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FINANCIAL REPORT
AT 31 MARCH

2021

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DēLonghi Group

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Company Officers *

Board of Directors

GIUSEPPE DE' LONGHI	Chairman
FABIO DE' LONGHI	Vice Chairman
MASSIMO GARAVAGLIA	Chief Executive Officer
SILVIA DE' LONGHI	Director
MASSIMILIANO BENEDETTI**	Director
FERRUCCIO BORSANI**	Director
LUISA MARIA VIRGINIA COLLINA**	Director
RENATO CORRADA	Director
CARLO GARAVAGLIA	Director
MARIA CRISTINA PAGNI **	Director
STEFANIA PETRUCCIOLI**	Director
GIORGIO SANDRI	Director

Board of Statutory Auditors

CESARE CONTI	Chairman
PAOLA MIGNANI	Standing member
ALBERTO VILLANI	Standing member
LAURA BRAGA	Alternate auditor
ALBERTA GERVASIO	Alternate auditor

External Auditors

PRICEWATERHOUSECOOPERS S.P.A. ***

Control, Risks, Corporate Governance and Sustainability Committee

STEFANIA PETRUCCIOLI**
 MARIA CRISTINA PAGNI **
 RENATO CORRADA

Remuneration and Appointments Committee

MARIA CRISTINA PAGNI **
 STEFANIA PETRUCCIOLI**
 CARLO GARAVAGLIA

Independent Committee

MARIA CRISTINA PAGNI **
 MASSIMILIANO BENEDETTI**
 FERRUCCIO BORSANI**
 LUISA MARIA VIRGINIA COLLINA**
 STEFANIA PETRUCCIOLI**

* The company officers were elected at the shareholders' meeting of 30 April 2019 for the period 2019-2021. The number of Board of Directors members was increased to 12 following the appointment by the Shareholders' Meeting on 22 April 2020 of Massimo Garavaglia as a member of the Board of Directors, granted powers as Chief Executive Officer, through the end of the Board's term.

** Independent directors.

*** Assigned by the shareholders' meeting of 24 April 2018 for the financial years 2019-2027.

Key performance indicators

Results

(€/million)	1 st quarter 2021	%	1 st quarter 2021 on like for like basis	%	1 st quarter 2020	%	Change on like for like basis	Change % on like for like basis
Revenues	678.7	100.0%	625.7	100.0%	393.3	100.0%	232.3	59.1%
<i>Revenues at constant exchange rates</i>	<i>705.1</i>	<i>100.0%</i>	<i>647.1</i>	<i>100.0%</i>	<i>392.8</i>	<i>100.0%</i>	<i>254.3</i>	<i>64.7%</i>
Net industrial margin	355.1	52.3%	331.5	53.0%	198.3	50.4%	133.2	67.2%
EBITDA before non – recurring /stock option costs	128.6	18.9%	117.4	18.8%	42.1	10.7%	75.3	178.8%
EBITDA	127.6	18.8%	116.4	18.6%	36.6	9.3%	79.8	217.9%
EBIT	108.2	15.9%	98.1	15.7%	17.6	4.5%	80.6	458.8%
Profit (loss) pertaining to the Group	80.9	11.9%	72.7	11.6%	11.0	2.8%	61.7	561.8%

Statement of financial position

(€/million)	31.03.2021	31.03.2021 on like for like basis	31.03.2020	31.12.2020
Net operating working capital	252.3	230.0	311.3	240.2
<i>Net operating working capital/Net revenues</i>	<i>9.6%</i>	<i>8.9%</i>	<i>14.7%</i>	<i>10.2%</i>
Net working capital	101.4	85.1	256.6	96.2
Net capital employed	1,045.8	1,002.8	855.7	1,035.4
Net financial assets	318.2	367.0	335.0	232.0
<i>of which:</i>				
- <i>net bank financial assets</i>	<i>386.9</i>	<i>433.4</i>	<i>396.8</i>	<i>303.8</i>
- <i>other net non-bank financial receivables/(payables)</i>	<i>(68.8)</i>	<i>(66.4)</i>	<i>(61.8)</i>	<i>(71.8)</i>
Net equity	1,364.0	1,369.8	1,190.7	1,267.4

Definitions

The figures at constant exchange rates are calculated excluding the effects of converting currency balances and accounting of derivative transactions.

The like-for-like figures refer to the De'Longhi Group prior to the acquisition of Capital Brands and were determined excluding its consolidation.

