. Growth was particularly driven by high-end product demand, such as the Nikola Tesla aspirating hobs, whose margin offset raw material cost inflation.

The motors segment also delivered strong growth, driven by the Ecobonuses and also the acquisition of the companies EMC S.r.l and CPS S.r.l. in the second half of the year.

EBITDA in 2021 of Euro 12.0 million was up on 2020 (Euro 11.2 million), thanks to revenue growth driven by volumes, a positive price mix and SG&A cost control, despite the extraordinary costs from the execution of the 2021-2023 plan involving the industrial reorganisation of the Cooking area, for Euro 14.3 million, from the non-competition agreement signed with the previous Chief Executive Officer, the extraordinary restructuring charges totalling Euro 2.5 million and an additional Euro 1.8 million for M&A's, including the motors business unit carve out and new motors legal entity project.



Net interest expense was Euro 1.6 million, down on Euro 2.3 million in 2020, mainly thanks to the significant reduction in the net financial position.

The capital gain from the sale of the 19% holding in Elica PB India was Euro 22.5 million and supported the profit for 2021, which rose significantly on 2020 (profit of Euro 10.1 million vs. loss of Euro 3.2 million).

### A.6.2 Elica S.p.A. Financial Position and Performance

<i>In Euro thousands</i>	12/31/2021	12/31/2020
Trade receivables	48,312	51,467
Trade receivables - subsidiaries	24,919	29,305
Inventories	25,411	39,497
Trade payables	(74,810)	(83,761)
Trade payables - subsidiaries	(20,161)	(23,884)
<b>Managerial Working Capital</b>	<b>3,671</b>	<b>12,624</b>
% of revenue	0.91%	3.72%
Other net assets/ liabilities	(31,045)	238
<b>Net Working Capital</b>	<b>(27,374)</b>	<b>12,862</b>
% of revenue	-6.80%	3.79%

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Changes
<b>Cash and cash equivalents</b>	<b>75,347</b>	<b>33,676</b>	<b>41,671</b>
Financial Assets to group companies (current)	16,451	17,002	(551)
Loans and borrowing from group companies (current)	(10,904)	(11,964)	1,060
Bank loans and borrowings (current)	(26,657)	(12,122)	(14,535)
<b>Current loans and borrowings</b>	<b>(21,110)</b>	<b>(7,084)</b>	<b>(14,026)</b>
Bank loans and borrowings (non current)	(77,373)	(94,030)	16,657
<b>Non-current loans and borrowings</b>	<b>(77,373)</b>	<b>(94,030)</b>	<b>16,657</b>
<b>Adjusted Net Financial Position</b>	<b>(23,136)</b>	<b>(67,438)</b>	<b>44,302</b>
Lease liabilities as per IFRS 16 (current)	(1,204)	(1,655)	451
Lease liabilities as per IFRS 16 (non-current)	(1,856)	(3,911)	2,055
<b>Adjusted Net Financial Position - Including the effects of IFRS 16</b>	<b>(26,196)</b>	<b>(73,004)</b>	<b>46,808</b>
Other payables for purchase of investment	(17,998)		(17,998)
<b>Net financial position</b>	<b>(44,194)</b>	<b>(73,004)</b>	<b>28,810</b>

Managerial Working Capital on annualised revenue was 0.91% at December 31, 2021 (affected by

the reclassification due to the carve-out, of 3.44% at constant scope with the previous year), improving on 2020.

Net Financial Position at December 31, 2021, net of the IFRS 16 effect of Euro 3.1 million and of the liability for the acquisition of the investment in EMC S.r.l. of Euro 18.0 million, was a debt of Euro 23.1 million (debt of Euro 37.1 million excluding the reclassification due to the carve out), significantly improving on Euro 67.4 million at December 31, 2020.

This performance is mainly due to the positive effect from EBITDA, the movement of working capital on operating cash generation and the cash in of Euro 22 million from the sale of the 19% stake in Elica PB India.

In 2021, the payment of the initial two tranches for the acquisition of the companies EMC S.r.l. and CPS S.r.l for Euro 13.0 million was incurred.

### A.6.3. Definitions

EBITDA is the operating profit/loss (EBIT) plus amortisation and depreciation and any impairment losses on Goodwill and other assets.

EBIT is the operating profit/loss as reported in the Income Statement.

Adjusted EBITDA is EBITDA net of the relative adjustment items.

Adjusted EBIT is EBIT net of the relative adjustment items.

Net financial expense is the sum of financial income and expense in the income statement and losses.

Dividends from subsidiaries are those of the same item in the income statement.

Managerial Working Capital is the sum of Trade receivables, Trade receivables-subsidaries and Inventories, net of Trade payables and Trade payables-subsidaries, as presented in the Statement of Financial Position.

Net Managerial Capital is the amount of Managerial Working Capital plus Other net assets/liabilities. Other net assets/liabilities comprise the current portion of Other assets and Tax assets, net of the current portion of Provisions for risks and charges, Other liabilities and Tax liabilities, as presented in the Statement of Financial Position.

The Adjusted Net Financial Position is the sum of Cash and Cash equivalents, less Current and Non-current bank loans and borrowings and intercompany financial assets and loans and borrowings, as reported in the Statement of Financial Position.

The Adjusted Net Financial Position- Including IFRS 16 Impact is the sum of the Adjusted Net Financial Position and current and non-current lease liabilities arising from the application of IFRS 16, as reported in the Statement of Financial Position.

The Net Financial Position is the sum of the Net Financial Position- Including IFRS 16 Impact and of the liabilities included among other liabilities arising in relation to the acquisition of the new companies, included in the consolidation scope. The result coincides with the Consob definition of the Net Financial Position.

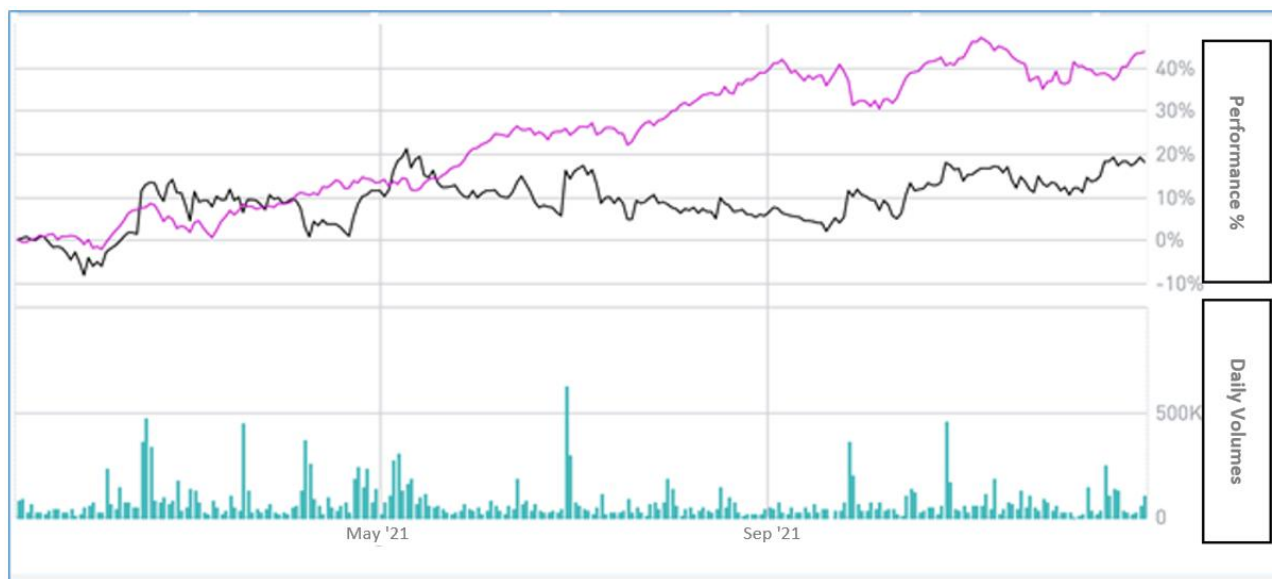
### A.6.4. Reconciliations

<i>In Euro thousands</i>	2021	2020
<b>EBIT</b>	<b>(3,682)</b>	<b>(5,174)</b>
(Amortisation and Depreciation)	13,507	15,430
(Impairment of PPE and intangible assets)	2,175	903
<b>EBITDA</b>	<b>11,999</b>	<b>11,159</b>

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>
Financial income	592	565
Financial expense	(2,214)	(2,842)
<b>Net interest expense</b>	<b>(1,622)</b>	<b>(2,277)</b>

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>
Other assets - current portion	3,080	2,988
Tax assets - current portion	14,004	10,115
(Provisions for risks and charges) - current portion	(19,843)	(3,045)
(Other liabilities) - current portion	(18,532)	(6,773)
(Tax liabilities) - current portion	(9,754)	(3,047)
<b>Other net assets / liabilities</b>	<b>(31,045)</b>	<b>238</b>

## A.7. Elica S.p.A. and financial markets



Source: Borsa Italiana

The graph shows (in black) the performance of the Elica S.p.A. share price in 2021 in comparison to the average of other companies listed on the STAR segment (performance of the FTSE Italia STAR index indicated), in purple. On January 4, 2021, the official share price was Euro 3.09. The share price in the initial months of 2021 rose, hitting a significant high between April 21 and May 10 with the presentation of the Q1 results for the year (maximum of Euro 3.74). This period featured not only a substantial increase in the share price, but also an improvement in volumes traded.

The Elica share from May 2021 traded within a stable range of between Euro 3.15 and Euro 3.7, featuring a reduction in average daily volumes traded in the second half of the year. Between January and June 2021 in fact, the share saw daily average trades in excess of 90 thousand (reflected also in the volume peaks on the presentation of the results), while between July and December average trades significantly dropped to approx. 63 thousand - although in a period in which volumes increased.

Financial communications and interaction with investors and analysts continued normally in 2021. More specifically, interactions with the financial community involved the organization of quarterly conference calls for the presentation of financial results, as well as participation in numerous virtual meetings. In particular, the Group participated in the Star Conference (held in March and October 2021), virtual events which were organised by Borsa Italiana, the “Excellences of Made in Italy” organised by Intermonte SIM (in September 2021), the first in-person event since the COVID emergency and the Virtual Roadshows organised by Intermonte SIM and Intesa Sanpaolo IMI in February, June and December 2021. Therefore, opportunities for communication and interaction with the markets increased compared to 2020, thereby ensuring constant updates for the financial community in this period of continued great uncertainty. Elica held 8 virtual conferences and road shows in 2021, in addition to one-to-ones organised on demand, the 4 results conferences and that for the acquisition in the motors business segment, meeting 100 managers, 63 funds and with over 170 contacts (managers met more than once and financial analysts).

The Elica Group closed 2021 with a market capitalisation of approx. Euro 225.5 million (average market capitalisation in December), up from 2020's Euro 193.7 million.

The Share Capital consists of 63,322,800 ordinary voting shares. The ownership structure of Elica S.p.A. at December 31, 2021 is shown in the Corporate Governance and Shareholder Ownership Report, available on the company website <http://elica.com/corporation> (Corporate Governance section).

## A.8. Significant events in 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 draft 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.

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. On the same 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. On the same date, as far as the company is aware, none of the statutory auditors held 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 Info authorised storage mechanism at [www.1info.it](http://www.1info.it). The results of the vote have been 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. In the same date'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. The Company currently does not hold ordinary treasury shares.

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.
- Emilio Silvi, holding the necessary requirements pursuant to the Company By-Laws, was appointed as Corporate Financial Reporting Manager, having heard the opinion of the Board of Statutory Auditors. Stefania Santarelli was confirmed as the Chief Financial Officer. Emilio Silvi and Stefania Santarelli also declared to not hold Elica S.p.A. shares. Their curriculum vitae is available at the company website at <https://elica.com/corporation/it/corporate-governance/altri-documenti>.

On May 5, 2021, the Board of Directors of Elica S.p.A. approved the 2021 First Quarter results, prepared in accordance with IFRS accounting standards.

On June 28, 2021, FIME, the Elica Group's motors business unit, strengthened 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.

On July 2, 2021, the full acquisition of Electric Motors Company S.r.l. ("E.M.C.") and CPS S.r.l. ("CPS") by Elica S.p.A. was completed. The consideration for the full acquisition of E.M.C. and CPS was approx. Euro 31 million, for a total impact on 2021 of Euro 13 million (Euro 4 million paid on the signing of June 28, 2021 and Euro 9 million on the closing of July 2). 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.

On July 30, 2021, the Board of Directors of Elica S.p.A. approved the H1 2021 results, prepared in accordance with IFRS accounting standards.

On September 29, 2021, the sale was completed of the majority stake held in Elica PB India Private Ltd. Elica sold to Whirlpool of India Ltd. approx. 19% of the share capital of the Indian subsidiary Elica PB India Private Ltd., together with the other Indian minority shareholders disposing of an additional approx. 19%. The consideration for the sale paid by Whirlpool of India Ltd. to Elica S.p.A. on closing was INR 2,124,217,166.24 (approx. Euro 24.6 million gross). Following the sale, Whirlpool of India Ltd. holds approx. 87% of Elica PB India Private Ltd., while Elica S.p.A. and the group of other Indian minority shareholders retain a holding in the Indian company with a stake of approx. 6% each. Simultaneous to the purchase of the shareholding by Whirlpool of India Ltd., Elica PB India Private Ltd. signed new product supply and license agreements for the use of the Elica brand (Trademark & Technical License Agreement) and the Whirlpool brand (Trademark License Agreement) respectively in India. On the same date, Elica S.p.A., Whirlpool of India Limited and the other Indian shareholders signed a shareholder agreement which stipulates, among other matters, a



prohibition on the sale to third parties of their respective investments in Elica PB India Private Ltd within 90 days from the approval of the financial statements of Elica PB India Private Ltd for the year ending March 31, 2024. In addition, this shareholder agreement includes Put & Call options, under which Whirlpool of India Limited may acquire (i.e. Elica and the other Indian shareholders may sell to Whirlpool of India Ltd.) the entire holding, from March 31, 2024, or before that date exclusively on the occurrence of certain events. The agreements through which Elica S.p.A. exercised control over Elica PB India Private Ltd. and consolidated its financial statements ceased on the same date.

On October 27, 2021, the Board of Directors of Elica S.p.A. approved the 2021 Third Quarter results, prepared in accordance with IFRS accounting standards.

The merger by incorporation of Leonardo Service into Elicamex was approved on November 17, 2021. It is effective from the same date.

On December 9, 2021, Elica announced that, at the Ministry for Economic Development, the dispute concerning the business plan for the reorganisation of the Italy Cooking area concluded successfully. This result was achieved through dialogue and by working together with social partners and institutional bodies to investigate every possible solution and available tool. The company positively assessed the proposal of the Trade Unions to return certain areas of production from Poland to Italy, mainly within the high-end sphere - including the NikolaTesla aspirating hob - through a reshoring operation. On the basis of the proposed reorganisation and in line with the business plan, the Mergo facility shall become a high-end product hub, featuring a high degree of specialisation and quality of workmanship, i.e. manufacturing the “Made in Italy” products for which Elica is globally renowned. The high volume and more standardised productions and automated processes shall be carried out at the Polish facilities. This will allow the two facilities (Italy and Poland) to focus on separate production areas, avoiding overlap and maintaining a strong presence in Italy with approx. 1,000 employees in the province of Ancona.

Thanks to this agreed path, 150 employees shall be involved and the pre-established business plan competitiveness objectives achieved. In particular, the agreement does not include redundancies, only involving voluntary and incentivised departures. Surplus personnel will be managed through early retirement and relocation to other major companies in the area. The close links with the local enterprise base allows Elica to ensure the reabsorption of personnel and that their earnings are not interrupted, also thanks to the free transfer of the Cerreto D’Esi facility.

The merger by incorporation of the company CPS into E.M.C. was approved on December 13, 2021. Simultaneously, the company changed its name to EMC FIME. The accounting effects of the merger are retrospectively applicable from January 1, 2021.

With deed of December 2021, the conferral of Elica S.p.A.’s business unit involved in the production and sale of motors to the subsidiary EMC FIME was approved. This conferral shall be effective from January 1, 2022.

On December 22, 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 2022.

## A.9. Events after the reporting date and outlook

### A.9.1. Events after December 31, 2021

On January 1, 2022, the “motors” business unit of Elica S.p.A. was conferred to the subsidiary EMC FIME s.r.l.

On January 21, 2022, the Elica Group, through its subsidiary EMC FIME, a European leader in the design and manufacture of electric motors and blowers, enters the hydrogen market with 1.3 million PREMIX fans potentially ready to be used from 2022. The PREMIX line of fans has in fact been certified internationally for the use of hydrogen following a long process of tests and checks. This crucial factor will allow the Fabriano group to work alongside the major global manufacturers of boilers, condensing water heaters and professional ovens. Under the EU directives to reduce the impact of greenhouse gases, Elica is thus getting ready for one of the greatest challenges of the coming years - to reduce emissions on the continent by at least 55% by 2030 (compared to 1990 levels). In this scenario, hydrogen will play a key role in the transition to a greener supply chain, which is now a top priority for the sector's leading players.

Already optimised for maximum energy efficiency, PREMIX H2 solutions now in fact comply with the industry standards to be adopted by 2025 when domestic supply networks will gradually transition from natural gas to hydrogen.

On February 10, 2022, the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the fourth quarter of 2021, prepared according to IFRS and the 2021 preliminary consolidated results.

A military conflict broke out in the final week of February 2022. Russia invaded the Ukraine. These events are cause for serious concern, mainly for the human toll and the suffering of ordinary people. In terms of the economic impact, the International Monetary Fund speaks of a serious situation which will progressively deteriorate as the conflict goes on. This crisis comes at a delicate time, in which the global economy is recovering from the devastation of the COVID-19 pandemic and threatens to undo some of this progress. Beyond the Ukraine, the repercussions of the conflict pose significant economic risks for the region and the world. The International Monetary Fund is assessing the potential implications, also in terms of the functioning of the financial system, the raw material markets and the direct impacts on countries with economic links with the region.

The Elica Group is monitoring these developments and assessing potential related risks for its operations. Although the Elica Group's business in the affected area is limited as the Russian market accounts for approx. 3% of revenues, all necessary actions have been taken, with the accessing of appropriate financial instruments to protect the Group from transaction and economic risks deriving from Euro/Ruble currency fluctuations.

### A.9.2. Outlook

Based on the 2021 results the company confirms its medium-term trajectory and commitment to ever-greater value creation.

The Group has outlined the pillars of its growth strategy:

- forecast organic growth in 2022 (~5-6%) amid a slight increase in demand;
- create value despite the critical raw materials situation;
- expanded own brand sales portfolio and market share;
- sustainable research and development investment;

- geographical expansion.

#### **A.10. The environment and personnel**

This information is outlined in detail in the Consolidated Non-Financial Report, referred to in paragraph A.18 below.

#### **A.11. Research and development**

Reference should be made to Note B.6.5.16 and B.6.5.19.1 for further details on Group research and development.

Elica S.p.A.'s development activities are a central part of the company's operations: resources have devoted substantial efforts to developing, producing and offering customers innovative products both in terms of design and the utilisation of materials and technological solutions.

During the year, the company was involved in industrial research, seeking to improve products as well as organisational, process and structural improvements.

Total research and development costs incurred amounted to Euro 7,786 thousand. For further details on the Parent's activities, reference should be made to Note D.6.4.16 and D.6.4.18.2.

#### **A.12. Exposure to risks and uncertainties and financial risk factors**

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 commenced the implementation of a financial risk monitoring system through a "Financial Risk Policy" approved by the Board of Directors of the Parent. 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.

We examine in detail the risks to which the Group and the parent are exposed. In the notes, we report all the relative figures. **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.

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. These operations are undertaken without any speculative or trading purpose, in line with the strategic policies of a prudent management of the cash flows.

In addition to the aforementioned transaction risks, the Group is 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.

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 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.

Among the market risks in addition, the Group is exposed to 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.

Further to market risks, the Group is exposed to **credit risk**. This concerns the exposure to potential losses deriving from the non-compliance with obligations by trading partners. This risk derives in particular from economic-financial factors related to a potential solvency crisis of one or more counterparties.

The Group follows the Credit Policy (related to the Financial Risk Policy) which governs credit management and the reduction of the related risk, partly through insurance policies with leading international insurance companies.

**Liquidity risk** is also managed and 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.

## Climate Change Risk Analysis

The ESMA underlines that issuers should consider climate change risks when drawing up their IFRS financial statements, to the extent that the impacts from such risks are material to such financial statements. The ESMA notes that in general, the identification and assessment of climate change risks may require consideration of a longer timeframe than is generally considered for financial risks. In this regard, investors are increasingly interested in information on the impacts that climate change issues may have on issuers, in addition to information on initiatives taken by issuers to mitigate the effects of their activities in relation to climate change, particularly in light of international and European level commitments such as the Paris Agreement and the European Climate Law.

In accordance with the suggestions published by ESMA, the Group has examined the impacts that climate change could have on the business. It has also considered the impacts that the Group may have on climate change.

Currently there is no evidence of a need to act in a manner that would result in accounting impacts or identify impairment triggers for consideration. In particular, the Group examined, without finding any critical issues, whether the expected useful life of non-current assets and the residual values estimated in accordance with IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* should be revised. In addition, in accordance with IAS 36 *Impairment of Assets*, the Group has assessed whether there are any indications that non-financial assets have lost value due to climate risk or measures to implement the Paris Agreement. Potential impacts on inventories and related to a drop in demand for products that emit greenhouse gases due to compliance with new policies or non-compliance with existing regulations were also considered.

Finally, it should be noted that the Group, consistent with the requirements of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, has reviewed the existence of contingent liabilities for potential litigation, environmental damages, additional taxes or penalties related to environmental requirements, contracts that may become onerous, or restructuring to achieve climate-related goals. Given the ongoing evolution and significance of the issue, the Group will continue to monitor these possible risks.

## Risk analysis by Business area

The Elica Group is monitoring the geopolitical developments caused by the war in Ukraine. The Group is assessing potential related risks for its operations. Although the Elica Group's business in the affected area is limited as the Russian market accounts for approx. 3% of revenues, all necessary actions have been taken, with the accessing of appropriate financial instruments to protect the Group from transaction and economic risks deriving from Euro/Ruble currency fluctuations.

## A.13. Company bodies

### Members of the Board of Directors

<b>Francesco Casoli</b>	<b>Executive Chairperson</b> , born in Senigallia (AN) on 05/06/1961, appointed by resolution of 29/04/2021.
<b>Giulio Cocci</b>	<b>Executive Director</b> , born in Fermo on 13/04/1970, appointed by resolution of 29/04/2021.
<b>Elio Cosimo Catania</b>	<b>Independent Director</b> , born in Catania on 05/06/1946, appointed by resolution of 29/04/2021.
<b>Monica Nicolini</b>	<b>Independent Director and Lead Independent Director</b> , born in Pesaro on 16/04/1963, appointed by resolution of 29/04/2021.
<b>Susanna Zucchelli</b>	<b>Independent Director</b> , born in Bologna on 19/12/1956, appointed by resolution of 29/04/2021.
<b>Angelo Catapano</b>	<b>Independent Director</b> , born in Naples on 09/12/1958, appointed by resolution of 29/04/2021.
<b>Liliana Fratini Passi</b>	<b>Independent Director</b> , born in Rome on 19/06/1970, appointed by resolution of 29/04/2021.

### Members of the Board of Statutory Auditors

<b>Giovanni Frezzotti</b>	<b>Chairperson</b> , born in Jesi (AN) on 22/02/1944, appointed by resolution of 29/04/2021.
<b>Massimiliano Belli</b>	<b>Statutory Auditor</b> , born in Recanati on 22/08/1972, appointed by resolution of 29/04/2021.
<b>Simona Romagnoli</b>	<b>Statutory Auditor</b> , born in Jesi (AN) on 02/04/1971, appointed by resolution of 29/04/2021.
<b>Serenella Spaccapaniccia</b>	<b>Alternate Auditor</b> , born in Montesangiorgio (AP) on 04/04/1965, appointed by resolution of 29/04/2021.
<b>Leandro Tiranti</b>	<b>Alternate Auditor</b> , born in Sassoferrato (AN) on 04/05/1966, 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 (Chairperson)  
 Angelo Catapano  
 Liliana Fratini Passi  
 Monica Nicolini  
 Susanna Zucchelli

### Independent Auditors

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.14. Elica Group structure and consolidation scope

### Parent

Elica<sup>4</sup> S.p.A. - Fabriano (Ancona, Italy) is the parent of the Group (in short Elica).

### Subsidiaries

Elica Group Polska Sp. z o.o – Wrocław – (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. z o.o.). This company was merged into Elicamex in November 2021. It no longer exists at the reporting date;

Ariafina CO., LTD – Sagami-hara-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 Issaquah, 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. In September 2021, Elica S.p.A. and the Indian shareholders sold their controlling interest. The company exited the Elica Group's consolidation scope from this date, with the maintenance of a holding of approx. 6%;

Zhejiang Elica Putian Electric CO., LTD. - Shengzhou (China) (in short Putian), a 99% owned Chinese company. 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.

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.

EMC Fime S.r.l. – Castelfidardo (AN-Italia), an Italian company 100% held by Elica S.p.A.. On July 2, 2021, the closing took place, by which Elica S.p.A. acquired from third parties the two companies E.M.C. S.r.l. and C.P.S. S.r.l.. In the second half of 2021, the company C.P.S. was merged by incorporation into E.M.C. S.r.l., which at the same time changed its name to EMC Fime S.r.l..

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<sup>4</sup> The company also has a permanent establishment in Spain, at Avda, Generalitat de Catalunya Esc.9, bayos 1 08960 Sant Just Desvern – Barcelona.



## Associates

I.S.M. S.r.l. – Cerreto d’Esi (AN-Italy). The investment in the company, which is involved in the real estate sector, was sold by Elica S.p.A. in the first half of 2021. At the reporting date, the Group does not have any associates.

## Changes in the consolidation scope

The following transactions took place since December 31, 2020:

- Disposal of the equity investment in I.S.M. S.r.l. of Cerreto d’Esi (AN-Italy);
- Acquisition of 100% of the two companies E.M.C. S.r.l. and C.P.S. S.r.l.;
- Merger by incorporation, during the second half of 2021, of the company C.P.S. into E.M.C. S.r.l., with simultaneous change of the latter's name to EMC Fime S.r.l.;
- Sale of the controlling interest in Elica PB India Private Ltd. in September 2021;
- Merger by incorporation in November 2021 of the company Leonardo Services S.A. de C.V. into Elicamex S.A. de C.V..

### A.14.1. Related party transactions

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

In 2021, transactions with subsidiaries were undertaken by the parent and with associates and other related parties by the parent and other Group companies.

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<sup>5</sup>.

For information regarding associates and other related parties, in addition to the transactions discussed above, refer to note B.6.8. of the consolidated financial statements and note D.6.7 of the financial statements of the parent below.

In the subsequent note on related party transactions, disclosure is also provided as per Article 2497 *bis* of the Civil Code.

### A.15. IFRS

The Consolidated Financial Statements of the Elica Group and the Financial Statements of Elica S.p.A. as at and for the year ended December 31, 2021 have been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission and in accordance with Article 9 of Legislative Decree no. 38/2005.

The accounting policies utilised for the preparation of these financial statements are consistent with those utilised for the preparation of the separate financial statements as at and for the year ended December 31, 2020.

The Consolidated Financial Statements are presented in thousands of Euro and all the amounts are

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<sup>5</sup> 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”.

rounded to the nearest thousand, unless otherwise specified. The separate Financial Statements are presented in Euro, while the notes are presented in thousands of Euro with all amounts rounded to the nearest thousand, unless otherwise specified.

#### **A.16. Corporate Governance and Ownership Structure Report**

In accordance with Article 123-*bis* of Legislative Decree 58/1998, with Article 89-*bis* of Consob Resolution No.11971/1999 and successive amendments and integrations, Elica S.p.A. provides complete disclosure on the Corporate Governance system adopted, in line with the recommendations of the Corporate Governance Code (January 2020 edition), in the Annual Corporate Governance Report, available on the Company website <https://elica.com/corporation> (Corporate Governance section).

#### **A.17. Remuneration Report**

In accordance with Article 123-*ter* of Legislative Decree 58/1998 and Article 84-*quater* of the Consob Resolution No. 11971/1999 and subsequent amendments, Elica S.p.A. prepares a Remuneration Report in accordance with the indications at Attachment 3A, Table 7-*bis* of the same Consob Resolution No. 11971/1999 and subsequent amendments. This report is available on the Parent's website <https://elica.com/corporation> (Investor Relations section).

#### **A.18. Consolidated non-financial report**

In accordance with Legislative Decree 254/2016 enacting Directive 2014/95/EC, the Elica Group produces a non-financial report disclosing upon environmental, social, personnel, human rights and anti-corruption matters, helping the reader to understand Group activities, its performance and results and the related impacts. This report is available to the public according to the means and deadlines established by the applicable regulation and on the company website <https://elica.com/corporation> (Investor Relations/Financial Statements and Reports section).

#### **A.19. Compliance with Section II of the regulation implementing Legislative Decree no. 58 of February 24, 1998 concerning market regulations ("Market Regulations")**

In accordance with article 15 of the Regulation implementing Legislative Decree no. 58 of February 24, 1998, as Elica S.p.A. has direct or indirect control over certain companies registered in countries outside of the European Union, the financial statements of such companies, prepared for the purposes of these consolidated financial statements, were made available within the terms required by current legislation.

For the basis upon which it is considered that the company is not under the direction and control of the parent, in accordance with Article 16, fourth section, reference should be made to paragraph B.6.8. Disclosure pursuant to IAS 24 on management compensation and related-party transactions.

#### **A.20. 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 Consob's Issuers Regulation, on January 16, 2013, Elica announced that it would apply the exemption from publication of the required disclosure documents concerning significant mergers, demergers and share capital increases through the contribution of assets in kind, acquisitions and sales.

Fabriano, March 16, 2022

On behalf of the Board of Directors  
The Executive Chairperson  
Francesco Casoli

## B. CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021

**Elica Group**



Name of the company preparing the financial statements or other means of identification: <a href="#">Elica S.p.A.</a> –
Share Capital: Euro 12,664,560 fully paid-in
Explanation of the changes relating to the name of the entity preparing the financial statements or other means of identification with respect to the end of the previous year: <a href="#">n/a</a>
Address of the entity: Registered office in <a href="#">Via Ermanno Casoli, 2 – 60044 Fabriano (AN)</a>
Legal form of entity: <a href="#">Company limited by shares</a>
Country of registration: <a href="#">Italy</a>
Address of the entity's registered office: Registered office in <a href="#">Via Ermanno Casoli, 2 – 60044 Fabriano (AN)</a>
Principal place of business: <a href="#">Via Ermanno Casoli, 2 – 60044 Fabriano (AN)</a>
Description of the nature of the business of the entity or its principal operations: see <a href="#">note B.6.1</a> below
Name of the Holding Company: <a href="#">Fan s.r.l.</a>
Name of Ultimate Parent: <a href="#">Fintrack S.r.l.</a>

## B.1. Income Statement

<i>In Euro thousands</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
Revenue	B.6.5.1	541,293	452,639
Other operating income	B.6.5.2	3,233	2,643
Change in finished/semi-finished products	B.6.5.4	2,146	4,230
Increase in internal work capitalised	B.6.5.3	2,240	2,523
Raw materials and consumables	B.6.5.4	(290,212)	(242,783)
Services	B.6.5.5	(90,437)	(83,435)
Personnel expense	B.6.5.6	(99,879)	(85,385)
Amortisation and depreciation	B.6.5.7	(24,829)	(25,437)
Other operating expenses and accruals	B.6.5.8	(14,031)	(8,979)
Restructuring charges	B.6.5.9	(15,812)	(2,637)
Impairment of Goodwill and other assets	B.6.5.7	(3,785)	(2,715)
<b>Operating profit</b>		<b>9,927</b>	<b>10,664</b>
Gain/(loss) on group companies	B.6.5.12	15,649	(494)
Financial Income	B.6.5.10	484	566
Financial expense	B.6.5.10	(2,880)	(3,772)
Net exchange rate gains/(losses)	B.6.5.11	60	(288)
<b>Profit before taxes</b>		<b>23,240</b>	<b>6,676</b>
Income taxes	B.6.5.13	(5,768)	(2,531)
<b>Profit from continuing operations</b>		<b>17,472</b>	<b>4,145</b>
Profit from discontinued operations		0	0
<b>Profit for the year</b>		<b>17,472</b>	<b>4,145</b>
of which:			
Profit attributable to non-controlling interests	B.6.5.14	5,353	5,932
Profit (loss) attributable to the owners of the parent		12,119	(1,787)
<b>Basic earnings (loss) per share (Euro/cents)</b>	B.6.5.15	19.14	(2.82)
<b>Diluted earnings (loss) per share (Euro/cents)</b>		19.14	(2.82)

**B.2. Statement of comprehensive income**

<i>In Euro thousands</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
<b>Profit for the year</b>		<b>17,472</b>	<b>4,145</b>
<b>Other comprehensive income/(expense) which will not be subsequently reclassified to profit or loss:</b>			
Actuarial gains/(losses) on defined benefit plans	B.6.5.26	98	96
Tax effect of other gains/(losses) which will not be subsequently reclassified to profit or loss		0	(22)
<b>Total items which will not be subsequently reclassified to profit or loss, net of the tax effect</b>		<b>98</b>	<b>74</b>
<b>Other comprehensive income/(expense) which will be subsequently reclassified to profit or loss:</b>			
Exchange differences on the translation of foreign financial statements	B.6.5.34.3	3,490	(8,853)
Net change in cash flow hedges	B.6.5.34.3	(1,990)	2,107
Tax effect of other gains/(losses) which will not be subsequently reclassified to profit or loss	B.6.5.34.3	594	(362)
<b>Total items which will be subsequently reclassified to profit or loss, net of the tax effect</b>		<b>2,094</b>	<b>(7,108)</b>
<b>Total other comprehensive income, net of the tax effect:</b>		<b>2,192</b>	<b>(7,034)</b>
<b>Comprehensive income</b>		<b>19,664</b>	<b>(2,889)</b>
of which:			
Attributable to non-controlling interests		5,225	4,624
Attributable to the owners of the parent		14,439	(7,513)

**B.3. Statement of financial position**

<i>In Euro thousands</i>	<i>Note</i>	<b>12/31/2021</b>	<b>12/31/2020</b>
Property, plant and equipment	B.6.5.17	93,324	91,875
Goodwill	B.6.5.18	50,115	39,017
Other intangible assets	B.6.5.19.1	30,818	22,363
Rights-of-use as per IFRS 16	B.6.5.19.2	10,211	10,270
Investment in associates	B.6.5.20	0	275
Deferred tax assets	B.6.5.28	26,249	22,876
Derivative assets (non-current)	B.6.5.33.3	208	0
Other receivables and other assets	B.6.5.21	1,388	307
<b>Non-current Assets</b>		<b>212,313</b>	<b>186,983</b>
Trade receivables	B.6.5.22	82,186	88,821
Inventories	B.6.5.23	84,861	76,876
Other current assets	B.6.5.24	5,413	4,802
Tax assets	B.6.5.25	24,575	17,049
Derivative assets (current)	B.6.5.33.3	664	4,078
Cash and cash equivalents	B.6.5.33.1	99,673	59,147
<b>Currents Assets</b>		<b>297,372</b>	<b>250,773</b>
<b>Assets held for sale</b>		<b>0</b>	<b>0</b>
<b>Total assets</b>		<b>509,685</b>	<b>437,756</b>
Liabilities for post-employment benefits	B.6.5.26	10,380	10,475
Provisions for risks and charges	B.6.5.27	21,830	17,228
Deferred tax liabilities	B.6.5.28	5,874	4,017
Lease liabilities under IFRS 16	B.6.5.33.4	8,314	6,027
Bank loans and borrowings (non-current)	B.6.5.33.2	77,866	94,053
Other non-current liabilities	B.6.5.30	6,546	0
Non-current Tax liabilities	B.6.5.29	0	0
Derivative liabilities (non-current)	B.6.5.33.3	0	690
<b>Non-Current Liabilities</b>		<b>130,810</b>	<b>132,490</b>
Provisions for risks and charges	B.6.5.27	22,069	5,351
Lease liabilities under IFRS 16	B.6.5.33.4	4,106	3,650
Bank loans and borrowings (current)	B.6.5.33.2	44,543	16,459
Trade payables	B.6.5.32	141,222	133,247
Other current liabilities	B.6.5.30	27,857	15,908
Tax liabilities	B.6.5.31	14,536	9,088
Derivative liabilities (current)	B.6.5.33.3	398	551
<b>Current liabilities</b>		<b>254,731</b>	<b>184,254</b>
<b>Liabilities directly related to discontinued operations</b>		<b>0</b>	<b>0</b>
Share capital	B.6.5.34.1	12,665	12,665
Capital reserves	B.6.5.34.2	71,123	71,123
Hedging and translation reserve	B.6.5.34.3	(14,904)	(17,562)
Treasury shares	B.6.5.34.4	0	0
Actuarial reserve	B.6.5.26	(3,159)	(3,264)
Retained earnings	B.6.5.34.4	39,386	42,621
Profit/(loss) attributable to the owners of the Parent		12,119	(1,787)
<b>Equity attributable to the owners of the Parent</b>		<b>117,230</b>	<b>103,796</b>
Capital and reserves attributable to non-controlling interests	B.6.5.35	1,561	11,284
Profit attributable to non-controlling interests		5,353	5,932
<b>Equity of non-controlling interests</b>		<b>6,914</b>	<b>17,216</b>
<b>Equity</b>		<b>124,144</b>	<b>121,012</b>
<b>Total liabilities and equity</b>		<b>509,685</b>	<b>437,756</b>

