

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

2022 ANNUAL REPORT

Elica Group



CONTENTS

A. 2022 Directors' Report

A.1. The Elica Group today

A.2. Chairperson's view

A.2.1 Chief Executive Officer's view

A.3. 2022 Economic overview and Outlook for 2023

A.4. Currency markets

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

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

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

A.8. Significant events in 2022

A.9. Events after the reporting date and outlook

A.10. The environment and personnel

A.11. Research and development

A.12. Exposure to risks and uncertainty and financial risk factors

A.13. Company bodies

A.14. Elica Group structure and consolidation scope

A.15. IFRS

A.16. Corporate governance and ownership structure report

A.17. Remuneration Report

A.18. Consolidated non-financial statement

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

A.20. Compliance with Article 70, paragraph 8 and Article 71, paragraph 1-bis of the "Issuers Regulation"

B. Consolidated Financial Statements as at and for the year ended December 31, 2022

B.1. Income Statement

B.2. Statement of Comprehensive Income

B.3. Statement of Financial Position

B.4. Statement of Cash Flows

B.5. Statement of changes in Equity

B.6. Notes to the Consolidated Financial Statements as at and for the year ended December 31, 2022

C. Attachment to the Consolidated Financial Statements

C.1. Attestation on the Consolidated Financial Statements as per Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and integrations

D. Separate Financial Statements as at and for the year ended December 31, 2022

D.1. Income statement

D.2. Statement of Comprehensive Income

D.3. Statement of Financial Position

D.4. Statement of Cash Flows

D.5. Statement of Changes in Equity

D.6. Notes to the Separate Financial Statements at December 31, 2022

E. Attachments to the Separate Financial Statements

E.1. Disclosure pursuant to Article 149 of the Consob Issuers' Regulation

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

A. 2022 DIRECTORS' REPORT

Elica Group



A.1. The Elica Group today

Elica, a market player for over 50 years, is the leading global manufacturer of kitchen aspiration systems, thanks to the production of range hoods and extractor hobs. It is also the leading European manufacturer of electric motors for home appliances and heating boilers. Chaired by Francesco Casoli and led by Giulio Cocci, the Group has seven plants, including in Italy, Poland, Mexico and China and employs approx. 2,700 people. A meticulous care for design and a judicious choice of high-quality materials and cutting-edge technology to guarantee maximum efficiency and low energy consumption make the Elica Group the prominent market figure it is today. This has enabled the Group to revolutionise the traditional image of kitchen extractor systems: they are no longer seen as a simple accessory but as a design element that improves the quality of life.

A.2. Chairperson's view

Despite the challenging environment, 2022 was the second consecutive year in which Elica has beaten its own records. This is thanks to the team, the business model's flexibility and the ability to promptly and courageously rise to the challenges posed by the market.

2023 will be an even more complex year, although product innovation, our capacity to anticipate market trends and the opportunities for an ever-stronger motors division will allow us to pursue the challenging objective of continued growth and to be a leader in bringing about the changes of today and tomorrow

Francesco Casoli - Elica Group Chairperson

A.2.1 Chief Executive Officer's view

Over the past two years, we have increased revenue from Euro 450 million to almost Euro 550 million, while doubling margins and cash generation. The Profit for 2022 was higher than the Operating profit in 2019: we are now a different company.

We have reorganised the European manufacturing footprint, reduced complexity, improved the operating profit, also through very close cost management and have brought Leverage to a level that allows us to return to issuing dividends, and which gives us the option to pursue M&A's.

We are ready to tackle 2023 which will be of two halves: an even more challenging first half than the second half of 2022, with demand still sharply contracting and a recovering second half.

A year full of challenges, but also opportunities: new product lines to boost our Cooking firepower, the launch of LHOV, new OEM customers already being phased-in.

For the Motors Division, with the acquisition of EMC, we have increased revenue from Euro 60 million to Euro 120 million in less than 2 years, while we continue to grow. Opportunities will come from the early introduction of the technology driving the energy transition: axial and centrifugal fans for heat pumps, high-efficiency brushless motors, and 100% hydrogen-use certified fans.

Giulio Cocci - Chief Executive Officer

A.3. 2022 Economic overview and Outlook for 2023¹

A.3.1. International developments

In 2022, the World Economic Outlook claims that global economic activity is showing a sharper, more widespread slowdown than previously expected, with inflation rising higher than we have seen in recent decades. The cost-of-living crisis, the tightening of financial conditions in most regions, Russia's invasion of Ukraine, and the continuing COVID-19 pandemic are having a major impact on the global outlook.

This is the weakest growth we have seen since 2001, with the exception of the global financial crisis and the peak of the COVID-19 pandemic. Monetary policy should hold the course in order to restore price stability, and fiscal policy should aim to alleviate pressures on the cost of living, while maintaining sufficiently restrictive in line with monetary policy. Structural reforms may further support the fight against inflation by improving productivity and loosening supply bottlenecks, whereas multilateral cooperation will be necessary in order to accelerate the transition to green energy and prevent fragmentation.

In its outlook of October 2022, the International Monetary Fund (IMF) expects global growth to slow from 6.0% in 2021 to an estimated 3.4% in 2022 and to 2.9% in 2023, before returning to 3.1% in 2024. The outlook for 2023 is below the historical average (2000-19) of 3.8%. The increase in rates by the central bank to combat inflation and the Russia-Ukraine war continue to weigh heavily on the economy. The rapid spread of COVID-19 in China has held back growth in 2022, but the recent reopening has paved the way to a faster recovery than previously expected. Global inflation, up from 4.7% in 2021, should fall from 8.8% in 2022 to 6.6% in 2023 and to 4.3% in 2024, remaining above pre-pandemic (2017-19) levels of about 3.5%.

In the Outlook of January 2023, the view on risks remains negative, but more moderately so compared to the October 2022 assessment. We could see a rebound in other estimates, where a stronger impulse in the repressed demand in many economies and a more rapid drop in inflation are plausible. Conversely, should we see a decline in estimates, the serious health issues in China could put the brakes on the recovery; Russia's war in Ukraine could intensify, and lower cost of financing around the world could worsen the difficulties in global debt. The financial markets could also see a sudden repricing in response to less favourable news regarding inflation, while further geopolitical fragmentation could hold back economic progress.

For most economies, amid the cost-of-living crisis, the priority remains that of achieving lasting disinflation. With tighter monetary conditions and slower growth, which could have an impact on financial solidity and debt, it will be necessary to make use of more prudent instruments and reinforce frameworks of debt restructuring. The acceleration of the COVID-19 vaccine rollout in China could protect the recovery and have positive consequences that go beyond China's borders. Fiscal support should better target those who are most impacted by rising prices of food and energy, and broad-scale tax relief measures should be pulled back. Greater multilateral cooperation is essential in order to preserve the benefits of the multilateral, rules-based system and to mitigate climate change by limiting emissions and increasing green investment.

¹ Data sources: International Monetary Fund, World Economic Outlook. World Bank, Global Economic Prospects.

A.3.2 Cooker hoods market²

Global kitchen hood segment demand in 2022 contracted by an estimated 6.3% (with the European market down 11.3%), mainly due to the continued climate of uncertainty and the impact from inflation.

High raw material and energy costs, a fragmented supply chain and a restrictive monetary policy have significantly contributed to the drop in demand in the eurozone. Eastern Europe remains to be the area most affected by geopolitical tensions. Despite the above-cited factors, Group level market share remains solid. In the United States, the record inflation seems to have peaked. Falling real wages and a shrinking savings rate have contributed to declining demand. The drop on the previous year was 5.7%. The Latin American economies have been impacted by the economic instability caused by rising inflation, with YoY demand falling 6%.

In Asia, the continued restrictions to cope with the COVID-19 pandemic have curbed economic activity in many cities, weakening spending on goods and services.

India continues to see manufacturing and service sector expansion.

A.4. Currency markets

In 2022, the Euro at average exchange rates appreciated against the Polish zloty, Indian rupee, and Japanese yen, while depreciating against all other currencies.

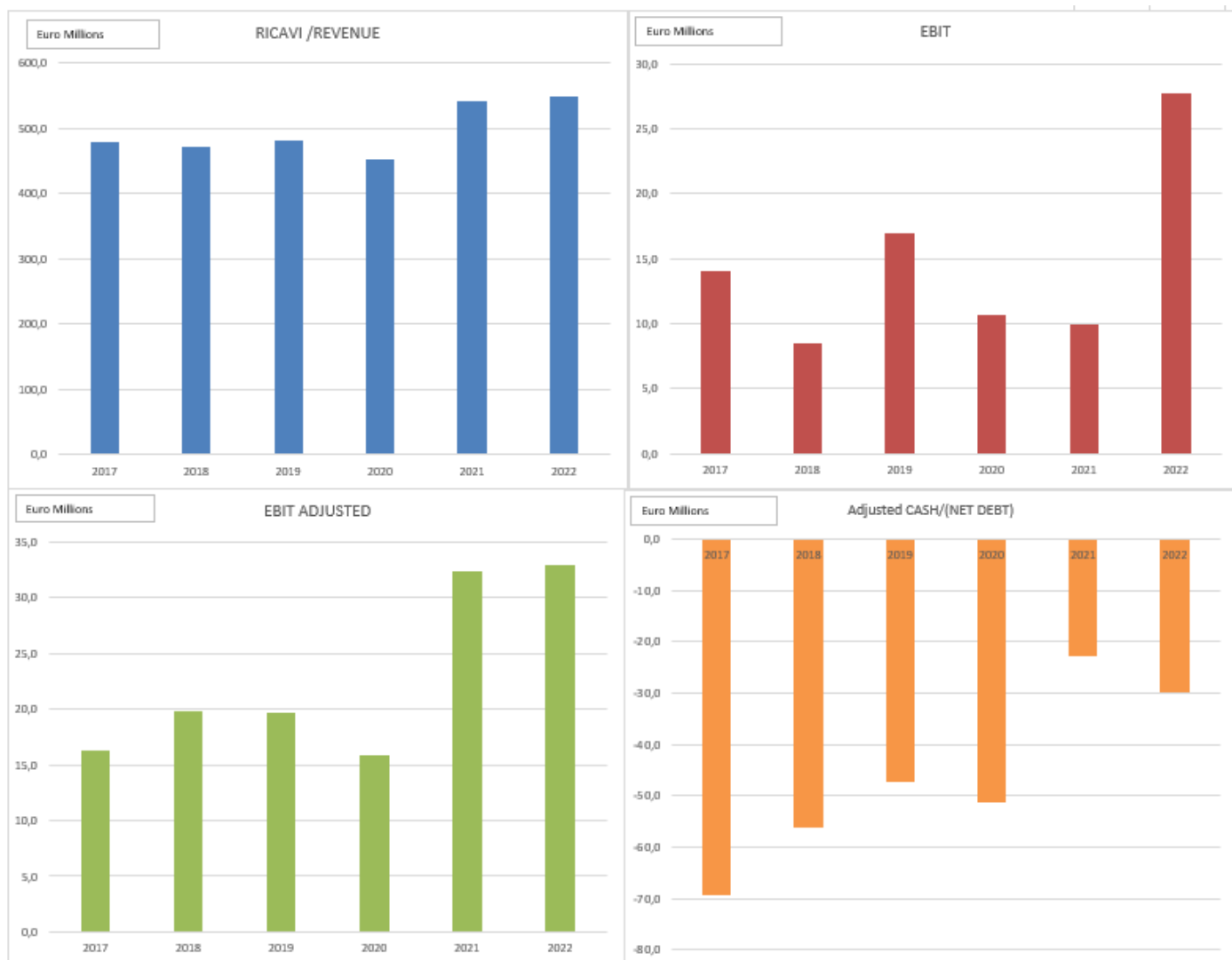
	2022 average	2021 average		31/12/2022	31/12/2021	
EUR	1.00	1.00	0.0%	1.00	1.00	0.0%
USD	1.05	1.18	(11.0%)	1.07	1.13	(5.3%)
PLN	4.69	4.57	2.6%	4.68	4.60	1.7%
INR	82.69	87.44	(5.4%)	88.17	84.23	4.7%
RUB	74.00	87.15	(15.1%)	78.14	85.30	(8.4%)
CNY	7.08	7.63	(7.2%)	7.36	7.19	2.4%
MXN	21.19	23.99	(11.7%)	20.86	23.14	(9.9%)
JPY	138.03	129.88	6.3%	140.66	130.38	7.9%

Source: ECB data

²Source: company estimate.

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

A.5.1. Financial highlights



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

A.5.2.1. Elica Group Operating Performance

<i>In Euro thousands</i>	2022	% revenue	2021	% revenue	Changes %
Revenue	548,574		541,293		1.4%
Adjusted EBITDA	56,565	10.3%	57,105	10.5%	-1.0%
EBITDA	50,849	9.3%	38,539	7.1%	31.9%
Adjusted EBIT	33,037	6.0%	32,276	6.0%	2.4%
EBIT	27,321	5.0%	9,927	1.8%	175.2%
Net financial expense	(1,462)	-0.3%	(2,211)	-0.4%	33.9%
Gain/(loss) on group companies	0	0.0%	15,524	2.9%	-100.0%
Income taxes	(7,679)	-1.4%	(5,768)	-1.1%	-33.1%
Profit from continuing operations	18,180	3.3%	17,470	3.2%	4.1%
Adjusted profit for the year	22,524	4.1%	21,296	3.9%	5.8%
Profit for the year	18,180	3.3%	17,472	3.2%	4.1%
Adjusted profit attributable to the owners of the parent	20,953	3.8%	15,936	2.9%	31.5%
Profit attributable to the owners of the parent	16,608	3.0%	12,119	2.2%	37.0%
Basic earnings per Share (Euro/cents) at closing date	26.47		19.14		38.3%
Diluted earnings per Share (Euro/cents) at closing date	26.47		19.14		38.3%

Elica reports consolidated revenue of Euro 548.6 million for 2022, up 1.4% (+1.6% at constant exchange rates and scope).

The increase in sales was driven both by own brand product organic growth in the cooking segment and double-digit motor segment growth.

The increase in sales is supported by the price-mix effect, the growing contribution of own brand sales (particularly in EMEA and the Americas), despite a significant slowdown in market demand (particularly in the second half of the year) and a destocking among OEM customers (particularly in the third and fourth quarters), and motor segment growth. EMEA and Americas revenue (respectively 78% and 15% of the total) saw strong organic growth in 2022 of +8.3% and +3.8%, outperforming the general market and increasing market share.

The Cooking segment, amounting to Euro 422.8 million, which accounts for 77.0% of total revenue, reports a contraction of 6.6% (-2.2% at constant exchange rates and scope). Own brand sales saw organic growth of 9.5% (-1.5% reported) on 2021, with Q4 in line with the previous year (+1.9%, +0.1% at constant exchange rates and scope). Own brand sales in the Cooking segment accounted for 58% in 2022 - increasing on 2021. This was mainly due to ongoing growth across all strategic product families, in spite of the sharply contracting market. The NikolaTesla extractor hob range, which now accounts for approx. 16% of Cooking revenue, grew 24% on 2021.

OEM revenue followed a different trajectory, down 12.9% (-16.5% at constant exchange rates and scope) on the previous year due to destocking measures and a sudden slump in demand in the latter part of the year.

Despite the uncertain macroeconomic environment, organic own-brand sales growth offset the drop in OEM demand and protected profitability.

The Motors segment, amounting to Euro 125.7 million, and accounting for 23.0% of total revenue, reported double-digit growth at +42.3% (+20.9% at constant scope and exchange rates), confirming the Group's electric motors and fans leadership.

Adjusted EBITDA was Euro 56.6 million, in line with 2021 (Euro 57.1 million), equal to 10.3% of revenue (compared to 10.5% in the previous year), thanks to the revenue growth driven by a positive price mix, despite a significant slowdown in Cooking division demand, and thanks to the control of SG&A costs, which offset the significant rise in raw material and energy costs and the supply chain impacts compared to 2021.

Adjusted EBIT of Euro 33.0 million in 2022 slightly increased on Euro 32.3 million in 2021, equal to 6.0% of revenue in line with 6.0% in 2021, despite the contraction in demand and inflation higher than expectations.

Net financial expense was Euro 1.5 million, reducing on Euro 2.2 million in 2021. The 2021 financial items in fact included income of Euro 15.5 million from the sale of Subsidiaries, concerning the deconsolidation of the subsidiary Elica PB India.

Adjusted profit for the year was Euro 22.5 million, compared to Euro 21.3 million in 2021, and reflects the Group's strategy of investing in operating efficiency and flexibility, despite the highly volatile climate.

Adjusted profit for the year attributable to the owners of the parent of Euro 20.9 million was up significantly (+31.5%) on Euro 15.9 million in 2021 (Euro 2.6 million in 2020).

The profit for the year attributable to minority interests of Euro 1.6 million, decreasing on Euro 5.4 million in 2021, reflects the disposal of the majority stake in Elica PB India in 2021 and the profit of Aria fina (Japan) for Euro 1.6 million, in line with 2021. The significant reduction in this item also relates to the acquisition of 40% of the subsidiary Air Force S.p.A. in July 2022. The investment held by Elica S.p.A. in Air Force S.p.A. therefore rose to 100%.

The figures for the two business segments of Cooking and Motors are shown below.

<i>Euro thousands</i>	Cooking	Motors	Eliminations and other adjustments	Elica Group
Revenue - third parties	422,842	125,732		548,574
Inter-segment revenue	4,738	28,993	(33,731)	-
Revenue	427,580	154,725	(33,731)	548,574
Operating profit	20,253	7,067	0	27,320

A.5.2.2 Elica Group Financial Position and Performance

<i>In Euro thousands</i>	31/12/22	31/12/21	Changes
Cash and cash equivalents	67,727	99,673	(31,946)
Bank loans and borrowings (current)	(42,812)	(44,543)	1,731
Bank loans and borrowings (non-current)	(54,774)	(77,866)	23,092
Adjusted Net Financial Position	(29,859)	(22,736)	(7,123)
Lease liabilities (current)	(4,192)	(4,106)	(86)
Lease liabilities (non-current)	(9,831)	(8,314)	(1,517)
Adjusted Net Financial Position - Including the effects of IFRS 16	(43,882)	(35,156)	(8,726)
Other liabilities for purchase of investments	(8,021)	(17,998)	9,977
Net financial position	(51,903)	(53,154)	1,251

The Adjusted Net Financial Position at December 31, 2022 was Euro -29.9 million (net of the IFRS 16 effect of Euro 14.0 million and the payables for the purchase of the investments in EMC Fime S.r.l. and Airforce S.p.A. for Euro 8.0 million), compared to Euro -22.7 million at December 31, 2021 and however with an unchanged leverage of approx. 0.6.

We highlight also the following key events affecting the movement in the net financial position compared to the end of 2021:

- the impact from the payment of approx. Euro 13 million for the acquisition of the companies E.M.C. S.r.l. and CPS S.r.l., now merged into EMC-Fime, and of 40% of AirForce.
- Capex of Euro 23.3 million (including the IFRS 16 effect). Investments continue to develop new products to meet emerging demand and to serve new customers;
- cash outflows for a return to issuing dividends for Euro 3.8 million;
- execution of the share buy-back plan for approx. Euro 1.7 million;
- cash outflows for the "voluntary agreement" signed with the trade unions in execution of the Italian industrial footprint reorganisation plan for Euro 12 million and completion of the industrial footprint reorganisation in Poland.

We highlight that the Group generated over Euro 40 million of operating cash to support the execution of the business plan, despite the increase in inventories. This supports on the one hand the better management of the developing footprint and the raw material availability criticalities, while on the other ensuring customers a quick and efficient service.

Managerial Working Capital on annualised revenue was 1.9% at December 31, 2022, significantly decreasing on 4.8% at December 31, 2021.

<i>In Euro thousands</i>	31/12/2022	31/12/2021
Trade receivables	48,491	82,186
Inventories	101,453	84,861
Trade payables	(139,571)	(141,222)
Managerial Working Capital	10,373	25,825
% annualised revenue	1.9%	4.8%
Other net assets/liabilities	(12,593)	(34,474)
Net Working Capital	(2,220)	(8,649)

The statement of financial position for the two business segments (Cooking and Motors) are presented below.

<i>In Euro thousands</i>	Cooking	Motors	Eliminations and other adjustments	Elica Group
Fixed assets	140,383	51,832	0	192,216
Managerial Working Capital	3,494	6,877	0	10,373
Other net allocated assets	(15,484)	2,760	(0)	(12,724)
Capital Employed	128,393	61,469	0	189,864
Net financial position				(51,903)
Equity				(137,961)
Source of funds				(189,864)

A.5.2.3 Alternative performance measures

The Elica Group utilises some alternative performance measures, 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 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 Financial Report are as follows:

A.5.2.3.1. Alternative performance measures - Definitions

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

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

Adjusted EBITDA is EBITDA net of the relative adjustment items.

Adjusted EBIT is EBIT net of the relative adjustment items.

Net financial income/(expense) is the sum of the gain/(loss) on Group companies, Financial income, Financial expense and Exchange rate gains and losses.

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

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

Adjustment items: income/expense items are considered adjustments where they: (i) derive from non-recurring events or transactions or from transactions or events which do not occur frequently in the normal course of business; (ii) derive from events or transactions not considered part of the normal course of business, as in the case of restructuring costs, costs for M&A's, whether executed or not, and any rightsizing costs.

The earnings per share for 2022 and 2021 was calculated by dividing the Profit attributable to the owners of the parent, as in the Income Statement, by the number of outstanding shares at the respective reporting dates. The number of shares outstanding at the reporting date differs from that at December 31, 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 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 and Inventories, net of Trade payables, as presented in the Statement of Financial Position.

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

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

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

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

Fixed assets is the sum of Property, Plant and Equipment, Intangible Assets with a finite useful life and Goodwill.

Other net allocated assets is the sum of all asset and liability items, excluding those included in Fixed Assets, Managerial Working Capital, Equity and the Net Financial Position.

A.5.2.3.2. Alternative performance measures - Reconciliations

<i>in Euro thousands</i>	2022	2021	Change
Operating profit – EBIT	27,320	9,925	17,395
Impairment losses on non-current Assets	0	3,785	(3,785)
Amortisation & Depreciation	23,528	24,829	(1,301)
EBITDA	50,848	38,539	12,309
			0
<i>Sale of patent sharing</i>	(3,200)	0	(3,200)
Other operating revenue	(3,200)	0	(3,200)
			0
<i>Cooking production reorganisation</i>	6,619	13,929	(7,310)
Raw materials and consumables	419	0	419
Services	1,683	0	1,683
Personnel expense	95	0	95
Other operating expenses and accruals	154	0	154
Restructuring charges	4,269	13,929	(9,660)
			0
<i>Realised and unrealised M&A's</i>	529	815	(286)
Services	529	590	(61)
Other operating expenses and accruals		225	(225)
			0
<i>Other reorganisations and Rightsizing</i>	1,768	3,822	(2,054)
Service costs	0	1,885	(1,885)
Personnel expense	409	0	409
Other operating expenses and accruals	0	54	(54)
Restructuring charges	1,359	1,883	(524)
			0
EBITDA adjustment items	5,716	18,566	(12,850)
			0
Adjusted EBITDA	56,564	57,105	(541)

<i>in Euro thousands</i>	2022	2021	Change
Operating profit – EBIT	27,320	9,925	17,395
EBITDA adjustment items	5,716	18,566	(12,850)
<i>Other reorganisations and Rightsizing</i>		1,610	(1,610)
Impairment losses on property, plant and equipment		1,610	(1,610)
<i>Cooking production reorganisation</i>		1,852	(1,852)
Impairment losses on property, plant and equipment		1,852	(1,852)
<i>Other analysis</i>		323	(323)
Impairment losses on Intangible Assets with finite useful life		323	(323)
EBIT adjustment items	5,716	22,351	(16,635)
Adjusted EBIT	33,036	32,276	760

<i>in Euro thousands</i>	2,022	2,021	Change
Profit for the year	18,180	17,470	710
EBIT adjustment items	5,716	22,351	(16,635)
<i>Gain/(loss) on sale of subsidiaries</i>		(15,524)	15,524
<i>Income taxes on adjusted items</i>	(1,372)	(3,001)	1,629
Adjusted Profit for the year	22,524	21,296	1,228
(Profit/(loss) attributable to non-controlling interests)	(1,572)	(5,353)	3,781
(Adjustments to non-controlling interests)	0	(7)	7
Adjusted Profit attributable to the owners of the parent	20,953	15,936	5,017

	2022	2021	Change
Profit for the year attributable to the owners of the parent (<i>in Euro thousands</i>)	16,608	12,117	4,491
Outstanding shares at year-end	62,745,631	63,322,800	(577,169)
Earnings per share (Euro/cents)	26.47	19.14	7.33

<i>In Euro thousands</i>	31/12/2022	31/12/2021
Other current assets	5,521	5,413
Tax assets	27,473	24,575
Provisions for risks and charges	(14,344)	(22,069)
Other current liabilities	(23,075)	(27,857)
Tax liabilities	(8,168)	(14,536)
Other net assets/liabilities	(12,593)	(34,474)

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

A.6.1. Elica S.p.A. Operating Performance

<i>In Euro thousands</i>	2022	2021	22vs21
Revenue	304,079	402,609	-24.47%
EBITDA	25,552	11,999	112.95%
% revenue	8.40%	2.98%	
EBIT	16,021	(3,682)	-535.12%
% revenue	5.27%	-0.91%	
Net financial expense	(1,347)	(1,622)	-16.95%
% revenue	-0.44%	-0.40%	
Dividends from investments in subsidiaries	2,971	2,477	19.94%
% revenue	0.98%	0.62%	
Impairment losses on investments in subsidiaries	0	(8,600)	-100.00%
% revenue	0.00%	-2.14%	
Ordinary gains from investment in group companies	0	22,534	-100.00%
% revenue	0.00%	5.60%	
Net exchange rate gains/(losses)	3,334	1,689	97.39%
% revenue	1.10%	0.42%	
Profit for the year	15,902	10,122	57.10%
% revenue	5.23%	2.51%	

In 2022, Elica's consolidated revenue amounted to Euro 304 million.

Revenue in 2022 decreased 24.47% on the previous year.

The decrease is mainly due to the fact that from January 1, 2022 Elica S.p.A.'s motors business unit was transferred to the subsidiary EMC Fime S.r.l. This business unit in 2021 reported revenue from third parties of approx. Euro 74 million.

Sales were however supported by the price-mix effect and the growing contribution of own brand sales, despite a significant slowdown in market demand (particularly in the second half of the year) and a destocking among OEM customers (particularly in the third and fourth quarters).

The performance in own brand sales was mainly due to ongoing growth across all strategic product families, in spite of the sharply contracting market. The NikolaTesla extractor hob range grew 20% on 2021.

EBITDA in 2022 totalled Euro 25.5 million, increasing on 2021 (Euro 12.0 million), thanks mainly to the fact that in the previous year the margin was affected by provisions to the restructuring fund of Euro 13 million against costs for the reorganisation of the production footprint and the consequent transfer of a portion of production to Poland. We also highlight management's decisive decision to control SG&A costs, which offset the impacts from the significant increase in the cost of raw materials and energy and the impacts from the slowdowns and reorganisations required by the supply chain, in comparison to 2021.

Net financial expense was Euro 1.35 million, reducing on Euro 1.6 million in 2021, mainly thanks to the significant reduction in the net financial position and the currency impact.

Ordinary gains from investments in Group companies in the previous year included the gain from the sale of the 19% holding in Elica PB India for Euro 22.5 million.

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

<i>In Euro thousands</i>	31/12/2022	31/12/2021
Cash and cash equivalents	42,517	75,347
Financial assets with group companies (current)	25,109	16,451
Loans and borrowings from group companies (current)	(15,847)	(10,904)
Bank loans and borrowings (current)	(32,049)	(26,657)
Current loans and borrowings	(22,787)	(21,110)
Bank loans and borrowings (non-current)	(54,291)	(77,373)
Non-current loans and borrowings	(54,291)	(77,373)
Adjusted Net Financial Position	(34,561)	(23,136)
Lease liabilities (current)	(1,051)	(1,204)
Lease liabilities (non-current)	(1,661)	(1,856)
Adjusted Net Financial Position - Including the effects of IFRS 16	(37,273)	(26,196)
Other liabilities for purchase of investments	(8,021)	(17,998)
Net financial position	(45,294)	(44,194)

The Net Financial Position at December 31, 2022 was a debt of Euro 45.3 million, compared to Euro 44.2 million at December 31, 2021.

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

- the impact from the payment of approx. Euro 13 million for the acquisition of the companies E.M.C. S.r.l. and CPS S.r.l., now merged into EMC-Fime, and of 40% of AirForce.
- Capex of Euro 5.2 million. Investments continue to develop new products to meet emerging demand and to serve new customers.
- cash outflows for a return to issuing dividends for Euro 3.8 million;
- execution of the share buy-back plan for approx. Euro 1.7 million;
- cash outflows for the "voluntary agreement" signed with the trade unions in execution of the Italian industrial footprint reorganisation.

We highlight that the Parent generated over Euro 10 million of operating cash to support the execution of the business plan, despite the increase in inventories. This supports on the one hand the better management of the developing footprint and the raw material availability criticalities, while on the other ensuring customers a quick and efficient service.

<i>In Euro thousands</i>	31/12/2022	31/12/2021
Trade receivables	8,974	48,312
Trade receivables - subsidiaries	19,376	24,919
Inventories	32,167	25,411
Trade payables	(52,817)	(74,810)
Payables to group companies	(6,685)	(20,161)
Managerial Working Capital	1,015	3,671
% revenue	0.33%	0.91%
Other net assets/liabilities	(15,168)	(31,045)
Net Working Capital	(14,153)	(27,374)
% revenue	-4.65%	-6.80%

The margin of Managerial Working Capital as a percentage of revenue was 0.33%, compared to 0.91% at December 31, 2021, which was significantly impacted by the reduction in trade receivables, also following the transfer of the motors business.

A.6.3. Alternative performance measures - Definitions

The Parent utilises some alternative performance measures, which are not identified as accounting measures within IFRS, for management's view on the performance of the Parent. Therefore, the criteria applied by the Parent may not be uniform with the criteria adopted by other companies and

these values may not be comparable with that determined by such companies. These alternative performance measures exclusively concern historical data of the Parent 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 Financial Report and of the comparative periods and not to the expected performance of the Parent and must not be considered as replacement of the indicators required by the accounting standards (IFRS). The alternative performance measures utilised in this Financial Report are as follows:

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

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

Net financial income/(expense) is the sum of Financial income and Financial expense.

Managerial Working Capital is the sum of Trade receivables from third parties and from Group companies, Inventories, Net of Trade payables, to third parties and to Group companies, as per the Statement of Financial Position.

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

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

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

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

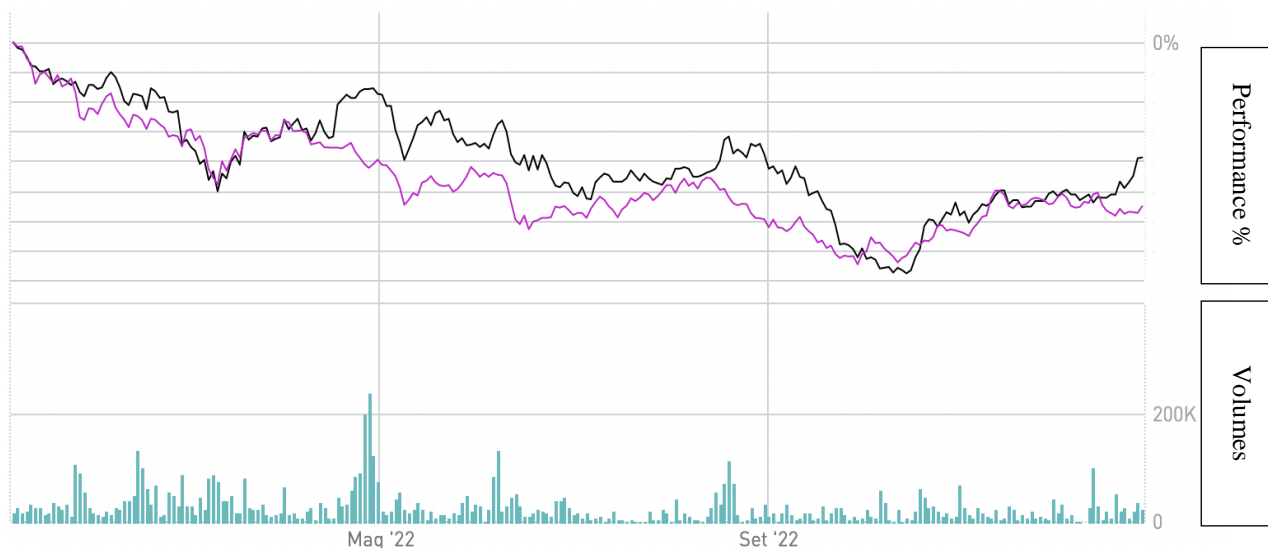
A.6.4. Alternative performance measures - reconciliations

<i>In Euro thousands</i>	2022	2021
EBIT	16,021	(3,682)
(Amortisation & Depreciation)	9,531	13,507
(Impairment losses on property, plant and equipment and intangible assets)	0	2,175
EBITDA	25,552	11,999

<i>In Euro thousands</i>	31/12/2022	31/12/2021
Financial income	1,169	592
Financial expenses	(2,519)	(2,214)
Net interest expense	(1,349)	(1,622)

<i>In Euro thousands</i>	31/12/2022	31/12/2021
Other current assets	3,308	3,080
Tax assets (current)	8,408	14,004
Provision for risks and charges (current)	(11,473)	(19,843)
Other current liabilities	(12,714)	(18,532)
Tax liabilities (current)	(2,697)	(9,754)
Other net assets/liabilities	(15,168)	(31,045)

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



Source: Italian Stock Exchange

The graph shows (in black) the performance of the Elica S.p.A. share price in 2022 in comparison to the average of other companies listed on the STAR segment (performance of the FTSE Italia STAR index indicated), in purple. On January 3, 2022, the official share price was Euro 3.685. The financial markets had a difficult year in 2022, the worst in the last decade, and, despite the strong rebound that began in late September, particularly in Europe, the markets have been trending downward since the start of the year. Despite closing the year down 19.4% at Euro 2.97, Elica's share outperformed the FTSE Italia Star index, which lost 28.25%. Elica's performance against this index was seen throughout 2022.

In early 2022, our share price trended downward, essentially in line with the reference index, to a price of Euro 2.76 on March 8, 2022, before turning upward, outperforming the index, and seeing a significant increase in volumes traded, with the share reaching a high of Euro 3.395 on 240,000 shares traded on April 27, 2022.

Finally, the share saw a strong recovery in the last two months of the year, after another decline that hit the low for the year of Euro 2.27 on October 14, 2022, closing on December 30 at Euro 2.97, up 32% from the low.

The second half of the year was characterized by a significant reduction in average trading volumes, with an average of 19,000 shares traded per day, as compared to a daily average of 38,000 in the first part of the year (which includes the peak in volumes traded in conjunction with the presentation of results for the year).

Financial communications and interaction with investors and analysts continued normally in 2022. More specifically, interactions with the financial community involved the organisation of quarterly conference calls for the presentation of financial results, in addition to participation in numerous virtual and in-person meetings. Specifically, the Group attended the Star Conference in Milan and the Small & Mid conference in London in March and a conference organised by Intermonte in Paris in June, arranging a meeting with investors at Eurocucina at the ADI museum in the same month. It also took part in a lunch with investors in Milan in September with Mediobanca (a new broker that began

covering the stock in 2022), the *Eccellenze del Made in Italy* event organised by Intermonte SIM, the Banca IMI conference in Paris in October, and the Small-Mid cap conference at the Italian Stock Exchange in late November. In addition to the physical meetings, the company also participated in a number of Virtual Roadshows. Therefore, opportunities for communication and interaction with the markets increased compared to 2021, thereby ensuring constant updates for the financial community in this period of continued great uncertainty. Elica participated in 11 virtual conferences and roadshows in 2022, in addition to on-demand one-on-ones and four results conferences, meeting with 100 managers and 70 funds (meeting a number of managers multiple times, in addition to financial analysts).

Elica Group closed 2022 with a market capitalization of approximately Euro 175.5 million (average market capitalization in December).

The Share Capital consists of 63,322,800 ordinary voting shares. The ownership structure of Elica S.p.A. at December 31, 2022 is shown in the Corporate Governance and Shareholder Ownership Report, available on the company website³.

A.8. Significant events in 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 in accordance with 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 draft separate 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. The authorisation granted on April 28, 2022 concerns the purchase of ordinary company shares up to a maximum of 20% of the share capital, therefore 12,664,560 ordinary shares and runs for a period of 18 months from the date of the Shareholders' Meeting resolution, while the authorisation to utilise such shares is without time limit. The purchase price per ordinary share shall be fixed as: (a) not below a minimum of 95% of the official price recorded of the share in the trading session before each operation (b) not above a maximum (i) Euro 7 and (ii) 105% of the official price of the share in the trading session before each operation. It is expected that the purchases will be carried out at price conditions in line with that established by Article 3 of Delegated Regulation 2016/1052 in enactment of Regulation (EC) 596/2014 and however in compliance with the applicable regulations and conditions and the limits fixed by Consob in relation to accepted industry guidelines, where applicable. The Board of Directors (or delegated parties thereof) in concluding the individual treasury share buy-back operations must comply with the operational conditions established by the market concerning the purchase of treasury shares of Consob, in addition to the applicable legal and regulatory provisions, including the Regulations as per Regulation 596/2014, Delegated Regulation 2016/1052 and the EU and national executing regulations, and in particular in compliance with Article

³ <https://corporate.elica.com/en/governance/shareholders-meeting>.

132 of the CFA, Article 144-*bis*, paragraph 1, letter b) of the Issuers' Regulation or as per the relative applicable regulation, in order to ensure equal treatment among shareholders.