Introduction

This report contains the unaudited consolidated results at 31st March 2021.

The financial results as of March 31st, 2021 are published in accordance to the decision of the Board of Directors that determined to continue to approve and publish the interim reports within the terms and in the manner usually adopted by the Company, on a voluntary basis and in addition to the annual and half-year financial reports as per article 154-ter, paragraph 1 and 2 of Legislative Decree n. 58/1998 ("TUF"). The adopted communication policy, until a different determination by the Board of Directors, stipulates that the content of the interim reports shall be the same published in the past and it refers, in particular, to financial year 2020.

This report is presented during what continue to be a highly uncertain environment which calls for caution including when making economic forecasts.

Nonetheless, De' Longhi, thanks to its financial solidity, the actions taken to limit risks and its business model, maintained the positive trend seen already in 2020, recording significant growth also in the first few months of 2021, which confirms the effectiveness of the strategy implemented in response to the health crisis.

Consistent with what has been done since the beginning of the pandemic, in the first few months of 2021 the De' Longhi Group maintained the measures in place to protect the health and safety of its employees based on an internal policy and in accordance with local laws, maximizing the use of remote working solutions whenever possible in order to, at the same time, guarantee business continuity.

Performance review

De' Longhi closed the first quarter of 2021 with strong growth in what was a particularly complex environment, still impacted by the health crisis which, at this point, has lasted for more than one year. This period, while still difficult, provided numerous opportunities which the Group was able to take advantage of thanks to its international presence and the strength of its brands and products, while continuing to make investments in advertising, products and production infrastructure, as well as in the new headquarters and the Group's innovation center.

The first quarter of 2021 closed with robust growth in both revenues and margins with good cash generation; in a general context of growth in the home experience markets, De' Longhi increased its market shares in the main product categories.

The health crisis accelerated the processes already underway which will drive structural changes in the distribution model, which will be increasingly more digital in the future, as well as consumer habits and lifestyle with a greater propensity to purchase products for the home.

The De' Longhi Group picked up on these trends and quickly adjusted its commercial strategy, accelerating a few projects already underway; the Group also continued to invest in the development of new products, in production facilities and communication to support all its brands.

Growth was also fueled by M&A thanks to the acquisition, finalized in December 2020, of Capital Brands which through its brands, *Nutribullet* and *Magic Bullet*, will make it possible to strengthen the healthy food and wellness segment and meet the consumers' growing demand for natural, healthy foods, especially among young people.

In the first three months of 2021 revenues amounted to €678.7 million, an increase of 72.6% compared to the same period in 2020 (+79.5% at constant exchange rates).

Like-for-like revenues came to €625.7 million, 59.1% higher than in the same period of 2020. The positive performance, which confirms the growth already seen in prior quarters, benefitted from a noticeable increase in volumes. The price effect and mix were also positive.

At constant exchange rates the Group's revenues, excluding the Capital Brands acquisition, would have amounted to €647.1 million, an increase of +64.7% against the comparison period.

All the geographical areas in which the Group operates contributed to the growth in sales.

In **Europe** like-for-like revenues were 59.4% higher than in the first quarter of 2020 (+63.3% at constant exchange rates), coming in at €449.6 million.

Positive results were reported by all the markets in this region.

Germany and France recorded solid growth driven by the sale of fully automatic coffee machines and kitchen machines. The positive trend seen beginning in the second part of the prior year was maintained in Italy where revenues doubled with respect to a weak first quarter 2020. Similarly, the UK posted significant growth. Very good results were also reported in Eastern Europe (Poland, the Czech Republic, Slovakia and Hungary). Russia posted double-digit growth in revenues, despite a particularly adverse exchange effect.

Given its growing importance, amplified by the Capital Brands acquisition, beginning in this report **Americas** will be reported on as a separate, stand-alone region. The region reported revenues of €100.4 million thanks to the contribution of the new brands *Nutribullet* and *MagicBullet* introduced at the end of the year and €59.9 million like-for-like with robust growth (+63.3%; +77.2% at constant exchange rates) driven by the good sales performance of coffee products and comfort.

In **Asia Pacific**, like-for-like revenues amounted to €66.1 million in the first quarter of 2021, rising 21.3% against the same period of 2020 despite a negative exchange effect; growth reached 25.2% at constant exchange rates.

Very good results were achieved in Australia and New Zealand. A similar trend of solid growth was also recorded in Japan and South Korea.