**B.4. Statement of Cash Flows**

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>
<b>Opening cash and cash equivalents</b>	<b>59,147</b>	<b>35,613</b>
<b>Operating activities</b>		
<b>Profit for the year</b>	<b>17,472</b>	<b>4,145</b>
Amortisation and depreciation	24,829	25,437
Impairment losses	3,785	2,715
Non-monetary (income)/charges	(5,768)	494
Realised gains/(losses) on disposals	0	0
Trade working capital	435	(16,316)
Other working capital accounts	(3,597)	5,133
Income taxes paid	(7,519)	(5,000)
Change in provisions	23,158	3,581
Other changes	(291)	342
<b>Cash flow from operating activities</b>	<b>52,504</b>	<b>20,531</b>
<b>Investing activities</b>		
Investments		
- Intangible assets	(4,826)	(5,796)
- Property, plant and equipment	(13,794)	(8,150)
- Rights-of-use	(5,041)	(1,488)
- Financial assets	400	0
- Purchase / sale of equity investments (change of control)	1,562	0
<b>Cash flow used in investing activities</b>	<b>(21,699)</b>	<b>(15,434)</b>
<b>Financing activities</b>		
(Acquisition)/Sale of treasury shares and investments (maintaining of control)	0	0
Other changes in share capital	0	0
Dividends	(765)	(1,584)
Increase (decrease) financial liabilities	9,636	28,009
Net changes in other financial assets/liabilities	(337)	(1,524)
Increase/(decrease) in lease liabilities – IFRS 16	2,708	(1,726)
Interest paid	(2,301)	(2,974)
<b>Cash flow from financing activities</b>	<b>8,941</b>	<b>20,201</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>39,746</b>	<b>25,298</b>
Net translation effect on cash and cash equivalents	782	(1,764)
<b>Closing cash and cash equivalents</b>	<b>99,673</b>	<b>59,147</b>

**B.5. Statement of changes in equity**

	Share capital	Capital reserves	Hedge, trans. & actuarial. Reserves	Retained earnings	Profit/(loss) for the year	Equity attributable to the owners of the Parent	Equity of non-controlling interests	Equity
<i>In Euro thousands</i>								
<b>31 December 2019</b>	<b>12,665</b>	<b>71,123</b>	<b>(15,103)</b>	<b>39,394</b>	<b>3,061</b>	<b>111,140</b>	<b>14,173</b>	<b>125,313</b>
Fair value change in cash flow hedges net of the tax effect	0	0	1,745	0	0	1,745	0	1,745
Actuarial gains/(losses) on post-employment benefits	0	0	81	0	0	81	(7)	74
Exchange differences on translation of foreign subsidiaries' financial statements	0	0	(7,552)	0	0	(7,552)	(1,301)	(8,853)
<b>Total gains/(losses) recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>(5,726)</b>	<b>0</b>	<b>0</b>	<b>(5,726)</b>	<b>(1,308)</b>	<b>(7,034)</b>
Profit/(Loss) for the year	0	0	0	0	(1,787)	(1,787)	5,932	4,145
<b>Total gains/(losses) recognised in other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>(5,726)</b>	<b>0</b>	<b>(1,787)</b>	<b>(7,513)</b>	<b>4,624</b>	<b>(2,889)</b>
Allocation of loss for the year	0	0	0	3,061	(3,061)	0	0	0
Dividends	0	0	0	0	0	0	(1,584)	(1,584)
Variation consolidation scope	0	0	3	1	0	4	(4)	0
Other changes	0	0	0	165	0	165	7	172
<b>31 December 2020</b>	<b>12,665</b>	<b>71,123</b>	<b>(20,826)</b>	<b>42,621</b>	<b>(1,787)</b>	<b>103,796</b>	<b>17,216</b>	<b>121,012</b>
<b>31 December 2020</b>	<b>12,665</b>	<b>71,123</b>	<b>(20,826)</b>	<b>42,621</b>	<b>(1,787)</b>	<b>103,796</b>	<b>17,216</b>	<b>121,012</b>
Fair value changes on cash flow hedges net of the tax effect	0	0	(1,397)	1	0	(1,396)	0	(1,396)
Actuarial gains/(losses) on post-employment benefits	0	0	105	0	0	105	(7)	98
Exchange differences on translation of foreign subsidiaries' financial statements	0	0	3,611	0	0	3,611	(121)	3,490
<b>Total gains/(losses) recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>2,319</b>	<b>1</b>	<b>0</b>	<b>2,320</b>	<b>(128)</b>	<b>2,192</b>
Profit for the year	0	0	0	0	12,119	12,119	5,353	17,472
<b>Total gains/(losses) recognised in other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>2,319</b>	<b>1</b>	<b>12,119</b>	<b>14,439</b>	<b>5,225</b>	<b>19,664</b>
Allocation of profit for the year	0	0	0	(1,787)	1,787	0	0	0
Dividends	0	0	0	0	0	0	(765)	(765)
Variation consolidation scope	0	0	439	(250)	0	189	(14,717)	(14,528)
Other changes	0	0	5	(1,199)	0	(1,194)	(45)	(1,239)
<b>31 December 2021</b>	<b>12,665</b>	<b>71,123</b>	<b>(18,063)</b>	<b>39,386</b>	<b>12,119</b>	<b>117,230</b>	<b>6,914</b>	<b>124,144</b>



## **B.6. Notes to the Consolidated Financial Statements at December 31, 2021**

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- B.6.1. Group structure and activities
- B.6.2. Accounting policies and basis of consolidation
- B.6.3. Significant accounting estimates
- B.6.4. Composition and changes in the consolidation scope
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### **B.6.1. Group structure and activities**

Elica SpA is a company incorporated under Italian law based in Fabriano (Ancona, Italy). The main activities of the Company and its subsidiaries, as well as its registered office and other offices are illustrated in the Directors' Report at point A.14. Elica Group structure and consolidation scope

The Euro is the functional and presentation currency of Elica S.p.A. and of the consolidated companies, except for the foreign subsidiaries Elica Group Polska Sp. z o.o., Elicamex S.A. de C.V., Leonardo Services S.A. de C.V. (merged into Elicamex in the second half of 2021), Ariaфина CO., LTD, Elica Inc., Elica PB India Private Ltd (deconsolidated in September 2021), Zhejiang Elica Putian Electric Co. Ltd and Elica Trading LLC which prepare their financial statements in the Polish Zloty, 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 Consolidated Financial Statements as at and for the year ended December 31, 2021 were approved by the Board of Directors on March 16, 2022 which authorised their publication.

### **B.6.2. Accounting policies and basis of consolidation**

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board and endorsed by the European Union, as well as in accordance with Article 9 of Legislative Decree no. 38/2005 and related CONSOB regulations.

The Consolidated Financial Statements as at and for the year ended December 31, 2021 are compared with the previous year and consist of the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and these notes.

The consolidated financial statements and related notes comply with the minimum disclosure requirements of IFRS, as supplemented, where applicable, by the provisions of the law and CONSOB regulations.

The statement of cash flows was prepared applying the indirect method. It classifies cash flows respectively from (used in) operating activities, investing activities and financing activities, in line with IAS 7. Specifically, operating activities are activities that generate revenue and are not investing or financing activities. Investment activities are those concerning the purchase and sale of non-current Assets and other investments, while Financing Activities are those resulting in a change to the sources of financing, therefore in the size and composition of the share capital and share premium reserves and Group loans. Unrealised exchange rate gains and losses are not considered cash flows. However, the effect of such exchange rate gains and losses on cash and cash equivalents is included to reconcile the change in the opening and closing balances of cash and cash equivalents. It is, however, presented separately.

The Group did not make any changes in the accounting policies applied between the comparative dates of December 31, 2020 and December 31, 2021, except as indicated below in the specific paragraph B.6.2.3 Accounting standards, amendments and interpretations applied from January 1, 2021.

The financial statement items 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.

## **ESEF and related obligations**

Beginning with these financial statements at December 31, 2021, the European “Transparency” regulation become effective, requiring the presentation of financial statements in the xhtml format and the tagging of all numbers in the consolidated financial statements schedules and issuer data with the ixbrl format.

### **B.6.2.1 Basis of consolidation**

The Consolidated Financial Statements as at and for the year ended December 31, 2021 include the financial statements of the parent and the companies it controls directly or indirectly (the subsidiaries). Control exists where the Group contemporaneously has decision-making power over the investee, rights upon variable results (positive or negative) and the capacity to use its decision-making power to affect the amount of profits devolving from its investment in the entity.

The separate financial statements at December 31, 2021 of the Parent Elica S.p.A. were prepared in accordance with IFRS, in accordance with Legislative Decree No. 38/2005 and CONSOB regulations. The financial statements of the Italian subsidiaries Airforce and EMC Fime were prepared in accordance with the Italian Civil Code as supplemented, where necessary, by the OIC accounting standards and those issued by the IASB.

All the Group companies have provided the data and information required to prepare the Consolidated Financial Statements in accordance with IFRS.

For information on the consolidation scope and the associates, reference should be made to section B.6.4 “Composition and changes in the consolidation scope” and B.6.8 “Disclosure pursuant to IAS 24 on management compensation and related party transactions”.

If the consolidation scope changes in the year, the results of subsidiaries acquired or sold during the year are included in the consolidated profit or loss from the date of acquisition until the date of sale.

All significant transactions between companies included in the consolidation scope are eliminated.

Gains and losses arising on intercompany sales of operating assets are eliminated, where considered material.

Non-controlling interests in the net assets of consolidated subsidiaries are recorded separately from equity attributable to the owners of the parent and include the amount attributable to the non-controlling interests at the original acquisition date (see below) and changes in equity after that date.

### **Consolidation of foreign companies and foreign currency translation**

The assets and liabilities of consolidated foreign companies in currencies other than the Euro are translated using the closing exchange rates. Revenue and costs are translated into Euro using the average exchange rate for the year. Translation differences are recognised in the translation reserve until the investment is sold.

At December 31, 2021, the consolidated foreign companies whose functional currency differs from the Euro are Elica Group Polska Sp. z o.o., ELICAMEX S.A. de C.V., Leonardo Services S.A. de C.V. (merged by incorporation into Elicamex on November 17, 2021), ARIAFINA CO., LTD, Elica Inc, Elica PB India Private Ltd (until September 29, 2021), Zhejiang Elica Putian Electric Co. Ltd and Elica Trading LLC, which use the Polish Zloty, the Mexican Pesos (ELICAMEX S.A. de C.V. and Leonardo Services S.A. de C.V.), the Japanese Yen, the US Dollar, the Indian Rupee, the Chinese Renminbi and the Russian Ruble respectively.

The exchange rates used for translation purposes are set out below:

	Avarage 2021	Avarage 2020		12/31/2021	12/31/2020	
EUR	1.00	1.00	0.00%	1.00	1.00	0.00%
USD	1.18	1.14	3.51%	1.13	1.23	(8.13%)
PLN	4.57	4.44	2.93%	4.60	4.56	0.88%
INR	88.04	84.64	4.02%	88.04	89.66	(1.81%)
RUB	87.15	82.72	5.36%	85.30	91.47	(6.75%)
CNY	7.63	7.87	(3.05%)	7.19	8.02	(10.35%)
MXN	23.99	24.52	(2.16%)	23.14	24.42	(5.24%)
JPY	129.88	121.85	6.59%	130.38	126.49	3.08%

*Source: ECB data*

The exchange rate shown above in reference to INR transactions is the one used for the deconsolidation of Elica India P.B..

## Business combinations

Business combinations are recognised according to the acquisition method. According to this method, the amount transferred in a business combination is recognised at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date and of the equity instruments issued in exchange for control of the company acquired. Transaction costs are recognised to profit or loss when they are incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at fair value at this date; except for the following items, which are instead measured according to the applicable standard:

- Deferred tax assets and liabilities;
- Assets and liabilities for employee benefits;
- Liabilities or equity instruments relating to share-based payments of the company acquired or share-based payments relating to the Group issued to replace contracts of the entity acquired;
- Assets held for sale and discontinued operations.

Goodwill is calculated as the excess of the amounts transferred in the business combination, of the value of minority interests' net equity and the fair value of any holding previously held in the acquired company compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the value of the net assets acquired and the liabilities assumed at the acquisition date exceeds the sum of amounts transferred, of any minority interest and the fair value of any holding previously held in the acquired company, this excess is immediately recorded to the income statement as income deriving from the transaction concluded.

The share of equity attributable to non-controlling interests, at the acquisition date may be measured at fair value or in proportion to the acquiree's recognised net assets. The valuation method is chosen on the basis of each individual transaction.

In a step acquisition of a subsidiary, a business combination is only deemed to occur when control is acquired, which is when the fair value of all the acquiree's identifiable net assets is measured; non-controlling interests are measured at their fair value or in proportion to the fair value of the acquiree's identifiable net assets.

In a step acquisition of an investee, the previously held interest, which was until that time recognised must be treated as if it was sold and repurchased at the date of the acquisition of control. The investee is therefore recognised at the fair value at the acquisition date and the profits and losses arising on measurement are taken to profit or loss. Any amount previously recognised as Other comprehensive income (expense), which must be taken to profit or loss following the sale of the assets to which it refers, is reclassified to profit or loss. Goodwill or income deriving from an acquisition of control of

a subsidiary must be calculated as the sum of the price paid to gain control, the value of non-controlling interests (measured using one of the methods permitted by the standard) and fair value of the previously held non-controlling interest, net of the fair value of the identifiable net assets acquired. Any payments subject to conditions are considered part of the transfer price of the net assets acquired and are measured at fair value at the acquisition date. If the combination contract establishes a right of repayment of some price elements on the fulfilment of certain conditions, this right is classified as an asset by the acquirer. Any subsequent changes in the fair value are recognised as an adjustment to the original accounting treatment only if they result from additional or improved information concerning fair value and if they occur within 12 months of the acquisition date; all other changes must be recognised in profit or loss.

Once control of an entity has been acquired, transactions in which the Parent acquires or sells further non-controlling interests without changing the control exercised over the subsidiary are considered transactions with equity owners and therefore must be recognised in equity. The carrying amount of the controlling interest and the non-controlling interest must be adjusted to reflect the change in the percentage of the investment held and any difference between the amount of the adjustments allocated to non-controlling interests and the fair value of the price paid or received against the transaction is taken directly to equity and allocated to the owners of the Parent. No adjustments are made to goodwill or the profits or losses recognised in the income statement. Related costs are recognised in equity in accordance with paragraph 35 of IAS 32.

Business combinations before January 1, 2010 were recognised in accordance with the previous version of IFRS 3.

### **Investments in associates and joint ventures**

An associate is a company in which the Group has significant influence, but not control or joint control. The Group exerts its influence by taking part in the associate's financial and operating policy decisions.

A joint venture is a contractual agreement whereby the Group undertakes a jointly controlled business venture with other parties. Joint control is defined as a contractually shared control over a business. Joint control is defined as the contractually shared control over a business activity and only exists when the financial and operating strategic decisions of the activities requires the unanimous consent of the parties sharing control.

The profits and losses, assets and liabilities of associates and joint ventures are recognised in the Consolidated Financial Statements using the equity method, except where the investments are classified as held for sale.

Under this method, investments in associates and joint ventures are recognised in the Statement of Financial Position at cost, as adjusted for changes after the acquisition of the net assets of the associates, less any impairment in the individual investments. Losses of the associates and joint ventures in excess of the Group share are not recognised unless the Group has an obligation to cover them. Any excess of the acquisition cost over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities at the acquisition date, is recognised as Goodwill. Goodwill is included in the carrying value of the investment and is tested for impairment. Any excess of the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the associate over the cost of acquisition is taken to profit or loss in the year of acquisition.

Unrealised profits and losses on transactions between a Group company and an associate or joint venture are eliminated to the extent of the Group's share in the associate or joint venture, except when the unrealised losses constitute a reduction in the value of the asset transferred.

### B.6.2.2 Accounting policies

The main accounting policies adopted in the preparation of the Consolidated Financial Statements are described below.

#### Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, including any directly attributable costs. Some assets have been adjusted under specific revaluation legislation prior to January 1, 2004 and are deemed to reflect the fair value of the asset at the revaluation date (“deemed cost” as per IFRS 1).

Depreciation is calculated on a straight-line basis over the estimated useful life of the relative assets applying the following percentage rates:

Industrial buildings	3%
Light buildings	10%
Machines and installations	6% -15%
Industrial and commercial equipment	10% -25%
Fitting and furniture	12%
Electronic machine	20%
Cars	20%
Means of transport	25%

Purchase cost is adjusted for grants related to assets already approved to the Group companies. These grants are recognised in profit or loss by gradually reducing the depreciation charged over the useful life of the assets to which they relate.

Maintenance, repair, expansion, updating and replacement costs that do not lead to a significant, measurable increase in the production capacity and useful life of an asset are taken to profit or loss when they are incurred.

#### Goodwill

Goodwill arising on the acquisition of a subsidiary or other business combinations represents the excess of the acquisition cost over the Group’s share in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the acquisition date.

At each reporting date the Group reviews the recoverable value of the goodwill to assess whether an impairment loss has occurred and determine the amount of any impairment. An impairment loss is immediately taken to profit or loss and is not reversed in a subsequent period.

On the sale of a subsidiary, any goodwill attributable to the subsidiary that has not been impaired is included in the calculation of the gain or loss on the sale.

Goodwill arising on acquisitions prior to January 1, 2004 is carried at the amount recognised under Italian GAAP after an impairment test.

#### Research costs

The research costs are taken to profit or loss when incurred.

#### Development costs

Development costs in relation to specific projects are capitalised when all of the following conditions are satisfied:

- the costs can be reliably determined;
- the technical feasibility of the product is demonstrated,

- the volumes, and expected prices indicate that costs incurred for development will generate future economic benefits;
- the technical and financial resources necessary for the completion of the project are available.

Where the above conditions are not met; the cost is recorded in the Income Statement.

Capitalised development costs are amortised on a straight-line basis, commencing from the beginning of the production over the estimated life of the product to which these costs refer.

The carrying amount of development costs are tested annually for impairment when the asset is no longer in use, or with greater frequency when there is indication of impairment. The recoverability test requires estimates by the Directors, as dependent on the cash flows deriving from the sale of products sold by the Group. These estimates are impacted both by the complexity of the assumptions underlying the projected revenue and future margins and by the strategic industrial choices of the Directors.

### **Other intangible assets**

The other intangible assets acquired or produced internally are recorded under assets, in accordance with the provisions of IAS 38 – Intangible Assets, when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined reliably.

The useful life of an intangible asset may be considered definite or indefinite. Intangible assets with definite useful lives are amortised monthly for the duration of their useful lives. According to management and expert, the Group's most important software has a useful life of seven years. The useful life is reviewed on an annual basis and any changes are made in accordance with future estimates.

Intangible assets with indefinite useful lives are not amortised but tested annually for impairment or more frequently where there is an indication that the asset may be impaired.

At present, the Group only owns intangible assets with definite useful lives.

### **Impairment testing**

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.

Goodwill and intangible assets with indefinite useful lives, including assets under development, are tested at least annually for impairment and whenever there is an indication of a possible loss in value. The impairment test compares the carrying amount with the recoverable amount, which is the greater of fair value less costs to sell and value in use. Any excess of the carrying amount results in an impairment loss. An impairment loss is recognised in profit or loss. When the reasons for the impairment no longer exist, the impairment losses on the assets are reversed bringing the carrying amount up to the revised estimate of its recoverable amount. The restatement cannot exceed the carrying amount had no impairment been recognised. The reversal of an impairment loss is taken to profit or loss.

For goodwill, the recoverable amount is determined by the Directors through the calculation of the value in use of the Cash Generating Units (CGUs). Cash Generating Units are identified based on the Group's organisational and business structure as units that generate cash flows independently through the continuous use of the assets allocated. The impairment loss of the goodwill is taken to profit or loss and, differing to that for other property, plant and equipment and intangible assets, no reversal is recognised in future years.

## **IFRS 16 Leases**

At the commencement date of leases, the Group recognises the usage right assets and the lease liabilities. Usage right assets are initially valued at cost, and subsequently at cost net of amortisation and cumulative impairments, while adjusted to reflect lease liability revaluations.

The Group assesses the lease liabilities at the present value of payments due for lease charges not settled at the commencement date, discounting them according to the implied lease interest rate. Where it is not possible to establish this rate easily, the Group utilises the marginal interest rate. It generally uses the marginal interest rate as the discount rate.

The lease liability is subsequently increased by the interest maturing on this liability and reduced for payments due on the lease and is revalued in the case of changes to future payments on leasing deriving from a change in the index or rate, in the case of a change to the amount which the Group expects to pay as guarantee on the residual value or where the Group changes its assessment on the exercise or otherwise of a purchase, renewal or termination option.

The Group estimated the lease duration of some contracts in which It acts as lessee and which have renewal options. The Group assessment upon the existence or otherwise of a reasonable certainty of exercising the option influences the estimate of the lease duration, significantly impacting the amount of the lease liabilities and the usage right assets recognised.

## **Inventories**

Inventories are measured at the lower of purchase or production cost and net realisable value.

The purchase cost of raw, ancillary, supplies and goods for resale is determined using the weighted average cost method.

The production cost of finished products, work in progress and semi-finished products is determined considering the cost of the materials used plus direct operating expenses and overheads.

Net realisable value represents the estimated selling price less expected completion costs and selling costs.

Obsolete and slow moving inventories are written down taking account of their prospects of utilisation or sale.

## **Trade receivables and loans and other financial assets**

Financial assets other than trade receivables, loans and cash and cash equivalents are initially recorded at fair value, including directly related transaction costs.

Trade receivables and loans are measured at their nominal amount, which normally represents their fair value. In the event of a significant difference between nominal amount and fair value, they are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Receivables are adjusted through a loss allowance to reflect their realisable value. The allowance is calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, discounted at the effective interest rate on initial recognition.

## **Non-current assets held-for-sale**

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying value and market value less selling costs.

Non-current assets (and disposal groups) are classified as held-for-sale when their carrying value is expected to be recovered by means of a sales transaction rather than through use in company operations. This condition is met only when the sale is highly likely, the assets (or group of assets)



are available for immediate sale in their current condition and, consequently, management is committed to a sale, which should take place within 12 months of the classification as held for sale.

### **Cash and cash equivalents**

Cash and cash equivalents include cash balances, bank current accounts and deposits repayable on demand plus other highly liquid short term financial investments that can be readily converted into cash and are not subject to a significant risk of a change in value.

### **Financial liabilities and Equity instruments**

Financial liabilities and Equity instruments issued by the Group are classified in accordance with the underlying contractual agreements and in accordance with the respective definitions of liabilities and Equity instruments.

Equity instruments consist of contracts which, stripped of the liability component, give rights to a share in the assets of the Group.

The accounting policies adopted for specific financial liabilities and equity instruments are indicated below.

### **Trade payables and other financial liabilities**

Trade payables and other financial liabilities are recognised at their nominal amount, which generally represents their fair value. In the event of significant differences between their nominal amount and fair value, trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

### **Bank loans and borrowings and loans and borrowings from other lenders**

Bank loans and borrowings – comprising non-current loans and bank overdrafts – and loans and borrowings from other lenders, are recognised based on the amounts received, less transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

### **Derivative financial instruments and hedge accounting**

Derivative financial instruments are used with the intention of hedging, in order to reduce currency, interest rate or market price risks. In compliance with International Accounting Standards, derivative financial instruments can be recognised using “hedge accounting” only when the hedge is formally designated and documented as such and is presumed to be highly effective at inception, such effectiveness can be reliably measured and the hedge is highly effective over the accounting periods for which it was designated.

All derivative financial instruments are measured at fair value as established by the IASB.

When derivatives qualify for hedge accounting, the following treatment applies:

- for derivatives that hedge scheduled transactions (i.e. cash flow hedges), changes in the fair value of derivative instruments are allocated to equity for the portion considered effective while the portion considered ineffective is recognised in profit or loss;
- for derivatives that hedge receivables and payables recorded in the statement of financial position (i.e. fair value hedges), differences in fair value are recognised in full in profit or loss. Moreover, the value of the hedged item (receivables/payables) is adjusted for the change in the risk hedged, again in profit or loss;
- for derivatives classified as hedges of a net investment in a foreign operation, the effective portion of profits or losses on the financial instruments are recorded under equity. The

cumulative gains or losses are reversed from the equity and taken to profit or loss on the sale of the foreign operation.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivatives are recognised immediately in profit or loss.

Reference should be made to paragraph

**B.6.7. “Risk management”** for information on the management of risks related to exchange rates.

### **Treasury shares**

Treasury shares are recognised at cost and taken as a reduction in equity. The gains and losses deriving from trading of treasury shares, net of the tax effect are recorded under Equity reserves. At December 31, 2021, no treasury shares were held in portfolio.

### **Employee benefits**

#### **Post-employment benefits**

Italian post-employment benefits are considered equivalent to a defined benefit plan. For defined benefit plans, the cost of the benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each year.

The Group recognises the plan deficit or surplus in the statement of financial position, the service cost and net financial expenses in profit or loss and gains or losses on the remeasurement of the assets and liabilities in other comprehensive income. In addition, any income from the plan assets included under net financial expenses must be calculated based on the discount rate of the liability.

Up to December 31, 2006, the employee leaving indemnities of the Italian companies were considered as defined benefit plans. The regulations governing Italian employees' leaving entitlement were modified by Law no. 296 of December 27, 2006 (“2007 Finance Act”) and subsequent decrees and regulations issued at the beginning of 2007. In the light of these changes, and specifically with reference to companies with more than 50 employees, only the benefits that accrued prior to January 1, 2007 (and not yet paid at the reporting date) are now considered a defined benefit plan, while those that accrued after this date are considered a defined contribution plan.

### **Share-based payments**

Where the Group recognises additional benefits to senior management and key personnel through stock grant plans, in accordance with IFRS 2 – Share-based payments, these plans represent a form of remuneration to the beneficiaries. Therefore the cost, which is the fair value of these instruments at the assignment date, is recognised in profit or loss over the period between the assignment date and maturity date, with a balancing entry directly in equity. Changes in the fair value after the assignment date do not have an effect on the initial value. At December 31, 2021 there are no such plans in place, there are only monetary phantom stock plans. The existing plans award beneficiaries a number of phantom stocks. When the vesting conditions are met, and upon the completion of the period specified in the continuing employment condition, the beneficiary receives a payment in cash equal to the value of the phantom stock accrued. This therefore represents a cash settled plan. The cost accrued during the year is thus taken to the income statement and the related provision is recognised. The Group also has multi-year monetary plans in place. Also in this case the cost accrued during the year is taken to the income statement and the related provision is recognised. For further information, please consult the plan information documents on the company's website, (<https://elica.com/corporation/it/investor-relations/assemblea-azionisti>).

## Provisions for risks and charges

The Group recognises a provision for risks and charges when the risk related to an obligation deriving from a past event is considered probable and a reliable estimate may be made on the amount of the obligation. Provisions are made based on management's best estimate of the cost of fulfilling the obligation at the end of the reporting date and are discounted to their present value when the effect is material. These risks are subject to a high level of complexity and uncertainty, and therefore the amount of the provision for risks and charges is reviewed periodically to reflect the best current estimate of each provision.

## Revenue & income

IFRS 15— Revenue establishes an overall framework to identify the timing and amount of revenue recognition.

IFRS 15 requires the recognition and measurement of revenue from contracts with customers according to the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations (i.e. the contractual commitments to transfer goods and/or services to a customer); (iii) establishment of the transaction price; (iv) the allocation of the transaction price to the performance obligations identified on the basis of the stand alone sales price of each good or service and (v) recognition of revenue upon satisfaction of the relative performance obligation (i.e. on the transfer to the customer of the asset or service promised). The transfer is considered complete when the customer obtains control of the goods or services, which may occur over time or at a point in time. According to the standard, the amount that the entity recognises as revenue should reflect the consideration that it has the right to receive following the exchange of the assets transferred to the customer and/or services provided, to be recognised upon fulfilment of the contractual obligations. In addition, to recognise the revenue, the requirement of probable obtainment/receipt of the economic benefits linked to the income is emphasised; for a contract in progress, a requirement to recognise revenue taking account of any discounting effect from payments deferred over time is introduced.

The Group carried out an analysis to identify the separate performance obligations. It 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".

Interest income is recorded on an accruals basis, according to the amount financed and the effective interest rate applicable. This is the rate at which the expected future cash flow over the life of the financial asset is discounted to equate them with the carrying amount of the asset.

Dividends are recognised when it is established that the shareholders have the right to receive them.

## Foreign currency transactions

In the preparation of the financial statements of the individual Group companies, transactions in foreign currencies entered into by Group companies are translated into the functional currency (the currency in the main area in which the company operates) using the exchange rate at the transaction date or otherwise at the date on which the fair value of the underlying assets/liabilities is determined. Foreign currency assets and liabilities are translated at the reporting date using the closing exchange rate. Non-monetary assets and liabilities measured at historical cost in foreign currency are translated using the exchange rate at the transaction date.

Exchange differences arising on such transactions or on the translation of monetary assets and liabilities are recorded in the Income Statement except for those arising on derivative financial instruments qualified as cash flow hedges and any inter-company receivables or payables whose

settlement has not been planned nor is plannable. These differences are recorded in equity if unrealised; otherwise they are recorded in the income statement.

### **Government grants**

Grants from public bodies are recorded when there is a reasonable certainty that the conditions required to obtain them will be satisfied and that they will be received. Such grants are recognised in profit or loss over the period in which the related costs are recognised, with a reduction in the item to which they relate.

The accounting treatment of benefits deriving from a government loan obtained at a reduced rate are similar to those for government grants. This benefit is calculated at the beginning of the loan as the difference between the initial carrying amount of the loan (fair value plus direct costs attributable to obtaining the loan) and that received, and subsequently recorded in the income statement in accordance with the regulations for the recording of public grants.

### **Income taxes**

Income taxes for the year represent the sum of current and deferred taxation.

Deferred income taxation is recorded on temporary timing difference between the financial statements and the taxable profit, recognised using the liability method.

Deferred tax assets are recognised insofar as it is likely that, in the years the deductible timing differences leading to their creation reverse, there will be taxable income not less than the amount of the differences. The carrying value of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.

Deferred taxation is calculated based on the tax rate expected to be in force when the assets are realised or the liabilities extinguished. Deferred tax is charged or credited directly to the Income Statement, except when it relates to items charged or credited directly to Equity, in which case the deferred tax is also recognised in Equity.

Offsetting between deferred tax assets and liabilities is carried out only for similar items, and if there is a legal right to offset the current deferred tax assets and liabilities; otherwise they are recognised separately under receivables and payables.

Elica S.p.A. and the subsidiary Airforce S.p.A. have opted for a consolidated tax regime in Italy. This means that the IRES (Corporation Tax) charge is calculated on a tax base representing the aggregate of the taxable income and tax losses of the individual companies. The contract is of three-year duration (2020, 2021 and 2022).

The transactions and mutual responsibilities and obligations between the Parent and the aforementioned subsidiary are defined by a specific consolidation agreement. With regard to their responsibilities, the agreement provides that the Parent is jointly liable with the subsidiary for:

- amounts due by the subsidiary under Article 127(1) of the Income Tax Code;
- payment of amounts due to the tax authorities, should it emerge that sums declared in the consolidated tax return have not been paid;
- consolidation adjustments made based on figures supplied by the subsidiary and contested by the tax authorities.

The income tax receivable is shown under Tax assets, determined as the difference between the income taxes in the year, payments on account, withholding taxes and, in general, tax credits. Tax assets also include the current IRES charge as determined on an estimate of the taxable income and tax losses of the companies taking part in the Consolidated tax regime, net of payments on

account, taxes withheld by third parties and tax credits; tax assets are offset by the amounts due to the subsidiary companies by Elica for the residual receivable attributable to the Consolidated tax regime.

### **Earnings per share**

Basic earnings per share is calculated based on the net profit of the Group and the weighted average number of shares outstanding at the balance sheet date. Treasury shares are excluded from the calculation. Diluted earnings per share equate to the basic earnings per share adjusted to assume conversion of all potentially dilutable shares, i.e. all financial instruments potentially convertible into ordinary shares, with a dilutive effect on earnings, increasing the number of shares which potentially may be added to those in circulation under an allocation or utilisation of treasury shares in portfolio under stock grant plans.

#### **B.6.2.3 Accounting standards, amendments and interpretations applied from January 1, 2021**

These consolidated financial statements were prepared according to the same accounting standards as those applied to the latest annual financial statements (i.e. for the preparation of the consolidated financial statements as at December 31, 2020, and the financial statement formats used are the same as those used to prepare the consolidated financial statements as at December 31, 2020).

There are no new standards applied that have impacted these consolidated financial statements.

#### **B.6.2.4 Accounting standards, amendments and interpretations not yet applied and applicable**

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.

##### **Amendments 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 revenue 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.6.3. Significant accounting estimates**

In the preparation of the Consolidated Financial Statements in accordance with IFRS, the Group's Management must make accounting estimates and assumptions which have an effect on the values of the assets and liabilities and disclosures. 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 this context, the situation caused by the historic volatility of the financial markets has resulted in the need to make assumptions about a 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 items principally affected by such uncertainty are: goodwill, the allowance for impairment and the provision for inventory impairment, non-current assets (intangible assets and PPE), pension funds and Long Term Incentives, other post-employment benefits, provisions for risks and charges and deferred tax assets.

Reference should be made to the notes to each individual item for further information on the aforementioned estimates.

### **B.6.4. Composition and changes to the consolidation scope**

At December 31, 2021, the consolidation scope includes the companies controlled by the Parent, Elica S.p.A.. Control exists where the Parent has the power to determine, directly or indirectly, the financial or management policies of an entity so as to obtain benefits from the activities of the company.

The following table lists the companies consolidated on a line-by-line basis controlled by the Parent.

**Companies consolidated by the line-by-line method**

	Registered Office	Currency	Share Capital	% Held Direct	% Held Indirect	% of investment
Elica Spa	Fabriano (Ancona - Italia)	EUR	12,664,560			
Airforce	Fabriano (Ancona - Italia)	EUR	103,200	60%	0%	60%
Ariafina	Sagamihara - Shi (Giappone)	JPY	10,000,000	51%	0%	51%
Elica Group Polska	Wroclaw (Polonia)	PLN	78,458,717	100%	0%	100%
Elica Mex	Queretaro (Mexico)	MXN	8,633,514	98%	2%	100%
EMC Fime Srl	Castelfidardo (Ancona - Italia)	EUR	40,000	100%	0%	100%
Elica Inc (USA)	Chicago, Illinois (Stati Uniti)	USD	5,000	0%	100%	100%
Elica Putian (Cina)	Shengzhou (Cina)	CNY	167,008,907	99%	0%	99%
Elica Trading (Russia)	Saint Petersburg (Russia)	RUB	176,793,102	100%	0%	100%
Elica Francia	Paris (Francia)	EUR	50,000	100%	0%	100%
Elica GmbH	Munich (Germania)	EUR	1,000,000	100%	0%	100%

As Elica Inc. held through Elicamex

As 2% of Elicamex is held through EGP

As at December 31, 2021, the Group does not have any associates.

Reference should be made to section B.6.8 of these notes for data and information on associates.

## B.6.5. Notes to the Income Statement, Statement of Financial Position and Statement of Cash Flows

### Income Statement

#### B.6.5.1 Revenue

Details of the Group's revenue are as follows:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Change</b>
Revenue	541,293	452,639	88,654
<b>Revenue</b>	<b>541,293</b>	<b>452,639</b>	<b>88,654</b>

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Change</b>
EMEA	396,961	323,598	73,363
AMERICAS	77,365	63,982	13,383
Asia and the Rest of World	66,967	65,059	1,908
<b>Revenue</b>	<b>541,293</b>	<b>452,639</b>	<b>88,654</b>

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Change</b>
<i>Cooking</i>	452,957	391,672	61,285
<i>Motors</i>	88,336	60,967	27,369
<b>Revenue</b>	<b>541,293</b>	<b>452,639</b>	<b>88,654</b>

For an analysis of revenue, reference should be made to the paragraph A.5.2 “The Elica Group: Financial position and performance” in the Directors’ Report.

Customers that individually generate more than 10% of total revenue accounted for 11.2% of revenue in 2021 (11.5% in 2020).

As per IFRS 8, segment reporting, in line with the approach utilised by management for the undertaking of operational decisions, there is one single operating segment, corresponding to the Elica Group.

#### B.6.5.2 Other operating income

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Grants related to income	1,233	939	294
Ordinary gains	53	29	24
Claims and insurance settlement	135	305	(170)
Other operating income	1,812	1,370	442
<b>Other operating income</b>	<b>3,233</b>	<b>2,643</b>	<b>590</b>

This item recorded a net increase of Euro 590 thousand. This increase refers to other operating income”, specifically in the Recovery of transport costs on sales and Recovery of other costs.

This item includes the higher government grants reported in Note B.6.9, to which reference should be made.



### B.6.5.3 Increase in internal work capitalised

The Increase in internal work capitalised, amounting to Euro 2,240 thousand (Euro 2,523 thousand in the previous year), includes Euro 38 thousand related to the Chinese subsidiary (Euro 363 thousand in 2020), Euro 599 thousand to the Mexican subsidiary (Euro 520 thousand in 2020) and Euro 1,603 thousand to Elica S.p.A. (Euro 1,640 thousand in 2020). These increases relate to the capitalisation of costs for the design and development of new products and internal costs incurred for the construction of mouldings, industrial equipment and the introduction of new IT programmes. Internal works capitalised principally comprise personnel expense costs. The reduction in value mainly in the Chinese subsidiary reflects the reorganization, which led to the reduction of the Company's Research and Development department. For further information, reference should be made to the paragraphs outlining the balances and movements in property, plant and equipment and intangible assets.

