



# Half year financial report at 30 June 2022

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## COMPANY OFFICERS\*

### Board of Directors

GIUSEPPE DE' LONGHI	Chairman
FABIO DE' LONGHI	Vice Chairman
MASSIMO GARAVAGLIA	Chief Executive Officer
MASSIMILIANO BENEDETTI**	Director
FERRUCCIO BORSANI**	Director
LUISA MARIA VIRGINIA COLLINA**	Director
SILVIA DE' LONGHI	Director
CARLO GARAVAGLIA	Director
CARLO GROSSI**	Director
MICAELA LE DIVELEC LEMMI**	Director
MARIA CRISTINA PAGNI	Director
STEFANIA PETRUCCIOLI	Director

### Board of Statutory Auditors

CESARE CONTI	Chairman
ALESSANDRA DALMONTE	Standing member
ALBERTO VILLANI	Standing member
RAFFAELLA ANNAMARIA PAGANI	Alternate auditor
ALBERTA GERVASIO	Alternate auditor

### External Auditors

PRICEWATERHOUSECOOPERS S.P.A. \*\*\*

### Control, Risks, Corporate Governance and Sustainability Committee

LUISA MARIA VIRGINIA COLLINA**	Chairman
MICAELA LE DIVELEC LEMMI**	
STEFANIA PETRUCCIOLI	

### Remuneration and Appointments Committee

CARLO GROSSI**	Chairman
FERRUCCIO BORSANI**	
CARLO GARAVAGLIA	

### Independent Committee

LUISA MARIA VIRGINIA COLLINA**	Chairman and Lead Independent Director
MASSIMILIANO BENEDETTI**	
MICAELA LE DIVELEC LEMMI**	

\* The company officers were elected at the shareholders' meeting of 20 April 2022 for the period 2022-2024.

As at June 17<sup>th</sup>, 2022 the Board of Directors took note of the resignation, effective on August 31<sup>st</sup>, 2022, of Mr Massimo Garavaglia from his position as Chief Executive Officer, as well as from other board offices received within the Group, and as General Manager of De' Longhi S.p.A.. The Board of Directors has initiated the succession process established by the "Succession plan policy". It is recalled that the Chairman Mr Giuseppe de'Longhi holds the same powers of ordinary and extraordinary administration attributed to Mr Massimo Garavaglia, which also belong to the Vice President, Mr Fabio de'Longhi, in the event of the absence or impossibility of the President or CEO.

\*\* Independent directors.

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

## Key performance indicators

### Results

(€/million)	2nd quarter 2022	%	2nd quarter 2021 (*)	%	Change	Change %
Revenues	709.3	100.0%	753.1	100.0%	(43.8)	(5.8%)
<i>Revenues at constant exchange rates</i>	<i>673.5</i>	<i>100.0%</i>	<i>753.8</i>	<i>100.0%</i>	<i>(80.3)</i>	<i>(10.7%)</i>
Net industrial margin	320.6	45.2%	366.3	48.6%	(45.8)	(12.5%)
EBITDA before non-recurring/stock option income (expenses)	49.0	6.9%	122.7	16.3%	(73.7)	(60.1%)
EBITDA	57.1	8.0%	119.4	15.9%	(62.3)	(52.2%)
EBIT	31.2	4.4%	96.6	12.8%	(65.4)	(67.7%)
Profit (loss) pertaining to the Group	21.0	3.0%	96.5	12.8%	(75.4)	(78.2%)

(€/million)	1st half 2022	%	1st half 2021 (*)	%	Change	Change %
Revenues	1,444.8	100.0%	1,431.8	100.0%	13.0	0.9%
<i>Revenues at constant exchange rates</i>	<i>1,392.0</i>	<i>100.0%</i>	<i>1,433.4</i>	<i>100.0%</i>	<i>(41.4)</i>	<i>(2.9%)</i>
Net industrial margin	696.2	48.2%	721.4	50.4%	(25.2)	(3.5%)
EBITDA before non-recurring/stock option income (expenses)	149.1	10.3%	251.4	17.6%	(102.3)	(40.7%)
EBITDA	150.5	10.4%	241.0	16.8%	(90.5)	(37.6%)
EBIT	100.3	6.9%	197.5	13.8%	(97.2)	(49.2%)
Profit (loss) pertaining to the Group	71.7	5.0%	171.9	12.0%	(100.2)	(58.3%)

(\*) The comparative figures pertaining to 1<sup>st</sup> half 2021 were restated as a result of the definitive accounting for the business combination related to Capital Brands and Eversys acquisitions in accordance with IFRS 3 - Business combinations; for further information, see Explanatory notes (para. "Restatement of comparison figures").

**Statement of financial position**

(€/million)	30.06.2022	30.06.2021 (*)	31.12.2021
Net operating working capital	414.6	229.4	199.7
Net operating working capital/Revenues	12.8%	7.9%	6.2%
Net working capital	295.0	63.0	(8.6)
Net capital employed	1,536.1	1,168.6	1,145.5
Net financial assets	55.4	214.8	425.1
of which:			
- other non bank financial receivables/(payables)	(77.3)	(84.8)	(80.8)
- net bank financial assets	132.7	299.5	505.9
Net equity	1,591.5	1,383.3	1,570.6

(\*) The comparative figures as at June 30<sup>th</sup> 2021 were restated as a result of the definitive accounting for the business combination related to Capital Brands and Eversys acquisitions in accordance with IFRS 3 - Business combinations; for further information, see Explanatory notes (para. "Restatement of comparison figures").

**Introduction and definitions**

This report contains forward - looking statements, specifically in the "Outlook" section which, by nature, have a component of risk and uncertainty as they depend on future events and developments. At the date of this report, there is a high level of uncertainty which calls for caution when making economic forecasts as the economic prospects continue to depend on the pandemic and the ensuing supply chain disruptions, as well as the conflict between Russia and Ukraine. The actual results could, therefore, differ from the ones presented.

The income statement and balance sheet figures commented on below refer to the new perimeter of De' Longhi Group resulting from the recent acquisitions of Capital Brands and Eversys Group. The balance sheet and financial figures at June 30<sup>th</sup> 2021 have been restated, in accordance with IFRS 3, as a result of the definitive accounting of the aforesaid business combinations.

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

## INTERIM REPORT ON OPERATIONS

### Performance review

The performance in the first six months of 2022 was recorded at a time when the global markets, above all in the second quarter, gradually deteriorated due to heightened currency volatility, accelerated inflation, the continuation, in a few markets in particular, of the Covid pandemic, as well as the conflict in Ukraine. In this environment demand fell and the high level of trade inventories, along with supply chain pressures, further impacted performance in the reporting period.

Lastly, the positive results posted in the prior year made the comparison of the second quarter and the first half of 2022 with the same periods in 2021 particularly difficult.

The De' Longhi Group posted revenues of €1,444.8 million in the first half of 2022, largely in line with the first half of the prior year (€1,431.8 million) during which record results were posted with an increase of more than 50% against the same period of 2020 (€896.6 million).

While the first half benefitted from the positive results posted in the first three months, the performance reflects a weak second quarter during which revenues fell 5.8% (-10.7% at constant exchange rates) to €709.3 million.

The performances, in the first half 2022, varied across the geographies: America and Asia Pacific posted double-digit growth; despite some specific local situations which limited the business, a slight increase was reported in MEIA, thanks also to a positive exchange effect, while in Europe markets were impacted by the conflict in Ukraine, which slowed demand, and closed the half down.

Looking at business lines, positive results were recorded in the first semester 2022 by all the product families, with the exception of the cooking and food preparation segment which was deeply affected by the shrinking demand.

Coffee products posted double-digit growth in revenues thanks to the contribution of both traditional machines and professional ones.

Despite the positive performance of a few product lines, food preparation was down, overall, due to the generalized drop in demand after what was a particularly brilliant 2021.

Irons and home care products closed the half with revenues up slightly compared to the same period of the prior year.

Sales for comfort were, overall, higher, though the performance of the different product lines varied; portable air conditioners, which benefitted from a positive exchange effect, were down slightly (above all in the second quarter), which was offset by the good sales performance of heating products.

In terms of margins, in addition to the performance of revenues, the first half of 2022 was impacted by production inefficiencies caused by a slowdown in internal manufacturing compared to the standard levels, a worsening of the product/market mix, as well as inflationary pressures on the cost of materials and the supply chain, partially offset by price management policies.

The net industrial margin came to €696.2 million, or 48.2% of revenues, a decrease of 3.5% compared to the first half of 2021 (-5.1% at constant exchange rates).

Despite the backdrop, the Group continued to invest in advertising and media, particularly in the global campaigns launched in the fourth quarter of 2021. Investments were 45% higher than in the first half of 2021 (+€19.9 million).

Due to higher inventories, increased tariffs and a few supply chain issues the Group's performance was impacted, both numerically and in terms of margins, by a significant increase in the cost of logistics services (mainly transport, warehouse rents and merchandise handling).

EBITDA before non-recurring/stock option items came to €149.1 million (10.3% of revenues), 40.7% lower than in the first half of 2021 due to the factors described above and the negative impact that the exchange effect had on operating items, as well as the impacts of the slowdown of retail activities in Russia and Ukraine.

In the first half of 2022 a few non-recurring items were separately recognized which together generated net income of €1.4 million (net costs of €10.3 million in the first six months of 2021) including gains on the revised valuation of assets in Ukraine which were revalued in the second quarter as activity resumed in a few areas of the country which resulted in the collection of part of the receivables that had previously been written down. The non-recurring items also include the donation made to support people affected by the conflict, as well as the economic impact of the purchase price allocation of recent acquisitions and the adjustment in the stock option costs following the change in the number of beneficiaries net of the notional costs recognized in the half.

EBIT came to €100.3 million in the first half of 2022, after amortization and depreciation of €50.2 million which were higher than in the same period of 2021 (€43.5 million) due to the completion of a few investments in the reporting period.

Financial expenses amounted to €2.6 million compared to financial income of €19.1 million in the first half of 2021 which included €25.3 million in non-recurring items stemming mainly from the revaluation of the non-controlling interest held in Eversys carried out once total control was acquired in accordance with IFRS 3.

After taxes of €25.0 million and minority interests of €1.0 million, the Group's portion of net profit came to €71.7 million (€171.9 million in the first half of 2021).

Net of the non-recurring items and the relative tax effect, the adjusted net profit would have amounted to €70.2 million (€154.4 million in the first half of 2021).

The net operating working capital amounted to €414.6 million (12.8% of revenues) and was higher both numerically and as a percentage of rolling revenues compared to 30 June 2021 (€229.4 million or 7.9% of revenues). The effective management of trade payables and receivables was not enough to offset the impact of inventory for several reasons: inventory planning was based on overly optimistic forecasts, valuations increased due to higher purchasing costs and there was a strong slowdown in sales in Russia and Ukraine.

The net financial position came to a positive €55.4 million at 30 June 2022 (versus a positive €214.8 million at 30 June 2021 and a positive €425.1 million at 31 December 2021).

This includes a few specific financial items, including mainly the fair value measurement of derivatives, the residual debt for business combinations and pension fund transactions, which had a net positive



balance of €1.4 million at 30 June 2022 (negative for €7.8 million at 30 June 2021 and negative for €4.9 million at 31 December 2021).

The item also includes lease liabilities recognized in accordance with IFRS 16 which amounted to €78.7 million at 30 June 2022 (€76.9 million at 30 June 2021 and €75.9 million at 31 December 2021).

Net of these items the net financial position with banks came to a positive €132.7 million (€ 299.5 million at 30 June 2021, €505.9 million at 31 December 2021).

Operating cash flow and the movements in net working capital absorbed €165.6 million in the first half of 2022 due to the working capital dynamics referred to above.

Net cash absorption of €369.7 million was recorded in the reporting period which reflects, in addition to operating cash flow and movements in NWC, investments made above all to strengthen production facilities for € 94.1 million and the distribution of €124.5 million in dividends.

## Group results

The reclassified consolidated income statement is summarized as follows:

(€/million)	1st half 2022	% revenues	1st half 2021 (*)	% revenues
<b>Revenues</b>	<b>1,444.8</b>	<b>100.0%</b>	<b>1,431.8</b>	<b>100.0%</b>
<i>Change</i>	<i>13.0</i>	<i>0.9%</i>		
Materials consumed & other production costs (production services and payroll costs)	(748.6)	(51.8%)	(710.4)	(49.6%)
<b>Net industrial margin</b>	<b>696.2</b>	<b>48.2%</b>	<b>721.4</b>	<b>50.4%</b>
Services and other operating expenses	(423.1)	(29.3%)	(350.1)	(24.4%)
Payroll (non-production)	(124.0)	(8.6%)	(120.0)	(8.4%)
<b>EBITDA before non-recurring/stock option income (expenses)</b>	<b>149.1</b>	<b>10.3%</b>	<b>251.4</b>	<b>17.6%</b>
<i>Change</i>	<i>(102.3)</i>	<i>(40.7%)</i>		
Non-recurring/stock option income (expenses)	1.4	0.1%	(10.3)	(0.7%)
<b>EBITDA</b>	<b>150.5</b>	<b>10.4%</b>	<b>241.0</b>	<b>16.8%</b>
Amortization	(50.2)	(3.5%)	(43.5)	(3.0%)
<b>EBIT</b>	<b>100.3</b>	<b>6.9%</b>	<b>197.5</b>	<b>13.8%</b>
<i>Change</i>	<i>(97.2)</i>	<i>(49.2%)</i>		
Net financial income (expenses)	(2.6)	(0.2%)	19.1	1.3%
<b>Profit (loss) before taxes</b>	<b>97.7</b>	<b>6.8%</b>	<b>216.6</b>	<b>15.1%</b>
Income taxes	(25.0)	(1.7%)	(44.4)	(3.1%)
<b>Net result</b>	<b>72.7</b>	<b>5.0%</b>	<b>172.2</b>	<b>12.0%</b>
Minority interests	1.0	0.1%	0.3	0.0%
<b>Profit (loss) pertaining to the Group</b>	<b>71.7</b>	<b>5.0%</b>	<b>171.9</b>	<b>12.0%</b>

(\*) The comparative figures pertaining to 1<sup>st</sup> half 2021 were restated as a result of the definitive accounting for the business combination related to Capital Brands and Eversys acquisitions in accordance with IFRS 3 - Business combinations; for further information, see Explanatory notes (para. "Restatement of comparison figures").