MEIA closed the quarter with like-for-like revenues of €50.0 million (+149.4% compared to the first quarter of 2020) thanks also to the commercial restructuring completed in 2020 which is having a positive effect; the comparison with the first three months of 2020 also benefits from the weakness seen in this quarter as a result of a few supply chain issues related to the first phase of the health crisis.

Looking at business lines, good growth was recorded across all the product categories.

Coffee products reported sales of €348.0 million (55% of the total) thanks to good growth of all the categories, from fully automatic machines to traditional pump machines to Nespresso platform products.

Cooking and food preparation products posted a very positive performance driven, above all, by a significant increase in the sale of kitchen machines which benefitted from the increased interest in cooking and healthy eating. Sales of the recently acquired *Nutribullet* and *MagicBullet* brand products also made a significant contribution.

Sales for comfort products rose considerably, particularly heaters as the sale of air conditioners is typically not significant in the first quarter of the year.

Lastly, the sales trend for cleaning products and irons was also positive.

In terms of margins, the first quarter of 2021 benefitted from a favorable mix and a positive price effect, as well as cost containment attributable to the actions taken by the Group in 2020 and greater efficiency stemming from higher volumes.

Like-for-like the net industrial margin amounted to €331.5 million or 53.0% of revenues in the first quarter of 2021, rising against the same period 2020 both numerically (+198.3 million) and as a percentage of revenues (50.4% in the first three months of 2020).

At the beginning of the health crisis management decided to continue investing significant amounts in communication and advertising in order to support the Group's brands and products. This choice was also made for 2021 and already in the first quarter, which is typically less relevant due to seasonality, costs for advertising and promotions are €22.7 million higher (+ 48.6%) than in the first few months of 2020, coming in at €69.4 million.

In the first quarter of 2021 there was an increase in transport costs due, in addition to the higher volumes, to a significant increase in tariffs and in personnel expense stemming from the new incentive plans.

Taking into account the positive contribution made by Capital Brands of €11.2 million, EBITDA before non-recurring/stock option costs amounted to €128.6 million (18.9% of revenues).

Like-for-like EBITDA before non-recurring/stock option costs came to €117.4 million or 18.8% of revenues, showing robust growth with respect to the €42.1 million (10.7% of revenues) reported in the first quarter of 2020.

In the first quarter of 2021 the Group recognized €0.9 million in notional stock option costs (€0.4 million in the first three months of 2020) and non-recurring costs of €0.1 million versus €5.1 million in the same period of 2020 which were attributable mainly to the costs incurred for the health crisis, including the donation of €3.1 million made by the Group to support pandemic containment measures.

After the amortization and depreciation of €19.3 million recognized in the first quarter of 2021 (€19.1 million in the first three months of 2020), EBIT came to €108.2 million, or 15.9% of revenues, including the Capital Brands acquisition.

Like-for-like, EBIT came to €98.1 million or 15.7% of revenues (€17.6 million, 4.5% of revenues, in the same period of 2020).

After financial expenses of €3.6 million (€1.5 million in the first three months of 2020) and taxes of € 23.8 million (€5.1 million in the first quarter of 2020) the Group's net profit came to €80.9 million in the first quarter of 2021 or €72.7 million like-for-like, a decided increase compared to the €11.0 million recorded in the first three months of 2020.

Net operating working capital amounted to €252.3 million (9.6% of revenues) or € 230.0 million like-for-like (8.9% of revenues), decidedly higher both numerically and as a percentage of rolling revenues compared to 31 March 2020 (€311.3 million, 14.7% of revenues) and basically unchanged with respect to 31 December 2020 (€240.2 million, 10.2% of revenues). In the first quarter of 2021 the trend in net operating working capital was consistent with year-end 2020, confirming the good results attributable to careful credit management, along with the positive dynamics of trade payables linked also to the timing and acceleration in purchasing which more than offset the increase in inventory attributable to the business trend.

The net financial position came to a positive €318.2 million at 31 March 2021 (versus a positive €335.0 million at 31 March 2020 and a positive €232.0 million at 31 December 2020).

The net financial position includes a few non-banking items, comprising mainly lease liabilities recognized in accordance with IFRS 16; net of these items the net financial position reached a positive €386.9 million at 31 March 2021 (positive for €396.8 million at 31 March 2020 and for €303.8 million at 31 December 2020).