### B.6.5.4 Change in finished and semi-finished products and raw materials and consumables

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Purchase of raw material	235,067	178,430	56,637
Purchase of semi-finished products	17,295	15,633	1,662
Purchase of consumables and supplies	2,564	2,233	331
Purchase of finished products	32,794	39,669	(6,875)
Packaging	2,322	1,930	392
Others	2,679	2,596	83
Transport on purchases	9,627	6,192	3,435
Purchase of Raw material from associated companies	0	0	0
Change in inventory of raw materials, consumables, supplies and goods	(12,136)	(3,900)	(8,236)
<b>Raw materials and consumables</b>	<b>290,212</b>	<b>242,783</b>	<b>47,429</b>
<b>Change in inventories finished/semi-finished products</b>	<b>(2,146)</b>	<b>(4,230)</b>	<b>2,084</b>
<b>Total</b>	<b>288,066</b>	<b>238,553</b>	<b>49,513</b>

The two items Raw materials and consumables and change in inventories of finished and semi-finished products may be considered together. The total value of these costs increase by Euro 49.5 million, while as a percentage of revenue they increased from 52.7% in 2020 to 53.2% in 2021.

In detail, the Raw materials and consumables increased by approx. Euro 47.4 million, in particular due to the costs of purchasing raw materials and semi-finished products, net of the change in inventories of raw materials, consumables, supplies and goods and the purchases of finished products. Changes in inventories of finished and semi-finished products also increased by Euro 2 million.

### B.6.5.5 Services

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Outsourcing	29,663	25,287	4,376
Maintenance	2,587	2,298	289
Transportation	11,276	9,285	1,991
Trade fairs and promotional events	2,735	2,353	382
Utilities	3,716	3,693	23
Promotion and advertising fees	2,394	1,869	525
Commissions and bonuses	2,042	1,914	128
Management of finished products	8,368	6,489	1,879
Consultancy	8,992	7,200	1,792
Industrial services	975	753	222
Travelling expenses	1,108	1,138	(30)
Insurances	1,420	1,330	90

Banking commissions and charges	259	276	(17)
Other professional services	11,842	9,441	2,401
Heating expenses	491	516	(25)
Statutory auditors' fees	124	102	22
Directors' fees	1,374	8,435	(7,061)
Car management	700	717	(17)
Costs to remain listed on the stock exchange	371	339	32
<b>Services</b>	<b>90,437</b>	<b>83,435</b>	<b>7,002</b>

Service costs decreased as a percentage of revenue, decreasing from 18.4% to 16.7%, but in absolute terms rose by approx. Euro 7 million. This increase particularly concerns Outsourcing for Euro 4.4 million, Transportation and duties for Euro 2 million and Other Professional Services for Euro 2.4 million. On the other hand, Directors' and Statutory Auditors' fees decreased due to the decrease in the Long Term Incentive Plan.

#### B.6.5.6 Personnel expense

Personnel expense incurred by the Group in 2020 and 2021 was as follows:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Wages and salaries	66,209	57,820	8,389
Social security expenses	18,499	16,183	2,316
Post-employment benefits	2,836	2,980	(144)
Other employee costs	12,335	8,402	3,933
<b>Personnel expense</b>	<b>99,879</b>	<b>85,385</b>	<b>14,494</b>

Personnel expense overall increased Euro 14.5 million. This increase reflects the recovery in business normality. The previous year was in fact impacted by the recourse to the instruments made available by local government, as support for the reduction in demand due to the lock-down and the waiver by employees of variable pay, in full for executive staff and 50% for middle management.

Other employee costs, on the other hand, include an increase of Euro 1.3 million linked to the use of temporary staff to meet the increase in demand and an increase of Euro 2.4 million accrued to the Long Term Incentive Plan for employee beneficiaries.

The table below reports the Group workforce at December 31, 2020 and December 31, 2021.

<b>Workforce</b>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Executives	33	28	5
White-collar	780	1,170	(390)
Blue-collar	1,997	2,044	(47)
Others	298	680	(382)
<b>Total</b>	<b>3,108</b>	<b>3,922</b>	<b>(814)</b>

The impact of the deconsolidation of the Indian subsidiary totalled 592 employees, while the consolidation of the subsidiary EMC Fime S.r.l. was 67 employees.

#### B.6.5.7 Amortisation, depreciation and impairment losses

The total amount of amortisation and depreciation reduced from Euro 25,437 thousand in 2020 to Euro 24,829 thousand in 2021, as a result of various actions. Please refer to the accounting policies

and points B.6.5.17, B.6.5.19.1 and B.6.5.19.2 of these Notes for further details. The same note B.6.5.19.1 describes the reasons why property, plant and equipment were impaired for Euro 3.5 million and intangible assets for Euro 0.3 million.

#### B.6.5.8 Other operating expenses and accruals

These are detailed as follows:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Rental of vehicles and industrial equipment	98	118	(20)
Leases and rentals	1,097	808	289
HW, SW, patent use fees	814	638	176
Other taxes (no income tax)	1,123	1,020	103
Magazines, Subscriptions' expenses	5	6	(1)
Sundry equipment	369	330	39
Catalogues and brochures	630	480	150
Credit losses and loss allowance	1,061	703	358
Provisions for risks and charges	6,526	2,751	3,775
Other prior year expenses and losses	2,308	2,125	183
<b>Other operating expenses and accruals</b>	<b>14,031</b>	<b>8,979</b>	<b>5,052</b>

The account increased overall by Euro 5 million, particularly with regards to the Provision for risks and charges. These changes reflect estimates made by Management for risk coverage.

#### B.6.5.9 Restructuring charges

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Restructuring charges	15,812	2,637	13,175
<b>Restructuring charges</b>	<b>15,812</b>	<b>2,637</b>	<b>13,175</b>

Restructuring charges of Euro 15.8 million concern for Euro 13.9 million the Group plan to reorganise the production plant of the Cooking Business Unit.

On March 31, 2021, Elica S.p.A. communicated to the trade union representatives 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 carried out at the Cerreto site. On December 9, 2021, at the Ministry for Economic Development, the dispute concluded successfully. The company decided to return certain areas of production from Poland to Italy, mainly within the high-end sphere - including the NikolaTesla aspirating hob – through a reshoring operation. On the basis of the proposed reorganisation, the Mergo facility shall become a high-end product hub, featuring a high degree of specialisation and quality of workmanship. The high volume and more standardised productions and automated processes shall be carried out at the Polish facilities. This will allow the two facilities (Italy and Poland) to focus on separate production areas, avoiding overlap and maintaining a strong presence in Italy with approx. 1,000 employees in the province of Ancona. 150 employees will be involved in the restructuring and this will permit the pre-established business plan competitiveness objectives to be achieved. In particular, the agreement does not include redundancies, only involving voluntary and incentivised departures. Surplus personnel will be managed through early retirement and relocation to other major companies in the area.

Euro 13,070 thousand of these costs are still carried in the restructuring provision to cover future departures in accordance with IAS 37. This concerns primarily personnel expenses and the value of assets that will lose their future use.

The remaining Restructuring Charges relates to other reorganizations carried out during 2021 in the Group, both in the parent and in the Mexican subsidiary.

#### B.6.5.10. Financial income and expense

Details of financial income are shown below:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Interest on bank and postal deposits	409	537	(128)
Other financial income	75	29	46
<b>Financial Income</b>	<b>484</b>	<b>566</b>	<b>(82)</b>

The account is in line with the past. Interest income decreased by Euro 128 thousand, while other financial income increased by Euro 46 thousand.

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Financial expense on overdrafts and bank loans	1,861	2,762	(901)
Interest on lease liabilities (IFRS 16)	373	360	13
Financial expense on post-employment benefits	64	78	(14)
Financial discounts	675	571	104
Other financial expense	(93)	1	(94)
<b>Financial expense</b>	<b>2,880</b>	<b>3,772</b>	<b>(892)</b>

The decrease in financial expense for Euro 892 thousand, concentrated in the Financial expense on overdrafts and bank loans, derives from the improved net financial position, due to— among other factors— the cash in from the sale of the controlling interest in Elica P.B. India, not offset by the outlay for the acquisition of the two companies E.M.C. and C.P.S. For further details, reference should be made to paragraphs B.6.5.36.1 and B.6.5.36.2. We in addition highlight the re-contracting last year of the loan with the bank syndicate, which provided the Group with a better borrowing rate than in the past.

#### B.6.5.11. Exchange rate gains/(losses)

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Exchange rate losses	(5,581)	(14,469)	8,888
Exchange rate gains	6,878	10,495	(3,617)
Losses on derivatives	(3,035)	(3,510)	475
Gains on derivatives	1,798	7,196	(5,398)
<b>Exchange rate gains/(losses)</b>	<b>60</b>	<b>(288)</b>	<b>348</b>

Net exchange rate gains, excluding transactions in derivatives, amounted to Euro 1,297 thousand, compared to losses of Euro 3,974 thousand in the previous year. Exchange rate gains and losses principally concern: Elica S.p.A. for a net positive amount of approx. Euro 2,319 thousand, Elicamex S.A. de C.V. for a net negative amount of Euro 119 thousand, in addition to the negative impact on EGP of Euro 443 thousand.

The net loss on derivatives was Euro 1,237 thousand in 2021, compared to a net gain of Euro 3,686 thousand in 2020.

Paragraph B.6.7. Paragraph 7 Risk management of these notes reports information on derivatives.

#### **B.6.5.12. Gain/(loss) on Group companies**

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Impairment of ISM		(494)	494
Proceeds on sale of ISM	125		125
Proceeds on the sale of controlling interest in Elica India	15,524		
<b>Gain/(loss) on Group companies</b>	<b>15,649</b>	<b>(494)</b>	<b>619</b>

This item is detailed as above.

Reference should be made to B.6.5.20. for a description of the sale of the company ISM and to note B.6.5.36.2 for details on the sale of the controlling interest in Elica P.B. India.

#### **B.6.5.13. Income taxes**

Income taxes in 2020 and 2021 are broken down into current and deferred taxes as follows:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Current taxes	14,748	5,784	8,964
Deferred taxes	(8,980)	(3,253)	(5,727)
<b>Income taxes</b>	<b>5,768</b>	<b>2,531</b>	<b>3,237</b>

Income taxes for the year increased by Euro 3.2 million on 2020. The balance comprises current and deferred taxes. Elica Spa reports income taxes of Euro 2.8 million in 2021, with the main subsidiaries reporting the following income taxes: Elica India Euro 1.6 million, Elicamex Euro 0.7 million, Ariaфина Euro 1.7 million

For 2021, the Parent's theoretical tax rate (theoretical tax on pre-tax income) was 28.73%, based on the corporate income tax (IRES) and regional tax on productive activities (IRAP) rates applicable to the reported taxable income for the year ended December 31, 2021, while they vary from country to country according to local legislation in force for the other foreign Group companies.

The table below shows a reconciliation between the theoretical and effective income taxes ("IRES" for the Italian Group companies) paid by the Parent.

The effective tax rate decreased from 35.8% to 24.2%

**Reconciliation between expected and effective tax rates**

	<u>2021</u>					<u>2020</u>				
	Taxable base	Income taxes	IRAP	Total	% IRES on tax base	Taxable base	Income taxes	IRAP	Total	% IRES on tax base
<b>Theoretical IRES rate</b>		24.00%					24.00%			
<b>Theoretical IRAP rate</b>		4.73%					4.73%			
<i>(in Euro thousands)</i>										
<b>[A] TOTAL INCOME TAXES</b>		<b>5,629</b>	<b>139</b>	<b>5,767</b>	<b>24.2%</b>		<b>2,393</b>	<b>139</b>	<b>2,532</b>	<b>35.8%</b>
<b>PROFIT BEFORE TAXES</b>	<b>23,238</b>					<b>6,678</b>				
+ Tax calculated using local tax rate		5,578			24.0%		1,602			24.0%
+ Tax effect of (income)/expenses not considered for tax purposes	(11,258)	(2,702)			-11.6%	(3,161)	(759)			-11.4%
- Tax effect on the different tax rates of the foreign subsidiaries	513	123			0.5%	7,205	1,729			25.9%
- Other differences	2,513	603			2.6%	(621)	(148)			-2.2%
<b>[B] Effective tax charge and tax rate net of substitute tax</b>	<b>15,007</b>	<b>3,602</b>			<b>15.5%</b>	<b>10,101</b>	<b>2,425</b>			<b>36.3%</b>
- Tax credit for Polish investments		(586)			-2.5%		(285)			-4.3%
- Effect of tax refund and other		2,613			11.2%		254			3.8%
<b>[C] Effective tax charge and tax rate</b>	<b>15,007</b>	<b>5,629</b>			<b>24.2%</b>	<b>10,101</b>	<b>2,393</b>			<b>35.8%</b>

**B.6.5.14. Profit/(loss) attributable to non-controlling interests**

The profit attributable to non-controlling interests concerns the subsidiaries for which the Elica Group does not hold 100% of the share capital, despite having control. For further information, reference should be made to note B.6.5.35, on Equity attributable to non-controlling interests.

**B.6.5.15. Basic earnings per share – Diluted earnings per share**

The calculation of basic and diluted earnings per share is based on the following data:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>
<b><u>From continuing and discontinued operations:</u></b>		
Profit/(loss) attributable to owners of the Parent (In Euro thousands)	12,119	(1,787)
Average number of ordinary shares net of treasury shares	63,322,800	63,322,800
<b>Basic earnings/(loss) per share</b>	<b>19.14</b>	<b>(2.82)</b>
Weighted average number of ordinary shares to calculate diluted earnings per share	63,322,800	63,322,800
<b>Diluted earnings/(loss) per share</b>	<b>19.14</b>	<b>(2.82)</b>
<b><u>From continuing operations</u></b>		
Profit/(loss) attributable to owners of the Parent (In Euro thousands)	12,119	(1,787)
Average number of ordinary shares net of treasury shares	63,322,800	63,322,800
<b>Basic earnings/(loss) per share</b>	<b>19.14</b>	<b>(2.82)</b>
Weighted average number of ordinary shares to calculate diluted earnings per share	63,322,800	63,322,800
<b>Diluted earnings/(loss) per share</b>	<b>19.14</b>	<b>(2.82)</b>

**B.6.5.16. Other information on the Income Statement**

The research and development costs taken to profit or loss in 2020 and 2021 are summarised in the table below:

	<b>2021</b>	<b>2020</b>	<b>Change</b>
<i>In Euro thousands</i>			
R&D costs expensed	5,921	4,955	966
Amortisation of capitalised R&D costs	3,105	4,829	(1,724)
<b>Total R&amp;D costs</b>	<b>9,026</b>	<b>9,784</b>	<b>(758)</b>
R&D costs capitalised during the year	1,692	2,422	(730)

(\*) the Amortisation also includes any impairment.

Development costs capitalised in the year regard product design and development activities.

## Statement of Financial Position

### B.6.5.17. Property, plant & equipment

The table below shows details of the changes in property, plant and equipment in 2020 and 2021.

	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Historic cost property, plant & equipment
<i>In Euro thousands</i>						
<b>12/31/2019</b>	<b>74,978</b>	<b>104,485</b>	<b>123,822</b>	<b>17,042</b>	<b>865</b>	<b>321,192</b>
Increase	228	2,311	3,970	1,136	826	8,471
Disposals & other reclassifications	(136)	(1,406)	(2,585)	(491)	318	(4,300)
Other changes	(2,712)	(2,609)	(2,386)	(838)	(941)	(9,486)
<b>12/31/2020</b>	<b>72,358</b>	<b>102,781</b>	<b>122,821</b>	<b>16,849</b>	<b>1,068</b>	<b>315,877</b>
Increase	561	3,183	5,887	790	6,187	16,608
Disposals & other reclassifications	(4,317)	(2,472)	(3,626)	(546)	(1,070)	(12,031)
Change in consolidation scope	2,026	1,641	1,723	(3,263)	(5)	2,122
Other changes	(1,605)	1,695	1,209	228	66	1,593
<b>12/31/2021</b>	<b>69,023</b>	<b>106,828</b>	<b>128,014</b>	<b>14,058</b>	<b>6,246</b>	<b>324,169</b>

	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Accumulated Depreciation
<i>In Euro thousands</i>						
<b>12/31/2019</b>	<b>30,759</b>	<b>74,769</b>	<b>101,531</b>	<b>12,734</b>		<b>219,793</b>
Depreciation	2,211	3,657	5,884	1,247		12,999
Disposals & other reclassifications	0	(963)	(2,306)	(396)		(3,665)
Other changes	(1,154)	(1,636)	(1,744)	(591)		(5,125)
<b>12/31/2020</b>	<b>31,816</b>	<b>75,827</b>	<b>103,365</b>	<b>12,994</b>		<b>224,002</b>
Depreciation	2,437	3,782	6,012	1,162		13,393
Disposals & other reclassifications	(1,599)	(1,978)	(3,974)	(553)		(8,104)
Change in consolidation scope	15	598	854	(2,247)		(780)
Other changes	729	559	878	168		2,334
<b>12/31/2021</b>	<b>33,398</b>	<b>78,788</b>	<b>107,135</b>	<b>11,524</b>		<b>230,845</b>

	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Net property, plant and equipment
<i>In Euro thousands</i>						
<b>12/31/2019</b>	<b>44,219</b>	<b>29,716</b>	<b>22,291</b>	<b>4,308</b>	<b>865</b>	<b>101,399</b>
Increase	228	2,311	3,970	1,136	826	8,471
Depreciation	(2,211)	(3,657)	(5,884)	(1,247)	0	(12,999)
Disposals & other reclassifications	(136)	(443)	(279)	(95)	318	(635)
Other changes	(1,558)	(973)	(642)	(247)	(941)	(4,361)
<b>12/31/2020</b>	<b>40,542</b>	<b>26,954</b>	<b>19,456</b>	<b>3,855</b>	<b>1,068</b>	<b>91,875</b>
Increase	561	3,183	5,887	790	6,187	16,608
Depreciation	(2,437)	(3,782)	(6,012)	(1,162)	0	(13,393)



Disposals & other reclassifications	(2,718)	(494)	348	7	(1,070)	(3,927)
Change in consolidation scope	2,011	1,043	869	(1,016)	(5)	2,902
Other changes	(2,334)	1,136	331	60	66	(741)
<b>12/31/2021</b>	<b>35,625</b>	<b>28,040</b>	<b>20,879</b>	<b>2,534</b>	<b>6,246</b>	<b>93,324</b>

The investments made in the year mainly regarded the upgrading and expansion of facilities, improvements to the manufacturing plant and machinery, the acquisition of new mouldings and equipment for the launch of new products and the development of hardware for the implementation of new projects.

Other changes include net exchange rate gains of Euro 1.9 million, in addition to the write-down of land and buildings for Euro 3.5 million. This write-down concerns for Euro 1,852 thousand land owned by the Parent which, following the reorganisation plan of the Cooking area production plant in Italy, loses its strategic role and for Euro 1.6 million the adjustment to market value of land and buildings of the Chinese subsidiary.

In 2021, in fact, the Chinese subsidiary sold a significant portion (Euro 2.7 million) of owned lands and buildings, not used for the business, to third parties. This movement is represented in the “Disposals and other reclassifications” line.

The “Change in scope” line indicates the impacts of the two changes in the consolidation scope i.e. the entry of EMC Fime s.r.l. for Euro 4.1 million and the deconsolidation of the Indian subsidiary.

The item includes any assets acquired in the past under agreements then classified finance leases.

The historical cost criteria remains the measurement method used for property, plant and equipment after initial recognition.

The historical cost includes revaluations permitted by previous legislation on first time application as considered representative of the fair value of the property, plant and equipment when the revaluation was made.

#### B.6.5.18. Goodwill

The Elica Group had already established a global model, with a single cash-generating unit, the *Elica Group*, which reflects the current Group situation and the IFRS (IAS 36).

<i>In Euro thousands</i>	12/31/2020	Increases	Decreases	other movements	12/31/2021
Goodwill allocated to subsidiaries	39,017	14,950	(4,444)	592	50,115
<b>Goodwill</b>	<b>39,017</b>	<b>14,950</b>	<b>(4,444)</b>	<b>592</b>	<b>50,115</b>

The goodwill, amounting to Euro 50.1 million, is allocated to the Elica Group, as the single Cash Generating Unit (CGU) as indicated in the table, which illustrates the changes during the year.

The increase of approximately Euro 15 million relates to the acquisition of the two companies, E.M.C. S.r.l. and C.P.S. S.r.l. in 2021 and described in paragraph B.6.5.36.1. The decrease of Euro 4.4 million is due to the deconsolidation of the subsidiary Elica P.B. India (described in paragraph B.6.5.36.2). “Other movements” concerns the impact of the change.

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 February 10, 2022, 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.

### Discounted cash flow assumptions

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

	2021	2020
Weighted average cost of capital (WACC)	8.07%	7.64%
Growth rate terminal value	2.21%	2.07%
CAGR revenue period 2022-2026	2.40%	4.70%

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 1.9% was used, a market premium risk of 5.5% and a beta-unlevered factor of 0.81.

### Assumptions utilised in estimating cash flows

The discounted cash flow model is based on the 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 first of which coincides with the 2022 budget. The main assumptions utilised in the determination of the cash flows were as follows:

- average EBITDA on revenue equal to 10.9%;
- average EBIT on revenue equal to 6.7%;
- average Capex on revenue equal to 4.2%;
- level of Free Operating Cash flow After Taxes on revenue equal to 5.5%.

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 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 3.47 times its carrying amount (Euro 510 million).

### 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%) and the cost of raw materials (+1%/+5%). None of the changes considered resulted in a CGU recoverable amount equal to or below the respective carrying amounts. In particular, upon changes in the growth rate the coverage would fluctuate between 3.32 and 3.63, upon changes in the WACC coverage would fluctuate between 4.33 and 3.05 and upon changes in the cost of consumption of raw materials it would fluctuate between 3.13 and 1.78.

**B.6.5.19.1 Other intangible assets**

The table below shows details of changes in other intangible assets in 2020 and 2021.

<i>In Euro thousands</i>	Development costs	Patent rights	Concessions, licences, trademarks and software	Other intangible assets	Assets under development	Net intangible assets
<b>12/31/2019</b>	<b>9,297</b>	<b>14,770</b>	<b>452</b>	<b>1,476</b>	<b>2,281</b>	<b>28,276</b>
Increase	2,422	1,386	1	336	1,893	6,038
Amortisation	(3,017)	(3,677)	(84)	(460)	0	(7,238)
Disposals & other reclassifications	2,732	(1,933)	0	(19)	(1,086)	(306)
Other changes	(2,002)	(1,506)	(1)	(11)	(887)	(4,407)
<b>12/31/2020</b>	<b>9,432</b>	<b>9,040</b>	<b>368</b>	<b>1,322</b>	<b>2,201</b>	<b>22,363</b>
Increase	1,692	2,504	17	754	731	5,698
Amortisation	(2,784)	(3,074)	(77)	(1,353)	0	(7,288)
Disposals & other reclassifications	(400)	175	12	25	(342)	(530)
Change in consolidation scope	0	3	0	10,900	0	10,903
Other changes	561	998	2	(122)	(1,767)	(328)
<b>12/31/2021</b>	<b>8,501</b>	<b>9,646</b>	<b>322</b>	<b>11,526</b>	<b>823</b>	<b>30,818</b>

At December 31, 2021, intangible assets amounted to Euro 30,818 thousand, a net increase of Euro 8.5 million on the previous year.

Development costs relate to product design and development activities. The increase is mainly attributable to the cost of developing new products.

Industrial patents and intellectual property rights include the recognition of patents, associated development costs, intellectual property rights and software programmes. The increase principally relates to the Parent and costs for the new patents developed.

Concessions, licenses, trademarks and similar rights refers to the registration of trademarks by Group companies.

Other intangible assets mainly relate to technologies developed.

Assets under development and payments on account of Euro 0.8 thousand refer in part to advances and the development of projects for the implementation of new IT platforms, the design and development of new software applications and in part to the development of new products.

The line “Change in consolidation scope” shows the impact of the entry of the new subsidiary E.M.C. Fime S.r.l., net of the exit of Elica P.B. India. For further details, reference should be made to paragraphs B.6.5.36.1 and B.6.5.36.2 respectively.

“Other changes” include exchange rate gains of Euro 0.5 million, in addition to the impairment of Euro 321 thousand in “assets under development”. Impairment losses were recognised in the previous year and are classified in this table under “Other changes”.

For the remainder, the recoverable amount of the development costs and all intangible assets is greater than the corresponding carrying amount, and therefore it is not necessary to recognise an impairment loss. Therefore the criteria applied to amortise intangible assets is considered appropriate to reflect the remaining useful life of the assets.

In fact, the capitalisation of development costs and assets under development requires the calculation of estimates by the Directors, as their recoverability is dependent on the cash flows deriving from the sale of products sold by the Elica Group.

### B.6.5.19.2 Rights-of-use

	Buildings	Machines and installation	Industrial and commercial equipment	Other	Assets under construction and payments on account	Net rights-of-use on PPE
<i>In Euro thousands</i>						
<b>12/31/2019</b>	<b>4,737</b>	<b>1,442</b>	<b>0</b>	<b>6,500</b>		<b>12,679</b>
Increase	1,327	22	0	744		2,093
Depreciation	(1,459)	(480)	0	(1,897)		(3,836)
Disposals & other reclassifications	(230)	0	0	(28)		(258)
Change in consolidation scope	0	0	0	0		0
Other changes	(292)	1	0	(114)		(405)
<b>12/31/2020</b>	<b>4,083</b>	<b>985</b>	<b>0</b>	<b>5,202</b>		<b>10,270</b>
Increase	2,890	0	0	1,622		4,512
Depreciation	(1,557)	(450)	0	(1,887)		(3,894)
Disposals & other reclassifications	(138)	0	0	(417)		(555)
Change in consolidation scope	(322)	0	0	31		(291)
Other changes	126	0	0	42		168
<b>12/31/2021</b>	<b>5,082</b>	<b>535</b>	<b>0</b>	<b>4,594</b>		<b>10,211</b>

This item includes assets representing the Group's rights-of-use under existing lease, rental and hire agreements. The Company has many assets under lease, such as buildings, production machinery, motor vehicles and IT equipment. Plant and machinery rights-of-use include the asset for the use of the photovoltaic plant at the Castelfidardo site, whilst the Rights-of-use for Other Assets primarily regard IT equipment.

Rights of use on Buildings mainly refer to the assets for the rental of warehouses used by the Polish subsidiary. The item increases show the impact of the rental contract for the new warehouse to which engine production at the Polish subsidiary was transferred. "Other changes" includes an exchange rate loss of Euro 8 thousand.

The line "Change in consolidation scope" shows the impact of the exit of Elica P.B. India, which held the plant under lease, and that of the entry of ECM Fime.

### B.6.5.20. Investments in associates

The table below shows changes in investments in associates:

<i>In Euro thousands</i>	<b>12/31/2020</b>	<b>Decreases</b>	<b>12/31/2020</b>
Investment in associate	275	(275)	0
<b>Investment in associate</b>	<b>275</b>	<b>(275)</b>	<b>0</b>

We highlight, in the column "Decreases", the disposal in the first half of 2021 of the investment in the associate I.S.M. srl, for Euro 400 thousand, which had been recognised in the financial statements at December 31, 2020 for Euro 275 thousand. A gain was therefore recognised in "Gain/(loss) on Group companies" of Euro 125 thousand.

**B.6.5.21. Other receivables (non-current) and other assets**

The breakdown is as follows:

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Receivables from employees	3	10	(7)
Other receivables	671	246	425
Other financial assets	714	51	663
<b>Other non-current receivables and assets</b>	<b>1,388</b>	<b>307</b>	<b>1,081</b>

The item increased by approx. Euro 1 million as a result of the following changes. The item Other financial assets regards unqualified non-controlling interests held by the Elica Group in other companies. The investments are held in non-listed companies whose shares are not traded on a regulated market. The account increased by Euro 663 thousand for the investment of approx. 6% in Elica P.B. India. During the year in fact, as described in note B.6.5.36.2, the controlling interest was sold.

Management believes that this amount approximates fair value.

The item Other non-current receivables increased due to the payment of security deposits by the Polish subsidiary and receivables related to incentives held by EMC Fime.

**B.6.5.22. Trade receivables**

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Trade receivables	82,186	88,821	(6,635)
<b>Trade receivables</b>	<b>82,186</b>	<b>88,821</b>	<b>(6,635)</b>

Trade receivables decreased by Euro 6.6 million. This decrease is mainly due to the Group revenue in Q4 2021 compared to the same period of 2020.

In order to reduce its credit risk, the Group implements a Group Credit Policy which governs all the activities concerning the management of credit.

“Credit Risk” is the exposure 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.

In particular, it is Group policy to transfer the recoverability risk of receivables to third parties. Therefore various derivatives are utilised among which first and second level insurance policies with leading international insurance companies.

The maximum theoretical credit risk exposure for the Group at December 31, 2021 is based on the carrying amount of recognised receivables, net of the specific insurance coverage, non-recourse receivables factored and letters of credit, in addition to the nominal value of the guarantees given to third parties.

At December 31, 2021, trade receivables of Euro 82.2 million (Euro 88.8 million at December 31, 2020) included approx. Euro 3.6 million (Euro 8.2 million at December 31, 2020) of overdue receivables. Of total trade receivables at December 31, 2021, 0.1% were overdue by 31 days (0.6% at December 31, 2020).

The amount of trade receivables recognised in the statement of financial position is net of the loss allowance.

The allowance is accrued either on a specific basis or generally to cover overall risks, in accordance with the Group’s Credit Policy.

Receivables are recognised net of the loss allowance, amounting to Euro 5,325 thousand (Euro 3,904 thousand in 2020), accrued in accordance with the Group Credit Policy, in addition to the impairment illustrated above. The existing allowance is considered adequate to adjust the receivables to their realisable value.

Management believes that the amount approximates the fair value of the receivables.

### B.6.5.23. Inventories

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Raw materials, consumables and supplies	37,593	28,458	9,135
Provision for the write-down of raw materials	(3,568)	(2,806)	(762)
<b>Raw materials, consumables and supplies</b>	<b>34,025</b>	<b>25,652</b>	<b>8,373</b>
Semi-finished goods	19,058	14,574	4,484
Provision for the write-down of semi-finished products	(2,333)	(523)	(1,810)
<b>Semi-finished goods</b>	<b>16,725</b>	<b>14,051</b>	<b>2,674</b>
<b>Work in progress</b>	<b>0</b>	<b>0</b>	<b>0</b>
Finished products	37,650	40,971	(3,321)
Provision for the write-down of finished products	(3,539)	(3,798)	259
<b>Finished products</b>	<b>34,111</b>	<b>37,173</b>	<b>(3,062)</b>
<b>Inventories</b>	<b>84,861</b>	<b>76,876</b>	<b>7,985</b>

The value of inventories reported a net increase of approx. Euro 8 million. The increase was across all Group companies, also due to higher raw material costs. The change in the consolidation scope reduced the account by approx. Euro 6 million.

Inventories are stated net of the provision for inventory write-down of approximately Euro 9,440 thousand (Euro 7,127 thousand in 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 materials and semi-finished products based on assumptions made by management. The provision for inventory write-down is calculated based on assumptions made by Management and amounts to 10% of inventories (8.5% in 2020).

Inventories also include materials and products that were not physically held by the Group at the reporting date. These items were held by third parties for display, processing or examination.

### B.6.5.24. Other assets (current)

It is broken down as follows:

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Accrued income	1	0	1
Prepayments	2,211	2,192	19
Other receivable	3,055	2,610	445
Advances to suppliers	146	0	146
<b>Other assets</b>	<b>5,413</b>	<b>4,802</b>	<b>611</b>

The account increased by Euro 611 thousand, relating in particular to Other receivables. This account mainly refers to government grants for investment obtained by the parent, such as Industry 2015, the SM project, the Shell project, the Seal project and photovoltaic plant grants. Prepayments include, among others, insurance premiums, internet contract fees and prepaid consultancy fees.

Management believes that this amount approximates fair value.

**B.6.5.25. Tax assets**

The breakdown of tax assets is summarised in the table below:

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
VAT refunds	14,954	14,339	615
Corporate income tax refunds	7,434	1,312	6,122
IRAP credits	254	0	254
Other tax assets	1,933	1,398	535
<b>Tax assets</b>	<b>24,575</b>	<b>17,049</b>	<b>7,526</b>

Other tax assets include those for taxes paid abroad to be recovered. The main change concerns the Corporate income tax refunds. The VAT refunds on trade transactions principally refer to the Parent for Euro 6.5 million (from Euro 8.2 million in 2020) and to Elicamex for Euro 5.2 million (Euro 5.6 million in 2020). The new subsidiary E.M.C. Fime has a VAT credit of Euro 2.7 million. Management believes that this amount approximates fair value.

**B.6.5.26. Liabilities for post-employment benefits**

The Elica Group reports obligations of Euro 10,380 thousand, reflecting the present value of liabilities for post-employment benefits accrued by employees at the end of the reporting period.

The most recent calculation of the present value of this item was performed at December 31, 2021 by the service company Managers & Partners – Actuarial Services S.P.A.

The amounts recognised in profit or loss were as follows:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Current service cost	2,836	2,980	(144)
Financial expense	64	78	(14)
<b>Total</b>	<b>2,900</b>	<b>3,058</b>	<b>(158)</b>

The changes in the present value of post-employment benefit obligations in the reporting period were as follows:

	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Change</b>
<i>In Euro thousands</i>			
<b>Opening balance</b>	<b>10,475</b>	<b>10,737</b>	<b>(262)</b>
Current service cost	2,836	2,980	(144)
Net actuarial losses	(98)	(96)	(2)
	<b>2,738</b>	<b>2,884</b>	<b>(146)</b>
Financial expense	64	78	(14)
Pension fund	(2,462)	(2,736)	274
Consolidation change	201	0	201
Benefits provided	(636)	(488)	(148)
	<b>(2,832)</b>	<b>(3,146)</b>	<b>314</b>
<b>Liabilities for post-employment benefits</b>	<b>10,380</b>	<b>10,475</b>	<b>(95)</b>

The interest component of the defined employee benefit plan cost is shown under financial expense, with a resulting increase of Euro 64 thousand in this item for the year. The current service cost and the effect of the curtailment were recorded under personnel expense. Actuarial gains and losses, amounting to Euro 98 thousand, comprise the actuarial gains (losses) of the defined benefit plans reported in the Statement of Comprehensive Income. The specific reserve set up amounts, net of the tax effect, to a negative Euro 3.2 million for the Group and Euro 0.2 million for the non-controlling interests.

The costs relating to current employee services and utilisations of pension funds respectively include the charges and settlements in the year.

### Assumptions used for the calculation

	12/31/2021	12/31/2020
Discount rate to determine the obligation	0.98%	-0.02%
Expected salary growth rate	2.00%	2.00%
Inflation rate	1.75%	0.80%

The discount rates utilised by the Group were selected based on the yield curves of high-quality fixed income securities, as in previous years.

This financial variable is considered the most significant and therefore chosen for a sensitivity analysis. The objective of a sensitivity analysis is to show how the result of the valuation changes in response to changes in an assumption adopted for the calculation, with all other assumptions unchanged

Therefore, if the discount rate increased 0.5% (1.48%), the obligation would amount to Euro 10,154 thousand, while if the discount rate decreased 0.5% (0.48%), the obligation would amount to Euro 10,614 thousand.

The number of employees is detailed in paragraph B.6.5.6 “Personnel expense”.

### B.6.5.27. Provisions for risks and charges

The composition and movements of the provisions are as follows:

<i>In Euro thousands</i>	12/31/2020	Increases	Decreases	Other changes	12/31/2021
Agents' termination benefits	692	79	(109)	0	662
Product warranties	2,945	2,726	(1,126)	(476)	4,069
Legal risks	3,039	805	(187)	0	3,657
Long Term Incentive Provision	11,132	9,757	(7,100)	0	13,789
Personnel provision	1,843	4,545	(1,853)	(5)	4,530
Restructuring provision	486	12,913	(329)	0	13,070
Other	2,442	2,717	(180)	(858)	4,121
<b>Provisions for risks and charges</b>	<b>22,579</b>	<b>33,542</b>	<b>(10,884)</b>	<b>(1,339)</b>	<b>43,898</b>
of which:					
Non-current	17,228				21,830



Current	5,351	22,069
<b>Provisions for risks and charges</b>	<b>22,579</b>	<b>43,898</b>

The provision for agents' termination benefits covers possible charges upon the termination of contracts with agents and sales representatives. Changes in the provision reflect adjustments in the indemnities and the utilisations.

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 Group 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.

The provision includes, among others, the estimate made by the Board of Directors with regards to the risk upon outstanding cases.

The Long Term Incentive Plan provision concerns the accrued liability at December 31, 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 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 restructuring provision of Euro 13,070 thousand covers the costs the Group shall incur to reorganise the Cooking Business Unit production plant. This concerns primarily personnel expenses and the value of assets that will lose their future use. As described in paragraph B.6.5.9, on March 31, 2021, Elica S.p.A. communicated to the trade union representatives 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 more standardised production lines to the Jelcz-Laskowice plant in Poland and the integration into the Mergo plant of the activities carried out at the Cerreto site. On December 9, 2021, at the Ministry for Economic Development, the dispute concluded successfully. The company decided to return certain areas of production from Poland to Italy, mainly within the high-end sphere- including the NikolaTesla aspirating hob- through a reshoring operation. On the basis of the proposed reorganisation, the Mergo facility shall become a high-end product hub, featuring a high degree of specialisation and quality of workmanship. The high volume and more standardised productions and automated processes shall be carried out at the Polish facilities. This will allow the two facilities (Italy and Poland) to focus on separate production areas, avoiding overlap and maintaining a strong presence in Italy with approx. 1,000 employees in the province of Ancona. 150 employees will be involved in the restructuring and this will permit the pre-established business plan competitiveness objectives to be achieved. In particular, the agreement does not include redundancies, only involving voluntary and incentivised departures. Surplus

personnel will be managed through early retirement and relocation to other major companies in the area.

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 year, in addition to the product disposal provision and the other risks provision.

The Other changes column includes the impact from the change in the consolidation scope. In particular, the significant amounts concern the exit of the Indian subsidiary. The same column includes currency movements for Euro 32 thousand.

The impact of discounting non-current provisions is not significant.