The reclassified income statement above differs in industrial margin for Euro 142.5 million in the first half 2022 (Euro 131.8 millions in the first half 2021) from the consolidated income statement as, in order to better represent the period performance, production-related payroll and service costs have been reclassified from payroll and services, respectively, and non recurring expenses, when applicable, have been separately reported.

## Revenues

The Group posted revenues of €1,444.8 million in the first half of 2022, largely in line with the first half of 2021 despite the particularly challenging comparison explained by the decided acceleration against 2020. The Group's performance was impacted by complex global market conditions which beginning in March deteriorated gradually due to heightened currency volatility, accelerated inflation, shrinking demand, particularly for cooking and food preparation products, and the high level of trade inventories, as well as the conflict in Ukraine.

A positive first quarter was, in fact, followed by a weak second quarter with revenues dropping 5.8% (-10.7% at constant exchange rates).

The performance reflects lower volumes and a worsening of the mix. The strengthening of the main export currencies had a positive effect on revenues.

On-line sales impact progressively increased.

### The markets

The impact of the factors described above varied across the different areas in which the Group operates; more specifically, the European markets were affected more by the conflict in Ukraine and the negative sentiment that developed, while the other areas showed greater immunity.

The performance of the commercial areas is summarized below:

(€/million)	2nd quarter 2022	%	2nd quarter 2021	%	Change	Change %	Change at constant exchange rates %
Europe	391.9	55.3%	470.3	62.4%	(78.4)	(16.7%)	(18.2%)
Americas	156.3	22.0%	141.8	18.8%	14.5	10.2%	6.1%
Asia Pacific	114.7	16.2%	89.4	11.9%	25.3	28.3%	7.3%
MEIA (Middle East/India/Africa)	46.4	6.5%	51.7	6.9%	(5.2)	(10.1%)	(19.0%)
<b>Total revenues</b>	<b>709.3</b>	<b>100.0%</b>	<b>753.1</b>	<b>100.0%</b>	<b>(43.8)</b>	<b>(5.8%)</b>	<b>(10.7%)</b>

(€/million)	1st half 2022	%	1st half 2021	%	Change	Change %	Change at constant exchange rates %
Europe	846.3	58.6%	926.9	64.7%	(80.6)	(8.7%)	(9.6%)
Americas	289.2	20.0%	242.2	16.9%	47.0	19.4%	13.9%
Asia Pacific	203.5	14.1%	158.9	11.1%	44.6	28.1%	12.8%
MEIA (Middle East/India/Africa)	105.8	7.3%	103.8	7.3%	2.0	1.9%	(6.2%)
<b>Total revenues</b>	<b>1,444.8</b>	<b>100.0%</b>	<b>1,431.8</b>	<b>100.0%</b>	<b>13.0</b>	<b>0.9%</b>	<b>(2.9%)</b>

**Europe** reported revenues of €846.3 million in the first half of 2022, 8.7% lower than in the same period of 2021. Firstly, the area was impacted by the conflict which caused business to slow in Russia and Ukraine as of the end of the first quarter; in the first six months of the year these two markets generated €73.2 million in revenues (-17.8% compared to the first half of 2021) of which €29.1 million in the second quarter of 2022 (-32.8% against the same period of 2021).

Germany reported overall growth in revenues in the half, thanks to the good performance of coffee products in the first quarter and despite the drop in sales recorded by cooking and food preparation. Positive results were also recorded in Spain and Portugal which benefitted from good sales of both coffee and kitchen machines. Italy was largely in line with the first half of 2021. Other area markets, however, reported lower sales. In France turnover was impacted, above all, by a decrease in the demand for kitchen machines.

**Americas** closed the half with revenues of €289.2 million, an increase of 19.4% (+13.9% at constant exchange rates) attributable to the good performance of coffee, particularly Nespresso platform models, and comfort.

**Asia Pacific** posted revenues of €203.5 million in the first half of 2022, an increase of 28.1% or 12.8% at constant exchange rates. All the markets in this area reported a positive performance.

Double-digit growth in sales was posted in Australia thanks to the contribution of coffee products, both the fully automatic and manual models of the *La Specialista* line, as well as comfort. Despite the restrictive measures implemented by the government in the second quarter to contain a new wave of the pandemic, sales in China were positive, driven by coffee products.

**MEIA**, which was impacted by the closing of imports in one of the reference markets, Egypt recorded revenues of €105.8 million in the half, slightly higher (+1.9%) than in the same period of 2021, thanks to a positive exchange effect (-6.2% at constant exchange rates).

### Business lines

The first half of 2022 closed with positive results across all business lines with the sole exception of the cooking and food preparation segment which was deeply affected by the shrinking demand.

The coffee segment, which accounts for more than half of the Group's turnover, recorded double-digit growth in the half. Looking at household products, manual machines posted a good performance, particularly the *La Specialista* line, as did the Nespresso platform products. Sales of fully automatic machines were largely in line with the first half of 2021 which, however, is a particularly challenging comparison given the strong acceleration seen in 2020 and in 2019. Lastly, the professional machines made an important contribution, as did the traditional product families, as a result of the recent Eversys acquisition.

Despite the positive performance of a few lines, food preparation was down due to the generalized drop in demand after what was a particularly brilliant 2021.

Irons and home care products closed the half with revenues up slightly compared to the same period of the prior year.

Sales for comfort were, overall, higher though the pace of the different product lines varied. Sales for portable air conditioners, which benefitted from a positive exchange effect, were down slightly, above all in the second quarter, due to a slowdown in sales in Europe and different timing in the American market. Heating products posted good results.

## Profitability

The net industrial margin came to €696.2 million, or 48.2% of revenues, falling both numerically (-3.5%) and as a percentage of revenues compared to the first half of 2021 (€721.4 million or 50.4%).

The decline reflects, in addition to the factors impacting revenues, the production inefficiencies caused by a slowdown in internal manufacturing compared to the standard levels, a worsening of the product/market mix, partially offset by price management policies, as well as strong inflationary pressures on the cost of materials and the supply chain.

In the first half, further investments were made in advertising and communication which were 45% higher than in the same period of 2021. The Group, in fact, continued with its medium/long-term strategy to support its brands by following-up, specifically, on the global campaigns launched at the end of the prior year.

Due to higher inventories, increased tariffs and a few supply chain issues the Group's performance was impacted, both numerically and in terms of margins, by a significant increase in the cost of logistics services (mainly transport, warehouse rents and merchandise handling).

EBITDA before non-recurring/stock option items came to €149.1 million (10.3% of revenues), 40.7% lower than in the first half of 2021 due to the factors described above and the negative impact that the exchange effect had on operating items, as well as the impacts of the strong slowdown of retail activities in Russia and Ukraine.

In the first half of 2022 a few non-recurring items were separately recognized which together generated net income of €1.4 million (net costs of €10.3 million in the first six months of 2021) including gains on the revised valuation of assets in Ukraine which were revalued in the second quarter as activity resumed in a few areas of the country which resulted in the collection of part of the receivables that had previously been written down. The non-recurring items also include the donation made to support people affected by the conflict, as well as the economic impact of the purchase price allocation of recent acquisitions and the adjustment in the stock option costs following the change in the number of beneficiaries net of the notional costs recognized in the half.

EBIT came to €100.3 million in the first half of 2022, after amortization and depreciation of €50.2 million which were higher than in the same period of 2021 (€43.5 million) due to the completion of a few investments in the reporting period.

Financial expenses amounted to €2.6 million compared to financial income of €19.1 million in the first half of 2021 which included €25.3 million in non-recurring items stemming mainly from the revaluation of the non-controlling interest held in Eversys carried out once total control was acquired in accordance with IFRS 3.

After taxes of €25.0 million and minority interests of €1.0 million, the Group's portion of net profit came to €71.7 million (€171.9 million in the first half of 2021).

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## Results by sector of activity

The Group De' Longhi identified three operational sectors, which coincide with the three main geographical areas in which it operates, based on the geographical location of its activities: Europe, MEIA (Middle East, India and Africa) and APA, including both Americas and Asia/Pacific countries. Each sector has cross-cutting skills for all group brands and serves different markets.

This breakdown is consistent with the analysis and management tools used by the *management* group for the assessment of the company's performance and for the strategic decisions.

The information by operating sector can be found in the Illustrative Notes.

## Review of the statement of financial position

The reclassified consolidated statement of financial position is presented below:

(€/million)	30.06.2022	30.06.2021 (*)	31.12.2021
- Intangible assets	906.6	842.1	867.9
- Property, plant and equipment	441.9	361.6	389.5
- Financial assets	12.8	12.1	11.9
- Deferred tax assets	77.3	75.5	74.3
<b>Non-current assets</b>	<b>1,438.5</b>	<b>1,291.3</b>	<b>1,343.6</b>
- Inventories	941.5	634.8	769.3
- Trade receivables	224.1	298.9	366.7
- Trade payables	(751.0)	(704.3)	(936.2)
- Other payables (net of receivables)	(119.7)	(166.3)	(208.3)
<b>Net working capital</b>	<b>295.0</b>	<b>63.0</b>	<b>(8.6)</b>
<b>Total non-current liabilities and provisions</b>	<b>(197.5)</b>	<b>(185.8)</b>	<b>(189.5)</b>
<b>Net capital employed</b>	<b>1,536.1</b>	<b>1,168.6</b>	<b>1,145.5</b>
<b>(Net financial assets)</b>	<b>(55.4)</b>	<b>(214.8)</b>	<b>(425.1)</b>
<b>Total net equity</b>	<b>1,591.5</b>	<b>1,383.3</b>	<b>1,570.6</b>
<b>Total net debt and equity</b>	<b>1,536.1</b>	<b>1,168.6</b>	<b>1,145.5</b>

(\*) The comparative figures as at June 30<sup>th</sup> 2021 were restated as a result of the definitive accounting for the business combination related to Capital Brands and Eversys acquisitions in accordance with IFRS 3 - Business combinations; for further information, see Explanatory notes (para. "Restatement of comparison figures").

In the first half of 2022 the Group continued to invest in manufacturing and in the development of new products for a total of €94.1 million. The investments refer mainly to infrastructure and, in addition to the purchase of the new plant in Romania, improvements at the proprietary plants in Romania, Italy and China.

The net operating working capital amounted to €414.6 million (12.8% of revenues) and was higher both numerically and as a percentage of rolling revenues compared to 30 June 2021 (€229.4 million or 7.9% of revenues). The effective management of trade payables and receivables was not enough to offset the impact of inventory for several reasons: inventory planning was based on overly optimistic forecasts, valuations increased due to higher purchasing costs and there was a strong slowdown in sales in Russia and Ukraine.

Details of the net financial position are shown below:

(€/million)	30.06.2022	30.06.2021 (*)	31.12.2021
Cash and cash equivalents	714.0	930.0	1,026.1
Other financial receivables	277.1	265.7	302.1
Current financial debt	(290.3)	(282.3)	(292.6)
<b>Net current financial position</b>	<b>700.8</b>	<b>913.4</b>	<b>1,035.6</b>
Non-current financial receivables and assets	72.8	25.0	70.5
Non-current financial debt	(718.2)	(723.7)	(681.0)
<b>Non-current net financial debt</b>	<b>(645.4)</b>	<b>(698.7)</b>	<b>(610.5)</b>
<b>Total net financial position</b>	<b>55.4</b>	<b>214.8</b>	<b>425.1</b>
<i>of which:</i>			
- positions with banks and other financial payables	132.7	299.5	505.9
- lease liabilities	(78.7)	(76.9)	(75.9)
- other financial non-bank assets/(liabilities) - fair value of derivatives, financial debt connected to business combinations and pension fund	1.4	(7.8)	(4.9)

(\*) The comparative figures as at June 30<sup>th</sup> 2021 were restated as a result of the definitive accounting for the business combination related to Capital Brands and Eversys acquisitions in accordance with IFRS 3 - Business combinations; for further information, see Explanatory notes (para. "Restatement of comparison figures").

The net financial position came to a positive €55.4 million at 30 June 2022 (versus a positive €214.8 million at 30 June 2021 and a positive €425.1 million at 31 December 2021).

This includes a few specific financial items, including mainly the fair value measurement of derivatives, the residual debt for business combinations and pension fund transactions, which had a net positive balance of €1.4 million at 30 June 2022 (negative for €7.8 million at 30 June 2021 and negative for €4.9 million at 31 December 2021).

The item also includes lease liabilities recognized in accordance with IFRS 16 which amounted to €78.7 million at 30 June 2022 (€76.9 million at 30 June 2021 and €75.9 million at 31 December 2021).

Net of these items, the net financial position with banks came to a positive €132.7 million (€299.5 million at 30 June 2021, €505.9 million at 31 December 2021).