In the twelve months cash absorption was limited, coming in at €16.8 million, despite the Capital Brands acquisition which had an impact of €329.3 million on the financial position and the distribution of €80.8 million in dividends, thanks to net operating cash flow which benefitted from increased profitability and better management of working capital.

Despite its solid financial situation and as part of its strategy to extend the average life of its debt, as well as take advantage of the favorable market conditions, the Group decided to increase and diversify its financial resources by taking out a new €100 million ESG (Environmental-Social-Governance) loan on 24 March. This transaction introduces a new reward mechanism based on which the terms of the loan can be adjusted each year if certain ESG (Environmental-Social-Governance) targets are reached and are included in the Group's sustainability strategy.

As part of the same financial strategy, on 7 April 2021 the Group also issued another €150 million tranche, maturing in 2041, of the "Private Shelf Facility" which was underwritten by a leading US financial group. The proceeds will be used for the Group's current and extraordinary operational needs.

Lastly, on 22 March 2021, De' Longhi announced that it had reached an agreement to purchase the remaining 60% of shares and to take over full control of Eversys, a growing Swiss group active in the design and marketing of professional espresso machines, with a specific focus on fully automatic machines for which it has developed a highly innovative technology which ensures premium brand positioning in its sector.

Consideration of CHF 110 million was agreed on for the remaining 60% stake. The deal was finalized on 3 May, after having received the approval of the Antitrust authorities.

Group results

The reclassified consolidated income statement is summarized as follows:

(€/million)	1st quarter 2021	% revenues	1st quarter 2021 on like for like basis	% revenues	1st quarter 2020	% revenues
Revenues	678.7	100.0%	625.7	100.0%	393.3	100.0%
<i>Change</i>	285.4	72.6%	232.3	59.1%		
Materials consumed & other production costs (production services and payroll costs)	(323.6)	(47.7%)	(294.2)	(47.0%)	(195.0)	(49.6%)
Net industrial margin	355.1	52.3%	331.5	53.0%	198.3	50.4%
Costs for services and other expenses	(170.1)	(25.1%)	(160.5)	(25.7%)	(108.5)	(27.6%)
Payroll (non-production)	(56.3)	(8.3%)	(53.5)	(8.6%)	(47.7)	(12.1%)
EBITDA before non-recurring / stock option costs	128.6	18.9%	117.4	18.8%	42.1	10.7%
<i>Change</i>	86.5	205.3%	75.3	178.8%		
Non-recurring expenses / stock option costs	(1.0)	(0.2%)	(1.0)	(0.2%)	(5.5)	(1.4%)
EBITDA	127.6	18.8%	116.4	18.6%	36.6	9.3%
Amortization	(19.3)	(2.8%)	(18.3)	(2.9%)	(19.1)	(4.8%)
EBIT	108.2	15.9%	98.1	15.7%	17.6	4.5%
<i>Change</i>	90.7	516.3%	80.6	458.8%		
Financial income (expenses)	(3.6)	(0.5%)	(3.3)	(0.5%)	(1.5)	(0.4%)
Profit (loss) before taxes	104.7	15.4%	94.8	15.2%	16.1	4.1%
Income taxes	(23.8)	(3.5%)	(22.1)	(3.5%)	(5.1)	(1.3%)
Profit (loss) pertaining to the Group	80.9	11.9%	72.7	11.6%	11.0	2.8%

For the sake of better comparison of the reporting periods, the figures for the first quarter of 2021 are shown like-for-like, namely excluding the contribution of Capital Brands which was acquired on 29 December 2020.

Revenues

Revenues generated by the Group's new perimeter amounted to €678.7 million in the first quarter of 2021, which includes the contribution made by the new brands *Nutribullet* and *MagicBullet*.

Like-for-like, namely excluding the Capital Brands acquisition, revenues amounted to €625.7 million, an increase of 59.1% compared to the same period 2020.

The change reflects a positive price effect and a favorable mix, as well as a sizeable increase in sales volumes. The exchange differences of the main currencies had a negative impact; at constant exchange rates, growth reached 64.7%.

During the quarter, consistent with previous months, the Group continued to strengthen distribution through online channels and the relative sales were almost double compared to the first three months of 2020.

Markets and business lines

In light of the growing importance of the Americas (which includes the markets of North, Central and South America), it is shown separately from the Asia Pacific countries.