#### **B.6.5.28. Deferred tax assets – Deferred tax liabilities**

At December 31, 2021, details of deferred tax assets and liabilities, determined on the basis of the asset-liabilities method, were as follows:

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Deferred tax assets	26,249	22,876	3,373
Deferred tax liabilities	(5,874)	(4,017)	(1,857)
<b>Total</b>	<b>20,375</b>	<b>18,859</b>	<b>1,516</b>

The table below shows all the types of temporary differences that gave rise to deferred taxes:

<i>In Euro thousands</i>	<b>12/31/2020</b>		<b>Other changes/Equity</b>	<b>Costs/(income)</b>	<b>12/31/2021</b>	
	<b>Assets</b>	<b>Liabilities</b>			<b>Assets</b>	<b>Liabilities</b>
Amortisation, depreciation and provisions	4,649	(402)	(511)	(2,853)	7,771	(1,182)
Losses carried forward	10,669	0	(4,454)	1,125	5,090	0
Inventory write-down	1,071	0	73	(721)	1,865	0
Exchange rate differences	811	(884)	516	385	199	(142)
Restructuring charges	41	0	0	(3,714)	3,755	0
Allocation of acquisition price	0	(2,178)	(2,930)	(1,140)	0	(3,968)
Other accruals (e.g. personnel expense, LTI, employee bonuses and post-employment benefits and R&D)	3,784	0	546	(1,555)	5,890	(5)
Goodwill	42	(3)	0	37	5	(3)
Other	1,810	(550)	(704)	(544)	1,674	(573)
	<b>22,876</b>	<b>(4,017)</b>	<b>(7,464)</b>	<b>(8,980)</b>	<b>26,249</b>	<b>(5,874)</b>

The column E (Equity)/Other reclassifications includes all the changes in deferred tax assets and liabilities which do not have a balancing entry in profit or loss affecting deferred tax income or expenses, including the deconsolidation of the Indian subsidiary. The item "Allocation of acquisition price" includes the impact of the acquisition of EMC Fime S.r.l. The item also includes the measurement of the cash flow hedge for Euro 593 thousand, in addition to the exchange rate effect and reclassifications.

Management of each Group company decides whether to recognise deferred tax assets by assessing projected future recovery based on budget projections.

“Other” includes deferred tax assets of Euro 1,040 thousand concerning the investments in Poland. Some subsidiaries, mainly the Chinese subsidiary, have accrued tax losses that may be used, although the Group has prudently not recognised any deferred tax assets for over Euro 4 million.

#### B.6.5.29. Tax liabilities (non-current)

The balances are zero as of December 31, 2021.

#### B.6.5.30. Other liabilities

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Other liabilities	6,546	0	6,546
<b>Other non-current liabilities</b>	<b>6,546</b>	<b>0</b>	<b>6,546</b>

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Wages and salaries	7,336	6,507	829
Social security payables	3,398	2,955	443
Accrued expenses	540	890	(350)
Other liabilities	14,298	3,790	10,508
Deferred income	1,406	1,017	389
Advances from customers	876	745	131
Payables to customers	3	4	(1)
<b>Other current liabilities</b>	<b>27,857</b>	<b>15,908</b>	<b>11,949</b>

Other non-current liabilities concern the portion beyond one year of the payable to the former shareholders for the acquisition of the investment in the two companies EMS and CPS.

The increase in other current assets also mainly concerns this transaction.

In fact, on July 2, 2021, the full acquisition of Electric Motors Company S.r.l. (“E.M.C.”) and CPS S.r.l. (“CPS”) by Elica S.p.A. was completed. The consideration for the full acquisition of E.M.C. and CPS was approx. Euro 31 million, for a total impact on 2021 of Euro 13 million (Euro 4 million paid on the signing of June 28, 2021 and Euro 9 million on the closing of July 2). 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.

#### B.6.5.31. Tax liabilities (current)

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
IRPEF withholdings	2,532	2,413	119
Corporate income tax liabilities	7,399	1,958	5,441
Other taxes	4,605	4,717	(112)
<b>Current tax liabilities</b>	<b>14,536</b>	<b>9,088</b>	<b>5,448</b>

Overall, the item increased by Euro 5.4 million, principally for Corporate income tax liabilities. The item Other taxes primarily consists of VAT. Management believes that this amount approximates fair value.

**B.6.5.32. Trade payables**

	12/31/2021	12/31/2020	Changes
<i>In Euro thousands</i>			
Trade payables	141,222	133,247	7,975
<b>Trade payables</b>	<b>141,222</b>	<b>133,247</b>	<b>7,975</b>

Trade payables mainly include payables for trade purchases and other costs. The increase is due to the acceleration in activity in the latter part of the year.

Management believes that the carrying amount of trade payables and other payables reflects their fair value.

**B.6.5.33. Net financial position, default risk and covenants**

(disclosed in accordance with Consob Communication No. DEM 6064293 of July 28, 2006—supplemented by Notice 5/21)

For comments on the change in net financial position, see paragraph A.5.2.2 of the directors' report, "Elica Group Equity and Financial Performance".

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Change
<b>A. Cash and cash equivalents</b>	<b>99,673</b>	<b>59,147</b>	<b>40,526</b>
Cash and cash equivalents	99,673	59,147	40,526
<b>B. Other liquidity</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Other current financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>D. Liquidity (A+B+C)</b>	<b>99,673</b>	<b>59,147</b>	<b>40,526</b>
<b>E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)</b>	<b>31,973</b>	<b>10,059</b>	<b>21,914</b>
Bank borrowings	27,867	6,409	21,458
Lease payables IFRS 16 (current)	4,106	3,650	456
<b>F. Current portion of non-current financial debt</b>	<b>16,676</b>	<b>10,050</b>	<b>6,626</b>
Bank loans	16,676	10,050	6,626
<b>G. Current financial debt (E+F)</b>	<b>48,649</b>	<b>20,109</b>	<b>28,540</b>
<b>H. NET CURRENT FINANCIAL DEBT (G-D)</b>	<b>(51,024)</b>	<b>(39,038)</b>	<b>(11,986)</b>
<b>I. Non-current financial debt (excluding current portion and debt instruments)</b>	<b>86,180</b>	<b>100,080</b>	<b>(13,900)</b>
Bank loans and borrowings (non-current)	77,866	94,053	(16,187)
Lease payables IFRS 16 (non-current)	8,314	6,027	2,287
<b>J. Debt instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>K. Trade payables and other non-current payables</b>	<b>17,998</b>	<b>-</b>	<b>-</b>
Other liabilities for purchase of investments	17,998	-	17,998

<b>L. Non-current financial debt (I+J+K)</b>	<b>104,178</b>	<b>100,080</b>	<b>4,098</b>
<b>M. NET FINANCIAL DEBT (H+L)</b>	<b>53,154</b>	<b>61,042</b>	<b>(7,888)</b>

### B.6.5.33.1 Cash and cash equivalents

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Bank and postal deposits	99,637	59,117	40,520
Cheques	0	0	0
Cash account	36	30	6
<b>Cash and cash equivalents</b>	<b>99,673</b>	<b>59,147</b>	<b>40,526</b>

This account reflects the positive balances of bank current accounts and cash on hand. The increase was due to a different composition in the Group's net financial position. The carrying amount of these assets reflects their fair value.

### B.6.5.33.2 Bank loans and borrowings

<i>(in Euro thousands)</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Change</b>
Bank loans and borrowings	122,409	110,512	11,897
<b>Total</b>	<b>122,409</b>	<b>110,512</b>	<b>11,897</b>
Bank loans and borrowings have the following repayment schedules:			
On demand or within one year	44,543	16,459	28,084
Within two years	23,162	16,718	6,444
Within three years	29,185	23,112	6,073
Within four years	25,183	29,065	(3,882)
Within five years	183	25,063	(24,880)
After 5 years	153	95	58
<b>Total</b>	<b>122,409</b>	<b>110,512</b>	<b>11,897</b>
Less amounts to be repaid within one year	<b>44,543</b>	<b>16,459</b>	<b>28,024</b>
<b>Due after one year</b>	<b>77,866</b>	<b>94,053</b>	<b>(16,187)</b>

The Parent's main 'outstanding loan was entered into on June 29, 2020. This loan contract is for a maximum of Euro 100 million with a final maturity of 5 years, on a Club deal basis with a syndicate of 5 banks and, in particular, with Banca IMI S.p.A. and BNL Gruppo BNP Paribas as co-ordinating banks and Intesa Sanpaolo S.p.A., BNL Gruppo BNP Paribas, Banco BPM S.p.A., Crédit Agricole Italia S.p.A. and UniCredit S.p.A. as lending banks.

The loan was principally intended to support medium/long term needs, the partial refinancing of the existing debt, in addition to the working capital and treasury needs of Elica S.p.A. and its subsidiaries, and provided for the following terms and conditions: breakdown into two tranches, a Term Loan (TL) for Euro 90 million and a Revolving Loan (RCF) for Euro 10 million (this latter was closed in 2021). The Term Loan (TL) tranche matures on June 29, 2025, with the first two years as a grace period and the following three years involving six increasing value instalments and a seventh balloon final repayment. There are financial covenants concerning the ratio between NFP/EBITDA, EBITDA/Net

Financial Charges and NFP/Shareholders' Equity, tested half-yearly on an LTM basis on the Group's consolidated figures. With this transaction, the Group confirms the solidity of its business model, its ability to access ordinary sources of funding even in an uncertain general economic environment and its commitment to optimising its debt structure. The covenants were met as of December 31, 2021 and based on the visibility held by Management, it is believed that they will be met in the future. For further information on how liquidity risk is monitored and interest rate hedges, reference should be made to paragraph B.6.7., "Risk management" of these notes.

### B.6.5.3.3 Derivative financial instruments

<i>In Euro thousands</i>	12/31/2021		12/31/2020	
	Assets	Liabilities	Assets	Liabilities
FX derivatives	170	103	1,121	219
Interest rate derivatives	208	295	0	1,022
Commodities derivatives	494	0	2,957	0
<b>Derivative financial instruments</b>	<b>872</b>	<b>398</b>	<b>4,078</b>	<b>1,241</b>
of which:				
Non-current	208	0	0	690
Current	664	398	4,078	551
<b>Derivative financial instruments</b>	<b>872</b>	<b>398</b>	<b>4,078</b>	<b>1,241</b>

The Group uses derivative financial instruments to hedge the market risks to which it is exposed: foreign currency risk, interest rate risk and commodities price risk.

The table below reports the following information on derivative instruments at December 31, 2021 and December 31, 2020:

- The notional value of the derivative contracts, broken down by maturity;
- The carrying amount of these contracts, represented by their fair value.

12/31/2021	Notional Value				Carrying amount
<i>In Euro thousands</i>	Maturity within 1 year		Maturity after 1 year		Equity
<b>Interest rate risk</b>					
Cash Flow hedges as per IFRS	13,133		77,290		(86)
Fair Value hedges as per IFRS					
Not considered hedges as per IFRS					
<b>Total derivatives on interest rates</b>	<b>13,133</b>		<b>77,290</b>		<b>(86)</b>
<b>Foreign currency risks</b>	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS	29,676	3,582			(44)
Fair Value hedges as per IFRS	88	12,118			111
Not considered hedges as per IFRS					
<b>Total fx derivatives</b>					<b>67</b>
<b>Commodity risk</b>	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS		20,026			494

Fair Value hedges as per IFRS

Not considered hedges as per IFRS

<b>Total derivatives on commodities</b>	<b>494</b>
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12/31/2020	Notional Value				Carrying amount
<i>In Euro thousands</i>	Maturity within 1 year		Maturity after 1 year		Equity
Interest rate risk					
Cash Flow hedges as per IFRS			90,000		(1,022)
Fair Value hedges as per IFRS					
Not considered hedges as per IFRS					
Total derivatives on interest rates			90,000		(1,022)
Foreign currency risks					
	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS	39,090	13,376	-	-	463
Fair Value hedges as per IFRS					
Not considered hedges as per IFRS	18,325	27,491	-	-	438
Total fx derivatives	57,415	40,867	-	-	901
Commodity risk					
	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS		9,709			2,957
Fair Value hedges as per IFRS					
Not considered hedges as per IFRS					
Total derivatives on commodities		9,709			2,957

IFRS 7 requires that the classification of financial instruments valued at fair value is determined based on the quality of the input sources used in the valuation of the fair value.

The IFRS 7 classification implies the following hierarchy:

- Level 1: determination of fair value based on prices listed in active markets for identical assets or liabilities. The instruments with which the Group operates directly on active markets or in OTC markets characterised by an adequate level of liquidity belong to this category;
- Level 2: determination of fair value based on other inputs than the listed prices included in “Level 1” but which are directly or indirectly observable. In particular instruments which the Group operates on OTC markets, not characterised by an adequate level of liquidity are included in this category;
- Level 3: determination of fair value based on valuation models whose input is not based on observable market data.

The classification of the financial instruments may have a discretionary element, although not significant, where in accordance with IFRS, the Group utilises, where available, prices listed on active markets as the best estimate of the fair value of derivative instruments.

All the derivative instruments in place at December 31, 2021 and December 31, 2020 belong to level 2 of the fair value hierarchy, except for commodities which belong to level 1.

#### **B.6.5.33.4 Lease liabilities under IFRS 16**

The Group has liabilities arising from the application of IFRS 16. We report the details below.

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Lease liabilities under IFRS 16	12,420	9,677	2,743
<b>Total</b>	<b>12,420</b>	<b>9,677</b>	<b>2,743</b>
Due:			
On demand or within one year	4,106	3,650	456
1-5 years	7,840	5,542	2,298
after 5 years	474	485	(11)
<b>Total</b>	<b>12,420</b>	<b>9,677</b>	<b>2,743</b>
Due after one year	4,106	3,650	456
<b>Due after one year</b>	<b>8,314</b>	<b>6,027</b>	<b>2,287</b>

#### **B.6.5.34. Equity attributable to the owners of the Parent**

For an analysis of the changes in equity, reference should be made to the relative table. Comments are provided on each of the equity reserves.

##### **B.6.5.34.1. Share capital**

The share capital at December 31, 2021 amounts to Euro 12,664,560, consisting of 63,322,800 ordinary shares with a par value of Euro 0.20 each. It is fully subscribed and paid-in.

##### **B.6.5.34.2. Capital reserves**

The capital reserves amount to Euro 71,123 thousand and relate entirely to the Share Premium Reserve.

In accordance with IFRS, the costs of the share capital increase, amounting to Euro 3,650 thousand, net of the relevant tax effect of Euro 2,190 thousand, were taken to the Share Premium Reserve.

##### **B.6.5.34.3. Hedging and translation reserves**

These reserves show a negative balance of Euro 14,904 thousand (negative balance of Euro 17,562 thousand at December 31, 2020) and underwent the following changes: translation of financial statements expressed in foreign currencies (ELICAMEX S.A. de C.V., Elica Group Polska Sp. z o.o., ARIAFINA CO., LTD, Elica Inc., Zhejiang Elica Putian Electric Co. Ltd and Elica Trading LLC) resulting in a positive amount of Euro 4,054 thousand, and the fair value changes of cash flow hedges, net of the negative tax effect of Euro 1,396 thousand. In particular, the portion concerning the fair value change is a negative Euro 1,990 thousand, while the tax impact is positive for Euro 594 thousand.

The change in the translation reserve was a positive Euro 4,054 thousand for the Group and a positive Euro 1 million for non-controlling interests. The impact of the deconsolidation of Elica P.B. India, amounting to a positive Euro 3,570 thousand, must be considered.



<i>In Euro thousands</i>	12/31/2020	Reserve adjustment	12/31/2021
Hedge reserve	1,769	(1,396)	373
Translation Reserve	(19,331)	4,054	(15,277)
<b>Hedge and Translation reserve</b>	<b>(17,562)</b>	<b>2,658</b>	<b>(14,904)</b>

#### B.6.5.34.4. Retained earnings

Retained earnings decreased from Euro 42,621 thousand in 2020 to Euro 39,386 thousand in 2021. The decrease of Euro 3.2 million is due for Euro 1.8 million to the allocation of the loss for the previous year.

#### B.6.5.35. Equity attributable to non-controlling interests

Equity attributable to non-controlling interests of Euro 6.9 million decreased by Euro 10.3 million, mainly due to an increase of Euro 5,353 thousand for the allocation of the Non-controlling interest profit for 2021, a decrease of Euro 0.1 million concerning the Non-controlling interest portion of the effect from the translation of the financial statements of the investees ARIAFINA CO., LTD and Zhejiang Elica Putian Electric Co. Ltd, expressed in foreign currencies and the deconsolidation of Elica P.B. India.

For more details, see the Statement of changes in equity.

The composition of the non-controlling interests by company is shown below:

<i>In Euro thousands</i>	Profit (loss) attributable to non-controlling interests		Equity attributable to non-controlling interests	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Airforce	310	219	1,605	1,503
Ariaфина	1,652	1,643	5,289	4,338
Elica India	3,407	4,109	0	11,369
Elica Putian (Cina)	(16)	(39)	19	6
<b>Consolidated total</b>	<b>5,353</b>	<b>5,932</b>	<b>6,913</b>	<b>17,216</b>

Information on subsidiaries with significant non-controlling interests is presented below:

<i>In Euro thousands</i>	Airforce		Ariaфина	
	12/31/2021	12/31/2020	12/31/2021	12/31/2020
Reporting package figures				
Currents Assets	12,766	12,121	14,346	12,031
Non-current Assets	1,651	1,551	140	130
Current liabilities	8,760	8,318	3,692	3,309
Non-Current Liabilities	1,698	1,657	0	0
Equity attributable to the owners of the Parent	2,375	2,218	5,505	4,514
Equity attributable to non-controlling interests	1,584	1,478	5,290	4,338
Revenue	30,790	25,934	24,768	25,329
Operating profit	1,192	835	5,052	5,023
Profit (loss) attributable to the owners of the Parent	781	551	3,371	3,353
Dividends to non-controlling interests	(200)	(163)	(565)	(1,421)
Change in net financial debt	(76)	3,319	2,392	(881)

### B.6.5.36.1 Acquisition of the companies Electric Motors Company (EMC) and CPS

On July 2, 2021, the full acquisition of Electric Motors Company S.r.l. (“E.M.C.”) and CPS S.r.l. (“CPS”) by Elica S.p.A. was completed.

The two companies operate in Europe in the design and production of electric motors, domestic range hood systems, fans for pellet stoves and motors for medical applications.

The Group through this transaction seeks to tap into new international and business development opportunities, complementing the growth of the Motors Business Unit (FIME). The goal is to create a European ventilation and heating hub, allowing the development of critical mass to best respond to a growing market and face the challenges in Europe for home appliance energy saving and the energy transition. The consideration for the full acquisition of E.M.C. and CPS was approx. Euro 31 million. On July 2, 2021, with the completion of the acquisition, Euro 9 million was paid, for a total impact on 2021 of Euro 13 million (Euro 4 million paid on the signing of June 28, 2021). 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. The payment for the purchase of 100% of E.M.C. and CPS is through using Elica's own resources.

The effects of this transaction are summarised in the table below.

<i>In Euro thousands</i>	Carrying amount based on Group accounting policies	Fair value adjustments	Fair value
Property, plant and equipment	4,174		4,174
Other intangible assets and rights-of-use	219	10,740	10,959
Deferred tax assets	99		99
Financial and other assets	1,031		1,031
Inventories	5,040	(282)	4,758
Tax assets	1,700		1,700
Trade receivables	4,575		4,575
Cash and cash equivalents	3,031		3,031
Bank loans and borrowings	(1,776)		(1,776)
Lease liabilities as per IFRS 16	(2,452)		(2,452)
Deferred tax liabilities	(23)	(2,928)	(2,951)
Provisions for risks and charges	(120)		(120)
Liabilities for post-employment benefits	(301)		(301)
Trade payables	(5,365)		(5,365)
Other liabilities	(440)		(440)
Tax liabilities	(1,008)		(1,008)
<b>Total equity</b>			<b>15,915</b>
<b>Acquired share (100%)</b>			<b>15,915</b>
Goodwill			14,950
<b>Total acquisition cost</b>			<b>30,865</b>

Liability to former shareholders	17,865
Cash and cash equivalents acquired	3,031
<b>Net cash flow from the acquisition</b>	<b>9,969</b>

### B.6.5.36.2 Sale of the controlling interest in Elica P.B. India to Whirlpool India

On September 29, 2021, the sale was completed of the controlling interest held in Elica PB India Private Ltd.

Elica sold to Whirlpool of India Ltd. approx. 19% of the share capital of the Indian subsidiary Elica PB India Private Ltd., together with the other Indian minority shareholders disposing of an additional approx. 19%. The consideration for the sale paid by Whirlpool of India Ltd. to Elica S.p.A. on closing was INR 2,124,217,166 (approx. Euro 25 million) and was paid net of withholding taxes in a single payment on the date the transaction was completed.

Following the sale, Whirlpool of India Ltd. holds approx. 87% of Elica PB India Private Ltd., while Elica S.p.A. and the group of other Indian minority shareholders retain a holding in the Indian company with a stake of approx. 6% each.

Simultaneous to the purchase of the shareholding by Whirlpool of India Ltd., Elica PB India Private Ltd. signed new product supply and license agreements for the use of the Elica brand (Trademark & Technical License Agreement) and the Whirlpool brand (Trademark License Agreement) respectively in India.

On September 29, 2021, Elica S.p.A., Whirlpool of India Limited and the other Indian shareholders signed a shareholder agreement which stipulated, among other matters, a prohibition on the sale to third parties of their respective investments in Elica PB India Private Ltd within 90 days from the approval of the financial statements of Elica PB India Private Ltd for the year ending March 31, 2024. In addition, this shareholder agreement includes Put & Call options, under which Whirlpool of India Limited may acquire (i.e. Elica and the other Indian shareholders may sell to Whirlpool of India Ltd.) the entire holding, from March 31, 2024, or before that date exclusively on the occurrence of certain events. The agreements through which Elica S.p.A. exercised control over Elica PB India Private Ltd. and consolidated its financial statements ceased on the same date.

In these consolidated financial statements, this transaction had the following impacts:

<i>In Euro thousands</i>	
<b>Price received</b>	<b>24,523</b>
<b>Fair value of the residual non-controlling interest</b>	<b>663</b>
<b>Carrying amount of the NCI in the former subsidiary</b>	<b>15,247</b>
<b>(A)</b>	<b>40,434</b>
Property, plant and equipment	1,702
Other intangible assets and rights-of-use	1,038
Deferred tax assets	826
Other receivables	1,064
Inventories	11,509
Trade receivables	6,290

Cash and cash equivalents	10,326
Lease liabilities as per IFRS 16	(1,086)
Provisions for risks and charges	(2,034)
Liabilities for post-employment benefits	(223)
Trade payables	(6,768)
Other liabilities	(862)
Tax liabilities	(1,316)
<b>Total Equity of Elica P.B. India at the date of transfer of control</b>	<b>20,466</b>
<b>Goodwill</b>	<b>4,444</b>
<b>(B)</b>	<b>24,910</b>
<b>(A-B) Proceeds from sale of controlling interest</b>	<b>15,524</b>

*In Euro thousands*

Price received	24,523
Withholding tax	(2,442)
Other tax liabilities	(225)
<b>Cash in collected</b>	<b>21,857</b>
Cash and Banks ceded	(10,326)
<b>Cash in from transaction</b>	<b>11,531</b>

#### **B.6.5.37. Reconciliation between Parent and Consolidated equity and profit/(loss) for the year**

The following table contains a reconciliation between Elica S.p.A.'s equity and profit/(loss) for the year and consolidated equity and profit/(loss) for the year.

**Situation at December 31, 2020 and December 31, 2021**

	12/31/2021		12/31/2020	
<i>In Euro thousands</i>	Profit/(loss) for the year	equity	Profit/(loss) for the year	equity
<b>Parent's separate financial statements</b>	<b>10,122</b>	<b>94,702</b>	<b>(3,176)</b>	<b>85,624</b>
<b>Elimination of the effect of intercompany transactions net of tax effect:</b>				
Unrealised gains on non-current assets	123	(393)	112	(515)
Unrealised gains on sale of goods	(40)	(537)	(305)	(497)
Tax effect	(19)	223	46	243
Dividends received from consolidated companies	(2,477)	(2,477)	(4,638)	(4,638)
Other	(9,321)	5,912	824	636
<b>Share of profit/(loss) from investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount of consolidated companies</b>	<b>8,676</b>	<b>(85,550)</b>	<b>1,999</b>	<b>(61,045)</b>
<b>Equity and profit of the subsidiaries consolidated on a line-by-line basis</b>	<b>12,077</b>	<b>84,265</b>	<b>9,519</b>	<b>83,123</b>
<b>Allocation of differences to assets of consolidated companies and related amortisation/depreciation:</b>				
Goodwill arising on consolidation	0	24,179	0	13,060
Intangible assets and property, plant and equipment	(1,669)	3,820	(236)	5,021
<b>Consolidated financial statements</b>	<b>17,472</b>	<b>124,144</b>	<b>4,145</b>	<b>121,012</b>
Attributable to the owners of the parent	12,119	117,230	(1,787)	103,796
Attributable to non-controlling interests	5,353	6,914	5,932	17,216

**B.6.5.38. Significant non-recurring events and transactions**

There were no significant non-recurring transactions during 2021.

**B.6.6. Guarantees, commitments and contingent liabilities****B.6.6.1. Contingent liabilities**

The Parent and its subsidiaries are not involved in administrative, judicial or arbitration proceedings that are underway or have been settled by means of a ruling or arbitration award issued in the last 12 months and which might have or might have had an effect on the financial situation or profitability of the Group, except for that indicated below.

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 provision in the financial statements at December 31, 2021 to cover legal risks and charges amounts to Euro 3,657 thousand.

In 2019 the Parent was subject to an audit by the Italian Tax Agency, Marche Regional Department, Tax Audits Office, for the tax years 2014, 2015 and 2016. It received an auditors' report on October 14, 2019. The assessment process has yet to proceed further for the other two subsequent relevant findings. The other findings have either been closed by the Company or are immaterial in amount. There was found to have been an alleged violation of the transfer pricing rules set out in Art. 110, paragraph 7, of Presidential Decree No. 917 of December 22, 1986 (the Tax Consolidation Act) in respect of the transfer prices applied by the Company to transactions with the Mexican sister company Elicamex S.A. de C.V., the value of which the Office adjusted, proposing that additional IRES

(company income tax) and IRAP (regional production tax) be levied on Euro 1,014,887 in 2015 and on Euro 1,012,783 in 2016. The Company has tax losses that can be used to offset the financial risk for IRES purposes.

It was therefore determined that the Company had unduly benefited from the research and development tax credit due to allegedly failing meet the requirements established by the tax relief rules for qualifying for the credit in question and that Elica was therefore ineligible for the related tax relief measures for the costs of research and development activities it had carried out in 2015 and 2016. The Company reported a credit of Euro 838,814 for 2015 and a credit of Euro 1,075,878 for 2016.

As counselled by its legal advisors, Elica believes that the arguments laid out in the Notice of assessments in support of the findings discussed in this paragraph are not compelling and that there are considerable defensive arguments against this reconstruction. The Company sought counsel from its legal advisors in support of the view that the risk that tax liabilities may flow for the Company from potential disputes that might arise from the assessment action by the revenue authorities in connection with the findings presented in the auditors' report discussed above is possible but not probable.

Last May 2021, the Company received two notices of assessment (IRES and IRAP), regarding the findings on Transfer Pricing for the year 2015, against which it appealed, taking legal action before the Ancona Provincial Tax Commission.

Prior to the appeal for IRES, an IPEC petition was filed for the use of prior-year losses to reduce the higher taxable income assessed.

Two tax assessments (IRES and IRAP) were served on Transfer Pricing on December 13 and 16, 2021. The disputes relate to 2016 and are included in the October 14, 2019 tax assessment referred to above. An IPEC petition was submitted regarding use of previous losses to reduce the higher taxable income, and the Company— though its lawyers— is preparing an appeal before the competent Tax Commission.

#### **B.6.6.2. Guarantees and commitments**

Commitments with suppliers for PPE and intangible asset purchases at December 31, 2021 amount to approx. Euro 1.2 million. There are also commitments for operational expenses of Euro 4.3 million, relating in particular to long-term contracts.

Group commitments for the purchase of raw materials and goods amount to Euro 2.1 million, in addition to those listed in the Commodity risk paragraph.

In accordance with Article 122 of the CFA and Article 129 of the Issuers' Regulation, on July 24, 2019, FAN S.r.l., with registered office in Rome, via Parigi No. 11 and TAMBURI INVESTMENT PARTNERS S.p.A., with registered office in Milan, via Pontaccio No. 10, signed an agreement concerning a portion of the ordinary share of Elica S.p.A., in addition to, inter alia, some provisions regarding the governance of Elica S.p.A. (the "Shareholder Agreements").

The key information regarding the Shareholder Agreements was published as per Article 130 of the Issuers' Regulation on Elica S.p.A.'s website, <https://elica.com/corporation/it/corporategovernance/altri-documenti> and on the website of the authorised storage mechanism "IINFO" at [www.iinfo.it](http://www.iinfo.it).

This did not impact control over Elica which, as per Article 93 of the CFA, is held by Mr. Francesco Casoli.

The Group has not provided any significant guarantees, except those listed below.

Elica S.p.A. has provided guarantees in favour of Putian for credit lines of Euro 20.1 million, in favour of Elica Group Polska for a rotating receivable factoring arrangement with a cap of Euro 3.5 million and a coverage limit of Euro 400 thousand with Banco Santander for Elica's permanent

establishment in Spain.

### **B.6.7. Risk management**

#### **B.6.7.1 Introduction**

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. 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 paragraphs below include an analysis of the risks to which the Elica Group is exposed, indicating the level of exposure and, for market risk, the potential impact on results of hypothetical fluctuations in the parameters (sensitivity analysis).

#### **B.6.7.2. 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.

The paragraphs below individually analyse the different risks, indicating where necessary, through sensitivity analysis, the potential impact on the results deriving from hypothetical fluctuations in the parameters.

### B.6.7.2.1. 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). In all of these currencies, except for the Swiss Franc, the Polish Zloty, the Chinese Renminbi, the Mexican Peso, the Elica Group has higher revenue than costs; therefore changes in the exchange rates between the Euro and these currencies impact the Group results as follows:

- the appreciation of the Euro has negative effects on revenue and operating results;
- the depreciation of the Euro has positive effects on revenue and operating results.

The amount of the exchange 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.

The most significant statement of financial position balances in foreign currency at December 31, 2021 are shown below:

<i>In Euro thousands</i>	<b>12/31/2021</b>		<b>12/31/2020</b>	
<b>Currency</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
CHF	-	(40)	-	(38)
CNY	1,757	(408)	2,073	19
GBP	216	(6)	193	(14)
JPY	451	(3,874)	379	(4,780)
PLN	14,942	(12,398)	16,700	(17,501)
RUB	4,190	12	4,378	19
USD	41,030	(32,622)	41,166	(31,360)
MXN	(21)	85	(26)	50
INR	802	-	1,665	(69)
<b>Foreign currency transactions</b>	<b>63,367</b>	<b>(49,251)</b>	<b>66,528</b>	<b>(53,674)</b>



For the purposes of the sensitivity analysis on the exchange rate, the potential changes in the Euro/CHF, Euro/CNY, Euro/GBP, Euro/YEN, Euro/PLN, Euro/RUB, Euro/USD, Euro/MXN, USD/MXN and EUR/INR rates were analysed.

The following table shows the sensitivity of the statement of comprehensive income to reasonably possible changes in the exchange rates, with all other variables unchanged, due to changes in the value of current assets and liabilities in foreign currencies:

<i>In Euro thousands</i>				
Currency	12/31/2021		12/31/2020	
	Depreciation	Appreciation	Depreciation	Appreciation
	Currency 5%	of foreign currencies 5%	Currency 5%	of foreign currencies 5%
CHF	2	(2)	2	(2)
CNY	(64)	71	(100)	110
GBP	(10)	11	(9)	9
JPY	163	(180)	210	(232)
PLN	(121)	134	38	(42)
RUB	(199)	220	(208)	229
USD	(400)	443	(467)	516
MXN	(3)	3	(1)	1
INR	(38)	42	(76)	84
<b>Total</b>	<b>(670)</b>	<b>742</b>	<b>(611)</b>	<b>673</b>

Hedges at December 31, 2021 with financial counterparties have a total positive Fair Value of approx. Euro 67 thousand (negative fair value of Euro 901 thousand at December 31, 2020).

The table below shows the details of the notional and fair values:

Currency	12/31/2021		12/31/2020	
	Notional	Fair value	Notional	Fair value
	<i>thousands (foreign currency)</i>	<i>In Euro thousands</i>	<i>thousands (foreign currency)</i>	<i>In Euro thousands</i>
<b>USD</b>				
Forward	11,000	(3)	20,500	331
<b>PLN</b>				
Forward	74,000	(94)	36,700	284
Options	15,000	23		
<b>JPY</b>				
Forward	452,000	11	247,000	-171
Options	11,500	4		
<b>RUB</b>				
Forward	320,000	42	230,000	-1
Options	160,000	22		
<b>MXN</b>				
Options	60,000	41	230,000	439
<b>CNY</b>				
Options	20,000	21	30,000	19
		<b>67</b>		<b>901</b>

The notional exposure in USD aggregates operations respectively in USD/EUR and in USD/MXN; the net notional of the latter amount to USD 700 thousand.

For the purposes of the sensitivity analysis on the exchange rate, the potential changes in the EUR/USD, EUR/PLN, EUR/RUB, EUR/JPY, EUR/CNY, EUR/MXN and USD/MXN and the EUR and foreign exchange interest rate curves were analysed.

In the stress testing we have stressed not only the spot to spot exchange rate, but also the monetary curve rates at December 31, 2021 in order to show the effect of changes in the rate curve.

For this purpose, the maximum change in the interval between the beginning of November 2020 and the first weeks of January 2022 was considered.

For the EUR/USD exchange rates a stress of 6% was applied, for EUR/PLN 6%, for EUR/JPY 7%, for EUR/RUB 25% and for EUR/MXN and USD/MXN 11% and for EUR/CNY 5%.

For interest rates on forward exchange contracts, a stress of 50 bps was applied for the Eurozone rates, 50 bps for the US rates, 50 bps for the Polish rates, 200 bps for the Russian rates, 50 bps for the Chinese rates, 50 bps for the Mexican rates and 50 bps for the Japanese rates.

The following table shows the sensitivity in the statement of comprehensive income to the changes in the exchange rates and the rate curves indicated, with all other variables unchanged, of the fair value of the transactions in foreign currencies at December 31, 2021 (compared with December 31, 2020):

12/31/2020						
<i>In Euro thousands</i>	USD	PLN	JPY	RUB	MXN	CNY
	Notional	Notional	Notional	Notional	Notional	Notional
	20,500	36,700	247,000	230,000	230,000	30,000
	USD/000	PLN/000	JPY/000	RUB/000	MXN/000	CNY/000
Depreciation of foreign currencies	79	456	(129)	(474)	(1)	(176)
Euro exchange rate depreciation	1	(12)	(5)	(8)	1	(13)
Exchange rate depreciation	(3)	9	5	88	2	18
<b>Sensitivity to depreciation</b>	<b>77</b>	<b>453</b>	<b>(129)</b>	<b>(394)</b>	<b>2</b>	<b>(171)</b>
Euro exchange rate appreciation	(22)	(514)	148	789	2	194
Exchange rate depreciation	(2)	12	5	7	(1)	13
Currency appreciation	3	(8)	(5)	(86)	(2)	(18)
<b>Sensitivity to appreciation</b>	<b>(21)</b>	<b>(510)</b>	<b>148</b>	<b>710</b>	<b>(1)</b>	<b>189</b>

12/31/2021						
<i>In Euro thousands</i>	USD	PLN	JPY	RUB	MXN	CNY
	Notional	Notional	Notional	Notional	Notional	Notional
	11,000	59,000	440,500	160,000	60,000	20,000
	USD/000	PLN/000	JPY/000	RUB/000	MXN/000	CNY/000
Depreciation of foreign currencies	449	719	(233)	675	(38)	(19)
Euro exchange rate depreciation	(9)	8	(10)	(32)	4	3
Exchange rate depreciation	(3)	16	(13)	(26)	3	3
<b>Sensitivity to depreciation</b>	<b>437</b>	<b>743</b>	<b>(256)</b>	<b>617</b>	<b>(31)</b>	<b>(13)</b>
Euro exchange rate appreciation	(508)	(840)	248	(847)	221	92
Exchange rate depreciation	(14)	(44)	(8)	(78)	13	6
Currency appreciation	(8)	(29)	(10)	(67)	11	5
<b>Sensitivity to appreciation</b>	<b>530</b>	<b>(913)</b>	<b>230</b>	<b>(992)</b>	<b>245</b>	<b>103</b>

#### B.6.7.2.2. 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.

The notional value and the relative value of the copper derivatives in place at December 31, 2021 are reported below:

<i>In Euro thousands</i>		12/31/2021		12/31/2020	
Copper hedges	Notional	Fair value	Notional	Fair value	
Forward	22,681	494	9,709	2,957	
<b>Commodity derivatives assets/(liabilities)</b>		<b>494</b>		<b>2,957</b>	

In addition, commodity risk is measured through sensitivity analyses, in accordance with IFRS 7. The changes in the prices of copper utilised for the sensitivity analysis were based on the volatility of the market rates.

This analysis highlights a revaluation in the price of copper of 5%, resulting in an increase in the fair value of forward contracts at December 31, 2021 of Euro 1,134 thousand.

Similarly, a reduction of 5% results in a decrease in the fair value of forward contracts of Euro 1,134 thousand.

### B.6.7.2.3. 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.

Relating to the Group debt, from the sensitivity analysis a decrease of 25 bps in the interest rate curve in the short-term incurs lower interest expense of Euro 556 thousand, while an increase of 25 bps in the same interest rate curve converts into higher interest expense of Euro 57 thousand.

The Group hedges the interest rate risk through the utilisation of interest rate swaps against specific non-current loans at a variable rate.