Despite its sound financial situation, as part of its strategy to extend the average life of its debt and create a liquidity buffer to be used to meet possible, temporary cash needs, the Group decided to increase and diversify its financial resources by signing new loan agreements for a total of €200 million and a few revolving credit facilities totalling €270 million, which were signed on 30 June and 14 July 2022. The loans introduce a new pricing mechanism based on which the terms of the loan may be adjusted each year if certain ESG (Environmental-Social-Governance) targets are reached.

The ESG targets are part of the path already undertaken by the Group to include sustainability in its business strategy.



The targets aim to combine growth with sustainable development and confirm the strong commitment to developing a model which fosters the increased integration of sustainability as a strategic part of creating value for all stakeholders.

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

(€/million)	30.06.2022 (6 months)	30.06.2021 (*) (6 months)
Cash flow by current operations	148.1	243.3
Cash flow by changes in working capital	(313.7)	(2.3)
<b>Cash flow by operating activities and NWC changes</b>	<b>(165.6)</b>	<b>241.1</b>
Cash flow by investment activities	(94.1)	(60.6)
<b>Cash flow by operating activities</b>	<b>(259.7)</b>	<b>180.5</b>
<b>Acquisitions</b>	<b>-</b>	<b>(129.4)</b>
Dividends paid	(124.5)	(80.8)
Shares buy-back	-	-
Stock options exercise	-	4.2
Cash flow by other changes in net equity	14.5	12.3
<b>Cash flow generated (absorbed) by changes in net equity</b>	<b>(110.0)</b>	<b>(64.3)</b>
<b>Cash flow for the period</b>	<b>(369.7)</b>	<b>(13.2)</b>
Opening net financial position	425.1	228.0
<b>Closing net financial position</b>	<b>55.4</b>	<b>214.8</b>

(\*) The comparative figures as at June 30<sup>th</sup> 2021 were restated as a result of the definitive accounting for the business combination related to Capital Brands and Eversys acquisitions in accordance with IFRS 3 - Business combinations; for further information, see Explanatory notes (para. "Restatement of comparison figures").

Operating cash flow and the movements in net working capital absorbed €165.6 million in the first half of 2022 due to the working capital dynamics referred to above.

Net cash absorption of €369.7 million was recorded in the reporting period which reflects, in addition to operating cash flow and movements in NWC, investments made to strengthen production facilities for €94.1 million and the distribution of €124.5 million in dividends.

## Human Resources

The staff of the Group at 30 June 2022 is summarized below:

	30.06.2022	30.06.2021
Blue collars	5,841	6,789
White collars	3,216	3,051
Managers	301	311
<b>Total</b>	<b>9,358</b>	<b>10,151</b>

The Group had 9,358 employees at 30 June 2022.

The change with respect to the same period of 2021 refers mainly to the plants which were impacted by a slowdown in production.

## 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 less 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 and stock option costs, 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 operative working capital: this measure is the sum of inventories, 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 debt/(net financial position): this measure represents financial liabilities less cash and cash equivalents and other financial receivables. The individual line items in the statement of financial position used to determine this measure are analysed later 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.

## Reconciliation of net equity and profit (loss) for the period

Below is a concise reconciliation between net equity and profit of the parent company, De' Longhi S.p.A., and the figures shown in the consolidated financial statements:

	Net equity 30.06.2022	Profit for the period
<b>De' Longhi S.p.A. financial statements</b>	<b>604,000</b>	<b>121,974</b>
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	581,994	(45,795)
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	466,604	2,846
Elimination of intercompany profits	(61,446)	(6,355)
Other adjustments	324	(4)
<b>Consolidated financial statements</b>	<b>1,591,476</b>	<b>72,666</b>
Minority interest	2,946	982
<b>Consolidated financial statements-Group portion</b>	<b>1,588,530</b>	<b>71,684</b>

## Related party transactions

Related party transactions fall within the normal course of business by Group companies. Information on related party transactions is summarized in Appendix 3 to the Explanatory notes.

## 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, paragraphs 8, 71, and 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.

With regard to the main risks and uncertainties to which the Group is exposed, the Report on Corporate Governance and Ownership Structure and anything that is not expressly described in this report, reference should be made to the 2021 Annual Report.

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## Subsequent events

There have been no significant events since the end of the reporting period.

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## Outlook

The Group is experiencing a historical moment of great uncertainty that tests the structure of the economic system. The positive signs highlighted in the first months of the year gradually diluted in coincidence with the evolution of the Russian-Ukrainian conflict and the consequent impacts on consumer sentiment, already undermined by recent inflationary pressures in consumer goods of primary necessity. Despite the unsatisfactory performance of the last quarter, the Group believes that the strategy underlying the actions implemented in recent months is still correct in a medium-long term perspective. The management therefore intends to continue to defend prices and push investments in innovation and communication, as the main levers that can guarantee sustainable development. In this 2022, a persistent weakness of the markets and demand is expected also in the second half of the year and therefore the Group estimates that the year will be closed with revenues and EBITDA before non recurring/stock option items lower than 2021.

*Treviso, 28 July 2022*

*For the Board of Directors  
Chief Executive Officer  
Massimo Garavaglia*

## Half-year condensed consolidated financial statement

## CONSOLIDATED INCOME STATEMENT

(€/000)	Notes	1st half 2022	of which operative non- recurring	1st half 2021 (*)	of which operative non- recurring
Revenue from contracts with customers	1	1,431,607		1,421,691	
Other revenues	1	13,222		10,145	
<b>Total consolidated revenues</b>		<b>1,444,829</b>		<b>1,431,836</b>	
Raw and ancillary materials, consumables and goods	2	(745,868)		(767,559)	
Change in inventories of finished products and work in progress	3-8	107,149	741	162,524	(9,316)
Change in inventories of raw and ancillary materials, consumables and goods	3	32,597		17,120	
<b>Materials consumed</b>		<b>(606,122)</b>	<b>741</b>	<b>(587,915)</b>	<b>(9,316)</b>
Payroll costs	4-8	(188,523)	69	(184,667)	367
Services and other operating expenses	5-8-15	(487,855)	(958)	(404,631)	189
Provisions	6-8	(11,813)	1,169	(13,580)	236
Amortization	7-15	(50,192)		(43,535)	
<b>EBIT</b>		<b>100,324</b>	<b>1,021</b>	<b>197,508</b>	<b>(8,524)</b>
Net financial income (expenses)	9-15	(2,636)		19,083	
<b>PROFIT (LOSS) BEFORE TAXES</b>		<b>97,688</b>		<b>216,591</b>	
Taxes	10	(25,022)		(44,414)	
<b>CONSOLIDATED PROFIT (LOSS)</b>		<b>72,666</b>		<b>172,177</b>	
Profit (loss) pertaining to minority	31	982		325	
<b>CONSOLIDATED PROFIT (LOSS) AFTER TAXES</b>		<b>71,684</b>		<b>171,852</b>	
<b>EARNINGS PER SHARE (in Euro)</b>	32				
- basic		€ 0.48		€ 1.15	
- diluted		€ 0.47		€ 1.12	

Appendix 3 reports the effect of related party transactions on the income statement, as required by CONSOB Resolution 15519 of 27 July 2006.

(\*) The figures for the first half of 2021 have been restated in accordance with the definitive accounting of the business combinations of Capital Brands and Eversys.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	1st half 2022	1st half 2021 (*)
<b>Consolidated profit (loss)</b>	<b>72,666</b>	<b>172,177</b>
<b>Other components of the comprehensive income:</b>		
- Change in fair value of cash flow hedges and financial assets available for sale	258	8,017
- Tax effect on change in fair value of cash flow hedges and financial assets available for sale	(351)	(1,859)
- Differences from translating foreign companies' financial statements into Euro	73,259	21,283
- Components of comprehensive income from equity investments consolidated by the equity method	(38)	-
<b>Total other comprehensive income will subsequently be reclassified to profit (loss) for the period</b>	<b>73,128</b>	<b>27,441</b>
<b>Total other comprehensive income will not subsequently be reclassified to profit (loss) for the period</b>	<b>-</b>	<b>-</b>
<b>Total components of comprehensive income</b>	<b>73,128</b>	<b>27,441</b>
<b>Total comprehensive income net of tax</b>	<b>145,794</b>	<b>199,618</b>
<b>Total comprehensive income pertaining to:</b>		
Parent's shareholders	144,866	199,293
Minority	928	325

(\*) The figures for the first half of 2021 have been restated in accordance with the definitive accounting of the business combinations of Capital Brands and Eversys.

## Half-year condensed consolidated financial statement

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	Notes	30.06.2022	31.12.2021
<b>NON-CURRENT ASSETS</b>			
INTANGIBLE ASSETS		906,636	867,877
- Goodwill	11	377,811	358,405
- Other intangible assets	12	528,825	509,472
PROPERTY, PLANT AND EQUIPMENT		440,204	388,478
- Land, property, plant and machinery	13	205,484	178,946
- Other tangible assets	14	158,388	135,813
- Right of use assets	15	76,332	73,719
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS		85,546	82,475
- Equity investments	16	7,465	7,331
- Receivables	17	5,291	4,605
- Other non-current financial assets	18	72,790	70,539
DEFERRED TAX ASSETS	19	77,269	74,297
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,509,655</b>	<b>1,413,127</b>
<b>CURRENT ASSETS</b>			
INVENTORIES	20	941,526	769,253
TRADE RECEIVABLES	21	224,105	366,668
CURRENT TAX ASSETS	22	16,813	9,492
OTHER RECEIVABLES	23	50,008	43,148
CURRENT FINANCIAL RECEIVABLES AND ASSETS	24-15	277,125	302,077
CASH AND CASH EQUIVALENTS	25	714,025	1,026,081
<b>TOTAL CURRENT ASSETS</b>		<b>2,223,602</b>	<b>2,516,719</b>
Non-current assets held for sale	26	1,670	1,055
<b>TOTAL ASSETS</b>		<b>3,734,927</b>	<b>3,930,901</b>

Appendix 3 reports the effect of related party transactions on the balance sheet, as required by CONSOB Resolution 15519 of 27 July 2006.

## Half-year condensed consolidated financial statement

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NET EQUITY AND LIABILITIES (€/000)	Notes	30.06.2022	31.12.2021
<b>NET EQUITY</b>			
GROUP PORTION OF NET EQUITY		1,588,530	1,568,577
- Share Capital	29	226,344	226,344
- Reserves	30	1,290,502	1,031,135
- Profit (loss) pertaining to the Group		71,684	311,098
MINORITY INTEREST	31	2,946	2,018
<b>TOTAL NET EQUITY</b>		<b>1,591,476</b>	<b>1,570,595</b>
<b>NON-CURRENT LIABILITIES</b>			
FINANCIAL PAYABLES		718,200	681,020
- Banks loans and borrowings (long-term portion)	33	415,132	357,457
- Other financial payables (long-term portion)	34	244,801	266,335
- Lease liabilities (long-term portion)	15	58,267	57,228
DEFERRED TAX LIABILITIES	19	73,487	70,070
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES		123,982	119,421
- Employee benefits	35	53,794	53,378
- Other provisions	36	70,188	66,043
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>915,669</b>	<b>870,511</b>
<b>CURRENT LIABILITIES</b>			
TRADE PAYABLES	37	750,988	936,229
FINANCIAL PAYABLES		290,318	292,589
- Banks loans and borrowings (short-term portion)	33	177,188	221,691
- Other financial payables (short-term portion)	34	92,236	51,860
- Lease liabilities (short-term portion)	15	20,894	19,038
CURRENT TAX LIABILITIES	38	86,017	120,900
OTHER PAYABLES	39	100,459	140,077
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,227,782</b>	<b>1,489,795</b>
<b>TOTAL NET EQUITY AND LIABILITIES</b>		<b>3,734,927</b>	<b>3,930,901</b>

Appendix 3 reports the effect of related party transactions on the balance sheet, as required by CONSOB Resolution 15519 of 27 July 2006.



## Half-year condensed consolidated financial statement

## CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	1st half 2022	1st half 2021 (*)
Profit (loss) pertaining to the Group		71,684	171,852
Income taxes for the period		25,022	44,413
Amortization		50,192	43,535
Net change in provisions and other non-cash items		1,157	(16,480)
<b>Cash flow generated by current operations (A)</b>		<b>148,055</b>	<b>243,320</b>
<b>Change in assets and liabilities for the period:</b>			
Trade receivables		152,613	113,544
Inventories		(139,747)	(179,665)
Trade payables		(213,340)	109,809
Other changes in net working capital		(67,474)	(16,593)
Payment of income taxes		(45,721)	(29,347)
<b>Cash flow generated (absorbed) by movements in working capital (B)</b>		<b>(313,669)</b>	<b>(2,252)</b>
<b>Cash flow generated (absorbed) by current operations and movements in working capital (A+B)</b>		<b>(165,614)</b>	<b>241,068</b>
<b>Investment activities:</b>			
Investments in intangible assets		(8,545)	(6,003)
Other cash flows for intangible assets		67	(16)
Investments in property, plant and equipment		(72,362)	(34,818)
Other cash flows for property, plant and equipment		298	(214)
Investments in leased assets		(13,927)	(20,332)
Other cash flows for leased assets		1,001	540
Net investments in financial assets and in minority interest		(590)	286
<b>Cash flow absorbed by ordinary investment activities (C)</b>		<b>(94,058)</b>	<b>(60,557)</b>
<b>Cash flow by operating activities (A+B+C)</b>		<b>(259,672)</b>	<b>180,511</b>
<b>Acquisitions (D)</b>		<b>-</b>	<b>(94,861)</b>
Change in currency translation reserve on cash and cash equivalents		42,972	14,531
Exercise of stock option		-	4,205
Dividends paid		(123,734)	(79,301)
New loans		100,000	450,000
Payment of interests on loans		(2,068)	(1,846)
Repayment of loans and other net changes in sources of finance		(70,536)	(206,479)
Changes in minority interests		982	325
<b>Cash flow generated (absorbed) by changes in net equity and by financing activities (E)</b>		<b>(52,384)</b>	<b>181,435</b>
<b>Cash flow for the period (A+B+C+D+E)</b>		<b>(312,056)</b>	<b>267,085</b>
<b>Opening cash and cash equivalents</b>	25	<b>1,026,081</b>	<b>662,947</b>
Cash flow for the period (A+B+C+D+E)		(312,056)	267,085
<b>Closing cash and cash equivalents</b>	25	<b>714,025</b>	<b>930,032</b>

Appendix 2 reports the statement of cash flows in terms of net financial position.