The performance of the commercial areas is summarized below. For the sake of greater comparability, the figures are reported like-for-like, namely excluding the contribution of Capital Brands:

(€/million)	1st quarter 2021	1st quarter 2021 on like for like basis	1st quarter 2020	Change on like for like basis	Change % on like for like basis	Change % on like for like basis & at constant FX rates
Europe	456.6	449.6	282.0	167.6	59.4%	63.3%
Americas	100.4	59.9	36.7	23.2	63.3%	77.2%
Asia Pacific	69.5	66.1	54.5	11.6	21.3%	25.2%
MEIA	52.2	50.0	20.0	29.9	149.4%	169.9%
Total revenues	678.7	625.7	393.3	232.3	59.1%	64.7%

Europe reported like-for-like revenues of €449.6 million, an increase of 59.4% with respect to the first quarter of 2020 (+63.3% at constant exchange rates).

All of the markets in this region reported positive results.

Sales in Germany showed strong growth in the quarter thanks to an increase in the sale of fully automatic coffee machines, Kenwood brand kitchen machines and Braun handblenders; portable air conditioners were down with respect to the first few months of 2020 which benefitted from advance orders for a few models.

The positive trend seen beginning in the second part of the prior year was maintained in Italy where revenues doubled with respect to a weak first quarter 2020; good results were posted by all the product categories.

The good performance seen in prior reporting periods was confirmed in France and the quarter closed with solid revenue growth thanks to the success of the fully automatic coffee machines, kitchen machines and handblenders.

In the first three months of 2021 a very positive performance was reported in the United Kingdom.

Poland, which benefitted from an increase in the sale of coffee machines, particularly fully automatic machines, posted considerable sales growth.

Russia posted double-digit growth in revenues, despite a particularly adverse exchange effect, attributable above all to the good sales performance of fully automatic coffee machines and handblenders.

In the **Americas**, which benefitted directly from the inclusion of two new brands as a result of the Capital Brands acquisition, revenues amounted to €100.4 million and rose 63.3% to €59.9 million like-for-like thanks to the good sales performance of coffee products, particularly Nespresso platform machines, but also traditional pump and fully automatic machines, and comfort, above all portable air conditioners. Exchange differences had a negative impact on the region which at constant exchange rates reported growth of +77.2%.

Like-for-like **Asia Pacific** recorded revenues of €66.1 million in the first quarter of 2021, rising 21.3% against the 2020 comparison period despite the negative exchange effect; at constant exchange rates the growth reached 25.2%.

Very good results were achieved in Australia and New Zealand where sales of coffee products, primarily Nespresso platform machines and traditional models, increased along with kitchen machines and other small cooking and food preparation appliances.

A similar trend of solid growth was also recorded in Japan and South Korea.

MEIA closed the quarter with like-for-like revenues of €50.0 million (+149.4% compared to the first quarter of 2020) thanks also to commercial restructuring completed in 2020 which is having a positive effect; the comparison with the first three months of 2020 also benefits from the weakness seen in this quarter as a result of a few supply chain issues related to the first phase of the health crisis.

Looking at business lines, good growth was recorded across all the product categories.

Revenues for coffee products went from €219.6 million in the first quarter of 2020 to €348.0 million in the first three months of 2021 or 55% of the total.

Solid growth in the sale of fully automatic machines was reported in the first three months of 2021, confirming the success reported in 2020; sales for traditional and Nespresso machines were also very good.

Cooking and food preparation products posted a very positive performance driven above all by a significant increase in the sale of kitchen machines which benefitted from the increased interest in cooking and healthy eating. Sales of the recently acquired *Nutribullet* and *MagicBullet* brand products also made a significant contribution.

Sales for comfort products rose considerably, particularly heaters.

Lastly, the sales trend for cleaning products and irons was also positive.

Profitability

In terms of margins, the first quarter of 2021 benefitted from a favorable mix and a positive price effect, as well as cost containment attributable to the actions taken by the Group in 2020 and greater efficiency stemming from higher volumes.

Thanks to the positive contribution of the newly acquired Capital Brands, in the first quarter of 2021 the Group's net industrial margin came to €355.1 million.

Like-for-like the net industrial margin amounted to €331.5 million or 53.0% of revenues in the first quarter of 2021, rising against the same period 2020 both numerically (+€198.3 million) and as a percentage of revenues (50.4% in the first three months of 2020).

At the beginning of the health crisis, management decided to continue investing significant amounts in communication and advertising in order to support the Group's brands and products. This choice was also made for 2021 and already in the first quarter, which is typically less relevant due to seasonality, costs for advertising and promotions were €22.7 million higher (+48.6%) than in the first few months of 2020, coming in at €69.4 million.

