

HALF-YEAR REPORT AT JUNE 30, 2022

Elica Group



CONTENTS

Contents

Corporate boards and group structure

A. Interim Report for H1 2022

A.1. Methodology introduction

A.1.1. Disclaimer

A.2. Financial and operating review

A.3 Alternative performance measures - Definitions and reconciliations

A.4 Significant events in H1 2022

A.5. Subsequent events and outlook

A.6. Elica S.p.A. and financial markets

A.7 Elica Group structure and consolidation scope

A.8 Research and development

A.9 Financial disclosure and shareholder relations

A.10 Treasury shares or holdings in parent companies

A.11 Transactions relating to atypical and/or unusual operations

A.12 Significant non-recurring events and operations

A.13 Compliance with Article 5, paragraph 8, Consob Regulation 17221 of 12.03.2010 regarding transactions with subsidiaries, associates and other related parties

A.14 Compliance with Section II of the regulation implementing Legislative Decree no. 58 of February 24, 1998 concerning market regulations (“Market Regulations”)

A.15 Compliance with Article 70, paragraph 8 and Article 71, paragraph 1-bis of the “Issuers’ Regulation”

B. Condensed Interim Consolidated Financial Statements at June 30, 2022

B.1 Consolidated Financial Statements at June 30, 2022

B.1.1 Consolidated Income Statement

B.1.2 Consolidated Statement of Comprehensive Income

B.1.3 Consolidated Statement of Financial Position

B.1.4 Consolidated Statement of Cash Flows

B.1.5 Statement of changes in Consolidated Equity

B.2 Notes To The Condensed Consolidated Half-Year Financial Statements

B.2.1. Group structure and activities

B.2.2. Approval of the half-year financial report

B.2.3. Accounting policies and basis of consolidation

B.2.4 Changes in accounting standards

B.2.5 New accounting standards not yet in force

B.2.6 Utilisation of estimates

B.2.7 Seasonality

B.2.8. Disclaimer

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

B.3.1 Revenue and other income

B.3.2 Operating costs

B.3.3 Net financial expenses

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

B.3.5 Goodwill

B.3.6 Other intangible assets

B.3.7 Deferred tax assets – Deferred tax liabilities

B.3.8 Trade receivables and payables

B.3.9 Inventories

B.3.10 Provision for risks and charges

B.3.11 Liabilities for post-employment benefits

B.3.12 Other Receivables and Other Payables

B.3.13 Tax Assets and Payables

B.3.14 Equity

B.3.15 Net financial position

B.3.16 Related party transactions and balances

B.3.17 Contingent liabilities

B.3.18 Risk management

B.3.18.1 Introduction

B.3.18.2. Market risk

B.3.18.2.1 Currency risk

B.3.18.2.2 Commodity risk

B.3.18.2.3 Interest rate risk

B.3.18.3 Credit risk

B.3.18.4 Liquidity risk

B.3.18.5 Geopolitical risk

B.3.19 Subsequent events after the period end

B.3.20 Outlook

B.3.21 Positions or transactions arising from atypical and/or unusual operations

B.3.22 Significant non-recurring events and operations

C. Statement of the corporate financial reporting manager in accordance with Article 154-*bis*, paragraph 5 of Legislative Decree No. 58/198

D. Limited audit report by KPMG S.p.A. on the consolidated half-year financial statements

Corporate boards and Group structure

Members of the Board of Directors¹

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

Members of the Board of Statutory Auditors²

Giovanni Frezzotti	Chairperson , born in Jesi (AN) on 22/02/1944, appointed by resolution of 29/04/2021.
Massimiliano Belli	Statutory Auditor , born in Recanati on 22/08/1972, appointed by resolution of 29/04/2021.
Simona Romagnoli	Statutory Auditor , born in Jesi (AN) on 02/04/1971, appointed by resolution of 29/04/2021.
Serenella Spaccapaniccia	Alternate Auditor , born in Montesangiorgio on 04/04/1965, appointed by resolution of 29/04/2021.
Leandro Tiranti	Alternate Auditor , born in Sassoferrato on 04/05/1966, appointed by resolution of 29/04/2021.

Control, Risks 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

¹ In office until the approval of the 2023 Annual Accounts

² In office until the approval of the 2023 Annual Accounts

Independent Audit Firm³

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

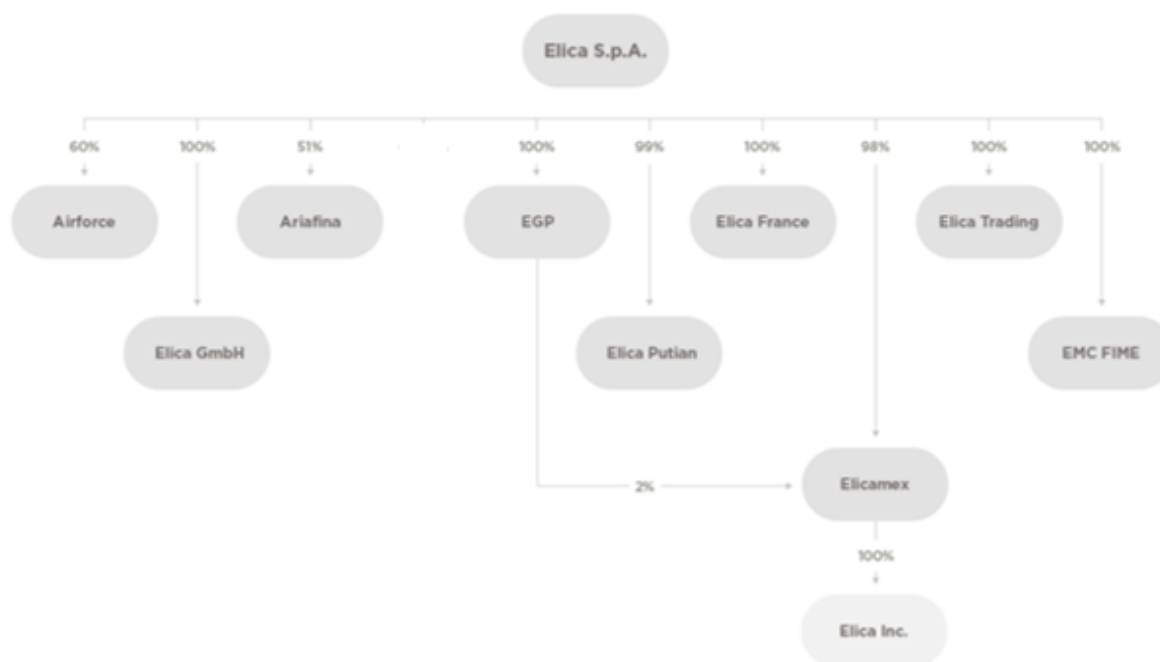
Corporate Financial Reporting Manager

Emilio Silvi

Registered office and Company data

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

Group Structure



For further details on the Group's structure and consolidation scope, please refer to Note A.7.

³ In office until the approval of the 2023 Annual Accounts

DIRECTORS' REPORT
H1 2022

Elica Group



A.1. Methodology introduction

The half-year report at June 30, 2022 has been drawn up in accordance with the international accounting standard concerning interim reporting (IAS 34 - Interim Financial Reporting), comprising:

- Consolidated statement of financial position
- Consolidated Income Statement
- Consolidated statement of comprehensive income
- Consolidated Statement of Cash Flows
- Statement of changes in consolidated equity
- Notes to the condensed consolidated interim financial statements

In addition to the IFRS-compliant indicators included in the official reporting formats, this Interim Directors' Report also presents various alternative performance measures employed by management to monitor and evaluate the Group's performance, set out in a dedicated paragraph.

A.1.1. Disclaimer

The document contains forward-looking statements, particularly in the sections regarding the "Outlook" and "Subsequent Events", outlining future events and the operating and financial results of the Elica Group. These forecasts are based on the Group's current expectations and projections regarding future events and, by their nature, have an element of riskiness and uncertainty in that they relate to events and depend on circumstances that may, or may not, occur in the future and, as such, should not be unduly relied upon. Actual results may differ, even to a significant degree, from the estimates made in such statements due to a wide range of factors, including the volatility and decline of the capital and finance markets, raw material price changes, altered economic conditions and growth trends and other changes in business conditions, regulatory and institutional framework changes (both in Italy and overseas) and many other factors, the majority of which outside the control of the Group.

A.2. Key Financial Highlights

H1 2022 Performance

Elica Group Operating Performance

<i>In Euro thousands</i>	H1 2022	% revenue	H1 2021	% revenue	Changes %
Revenue	290,234		269,459		7.7%
Adjusted EBITDA	30,407	10.5%	28,533	10.6%	6.6%
EBITDA	28,411	9.8%	27,167	10.1%	4.6%
Adjusted EBIT	18,521	6.4%	16,676	6.2%	11.1%
EBIT	16,525	5.7%	13,700	5.1%	20.6%
Net financial expense	2,456	0.8%	(739)	-0.3%	432.3%
Income taxes	(6,061)	-2.1%	(4,452)	-1.7%	-36.1%
Profit from continuing operations	12,920	4.5%	8,509	3.2%	51.8%
Adjusted profit for the year	14,437	5.0%	10,368	3.8%	39.3%
Profit for the year	12,920	4.5%	8,509	3.2%	51.8%
Adjusted profit attributable to the owners of the parent	13,826	4.8%	7,594	2.8%	82.1%
Profit attributable to the owners of the parent	12,309	4.2%	5,742	2.1%	114.4%
Basic earnings per Share (Euro/cents) at closing date	19.53		9.07		115.4%
Diluted earnings per Share (Euro/cents) at closing date	19.53		9.07		115.4%

In H1 2022, Elica returned Consolidated revenue of Euro 290.2 million, +7.7% on H1 2021 (+7.0% organic, +5.7% organic, net of currency gains). The increase in sales is driven by the price-mix effect and the growing contribution of own brand sales (particularly in EMEA), despite the challenging procurement situation and the market uncertainties stemming from increasing inflation.