On April 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 statement 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. therefore controls 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 was effective from the Closing date. The contract includes guarantee and indemnification clauses that are consistent with similar transactions.

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 launched on March 21, 2022 as per the Shareholders' Meeting resolution 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 resolution, 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).

On July 27, 2022, Elica S.p.A. announced that, pursuant to Article 122 of the CFA and Article 129 of the Issuers' Regulation, on July 22, 2022, FAN S.r.l., with registered office in Rome, Via Parigi no. 11, controlling shareholder of Elica S.p.A., and Tamburi Investment Partners S.p.A, with registered office in Milan, Via Pontaccio 10, signed a new shareholders' agreement (the "Shareholders' Agreement") effective the same day, concerning 9,233,701 Elica shares for TIP and 33,440,445 Elica shares for FAN. It also announces the termination of the shareholders' agreement signed by the same parties on July 24, 2019, which expired on July 26, 2022, as a result of the signing of the new shareholders' agreement.

On July 28, 2022, the Board of Directors of Elica S.p.A. approved the H1 2022 results, prepared in accordance with IFRS accounting standards, and the Directors' Report. On July 28, the company also called the Shareholders' Meeting for September 28, 2022, with the approval of an ordinary dividend on the agenda.

On September 28, 2022, the Shareholders' Meeting of ELICA S.p.A. approved the distribution of an ordinary dividend of Euro 0.06 for each of the 63,322,800 ordinary shares, net of the 427,947 ordinary treasury shares held at the coupon date and gross of statutory withholdings, to be allocated from the retained earnings for the year for a total maximum of Euro 3,773,691.18.

On October 5, 2022, an ordinary dividend of Euro 0.06 for each of the ordinary shares outstanding was distributed for an amount of Euro 3.8 million.

On October 27, 2022, the Board of Directors of Elica S.p.A. approved the 2022 Third Quarter results, prepared in accordance with IFRS accounting standards.

On December 12, 2022, Elica S.p.A. announced the appointment of Fabrizio Ghisla as General Manager of EMC FIME, a leading European designer and manufacturer of electric motors for household appliances and heating boilers, which entered the hydrogen market this year with its PREMIX fan line.

On December 14, 2022, in accordance with Article 2.6.2, paragraph 1, letter b) of the Regulations of the Markets Organised and Managed by Borsa Italiana S.p.A., Elica S.p.A. published the Financial Calendar for the year 2023.

At December 31, 2022, purchases of treasury shares came to about 577,000 shares, equal to 0.91% of share capital, and reduced equity by Euro 1,703 thousand.

A.9. Events after the reporting date and outlook⁴

A.9.1. Events after the reporting date

On January 25, 2023 the second part of the Elica ordinary share Buyback plan concluded, announced to the market on July 11, 2022 and beginning on the same date, in execution of the Shareholders' Meeting resolution of April 28, 2022 (the "Buyback Plan"), according to the conditions previously announced to the market. In the period between July 11, 2022 and January 25, 2023, Elica acquired 325,000 ordinary shares (equal to 0.51% of the share capital), with a total value of Euro 914,413 and a volume-weighted average price of Euro 2.81. As a result of the purchases made, Elica holds a total of 650,000 treasury shares, equal to 1.02% of the share capital.

On February 14, 2023, the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the fourth quarter of 2022, prepared in accordance with IFRS and reviewed the 2022 preliminary consolidated results.

On the same date the company launched the third tranche of the treasury share buyback plan, as authorised by the Shareholders' Meeting of April 28, 2022 (the "Buyback Plan"), according to the terms previously disclosed to the market. In execution of this Shareholders' Meeting resolution, from February 15, 2023 and until April 27, 2023 a third tranche of the Buyback Plan shall be launched, for a maximum 190,000 treasury shares (approx. 0.3% of the subscribed and paid-in share capital).

⁴ The document contains forward-looking statements, particularly in the sections regarding the "Outlook" and "Events after the reporting date", 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.9.2. Outlook

We expect 2023 to be marked by two different trends. The first part of the year will presumably continue the trend of the second half of 2022, with declining demand, ongoing geopolitical tensions, and high levels of inflation. In the second half of the year, we expect to see signs of recovering demand and consequently a return to organic growth, supported by the launch of new products and new projects in the motors segment.

All of which leads us to confirm a 2023 in line with market consensus.

Solid cash generation and excellent leverage also ensure a position of strategic advantage, which is critical to consolidating our already robust market leadership and to looking at new M&A growth opportunities.

A.10. The environment and personnel

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

A.11. Research and development

Reference should be made to Note B.6.5.14 and B.6.5.18 for further details on Group research and development.

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

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

Total research and development costs incurred amounted to Euro 6,437 thousand. For further details on the Parent's activities, reference should be made to Note D.6.4.16 and D.6.4.18.2.

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

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

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

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

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

- prudent management of the risk with a view to protecting the expected value of the business;
- use of "natural hedges" in order to minimise the net exposure on the financial risks described above;

- undertake hedging transactions within the limits approved by management and only for actual, clearly identified exposures.

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

We examine in detail the risks to which the Group and the parent are exposed. In the notes, we report all the relative figures. **Market risk** includes all the risks directly or indirectly related to the fluctuations of the general market prices and the financial markets in which the company is exposed:

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

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

The hedge is entered into through agreements with third party lenders for forward contracts and options for the purchase and sale of foreign currency. These operations are undertaken without any speculative or trading purpose, in line with the strategic policies of a prudent management of the cash flows.

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

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

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

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

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

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

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

Liquidity risk is also managed and represents the risk related to the unavailability of financial resources necessary to meet short-term commitments assumed by the Group and its own financial needs.

The principal factors which determine the liquidity of the Group are, on the one hand, the resources generated and absorbed by the operating and investment activities and on the other the due dates and the renewal of the payable or liquidity of the financial commitments and also market conditions. These factors are monitored constantly in order to guarantee a correct equilibrium of the financial resources.

Climate Change Risk Analysis

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

The geographical location of Group assets is not particularly impacted by the increased risk of extreme events. Nonetheless, the Group has drafted, and is continuing to develop, procedures of business continuity with the goal of having recovery strategies in place in the event of significant impacts on facilities, processes, or people.

We have also looked at the nature of the Group's businesses, i.e. the production and sale of range hoods and extractor hobs and of motors for home ventilation, and have not found them to have a major impact on climate change. With regard to the production of motors, the Group has obtained international conformity certification for the use of hydrogen.

At our production sites, we have implemented a system on continuous improvement, including as concerns environmental performance, with reporting mechanisms and programmes to increase efficiency. For example, we analyse waste, which is first reused and recycled, rather than being sent to landfills. Our organizational structure includes an energy manager, who is responsible for research into increasingly efficient energy solutions.

The technical department of the Elica Group constantly monitors changes in laws and regulations as they concern the energy labelling of the products sold.

We constantly assess the characteristics that the Group's products must meet in order to be sold based on existing legislation or changes that are about to come into effect.

Legislative and regulatory energy-saving requirements are also taken into account in advance of when such requirements actually go into effect in order to adapt the process of removing obsolete products from inventory, a critical process (included among the company's top risks) that is subject to constant monitoring. In this regard, we have found our assessment of inventories to be reasonable.

The Group's production lines are used for wide ranges of article codes, given that we have no dedicated production lines. As a result, a need to change the energy ratings of certain article codes does not result in an inability to use a given line in the future. This showed that the expected useful life of non-current assets and the residual values estimated in accordance with IAS 16 Property, Plant and Equipment is reasonable.

We have analysed the recoverability of intangible assets and have noted no issues. The management

of climate change risk, which is resulting in changes in the energy classifications of household appliances and of their energy sources, will bring about the need to increase the efforts of our Research & Development unit, which will lead to an increase in intangible assets in the form of development costs and new patents.

Information in our possession, from the legal department, was then considered to rule out the existence of contingent liabilities for potential litigation, environmental damage, additional taxes or penalties related to environmental requirements, contracts that may become onerous, or restructuring to meet climate-related goals. We have therefore decided not to set aside provisions or recognize contingent liabilities.

Based on these considerations, in accordance with IAS 36 Impairment of Assets, the Group has assessed that there are no indications that non-financial assets have lost value due to climate risk or measures to implement the Paris Agreement.

Given the ongoing evolution and significance of the issue, the Group will continue to monitor these possible risks.

Geopolitical Risk Analysis

The Elica Group is monitoring the geopolitical developments caused by the war in Ukraine, and we continue to assess the potential risks it could have on our operations.

Although the Elica Group's business in the affected area is however limited, given that Russian market revenue accounts for approx. 2.8% of total revenue, all actions necessary to protect the Group from the identified risks were put in place. Sanctions have had only a marginal impact on certain Group products; therefore, 2022 volumes and margins remained in line with forecasts on operations that were in line with past years.

The Elica Group continues to operate in Russia through the wholly owned subsidiary Elica Trading LLC, which is responsible for distributing the Group's products in Russia. The Russian trading company does not have significant non-current assets.

Group management constantly monitors the impacts and developments of the military conflict between Russia and Ukraine. To this end, we have established a task force of the main areas of the company involved.

The Internal Audit & Risk Compliance unit provides the Control, Risks & Sustainability Committee with periodic updates on risk management within the company and constantly monitors trends in the most critical risks by way of meetings with management, internal analyses, and the support of consultants.

The Purchasing unit frequently monitors risks related to procurement and trends in the price of energy and raw materials coming from Russia and Ukraine.

The Finance unit: measures the monthly revenue of the Russian trading company by way of reporting packages provided each month by the subsidiary; monitors currency trends and their impact on Group financial figures; monitors the derivatives market aimed at hedging currency risk; monitors the efficacy of the insurance coverage on trade receivables with Russian customers; monitors payments on intragroup receivables from the Russian subsidiary; and monitors the liquidity risk of the Russian trading company to confirm that it has the liquidity needed to meet its payment obligations for the following two months.

The Logistics unit coordinates shipments by the Group to the Russian subsidiary in compliance with the sanctions issued by the competent authorities related to the types of products that can be exported and thresholds in the per-unit value of exportable goods.

The Commercial unit monitors daily trends in customer orders in order to properly estimate demand and facilitate the organization and optimization of the supply chain.

The Legal Affairs unit monitors EU legislation, directives and regulations and reports to management in order to jointly assess the impact they may have on compliance and on certain aspects of company operations.

Cyber Security Risk Analysis

The growing use of information systems increases the Group's exposure to various types of risk. The most significant is the risk of cyber-attack, which is a constant threat for the Group.

The impacts analysed include:

- data loss
- data protection impacts
- the interruption of business
- reputational harm

Mitigation efforts made by the Group concern:

- the strengthening of network infrastructure;
- the strengthening of protection systems;
- the constant updating of company procedures;
- continuous training of all personnel to reinforce company know-how with regard to cyber security.

A.13. Company bodies

Members of the Board of Directors

Francesco Casoli	Executive Chairperson , born in Senigallia (AN) on 05/06/1961, appointed by resolution of 29/04/2021.
Giulio Cocci	Executive Director , 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 Auditors

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 (AP) on 04/04/1965, appointed by resolution of 29/04/2021.
Leandro Tiranti	Alternate Auditor , born in Sassoferrato (AN) on 04/05/1966, appointed by resolution of 29/04/2021.

Control, Risks and Sustainability Committee

Susana Zucchelli (Chairperson)
 Angelo Catapano
 Elio Cosimo Catania
 Liliana Fratini Passi
 Monica Nicolini

Appointments and Remuneration Committee

Elio Cosimo Catania (Chairperson)
 Angelo Catapano
 Liliana Fratini Passi
 Monica Nicolini
 Susanna Zucchelli

Independent Auditors

KPMG S.p.a.

Investor Relations Manager

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

Registered office and Company data

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

A.14. Elica Group structure and consolidation scope

Parent

Elica⁵ S.p.A. - Fabriano (Ancona, Italy) is the parent of the Group (in short Elica). The company produces and sells products for cooking, especially range hoods for household use and extractor hobs.

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 wholly-owned 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;

Airforce S.p.A. – Fabriano (Ancona, Italy) (in short Airforce). Manufactures high quality kitchen range hoods and cooktops that are highly customisable and unique, thereby positioning itself in a specific niche market and allowing it to satisfy the most specific of customer needs, distancing itself from the mass market. Experience, design, flexibility and made-in-Fabriano innovation fit perfectly into the Elica Group's development and growth strategy. At December 31, 2022, following the acquisition of a 40% stake from minority interests in 2022, Elica S.p.A. now owns 100% of this company;

Elica Inc – Chicago, Illinois (United States), offices in Issaquah, Washington (United States). This company aims to develop the Group's brands in the US market by carrying out marketing and trade marketing with resident staff. The company is a wholly-owned subsidiary of ELICAMEX S.A. de C.V.;

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.

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

EMC Fime S.r.l. – Castelfidardo (AN-Italia), an Italian company 100% held by Elica S.p.A.. On July 2, 2021, the closing took place, by which Elica S.p.A. acquired from third parties the two companies E.M.C. S.r.l. and C.P.S. S.r.l. In the second half of 2021, the company C.P.S. was merged into E.M.C. S.r.l., which at the same time changed its name to EMC Fime S.r.l. The transfer of Elica's Motors division to this subsidiary was effective as of January 1, 2022.

Changes in the consolidation scope

The only change from December 31, 2021 concerned the purchase of a 40% stake in Airforce from minority interests. The company is now a wholly owned subsidiary of the Group following this transaction.

A.14.1. Related party transactions

Compliance with Article 5, paragraph 8, Consob Regulation 17221 of 12/03/2010 regarding transactions with subsidiaries, associates and other related parties

In 2022, transactions with subsidiaries were undertaken by the parent and other Group companies. All transactions were conducted on an arm's length basis in the ordinary course of business. There are no particular issues to highlight in accordance with Article 5, paragraph 8 of Consob Regulation 17221 of 12/03/2010⁶.

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

In the subsequent note B.6.12, disclosure on management and coordination is also provided as per Article 2497-bis of the Civil Code.

A.15. IFRS

The Consolidated Financial Statements of the Elica Group and the separate Financial Statements of Elica S.p.A. as at and for the year ended December 31, 2022 have been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission and in accordance with Article 9 of Legislative Decree No. 38/2005.

The accounting policies utilised for the preparation of these financial statements are consistent with those utilised for the preparation of the financial statements as at and for the year ended December 31, 2021.

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

A.16. Corporate Governance and Ownership Structure Report

In accordance with Article 123-bis of Legislative Decree 58/1998, with Article 89-bis of Consob Resolution No.11971/1999 and successive amendments and integrations, Elica S.p.A. provides complete disclosure on the Corporate Governance system adopted, in line with the recommendations

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 position or operating results of the companies in the reporting period".

of the Corporate Governance Code (January 2020 edition), in the Annual Corporate Governance Report, available on the Company website ⁷.

A.17. Remuneration Report

In accordance with Article 123-*ter* of Legislative Decree 58/1998 and Article 84-*quater* of the Consob Resolution No. 11971/1999 and subsequent amendments, Elica S.p.A. prepares a Remuneration Report in accordance with the indications at Attachment 3A, Table 7-*bis* of the same Consob Resolution No. 11971/1999 and subsequent amendments. This report is available on the Company's website.⁸

A.18. Consolidated non-financial statement

In accordance with Legislative Decree 254/2016 enacting Directive 2014/95/EC, the Elica Group produces a non-financial statement disclosing upon environmental, social, personnel, human rights and anti-corruption matters, helping the reader to understand the Group's activities, its performance and results and the related impacts. This statement is available to the public according to the means and deadlines established by the applicable regulation and on the company website⁹.

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

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

For the basis upon which it is considered that the company is not under the management and coordination of the parent, in accordance with Article 16, fourth section, reference should be made to paragraph B.6.12.1 Management and coordination.

A.20. Compliance with Article 70, paragraph 8 and Article 71, paragraph 1-bis of the "Issuers Regulation"

In accordance with Article 70, paragraph 8 and Article 71, paragraph 1-*bis* of Consob's Issuers' Regulation, on January 16, 2013, Elica announced that it would apply the exemption from publication of the required disclosure documents concerning significant mergers, demergers and share capital increases through the contribution of assets in kind, acquisitions and sales.

Fabriano, March 16, 2023

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

⁷ <https://corporate.elica.com/en/governance/shareholders-meeting>.

⁸ <https://corporate.elica.com/en/governance/shareholders-meeting>.

⁹ <https://corporate.elica.com/en/governance/shareholders-meeting>.

B. CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2022

Elica Group



Name of the company preparing the financial statements or other means of identification: Elica S.p.A. – Share Capital: Euro 12,664,560 fully paid-in
Explanation of the changes relating to the name of the entity preparing the financial statements or other means of identification with respect to the end of the previous year: n/a
Address of the entity: Registered office in Via Ermanno Casoli, 2 – 60044 Fabriano (AN)
Legal form of entity: Company limited by shares
Country of registration: Italy
Address of the entity's registered office: Registered office in Via Ermanno Casoli, 2 – 60044 Fabriano (AN)
Principal place of business: Registered office in Via Ermanno Casoli, 2 – 60044 Fabriano (AN)
Name of the Holding Company: Fan s.r.l.
Name of the ultimate parent: Fintrack s.r.l.
Duration of the entity formed for a fixed term: n/a

B.1. Income Statement

<i>In Euro thousands</i>	<i>Note</i>	2022	2021
Revenue	B.6.5.1	548,574	541,293
Other operating income	B.6.5.3	7,927	3,233
Change in finished/semi-finished products	B.6.5.7.1	7,354	2,146
Increase in internal work capitalised	B.6.5.4	2,001	2,240
Raw materials and consumables	B.6.5.7.1	(313,680)	(290,212)
Services	B.6.5.7.2	(97,378)	(90,437)
Personnel expense	B.6.5.6	(93,193)	(99,879)
Amortisation and depreciation	B.6.5.5	(23,528)	(24,829)
Other operating expenses and accruals	B.6.5.7.3	(5,128)	(14,031)
Restructuring charges	B.6.5.7.4	(5,628)	(15,812)
Impairment of Goodwill and other assets	B.6.5.5	0	(3,785)
Operating profit		27,321	9,927
Gain/(loss) on group companies	B.6.5.10	0	15,649
Financial Income	B.6.5.9	484	484
Financial expense	B.6.5.8	(3,558)	(2,880)
Net exchange rate gains	B.6.5.11	1,612	60
Profit before taxes		25,859	23,240
Income taxes	B.6.5.12	(7,679)	(5,768)
Profit from continuing operations		18,180	17,472
Profit from discontinued operations		0	0
Profit/ for the year		18,180	17,472
of which:			
Profit attributable to non-controlling interests		1,572	5,353
Profit attributable to the owners of the Parent		16,608	12,119
<i>Basic earnings per share (Euro/cents)</i>	B.6.5.13	26.35	19.14
<i>Diluted earnings per share (Euro/cents)</i>	B.6.5.13	26.35	19.14

B.2. Statement of Comprehensive Income

<i>In Euro thousands</i>	<i>Note</i>	2022	2021
Profit for the year		18,180	17,472
Other comprehensive income/(expense) which will not be subsequently reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	B.6.5.25	1,146	98
Tax effect of Other gains/(losses) which will not be subsequently reclassified to profit or loss		0	0
Total items which will not be subsequently reclassified to profit or loss, net of the tax effect		1,146	98
Other comprehensive income/(expense) which will be subsequently reclassified to profit or loss:			
Exchange differences on the translation of foreign financial statements	B.6.5.32.2.2.2	1,686	3,490
Net change in cash flow hedges	B.6.5.32.2.2.2	2,452	(1,990)
Tax effect of Other gains/(losses) which will be subsequently reclassified to profit or loss	B.6.5.32.2.2.2	(565)	594
Total items which will be subsequently reclassified to profit or loss, net of the tax effect		3,573	2,094
Total other comprehensive income, net of the tax effect:		4,719	2,192
Comprehensive income		22,899	19,664
of which:			
Attributable to non-controlling interests		1,252	5,225
Attributable to the owners of the parent		21,647	14,439

B.3. Statement of Financial Position

<i>In Euro thousands</i>	<i>Note</i>	31/12/2022	31/12/2021
Property, plant and equipment	B.6.5.15	101,332	93,324
Goodwill	B.6.5.16	49,936	50,115
Intangible assets with a finite useful life	B.6.5.18	28,584	30,818
Right-of-use assets	B.6.5.18.1	12,364	10,211
Investments in associates	B.6.5.10	0	0
Deferred tax assets	B.6.5.27	22,480	26,249
Derivative assets (non-current)	B.6.5.31	1,981	208
Other receivables and other assets	B.6.5.19	1,056	1,388
Non-current Assets		217,733	212,313
Trade receivables	B.6.5.20	48,491	82,186
Inventories	B.6.5.21	101,453	84,861
Other current assets	B.6.5.22	5,520	5,413
Tax assets	B.6.5.28.1	27,473	24,575
Derivative assets (current)	B.6.5.31	2,661	664
Cash and cash equivalents	B.6.5.30.1	67,727	99,673
Currents Assets		253,325	297,372
Assets held for sale		0	0
Total assets		471,058	509,685
Employee benefit liabilities	B.6.5.25	7,988	10,380
Provisions for risks and charges	B.6.5.26	17,768	21,830
Deferred tax liabilities	B.6.5.27	7,835	5,874
Lease liabilities and loans and borrowings from other lenders (non-current)	B.6.5.30.3	9,831	8,314
Bank loans and borrowings (non-current)	B.6.5.30.2	54,774	77,866
Other non-current liabilities	B.6.5.23	1,000	6,546
Non-current Tax liabilities	B.6.5.28.2	0	0
Derivative liabilities (non-current)	B.6.5.31.1	0	0
Non-Current Liabilities		99,196	130,810
Provisions for risks and charges	B.6.5.26	14,344	22,069
Lease liabilities and loans and borrowings from other lenders (current)	B.6.5.30.3	4,192	4,106
Bank loans and borrowings (current)	B.6.5.30.2	42,812	44,543
Trade payables	B.6.5.29	139,571	141,222
Other current liabilities	B.6.5.24	23,075	27,857
Tax liabilities	B.6.5.28.2	8,168	14,536
Derivative liabilities (current)	B.6.5.31	1,739	398
Current liabilities		233,901	254,731
Liabilities directly associated with assets held for sale		0	0
Share capital	B.6.5.32.2.1	12,665	12,665
Capital reserves	B.6.5.32.2.2.1	71,123	71,123
Hedging and translation reserve	B.6.5.32.2.2.2	(10,948)	(14,904)
Treasury shares	B.6.5.32.2.3	(1,703)	0
Actuarial reserve	B.6.5.25	(2,220)	(3,159)
Retained earnings	B.6.5.32.2.2.3	47,006	39,386
Profit attributable to the owners of the Parent		16,608	12,119
Equity attributable to the owners of the Parent	B.6.5.32.2	132,531	117,230
Capital and reserves attributable to non-controlling interests		3,858	1,561
Profit attributable to non-controlling interests	B.6.5.32.1.1	1,572	5,353
Equity attributable to non-controlling interests	B.6.5.32.1.1	5,430	6,914
Equity	B.6.5.32	137,961	124,144
Total liabilities and equity		471,058	509,685

B.4. Statement of Cash Flows

	2022	2021
Cash flow from operating activities		
Profit for the year	18,180	17,472
Adjustments for:		
-Depreciation of property, plant and equipment	12,187	13,393
-Amortisation of intangible assets	11,342	11,436
-Impairment losses on property, plant and equipment, intangible assets and goodwill	0	3,785
-Net exchange rate gains	(998)	(257)
-Interest on post-employment benefits and other discounting	309	64
-Net financial expense	1,370	1,290
-Provisions for risks, restructuring and LTI	5,143	23,278
-Provision for inventory write-down	(3,711)	3,115
-Loss allowance	(787)	1,061
-Other changes	(1,093)	(13,968)
-Income taxes	16,711	8,301
Sub-total	58,653	68,970
Changes in:		
-Inventories	(11,645)	(16,566)
-Trade receivables	35,977	5,428
-Other assets and other tax assets	(5,774)	811
-Trade payables	(3,824)	7,397
-Other liabilities and other tax liabilities	(5,772)	(5,724)
-Employee provisions and benefits	(18,407)	(292)
Cash flow generated by operating activities	49,208	60,024
Income taxes paid	(6,465)	(7,519)
Net cash generated by operating activities	42,743	52,505
Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment		11,806
Proceeds from the sale of financial assets and investments in subsidiaries		
Acquisition of subsidiaries, net of liquidity acquired	(11,452)	(9,969)
Purchase of property, plant and equipment	(18,375)	(13,794)
Purchase of intangible assets	(4,885)	(9,742)
Acquisition of other financial assets		0
Net cash used in investing activities	(34,712)	(21,699)
Cash flow from financing activities		
Proceeds from derivative financial instruments, other financial assets and bank financial liabilities	350	14,216
Payment for purchase of treasury shares	(1,703)	0
Repayment of bank financial liabilities	(24,745)	0
Repayment of financial liabilities related to the purchase of equity investments	(1,475)	0
Payment of lease liabilities	(4,531)	(2,211)
Dividends paid	(4,849)	(765)
Interest paid	(2,763)	(2,301)
Net cash generated by/(used in) financing activities	(39,716)	8,939
Net increase/(decrease) in cash and cash equivalents	(31,685)	39,745
Cash and cash equivalents at January 1	99,673	59,147
Effect of exchange rate fluctuations on cash and cash equivalents	(261)	781
Cash and cash equivalents at the reporting date	67,727	99,673

B.5. Statement of Changes in Equity

<i>In Euro thousands</i>	Share capital	Capital reserve	Acquisition/Sale Treasury shares	Hedging, trans. & actuarial reserves	Retained earnings	Profit/(loss) for the year	Equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
31/12/2020	12,665	71,123	-	(20,826)	42,621	(1,787)	103,796	17,216	121,012
Fair value changes in cash flow hedges net of the tax effect	-	-	-	(1,397)	1	-	(1,396)	-	(1,396)
Actuarial gains/(losses) on post-employment benefits	-	-	-	105	-	-	105	(7)	98
Exchange differences on translation of foreign subsidiaries' financial statements	-	-	-	3,611	-	-	3,611	(121)	3,490
Total gains/(losses) recognised directly in equity	-	-	-	2,319	1	-	2,320	(128)	2,192
Profit for the year	-	-	-	-	-	12,119	12,119	5,353	17,472
Total gains/(losses) recognised in comprehensive profit or loss	-	-	-	2,319	1	12,119	14,439	5,225	19,664
Allocation of profit for the year	-	-	-	-	(1,787)	1,787	-	-	-
Change from dividends distributed	-	-	-	-	-	-	-	(765)	(765)
Change in % of ownership	-	-	-	439	(250)	-	189	(14,717)	(14,528)
Other changes	-	-	-	5	(1,199)	-	(1,194)	(45)	(1,239)
31/12/2021	12,665	71,123	-	(18,063)	39,386	12,119	117,230	6,914	124,144
31/12/2021	12,665	71,123	-	(18,063)	39,386	12,119	117,230	6,914	124,144
Fair value changes in cash flow hedges net of the tax effect	-	-	-	1,887	-	-	1,887	-	1,887
Actuarial gains/(losses) on post-employment benefits	-	-	-	1,074	-	-	1,074	72	1,146
Exchange differences on translation of foreign subsidiaries' financial statements	-	-	-	2,078	-	-	2,078	(392)	1,686
Total gains/(losses) recognised directly in equity	-	-	-	5,039	-	-	5,039	(320)	4,719
Profit for the year	-	-	-	-	-	16,608	16,608	1,572	18,180
Total gains/(losses) recognised in comprehensive income	-	-	-	5,039	-	16,608	21,647	1,252	22,899
Allocation of profit for the year	-	-	-	-	12,119	(12,119)	-	-	-
Change from dividends distributed	-	-	-	-	(3,773)	-	(3,773)	(1,076)	(4,849)
Change in % of ownership	-	-	-	(136)	(648)	-	(784)	(1,666)	(2,450)
Other changes	-	-	(1,703)	(8)	(78)	-	(1,789)	6	(1,783)
31/12/2022	12,665	71,123	(1,703)	(13,168)	47,006	16,608	132,531	5,430	137,961

B.6. Notes to the Consolidated Financial Statements as at and for the year ended December 31, 2022

CONTENTS

- B.6.1 Group structure and activities
- B.6.2 Accounting policies and basis of consolidation
- B.6.3. Significant accounting estimates
- B.6.4. Composition and changes to the consolidation scope
- B.6.5. Notes to the Income Statement, Statement of Financial Position and Statement of Cash Flows
- B.6.6. Guarantees, commitments and contingent liabilities
- B.6.7. Risk management
- B.6.8. Disclosure pursuant to IAS 24 on management remuneration and related party transactions
- B.6.9. Government grants as per Article 1, paragraphs 125-129, of Law No. 124/2017
- B.6.10 Disclosure pursuant to Article 149 of the Consob Issuers' Regulation
- B.6.11 Events after the reporting date
- B.6.12 Other information

B.6.1. Group structure and activities

Elica S.p.A. is a company incorporated under Italian law based in Fabriano (Ancona, Italy). The Group produces and sells products for cooking, especially range hoods for household use and extractor hobs, and produces and sells electric motors.

The main activities of the Parent and its subsidiaries, as well as its registered office and other offices are illustrated in the Directors' Report at point A.14. Elica Group structure and consolidation scope

B.6.2. Accounting policies and basis of consolidation

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

B.6.2.1 Basis of preparation

The financial statement items have been measured in accordance with the general criteria of prudence and accruals and on a going concern basis, and also take into consideration the economic function of the assets and liabilities.

B.6.2.2 Other general information

The Consolidated Financial Statements as at and for the year ended December 31, 2022 of the Elica Group are compared with the previous year and consist of the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and these notes.

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

The Group did not make any changes in the accounting policies applied between the comparative dates of December 31, 2022 and December 31, 2021, except as indicated below in the specific paragraph B.6.2.6 Accounting standards, amendments and interpretations applied from January 1, 2022.

The reporting currency for these financial statements is the Euro, and they are presented in thousands of Euro.

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

ESEF and related obligations

Beginning with the financial statements at December 31, 2021, the European "Transparency"

regulation becomes effective, requiring the presentation of the financial statements in the xhtml format and the tagging of all numbers in the consolidated financial statements schedules and issuer data with the ixbrl format. Beginning with these financial statements at December 31, 2022, it is also necessary to tag the blocks of explanatory notes.

B.6.2.3 Authorisation to publish

The Consolidated Financial Statements as at and for the year ended December 31, 2022 were approved by the Board of Directors on March 16, 2023 which authorised their publication.

B.6.2.4 Basis of consolidation

The Consolidated Financial Statements as at and for the year ended December 31, 2022 include the financial statements of the parent and the companies it controls directly or indirectly (the subsidiaries). Control exists where the Group contemporaneously has decision-making power over the investee, rights upon variable results (positive or negative) and the capacity to use its decision-making power to affect the amount of profits devolving from its investment in the entity.

The separate financial statements at December 31, 2022 of the Parent Elica S.p.A. and of the Italian subsidiary EMC Fime were prepared in accordance with IFRS as per Legislative Decree No. 38/2005 and CONSOB regulations. The financial statements of the Italian subsidiary Airforce were prepared in accordance with the Italian Civil Code as supplemented, where necessary, by the accounting standards and those issued by the IASB.

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

For information on the consolidation scope, reference should be made to section B.6.4 “Composition and changes in the consolidation scope”.

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

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

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

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

B.6.2.4.1 Consolidation of foreign companies and foreign currency translation

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

At December 31, 2022, the consolidated foreign companies whose functional currency differs from the Euro are Elica Group Polska Sp. z o.o., ELICAMEX S.A. de C.V., ARIAFINA CO., LTD, Elica Inc, Zhejiang Elica Putian Electric Co. Ltd and Elica Trading LLC, which use the Polish Zloty, the Mexican Peso, the Japanese Yen, the US Dollar, the Chinese Renminbi and the Russian Ruble

respectively.

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

	Average 2022	Average 2021		31/12/2022	31/12/2021	
EUR	1.00	1.00	0.00%	1.00	1.00	0.00%
USD	1.05	1.18	(11.02%)	1.07	1.13	(5.31%)
PLN	4.69	4.57	2.63%	4.68	4.60	1.74%
INR		88.04	(100.00%)		88.04	(100.00%)
RUB	74.00	87.15	(15.09%)	78.14	85.30	(8.39%)
CNY	7.08	7.63	(7.21%)	7.36	7.19	2.36%
MXN	21.19	23.99	(11.67%)	20.86	23.14	(9.85%)
JPY	138.03	129.88	6.28%	140.66	130.38	7.88%

Source: ECB data

The exchange rate shown above for 2021 in reference to INR transactions is the one used for the deconsolidation of Elica India P.B. in 2021.

B.6.2.4.2 Business combinations

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

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

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

Goodwill is calculated as the excess of the amounts transferred in the business combination, equity attributable to non-controlling interests and the fair value of any interest previously held in the acquired company compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the net assets acquired and the liabilities assumed at the acquisition date exceeds the sum of amounts transferred, equity attributable to non-controlling interests and the fair value of any interest previously held in the acquired company, this excess is immediately taken to profit or loss as income deriving from the transaction concluded.

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

In a step acquisition of a subsidiary, a business combination is only deemed to occur when control is acquired, which is when the fair value of all the acquiree's identifiable net assets is measured; non-

controlling interests are measured at their fair value or in proportion to the fair value of the acquiree's identifiable net assets.

In a step acquisition of an investee, the previously held interest, which was until that time recognised, must be treated as if it was sold and repurchased at the date of the acquisition of control. The investee is therefore recognised at the fair value at the acquisition date and the profits and losses arising on measurement are taken to profit or loss. Any amount previously recognised as Other comprehensive income (expense), which must be taken to profit or loss following the sale of the assets to which it refers, is reclassified to profit or loss. Goodwill or income deriving from an acquisition of control of a subsidiary must be calculated as the sum of the price paid to gain control, the value of non-controlling interests (measured using one of the methods permitted by the standard) and fair value of the previously held non-controlling interest, net of the fair value of the identifiable net assets acquired. Any payments subject to conditions are considered part of the transfer price of the net assets acquired and are measured at fair value at the acquisition date. If the combination contract establishes a right of repayment of some price elements on the fulfilment of certain conditions, this right is classified as an asset by the acquirer. Any subsequent changes in the fair value are recognised as an adjustment to the original accounting treatment only if they result from additional or improved information concerning fair value and if they occur within 12 months of the acquisition date; all other changes must be recognised in profit or loss.

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

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

B.6.2.4.3 Investments in associates and joint ventures

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

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

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

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

Goodwill. Goodwill is included in the carrying amount of the investment and is tested for impairment. Any excess of the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the associate over the cost of acquisition is taken to profit or loss in the year of acquisition.

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

B.6.2.5 Accounting policies

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

B.6.2.5.1 Plant, property and equipment

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

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

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

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

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

B.6.2.5.2 Goodwill

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

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

On the sale of a subsidiary, any goodwill attributable to the subsidiary is included in the calculation of the gain or loss on the sale.

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

B.6.2.5.3 Intangible assets with finite useful lives

The other intangible assets acquired or produced internally are recorded under assets, in accordance

with the provisions of IAS 38 – Intangible Assets, when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined reliably.

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

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

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

B.6.2.5.3.1 Research and development costs

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

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

- the costs can be reliably determined;
- the technical feasibility of the product is demonstrated,
- the volumes and expected prices indicate that costs incurred for development will generate future economic benefits;
- the technical and financial resources necessary for the completion of the project are available.

Where the above conditions are not met; the cost is taken to profit or loss.

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

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

B.6.2.5.4. Impairment testing

At each reporting date, and in any case at least once a year, the Group assesses whether events or circumstances exist that raise doubts as to the recoverability of the carrying amount of property, plant and equipment and intangible assets with finite useful lives. If there are any indications of impairment, the Group estimates the recoverable amount of the assets to determine any impairment loss.

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

carrying amount had no impairment been recognised. The reversal of an impairment loss is taken to profit or loss.

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

B.6.2.5.5 IFRS 16 Leases

At the commencement date of leases, the Group recognises the right-of-use assets and the lease liabilities. Right-of-use assets are initially valued at cost, and subsequently at cost net of amortisation and cumulative impairment losses, while adjusted to reflect lease liability revaluations.

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

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

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

B.6.2.5.6 Inventories

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

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

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

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

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

B.6.2.5.7. Trade receivables and other current assets

Trade receivables and other current assets are measured at their nominal amount, which normally represents their fair value. In the event of a significant difference between nominal amount and fair value, the receivables are recorded at fair value.

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

B.6.2.5.8 Other financial assets

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

B.6.2.5.9 Non-current assets held for sale

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

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

B.6.2.5.10 Cash and cash equivalents

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

B.6.2.5.11 Trade payables and other liabilities

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

B.6.2.5.12 Other financial liabilities

Other financial liabilities are recognised at their nominal amount, which generally represents their fair value. In the event of a significant difference between nominal amount and fair value, they are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

B.6.2.5.13 Bank loans and borrowings and loans and borrowings from other lenders

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

B.6.2.5.14 Derivative financial instruments and hedge accounting

The Group makes use of derivative financial instruments with the intention of hedging currency, interest rate and commodity price risks.

These derivative financial instruments are initially recognized at fair value at the date on which they are obtained, and this fair value is periodically remeasured. They are recorded as financial assets when the fair value is positive, and as financial liabilities when negative.

In compliance with International Financial Reporting Standards, derivative financial instruments can be recognised using “hedge accounting” only when the hedge is formally designated and documented as such and is presumed to be highly effective at inception, such effectiveness can be reliably measured and the hedge is highly effective over the accounting periods for which it was designated.