(\*) The figures for the first half of 2021 have been restated in accordance with the definitive accounting of the business combinations of Capital Brands and Eversys.

## Half-year condensed consolidated financial statement

## CONSOLIDATED STATEMENT OF CHANGES IN NET EQUITY

(€/000)	SHARE CAPITAL	SHARE PREMIUM RESERVE	LEGAL RESERVE	EXTRAORDINARY RESERVE	TREASURY SHARES RESERVES	FAIR VALUE AND CASH FLOW HEDGE RESERVES	STOCK OPTION RESERVE	CURRENCY TRANSLATION RESERVE	PROFIT (LOSS) CARRIED FORWARD	PROFIT (LOSS) PERTAINING TO GROUP	GROUP PORTION OF NET EQUITY	MINORITY INTERESTS	TOTAL NET EQUITY
Balance at 31 December 2020	225,823	25,838	44,850	180,542	(14,534)	(3,462)	6,784	(15,058)	616,438	200,133	1,267,354	-	1,267,354
Allocation of 2020 result as per AGM resolution of 21 April 2021													
- distribution of dividends									(80,821)		(80,821)		(80,821)
- allocation to reserves			318	7,571					192,244	(200,133)	-		-
Fair value stock option							1,789				1,789		1,789
Exercise of stock option	308	5,015					(1,118)				4,205		4,205
Recognition of non controlling interests									(1,523)		(1,523)	1,523	-
Other changes in shareholders interests									(8,800)		(8,800)		(8,800)
<b>Movements from transactions with shareholders</b>	<b>308</b>	<b>5,015</b>	<b>318</b>	<b>7,571</b>	<b>-</b>	<b>-</b>	<b>671</b>	<b>-</b>	<b>101,100</b>	<b>(200,133)</b>	<b>(85,150)</b>	<b>1,523</b>	<b>(83,627)</b>
Profit (loss) after taxes										171,852	171,852	325	172,177
Other components of comprehensive income						6,158		21,283			27,441		27,441
<b>Comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,158</b>	<b>-</b>	<b>21,283</b>	<b>-</b>	<b>171,852</b>	<b>199,293</b>	<b>325</b>	<b>199,618</b>
Balance at 30 June 2021 (*)	226,131	30,853	45,168	188,113	(14,534)	2,696	7,455	6,225	717,538	171,852	1,381,497	1,848	1,383,345
Balance at 31 December 2021	226,344	34,300	45,168	188,113	(14,534)	3,865	8,488	45,638	720,097	311,098	1,568,577	2,018	1,570,595
Allocation of 2021 result as per AGM resolution of 20 April 2022													
- distribution of dividends				(17,503)					(106,998)		(124,501)		(124,501)
- allocation to reserves			101						310,997	(311,098)	-		-
Fair value stock option							(412)				(412)		(412)
<b>Movements from transactions with shareholders</b>	<b>-</b>	<b>-</b>	<b>101</b>	<b>(17,503)</b>	<b>-</b>	<b>-</b>	<b>(412)</b>	<b>-</b>	<b>203,999</b>	<b>(311,098)</b>	<b>(124,913)</b>	<b>-</b>	<b>(124,913)</b>
Profit (loss) after taxes										71,684	71,684	982	72,666
Other components of comprehensive income						(93)		73,313	(38)		73,182	(54)	73,128
<b>Comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(93)</b>	<b>-</b>	<b>73,313</b>	<b>(38)</b>	<b>71,684</b>	<b>144,866</b>	<b>928</b>	<b>145,794</b>
Balance at 30 June 2022	226,344	34,300	45,269	170,610	(14,534)	3,772	8,076	118,951	924,058	71,684	1,588,530	2,946	1,591,476

(\*) The figures at 30 June 2021 have been restated in accordance with the definitive accounting of the business combinations of Capital Brands and Eversys.

## EXPLANATORY NOTES

### GROUP BUSINESS

The De' Longhi Group is headed up by the parent De' Longhi S.p.A., a company with its registered office in Treviso (Italy) whose shares are listed on the Italian stock exchange Euronext Milan run by Borsa Italiana.

The Group is active in the production and distribution of coffee machines, small appliances for food preparation and cooking, domestic cleaning and ironing, air conditioning and portable heaters; the companies included in the scope of consolidation are listed in Appendix 1 to the Explanatory notes.

### INTRODUCTION

In the first months of 2022 the European geopolitical situation gradually deteriorated. The rapid escalation of the tensions between Russia and Ukraine immediately gave rise to concerns, first of all, about people's safety and, secondly, economic performance.

In Ukraine the Group took the steps necessary to ensure the safety of personnel and provide adequate financial support to the branch. As a result of the conflict, commercial activities slowed which put the recoverability of company assets, receivables with local retailers and inventory at risk. This risk, however, decreased in the second quarter in the wake of a partial recovery of the business in a few areas of the country and, thanks to the collection received, some of the previous write-downs were revisited.

As for the Russian market, the Group slowed its activities and blocked the investments and projects in the pipeline, but no problems have developed with the main assets in Russia – trade receivables and inventory. The trade receivables are covered almost completely by insurance policies stipulated with a premiere international insurance company and to date have been collected almost entirely. Delivery to customers has continued thanks to the merchandise stored in the local warehouse and based on more stringent credit checks.

On a consolidated level, the crisis has not had any consequences that could potentially compromise the business as a going concern. Please refer to the Report on Operations for additional information.

### ACCOUNTING STANDARDS

The half-year financial report includes the condensed consolidated financial statements, which have been prepared in accordance with IFRS (International Financial Reporting Standards) and particularly with the recommendations of IAS 34 – *Interim Financial Reporting*, which requires interim financial statements to be prepared in a condensed format with fewer disclosures than in annual financial statements.

The half-year condensed consolidated financial statements at 30 June 2022 comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows and the statement of changes in net equity, all of which have been prepared in a full format that is comparable with the annual consolidated financial statements.

The explanatory notes are presented in a condensed format and, therefore, are limited to the information needed by users to understand the financial statements for the first half of 2022.

These financial statements are presented in thousands of Euro, unless otherwise indicated.

The half-year condensed consolidated financial statements have used the same consolidation procedures and accounting policies as those described in the annual report, to which the reader should refer.

The consolidated financial figures were prepared using the same accounting policies as those used to prepare the consolidated financial statements at 31 December 2021. The Group did not early adopted any new standards, interpretations or amendments endorsed, but not yet applicable.

The publication of the half-year condensed consolidated financial statements for the period ended 30 June 2022 was authorized by the Board of Directors on 28 July 2022 that also approved the financial statements.

### **International accounting standards adopted by the Group for the first time**

On 14 May 2020 IASB published amendments, effective as of 1 January 2022, relating to several standards, namely Amendments to IFRS 3 - *Business Combinations*, Amendments to IAS 16 - *Property, Plant and Equipment*, Amendments to IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*.

As part of the annual improvements, changes were also made to IFRS 1 - *First-time Adoption of International Financial Reporting Standards*, IFRS 9 - *Financial Instruments*, IAS 41 - *Agriculture* and the illustrative examples accompanying IFRS 16 - *Leases*.

The application of the above amendments did not have a material impact on the Group's half-year report.

### **International accounting standards and/or interpretations not yet applicable**

A few new standards and amendments to existing standards will be applicable for the first time as of 1 January 2023; a summary of the main changes is provided below.

With Regulation 2036/2021 of 19 November 2021 the European Commission adopted IFRS 17 - *Insurance contracts* which will substitute the current IFRS 4. The new standard establishes rules for the recognition, measurement, presentation and disclosure of insurance contracts; it will be applied to all insurance contracts using an accounting model based on the discounted cash flow method, adjusted for risk, and a Contractual Service Margin (CSM).

On 7 May 2021 IASB published *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12* which specifies how deferred tax in relation to particular cases such as, for example, leases and decommissioning obligations should be accounted for.

With Regulation 357/2022 of 2 March 2022, the European Commission adopted a few amendments to IAS 1 - *Presentation of financial statement* and to IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors* in order to improve the disclosure of accounting policies and provide investors and other primary users of the financial statements with more useful information, as well as help companies to distinguish the changes in accounting estimates from the changes in accounting policy.

Lastly, IASB published an exposure draft relating to new amendments to IAS 1 – *Presentation of financial statement* in order to clarify the definition of current and non-current liabilities in specific circumstances; the date of first application has yet to be determined, but it will, at any rate, be subsequent to 1 January 2024.

### Estimates and assumptions

These half-year financial statements, prepared in accordance with IFRS, contain estimates and assumptions made by the Group relating to assets and liabilities, costs, revenues, other comprehensive gains/losses and contingent liabilities at the reporting date. These estimates are based on past experience and assumptions considered to be reasonable and realistic, based on the information available at the time of making the estimate.

The assumptions relating to these estimates are periodically reviewed and the related effects reflected in the income statement in the same period: actual results could therefore differ from these estimates. For more information about the main assumptions used by the Group see the section “Estimates and Assumptions” found in the notes to the consolidated financial statements at 31 December 2021.

These more complex assessments are typically done only when the annual report is being drafted as all the information that might be needed are available only at that time; for example, the actuarial valuations needed to determine provisions for employee benefits are generally done at the same time as the drafting of the annual report, with the exception of when a plan is being amended or liquidated.

However, when this interim financial report at 30 June 2022 was being drafted, given the current situation of uncertainty and in compliance with national and international authorities, various aspects related to the conflict between Russia and Ukraine and its possible developments have been incorporated into the valuations for the period, in particular, with reference to the items subject to estimates commented on below.

The current scenario of marked uncertainty and low visibility stemming from the highly instable macroeconomic environment, however, calls for precaution, when making economic forecasts.

#### *Intangible assets and plant, property and equipment*

Based on the most recent information available and the currently foreseeable scenarios, the Group did not report any material impairment loss with regard to the intangible assets and plant property and equipment recognized in the financial statements.

#### *Allowance for doubtful accounts*

In regard to relationships with Ukrainian parties, the conflict caused an increase in credit risk and made it necessary to take a closer look at the recoverability of open positions for which provisions based on updated forward-looking information were made. As for Russian clients, given the widespread insurance coverage, in our view it wasn't necessary to adjust credit valuations or recognize provisions other than the ones typically recognized in the financial statements.

#### *Inventories*

Inventories are presented net of provisions for raw materials and finished products considered obsolete or slow moving, taking into account their future expected use and realizable value. With regard specifically to the Ukrainian branch, the stock is stored at a secured warehouse of a logistics provider and the Group has carefully revisited its valuations in light of the current situation.

*Derivatives*

The Group verified that the hedges of financial instruments, both prospective and retrospective, were still effective.

*Provisions for contingencies and other charges*

The Group makes several provisions against disputes or risks of various kinds relating to different matters falling under the jurisdiction of different countries. These provisions were made based on updated information which takes into account the possible effects of the current context.

**Translation of balances in foreign currencies**

The following exchange rates have been used:

		30.06.2022		30.06.2021		% Change	
		Period-end exchange rate (*)	Average exchange rate (*)	Period-end exchange rate (*)	Average exchange rate (*)	Period-end exchange rate (*)	Average exchange rate (*)
US dollar	USD	1.0387	1.0940	1.1884	1.2057	(12.60%)	(9.26%)
British pound	GBP	0.8582	0.8422	0.8581	0.8684	0.02%	(3.02%)
Hong Kong dollar	HKD	8.1493	8.5601	9.2293	9.3574	(11.70%)	(8.52%)
Chinese renminbi (Yuan)	CNY	6.9624	7.0827	7.6742	7.7980	(9.28%)	(9.17%)
Australian dollar	AUD	1.5099	1.5207	1.5853	1.5629	(4.76%)	(2.70%)
Canadian dollar	CAD	1.3425	1.3905	1.4722	1.5040	(8.81%)	(7.54%)
Japanese yen	JPY	141.5400	134.2987	131.4300	129.8117	7.69%	3.46%
Malaysian ringgit	MYR	4.5781	4.6704	4.9336	4.9386	(7.21%)	(5.43%)
New Zealand dollar	NZD	1.6705	1.6492	1.7026	1.6810	(1.89%)	(1.89%)
Polish zloty	PLN	4.6904	4.6329	4.5201	4.5366	3.77%	2.12%
South African rand	ZAR	17.0143	16.8496	17.0114	17.5333	0.02%	(3.90%)
Singapore dollar	SGD	1.4483	1.4925	1.5976	1.6061	(9.35%)	(7.07%)
Russian rouble	RUB	53.8580	83.6354	86.7725	89.6054	(37.93%)	(6.66%)
Turkish lira	TRY	17.3220	16.2330	10.3210	9.5126	67.83%	70.65%
Czech koruna	CZK	24.7390	24.6364	25.4880	25.8551	(2.94%)	(4.71%)
Swiss franc	CHF	0.9960	1.0320	1.0980	1.0943	(9.29%)	(5.69%)
Brazilian real	BRL	5.4229	5.5579	5.9050	6.4917	(8.16%)	(14.39%)
Croatian kuna	HRK	7.5307	7.5414	7.4913	7.5508	0.53%	(0.13%)
Ukrainian hryvnia	UAH	30.4017	31.7050	32.3618	33.4791	(6.06%)	(5.30%)
Romanian leu	RON	4.9464	4.9457	4.9280	4.9014	0.37%	0.90%
South Korean won	KRW	1,351.6000	1,347.8250	1,341.4100	1,347.3633	0.76%	0.03%
Chilean peso	CLP	962.0600	902.7733	866.7500	867.9883	11.00%	4.01%
Hungarian forint	HUF	397.0400	374.7123	351.6800	357.8540	12.90%	4.71%
Swedish krona	SEK	10.7300	10.4753	10.1110	10.1299	6.12%	3.41%
Mexican peso	MXN	20.9641	22.1747	23.5784	24.3207	(11.09%)	(8.82%)

(\*) Source: Bank of Italy. Source for per RUB period-end and average exchange rate of June 2022: Central Bank of Russia.

