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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

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

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Elica S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2022, the income statement and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Elica S.p.A. as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Elica S.p.A.
Independent auditors' report
31 December 2022

Recoverability of goodwill

Notes to the separate financial statements: notes 6.1.4 - Accounting policies: Goodwill, Impairment testing and 6.4.18.1 - Goodwill

Key audit matter	Audit procedures addressing the key audit matter
<p>The separate financial statements at 31 December 2022 include goodwill of €23.3 million.</p> <p>At least annually, the directors test goodwill for impairment by comparing the carrying amount of the cash-generating units (CGUs) to which goodwill is allocated to their estimated recoverable amount, based on value in use calculated using the discounted cash flow model").</p> <p>The directors have estimated the operating cash flows on the basis of the 2023-2027 financial projections (the "2023-2027 projections") and the revenue's estimated long-term growth rates and profitability.</p> <p>This method, by its very nature, requires a high level of directors' judgement about the projected operating cash flows during the calculation period, as well as the discount and growth rates of those cash flows, which is even more complex due to the current macroeconomic uncertainty.</p> <p>For the above reasons, we believe that the recoverability of goodwill is a key audit matter.</p>	<p>Our audit procedures, which also involved our own specialists, included:</p> <ul style="list-style-type: none"> • understanding the process adopted to prepare the impairment test approved by the company's board of directors; • understanding and analysing the process to prepare the 2023-2027 projections approved by the board of directors from which the expected operating cash flows used for impairment testing have been derived; • analysing the reasonableness of the key assumptions used by the directors to determine the recoverable amount of goodwill. Our analyses included comparing the key assumptions used to the company's historical data and external information, where available; • analysing the valuation models adopted by the directors for reasonableness and consistency with professional practice; • checking the sensitivity analyses disclosed in the notes with reference to the key assumptions used for impairment testing, including raw material cost, the weighted average cost of capital and the long-term growth rate; • assessing the appropriateness of the disclosures provided in the notes about goodwill and the related impairment test.

Recoverability of equity investments

Notes to the separate financial statements: notes D.6.1.4 – Accounting policies: Investments in subsidiaries and associates and D.6.4.19.1 – Investments in subsidiaries

Key audit matter	Audit procedures addressing the key audit matter
<p>The separate financial statements at 31 December 2022 include investments in subsidiaries of €102.7 million.</p> <p>Equity investments are tested for impairment if there is any indicator of impairment (a trigger event). Based on the outcome of its analysis of the trigger events, the company estimated the recoverable amount of its</p>	<p>Our audit procedures, which also involved our own specialists, included:</p> <ul style="list-style-type: none"> • understanding the process adopted to prepare the impairment test approved by the board of directors; • understanding and analysing the process to prepare the 2023-2027 projections approved by the board of directors from which the expected



Elica S.p.A.

Independent auditors' report

31 December 2022

investments in Zhejiang Elica Putian Electric Co. Ltd, Elica Trading LLC and EMC Fime S.r.l..

Equity investments are tested for impairment by comparing their carrying amount to their estimated recoverable amount, based on value in use calculated using the discounted cash flow model.

The directors have estimated the operating cash flows on the basis of the 2023-2027 financial projections (the "2023-2027 projections") and the revenue's estimated long-term growth rates and profitability.

This method, by its very nature, requires a high level of judgement about the projected operating cash flows during the calculation period, as well as the discount and growth rates of those cash flows, which is even more complex due to the current macroeconomic uncertainty.

For the above reasons, we believe that the recoverability of the investments in subsidiaries is a key audit matter.

operating cash flows used for impairment testing have been derived;

- analysing the reasonableness of the key assumptions used by the directors to determine the recoverable amount of the equity investments tested for impairment. Our analyses included comparing the key assumptions used to the company's historical data and external information, where available;
 - analysing the valuation models adopted by the company for reasonableness and consistency with professional practice;
 - checking the sensitivity analyses disclosed in the notes with reference to the key assumptions used for impairment testing, including raw material cost, the weighted average cost of capital and the long-term growth rate;
 - assessing the appropriateness of the disclosures provided in the notes about the equity investments and the related impairment test.
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Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.



Elica S.p.A.

Independent auditors' report

31 December 2022

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 29 December 2015, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2015 to 31 December 2023.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.



Elica S.p.A.
Independent auditors' report
31 December 2022

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements at 31 December 2022 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2022 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2022 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2022 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Ancona, 27 March 2023

KPMG S.p.A.

(signed on the original)
Maurizio Cicioni
Director of Audit