All derivative financial instruments are measured at fair value. When derivative instruments have the characteristics for hedge accounting, the following accounting treatments apply:

- **Fair value hedge** – if a derivative financial instrument is designated as a hedge to the exposure of changes in the fair value of an asset or liability or of an irrevocable commitment which can have effects on the income statement, the change in the fair value of the hedge instrument is recognised through profit or loss, and the change in the fair value of the hedged item, attributable to the risk hedged, is recognised as part of the carrying amount of that item and recognised through profit or loss. If the underlying item is represented by an irrevocable commitment, the fair value of the item relating to the risk hedged is recognised as an asset or liability, adjusting the statement of financial position item which will be affected by the irrevocable commitment at the time of its realisation.
- **Cash flow hedge** – If a derivative financial instrument is designated as a hedge to the exposure of the changes in the cash flows of an asset or liability, or a transaction considered highly probable, or of an irrevocable commitment and which may have effects on the income statement, the effective portion of the profits or losses of the financial instrument is recognised under equity and shown on the statement of comprehensive income. The cumulative profits or losses are reversed from equity and recognised in the income statement in the same period in which the transaction subject to hedging is recognised in the income statement; the profit or loss related to a hedge or the part of the hedge becoming ineffective is recognised in the income statement when such ineffectiveness is recognised.

If hedge accounting cannot be applied, gains or losses deriving from the fair value of the derivative are recognised directly in the income statement.

Reference should be made to paragraph¹⁰.

B.6.2.5.15 Treasury shares

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

B.6.2.5.16 Employee Benefits

B.6.2.5.16.1 Post-employment plans

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

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

Up to December 31, 2006, the post-employment benefits of the Italian companies were considered a defined benefit plan. The regulations governing Italian post-employment benefits were modified by Law no. 296 of December 27, 2006 (“2007 Finance Act”) and subsequent decrees and regulations issued at the beginning of 2007. In the light of these changes, and specifically with reference to companies with more than 50 employees, only the benefits that accrued prior to January 1, 2007 (and

¹⁰ B.6.7. “Risk management” for information on the management of risks related to exchange rates.

not yet paid at the reporting date) are now considered a defined benefit plan, while those that accrued after this date are considered a defined contribution plan.

B.6.2.5.16.2 Share-based payments

Where the Group recognises additional benefits to senior management and key personnel through stock grant plans, in accordance with IFRS 2 – Share-based payments, these plans represent a form of remuneration to the beneficiaries. Therefore the cost, which is the fair value of these instruments at the assignment date, is recognised in profit or loss over the period between the assignment date and maturity date, with a balancing entry directly in equity. Changes in the fair value after the assignment date do not have an effect on the initial value. At December 31, 2022 there are no such plans in place, there are only monetary phantom stock plans. The existing plans award beneficiaries a number of phantom stocks. When the vesting conditions are met, and upon the completion of the period specified in the continuing employment condition, the beneficiary receives a payment in cash equal to the value of the phantom stock accrued. This therefore represents a cash settled plan. The cost accrued during the year is thus taken to the income statement and the related provision is recognised. The Group also has multi-year monetary plans in place. Also in this case the cost accrued during the year is taken to the income statement and the related provision is recognised. For further information, please consult the plan information documents on the company's website¹¹.

B.6.2.5.17 Provisions for risks and charges

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

B.6.2.5.18 Revenue

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

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

¹¹ <https://corporate.elica.com/en/governance/shareholders-meeting>.

progress, a requirement to recognise revenue taking account of any discounting effect from payments deferred over time is introduced.

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

B.6.2.5.19 Operating segments

For the purposes of IFRS 8, an operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expense (including revenue and expense relating to transactions with other components of the same entity); whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and for which separate financial information is available.

The Elica Group produces and sells range hoods and extractor hobs (Cooking segment) and of motors for domestic ventilation and other uses (Motors segment).

At December 31, 2021, the Group had a single operating segment for the purposes of IFRS 8, given that management made operating decisions centrally.

In 2021, the full acquisitions of the companies E.M.C. S.r.l. and CPS S.r.l. were completed. CPS was then merged into EMC, with the surviving company being renamed EMC FIME S.r.l.

The consequent reorganisation called for the transfer of Elica's Motors division to the subsidiary EMC FIME, effective as of January 1, 2022.

With this reorganisation, and the consequent upgrade of information systems, the Group changed the manner in which operating performance is periodically reviewed by Group senior management for the purpose of allocating resources and preparing internal reporting.

As a result, the Group has defined two operating segments, and namely Motors (which includes EMC FIME and the Motors division of the Polish subsidiary, Elica Group Polska) and Cooking, which encompasses the rest of the Group.

B.6.2.5.20 Interest income and expense

Interest income and expense are recorded on an accruals basis on the amount financed and according to the effective interest rate applicable: this represents the rate at which the expected future receipts/payments over the life of the financial asset/liability are discounted to equate them with the carrying amount of the asset/liability.

B.6.2.5.21 Dividends

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

B.6.2.5.22 Presentation currency, functional currency and foreign currency transactions

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.zo.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 Ruble respectively.

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

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

Exchange differences arising on such transactions or on the translation of monetary assets and liabilities are recorded in the Income Statement except for those arising on derivative financial instruments qualified as cash flow hedges and any intragroup receivables or payables whose settlement has not been planned nor is plannable. These differences are recorded in equity if unrealised; otherwise they are recorded in the income statement.

B.6.2.5.23 Government grants

Government grants are recognised when it is reasonably certain that the conditions required to obtain them will be satisfied and that they will be received. Such grants are recognised in profit or loss over the period in which the related costs are recognised, with a reduction in the item to which they relate. The accounting treatment of benefits deriving from a government loan obtained at a reduced rate are similar to those for government grants. This benefit is calculated at the beginning of the loan as the difference between the initial carrying amount of the loan (fair value plus direct costs attributable to obtaining the loan) and that received, and subsequently recorded in the income statement in accordance with the regulations for the recording of public grants.

B.6.2.5.24 Current taxes

Elica S.p.A., EMC Fime S.r.l and the subsidiary Airforce S.p.A. have opted for a consolidated tax regime in Italy. This means that the IRES (Corporation Tax) charge is calculated on a tax base representing the aggregate of the taxable income and tax losses of the individual companies. The contract is for a period of three years.

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

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

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

B.6.2.5.25 Deferred taxes

Deferred taxes are recorded on temporary timing difference between the financial statements and the taxable profit, recognised using the liability method.

Deferred tax assets are recognised to the extent that it is probable that, in the periods in which the deductible temporary differences will reverse, taxable income shall arise of not less than the amount of the differences. The carrying amount of deferred tax assets is revised at the end of the year and

reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.

Deferred tax liabilities are measured based on the tax rate that is expected to be in effect at the time the asset value is realized or the liability is extinguished and are recognized directly in the income statement with the exception of those relating to accounts directly recognized in equity, in which case the deferred taxes are also recognized in equity.

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

B.6.2.5.26 Earnings per share

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

B.6.2.6 Accounting standards, amendments and interpretations applied from January 1, 2022

These consolidated financial statements were prepared using the same accounting standards as those applied to the latest annual financial statements (i.e. for the preparation of the financial statements at December 31, 2021, and the financial statement formats used are the same as those used to prepare the financial statements as at December 31, 2021).

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

Its main changes are as follows:

Amendments to IAS 37 – “Onerous Contracts - Cost of Fulfilling a Contract”.

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

Amendment to IAS 16 - “Property, Plant and Equipment: Proceeds before Intended Use”

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

Amendments to IFRS 3 - “Reference to the Conceptual Framework”

On May 14, 2020, the IASB issued the amendments to IFRS 3 "Reference to the Conceptual Framework" (hereinafter the amendments to IFRS 3), in order to: (i) complete the update of the references to the Conceptual Framework for Financial Reporting included in the accounting standard; (ii) provide clarifications on the conditions for the recognition, at the acquisition date, of provisions, contingent liabilities and tax liabilities (levies) assumed as part of a business combination; (iii) clarify

the fact that contingent assets may not be recognised as part of a business combination. The amendments to IFRS 3 are effective from periods beginning on, or subsequent to, January 1, 2022.

B.6.2.7 Accounting standards, amendments and interpretations not yet applied and applicable

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

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current-Deferral of Effective Date"

The amendments to IAS 1 concern the definitions of current and non-current liabilities and provide a more general approach to the classification of liabilities based on contractual arrangements. As of the EFRAG report of September 2022, this amendment has yet to be endorsed.

Amendments to IAS 12 - "Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments to IAS 12 are aimed at clarifying how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. These amendments are effective from periods beginning on, or subsequent to, January 1, 2023.

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

B.6.3. Significant accounting estimates

In the preparation of the Consolidated Financial Statements in accordance with IFRS, the Group's Management must make accounting estimates and assumptions which have an effect on the values of the assets and liabilities and disclosures. Actual results may differ from these estimates. The estimates and assumptions are periodically reviewed and the effects of any changes are promptly recognised in the consolidated financial statements.

In this context, the situation caused by the historic volatility of the financial markets has resulted in the need to make assumptions about a future performance characterised by significant uncertainty, in which results in the coming years could differ from such estimates and, therefore, require adjustments that is not currently possible to estimate or forecast, and these adjustments might even be significant. The items principally affected by such uncertainty are: goodwill, the loss allowance and the provision for inventory write-down, non-current assets (intangible assets and property, plant and equipment), pension funds and Long Term Incentives, other post-employment benefits, provisions for risks and charges and deferred tax assets.

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

B.6.4. Composition and changes to the consolidation scope

At December 31, 2022, the consolidation scope includes the companies controlled by the Parent, Elica S.p.A.. Control exists where the Parent has the power to determine, directly or indirectly, the financial or management policies of an entity so as to obtain benefits from the activities of the company.

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

Companies consolidated by the line-by-line method

	Registered Office	Currency	Share/quot a Capital	% Held Direc t	% Held Indirec t	% of investmen t
Elica S.p.a	Fabriano (Ancona - Italy)	EUR	12,664,560			
Airforce S.p.A	Fabriano (Ancona - Italy)	EUR	103,200	100%	0%	100%
Ariafina Co. Ltd	Sagamihara - Shi (Japan)	JPY	10,000,000	51%	0%	51%
Elica Group Polska Sp.z.o.o	Wroclaw (Poland)	PLN	78,458,717	100%	0%	100%
Elica Mex S.a.de C.V.	Queretaro (Mexico)	MXN	8,633,514	98%	2%	100%
EMC Fime Srl	Castelfidardo (Ancona - Italy)	EUR	5,000,000	100%	0%	100%
Elica Inc	Chicago, Illinois (United States)	USD	5,000	0%	0%	0%
Zhejiang Elica Putian Electric Co. Ltd.	Shengzhou (China)	CNY	167,266,372	99%	0%	99%
Elica Trading LLC	Saint Petersburg (Russia)	RUB	176,793,102	100%	0%	100%
Elica Francia S.A.S.	Paris (Francia)	EUR	50,000	100%	0%	100%
Elica GmbH	Munich (Germany)	EUR	1,000,000	100%	0%	100%

As Elica Inc. held through Elicamex

As 2% of Elicamex is held through EGP

As at December 31, 2022, the Group does not have any associates.

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

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

Income Statement

B.6.5.1 Revenue

Details of the Group's revenue are as follows:

<i>In Euro thousands</i>	2022	2021	Changes
Revenue	548,574	541,293	7,281
Revenue	548,574	541,293	7,281

<i>In Euro thousands</i>	2022	2021	Changes
EMEA	429,897	396,961	32,936
AMERICA	80,307	77,365	2,942
ASIA and the Rest of World	38,370	66,967	(28,597)
Revenue	548,574	541,293	7,281

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

B.6.5.2 Segment reporting

The segment reporting required in accordance with IFRS 8 “Operating Segments” is presented below.

<i>in Euro thousands</i>	Cooking	Motors	Eliminations and other adjustments	Elica Group
Revenue - third parties	422,842	125,732	-	548,574
Inter-segment revenue	4,738	28,993	(33,731)	-
Revenue	427,580	154,725	(33,731)	548,574
Other operating income/(expenses)	(384,118)	(141,710)	33,731	(492,097)
Restructuring charges	(4,914)	(714)	-	(5,628)
Amortisation & Depreciation	(18,294)	(5,234)	0	(23,528)
Operating profit	20,254	7,067	0	27,321
Financial income				484
Financial expenses				(3,558)
Exchange rate gains/(losses)				1,612
Profit before taxes				25,859
Income taxes				(7,679)
Profit from continuing operations				18,180
Profit from discontinued operations				0
Profit for the year				18,180

<i>In Euro thousands</i>	Cooking	Motors	Eliminations and other adjustments	2022
Property, plant and equipment	74,558	26,773	0	101,332
Goodwill	37,861	12,075	-	49,936
Intangible assets with finite useful lives	17,342	11,242	0	28,584
Right-of-use assets	10,622	1,742	(0)	12,364
Fixed Assets	140,383	51,832	(0)	192,216
Trade receivables	27,279	23,902	(2,689)	48,491

Inventories	71,607	29,846	0	101,453
Trade payables	(95,392)	(46,871)	2,689	(139,571)
Managerial Working Capital	3,494	6,877	0	10,373
Deferred tax assets	19,435	3,045	(0)	22,480
Other non-current receivables and other assets	942	114	0	1,056
Other current assets	4,820	700	0	5,520
Tax assets (current)	15,458	12,015	0	27,473
Assets for derivative financial instruments (current)	2,659	2	(0)	2,661
Assets for derivative financial instruments (non-current)	1,975	6	0	1,981
Other allocated assets	45,289	15,882	0	61,171
Deferred tax liabilities	(3,942)	(3,893)	(0)	(7,835)
Other current liabilities – excluding purchase of investments	(12,914)	(3,140)	0	(16,054)
Tax liabilities (current)	(6,360)	(1,807)	(0)	(8,168)
Liabilities for derivative financial instruments (current)	(396)	(1,343)	(0)	(1,739)
Employee benefits	(6,359)	(1,629)	0	(7,988)
Provisions for risks and charges (non-current)	(17,307)	(461)	(0)	(17,768)
Provision for risks and charges (current)	(13,495)	(849)	(0)	(14,344)
Other allocated liabilities	(60,773)	(13,122)	0	(73,896)
Capital Employed	128,393	61,469	0	189,864
Net Financial Position				(51,903)
Total equity				(137,961)
Source of funds				(189,864)

The Elica Group produces and sells range hoods and extractor hobs (Cooking segment) and of motors for domestic ventilation and other uses (Motors segment).

Until December 31, 2021, the Elica Group had a single, global view of the Group's business, whereby the "chief operating decision maker", as defined by IFRS 8, was the Chief Executive Officer. The Group's operational reporting mirrored this centralized management approach to business; therefore, in accordance with IFRS 8, there was just one operating segment.

In 2021, the company began a reorganisation of operations, completed in the second half of 2022, that resulted in the transformation of the Italian production site of Mergo into a high-end hub, the transfer of the higher standardised production lines to the Jelcz-Laskowice plant in Poland, and the integration into the Mergo plant of the activities currently carried out at the Cerreto site. Within this context, in the first half of 2022, the Motors division of Elica S.p.A. was transferred to the subsidiary EMC FIME S.r.l. with the goal of concentrating this operating segment within a single company.

Upon completion of this process, the Group began operating under a new organizational structure with two distinct areas of managerial responsibility, which now make up the Group's operating segments: Cooking and Motors.

These areas of responsibility are represented in procedures by which the Group is managed, and reporting is structured in the same manner and is periodically analysed by the CEO and by senior management.

More specifically, financial performance is measured and monitored by operating segment down to the level of earnings before interest and taxes (EBIT). Financial expense is not monitored in that it is strictly tied to decisions made centrally regarding the financing methods (debt or equity) of each area. Similarly, taxes are also not monitored by operating segment.

The components of equity are analysed by operating segment.

All financial information is measured using the same accounting standards and policies used to prepare the consolidated financial statements.

Finally, it should be noted that, because disaggregated financial figures are not available for the year ended December 31, 2021, it is not possible to present a breakdown by operating segment for comparative purposes. Therefore, in accordance with IFRS 8, the table below is presented in the same manner as that of the previous year.

<i>In Euro thousands</i>	2022	2021	Changes
Cooking	422,842	452,957	(30,115)
Motors	125,732	88,336	37,396
Revenue	548,574	541,293	7,281

There are no customers that individually generate more than 10% of total revenue (11.2% in 2021).

B.6.5.3 Other operating income

<i>In Euro thousands</i>	2022	2021	Changes
Grants related to income	2,068	1,233	835
Ordinary gains	3,869	53	3,816
Claims and insurance settlement	122	135	(13)
Other operating income	1,867	1,812	55
Other operating income	7,926	3,233	4,694

Other operating income increased by Euro 4.6 million, concentrated in Ordinary gains. This change is mainly attributable to the gain of Euro 3.2 million on the sale of the joint arrangement of a number of patents.

This account presents the majority of the public grants issued to the parent. Reference should be made to Note B.6.9 for information on the public grants presented according to Article 1, paragraph 125, No. 124 of Law of August 4, 2017.

B.6.5.4 Increase in internal work capitalised

The Increase in internal work capitalised, amounting to Euro 2,001 thousand (Euro 2,240 thousand in the previous year), includes Euro 29 thousand related to the Chinese subsidiary (Euro 38 thousand in 2021), Euro 691 thousand to the Mexican subsidiary (Euro 599 thousand in 2021), Euro 132 thousand to the subsidiary E.M.C. Fime S.r.l. and Euro 1,149 thousand to Elica S.p.A. (Euro 1,603 thousand in 2021).

These increases relate to the capitalization of costs for the design and development of new products and internal costs incurred for the construction of mouldings, industrial equipment and the

introduction of new IT programmes. Internal work capitalised principally comprises personnel expense. For further information, reference should be made to the paragraphs outlining the balances and movements in property, plant and equipment and intangible assets.

B.6.5.5 Amortisation, depreciation and impairment losses

Amortisation and depreciation decreased from Euro 24,829 thousand in 2021 to Euro 23,528 thousand in 2022. The most significant change concerns property, plant and equipment. For further details, reference should be made to points B.6.5.15, B.6.5.18 and B.6.5.18.1 of these notes. During the year, no impairment losses were deemed to be necessary, whereas last year they were recognized in the amount of Euro 0.3 million in relation to assets under development having not met the requirements for capitalization and Euro 3.5 million in relation to property, plant and equipment. This impairment loss, relating to land and buildings, concerns for Euro 1,852 thousand land owned by the Parent which, following the reorganisation plan of the Cooking area production plant in Italy, lost its strategic role and for Euro 1.6 million the adjustment to the market value of land and buildings of the Chinese subsidiary.

B.6.5.6 Personnel expense

Personnel expense incurred by the Group in 2021 and 2022 was as follows:

<i>In Euro thousands</i>	2022	2021	Changes
Wages and salaries	66,250	66,209	41
Social security expenses	18,585	18,499	86
Post-employment benefits	2,629	2,836	(207)
Other personnel expense	5,729	12,335	(6,606)
Personnel expense	93,193	99,879	(6,686)

Personnel expense overall decreased Euro 6.7 million.

Of note in this regard is the reorganization of our production footprint, which led to the transfer of a portion of production from the Italian facilities of Elica S.p.A. to the Polish plant of the subsidiary Elica Group Polska. At the same time, we have seen a decrease in production and, consequently, in costs for temporary workers in the amount of about Euro 1.8 million, which is recognized among other personnel expense.

Other personnel expense also includes the cost to adjust the provision for the Long Term Incentive Plan for employee beneficiaries. This figure mainly depends on the passage of time, on the performance of Elica's shares for the portion related to the phantom stock, and on assessments of the potential achievement of the targets assigned to the plan's beneficiaries.

The table below reports the Group workforce at December 31, 2021, and December 31, 2022.

Workforce	31/12/2022	31/12/2021	Changes
Executives	31	33	(2)
White-collar	771	780	(9)
Blue-collar	1,776	1,997	(221)
Others	107	298	(191)
Total	2,685	3,108	(423)

The decrease in the number of employees mainly concerns the Italian companies following the restructuring of the production footprint, as well as the foreign subsidiaries that make use of temporary workers in production and so have greater flexibility in their workforces.

B.6.5.7 Other operating expenses

B.6.5.7.1 Change in inventories of finished and semi-finished products and raw materials and consumables

<i>In Euro thousands</i>	2022	2021	Changes
Purchase of raw materials	252,681	235,065	17,616
Purchase of semi-finished products	29,880	17,295	12,585
Purchase of consumables and supplies	2,082	2,564	(482)
Purchase of finished products	26,416	32,794	(6,378)
Packaging	1,753	2,322	(569)
Others	2,304	2,679	(375)
Transport on purchases	7,314	9,627	(2,313)
Change in inventory of raw materials, consumables, supplies and goods	(8,750)	(12,135)	3,385
Raw materials and consumables	313,680	290,212	23,468
Change in finished/semi-finished products	(7,354)	(2,146)	(5,208)
Total	306,326	288,066	18,260

The two items, Raw materials and consumables and changes in inventories of finished and semi-finished products, may be considered together. The total value of these costs increase by Euro 18.2 million, while as a percentage of revenue they increased from 53.2% in 2021 to 55.8% in 2022. This trend is due to the sharp increase in the cost of raw materials in 2022.

More specifically, the components that increased are purchases of raw materials and of semi-finished products, whereas purchases of finished products and transport costs on purchases both decreased.

Changes in inventories of finished and semi-finished products show an increase of about Euro 5 million, while the change in the inventory of raw materials, consumables, supplies and goods decreased by roughly Euro 3.4 million. The first aggregate reflects the increase in purchasing costs incurred, while the latter was affected by destocking towards the end of the year.

B.6.5.7.2 Services

<i>In Euro thousands</i>	2022	2021	Changes
Outsourcing	29,696	29,663	33
Maintenance	3,698	2,587	1,111
Transportation	11,167	11,276	(109)
Trade fairs and promotional events	3,331	2,735	596
Utilities	7,474	3,716	3,758
Promotion and advertising fees	2,521	2,394	127
Commissions and bonuses	1,764	2,042	(278)
Management of finished products	9,658	8,368	1,290
Consultancy	8,415	8,992	(577)
Industrial services	840	975	(135)
Travelling expenses	1,905	1,108	797
Insurances	1,508	1,420	88
Banking commissions and charges	314	259	55
Other professional services	10,356	11,842	(1,486)
Heating expenses	1,413	491	922
Statutory auditors' fees	135	124	11
Directors' fees	1,880	1,374	506
Car management	816	700	116
Costs to remain listed on the stock exchange	487	371	116
Services	97,378	90,437	6,941

Service costs increased both in absolute value, in the amount of Euro 6.9 million, and as a percentage of revenue, rising from 16.7% to 17.8%. This increase is attributable to maintenance in the amount of Euro 1.1 million, costs for the management of finished goods in the amount of Euro 1.3 million, other utilities in the amount of Euro 3.8 million, and heating expenses in the amount of Euro 0.9 million. The latter two components include energy costs and gas purchases, for which 2022 has been a particularly disruptive year.

B.6.5.7.3 Other operating expenses and accruals

These are detailed as follows:

<i>In Euro thousands</i>	2022	2021	Changes
Rental of vehicles and industrial equipment	98	98	0
Leases and rentals	988	1,097	(109)
HW, SW, patent use fees	912	814	98
Other taxes (no income tax)	876	1,123	(247)
Magazines, Subscription expenses	10	5	5
Sundry equipment	398	369	29
Catalogues and brochures	469	630	(161)
Credit losses and loss allowance	(787)	1,061	(1,848)
Provisions for risks and charges	1,652	6,526	(4,874)
Other prior year expenses and losses	512	2,308	(1,796)
Other operating expenses and accruals	5,128	14,031	(8,903)

Overall, this account decreased by Euro 8.9 million, especially in relation to the components Credit losses and loss allowance and Provisions for risks and charges. Last year, we allocated provisions, used in 2022, aimed at covering business risks in terms of mitigating the impact of market volatility.

These changes reflect estimates made by Management for risk coverage.

B.6.5.7.4 Restructuring charges

<i>In Euro thousands</i>	2022	2021	Changes
Restructuring charges	5,628	15,812	(10,184)
Restructuring charges	5,628	15,812	(10,184)

Restructuring charges include Euro 4.3 million in adjustments to personnel expense in relation to implementation of the Group plan to reorganise the production plant of the Cooking business unit. On March 31, 2021, Elica S.p.A. communicated to the trade union representatives the new organisational structure necessary to ensure the business continuity of the entire Group. The reorganisation established for the Italy Cooking area the conversion of the production site of Mergo into a high-end hub, the transfer of the higher standard production lines to the Jelcz-Laskowice plant in Poland and the integration into the Mergo plant of the activities carried out at the Cerreto site. On December 9, 2021, at the Ministry for Economic Development, the dispute concluded successfully. The company decided to return certain areas of production from Poland to Italy, mainly within the high-end sphere - including the NikolaTesla aspirating hob - through a reshoring operation. On the basis of the reorganisation now implemented, the Mergo facility is becoming 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 are carried out at the Polish facilities. This allows the two facilities to focus on separate production areas, avoiding overlap and maintaining a strong presence in Italy. In particular, in relation to the employees involved, the agreement does not include redundancies, only involving voluntary and incentivised departures. Surplus personnel were managed through early retirement and relocation to other major companies in the area.

Euro 4.7 million of these costs are still carried in the restructuring provision to cover future departures in accordance with IAS 37. This concerns primarily personnel expense and assets that will lose their future use.

The remaining Restructuring Charges, amounting to approx. Euro 1.3 million, relate to other reorganizations carried out during 2022 in the Group, both at the parent and the subsidiaries. The restructuring provision includes Euro 235 thousand to cover this phenomenon.

B.6.5.8 Financial expense

Financial expense may be broken down as follows:

<i>In Euro thousands</i>	2022	2021	Changes
Financial expense on overdrafts and bank loans	2,254	1,861	393
Interest on lease liabilities (IFRS 16)	205	373	(168)
Financial expense on post-employment benefits	158	64	94
Financial discounts	791	675	116
Other financial expense	150	(93)	243
Financial expense	3,558	2,880	678

The Euro 678 thousand increase in financial expense is attributable to short-term financing of the Group companies of the due mainly to interest rate increases by central banks in the second half of 2022.

B.6.5.9 Financial income

Details of financial income are shown below:

<i>In Euro thousands</i>	2022	2021	Changes
Interest on bank and postal deposits	228	409	(181)
Other financial income	256	75	181
Financial Income	484	484	0

The account is in line with the past. Interest income decreased by Euro 181 thousand, while other financial income increased by a similar amount.

B.6.5.10 Gain/(loss) on Group companies

<i>In Euro thousands</i>	2022	2021	Changes
Gain on ISM sale	-	125	(125)
Gain on the sale of the controlling interest in Elica India	-	15,524	(15,524)
Gain/(loss) on Group companies	-	15,649	(15,649)

In 2022, the account had a zero balance. The gain from the previous year is detailed above. In 2021, the Group sold the equity investment in the associate ISM for a gain of Euro 125 thousand and sold the controlling interest in Elica P.B. India for a gain of Euro 15.5 million.

B.6.5.11 Exchange rate gains/(losses)

<i>In Euro thousands</i>	2022	2021	Changes
Exchange rate losses	(10,574)	(5,581)	(4,993)
Exchange rate gains	12,967	6,878	6,089
Losses on derivatives	(4,534)	(3,035)	(1,499)
Gains on derivatives	3,753	1,798	1,955
Net exchange rate gains	1,612	60	1,552

Net exchange rate gains, excluding transactions in derivative instruments, amounted to Euro 2,393 thousand, compared to Euro 1,297 thousand in the previous year. Exchange rate gains and losses principally concern: Elica S.p.A. for a net gain of approx. Euro 3,334 thousand, Elicamex S.A. de C.V. for a net gain of Euro 394 thousand, in addition to the net loss on EGP of Euro 1,073 thousand. Net losses on derivative instruments were Euro 781 thousand in 2022, compared to Euro 1,237 thousand in 2021.

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

B.6.5.12 Income taxes

Income taxes in 2022 and 2021 are broken down into current and deferred taxes as follows:

<i>In Euro thousands</i>	2022	2021	Changes
Current taxes	3,358	14,748	(11,390)
Deferred taxes	4,321	(8,980)	13,301
Income taxes	7,679	5,768	1,911

Income taxes for the year increased by Euro 1.9 million on 2021. The balance comprises current and deferred taxes. Elica Spa reports income taxes of Euro 5.1 million in 2022, with the main subsidiaries reporting the following income taxes: Elicamex, Euro 0.8 million; Aria fina, Euro 1.7 million; and EMC FIME, Euro 1.3 million.

For 2022, the Parent's theoretical tax rate (theoretical tax on pre-tax income) was 28.73%, based on the corporate income tax (IRES) and regional tax on productive activities (IRAP) rates applicable to the reported taxable income for the year ended December 31, 2022, while they vary from country to country according to local legislation in force for the other foreign Group companies.

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

The effective tax rate increased from 24.2% to 27.1%

Reconciliation between expected and effective tax rates

Theoretical IRES rate Theoretical IRAP rate (in Euro thousands) [A] TOTAL INCOME TAXES PROFIT BEFORE TAXES + Tax calculated using local tax rate Tax effect of (income)/expenses + not considered for tax purposes Tax effect on the different tax - rates of the foreign subsidiaries - Other differences [B] Effective tax charge and tax rate net of substitute tax - Tax credit for Polish investments - Tax refund / foreign taxes / - prior year taxes / substitute tax [C] Effective tax charge and tax rate	2022 24.00% 4.73%					2021 24.00% 4.73%				
	Taxable base	Income taxes	IRAP	Total	% IRES on tax base	Taxable base	Income taxes	IRAP	Total	% IRES on tax base
		6,615	1,063	7,678	25.6%		5,629	139	5,767	24.20%
	25,858					23,238				
		6,206			24.0%		5,578			24.00%
	(4,825)	(1,158)			-4.5%	-11,258	-2,702			-11.60%
	(63)	(15)			-0.1%	513	123			0.50%
	91	84			0.3%	2,513	603			2.60%
	21,061	5,117			19.8%	15,006	3,602			15.50%
		1,169			4.5%		-586			-2.50%
		330			1.3%		2,613			11.20%
	21,061	6,615			25.6%	15,007	5,629			24.20%

B.6.5.13 Basic earnings per share – Diluted earnings per share

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

<i>In Euro thousands</i>	2022	2021
<u>From continuing and discontinued operations:</u>		
Profit attributable to the owners of the Parent (In Euro thousands)	16,608	12,119
Average number of ordinary shares net of treasury shares	63,038,713	63,322,800
Basic earnings per share	26.35	19.14
Weighted average number of ordinary shares to calculate diluted earnings per share	63,038,713	63,322,800
Diluted earnings per share	26.35	19.14
<u>From continuing operations</u>		
Profit attributable to owners of the Parent (In Euro thousands)	16,608	12,119
Average number of ordinary shares net of treasury shares	63,038,713	63,322,800
Basic earnings per share	26.35	19.14
Weighted average number of ordinary shares to calculate diluted earnings per share	63,038,713	63,322,800
Diluted earnings per share	26.35	19.14

B.6.5.14 Other information on income statement items

The research and development costs capitalised and expensed in the Income Statement in 2022 and 2021 are summarised in the table below:

<i>In Euro thousands</i>	2022	2021	Changes
R&D costs expensed	7,026	5,921	1,105
Amortisation of capitalised R&D costs	2,866	3,105	(239)
Total R&D costs	9,892	9,026	866
R&D costs capitalised during the year	1,821	1,692	129

(*) Amortisation also includes any impairment losses.

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

Statement of Financial Position

B.6.5.15 Plant, property and equipment

The table below shows details of the changes in property, plant and equipment in 2022 and 2021.

	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Historical cost property, plant & equipment
<i>In Euro thousands</i>						
31/12/2020	72,358	102,781	122,821	16,849	1,068	315,877
Increase	561	3,183	5,887	790	6,187	16,608
Disposals & other reclassifications	(4,317)	(2,472)	(3,626)	(546)	(1,070)	(12,031)
Change in consolidation scope	2,026	1,641	1,723	(3,263)	(5)	2,122
Other changes	(1,605)	1,695	1,209	228	66	1,593
31/12/2021	69,023	106,828	128,014	14,058	6,246	324,169
Increase	1,578	6,894	6,962	1,178	2,410	19,022
Disposals & other reclassifications	437	(4,004)	(3,273)	(253)	(1,258)	(8,351)
Change in consolidation scope	0	0	0	0	0	0
Other changes	1,084	2,619	(8,410)	809	(3,758)	(7,656)
31/12/2022	72,122	112,337	123,293	15,792	3,640	327,184

	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Accumulated Depreciation
<i>In Euro thousands</i>						
31/12/2020	31,816	75,827	103,365	12,994		224,002
Depreciation	2,437	3,782	6,012	1,162		13,393
Disposals & other reclassifications	(1,599)	(1,978)	(3,974)	(553)		(8,104)
Change in consolidation scope	15	598	854	(2,247)		(780)
Other changes	729	559	878	168		2,334
31/12/2021	33,398	78,788	107,135	11,524		230,845
Depreciation	1,995	3,754	5,518	935		12,202
Disposals & other reclassifications	(18)	(3,627)	(3,165)	(189)		(6,999)
Change in consolidation scope	0	0	0	0		0
Other changes	32	(3,315)	(7,050)	137		(10,196)
31/12/2022	35,407	75,600	102,438	12,407		225,852

	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Net property, plant and equipment
<i>In Euro thousands</i>						
31/12/2020	40,542	26,954	19,456	3,855	1,068	91,875
Increase	561	3,183	5,887	790	6,187	16,608
Depreciation	(2,437)	(3,782)	(6,012)	(1,162)	0	(13,393)
Disposals & other reclassifications	(2,718)	(494)	348	7	(1,070)	(3,927)
Change in consolidation scope	2,011	1,043	869	(1,016)	(5)	2,902
Other changes	(2,334)	1,136	331	60	66	(741)
31/12/2021	35,625	28,040	20,879	2,534	6,246	93,324
Increase	1,578	6,894	6,962	1,178	2,410	19,022
Depreciation	(1,995)	(3,754)	(5,518)	(935)	0	(12,202)
Disposals & other reclassifications	455	(377)	(108)	(64)	(1,258)	(1,352)
Change in consolidation scope	0	0	0	0	0	0
Other changes	1,052	5,934	(1,360)	672	(3,758)	2,540
31/12/2022	36,715	36,737	20,855	3,385	3,640	101,332

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

Other changes include net exchange rate gains of Euro 1.6 million.

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

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

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

B.6.5.16 Goodwill

<i>In Euro thousands</i>	31/12/2021	Increases	Decreases	other changes	31/12/2022
Goodwill allocated to subsidiaries	50,115	-	-	(179)	49,936
Goodwill	50,115	-	-	(179)	49,936

Goodwill, totalling Euro 49.9 million, changed as shown above due solely to the translation into Euro of the balances related to the foreign subsidiaries.

B.6.5.17 Impairment test

IAS 36 establishes standards for the recognition and disclosure of the impairment of certain types of assets, including goodwill, and presents the principles that businesses must follow to ensure that their assets are measured at no greater than their recoverable amount.

IAS 36 defines recoverable amount as the greater of:

- fair value less costs to sell, i.e. the amount obtainable, net of costs to sell, from the sale of the asset in an arm's length transaction between knowledgeable, willing parties; and
- value in use, which is equal to the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

IAS 36 requires the carrying amount¹² of goodwill to be compared with its recoverable amount whenever there is an indication that the asset may have undergone a reduction in value, and at least once per year in conjunction with impairment testing for the annual financial statements. The recoverable amount of goodwill is measured in reference to the cash generating unit (CGU), given that goodwill is not able to generate cash flows on its own.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets and with regard to which the Group has separate reporting of results.

¹² The carrying amount is equal to the sum of non-current assets (i.e. property, plant and equipment; goodwill, intangible assets with a finite useful life, and right-of-use assets), managerial working capital (i.e. trade receivables and inventories less trade payables), and other assets and liabilities (i.e. tax assets and liabilities, provisions for risks and charges, other current assets and liabilities excluding the portion related to the purchase of equity investments, which are included among net financial position, deferred tax assets and liabilities related to purchase price allocations, assets and liabilities for derivative financial instruments excluding interest rate swaps, which are instruments used to hedge the cash flows of financing).

The impairment testing undertaken in 2022 was based on the Group's five-year (2023-2027) financial forecasts, as prepared by management solely for the purposes of impairment testing and taking into account the current macroeconomic landscape and current trends in the markets in which the Group operates and as approved by the Board of Directors of the Parent on February 14, 2023.

In accordance with IAS 36, and based on the considerations presented above, impairment testing of goodwill for the Group's consolidated financial statements at December 31, 2022, included the following activities:

- 1) Identification of goodwill
- 2) Identification of the CGUs and allocation of goodwill to these CGUs
- 3) Measurement of the recoverable amount of the CGUs
- 4) Results of impairment testing
- 5) Sensitivity analyses on impairment test results in relation to changes in the underlying assumptions.

Identification of goodwill

Goodwill totalling Euro 49.9 million was subjected to impairment testing. The statement of financial position shows no other intangible assets with finite useful lives.

Identification of the CGUs and allocation of goodwill to these CGUs

IAS 36 requires that each CGU or CGU group to which goodwill is allocated represent the minimum level, within the entity, at which goodwill is monitored for management purposes and not be broader than an operating segment as defined by IFRS 8 – Operating Segments.

Impairment testing of the Group's goodwill was undertaken by identifying the CGUs into which it is possible to break down the Group's business and analysing the cash flows that they will be able to generate in future years, based on an approach consistent with segment reporting as presented in the annual report, which, in turn, mirrors management reporting.

As discussed in paragraph B.6.5.2., at December 31, 2021, the Group had a single operating segment for the purposes of IFRS 8, given that management made operating decisions centrally.

At December 31, 2021, this segment also represented the minimum level at which goodwill was monitored for management purposes and, consequently, subjected to impairment testing.