The table below shows the details of the notional and fair values:

	12/31/2021		12/31/2020	
	Notional	Fair value	Notional	Fair value
<i>In Euro thousands</i>				
Interest Rate Swaps	90,423	(86)	90,000	1,022
<b>Interest rate derivative assets/(liabilities)</b>		<b>(86)</b>	<b>90,000</b>	<b>1,022</b>

The interest rate risk is also measured through sensitivity analyses, in accordance with IFRS 7. The changes in the interest rate curve utilised for the sensitivity analysis were based on the volatility of the market rates.

The analysis shows that a change in the interest rate curve of -25/+25 bps generates a Euro 556 thousand decrease/increase in the fair value of the IRS at December 31, 2021.

### B.6.7.3. Credit risk

The credit risk (or insolvency risk) 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 more details, see paragraph B.6.5.2 “Trade receivable” of these notes.

### B.6.7.4. 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.

The following table shows the expected cash flows in relation to the contractual expiries of trade payables and various financial liabilities from derivatives:

<i>In Euro thousands</i>	12/31/2021	On demand or within one year	1-5 years	after 5 years
Lease liabilities and loans and borrowings from other lenders as per IFRS 16		4,106	7,749	474
Bank loans and borrowings		44,543	77,713	153
Trade payables and other liabilities		169,080	6,546	0
<b>Commitment by due date</b>		<b>217,729</b>	<b>92,008</b>	<b>627</b>

<i>In Euro thousands</i>	12/31/2020	On demand or within one year	1-5 years	after 5 years
Lease liabilities and loans and borrowings from other lenders as per IFRS 16		3,650	5,541	485
Bank loans and borrowings		16,459	93,958	95
Trade payables and other liabilities		149,155	0	0
<b>Commitment by due date</b>		<b>169,264</b>	<b>99,499</b>	<b>580</b>

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 net financial position, reference should be made to note B.6.5.33 of the notes.

**B.6.7.5. Classification of financial instruments**

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>
Derivative assets (current)	664	4,078
Trade receivables	82,186	88,821
Cash and cash equivalents	99,673	59,147
<b>Currents Assets</b>	<b>182,523</b>	<b>152,046</b>
Lease liabilities as per IFRS 16	8,314	6,027
Bank loans and borrowings (non current)	77,866	94,053
Derivative liabilities (non-current)	0	690
<b>Non-Current Liabilities</b>	<b>86,180</b>	<b>100,770</b>
Trade payables	141,222	133,247
Lease liabilities as per IFRS 16	4,106	3,650
Bank loans and borrowings (current)	44,543	16,459
Derivative liabilities (current)	398	551
<b>Current liabilities</b>	<b>190,269</b>	<b>153,907</b>

The Group believes that the carrying amounts approximate fair value. In relation to the valuation methods for the individual accounts, reference should be made to paragraph B.6.2.2. “Accounting policies” of these Notes.

**B.6.8. Disclosure pursuant to IAS 24 on management compensation and related party transactions****B.6.8.1. Management and co-ordination**

Elica S.p.A. is indirectly controlled by the Casoli Family through Fintrack S.p.A. of Fabriano (AN—Italy).

The company is not subject to management and co-ordination pursuant to Art. 2497 and subsequent articles of the Civil Code. This conclusion derives from the fact that the controlling shareholder does not carry out management activities within the company and, although exercising voting rights at the shareholders’ meeting, does not have any involvement in the financial, production or strategic programmed of the company, which is governed by a Board of Directors responsible for operating control.

The Parent’s Board of Directors has also appointed an independent CEO for ordinary operational management.

With effect from July 2019, Tamburi Investments Partners (“TIP”) acquired a minority interest in the Company. As at December 31, 2019, this interest amounted to 20.15% of Elica’s capital. As far as the Group is aware, the holding is unchanged as of December 31, 2021.

The Company however continues to carry out its operations through a totally autonomous and independent decision-making process; it has independent decision-making capacity with clients and suppliers and independently manages its treasury in accordance with the business purpose.

**B.6.8.2. Remuneration of Directors, Statutory Auditors and Senior Executives**

The remuneration of the above-mentioned parties totalled Euro 5,390 thousand. This amount does not include the accrual to the Long-term incentive provision, for the Equity Based portion, or that relating to the Phantom Stock, information on which see paragraph B.6.5.27 “Provisions for risks and charges”.

The details are reported in the Remuneration Report. This report is available on the Parent’s website

<https://elica.com/corporation> (Investor Relations section).

### B.6.8.3 Share-based payments

Payments were made of Euro 1,014 thousand for the 2018-2020 cycle of the 2016-2022 Phantom Stock & Voluntary Co-investment Plan to beneficiaries who did not participate in the co-investment.

### B.6.8.4 Information on subsidiaries

The tables below show key financial figures as at and for the year ended December 31, 2021.

#### B.6.8.4.1. Subsidiaries – 2021 Highlights

Reporting package figures

<i>In Euro thousands</i>	Assets	Liabilities	equity	Revenue	Profit/(loss) for the year
Airforce	14,417	10,458	3,959	30,790	781
Ariafina	14,486	3,691	10,795	24,768	3,371
Elica Group Polska	62,173	38,866	23,307	120,272	1,902
Elica Mex	66,788	36,931	29,857	71,460	554
Leonardo	0	0	0	5,184	123
Elica Inc (USA)	742	403	339	1,228	23
Elica India	0	0	0	30,186	4,573
Elica Putian (Cina)	17,388	16,354	1,034	10,196	223
Elica Trading (Russia)	6,151	4,711	1,440	12,401	238
Elica Francia	8,454	7,315	1,139	23,406	70
Elica Gmbh	4,839	3,292	1,547	9,605	128
EMC Fime Srl	19,388	11,018	8,370	14,169	93

Elica provided loans to Group companies as part of a general plan to centralise treasury management activities. These loans are interest bearing and at market rates. Transactions with consolidated companies have been derecognised in the Consolidated Financial Statements. As a result, they are not reported in these notes.

### B.6.8.5. Information on the associate

During the first half of 2021, the equity investment in the associate I.S.M. srl was sold.

### B.6.8.6. Transactions with other related parties

In 2021, transactions with other related parties took place. All transactions were conducted on an arm's length basis in the ordinary course of business. No separate disclosure of these positions is provided in the Consolidated Financial Statements, given the immaterial amounts involved, in accordance with Consob resolution no. 15519 of July 27, 2006.

	Receivables	Payables/IFRS16 Liabilities	Revenue	Costs
<i>In Euro thousands</i>				
Fastnet S.p.A.		1		9
La Ceramica		0		21
Ermanno Casoli Foundation				100
Other	19	52	14	377
<b>Total</b>	<b>19</b>	<b>53</b>	<b>14</b>	<b>507</b>

With the other related parties, the Elica Group primarily carries out transactions of a trading nature. There were no transactions with Fintrack S.p.A., nor with FAN S.r.l..

The statement of comprehensive income and statement of financial position balances arise from trading transactions conducted to purchase goods and services and use non-current assets on an arm's length basis.

The Procedures for Transactions with Related Parties is published on the Company's website <https://elica.com/corporation> (Corporate Governance section).



**B.6.9. Government grants as per Article 1, paragraphs 125-129, of Law No. 124/2017**

For the detail of the grants received, reference should be made to the National State Aid register. The following information is provided:

<i>Euro thousands</i>	<b>Asset at 01/01/2020</b>	<b>Vested in 2021</b>	<b>Collected 2021</b>	<b>Asset at 12/31/2021</b>	<b>Description</b>
Photovoltaic Grant (**)	155	450	(481)	124	Grant on photovoltaic plant installed on the roof of the Castelfidardo and Cerreto d'Esi industrial buildings issued by FSE
2015 Industry	138	0	0	138	Research and Development grant from Ministry for Economic Development
RESPIRE project	39	7	0	46	Research grant from European Union
H@H Project	47	0	0	47	Research and Development grant from Ministry for University and Scientific Research
SEAL project	307	0	(153)	154	Research and Development grant from Ministry for University and Scientific Research
SHELL Project	173	0	0	173	Research and Development grant from Ministry for University and Scientific Research
Project SM	104	0	0	104	Research and Development grant from Ministry for University and Scientific Research
SMARTFAN project	(53)	91	(6)	31	Research grant from European Union
MERCURY Project	31	26	0	57	Research and development grant from the Marche region Regional Plan
MIRACLE Project	17	37	(17)	37	Research and development grant from the Marche region Regional Plan
Fondimpresa	61	106	0	167	Staff training grant from Fondimpresa
Fondirigenti	16	33	(30)	18	Training executives grant from Fondimpresa
New Investment Tax Credit 2020	120	0	(36)	84	Tax credit on new investments year 2020— Law No. 160 of 27.12.2019
New Investment Tax Credit 2021	0	159	0	159	Tax credit on new investments year 2020— Law No. 178 of 30.12.2020
Sanitation tax credit 2020	28	0	(28)	0	Tax credit for workplace sanitation expenses— Leg. Decree No. 34 of 19.05.2020
Sanitation tax credit 2021	0	15	(15)	0	Tax credit for workplace sanitation expenses— Leg. Decree No. 73 of 25.05.2021
Research & Development tax credit 2019	899	0	0	899	Research & Development tax credit 2019— Law No. 190/2014
2020 advertising bonus	0	10	(10)	0	Law No. 50 of 24.04.2017— Advertising Bonus
Research & Development tax credit 2020	0	254	0	254	R&D tax credit— Law No. 178 of 30.12.2020
<b>Elica S.p.A.</b>	<b>2,082</b>	<b>1,189</b>	<b>(777)</b>	<b>2,493</b>	
Fondimpresa	15	15	(15)	15	Staff training grant from Fondimpresa
<b>Airforce S.r.l.</b>	<b>15</b>	<b>15</b>	<b>(15)</b>	<b>15</b>	
Supplementary withholding credit 3/20	2	21	17	6	Supplementary withholding credit 3/20 (Renzi decree 66/2014)

Research & Development tax credit	89	0	89	0	Research & Development tax credit
Training tax credit	22	0	0	22	Training tax credit Law No. 205 of 27.12.2017
Advertising credit	1	0	0	1	Advertising credit
SABATINI grant credit	115	0	0	115	Ministry for Economic Development
B.S. tax credit	37	13	7	43	B.S. tax credit Law 160/2019
B.S. tax credit	59	121	6	174	B.S. tax credit Law 178/2020
<b>EMC Fime S.r.l.</b>	<b>326</b>	<b>156</b>	<b>120</b>	<b>362</b>	
<b>Elica Group</b>	<b>2,422</b>	<b>1,359</b>	<b>(672)</b>	<b>2,869</b>	

(\*\* Includes advances received)

### B.6.10. Positions or transactions arising from atypical and/or unusual operations

In 2021, there were no such transactions to be reported.

### B.6.11. Events after the reporting date

On January 1, 2022, the “motors” business unit of Elica S.p.A. was conferred to the subsidiary EMC FIME s.r.l.

On January 21, 2022, the Elica Group, through its subsidiary EMC FIME, a European leader in the design and manufacture of electric motors and blowers, enters the hydrogen market with 1.3 million PREMIX fans potentially ready to be used from 2022. The PREMIX line of fans has in fact been certified internationally for the use of hydrogen following a long process of tests and checks. This crucial factor will allow the Fabriano group to work alongside the major global manufacturers of boilers, condensing water heaters and professional ovens. Under the EU directives to reduce the impact of greenhouse gases, Elica is thus getting ready for one of the greatest challenges of the coming years - to reduce emissions on the continent by at least 55% by 2030 (compared to 1990 levels). In this scenario, hydrogen will play a key role in the transition to a greener supply chain, which is now a top priority for the sector's leading players.

Already optimised for maximum energy efficiency, PREMIX H2 solutions now in fact comply with the industry standards to be adopted by 2025 when domestic supply networks will gradually transition from natural gas to hydrogen.

On February 10, 2022, the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the fourth quarter of 2021, prepared according to IFRS and the 2021 preliminary consolidated results.

A military conflict broke out in the final week of February 2022. Russia invaded the Ukraine. These events are cause for serious concern, mainly for the human toll and the suffering of ordinary people. In terms of the economic impact, the International Monetary Fund speaks of a serious situation which will progressively deteriorate as the conflict goes on. This crisis comes at a delicate time, in which the global economy is recovering from the devastation of the COVID-19 pandemic and threatens to undo some of this progress. Beyond the Ukraine, the repercussions of the conflict pose significant economic risks for the region and the world. The International Monetary Fund is assessing the potential implications, also in terms of the functioning of the financial system, the raw material markets and the direct impacts on countries with economic links with the region.

The Elica Group is monitoring these developments and assessing potential related risks for its operations. Although the Elica Group's business in the affected area is limited as the Russian market

accounts for approx. 3% of revenues, all necessary actions have been taken, with the accessing of appropriate financial instruments to protect the Group from transaction and economic risks deriving from Euro/Ruble currency fluctuations.

Fabriano, March 16, 2022

On behalf of the Board of Directors  
The Executive Chairperson  
Francesco Casoli

## C. ATTACHMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS

### C.1. Disclosure pursuant to Article 149-*duodecies* of the CONSOB Issuers Regulation

The following table, prepared pursuant to Article 149-*duodecies* of the Consob Issuers' Regulation reports the payments made in 2021 for audit and other services provided by the independent auditors and entities associated with them.

Type of service	Service provider	Company	Remuneration
<i>In Euro thousands</i>			
Audit	KPMG S.p.A.	Elica S.p.A.	223
Audit	KPMG S.p.A.	Air Force S.p.A.	15
Audit	KPMG S.p.A.	EMC Fime S.r.l.	22
Audit	KPMG Cardenas Dosal, S.C.	Elicamex S.A. de C.V.	29
Audit	KPMG Polska (*)	Elica Group Polska S.p.z.o.o.	34
Audit	KPMG China	Zhejiang Elica Putian Electric Co. Ltd	50
Audit	KPMG Japan	Ariafina CO., LTD	7
Other services	KPMG S.p.A.	Elica S.p.A.	47
<b>KPMG network fees</b>			<b>427</b>

(\*) KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

**C.2. Attestation on the Consolidated Financial Statements as per Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and integrations**

The undersigned Giulio Cocci, as Chief Executive Officer, and Emilio Silvi, 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 adequacy considering the company's characteristics and
- of the administrative and accounting procedures for the preparation of the consolidated financial statements in 2021.

In addition, we declare that the consolidated financial statements:

- correspond to the underlying accounting documents and records;
- were prepared in accordance with the IFRS endorsed by the European Union and with Article 9 of Legislative Decree no. 38/2005;
- provide a true and fair view of the issuers' financial position and results of operations and of the other companies in the consolidation scope.

The Directors' Report includes a reliable analysis of the issuer's performance, results of operations and situation, together with a description of the main risks and uncertainties to which it is exposed.

Fabriano, March 16, 2022

The Chief Executive Officer  
Giulio Cocci

Officer Responsible for the Preparation of Financial Reports

Emilio Silvi

**C.3 List of investments in non-listed companies of over 10% at the reporting date, including foreign companies**

			of which:	of which:	held by	"Direct"	"indirect"	Consolidation
<i>In Euro thousands</i>	Registered Office	% total	% direct	% indirect	(*)	investment	investment	method
Airforce	Fabriano (Ancona - Italia)	60%	60%	0%	n/a	1,212	n/a	line-by-line
Ariafina	Sagamihara - Shi (Giappone)	51%	51%	0%	n/a	49	n/a	line-by-line
Elica Group Polska	Wroclaw (Polonia)	100%	100%	0%	n/a	22,275	n/a	line-by-line
Elica Mex	Queretaro (Mexico)	100%	98%	2%	Elica Group Polska	9,465	1	line-by-line
Elica Inc (USA)	Chicago, Illinois (Stati uniti)	100%	0%	100%	Elica Mex	-	0	line-by-line
Elica Putian (Cina)	Shengzhou (Cina)	99%	99%	0%	n/a	11,990	n/a	line-by-line
Elica Trading (Russia)	Saint Petersburg (Russia)	100%	100%	0%	n/a	3,880	n/a	line-by-line
Elica Francia	Paris (Francia)	100%	100%	0%	n/a	1,024	n/a	line-by-line
Elica Gmbh	Munich (Germania)	100%	100%	0%	n/a	4,540	n/a	line-by-line
EMC Fime Srl	Castelfidardo (Ancona - Italia)	100%	100%	0%	n/a	30,865	n/a	line-by-line

(\*) name and legal status of any subsidiaries that hold direct investments in non-listed companies and amount of the investment.

## **D. 2021 SEPARATE FINANCIAL STATEMENTS**

**ELICA S.p.A.**



*Registered Office at Via Ermanno Casoli, 2 – 60044 Fabriano (AN)– Share Capital: Euro  
12,664,560 fully paid-in*

**D.1. Income Statement**

<i>In Euro</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
Revenue - third parties	D.6.4.1	319,281,624	266,296,365
Revenue - subsidiaries	D.6.4.1	83,327,674	73,502,222
Other operating income	D.6.4.2	2,293,398	2,018,813
Change in inventories finished/semi-finished products	D.6.4.3	(1,615,618)	4,214,566
Increase in internal work capitalised	D.6.4.4	1,603,434	1,640,251
Raw materials and consumables - third parties	D.6.4.5	(126,723,283)	(118,827,449)
Raw materials and consumables - subsidiaries	D.6.4.5	(122,107,813)	(100,438,169)
Services - third parties	D.6.4.6	(56,192,753)	(55,817,392)
Services - subsidiaries	D.6.4.6	(3,076,929)	(2,208,095)
Personnel expense	D.6.4.7	(60,231,839)	(52,063,233)
Amortisation and depreciation	D.6.4.8	(13,506,552)	(15,430,027)
Other operating expenses and accruals	D.6.4.9	(9,092,676)	(5,246,831)
Restructuring charges	D.6.4.10	(15,466,298)	(1,911,908)
Impairment of Goodwill and other assets	D.6.4.8	(2,174,652)	(903,000)
<b>Operating profit</b>		<b>(3,682,283)</b>	<b>(5,173,887)</b>
Gain/(loss) from group companies	D.6.4.11	14,058,828	(2,495,093)
Dividends from investments in subsidiaries	D.6.7.3.5	2,476,766	4,638,361
Financial income	D.6.4.12	592,397	565,407
Financial expense	D.6.4.13	(2,214,066)	(2,842,170)
Exchange rate gains/(losses)	D.6.4.14	1,688,683	(575,045)
<b>Profit/(loss) before taxes</b>		<b>12,920,325</b>	<b>(5,882,427)</b>
Income taxes	D.6.4.15	(2,798,726)	2,706,730
<b>Profit/(loss) from continuing operations</b>		<b>10,121,599</b>	<b>(3,175,697)</b>
Profit/(loss) from discontinued operations		0	0
<b>Profit/(loss) for the year</b>		<b>10,121,599</b>	<b>(3,175,697)</b>



**D.2. Statement of Comprehensive Income**

<i>Dati in Euro thousands</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
<b>Profit for the year</b>		<b>10,121,599</b>	<b>(3,175,697)</b>
<b>Other comprehensive income/(expense) which will not be subsequently reclassified to profit or loss:</b>			
Actuarial gains/(losses) on defined benefit plans	D.6.4.31.5	101,660	92,058
Tax effect of other gains/(losses) which will not be reclassified to the profit/(loss)		0	0
<b>Total items which will not be subsequently reclassified to profit or loss, net of the tax effect</b>		<b>101,660</b>	<b>92,058</b>
<b>Other comprehensive income/(expense) which will be subsequently reclassified to profit or loss:</b>			
Net change in cash flow hedges	D.6.4.31.3	(1,660,783)	1,659,578
Tax effect of other gains/(losses) which will not be reclassified to the profit/(loss)	D.6.4.31.3	515,118	(254,698)
<b>Total items which will not be subsequently reclassified to profit or loss, net of the tax effect</b>		<b>(1,145,665)</b>	<b>1,404,880</b>
<b>Total other comprehensive income, net of the tax effect:</b>		<b>(1,044,005)</b>	<b>1,496,938</b>
<b>Comprehensive income</b>		<b>9,077,594</b>	<b>(1,678,759)</b>

**D.3.Statement of Financial Position**

<i>In Euro</i>	<i>Note</i>	<b>2021/12/31</b>	<b>2020/12/31</b>
Property, plant and equipment	D.6.4.17	23,919,039	42,746,442
Goodwill	D.6.4.18.1	23,342,460	23,342,460
Other intangible assets	D.6.4.18.2	15,615,677	17,966,935
Rights-of-use as per IFRS 16	D.6.4.18.3	3,038,066	5,368,383
Investments in subsidiaries	D.6.4.19.1	85,299,148	60,732,133
Investments in associates	D.6.4.19.2	0	274,907
Deferred tax assets	D.6.4.21	19,634,740	18,848,741
Derivative assets (non-current)	D.6.4.32.3	208,356	0
Other receivables and other assets	D.6.4.20	718,620	59,784
<b>Non-current assets</b>		<b>171,776,106</b>	<b>169,339,785</b>
Trade receivables	D.6.4.22	48,311,558	51,466,744
Trade receivables - subsidiaries	D.6.7.3.2	24,919,415	29,305,466
Inventories	D.6.4.23	25,410,986	39,496,947
Other current assets	D.6.4.24	3,079,942	2,987,779
Current tax assets	D.6.4.25	14,003,637	10,115,421
Derivatives assets (current)	D.6.4.32.3	672,571	4,077,261
Financial assets with group companies	D.6.7.3.4	16,451,254	17,001,865
Cash and cash equivalents	D.6.4.32.1	75,347,172	33,676,052
<b>Currents Assets</b>		<b>208,196,535</b>	<b>188,127,535</b>
<b>Assets held for sale</b>	D.6.4.33	<b>35,687,913</b>	<b>0</b>
<b>Total assets</b>		<b>415,660,554</b>	<b>357,467,320</b>
Liabilities for post-employment benefits	D.6.4.26	6,520,905	8,671,108
Provisions for risks and charges	D.6.4.27	21,113,531	16,168,722
Deferred tax liabilities	D.6.4.21	399,753	1,395,971
Lease liabilities and loans and borrowings from other lenders as per IFRS 16	D.6.4.32.4	1,856,214	3,911,280
Bank loans and borrowings (non current)	D.6.4.32.2	77,372,911	94,030,193
Other non- current liabilities	D.6.4.29	6,545,665	0
Derivative liabilities (non-current)	D.6.4.32.3	0	689,857
<b>Non-Current Liabilities</b>		<b>113,808,979</b>	<b>124,867,131</b>
Provisions for risks and charges	D.6.4.27	19,842,748	3,045,155
Lease liabilities and loans and borrowings from other lenders as per IFRS 16	D.6.4.32.4	1,204,377	1,655,028
Bank loans and borrowings (current)	D.6.4.32.2	26,657,284	12,121,714
Loans and borrowings from group companies	D.6.7.3.4	10,903,736	11,964,323
Current trade payables	D.6.4.30	74,810,274	83,761,111
Payables to group companies	D.6.7.3.3	20,160,696	23,884,342
Other current liabilities	D.6.4.29	18,531,986	6,772,577
Current tax liabilities	D.6.4.28.2	9,753,931	3,047,364
Derivative liabilities (current)	D.6.4.32.3	391,292	724,546
<b>Current liabilities</b>		<b>182,256,324</b>	<b>146,976,160</b>
<b>Liabilities directly related to discontinued operations</b>	D.6.4.33	<b>24,893,628</b>	<b>0</b>
Share capital	D.6.4.31.1	12,664,560	12,664,560
Capital reserves	D.6.4.31.2	71,123,335	71,123,335
Hedging reserve	D.6.4.31.3	291,108	1,436,773
Actuarial Reserve	D.6.4.31.5	(2,860,812)	(2,962,472)
Retained earnings	D.6.4.31.6	3,361,833	6,537,530
Profit/(loss) for the year		10,121,599	(3,175,697)
<b>Equity</b>	<b>D.6.4.31</b>	<b>94,701,623</b>	<b>85,624,029</b>
<b>Total liabilities and equity</b>		<b>415,660,554</b>	<b>357,467,320</b>

**D.4.Statement of Cash Flows**

<i>In Euro</i>	<b>2021</b>	<b>2020</b>
<b>Opening cash and cash equivalents</b>	<b>33,676,052</b>	<b>10,600,470</b>
<b>Operating activities</b>		
<b>Profit/(loss) for the year</b>	<b>10,121,599</b>	<b>(3,175,697)</b>
Amortisation and depreciation	13,506,552	15,430,027
Impairment losses	2,174,653	903,000
Non-monetary (income)/charges	8,600,000	133,495
Trade working capital	(1,222,967)	(17,000,296)
Other working capital accounts	470,905	(4,768,236)
Income taxes paid	(447,568)	-
Change in provisions	22,329,590	3,043,314
<b>Cash flow from (used in) operating activities</b>	<b>55,532,763</b>	<b>(5,434,393)</b>
<b>Investing activities</b>		
Investments		
- Intangible assets	(4,571,642)	(4,108,954)
- Property, plant and equipment	(5,343,186)	(3,595,790)
- Rights-of-use	(404,821)	(538,213)
- Financial assets	(13,080,539)	1,738,361
<b>Cash flow used in investing activities</b>	<b>(23,400,189)</b>	<b>(6,504,596)</b>
<b>Financing activities</b>		
Increase (decrease) financial liabilities	11,368,311	39,546,374
Net changes in other financial assets/liabilities	1,029,737	(1,178,726)
Increase/(decrease) in lease liabilities - IFRS 16	(1,291,551)	(1,143,925)
Interest paid	(1,567,951)	(2,209,152)
<b>Cash flow from financing activities</b>	<b>9,538,546</b>	<b>35,014,571</b>
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>41,671,120</b>	<b>23,075,582</b>
<b>Closing cash and cash equivalents</b>	<b>75,347,172</b>	<b>33,676,052</b>

**D.5. Statement of changes in equity**

	Share capital	Capital reserves	Treasury shares	Hedging reserve/Actuarial reserve	Retained earnings	Profit/(loss) attributable to the owners of the Parent	Equity
<i>In Euro thousands</i>							
<b>12/31/2019</b>	<b>12,665</b>	<b>71,123</b>	<b>0</b>	<b>(3,023)</b>	<b>7,995</b>	<b>(1,457)</b>	<b>87,303</b>
Fair value changes on cash flow hedges net of the tax effect	0	0	0	1,405	0	0	1,405
Actuarial gains/(losses) on post-employment	0	0	0	92	0	0	92
<b>Total gains/(losses) recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,497</b>	<b>0</b>	<b>0</b>	<b>1,497</b>
Profit/(loss) attributable to the owners of the	0	0	0	0	0	(3,176)	(3,176)
<b>Total gains/(losses) recognised in other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,497</b>	<b>0</b>	<b>(3,176)</b>	<b>(1,679)</b>
Allocation of profit for the year	0	0	0	0	(1,457)	1,457	0
Dividends	0	0	0	0	0	0	0
Other changes	0	0	0	0	(1)	0	(1)
<b>12/31/2020</b>	<b>12,665</b>	<b>71,123</b>	<b>0</b>	<b>(1,526)</b>	<b>6,537</b>	<b>(3,176)</b>	<b>85,623</b>
Fair value changes on cash flow hedges net of the tax effect	0	0	0	(1,146)	0	0	(1,146)
Actuarial gains/(losses) on post-employment	0	0	0	102	0	0	102
<b>Total gains/(losses) recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,044)</b>	<b>0</b>	<b>0</b>	<b>(1,044)</b>
Profit/(loss) attributable to the owners of the	0	0	0	0	0	10,122	10,122
<b>Total gains/(losses) recognised in other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,044)</b>	<b>0</b>	<b>10,122</b>	<b>9,078</b>
Allocation of profit for the year	0	0	0	0	(3,176)	3,176	0
Dividends	0	0	0	0	0	0	0
Other changes	0	0	0	0	1	0	1
<b>12/31/2021</b>	<b>12,665</b>	<b>71,123</b>	<b>0</b>	<b>(2,570)</b>	<b>3,362</b>	<b>10,122</b>	<b>94,702</b>

## **D.6. Notes to the Separate Financial Statements at December 31, 2021**

D.6.1. Accounting policies

D.6.2. Accounting standards, amendments and interpretations in force as from January 1, 2021 and not yet applicable by the Company

D.6.3. Significant accounting estimates

D.6.4. Notes to the Separate Financial Statements

D.6.5. Guarantees, commitments and contingent liabilities

D.6.6. Risk management

D.6.7. Management compensation and related-party transactions

D.6.8. Government grants as per Article 1, paragraphs 125-129, of Law No. 124/2017

D.6.9. Positions or transactions arising from atypical and/or unusual operations

D.6.10. Events after the reporting date

D.6.11. Proposal for the approval of the 2021 Financial Statements and allocation of the result as approved by the Board of Directors on March 16, 2022

## D.6.1. Accounting policies

### D.6.1.1 – General information

Elica SpA is a company incorporated under Italian law based in Fabriano (Ancona, Italy).

The company is listed on the STAR segment on the Italian Stock Exchange.

The main activities of the Company and its subsidiaries, as well as its registered office and other offices are illustrated in the Directors' Report.

The Euro is the functional and reporting currency. Amounts in the financial statement are given in Euro while the amounts in the notes are given in thousands of Euro.

The company in addition prepares the Consolidated Financial Statements of the Group which it heads.

### D.6.1.2 Basis of preparation

The Separate Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IAS) and endorsed by the European Union, as well as in accordance with Article 9 of Legislative Decree no. 38/2005 and related CONSOB regulations.

The Separate Financial Statements at December 31, 2021 are compared with the previous year and consist of the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of changes in Equity and the Explanatory Notes thereto.

The financial statements and related notes comply with the minimum disclosure requirements of IFRS, as supplemented, where applicable, by the provisions of the law and CONSOB regulations.

The Company did not make any changes in the accounting policies applied between the comparative dates of December 31, 2020 and December 31, 2021.

The financial statement items 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.

### D.6.1.3 Financial schedules

Company Management, in accordance with IAS 1, made the following choices in relation to the presentation of the financial statements.

The **Income Statement** is prepared in accordance with the nature of the item and shows intermediary results relating to the operating profit/(loss) and the profit/(loss) before taxes in order to allow a better assessment of the operating performance.

The operating profit is the difference between net revenue and operating expenses (this latter including non-monetary items relating to amortisation/depreciation and impairment of current and non-current assets, net of any reversals), including any gains/losses on the sale of non-current assets.

The **Statement of Comprehensive Income** reports, beginning with the profit/(loss) for the year, the effect of the other comprehensive income items recorded directly to equity (other comprehensive income).

The **Statement of Financial Position** is presented with separation of current and non-current assets and liabilities. It is expected to be realised/settled or sold or utilised within the company's normal operating cycle; it is held for trading; it is expected to be realised/settled within 12 months from the end of the reporting period. Where none of these conditions apply, the assets/liabilities are classified as non-current.

The **Statement of Cash Flows** is prepared using the indirect method in which the operating profit/(loss) is adjusted by non-monetary items. It is based on the classification of cash flows generated respectively from operating activities, investing activities and financing activities, in line with IAS 7. Specifically, operating activities are activities that generate revenue and are not investing or financing activities. Investment activities are those concerning the purchase and sale of non-current Assets and other investments, while Financing Activities are those resulting in a change to the sources of financing, therefore in the size and composition of the share capital and share premium reserves and Group loans. Unrealised exchange rate gains and losses are not considered cash flows. However, the effect of such exchange rate gains and losses on cash and cash equivalents is included to reconcile the change in the opening and closing balances of cash and cash equivalents. It is, however, presented separately.

**Statement of Changes in Equity** outlines the changes to the Equity items, including the allocation of the result, the recognition of actuarial profits/losses, the impact of the valuation of hedging instruments and the recording of the profit/loss, in addition to the additional phenomenon which according to IFRS should be recognised to this item.

#### **D.6.1.4 Accounting policies**

The main accounting policies adopted in the preparation of the Separate Financial Statements are described below.

#### **Property, plant and equipment**

Property, plant and equipment are recognised at purchase or production cost, including any directly attributable costs. Some assets have been adjusted under specific revaluation legislation prior to January 1, 2005 and are deemed to reflect the fair value of the asset at the revaluation date (“deemed cost” as per IFRS 1).

Depreciation is calculated on a straight-line basis over the estimated useful life applying the following percentage rates:

Buildings	3%
Light buildings	10%
Machines and installations	6% -10%
Industrial and commercial equipment	14% -16%
Fitting and furniture	12%
Electronic machine	20%
Cars	20%
Means of transport	25%

Purchase cost is also adjusted for grants related to assets already approved to the company. These grants are recognised in profit or loss by gradually reducing the depreciation charged over the useful life of the assets to which they relate.

Maintenance, repair, expansion, updating and replacement costs that do not lead to a significant, measurable increase in the production capacity and useful life of an asset are taken to profit or loss when they are incurred.

#### **Goodwill**

Goodwill, recognised as part of the investment, deriving from the acquisition of a subsidiary or other business combination, represents the excess of the acquisition cost over the Group’s share in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the acquisition date.

At each reporting date the Group reviews the recoverable value of the goodwill to assess whether an impairment loss has occurred and determine the amount of any impairment. An impairment loss is immediately taken to profit or loss and is not reversed in a subsequent period. On the sale of a subsidiary, any goodwill attributable to the subsidiary is included in the calculation of the gain or loss on the sale.

Goodwill arising on acquisitions prior to January 1, 2004 is carried at the amount recognised under Italian GAAP at that date, after an impairment test.

### **Research costs**

The research costs are taken to profit or loss when incurred.

### **Development costs**

- Development costs in relation to specific projects are capitalised when all of the following conditions are satisfied:
- the costs can be reliably determined;
- the technical feasibility of the product is demonstrated,
- the volumes, and expected prices indicate that costs incurred for development will generate future economic benefits;
- the technical and financial resources necessary for the completion of the project are available.

Where the above conditions are not met; the cost is recorded in the Income Statement.

Capitalised development costs are amortised on a straight-line basis, commencing from the beginning of the production over the estimated life of the product to which these costs refer.

The carrying amount of development costs are tested annually for impairment when the asset is no longer in use, or with greater frequency when there is indication of impairment. The recoverability test requires estimates by the Directors, as dependent on the cash flows deriving from the sale of products sold by the company. These estimates are impacted both by the complexity of the assumptions underlying the projected revenue and future margins and by the strategic industrial choices of the Directors.

### **Other intangible assets**

The other intangible assets acquired or produced internally are recorded under assets, in accordance with the provisions of IAS 38 – Intangible Assets, when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined reliably.

The useful life of an intangible asset may be considered definite or indefinite. Intangible assets with definite useful lives are amortised monthly for the duration of their useful lives. According to management and experts, the company's most important software has a useful life of seven years. The useful life is tested annually for impairment and any changes are made on a prospective basis.

Intangible assets with indefinite useful lives are not amortised but tested annually for impairment or more frequently where there is an indication that the asset may be impaired. At present, the company only owns intangible assets with definite useful lives.

### **Impairment testing**

At each reporting date, the company 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.

Goodwill and other intangible assets with indefinite useful lives, including assets under development, are tested at least annually for impairment and whenever there is an indication of a possible loss in value. The impairment test compares the carrying amount with the recoverable amount, which is the greater of fair value less costs to sell and value in use. Any excess of the carrying amount results in an impairment loss. An impairment loss is recognised to profit and loss. When the reasons for the impairment no longer exist, the impairment losses on the assets are reversed bringing the carrying amount up to the revised estimate of its recoverable amount. The restatement cannot exceed the carrying amount had no impairment been recognised. The reversal of an impairment loss is taken to profit or loss.

For goodwill, the recoverable amount is determined by the Directors through the calculation of the value in use of the Cash Generating Units (CGUs). Cash Generating Units are identified based on the Group's organisational and business structure as units that generate cash flows independently through the continuous use of the assets allocated. The impairment loss of the goodwill is taken to profit or loss and, differing to that for other property, plant and equipment and intangible assets, no reversal is recognised in future years.

### **Investments in subsidiaries and associates**

Investments in subsidiaries, joint ventures and associates not classified as held-for-sale are measured at cost.

Income from investments is recognised only in relation to the dividends received from the investee on profit generated after the acquisition date. Dividends received in excess of profits generated are regarded as a recovery on the investment and are taken as a reduction in the cost of the investment.

At the end of each reporting period, the Company evaluates whether there are any indications of impairment in the cost of the investment. When it is determined that a potential loss exists, the Directors make valuations on the recoverable amount of those investments in order to identify the potential amount of the loss.

Investments are tested at least annually for impairment and whenever there is an indication of a possible loss in value. The impairment test compares the carrying amount of the investment with the recoverable amount, defined as the higher between the fair value of the investment net of sales costs and the value in use, represented by the present value of the expected revenue streams for the years of operations of the company subject to the impairment test and deriving from its disposal on conclusion of its useful life. Any excess of the carrying amount results in an impairment loss. An impairment loss is recognised to profit and loss. Following the write-down of the cost of the investment, further losses recorded on the investment are recorded under liabilities, where a legal implicit obligation to cover the losses in the investment exists. When the reasons for the impairment no longer exist, the impairment losses are reversed bringing the carrying amount up to the revised estimate of its recoverable amount. The restatement cannot exceed the carrying amount had no impairment been recognised. The reversal of an impairment loss is taken to profit or loss.

### **IFRS 16 Leases**

At the commencement date of leases, the Company recognises the usage right assets and the lease liabilities. Usage right assets are initially valued at cost, and subsequently at cost net of amortisation and cumulative impairments, while adjusted to reflect lease liability revaluations. The Company assesses the lease liabilities at the present value of payments due for lease charges not settled at the commencement date, discounting them according to the implied lease

interest rate. Where it is not possible to establish this rate easily, the Company utilises the marginal interest rate. It generally uses the marginal interest rate as the discount rate.

The lease liability is subsequently increased by the interest maturing on this liability and reduced for payments due on the lease and is revalued in the case of changes to future payments on leasing deriving from a change in the index or rate, in the case of a change to the amount which the Company expects to pay as guarantee on the residual value or where the Company changes its assessment on the exercise or otherwise of a purchase, renewal or termination option.