In the first quarter of 2021 there was an increase in transport costs due, in addition to the higher volumes, to a significant increase in tariffs and in personnel expense stemming from the new incentive plans.

Taking into account the positive contribution made by Capital Brands of €11.2 million, EBITDA before non-recurring/stock option costs amounted to €128.6 million (18.9% of revenues).

Like-for-like EBITDA before non-recurring/stock option costs came to €117.4 million or 18.8% of revenues, showing robust growth with respect to the €42.1 million (10.7% of revenues) reported in the first quarter of 2020.

In the first quarter of 2021 the Group recognized €0.9 million in notional stock option costs (€0.4 million in the first three months of 2020) and non-recurring costs of €0.1 million versus €5.1 million in the same period of 2020, which were attributable mainly to the costs incurred for the health crisis, including the donation of €3.1 million made by the Group to support containment measures.

After the amortization and depreciation of €19.3 million recognized in the first quarter of 2021 (€19.1 million in the first three months of 2020), EBIT came to €108.2 million, or 15.9% of revenues, including the Capital Brands acquisition. Like-for-like, EBIT came to €98.1 million or 15.7% of revenues (€17.6 million, 4.5% of revenues in the same period of 2020).

The Group's net profit, including the contribution of Capital Brands, came to €80.9 million in the first quarter of 2021, after financial expenses of €3.6 million (€1.5 million in the first three months of 2020) and taxes of € 23.8 million (€5.1 million in the first quarter of 2020).

Like-for-like the Group's net profit reached €72.7 million, a decided increase compared to the €11.0 million recorded in the first three months of 2020.

Review of the statement of financial position

The reclassified consolidated statement of financial position is presented below:

(€/million)	31.03.2021	31.03.2020	31.12.2020
- Intangible assets	632.1	314.5	631.9
- Property, plant and equipment	328.9	320.2	324.6
- Financial assets	33.7	31.4	34.6
- Deferred tax assets	64.1	48.1	57.0
Non-current assets	1,058.8	714.3	1,048.1
- Inventories	545.3	407.7	424.0
- Trade receivables	316.8	220.4	398.1
- Trade payables	(609.8)	(316.8)	(581.9)
- Other payables (net of receivables)	(150.8)	(54.6)	(144.0)
Net working capital	101.4	256.6	96.2
Total non-current liabilities and provisions	(114.5)	(115.2)	(108.9)
Net capital employed	1,045.8	855.7	1,035.4
(Net financial assets)	(318.2)	(335.0)	(232.0)
Total net equity	1,364.0	1,190.7	1,267.4
Total net debt and equity	1,045.8	855.7	1,035.4

In the first quarter of 2021 the Group continued to invest in manufacturing innovation and in the development of new products for a total of €19.8 million (€27.2 million in the first quarter of 2020, including the purchase of a new plant in Romania for €14.2 million).

Net operating working capital amounted to €252.3 million (9.6% of revenues) or € 230.0 million like-for-like (8.9% of revenues), decidedly higher both numerically and as a percentage of rolling revenues compared to 31 March 2020 (€311.3 million, 14.7% of revenues) and basically unchanged with respect to 31 December 2020 (€240.2 million, 10.2% of revenues). In the first quarter of 2021 the trend in net operating working capital was consistent with year-end 2020, confirming the good results attributable to careful credit management, along with the positive dynamics of trade payables linked also to the timing and acceleration in purchasing which more than offset the increase in inventory attributable to the business trend.

Details of the net financial position are shown below:

(€/million)	31.03.2021	31.03.2020	31.12.2020
Cash and cash equivalents	805.7	752.4	662.9
Other financial receivables	232.9	114.6	243.0
Current financial debt	(251.6)	(127.2)	(236.6)
Net current financial position	787.0	739.7	669.3
Non-current financial receivables and assets	75.0	10.3	70.0
Non-current financial debt	(543.9)	(415.0)	(507.3)
Non-current net financial debt	(468.8)	(404.7)	(437.3)
Total net financial position	318.2	335.0	232.0
<i>of which:</i>			
- positions with banks and other financial payables	386.9	396.8	303.8
- lease liabilities	(65.4)	(70.7)	(65.8)
- other financial non-bank assets/(liabilities) -fair value of derivatives, financial debt connected to business combinations and pension fund-	(3.3)	8.9	(6.0)

The net financial position came to a positive €318.2 million at 31 March 2021 (versus a positive €335.0 million at 31 March 2020 and a positive €232.0 million at 31 December 2020).