The global economic situation in the first half of the year was shaped by the Russia-Ukraine conflict, which particularly materialised in terms of energy and raw material cost inflation and the interruption to the supply chain. The geopolitical shock and the growing inflationary effect are weighing heavily on a recovery that looked strong in early 2022 thanks to the partial easing of the anti-COVID-19 restrictions.

Global range hood demand was estimated to have contracted 3.4%⁴ in H1 2022, marking a significant drop on Q1, with divergent performances across the geographic areas and with a particular impact in the EMEA region.

The Cooking segment, which accounts for 78% of total revenue, reports organic growth of 4.3% (-1.7% reported), having strengthened further in Q2.

Own brand sales saw organic growth of 16.7% on H1 2021, driven in particular by the Nikola Tesla range which, also thanks to the introduction of the Nikola Tesla Fit, rose to account for 16% of Cooking revenue. Own brand sales in the Cooking segment accounted for 56% in H1 2022.

OEM revenue reports an organic contraction of 7.1% on the same period of the previous year. The segment performance was significantly impacted by the supply chain issues and the planned phase out for certain clients.

The Motors segment, accounting for 22.0% of total revenue, continues to grow strongly with organic growth of 14.7% (+63.5% reported, also thanks to the consolidation of E.M.C. and CPS, acquired at the beginning of July 2021, which contributed Euro 19.0 million in the period).

⁴ Source: Elica Group, internal estimates

Adjusted EBITDA was Euro 30.4 million, up 6.6% on H1 2021 (Euro 28.5 million), with a margin on revenues of 10.5% substantially in line with the same period of the previous year, thanks to the revenue growth driven by a positive price mix and the control of the SG&A costs, offsetting the significant increase in raw material costs and the supply chain impacts, compared to H1 2021.

The adjusted EBIT was Euro 18.5 million, up 11.1% (Euro 16.7 million in H1 2021), with a margin on revenue of 6.4%, improving on the same period of the previous year (6.2% in H1 2022).

Net financial income of Euro 2.5 million is reported, compared to net expense of Euro 0.7 million in H1 2021. Exchange rate movements - and particularly of the Rouble - are the main factors impacting this result.

The Adjusted Net Profit was Euro 14.4 million (compared to Euro 10.4 million in the same period of 2021). The Adjusted Group Net Profit was Euro 13.8 million, compared to Euro 7.6 million in H1 2021. The Minorities profit of Euro 0.6 million decreased on Euro 2.8 million in H1 2021 and reflects the performances of Ariafina and Airforce which contracted slightly, in addition to the deconsolidation of Elica PB India compared to the same period of the previous year.

The Group Net Profit was Euro 12.3 million, compared to Euro 5.7 million in H1 2021.

In 2022, at average exchange rates the Euro depreciated against all currencies, except for the Japanese Yen and the Polish Zloty.

	Average H1 2022	Average H1 2021	%	30/06/2022	31/12/2021	%
USD	1.09	1.21	-9.21%	1.04	1.13	-8.29%
JPY	134.31	129.87	3.42%	141.54	130.38	8.56%
PLN	4.64	4.54	2.16%	4.69	4.60	2.03%
MXN	22.17	24.33	-8.89%	20.96	23.14	-9.42%
INR	83.32	88.41	-5.76%	82.11	84.23	-2.51%
CNY	7.08	7.80	-9.15%	6.96	7.19	-3.23%
RUB	85.88	89.55	-4.09%	54.17	85.30	-36.49%
GBP	0.84	0.87	-3.23%	0.86	0.86	0.02%

Elica Group Equity and Financial Performance Analysis

<i>In Euro thousands</i>	30/06/22	31/12/21	30/06/21
Cash and cash equivalents	70.426	99.673	73.215
Bank loans and borrowings (current)	(34.927)	(44.543)	(35.866)
Bank loans and borrowings (non current)	(66.310)	(77.866)	(83.891)
Adjusted Net Financial Position	(30.811)	(22.736)	(46.564)
Lease liabilities (current)	(4.390)	(4.106)	(3.672)
Lease liabilities (non-current)	(9.330)	(8.314)	(6.122)
Adjusted Net Financial Position - Including the effects of IFRS 16	(44.531)	(35.156)	(56.358)
Other payables for purchase of investments	(13.095)	(17.998)	0
Net financial position	(57.626)	(53.154)	(56.358)

The Adjusted Net Financial Position at June 30, 2022 was Euro -30.8 million (net of the IFRS 16 effect of Euro 13.7 million and the non-current assets relating to the acquisition of investments), compared to Euro -46.6 million at June 30, 2021 (Euro -22.7 million at December 31, 2021).

The main impacts on the change in net financial position compared to the end of 2021 were from:

- the contribution from the growth in EBITDA and the change to working capital on the generation of operating cash which amounts to Euro 21.6 million (Euro 18.5 million in H1 2021);
- the impact from increased inventories so as to better manage the footprint and the raw materials supply difficulties;
- the Capex of Euro 8.4 million (including the IFRS effect);
- the negative impact from the payment of the third tranche for the acquisition of the companies E.M.C. S.r.l. and CPS S.r.l., now merged into EMC-Fime, for Euro 5 million.
- the cash out for dividends and other financial items for Euro 5 million;
- the execution of the first tranche of the share buy-back plan for Euro 1 million;
- the cash out for the "voluntary agreement" signed with the trade unions in execution of the Italian industrial footprint reorganisation plan for Euro 7.7 million.

<i>In Euro thousands</i>	30/06/2022	31/12/2021	30/06/2021
Trade receivables	93,890	82,186	92,291
Inventories	118,566	84,861	81,289
Trade payables	(178,451)	(141,222)	(124,511)
Managerial Working Capital	34,005	25,825	49,069
% annualised revenue	5.9%	4.8%	9.1%
Other net assets/liabilities	(28,499)	(34,474)	(10,833)
Net Working Capital	5,506	(8,649)	38,236

Managerial Working Capital on annualised revenue was 5.9% at June 30, 2022, reducing on 9.1% for the first half of 2021.

A.3 Alternative performance measures - Definitions and reconciliations

The Elica Group utilises some alternative performance indicators, which are not identified as accounting measures within IFRS, for management's view on the performance of the Group. Therefore, the criteria applied by the Group may not be uniform with the criteria adopted by other groups and these values may not be comparable with that determined by such groups. These alternative performance measures exclusively concern historical data of the Group and are determined in accordance with those established by the Alternative Performance Measure Guidelines issued by ESMA/2015/1415 and adopted by CONSOB with communication No. 92543 of December 3, 2015. These indicators refer to the performance for the accounting period of the present Half-Year Financial Report and of the comparative periods and not to the expected performance of the Group and must not be considered as replacement of the indicators required by the accounting standards (IFRS). The alternative performance measures utilised in this Half-Year Financial Report are as follows:

Definitions

EBITDA is the operating result (EBIT) plus amortisation and depreciation and any impairment losses on Goodwill, brands and other tangible and intangible assets.

EBIT is the operating result as reported in the consolidated Income Statement.

Adjusted EBITDA is EBITDA net of the relative adjustment items.

Adjusted EBIT is EBIT net of the relative adjustment items.

Net financial income/(charges) is the sum of the Share of profit/(loss) from Group companies, Financial income, Financial Charges and Exchange rate gains and losses.

The adjusted result is the result for the period, as published in the Consolidated Income Statement, net of the relative adjustment items.

The adjusted result attributable to the owners of the Parent is the result for the period attributable to the owners of the Parent, as published in the Consolidated Income Statement, net of the relative adjustment items.

Adjustment items: earnings items are considered for adjustment where they: (i) derive from non-recurring events and operations or from operations or events which do not occur frequently; (ii) derive from events and operations not considered as in the normal course of business operations, as is the case for impairments, disputes considered atypical in terms of frequency and amount and restructuring charges.

The earnings per share for H1 2022 and H1 2021 was calculated by dividing the Group profit attributable to the owners of the Parent, as defined in the Consolidated Income Statement, by the number of outstanding shares at the respective reporting dates. The number of shares outstanding at period-end differs from that at December 31, 2021 and June 30, 2021 due to the launch of the treasury share buy-back plan.

The earnings (loss) per share so calculated does not match the earnings (loss) per share as per the consolidated Income Statement, which is calculated as per IAS 33, based on the average weighted number of shares outstanding.

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

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

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 payables from application of IFRS 16, as reported in the Consolidated Statement of Financial Position.