The Company has estimated the lease duration of some contracts in which it acts as lessee and which have renewal options. The Company assessment upon the existence or otherwise of a reasonable certainty of exercising the option influences the estimate of the lease duration, significantly impacting the amount of the lease liabilities and the usage right assets recognised.

## **Inventories**

Inventories are measured at the lower of purchase or production cost and net realisable value.

The purchase cost of raw, ancillary, supplies and goods for resale is determined using the weighted average cost method.

The production cost of finished products, work in progress and semi-finished products is determined considering the cost of the materials used plus direct operating expenses and overheads.

Net realisable value represents the estimated selling price less expected completion costs and selling costs.

Obsolete and slow moving inventories are written down taking account of their prospects of utilisation or sale.

## **Trade receivables and loans and other financial assets**

Financial assets other than trade receivables, loans and cash and cash equivalents are initially recognised at fair value, including directly related transaction costs.

Trade receivables and loans are measured at their nominal amount, which normally represents their fair value. In the event of a significant difference between nominal amount and fair value, they are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Receivables are adjusted through a loss allowance to reflect their realisable value. The allowance is calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, discounted at the effective interest rate on initial recognition.

## **Assets and liabilities held-for-sale**

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying value and market value less selling costs.

Non-current assets (and disposal groups) are classified as held-for-sale when their carrying amount is expected to be recovered by means of a sales transaction rather than through use in company operations. This condition is met only when the sale is highly likely, the assets (or group of assets) are available for immediate sale in their current condition and, consequently, management is committed to a sale, which should take place within 12 months of the classification as held for sale.

As provided for by IFRS 5, in addition to the assets, the related liabilities must also be represented.

## **Cash and cash equivalents**

Cash and cash equivalents include cash balances and bank current accounts and deposits repayable on demand plus other highly liquid short term financial investments that can be readily converted into cash and are not subject to a significant risk of a change in value.

## **Financial liabilities and Equity instruments**

Financial liabilities and equity instruments issued are classified in accordance with the underlying contractual agreements and in accordance with the respective definitions of liabilities and Equity instruments.

Equity instruments consist of contracts which, stripped of the liability component, give rights to a share in the assets.

The accounting policies adopted for specific financial liabilities and equity instruments are indicated below.

### **Trade payables and other financial liabilities**

Trade payables and other financial liabilities are recognised at their nominal amount, which generally represents their fair value. In the event of significant differences between their nominal amount and fair value, trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

### **Bank loans and borrowings and loans and borrowings from other lenders**

Bank loans and borrowings – comprising non-current loans and bank overdrafts – and loans and borrowings from other lenders, are recognised based on the amounts received, less transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

### **Derivative and hedge accounting**

Derivative financial instruments are used with the intention of hedging, in order to reduce currency, interest rate or market price risks. In compliance with IFRS, derivative financial instruments can be recognised using “hedge accounting” only when the hedge is formally designated and documented as such and is presumed to be highly effective at inception, such effectiveness can be reliably measured and the hedge is highly effective over the accounting periods for which it was designated.

All derivative financial instruments are measured at fair value in accordance with IAS.

When derivative financial instruments qualify for hedge accounting, the following treatment applies:

- for derivatives that hedge scheduled transactions (i.e. cash flow hedges), changes in the fair value of derivative instruments are allocated to equity for the portion considered effective while the portion considered ineffective is recognised in profit or loss;
- for derivatives that hedge receivables and payables recorded in the statement of financial position (i.e. fair value hedges), differences in fair value are recognised in full in profit or loss. Moreover, the value of the hedged item (receivables/payables) is adjusted for the change in the risk hedged, again in profit or loss;
- for derivatives classified as hedges of a net investment in a foreign operation, the effective portion of profits or losses on the financial instruments are recorded under

equity. The cumulative gains or losses are reversed from the equity and recorded in the income statement on the sale of the foreign operation.

If hedge accounting cannot be applied, the gains or losses from the fair value measurement of derivative financial instruments are recognized immediately in the income statement.

Concerning the management of the risks related to the exchange rates and interest rates and the value of commodities, reference should be made to section D.6.6. “Risk management policy” of the Notes.

### **Treasury shares**

Treasury shares are recognised at cost and taken as a reduction in equity. The gains and losses deriving from trading of treasury shares, net of the tax effect, are recognised under equity reserves.

### **Employee benefits**

#### **Post-employment benefits**

Italian post-employment benefits are considered equivalent to a defined benefit plan. For defined benefit plans, the cost of the benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each year.

On the basis of IAS 19 – Employee benefits, the Company presents in the balance sheet the deficit or surplus of the relevant provision, with recognition to the income statement of the labour cost components and net financial charges and the recognition of the gains or losses which derive from the recalculation of the assets and liabilities under Other Comprehensive Income. In addition, any income from the plan assets included under net financial expenses must be calculated based on the discount rate of the liability.

Up to December 31, 2006, the employees’ leaving entitlement of the Italian companies was considered a defined benefit plan. The regulations governing Italian employees’ leaving entitlement were modified by Law no. 296 of December 27, 2006 (“2007 Finance Act”) and subsequent decrees and regulations issued at the beginning of 2007. In the light of these changes, and specifically with reference to companies with more than 50 employees, only the benefits that accrued prior to January 1, 2007 (and not yet paid at the reporting date) are now considered a defined benefit plan, while those that accrued after this date are considered a defined contribution plan.

#### **Share-based payments**

Where the Group recognises additional benefits to senior management and key personnel through stock grant plans, in accordance with IFRS 2 – Share-based payments, these plans represent a form of remuneration to the beneficiaries. Therefore the cost, which is the fair value of these instruments at the assignment date, is recognised in profit or loss over the period between the assignment date and maturity date, with a balancing entry directly in equity. Changes in the fair value after the assignment date do not have an effect on the initial value. At December 31, 2021 there are no such plans in place, there are only monetary based on phantom stock plans. The existing plans award beneficiaries a number of phantom stocks. When the vesting conditions are met, and upon the completion of the period specified in the continuing employment condition, the beneficiary receives a payment in cash equal to the value of the phantom stock accrued. This therefore represents a cash settled plan. The cost accrued during the year is thus taken to the income statement and the related provision is recognised. The same accounting treatment is applied to new monetary plans, which stipulate the issue of a cash payment to the beneficiaries on conclusion of the long-term objectives period. For further

information, please consult the plan information documents on the company's website, (<https://elica.com/corporation/it/investor-relations/assemblea-azionisti>).

### **Provisions for risks and charges**

The company recognises a provision for risks and charges when the risk related to an obligation deriving from a past event is considered probable and a reliable estimate may be made on the amount of the obligation. Provisions are made based on management's best estimate of the cost of fulfilling the obligation at the end of the reporting date and are discounted to their present value when the effect is material. These risks are subject to a high level of complexity and uncertainty, and therefore the amount of the provision for risks and charges is reviewed periodically to reflect the best current estimate of each provision.

### **Revenue and income**

The new IFRS 15 – Revenue standard establishes an overall framework to identify the timing and amount of revenue recognition.

IFRS 15 requires the recognition and measurement of revenue from contracts with customers according to the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations (i.e. the contractual commitments to transfer goods and/or services to a customer); (iii) establishment of the transaction price; (iv) the allocation of the transaction price to the performance obligations identified on the basis of the stand alone sales price of each good or service and (v) recognition of revenue upon satisfaction of the relative performance obligation (i.e. on the transfer to the customer of the asset or service promised). The transfer is considered complete when the customer obtains control of the goods or services, which may occur over time or at a point in time. According to the new standard, the amount that the entity recognises as revenue should reflect the consideration that it has the right to receive following the exchange of the assets transferred to the customer and/or services provided, to be recognised upon fulfilment of the contractual obligations. In addition, to recognise the revenue, the requirement of probable obtainment/receipt of the economic benefits linked to the income is emphasised; for a contract in progress, a requirement to recognise revenue taking account of any discounting effect from payments deferred over time is introduced.

The Company 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 Company are in line with those established by IFRS 15. Finally, no circumstances were identified whereby the Company had the role of “agent”.

Interest income is recorded on an accruals basis, according to the amount financed and the effective interest rate applicable. This is the rate at which the expected future cash flow over the life of the financial asset is discounted to equate them with the carrying amount of the asset. Dividends are recognised when it is established that the shareholders have the right to receive them.

### **Foreign currency transactions**

Foreign currency assets and liabilities are translated at the reporting date using the closing exchange rate. Non-monetary assets and liabilities measured at historical cost in foreign currency are translated using the exchange rate at the transaction date.

Exchange differences arising on such transactions or on the translation of monetary assets and liabilities are recorded in the Income Statement except for those arising on derivative financial

instruments qualified as cash flow hedges. These differences are recorded in Equity if unrealised, otherwise they are recorded in the Income Statement.

### **Government grants**

Grants from public bodies are recorded when there is a reasonable certainty that the conditions required to obtain them will be satisfied and that they will be received. Such grants are recorded in the income statement over the period in which the related costs are recorded, with a reduction in the generating account.

The accounting treatment of benefits deriving from a government loan obtained at a reduced rate are similar to those for government grants. This benefit is calculated at the beginning of the loan as the difference between the initial carrying amount of the loan (fair value plus direct costs attributable to obtaining the loan) and that received, and subsequently recorded in the income statement in accordance with the regulations for the recording of public grants.

### **Income taxes**

Income taxes for the year represent the sum of current and deferred taxation.

Income tax is based on taxable income for the period as determined under applicable tax law. The liability for current income taxes is calculated using the current rates at the reporting date. Elica S.p.A. and the subsidiary Airforce S.p.A. have opted for a consolidated tax regime in Italy. This means that the IRES (Corporation Tax) charge is calculated on a tax base representing the aggregate of the taxable income and tax losses of the individual companies. The contract is of three-year duration (2020, 2021 and 2022).

The transactions and mutual responsibilities and obligations between the Parent and the aforementioned subsidiary are defined by a specific consolidation agreement. With regard to their responsibilities, the agreement provides that the Parent is jointly liable with the subsidiary for:

- amounts due by the subsidiary under Article 127(1) of the Income Tax Code;
- payment of amounts due to the tax authorities, should it emerge that sums declared in the consolidated tax return have not been paid;
- consolidation adjustments made based on figures supplied by the subsidiary and contested by the tax authorities.

The income tax receivable is shown under Tax Receivables, determined as the difference between the income taxes in the year, payments on account, withholding taxes and, in general, tax credits. Tax Receivables also include the current IRES charge as determined on an estimate of the taxable income and tax losses of the companies taking part in the Consolidated tax regime, net of payments on account, taxes withheld by third parties and tax credits; tax assets are offset by the amounts due to the subsidiary companies by Elica for the residual receivable attributable to the Consolidated tax regime.

The liability for any tax losses surrendered by a subsidiary is recorded under Amounts due to subsidiaries.

Deferred tax assets and liabilities arise from timing differences between the carrying amount of assets and liabilities determined in accordance with the financial reporting criteria set out by the Italian civil code and their tax base.

No tax provision has been made in relation to reserves subject to taxation upon distribution as no transactions that could trigger their taxation are planned.

Deferred tax assets are recognised insofar as it is likely that, in the years the deductible timing differences leading to their creation reverse, there will be taxable income not less than the amount of the differences. The carrying value of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.

Deferred taxation is calculated based on the tax rate expected to be in force when the assets are realised or the liabilities extinguished. Deferred tax is charged or credited directly to the Income Statement, except when it relates to items charged or credited directly to Equity, in which case the deferred tax is also recognised in Equity.

Deferred tax assets and liabilities are offset when there is a direct right to compensate the tax assets and liabilities and when they refer to income taxes due to the same fiscal authority and the Company intends to pay the amount on a net basis.

## **D.6.2. Accounting standards, amendments and interpretations in force as from January 1, 2021 and not yet applicable by the Company**

### **D.6.2.1 Accounting standards, amendments and interpretations applied from January 1, 2021**

These financial statements were prepared according to the same accounting standards as those applied to the latest annual financial statements (i.e. for the preparation of the financial statements as at December 31, 2020, and the financial statement formats used are the same as those used to prepare the financial statements as at December 31, 2020).

There are no new standards applied that have impacted these consolidated financial statements.

### **D.6.2.2 Accounting standards, amendments and interpretations not yet applied and applicable**

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.

#### **D.6.3. Significant accounting estimates**

In the preparation of the Financial Statements in accordance with IFRS, the Group's Management must make accounting estimates and assumptions which have an effect on the values of the assets and liabilities and disclosures. 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 this context, the situation caused by the historic volatility of the financial markets has resulted in the need to make assumptions about a 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 items principally affected by such uncertainty are: goodwill, the allowance for impairment and the provision for inventory impairment, non-current assets (intangible assets and PPE), pension funds and Long Term Incentives, other post-employment benefits, provisions for risks and charges and deferred tax assets.

Reference should be made to the notes to each individual item for further information on the aforementioned estimates.



## D.6.4. Notes to the Separate Financial Statements

### Income Statement

#### D.6.4.1 Revenue

An analysis of revenue by product sales and services follows:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Revenues from core business	366,887	304,427	62,460
Premiums and recharges	(10,599)	(9,485)	(1,114)
Revenues from services	8,471	7,805	666
Revenues from sales of other products	37,850	37,052	798
<b>Revenue</b>	<b>402,609</b>	<b>339,799</b>	<b>62,810</b>

Revenue increased by approx. 18.5% compared to the previous year, decreasing the share towards the Group to 21% (22% in 2020) and consequently increasing the share towards third parties to 79% (78% in 2020).

For information on revenue, reference should be made to paragraph A.6. “The Parent, Elica S.p.A.: financial results and operating performance”, in the Directors’ Report.

A breakdown of revenue from third parties and subsidiaries is shown below.

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Revenue - third parties	319,281	266,297	52,984
Revenue - subsidiaries	83,328	73,502	9,826
<b>Revenue</b>	<b>402,609</b>	<b>339,799</b>	<b>62,810</b>

Revenue from subsidiaries amount to Euro 83,328 thousand; these amounts principally refer to the sale of components and finished products to the subsidiary AirForce for Euro 1,698 thousand (Euro 1,448 thousand in 2020), to the subsidiary Ariaфина for Euro 373 thousand (Euro 380 thousand in 2020), to the subsidiary Elica Group Polska for Euro 33,374 thousand (Euro 33,556 thousand in 2020), to the subsidiary Elicamex for Euro 13,800 thousand (Euro 12,333 thousand in 2020), to the subsidiary Elica India for Euro 687 thousand (Euro 410 thousand in 2020), to the Chinese subsidiary Putian for Euro 635 thousand (Euro 190 thousand in 2020), to the Russian subsidiary Elica Trading for Euro 7,713 thousand (Euro 6,875 thousand in 2020), to Elica France for Euro 18,069 thousand (Euro 12,167 thousand in 2020) and to the subsidiary Elica GmbH for Euro 6,916 thousand (Euro 5,693 thousand in 2020) and to the subsidiary EMC Fime for Euro 62 thousand. All transactions are regulated at prices in line with market conditions applied to third parties.

Finally we present revenue by geographic area.

Breakdown of revenue from sales and services by geographic area and from third party and subsidiaries:

	<b>2021</b>	<b>2020</b>	<b>Change</b>
<i>In Euro thousands</i>			
Europe + CIS (Russia)	364,468	312,484	51,984
Other countries	18,371	10,826	7,545
America	19,770	16,489	3,281
<b>Revenue</b>	<b>402,609</b>	<b>339,799</b>	<b>62,810</b>

There are no non-Group customers in 2021, similar to 2020, whose revenue account for more than 10% of total revenue.

#### D.6.4.2 Other operating income

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Grants related to income	1,080	872	208
Ordinary gains	98	24	74
Claims and insurance settlement	106	285	(179)
Other operating income	1,009	838	172
<b>Other operating income</b>	<b>2,293</b>	<b>2,019</b>	<b>275</b>

Other operating income increased by approximately Euro 0.2 million, mainly referring to grants related to income and due to the recognition of a portion of the Research and Development Credit. This account presents the majority of the public grants issued to the company. Reference should be made to Note D.6.8 for information on the public grants presented according to Article 1, paragraph 125, No. 124 of Law of August 4, 2017.

#### D.6.4.3 Change in finished and semi-finished products

The change in finished and semi-finished products and work in progress was negative for Euro 1,616 thousand, while positive at December 31, 2020 for Euro 4,215 thousand. The decrease reflects the decrease in inventories of finished and semi-finished products.

#### D.6.4.4 Increase in internal work capitalised

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Increase in internal work capitalised	1,603	1,640	(37)
<b>Increase in internal work capitalised</b>	<b>1,603</b>	<b>1,640</b>	<b>(37)</b>

The account amounted to Euro 1,603 thousand (Euro 1,640 thousand in the previous year) and mainly relates to the capitalisation of charges regarding the design and development of new products and costs sustained internally for the construction of mouldings, industrial equipment and the implementation of new IT programmes. Capitalised costs principally relate to personnel. The amount is in line with the previous year. For further information, reference should be made to the paragraphs outlining the balances and movements in tangible and intangible assets.

#### D.6.4.5 Raw materials and consumables

The breakdown of consumables (third parties and subsidiaries) are as follows:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Purchase of raw material	115,685	105,288	10,397
Purchase of semi-finished products	10,391	10,777	(386)
Purchase of consumables and supplies	869	1,147	(278)
Purchase of finished products	122,758	100,758	22,000
Packaging	191	402	(211)
Others	648	774	(126)
Transport on purchases	2,020	859	1,161
Purchase of Raw material from associated companies	0	0	0
Change in inventory of raw materials, consumables, supplies and goods	(3,731)	(739)	(2,992)
<b>Raw materials and consumables</b>	<b>248,831</b>	<b>219,266</b>	<b>29,565</b>

The balance is broken down as follows:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Raw materials and consumables - third parties	126,723	118,828	7,895
Raw materials and consumables - subsidiaries	122,108	100,438	21,670
<b>Raw materials and consumables</b>	<b>248,831</b>	<b>219,266</b>	<b>29,565</b>

Raw materials and consumables increased by approx. Euro 29.5 million in 2021 on 2020. These costs as a percentage on sales reduced from 64.5% to 61.8%. These costs are considered together with the change in inventories of finished products and semi-finished goods. The percentage of revenue is thereby realigned, decreasing from 63.3% to 62.2%.

Purchases from subsidiaries amounted to Euro 122,107 thousand (Euro 100,438 thousand in 2020). The most significant item relates to the purchases of finished products and goods from the subsidiary Elica Group Polska for Euro 115,097 thousand (Euro 95,099 thousand in 2020). All transactions are regulated at prices in line with market conditions applied to third parties.

#### D.6.4.6 Services

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Outsourcing	22,367	20,364	2,003
Maintenance	1,504	1,318	186
Transportation	4,083	3,472	611
Trade fairs and promotional events	2,938	2,482	456
Utilities	1,838	2,109	(271)
Promotion and advertising fees	1,490	1,058	432
Commissions and bonuses	943	946	(3)
Management of finished products	7,401	5,690	1,711
Consultancy	6,950	5,642	1,308
Industrial services	443	434	9
Travelling expenses	360	349	11
Insurances	884	742	142
Banking commissions and charges	158	211	(53)
Other professional services	6,364	4,398	1,966
Heating expenses	323	343	(20)
Statutory auditors' fees	78	65	13
Directors' fees	210	7,459	(7,249)
Cars management	565	604	(39)
Cost to remain listed on the stock exchange	371	339	32
<b>Services</b>	<b>59,270</b>	<b>58,025</b>	<b>1,245</b>

Service expenses increased approx. Euro 1.2 million on the previous year. The increase is due to the higher amounts for Outsourcing, Management of finished products, Consultancy and Other professional services, net of the decrease in Director's fees, in view of the reduction in the cost of the Long Term Incentive Plan.

2021 Other professional services includes communication services of Euro 800 thousand, technical assistance and warranty costs of Euro 3,283 thousand, canteen costs of Euro 394 thousand and cleaning costs of Euro 407 thousand.

The balance is comprised of:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Services - third parties	56,193	55,817	376
Services - subsidiaries	3,077	2,208	869
<b>Services</b>	<b>59,270</b>	<b>58,025</b>	<b>1,245</b>

### D.6.4.7 Personnel expense

Personnel expense incurred in 2020 and 2021 was as follows:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Wages and salaries	38,848	33,788	5,060
Social security expenses	12,350	11,043	1,307
Post-employment benefits	2,548	2,730	(182)
Other personnel expense	6,486	4,502	1,984
<b>Personnel expense</b>	<b>60,232</b>	<b>52,063</b>	<b>8,169</b>

Personnel expense overall increased Euro 8.2 million. This increase reflects the recovery in business normality. The previous year was in fact impacted by the recourse to the instruments made available by local government, as support for the reduction in demand due to the lock-down and the waiver by employees of variable pay, in full for executive staff and 50% for middle management. Other personnel costs include an increase of approx. Euro 2.4 million in the Long Term Incentive Plan accrual for employee beneficiaries.

The table below shows the number of employees at December 31, 2021 and December 31, 2020:

	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Change</b>
<i>In Euro thousands</i>			
Executives	27	24	3
White-collar	351	369	(18)
Blue-collar	695	701	(6)
Others	15	63	(48)
<b>Total</b>	<b>1,088</b>	<b>1,157</b>	<b>(69)</b>

The above figure also includes employees in the Spanish office.

### D.6.4.8 Amortisation, depreciation and impairment losses

Amortisation and depreciation amount to Euro 13,507 thousand, a decrease on Euro 15,430 thousand in 2020. The decrease regards amortisation. In addition, the Company recorded impairment losses of approx. Euro 2,175 thousand. This amount includes Euro 323 thousand from the review by the company of the useful life of intangibles and the continued compliance with the requirements for intangible asset capitalization. The amount of Euro 1.8 million however concerns the alignment to fair value of land whose usage allocation (and therefore value) was amended following the Cooking business unit production reorganisation project. For further details, reference should be made also to D.6.4.10. For the changes in the year of amortisation and depreciation, reference should be made to the paragraph on non-current assets and right-of-use assets as per IFRS 16, D.6.4.17 and D.6.4.18.2, D.6.4.18.3.

### D.6.4.9 Other operating expenses and accruals

These are detailed as follows:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Rental of vehicles and industrial equipment	146	254	(108)
Leases and rentals	94	93	1
HW, SW, patent use fees	691	533	158
Other taxes (no income tax)	586	369	217
Magazines, Subscriptions' expenses	3	4	(1)
Sundry equipment	134	183	(49)
Catalogues and brochures	450	359	91
Credit losses and loss allowance	879	454	425
Provisions for risks and charges	5,504	1,817	3,687
Other prior year expenses and losses	606	1,181	(575)
<b>Other operating expenses and accruals</b>	<b>9,093</b>	<b>5,247</b>	<b>3,846</b>

The account overall increased by Euro 3.8 million, concentrated in the Provision for risks and charges, which reflects Management's estimates for the coverage of risks. For further details, see also D.6.4.27.

#### **D.6.4.10 Restructuring charges**

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Restructuring charges	15,466	1,912	13,554
<b>Restructuring charges</b>	<b>15,466</b>	<b>1,912</b>	<b>13,554</b>

Restructuring charges of Euro 15.5 million concern for Euro 13.9 million the Group plan to reorganise the production plant of the Cooking Business Unit.

On March 31, 2021, Elica S.p.A. communicated to the trade union representatives 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 carried out at the Cerreto site. On December 9, 2021, at the Ministry for Economic Development, the dispute concluded successfully. The company decided to return certain areas of production from Poland to Italy, mainly within the high-end sphere - including the Nikola Tesla aspirating hob - through a reshoring operation. On the basis of the proposed reorganisation, the Mergo facility shall become a high-end product hub, featuring a high degree of specialisation and quality of workmanship. The high volume and more standardised productions and automated processes shall be carried out at the Polish facilities. This will allow the two facilities (Italy and Poland) to focus on separate production areas, avoiding overlap and maintaining a strong presence in Italy with approx. 1,000 employees in the province of Ancona. 150 employees will be involved in the restructuring and this will permit the pre-established business plan competitiveness objectives to be achieved. In particular, the agreement does not include redundancies, only involving voluntary and incentivised departures. Surplus personnel will be managed through early retirement and relocation to other major companies in the area.

Euro 13,070 thousand of these costs are still carried in the restructuring provision to cover future departures in accordance with IAS 37. This concerns primarily personnel expenses and the value of assets that will lose their future use.

**D.6.4.11 Gain/(loss) on Group companies**

	12/31/2021	12/31/2020	Change
<i>In Euro thousands</i>			
Impairment of investments in subsidiaries	(8,600)	(2,000)	(6,600)
Proceeds from sale of controlling interest	22,534	0	22,534
Impairment of investments in associates	0	(495)	495
Proceeds from sale of interest in associate	125	0	125
<b>Gain/(loss) on Group companies</b>	<b>14,059</b>	<b>(2,495)</b>	<b>16,554</b>

Impairment of investments in subsidiaries concerns the company Putian, for Euro 2 million in 2020 and Euro 8.6 million in 2021, and follows an impairment test, details of which are provided under the Investments paragraph D.6.4.19.1 of these Notes.

The proceeds from the sale of the controlling interest concern the subsidiary Elica India. On September 29, 2021, the sale was completed of the majority stake held in Elica PB India Private Ltd.

Elica sold to Whirlpool of India Ltd. Approx. 19% of the share capital of the Indian subsidiary Elica PB India Private Ltd., together with the other Indian minority shareholders disposing of an additional approx. 19%. The consideration for the sale paid by Whirlpool of India Ltd. To Elica S.p.A. on closing was INR 2,124,217,166 (approx. Euro 25 million) and was paid net of withholding taxes in a single payment on the date the transaction was completed.

Following the sale, Whirlpool of India Ltd. Holds approx. 87% of Elica PB India Private Ltd., while Elica S.p.A. and the group of other Indian minority shareholders retain a holding in the Indian company with a stake of approx. 6% each.

Simultaneous to the purchase of the shareholding by Whirlpool of India Ltd., Elica PB India Private Ltd. Signed new product supply and license agreements for the use of the Elica brand (Trademark & Technical License Agreement) and the Whirlpool brand (Trademark License Agreement) respectively in India.

On September 29, 2021, Elica S.p.A., Whirlpool of India Limited and the other Indian shareholders signed a shareholder agreement which stipulated, among other matters, a prohibition on the sale to third parties of their respective investments in Elica PB India Private Ltd within 90 days from the approval of the financial statements of Elica PB India Private Ltd for the year ending March 31, 2024.

In addition, this shareholder agreement includes Put & Call options, under which Whirlpool of India Limited may acquire (i.e. Elica and the other Indian shareholders may sell to Whirlpool of India Ltd.) the entire holding, from March 31, 2024, or before that date exclusively on the occurrence of certain events. The agreements through which Elica S.p.A. exercised control over Elica PB India Private Ltd. And consolidated its financial statements ceased on the same date.

In addition we report the sale in H1 2021 of the interest in the associate I.S.M. srl, following which a capital gain was realised, recognised to “Proceeds from sale of interest in associate” of Euro 125 thousand. In the previous year “impairment of investments in associate” regarding this company was recognised for Euro 495 thousand.

**D.6.4.12 Financial income**

Details of financial income are shown below:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Interest on bank and postal deposits	1	3	(2)
Other financial income	591	562	29
<b>Financial Income</b>	<b>592</b>	<b>565</b>	<b>27</b>

Financial income is in line with the previous year. The increase mainly refers to Other Financial Income, an amount primarily comprised of Interest Income from subsidiaries and others. This item reflects changes in cash and cash equivalents over time, as a result of the Group's decision to centralize its bank borrowings in order to benefit from more favourable market conditions.

**D.6.4.13 Financial expense**

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Financial expense on overdrafts and bank loans	1,565	2,195	(630)
Financial expense on loans and borrowings from other lenders and IFRS 16	83	106	(23)
Financial expenses on post-employment benefits	54	68	(14)
Financial discounts	418	419	(1)
Other financial expense	94	54	40
<b>Financial expense</b>	<b>2,214</b>	<b>2,842</b>	<b>(628)</b>

The balance decreased Euro 0.6 million on the previous year. The improvement is thanks to better borrowing rates following the renegotiation last year, which led to the signing of a Euro 90 million club deal loan.

**D.6.4.14 Exchange rate gains/(losses)**

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Exchange rate losses	(2,477)	(5,872)	3,395
Exchange rate gains	4,797	3,736	1,061
Losses on derivatives	(3,952)	(6,288)	2,336
Gains on derivatives	3,321	7,849	(4,528)
<b>Exchange rate gains/(losses)</b>	<b>1,689</b>	<b>(575)</b>	<b>2,264</b>

Net exchange rate gains were reported in the year of Euro 2,320 thousand, compared with net exchange losses of Euro 2,136 thousand in the previous year.

The net gain on derivatives was Euro 1,561 thousand in 2020 compared to a loss of Euro 631 thousand in 2021 and relates principally to premiums on currency derivatives, which do not meet hedge accounting requirements under IFRS, although they were made for this purpose. For this reason, they were recognised at their fair value and recognised in profit or loss.

As the company reported a net exchange rate gain and a profit for the year, , it replenished the reserve for exchange rate gains pursuant to No. 8 *bis* of paragraph 1, Article 2426 of the Civil Code.

**D.6.4.15 Income taxes**

The tax charge in the year is broken down as follows:

<i>In Euro thousands</i>	<b>2021</b>	<b>2020</b>	<b>Changes</b>
Current taxes	9,196	177	9,019
Deferred taxes	(6,397)	(2,884)	(3,513)
<b>Income taxes</b>	<b>2,799</b>	<b>(2,707)</b>	<b>5,506</b>

Current taxes include amounts relating to: IRES taxes for Euro 5,302 thousand, IRAP regional tax of Euro 1,280 thousand, non-recoverable foreign taxes of Euro 2,479 thousand, and taxes relating to the payment of disputes of Euro 133 thousand.

The company is awaiting a fresh Ruling from the Tax Authorities for the Patent Box - a fiscal subsidy granted by the Italian State - with prior agreement - for income deriving from the use of intangible assets (patents) and did not accrue, similarly to 2020, any tax benefit in terms of tax breaks on income.

The company took part in the National Tax Consolidation, as per Article 117 and subsequent of the Income Tax Law, with the subsidiary Air Force S.p.A. for the years 2020 - 2022.

According to the consolidation agreements, in the case of the transfer to the fiscal consolidation (fiscal unit) of a tax loss, of a ROL excess (EBITDA), of an interest charge or income excess or an excess in the ACE (Economic Growth Support) deduction compared to the assessable income, the Company will recognise remuneration equal to the tax advantage gained by the Group (IRES rate 24%); this amount is recognised to “Consolidation income” in the income statement.

The reconciliation between the theoretical and effective tax rate is shown (IRES) in the table below.

The change in the effective tax rate is due to non-recurring events, both last year and in the present year.

### Tax Rate Reconciliation

	<b>2021</b>				<b>2020</b>			
<b>IRES rate</b>	24.00%				24.00%			
<b>IRAP rate</b>	4.73%				4.73%			

	Taxable base	IRES	IRAP	Total	% IRES on tax base	Taxable base	IRES	IRAP	Total	% IRES on profit/(loss) before tax
<b>Income taxes</b>										
- Current		5,303	1,280	6,583			(137)	61	(76)	
- Prior year taxes / foreign taxes		2,612	-	2,612			253	-	253	
- Deferred – cost (income)		(5,155)	(1,242)	(6,396)			(2,924)	41	(2,883)	
<b>[A] TOTAL INCOME TAXES</b>		<b>2,760</b>	<b>39</b>	<b>2,799</b>	<b>21.36%</b>		<b>(2,808)</b>	<b>101</b>	<b>(2,706)</b>	<b>47.74%</b>
PROFIT/(LOSS) BEFORE TAXES	12,920					(5,882)				
Tax calculated using local tax rate		3,101			24.00%		(1,412)			24.00%
Tax effect of exempt income	(26,792)	(6,430)			-49.77%	(10,031)	(2,407)			40.93%
Tax effect of non-deductible expenses	11,972	2,873			22.20%	3,774	906			-15.40%
Other differences	2,513	603			4.70%	(621)	(149)			2.50%
<b>[B] Effective tax charge and tax rate net of substitute tax</b>	<b>614</b>	<b>147</b>			<b>1.14%</b>	<b>(12,760)</b>	<b>(3,062)</b>			<b>52.06%</b>
Effect of tax reimbursement / Foreign taxes		2,612			20.22%		253			-4.30%
<b>[C] Effective tax charge and tax rate</b>		<b>2,760</b>			<b>21.37%</b>		<b>(2,808)</b>			<b>47.74%</b>



**D.6.4.16 Other information on the Income Statement**

The research and development costs capitalised and expensed in 2020 and in 2021 are summarised in the table below:

	12/31/2021	12/31/2020	Change
<i>In Euro thousands</i>			
R&D costs expensed	5,132	4,412	720
Amortisation/impairment of capitalised R&D costs	2,654	4,007	(1,353)
<b>Total R&amp;D costs</b>	<b>7,786</b>	<b>8,419</b>	<b>(633)</b>
<b>R&amp;D costs capitalised during the year</b>	<b>1,072</b>	<b>1,338</b>	<b>(266)</b>

## Statement of financial position

### D.6.4.17 Property, plant and equipment

The table below shows details of the changes in property, plant and equipment in 2021 and 2020.

<i>In Euro thousands</i>	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Historic cost property, plant & equipment
<b>12/31/2019</b>	<b>38,047</b>	<b>69,585</b>	<b>86,734</b>	<b>7,795</b>	<b>238</b>	<b>202,399</b>
Increase	141	975	2,489	353	358	4,316
Disposals & other reclassifications	0	(1,230)	(1,071)	(112)	(384)	(2,797)
<b>12/31/2020</b>	<b>38,188</b>	<b>69,330</b>	<b>88,152</b>	<b>8,036</b>	<b>212</b>	<b>203,918</b>
Increase	224	859	2,569	366	1,641	5,659
Disposals & other reclassifications	(15,163)	(32,125)	(32,700)	(573)	(1,198)	(81,759)
<b>12/31/2021</b>	<b>23,249</b>	<b>38,064</b>	<b>58,021</b>	<b>7,829</b>	<b>655</b>	<b>127,818</b>

<i>In Euro thousands</i>	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Accumulated Depreciation
<b>12/31/2019</b>	<b>19,695</b>	<b>55,075</b>	<b>75,574</b>	<b>6,616</b>		<b>156,960</b>
Depreciation	1,002	1,977	2,962	347		6,288
Disposals & other reclassifications	0	(815)	(1,154)	(107)		(2,076)
<b>12/31/2020</b>	<b>20,697</b>	<b>56,237</b>	<b>77,382</b>	<b>6,856</b>		<b>161,172</b>
Depreciation	1,006	1,829	2,995	405		6,235
Disposals & other reclassifications	(7,975)	(27,318)	(27,741)	(474)		(63,508)
<b>12/31/2021</b>	<b>13,728</b>	<b>30,748</b>	<b>52,636</b>	<b>6,787</b>		<b>103,899</b>

<i>In Euro thousands</i>	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on	Net property, plant and equipment
<b>12/31/2019</b>	<b>18,352</b>	<b>14,510</b>	<b>11,160</b>	<b>1,179</b>	<b>238</b>	<b>45,439</b>
Increase	141	975	2,489	353	358	4,316
Depreciation	(1,002)	(1,977)	(2,962)	(347)	0	(6,288)
Disposals & other reclassifications	0	(415)	83	(5)	(384)	(721)
<b>12/31/2020</b>	<b>17,491</b>	<b>13,093</b>	<b>10,770</b>	<b>1,180</b>	<b>212</b>	<b>42,746</b>
Increase	224	859	2,569	366	1,641	5,659
Depreciation	(1,006)	(1,829)	(2,995)	(405)	0	(6,235)
Disposals & other reclassifications	(7,188)	(4,807)	(4,959)	(99)	(1,198)	(18,251)
<b>12/31/2021</b>	<b>9,521</b>	<b>7,316</b>	<b>5,385</b>	<b>1,042</b>	<b>655</b>	<b>23,919</b>

The investments in the year concerned, among others, the purchase of moulds and other production machinery.

Disposals and other reclassifications reflect two significant developments.

On the one hand, as outlined in paragraph D.6.4.8, the company recognised impairment losses of Euro 1.8 million to align the fair value of land whose use (and therefore value) was revised following the reorganisation of Cooking business unit production. For further details, reference should be made also to D.6.4.10.

On the other hand, all of the Motors Business Unit assets are subject to a carve-out by Elica S.p.A. and conferral to EMC Fime from January 1, 2022, and were reclassified to Assets held for sale. These amounts totalled a Net Euro 16 million, deriving from a Historic Cost of 75 million and accumulated depreciation of Euro 59 million.

Property, plant and equipment is adequately insured against fire, weather damage and similar risks by means of insurance policies arranged with leading insurance companies.

The financial statements include assets acquired under finance lease agreements which by the end of 2010 had all been redeemed.

#### **D.6.4.18 Goodwill and other intangible assets**

##### **D.6.4.18.1. Goodwill**

The movements in the account in the year were as follows:

	12/31/2020	Acquisitions/ (Impairment losses)	12/31/2021
<i>In Euro thousands</i>			
Goodwill	23,342	-	23,342
<b>Goodwill</b>	<b>23,342</b>	<b>-</b>	<b>23,342</b>

Goodwill totalling Euro 23.3 million is allocated to the Elica Group Cash Generating Unit (CGU) at Group consolidated level. The goodwill did not change in 2021.

For the impairment test upon the goodwill written to the financial statements of Elica S.p.A. the cash flows of the Company were used.

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 February 10, 2022, 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 underlying 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:

	2021	2020
Weighted average cost of capital (WACC)	7.07%	7.17%
Growth rate terminal value	1.20%	1.30%
CAGR revenue period 2022-2026	2.00%	3.30%

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 0.8% was used, a market premium risk of 5.5% and a beta-unlevered factor of 0.81.