The net financial position includes a few non-banking items, comprising mainly lease liabilities recognized in accordance with IFRS 16; net of these items the net financial position reached a positive €386.9 million at 31 March 2021 (positive for €396.8 million at 31 March 2020 and for €303.8 million at 31 December 2020).

Despite its sound financial situation and as part of its strategy to extend the average life of its debt, as well as take advantage of the favorable market conditions, the Group decided to increase and diversify its financial resources by taking out a new €100 million ESG (Environmental-Social-Governance) loan on 24 March. This transaction introduces a new reward mechanism based on which the terms of the loan can be adjusted each year if certain ESG (Environmental-Social-Governance) targets are reached and are included in the Group's sustainability strategy.

As part of the same financial strategy, on 7 April 2021 the Group also issued another €150 million tranche, maturing in 2041, of the "Private Shelf Facility" which was underwritten by a leading US financial group. The proceeds will be used for the Group's current and extraordinary operational needs.

The statement of cash flows is presented on a condensed basis as follows:

(€/million)	31.03.2021 3 months	31.03.2020 3 months	31.12.2020 12 months
Cash flow by current operations	128.9	35.5	352.9
Cash flow by changes in working capital	(33.2)	35.5	114.5
Cash flow by investment activities	(19.8)	(27.2)	(89.5)
Cash flow by operating activities	75.9	43.8	377.9
Acquisition of Capital Brands	-	-	(329.3)
Dividends paid	-	-	(80.8)
Share buy-back	-	(5.0)	(14.5)
Stock options exercise	0.2	-	21.5
Cash flow by other changes in net equity	10.1	18.5	(20.5)
Cash flow generated (absorbed) by changes in net equity	10.3	13.5	(94.4)
Cash flow for the period	86.2	57.2	(45.8)
Opening net financial position	232.0	277.8	277.8
Closing net financial position	318.2	335.0	232.0

Net operating cash flow, positive for €75.9 million in the first three months of 2021, showed improvement with respect to the same period of 2020 (€43.8 million) explained by increased profitability and working capital absorption, typical of the first part of the year, which was, however, limited due to good working capital management.

Cash flow was positive for €86.2 million in the reporting period (positive for €57.2 million at 31 March 2020 and negative for €45.8 million at 31 December 2020) due mainly to the positive net operating cash flow.

The statement of comprehensive income and the main changes in net equity with reference to the consolidated figures in the first quarter are shown below:

(€/million)	1st quarter 2021	1st quarter 2020
Profit for the period	80.9	11.0
Other components of comprehensive income	14.6	(6.1)
Total comprehensive income for the period	95.5	4.9

(€/million)	Net equity
Net equity at 1st January 2020	1,190.5
Fair value stock option	0.4
Share buy-back	(5.0)
Total comprehensive income for the 1 st quarter 2020	4.9
Net equity at 31st March 2020	1,190.7
Net equity at 1st January 2021	1,267.4
Fair value stock option	0.9
Stock option exercise	0.2
Total comprehensive income for the 1 st quarter 2021	95.5
Net equity at 31st March 2021	1,364.0

Alternative performance indicators

In addition to the information required by IFRS, this document presents other financial measures which provide further analysis of the Group's performance. These indicators must not be treated as alternatives to those required by IFRS.

More in detail, the non-GAAP measures used include:

- Net industrial margin and EBITDA: the Group uses these measures as financial targets in internal presentations (business plans) and in external presentations (to analysts and investors), since they are a useful way of measuring operating performance by the Group and its individual divisions besides EBIT. Net industrial margin is calculated as total revenues minus the cost of materials consumed and of production-related services and payroll. EBITDA is an intermediate measure that derives from EBIT after adding back depreciation, amortization and impairment of property, plant and equipment and intangible assets. EBITDA is also presented net of non-recurring items, which are reported separately on the face of the income statement.
- Net working capital: this measure is the sum of inventories, trade receivables, current tax assets and other receivables, minus trade payables, tax liabilities and other payables.
- Net operating working capital: this measure is the sum of inventories and trade receivables, minus trade payables.
- Net capital employed: this measure is the sum of net working capital, intangible assets, property, plant and equipment, equity investments, other non-current receivables, and deferred tax assets, minus deferred tax liabilities, employee severance indemnity and provisions for contingencies and other charges.
- Net financial position: this measure represents financial liabilities less cash and cash equivalents and other financial receivables; the position with banks, net of non-banking items, is also reported. The individual line items in the statement of financial position used to determine this measure are analysed in this report.