## CHANGE IN THE SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation in the first half of 2022.

## RESTATEMENT OF COMPARISON FIGURES

In accordance with IFRS 3 - Business combinations, at the end of the measurement period (31 December 2021), the definitive accounting of the business combinations relative to Capital Brands and Everysys, completed on 29 December 2020 and 1 April 2021, respectively, was recognized.

In the prior accounting documents, it was only possible to determine the temporary fair value at the acquisition date of the assets, liabilities and contingent liabilities.

During the measurement period, including in light of the estimates of the independent appraiser, the information that allowed the identification and the assessment of the definitive value of the assets, liabilities and, consequently, goodwill was gathered.

The comparison figures provided in the statement of financial position at 30 June 2021 were restated to reflect the latest valuations of the two business combinations.

The details of the restated figures are provided below:

(€/000)	Official figures		Effects deriving from the definitive accounting PPA	Restated figures	
	1st half 2021	of which operative non-recurring	1st half 2021	1st half 2021	of which operative non-recurring
<b>Total consolidated revenues</b>	<b>1,431,836</b>	-	-	<b>1,431,836</b>	-
Raw and ancillary materials, consumables and goods	(767,559)			(767,559)	
Change in inventories of finished products and work in progress	171,840		(9,316)	162,524	(9,316)
Change in inventories of raw and ancillary materials, consumables and goods	17,120			17,120	
<b>Materials consumed</b>	<b>(578,599)</b>	-	<b>(9,316)</b>	<b>(587,915)</b>	<b>(9,316)</b>
Payroll costs	(185,034)	-	367	(184,667)	367
Services and other operating expenses	(404,964)	(144)	333	(404,631)	189
Provisions	(13,816)	-	236	(13,580)	236
Amortization	(40,073)	-	(3,462)	(43,535)	
<b>EBIT</b>	<b>209,350</b>	<b>(144)</b>	<b>(11,842)</b>	<b>197,508</b>	<b>(8,524)</b>
<b>PROFIT (LOSS) BEFORE TAXES</b>	<b>228,433</b>		<b>(11,842)</b>	<b>216,591</b>	
Taxes	(47,302)		2,888	(44,414)	
<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>181,131</b>		<b>(8,954)</b>	<b>172,177</b>	
Profit (loss) pertaining to minority	325			325	
<b>CONSOLIDATED PROFIT (LOSS) AFTER TAXES</b>	<b>180,806</b>		<b>(8,954)</b>	<b>171,852</b>	

**SEASONALITY OF BUSINESS**

The Group's business is traditionally seasonal, with first-half revenues and profit proportionately lower than those of the year as a whole.



## COMMENTS ON THE INCOME STATEMENT

### 1. REVENUES

In the first half of 2022 revenues, including revenues from sales and services and other revenues, amount to €1,444,829 thousand (€1,431,836 thousand in the first half of 2021).

Revenues are broken down by geographical area as follows:

	1st half 2022	% revenues	1st half 2021	% revenues	Change	Change %
Europe	846,346	58.6%	926,930	64.7%	(80,584)	(8.7%)
America	289,174	20.0%	242,180	16.9%	46,994	19.4%
Asia Pacific	203,500	14.1%	158,902	11.1%	44,598	28.1%
MEIA (Middle East/India/Africa)	105,809	7.3%	103,824	7.3%	1,985	1.9%
<b>Total</b>	<b>1,444,829</b>	<b>100.0%</b>	<b>1,431,836</b>	<b>100.0%</b>	<b>12,993</b>	<b>0.9%</b>

Comments on the most significant changes can be found in the "Markets" section of the report on operations.

"Other revenues" is broken down as follows:

	1st half 2022	1st half 2021	Change
Freight reimbursement	2,576	2,053	523
Commercial rights	1,300	1,175	125
Grants and contributions	623	716	(93)
Damages reimbursed	271	47	224
Out-of-period gains	39	10	29
Other income	8,413	6,144	2,269
<b>Total</b>	<b>13,222</b>	<b>10,145</b>	<b>3,077</b>

With regard to Law n. 124 of 4 August 2017, which regulates transparency in public funding, the item "Grants and contributions" includes income of €198 thousand stemming from the incentives granted by Gestore dei Servizi Energetici GSE S.p.A. for the production of energy at the Mignagola (TV) plant through photovoltaic systems connected to the grid.

### 2. RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS

The breakdown is as follows:

	1st half 2022	1st half 2021	Change
Parts	336,778	357,294	(20,516)
Finished products	328,133	333,868	(5,735)
Raw materials	69,555	67,045	2,510
Other purchases	11,402	9,352	2,050
<b>Total</b>	<b>745,868</b>	<b>767,559</b>	<b>(21,691)</b>

### 3. CHANGE IN INVENTORIES

The difference between the overall change in inventories reported in the income statement and the change in balances reported in the statement of financial position is mainly due to differences arising on the translation of foreign subsidiaries financial statements.

### 4. PAYROLL COSTS

These costs include €64,994 thousand in production-related payroll (€63,246 thousand at 30 June 2021).

The figures relating to the cost of employee benefits provided by certain Group companies in Italy and abroad are reported in note 35. *Employee Benefits*.

This item includes net income of €412 thousand recognized as result of the adjustments made to the costs associated with the stock option plans following a decrease in the number of participants in the 2020-2027 Plan net of the notional cost (fair value) recognized in the reporting period (costs reached €1,789 thousand at 30 June 2021); see Note 28. *Stock Option Plans* for further details.

The Group's workforce at 30 June 2022 can be broken down as follows:

	30.06.2022	30.06.2021
Blue collars	5,841	6,789
White collars	3,216	3,051
Managers	301	311
<b>Total</b>	<b>9,358</b>	<b>10,151</b>

## 5. SERVICES AND OTHER OPERATING EXPENSES

These are detailed as follows:

	1st half 2022	1st half 2021 (*)	Change
Promotional expenses	120,798	106,450	14,348
Transport (for purchases and sales)	110,472	83,838	26,634
Advertising	63,965	44,114	19,851
Subcontracted work	25,007	30,043	(5,036)
Storage and warehousing	20,518	12,943	7,575
Consulting services	19,167	15,144	4,023
Rentals and leasing	15,389	8,835	6,554
Technical support	11,489	10,261	1,228
Commissions	8,421	7,340	1,081
Insurance	7,001	6,000	1,001
Power	6,983	5,192	1,791
Travel	4,751	2,595	2,156
Maintenance	2,672	2,366	306
Directors and statutory auditors' emoluments	2,478	3,138	(660)
Other utilities and cleaning fees, security, waste collection	2,471	2,068	403
Postage, telegraph and telephones	2,393	2,067	326
Other sundry services	26,684	23,014	3,670
<b>Total services</b>	<b>450,659</b>	<b>365,408</b>	<b>85,251</b>
Sundry taxes	31,643	34,322	(2,679)
Other	5,553	4,901	652
<b>Total other operating expenses</b>	<b>37,196</b>	<b>39,223</b>	<b>(2,027)</b>
<b>Total</b>	<b>487,855</b>	<b>404,631</b>	<b>83,224</b>

(\*) The comparative figures pertaining to 1st half 2021 were restated as a result of the definitive accounting for the business combination related to Capital Brands and Eversys acquisitions in accordance with IFRS 3 - Business combinations

In the first half of 2022 the item includes non-recurring expenses for €958 thousand (non-recurring net income for €189 thousand in the first half of 2021).

In the first semester 2022 the item "Rentals and leasing" includes, in addition to commercial rights of €717 thousand (€693 thousand in 2021), the operating costs relating to contracts which are not leases or don't contain a lease (€13,728 thousand, €7,655 thousand in the first half of 2021), as well as costs relating to leases with a term less than twelve months (€914 thousand, €457 thousand in the first half of 2021) or referred to low-value assets (€30 thousand, €30 thousand also in the first half of 2021); for further information, please refer to note 15. *Leases*.

## 6. PROVISIONS

These include €12,605 thousand in provisions for contingencies and other charges and a net release of €792 thousand in provisions for doubtful accounts. The main changes in this item are discussed in note 36. *Other provisions for non-current contingencies and charges*.

## 7. AMORTIZATION

The breakdown is as follows:

	1st half 2022	1st half 2021 (*)	Change
Amortization of intangible assets	11,112	10,149	963
Depreciation of property, plant and equipment	28,256	23,297	4,959
Depreciation of Right of Use assets	10,824	10,089	735
<b>Total</b>	<b>50,192</b>	<b>43,535</b>	<b>6,657</b>

(\*) The comparative figures pertaining to 1st half 2021 were restated as a result of the definitive accounting for the business combination related to Capital Brands and Eversys acquisitions in accordance with IFRS 3 - Business combinations.

More details about amortization and depreciation can be found in the tables reporting movements in intangible assets and property, plant and equipment.

## 8. NON-RECURRING INCOME/(EXPENSES)

In the first half of 2022, some items of a non-recurring nature resulting in net income of €1,021 thousand (net expenses of €8,524 thousand in the first half of 2021) were shown separately. This item includes gains on the revised valuation of assets in Ukraine which were revalued in the second quarter as activity resumed in a few areas of the country which resulted in the collection of part of the receivables that had previously been written down. It also includes the donation of €1,000 thousand made to support people affected by the conflict and the economic impact of the purchase price allocation made as a result of recent acquisitions.

The non-recurring amounts are shown in the income statement, in the corresponding item of the statement.

## 9. NET FINANCIAL INCOME (EXPENSES)

Net financial income and expenses are broken down by nature as follows:

	1st half 2022	1st half 2021	Change
Exchange differences and gains (losses) on currency hedges	3,724	(221)	3,945
Fair value re-measurement of Eversys n.c.i.	-	25,329	(25,329)
Share of profit of equity investments consolidated by the equity method	45	(511)	556
Net interest expense	(1,631)	(2,829)	1,198
Interest for leasing	(731)	(746)	15
Other financial income (expenses)	(4,043)	(1,939)	(2,104)
<b>Other net financial income (expenses)</b>	<b>(6,405)</b>	<b>(5,514)</b>	<b>(891)</b>
<b>Net financial income (expenses)</b>	<b>(2,636)</b>	<b>19,083</b>	<b>(21,719)</b>

“Exchange differences and gains (losses) on currency hedges” includes the rate differentials on currency risk hedges, as well as the exchange differences linked to consolidation.

"Share of profit of equity investments consolidated by the equity method" includes income from the joint venture TCL/DL, dedicated to the manufacture of portable air conditioners and the investment in NPE S.r.l., a supplier of electronic components.

"Net interest expense" includes bank interest on the Group's financial debt (recalculated using the amortized cost method) and the financial cost of factoring receivables without recourse, net of the interest received on the Group's investments.

Interest on leases is equal to the portion of financial expenses payable matured in the reporting period on a liability, recognized in accordance with IFRS 16 Leases. For more information see note 15. *Leases*.

"Fair value re-measurement of Eversys n.c.i.", reported in the first half of 2021, included the gain recognized after the business combination, completed in stages, was completed and the interest already held by the Group was redetermined based on the fair value of the assets acquired.

## 10. INCOME TAXES

These are analyzed as follows:

	1st half 2022	1st half 2021 (*)	Change
Current income taxes:			
- Income taxes	24,452	62,653	(38,201)
- IRAP (Italian regional business tax)	2,371	4,407	(2,036)
Deferred (advanced) taxes	(1,801)	(22,646)	20,845
<b>Total</b>	<b>25,022</b>	<b>44,414</b>	<b>(19,392)</b>

(\*) The comparative figures pertaining to 1st half 2021 were restated as a result of the definitive accounting for the business combination related to Capital Brands and Eversys acquisitions in accordance with IFRS 3 - Business combinations.

This item includes the estimated tax credit for research and development pursuant to Law 190/2014 for the current year.

"Deferred (advanced) taxes" include the taxes calculated on the temporary differences arising between the accounting values of assets and liabilities and on the corresponding tax base (particularly for taxed provisions recognized by the parent company and its subsidiaries) and on the distributable income of the subsidiaries. They also include the benefit arising from the carryforward of unused tax losses which are likely to be used in the future.

**COMMENTS ON THE STATEMENT OF FINANCIAL POSITION: ASSETS****NON-CURRENT ASSETS****11. GOODWILL**

	30.06.2022		31.12.2021	
	Gross	Net	Gross	Net
Goodwill	384,558	377,811	365,152	358,405

The value of goodwill did not change in the half. The difference of €19,406 thousand is attributable to the goodwill for acquisition of foreign operations expressed in their functional currency and converted at the exchange rate in effect at 30 June 2022.