#### **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 4%;

average EBIT on revenue equal to 1.4%;

average Capex on revenue equal to 1.8%;

level of Free Operating Cash flow After Taxes on revenue equal to 3.6%.

The assumptions utilised in the estimates are based on historical and forecast data of the Company, and are in line with information available from independent sector and market analysts 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 Company was 1.38 times its carrying amount (Euro 182 million).

## 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%) and the cost of raw materials (+1%/+5%). With regards to the first two variables on which we calculated the sensitivity, none of the changes considered resulted in a recoverable amount of the Company equal to or below the respective carrying amounts. In particular, upon changes in the growth rate the coverage would fluctuate between 1.36 and 1.41, upon changes in the WACC coverage would fluctuate between 1.24 and 1.56. As regards sensitivity analysis relating to the cost of raw materials, a 1% increase would entail a coverage of 1.2%, while with an increase of over 2% the coverage would fall below 1%. It should be noted that this assumption is unrealistic for Management as increases in the cost of raw materials and actions for their recovery have already been considered in the creation of budget and plan data. Therefore, for Management this situation is not an indicator of impairment.

### D.6.4.18.2. Other intangible assets

The table below shows details of changes in other intangible assets in 2021 and 2020.

<i>In Euro thousands</i>	Development costs	Industrial patents and intellectual property rights	Concessions, licenses, trademarks & similar rights	Other intangible assets	Assets under development and payments on account	Net intangible assets
<b>12/31/2019</b>	<b>7,691</b>	<b>10,842</b>	<b>442</b>	<b>1,130</b>	<b>1,965</b>	<b>22,071</b>
Increases	1,338	1,302	1	234	1,234	4,109
Amortisation	(2,643)	(4,215)	(81)	(371)	0	(7,310)
Disposals & other reclassifications	141	657	(2)	(1)	(1,699)	(904)
<b>12/31/2020</b>	<b>6,527</b>	<b>8,586</b>	<b>360</b>	<b>992</b>	<b>1,500</b>	<b>17,966</b>
Increases	1,072	2,349	13	418	720	4,572
Amortisation	(2,332)	(2,628)	(60)	(440)	0	(5,460)

Disposals & other reclassifications	11	229	(7)	(69)	(1,627)	(1,463)
<b>12/31/2021</b>	<b>5,278</b>	<b>8,536</b>	<b>307</b>	<b>902</b>	<b>593</b>	<b>15,616</b>

Development costs relate to product design and development activities. The increase is mainly attributable to the cost of developing new products.

Industrial patents and intellectual property rights includes the recognition of patents, associated development costs, intellectual property rights and software programmes.

Concessions, licenses, trademarks and similar rights refers to the registration of trademarks by the company.

Other intangible assets mainly consists of shared costs regarding the development of equipment, mouldings and machinery and servers refurbishment.

The assets under development and payments on account of Euro 0.6 thousand refer principally to the design and development of new products and software application programmes.

As is the case for property, plant and equipment, all of the Motors Business Unit assets are subject to a carve-out by Elica S.p.A. and conferral to EMC Fime from January 1, 2022, and were reclassified to Disposals and other reclassifications and Assets held for sale. These values total a net Euro 1.1 million. The same line includes Euro 321 thousand related to the write-down of assets under construction. Impairment losses were also recognised in the previous year and are classified in this table under “Disposals and other reclassifications”.

The capitalisation of development costs and assets under development requires the calculation of estimates by the Directors, as their recoverability is dependent on the cash flows deriving from the sale of products sold by the Group. Management has reviewed the useful life of intangibles and the continued compliance with the requirements for intangible asset capitalization. This analysis was followed by these write-downs. For the remainder, the recoverable amount of the development costs and assets under development is greater than the corresponding carrying amount, and therefore it is not necessary to recognise an impairment loss. The criteria applied to amortise intangibles is considered appropriate to reflect the remaining useful life of the assets.

#### D.6.4.18.3. Rights-of-use

<i>In Euro thousands</i>	<b>Buildings</b>	<b>Machines and installation</b>	<b>Industrial and commercial equipment</b>	<b>Other</b>	<b>Assets under construction and payments on account</b>	<b>Net rights-of-use on PPE</b>
<b>12/31/2019</b>	<b>320</b>	<b>1,442</b>	<b>0</b>	<b>4,900</b>		<b>6,662</b>
Increase	140	22	0	504		666
Depreciation	(146)	(480)	0	(1,207)		(1,833)
Disposals & other reclassifications	(98)	1	0	(28)		(125)
<b>12/31/2020</b>	<b>216</b>	<b>985</b>	<b>0</b>	<b>4,167</b>		<b>5,368</b>
Increase	163	0	0	603		766
Depreciation	(100)	(450)	0	(1,263)		(1,813)
Disposals & other reclassifications	(149)	(410)	0	(724)		(1,283)
<b>12/31/2021</b>	<b>130</b>	<b>125</b>	<b>0</b>	<b>2,783</b>		<b>3,038</b>

This item includes assets representing the Company's rights-of-use under existing lease, rental and hire agreements. The Company has many assets under lease, such as buildings, production machinery, motor vehicles and IT equipment. The Rights-of-use for Other Assets primarily regards IT equipment.

Also in this case, all of the Motors Business Unit assets are subject to a carve-out by Elica S.p.A. and conferral to EMC Fime from January 1, 2022 and were reclassified to the Disposals and other reclassifications of Assets held for sale. These values amount to a net amount of Euro 0.9 million, of which Euro 410 thousand relates to the photovoltaic plant located at the Castelfidardo facility and represented by rights-of-use for plant and machinery, and Euro 514 thousand relating to Other assets (primarily vehicles and forklift trucks).

#### D.6.4.19 Investments

##### D.6.4.19.1 Investments in subsidiaries

<i>In Euro thousands</i>	12/31/2021	Impairment	Other changes	12/31/2021
Investment in subsidiaries	60,732	(8,600)	33,167	85,299
<b>Investment in subsidiaries</b>	<b>60,732</b>	<b>(8,600)</b>	<b>33,167</b>	<b>85,299</b>

The details of investments in subsidiaries are shown below:

<i>In Euro thousands</i>	12/31/2020	Acquisitions & Sub.	Impairment	Increases	Decreases	12/31/2021
Elica Trading LLC	3,880					3,880
Elica Group Polska S.p.zoo	22,276					22,276
Elicamex S.a. de C.V.	9,389			75		9,464
Leonardo Services S.a. de C.V.	75				(75)	-
Ariafina Co.Ltd	49					49
Airforce S.p.A.	1,212					1,212
Elica India P.B.	2,651				(2,651)	-
Zhejiang Elica Putian Electric Co. Ltd	15,635		(8,600)	4,955		11,990
Elica France S.A.S.	1,024					1,024
Elica GmbH	4,540					4,540
EMC Fime S.r.l.		30,865				30,865
<b>Investments in subsidiaries</b>	<b>60,732</b>	<b>30,865</b>	<b>(8,600)</b>	<b>5,030</b>	<b>(2,726)</b>	<b>85,299</b>

Investments changed as follows in the year.

Leonardo Service S.A. was merged by incorporation into Elicamex. The investment in Leonardo was therefore reclassified to Elicamex.

On July 2, 2021, the full acquisition of Electric Motors Company S.r.l. ("E.M.C.") and CPS S.r.l. ("CPS") by Elica S.p.A. was completed. The two companies operate in Europe in the design and production of electric motors, domestic range hood systems, fans for pellet stoves and motors for medical applications. The Group through this transaction seeks to tap into new international and business development opportunities, complementing the growth of the Motors Business Unit (FIME). The goal is to create a European ventilation and heating hub, allowing the development of critical mass to best respond to a growing market and face the challenges in Europe for home appliance energy saving and the energy transition. The consideration for the full acquisition of E.M.C. and CPS was approx. Euro 31 million. On July 2, 2021, with the

completion of the acquisition, Euro 9 million was paid, for a total impact on 2021 of Euro 13 million (Euro 4 million paid on the signing of June 28, 2021). 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. The payment for the purchase of 100% of E.M.C. and CPS is through using Elica's own resources. In December 2021, C.P.S. was merged by incorporation into EMC Electric Motors Company, which at the same time changed its name to EMC Fime s.r.l. The purchase value of the equity investment is therefore Euro 30.8 million.

On September 29, 2021, the sale was completed of the majority stake held in Elica PB India Private Ltd. The decrease in the investment in the subsidiary was therefore Euro 2,651 thousand. The residual portion of the equity investment (approx. 6%) was reclassified under Other financial assets at a value of Euro 662 thousand.

Elica sold to Whirlpool of India Ltd. Approx. 19% of the share capital of the Indian subsidiary Elica PB India Private Ltd., together with the other Indian minority shareholders disposing of an additional approx. 19%. The consideration for the sale paid by Whirlpool of India Ltd. To Elica S.p.A. on closing was INR 2,124,217,166 (approx. Euro 25 million) and was paid net of withholding taxes in a single payment on the date the transaction was completed.

Following the sale, Whirlpool of India Ltd. Holds approx. 87% of Elica PB India Private Ltd., while Elica S.p.A. and the group of other Indian minority shareholders retain a holding in the Indian company with a stake of approx. 6% each.

Simultaneous to the purchase of the shareholding by Whirlpool of India Ltd., Elica PB India Private Ltd. Signed new product supply and license agreements for the use of the Elica brand (Trademark & Technical License Agreement) and the Whirlpool brand (Trademark License Agreement) respectively in India.

On September 29, 2021, Elica S.p.A., Whirlpool of India Limited and the other Indian shareholders signed a shareholder agreement which stipulated, among other matters, a prohibition on the sale to third parties of their respective investments in Elica PB India Private Ltd within 90 days from the approval of the financial statements of Elica PB India Private Ltd for the year ending March 31, 2024.

In addition, this shareholder agreement includes Put & Call options, under which Whirlpool of India Limited may acquire (i.e. Elica and the other Indian shareholders may sell to Whirlpool of India Ltd.) the entire holding, from March 31, 2024, or before that date exclusively on the occurrence of certain events. The agreements through which Elica S.p.A. exercised control over Elica PB India Private Ltd. And consolidated its financial statements ceased on the same date.

Elica S.p.A. paid into the share capital of Putian for approx. Euro 4.9 million.

The table below summarises the key figures derived from the subsidiary companies 2021 financial statements, including their equity. This amount is therefore compared with the carrying amount of the investment.

<i>In Euro thousands</i>	<b>% held</b>	<b>Carrying amount at 31-Dec-21</b>	<b>Profit/(loss) for the year</b>	<b>Equity</b>
Airforce S.p.A.	60%	1,212	781	3,959
Ariaфина Co.Ltd	51%	49	3,371	10,795
Elica Group Polska Sp.z o.o	100%	22,276	2,222	23,519
Elicamex S.a.d. C.V.	98%	9,464	554	29,857
Zhejiang Elica Putian Electric Co. Ltd	99%	11,990	223	1,034
Elica Trading LLC	100%	3,880	238	1,440
Elica France S.A.S.	100%	1,024	70	1,139
Elica GmbH	100%	4,540	128	1,547
EMC Fime S.r.l.	100%	30,865	93	8,370

It is considered that the only investment with indication of impairment is the Chinese company; the companies Elica GmbH and Elica Trading LLC report growing business prospects. The value of the investment in EMC Fime was tested at the time of purchase, with a positive outcome. The recoverable value of the investments demonstrating indicators of impairment, in Elica Putian, were verified through calculating the respective values in use, represented by the present value of the expected revenue streams for the years of operations of the company subject to the impairment test and deriving from its disposal at termination of the useful life, calculated as per the “Discounted cash flow” method.

The impairment test was approved by the Board of Directors on February 10, 2022, 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.

### Discounted cash flow assumptions

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

2021	Weighted average cost of capital (WACC)	Growth rate terminal value	CAGR revenue period 2022- 2026
Zhejiang Elica Putian Electric Co. Ltd	9.3%	4.5%	3.4%

### Investments in subsidiaries with indicators of Impairment

The principal assumptions utilised by the company in the previous year for the test on this subsidiary were as follows:

2020
------



	Weighted average cost of capital (WACC)	Growth rate terminal value	CAGR revenue period 2021- 2025
Zhejiang Elica Putian Electric Co. Ltd	8.9%	4.9%	3.0%
<b>Investments in subsidiaries with indicators of Impairment</b>			

The Weighted Average Cost of Capital (WACC) utilised to discount the future cash flows was determined utilising the Capital Asset Pricing Model (CAPM).

### Assumptions utilised in the estimate of the cash flows

The discounted cash flow model is based on the financial cash flows for a period equal to five years, calculated on the basis of the best estimates made by the directors, for the sole purposes of the impairment test.

The main assumptions utilised in the determination of the cash flows were as follows:

- average EBITDA on revenue equal to 7.3%;
- level of Free Operating Cash flow After Taxes on revenue equal to 6.9%.

The assumptions utilised in the estimates are based on historical and forecast data of the companies held, and are in line with information available from independent sector and market analysts in which the Company 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 tests resulted in the recognition to the Income Statement of the company of an impairment of Euro 8.6 million for the investment in the company Putian.

### Sensitivity analysis

We undertook a sensitivity analysis on the test concerning the investment in Putian, according to the following assumptions and with the following results: changing the growth rate (+/- 0.5%) the coverage would range between 0.53 and 0.66, modifying the WACC (+/- 0.9%) the coverage would range between 0.78 and 0.45. Assuming a change in the cost of consumption of raw materials (+/-5%) it would fluctuate between 0.91 and 0.27.

### D.6.4.19.2 Investments in associates

<i>In Euro thousands</i>	12/31/2020	Decrease	12/31/2021
Investment in associates	275	(275)	0
<b>Investment in associates</b>	<b>275</b>	<b>(275)</b>	<b>0</b>

We highlight in addition, in the column “Decreases”, the disposal in the first half of 2021 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 in “Gain/(loss) on Group companies” of Euro 125 thousand.

**D.6.4.20 Other receivables (non-current) and other assets**

The breakdown is as follows:

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Changes
Receivables from employees	2	2	0
Other receivables	4	9	(5)
Other financial assets	712	49	663
<b>Other non-current receivables and assets</b>	<b>718</b>	<b>60</b>	<b>658</b>

Other non-current receivables includes security deposits.

The item Other financial assets regards unqualified non-controlling interests held by the Elica in other companies. The investments are held in non-listed companies whose shares are not traded on a regulated market. The account increased by Euro 663 thousand for the investment of approx. 6% in Elica P.B. India. During the year in fact, as described in note D.6.4.19.1, the controlling interest was sold.

Management believes that this amount approximates fair value.

**D.6.4.21 Deferred tax assets and liabilities**

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Changes
Deferred tax assets	19,635	18,849	786
Deferred tax liabilities	(400)	(1,396)	996
<b>Total</b>	<b>19,235</b>	<b>17,453</b>	<b>1,782</b>

Deferred tax assets principally relate to non-deductible accruals, goodwill and the tax loss. Deferred tax liabilities principally includes the payables for merger adjustments and IFRS valuation.

The following table details deferred tax assets and liabilities:

<i>In Euro thousands</i>	12/31/2020		Eq./Others	Effect on profit or loss		12/31/2021	
	Assets	Liabilities		Costs	(Revenue)	Assets	Liabilities
Amortisation and depreciation	1,210	(1)	(480)	10	(568)	1,287	
Accruals	2,060		(19)	364	(1,766)	3,442	
Inventory write-down	967		(71)	171	(705)	1,430	
Exchange rate differences	394			214	-	180	
Restructuring charges	41			41	(3,755)	3,755	
Merger adjustments		(506)	216		(41)		(251)
Goodwill	42	(3)		37		5	(3)
IRS measurement	245	(884)	515			19	(142)
Post-employment benefits	281		(57)			224	
Tax loss	10,200		(4,454)	1,125		4,621	
Other	82	(2)		84	(1)	2	(4)
Employee bonuses	3,327		(262)	2,142	(3,752)	4,671	
<b>Total</b>	<b>18,849</b>	<b>(1,396)</b>	<b>(4,613)</b>	<b>4,188</b>	<b>(10,588)</b>	<b>19,635</b>	<b>(400)</b>

Management decides whether to recognise deferred tax assets by assessing projected future recovery based on budget projections.

The "Equity/Others" column also includes the impact of the reclassification of Assets held-for-sale (Euro 890 thousand) and the related Liabilities (Euro 215 thousand).

#### D.6.4.22 Trade receivables - third parties

The account consists of:

	12/31/2021	12/31/2020	Change
<i>In Euro thousands</i>			
Receivables within one year	46,131	49,096	(2,965)
Receivables beyond one year	2,180	2,371	(191)
<b>Trade receivables – third parties</b>	<b>48,312</b>	<b>51,467</b>	<b>(3,155)</b>

Net trade receivables decreased Euro 3,155 thousand. This decrease is mainly due to the reduction in Group revenue in Q4 2021 compared to the same period of 2020.

During 2021, despite the difficulties generated by the COVID 19 pandemic, in Elica SpA, precise collection activity continued, which allowed the DSO (Days Sales Outstanding) to be maintained in line with the 2020 figure.

Elica Spa implements a Group Credit Policy which governs the management of credit in order to reduce the risk.

In particular, it is Company policy to transfer the recoverability risk of receivables to third parties and, therefore, various derivatives are utilised among which first and second level insurance policies with leading international insurance companies.

The maximum theoretical credit risk exposure for the Company at December 31, 2021 is based on the carrying amount of recognised receivables, net of the specific insurance coverage, non-recourse receivables factored and letters of credit, in addition to the nominal value of the guarantees given to third parties.

At the end of December 2021, almost all receivables are covered against risk through credit insurance or other guarantees.

At December 31, 2021, trade receivables from non-Group clients of Euro 48.3 million (Euro 51.5 million at December 31, 2020), included approx. Euro 0.5 million (Euro 2.1 million at December 31, 2020) concerning overdue receivables, with the amount of receivables past due more than 31 days immaterial.

The amount of trade receivables recognised in the statement of financial position is net of the allowance for impairment. The allowance is allocated either on a specific basis or on the general basis of overall risks, in accordance with the Group's Credit Policy.

The movements in the loss allowance in 2021 are set out below:

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Changes
Opening balance	3,250	4,002	(752)
Provision	879	0	879
Utilisation/Releases	0	(752)	752
<b>Fund ST trade receivables</b>	<b>4,129</b>	<b>3,250</b>	<b>879</b>

The adjustment of receivables to their fair value is achieved through the loss allowance.

### D.6.4.23 Inventories

The value of inventories decreased by approx. Euro 14.1 million.

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Changes
Raw materials, consumables and supplies	9,467	13,155	(3,688)
Provision for the write-down of raw materials	(2,124)	(1,650)	(474)
<b>Raw materials, consumables and supplies</b>	<b>7,343</b>	<b>11,505</b>	<b>(4,162)</b>
Semi-finished goods	5,658	7,520	(1,862)
Provision for the write-down of semi-finished products	(1,634)	(242)	(1,392)
<b>Semi-finished goods</b>	<b>4,024</b>	<b>7,278</b>	<b>(3,254)</b>
<b>Work in progress</b>	<b>0</b>	<b>0</b>	<b>0</b>
Finished products	16,247	22,852	(6,605)
Provision for the write-down of finished products	(2,203)	(2,138)	(65)
<b>Finished products</b>	<b>14,044</b>	<b>20,714</b>	<b>(6,670)</b>
<b>Inventories</b>	<b>25,411</b>	<b>39,497</b>	<b>(14,086)</b>

Inventories are stated net of the provision for inventory write-down which amounts to Euro 5.9 million at December 31, 2021 and Euro 4.0 million at December 31, 2020, in order to provide for the effect of waste, obsolete and slow moving items. The value of inventory is also affected by the reclassification to Assets held-for-sale due to the carve-out of the motors business unit. The impact amounted to Euro 16.2 million.

The calculation of the provision for the write-down of raw materials, semi-finished and finished products is based on assumptions made by Management.

Inventories also include materials and products that were not physically held by the Company at the reporting date. These items were held by third parties on display, for processing, consignment stock, or for examination.

### D.6.4.24 Other assets (current)

It is broken down as follows:

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Changes
Accrued income	1	0	1
Deferred charges	1,514	1,175	339
Other receivables	1,565	1,812	(247)
<b>Other assets</b>	<b>3,080</b>	<b>2,987</b>	<b>93</b>

This account remains essentially stable. The reduction in other current receivables is influenced for Euro 259 thousand by the reclassification of the motors carve-out relating to deposits. The increase in prepayments is concentrated in the insurance premiums and internet fee items. The account includes receivables beyond five years of Euro 5 thousand.

Management believes that this amount approximates fair value.

### D.6.4.25 Tax assets (current)

The breakdown of the account Tax Assets is summarised in the table below:

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Changes
Receivables from refunding VAT	6,533	8,174	(1,641)
Receivables from refunding corporate tax	5,588	72	5,516
Receivables from IRAP	178	0	178
Other receivables from tax authorities	1,705	1,869	(164)
<b>Tax assets</b>	<b>14,004</b>	<b>10,115</b>	<b>3,889</b>

The change in Receivables from corporate tax is due to the release of deferred tax assets allocated for previous tax losses.

Other receivables from tax authorities includes receivables for taxes paid abroad to be recovered.

Receivables from refunding VAT reduced due to the timing of commercial transactions.

Management believes that this amount approximates fair value.

#### D.6.4.26 Liabilities for post-employment benefits

The amount provisioned in the accounts of Euro 6,521 thousand is the present value of pension liabilities matured by employees at year-end.

The most recent calculation of the present value of this item was performed at December 31, 2021 by actuaries from the company Managers & partners - Actuarial Services S.p.A.. The amounts recognised in the Income Statement were as follows:

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Changes
Current service cost	2,548	2,730	(182)
Financial expense	54	68	(14)
<b>Totale</b>	<b>2,602</b>	<b>2,798</b>	<b>(196)</b>

The changes in the present value of post-employment benefit obligations in the reporting period were as follows:

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Changes
<b>Opening balance</b>	8,671	9,088	(417)
Current service cost	2,548	2,730	(182)
Actuarial gains and losses	102	92	10
	<b>2,650</b>	<b>2,822</b>	<b>(172)</b>
Financial expense	54	68	(14)
Pension fund	(4,421)	(2,909)	(1,512)
Benefits provided	(433)	(398)	(35)
	<b>(4,800)</b>	<b>(3,239)</b>	<b>(1,561)</b>
<b>Liabilities for post-employment benefits</b>	<b>6,521</b>	<b>8,671</b>	<b>(2,150)</b>

The interest component of the defined employee benefit plan cost is shown under financial charges, with a resulting increase of Euro 54 thousand in this item for the reporting period. The current service cost and the effect of the curtailment and settlement were recorded under personnel expense. Actuarial gains and losses, amounting to Euro 102 thousand, comprise the actuarial gains (losses) of the defined benefit plans reported in the Statement of Comprehensive Income.

#### Assumptions adopted for the calculation:

	12/31/2021	12/31/2020
Discount rate to determine the obligation	0.98%	-0.02%
Inflation rate	1.75%	0.80%

The discount rates utilised by the Company were selected based on the yield curves of high-quality fixed income securities, as in previous years.

This financial variable is considered the most significant and therefore chosen for a sensitivity analysis. The objective of a sensitivity analysis is to show how the result of the valuation changes in response to changes in an assumption adopted for the calculation, with all other assumptions unchanged

Therefore, if the discount rate increased 0.5% (1.48%), the obligation would decrease of Euro 178 thousand, while if the discount rate decreased 0.5% (0.48%), the obligation would increase of Euro 182 thousand.

## Number of employees

The average number of employees in 2021 was 1,123 (1,148 in 2020), with the final number at December 31, 2021 of 1,088, as outlined in Note D.6.4.7

### D.6.4.27 Provision for risks and charges

The composition and movements of the provisions are as follows:

<i>In Euro thousands</i>	<b>12/31/2020</b>	<b>Provisions</b>	<b>Utilisation/Releases</b>	<b>12/31/2021</b>
Agents' supplementary indemnity provision	684	78	(215)	547
Agency termination indemnities provision	-	-	-	-
Product warranties	1,370	2,499	(1,080)	2,789
Legal risks	3,039	805	(187)	3,657
Long Term Incentive Provision	11,132	9,707	(7,361)	13,478
Personnel provision	1,534	4,088	(2,039)	3,583
Restructuring provision	141	13,070	(141)	13,070
Other	1,314	2,650	(132)	3,832
<b>Provisions for risks and charges</b>	<b>19,213</b>	<b>32,897</b>	<b>(11,155)</b>	<b>40,956</b>
of which:				
Non-current	16,168			21,114
Current	3,045			19,843
<b>Provisions for risks and charges</b>	<b>19,213</b>			<b>40,956</b>

Accruals for agents' termination benefits cover possible charges upon the termination of contracts with agents and sales representatives. Changes in the provision reflect adjustments in the indemnities and the utilisations. The decrease due to the reclassification of the portion of Liabilities related to discontinued operations amounted to Euro 106 thousand.

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.

The Long Term Incentive Plan provision concerns the accrued liability at December 31, 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, 2020 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 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. Other movements include Euro 651 thousand relating to the reclassification of the portion of liabilities related to discontinued operations.

The restructuring provision of Euro 13,070 thousand covers the costs the Group shall incur to reorganise the Cooking Business Unit production plant. This concerns primarily personnel expenses and the value of assets that will lose their future use. As described in paragraph D.6.4.9, on March 31, 2021, Elica S.p.A. communicated to the trade union representatives 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 carried out at the Cerreto site. On December 9, 2021, at the Ministry for Economic Development, the dispute concluded successfully. The company decided to return certain areas of production from Poland to Italy, mainly within the high-end sphere - including the Nikola Tesla aspirating hob - through a reshoring operation. On the basis of the proposed reorganisation, the Mergo facility shall become a high-end product hub, featuring a high degree of specialisation and quality of workmanship. The high volume and more standardised productions and automated processes shall be carried out at the Polish facilities. This will allow the two facilities (Italy and Poland) to focus on separate production areas, avoiding overlap and maintaining a strong presence in Italy with approx. 1,000 employees in the province of Ancona. 150 employees will be involved in the restructuring and this will permit the pre-established business plan competitiveness objectives to be achieved. In particular, the agreement does not include redundancies, only involving voluntary and incentivised departures. Surplus personnel will be managed through early retirement and relocation to other major companies in the area.

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 year, in addition to the product disposal provision and the other risks provision.

The restructuring provision, the product warranty provision, the personnel provision and the portion of other provisions are considered to be current, as they relate to matters concerning 2022.

The impact of discounting non-current provisions is immaterial.

#### **D.6.4.28 Current and non-current tax liabilities**

##### **D.6.4.28.1 Tax liabilities (non-current)**

The balance at December 31, 2021 is zero.

##### **D.6.4.28.2 Tax liabilities (current)**

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
IRPEF withholding	2,012	2,001	11
IRES	5,303	0	5,303
Other taxes	2,439	1,046	1,393
<b>Current tax liabilities</b>	<b>9,754</b>	<b>3,047</b>	<b>6,707</b>

The increase in current tax liabilities relates to IRPEF, IRES and IRAP. Management believes that this amount approximates fair value.

#### D.6.4.29 Other liabilities (current and non-current)

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Other liabilities	6,546	0	6,546
<b>Other non-current liabilities</b>	<b>6,546</b>	<b>0</b>	<b>6,546</b>

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Wages and salaries	3,968	3,905	63
Social security payables	2,564	2,294	270
Accrued expenses	1	16	(15)
Other liabilities	11,551	103	11,448
Deferred income	86	116	(30)
Advances from customers	361	335	26
Payables to customers	0	4	(4)
<b>Other current liabilities</b>	<b>18,531</b>	<b>6,773</b>	<b>11,758</b>

Other non-current liabilities concern the portion beyond one year of the payable to the former shareholders for the acquisition of the investment in the two companies EMS and CPS.

The increase in other current assets also mainly concerns this transaction.

In fact, on July 2, 2021, the full acquisition of Electric Motors Company S.r.l. ("E.M.C.") and CPS S.r.l. ("CPS") by Elica S.p.A. was completed. The consideration for the full acquisition of E.M.C. and CPS was approx. Euro 31 million, for a total impact on 2021 of Euro 13 million (Euro 4 million paid on the signing of June 28, 2021 and Euro 9 million on the closing of July 2). 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.

The account includes payables beyond 5 years for Euro 5 thousand.

#### D.6.4.30 Trade payables - third parties

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Trade payables	74,810	83,761	(8,951)
<b>Trade payables - to third parties</b>	<b>74,810</b>	<b>83,761</b>	<b>(8,951)</b>

These mainly include payables for trade purchases and other costs. The impact of the reclassification to liabilities related to discontinued operations amounts to Euro 6 million. Management believes that the carrying amount of trade payables and other payables reflects their fair value.

#### D.6.4.31. Equity

For the analysis on the movements in equity, reference should be made to the relative table. Comments are provided on each of the equity reserves.

##### D.6.4.31.1 Share capital

The share capital at December 31, 2021 amounts to Euro 12,664 thousand, consisting of 63,322,800 ordinary shares with a par value of Euro 0.20 each, fully subscribed and paid-in.



**D.6.4.31.2 Capital reserves**

The capital reserves amount to Euro 71,123 thousand and relate to the Share Premium Reserve.

**D.6.4.31.3 Hedge reserve**

<i>In Euro thousands</i>	12/31/2020	Reserve adjustment	12/31/2021
Hedge reserve	1,437	(1,146)	291
<b>Hedge reserve</b>	<b>1,437</b>	<b>(1,146)</b>	<b>291</b>

The hedge reserve was positive for Euro 291 thousand (Euro 1,437 thousand in 2020), which represents the positive fair value of hedging derivatives (cash flow hedges) net of the tax effect, equal to Euro 123 thousand (Euro 638 thousand in 2020). This resulted in a decrease of Euro 1,146 thousand, of which Euro 1,661 thousand for valuation and Euro 515 thousand for the tax effect.

**D.6.4.31.4 Treasury shares**

There were no treasury shares at December 31, 2021.

**D.6.4.31.5 Actuarial reserve**

<i>In Euro thousands</i>	12/31/2020	IAS 19 actuarial effect	12/31/2021
Actuarial reserve	2,963	(102)	2,861
<b>Actuarial reserve</b>	<b>2,963</b>	<b>(102)</b>	<b>2,861</b>

**D.6.4.31.6 Retained earnings**

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Change
Legal reserve	2,533	2,533	(0)
FTA reserve	1,675	1,675	0
Extraordinary reserve	(846)	2,330	(3,176)
<b>Retained earnings</b>	<b>3,362</b>	<b>6,538</b>	<b>(3,176)</b>

The decrease in the Extraordinary Reserve of Euro 3,176 thousand is due to the allocation to this item of the loss for 2020.

**D.6.4.31.7 Information on distributable reserves**

The following table shows the equity accounts divided by origin, the possibility of utilisation and distribution, as well as any utilisations in the previous three years. The amounts are in units of Euro.

Description origin	Amount	Poss. Of utilisation	Quota available	Util. in past 3 years to cover losses	Util. in past 3 years for other reasons
<b>I Share capital</b>	<b>12,664,560</b>	=		-	
<b>II Share premium reserve</b>	<b>71,123,336</b>	A,B,C	<b>71,123,336</b>	-	-
IV Legal reserve	2,532,912	B		-	
VII Other reserves:					
Extra. Reserve	(846,181)	A,B,C	-	4,632,347	1,011,169
FTA reserve	1,675,096	A,B,C	1,675,096		
<b>Retained earnings</b>	<b>3,361,827</b>				
<b>Treasury Shares reserve</b>	<b>-</b>		-		
<b>Hedging/Actuarial reserves</b>	<b>(2,569,704)</b>				
Non-distributable amount	-		4,758,037		
Residual distributable amount	-		68,040,395		
A – to increase share capital					
B – coverage of losses					
C – for distribution to shareholders					

The non-distributable quota, equal to Euro 4,758 thousand, refers to the residual amount to be amortised of development expenses as per Article 2426 paragraph 5 of the Civil Code, given the result deriving from the measurement of derivative instruments and currency differences through profit or loss is a loss as per Article 2426 paragraph 11 of the Civil Code.

#### D.6.4.32 Net financial position

(disclosed in accordance with Consob Communication No. DEM 6064293 of July 28, 2006 – supplemented by Notice 5/21)

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Change
<b>A. Cash and cash equivalents</b>	<b>75,347</b>	<b>33,676</b>	<b>41,671</b>
Cash and cash equivalents	75,347	33,676	41,671
<b>B. Other liquidity</b>			
<b>C. Other current financial assets</b>	<b>16,451</b>	<b>17,002</b>	<b>(551)</b>
Intercompany financial assets	16,451	17,002	(551)
<b>D. Liquidity (A+B+C)</b>	<b>91,798</b>	<b>50,678</b>	<b>41,120</b>

<b>E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)</b>	<b>22,108</b>	<b>15,701</b>	<b>6,407</b>
Bank borrowings	10,000	2,082	7,918
Lease liabilities as per IFRS 16 (current)	1,204	1,655	(451)
Intercompany loans and borrowings	10,904	11,964	(1,060)
<b>F. Current portion of non-current financial debt</b>	<b>16,657</b>	<b>10,040</b>	<b>6,617</b>
Bank loans	16,657	10,040	6,617
<b>G. Current financial debt (E+F)</b>	<b>38,765</b>	<b>25,741</b>	<b>13,024</b>
<b>H. NET CURRENT FINANCIAL DEBT (G-D)</b>	<b>(53,033)</b>	<b>(24,937)</b>	<b>(28,096)</b>
<b>I. Non-current financial debt (excluding current portion and debt instruments)</b>	<b>79,229</b>	<b>97,941</b>	<b>(18,712)</b>
Bank loans and borrowings (non-current)	77,373	94,030	(16,657)
Lease liabilities as per IFRS 16 (non-current)	1,856	3,911	(2,055)
<b>J. Debt instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>K. Trade payables and other non-current payables</b>	<b>17,998</b>	<b>-</b>	<b>17,998</b>
Other payables for purchase of investments	17,998	-	17,998
<b>L. Non-current financial debt (I+J+K)</b>	<b>97,227</b>	<b>97,941</b>	<b>(714)</b>
<b>M. NET FINANCIAL DEBT (H+L)</b>	<b>44,194</b>	<b>73,004</b>	<b>(28,810)</b>

At December 31, 2021, net financial position improved by approx. Euro 29 million on the previous year. For further comments, reference should be made to the Directors' Report A.6.2 "Financial position and performance".

#### D.6.4.32.1 Cash and cash equivalents

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Bank and postal deposits	75,342	33,670	41,672
Cheques	0	0	0
Cash	5	6	(1)
<b>Cash and cash equivalents</b>	<b>75,347</b>	<b>33,676</b>	<b>41,671</b>

This item reflects the positive balances of bank current accounts and cash on hand.

#### D.6.4.32.2 Bank loans and borrowings

	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Change</b>
<i>In Euro thousands</i>			
Bank loans and borrowings	104,030	106,152	(2,122)
<b>Total</b>	<b>104,030</b>	<b>106,152</b>	<b>(2,122)</b>

Bank borrowings have the following repayment schedules:

On demand or within one year	26,657	12,122	14,535
Within two years	23,152	16,708	6,444
Within three years	29,062	23,102	5,960

Within four years	25,063	29,062	(3,999)
Within five years	63	25,063	(25,000)
After 5 years	33	95	(62)
<b>Total</b>	<b>104,030</b>	<b>106,152</b>	<b>(2,122)</b>
Less amounts to be repaid within one year	26,657	12,122	14,535
<b>Due after one year</b>	<b>77,373</b>	<b>94,030</b>	<b>(16,657)</b>

The Company's main outstanding loan was entered into on June 29, 2020. This loan contract is for a maximum of Euro 100 million with a final maturity of 5 years, on a Club deal basis with a syndicate of 5 banks and, in particular, with Banca IMI S.p.A. and BNL Gruppo BNP Paribas as co-ordinating banks and Intesa Sanpaolo S.p.A., BNL Gruppo BNP Paribas, Banco BPM S.p.A., Crédit Agricole Italia S.p.A. and UniCredit S.p.A. as lending banks.

The loan was principally intended to support medium/long term needs, the partial refinancing of the existing debt, in addition to the working capital and treasury needs of Elica S.p.A. and its subsidiaries, and provided for the following terms and conditions: breakdown into two tranches, a Term Loan (TL) for Euro 90 million and a Revolving Loan (RCF) for Euro 10 million (this latter was closed in 2021).

The Term Loan (TL) tranche matures on June 29, 2025, with the first two years as a grace period and the following three years involving six increasing value instalments and a seventh balloon final repayment. There are financial covenants concerning the ratio between NFP/EBITDA, EBITDA/Net Financial Charges and NFP/Shareholders' Equity, tested half-yearly on an LTM basis on the Group's consolidated figures. With this transaction, the Group confirms the solidity of its business model, its ability to access ordinary sources of funding even in an uncertain general economic environment and its commitment to optimising its debt structure. The covenants were met as of December 31, 2021 and based on the visibility held by Management, it is believed that they will be met in the future.

For further information on interest rate hedges, reference should be made to paragraph D.6.6, Risk management of these notes.

D.6.6. "Risk management policy" of these Notes.

### D.6.4.32.3 Derivative financial instruments

<i>In Euro thousands</i>	12/31/2021		12/31/2020	
	Assets	Liabilities	Assets	Liabilities
FX derivatives	179	103	1,120	393
Interest rate derivatives	208	288	0	1,022
Commodities derivatives	494	0	2,957	0
<b>Derivative financial instruments</b>	<b>881</b>	<b>391</b>	<b>4,077</b>	<b>1,415</b>
of which:				
Non-current	208	0	0	690
Current	673	391	4,077	725
<b>Derivative financial instruments</b>	<b>881</b>	<b>391</b>	<b>4,077</b>	<b>1,415</b>

The Company uses derivative financial instruments to hedge the market risks to which it is exposed: foreign currency risk, interest rate risk and commodities price risk.