In 2021, the company began a reorganisation of operations, completed in the second half of 2022, that resulted in the transformation of the Italian production site of Mergo into a high-end hub, the transfer of the higher standardised production lines to the Jelcz-Laskowice plant in Poland, and the integration into the Mergo plant of the activities currently carried out at the Cerreto site. Within this context, in the first half of 2022, the Motors division of Elica S.p.A. was transferred to the subsidiary EMC FIME S.r.l. with the goal of concentrating this operating segment within a single company.

Upon completion of this process, the Group began operating under a new organizational structure with two distinct areas of managerial responsibility, which now make up the Group's operating segments: Cooking and Motors.

These areas of responsibility are represented in procedures by which the Group is managed, and reporting is structured in the same manner and is periodically analysed by the CEO and by senior management.

As a result, the Group has defined two CGUs, and namely the segments Motors (which includes EMC FIME and the Motors division of the Polish subsidiary, Elica Group Polska) and Cooking, which encompasses the rest of the Group.

Therefore, at December 31, 2022, goodwill was allocated to the two CGUs that comprise the two operating segments defined by management, which represent the minimum level at which goodwill

is monitored for internal management purposes. This allocation was undertaken, with the support of a leading advisory firm, using the relative fair value approach based on the present value of the expected future cash flows for the two CGUs, as this was the approach found to best represent the allocation of goodwill.

As a result, goodwill of Euro 37.9 million was allocated to the Cooking CGU, and goodwill of Euro 12.1 million was allocated to the Motors CGU.

Measurement of the recoverable amount of the CGUs

The Impairment Test of the Group's goodwill at December 31, 2022 was undertaken by identifying the recoverable amount of the individual CGUs in the value in use.

The recoverable amount of the two Cash Generating Units was determined, also with the support of a leading consulting firm, through the determination of their respective value in use, understood as the present value of the expected future cash flows generated by the CGUs and estimated in accordance with the discounted cash flow method.

The impairment test was approved by the Board of Directors on February 14, 2023, independently and prior to the preparation of the financial statements.

Discounted cash flow assumptions

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

Cooking CGU

- weighted average cost of capital (WACC) 8.10%;
- growth rate terminal value (g) 1%;

Motors CGU

- weighted average cost of capital (WACC) 9.90%;
- growth rate terminal value (g) 1%;

The Weighted Average Cost of Capital (WACC) utilised to discount the future cash flows was determined utilising the Capital Asset Pricing Model (CAPM).

For the calculation of the Cooking WACC a free risk rate of 4% was used, a market premium risk of 5.6% and a beta-unlevered factor of 0.72.

For the calculation of the Motors WACC a free risk rate of 5.8% was used, a market premium risk of 5.4% and a beta-unlevered factor of 0.78.

Assumptions utilised in estimating cash flows

The discounted cash flow model is based on the cash flows calculated on the basis of the best estimates made by the directors, for the sole purposes of the impairment test, for a period of five years, the first of which coincides with the 2023 budget (2023-2027 Operating and Financial Projections).

The 2023-2027 Operating and Financial Projections used for the purpose of the impairment test were prepared and approved by the Directors on February 14, 2023.

The main assumptions utilised in the determination of the cash flows were as follows:

Cooking CGU

- a revenue CAGR over the 2022-2027 period of 2.34%.
- average gross operating profit on revenue equal to 11.8%;
- average operating profit on revenue equal to 7.2%;
- average Capex on revenue equal to 3.9%;
- level of Free Operating Cash flow After Taxes on revenue equal to -0.4%.

Motors CGU

- A revenue CAGR over the 2022-2027 period of 3.44%.
- average gross operating profit on revenue equal to 11.4%;
- average operating profit on revenue equal to 7.4%;
- average Capex on revenue equal to 4.4%;
- level of Free Operating Cash flow After Taxes on revenue equal to 1.3%.

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

Results of the impairment test

The impairment test did not result in the recognition of loss in value of goodwill. The value in use of the Cooking CGU (Euro 324 million) was 2.48 times its carrying amount. The value in use of the Motors CGU (Euro 103 million) was 1.68 times its carrying amount.

Sensitivity analysis

In order to better appreciate the sensitivity of the results of the Impairment Test with respect to changes in the basic assumptions, several sensitivity analyses were performed assuming reasonable changes in certain assumptions underlying the estimates made, and in particular of the growth rate (g) (increasing and decreasing by one percentage point, thus considering 0% and 2%) and of the WACC (increasing and decreasing by one percentage point, thus considering for Cooking 7.1% and 9.1% and for Motors 8.9% and 9.9%).

In addition, sensitivity analyses were developed to indicate, at the coverage level, the impacts from the rise in costs, for which a percentage increase in raw material costs from 0.5% to 1.7% was factored in, and the impacts from the change in gross operating profit, for which a percentage decrease in the gross operating profit margin from -0.5% to -0.9% was factored in.

None of the changes considered resulted in a CGU recoverable amount equal to or below the respective carrying amounts.

Specifically, on a change in the growth rate the coverage would fluctuate between 2.25 and 2.80 for Cooking and between 1.56 and 1.82 for Motors, while on a change in WACC the coverage would fluctuate between 2.18 and 2.88 for Cooking and between 1.50 and 1.90 for Motors, on an increase in raw material costs the coverage would fluctuate between 2.20 and 2.40 for Cooking and between 1.47 and 1.61 for Motors. Finally, on a change in the gross operating profit margin the coverage would range between 1.19 and 2.32 for Cooking and between 1.46 and 1.55 for Motors.

WACC and growth rate g were then considered, which make the coverage equal to 1. Regarding the WACC, the breakeven value for Cooking is 19.3% and for Motors is 15.4%. The breakeven g growth rate for Cooking is -23.4% and for Motors is -12.2%.

B.6.5.18 Other Intangible assets with finite useful lives

The table below shows details of changes in other intangible assets in 2022 and 2021.

<i>In Euro thousands</i>	Development costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and software	Other intangible assets	Assets under development and payments on account	Net intangible assets
31/12/2020	9,432	9,040	368	1,322	2,201	22,363
Increase	1,692	2,504	17	754	731	5,698
Amortisation	(2,784)	(3,074)	(77)	(1,353)	0	(7,288)
Disposals & other reclassifications	(400)	175	12	25	(342)	(530)
Change in consolidation scope	0	3	0	10,900	0	10,903
Other changes	561	998	2	(122)	(1,767)	(328)
31/12/2021	8,501	9,646	322	11,526	823	30,818
Increase	1,821	1,111	4	163	1,631	4,730
Amortisation	(2,866)	(2,879)	(65)	(1,051)	0	(6,861)
Disposals & other reclassifications	0	(19)	0	61	(222)	(180)
Change in consolidation scope	0	0	0	0	0	0
Other changes	378	84	0	(319)	(66)	77
31/12/2022	7,834	7,943	261	10,380	2,166	28,584

At December 31, 2022, intangible assets amounted to Euro 28,584 thousand, a net decrease of Euro 2,3 million on the previous year.

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

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

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

Other Intangible assets mainly concerns the technologies developed, whose main component was recognised by the Group in the previous year, following the business combination of the two companies E.M.C. and C.P.S., now merged into E.M.C. Fime S.r.l..

Assets under development and payments on account of Euro 2.2 thousand refer in part to advances and the development of projects for the implementation of new IT platforms, the design and development of new software applications and in part to the development of new products.

The line "Change in consolidation scope", in the table last year, shows the impact of the entry into the consolidation scope of the new subsidiary E.M.C. Fime S.r.l., net of the exit of Elica P.B. India.

"Other changes" includes exchange rate gains of Euro 0.2 million. Impairment losses of Euro 0.3 million were recorded last year and are classified in this table under "Other changes".

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

In fact, the capitalization of development costs and assets under development requires the calculation

of estimates by the Directors, as their recoverability is dependent on the cash flows deriving from the sale of products sold by the Elica Group.

B.6.5.18.1 Right-of-use assets

<i>In Euro thousands</i>	Buildings	Machines and installation	Industrial and commercial equipment	Other	Assets under construction and payments on account	Net right-of-use assets
31/12/2020	4,083	985	0	5,202		10,270
Increase	2,890	0	0	1,622		4,512
Depreciation	(1,557)	(450)	0	(1,887)		(3,894)
Disposals & other reclassifications	(138)	0	0	(417)		(555)
Change in consolidation scope	(322)	0	0	31		(291)
Other changes	126	0	0	42		168
31/12/2021	5,082	535	0	4,594		10,211
Increase	5,059	5	0	3,943		9,007
Depreciation	(1,397)	(449)	0	(2,112)		(3,958)
Disposals & other reclassifications	(2,187)	(409)	0	(1,891)		(4,487)
Change in consolidation scope	0	0	0	0		0
Other changes	578	409	0	604		1,591
Dec 31, 22	7,135	91	0	5,138		12,364

This item includes assets representing the Group's rights-of-use under existing lease, rental and hire agreements. The Parent has many assets under lease, such as buildings, production machinery, motor vehicles and IT equipment.

The rights-of-use on Other Assets mainly include IT equipment, while buildings rights-of-use mainly refer to the assets for the rental of warehouses used by the Polish subsidiary. The increases include the new contracts entered into in the year, in particular by the Polish subsidiary.

B.6.5.19 Other receivables (non-current) and other assets

The breakdown is as follows:

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Receivables from employees	3	3	0
Other receivables	337	671	(334)
Other financial assets	716	714	2
Other receivables (non-current) and other assets	1,056	1,388	(332)

Other non-current receivables include guarantee deposits paid by the Polish subsidiary.

The item Other financial assets regards unqualified non-controlling interests held by the Elica Group in other companies. These investments are held in unlisted companies whose shares are not traded on a regulated market. This item includes for Euro 663 thousand the investment of approx. 6% in Elica PB Whirlpool Kitchen Appliances (previously Elica PB India Private Ltd.), an approx. 87% subsidiary of Whirlpool of India Limited.

This company was previously an Elica Group subsidiary which was sold to Whirlpool of India Ltd in the second half of 2021. Following this transaction, the company was deconsolidated and the residual investment maintained by the Elica Group, equal to 6.375% of the share capital, was reclassified to Other Financial Assets. Simultaneous to this sale to Whirlpool of India Ltd., Elica PB Whirlpool Kitchen Appliances signed new product supply and license agreements for the use of the Elica brand

(Trademark & Technical License Agreement) and the Whirlpool brand (Trademark License Agreement) respectively in India.

In addition, the shareholders of the Indian company signed a shareholder agreement which stipulated, among other matters, a prohibition on the sale to third parties of their respective investments held in Elica PB Whirlpool Kitchen Appliances within 90 days from the approval date of the financial statements as at and for the year ending March 31, 2024. In addition, this shareholder agreement includes Put & Call options, under which Whirlpool of India Limited may acquire (i.e. Elica and the other Indian shareholders may sell to Whirlpool of India Ltd.) the entire holding, from March 31, 2024, or before that date exclusively on the occurrence of certain events. In view of the consolidated business relationships between the shareholders of the Indian company, these options were included in the shareholder agreement to protect the rights of the minorities in the case of an exit from the investment, a possibility which the directors consider as unlikely given the current circumstances.

Management considers that the carrying amount approximates the fair value.

B.6.5.20 Trade receivables

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Trade receivables	48,491	82,186	(33,695)
Trade receivables	48,491	82,186	(33,695)

Trade receivables decreased by Euro 33.7 million. This decrease is mainly due to the Group revenue in Q4 2022 compared to the same period of 2021.

In order to reduce its credit risk, the Group implements a Group Credit Policy which governs the management of credit, in order to reduce the related risk.

“Credit Risk” is the exposure to potential losses deriving from the non-compliance of obligations by trading partners. This risk derives in particular from economic-financial factors related to a potential solvency crisis of one or more counterparties.

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

The maximum theoretical credit risk exposure for the Group at December 31, 2022 is based on the carrying amount of recognised receivables, net of the specific insurance coverage, non-recourse receivables factored and letters of credit, in addition to the nominal value of the guarantees given to third parties.

At December 31, 2022, trade receivables of Euro 48.5 million (Euro 82.2 million at December 31, 2021) included approx. Euro 7.5 million (Euro 3.6 million at December 31, 2021) of overdue receivables. Of total trade receivables at December 31, 2022, 1.1% were overdue by 31 days (0.1% at December 31, 2021).

B.6.5.20.1 Loss allowance

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

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

Receivables are recognised net of the loss allowance, amounting to Euro 4,400 thousand (Euro 5,325 thousand in 2021), accrued in accordance with the Group Credit Policy, in addition to the impairment

loss illustrated above. The existing allowance is considered adequate to adjust the receivables to their realisable value.

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

B.6.5.21 Inventories

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Raw materials, consumables and supplies	44,255	37,593	6,662
Provision for the write-down of raw materials	(1,673)	(3,568)	1,895
Raw materials, consumables and supplies	42,582	34,025	8,557
Semi-finished products	22,759	19,058	3,701
Provision for the write-down of semi-finished products	(2,105)	(2,333)	228
Semi-finished products	20,654	16,725	3,929
Finished products	39,918	37,650	2,268
Provision for the write-down of finished products	(1,706)	(3,539)	1,833
Finished products	38,212	34,111	4,101
Prepayments	5	0	5
Inventories	101,453	84,861	16,592

Inventories increased by approx. Euro 16.6 million. The increase is distributed across the various Group companies. The increase in 2022 was only partially reversed by year-end. This supports on the one hand the better management of the developing footprint and the raw material availability criticalities, while on the other ensuring customers a quick and efficient service.

Inventories are stated net of the provision for inventory write-down of approx. Euro 5,484 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 5% 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.6.5.22 Other assets (current)

This item is broken down as follows:

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Accrued income	0	1	(1)
Prepayments	2,257	2,211	46
Other current receivables	3,263	3,055	208
Prepayments to suppliers	0	146	(146)
Other current assets	5,520	5,413	107

This item appears to be substantially in line with the past. Other current receivables mainly refer to government grants for investment obtained by the parent, such as Industry 2015, the SM project, the Sell project, the Seal project and photovoltaic plant grants. Prepayments include, among others, insurance premiums, internet contract fees and prepaid consultancy fees.

Management believes that this amount approximates fair value.

B.6.5.23 Other non-current liabilities

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Other non-current liabilities	1,000	6,546	(5,546)
Other non-current liabilities	1,000	6,546	(5,546)

The movement in other non-current liabilities includes the decrease due to the reclassification to other current liabilities of the portion due beyond one year of the payable to the former shareholders for the acquisition of the investments in the two companies EMC and CPS, amounting to Euro 6,546 thousand and the increase due beyond one year of Elica's payable for the acquisition of 40% of Airforce.

B.6.5.24 Other liabilities (current)

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Wages and salaries	6,823	7,336	(513)
Social security liabilities	3,311	3,398	(87)
Directors and statutory auditors	3	0	3
Accrued expenses	741	540	201
Other liabilities	10,139	14,298	(4,159)
Deferred income	1,403	1,406	(3)
Advances from customers	651	876	(225)
Payables to customers	2	3	(1)
Other current liabilities	23,073	27,857	(4,784)

The movement in other current liabilities relates for Euro 4.9 million to the reduction due to the payment of the tranches of 2022 and the reclassification to this item of the tranches which shall be paid in 2023, of the price due by Elica to acquire 100% of the quota capital of Electric Motors Company S.r.l. ("E.M.C.") and CPS S.r.l. ("CPS"). The settlement of the consideration to acquire 100% of E.M.C. and CPS, amounting to approx. Euro 31 million, is stipulated in tranches due in 2021, 2022 and for 2023 on January 5.

This item also increased for Euro 475 thousand due to the payments maturing in 2023 by Elica for the acquisition of 40% of Airforce.

B.6.5.25 Employee benefit liabilities

The Elica Group reports obligations of Euro 7,988 thousand, reflecting the present value of liabilities for post-employment benefits accrued by employees at the end of the reporting period.

The most recent calculation of the present value of this item was performed at December 31, 2022 by the service company Managers & Partners – Actuarial Services S.P.A.

The amounts recognised in profit or loss were as follows:

<i>In Euro thousands</i>	2022	2021	Changes
Current service cost	2,629	2,836	(207)
Financial expense	158	64	94
Total	2,787	2,900	(113)

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

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Opening balance	10,380	10,475	(95)
Current service cost	2,629	2,836	(207)
Actuarial gains/losses	(1,146)	(98)	(1,048)
	1,483	2,738	(1,255)
Financial expense	158	64	94
Pension fund	(2,189)	(2,462)	273
Benefits provided	(1,844)	(636)	(1,208)
Change in consolidation scope	0	201	(201)
	(3,875)	(2,833)	(1,042)
Employee benefit liabilities	7,988	10,380	(2,392)

The interest component of the defined employee benefit plan cost is shown under financial expense, with a resulting increase of Euro 158 thousand in this item for the year. The current service cost and the effect of the curtailment were recorded under personnel expense. Actuarial gains and losses, amounting to Euro 1,146 thousand, comprise the actuarial gains (losses) of the defined benefit plans reported in the Statement of Comprehensive Income. The provision amounts to, net of the tax effect, a negative Euro 2 million and entirely concerns the Group.

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

Assumptions used for the calculation

	31/12/2022	31/12/2021
Discount rate to determine the obligation	3.77%	0.98%
Expected salary growth rate	0.50%	2.00%
Inflation rate	2.30%	1.75%

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

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

Therefore, if the discount rate increased 0.5%, the obligation would amount to Euro 7,177 thousand, while if the discount rate decreased 0.5%, the obligation would amount to Euro 7,766 thousand.

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

B.6.5.26 Provisions for risks and charges

The composition and movements of the provisions are as follows:

<i>In Euro thousands</i>	31/12/2021	Increase	Decrease	Other changes	31/12/2022
Agents' termination benefits	662	74	(22)	(1)	713
Product warranties	4,069	2,561	(2,330)	51	4,351
Legal risks	3,657	1,560	(836)	0	4,381
Long Term Incentive Provision	13,789	298	(4,003)	0	10,084
Personnel provision	4,530	5,248	(4,759)	3	5,022
Restructuring provision	13,070	3,685	(11,785)	0	4,970
Other provision	4,122	1,074	(2,604)	(3)	2,591
Provisions for risks and charges	43,899	14,500	(26,339)	50	32,112
of which:					
Non-current	21,830	3,006	(7,065)	(4)	17,768
Current	22,069	11,494	(19,274)	54	14,344
Provisions for risks and charges	43,899	14,500	(26,339)	50	32,112

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

The provision for product warranties is an estimate of the costs likely to be incurred to repair or

replace items sold to customers. This provision reflects the average warranty costs historically incurred by the Group as a percentage of sales still covered by warranty.

The provision for legal risks relates to likely costs and charges to be incurred as a result of ongoing legal disputes, estimated by Management on the basis of the best information available.

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

The Long Term Incentive provision concerns the accrued liability at December 31, 2022 for the 2016-2022 Phantom Stock and Voluntary Co-investment Plan and the 2019-2025 Phantom Stock and Voluntary Co-investment Plan. The provision refers to the third cycle of the first Plan, which was approved by the Board of Directors of Elica S.p.A. on February 12, 2018, and the second cycle of the second Plan, which was approved by the Board of Directors of Elica S.p.A. on July 30, 2019 and May 7, 2020. The decreases column, in addition to a number of releases for value adjustments, includes the utilisations in the year of Euro 3.5 million.

It in addition includes the portion 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 2022 in this regard.

The restructuring provision, amounting to Euro 4,970 thousand, for Euro 4,735 thousand covers the estimated Group costs to complete the reorganisation of the production plant of the Cooking Business Unit. This concerns primarily personnel expense and the assets that will lose their future use. As already described, on March 31, 2021, Elica S.p.A. communicated to the trade union representatives the new organisational structure necessary to ensure the business continuity of the entire Group. The reorganisation established for the Italy Cooking area the conversion of the production site of Mergo into a high-end hub, the transfer of the higher standard production lines to the Jelcz-Laskowice plant in Poland and the integration into the Mergo plant of the activities carried out at the Cerreto site. On December 9, 2021, at the Ministry for Economic Development, the dispute concluded successfully. The parent 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 presented, the Mergo facility is becoming 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 are carried out at the Polish facilities. This allows the two facilities (Italy and Poland) to focus on separate production areas, avoiding overlap and maintaining a strong presence in Italy. In particular, with regards to employees, the agreement did not include redundancies, involving only voluntary and incentivised departures. Surplus personnel were managed through early retirement and relocation to other major companies in the area. The residual amount of the provision covers expected planned reorganisations.

The other provisions mainly include the product disposal provision, given that during the year the provisions created for risks concerning business operations or to mitigate the impact of market volatility were utilised.

The restructuring provision, the provision for product warranties and the personnel provision are considered to be current, as they relate to matters concerning 2023.

The column Other changes relates to exchange rate gains/losses for Euro 52 thousand.
The impact of discounting non-current provisions is not significant.

B.6.5.27 Deferred tax assets – Deferred tax liabilities

At December 31, 2022, details of deferred tax assets and liabilities, determined on the basis of the asset-liabilities method, were as follows:

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Deferred tax assets	22,480	26,249	(3,769)
Deferred tax liabilities	(7,835)	(5,874)	(1,961)
Total	14,645	20,375	(5,730)

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

<i>In Euro thousands</i>	31/12/2021		Other reclassifications/Equity	Costs/(income)	31/12/2022	
	Assets	Liabilities			Assets	Liabilities
Amortisation, depreciation and provisions	7,771	(1,184)	(88)	2,230	6,405	(2,136)
Losses carried forward	5,090	0	(449)	468	4,173	0
Inventory write-down	1,865	0	(32)	814	1,020	0
Exchange differences	199	(142)	(591)	100	533	(1,167)
Restructuring charges	3,755	0	2	2,396	1,361	0
Allocation of acquisition price	0	(3,966)	37	(329)	0	(3,600)
Other accruals (e.g. personnel expense, LTI, employee bonuses and post-employment benefits and R&D)	5,890	(5)	157	875	5,168	0
Goodwill	5	(3)	0	6	(2)	(3)
Other	1,674	(573)	(448)	(2,239)	3,822	(930)
	26,249	(5,874)	(1,412)	4,321	22,480	(7,835)

The column Other reclassifications/Equity includes all the changes in deferred tax assets and liabilities which do not have a balancing entry in profit or loss affecting deferred tax assets or liabilities. It also includes Euro 565 thousand of deferred taxes relating to the recognition of cash flow hedging transactions, in addition to the currency effect and reclassifications.

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

“Other” includes deferred tax assets of Euro 2,033 thousand concerning the investments in Poland.

Some subsidiaries, mainly the Chinese subsidiary, have accrued tax losses that may be used, although the Group has prudently not recognised any deferred tax assets for over Euro 3 million.

B.6.5.28 Tax assets and liabilities

B.6.5.28.1 Tax assets

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

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
VAT refund	21,523	14,954	6,569
IRES	2,761	7,434	(4,673)
IRAP	137	254	(117)
Other tax assets	3,052	1,933	1,119
Tax assets	27,473	24,575	2,898

Other tax assets includes assets for taxes paid abroad to be recovered. IRES reported a significant decrease of Euro 4.7 million. The VAT refund was in line with commercial transaction movements. The balance mainly concerns the parent for Euro 3.4 million (Euro 6.5 million in 2021), Elicamex for Euro 5.4 million (Euro 5.2 million in 2021) and EMC Fime for Euro 11.6 million (Euro 2.7 million

in 2021). This company has sales under declaration of intent and purchases based in Italy and non-EU countries.

Management believes that this amount approximates fair value.

B.6.5.28.2 Tax liabilities

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
IRPEF withholdings	2,544	2,532	12
IRES liabilities	818	7,399	(6,581)
Other tax liabilities	4,806	4,605	201
Tax liabilities	8,168	14,536	(6,368)

The item overall decreased Euro 6.4 million, mainly in relation to IRES. Other tax liabilities include mainly the VAT liabilities of the Polish subsidiary for Euro 2.5 million and the parent for approx. Euro 1 million. Management believes that this amount approximates fair value.

B.6.5.29 Trade payables

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Trade payables	139,571	141,222	(1,651)
Trade payables	139,571	141,222	(1,651)

Trade payables mainly include payables for trade purchases and other costs.

Management estimates that the carrying amount of trade payables approximates their fair value.

B.6.5.30 Net financial position, default risk and covenants

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

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

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
A. Cash and cash equivalents	67,727	99,673	(31,946)
Cash and cash equivalents	67,727	99,673	(31,946)
B. Other liquidity			
C. Other current financial assets	0	0	0
D. Liquidity (A+B+C)	67,727	99,673	(31,946)
E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	14,836	31,973	(17,137)
Bank loans and borrowings	10,644	27,867	(17,223)
Lease liabilities and loans and borrowings from other lenders (current)	4,192	4,106	86
F. Current portion of non-current financial debt	32,168	16,676	15,492
Mortgages	32,168	16,676	15,492
G. Current financial debt (E+F)	47,004	48,649	(1,645)
H. NET CURRENT FINANCIAL DEBT (G-D)	(20,723)	(51,024)	30,301
I. Non-current financial debt (excluding current portion and debt instruments)	64,605	86,180	(21,575)
Bank loans and borrowings (non-current)	54,774	77,866	(23,092)
Lease liabilities and loans and borrowings from other lenders (non-current)	9,831	8,314	1,517
J. Debt instruments			0
K. Trade payables and other non-current liabilities	8,021	17,998	(9,977)
Other liabilities for purchase of investments	8,021	17,998	(9,977)
L. Non-current financial debt (I+J+K)	72,626	104,178	(31,552)
M. NET FINANCIAL POSITION (H+L)	51,903	53,154	(1,251)

B.6.5.30.1 Cash and cash equivalents

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Bank and postal deposits	67,704	99,637	(31,933)
Cheques	1	0	1
Cash	22	36	(14)
Cash and cash equivalents	67,727	99,673	(31,946)

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

B.6.5.30.2 Bank loans and borrowings

<i>(Euro thousands)</i>	31/12/2022	31/12/2021	Changes
Bank loans and borrowings	97,586	122,409	(24,823)
Total	97,586	122,409	(24,823)
Bank loans and borrowings have the following repayment schedules:			
On demand or within one year	42,812	44,543	(1,731)
Within two years	29,256	23,162	6,094
Within three years	25,183	29,185	(4,002)
Within four years	183	25,183	(25,000)
Within five years	152	183	(31)
After 5 years	-	153	(153)
Total	97,586	122,409	(24,823)
Less amounts to be repaid within one year	42,812	44,543	(1,731)
Due after one year	54,774	77,866	(23,092)

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

The loan is principally intended to support medium/long term needs, the partial refinancing of the existing debt, in addition to the working capital and treasury needs of Elica S.p.A. and its subsidiaries. There are financial covenants concerning the ratio between NFP/gross operating profit, gross operating profit/Net Financial expense and NFP/Equity, tested half-yearly on an LTM basis on the Group's consolidated figures. With this transaction, the Group confirms the solidity of its business model, its ability to access ordinary sources of funding even in an uncertain general economic environment and its commitment to optimising its debt structure. The covenants were met as of December 31, 2022 and based on the visibility held by Management, it is believed that they will be met in the future.

For further information on how liquidity risk is monitored and interest rate hedges, reference should be made to paragraph B.6.7., "Risk management" of these notes.

B.6.5.30.3 Lease liabilities and loans and borrowings from other lenders

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

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Lease liabilities as per IFRS 16	14,023	12,420	1,603
Total	14,023	12,420	1,603
Due:			
On demand or within one year	4,192	4,106	86
1-5 years	8,715	7,840	875
after 5 years	1,116	474	642
Total	14,023	12,420	1,603
Less amounts to be repaid within one year	4,192	4,106	86
Due after one year	9,831	8,314	1,517

B.6.5.31 Derivative financial instruments

<i>In Euro thousands</i>	31/12/2022		31/12/2021	
	Assets	Liabilities	Assets	Liabilities
FX derivatives	325	396	170	103
Interest rate derivatives	4,317	0	208	295
Commodities derivatives	0	1,343	494	0
Intercompany	0	0	0	0
Derivative financial instruments	4,642	1,739	872	398
of which:				
Non-current	1,981	0	208	0
Current	2,661	1,739	664	398
Derivative financial instruments	4,642	1,739	872	398

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

The table below reports the following information on derivative instruments at December 31, 2022 and December 31, 2021:

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

31/12/2022	Notional Value				Carrying amount
<i>In Euro thousands</i>	Maturity within 1 year		Maturity after 1 year		
Interest rate risk					
Cash Flow hedges as per IFRS	23,158		54,120		4,317
Fair Value hedges as per IFRS	-		-		-
Other derivative instruments	-		-		-
Total derivatives on interest rates	23,158		54,120		4,317
Currency risks	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS	-	-	-	-	-
Fair Value hedges as per IFRS	1,816	7,498	-	-	(42)
Other derivative instruments	15,694	9,574	-	-	(29)
Total fx derivatives	17,510	17,072	-	-	(71)
Commodity risk	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS	-	15,290	-	2,455	(1,343)
Fair Value hedges as per IFRS	-	-	-	-	-
Other derivative instruments	-	-	-	-	-
Total derivatives on commodities	-	15,290			(1,343)

31/12/2021	Notional Value				Carrying amount
<i>In Euro thousands</i>	Maturity within 1 year		Maturity after 1 year		
Interest rate risk					
Cash Flow hedge as per IFRS	13,133		77,290		(86)
Fair Value hedge as per IFRS					
Other derivative instruments					
Total derivatives on interest rates	13,133		77,290		(86)
Foreign currency risks					
	sales	purchases	sales	purchases	
Cash Flow hedge as per IFRS	29,676	3,582			(44)
Fair Value hedge as per IFRS	88	12,118			111
Other derivative instruments					
Total fx derivatives					67
Commodity risk					
	sales	purchases	sales	purchases	
Cash Flow hedge as per IFRS		20,026			494
Fair Value hedge as per IFRS					
Other derivative instruments					
Total derivatives on commodities					494

“Other derivative financial instruments” include those traded for hedging purposes, for which hedge accounting was not applied as per IFRS.

B.6.5.31.1 Derivative financial instruments, IFRS 7 classification

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

The IFRS 7 classification implies the following hierarchy:

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

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

All the derivative instruments in place at December 31, 2022 and December 31, 2021 belong to level 2 of the fair value hierarchy.

B.6.5.32. Equity

For an analysis on the changes in equity, reference should be made to the relative table.

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

Situation at December 31, 2021 and December 31, 2022

<i>In Euro thousands</i>	31/12/2022		31/12/2021	
	Profit/(loss) for the year	Equity	Profit/(loss) for the year	Equity
Parent's separate financial statements	15,902	109,000	10,122	94,702
Elimination of the effect of intragroup transactions net of tax effect:				
Unrealised gains on non-current assets	(3,292)	(3,685)	123	(393)
Unrealised gains on sale of goods	232	(307)	(40)	(537)
Tax effect	734	958	(19)	223
Dividends received from consolidated companies	(2,971)	(2,971)	(2,477)	(2,477)
Other	(462)	5,838	(9,321)	5,912
Share of profit/(loss) from investments	0	0	0	0
Carrying amount of consolidated companies	(58)	(103,080)	8,676	(85,550)
Equity and profit of the subsidiaries consolidated on a line-by-line basis	8,246	105,966	12,077	84,265
Allocation of differences to assets of consolidated companies and related amortisation/depreciation:				
Goodwill arising on consolidation	0	24,047	0	24,179
Intangible assets and property, plant and equipment	(151)	2,195	(1,669)	3,820
Consolidated financial statements	18,180	137,961	17,472	124,144
Attributable to the owners of the parent	16,608	132,531	12,119	117,230
Attributable to non-controlling interests	1,572	5,430	5,353	6,914

Equity includes the portion attributable to the owners of the parent and that attributable to non-controlling interests.

B.6.5.32.1 Equity attributable to non-controlling interests

Equity attributable to non-controlling interests of Euro 5.4 million decreased by Euro 1.5 million, mainly due to an increase of Euro 1.6 million for the allocation of the profit for 2022 attributable to non-controlling interests, a decrease of Euro 0.4 million concerning the Non-controlling interest portion of the effect from the translation of the financial statements of the investees ARIAFINA CO., LTD and Zhejiang Elica Putian Electric Co. Ltd, expressed in foreign currencies and a decrease of Euro 1 million due to the payment of dividends to third parties. The residual movement is due to the Group's acquisition of the residual 40% of the company Airforce, which resulted in a reclassification from equity attributable to non-controlling interests to equity attributable to the owners of the parent. For more details, see the Statement of changes in equity.

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

<i>In Euro thousands</i>	Profit/(loss) attributable to non-controlling interests		Equity attributable to non-controlling interests	
	2022	2021	31/12/2022	31/12/2021
Airforce S.p.A.	(11)	310	0	1,605
Ariafina Co. Ltd	1,590	1,652	5,418	5,289
Elica PB India Private Ltd.	0	3,407	0	0
Zhejiang Elica Putian Electric Co. Ltd.	(7)	(16)	12	19
Consolidated total	1,572	5,353	5,430	6,914

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

Reporting package figures	Ariafina	
<i>In Euro thousands</i>	31/12/2022	31/12/2021
Currents Assets	14,155	14,346
Non-current Assets	121	140
Current liabilities	3,218	3,692
Equity attributable to the owners of the Parent	5,639	5,505
Equity attributable to non-controlling interests	5,419	5,290
Revenue	22,735	24,768
Operating profit	4,868	5,052
Profit attributable to the owners of the Parent	3,246	3,371
Dividends to non-controlling interests	(1,076)	(565)
Change in net financial debt	282	2,392

B.6.5.32.1.1 Profit attributable to non-controlling interests

The profit attributable to non-controlling interests concerns the subsidiaries for which the Elica Group does not hold 100% of the share capital, despite having control.

B.6.5.32.2 Equity attributable to the owners of the Parent

Comments are provided on each of the Group equity reserves below.

B.6.5.32.2.1 Share capital

The share capital at December 31, 2022 amounts to Euro 12,664,560, consisting of 63,322,800 ordinary shares with a par value of Euro 0.20 each. It is fully subscribed and paid-in.

B.6.5.32.2.2 Reserves

B.6.5.32.2.2.1 Capital reserves

These amount to Euro 71,123 thousand and entirely relate to the Share Premium Reserve. In accordance with IFRS, the costs of the share capital increase, amounting to Euro 3,650 thousand, net of the relevant tax effect of Euro 2,190 thousand, were taken to the Share Premium Reserve.

B.6.5.32.2.2.2 Hedging and translation reserve

This reserve shows a negative balance for Euro 10,948 thousand (negative balance of Euro 14,904 thousand at December 31, 2021) and underwent the following changes: translation of financial statements expressed in foreign currencies (ELICAMEX S.A. de C.V., Elica Group Polska Sp. z o.o., ARIAFINA CO., LTD, Elica Inc., Zhejiang Elica Putian Electric Co. Ltd and Elica Trading LLC) resulting in a positive amount of Euro 2,071 thousand, and the fair value changes of cash flow hedges, net of the positive tax effect of Euro 1,887 thousand. In particular, the portion concerning the fair value change is a positive Euro 2,452 thousand, while the tax impact is negative for Euro 565 thousand.

The change in the translation reserve was a negative Euro 2,071 thousand for the Group and a negative Euro 0.4 million for non-controlling interests.

<i>In Euro thousands</i>	31/12/2021	Reserve adjustment	31/12/2022
Hedging reserve	373	1,887	2,260
Translation Reserve	(15,279)	2,071	(13,208)
Hedging and Translation reserve	(14,906)	3,958	(10,948)

B.6.5.32.2.2.3 Retained earnings

Retained earnings increased from Euro 39,386 thousand in 2021 to Euro 47,005 thousand in 2022. The item increased overall by Euro 7.6 million, with an increase of Euro 12.1 million relating to the allocation of the prior year profit and a decrease of Euro 3.8 million concerning the distribution of dividends. The residual movement is mainly due to the acquisition of an additional 40% of the company Airforce, as a transaction between shareholders.

B.6.5.32.2.2.3.1 Dividends

On September 28, 2022, the Shareholders' Meeting of ELICA S.p.A. approved the distribution of an ordinary dividend of Euro 0.06 for each of the 63,322,800 ordinary shares, net of the ordinary treasury shares held at the coupon date and gross of statutory withholdings, to be allocated from the retained earnings. Therefore Euro 3,773 thousand was paid.

B.6.5.32.2.3 Treasury shares

On March 21, 2022, Elica S.p.A. launched the treasury share buy-back plan, authorised by the Shareholders' Meeting of April 29, 2021 (the "Buy-Back Plan") and continued with the buy-back plan authorised by the Shareholders' Meeting of April 28, 2022.

At December 31, 2022, purchases of treasury shares came to about 577,000 shares, equal to 0.91% of share capital, and reduced equity by Euro 1,703 thousand.

The Buyback Plan serves the following purposes: a) execute any future share-based incentive plans which may be authorised in favour of Directors and/or employees and/or business partners of the company and/or its subsidiaries, in accordance with applicable legal and regulatory provisions; and/or b) undertake agreements with individual Directors, employees and/or business partners of the company or companies controlled by it, not falling under the scrip issue plans governed by Article 144-bis of the CFA; and/or c) act, where necessary, and in compliance with applicable provisions (including those serving market practices), directly or through authorised intermediaries, with the objective to contain irregular share price movements of the company and/or to enable fluid trading; and/or d) invest in treasury shares within the pursuit of company policies (for example utilising such as remuneration, including shares swaps, for the acquisition of investments or in acquisition operations of other companies), or where market conditions render such transactions advantageous; and/or e) utilise treasury shares for transactions such as sales, transfer, allocation, exchange or other disposal within agreements with strategic partners, or to serve any corporate transactions (e.g. convertible loans); and/or f) utilise treasury shares as guarantees on loans.

B.6.5.33 Acquisitions and disposals of businesses in the year

Acquisition of an additional 40% stake in Airforce

On July 1, 2022, Elica S.p.A. 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%.