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

Reconciliations

<i>in Euro thousands</i>	H1 2022	H1 2021
Operating profit/(loss) - EBIT	16,525	13,700
(Impairment losses on Tangible and Intangible assets)	-	1,610
(Amortisation & Depreciation)	11,886	11,857
EBITDA	28,411	27,167
(Capital gain from patent sharing)	(3,200)	-
(Other revenue - adjustments)	(3,200)	-
(Cooking BU production reorganisation)	182	-
(Consumables - adjustments)	182	-
(Departure former chief executive officer)	-	600
(Cooking BU production reorganisation)	915	-
(Service expense - adjustments)	915	600
(Cooking BU production reorganisation)	81	-
(Other operating expenses and accruals - adjustments)	81	-
(Cooking BU production reorganisation)	3,596	-
(Other reorganisations)	422	766
(Restructuring charges - adjustments)	4,018	766
Adjusted EBITDA	30,407	28,533

<i>in Euro thousands</i>	H1 2022	H1 2021
Operating profit/(loss) - EBIT	16,525	13,700
(Capital gain from patent sharing)	(3,200)	0
(Other revenue - adjustments)	(3,200)	-
(Cooking BU production reorganisation)	182	0
(Consumables - adjustments)	182	-
(Departure former chief executive officer)	0	600
(Cooking BU production reorganisation)	915	0
(Service expense - adjustments)	915	600
(Cooking BU production reorganisation)	81	0
(Other operating expenses and accruals - adjustments)	81	-
(Cooking BU production reorganisation)	3,596	0
(Other reorganisations)	422	766
(Restructuring charges - adjustments)	4,018	766
(Impairment losses on Tangible assets)		1,610
(Impairments - adjustments)	0	1,610
Adjusted EBIT	18,521	16,676

<i>in Euro thousands</i>	H1 2022	H1 2021
Profit for the period	12,920	8,509
(Other revenue - adjustments)	(3,200)	-
(Consumables - adjustments)	182	-
(Service expense - adjustments)	915	600
(Other operating expenses and accruals - adjustments)	81	-
(Restructuring charges - adjustments)	4,018	766
(Impairments - adjustments)	-	1,610
(Income taxes on adjusted items)	(479)	(1,117)
Adjusted Net Profit for the period	14,437	10,368
(Profit/(loss) attributable to non-controlling interests)	(611)	(2,767)
(Adjustments to non-controlling interests)	0	(7)
Adjusted Group Net Profit	13,826	7,594

	H1 2022	H1 2021
Group Net Profit (<i>in Euro thousands</i>)	12,309	5,742
Outstanding shares at year-end	63,018,699	63,322,800
Earnings (loss) per share (Euro/cents)	19.53	9.07

<i>In Euro thousands</i>	30/06/2022	31/12/2021	30/06/2021
Other current assets	7,212	5,413	10,191
Tax assets	27,125	24,575	18,191
Provisions for risks and charges	(18,284)	(22,069)	(8,263)
Other current liabilities	(34,797)	(27,857)	(18,300)
Tax liabilities	(9,755)	(14,536)	(12,652)
Other net assets/liabilities	(28,499)	(34,474)	(10,833)

A.4 Significant events in H1 2022

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.

On March 16, 2022, the Board of Directors of Elica S.p.A. approved the consolidated results at December 31, 2021 and the statutory financial statements at December 31, 2021, prepared in accordance with IFRS, in addition to the Directors' Report.

On March 21, 2022 the share buyback plan authorised by the Shareholders' Meeting of April 29, 2021 began (the "Buyback Plan"), to run until September 21, 2022 for a maximum number of acquirable treasury shares of 325,000 (approx. 0.5% of the subscribed paid-in share capital).

The Shareholders' Meeting of April 28, 2022 subsequently renewed the authorisation to purchase and utilise treasury shares, pursuant to Article 2357 and 2357-ter of the Civil Code, in order to continue to provide the company with an important instrument of strategic and operative flexibility.

On April 28, 2022, the Shareholders' Meeting approved the Separate financial statements at December 31, 2021 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 2021, approving the remuneration policy for 2022 and expressing a favourable opinion upon the remuneration paid in fiscal year 2021.

On June 27, 2022, Elica S.p.A. announced the signing of an agreement to acquire 40% of the subsidiary Air Force S.p.A. from Urbano Urbani, a minority investor in the company. Following the transaction in July, Elica S.p.A. will therefore control 100% of Air Force S.p.A.

The conclusion of the transaction (Closing) stipulates a total fee of Euro 3 million, payable in four instalments. The first payment (Euro 1.5 million) will be made on the Closing date, and the following three (Euro 0.5 million each) will be made once a year beginning from the Closing date. No antitrust authorisation is required to close the transaction since Air Force S.p.A. is already under the exclusive control of Elica S.p.A., and the transaction will be effective from the Closing date. The contract includes guarantee and indemnification clauses that are consistent with similar transactions.

A.5. Subsequent events and outlook

Subsequent events

As outlined in the preceding paragraph, on July 1, 2022, Elica S.p.A., following on from that announced on June 27, 2022, completed the acquisition from Urbano Urbani, the minority shareholder of the subsidiary Air Force S.p.A., of 40% of the latter's share capital, with Elica S.p.A.'s holding in Air Force S.p.A. therefore rising to 100%.

On July 7, 2022, the first part of the Elica ordinary share buy-back plan concluded, having been announced to the market on March 16, 2022 and launching on March 21, 2022 as per the Shareholders' Meeting motion of April 29, 2021.

On July 11, 2022, Elica initiated the second tranche of the treasury buy-back plan, as authorised by the Shareholders' Meeting of April 28, 2022 (the "Buy-back Plan"), according to the terms previously disclosed to the market. In execution of this Shareholders' Meeting motion, from July 11, 2022 and until January 11, 2023 a second tranche of the Buy-back Plan shall be launched, for a maximum 325,000 treasury shares (approx. 0.51% of the subscribed and paid-in share capital).

Outlook

The Group confirms the pillars identified to support its strategy:

- Forecast organic growth in 2022 (~5-6%) amid a slight increase in demand.
- The commitment to create value despite the still critical raw materials situation (both in terms of availability and inflation) remains a Group priority.
- The net financial position continues to improve, supporting investments in production capacity, innovation and possible M&A's.

On June 6, 2022, ahead of the Eurocucina 2022 International Furniture Fair, Elica S.p.A. met with the financial community to present its strategy and confirm the drivers that will support the Group's growth on the Cooking and Motors segments.

The Group has accelerated the growth plan drawn up and launched in 2020 and focused on developing the higher value areas, boosting earnings and increasing cash generation. This growth is based on the leveraging of product and brand leadership and expansion on the Motors segment, supported by the EMC acquisition. The turnaround from 2019 has advanced strongly for both margins and revenue and the new organisation put in place by the Group in 2021 has been key to the delivery of the growth targets and increased earnings. Future growth shall particularly centre on an expanding Cooking segment, with geographical diversification both in Europe (where the Group is the market leader) and the Americas. The Group shall simultaneously invest in improving and innovating the existing product range and in developing the Motors division, while maintaining a focus on the green transition by adopting hydrogen systems which minimise environmental impact. The Cooking segment will be driven by the expansion of the premium range through an extended large kitchen appliances sector range. The revolutionary "LHOV" product, conceived and designed by Fabrizio Crisà - Elica's Chief Design Officer - is part of this new strategy. The product in fact belongs to a new category of home appliances, truly revolutionising the optimal management of the domestic space - but above all is a product which entirely changes the cooking experience. Finally, the development plan shall be further supported by M&A's which accelerate the expansion of the high added-value product range.

In geopolitical terms, the Elica Group continues to monitor the impacts and developments of the conflict between Russia and Ukraine, which broke out at the end of February 2022, particularly assessing potential risks upon Group operations. Although Elica Group business in the area involved is limited, given that the Russian market does not even account for 3% of revenue, procedures have been put in place to monitor this risk.

A.6. Elica S.p.A. and financial markets



Source: Italian Stock Exchange

The graph outlines the Elica S.p.A. share performance for H1 2022, compared with the FTSE Italia STAR benchmark index.

Its performance closely reflects the benchmark index, although declining less sharply (-25.37% vs -29.1%).

The market has been impacted by the geopolitical situation and concerns around inflation that may cause a recession. These concerns are reflected most in the lower liquidity “small caps”.

A.7 Elica Group structure and consolidation scope

Parent

Elica⁵ 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;

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;

⁵ The company also has a stable organisation in Spain, in Avda, Generalitat de Catalunya Esc.9, bayos 1 08960 Sant Just Desvern – Barcelona.

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.'s holding is 60% (an additional 40% was acquired in July 2022).

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.;

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), is 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..

Changes in the consolidation scope

There were no changes in the consolidation scope compared to December 31, 2021.

A.8 Research and development

Development activities are a central part of the Group'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 period, the Group was involved in industrial research, seeking to improve products, as well as organisational, process and structural improvements. These amounts are in line with those incurred in the past by the Group.

A.9 Financial disclosure and shareholder relations

Elica S.p.A., in order to maintain close relations with Shareholders, with potential investors and financial analysts, and in compliance with CONSOB's recommendation, has established an Investor Relator function. This role ensures constant communication between the Group and the financial markets.

The operating-financial results, the institutional presentations and the periodic publications, the official press releases and the updates and real-time share updates are available at <https://www.elica.com/corporation/it>.

A.10 Treasury shares or holdings in parent companies

At June 30, 2022, Elica S.p.A. held 304,101 treasury shares in portfolio (0.48% of the Share Capital), acquired in 2022 for a total outlay, including bank commissions and related tax charges, of approx. Euro 952 thousand. At the same date, its subsidiaries did not hold any of its shares. The Group does not hold directly or indirectly parent company shares and in the period did not purchase or sell parent company shares.

A.11 Transactions relating to atypical and/or unusual operations

The Group did not carry out atypical and/or unusual transactions, i.e. those transactions which owing to their significance, the nature of the counterparties, the subject-matter of the transaction, the transfer price calculation method and the timing of the event, may give rise to doubts concerning the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguarding of corporate assets and the protection of non-controlling shareholder interests.

A.12 Significant non-recurring events and operations

In the first half of 2022, no significant non-recurring operations were undertaken by the Elica Group.

A.13 Compliance with Article 5, paragraph 8, Consob Regulation 17221 of 12.03.2010 regarding transactions with subsidiaries, associates and other related parties

In the first half of 2022, transactions were entered into with subsidiaries, associates and other related parties.

All transactions were conducted on an arm's length basis in the ordinary course of business.

There are no particular issues to highlight in accordance with Article 5, paragraph 8 of Consob Regulation 17221 of 12.03.2010⁶.

Reference should be made to the documentation published on the institutional website <https://www.elica.com/corporation/it>, Corporate Governance, Governance section, with regards to the Related Party Transactions policy.

A.14 Compliance with Section II of the regulation implementing Legislative Decree no. 58 of February 24, 1998 concerning market regulations ("Market Regulations")

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

⁶ 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".

A.15 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.

**CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL
STATEMENTS FOR THE PERIOD ENDING JUNE 30, 2022**

Elica Group



B.1. Consolidated financial statements at June 30, 2022

B.1.1 Consolidated Income Statement

<i>In Euro thousands</i>	<i>Note</i>	H1 2022	H1 2021
Revenue	B.3.1	290,234	269,459
Other operating income	B.3.1	4,117	1,175
Change in finished/semi-finished products	B.3.2	21,995	(3,265)
Increase in internal work capitalised	B.3.2	1,049	1,217
Raw materials and consumables	B.3.2	(178,180)	(137,901)
Services	B.3.2	(50,924)	(41,775)
Personnel expense	B.3.2	(51,014)	(52,043)
Amortisation and depreciation	B.3.2	(11,886)	(11,857)
Other operating expenses and accruals	B.3.2	(4,848)	(8,934)
Restructuring charges	B.3.2	(4,018)	(766)
Impairment of Goodwill and other assets	B.3.4	0	(1,610)
Operating profit		16,525	13,700
Gain/(loss) from group companies	B.3.3	0	125
Financial Income	B.3.3	185	307
Financial expense	B.3.3	(1,501)	(1,396)
Net exchange rate gains/(losses)	B.3.3	3,772	225
Profit before taxes		18,981	12,961
Income taxes		(6,061)	(4,452)
Profit from continuing operations		12,920	8,509
Profit from discontinued operations		0	0
Profit/(loss) for the year		12,920	8,509
of which:			
Profit (loss) attributable to non-controlling interests		611	2,767
Profit (loss) attributable to the owners of the Parent		12,309	5,742
Basic earnings (loss) per share (Euro/cents)		19.47	9.07
Diluted earnings (loss) per share (Euro/cents)		19.47	9.07

B.1.2 Consolidated Statement of Comprehensive Income

<i>In Euro thousands</i>	<i>Note</i>	1H 2022	1H 2021
Profit for the year		12,920	8,509
Other comprehensive income/(expense) which will not be subsequently reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	B.3.11	1,096	449
Tax effect of Other gains/(losses) which will not be subsequently reclassified to the profit/(loss)		0	0
Total items which will not be subsequently reclassified to profit or loss, net of the tax effect		1,096	449
Other comprehensive income/(expense) which will be subsequently reclassified to profit or loss:			
Exchange differences on the translation of foreign financial statements	B.3.14	3,229	2,523
Net change in cash flow hedges	B.3.14	(157)	(984)
Tax effect of Other gains/(losses) which will be subsequently reclassified to the profit/(loss)	B.3.14	62	328
Total items which will be subsequently reclassified to profit or loss, net of the tax effect:		3,134	1,868
Total other comprehensive income, net of the tax effect:		4,230	2,316
Comprehensive income		17,150	10,825
of which:			
Attributable to non-controlling interests		272	2,816
Attributable to the owners of the parent		16,878	8,010

B.1.3 Consolidated Statement of Financial Position

<i>In Euro thousands</i>	<i>Note</i>	30/6/2022	31/12/2021
Property, plant & equipment	B.3.4	95,934	93,324
Goodwill	B.3.5	50,262	50,115
Intangible assets with a finite useful life	B.3.6	28,999	30,818
Right-of-use assets	B.3.4	11,557	10,211
Deferred tax assets	B.3.7	24,242	26,249
Derivative assets (non-current)	B.3.18	1,201	208
Other receivables and other assets	B.3.12	1,055	1,388
Non-current Assets		213,250	212,313
Trade receivables	B.3.8	93,890	82,186
Inventories	B.3.9	118,566	84,861
Other current assets	B.3.12	7,211	5,413
Tax assets	B.3.13	27,125	24,575
Derivative assets (current)	B.3.18	2,011	664
Cash and cash equivalents	B.3.15	70,426	99,673
Currents Assets		319,229	297,372
Assets held for sale		0	0
Total assets		532,479	509,685
Employee benefit liabilities	B.3.11	8,574	10,380
Provisions for risks and charges	B.3.10	18,197	21,830
Deferred tax liabilities	B.3.7	6,966	5,874
Lease liabilities (non-current)	B.3.15	9,330	8,314
Bank loans and borrowings (non current)	B.3.15	66,310	77,866
Other non-current liabilities	B.3.12	0	6,546
Non-Current Liabilities		109,377	130,810
Provisions for risks and charges	B.3.10	18,284	22,069
Lease liabilities (current)	B.3.15	4,390	4,106
Bank loans and borrowings (current)	B.3.15	34,927	44,543
Trade payables	B.3.8	178,451	141,222
Other current liabilities	B.3.12	34,797	27,857
Tax liabilities	B.3.13	9,755	14,536
Derivative liabilities (current)	B.3.18	3,290	398
Current liabilities		283,894	254,731
Liabilities directly related to discontinued operations		0	0
Share capital		12,665	12,665
Capital reserves		71,123	71,123
Hedging and translation reserve		(11,358)	(14,904)
Treasury shares		(953)	0
Actuarial reserve		(2,135)	(3,159)
Retained earnings		51,444	39,386
Profit/(loss) attributable to the owners of the Parent		12,309	12,119
Equity attributable to the owners of the Parent		133,095	117,230
Capital and reserves attributable to non-controlling interests		5,502	1,561
Profit attributable to non-controlling interests		611	5,353
Equity attributable to non-controlling interests		6,113	6,914
Equity	B.3.14	139,208	124,144
Total liabilities and equity		532,479	509,685

B.1.4 Consolidated Statement of Cash Flows

	1H 2022	1H 2021
Cash flow from operating activities		
Net income for the period	12,920	8,509
Adjustments for:		
-Depreciation of property, plant and equipment	6,209	6,629
-Amortisation of tangible and intangible assets	5,676	5,228
-Impairment losses on intangible assets and goodwill	-	1,610
-Exchange rate (income) and charges	(4,959)	(723)
-Interest on post-employment benefits and other discounting	134	26
-Net financial expense	976	753
-Provisions for risks, restructuring and LTI	6,265	8,087
-Inventory obsolescence provision	13	46
-Doubtful debt provision	112	776
-Other changes	(829)	3,371
-Income taxes	12,095	7,991
Sub-total	38,613	42,304
Changes in:		
-Inventories	(31,516)	(3,689)
- Trade receivables	(8,708)	(3,102)
-Other receivables and other tax assets	(7,964)	(3,519)
- Trade payables	33,021	(10,223)
-Other payables and other tax liabilities	6,620	(1,837)
-Employee provisions and benefits	(14,505)	(1,989)
Cash flow generated by operating activities	15,561	17,946
Income taxes paid	(4,872)	(2,823)
Net cash generated/(used) by operating activities	10,689	15,123
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,850)	(2,567)
Purchases of intangible assets	(1,665)	(3,611)
Acquisition of other financial assets		(3,600)
Net cash generated/(used) by investing activities	(8,515)	(9,779)
Cash flow from financing activities		
Cash in/(out) from derivative financial instruments and other financial assets	(858)	966
Settlement for purchase of treasury shares	(953)	
Repayment of bank financial liabilities	(21,286)	9,266
Repayment of financial liabilities related to the purchase of equity investments	(4,903)	
Settlement of leasing payables	(1,931)	(129)
Dividends paid	(1,076)	(565)
Interest paid	(1,182)	(1,057)
Net cash generated/(used) by financing activities	(32,188)	8,482
Net increase/(decrease) in cash and cash equivalents	(30,014)	13,826
Cash and cash equivalents at January 1	99,673	59,147
Effect of exchange rate fluctuations on cash and cash equivalents	767	242
Cash and cash equivalents at June 30	70,426	73,215

B.1.5 Statement of changes in Consolidated Equity

<i>In Euro thousands</i>	Share capital	Capital reserves	Acquisition/Sale treasury shares	Retained earnings	Hedge, trans. & actuarial. res. Hedge, trans. & actuarial. res.	Profit/(loss) for the year	Equity attributable to the owners of the Parent	Equity attributable to non-controlling interests	Equity
31/12/2020	12,665	71,123		42,621	(20,826)	(1,787)	103,796	17,216	121,012
Fair value change in cash flow hedges net of the tax effect	0	0	0	0	(656)	0	(656)	0	(656)
Actuarial gains/(losses) on post-employment benefits	0	0	0	0	420	0	420	29	449
Exchange differences on translation of foreign subsidiaries' financial statements	0	0	0	0	2,504	0	2,504	20	2.523
Total gains/(losses) recognised directly in equity	0	0	0	0	2,268	0	2,268	49	2,316
Profit/(loss) for the year	0	0	0	0	0	5,742	5,742	2,767	8,509
Total gains/(losses) recognised in other comprehensive income	0	0	0	0	2,268	5,742	8,010	2,816	10,825
Allocation of profit for the year	0	0	0	(1,787)	0	1,787	0	0	0
Other changes	0	0	0	(831)	0	0	(831)	(1)	(832)
Dividends	0	0	0	0	0	0	0	(565)	(565)
30/06/2021	12,665	71,123	0	40,003	(18,558)	5,742	110,975	19,466	130,441
31/12/2021	12,665	71,123	0	39,386	(18,063)	12,119	117,230	6,914	124,144
Fair value change inn cash flow hedges net of the tax effect	0	0	0	0	(95)	0	(95)	0	(95)
Actuarial gains/(losses) on post-employment benefits	0	0	0	0	1,024	0	1,024	72	1,095
Exchange differences on translation of foreign subsidiaries' financial statements	0	0	0	0	3,640	0	3,640	(411)	3,229
Total gains/(losses) recognised directly in equity	0	0	0	0	4,569	0	4,569	(339)	4,230
Profit/(loss) for the year	0	0	0	0	0	12,309	12,309	611	12,920
Total gains/(losses) recognised in other comprehensive income	0	0	0	0	4,569	12,309	16,878	272	17,150
Allocation of profit for the year	0	0	0	12,119	0	(12,119)	0	0	0
Other changes	0	0	(953)	(59)	0	0	(1,012)	3	(1,009)
Dividends	0	0	0	0	0	0	0	(1,076)	(1,076)
30/06/2022	12,665	71,123	(953)	51,444	(13,493)	12,309	133,095	6,113	139,208

B.2 Notes To The Condensed Consolidated Half-Year Financial Statements

B.2.1. Group structure and activities

Elica, a market player since the 1970's, is the leading global manufacturer of range hoods and extractor hobs and of motors for domestic ventilation. Chaired by Francesco Casoli and led by Giulio Cocci, the Group has various production locations, including in Italy, Poland, Mexico, India and China and employs more than 3,100 people. With many years' experience in the sector, Elica has combined meticulous care for design with judicious choice of high-quality materials and cutting-edge technology to guarantee maximum efficiency and low energy consumption, making the Elica Group the prominent market figure it is today. This has enabled the Group to revolutionize the traditional image of cooker hoods: they are no longer seen as simple accessory but as a design element that improves the quality of life.