Goodwill is not amortized because it is considered to have an indefinite useful life. Instead, it is tested for impairment at least once a year to identify any evidence of loss in value.

For the purposes of impairment testing, goodwill is allocated by CGU (cash generating unit) represented by the De' Longhi, Kenwood and Braun divisions, to which Capital Brands and Eversys have recently been added according to the detail shown below:

<i>Cash-generating unit</i>	30.06.2022
De'Longhi	26,444
Kenwood	17,120
Braun	48,836
Capital Brands	194,831
Eversys	90,580
<b>Total</b>	<b>377,811</b>

The objective of the impairment test is to determine the value in use of the CGU to which the goodwill refers, meaning the present value of the future cash flows expected to be derived from continuous use of the assets; any cash flows arising from extraordinary events are therefore ignored. In particular, the value in use is determined by applying the "discounted cash flows" method, applied to the cash flows resulting from three-year plans approved by management.

The impairment test carried out at the end of 2021 on the basis of discount rates reflecting current market assessments, of the time value of money and the risks specific to the individual cash-generating units, did not reveal any indicator that these assets might have suffered an impairment loss.

Estimating the recoverable value of the cash-generating units, however, calls for assumptions and estimates to be made by management. Different factors linked also to how this difficult market environment evolves could also make it necessary to redetermine the value of goodwill. The circumstances and events which could result in the need for further impairment testing are monitored constantly by the Group.

As the medium-term strategic guidelines were confirmed at 30 June 2022, albeit in an uncertain economic environment, the assumptions made when preparing the 2021 Annual Report, to which reference should be made, were not changed and in our view there has been no permanent loss in book values.

## 12. OTHER INTANGIBLE ASSETS

These are analyzed as follows:

	30.06.2022		31.12.2021	
	Gross	Net	Gross	Net
New product development costs	126,183	15,624	125,616	19,704
Patents	76,651	33,477	74,830	33,436
Trademarks and similar rights	446,165	339,546	434,171	327,688
Work in progress and advances	37,058	29,496	30,223	22,663
Other	141,796	110,682	132,548	105,981
<b>Total</b>	<b>827,853</b>	<b>528,825</b>	<b>797,388</b>	<b>509,472</b>

The following table reports movements in the main asset categories during 2022:

	New product development costs	Patents	Trademarks and similar rights	Work in progress and advances	Other	Total
<b>Net opening balance</b>	<b>19,704</b>	<b>33,436</b>	<b>327,688</b>	<b>22,663</b>	<b>105,981</b>	<b>509,472</b>
Additions	563	386	74	7,207	315	8,545
Amortization	(4,647)	(1,780)	(136)	(2)	(4,547)	(11,112)
Translation differences and other movements (*)	4	1,435	11,920	(372)	8,933	21,920
<b>Net closing balance</b>	<b>15,624</b>	<b>33,477</b>	<b>339,546</b>	<b>29,496</b>	<b>110,682</b>	<b>528,825</b>

(\*) "Other movements" refers primarily to the reclassification of intangible assets.

The principal additions refer to the capitalization of new product development projects, based on detailed reporting and analysis of the costs incurred and the estimated future usefulness of such projects.

The Group has capitalized a total of €7,703 thousand in development costs as intangible assets in 2022, of which €563 thousand in "New product development costs" for projects already completed at the reporting date and €7,140 thousand in "Work in progress and advances" for projects still in progress.

"Patents" mostly refers to internal development costs and the subsequent cost of filing for patents and to costs for developing and integrating data processing systems. The change in the period mainly refers to the acquisition of software licenses.

"Trademarks and similar rights" includes a few trademarks calculated based on an indefinite useful life in accordance with IAS 38, taking into account, above all, brand awareness, economic benefits, reference market characteristics, brand specific strategies and the amount of investments made to sustain the brands: €79.8 million for the "De' Longhi" trademark, €95.0 million for the perpetual license over the "Braun" brand, €127.7 million for the Nutribullet/MagicBullet trademark, and €36.4 million for the Eversys trademark.

The impairment test carried out at the end of 2021 for the brands based on an indefinite useful life, did not reveal any evidence that these assets might have suffered an impairment loss.

As the medium-term strategic guidelines were confirmed at 30 June 2022, albeit in an uncertain economic environment, the assumptions made when preparing the 2021 Annual Report, to which reference should be made, were not changed and in our view there has been no permanent loss in book values.

### 13. LAND, PROPERTY, PLANT AND MACHINERY

These are analyzed as follows:

	30.06.2022		31.12.2021	
	Gross	Net	Gross	Net
Land and buildings	203,207	149,918	175,020	126,100
Plant and machinery	171,400	55,566	161,852	52,846
<b>Total</b>	<b>374,607</b>	<b>205,484</b>	<b>336,872</b>	<b>178,946</b>

The following table reports movements during 2022:

	Land and buildings	Plant and machinery	Total
<b>Net opening balance</b>	<b>126,100</b>	<b>52,846</b>	<b>178,946</b>
Additions	23,084	4,297	27,381
Disposals	-	(32)	(32)
Amortization	(3,848)	(5,523)	(9,371)
Translation differences and other movements	4,582	3,978	8,560
<b>Net closing balance</b>	<b>149,918</b>	<b>55,566</b>	<b>205,484</b>

The increases and movements in “Land and buildings” refer mainly to the purchase of the new plant in Romania (about €21 million) and the work done on the construction of the new headquarters in Treviso.

The investments in “Plants and machinery” refer mainly to increases of the production lines for coffee machines in Italy and to the purchases of machinery for the plants in Romania and China.



## 14. OTHER TANGIBLE ASSETS

Other tangible assets are analyzed as follows:

	30.06.2022		31.12.2021	
	Gross	Net	Gross	Net
Industrial and commercial equipment	376,676	72,673	363,063	71,046
Other	106,544	28,626	99,046	26,967
Work in progress and advances	57,089	57,089	37,800	37,800
<b>Total</b>	<b>540,309</b>	<b>158,388</b>	<b>499,909</b>	<b>135,813</b>

The following table reports movements during 2022:

	Industrial and commercial equipment	Other	Work in progress and advances	Total
<b>Net opening balance</b>	<b>71,046</b>	<b>26,967</b>	<b>37,800</b>	<b>135,813</b>
Additions	12,900	5,640	26,441	44,981
Disposals	-	(15)	-	(15)
Amortization	(14,000)	(4,885)	-	(18,885)
Translation differences and other movements	2,727	919	(7,152)	(3,506)
<b>Net closing balance</b>	<b>72,673</b>	<b>28,626</b>	<b>57,089</b>	<b>158,388</b>

The additions to "Industrial and commercial equipment" refer primarily to the purchase of moulds for the manufacturing of new products.

The increase in "Work in progress" mainly refers to the investments linked to the improvement in the Romanian and Chinese production facilities and the development plan of the new headquarters.

## 15. LEASES

Existing leases are functional to the Group's operations and refer mainly to the leasing of properties, automobiles and other capital goods.

Movements in the leased right of use assets in 2022 are shown below:

	Land and buildings	Industrial and commercial equipment	Plant and machinery	Other	Total
<b>Net opening balance</b>	<b>67,976</b>	<b>1,879</b>	<b>11</b>	<b>3,853</b>	<b>73,719</b>
Additions	11,124	1,494	-	1,310	13,928
Disposals	(969)	-	-	(33)	(1,002)
Amortization	(9,371)	(292)	(3)	(1,158)	(10,824)
Translation differences and other movements	477	6	-	28	511
<b>Net closing balance</b>	<b>69,237</b>	<b>3,087</b>	<b>8</b>	<b>4,000</b>	<b>76,332</b>

In 2022, the result for the period includes depreciation and amortization for €10,824 thousand, interest payable for €731 thousand, while €11,245 thousand in lease payments were reversed.

## Half-year condensed consolidated financial statement

At 30 June 2022 financial liabilities for leases of €79,161 thousand (of which €58,267 thousand expiring beyond 12 months) and financial assets for advanced payments of €471 thousand, included in "Current financial receivables and assets", were recognized in the financial statements (please refer to note 24).

The maturities of the undiscounted lease liabilities (based on contractual payments) are shown below:

	Undiscounted flows at 30.06.2022	Payable within one year	Payable in 1-5 years	Payable in more than five years
Lease liabilities	83,458	22,267	40,862	20,329

The adoption of IFRS 16 Lease affected Group net equity at 30 June 2022 for €2,022 thousand.

## 16. EQUITY INVESTMENTS

Details of equity investments are as follows:

	30.06.2022	31.12.2021
Equity investments consolidated using the equity method	7,414	7,280
Investment measured at fair value	51	51
<b>Total</b>	<b>7,465</b>	<b>7,331</b>

"Equity investments consolidated using the equity method" refers to the equity investments subject to joint control as per contractual agreements and associated companies, accounted for using the equity method in accordance with IAS 28 – *Investments in associates and joint venture*.

The change in the first half of 2022 can be broken down as follows:

	30.06.2022
<b>Net opening balance</b>	<b>7,280</b>
Interest in net profit	46
Exchange rate differences	127
Components of comprehensive income	(39)
<b>Net closing balance</b>	<b>7,414</b>

## 17. NON-CURRENT RECEIVABLES

The balance at 30 June 2022, equal to €5,291 thousand, comprises €5,289 thousand in security deposits (€4,604 thousand at 31 December 2021).

**18. OTHER NON-CURRENT FINANCIAL ASSETS**

This item includes investments made as part of the Group's liquidity management with primary counterparts, namely financial assets that will be held until maturity consistent with the business model objective to receive contractual cash flows (principal and interest) at specific maturities which were, therefore, accounted for using the amortized cost method.

The item includes mainly €20,282 thousand relating to two bonds with a total nominal value of €20,000 thousand, maturing in 2026 and 2027, respectively, €50,730 thousand relating to three floating rate notes with semi-annual and quarterly coupons (par value of €50,000 thousand) maturing in 2026, and €1,778 thousand relating to the fair value of derivatives.

No signs of impairment emerged about the balances recognized in the financial statements.

**19. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES**

Deferred tax assets and deferred tax liabilities are analyzed as follows:

	30.06.2022	31.12.2021
Deferred tax assets	77,269	74,297
Deferred tax liabilities	(73,487)	(70,070)
<b>Net closing balance</b>	<b>3,782</b>	<b>4,227</b>

"Deferred tax assets" and "Deferred tax liabilities" include the taxes calculated on temporary differences between the carrying amount of assets and liabilities and their corresponding tax base (particularly taxed provisions recognized by the parent company and its subsidiaries), the tax effects associated with the allocation of higher values to fixed assets as a result of allocating consolidation differences based on the applicable tax rate and the deferred taxes on the distributable income of subsidiaries. Deferred tax assets are calculated mainly on provisions and consolidation adjustments. They also include the benefit arising from the carryforward of unused tax losses which are likely to be used in the future.

The net balance is analyzed as follows:

	30.06.2022	31.12.2021
Temporary differences	(1,788)	575
Tax losses	5,570	3,652
<b>Net closing balance</b>	<b>3,782</b>	<b>4,227</b>

The change in the net asset balance also reflects a decrease of €351 thousand relating to the "Fair value and cash flow hedge reserve" recognized in net equity with reference to the fair value evaluation of investments and cash flow hedge derivatives.

## CURRENT ASSETS

### 20. INVENTORIES

"Inventories", shown net of an allowance for obsolete and slow-moving goods, can be analyzed as follows:

	30.06.2022	31.12.2021
Finished products and goods	766,313	628,717
Raw, ancillary and consumable materials	182,328	143,280
Work in progress and semi-finished products	44,775	43,909
Inventory writedown allowance	(51,890)	(46,653)
<b>Total</b>	<b>941,526</b>	<b>769,253</b>

The value of inventories is stated after deducting an allowance for obsolete or slow-moving goods totaling €51,890 thousand, (€46,653 thousand at 31 December 2021) in relation to products and raw materials that are obsolete and slow-moving or are no longer of strategic interest to the Group.

### 21. TRADE RECEIVABLES

These are analyzed as follows:

	30.06.2022	31.12.2021
Trade receivables		
- due within 12 months	239,531	381,933
- due beyond 12 months	-	-
Allowance for doubtful accounts	(15,426)	(15,265)
<b>Total</b>	<b>224,105</b>	<b>366,668</b>

Trade receivables are stated net of an allowance for doubtful accounts of €15,426 thousand, representing a reasonable estimate of the expected losses during the entire life of the receivables. The allowance takes account of the fact that a significant portion of the receivables are covered by insurance policies with major insurers.

### 22. CURRENT TAX ASSETS

These are analyzed as follows:

	30.06.2022	31.12.2021
Direct tax receivables	6,425	3,642
Tax payments on account	7,966	3,527
Tax refunds requested	2,422	2,323
<b>Total</b>	<b>16,813</b>	<b>9,492</b>

There are no current tax assets due beyond 12 months.

**23. OTHER RECEIVABLES**

“Other receivables” are analyzed as follows:

	30.06.2022	31.12.2021
VAT	26,709	22,646
Advances to suppliers	5,093	4,475
Prepaid insurance costs	2,503	2,175
Other tax receivables	2,150	1,837
Employees	315	210
Other	13,238	11,805
<b>Total</b>	<b>50,008</b>	<b>43,148</b>

There are no other receivables due beyond 12 months (€30 thousand at 31 December 2021).