The total cost of the transaction was Euro 3.0 million and also includes the non-competition agreement. The consideration for the transfer shall be settled in four instalments, the first of which Euro 1.5 million on July 1, 2022 and the subsequent three (of Euro 0.5 million each) each year from that date. The contract includes guarantee and indemnification clauses that are consistent with similar transactions.

B.6.6. Guarantees, commitments and contingent liabilities

B.6.6.1. Contingent liabilities

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

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

The provision in the consolidated financial statements at December 31, 2022 to cover legal risks and charges amounts to Euro 4,381 thousand.

In 2019 the Parent was subject to an audit by the Italian Agency of Revenue, Marche Regional Department, Tax Audits Office, for the tax years 2014, 2015 and 2016. It received an auditors' report on October 14, 2019. The assessment process has yet to proceed further for the other two subsequent relevant findings. The other findings have either been closed by the Parent or are immaterial in amount.

There was found to have been an alleged violation of the transfer pricing rules set out in Art. 110, paragraph 7, of Presidential Decree No. 917 of December 22, 1986 (the Tax Consolidation Act) in respect of the transfer prices applied by the Parent to transactions with the Mexican sister company Elicamex S.A. de C.V., the value of which the Office adjusted, proposing that additional IRES (company income tax) and IRAP (regional production tax) be levied on Euro 1,014,887 in 2015 and on Euro 1,012,783 in 2016. The Parent has tax losses that can be used to offset the financial risk for IRES purposes.

It was therefore determined that the Parent 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 Parent 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 Parent sought counsel from its legal advisors in support of the view that the risk that tax liabilities may flow for the Parent 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.

In January 2022, an IPEC petition was submitted regarding use of previous losses to reduce the higher taxable income, and the Parent - though its lawyers - is preparing an appeal before the competent Tax Commission.

On 24/08/2022 and 09/11/2022, the Ancona Tax Commission accepted the grounds of appeal brought by the Parent for the transfer pricing findings for the years 2015 and 2016, concerning the notices of assessment (IRES and IRAP), received in May 2021 and December 2021 - against which it had appealed - by entering an appearance for the Ancona Provincial Tax Commission.

B.6.6.2 Guarantees

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

Elica S.p.A. has undertaken guarantees in favour of Putian for credit lines of Euro 20.1 million and Elica Group Polska has a rotating receivable factoring cap of Euro 3.5 million. There is also a

Coverage Limit of Euro 400 thousand with Banco Santander in favour of the Elica Stable Organisation in Spain and a guarantee for Euro 10 million in favour of EMC FIME S.r.l. related to the line made available by BNP. EMC Fime has in place a Euro 20 thousand guarantee.

B.6.6.3 Commitments

Commitments with suppliers for purchasing property, plant and equipment and intangible fixed assets at December 31, 2022 amount to approx. Euro 4 million. There are also commitments for operational expenses of Euro 4.3 million, relating in particular to long-term contracts.

The Group has commitments for the purchase of raw materials and goods described in the Commodity Risk paragraph.

Pursuant to the provisions of Article 122 of the CFA and Articles 129 and subsequent of the Issuers' Regulations, it should be noted that on July 22, 2022, FAN S.r.l. ("FAN"), the parent of Elica S.p.A., and Tamburi Investment Partners S.p.A. ("TIP"), signed a shareholder agreement (the "Shareholder Agreement"), effective as of the same day (which replaced the shareholder agreement signed between the same parties on July 24, 2019 and concluding on July 26, 2022), relating to Elica S.p.A, a company listed on the Euronext STAR Milan segment of Borsa Italiana S.p.A. ("Elica") and regarding TIP 9,233,701 shares of Elica and regarding FAN 33,440,445 shares of Elica, so as to (i) establish certain understandings regarding Elica's corporate governance; (ii) govern their mutual rights and duties in relation to the transfer of their respective stakes in Elica; and (iii) establish a commitment to consult in good faith before casting their votes at Elica's Shareholders' Meeting in order to identify Elica's best interest (this without intending to give rise to any voting restrictions).

The key information regarding the Shareholder Agreements was published as per Article 130 of the Issuers' Regulation on Elica S.p.A.'s website¹³, and on the website of the authorised storage mechanism "1INFO" at www.1info.it.

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

B.6.7 Risk management

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 its results, the Elica Group has implemented a financial risk monitoring system through a "Financial Risk Policy" approved by the Board of Directors of the Parent. Within this policy, the Group constantly monitors the financial risks of its operations in order to assess any potential negative impact and takes corrective action where necessary.

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

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

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

¹³ <https://corporate.elica.com/en/governance/corporate-documents>.

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

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

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

B.6.7.1 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 Elica Group uses derivative instruments to hedge its risks. The Group does not engage in derivative trading.

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

B.6.7.1.1 Currency risk

The Group’s operating currency is the Euro. However, the Group companies trade also in American Dollars (USD), British Pounds (GBP), Japanese Yen (JPY), Polish Zloty (PLN), Mexican Pesos (MXN), Swiss Francs (CHF), Russian Roubles (RUB), Chinese Yuan (CNY) and the Indian Rupee (INR). In all of these currencies, except for the Swiss Franc, the Polish Zloty, the Chinese Renminbi, the Mexican Peso, the Elica Group has higher revenue than costs; therefore changes in the exchange rates between the Euro and these currencies impact the Group results as follows:

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

The amount of the 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.

The most significant statement of financial position balances in foreign currency at December 31, 2022 are shown below:

<i>In Euro thousands</i>	31/12/2022		31/12/2021	
Currency	Assets	Liabilities	Assets	Liabilities
CHF	436	-	-	(40)
CNY	2,304	(728)	1,757	(408)
GBP	178	(1)	216	(6)
JPY	405	(5,405)	451	(3,874)
PLN	33,846	(24,676)	14,942	(12,398)
RUB	1,731	(12)	4,190	12
USD	37,931	(36,149)	41,030	(32,622)
MXN	(26)	70	(21)	85
INR	792	-	802	-
Foreign currency transactions	77,597	(66,901)	63,367	(49,251)

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

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

<i>In Euro thousands</i>	31/12/2022		31/12/2021	
Currency	Depreciation Currency 5%	Appreciation of foreign currencies 5%	Depreciation of foreign currencies 5%	Appreciation of foreign currencies 5%
CHF	(21)	23	2	(2)
CNY	(75)	83	(64)	71
GBP	(8)	9	(10)	11
JPY	238	(263)	163	(180)
PLN	(437)	483	(121)	134
RUB	(82)	90	(199)	220
USD	(85)	94	(400)	443
MXN	(2)	2	(3)	3
INR	(38)	42	(38)	42
Total	(510)	563	(670)	742

Hedges at December 31, 2022 with financial counterparties have a total negative fair value of approx. Euro 71 thousand (a positive fair value of Euro 67 thousand in 2021).

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

Currency	31/12/2022		31/12/2021	
	Notional thousands (foreign currency)	Fair value In Euro thousands	Notional thousands (foreign currency)	Fair value In Euro thousands
USD				
Forward	6.000	(131)	11.000	(3)
PLN				
Forward	90.000	215	74.000	(94)
Options	-	-	15.000	23
JPY				
Forward	660.000	44	452.000	11
Options	-	-	11.500	4
RUB				
Forward	150.000	(39)	320.000	42
Options	-	-	160.000	22
MXN				
Options	35.000	(96)	60.000	41
CNY				
Forward	15.000	(64)		
Options	-	-	20.000	21
		(71)		67

The notional exposure in USD aggregates operations respectively in USD/EUR and in USD/MXN; the net notional of the latter amount to USD 3 million.

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

In the stress testing we have stressed not only the spot to spot exchange rate, but also the monetary curve rates at December 31, 2022 in order to show the effect of changes in the rate curve.

For this purpose, the maximum change in the interval between the beginning of November 2022 and the first weeks of January 2023 was considered.

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

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

The following table shows the sensitivity in the statement of comprehensive income to the changes in the exchange rates and the rate curves indicated, with all other variables unchanged, of the fair value of the transactions in foreign currencies at December 31, 2022 (compared with December 31, 2021):

In Euro thousands	31/12/2022					
	USD	PLN	JPY	RUB	MXN	CNY
	Notional 6,000 USD/000	Notional 90,000 PLN/000	Notional 660,000 JPY/000	Notional 150,000 RUB/000	Notional 35,000 MXN/000	Notional 15,000 CNY/000
Depreciation of foreign currencies	225	745	(259)	358	(221)	(102)
Euro exchange rate depreciation	(84)	256	48	(34)	(102)	(66)
Exchange rate depreciation	(81)	262	46	(30)	(104)	(67)
Sensitivity to depreciation	60	1,263	(165)	294	(427)	(234)
Appreciation of foreign currencies	(529)	(325)	402	(665)	90	99
Euro exchange rate appreciation	(108)	221	51	(62)	(88)	(61)
Exchange rate appreciation	(106)	231	49	(55)	(91)	(63)
Sensitivity to appreciation	(743)	127	502	(782)	(89)	(25)

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

B.6.7.1.2 Commodity risk

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

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

The notional value and the relative value of the copper derivatives in place at December 31, 2022 are reported below:

<i>In Euro thousands</i>	31/12/2022		31/12/2021	
	Notional	Fair value	Notional	Fair value
Copper hedges				
Forward	17,745	(1,343)	22,681	494
Commodity derivatives assets/(liabilities)		(1,343)		494

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

This analysis highlights a revaluation in the price of copper of 5%, resulting in an increase in the fair value of forward contracts at December 31, 2022 of Euro 887 thousand.

Similarly, a reduction of 5% results in a decrease in the fair value of forward contracts of Euro 887 thousand.

B.6.7.1.3 Interest rate risk

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

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

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

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

	31/12/2022		31/12/2021	
	Notional	Fair value	Notional	Fair value
<i>In Euro thousands</i>				
Interest Rate Swaps	77,278	4,317	90,420	(87)
Interest rate derivative assets/(liabilities)	77,278	4,317		(87)

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

The analysis shows that a change in the interest rate curve of -25/+25 bps generates a Euro 331 thousand decrease/increase in the fair value of the IRS at December 31, 2022.

B.6.7.1.4 Geopolitical risk

The Elica Group is monitoring the geopolitical developments caused by the war in Ukraine, and we continue to assess the potential risks it could have on our operations. Although the Elica Group's business in the affected area is however limited, given that Russian market revenue accounts for approx. 2.8% of total revenue, all actions necessary to protect the Group from the identified risks were put in place. Sanctions have had only a marginal impact on certain Group products; therefore, 2022 volumes and margins remained in line with forecasts on operations that were in line with past years.

The Elica Group continues to operate in Russia through the wholly owned subsidiary Elica Trading LLC, which is responsible for distributing the Group's products in Russia. The Russian trading company does not have significant non-current assets.

Group management constantly monitors the impacts and developments of the military conflict between Russia and Ukraine. To this end, we have established a task force of the main areas of the company involved.

The Internal Audit & Risk Compliance unit provides the Control, Risks & Sustainability Committee with periodic updates on risk management within the company and constantly monitors trends in the most critical risks by way of meetings with management, internal analyses, and the support of consultants.

The Purchasing unit frequently monitors risks related to procurement and trends in the price of energy and raw materials coming from Russia and Ukraine.

The Finance unit: measures the monthly revenue of the Russian trading company by way of reporting packages provided each month by the subsidiary; monitors currency trends and their impact on Group financial figures; monitors the derivatives market aimed at hedging currency risk; monitors the efficacy of the insurance coverage on trade receivables with Russian customers; monitors payments on intragroup receivables from the Russian subsidiary; and monitors the liquidity risk of the Russian

trading company to confirm that it has the liquidity needed to meet its payment obligations for the following two months.

The Logistics unit coordinates shipments by the Group to the Russian subsidiary in compliance with the sanctions issued by the competent authorities related to the types of products that can be exported and thresholds in the per-unit value of exportable goods.

The Commercial unit monitors daily trends in customer orders in order to properly estimate demand and facilitate the organization and optimization of the supply chain.

The Legal Affairs unit monitors EU legislation, directives and regulations and reports to management in order to jointly assess the impact they may have on compliance and on certain aspects of company operations.

B.6.7.1.5 Cyber Security Risk Analysis

The growing use of information systems increases the Group's exposure to various types of risk. The most significant is the risk of cyber-attack, which is a constant threat for the Group.

The impacts analysed include:

- data loss
- data protection impacts
- the interruption of business
- reputational harm

Mitigation efforts made by the Group concern:

- the strengthening of network infrastructure;
- the strengthening of protection systems;
- the constant updating of company procedures;
- continuous training of all personnel to reinforce company know-how with regard to cyber security.

B.6.7.2 Credit risk

The credit risk (or insolvency risk) represents the exposure of the Elica Group to potential losses deriving from the non-compliance of obligations by trading partners. This risk derives in particular from economic-financial factors related to a potential solvency crisis of one or more counterparties. For more details, see paragraph B.6.5.22 "Trade receivables" of these notes.

B.6.7.3 Liquidity risk

The liquidity risk represents the risk related to the unavailability of financial resources necessary to meet short-term commitments assumed by the Group and its own financial needs.

The principal factors which determine the liquidity of the Group are, on the one hand, the resources generated and absorbed by the operating and investment activities and on the other the due dates and the renewal of the payable or liquidity of the financial commitments and also market conditions. These factors are monitored constantly in order to guarantee a correct equilibrium of the financial resources.

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

<i>In Euro thousands</i>	31/12/2022	On demand or within one year	1-5 years	after 5 years
Lease liabilities and loans and borrowings from other lenders as per IFRS 16		4,192	8,617	1,116
Bank loans and borrowings		42,812	54,774	0
Trade payables and other liabilities		162,645	1,000	0
Commitment by due date		209,649	64,391	1,116

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

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

For details on the net financial position, reference should be made to note B.6.5.30 of the notes.

B.6.7.4 Classification of Financial instruments

<i>In Euro thousands</i>	31/12/2022	31/12/2021
Derivative assets (current)	2,661	664
Trade receivables	48,491	82,186
Financial assets with group companies (current)	0	0
Cash and cash equivalents	67,727	99,673
Currents Assets	118,879	182,523
Lease liabilities and loans and borrowings from other lenders (non-current)	9,831	8,314
Bank loans and borrowings (non-current)	54,774	77,866
Derivative liabilities (non-current)	0	0
Non-Current Liabilities	64,605	86,180
Trade payables	139,571	141,222
Loans and borrowings from group companies (current)	0	0
Lease liabilities and loans and borrowings from other lenders (current)	4,192	4,106
Bank loans and borrowings (current)	42,812	44,543
Derivative liabilities (current)	1,739	398
Current liabilities	188,314	190,269

The Group believes that the carrying amounts approximate fair value. In relation to the valuation methods for the individual accounts, reference should be made to paragraph B.6.2. “Accounting policies” of these Notes.

B.6.8. Disclosure pursuant to IAS 24 on management remuneration and related party transactions

A person or entity is related to the reporting entity if it has control or joint control of the company. Persons or entities that have significant influence over the company or the Senior Executive in the company is also related. In all such cases, the entity controlled or jointly controlled by a person in the above conditions is considered to be related to the company. Where any of the above individuals exert significant influence over an entity or is a Senior Executive, that entity will be considered a related party. A related entity to a company is also one that is part of the same Group. Therefore, each parent, subsidiary, or group company is related to the others.

Transactions with other related parties

In 2022, transactions with other related parties took place. All transactions were conducted on an arm's length basis in the ordinary course of business. No separate disclosure of these positions is provided in the Consolidated Financial Statements, given the immaterial amounts involved, in accordance with Consob resolution no. 15519 of July 27, 2006.

	Receivables	Liabilities/Lease Liabilities	Revenue	Costs
<i>In Euro thousands</i>				
Fastnet S.p.A.	0	(1)	0	(11)
La Ceramica	0	(2)	0	(22)
Ermanno Casoli Foundation	0	(50)	0	(100)
Other related parties and natural persons	14	(68)	6	(66)
Total	14	(121)	6	(200)

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

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

The Procedures for Transactions with Related Parties is published on the Company's website.¹⁴

¹⁴ <https://corporate.elica.com/en/governance/internal-control-system>.

B.6.8.1 Remuneration of Directors, Statutory Auditors and Senior Executives

The remuneration of the above-mentioned parties totalled Euro 5,261 thousand. This amount does not include the accrual to the Long-term incentive provision, for the Equity Based portion, or that relating to the Phantom Stock, information on which see paragraph B.6.5.26 “Provisions for risks and charges”.

The details are reported in the Remuneration Report. This report is available on the Company’s website.¹⁵

Share-based payments

During 2022, payment was made for the 2019-2021 cycle of the 2019-2025 Phantom Stock Plan & Voluntary Coinvestment and the deferred Phantom Stock of the 2017-2019 cycle of the 2016-2022 Phantom Stock & Voluntary Coinvestment Plan for an amount related to Directors and Senior Executives of Euro 2,435 thousand.

B.6.8.2 Information on subsidiaries

The tables below show key financial figures as at and for the year ended December 31, 2022.

B.6.8.2.1 Subsidiaries – 2022 Highlights

Reporting package figures					
<i>In Euro thousands</i>	Assets	Liabilities	Equity	Revenue	Profit/(loss) for the year
Airforce S.p.A	13,380	9,738	3,642	30,522	(512)
Ariafina Co. Ltd	14,276	3,218	11,058	22,735	3,246
Elica Group Polska Sp.z.o.o	79,291	55,445	23,846	137,517	2,911
Elica Mex S.a.d.C.V.	65,149	31,300	33,849	75,361	529
Leonardo Services S.a.de.C.V.	0	0	0	0	0
Elica Inc (USA)	853	463	390	1,536	30
Elica PB India Private Ltd.	0	0	0	0	0
Zhejiang Elica Putian Electric Co. Ltd.	12,492	12,546	(54)	11,081	(1,107)
Elica Trading LLC	5,010	3,302	1,708	13,826	154
Elica Francia S.A.S.	9,068	7,643	1,425	27,975	286
Elica GmbH	4,441	2,988	1,453	10,184	(94)
EMC Fime Srl	118,124	92,446	25,678	173,278	2,802

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

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

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

¹⁵ <https://corporate.elica.com/en/governance/shareholders-meeting>.

<i>Euro thousands</i>	Asset at 01/01/2022	Vested in 2022	Collected 2022 (**)	Asset at 31/12/2022	Description
Grant for Photovoltaics (*)	123	48	(156)	16	Grant on photovoltaic systems installed on the roof of factories Castelfidardo and Cerreto D'Esti industrial plants disbursed by the GSE
2015 Industry	138	0	0	138	Research and Development grant from Ministry for Economic Development
RESPIRE project	47	0	0	47	Research grant from European Union
H@H Project	47	9	(4)	51	Research and Development grant from Ministry for University and Scientific Research
SEAL project	154	0	(69)	85	Research and Development grant from Ministry for University and Scientific Research
SHELL Project	173	0	0	173	Research and Development grant from Ministry for University and Scientific Research
Project SM	104	0	0	104	Research and Development grant from Ministry for University and Scientific Research
SMARTFAN project	31	33	(64)	0	Research grant from European Union
MERCURY Project	57	0	0	57	Research and development grant from the Marche region Regional Plan
MIRACLE Project	37	0	0	37	Research and development grant from the Marche region Regional Plan
Fondimpresa	167	26	(174)	19	Staff training grant from Fondimpresa
Fondirigenti	18	4	(18)	4	Training executives grant from Fondimpresa
New Investment Tax Credit 2020	84	0	(36)	48	Tax credit on new investments year 2020 - Law No. 160 of 27.12.2019
New Investment Tax Credit 2021	159	0	(159)	0	Tax credit on new investments year 2020 and 2021 - Law No. 178 of 30.12.2020
New Investment Tax Credit 2022	0	110	0	110	Tax credit on new investments year 2022 - Law No.234, 25.12.2021
Research & Development tax credit 2019	899	0	0	899	Research & Development tax credit 2019 - Law No. 190/2014
Research & Development tax credit 2020	254	210	0	464	R&D tax credit - Law No. 178 of 30.12.2020
Research & Development tax credit 2021	0	351	0	351	R&D tax credit - Law No. 178 of 30.12.2020
2021 advertising bonus	0	35	(35)	0	Law No. 50 of 24.04.2017 - Advertising Bonus
Electricity and GAS Tax Credit	0	377	(136)	241	DL January 27, 2022, No. 4; DL March 1, 2022, No. 17; DL March 21, 2022, No. 21; DL May 17, 2022, No. 50
Elica S.p.A.	2,492	1,203	(851)	2,843	
Fondimpresa	15	6	15	4	Staff training grant from Fondimpresa
Airforce S.r.l.	15	6	15	4	
Supplementary withholding credit 3/20	6	0	6	0	Supplementary withholding credit 3/20 (Renzi decree 66/2014)
Training tax credit	22	0	22	0	Training tax credit Law No. 205 of 27.12.2017
Advertising credit	1	0	1	0	Advertising credit
SABATINI grant credit	115	0	10	105	Ministry for Economic Development
Capital goods tax credit 6% ex EMC	43	0	10	33	B.S. tax credit Law 160/2019
Capital goods tax credit 10% ex EMC	174	0	134	40	B.S. tax credit Law 178/2020
Capital goods tax credit 6% - 2020 (**)	15	0	0	15	B.S. tax credit Law 160/2019
Capital goods tax credit 10%-2021 (**)	120	0	120	0	B.S. tax credit Law 178/2021
Capital goods tax credit 6% - 2022		120	0	120	Tax credit on new investments year 2022 - Law No.234, 25.12.2021
Por Marche - Law No. 305/2018		20	20	0	L.305/2018
Electricity and Gas Credit		437	132	305	DL January 27, 2022, No. 4; DL March 1, 2022, No. 17; DL March 21, 2022, No. 21; DL May 17, 2022, No. 50
EMC Fime S.r.l.	496	577	455	618	
Elica Group	3,003	1,785	(381)	3,466	

(*) Includes advances received
(**) including EMC FIME S.r.l transfer

B.6.10 Disclosure pursuant to Article 149 of the Consob Issuers' Regulation

The following table, prepared pursuant to Article 149-*duodecies* of the Consob Issuers' Regulation reports the payments made in 2022 for audit and other services provided by the independent auditors and entities associated with them.

Type of service <i>In Euro thousands</i>	Service provider	Company	Remuneration
Audit	Kpmg S.p.A.	Elica S.p.A.	260
Audit	Kpmg S.p.A.	Air Force S.p.A.	16
Audit	Kpmg S.p.A.	EMC Fime S.r.l.	110
Audit	KPMG Cardenas Dosal, S.C.	Elicamex S.A. de C.V.	47
Audit	KPMG Polska (*)	Elica Group Polska S.p.z.o.o.	38
Audit	KPMG China	Zhejiang Elica Putian Electric Co. Ltd	47
Audit	KPMG Japan	Ariafina CO., LTD	7
Other services	Kpmg S.p.A.	Elica S.p.A.	59
KPMG network fees			584

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

B.6.11 Events after the reporting date

On January 25, 2023 the second part of the Elica ordinary share Buyback plan concluded, announced to the market on July 11, 2022 and beginning on the same date, in execution of the Shareholders' Meeting resolution of April 28, 2022 (the "Buyback Plan"), according to the conditions previously announced to the market. In the period between July 11, 2022 and January 25, 2023, Elica acquired 325,000 ordinary shares (equal to 0.51% of the share capital), with a total value of Euro 914,413 and

a volume-weighted average price of Euro 2.81. As a result of the purchases made, Elica holds a total of 650,000 treasury shares, equal to 1.02% of the share capital.

On February 14, 2023, the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the fourth quarter of 2022, prepared in accordance with IFRS, and reviewed the 2022 preliminary consolidated results.

On the same date the Parent launched the third tranche of the treasury share buyback plan, as authorised by the Shareholders' Meeting of April 28, 2022 (the "Buyback Plan"), according to the terms previously disclosed to the market. In execution of this Shareholders' Meeting resolution, from February 15, 2023 and until April 27, 2023 a third tranche of the Buyback Plan shall be launched, for a maximum 190,000 treasury shares (approx. 0.3% of the subscribed and paid-in share capital).

B.6.12 Other information

B.6.12.1 Management and coordination

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

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

The Parent's Board of Directors has also appointed a CEO for ordinary operational management.

With effect from July 2019, Tamburi Investments Partners ("TIP") acquired a minority interest in the Parent. As at December 31, 2022, this interest amounted to 20.94% of Elica's share capital.

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

B.6.12.2 Positions or transactions arising from atypical and/or unusual operations

The Group in 2022 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.6.12.3 Significant non-recurring events and transactions

There were no significant non-recurring transactions during 2022.

Fabriano, March 16, 2023

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

C. ATTACHMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS

C.1. Attestation on the Consolidated Financial Statements as per Article 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments and integrations

The undersigned Giulio Cocci, as Chief Executive Officer, and Emilio Silvi, as Manager in charge of Financial Reporting 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 group's characteristics and
- of the administrative and accounting procedures for the preparation of the consolidated financial statements in 2022.

In addition, we declare that the consolidated financial statements:

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

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

Fabriano, March 16, 2023

The Chief Executive Officer
Giulio Cocci

Manager in charge of Financial Reporting
Emilio Silvi

**D. SEPARATE FINANCIAL STATEMENTS AS AT AND FOR
THE YEAR ENDED DECEMBER 31, 2022**

ELICA S.p.A.



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

D.1. Income Statement

<i>In Euro</i>	<i>Note</i>	2022	2021
Revenue - third parties	D.6.4.1	241,397,713	319,281,624
Revenue - subsidiaries	D.6.4.1	62,681,537	83,327,674
Other operating income	D.6.4.2	10,514,582	2,293,398
Change in finished/semi-finished products	D.6.4.3	2,530,138	(1,615,618)
Increase in internal work capitalised	D.6.4.4	1,149,410	1,603,434
Raw materials and consumables - third parties	D.6.4.5	(78,152,426)	(126,723,283)
Raw materials and consumables - subsidiaries	D.6.4.5	(118,163,888)	(122,107,813)
Services - third parties	D.6.4.6	(45,250,488)	(56,192,753)
Services - subsidiaries	D.6.4.6	(2,827,726)	(3,076,929)
Personnel expense	D.6.4.7	(41,075,628)	(60,231,839)
Amortisation and depreciation	D.6.4.8	(9,531,150)	(13,506,552)
Other operating expenses and accruals	D.6.4.9	(2,595,082)	(9,092,676)
Restructuring charges	D.6.4.10	(4,656,340)	(15,466,298)
Impairment of Goodwill and other assets	D.6.4.8	0	(2,174,652)
Operating profit (loss)		16,020,652	(3,682,283)
Gain/(loss) on group companies	D.6.4.11	0	14,058,828
Dividends from investments in subsidiaries	D.6.7.3.5	2,970,533	2,476,766
Financial Income	D.6.4.12	1,171,654	592,397
Financial expense	D.6.4.13	(2,518,748)	(2,214,066)
Net exchange rate gains	D.6.4.14	3,333,875	1,688,683
Profit before taxes		20,977,966	12,920,325
Income taxes	D.6.4.15	(5,075,667)	(2,798,726)
Profit from continuing operations		15,902,299	10,121,599
Profit from discontinued operations		0	0
Profit for the year		15,902,299	10,121,599

D.2. Statement of Comprehensive Income

<i>In Euro</i>	<i>Note</i>	2022	2021
Profit for the year		15,902,299	10,121,599
Other comprehensive income/(expense) which will not be subsequently reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	D.6.4.31.5	888,813	101,660
Tax effect of Other gains/(losses) which will not be subsequently reclassified to profit or loss		0	0
Total items which will not be subsequently reclassified to profit or loss, net of the tax effect		888,813	101,660
Other comprehensive income/(expense) which will be subsequently reclassified to profit or loss:			
Net change in cash flow hedges	D.6.4.31.3	3,895,038	(1,660,783)
Tax effect of Other gains/(losses) which will be subsequently reclassified to profit or loss	D.6.4.31.3	(911,458)	515,118
Total items which will be subsequently reclassified to profit or loss, net of the tax effect		2,983,580	(1,145,665)
Total other comprehensive income (expense), net of the tax effect:		3,872,393	(1,044,005)
Comprehensive income		19,774,692	9,077,594

D.3.Statement of Financial Position

<i>In Euro</i>	<i>Note</i>	31/12/2022	31/12/2021
Property, plant and equipment	D.6.4.17	21,569,880	23,919,039
Goodwill	D.6.4.18.1	23,342,460	23,342,460
Intangible assets with a finite useful life	D.6.4.18.2	13,933,575	15,615,677
Right-of-use assets	D.6.4.18.3	2,706,097	3,038,066
Investments in subsidiaries	D.6.4.19.1	102,743,364	85,299,148
Deferred tax assets	D.6.4.21	14,381,950	19,634,740
Derivative assets (non-current)	D.6.4.32.3	1,975,223	208,356
Other receivables and other assets	D.6.4.20	717,349	718,620
Non-current Assets		181,369,898	171,776,106
Trade receivables	D.6.4.22	8,974,430	48,311,558
Trade receivables - subsidiaries	D.6.7.3.2	19,376,313	24,919,415
Inventories	D.6.4.23	32,166,867	25,410,986
Other current assets	D.6.4.24	3,307,904	3,079,942
Tax assets	D.6.4.25	8,408,381	14,003,637
Derivative assets (current)	D.6.4.32.3	4,047,746	672,571
Financial assets with group companies (current)	D.6.7.3.4	25,108,995	16,451,254
Cash and cash equivalents	D.6.4.32.1	42,517,124	75,347,172
Currents Assets		143,907,760	208,196,535
Assets held for sale	D.6.4.19.1	0	35,687,913
Total assets		325,277,658	415,660,554
Employee benefit liabilities	D.6.4.26	4,443,837	6,520,905
Provisions for risks and charges	D.6.4.27	16,544,355	21,113,531
Deferred tax liabilities	D.6.4.21	1,265,128	399,753
Lease liabilities and loans and borrowings from other lenders as per IFRS 16	D.6.4.32.4	1,661,417	1,856,214
Bank loans and borrowings (non current)	D.6.4.32.2	54,291,395	77,372,911
Other non-current liabilities	D.6.4.29	1,000,000	6,545,665
Non-Current Liabilities		79,206,132	113,808,979
Provisions for risks and charges	D.6.4.27	11,472,683	19,842,748
Lease liabilities and loans and borrowings from other lenders as per IFRS 16	D.6.4.32.4	1,050,822	1,204,377
Bank loans and borrowings (current)	D.6.4.32.2	32,049,000	26,657,284
Loans and borrowings from group companies (current)	D.6.7.3.4	15,846,898	10,903,736
Trade payables	D.6.4.30	52,816,861	74,810,274
Trade payables to group companies	D.6.7.3.3	6,685,413	20,160,696
Other current liabilities	D.6.4.29	12,714,172	18,531,986
Tax liabilities	D.6.4.28.2	2,697,334	9,753,931
Derivative liabilities (current)	D.6.4.32.3	1,738,533	391,292
Current liabilities		137,071,716	182,256,324
Liabilities directly associated with assets held for sale	D.6.4.19.1	0	24,893,628
Share capital	D.6.4.31.1	12,664,560	12,664,560
Capital reserves	D.6.4.31.2	71,123,335	71,123,335
Hedging reserve	D.6.4.31.3	3,274,688	291,108
Treasury shares	D.6.4.31.4	(1,702,814)	0
Actuarial reserve	D.6.4.31.5	(1,971,999)	(2,860,812)
Retained earnings	D.6.4.31.6	9,709,741	3,361,833
Profit/(loss) for the year		15,902,299	10,121,599
Equity	D.6.4.31	108,999,810	94,701,623
Total liabilities and equity		325,277,658	415,660,554

D.4.Statement of Cash Flows

<i>in Euro</i>	2022	2021
Cash flow from operating activities		
Profit for the year	15,902,299	10,121,598
Adjustments for:		
-Depreciation of property, plant and equipment	3,368,592	6,234,550
-Amortisation of intangible assets	6,162,558	7,272,002
-Impairment losses on property, plant and equipment, intangible assets and goodwill	0	2,174,653
-Net exchange rate (gains)/losses	38,218	(1,689,000)
-Interest on post-employment benefits and other discounting	247,114	53,719
-Net financial expense	(2,851,851)	1,622,000
- Provisions for risks, restructuring and LTI, inventory write-down and loss allowance	598,059	21,933,620
-Other changes	6,952,871	8,600,000
Sub-total	30,417,860	56,323,142
Changes in:		
-Inventories	(3,992,713)	(2,115,604)
-Trade receivables	45,676,410	7,541,237
-Other assets and other tax assets	5,222,015	(6,106,571)
-Trade payables	(35,468,696)	(6,648,000)
-Other liabilities and other tax liabilities	(10,379,241)	6,590,084
-Employee provisions and benefits	(18,384,378)	396,043
Cash generated by operating activities	13,091,257	55,980,331
Income taxes paid	(3,068,849)	(447,568)
Net cash generated by operating activities	10,022,408	55,532,763
Cash flows from investing activities		
Proceeds from the sale of financial assets	-	274,907
Acquisition of subsidiaries, net of liquidity acquired	(11,452,361)	(15,832,212)
Purchase of property, plant and equipment	(1,019,433)	(5,343,186)
Purchase of intangible assets	(4,148,487)	(4,976,463)
Dividends received	2,970,533	2,476,766
Net cash used in investing activities	(13,649,748)	(23,400,189)
Cash flow from financing activities		
Proceeds from derivative financial instruments and other financial assets	(3,613,071)	519,760
Payment for purchase of treasury shares	(1,702,814)	-
Repayment of bank financial liabilities	(17,689,800)	11,878,288
Repayment of financial liabilities related to the purchase of equity investments	(975,000)	-
Payment of lease liabilities	(348,352)	(1,291,551)
Dividends paid	(3,773,691)	-
Interest paid	(1,099,980)	(1,567,951)
Net cash generated by/(used in) financing activities	(29,202,708)	9,538,546
Net increase/(decrease) in cash and cash equivalents	(32,830,048)	41,671,120
Cash and cash equivalents at January 1	75,347,172	33,676,052
Effect of exchange rate fluctuations on cash and cash equivalents	0	
Cash and cash equivalents at the reporting date	42,517,124	75,347,172

D.5. Statement of changes in equity

	Share capital	Capital reserves	Treasury shares	Hedging reserve/ Actuarial reserve	Retained earnings	Profit/ (loss) attributable to the owners of the Parent	Equity
<i>In Euro thousands</i>							
31/12/2020	12,665	71,123	0	(1,526)	6,537	(3,176)	85,623
Fair value change in cash flow hedges net of the tax effect	0	0	0	(1,146)	0	0	(1,146)
Actuarial gains/(losses) on post-employment benefits	0	0	0	102	0	0	102
Total gains/(losses) recognised directly in equity	0	0	0	(1,044)	0	0	(1,044)
Profit attributable to the owners of the Parent	0	0	0	0	0	10,122	10,122
Total gains/(losses) recognised in other comprehensive income	0	0	0	(1,044)	0	10,122	9,078
Allocation of profit for the year	0	0	0	0	(3,176)	3,176	0
Dividends	0	0	0	0	0	0	0
Other changes	0	0	0	0	1	0	1
31/12/2021	12,665	71,123	0	(2,570)	3,362	10,122	94,702
Fair value change in cash flow hedges net of the tax effect	0	0	0	2,984	0	0	2,984
Actuarial gains/(losses) on post-employment benefits	0	0	0	889	0	0	889
Total gains/(losses) recognised directly in equity	0	0	0	3,873	0	0	3,873
Profit attributable to the owners of the Parent	0	0	0	0	0	15,902	15,902
Total gains/(losses) recognised in other comprehensive income	0	0	0	3,873	0	15,902	19,775
Allocation of profit for the year	0	0	0	0	10,122	(10,122)	0
Dividends	0	0	0	0	(3,774)	0	(3,774)
Other changes	0	0	(1,703)	0	0	0	(1,703)
31/12/2022	12,665	71,123	(1,703)	1,303	9,710	15,902	109,000

D.6. Notes to the Separate Financial Statements at December 31, 2022

D.6.1. Accounting policies

D.6.2. Accounting standards, amendments and interpretations in force as from January 1, 2022 and not yet applicable by the Company

D.6.3. Significant accounting estimates

D.6.4. Notes to the Separate Financial Statements

D.6.5. Guarantees, commitments and contingent liabilities

D.6.6. Risk management

D.6.7. Disclosure of Management remuneration and related party transactions

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

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

D.6.10. Events after the reporting date

D.6.11. Proposal for the approval of the 2022 Financial Statements and allocation of the profit for the year as approved by the Board of Directors on March 16, 2023

D.6.1. Accounting policies

D.6.1.1 – General information

Elica S.p.A. is a company incorporated under Italian law based in Fabriano (Ancona, Italy). The company is listed on the STAR segment of the Mercato Telematico Azionario (MTA) organised and managed by Borsa Italiana S.p.A.

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

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

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

D.6.1.2 Basis of preparation

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

The Separate Financial Statements at December 31, 2022 are compared with the previous year and 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 the Explanatory Notes thereto.

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

The Company did not make any changes in the accounting policies applied between the comparative dates of December 31, 2022 and December 31, 2021.

The financial statement items have been measured in accordance with the general criteria of prudence and accruals and on a going concern basis, and also take into consideration the economic function of the assets and liabilities.

D.6.1.3 Financial schedules

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

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

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

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

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

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

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

D.6.1.4 Accounting policies

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

Property, plant & equipment

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

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

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

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

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

Goodwill

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

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

On the sale of a subsidiary, any goodwill attributable to the subsidiary is included in the calculation of the gain or loss on the sale.

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

Research costs

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

Development costs

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

- the costs can be reliably determined;
- the technical feasibility of the product is demonstrated,
- the volumes, and expected prices indicate that costs incurred for development will generate future economic benefits;
- the technical and financial resources necessary for the completion of the project are available.