The Euro is the functional and 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., Ariaфина CO., LTD, Elica Inc., Zhejiang Elica Putian Electric Co. Ltd and Elica Trading LLC, which prepare their financial statements in the Polish Zloty, Mexican Peso, Japanese Yen, US Dollar, Chinese Renminbi and Russian Rouble respectively.

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

	Average H1 2022	Average H1 2021	%	30/06/2022	31/12/2021	%
USD	1.09	1.21	-9.21%	1.04	1.13	-8.29%
JPY	134.31	129.87	3.42%	141.54	130.38	8.56%
PLN	4.64	4.54	2.16%	4.69	4.60	2.03%
MXN	22.17	24.33	-8.89%	20.96	23.14	-9.42%
INR	83.32	88.41	-5.76%	82.11	86.08	-4.60%
CNY	7.08	7.80	-9.15%	6.96	7.19	-3.23%
RUB	85.88	89.55	-4.09%	54.17	85.30	-36.49%
GBP	0.84	0.87	-3.23%	0.86	0.86	0.02%

B.2.2. Approval of the 2022 Half-Year Report

The half-year report at June 30, 2022 was approved by the Board of Directors on July 28, 2022, who authorised its publication.

B.2.3. Accounting policies and basis of consolidation

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

These condensed consolidated 2022 half-year financial statements were prepared, in summary form, in conformity with IAS 34 "Interim Financial Reporting" and as per the requirements of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and integrations.

The condensed consolidated half-year financial statements therefore do not include all the information published in the annual report and must be read together with the consolidated financial statements as at December 31, 2021.

The accounting and consolidation principles adopted for the preparation of the current condensed consolidated half-year financial statements are unchanged compared to those adopted for the preparation of the Group annual consolidated financial statements for the year ended December 31, 2021.

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

The Condensed Consolidated Interim Financial Statements at June 30, 2022 consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and related Notes. The condensed interim consolidated financial statements are compared with the corresponding period of the previous year for the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity and with the yearly consolidated statement of financial position for Statement of Financial Position.

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

B.2.4 Changes in accounting standards

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

B.2.5 New accounting standards not yet in force

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

In February 2021, a number of changes, applicable from January 1, 2023, to IFRS standards were issued: Definition of Accounting Estimates - Amendments to IAS 8 e Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2. The changes are intended to improve disclosure on accounting policies to provide more useful information to investors and other primary users of financial statements and to help companies distinguish between changes in accounting estimates and changes in accounting policies.

On May 7, 2021, the IASB introduced the amendments Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 with the aim of specifying the accounting for deferred taxes on issues related to leases and decommissioning obligations. The amendments are effective for the periods beginning January 1, 2023 and thereafter. Advance application is permitted.

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

B.2.6 Utilisation of estimates

In the preparation of the condensed half-year financial statements, the Group's management made accounting estimates and assumptions which have an effect on the values of the assets and liabilities and disclosures. The actual results may differ from these estimates. The estimates and assumptions are periodically reviewed and the effects of any changes are promptly recognised in the consolidated financial statements.

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

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

B.2.7 Seasonality

The Group's market features seasonality which may result in uneven sales and operating cost levels during the various months of the year. It is therefore recalled that the results for the first half of the year may not proportionally reflect the full-year result. Also from an equity and financial viewpoint, the half-year figures may be impacted by seasonality.

B.2.8. Disclaimer

The document contains forward-looking statements, particularly in the sections regarding the "Outlook" and "Subsequent Events", outlining future events and the operating and financial results of the Elica Group. These forecasts are based on the Group's current expectations and projections regarding future events and, by their nature, have an element of riskiness and uncertainty in that they relate to events and depend on circumstances that may, or may not, occur in the future and, as such, should not be unduly relied upon. Actual results may differ, even to a significant degree, from the estimates made in such statements due to a wide range of factors, including the volatility and decline of the capital and finance markets, raw material price changes, altered economic conditions and growth trends and other changes in business conditions, regulatory and institutional framework changes (both in Italy and overseas) and many other factors, the majority of which outside the control of the Group.

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

B.3.1 Revenue and other income

<i>In Euro thousands</i>	H1 2022	H1 2021	Changes
Revenue	290,234	269,459	20,775
Revenue	290,234	269,459	20,775

<i>In Euro thousands</i>	H1 2022
EMEA	229,164
AMERICA	41,604
ASIA and the Rest of World	19,467
Revenue	290,234

<i>In Euro thousands</i>	H1 2022
Cooking	226,488
Motors	63,746
Revenue	290,234

<i>In Euro thousands</i>	H1 2022	H1 2021	Changes
Grants related to income	579	342	237
Ordinary gains	3,336	18	3,318
Claims and insurance settlement	70	64	6
Other operating income	132	751	(619)
Other operating income	4,117	1,175	2,942

Reference should be made to paragraph A.2. outlining the H1 2022 Performance for further details on this item. Customers who comprise more than 10% of total revenue constituted 10.4% of revenue in the first six months of 2022 (11.6% in 2021).

The Group carried out an analysis to identify the separate performance obligations which indicated that it was not necessary to further breakdown revenue. The criteria applied by the Group are in line with those established by IFRS 15. Finally, no circumstances were identified whereby a Group company had the role of “agent”.

The increase in other operating revenue concerned the Ordinary Gains item, which for Euro 3.2 million includes the gain realised by the Parent following the sale of sharing rights on a number of patents.

B.3.2 Operating costs

<i>In Euro thousands</i>	H1 2022	H1 2021	Changes
Purchase of raw material	149,116	112,707	36,409
Purchase of semi-finished products	16,317	8,493	7,824
Purchase of consumables and supplies	1,067	1,273	(206)
Purchase of finished products	13,979	15,750	(1,771)
Packaging	941	1,099	(158)
Others	1,310	1,305	5
Transport on purchases	4,120	5,002	(882)
Change in inventory of raw materials, consumables, supplies and goods	(8,670)	(7,729)	(941)
Raw materials and consumables	178,180	137,901	40,279
Change in finished/semi-finished products	(21,995)	3,265	(25,260)
Total	156,185	141,166	15,019

Consumables, including the impact of changes to finished and semi-finished products, accounted for 53.8% of revenue (52.4% in the previous year). The movement reflects the ongoing increase in raw material costs since 2021. This aggregate includes also the risk assessment by Management upon inventory obsolescence.

<i>In Euro thousands</i>	H1 2022	H1 2021	Changes
Outsourcing	17,494	14,910	2,584
Other professional services	6,315	6,118	197
Transportation	5,769	5,543	226
Consultancy	3,984	3,645	339
Management of finished goods	5,188	3,774	1,414
Directors' and statutory auditors' fees	1,271	28	1,243
Utilities	3,113	1,925	1,188
Trade fairs and promotional events	2,140	1,041	1,099
Maintenance	1,811	1,127	684
Travelling expenses	851	402	449
Commissions and bonuses	959	1,057	(98)
Insurances	711	734	(23)
Promotion and advertising fees	665	808	(143)
Industrial services	507	538	(31)
Banking commissions and charges	147	124	23
Services	50,924	41,775	9,149

Almost all service cost items increased, marking the increasing return to business normality. In addition to Outsourcing and the Management of Finished Goods, on the basis of increased production and revenue, Trade Fairs and promotional event costs also rose, in view of participation at “Eurocucina”, while Travelling expenses increased, as for the entirety of H1 2021 company policies prohibited business trips. “Directors and statutory auditors fees” also increased, mainly due to the adjustment of the director’s long-term incentive provisions.

<i>In Euro thousands</i>	H1 2022	H1 2021	Changes
Wages and salaries	35,692	33,194	2,498
Social security expenses	10,077	9,099	978
Post-employment benefits	1,462	1,247	215
Other personnel expense	3,783	8,503	(4,720)
Personnel expense	51,014	52,043	(1,029)

The movement in personnel expense, among other issues, relates to the deconsolidation of the Indian subsidiary for approx. Euro 1.2 million. The decrease in other personnel expense reflects the accrual to the Long term Incentive plans. Reference should be made to B.3.10 for further details.

At June 30, 2022, the Group workforce numbered 3,111, increasing by 3 on December 31, 2021, while reducing by 684 on June 30, 2021. This on the one hand follows the deconsolidation of the Indian subsidiary, in addition to the launch of the European industrial footprint reorganisation plan.

<i>In Euro thousands</i>	H1 2022	H1 2021	Changes
Leases and rentals	455	532	(77)
Rental of vehicles and industrial equipment	248	208	40
Hw, Sw patent use fees	231	211	20
Other taxes (no income tax)	435	485	(50)
Magazines, Subscriptions' expenses	3	1	2
Sundry equipment	210	137	73
Catalogues and brochures	70	171	(101)
Credit losses and loss allowance	111	264	(153)
Provisions for risks and charges	2,675	6,486	(3,811)
Other prior year expenses and losses	409	438	(29)
Other operating expenses and accruals	4,848	8,934	(4,086)

Other operating expenses and provisions in H1 2022 decreased on the same period of the previous year. Provisions for risks and charges decreased as a result of the Group's assessment on the probability of occurrence of certain risks and therefore the adjustment of the relative provisions. Reference should be to paragraph B.3.10. Provisions for risks and charges for further details.