**24. CURRENT FINANCIAL RECEIVABLES AND ASSETS**

“Current financial receivables and assets” are analyzed as follows:

	30.06.2022	31.12.2021
Fair value of derivatives	38,964	11,062
Advances for leasing contracts	471	365
Fair value of other current financial assets	88,591	90,528
Other current financial assets	149,099	200,122
<b>Total</b>	<b>277,125</b>	<b>302,077</b>

More details on the fair value of derivatives can be found in note 34. *Other financial payables*.

“Other current financial assets” includes the amount of investments made as part of liquidity management valued at amortized cost.

**25. CASH AND CASH EQUIVALENTS**

This balance consists of surplus liquidity on bank current accounts and other cash equivalents, mostly relating to customer payments received at period end and temporary cash surpluses.

Some of the Group's foreign companies have a total of €690.4 million in cash on bank accounts held at the same bank. These cash balances form part of the international cash pooling system and are partially offset by €661.1 million in overdrafts held at the same bank by other foreign companies. This bank therefore acts as a “clearing house” for the Group's positive and negative cash balances. Considering the substance of the transactions and technical workings of the international cash pooling system, the positive and negative cash balances have been netted against one another in the consolidated statement of financial position, as permitted by IAS 32. As a result of the international cash pooling system, the banks in question are provided with a guarantee for any liquidity balances.

The cash balances at 30 June 2022 include €944 thousand in current accounts of certain subsidiaries, that are restricted, having been given as collateral.

**26. NON-CURRENT ASSETS HELD FOR SALE**

The item refers to the value of a freehold property of a subsidiary that was classified under non-current assets held for sale, as required under IFRS 5 - Non-current assets held for sale and discontinued operations, insofar as the Group initiated a program to locate a buyer and complete the disposal.

The amount corresponds to the net carrying amount, insofar as it is not less than the fair value of the assets held for sale, net of the selling costs.

	31.12.2021	Translation differences	30.06.2022
Non-current assets held for sale	1,055	615	1,670

## **COMMENTS ON THE STATEMENT OF FINANCIAL POSITION: NET EQUITY AND LIABILITIES**

### **NET EQUITY**

The primary objective of the Group's capital management is to maintain a solid credit rating and adequate capital ratios in order to support its business and maximize value for shareholders.

On 20 April 2022 the Shareholders' Meeting of De' Longhi S.p.A. resolved to distribute a total of €124,501 thousand as dividends, of which €123,247 thousand was paid during the first half 2022.

Movements in the equity accounts are reported in one of the earlier schedules forming part of the financial statements; comments on the main components and their changes are provided below.

### **27. TREASURY SHARES**

On 20 April 2022, the Annual General Meeting resolved to renew – by revoking the previous resolution – the authorization for the purchase and disposal of treasury shares up to a maximum of 14.5 million ordinary shares and, therefore, not exceeding one fifth of the share capital, also taking into account any shares held by the Company and by its subsidiaries.

The authorization was approved for a period of up to 18 months (therefore, through 20 October 2023) in accordance with the law.

At 30 June 2022 the Group, through the Parent Company De' Longhi S.p.A., held 895,350 treasury shares for a total of €14,534 thousand.

### **28. STOCK OPTION PLANS**

During the Annual General Meeting held on 14 April 2016 shareholders approved the share-based incentive plan "Stock Options plan 2016-2022".

In order to serve the plan, during the AGM shareholders resolved to increase share capital against payment by up to a maximum nominal amount of €3,000,000 by 31 December 2022 through the issue, including on one or more occasions, of a maximum of 2,000,000 ordinary shares at a par value of €1.5 each pari passu with all shares outstanding at the issue date and with dividend rights.

The purpose of the plan is to maintain the loyalty of the beneficiaries by recognizing the contribution that they make to increasing the value of the Group.

The plan has a duration of seven years and will, at any rate, expire on 31 December 2022.

The beneficiaries were identified by the Board of Directors based on the proposal of the Remuneration and Appointments Committee or the Chief Executive Officer of the Parent Company De' Longhi S.p.A., after having consulted with the Board of Statutory Auditors on the basis of their expertise.

The options were granted free of charge: the beneficiaries, therefore, didn't pay any sort of consideration upon assignment. Conversely, exercise of the option and the resulting subscription of the shares will be subject to payment of the exercise price.

Each option will grant the right to subscribe one share at the conditions set out in the relative regulations.

The exercise price shall be equal to the arithmetic average of the official market price of the Company's shares recorded on the "Euronext Milan" managed by Borsa Italiana S.p.A. during the 60 calendar days prior to the date on which the Plan and the relative regulations were approved by shareholders during the Annual General Meeting.

The options may be exercised by the Beneficiaries – on one or more occasions – solely and exclusively during the exercise period, namely during the following timeframes:

- between 15 May 2019 and 31 December 2022 (more specifically, between either 15 May - 15 July; 1 September-15 October; 15 November - 15 January), for up to a total maximum amount equal to 50% of the total options assigned to each beneficiary;
- between 15 May 2020 and 31 December 2022 (more specifically, between either 15 May - 15 July; 1 September-15 October; 15 November - 15 January) for the remaining 50% of the total options assigned to each beneficiary.

Any option not exercised by the end of the exercise period will automatically expire and the beneficiary will have no right to any compensation or indemnity.

All shares will have regular dividend rights and, therefore, will be the same as all other shares outstanding at their issue date, and will be freely transferrable by the beneficiary.

Please refer to the *Annual Report on the Remuneration Policy and Compensation Paid* for more information on the Plan.

For the purposes of valuation under IFRS 2 – Share-based payments, two different tranches were defined for each award which contain the same number of options broken down equally into the plan's two exercise periods.

The fair value of the stock options at the assignment date is determined using the Black-Scholes model which takes into account the conditions for the exercise of the right, the current share price, expected volatility, a risk-free interest rate, as well as the non-vesting conditions.

Volatility is estimated based on the data of a market information provider and corresponds to the estimated volatility of the stock over the life of the plan.

The assumptions used to determine the fair value of the options assigned are shown below:

	2017 award	2016 award
First tranche fair value	7.6608	5.3072
Second tranche fair value	7.4442	5.2488
Expected dividends (Euro)	0.8	0.43
Estimated volatility (%)	28.09%	33.23%
Historic volatility (%)	31.12%	36.07%
Market interest rate	Euribor 6M	Euribor 6M
Expected life of the options (years)	2.142/3.158	2.51 / 3.53
Exercise price (Euro)	20.4588	20.4588

A total of 1,396,092 options have been exercised, none in the first semester 2022.

During the Annual General Meeting held on 22 April 2020, shareholders approved the stock-based incentive plan "Stock Options plan 2020-2027".

In order to serve the plan, during the AGM shareholders resolved to further increase share capital against payment by up to a maximum nominal amount of €4,500,000 through the issue, including on one or more occasions, of a maximum of 3,000,000 ordinary shares at a par value of €1.5 each pari passu with all shares outstanding at the issue date and with dividend rights, just in case the outstanding shares were not enough.



The purpose of the plan is to foster the loyalty of the beneficiaries, incentivizing them to stay with the Group by linking their compensation to the achievement of the company's medium/long-term goals. The plan has a duration of around eight years and will, at any rate, expire on 31 December 2027.

The beneficiaries are identified by the Board of Directors based on the proposal of the Remuneration and Appointments Committee or the Chief Executive Officer of the Parent Company De' Longhi S.p.A., after having consulted with the Board of Statutory Auditors on the basis of their expertise.

The options will be granted free of charge: the beneficiaries, therefore, will not be expected to pay any sort of consideration upon assignment. Conversely, exercise of the option and the resulting subscription of the shares will be subject to payment of the exercise price.

Each option will grant the right to subscribe one share at the conditions set out in the relative regulations. The exercise price shall be equal to the arithmetic average of the official market price of the Company's shares recorded on the "Euronext Milan" managed by Borsa Italiana S.p.A. during the 180 calendar days prior to the date on which the 2020-2027 Plan and the relative regulations were approved by shareholders during the Annual General Meeting. This period of time is sufficient to limit the impact that any volatility caused by the Coronavirus crisis could have on the stock price.

The options may be exercised by the Beneficiaries – on one or more occasions – solely and exclusively during the exercise period, namely during the following timeframes:

- between 15 May 2023 and 31 December 2027 for up to a total maximum amount equal to 50% of the total options assigned each beneficiary, without prejudice to the black-out periods referred to in Art. 12 of the Regulations;
- between 15 May 2024 and 31 December 2027 for the remaining 50% of the total options assigned each beneficiary, without prejudice to the black-out periods referred to in Art. 12 of the Regulations.

Any option not exercised by the end of the exercise period will automatically expire and the beneficiary will have no right to any compensation or indemnity.

All shares will have regular dividend rights and, therefore, will be the same as all other shares outstanding at their issue date, and will be freely transferrable by the beneficiary.

Please refer to the *Annual Report on the Remuneration Policy and Compensation Paid* for more information on the Plan.

At 31 December 2021 stock options on 2,360,000 shares had been assigned; during the first semester 2022 their number decreased by 800,000 options due to the resignation of the Chief Executive Officer.

For the purposes of valuation under IFRS 2 – Share-based payments, two different tranches were defined for each award which contain the same number of options broken down equally into the plan's two exercise periods. The fair value of each tranche is different.

The fair value of the stock options at the assignment date is determined using the Black-Scholes model which takes into account the conditions for the exercise of the right, the current share price, expected volatility, a risk-free interest rate, as well as the non-vesting conditions.

Volatility is estimated based on the data of a market information provider and corresponds to the estimated volatility of the stock over the life of the plan.

The fair value of the options assigned on the date of this Report and the assumptions made for its evaluation are as follows:

	Award (05.04.2020)	Award (05.14.2020)	Award (05.15.2020)	Award (05.20.2020)	Award (11.05.2020)
First tranche fair value	4.4283	4.591	4.4598	4.4637	12.402
Second tranche fair value	4.3798	4.536	4.4034	4.4049	12.0305
Expected dividends (Euro)	2.80%	2.80%	2.80%	2.80%	2.80%
Estimated volatility (%)	35.00%	34.00%	33.00%	32.00%	28.00%
Historic volatility (%)	37.00%	37.00%	37.00%	37.00%	37.00%
Market interest rate	(0.2%)	(0.2%)	(0.2%)	(0.2%)	(0.2%)
Expected life of the options (years)	7.7	7.7	7.7	7.7	7.7
Exercise price (Euro)	16.982	16.982	16.982	16.982	16.982

## 29. SHARE CAPITAL

At 30 June 2022 share capital comprised 150,896,092 ordinary shares with a par value €1.5 each, for a total of €226,344 thousand.

## 30. RESERVES

The details are as follows:

	30.06.2022	31.12.2021	Change
Share premium reserve	34,300	34,300	-
Legal reserve	45,269	45,168	101
Other reserves:			
- Extraordinary reserve	170,610	188,113	(17,503)
- Fair value and cash flow hedge reserve	3,772	3,865	(93)
- Stock option reserve	8,076	8,488	(412)
- Reserve for treasury shares	(14,534)	(14,534)	-
- Currency translation reserve	118,951	45,638	73,313
- Profit (loss) carried forward	924,058	720,097	203,961
<b>Total</b>	<b>1,290,502</b>	<b>1,031,135</b>	<b>259,367</b>

At 30 June 2022 the "Share premium reserve" comprises €162 thousand set up following the public offering at the time of the parent company's listing on the Milan stock exchange (now "Euronext Milan") on 23 July 2001. The remaining amount refers to the exercise of options assigned under the "Stock Option Plan 2016-2022".

The "Legal Reserve" amounted to €45,168 thousand at 31 December 2021. The increase of €101 thousand is attributable to the allocation of profit for 2021 approved by shareholders during De' Longhi S.p.A.'s AGM held on 20 April 2022.

The "Extraordinary reserve" decreased by €17,503 thousand due to dividends distribution, as approved by shareholders of De' Longhi S.p.A. during the above mentioned AGM.

The "Fair value and cash flow hedge reserve" reports a positive balance of €3,772 thousand, net of €1,407 thousand in tax.

The change in the "Fair value and cash flow hedge" reserve in the first half 2022, recognized in the statement of comprehensive income for the period, is attributable to the negative fair value of the cash flow hedge and available-for-sale securities of €93 thousand net of €351 thousand in tax.

The "Stock option reserve" refers to the two share based incentive plans already described in note 28. *Stock option plans.*

At 30 June 2022, the "Stock option" reserve amounted to positive €8,076 thousand which corresponds to the fair value of the options at the assignment date, recognized on a straight-line basis from the grant date through vesting.

With regard to the "2016-2022 Stock Option Plan", the reserve is recognised at a positive value of €2,982 thousand.

The reserve for the "2020-2027 Stock Option Plan" amounts to €5,094 thousand; the decrease for €412 thousand is due to the change of the number of beneficiaries net of stock option costs recognized in the period.

The "Reserve for treasury shares" was negative for €14,534 thousand and corresponds to the amount of treasury shares purchased pursuant to the buyback program.

"Profit (loss) carried forward" includes the retained earnings of the consolidated companies and the effects of consolidation adjustments and adjustments to comply with Group accounting policies.

Below is a reconciliation between the net equity and profit reported by the parent company, De' Longhi S.p.A., and the figures shown in the consolidated financial statements:

	Net equity 30.06.2022	Profit for the period
<b>De' Longhi S.p.A. financial statements</b>	<b>604,000</b>	<b>121,974</b>
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	581,994	(45,795)
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	466,604	2,846
Elimination of intercompany profits	(61,446)	(6,355)
Other adjustments	324	(4)
<b>Consolidated financial statements</b>	<b>1,591,476</b>	<b>72,666</b>
Minority interest	2,946	982
<b>Consolidated financial statements-Group portion</b>	<b>1,588,530</b>	<b>71,684</b>

### 31. MINORITIES' PORTION OF NET EQUITY

The minorities' portion of net equity amounts to €2,946 thousand (including the result for the reporting period of €982 thousand) and refers to the minority interest (49%) in the company Eversys UK Ltd. and its subsidiary Eversys Ireland Ltd., which became part of the Group as a result of the Eversys acquisition.