Where the above conditions are not met; the cost is taken to profit or loss.

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

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

Other intangible assets

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

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

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

Impairment testing

At each reporting date, the company assesses whether events or circumstances exist that raise doubts as to the recoverability of the carrying amount of property, plant and equipment and intangible assets with finite useful lives. If there are any indications of impairment, the company estimates the recoverable amount of the assets to determine any impairment loss.

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

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

Investments in subsidiaries and associates

This item includes interests held in subsidiaries, associates and joint ventures. For the classification of items, entities for which the power to establish financial and management policies is held to obtain benefits are considered subsidiaries. This is the case when more than half of the voting rights are held, directly and/or indirectly, or when other conditions of *de facto* control exist, such as the appointment of a majority of Directors.

Jointly-controlled entities are those for which there are contractual, shareholders' or other agreements for the joint management of the business and the appointment of Directors. Associates are those companies in which 20% or more of the voting rights are held and companies which, due to particular legal ties, such as participation in shareholders' agreements, are to be considered as having significant influence.

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

At each year-end or interim reporting date, any indicators of the risk that the investment has been impaired are ascertained. Where indicators exist that the value of an equity investment may have been impaired, the recoverability of the carrying amount is tested (Impairment Test).

The impairment test compares the carrying amount of the investment with the recoverable amount, defined as the higher between the fair value of the investment net of costs to sell and the value in use, represented by the present value of the expected revenue streams for the years of operations of the company subject to the impairment test and deriving from its disposal on conclusion of its useful life. Any excess of the carrying amount results in an impairment loss. An impairment loss is recognised in profit or loss. Following the impairment of the cost of the

investment, further losses recorded on the investment are recorded under liabilities, where a legal implicit obligation to cover the losses in the investment exists. When the reasons for the impairment no longer exist, the impairment losses are reversed bringing the carrying amount up to the revised estimate of its recoverable amount. The restatement cannot exceed the carrying amount had no impairment been recognised. The reversal of an impairment loss is taken to profit or loss.

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

IFRS 16 Leases

At the commencement date of leases, the Company recognises the right-of-use assets and the lease liabilities. Right-of-use assets are initially valued at cost, and subsequently at cost net of amortisation and cumulative impairment losses, while adjusted to reflect lease liability revaluations.

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

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

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

Inventories

Inventories are measured at the lower of purchase or production cost and net realisable value. The purchase cost of raw, ancillary, supplies and goods for resale is determined using the weighted average cost method.

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

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

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

Trade receivables, loans, including loans and borrowings from Group companies and other financial assets

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

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

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

Assets held for sale and liabilities associated with assets held for sale

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

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

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

Cash and cash equivalents

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

Trade payables and other financial liabilities

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

Bank loans and borrowings and loans and borrowings from other lenders, including Group companies

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

Derivative financial instruments and hedge accounting

The Company makes use of derivative financial instruments with the intention of hedging currency, interest rate and commodity price risks.

These derivative financial instruments are initially recognized at fair value at the date on which they are obtained, and this fair value is periodically remeasured. They are recorded as financial assets when the fair value is positive, and as financial liabilities when negative.

In compliance with International Financial Reporting Standards, derivative financial instruments can be recognised using “hedge accounting” only when the hedge is formally

designated and documented as such and is presumed to be highly effective at inception, such effectiveness can be reliably measured and the hedge is highly effective over the accounting periods for which it was designated.

All derivative financial instruments are measured at fair value. When derivative instruments have the characteristics for hedge accounting, the following accounting treatments apply:

- Fair value hedge – if a derivative financial instrument is designated as a hedge to the exposure of changes in the fair value of an asset or liability or of an irrevocable commitment which can have effects on the income statement, the change in the fair value of the hedge instrument is recognised through profit or loss, and the change in the fair value of the hedged item, attributable to the risk hedged, is recognised as part of the carrying amount of that item and recognised through profit or loss. If the underlying item is represented by an irrevocable commitment, the fair value of the item relating to the risk hedged is recognised as an asset or liability, adjusting the statement of financial position item which will be affected by the irrevocable commitment at the time of its realisation.
- Cash flow hedge – If a derivative financial instrument is designated as a hedge to the exposure of the changes in the cash flows of an asset or liability, or a transaction considered highly probable, or of an irrevocable commitment and which may have effects on the income statement, the effective portion of the profits or losses of the financial instrument is recognised under equity and shown on the statement of comprehensive income. The cumulative profits or losses are reversed from equity and recognised in the income statement in the same period in which the transaction subject to hedging is recognised in the income statement; the profit or loss related to a hedge or the part of the hedge becoming ineffective is recognised in the income statement when such inefficacy is recognised.

If hedge accounting cannot be applied, gains or losses deriving from the fair value of the derivative are recognised directly in the income statement.

Reference should be made to paragraph. D.6.6. “Risk management” of these Notes for information on the management of risks related to exchange rates.

Treasury shares

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

Employee benefits

Post-employment benefits

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

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

Up to December 31, 2006, the post-employment benefits of the Italian companies were considered a defined benefit plan. The regulations governing Italian post-employment benefits were modified by Law no. 296 of December 27, 2006 (“2007 Finance Act”) and subsequent decrees and regulations issued at the beginning of 2007. In the light of these changes, and

specifically with reference to companies with more than 50 employees, only the benefits that accrued prior to January 1, 2007 (and not yet paid at the reporting date) are now considered a defined benefit plan, while those that accrued after this date are considered a defined contribution plan.

Share-based payments

Where the Company recognises additional benefits to senior management and key personnel through stock grant plans, in accordance with IFRS 2 – Share-based payments, these plans represent a form of remuneration to the beneficiaries. Therefore the cost, which is the fair value of these instruments at the assignment date, is recognised in profit or loss over the period between the assignment date and maturity date, with a balancing entry directly in equity. Changes in the fair value after the assignment date do not have an effect on the initial value. At December 31, 2022 there are no such plans in place, there are only monetary based on phantom stock plans. The existing plans award beneficiaries a number of phantom stocks. When the vesting conditions are met, and upon the completion of the period specified in the continuing employment condition, the beneficiary receives a payment in cash equal to the value of the phantom stock accrued. This therefore represents a cash settled plan. The cost accrued during the year is thus taken to the income statement and the related provision is recognised. The same accounting treatment is applied to new monetary plans, which stipulate the issue of a cash payment to the beneficiaries on conclusion of the long-term objectives period. For further information, please consult the plan information documents on the company's website, (<https://corporate.elica.com/en/governance/corporate-documents>).

Provisions for risks and charges

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

Revenue and income

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

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

revenue taking account of any discounting effect from payments deferred over time is introduced.

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

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

Foreign currency transactions

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

Exchange differences arising on such transactions or on the translation of monetary assets and liabilities are recorded in the Income Statement except for those arising on derivative financial instruments qualified as cash flow hedges. These differences are recorded in Equity if unrealised, otherwise they are recorded in the Income Statement.

Government grants

Government grants are recognised when it is reasonably certain that the conditions required to obtain them will be satisfied and that they will be received. Such grants are recorded in the income statement over the period in which the related costs are recorded, with a reduction in the generating account.

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

Income taxes

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

Current taxes are based on the assessable results of the period as per the applicable regulation. The liability for current income taxes is calculated using the current rates at the reporting date. Elica S.p.A. and the subsidiaries EMC Fime S.r.l and Airforce S.p.A. have opted for a consolidated tax regime in Italy. This means that the IRES (Corporation Tax) charge is calculated on a tax base representing the aggregate of the taxable income and tax losses of the individual companies. The contract is of three-year duration.

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

- amounts due by the subsidiary under Article 127(1) of the Income Tax Code;
- payment of amounts due to the tax authorities, should it emerge that sums declared in the consolidated tax return have not been paid;

- consolidation adjustments made based on figures supplied by the subsidiary and contested by the tax authorities.

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

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

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

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

Deferred tax assets are recognised to the extent that it is probable that, in the periods in which the deductible temporary differences will reverse, taxable income shall arise of not less than the amount of the differences. The carrying amount of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.

Deferred tax liabilities are measured based on the tax rate that is expected to be in effect at the time the asset value is realized or the liability is extinguished and are recognized directly to the income statement with the exception of those relating to accounts directly recognized to equity, in which case the deferred taxes are also recognized to equity.

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

D.6.2. Accounting standards, amendments and interpretations in force as from January 1, 2022 and not yet applicable by the Company

D.6.2.1 Accounting standards, amendments and interpretations applied from January 1, 2022

These separate financial statements were prepared using the same accounting standards as those applied to the latest annual financial statements (i.e. for the preparation of the financial statements at December 31, 2021, and the financial statement formats used are the same as those used to prepare the financial statements as at December 31, 2021).

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

The main changes are as follows:

Amendments to IAS 37 – “Onerous Contracts - Cost of Fulfilling a Contract”

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

Amendment to IAS 16 - “Property, Plant and Equipment: Proceeds before Intended Use”

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

Amendments to IFRS 3 - “Reference to the Conceptual Framework”

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

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

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

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current-Deferral of Effective Date"

The amendments to IAS 1 concern the definitions of current and non-current liabilities and provide a more general approach to the classification of liabilities based on contractual arrangements. As of the EFRAG report of September 2022, this amendment has yet to be endorsed.

Amendments to IAS 12 “Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments to IAS 12 are aimed at clarifying how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. These amendments are effective from periods beginning on, or subsequent to, January 1, 2023.

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

D.6.3. Significant accounting estimates

In the preparation of the Separate Financial Statements in accordance with IFRS, the Company's Management must make accounting estimates and assumptions which have an effect on the values of the assets and liabilities and disclosures. Actual results may differ from

these estimates. The estimates and assumptions are periodically reviewed and the effects of any changes are promptly recognised in the separate financial statements.

In this context, the situation caused by the historic volatility of the financial markets has resulted in the need to make assumptions about a future performance characterised by significant uncertainty, in which results in the coming years could differ from such estimates and, therefore, require adjustments that is not currently possible to estimate or forecast, and these adjustments might even be significant.

The items principally affected by such uncertainty are: goodwill, the loss allowance and the provision for inventory write-down, non-current assets (intangible assets and property, plant and equipment), pension funds and Long Term Incentives, other post-employment benefits, provisions for risks and charges and deferred tax assets.

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

D.6.4. Notes to the Separate Financial Statements

Income Statement

D.6.4.1 Revenue

An analysis of revenue by product sales and services follows:

<i>In Euro thousands</i>	2022	2021	Changes
Net revenue from core business	286,183	366,887	(80,704)
Premiums and recharges	(9,197)	(10,599)	1,402
Revenue from services	9,344	8,471	873
Revenue from other products	17,749	37,850	(20,101)
Revenue	304,079	402,609	(98,530)

The item decreased by approximately 24% on the previous year. This mainly follows the transfer of the motors business to the subsidiary EMC Fime, with effect from January 1, 2022. This decrease is distributed both among third parties and Group companies.

For information on revenue, reference should be made to paragraph A.6. "The Parent, Elica S.p.A.: financial results and operating performance", in the Directors' Report.

A breakdown of revenue from third parties and subsidiaries is shown below.

<i>In Euro thousands</i>	2022	2021	Changes
Revenue - third parties	241,397	319,281	(77,884)
Revenue - subsidiaries	62,682	83,328	(20,646)
Revenue	304,079	402,609	(98,530)

Revenue from subsidiaries amounts to Euro 62,682 thousand. These amounts principally refer to the sale of components, finished products and services to the subsidiary AirForce for Euro 784 thousand (Euro 1,698 thousand in 2021), to the subsidiary Ariaфина for Euro 343 thousand (Euro 373 thousand in 2021), to the subsidiary Elica Group Polska for Euro 13,427 thousand (Euro 33,374 thousand in 2021), to the subsidiary Elicamex for Euro 7,141 thousand (Euro 13,800 thousand in 2021), to the Chinese subsidiary Putian for Euro 349 thousand (Euro 635 thousand in 2021), to the Russian subsidiary Elica Trading for Euro 9,046 thousand (Euro 7,713 thousand in 2021), to Elica France for Euro 20,282 thousand (Euro 18,069 thousand in 2021), to the subsidiary Elica GmbH for Euro 7,798 thousand (Euro 6,916 thousand in 2021) and to the subsidiary EMC Fime for Euro 3,511 thousand (Euro 62 thousand in 2021).

Revenue from subsidiaries decreased, as in 2022 the motors business was transferred to the Group company EMC Fime.

All transactions are regulated at prices in line with market conditions applied to third parties.

Finally we present revenue by geographic segment.

Breakdown of revenue from sales and services by geographic segment and from third party and subsidiaries:

<i>In Euro thousands</i>	2022	2021	Changes
EUROPE + CSI (RUSSIA)	274,180	364,468	(90,288)
OTHER COUNTRIES	17,806	18,371	(565)
AMERICA	12,093	19,770	(7,677)
Revenue	304,079	402,609	(98,530)

There are no non-Group customers in 2022, similar to 2021, whose revenue accounts for more than 10% of total revenue.

D.6.4.2 Other operating income

<i>In Euro thousands</i>	2022	2021	Changes
Grants related to income	1,104	1,080	24
Ordinary gains	7,494	98	7,396
Claims and insurance settlement	83	106	(23)
Other operating income	1,834	1,009	824
Other operating income	10,515	2,293	8,221

Other operating income increased by Euro 8 million, mainly in terms of Ordinary gains. This increase is mainly due to two factors. On the one hand, Euro 3.2 million concerns the gain realised following the sale of the joint-ownership of a number of patents.

On the other hand, Euro 4.2 million concerns the gain realised by Elica S.p.A. for the sale of production assets, for the portion transferred to the subsidiary Elica Group Polska for the reorganisation of the production footprint.

The new organisational structure establishes for the Italy Cooking area the conversion of the production site of Mergo into a high-end hub, the transfer of the higher standard production lines to the Jelcz-Laskowice plant in Poland and the integration into the Mergo plant of the activities carried out at the Cerreto site.

This account presents the majority of the public grants issued to the company. Reference should be made to Note D.6.8 for information on the public grants presented according to Article 1, paragraph 125, No. 124 of Law of August 4, 2017.

D.6.4.3 Change in finished/semi-finished products

The change in finished and semi-finished products and work in progress was positive for Euro 2,530 thousand, while negative at December 31, 2021 for Euro 1,616 thousand. The increase reflects the change in the value of inventories of finished and semi-finished products.

D.6.4.4 Increase in internal work capitalised

<i>In Euro thousands</i>	2022	2021	Changes
Increase in internal work capitalised	1,149	1,603	(454)
Increase in internal work capitalised	1,149	1,603	(454)

The account amounted to Euro 1,149 thousand (Euro 1,603 thousand in the previous year) and mainly relates to the capitalization of charges regarding the design and development of new products and costs sustained internally for the construction of mouldings, industrial equipment and the implementation of new IT programmes. Capitalised costs principally relate to personnel. The amount is in line with the previous year. For further information, reference should be made to the paragraphs outlining the balances and movements in property, plant and equipment and intangible assets.

D.6.4.5 Raw materials and consumables

The breakdown of consumables (third parties and subsidiaries) are as follows:

<i>In Euro thousands</i>	2022	2021	Changes
Purchase of raw materials	68,384	115,685	(47,301)

Purchase of semi-finished products	11,101	10,391	710
Purchase of consumables and supplies	523	869	(346)
Purchase of finished products	118,547	122,758	(4,211)
Packaging	237	191	46
Others	582	648	(66)
Transport on purchases	1,168	2,020	(852)
Change in inventory of raw materials, consumables, supplies and goods	(4,226)	(3,731)	(495)
Raw materials and consumables	196,316	248,831	(52,515)

The balances were as follows:

<i>In Euro thousands</i>	2022	2021	Changes
Raw materials and consumables - third parties	78,152	126,723	(48,571)
Raw materials and consumables - subsidiaries	118,164	122,108	(3,944)
Raw materials and consumables	196,316	248,831	(52,515)

Raw materials and consumables decreased by Euro 52.5 million compared to 2021. This movement is mainly due to the transfer of the motors business unit to EMC Fime, with effect from January 1, 2022. This decrease is distributed both among third parties and Group companies.

These costs as a percentage of sales increased from 61.8% to 64.6%. These costs are considered together with the change in inventories of finished products and semi-finished goods. The percentage of revenue is thereby realigned, decreasing from 63.3% to 62.2%.

Purchases from subsidiaries amounted to Euro 118,164 thousand (Euro 122,108 thousand in 2021). The most significant item relates to the purchase of finished products and goods from the subsidiaries Elica Group Polska, for Euro 96,983 thousand (Euro 115,097 thousand in 2021), and from EMC Fime for Euro 13,950 thousand. Following the transfer of the business unit in fact, Elica S.p.A. purchases the motors for its Cooking products from the subsidiary EMC Fime.

All transactions are regulated at prices in line with market conditions applied to third parties.

D.6.4.6 Services

<i>In Euro thousands</i>	2022	2021	Changes
Outsourcing	10,542	22,367	(11,825)
Maintenance	2,175	1,504	671
Transportation	3,205	4,083	(878)
Trade fairs and promotional events	3,391	2,938	453
Utilities	2,401	1,838	563
Promotion and advertising fees	1,783	1,490	293
Commissions and bonuses	931	943	(12)
Management of finished products	7,835	7,401	434
Consultancy	6,187	6,950	(763)
Industrial services	572	443	129
Travelling expenses	894	360	534
Insurances	841	884	(43)
Banking commissions and charges	182	158	24
Other professional services	3,856	6,364	(2,508)
Heating expenses	530	323	207
Statutory auditors' fees	85	78	7
Directors' fees	1,613	210	1,403
Car management	568	565	3
Costs to remain listed on the stock exchange	487	371	116
Services	48,078	59,270	(11,192)

Service costs decreased by approx. Euro 11.2 million on the previous year. This decrease is within the Outsourcing item which concerns services from third party companies. It is also due to the transfer of the motors business unit to EMC Fime, with effect from January 1, 2022. Other professional services decreased, netted by the increase in Directors' fees which was affected by the Long Term Incentive Plan costs.

Other professional services includes in 2022 communication services of Euro 913 thousand, technical assistance and product warranty costs of Euro 1,411 thousand, canteen costs of Euro 332 thousand and cleaning costs of Euro 235 thousand.

The balance is comprised of:

<i>In Euro thousands</i>	2022	2021	Changes
Services - third parties	45,250	56,193	(10,943)
Services - subsidiaries	2,828	3,077	(249)
Services	48,078	59,270	(11,192)

D.6.4.7 Personnel expense

Personnel expense incurred in 2022 and 2021 was as follows:

<i>In Euro thousands</i>	2022	2021	Changes
Wages and salaries	28,957	38,848	(9,891)
Social security expenses	9,131	12,350	(3,219)
Post-employment benefits	1,919	2,548	(629)
Other personnel expense	1,069	6,486	(5,417)
Personnel expense	41,076	60,232	(19,156)

Personnel expense overall decreased Euro 19.2 million. This was mainly due to two factors. On the one hand, this item was impacted by the transfer of the motors business unit to the subsidiary EMC Fime, with effect from January 1, 2022, involving the transfer of over 200 employees. Of note in this regard is the reorganisation of our production footprint, which led to the transfer of a portion of production from the Italian facilities of Elica S.p.A. to the Polish plant of the subsidiary Elica Group Polska.

Other personnel expense decreased Euro 5.4 million, with Euro 0.7 million concerning temporary workers.

Other personnel expense also includes the cost to adjust the provision for the Long Term Incentive Plan for employee beneficiaries. This figure mainly depends on the passage of time, on the performance of Elica's shares for the portion related to the phantom stock, and on assessments of the potential achievement of the targets assigned to the plan's beneficiaries.

The table below shows the number of employees at December 31, 2022 and December 31, 2021:

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Executives	23	27	(4)
White-collar	270	351	(81)
Blue-collar	381	695	(314)
Other	0	15	(15)
Total	674	1,088	(414)

The above figure also includes employees in the Spanish office.

D.6.4.8 Amortisation, depreciation and impairment losses

Amortisation and depreciation amount to Euro 9,531 thousand, a decrease on Euro 13,507 thousand in 2021. The decrease is due to the two factors previously indicated: on the one hand, the transfer of the motors business to EMC Fime and on the other the sale of assets needed for the reorganization of the production footprint to the subsidiary EGP.

The Company last year recognised impairment losses of approx. Euro 2,175 thousand. In 2022, the review by the company of the useful life of intangible assets and the continued compliance with the requirements for intangible asset capitalization did not indicate any impairment.

For the changes in the year of amortisation and depreciation, reference should be made to the paragraph on property, plant and equipment, intangible assets and right-of-use assets as per IFRS 16, D.6.4.17 and D.6.4.18.2, D.6.4.18.3.

D.6.4.9 Other operating expenses and accruals

These are detailed as follows:

<i>In Euro thousands</i>	2022	2021	Changes
Rental of vehicles and industrial equipment	164	146	18
Leases and rentals	118	94	24
HW, SW, patent use fees	744	691	53
Other taxes (no income tax)	251	586	(335)
Magazines, Subscription expenses	4	3	1
Sundry equipment	134	134	0
Catalogues and brochures	302	450	(148)
Credit losses and loss allowance	(796)	879	(1,675)
Provisions for risks and charges	1,040	5,504	(4,464)
Other prior year expenses and losses	634	606	28
Other operating expenses and accruals	2,595	9,093	(6,498)

The item decreased Euro 6.5 million, mainly in terms of the Provisions for risks and charges and Credit losses and loss allowance, which reflect Management's estimates for the coverage of risks. Last year, we allocated provisions, used in 2022, aimed at covering business risks in terms of mitigating the impact of market volatility.

For further details, see also D.6.4.27.

D.6.4.10 Restructuring charges

<i>In Euro thousands</i>	2022	2021	Changes
Restructuring charges	4,656	15,466	(10,810)
Restructuring charges	4,656	15,466	(10,810)

Restructuring charges of Euro 4.6 million concern for Euro 4.3 million the implementation of the reorganisation of the production plant of the Cooking Business Unit.

On March 31, 2021, Elica S.p.A. communicated to the trade union representatives the new organisational structure necessary to ensure the business continuity of the entire Group. The reorganisation, in line with the 2021 - 2023 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 higher standard production lines to the Jelcz-Laskowice plant in Poland and the integration into the Mergo plant of the activities carried out at the Cerreto site. On December 9, 2021, at the Ministry for Economic Development, the dispute concluded successfully. The company decided to return certain areas of production from Poland to Italy, mainly within the high-end sphere - including the NikolaTesla aspirating hob - through a reshoring operation.

On the basis of the reorganisation presented, the Mergo facility is progressively becoming 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 are carried out at the Polish facilities.

This allows 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 (Elica and EMC Fime).

The number of employees involved in the restructuring reflected expectations and was achieved exclusively through voluntary and incentivised departures. Surplus personnel are managed through early retirement and relocation to other major companies in the area.

Euro 4.7 million of these costs, partly provisioned in 2022 and partly remaining from the 2021 provision, are still carried in the restructuring provision to cover future departures in accordance with IAS 37. This concerns primarily personnel expense and assets that will lose their future use.

D.6.4.11 Gain/(loss) on group companies

	2022	2021	Changes
<i>In Euro thousands</i>			
Impairment of investments in subsidiaries	-	(8,600)	8,600
Gain on the sale of the controlling interest	-	22,534	(22,534)
Gain on the sale of the interest in an associate	-	125	(125)
Gain/(loss) on Group companies	-	14,059	(14,059)

This item had a zero balance in 2022, while in 2021 it included the impairment of the equity investment in the subsidiary Putian for Euro 8.6 million and the gain on the sale of the controlling investment in the subsidiary Elica India for Euro 22.5 million, in addition to the gain of Euro 125 thousand on the sale of the investment in the associate I.S.M. srl.

D.6.4.12 Financial income

Details of financial income are shown below:

<i>In Euro thousands</i>	2022	2021	Changes
Interest on bank and postal deposits	59	1	58
Other financial income	1,113	591	522
Financial Income	1,172	592	580

Financial income significantly increased on the previous year. The increase mainly refers to Other Financial Income, an amount primarily comprised of Interest Income from subsidiaries and others. This item reflects changes in cash and cash equivalents over time, as a result of the Group's decision to centralize its bank borrowings in order to benefit from more favourable market conditions.

D.6.4.13 Financial expense

<i>In Euro thousands</i>	2022	2021	Changes
Financial expense on overdrafts and bank loans	1,668	1,565	103
Interest on lease liabilities (IFRS 16)	29	83	(54)
Financial expense on post-employment benefits	99	54	45
Financial discounts	381	418	(37)

Other financial expense	342	94	248
Financial expense	2,519	2,214	305

The balance increased Euro 0.3 million on the previous year. This increase concerns Other financial expense which includes interest expense to subsidiaries. This item reflects changes in cash and cash equivalents over time, as a result of the Group's decision to centralise its bank borrowings in order to benefit from more favourable market conditions.

D.6.4.14 Exchange rate gains/(losses)

<i>In Euro thousands</i>	2022	2021	Changes
Exchange rate losses	(4,816)	(2,477)	(2,339)
Exchange rate gains	8,730	4,797	3,933
Losses on derivatives	(4,469)	(3,952)	(517)
Gains on derivatives	3,889	3,321	568
Net exchange rate gains	3,334	1,689	1,645

The net balance between exchange rate gains and losses in the year was a gain of Euro 3,914 thousand (compared to a gain of Euro 2,320 thousand in the previous year).

The net balance of gains/(losses) on derivatives was a loss of Euro 580 thousand in 2022 (a loss of Euro 631 thousand in 2021) and relates principally to premiums on currency derivatives, which do not meet hedge accounting requirements under IFRS, although they were made for this purpose. For this reason, they were recognised at their fair value and recognised in profit or loss.

As the company reported a net exchange rate gain and a profit for the year, it replenished the reserve for exchange rate gains pursuant to No. 8-*bis* of paragraph 1, Article 2426 of the Civil Code.

D.6.4.15 Income taxes

The tax charge in the year is broken down as follows:

<i>In Euro thousands</i>	2022	2021	Changes
Current taxes	318	9,196	(8,878)
Deferred taxes	4,758	(6,397)	11,155
Income taxes	5,076	2,799	2,277

Current taxes include the amounts regarding: IRAP for Euro 227 thousand, non-recoverable foreign taxes for Euro 167 thousand and the recognition of the income from the tax consolidation for Euro 74 thousand.

The company is awaiting a fresh Ruling from the Tax Authorities for the Patent Box - a fiscal subsidy granted by the Italian State - with prior agreement - for income deriving from the use of intangible assets (patents) and did not accrue, similarly to 2020, any tax benefit in terms of tax breaks on income.

The company took part in the National Tax Consolidation, as per Article 117 and subsequent of the Income Tax Law, with the subsidiary EMC Fime S.r.l. and Air Force S.p.A. for the years 2022 - 2024.

According to the consolidation agreements, in the case of the transfer to the tax consolidation (fiscal unit) of a tax loss, of a ROL excess (gross operating profit), of an interest expense or income excess or an excess in the ACE (Economic Growth Support) deduction compared to the assessable income, the Company will recognise remuneration equal to the tax advantage gained by the Group (IRES rate 24%); this amount is recognised under "Consolidation income" in the income statement.

The reconciliation between the theoretical and effective tax rate is shown (IRES) in the table below.

The change in the effective tax rate is due to non-recurring events, both last year and in the present year.

Tax Rate Reconciliation

RECONCILIATION TAX RATE										
	2022					2021				
IRES rate	24.00%					24.00%				
IRAP rate	4.73%					4.73%				
	Taxable base	IRES	IRAP	Total	% IRES on tax base	Taxable base	IRES	IRAP	Total	% IRES on profit/(loss) before tax
Income taxes										
- Current		(74)	227	153			5,303	1,280	6,583	
- Prior year taxes / foreign taxes		165	0	165			2,612	0	2,612	
- Deferred – cost (income)		4,190	567	4,758			(5,155)	(1,242)	(6,396)	
[A] TOTAL INCOME TAXES		4,281	795	5,076	20.41%		2,760	39	2,799	21.36%
PROFIT BEFORE TAXES	20,978					12,920				
Tax calculated using local tax rate		5,035			24.00%		3,101			24.00%
Tax effect of exempt income	(4,900)	(1,176)			-5.61%	(26,792)	(6,430)			-49.77%
Tax effect of non-deductible expenses	983	236			1.1%	11,972	2,873			22.2%
Other differences	91	22			0.1%	2,513	603			4.7%
[B] Effective tax charge and tax rate net of substitute tax	17,151	4,116			19.62%	614	147			1.14%
Effect of tax reimbursement / Foreign taxes		165			0.79%		2,612			20.22%
[C] Effective tax charge and tax rate		4,281			20.41%		2,760			21.37%

D.6.4.16 Other information on Income Statement items

The research and development costs capitalised and expensed in 2021 and in 2022 are summarised in the table below:

<i>In Euro thousands</i>	2022	2021	Changes
R&D costs expensed	4,460	5,132	(672)
Amortisation of capitalised R&D costs	1,977	2,654	(677)
Total R&D costs	6,437	7,786	(1,349)
R&D costs capitalised during the year	1,054	1,072	(18)

Statement of financial position

D.6.4.17 Property, plant and equipment

The table below shows details of the changes in property, plant and equipment in 2021 and 2022.

<i>In Euro thousands</i>	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Historical cost property, plant & equipment
31/12/2020	38,188	69,330	88,152	8,036	212	203,918
Increase	224	859	2,569	366	1,641	5,659
Disposals & other reclassifications	(15,163)	(32,125)	(32,700)	(573)	(1,198)	(81,759)
31/12/2021	23,249	38,064	58,021	7,829	655	127,818
Increase	518	291	2,293	531	742	4,375
Disposals & other reclassifications	0	(10,031)	(10,465)	(5)	(921)	(21,422)
31/12/2022	23,767	28,324	49,849	8,355	476	110,771

<i>In Euro thousands</i>	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Accumulated Depreciation
31/12/2020	20,697	56,237	77,382	6,856		161,172
Depreciation	1,006	1,829	2,995	405		6,235
Disposals & other reclassifications	(7,975)	(27,318)	(27,741)	(474)		(63,508)
31/12/2021	13,728	30,748	52,636	6,787		103,899
Depreciation	620	824	1,541	384		3,369
Disposals & other reclassifications	0	(8,482)	(9,581)	(4)		(18,067)
31/12/2022	14,348	23,090	44,596	7,167		89,201

<i>In Euro thousands</i>	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Net property, plant and equipment
31/12/2020	17,491	13,093	10,770	1,180	212	42,746
Increase	224	859	2,569	366	1,641	5,659
Depreciation	(1,006)	(1,829)	(2,995)	(405)	0	(6,235)
Disposals & other reclassifications	(7,188)	(4,807)	(4,959)	(99)	(1,198)	(18,251)
31/12/2021	9,521	7,316	5,385	1,042	655	23,919
Increase	518	291	2,293	531	742	4,375
Depreciation	(620)	(824)	(1,541)	(384)	0	(3,369)
Disposals & other reclassifications	0	(1,549)	(884)	(1)	(921)	(3,355)
31/12/2022	9,419	5,234	5,253	1,188	476	21,570

The investments in the year concerned, among others, the purchase of moulds and other production machinery.

The main movements in the Disposals and other reclassifications item concerns the amounts of the transfer to the Polish subsidiary of the required property, plant and equipment, as part of the reorganisation of the production footprint which identified the Mergo hub for high-end production and concentration at the Polish facility of more standardised item production.

Property, plant and equipment is adequately insured against fire, weather damage and similar risks by means of insurance policies arranged with leading insurance companies.

The financial statements include assets acquired under finance lease agreements which by the end of 2010 had all been redeemed.

D.6.4.18 Goodwill and other intangible assets

D.6.4.18.1. Goodwill

The item presents the following movements:

	31/12/2021	Acquisitions/ (Impairment losses)	31/12/2022
<i>In Euro thousands</i>			
Goodwill	23,342	-	23,342
Goodwill	23,342	-	23,342

Goodwill totalled Euro 23.3 million and did not change in 2022.

Impairment Test for goodwill

IAS 36 establishes standards for the recognition and disclosure of the impairment of certain types of assets, including goodwill, and presents the principles that businesses must follow to ensure that their assets are measured at no greater than their recoverable amount.

IAS 36 defines recoverable amount as the greater of:

- fair value less costs to sell, i.e. the amount obtainable, net of costs to sell, from the sale of the asset in an arm's length transaction between knowledgeable, willing parties; and
- value in use, which is equal to the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

IAS 36 requires the carrying amount¹⁶ of goodwill to be compared with its recoverable amount whenever there is an indication that the asset may have undergone a reduction in value, and at least once per year in conjunction with impairment testing for the annual financial statements. The recoverable amount of goodwill is measured in reference to the cash generating unit (CGU), given that goodwill is not able to generate cash flows on its own.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets and with regard to which the Group has separate reporting of results.

The impairment testing undertaken in 2022 was based on the Company's five-year (2023-2027) financial forecasts, as prepared by management solely for the purposes of impairment testing and taking into account the current macroeconomic landscape and current trends in the markets in which the Company operates and as approved by the Board of Directors on February 14, 2023.

¹⁶ The carrying amount is equal to the sum of non-current assets (i.e. property, plant and equipment; goodwill, intangible assets with a finite useful life, and right-of-use assets), operating working capital (i.e. trade receivables and inventories less trade payables), and other assets and liabilities (i.e. tax assets and liabilities, provisions for risks and charges, other current assets and liabilities excluding the portion related to the purchase of equity investments, which are included among net financial position, deferred tax assets and liabilities related to purchase price allocations, assets and liabilities for derivative financial instruments excluding interest rate swaps, which are instruments used to hedge the cash flows of financing).

In accordance with IAS 36, and based on the considerations presented above, impairment testing of goodwill for the Company's separate financial statements at December 31, 2022, included the following activities:

- 1) Identification of goodwill
- 2) Identification of the CGUs and allocation of goodwill to these CGUs
- 3) Measurement of the recoverable amount of the CGUs
- 4) Results of impairment testing
- 5) Sensitivity analyses on impairment test results in relation to changes in the underlying assumptions.

Identification of goodwill

Goodwill totalling Euro 23.3 million was subjected to impairment testing. The statement of financial position shows no other intangible assets with finite useful lives.

Identification of the CGUs and allocation of goodwill to these CGUs

IAS 36 requires that each CGU or CGU group to which goodwill is allocated represent the minimum level, within the entity, at which goodwill is monitored for management purposes and not be broader than an operating segment as defined by IFRS 8 – Operating Segments.

The verification of goodwill was carried out by identifying the entire company as a single CGU, following an approach based on Management Reporting.

Measurement of the recoverable amount of the CGUs

The Impairment Test of Elica S.p.A.'s goodwill at December 31, 2022 was carried out by identifying the recoverable amount in the value in use.

The recoverable amount of the Cash Generating Unit was determined, also with the support of a leading consulting firm, through the determination of their respective value in use, understood as the present value of the expected future cash flows generated by the CGUs and estimated in accordance with the discounted cash flow method.

The impairment test was approved by the Board of Directors on February 14, 2023, independently and prior to the preparation of the financial statements.

Discounted cash flow assumptions

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

	2022	2021
Weighted average cost of capital (WACC)	8.1%	7.07%
Growth rate terminal value	1.0%	1.20%

The Weighted Average Cost of Capital (WACC) utilised to discount the future cash flows was determined utilising the Capital Asset Pricing Model (CAPM). For the calculation of the WACC a free risk rate of 3.9% was used, a market premium risk of 5.6% and a beta-unlevered factor of 0.72.

Assumptions utilised in estimating cash flows

The discounted cash flow model is based on the financial cash flows, calculated on the basis of the best estimates made by the directors, for the sole purposes of the impairment test, for a period of five years (2023-2027 Operating and Financial Projections).

The 2023-2027 Operating and Financial Projections used for the purpose of the impairment test were prepared and approved by the Directors on February 14, 2023. The main assumptions utilised in the determination of the cash flows were as follows:

- a revenue CAGR over the 2022-2027 period of 2.12%;
- average gross operating profit on revenue equal to 10%;
- average operating profit on revenue equal to 7.6%;
- average Capex on revenue equal to 2%;
- level of Free Operating Cash flow After Taxes on revenue equal to 0.3%.

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

Results of the impairment test

The impairment test did not result in the recognition of loss in value of the goodwill. The value in use of the Company was 4.9 times its carrying amount (Euro 262 million).

Sensitivity analysis

In order to better appreciate the sensitivity of the results of the Impairment Test to changes in the basic assumptions, several sensitivity analyses were carried out assuming reasonable changes in some of the assumptions underlying the estimates made, and in particular in the growth rate (between 0% and 2%), the WACC (between 9.1% and 7.1%) and the cost of raw materials (percentage increase between 0.5% and 1.7%). None of the changes considered resulted in a recoverable amount of the Company equal to or below the respective carrying amounts. In particular, upon changes in the growth rate the coverage would fluctuate between 4.4 and 5.6 and upon changes in the WACC coverage would fluctuate between 4.3 and 5.7. Regarding the sensitivity analysis related to the cost of raw materials, increasing it by 0.5% would result in a coverage of 3.8, while with an increase of 1.7% the coverage would be 3.4.

The WACC and growth rate at which the coverage is equal to one were also calculated. The WACC is 36.6% and the growth rate is over -90%.

D.6.4.18.2. Other intangible assets

The table below shows details of changes in other intangible assets in 2021 and 2022.

	Development costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and software	Other intangible assets	Assets under development and payments on account	Net intangible assets
<i>In Euro thousands</i>						
31/12/2020	6,527	8,586	361	993	1,500	17,967
Increase	1,072	2,349	13	418	720	4,572
Amortisation	(2,332)	(2,628)	(60)	(440)	0	(5,460)
Disposals & other reclassifications	11	229	(7)	(69)	(1,627)	(1,463)
31/12/2021	5,278	8,536	307	902	593	15,616
Increase	1,054	765	4	76	1,347	3,246
Amortisation	(1,977)	(2,500)	(58)	(375)	0	(4,910)
Disposals & other reclassifications	213	63	1	(1)	(294)	(18)
31/12/2022	4,568	6,864	254	602	1,646	13,934

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

Industrial patents and intellectual property rights includes the recognition of patents, associated development costs, intellectual property rights and software programmes.