<i>In Euro thousands</i>	H1 2022	H1 2021	Changes
Restructuring charges	4,018	766	3,252
Restructuring charges	4,018	766	3,252

Restructuring charges include the update to the estimate made by the Group regarding the residual costs for the application of the Italian footprint reorganisation plan. The costs in the previous year were however incurred by the Group to introduce the restructuring plan launched in 2020, which resulted in a decrease in Corporate white-collars.

They principally concern personnel expense.

The account Increase in internal work capitalised amounted to Euro 1,049 thousand (Euro 1,217 thousand in the previous year) and mainly relates to the capitalisation of charges regarding the design and development of new products, in addition to costs sustained internally for the construction of mouldings, industrial equipment and the introduction of new IT programmes. Internal works capitalised principally comprise personnel expense.

Amortisation and depreciation is in line with the previous year, increasing from Euro 11,857 thousand in 2021 to Euro 11,886 thousand in 2022. In particular, the item includes depreciation of Euro 6,209 thousand, amortisation of Euro 3,462 thousand and the amortisation of right-of-use of Euro 2,214 thousand.

B.3.3 Net financial expense

Details of financial income are shown below:

<i>In Euro thousands</i>	H1 2022	H1 2021	Changes
Financial Income	185	307	(122)
Financial expense	(1,501)	(1,396)	(105)
Net exchange rate gains/(losses)	3,772	225	3,547
Net financial expenses	2,456	(864)	3,320

The item increased significantly on the past.

The principal impact was upon Net exchange rate gains/(losses), which saw the net gains increase by over Euro 3 million. This particularly reflects the valuation of items in Roubles, with the exchange rate against this currency being highly volatile at this historic point in time in view of the geopolitical situation. As this latter is unpredictable, this item may alter in the second half of the year.

Paragraph B.3.18. Risk management of these Notes reports information on derivative operations.

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

The breakdown of property, plant and equipment at June 30, 2022 and December 31, 2021 is detailed below.

<i>In Euro thousands</i>	30/6/2022	31/12/2021	Changes
Land & buildings	35,368	35,624	(256)
Plant and machinery	28,195	28,040	155
Industrial and commercial equipment	18,680	20,879	(2,199)
Other assets	3,141	2,534	607
Assets under construction and payments on account	10,550	6,246	4,304
Property, plant & equipment	95,934	93,323	2,611

Property, plant and equipment increased from Euro 93,323 thousand at December 31, 2021 to Euro 95,934 thousand at June 30, 2022, an increase of Euro 2,611 thousand as a result of the sales, purchases and of depreciation recorded in the income statement of Euro 6,209 thousand (Euro 6,629 thousand of depreciation and impairments of Euro 1.6 million in 2021). The increase includes exchange rate gains of approx. Euro 1.9 million.

<i>In Euro thousands</i>	30/6/2022	31/12/2021	Changes
Buildings	5,480	5,082	398
Machines and installation	314	535	(221)
Industrial and commercial equipment	0	0	0
Other	5,764	4,594	1,170
Right-of-use assets	11,558	10,211	1,347

The Group has many assets under lease, such as buildings, production machinery, cars and IT equipment. The relative right-of-use increased from Euro 10,211 thousand at December 31, 2021 to Euro 11,558 thousand at June 30, 2022, a net increase of Euro 1.3 million as a result of the sales, purchases and of depreciation recognised to the income statement of Euro 2,214 thousand (Euro 1,954 thousand in 2021). The movement includes an insignificant exchange rate effect.

B.3.5 Goodwill

<i>In Euro thousands</i>	31/12/2021	Increase	Disposals & other reclassifications	Other changes	30/06/2022
Goodwill	50,115	-	-	147	50,262
Goodwill	50,115	-	-	147	50,262

This item increased as a result of exchange rate movements. No operations in the half-year produced additional goodwill compared to December 2021.

The operating and financial results in the period, the update to the estimates for the remainder of the year and the available forecasts are in line with the assumptions underlying the impairment tests for the Group consolidated financial statements at December 31, 2021. In view of these factors, no indicators of impairment (trigger events) were identified at June 30, 2022 and consequently an impairment test was not carried out.

It is also indicated that the stock market capitalisation at June 30, 2022 of Elica S.p.A. of Euro 174 million was comfortably in excess of consolidated equity at that date (Euro 139.2 million), confirming the absence of external indicators of impairment.

The Group continues extensive monitoring of demand dynamics across all markets in execution of the three-year Strategic Plan launched in 2020 and in particular the guidance for 2022, presented in the Outlook section of the Directors' Report. The Management of the Group will continue to constantly monitor the circumstances and the events which form the basis of the future development of the business and will carry out at December 31, 2022 a more extensive analysis in relation to an impairment test.

B.3.6 Other intangible assets

The breakdown of the "Other intangible assets" at June 30, 2022 and December 31, 2021 is shown below.

<i>In Euro thousands</i>	30/6/2022	31/12/2021	Changes
Development costs	7,526	8,501	(975)
Industrial patents and intellectual property rights	8,592	9,646	(1,054)
Concessions, licences, trademarks and software	289	322	(33)
Other intangible assets	10,979	11,526	(547)
Assets under development and payments on account	1,613	823	790
Intangible assets with a finite useful life	28,999	30,818	(1,819)

The other intangible assets decreased from Euro 30,818 thousand at December 31, 2021 to Euro 28,999 thousand at June 30, 2022, a reduction of Euro 1,819 thousand as a result of the purchases, sales and amortisation recorded to the income statement of Euro 3,462 thousand (Euro 3,274 thousand at June 30, 2021). The increase is due also to the exchange rate impact on the opening amounts for approx. Euro 0.3 million, in addition to the increases of intangibles following the Purchase Price Allocation on the EMC/CPS (now EMC Fime) acquisition.

Assets in progress and payments on account refer to advances and the development of projects for the implementation of new IT platforms and the design, development and creation of new software applications, and also the development of new products.

B.3.7 Deferred tax assets – Deferred tax liabilities

<i>In Euro thousands</i>	30/6/2022	31/12/2021	Changes
Deferred tax assets	24,242	26,249	(2,007)
Deferred tax liabilities	(6,966)	(5,874)	(1,092)
Total	17,276	20,375	(3,099)

Deferred tax assets principally concern the following accounts: amortisation and depreciation, accruals to non-deductible provisions, employee bonuses and tax losses.

The deferred tax asset was recorded as it is considered recoverable in relation to the assessable results for the periods in which deferred taxes will reverse in the financial statements and as Group management considers that such commitments will be respected. The parent's portion is Euro 15.7 million, of which Euro 4.2 million relating to prior year losses.

B.3.8 Trade receivables and payables

<i>In Euro thousands</i>	30/6/2022	31/12/2021	Changes
Trade receivables	93,890	82,186	11,704
Trade payables	(178,451)	(141,222)	(37,229)
Total	(84,561)	(59,036)	(25,525)

Trade receivables are recognised net of the Doubtful Debt Provision of Euro 5,364 thousand (Euro 5,325 thousand at December 31, 2021), following an accrual of Euro 0.1 million. The Provision was made following an analysis of the credit risk on receivables and on the basis of historical data on impairment losses, considering that a substantial portion of the receivables are insured by leading international insurance companies. Management considers that the value approximates the fair value of the receivables.

At June 30, 2022, trade receivables of Euro 93.9 million (Euro 82.2 million at December 31, 2021) included approx. Euro 8.7 million (Euro 3.6 million at December 31, 2021) of overdue receivables. Of total trade receivables at June 30, 2022, 0.8% were overdue by 31 days (0.1% at December 31, 2021).

The increase in trade receivables is due to the higher revenue in Q2 2022 compared to Q4 2021. Trade payables trend is instead resulting from opposing movements. On the one hand, increasing due to higher purchases, both in terms of volumes and prices, while on the other decreasing as a result of the relative flow optimisation policy.

B.3.9 Inventories

<i>In Euro thousands</i>	30/6/2022	31/12/2021	Changes
Raw materials, consumables and supplies	47.394	37.593	9.801
Provision for the write-down of raw materials	(3.688)	(3.568)	(120)
Raw materials, consumables and supplies	43.706	34.025	9.681
Semi-finished goods	25.096	19.058	6.038
Provision for the write-down of semi-finished products	(2.246)	(2.333)	87
Semi-finished goods	22.850	16.725	6.125
Work in progress	0	0	0
Finished products	55.985	37.650	18.335
Provision for the write-down of finished products	(3.975)	(3.539)	(436)
Finished products	52.010	34.111	17.899
Inventories	118.566	84.861	33.705

Closing inventories reported a net increase of over Euro 33 million. This increase was seen across all Group companies, due to rising raw material costs and increased revenue, in addition to the Group's decision to maintain increased stock levels to improve service levels.

Inventories are stated net of the provision for inventory write-down of approximately Euro 9,910 thousand (Euro 9,440 thousand in 2021), 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 8% of inventories (10% in 2021).