The figures contained in this report, including some of the percentages, have been rounded relative to their full euro amount. As a result, some of the totals in the tables may differ from the sum of the individual amounts presented.

Other information

Pursuant to Art. 3 of Consob Resolution n. 18079 of 20 January 2012, the Board of Directors resolved to exercise the opt-out clause provided under Art. 70, paragraph 8 and Art. 71, paragraph 1-bis of Consob Regulation n. 11971/99 which grants the option to waive the mandatory publication of informational documents relating to significant mergers, spin-offs, capital increases through in-kind transfers, acquisitions and disposals.

Treasury shares

During the Annual General Meeting held on 21 April 2021 shareholders also resolved to renew – after revoking the approval granted by shareholders on 22 April 2020, for the unexecuted part – the authorization to buy and sell treasury shares for up to a maximum of 14.5 million ordinary shares and, at any rate, up to an amount which does not exceed 1/5 of the share capital, also taking into account any shares held by the parent company De' Longhi S.p.A. and its subsidiaries. The authorization was approved for a period of up to a maximum of 18 months (therefore, through 22 October 2022) in accordance with the law.

As at 31 March 2021 the Group holds a total of 895,350 treasury shares.

Subsequent events

On 7 April 2021 De' Longhi Group, following the prior approval obtained by the Board of Directors at the meeting of 11 March 2021, completed the issue and placement of twenty year unsecured and non-convertible bonds with US institutional investors (so-called "US Private Placement") for the amount of € 150 million.

The issue constitutes the second tranche in the context of the so-called bond issue program "Private Shelf Facility" set up by the Company in 2017 and has been underwritten by leading US institutional investors (part of the Prudential group). This transaction is part of the strategy of extending the average effective duration of the Group's debt portfolio and to take advantage of very favourable market conditions. The resources raised will be used for the current and extraordinary operational needs of the Group.

The securities have been issued in a single tranche and have a duration of 20 years, with expiry on 7 April 2041, and an average life of 15 years. The bonds accrue interest from the subscription date at a fixed rate of 1.18% per annum. The repayment of the loan will take place annually with equal principal installments, the first of which will be due on 7 April 2031 and the last on the expiry date, without prejudice to the Company's right of early repayment. The bonds issued have no rating and are not intended for listing on regulated markets. The issue is not backed by any real or personal guarantees. De' Longhi is required to comply with financial covenants consistent with market practice and past transactions of a similar nature.

On 3 May 2021 De' Longhi finalized the agreement for the taking over of the full control of the Swiss group Eversys operating in the engineering and marketing of professional espresso coffee machines, with a specific focus on full-automatic models, for which the company has developed a highly innovative technology that ensures a positioning at the high end of the reference sector.

There have been no other significant events since the end of the quarter other than what is described above.

Outlook

The signals received from the markets in these first weeks of the second quarter reasonably suggest, for the remaining months of the year, a very robust and more sustained sales trend than initially expected; therefore, the management forecasts for the current year a robust growth in revenues at constant rates and an EBITDA before non recurring/stock option costs in line with 2020 as a percentage of revenues. This expected dynamic will allow the Group to continue the previously announced strategy of increasing investments in marketing and communication, in support of its brands and products, thus fueling a virtuous circle aimed at medium-long term growth strategy.

Treviso, 12 May 2021

*For the Board of Directors
Chief Executive Officer*

Massimo Garavaglia

Declaration by the Officer Responsible for Preparing the Company's Financial Report

Pursuant to art. 154-bis para. 2 of TUF, Stefano Biella, Officer Responsible for Preparing the Company's Financial Report, declares that the accounting information contained in the present interim financial report corresponds to the underlying documentary and accounting records.

Treviso, 12 May 2021

*Officer Responsible for Preparing
the Company's Financial Report*

Stefano Biella

This report is available on the corporate website:
www.delonghigroup.com

De' Longhi S.p.A.

Registered office: Via L. Seitz, 47 – 31100 Treviso

Share capital: EUR 225,837,846 (subscribed and paid-in)

Tax ID and Company Register no.: 11570840154

Treviso Chamber of Commerce no.: 224758

VAT no.: 03162730265