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

Other intangible assets mainly consists of shared costs regarding the development of equipment, mouldings and machinery and servers refurbishment.

The assets under development and payments on account of Euro 1.6 million refer principally to the design and development of new products and software application programmes.

The capitalization of development costs and assets under development requires the calculation of estimates by the Directors, as their recoverability is dependent on the cash flows deriving from the sale of products sold by the Group. Management has reviewed the useful life of intangible assets and the continued compliance with the requirements for intangible asset capitalization. The analysis indicates that the recoverable amount of the development costs and assets under development is greater than the corresponding carrying amount, and therefore it is not necessary to recognise an impairment loss. The criteria applied to amortise intangible assets is considered appropriate to reflect the remaining useful life of the assets.

D.6.4.18.3. Right-of-use assets

	Buildings	Machines and installation	Industrial and commercial equipment	Other	Assets under construction and payments on account	Net right-of-use assets
<i>In Euro thousands</i>						
31/12/2020	216	985	0	4,167		5,368
Increase	163	0	0	603		766
Depreciation	(100)	(450)	0	(1,263)		(1,813)
Disposals & other reclassifications	(149)	(410)	0	(724)		(1,283)
31/12/2021	130	125	0	2,783		3,038
Increase	217	0	0	1,930		2,147
Depreciation	(80)	(37)	0	(1,135)		(1,252)
Disposals & other reclassifications	(53)	(1)	0	(1,175)		(1,229)
31/12/2022	214	87	0	2,405		2,706

This item includes assets representing the Company's rights-of-use under existing lease, rental and hire agreements. The Company has many assets under lease, such as buildings, production machinery, motor vehicles and IT equipment. The Rights-of-use on Other Assets primarily regard IT equipment.

D.6.4.19 Equity investments

D.6.4.19.1 Investments in subsidiaries

<i>In Euro thousands</i>	31/12/2021	Other changes	31/12/2022
Investment in subsidiaries	85,299	17,444	102,743
Investment in subsidiaries	85,299	17,444	102,743

The details of investments in subsidiaries are shown below:

<i>In Euro thousands</i>	31/12/2021	Acquisitions & Sub.	Impairment	Increases	Decreases	31/12/2022
Elica Trading LLC	3,880					3,880
Elica Group Polska S.p.zoo	22,276					22,274
Elicamex S.a. de C.V.	9,464					9,464
Aria fina Co.Ltd	49					49
Airforce S.p.A.	1,212			2,450		3,662
Zhejiang Elica Putian Electric Co. Ltd	11,990					11,990
Elica France S.A.S.	1,024					1,024
Elica GmbH	4,540					4,540
EMC Fime S.r.l.	30,865			14,994		45,859
Investments in subsidiaries	85,299			17,444		102,743

Equity investments changed as follows in the year.

Elica S.p.A. completed on July 1, 2022 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%. The concluded transaction (hereafter the "Closing") involved the transfer of 40% of the share capital of Air Force S.p.A. from Mr. Urbano Urbani to Elica S.p.A. and had a total cost of Euro 3.0 million, which includes also the non-competition agreement. The consideration for the transfer shall be settled in four instalments; the first of which settled on July 1, 2022 and the subsequent three from that date. The transfer of Elica S.p.A.'s business unit involved in the production and sale of motors to the subsidiary EMC FIME, approved by deed filed in December 2021, took effect from January 1, 2022. Following this transfer, Elica S.p.A. recognised an increase in the investment of Euro 14,994 thousand.

For the financial statements at December 31, 2021, Elica S.p.A. reclassified to Assets held for sale and liabilities directly associated with assets held for sale all items that were transferred.

The table below summarises the key figures derived from the subsidiaries' 2022 financial statements, including their equity. This amount is therefore compared with the carrying amount of the investment.

<i>In Euro thousands</i>	% held	Carrying amount at 31/12/2022	Profit/(loss) for the year	Equity
Airforce S.p.A.	100%	3,662	(512)	3,642
Ariaфина Co.Ltd	51%	49	3,246	11,058
Elica Group Polska Sp.z o.o	100%	22,274	2,385	23,319
Elicamex S.a.d. C.V.	98%	9,464	529	33,849
Zhejiang Elica Putian Electric Co. Ltd	99%	11,990	(1,107)	(54)
Elica Trading LLC	100%	3,880	154	1,708
Elica France S.A.S.	100%	1,024	286	1,425
Elica GmbH	100%	4,540	(94)	1,453
EMC Fime S.r.l.	100%	45,859	2,802	25,678

In accordance with the provisions of IAS 36, the recoverability of the carrying amount of equity investments is subject to testing amid the existence of indicators of potential impairment. Following the trigger events analysis carried out, impairment tests were performed on the controlling investments held in: Zhejiang Elica Putian Electric Co. Ltd, in consideration of the losses reported and the adjustments made in previous years; Elica Trading LLC, in consideration of the risks from the Russia-Ukraine conflict as this is the company that markets Elica products in Russia, and EMC Fime S.r.l. which reports consolidating goodwill.

In terms of how to determine any impairment losses on investments in subsidiaries, the test is carried out, in accordance with IAS 36, by comparing the recoverable amount with the carrying amount of the investment.

The recoverable amount of the equity investments was estimated, also with the assistance of a leading consulting firm, through the determination of their respective values in use, represented by the present value of the estimated cash flows for the years of operation of the tested companies and resulting from its disposal at the end of its useful life, calculated in accordance with the discounted cash flow method.

The impairment test was approved by the Board of Directors on February 14, 2023, independently and prior to the preparation of the financial statements.

Discounted cash flow assumptions

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

	Weighed average cost of capital (WACC)	Growth rate terminal value
Zhejiang Elica Putian Electric Co. Ltd	8.0%	2%
Elica Trading	18.7%	1%
EMC Fime Srl	9.4%	1%
Investments in subsidiaries with indicators of Impairment		

The Weighted Average Cost of Capital (WACC) utilised to discount the future cash flows was determined utilising the Capital Asset Pricing Model (CAPM).

For the calculation of the WACC of Elica Putian a free risk rate of 3.8% was used, a market premium risk of 5.6% and a beta-unlevered factor of 0.72.

For the calculation of the WACC of Elica Trading a free risk rate of 18% was used, a market premium risk of 5.6% and a beta-unlevered factor of 0.72.

For the calculation of the WACC of EMC Fime a free risk rate of 5.3% was used, a market premium risk of 5.4% and a beta-unlevered factor of 0.78.

Assumptions utilised in estimating cash flows

The discounted cash flow model is based on the financial cash flows, calculated on the basis of the best estimates made by the directors, for the sole purposes of the impairment test, for a period of five years (2023-2027 Operating and Financial Projections).

The 2023-2027 Operating and Financial Projections for the companies subject to testing, used for the purpose of the impairment test, were prepared and approved by the Directors on February 14, 2023.

The main assumptions utilised in the determination of the cash flows were as follows:

	CAGR revenue period 2022- 2027	Average gross operating profit on revenue	Average operating profit on revenue	Average Free Operating Cash flow after taxes on revenues
Zhejiang Elica Putian Electric Co. Ltd	15.08%	9.67%	5.20%	-2.7%
Elica Trading	3%	2.71%	2.38%	-5.9%
EMC Fime Srl	3.62%	7.54%	4.99%	1.7%
Investments in subsidiaries with indicators of Impairment				

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

Results of the impairment test

The tests conducted did not result any impairment losses on the investments tested being recognised in the company's income statement.

The results are reported below.

	Coverage
Zhejiang Elica Putian Electric Co. Ltd	1.33
Elica Trading	1.02
EMC Fime Srl	1.35
Investments in subsidiaries with indicators of Impairment	

Sensitivity analysis

Sensitivity analyses were carried out in order to indicate, by coverage level, the impacts from:

- a +/-1% change in the WACC

Coverage	<i>Zhejiang Elica Putian Electric Co. Ltd</i>		<i>Elica Trading</i>		<i>EMC Fime Srl</i>	
	7.00%	1.71	17.70%	1.05	8.40%	1.56
	8.00%	1.34	18.70%	1.02	9.40%	1.35
	9.00%	1.08	19.70%	<1	10.40%	1.19
Sensitivity WACC						

- a +/-1% change in the Growth rate

Coverage	<i>Zhejiang Elica Putian Electric Co. Ltd</i>		<i>Elica Trading</i>		<i>EMC Fime Srl</i>	
	1.00%	1.14	0.00%	1.01	0.00%	1.24
	2.00%	1.34	1.00%	1.02	1.00%	1.35
	3.00%	1.62	2.00%	1.04	2.00%	1.51
Growth Rate Sensitivity						

- from an increase in costs. A percentage increase in raw material costs was factored in from 0.5% to 1.7%

Coverage	<i>Base scenario</i>	<i>0.50%</i>	<i>1.70%</i>
Zhejiang Elica Putian Electric Co. Ltd	1.33	1.28	1.15
Elica Trading	1.02	<1	<1
EMC Fime Srl	1.35	1.26	1.03
Sensitivity increase % raw material costs			

- from a change in gross operating profit. A percentage decrease in the gross operating profit margin from -0.5% to -0.9% was factored in

Coverage	<i>Base scenario</i>	<i>-0.50%</i>	<i>-0.90%</i>
Zhejiang Elica Putian Electric Co. Ltd	1.33	1.23	1.15
Elica Trading	1.02	<1	<1
EMC Fime Srl	1.35	1.16	1.02
Change in gross operating profit Sensitivity			

It is noted that the carrying amount of the investment in Elica Trading is in line with the value in use estimated in the Impairment Test, so any negative changes in the underlying assumptions could result in an impairment loss.

The WACC and growth rate at which the coverage is equal to one were also calculated for Elica Putian and EMC Fime. For Elica Putian, the WACC is 9.3% and the growth rate is 0.1%. For EMC Fime, the WACC is 11.9% and the growth rate is -2.9%.

D.6.4.20 Other receivables (non-current) and other assets

The breakdown is as follows:

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Receivables from employees	1	2	(1)
Other receivables	4	4	0
Other financial assets	712	712	0
Other receivables (non-current) and other assets	717	718	(1)

Other non-current receivables includes security deposits.

The item Other financial assets regards unqualified non-controlling interests held by the Elica Group in other companies. These investments are held in unlisted companies whose shares are not traded on a regulated market. This item includes for Euro 663 thousand the investment of approx. 6% in Elica PB Whirlpool Kitchen Appliances (previously Elica PB India Private Ltd.), an approx. 87% subsidiary of Whirlpool of India Limited.

This company was previously an Elica Group subsidiary which was sold to Whirlpool of India Ltd in the second half of 2021. Following this transaction, the company was deconsolidated and the residual investment maintained by the Elica Group, equal to 6.375% of the share capital, was reclassified to Other Financial Assets. Simultaneous to this sale to Whirlpool of India Ltd., Elica PB Whirlpool Kitchen Appliances signed new product supply and license agreements for the use of the Elica brand (Trademark & Technical License Agreement) and the Whirlpool brand (Trademark License Agreement) respectively in India.

In addition, the shareholders of the Indian company signed a shareholder agreement which stipulated, among other matters, a prohibition on the sale to third parties of their respective investments held in Elica PB Whirlpool Kitchen Appliances within 90 days from the approval date of the financial statements as at and for the year ending March 31, 2024. In addition, this shareholder agreement includes Put & Call options, under which Whirlpool of India Limited may acquire (i.e. Elica and the other Indian shareholders may sell to Whirlpool of India Ltd.) the entire holding, from March 31, 2024, or before that date exclusively on the occurrence of certain events. In view of the consolidated business relationships between the shareholders of the Indian company, these options were included in the shareholder agreement to protect the rights of the minorities in the case of an exit from the investment, a possibility which the directors consider as unlikely given the current circumstances.

Management considers that the carrying amount approximates the fair value.

D.6.4.21 Deferred tax assets and liabilities

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Deferred tax assets	14,382	19,635	(5,253)
Deferred tax liabilities	(1,265)	(400)	(865)
Total	13,117	19,235	(6,118)

Deferred tax assets principally relate to non-deductible accruals and the tax loss. Deferred tax liabilities principally includes the payables for merger adjustments and IFRS measurement. The following table presents the Deferred tax assets and liabilities:

<i>In Euro thousands</i>	31/12/2021		Eq./Others	Effect on profit or loss		31/12/2022	
	Assets	Liabilities		Costs	(Revenue)	Assets	Liabilities
Amortisation & Depreciation	1,287			189	(16)	1,116	
Provisions	3,442			1,635	(978)	2,786	
Inventory write-down	1,430			679	(16)	767	
Exchange rate differences	180				(31)	211	
Restructuring charges	3,755			3,387	(991)	1,361	
Merger adjustments		(251)			(23)		(228)
Goodwill	5	(3)		6		(2)	(3)
IRS measurement	19	(142)	(911)				(1,034)
Post-employment benefits	224		(8)			216	
Tax loss	4,621		(449)			4,173	
Other	2	(4)	(2)		(4)		
Employee bonuses	4,671			2,040	(1,120)	3,752	
Total	19,635	(400)	(1,370)	7,936	(3,179)	14,382	(1,265)

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

D.6.4.22 Trade receivables - third parties

The account consists of:

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Receivables within one year	6,823	46,132	(39,309)
Receivables beyond one year	2,151	2,180	(29)
Trade receivables	8,974	48,312	(39,338)

Net trade receivables decreased Euro 39,338 thousand. This decrease is mainly due to the decrease in revenue in the fourth quarter of 2022 compared to the same period of 2021, in addition to prudent collection activities, which resulted in a reduction in Days Sales Outstanding (DSO) on 2021.

Elica Spa implements a Group Credit Policy which governs the management of credit in order to reduce the risk.

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

The maximum theoretical credit risk exposure for the Company at December 31, 2022 is based on the carrying amount of recognised receivables, net of the specific insurance coverage, non-recourse receivables factored and letters of credit, in addition to the nominal value of the guarantees given to third parties.

At the end of December 2022, almost all receivables are covered against risk through credit insurance or other guarantees.

At December 31, 2022, trade receivables from non-Group customers of Euro 8.8 million (Euro 48.3 million at December 31, 2021), included approx. Euro 0.6 million (Euro 0.5 million at December 31, 2021) concerning overdue receivables, with the amount of receivables past due more than 31 days immaterial.

The amount of trade receivables recognised in the statement of financial position is net of the loss allowance. The allowance is allocated either on a specific basis or on the general basis of overall risks, in accordance with the Group's Credit Policy.

The movements in the loss allowance in 2022 are set out below:

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Opening balance	4,129	3,250	879
Accruals	151	879	(728)
Utilisation/Releases	(989)	0	(989)
Loss allowance	3,291	4,129	(838)

The realignment of receivables to their fair value is achieved through the loss allowance.

D.6.4.23 Inventories

Inventories increased by approx. Euro 6.8 million.

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Raw materials, consumables and supplies	12,411	9,467	2,944
Provision for the write-down of raw materials	(843)	(2,124)	1,281
Raw materials, consumables and supplies	11,568	7,343	4,225
Semi-finished products	5,771	5,658	113
Provision for the write-down of semi-finished products	(1,582)	(1,634)	52
Semi-finished products	4,189	4,024	165
Work in progress	0	0	0
Finished products	17,183	16,247	936
Provision for the write-down of finished products	(773)	(2,203)	1,430
Finished products	16,410	14,044	2,366
Inventories	32,167	25,411	6,756

Inventories are stated net of the provision for inventory write-down which amounts to Euro 3.2 million at December 31, 2022 and Euro 5.9 million at December 31, 2021, in order to provide for the effect of waste, obsolete and slow moving items.

The calculation of the provision for the write-down of raw materials, semi-finished and finished products is based on assumptions made by Management.

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

D.6.4.24 Other assets (current)

This item is broken down as follows:

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Accrued income	0	1	(1)
Prepayments	1,968	1,514	454
Other receivables	1,339	1,565	(226)
Other current assets	3,307	3,080	227

The item increased by approx. Euro 0.3 million. This is due to the deferral of the consideration incurred in connection with the signing of a non-competition agreement in existence for several years, which is recorded under prepayments.

The account includes receivables beyond five years of Euro 36 thousand.

Management believes that this amount approximates fair value.

D.6.4.25 Tax assets (current)

The breakdown of the account Tax Assets is summarised in the table below:

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
VAT refund	3,989	6,533	(2,544)
IRES	1,707	5,588	(3,881)
IRAP	110	178	(68)
Other tax assets	2,602	1,705	897
Tax assets	8,408	14,004	(5,596)

The change in IRES is attributable to offsets made against the corresponding IRES liability. Other tax assets includes receivables for taxes paid abroad to be recovered.

VAT refunds reduced due to the timing of commercial transactions. Management believes that this amount approximates fair value.

D.6.4.26 Employee benefit liabilities

The amount accrued of Euro 4,444 thousand is the present value of liabilities for post-employment benefits matured by employees at year-end.

The most recent calculation of the present value of this item was performed at December 31, 2022 by actuaries from the company Managers & partners - Actuarial Services S.p.A.. The amounts recognised in the Income Statement were as follows:

<i>In Euro thousands</i>	2022	2021	Changes
Current service cost	1,919	2,548	(629)
Financial expense	99	54	45
Total	2,018	2,602	(584)

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

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Opening balance	6,521	8,671	(2,150)
Current service cost	1,919	2,548	(629)
Actuarial gains and losses	889	102	787
	2,808	2,650	158
Financial expense	99	54	45
Pension fund	(3,621)	(4,421)	800
Benefits provided	(1,363)	(433)	(930)
	(4,885)	(4,800)	(85)
Post-employment benefit liabilities	4,444	6,521	(2,077)

The interest component of the defined employee benefit plan cost is shown under financial expense, with a resulting increase of Euro 99 thousand in this item for the reporting period. The current service cost and the effect of the curtailment and settlement were recorded under personnel expense. Actuarial gains and losses, amounting to Euro 889 thousand, comprise the actuarial gains (losses) of the defined benefit plans reported in the Statement of Comprehensive Income.

Assumptions adopted for the calculation:

	31/12/2022	31/12/2021
Discount rate to determine the obligation	3.77%	0.98%
Inflation rate	2.30%	1.75%

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

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

Therefore, if the discount rate increased 0.5%, the obligation would reduce to Euro 167 thousand, while if the discount rate decreased 0.5%, the obligation would increase to Euro 177 thousand.

Number of employees

The average number of employees in 2022 was 881 (1,123 in 2021), with a final number at December 31, 2022 of 674, as outlined in Note D.6.4.7

During the year in fact, the footprint reorganisation was undertaken, involving the transfer of a part of production from Italy to Poland and the transfer of the Motors business unit, both resulting in a reduction in the number of employees of Elica S.p.A..

D.6.4.27 Provisions for risks and charges

The composition and movements of the provisions are as follows:

<i>In Euro thousands</i>	31/12/2021	Accruals	Utilisation/Releases	31/12/2022
Agents' termination benefits	547	63	(22)	588
Agency termination indemnities provision	0	0	0	0
Product warranties	2,789	1,808	(1,845)	2,752
Legal risks	3,657	1,560	(836)	4,381
Long Term Incentive Provision	13,478	0	(3,845)	9,633
Personnel provision	3,583	4,581	(4,179)	3,985
Restructuring provision	13,070	3,450	(11,785)	4,735
Other provision	3,833	431	(2,321)	1,943
Provisions for risks and charges	40,957	11,893	(24,833)	28,017
of which:				
Non-current	21,114	2,054	(6,624)	16,544
Current	19,843	9,839	(18,209)	11,473
Provisions for risks and charges	40,957	11,893	(24,833)	28,017

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

The provision for product warranties is an estimate of the costs likely to be incurred to repair or replace items sold to customers. This provision reflects the average warranty costs historically incurred by the company as a percentage of sales still covered by warranty.

The provision for legal risks relates to likely costs and charges to be incurred as a result of ongoing legal disputes, estimated by Management on the basis of the best information available.

The Long Term Incentive provision concerns the accrued liability at December 31, 2022 for the 2016-2022 Phantom Stock and Voluntary Co-investment Plan and the 2019-2025 Phantom Stock and Voluntary Co-investment Plan. The provision refers to the third cycle of the first Plan, which was approved by the Board of Directors of Elica S.p.A. on February 12, 2018, and the second cycle of the second Plan, which was approved by the Board of Directors of Elica S.p.A. on July 30, 2019 and May 7, 2020.

It in addition includes the portion 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 2022 in this regard.

The restructuring provision, amounting to Euro 4,735 thousand, covers the estimated Group costs to complete the reorganisation of the production plant of the Cooking Business Unit. This concerns primarily personnel expense and the assets that will lose their future use. As already described, on March 31, 2021, Elica S.p.A. communicated to the trade union representatives the new organisational structure necessary to ensure the business continuity of the entire Group. The reorganisation, in line with the 2021 - 2023 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 higher standard production lines to the Jelcz-Laskowice plant in Poland and the integration into the Mergo plant of the activities carried out at the Cerreto site. On December 9, 2021, at the Ministry for Economic Development, the dispute concluded successfully. The company decided to return certain areas of production from Poland to Italy, mainly within the high-end sphere - including the NikolaTesla aspirating hob - through a reshoring operation. On the basis of the reorganisation presented, the Mergo facility is becoming 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 are carried out at the Polish facilities. This allows the two facilities (Italy and Poland) to focus on separate production areas, avoiding overlap and maintaining a strong presence in Italy. In particular, with regards to employees, the agreement did not include redundancies, involving only voluntary and incentivised departures. Surplus personnel were managed through early retirement and relocation to other major companies in the area.

The other provisions mainly include the product disposal provision, given that during the year the provisions created for risks concerning business operations or to mitigate the impact of market volatility were utilised.

The restructuring provision, the provision for product warranties and the personnel provision are considered to be current, as they relate to matters concerning 2023.

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

D.6.4.28 Current and non-current tax liabilities**D.6.4.28.1 Tax liabilities (non-current)**

The balance of this item at December 31, 2022 is zero.

D.6.4.28.2 Tax liabilities (current)

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
IRPEF withholdings	1,670	2,012	(342)
IRES	0	5,303	(5,303)
Other tax liabilities	1,027	2,439	(1,412)
Tax liabilities	2,697	9,754	(7,057)

The reduction of IRES is due to the offsetting with IRES assets.
Management believes that this amount approximates fair value.

D.6.4.29 Other liabilities (current and non-current)

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Other non-current liabilities	1,000	6,546	(5,546)
Other non-current liabilities	1,000	6,546	(5,546)

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Wages and salaries	3,385	3,968	(583)
Social security liabilities	1,892	2,564	(672)
Accrued expenses	46	1	45
Other liabilities	7,111	11,551	(4,440)
Deferred income	149	86	63
Advances from customers	129	361	(232)
Other current liabilities	12,712	18,531	(5,819)

The movement in other non-current liabilities includes the decrease due to the reclassification to other current liabilities of the portion due beyond one year of the payable to the former shareholders for the acquisition of the investments in the two companies EMC and CPS, amounting to Euro 6,545 thousand and the increase due beyond one year of Elica's payable for the acquisition of 40% of Airforce.

The Euro 4.9 million reduction in other current liabilities also refers to the same transaction. In fact, on July 2, 2021, the full acquisition of Electric Motors Company S.r.l. ("E.M.C.") and CPS S.r.l. ("CPS") by Elica S.p.A. was completed. The settlement of the consideration to acquire 100% of E.M.C. and CPS, amounting to approx. Euro 31 million, is stipulated in tranches due for 2023 on January 5.

This item does not include payables due beyond 5 years.

Management believes that the carrying amount of other liabilities reflects their fair value.

D.6.4.30 Trade payables

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Trade payables	52,817	74,810	(21,993)
Trade payables - to third parties	52,817	74,810	(21,993)

These mainly include payables for trade purchases and other costs. The reduction is due to the decrease in the level of the company's business following the transfer of the Motors business.

Management estimates that the carrying amount of trade payables approximates their fair value.

D.6.4.31. Equity

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

D.6.4.31.1 Share capital

The share capital at December 31, 2022 amounts to Euro 12,664 thousand, consisting of 63,322,800 ordinary shares with a par value of Euro 0.20 each, fully subscribed and paid-in.

D.6.4.31.2 Capital reserves

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

D.6.4.31.3 Hedging reserve

<i>In Euro thousands</i>	31/12/2021	Reserve adjustment	31/12/2022
Hedging reserve	291	2,984	3,275
Hedging reserve	291	2,984	3,275

The hedging reserve was positive for Euro 3,275 thousand (Euro 291 thousand at December 31, 2021), which represents the positive fair value of hedging derivatives (cash flow hedges) net of the tax effect, equal to Euro 1,034 thousand (Euro 123 thousand at December 31, 2021). This resulted in an increase of Euro 2,984 thousand, of which Euro 3,895 thousand for valuation and Euro 911 thousand for the tax effect.

D.6.4.31.4 Treasury shares

At December 31, 2022, the Company held 577,169 treasury shares, equal to approx. 0.9% of the share capital. In 2022 in fact, the company executed the buyback plan authorised by the Shareholders' Meeting of April 28, 2022.

D.6.4.31.5 Actuarial reserve

<i>In Euro thousands</i>	31/12/2021	IAS 19 actuarial effect	31/12/2022
Actuarial reserve	2,861	(889)	1,972
Actuarial reserve	2,861	(889)	1,972

D.6.4.31.6 Retained earnings

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Legal reserve	2,533	2,533	-
FTA reserve	1,675	1,675	-
Extraordinary reserve	5,502	(846)	6,348
Retained earnings	9,709	3,362	846

The Euro 6,348 thousand increase in the Extraordinary Reserve relates for Euro 10,122 to the increase for the allocation to this item of the company's profit in 2021 and with the decrease due to the distribution of dividends to shareholders for Euro 3,774 thousand.

D.6.4.31.7 Information on distributable reserves

The following table shows the equity accounts divided by origin, the possibility of utilisation and distribution, as well as any utilisations in the previous three years. The amounts are in units of Euro.

	Amount	Poss. of utilisation	Quota available	Utilisations in last 3 years to cover losses	Utilisations in last 3 years for other reasons
I Share capital	12,664,560	=		-	
II Share premium reserve	71,123,336	A,B,C	71,123,336	-	-
IV Legal reserve	2,532,912	B		-	
VII Other reserves:					
Extra. reserve	5,501,727	A,B,C	5,501,727	4,632,347	1,011,169
FTA Reserve	1,675,096	A,B,C	1,675,096		
Retained earnings	9,709,735				
Treasury Shares reserve	(1,702,814)		(1,702,814)		
Hedging reserve/Actuarial reserve	1,302,689				
Non-distributable amount	-		4,568,740		
Residual distributable amount	-		72,028,605		

A - to increase share capital
B - coverage of losses
C: for distribution to shareholders

The non-distributable portion, equal to Euro 4,569 thousand, refers to the residual amount to be amortised of development costs as per Article 2426 paragraph 5 of the Civil Code, given the result deriving from the measurement of derivative instruments and exchange differences through profit or loss is a loss as per Article 2426 paragraph 11 of the Civil Code.

D.6.4.32 Net financial position

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

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
A. Cash and cash equivalents	42,517	75,347	(32,830)
Cash and cash equivalents	42,517	75,347	(32,830)
B. Other liquidity			
C. Other current financial assets	25,109	16,451	8,658
Financial assets with group companies (current)	25,109	16,451	8,658
Other financial assets (current)	0	0	0
D. Liquidity (A+B+C)	67,626	91,798	(24,172)
E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	16,898	22,108	(5,210)
Bank loans and borrowings	0	10,000	(10,000)
Lease liabilities and loans and borrowings from other lenders (current)	1,051	1,204	(153)
Loans and borrowings from group companies (current)	15,847	10,904	4,943
F. Current portion of non-current financial debt	32,049	16,657	15,392
Mortgages	32,049	16,657	15,392
G. Current financial debt (E+F)	48,947	38,765	10,182
H. NET CURRENT FINANCIAL DEBT (G-D)	(18,679)	(53,033)	34,354
Non-current financial debt (excluding current portion and debt instruments)	55,952	79,229	(23,277)
Bank loans and borrowings (non current)	54,291	77,373	(23,082)
Lease liabilities and loans and borrowings from other lenders (non-current)	1,661	1,856	(195)
Financial liabilities with group companies (non-current)	0	0	0
J. Debt instruments			
K. Trade payables and other non-current liabilities	8,021	17,998	(9,977)
Other liabilities for purchase of investments	8,021	17,998	(9,977)
L. Non-current financial debt (I+J+K)	63,973	97,227	(33,254)
M. NET FINANCIAL POSITION (H+L)	45,294	44,194	1,100

At December 31, 2022, the net financial position worsened by approx. Euro 1 million on the previous year end. For further comments, reference should be made to the Directors' Report A.6.2 "Financial and equity overview of Elica S.p.A.".

D.6.4.32.1 Cash and cash equivalents

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Bank and postal deposits	42,512	75,342	(32,830)
Cheques	0	0	0
Cash	5	5	0
Cash and cash equivalents	42,517	75,347	(32,830)

This item reflects the positive balances of bank current accounts and cash on hand.

D.6.4.32.2 Bank loans and borrowings

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Bank loans and borrowings	86,340	104,030	(17,690)
Total	86,340	104,030	(17,690)
Bank borrowings have the following repayment schedules:			
On demand or within one year	32,049	26,657	5,392
Within two years	29,133	23,152	5,981
Within three years	25,063	29,062	(3,999)
Within four years	63	25,063	(25,000)
Within five years	32	63	(31)
After 5 years	-	33	(33)
Total	86,340	104,030	(17,690)
Less amounts to be repaid within one year	32,049	26,657	5,392
Due after one year	54,291	77,373	(23,082)

The Company's main outstanding loan was entered into on June 29, 2020. This loan contract is for a maximum of Euro 100 million with a final maturity of 5 years, on a Club deal basis with a syndicate of 5 banks and, in particular, with Banca IMI S.p.A. and BNL Gruppo BNP Paribas as co-ordinating banks and Intesa Sanpaolo S.p.A., BNL Gruppo BNP Paribas, Banco BPM S.p.A., Crédit Agricole Italia S.p.A. and UniCredit S.p.A. as lending banks. The loan is principally intended to support medium/long term needs, the partial refinancing of the existing debt, in addition to the working capital and treasury needs of Elica S.p.A. and its subsidiaries. There are financial covenants concerning the ratio between NFP/gross operating profit, gross operating profit/Net Financial expense and NFP/ Equity, tested half-yearly on an LTM basis on the Group's consolidated figures. With this transaction, the Group confirms the solidity of its business model, its ability to access ordinary sources of funding even in an uncertain general economic environment and its commitment to optimising its debt structure. The covenants were met as of December 31, 2022 and based on the visibility held by Management, it is believed that they will be met in the future.

For further information on interest rate hedges, reference should be made to paragraph D.6.6, Risk management of these notes.

D.6.4.32.3 Derivative financial instruments

<i>In Euro thousands</i>	31/12/2022		31/12/2021	
	Assets	Liabilities	Assets	Liabilities
FX derivatives	371	396	179	103
Interest rate derivatives	4,309	0	208	288
Commodities derivatives	1,343	1,343	494	0

Derivative financial instruments	6,023	1,739	881	391
of which:				
Non-current	1,975	0	208	0
Current	4,048	1,739	673	391
Derivative financial instruments	6,023	1,739	881	391

The Company uses derivative financial instruments to hedge the market risks to which it is exposed: currency risk and interest rate risk.

The table below reports the following information on derivative instruments at December 31, 2022 and December 31, 2021:

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

31/12/2022	Notional Value				Carrying amount
<i>In Euro thousands</i>	Maturity within 1 year		Maturity after 1 year		
Interest rate risk					
Cash Flow hedges as per IFRS	23,000		54,000		4,309
Fair Value hedges as per IFRS	-		-		-
Other derivative financial instruments	-		-		-
Total derivatives on interest rates	23,000	-	54,000	-	4,309
Currency risks	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS	-	-	-	-	-
Fair Value hedges as per IFRS	1,816	4,685	-	-	4
Other derivative financial instruments	15,694	9,574	-	-	(28)
Total fx derivatives	17,510	14,259	-	-	(24)
Commodity risk	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS	15,290	15,290	2,455	2,455	-
Fair Value hedges as per IFRS					
Other derivative financial instruments					
Total derivatives on commodities	15,290	15,290	2,455	2,455	

31/12/2021	Notional Value				Carrying amount
<i>In Euro thousands</i>	Maturity within 1 year		Maturity after 1 year		
Interest rate risk					
Cash Flow hedges as per IFRS	13,000		77,000		(80)
Fair Value hedges as per IFRS					
Other derivative financial instruments					
Total derivatives on interest rates	13,000		77,000		(80)
Currency risks	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS	29,058	3,582			(35)
Fair Value hedges as per IFRS	88	12,118			111
Other derivative financial instruments					
Total fx derivatives					76
Commodity risk	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS		20,026			494
Fair Value hedges as per IFRS					
Other derivative financial instruments					
Total derivatives on commodities		20,026			494

“Other derivative financial instruments” include those traded for hedging purposes, for which hedge accounting was not applied as per IFRS.

In 2022, exposures related to commodity contracts refer to derivative financial instruments traded to hedge the risk of copper price fluctuations arising for the subsidiary EMC Fime, brokered with the banking system by the parent on behalf of the subsidiary.

Derivative financial instruments, IFRS 7 classification

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

The IFRS 7 classification implies the following hierarchy:

- Level 1: determination of fair value based on prices listed in active markets for identical assets or liabilities. The instruments with which the Group operates directly on active markets or in OTC markets characterised by an adequate level of liquidity belong to this category;
- Level 2: determination of fair value based on other inputs than the listed prices included in “Level 1” but which are directly or indirectly observable. In particular instruments

which the Group operates on OTC markets, not characterised by an adequate level of liquidity are included in this category;

- Level 3: determination of fair value based on valuation models whose input is not based on observable market data.

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

All the derivative instruments in place at December 31, 2021 and December 31, 2022 belong to level 2 of the fair value hierarchy.

For further information, refer to paragraph D.6.6 “Information on risk management”.

D.6.4.32.4 Lease liabilities and loans and borrowings from other lenders as per IFRS 16

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

<i>In Euro thousands</i>	31/12/2022	31/12/2021
Lease liabilities and loans and borrowings from other lenders as per IFRS 16	2,712	3,060
Total	2,712	3,060
Due:		
On demand or within one year	1,051	1,204
1-5 years	1,647	1,829
after 5 years	14	27
Total	2,712	3,060

D.6.4.33 Significant non-recurring events and transactions

There was nothing to report in 2022.

D.6.5. Guarantees, commitments and contingent liabilities

D.6.5.1. Contingent liabilities

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

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

The provision in the separate financial statements at December 31, 2022 to cover legal risks and charges amounts to Euro 4,381 thousand (in 2021 amounting to Euro 3,657 thousand).

In 2019 the Company was subject to an audit by the Italian Agency of Revenue, Marche Regional Department, Tax Audits Office, for the tax years 2014, 2015 and 2016. It received an auditors' report on October 14, 2019. The assessment process has yet to proceed further for the other two subsequent relevant findings. The other findings have either been closed by the Company or are immaterial in amount.

There was found to have been an alleged violation of the transfer pricing rules set out in Art. 110, paragraph 7, of Presidential Decree No. 917 of December 22, 1986 (the Tax Consolidation Act) in respect of the transfer prices applied by the Company to transactions with the Mexican sister company Elicamex S.A. de C.V., the value of which the Office adjusted, proposing that additional IRES (company income tax) and IRAP (regional production tax) be levied on Euro

1,014,887 in 2015 and on Euro 1,012,783 in 2016. The Company has tax losses that can be used to offset the financial risk for IRES purposes.

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

As counselled by its legal advisors, Elica believes that the arguments laid out in the Notice of assessments in support of the findings discussed in this paragraph are not compelling and that there are considerable defensive arguments against this reconstruction.

The Company sought counsel from its legal advisors in support of the view that the risk that tax liabilities may flow for the Company from potential disputes that might arise from the assessment action by the revenue authorities in connection with the findings presented in the auditors' report discussed above is possible but not probable.

In January 2022, an IPEC petition was submitted regarding use of previous losses to reduce the higher taxable income, and the Company - though its lawyers - is preparing an appeal before the competent Tax Commission.

On 24/08/2022 and 09/11/2022, the Ancona Tax Commission accepted the grounds of appeal brought by the company for the transfer pricing findings for the years 2015 and 2016, concerning the notices of assessment (IRES and IRAP), received in May 2021 and December 2021 - against which it had appealed - by entering an appearance for the Ancona Provincial Tax Commission.

D.6.5.2. Guarantees and commitments

Pursuant to the provisions of Article 122 of the CFA and Articles 129 and subsequent of the Issuers' Regulations, it should be noted that on July 22, 2022, FAN S.r.l. ("FAN"), the parent of Elica S.p.A. and Tamburi Investment Partners S.p.A. ("TIP"), signed a shareholder agreement (the "Shareholder Agreement"), effective as of the same day (which replaced the shareholder agreement signed between the same parties on July 24, 2019 and concluding on July 26, 2022), relating to Elica S.p.A. a company listed on the Euronext STAR Milan segment of Borsa Italiana S.p.A. ("Elica") and regarding TIP 9,233,701 shares of Elica and regarding FAN 33,440,445 shares of Elica, so as to (i) establish certain understandings regarding Elica's corporate governance; (ii) govern their mutual rights and duties in relation to the transfer of their respective stakes in Elica; and (iii) establish a commitment to consult in good faith before casting their votes at Elica's Shareholders' Meeting in order to identify Elica's best interest (this without intending to give rise to any voting restrictions).