The table below reports the following information on derivative instruments at December 31, 2021 and December 31, 2020:

The notional value of the derivative contracts, broken down by maturity;

The carrying amount of these contracts, represented by their fair value.

12/31/2021	Notional Value				Carrying amount
<i>In Euro thousands</i>	Maturity within 1 year		Maturity after 1 year		Equity
<b>Interest rate risk</b>					
Cash Flow hedges as per IFRS	13,000		77,000		(80)
Fair Value hedges as per IFRS					
Not considered hedges as per IFRS					
<b>Total derivatives on interest rates</b>	<b>13,000</b>		<b>77,000</b>		<b>(80)</b>
<b>Foreign currency risks</b>	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS	29,058	3,582			(35)
Fair Value hedges as per IFRS	88	12,118			111
Not considered hedges as per IFRS					
<b>Total fx derivatives</b>					<b>76</b>
<b>Commodity risk</b>	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS		20,026			494
Fair Value hedges as per IFRS					
Not considered hedges as per IFRS					
<b>Total derivatives on commodities</b>	<b>20,026</b>				<b>494</b>

12/31/2020	Notional Value				Carrying amount
<i>In Euro thousands</i>	Maturity within 1 year		Maturity after 1 year		Equity
<b>Interest rate risk</b>					
Cash Flow hedges as per IFRS	-		90,000		(1,022)
Fair Value hedges as per IFRS	-		-		-
Not considered hedges as per IFRS	-		-		-
<b>Total derivatives on interest rates</b>	<b>-</b>		<b>90,000</b>		<b>(1,022)</b>
<b>Foreign currency risks</b>	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS	25,603	5,349	-	-	290
Fair Value hedges as per IFRS					
Not considered hedges as per IFRS	18,325	27,491	-	-	438
<b>Total fx derivatives</b>	<b>43,928</b>	<b>32,840</b>	<b>-</b>	<b>-</b>	<b>727</b>

<b>Commodity risk</b>	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS		9,709			2,957
Fair Value hedges as per IFRS					
Not considered hedges as per IFRS					
<b>Total derivatives on commodities</b>		<b>9,709</b>			<b>2,957</b>

IFRS 7 requires that the classification of financial instruments valued at fair value is determined based on the quality of the input sources used in the valuation of the fair value.

The IFRS 7 classification implies the following hierarchy:

Level 1: determination of fair value based on prices listed in active markets for identical assets or liabilities. The instruments with which the Group operates directly on active markets or in OTC markets characterised by an adequate level of liquidity belong to this category;

Level 2: determination of fair value based on other inputs than the listed prices included in “Level 1” but which are directly or indirectly observable. In particular instruments which the Group operates on OTC markets, not characterised by an adequate level of liquidity are included in this category;

Level 3: determination of fair value based on valuation models whose input is not based on observable market data.

The classification of the financial instruments may have a discretionary element, although not significant, where in accordance with IFRS, the Group utilises, where available, prices listed on active markets as the best estimate of the fair value of derivative instruments.

All the derivative instruments in place at December 31, 2020 and December 31, 2021 belong to level 2 of the fair value hierarchy, except for commodities which belong to level 1.

For further information, refer to paragraph D.6.6 “Information on risk management”.

#### **D.6.4.32.4 Lease liabilities as per IFRS 16**

The Company has lease liabilities arising from the application of IFRS 16. We report the details below.

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Lease liabilities and loans and borrowings from other lenders as per IFRS 16	3,060	5,566	(2,506)
<b>Total</b>	<b>3,060</b>	<b>5,566</b>	<b>(2,506)</b>
These are deadlines			
On demand or within one year	1,204	1,655	(451)
1-5 years	1,829	3,843	(2,014)
after 5 years amount	27	68	(41)
<b>Total</b>	<b>3,060</b>	<b>5,566</b>	<b>(2,506)</b>

#### **D.6.4.33 Assets held-for-sale and liabilities directly related to discontinued operations**

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Tangible assets held for sale	17,007	0	17,007
Intangible assets held for sale	1,141	0	1,141
<b>Non-current assets held for sale</b>	<b>18,148</b>	<b>0</b>	<b>18,148</b>
Inventories held for sale	16,202	0	16,202
Deferred tax assets held for sale	890	0	890

Other receivables held for sale	315	0	315
Other assets held for sale	135	0	135
<b>Current assets held for sale</b>	<b>17,542</b>	<b>0</b>	<b>17,542</b>
<b>Assets held for sale</b>	<b>35,690</b>	<b>0</b>	<b>35,690</b>

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Changes</b>
Provisions for risks and charges held for sale	2,689	0	2,689
Deferred tax liabilities held for sale	216	0	216
Bank loans and borrowings held for sale	14,000	0	14,000
Trade payables held for sale	6,026	0	6,026
Other current liabilities held for sale	1,963	0	1,963
<b>Liabilities directly related to discontinued operations</b>	<b>24,894</b>	<b>0</b>	<b>24,894</b>

With deed of December 2021, the conferral of Elica S.p.A.'s business unit involved in the production and sale of motors to the subsidiary EMC FIME was approved. This conferral shall be effective from January 1, 2022.

On January 1, 2022, the "motors" business unit of Elica S.p.A. was conferred to the subsidiary EMC FIME s.r.l.

All of the Motors Business Unit assets are subject to a carve-out by Elica S.p.A. and conferral to EMC Fime from January 1, 2022, and were reclassified to Assets held for sale.

In addition, liabilities related to these discontinued operations were reclassified to Liabilities related to discontinued operations.

#### **D.6.4.34 Significant non-recurring events and transactions**

There was nothing to report in 2021.

#### **D.6.5. Guarantees, commitments and contingent liabilities**

##### **D.6.5.1. Contingent liabilities**

The Parent and its subsidiaries are not involved in administrative, judicial or arbitration proceedings that are underway or have been settled by means of a ruling or arbitration award issued in the last 12 months and which might have or might have had an effect on the financial situation or profitability of the Group, except for that indicated below.

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 provision in the financial statements at December 31, 2021 to cover legal risks and charges amounts to Euro 3,657 thousand (in 2020 amounting to Euro 2,103 thousand).

In 2019 the Parent was subject to an audit by the Italian Agency of Revenue, Marche Regional Department, Tax Audits Office, for the tax years 2014, 2015 and 2016. It received an auditors' report on October 14, 2019. The assessment process has yet to proceed further for the other two subsequent relevant findings. The other findings have either been closed by the Company or are immaterial in amount.

There was found to have been an alleged violation of the transfer pricing rules set out in Art. 110, paragraph 7, of Presidential Decree No. 917 of December 22, 1986 (the Tax Consolidation Act) in respect of the transfer prices applied by the Company to transactions with the Mexican sister company Elicamex S.A. de C.V., the value of which the Office adjusted, proposing that

additional IRES (company income tax) and IRAP (regional production tax) be levied on Euro 1,014,887 in 2015 and on Euro 1,012,783 in 2016. The Company has tax losses that can be used to offset the financial risk for IRES purposes.

It was therefore determined that the Company had unduly benefited from the research and development tax credit due to allegedly failing meet the requirements established by the tax relief rules for qualifying for the credit in question and that Elica was therefore ineligible for the related tax relief measures for the costs of research and development activities it had carried out in 2015 and 2016. The Company reported a credit of Euro 838,814 for 2015 and a credit of Euro 1,075,878 for 2016.

As counselled by its legal advisors, Elica believes that the arguments laid out in the Notice of assessments in support of the findings discussed in this paragraph are not compelling and that there are considerable defensive arguments against this reconstruction. The Company sought counsel from its legal advisors in support of the view that the risk that tax liabilities may flow for the Company from potential disputes that might arise from the assessment action by the revenue authorities in connection with the findings presented in the auditors' report discussed above is possible but not probable.

Last May 2021, the Company received two notices of assessment (IRES and IRAP), regarding the findings on Transfer Pricing for the year 2015, against which it appealed, taking legal action before the Ancona Provincial Tax Commission.

Prior to the appeal for IRES, an IPEC petition was filed for the use of prior-year losses to reduce the higher taxable income assessed.

Two tax assessments (IRES and IRAP) were served on Transfer Pricing on December 13 and 16, 2021. The disputes relate to 2016 and are included in the October 14, 2019 tax assessment referred to above.

An IPEC petition was submitted regarding use of previous losses to reduce the higher taxable income, and the Company – though its lawyers – is preparing an appeal before the competent Tax Commission.

#### **D.6.5.2. Guarantees and commitments**

In accordance with Article 122 of the CFA and Article 129 of the Issuers' Regulation, on July 24, 2019, FAN S.r.l., with registered office in Rome, via Parigi No. 11 and TAMBURI INVESTMENT PARTNERS S.p.A., with registered office in Milan, via Pontaccio No. 10, signed an agreement concerning a portion of the ordinary share of Elica S.p.A., in addition to, inter alia, some provisions regarding the governance of Elica S.p.A. (the "Shareholder Agreements").

The key information regarding the Shareholder Agreements was published as per Article 130 of the Issuers' Regulation on Elica S.p.A.'s website, <https://elica.com/corporation/it/corporategovernance/altri-documenti> and on the website of the authorised storage mechanism "1INFO" at [www.1info.it](http://www.1info.it).

This did not impact control over Elica which, as per Article 93 of the CFA, is held by Mr. Francesco Casoli.

Elica S.p.A. has provided guarantees in favour of Putian for credit lines of Euro 20.1 million, in favour of Elica Group Polska for a rotating receivable factoring arrangement with a cap of Euro 3.5 million and a coverage limit of Euro 400 thousand with Banco Santander for Elica's permanent establishment in Spain.

Commitments with suppliers for PPE and intangible asset purchases at December 31, 2021 amount to approx. Euro 969 thousand. There are also commitments for operational expenses of Euro 4.0 million, relating in particular to long-term contracts.



The company at December 31, 2021 has commitments in place for the purchase of raw materials, as described in paragraph D6.6.2.2 Commodity Risk.

### **D.6.6. Risk management policy**

#### **D.6.6.1 Introduction**

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, Elica commenced the implementation of a financial risk monitoring system through a "Financial Risk Policy" approved by the Board of Directors of the Company. Within this policy, the company constantly monitors the financial risks related to the operating activities in order to assess any potential negative impact and undertakes corrective action where necessary.

The main guidelines for the Company 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 compared to the controls in place or require additional treatment;
- reply appropriately to risks;
- monitor and report on the current state of the risks and the effectiveness of their control.

The Company Financial Risk Policy is based on the principle of proficient 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 paragraphs below report an analysis of the risks which Elica is exposed to, indicating the level of exposure and, for the market risks, the potential impact on the results deriving from hypothetical fluctuations in the parameters (sensitivity analysis).

#### **D.6.6.2 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, Elica uses derivative instruments to hedge its risks and does not engage in derivative trading.

The paragraphs below individually analyse the different risks, indicating where necessary, through sensitivity analysis, the potential impact on the results deriving from hypothetical fluctuations in the parameters.

#### D.6.6.2.1 Currency risk

The Company's operating currency is the Euro. However, the Group companies trade also in American Dollars (USD), British Pounds (GBP), Japanese Yen (JPY), Swiss Francs (CHF), Russian Rubles (RUB) Polish Zloty (PLN), Indian Rupees (INR), Chinese Yuan (CNY) and Mexican Pesos (MXN). For the currencies in which the company has higher revenue than costs, changes in the exchange rates between the Euro and these currencies impact the Company results as follows:

- the appreciation of the Euro has negative effects on revenue and operating results;
- the depreciation of the Euro has positive effects on revenue and operating results.

The amount of the exchange risk, defined in advance by Management of the Company on the basis of the budget for the period, is gradually hedged over the acquisition process of the orders, up to the amount of the orders corresponding to budget projections.

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.

The most significant statement of financial position balances in foreign currency at December 31, 2021 are shown below:

<i>In Euro thousands</i>	<b>12/31/2021</b>		<b>12/31/2020</b>	
Currency	<b>Assets</b>	<b>Liabilities</b>	<b>Assets</b>	<b>Liabilities</b>
CHF	-	(40)	-	(38)
CNY	2,135	(466)	2,408	(46)
GBP	216	(6)	193	(14)
JPY	451	(3,874)	379	(4,780)
PLN	15,068	(16,871)	16,783	(21,271)
RUB	4,190	(13)	4,380	(20)
USD	22,353	(3,404)	19,655	(3,264)
INR	802	-	1,665	(73)
<b>Foreign currency transactions</b>	<b>45,215</b>	<b>(24,674)</b>	<b>45,463</b>	<b>(29,506)</b>

For the purposes of the sensitivity analysis on the exchange rate, the potential movements on the Euro/CHF, Euro/CNY, Euro/GBP, Euro/YEN, Euro/PLN, Euro/RUB, Euro/USD and EUR/INR rates were analysed.

The following table shows the sensitivity to reasonably possible movements in the exchange rates, maintaining all other variables unchanged, due to changes in the value of current assets and liabilities in foreign currencies.

<i>In Euro thousands</i>	<b>12/31/2021</b>		<b>12/31/2020</b>	
<b>Currency</b>	<b>Appreciation of foreign currencies 5%</b>	<b>Depreciation of foreign currencies 5%</b>	<b>Appreciation of foreign currencies 5%</b>	<b>Depreciation of foreign currencies 5%</b>
CHF	(2)	2	(2)	2
CNY	88	(79)	124	(112)
GBP	11	(10)	9	(9)
JPY	(180)	163	(232)	210
PLN	(95)	86	(236)	214
RUB	220	(199)	229	(208)
USD	997	(902)	863	(781)
INR	42	(38)	84	(76)
<b>Foreign currency transactions</b>	<b>1,081</b>	<b>(977)</b>	<b>839</b>	<b>(760)</b>

The hedges of Elica as at December 31, 2021 with financial counterparties have a total positive Fair Value of Euro 76 thousand (positive for Euro 727 thousand in 2020).

The table below shows the details of the notional and fair values:

<b>Currency</b>	<b>12/31/2021</b>		<b>12/31/2020</b>	
	<b>Notional</b>	<b>Fair value</b>	<b>Notional</b>	<b>Fair value</b>
	<i>(in foreign currency</i>	<i>In thousands</i>	<i>(in foreign currency</i>	<i>In thousands</i>
	<i>foreign /000)</i>	<i>of Euro</i>	<i>foreign /000)</i>	<i>of Euro</i>
<b>USD</b>				
Forward	10,300	6	13,800	157
<b>PLN</b>				
Forward	74,000	-94	36,700	284
Options	15,000	23	-	-
<b>JPY</b>				
Forward	452,000	11	247,000	-171
Options	11,500	4	-	-
<b>RUB</b>				
Forward	320,000	42	230,000	-1
Options	160,000	22	-	-
<b>MXN</b>				
Options	60,000	41	230,000	439

## CNY

Options	20,000	21	30,000	19
<b>FX derivative assets/(liabilities)</b>		<b>76</b>		<b>727</b>

For the purposes of the sensitivity analysis on the exchange rate, the potential movements on the EUR/USD, EUR/PLN, EUR/RUB, EUR/CNY, EUR/MXN and EUR/JPY and the rate curves of the Euro exchange rates were analysed.

In the stress testing we have stressed not only the spot to spot exchange rate, but also the monetary curve rates at December 31, 2021 in order to show the effect of changes in the rate curve.

For this purpose, the maximum change in the interval between the beginning of November 2021 and the first weeks of January 2022 was considered.

For the EUR/USD exchange rates a stress of 6% was applied, for EUR/PLN 6%, for EUR/JPY 7%, for EUR/RUB 25%, EUR/MXN 11% and for EUR/CNY 5%.

For interest rates on forward exchange contracts, a stress was applied of 50 bps for the Eurozone rates, 50 bps for the US rates, 50 bps for the Polish rates, 200 bps for the Russian rates, 50 bps for the Chinese rates and 50 bps for the Japanese rates.

The following table shows the sensitivity to the movements in the exchange rates and the rate curves indicated, maintaining all other variables unchanged, of the Fair Value of the operations in foreign currencies at December 31, 2021 (compared with December 31, 2020):

12/31/2021						
<i>In Euro thousands</i>	USD Notional	PLN Notional	JPY Notional	RUB Notional	MXN Notional	CNY Notional
	10,300	59,000	440,500	160,000	60,000	20,000
	USD/000	PLN/000	JPY/000	RUB/000	MXN/000	CNY/000
Depreciation of foreign currencies	504	719	(233)	675	(38)	(19)
Euro exchange rate depreciation	(9)	8	(10)	(32)	4	3
Exchange rate depreciation	(2)	16	(13)	(26)	3	3
<b>Sensitivity to Depreciation</b>	<b>493</b>	<b>743</b>	<b>(256)</b>	<b>617</b>	<b>(31)</b>	<b>(13)</b>
Euro exchange rate appreciation	(590)	(840)	248	(847)	221	92
Exchange rate depreciation	(18)	(44)	(8)	(78)	13	6
Currency appreciation	(12)	(29)	(10)	(67)	11	5
<b>Sensitivity to Appreciation</b>	<b>(620)</b>	<b>(913)</b>	<b>230</b>	<b>(992)</b>	<b>245</b>	<b>103</b>

12/31/2020						
<i>In Euro thousands</i>	USD Notional	PLN Notional	JPY Notional	RUB Notional	MXN Notional	CNY Notional
	13,800	36,700	247,000	230,000	230,000	30,000
	USD/000	PLN/000	JPY/000	RUB/000	MXN/000	CNY/000
Depreciation of foreign currencies	639	456	(129)	(474)	(1)	(176)
Euro exchange rate depreciation	7	(12)	(5)	(8)	1	(13)
Exchange rate depreciation	(6)	9	5	88	2	18
<b><i>Sensitivity to Depreciation</i></b>	<b>640</b>	<b>453</b>	<b>(129)</b>	<b>(394)</b>	<b>2</b>	<b>(171)</b>
Euro exchange rate appreciation	(721)	(514)	148	789	2	194
Exchange rate depreciation	(7)	12	5	7	(1)	13
Currency appreciation	6	(8)	(5)	(86)	(2)	(18)
<b><i>Sensitivity to Appreciation</i></b>	<b>(722)</b>	<b>(510)</b>	<b>148</b>	<b>710</b>	<b>(1)</b>	<b>189</b>

#### D.6.6.2.2 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 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. The notional value and the relative value of the copper derivatives in place at December 31, 2021 and December 31, 2020 are reported below:

Copper hedges	12/31/2021		12/31/2020	
<i>In Euro thousands</i>	Notional	Fair value	Notional	Fair value
Forward	22,681	494	9,709	2,957
<b>Derivative assets/(liabilities)</b>	<b>22,681</b>	<b>494</b>	<b>9,709</b>	<b>2,957</b>
<b>Commodities</b>				

In addition, commodity risk is measured through sensitivity analyses, in accordance with IFRS 7. The changes in the prices of copper utilised for the sensitivity analysis were based on the volatility of the market rates.

This analysis highlights a revaluation in the price of copper of 5%, resulting in an increase in the fair value of forward contracts at December 31, 2021 of Euro 1,134 thousand. Similarly, a reduction of 5% results in a decrease in the fair value of forward contracts of Euro 1,134 thousand.

#### D.6.6.2.3 Interest rate risk

The management of interest rate risk by Elica S.p.A. 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 company's debt mainly bears a floating rate of interest.

Relating to the Company debt, from the sensitivity analysis a decrease of 25 bps in the interest rate curve in the short-term incurs lower financial charges of Euro 93 thousand, while an increase of 25 bps in the same interest rate curve converts into higher financial charges of Euro 93 thousand.

The Company hedges the interest rate risk through the utilisation of interest rate swaps against specific non-current loans at a variable rate.

The table below shows the details of the notional and fair values:

Instrument	12/31/2021		12/31/2020	
	Notional	Fair value	Notional	Fair value
<i>In Euro thousands</i>				
Interest Rate Swaps	90,000	(80)	90,000	(1,022)
<b>Interest rate derivative assets/(liabilities)</b>		<b>(80)</b>		<b>(1,022)</b>

The interest rate risk is also measured through sensitivity analyses, in accordance with IFRS 7. The changes in the interest rate curve utilised for the sensitivity analysis were based on the volatility of the market rates.

The analysis shows that a decrease in the interest rate curve of +/-25 bps converts into a decrease/increase in the Fair Value of the Interest Rate Swap at December 31, 2021 of Euro 553 thousand.

#### D.6.6.3 Credit risk

The credit risks represent the exposure of Elica S.p.A. 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 more details, see paragraph D.6.4.22 of these notes.

#### D.6.6.4 Liquidity risk

The liquidity risk represents the risk related to the unavailability of financial resources necessary to meet short-term commitments assumed by the Company and its own financial needs.

The principal factors which determine the liquidity of the company 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.

The following table shows the expected cash flows in relation to the contractual expiries of trade payables and various financial liabilities from derivatives.

<i>In Euro thousands</i>	12/31/2021	On demand or within one year	1-5 years	after 5 years amount
Lease liabilities and loans and borrowings from other lenders as per IFRS 16		1,204	1,829	27
Bank loans and borrowings		26,657	77,340	33
Trade payables and other liabilities		113,503	6,546	0
<b>Commitment by due date</b>		<b>141,364</b>	<b>85,715</b>	<b>60</b>

<i>In Euro thousands</i>	12/31/2020	On demand or within one year	1-5 years	after 5 years amount
Lease liabilities and loans and borrowings from other lenders as per IFRS 16		1,655	3,843	68
Bank loans and borrowings		12,122	93,935	95
Trade payables and other liabilities		114,418	0	0
<b>Commitment by due date</b>		<b>128,195</b>	<b>97,778</b>	<b>163</b>

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 Company 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 D.6.4.32 of the notes.

#### D.6.6.5 Classification of Financial instruments

<i>In Euro thousands</i>	12/31/2021	12/31/2020
Derivative assets (current)	673	4,077
Trade receivables	73,231	80,772
Financial assets with group companies	16,451	17,002
Cash and cash equivalents	75,347	33,676
<b>Currents assets</b>	<b>165,702</b>	<b>135,527</b>
Lease liabilities as per IFRS 16 (non-current)	1,856	3,911
Bank loans and borrowings (non current)	77,373	94,030
Derivative liabilities (non-current)	0	690
<b>Non-current liabilities</b>	<b>79,229</b>	<b>98,631</b>
Trade payables	94,971	107,645
Loans and borrowings from group companies	10,904	11,964
Lease liabilities as per IFRS 16 (current)	1,204	1,655
Bank loans and borrowings (current)	26,657	12,122
Derivative liabilities (current)	391	725
<b>Current liabilities</b>	<b>134,127</b>	<b>134,111</b>

The Company considers that the carrying amounts of the accounts approximate their fair value. In relation to the valuation methods for the individual accounts, reference should be made to paragraph D.6.1. "Accounting policies" of these Notes.

### **D.6.7. Disclosure on Management remuneration and related-party transactions**

As required by law, the total remuneration of Directors, Statutory Auditors and Managers with strategic roles also in other companies are reported below.

#### **D.6.7.1 Remuneration of Directors, Statutory Auditors and Senior Executives**

The remuneration of the above-mentioned persons in total amounted to Euro 5,382 thousand. This amount does not include the provision for the LTI provision for the equity-based portion, i.e. that relating to phantom stocks, for which reference should be made to note D.6.4.27 "Provisions for risks and charges". Details are provided in the Remuneration Report. This report is available on the Company website <https://elica.com/corporation> (Investor Relations section).

#### **D.6.7.2 Management and coordination**

Elica S.p.A. is indirectly controlled by the Casoli Family through Fintrack S.p.A. of Fabriano (AN - Italy).

The company is not subject to management and co-ordination pursuant to Art. 2497 and subsequent of the Civil Code. This conclusion derives from the fact that the controlling shareholder does not carry out management activities within the company and, although exercising voting rights at the shareholders' meeting, does not have any involvement in the financial, production or strategic programmed of the company, which is governed by a Board of Directors responsible for operating control.

The Parent's Board of Directors has also appointed an independent CEO for ordinary operational management.

With effect from July 2019, Tamburi Investments Partners ("TIP") acquired a minority interest in the Company. As at December 31, 2019, this interest amounted to 20.15% of Elica's capital. As far as the Company is aware, the holding is unchanged as of December 31, 2021.

The Company however continues to carry out its operations through a totally autonomous and independent decision-making process; it has independent decision-making capacity with clients and suppliers and independently manages its treasury in accordance with the business purpose.

#### **D.6.7.3 Transactions with subsidiaries**

During the year, transactions with subsidiaries took place. All transactions were conducted on an arm's length basis in the ordinary course of business. With regards to transfer prices - applied to transactions between Elica S.p.A. and Elica Group Polska and Elicamex - specific Ruling agreements were signed with the National Tax Authorities.

The tables below show key figures for subsidiaries and the amount of transactions performed with them as at and for the year ended December 31, 2021.



## Reporting package figures

<i>In Euro thousands</i>	Assets	Liabilities	equity	Revenue	Profit/(loss) for the year
Airforce	14,417	10,458	3,959	30,790	781
Ariafina	14,486	3,691	10,795	24,768	3,371
Elica Group Polska	62,173	38,866	23,307	120,272	1,902
Elica Mex	66,788	36,931	29,857	71,460	554
Leonardo	0	0	0	5,184	123
Elica Inc (USA)	742	403	339	1,228	23
Elica India	0	0	0	30,186	4,573
Elica Putian (Cina)	17,388	16,354	1,034	10,196	223
Elica Trading (Russia)	6,151	4,711	1,440	12,401	238
Elica Francia	8,454	7,315	1,139	23,406	70
Elica Gmbh	4,839	3,292	1,547	9,605	128
EMC Fime Srl	19,388	11,018	8,370	14,169	93

**D.6.7.3.1. Subsidiaries – 2021 Highlights****D.6.7.3.2 Trade receivables from subsidiaries**

Trade receivables from subsidiaries are broken down as follows:

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Changes
Airforce	757	717	40
Ariafina	370	366	4
Elica Group Polska	4,727	7,061	(2,334)
Elica Mex	7,939	10,052	(2,113)
Leonardo	0	7	(7)
Elica India	0	271	(271)
Elica Putian (Cina)	984	1,467	(483)
Elica Trading (Russia)	3,925	3,750	175
Elica Francia	4,039	3,473	566
Elica Gmbh	2,135	2,142	(7)
EMC Fime Srl	42	0	42
<b>Trade receivables from subsidiaries</b>	<b>24,918</b>	<b>29,306</b>	<b>(4,388)</b>

**D.6.7.3.3 Trade payables to subsidiaries**

Payables to subsidiaries are detailed below.

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Changes
Airforce	31	114	(83)
Ariafina	35	36	(1)
Elica Group Polska	16,703	21,156	(4,453)
Elica Mex	0	74	(74)
Elica India	0	73	(73)
Elica Putian (Cina)	3,187	2,256	931
Elica Trading (Russia)	13	20	(7)
Elica Francia	169	26	143
Elica Gmbh	25	127	(102)
<b>Payables to subsidiaries</b>	<b>20,163</b>	<b>23,882</b>	<b>(3,719)</b>

**D.6.7.3.4 Financial assets and loans and borrowings with subsidiaries**

<i>In Euro thousands</i>	<b>12/31/2021</b>	<b>12/31/2020</b>	<b>Change</b>
<b><u>Financial assets with subsidiaries</u></b>			
Elica Group Polska Sp.z.o.o	380	279	101
Elicamex S.a.d. C.V.	9,120	8,507	613
Elica PB India Private Ltd.	0	1,394	(1,394)
Zheliang Elica Putian Electric Co. Ltd.	6,951	6,822	129
<b>Total</b>	<b>16,451</b>	<b>17,002</b>	<b>(551)</b>
<b><u>Loans and borrowings with subsidiaries</u></b>			
Ariafina Co. Ltd	3,835	4,743	(908)
Elicamex S.a.d. C.V.	4,070	3,833	237
Elica France S.A.S.	1,667	2,006	(339)
Elica Gmbh	1,281	1,382	(101)
EMC FIME Srl	51	0	51
<b>Total</b>	<b>10,904</b>	<b>11,964</b>	<b>(1,060)</b>

Elica also carries out transactions with Group companies as part of a general plan to centralise treasury management activities. These loans are interest bearing and at market rates. The changes show the synergies created in order to optimise cash management.

**D.6.7.3.5 Balances with subsidiaries**

<i>In Euro thousands</i>	<b>Revenue, other revenue and financial income</b>	<b>Financial income and expense</b>
Airforce	1,699	277
Ariafina	373	62
Elica Group Polska	33,426	117,459
Elica Mex	13,994	65
Elica India	733	46
Elica Putian (Cina)	976	7,091
Elica Trading (Russia)	7,730	54
Elica Francia	18,119	216
Elica Gmbh	6,920	25
EMC Fime Srl	62	0
<b>Total</b>	<b>84,032</b>	<b>125,295</b>

Below are the dividends received by the Company:

<i>In Euro thousands</i>	12/31/2021	12/31/2020	Changes
Airforce	300	245	55
Ariaфина	588	1,479	(891)
Elica Group Polska	1,589	2,914	(1,325)
<b>Total</b>	<b>2,477</b>	<b>4,638</b>	<b>(2,161)</b>

#### D.6.7.4 Transactions with other related parties

In 2021, transactions with other related parties took place. All transactions were conducted on an arm's length basis in the ordinary course of business. No separate disclosure of these positions is provided in the Consolidated Financial Statements, given the immaterial amounts involved, in accordance with Consob resolution no. 15519 of July 27, 2006.

	Receivables	Liabilities/IFRS16 Liabilities	Revenue	Costs
<i>In Euro thousands</i>				
Fastnet S.p.A.		1		9
La Ceramica				10
Ermanno Casoli Foundation				100
Other	19	34	14	330
<b>Total</b>	<b>19</b>	<b>35</b>	<b>14</b>	<b>449</b>

With the other related parties, Elica primarily carries out transactions of a trading nature. There are no transactions with Fintrack S.p.A. and with FAN S.r.l..

The balances mainly arise from trading transactions conducted to purchase goods and services and use non-current assets on an arm's length basis.

The Procedures for Transactions with Related Parties is published on the Company's website <https://elica.com/corporation> (Corporate Governance section).

#### D.6.8. Government grants as per Article 1, paragraphs 125-129, of Law No. 124/2017

For the detail of the grants received, reference should be made to the National State Aid register. The following information is provided:

<i>Euro thousands</i>	<b>Asset at 01/01/2020</b>	<b>Vested in 2021</b>	<b>Collected 2021</b>	<b>Asset at 12/31/2021</b>	<b>Description</b>
Photovoltaic Grant (**)	155	450	(481)	124	Grant on photovoltaic plant installed on the roof of the Castelfidardo and Cerreto D'Esè industrial buildings issued by GSE
2015 Industry	138	0	0	138	Research and Development grant from Ministry for Economic Development
RESPIRE project	39	7	0	46	Research grant from European Union
H@H Project	47	0	0	47	Research and Development grant from Ministry for University and Scientific Research
SEAL project	307	0	(153)	154	Research and Development grant from Ministry for University and Scientific Research
SHELL Project	173	0	0	173	Research and Development grant from Ministry for University and Scientific Research
Project SM	104	0	0	104	Research and Development grant from Ministry for University and Scientific Research
SMARTFAN project	(53)	91	(6)	31	Research grant from European Union
MERCURY Project	31	26	0	57	Research and development grant from the Marche region Regional Plan
MIRACLE Project	17	37	(17)	37	Research and development grant from the Marche region Regional Plan
Fondimpresa	61	106	0	167	Staff training grant from Fondimpresa
Fondirigenti	16	33	(30)	18	Training executives grant from Fondimpresa
New Investment Tax Credit 2020	120	0	(36)	84	Tax credit on new investments year 2020 - Law No. 160 of 27.12.2019
New Investment Tax Credit 2021	0	159	0	159	Tax credit on new investments year 2020 - Law No. 178 of 30.12.2020
Sanitation tax credit 2020	28	0	(28)	0	Tax credit for workplace sanitation expenses - Leg. Decree No. 34 of 19.05.2020
Sanitation tax credit 2021	0	15	(15)	0	Tax credit for workplace sanitation expenses - Leg. Decree No. 73 of 25.05.2021
Research & Development tax credit 2019	899	0	0	899	Research & Development tax credit 2019 - Law No. 190/2014
2020 advertising bonus	0	10	(10)	0	Law No. 50 of 24.04.2017 - Advertising Bonus
Research & Development tax credit 2020	0	254	0	254	R&D tax credit - Law No. 178 of 30.12.2020
<b>Total Grants</b>	<b>2,082</b>	<b>1,189</b>	<b>(777)</b>	<b>2,493</b>	

(\*\*) Includes advances received.

#### **D.6.9. Positions or transactions arising from atypical and/or unusual operations**

In 2021, there were no such transactions to be reported.

#### **D.6.10. Events after the reporting date**

On January 1, 2022, the “motors” business unit of Elica S.p.A. was conferred to the subsidiary EMC FIME s.r.l.

On January 21, 2022, the Elica Group, through its subsidiary EMC FIME, a European leader in the design and manufacture of electric motors and blowers, enters the hydrogen market with

1.3 million PREMIX fans potentially ready to be used from 2022. The PREMIX line of fans has in fact been certified internationally for the use of hydrogen following a long process of tests and checks. This crucial factor will allow the Fabriano group to work alongside the major global manufacturers of boilers, condensing water heaters and professional ovens. Under the EU directives to reduce the impact of greenhouse gases, Elica is thus getting ready for one of the greatest challenges of the coming years – to reduce emissions on the continent by at least 55% by 2030 (compared to 1990 levels). In this scenario, hydrogen will play a key role in the transition to a greener supply chain, which is now a top priority for the sector's leading players. Already optimised for maximum energy efficiency, PREMIX H2 solutions now in fact comply with the industry standards to be adopted by 2025 when domestic supply networks will gradually transition from natural gas to hydrogen.

On February 10, 2022, the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the fourth quarter of 2021, prepared according to IFRS and the 2021 preliminary consolidated results.

A military conflict broke out in the final week of February 2022. Russia invaded the Ukraine. These events are cause for serious concern, mainly for the human toll and the suffering of ordinary people. In terms of the economic impact, the International Monetary Fund speaks of a serious situation which will progressively deteriorate as the conflict goes on. This crisis comes at a delicate time, in which the global economy is recovering from the devastation of the

COVID-19 pandemic and threatens to undo some of this progress. Beyond the Ukraine, the repercussions of the conflict pose significant economic risks for the region and the world. The International Monetary Fund is assessing the potential implications, also in terms of the functioning of the financial system, the raw material markets and the direct impacts on countries with economic links with the region.

The Elica Group is monitoring these developments and assessing potential related risks for its operations. Although the Elica Group's business in the affected area is limited as the Russian market accounts for approx. 3% of revenues, all necessary actions have been taken, with the accessing of appropriate financial instruments to protect the Group from transaction and economic risks deriving from Euro/Ruble currency fluctuations. Under the current condition of uncertainty, the Company is monitoring and will continue to monitor the economic trend and the consequences on the balance sheet, the effect of which on the investment in the Russian subsidiary cannot currently be determined.

Fabriano, March 16, 2022

On behalf of the Board of Directors  
The Executive Chairperson  
Francesco Casoli

**D.6.11. Proposal for the approval of the 2021 Financial Statements and allocation of the result as approved by the Board of Directors on March 16, 2022**

Dear Shareholders,

in relation to the motion at Point 4.1 on the Agenda of the AGM of Elica S.p.A. :

Approval of the Financial Statements at December 31, 2021; Directors' Report; Board of Statutory Auditors' Report; Non Financial Declaration, Independent Auditors' Report. Presentation of the Consolidated Financial Statements at December 31, 2021;

The Financial Statements for the year 2021, which we present for your approval, report a profit of Euro 10,121,599 and equity of Euro 94,701,623.

More generally, we propose approval of the 2021 Separate Annual Accounts, collectively and individually, the Directors' Report and the review of the Board of Statutory Auditors' Report and the Independent Auditors' Report, in addition to the Consolidated Financial Statements at December 31, 2021.

In relation to the motion at Point 2 on the Agenda:

2 Deliberations on the result for the year.

We propose the approval of the allocation of the profit to "Retained earnings".

We thank you for your assistance.

Fabriano, March 16, 2022

The Board of Directors  
THE EXECUTIVE CHAIRPERSON  
Francesco Casoli

## E. ATTACHMENTS TO SEPARATE FINANCIAL STATEMENTS

### E.1. Disclosure pursuant to Article 149 of the Consob Issuers' Regulation

The following table, prepared pursuant to Article 149-*duodecies* of the Consob Issuers' Regulation reports the payments made in 2021 for audit and other services provided by the independent auditors and entities associated with them.

Type of service	Service provider	Company	Remuneration
			<i>In Euro thousands</i>
Audit	KPMG. S.p.A.	Elica S.p.A.	245
Other services	KPMG S.p.A.	Elica S.p.A.	47
<b>KPMG network fees</b>			<b>292</b>

**E.2. Attestation on the Separate Financial Statements as per Article 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments and integrations**

The undersigned Giulio Cocci, as Chief Executive Officer, and Emilio Silvi, 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 adequacy considering the company's characteristics and
- the effective application of the administrative and accounting procedures for the compilation of the financial statements for 2021.

We also declare that:  
the Financial Statements:

- correspond to the underlying accounting documents and records;
- were prepared in accordance with the IFRS endorsed by the European Union and with Article 9 of Legislative Decree no. 38/2005;
- as far as we are aware, provide a true and fair view of the financial position, financial performance and cash flow of the issuer.

The Directors' Report includes a reliable analysis on the performance and operating result as well as the situation of the issuer together with a description of the principal risks and uncertainties to which they are exposed.

Fabriano, March 16, 2022

The Chief Executive Officer  
Giulio Cocci

Officer Responsible for the  
Preparation of Financial Reports

Emilio Silvi



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