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.3.10 Provision for risks and charges

The breakdown of the account is presented below:

<i>In Euro thousands</i>	30/6/2022	31/12/2021	Changes
Agents' termination benefits	712	662	50
Product warranties	4,337	4,069	268
Legal risks	4,965	3,657	1,308
Long Term Incentive Provision	10,295	13,789	(3,494)
Personnel provision	3,959	4,530	(571)
Restructuring provision	8,488	13,070	(4,582)
Other provision	3,725	4,122	(397)
Provisions for risks and charges	36,481	43,899	(7,418)
of which:			
Non-current	18,197	21,830	(3,633)
Current	18,284	22,069	(3,785)
Provisions for risks and charges	36,481	43,899	(7,418)

- Accruals for agents' termination benefits cover possible charges upon the termination of contracts with agents and sales representatives
- Product warranties represent an estimate of the costs likely to be incurred to repair or replace items sold to customers. These provisions reflect the average warranty costs historically incurred by the 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. As was the case at December, the provision includes, among others, the estimate made by the Board of Directors with regards to the risk upon outstanding cases.
- The Long Term Incentive Plan provision concerns the accrued liability at June 30, 2022 for the 2016-2022 Phantom Stock and Voluntary Co-investment Plan (co-investment of the third cycle) and the 2019-2025 Phantom Stock and Voluntary Co-investment Plan (second cycle). This provision was utilised for approx. Euro 3.4 million in H1 2022 as a result of the payment to beneficiaries of the accrued amounts.

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 8.5 million mainly 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. The restructuring provision was utilised for approx. Euro 8 million in H1 2022 as a result of former employee voluntary and incentivised departures. An additional accrual of approx. Euro 3.5 million was also made to cover the residual risk.

The current restructuring depends on the new organisational structure needed to ensure the business continuity of the entire Group. The reorganisation, in line with the 2021 - 2023 business 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 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. The restructuring under the agreement involves 150 employees and facilitates 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, in addition to the product disposal provision and the other risks provision.

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

B.3.11 Liabilities for post-employment benefits

The most recent calculation of the present value of this item was performed at December 31, 2021 and at June 30, 2022 and was supported by the service company Managers & Partners – Actuarial Services S.P.A. The changes in the present value of post-employment benefit obligations in the reporting period were as follows:

	30/06/2022	31/12/2021	Changes
<i>In Euro thousands</i>			
Opening balances	10,380	10,475	(95)
Current service cost	1,462	2,836	(1,374)
Actuarial gains/losses	(1,095)	(98)	(997)
	10,367	2,738	(2,371)
Financial expense	37	64	(27)
Pension fund	(1,232)	(2,462)	1,230
Perimeter changes	0	201	(201)
Benefits provided	(978)	(636)	(342)
	(2,173)	(2,832)	659
Employee benefit liabilities	8,574	10,380	(1,806)

B.3.12 Other receivables and Other payables

	30/6/2022	31/12/2021	Changes
<i>In Euro thousands</i>			
Other receivables and other assets (non-current)	1,055	1,388	(333)
Other current assets	7,212	5,413	1,799
Total	8,267	6,801	1,466

	30/6/2022	31/12/2021	Changes
<i>In Euro thousands</i>			
Other non-current liabilities	0	6,546	(6,546)
Other current liabilities	34,796	27,858	6,938
Total	34,796	34,404	392

Other receivables increased Euro 1.4 million and in particular the Parent's current portion as a result of advances paid.

With regards to other payables, the amounts due to the former shareholders of E.M.C. and C.P.S. (now EMC Fime) decreased on December 2021 following the full acquisition of the two companies on July 2, 2021. The payable decreased overall from Euro 18 million at December 31, 2021 to Euro 13 million at June 30, 2022. The portion of this payable which was classified to Other non-current payables was therefore cancelled as the residual price shall be settled by Elica in tranches due on July 5, 2022 and January 5, 2023.

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

B.3.13 Tax Assets and Payables

<i>In Euro thousands</i>	30/6/2022	31/12/2021	Changes
Tax assets	27,125	24,575	2,550
Tax liabilities	(9,755)	(14,536)	4,781
Total	17,370	10,039	7,331

The increase in Tax assets regarded the VAT Receivable (increasing Euro 5.9 million), net of the decrease in the Income tax receivable (decreasing by over Euro 4 million).

The decrease in tax payables is mainly due to a reduction of approx. Euro 5 million in Income tax liabilities, net of an increase in the VAT payable of approx. Euro 1 million.

B.3.14. Equity

Equity attributable to owners of the parent at June 30, 2022 amounted to Euro 139,209 thousand (Euro 124,143 thousand at December 31, 2021). The movement in this item in the period mainly concerned the translation reserve, the cash flow hedge reserve and the post-employment benefit revaluation reserve, in addition to the distribution of dividends to minorities by the Japanese company and the launch of the treasury share buy-back plan. For further details, reference should be made to the Statement of changes in Consolidated Equity.

The movement in the translation reserve, increasing at consolidated level for Euro 3.2 million and at Group level for Euro 3.6 million, mainly relates to the Mexican subsidiary Elicamex and the Russian subsidiary Elica Trading and therefore to the performance of the Mexican Peso and US Dollar and of the Rouble against the Euro.

The movement in the Cash Flow Hedge reserve is negative for Euro 95 thousand, with Euro 156 thousand due to the valuation and an opposing tax impact of Euro 61 thousand. This includes the valuation of derivatives on commodities, of currency derivatives and the movement in currency derivatives.

Elica on March 21, 2022 launched the treasury share buy-back plan authorised by the Shareholders' Meeting of April 29, 2021 (the "Buyback Plan") according to the terms previously disclosed to the market. In execution of this Shareholders' Meeting motion, from March 21, 2022 a first part of the Buy-back Plan was launched, for a maximum 325,000 treasury shares (approx. 0.5% of the subscribed and paid-in share capital). This resulted in a Euro 952 thousand reduction in Equity at June 30, 2022.

Non-controlling interest Equity at June 30, 2022 amounted to Euro 6.1 million (Euro 6.9 million at December 31, 2021). The movements in the account in the period principally related to: an increase of Euro 0.6 million following the recording of the profit for the period and a decrease of Euro 1.1 million for the distribution of dividends to third parties.

B.3.15 Net financial position

(disclosed in accordance with Consob Communication No. DEM 6064293 of July 28, 2006 - supplemented by Call for attention 5/21)

<i>In Euro thousands</i>	30/06/22	31/12/21	Changes
A. Cash and cash equivalents	70,426	99,673	(29,247)
Cash and cash equivalents	70,426	99,673	(29,247)
B. Other liquidity			
C. Other current financial assets	0	0	0
D. Liquidity (A+B+C)	70,426	99,673	(29,247)
Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	21,216	31,973	(10,757)
Bank borrowings	16,826	27,867	(11,041)
Lease liabilities (current)	4,390	4,106	284
F. Current portion of non-current financial debt	18,101	16,676	1,425
Mortgages	18,101	16,676	1,425
G. Current financial debt (E+F)	39,317	48,649	(9,332)
H. NET CURRENT FINANCIAL DEBT (G-D)	(31,109)	(51,024)	19,915
I. Non-current financial debt (excluding current portion and debt instruments)	75,640	86,180	(10,540)
Bank loans and borrowings (non current)	66,310	77,866	(11,556)
Lease liabilities (non-current)	9,330	8,314	1,016
J. Debt instruments			0
K. Trade payables and other non-current payables	13,095	17,998	(4,903)
Other payables for purchase of investments	13,095	17,998	(4,903)
L. Non-current financial debt (I+J+K)	88,735	104,178	(15,443)
M. NET FINANCIAL DEBT (H+L)	57,626	53,154	4,472

The company's net financial position (including IFRS 16 and the payables for the acquisition of derivatives) was a debt position of Euro 57.6 million and therefore, according to the Consob Communication, is defined as "net financial debt". This increased by over Euro 4 million compared to December 2021.

The loan covenants have been complied with and according to the available information shall be complied with in the future. The main bank loan of Elica S.p.A. stipulates covenants concerning the ratio between NFP/EBITDA, EBITDA/Net Financial Expense and NFP/Equity, tested half-yearly on an LTM basis on the Group's consolidated figures.

Management believes that at the present moment, the funds available, in addition to those that will be generated from operating and financial activities, will permit the Group to satisfy its requirements deriving from investment activities, working capital management and repayment of debt in accordance with their maturities.

B.3.16 Related party transactions and balances

Inter-company transactions are eliminated in the Condensed Consolidated Half-Year Financial Statements and therefore not shown in this note.

Related party transactions were carried out in accordance with law and based on reciprocal business needs.

The income statement and statement of financial position amounts deriving from the transactions carried out as per IAS 24 with related parties are summarised below. The table

below does not include the remuneration of Directors, Statutory Auditors and Senior Executives. Reference should be made to the annual accounts and the Remuneration Report for these figures (in line with the past).

There are no balances with the parents Fan and Fintrack.

Elica Group vs Related parties

	Receivables	Payables/ IFRS16 Payables	Revenue	Costs
<i>In Euro thousands</i>				
Fastnet S.p.A.	-	(2)	-	(8)
La Ceramica	-	(2)	-	(8)
Ermanno Casoli Foundation	-	(50)	-	(50)
Other related parties and natural persons	13	(37)	5	(64)
	13	(92)	5	(131)

B.3.17 Contingent liabilities

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

The allocation in the financial statements at June 30, 2022 for contingent risks and charges relating to legal disputes amounts to Euro 4,965 thousand and is mainly held by the Parent.

In 2019 the Parent Company 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. There was found to have been an alleged violation of the transfer pricing rules set out in Article 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 of Euro 1 million for 2015 and 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.

The Company has already received the notices of assessment (IRES and IRAP) regarding the Transfer Pricing findings for the year 2015 and 2016. It appealed against the notice on 2015, appearing before the Ancona Provincial Tax Commission.

An IPEC petition was submitted regarding the use of previous losses to reduce the higher taxable income, and the Company - though its lawyers - is preparing an appeal for the notices on 2016.

B.3.18 Risk management

B.3.18.1 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 Company. Within this policy, the Group constantly monitors the financial risks of its operations in order to assess any potential negative impact and takes corrective action where necessary.