The key information regarding the Shareholder Agreements was published as per Article 130 of the Issuers' Regulation on Elica S.p.A.'s website¹⁷, and on the website of the authorised storage mechanism "1INFO" at www.1info.it.

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

Elica S.p.A. has undertaken guarantees in favour of Putian for credit lines of Euro 20.1 million and Elica Group Polska has a rotating receivable factoring cap of Euro 3.5 million. There is also a Coverage Limit of Euro 400 thousand with Banco Santander in favour of the Elica Stable

¹⁷ <https://corporate.elica.com/en/governance/corporate-documents>.

Organisation in Spain and a guarantee for Euro 10 million in favour of the subsidiary EMC FIME S.r.l. related to the line made available by BNP.

Commitments with suppliers for purchases of property, plant and equipment and intangible assets at December 31, 2022 amount to approx. Euro 880 thousand. There are also commitments for operational expenses of Euro 3.8 million, relating in particular to long-term contracts.

D.6.6. Risk management

D.6.6.1 Introduction

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

The main guidelines for the Company'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 compared to the controls in place or require additional treatment;
- reply appropriately to risks;
- monitor and report on the current state of the risks and the effectiveness of their control.

The Company Financial Risk Policy is based on the principle of proficient management and the following assumptions:

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

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

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

D.6.6.2 Market risk

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

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

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

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

D.6.6.2.1 Currency risk

The Company's operating currency is the Euro. However, the Group companies trade also in American Dollars (USD), British Pounds (GBP), Japanese Yen (JPY), Swiss Francs (CHF), Russian Rubles (RUB) Polish Zloty (PLN), Indian Rupees (INR), Chinese Yuan (CNY) and Mexican Pesos (MXN). For the currencies in which the company has higher revenue than costs, changes in the exchange rates between the Euro and these currencies impact the Company results as follows:

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

The amount of the currency risk, defined in advance by Management of the Company on the basis of the budget for the period, is gradually hedged over the acquisition process of the orders, up to the amount of the orders corresponding to budget projections.

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

The most significant statement of financial position balances in foreign currency at December 31, 2022 are shown below:

<i>In Euro thousands</i> Currency	31/12/2022		31/12/2021	
	Assets	Liabilities	Assets	Liabilities
CHF			-	(40)
CNY	2,510	(800)	2,135	(466)
GBP	123	(1)	216	(6)
JPY	375	(5,010)	451	(3,874)
PLN	7,757	(1,251)	15,068	(16,871)
RUB	1,890	(13)	4,190	(13)
USD	37,614	(1,144)	22,353	(3,404)
INR	596	-	802	-
Foreign currency transactions	50,865	(8,220)	45,215	(24,674)

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

The following table shows the sensitivity to reasonably possible movements in the exchange rates, maintaining all other variables unchanged, due to changes in the value of current assets and liabilities in foreign currencies.

<i>In Euro thousands</i> Currency	31/12/2022		31/12/2021	
	Appreciation of foreign currencies 5%	Depreciation of foreign currencies 5%	Appreciation of foreign currencies 5%	Depreciation of foreign currencies 5%
CHF	-	-	(2)	2
CNY	92	(83)	88	(79)
GBP	7	(6)	11	(10)
JPY	(263)	238	(180)	163

PLN	349	(315)	(95)	86
RUB	90	(82)	220	(199)
USD	1808	(1,635)	997	(902)
INR	33	(30)	42	(38)
Foreign currency transactions	2,116	(1,913)	1,081	(977)

Hedges at December 31, 2022 by the Company with financial counterparties have a total negative fair value of approx. Euro 24 thousand (Euro 76 thousand in 2021).

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

Currency	31/12/2022		31/12/2021	
	Notional	Fair value	Notional	Fair value
	(in foreign currency foreign /000)	In thousands of Euro	(in foreign currency foreign /000)	In thousands of Euro
USD				
Forward	3,000	(84)	10,300	6
PLN				
Forward	90,000	215	74,000	(94)
Options	-	-	15,000	23
JPY				
Forward	660.00	44	452,000	11
Options	-	-	11,500	4
RUB				
Forward	150,000	(39)	320,000	42
Options	-	-	160,000	22
MXN				
Forward	35,000	(96)	60,000	41
CNY				
Forward	15,000	(64)	20,000	21
FX derivative assets/(liabilities)		(24)		76

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

In the stress testing we have stressed not only the spot to spot exchange rate, but also the monetary curve rates at December 31, 2022 in order to show the effect of changes in the rate curve.

For this purpose, the maximum change in the interval between the beginning of November 2022 and the first weeks of January 2023 was considered.

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

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

The following table shows the sensitivity to the movements in the exchange rates and the rate curves indicated, maintaining all other variables unchanged, of the Fair Value of the operations in foreign currencies at December 31, 2022 (compared with December 31, 2021):

<i>In Euro thousands</i>	31/12/2022					
	USD Notional	PLN Notional	JPY Notional	RUB Notional	MXN Notional	CNY Notional
	3,000	90,000	660,000	150,000	35,000	15,000
	USD/000	PLN/000	JPY/000	RUB/000	MXN/000	CNY/000
Depreciation of foreign currencies	(27)	745	(259)	358	(221)	(102)
Euro exchange rate depreciation	(82)	256	48	(34)	(102)	(66)
Exchange rate depreciation	(81)	262	46	(30)	(104)	(67)
Sensitivity to Depreciation	(190)	1,263	(165)	294	(427)	(235)
Appreciation of foreign currencies	(144)	325	402	(665)	90	99
Euro exchange rate appreciation	(83)	221	51	(62)	(88)	(61)
Exchange rate appreciation	(82)	231	49	(55)	(91)	(63)
Sensitivity to Appreciation	(309)	127	502	(782)	(89)	(25)

<i>In Euro thousands</i>	31/12/2021					
	USD Notional	PLN Notional	JPY Notional	RUB Notional	MXN Notional	CNY Notional
	13,800	36,700	247,000	230,000	230,000	30,000
	USD/000	PLN/000	JPY/000	RUB/000	MXN/000	CNY/000
Depreciation of foreign currencies	504	719	(233)	675	(38)	(19)
Euro exchange rate depreciation	(9)	8	(10)	(32)	4	3
Exchange rate depreciation	(2)	16	(13)	(26)	3	3
Sensitivity to Depreciation	493	743	(256)	617	(31)	(13)
Appreciation of foreign currencies	(590)	(840)	248	(847)	221	92
Euro exchange rate appreciation	(18)	(44)	(8)	(78)	13	6
Exchange rate appreciation	(12)	(29)	(10)	(67)	11	5
Sensitivity to Appreciation	(620)	(913)	230	(992)	245	103

D.6.6.2.2 Commodity risk

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

In particular, between the end and the beginning of the year, on the basis of the production budget for the year, the prices and quantities were fixed through both channels described above. Operating in this manner, the company covers the standard cost of the raw materials contained in the budget from possible increases in commodity prices, achieving the operating profit target. The notional value and the relative value of the copper derivatives in place at December 31, 2022 and December 31, 2021 are reported below:

<i>Copper hedges</i> <i>In Euro thousands</i>	31/12/2022		31/12/2021	
	Notional	Fair value	Notional	Fair value
Forward	-	-	22,681	494
Derivative assets/(liabilities)	-	-	22,681	494
Commodities				

Given the transfer of the Motors business unit of Elica S.p.A. to the subsidiary EMC Fime S.r.l., in 2022, exposures related to commodity contracts refer to derivative financial instruments traded to hedge the risk of copper price fluctuations arising for the subsidiary EMC Fime, brokered with the banking system by the parent on behalf of the subsidiary. The notional value is Euro 17,745 thousand and the fair value is a debt to the banking system and a receivable from the subsidiary of Euro 1,343 thousand.

D.6.6.2.3 Interest rate risk

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

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

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

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

Instrument <i>In Euro thousands</i>	31/12/2022		31/12/2021	
	Notional	Fair value	Notional	Fair value
Interest Rate Swaps	77,000	4,309	90,000	(80)
Interest rate derivative assets/(liabilities)		4,309		(80)

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

The analysis shows that a change in the interest rate curve of +/-25 bps converts into a decrease/increase in the Fair Value of the Interest Rate Swap at December 31, 2022 of Euro 330 thousand.

D.6.6.2.4 Cyber Security Risk Analysis

The growing use of information systems increases the company's exposure to various types of risk. The most significant is the risk of cyber attack, which is a constant threat for the company. The impacts analysed include:

- data loss
- data protection impacts
- the interruption of business
- reputational harm

Mitigation efforts made by the company concern:

- the strengthening of network infrastructure;
- the strengthening of protection systems;
- the constant updating of company procedures;
- continuous training of all personnel to reinforce company know-how with regard to cyber security.

D.6.6.3 Credit risk

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

For more details, see paragraph D.6.4.22 of these notes.

D.6.6.4 Liquidity risk

Liquidity risk is that related to the unavailability of financial resources necessary to meet short-term commitments assumed by the company and its own financial needs.

The principal factors which determine the liquidity of the company are, on the one hand, the resources generated and absorbed by the operating and investment activities and on the other the due dates and the renewal of the payable or liquidity of the financial commitments and also market conditions. These factors are monitored constantly in order to guarantee a correct equilibrium of the financial resources.

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

	31/12/2022	On demand or within one year	1-5 years	after 5 years
<i>In Euro thousands</i>				
Lease liabilities and loans and borrowings from other lenders as per IFRS 16		1,051	1,648	14
Bank loans and borrowings		32,049	54,291	0
Trade payables and other liabilities		72,216	1,000	0
Commitment by due date		105,316	56,939	14

	31/12/2021	On demand or within one year	1-5 years	after 5 years
<i>In Euro thousands</i>				
Lease liabilities and loans and borrowings from other lenders as per IFRS 16		1,204	1,829	27
Bank loans and borrowings		26,657	77,340	33
Trade payables and other liabilities		113,503	6,546	0
Commitment by due date		141,364	85,715	60

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

For details on the net financial position, reference should be made to note D.6.4.32 of the notes.

D.6.6.5 Classification of Financial instruments

<i>In Euro thousands</i>	31/12/2022	31/12/2021
Derivative assets (current)	4,048	673
Trade receivables	28,351	73,231
Financial assets with group companies (current)	25,109	16,451
Cash and cash equivalents	42,517	75,347
Currents Assets	100,025	165,702
Lease liabilities and loans and borrowings from other lenders (non-current)	1,661	1,856
Bank loans and borrowings (non current)	54,291	77,373
Non-Current Liabilities	55,952	79,229
Trade payables	59,502	94,971
Loans and borrowings from group companies (current)	15,847	10,904
Lease liabilities and loans and borrowings from other lenders (current)	1,051	1,204
Bank loans and borrowings (current)	32,049	26,657
Derivative liabilities (current)	1,739	391
Current liabilities	110,188	134,127

The Company considers that the carrying amounts of the accounts approximate their fair value. In relation to the valuation methods for the individual accounts, reference should be made to paragraph D.6.1. “Accounting policies” of these Notes.

D.6.7. Disclosure on Management remuneration and related-party transactions

As required by law, the total remuneration of Directors, Statutory Auditors and Managers with strategic roles also in other companies are reported below.

D.6.7.1 Remuneration of Directors, Statutory Auditors and Senior Executives

The remuneration of the above-mentioned persons in total amounted to Euro 4,583 thousand. This amount does not include the provision for the LTI provision for the equity-based portion, i.e. that relating to phantom stock, for which reference should be made to note D.6.4.27 "Provisions for risks and charges".

The details are reported in the Remuneration Report. This report is available on the Company website (<https://corporate.elica.com/en/governance/shareholders-meeting>).

D.6.7.2 Management and coordination

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

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

The company's Board of Directors has also appointed a CEO for ordinary operational management.

With effect from July 2019, Tamburi Investments Partners ("TIP") acquired a minority interest in the Company. As at December 31, 2022, this interest amounted to 20.94% of Elica's share capital.

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

D.6.7.3 Transactions with subsidiaries

During the year, transactions with subsidiaries took place. All transactions were conducted on an arm's length basis in the ordinary course of business. With regards to transfer prices - applied to transactions between Elica S.p.A. and Elica Group Polska and Elicamex - specific Ruling agreements were signed with the National Tax Authorities.

D.6.7.3.1. Subsidiaries – 2022 Highlights

The tables below show key figures for subsidiaries and the amount of transactions performed with them as at and for the year ended December 31, 2022.

Reporting package figures

<i>In Euro thousands</i>	Assets	Liabilities	Equity	Revenue	Profit/(loss) for the year
Airforce S.p.A	13,380	9,738	3,642	30,522	(512)
Ariafina Co. Ltd	14,276	3,218	11,058	22,735	3,246
Elica Group Polska Sp.z.o.o	79,291	55,445	23,846	137,517	2,911
Elica Mex S.a.d.C.V.	65,149	31,300	33,849	75,361	529
Leonardo Services S.a.de.C.V.	0	0	0	0	0
Elica Inc	853	463	390	1,536	30
Elica PB India Private Ltd.	0	0	0	0	0
Zhejiang Elica Putian Electric Co. Ltd.	12,492	12,546	(54)	11,081	(1,107)
Elica Trading LLC	5,010	3,302	1,708	13,826	154
Elica Francia S.A.S.	9,068	7,643	1,425	27,975	286
Elica Gmbh	4,441	2,988	1,453	10,184	(94)
EMC Fime Srl	118,124	92,446	25,678	173,278	2,802

D.6.7.3.2 Trade receivables from subsidiaries

Trade receivables from subsidiaries are broken down as follows:

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Airforce S.p.A	373	757	(384)
Ariafina Co. Ltd	335	370	(35)
Elica Group Polska Sp.z.o.o	1,440	4,727	(3,287)
Elica Mex S.a.d.C.V.	5,450	7,939	(2,489)
Zhejiang Elica Putian Electric Co. Ltd.	1,646	984	662
Elica Trading LLC	1,745	3,925	(2,180)
Elica Francia S.A.S.	3,650	4,039	(389)
Elica Gmbh	1,950	2,135	(185)
EMC Fime Srl	2,789	42	2,747
Trade receivables from subsidiaries	19,378	24,918	(5,540)

D.6.7.3.3 Trade payables to subsidiaries

Trade payables to subsidiaries are detailed below.

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
Airforce S.p.A	315	31	284
Ariafina Co. Ltd	26	35	(9)
Elica Group Polska Sp.z.o.o	1,618	16,703	(15,085)
Elica Mex S.a.d.C.V.	90	0	90
Zhejiang Elica Putian Electric Co. Ltd.	2,687	3,187	(500)
Elica Trading LLC	13	13	0
Elica Francia S.A.S.	12	169	(157)
Elica Gmbh	74	25	49
EMC Fime Srl	1,849	0	1,849
Trade payables to subsidiaries	6,684	20,163	(13,479)

D.6.7.3.4 Financial assets and liabilities with subsidiaries

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
<u>Financial assets with subsidiaries</u>			
Elica Group Polska Sp.z.o.o	10,155	380	9,775
Elicamex S.a.de. C.V.	8,031	9,120	(1,089)
Zheliang Elica Putian Electric Co. Ltd.	6,923	6,951	(28)
Total	25,109	16,451	8,658
<u>Financial liabilities with subsidiaries</u>			
Airforce Srl	3,931	0	3,931
Ariafina Co. Ltd	4,977	3,835	1,142
Elicamex S.a.de. C.V.	194	4,070	(3,876)
Elica France S.A.S.	3,294	1,667	1,627
Elica Gmbh	948	1,281	(333)
EMC FIME Srl	2,502	51	2,451
Total	15,846	10,904	4,942

Elica also carries out transactions with Group companies as part of a general plan to centralise treasury management activities. These loans are interest bearing and at market rates. The changes show the synergies created in order to optimise cash management.

D.6.7.3.5 Balances with subsidiaries

<i>In Euro thousands</i>	Revenue, Other Revenue and Financial Income	Costs and Financial Expense
Airforce S.p.A	785	127
Ariafina Co. Ltd	343	56
Elica Group Polska Sp.z.o.o	13,627	99,273
Elica Mex S.a.de C.V.	7,448	164
ZheIang Elica Putian Electric Co. Ltd.	701	7,554
Elica Trading LLC	9,068	72
Elica Francia S.A.S.	20,324	20
Elica Gmbh	7,803	75
EMC Fime Srl	4,395	13,944
Total	64,494	121,285

Below are the dividends received by the Company:

<i>In Euro thousands</i>	31/12/2022	31/12/2021	Changes
<u>Dividends received from subsidiaries</u>			
Airforce S.p.A	0	300	(300)
Ariafina Co. Ltd	1,120	588	532
Elica Group Polska Sp.z.o.o	1,851	1,589	262
Total	2,971	2,477	494

D.6.7.4 Transactions with other related parties

In 2022, transactions with other related parties took place. All transactions were conducted on an arm's length basis in the ordinary course of business. No separate disclosure of these positions is provided in the separate Financial Statements, given the immaterial amounts involved, in accordance with Consob resolution no. 15519 of July 27, 2006.

<i>In Euro thousands</i>	Receivables	Liabilities/Lease Liabilities	Revenues	Costs
Fastnet S.p.A.	0	(1)	0	(11)
La Ceramica	0	(2)	0	(21)
Ermanno Casoli Foundation	0	(50)	0	(100)
Other	14	(42)	6	(26)
Total	14	(95)	6	(159)

With the other related parties, Elica primarily carries out transactions of a trading nature. There are no transactions with Fintrack S.p.A. and with FAN S.r.l..

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

The Procedures for Transactions with Related Parties is published on the Company's website (<https://corporate.elica.com/en/governance/internal-control-system>).

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

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

<i>Euro thousands</i>	Asset at 01/01/2022	Vested in 2022	Collected 2022 (**)	Asset at 31/12/2022	Description
Grant for Photovoltaics (*)	123	48	(156)	16	Grant on photovoltaic plant installed on the roof of the Castelfidardo and Cerreto D'Esio industrial buildings issued by GSE
2015 Industry	138	0	0	138	Research and Development grant from Ministry for Economic Development
RESPIRE project	47	0	0	47	Research grant from European Union
H@H Project	47	9	(4)	51	Research and Development grant from Ministry for University and Scientific Research
SEAL project	154	0	(69)	85	Research and Development grant from Ministry for University and Scientific Research
SHELL Project	173	0	0	173	Research and Development grant from Ministry for University and Scientific Research
Project SM	104	0	0	104	Research and Development grant from Ministry for University and Scientific Research
SMARTFAN project	31	33	(64)	0	Research grant from European Union
MERCURY Project	57	0	0	57	Research and development grant from the Marche region Regional Plan
MIRACLE Project	37	0	0	37	Research and development grant from the Marche region Regional Plan
Fondimpresa	167	26	(174)	19	Staff training grant from Fondimpresa
Fondirigenti	18	4	(18)	4	Training executives grant from Fondimpresa
New Investment Tax Credit 2020	84	0	(36)	48	Tax credit on new investments year 2020 - Law No. 160 of 27.12.2019
New Investment Tax Credit 2021	159	0	(159)	0	Tax credit on new investments year 2020 and 2021 - Law No. 178 of 30.12.2020
New Investment Tax Credit 2022	0	110	0	110	Tax credit on new investments year 2022 - Law No.234, 25.12.2021
Research & Development tax credit 2019	899	0	0	899	Research & Development tax credit 2019 - Law No. 190/2014
Research & Development tax credit 2020	254	210	0	464	R&D tax credit - Law No. 178 of 30.12.2020
Research & Development tax credit 2021	0	351	0	351	R&D tax credit - Law No. 178 of 30.12.2020
2021 advertising bonus	0	35	(35)	0	Law No. 50 of 24.04.2017 - Advertising Bonus
Electricity and GAS Tax Credit	0	377	(136)	241	DL January 27, 2022, No. 4; DL March 1, 2022, No. 17; DL March 21, 2022, No. 21; DL May 17, 2022, No. 50
Total Grants	2,520	1,218	(894)	2,843	

(*) Includes advances received

(**) including EMC FIME S.r.l transfer

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

The Company in 2022 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.

D.6.10. Events after the reporting date

On January 25, 2023 the second part of the Elica ordinary share Buyback plan concluded, announced to the market on July 11, 2022 and beginning on the same date, in execution of the Shareholders' Meeting resolution of April 28, 2022 (the "Buyback Plan"), according to the conditions previously announced to the market. In the period between July 11, 2022 and January 25, 2023, Elica acquired 325,000 ordinary shares (equal to 0.51% of the share capital), with a total value of Euro 914,413 and a volume-weighted average price of Euro 2.81. As a result of the purchases made, Elica holds a total of 650,000 treasury shares, equal to 1.02% of the share capital.

On February 14, 2023, the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the fourth quarter of 2022, prepared in accordance with IFRS and reviewed the 2022 preliminary consolidated results.

On the same date the company launched the third tranche of the treasury share buyback plan, as authorised by the Shareholders' Meeting of April 28, 2022 (the "Buyback Plan"), according to the terms previously disclosed to the market. In execution of this Shareholders' Meeting resolution, from February 15, 2023 and until April 27, 2023 a third tranche of the Buyback Plan shall be launched, for a maximum 190,000 treasury shares (approx. 0.3% of the subscribed and paid-in share capital).

Fabriano, March 16, 2023

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

D.6.11. Proposal for the approval of the 2022 Financial Statements and allocation of the profit for the year as approved by the Board of Directors on March 16, 2023

Dear Shareholders,

The Financial Statements for the year 2022, which we present for your approval, report a net profit of Euro 15,902,311 and equity of Euro 108,999,816.

We propose, therefore:

- (i) to distribute an ordinary dividend in the amount of Euro 0.07 for each of the 63,322,800 ordinary shares in circulation, net of the treasury shares held on the ex-dividend date of the coupon, gross of statutory withholdings, to be allocated from the Profit for the year;
- (ii) to establish July 3, 2023 as the ex-dividend date of coupon No. (10), July 4, 2023 as the record date and July 5, 2023 as the payment date;
- (iii) to allocate the remaining amount of the profit to the extraordinary reserve;
- (iv) to authorise the Chairperson of the Board of Directors, and the Chief Executive Officer, severally and with the power to sub-delegate, where the number of treasury shares is modified before the dividend coupon date:
 - to allocate the amount of the dividend relating to any treasury shares acquired to the Extraordinary Reserve;
 - to reduce the Extraordinary Reserve for the amount of dividends on any treasury shares sold;
- (v) to grant the Chairperson of the Board of Directors and the Chief Executive Officer, severally and with the power to delegate to third parties, the broadest powers necessary to carry out the above.

We thank you for your assistance.

Fabriano, March 16, 2023

The Board of Directors

THE EXECUTIVE CHAIRPERSON

Francesco Casoli

E. ATTACHMENTS TO SEPARATE FINANCIAL STATEMENTS

E.1. Disclosure pursuant to Article 149 of the Consob Issuers' Regulation

The following table, prepared pursuant to Article 149-duodecies of the Consob Issuers' Regulation reports the payments made in 2022 for audit and other services provided by the independent auditors and entities associated with them.

Type of service	Service provider	Company	Remuneration <i>In Euro thousands</i>
Audit	Kpmg. S.p.A.	Elica S.p.A.	260
Other services	Kpmg. S.p.A.	Elica S.p.A.	59
KPMG network fees			319

E.2. Attestation on the Separate Financial Statements as per Article 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments and integrations

The undersigned Giulio Cocci, as Chief Executive Officer, and Emilio Silvi, as Manager in charge of Financial Reporting of Elica S.p.A., affirm, and also in consideration of Article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the adequacy considering the company's characteristics and
- the effective application of the administrative and accounting procedures for the compilation of the financial statements for 2022.

We also declare that:
the separate Financial Statements:

- correspond to the underlying accounting documents and records;
- were prepared in accordance with the IFRS endorsed by the European Union and with Article 9 of Legislative Decree no. 38/2005;
- as far as we are aware, provide a true and fair view of the financial position, financial performance and cash flows of the issuer.

The Directors' Report includes a reliable analysis on the performance and operating results of the issuer together with a description of the principal risks and uncertainties to which it is exposed.

Fabriano, March 16, 2023

The Chief Executive Officer
Giulio Cocci

Manager in charge of Financial Reporting
Emilio Silvi

CONTENTS

A. 2022 DIRECTORS' REPORT

A.1. The Elica Group today

A.2. Chairperson's view

A.2.1 Chief Executive Officer's view

A.3. 2022 Economic overview and Outlook for 2023

A.3.1. International developments

A.3.2 Cooker hoods market

A.4. Currency markets

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

A.5.1. Financial highlights

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

A.5.2.1. Elica Group Operating Performance

A.5.2.2 Elica Group Financial Position and Performance

A.5.2.3 Alternative performance measures

A.5.2.3.1. Alternative performance measures - Definitions

A.5.2.3.2. Alternative performance measures - Reconciliations

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

A.6.1. Elica S.p.A. Operating Performance

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

A.6.3. Alternative performance measures - Definitions

A.6.4. Alternative performance measures - Reconciliations

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

A.8. Significant events in 2022

A.9. Events after the reporting date and outlook

A.9.1. Events after the reporting date

A.9.2. Outlook

A.10. The environment and personnel

A.11. Research and development

A.12. Exposure to risks and uncertainty and financial risk factors

A.13. Company bodies

A.14. Elica Group structure and consolidation scope

A.14.1. Related-party transactions

A.15. IFRS

A.16. Corporate governance and ownership structure report

A.17. Remuneration Report

A.18. Consolidated non-financial statement

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

A.20. Compliance with Article 70, paragraph 8 and Article 71, paragraph 1-*bis* of the "Issuers Regulation"

B. CONSOLIDATED FINANCIAL STATEMENTS AS AT END FOR THE YEAR ENDED DECEMBER 31, 2022

B.1 Income Statement

B.2 Statement of Comprehensive Income

B.3. Statement of Financial Position

- B.4. Statement of Cash Flows
- B.5. Statement of changes in Equity
- B.6. Notes to the Consolidated Financial Statements as at and for the year ended December 31, 2022
 - B.6.1. Group structure and activities
 - B.6.2. Accounting policies and basis of consolidation
 - B.6.2.1 Basis of preparation
 - B.6.2.2 Other general information
 - B.6.2.3 Authorisation to publish
 - B.6.2.4 Basis of consolidation
 - B.6.2.4.1 Consolidation of foreign companies and foreign currency translation
 - B.6.2.4.2 Business combinations
 - B.6.2.4.3 Investments in associates and joint ventures
 - B.6.2.5 Accounting policies
 - B.6.2.5.1 Plant, property and equipment
 - B.6.2.5.2 Goodwill
 - B.6.2.5.3 Intangible assets with finite useful lives
 - B.6.2.5.3.1 Research and development costs
 - B.6.2.5.4 Impairment testing
 - B.6.2.5.5 IFRS 16 Leases
 - B.6.2.5.6 Inventories
 - B.6.2.5.7 Trade receivables and other current assets
 - B.6.2.5.8 Other financial assets
 - B.6.2.5.9 Non-current assets held for sale
 - B.6.2.5.10 Cash and cash equivalents
 - B.6.2.5.11 Trade payables and other liabilities
 - B.6.2.5.12 Other financial liabilities
 - B.6.2.5.13 Bank loans and borrowings and loans and borrowings from other lenders
 - B.6.2.5.14 Derivative instruments and hedge accounting
 - B.6.2.5.15 Treasury shares
 - B.6.2.5.16 Employee Benefits
 - B.6.2.5.16.1 Post-employment plans
 - B.6.2.5.16.2 Share-based payments
 - B.6.2.5.17 Provisions for risks and charges
 - B.6.2.5.18 Revenue
 - B.6.2.5.19 Operating segments
 - B.6.2.5.20 Interest income and expense
 - B.6.2.5.21 Dividends
 - B.6.2.5.22 Presentation currency, functional currency and foreign currency transactions
 - B.6.2.5.23 Government grants
 - B.6.2.5.24 Current taxes
 - B.6.2.5.25 Deferred taxes
 - B.6.2.5.26 Earnings per share
 - B.6.2.6 Accounting standards, amendments and interpretations applied from January 1, 2022
 - B.6.2.7 Accounting standards, amendments and interpretations not yet applied and applicable
 - B.6.3. Significant accounting estimates
 - B.6.4. Composition and changes to the consolidation scope
 - B.6.5. Notes to the Income Statement, Statement of Financial Position and Statement of Cash Flows

- B.6.5.1 Revenue
- B.6.5.2 Segment reporting
- B.6.5.3 Other operating income
- B.6.5.4 Increase in internal work capitalised
- B.6.5.5 Amortisation, depreciation and impairment losses
- B.6.5.6 Personnel expense
- B.6.5.7 Other operating expenses
 - B.6.5.7.1 Change in inventories of finished and semi-finished products and raw materials and consumables
 - B.6.5.7.2 Services
 - B.6.5.7.3 Other operating expenses and accruals
 - B.6.5.7.4 Restructuring charges
- B.6.5.8 Financial expense
- B.6.5.9 Financial income
- B.6.5.10 Gain/(loss) on Group companies
- B.6.5.11 Exchange rate gains/(losses)
- B.6.5.12 Income taxes
- B.6.5.13 Basic earnings per share – Diluted earnings per share
- B.6.5.14 Other information on income statement items
- B.6.5.15 Plant, property and equipment
- B.6.5.16 Goodwill
- B.6.5.17 Impairment test
- B.6.5.18 Other Intangible assets with finite useful lives
 - B.6.5.18.1 Right-of-use assets
- B.6.5.19 Other receivables (non-current) and other assets
- B.6.5.20 Trade receivables
 - B.6.5.20.1 Loss allowance
- B.6.5.21 Inventories
- B.6.5.22 Other assets (current)
- B.6.5.23 Other non-current liabilities
- B.6.5.24 Other liabilities (current)
- B.6.5.25 Employees benefit liabilities
- B.6.5.26 Provision for risks and charges
- B.6.5.27 Deferred tax assets – Deferred tax liabilities
- B.6.5.28 Tax assets and payables
 - B.6.5.28.1 Tax assets
 - B.6.5.28.2 Tax liabilities
- B.6.5.29 Trade payables
- B.6.5.30 Net financial position, default risk and covenants
 - B.6.5.30.1 Cash and cash equivalents
 - B.6.5.30.2 Bank loans and borrowings
 - B.6.5.30.3 Lease liabilities and loans and borrowings from other lenders
- B.6.5.31 Derivative financial instruments
 - B.6.5.31.1 Derivative financial instruments, IFRS 7 classification
- B.6.5.32. Equity
 - B.6.5.32.1 Equity attributable to non-controlling interests
 - B.6.5.32.1.1 Profit attributable to non-controlling interests

- B.6.5.32.2 Equity attributable to the owners of the Parent
 - B.6.5.32.2.1 Share capital
 - B.6.5.32.2.2 Reserves
 - B.6.5.32.2.2.1 Capital reserves
 - B.6.5.32.2.2.2 Hedging and translation reserve
 - B.6.5.32.2.2.3 Retained earnings
 - B.6.5.32.2.2.3.1 Dividends
 - B.6.5.32.2.3 Treasury shares
- B.6.5.33 Acquisitions and disposals of businesses in the year
- B.6.6. Guarantees, commitments and contingent liabilities
 - B.6.6.1. Contingent liabilities
 - B.6.6.2 Guarantees
 - B.6.6.3 Commitments
- B.6.7 Risk management
 - B.6.7.1 Market risk
 - B.6.7.1.1 Currency risk
 - B.6.7.1.2 Commodity risk
 - B.6.7.1.3 Interest rate risk
 - B.6.7.1.4 Geopolitical risk
 - B.6.7.1.5 Cyber Security Risk Analysis
 - B.6.7.2 Credit risk
 - B.6.7.3 Liquidity risk
 - B.6.7.4 Classification of Financial instruments
- B.6.8. Disclosure pursuant to IAS 24 on management remuneration and related party transactions
 - B.6.8.1 Remuneration of Directors, Statutory Auditors and Senior Executives
 - B.6.8.2 Information on subsidiaries
 - B.6.8.2.1 Subsidiaries – 2022 Highlights
- B.6.9. Government grants as per Article 1, paragraphs 125-129, of Law No. 124/2017
- B.6.10 Disclosure pursuant to Article 149 of the Consob Issuers' Regulation
- B.6.11 Events after the reporting date
- B.6.12 Other information
 - B.6.12.1 Management and coordination
 - B.6.12.2 Positions or transactions arising from atypical and/or unusual operations
 - B.6.12.3 Significant non-recurring events and transactions

C. ATTACHMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS

- C.1. Attestation on the Consolidated Financial Statements as per Article 81-ter of Consob Regulation No. 11971 of May 14, 1999 and subsequent amendments and integrations

D. SEPARATE FINANCIAL STATEMENTS AS AT END FOR THE YEAR ENDED DECEMBER 31, 2022

- D.1. Income Statement
- D.2. Statement of Comprehensive Income
- D.3. Statement of Financial Position
- D.4. Statement of Cash Flows
- D.5. Statement of changes in equity
- D.6. Notes to the Separate Financial Statements at December 31, 2022

- D.6.1. Accounting policies
 - D.6.1.1 General information
 - D.6.1.2 Basis of preparation
 - D.6.1.3 Financial schedules
 - D.6.1.4 Accounting policies
- D.6.2. Accounting standards, amendments and interpretations in force as from January 1, 2022 and not yet applicable by the Company
 - D.6.2.1 Accounting standards, amendments and interpretations applied from January 1, 2022
 - D.6.2.2 Accounting standards, amendments and interpretations not yet applied and applicable
- D.6.3. Significant accounting estimates
- D.6.4. Notes to the Separate Financial Statements
 - D.6.4.1 Revenue
 - D.6.4.2 Other operating income
 - D.6.4.3 Changes finished/ semi-finished products
 - D.6.4.4 Increase in internal work capitalised
 - D.6.4.5 Raw materials and consumables
 - D.6.4.6 Services
 - D.6.4.7 Personnel expense
 - D.6.4.8 Amortisation, depreciation and impairment losses
 - D.6.4.9 Other operating expenses and accruals
 - D.6.4.10 Restructuring charges
 - D.6.4.11 Gain/(loss) on Group companies
 - D.6.4.12 Financial income
 - D.6.4.13 Financial expense
 - D.6.4.13 Exchange rate gains/(losses)
 - D.6.4.15 Income taxes
 - D.6.4.16 Other information on Income Statement items
 - D.6.4.17 Property, plant and equipment
 - D.6.4.18 Goodwill and other intangible assets
 - D.6.4.18.1. Goodwill
 - D.6.4.18.2. Other intangible assets
 - D.6.4.18.3. Right-of-use assets
 - D.6.4.19 Equity Investments
 - D.6.4.19.1 Investments in subsidiaries
 - D.6.4.20 Other assets (non-current) and other assets
 - D.6.4.21 Deferred tax assets and liabilities
 - D.6.4.22 Trade receivables-third parties
 - D.6.4.23 Inventories
 - D.6.4.24 Other assets (current)
 - D.6.4.25 Tax assets (current)
 - D.6.4.26 Employee liabilities
 - D.6.4.27 Provision for risks and charges
 - D.6.4.28 Current and non-current tax liabilities
 - D.6.4.28.1 Tax liabilities (non-current)
 - D.6.4.28.2 Tax liabilities (current)
 - D.6.4.29 Other liabilities (current and non-current)
 - D.6.4.30 Trade payables

- D.6.4.31 Equity
 - D.6.4.31.1 Share capital
 - D.6.4.31.2 Capital reserves
 - D.6.4.31.3 Hedging reserve
 - D.6.4.31.4 Treasury shares
 - D.6.4.31.5 Actuarial reserve
 - D.6.4.31.6 Retained earnings
 - D.6.4.31.7 Information on distributable reserves
- D.6.4.32 Net financial position
 - D.6.4.32.1 Cash and cash equivalents
 - D.6.4.32.2 Bank loans and borrowings
 - D.6.4.32.3 Derivative financial instruments
 - D.6.4.32.4 Lease liabilities and loans and borrowing from other lenders as per IFRS 16
- D.6.4.33 Significant non-recurring events and transactions
- D.6.5. Guarantees, commitments and contingent liabilities
 - D.6.5.1. Contingent liabilities
 - D.6.5.2. Guarantees and commitments
- D.6.6. Risk management
 - D.6.6.1 Introduction
 - D.6.6.2 Market risk
 - D.6.6.2.1 Currency risk
 - D.6.6.2.2 Commodity risk
 - D.6.6.2.3 Interest rate risk
 - D.6.6.2.4 Cyber Security Risk Analysis
 - D.6.6.3 Credit risk
 - D.6.6.4 Liquidity risk
 - D.6.6.5 Classification of the Financial instruments
- D.6.7. Disclosure of Management remuneration and related-party transactions
 - D.6.7.1 Remuneration of Directors, Statutory Auditors and Senior Executives
 - D.6.7.2 Management and coordination
 - D.6.7.3 Transactions with subsidiaries
 - D.6.7.3.1. Subsidiaries – 2022 Highlights
 - D.6.7.3.2 Trade receivables from subsidiaries
 - D.6.7.3.3 Trade payables to subsidiaries
 - D.6.7.3.4 Trade receivables and payables with subsidiaries
 - D.6.7.3.5 Balances with subsidiaries
 - D.6.7.4 Transactions with other related parties
- D.6.8. Government grants as per Article 1, paragraphs 125-129, of Law No. 124/2017
- D.6.9. Positions or transactions arising from atypical and/or unusual operations
- D.6.10. Events after the reporting date
- D.6.11. Proposal for the approval of the 2022 Financial Statements and allocation of the profit for the year as approved by the Board of Directors on March 16, 2023

E. ATTACHMENTS TO SEPARATE FINANCIAL STATEMENTS

- E.1. Disclosure pursuant to Article 149 of the Consob Issuers' Regulation
- E.2. Attestation on the Separate Financial Statements as per Article 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments and integrations