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

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

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

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

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

The following table breaks down the derivative instruments in place:

<i>In Euro thousands</i>	30/6/2022		31/12/2021	
	Assets	Liabilities	Assets	Liabilities
FX derivatives	83	527	170	103
Interest rate derivatives	3,129	0	208	295
Commodities derivatives	0	2,763	494	0
Derivative financial instruments	3,212	3,290	872	398
of which:				
Non-current	1,201	0	208	0
Current	2,011	3,290	664	398
Derivative financial instruments	3,212	3,290	872	398

The fair value of derivative financial instruments outstanding as of June 30, 2022 is classifiable as Level 2, except for commodities which belong to Level 1, and was determined using official rates on active markets. It should be noted that there were no transfers between the three levels of fair value under IFRS 13 during the period.

B.3.18.2. Market risk

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

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

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

B.3.18.2.1 Currency risk

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

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

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

In addition to the aforementioned transaction risks, the Group is also exposed to translation risk. The assets and liabilities of consolidated companies whose currency differs from the Euro may be translated into Euro with carrying amounts that vary according to different exchange rates, with recognition in the translation reserve under equity.

The Group monitors this exposure, against which there were no hedging operations at the reporting date; in addition, given the Parent's control over its subsidiaries, governance over the respective foreign currency transactions is greatly simplified.

B.3.18.2.2 Commodity risk

The Group is subject to market risk deriving from fluctuations in commodity prices used in the production process. The raw materials purchased by the Group (including copper and aluminium) are affected by the trends of the principal markets. The Group regularly evaluates its exposure to the risk of changes in the price of commodities and manages this risk through fixing the price of contracts with suppliers and through hedging contracts with financial counterparties.

In particular, between the end of the previous year and the beginning of the year, on the basis of the production budget for the year, the prices and quantities were fixed through both channels described above. Operating in this manner, the Group covers the standard cost of the raw materials contained in the budget from possible increases in commodity prices, achieving the operating profit target.

B.3.18.2.3 Interest rate risk

The management of the interest rate risk by the Elica Group is in line with the consolidated practices over time to reduce the volatility risk on the interest rates, while at the same time minimising the borrowing costs within the established budget limits.

The Group's debt mainly bears a floating rate of interest.

B.3.18.3 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 further details, see paragraph B.3.8 "Trade receivables and payables" of these notes.

B.3.18.4 Liquidity risk

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

Management believes that at the present time, the funds available, in addition to those that will be generated from operating activities and, if necessary, from sources of funding, will permit the Group to satisfy its requirements deriving from investment activities, working capital management and the repayment of debt in accordance with their maturities.

For details on the net financial position, reference should be made to note B.3.15 of the notes.

B.3.18.5 Geopolitical risk

In geopolitical terms, the Elica Group continues to monitor the impacts and developments of the conflict between Russia and Ukraine, particularly assessing potential risks upon Group operations.

Although Elica Group business in the area involved is limited, given that the Russian market does not even account for 3% of revenue, procedures have been put in place to monitor this risk.

Internal Control presents quarterly reports outlining emerging risks and estimating their possibility of occurrence. At present, the assessment is of a low residual risk.

The Group on the one hand is monitoring the derivatives available on the market to hedge the risk upon the currencies involved and on the other FX developments in relation to the changes in its exposure. In fact, the appropriate channels to protect the Group from transactional and

translational risks from Euro/Rouble movements have been activated. Currency movements are presently generating significant gains.

Trade receivables in the area appear certain and no difficulties have arisen in any case with regards to the Russian subsidiary's liquidity, which is settling its inter-company receivables as normal.

The risks relating to the procurement of raw materials produced in the Russia-Ukraine area are limited. In addition, while not involved in an energy intensive business, similar to all European players it has been impacted by rising energy costs.

The Group complies with the internationally imposed restrictions, whose effects on our business concern the cap on the unitary value of exportable goods.

B.3.19 Subsequent events after the period end

The acquisition of 40% of the subsidiary Airforce s.r.l. was completed on July 1, 2022, which was already 60% consolidated and held by the Group.

The conclusion of the transaction (Closing) stipulates a total fee of Euro 3 million, payable in four instalments. The first payment (Euro 1.5 million) will be made on the Closing date, and the following three (Euro 0.5 million each) will be made once a year beginning from the Closing date. No antitrust authorisation is required to close the transaction since Air Force S.p.A. is already under the exclusive control of Elica S.p.A., and the transaction will be effective from the Closing date. The contract includes guarantee and indemnification clauses that are consistent with similar transactions.

On July 7, 2022, the first part of the Elica ordinary share buy-back plan concluded, having been announced to the market on March 16, 2022 and launching on March 21, 2022 as per the Shareholders' Meeting motion of April 29, 2021.

On July 11, 2022, Elica initiated the second tranche of the treasury buy-back plan, as authorised by the Shareholders' Meeting of April 28, 2022 (the "Buy-back Plan"), according to the terms previously disclosed to the market. In execution of this Shareholders' Meeting motion, from July 11, 2022 and until January 11, 2023 a second tranche of the Buy-back Plan shall be launched, for a maximum 325,000 treasury shares (approx. 0.51% of the subscribed and paid-in share capital).

B.3.20 Outlook

The Group confirms the pillars identified to support its strategy:

- Forecast organic growth in 2022 (~5-6%) amid a slight increase in demand.
- The commitment to create value despite the still critical raw materials situation (both in terms of availability and inflation) remains a Group priority.
- The net financial position continues to improve, supporting investments in production capacity, innovation and possible M&A's.

On June 6, 2022, ahead of the Eurocucina 2022 International Furniture Fair, Elica S.p.A. met with the financial community to present its strategy and confirm the drivers that will support the Group's growth on the Cooking and Motors segments.

The Group has accelerated the growth plan drawn up and launched in 2020 and focused on developing the higher value areas, boosting earnings and increasing cash generation. This growth is based on the leveraging of product and brand leadership and expansion on the Motors segment, supported by the EMC acquisition. The turnaround from 2019 has advanced strongly for both margins and revenue and the new organisation put in place by the Group in 2021 has

been key to the delivery of the growth targets and increased earnings. Future growth shall particularly centre on an expanding Cooking segment, with geographical diversification both in Europe (where the Group is the market leader) and the Americas. The Group shall simultaneously invest in improving and innovating the existing product range and in developing the Motors division, while maintaining a focus on the green transition by adopting hydrogen systems which minimise environmental impact. The Cooking segment will be driven by the expansion of the premium range through an extended large kitchen appliances sector range. The revolutionary “LHOV” product, conceived and designed by Fabrizio Crisà - Elica’s Chief Design Officer - is part of this new strategy. The product in fact belongs to a new category of home appliances, truly revolutionising the optimal management of the domestic space - but above all is a product which entirely changes the cooking experience. Finally, the development plan shall be further supported by M&A’s which accelerate the expansion of the high added-value product range.

In geopolitical terms, the Elica Group continues to monitor the impacts and developments of the conflict between Russia and Ukraine, which broke out at the end of February 2022, particularly assessing potential risks upon Group operations. Although Elica Group business in the area involved is limited, given that the Russian market does not even account for 3% of revenue, procedures have been put in place to monitor this risk. Please refer to section B.3.18.5 Geopolitical risk for further details.

B.3.21 Positions or transactions arising from atypical and/or unusual operations

The Group did not carry out atypical and/or unusual transactions, i.e. those transactions which owing to their significance, the nature of the counterparties, the subject-matter of the transaction, the transfer price calculation method and the timing of the event, may give rise to doubts concerning the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguarding of corporate assets and the protection of non-controlling shareholder interests.

B.3.22 Significant non-recurring events and operations

No significant non-recurring transactions were undertaken by the Elica Group in the first half of 2022.

Fabriano, July 28, 2022

The Executive Chairperson
Francesco Casoli

C. Statement of the corporate Financial Reporting Officer in accordance with Article 154 bis, paragraph 5 of Legislative Decree 58/1998

The undersigned Giulio Cocci, as Chief Executive Officer, and Emilio Silvi, Corporate Financial Reporting Officer 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 consolidated financial statements for the first half of 2022.

In addition, we declare that the condensed consolidated half-year financial statements:

- corresponds to the underlying accounting documents and records;
- are drawn up in conformity with the applicable international accounting standards recognised by the European Union in conformity with Regulation (CE) No. 1606/2002 of the European Parliament and the Commission of 19 July 2002;
- 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 on the First Half 2017 includes a reliable analysis of the significant events in the first six months of the year and their impact on the condensed consolidated half-year financial statements, with a description of the principal risks and uncertainties for the remaining six months. The condensed consolidated half-year financial statements also contain a reliable analysis of the significant transactions with related parties.

Fabriano, July 28, 2022
The Chief Executive Officer
Giulio Cocci

Financial Reporting Officer
Emilio Silvi



KPMG S.p.A.
Revisione e organizzazione contabile
Via 1° Maggio, 150/A
60131 ANCONA AN
Telefono +39 0712901140
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

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

Report on review of condensed interim consolidated financial statements

To the Shareholders of
Elica S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Elica Group comprising the income statement and the statements of comprehensive income, financial position, cash flows and changes in equity and notes thereto, as at and for the six months ended 30 June 2022. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Elica Group as at and for the six months ended 30 June 2022 have not been prepared, in all material

KPMG S.p.A. è una società per azioni di diritto italiano a la parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

Ancona Bari Bergamo
Bologna Bolzano Brescia
Cagliari Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Trieste
Varese Verona

Società per azioni
Capitale sociale
Euro 10,415,500,000 i.v.
Registro Imprese Milano Tribunale di Monza Lodi
e Codice Fiscale N. 06709600155
R.E.A. Milano N. 012857
Panda IVA 02762600155
VAT number IT02762600155
Sede legale: Via V462 Pisani, 25
20121 Milano MI ITALIA



Elica Group

*Report on review of condensed interim consolidated financial statements
30 June 2022*

respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Ancona, 29 July 2022

KPMG S.p.A.

(signed on the original)

Maurizio Cicioni
Director of Audit