## 32. EARNINGS PER SHARE

Earnings per share are calculated by dividing the earnings for the year by the weighted average number of the Company's shares outstanding during the period.

	30.06.2022
Weighted average number of shares outstanding	150,000,742
Weighted average number of diluted shares outstanding	152,847,772

The dilutive impact was not significant at 30 June 2022, therefore the difference between the diluted earnings per share (€0.47) and the basic earnings per share (€0.48) is not material.

**LIABILITIES****33. BANK LOANS AND BORROWINGS**

"Bank loans and borrowings" are analyzed as follows:

	30.06.2022	31.12.2021
Overdrafts	40,736	1,069
Current bank loans and borrowings	50,003	50,006
Loans (short term portion)	86,449	170,616
Loans (one to five years)	415,132	357,457
<b>Total bank loans and borrowings</b>	<b>592,320</b>	<b>579,148</b>

Despite its sound financial situation, as part of its strategy to extend the average life of its debt and create a liquidity buffer to be used to meet possible, temporary cash needs, in the first half of 2022 the Group decided to increase and diversify its financial resources by signing new loan agreements on 30 June and 14 July 2022 for a total of €200 million, of which €100 million in the half.

On 30 June and 14 July 2022 the Group also negotiated €270 million in revolving credit facilities (RCF).

The loans introduce a new pricing mechanism based on which the terms of the loan may be adjusted each year if certain ESG (Environmental-Social-Governance) targets are reached.

The ESG targets are part of the path already undertaken by the Group to include sustainability in its business strategy. The targets aim to combine growth with sustainable development and confirm the strong commitment to developing a model which fosters the increased integration of sustainability as a strategic part of creating value for all of its stakeholders.

With regard to the loans taken out, none of the financial covenants included in the loan agreements, had been breached at 30 June 2022.

The main loans are floating rate; on some of these medium/long term loans, hedging derivatives were negotiated which made it possible to exchange floating rate debt for fixed rate debt. The fair value of the loans, calculated by discounting expected future interest flows at current market rates, does not differ significantly from the amount of debt recognized in the financial statements.

**34. OTHER FINANCIAL PAYABLES**

This balance, inclusive of the current portion, is made up as follows:

	30.06.2022	31.12.2021
Private placement (short-term portion)	21,420	21,400
Negative fair value of derivatives	30,441	7,311
Other short term financial payables	40,375	23,149
<b>Total short-term payables</b>	<b>92,236</b>	<b>51,860</b>
Private placement (one to five years)	85,688	85,661
Negative fair value of derivatives	-	-
Other financial payables (one to five years)	8,800	8,880
<b>Total long-term payables (one to five years)</b>	<b>94,488</b>	<b>94,541</b>
Private placement (beyond five years)	150,313	171,794
Other financial payables (beyond five years)	-	-
<b>Total long-term payables (beyond five years)</b>	<b>150,313</b>	<b>171,794</b>
<b>Total other financial payables</b>	<b>337,037</b>	<b>318,195</b>

The Private Placement refers to the issue and placement of unsecured, non-convertible notes with US institutional investors (the "US Private Placement").

During 2017, the issue of securities with a value of €150 million was finalized.

The securities were issued by De' Longhi S.p.A. in a single tranche, mature in 10 years in June 2027 and have an average life of 7 years. The notes will accrue interest from the subscription date at a fixed rate of 1.65% per annum. The notes will be repaid yearly in equal instalments beginning June 2021 and ending June 2027, without prejudice to the Company's ability to repay the entire amount in advance.

The securities are unrated and are not intended to be listed on any regulated markets.

The notes are subject to half-yearly financial covenants in line with those contemplated in other existing loan transactions.

At 30 June 2022 the covenants had not been breached. The issue is not secured by collateral of any kind.

On 7 April 2021 the Group also issued another €150 million tranche of Private Placement (USPP), maturing in 2041, and was underwritten by a leading US financial group.

The securities were issued by De' Longhi S.p.A. in a single tranche, have a duration of 20 years, maturing on 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 in April 2031 and the last on the expiry date (April 2041), 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.

De' Longhi S.p.A. is required to comply with financial covenants. Compliance with these covenants will be verified every six months, consistent with other existing transactions. None of these covenants had been breached at 30 June 2022. The issue is not backed by any real or personal guarantees.

"Negative fair value of derivatives" refers to hedges on interest rates and currencies, foreign currency receivables and payables, as well as on future revenue streams (anticipatory hedges).

"Other financial payables" refers mainly to factoring without recourse related payables. It also includes the remaining portion of the financial liability related to the transfer of the risk lined to pension fund liabilities pertaining to a foreign subsidiary, the consideration for the purchase of equity investments and the payable to shareholders for the residual portion of dividends distributed but not yet paid.

## Half-year condensed consolidated financial statement

## Net financial position

Details of the net financial position are as follows:

	30.06.2022	31.12.2021
A. Cash	714,025	1,026,081
B. Cash equivalents	-	-
C. Other current financial assets	238,161	291,015
<i>of which lease prepayments</i>	471	365
<b>D. Cash, cash equivalents and other current financial assets (A + B + C)</b>	<b>952,186</b>	<b>1,317,096</b>
E. Current financial liabilities	(173,354)	(114,582)
<i>of which lease liabilities</i>	(20,894)	(19,038)
F. Current portion of non-current financial liabilities	(86,449)	(170,616)
<b>G. Current financial liabilities (E + F)</b>	<b>(259,803)</b>	<b>(285,198)</b>
<b>H. Current net financial liabilities (G + D)</b>	<b>692,383</b>	<b>1,031,898</b>
I.1. Other non-current financial assets	71,012	70,223
I. Non-current financial liabilities	(473,399)	(414,685)
<i>of which lease liabilities</i>	(58,267)	(57,228)
J. Debt instruments	(236,001)	(257,455)
K. Trade payables and other non-current liabilities	-	-
<b>L. Non-current net financial liabilities (I + I.1 + J + K)</b>	<b>(638,388)</b>	<b>(601,917)</b>
<b>M. Total financial liabilities (H + L)</b>	<b>53,995</b>	<b>429,981</b>
<i>Fair value of derivatives and other financial non-bank assets/liabilities</i>	1,427	(4,893)
<b>Total net financial position</b>	<b>55,422</b>	<b>425,088</b>

Details of the net financial position are shown in accordance with CONSOB Bulletin DEM/6064293 of 28.07.2006; in order to provide a better representation, "Other non-current financial assets" are indicated separately in letter I.1; for further information, see note 18.

For a better understanding of changes in the Group's net financial position, reference should be made to the full consolidated statement of cash flows, appended to these explanatory notes, and the condensed statement presented in the report on operations.

The fair value of the outstanding derivatives at 30 June 2022 is provided below:

	<i>Fair Value at 30.06.2022</i>
FX forward agreements	2,239
<b>Derivatives hedging foreign currency receivables/payables</b>	<b>2,239</b>
FX forward agreements	5,898
IRS on parent company loans	2,165
<b>Derivatives hedging expected cash flows</b>	<b>8,063</b>
<b>Total fair value of the derivatives</b>	<b>10,302</b>

**35. EMPLOYEE BENEFITS**

These are made up as follows:

	30.06.2022	31.12.2021
Provision for severance indemnities	9,448	9,901
Defined benefit plans	28,105	27,103
Other long term benefits	16,241	16,374
<b>Total</b>	<b>53,794</b>	<b>53,378</b>

The provision for severance indemnities includes amounts payable to employees of the Group's Italian companies and not transferred to supplementary pension schemes or the pension fund set up by INPS (Italy's national social security agency). This provision has been classified as a defined benefit plan, governed as such by IAS 19 - *Employee benefits*.

Some of the Group's foreign companies provide defined benefit plans for their employees. Some of these plans have assets servicing them, but severance indemnities, as an unfunded obligation, do not.

These plans are valued on an actuarial basis to express the present value of the benefit payable at the end of service that employees have accrued at the reporting date.

The amounts of the obligations and assets to which they refer are set out below:

*Provision for severance indemnities:*

Movements in the year are summarized below:

Net cost charged to income	1st half 2022
Current service cost	96
Interest cost on defined benefit obligation	43
<b>Total</b>	<b>139</b>

Change in present value of obligations	30.06.2022
<b>Present value at 1 January</b>	<b>9,901</b>
Current service cost	96
Utilization of provision	(592)
Interest cost on obligation	43
<b>Present value at reporting date</b>	<b>9,448</b>



*Defined benefit plans:*

Movements in the year are as follows:

Net cost charged to income	1st half 2022	1st half 2021	Change
Current service cost	899	2,977	(2,078)
Return on plan assets	-	-	-
Interest cost on obligation	1	1	-
<b>Total</b>	<b>900</b>	<b>2,978</b>	<b>(2,078)</b>

Change in present value of obligations	30.06.2022	31.12.2021	Change
<b>Present value at 1 January</b>	<b>27,103</b>	<b>28,125</b>	<b>(1,022)</b>
Net cost charged to income	900	1,218	(318)
Benefits paid	(33)	(197)	164
Translation differences	135	6	129
Actuarial gains & losses recognized in the comprehensive income statement	-	(3,657)	3,657
Changes in consolidation area	-	1,608	(1,608)
<b>Present value at reporting date</b>	<b>28,105</b>	<b>27,103</b>	<b>1,002</b>

The outstanding liability at 30 June 2022 of €28,105 thousand (€27,103 thousand at 31 December 2021, refers to a few subsidiaries (mainly in Germany, Japan and Switzerland).

“Other long-term benefits” includes the amount accrued for the incentive plan 2021-2023 in the reporting period of €12,006 thousand. This plan was approved by the Board of Directors for a limited number of Group executives and key resources.

It also includes the incentive plans for the personnel of the newly acquired companies.

For more information on remuneration policy and amounts please refer to the *Annual Report on the Remuneration Policy and Compensation Paid*.

### 36. OTHER PROVISIONS FOR NON-CURRENT CONTINGENCIES AND CHARGES

These are analyzed as follows:

	30.06.2022	31.12.2021
Agents' leaving indemnity provision	1,955	1,909
Product warranty provision	41,795	42,585
Provision for contingencies and other charges	26,438	21,549
<b>Total</b>	<b>70,188</b>	<b>66,043</b>

Movements are as follows:

	31.12.2021	Utilization	Net accrual	Translation difference and other movements	30.06.2022
Agents' leaving indemnity provision	1,909	-	46	-	1,955
Product warranty provision	42,585	(11,128)	8,951	1,387	41,795
Provision for contingencies and other charges	21,549	(962)	3,607	2,244	26,438
<b>Total</b>	<b>66,043</b>	<b>(12,090)</b>	<b>12,604</b>	<b>3,631</b>	<b>70,188</b>

The agents' leaving indemnity provision covers the payments that might be due to departing agents in accordance with art. 1751 of the Italian Civil Code, as applied by collective compensation agreements in force.

The product warranty provision has been established for certain consolidated companies, on the basis of estimated under-warranty repair and replacement costs for sales taking place by 30 June 2022. It takes account of the provisions of Decree 24/2002 and of European Community law.

The "Provision for contingencies and other charges" includes the provision of €16,990 thousand (€15,053 thousand at 31 December 2021) for legal disputes and product complaint liabilities (limited to the Group's insurance deductible), and the provision of €9,445 thousand (€6,497 thousand at 31 December 2021) made by a few subsidiaries relating to commercial risks and other charges.

### 37. TRADE PAYABLES

The balance represents the amount owed by the Group to third parties for the provision of goods and services. The item does not include amounts due beyond 12 months.

### 38. CURRENT TAX LIABILITIES

"Current tax liabilities" refers to the Group's direct tax and, with respect to the Italian subsidiaries who showed the will to adhere to the Domestic Tax Consolidation regime, the net amount owed the parent company De Longhi Industrial S.A..

The Parent Company De' Longhi S.p.A. and a few of the Italian subsidiaries showed, jointly with the consolidator De Longhi Industrial S.A., the will to adhere to group taxation, referred to as "Domestic Tax Consolidation", as permitted under articles 117–129 of the Consolidated Income Tax Act (TUIR) as per Presidential Decree n. 917 of 22 December 1986 and Decree of the Ministry and Finance of 9 June 2004. For additional information please refer to Appendix.3.

The item does not include tax due beyond 12 months.

### 39. OTHER PAYABLES

These are analyzed as follows:

	30.06.2022	31.12.2021
Employees	54,977	69,134
Indirect taxes	16,090	29,562
Social security institutions	6,019	9,965
Withholdings payables	5,001	9,380
Advances	5,986	7,517
Other taxes	1,165	1,636
Other	11,221	12,883
<b>Total</b>	<b>100,459</b>	<b>140,077</b>

At 30 June 2022 the item does not include relevant amounts due beyond 12 months.

## 40. COMMITMENTS

These are detailed as follows:

	30.06.2022	31.12.2021
Guarantees given to third parties	799	806
Other commitments	17,477	3,590
<b>Total</b>	<b>18,276</b>	<b>4,396</b>

“Other commitments” mainly consist of contractual obligations pertaining to the subsidiaries for future investments in operations.

In addition to the above, the Group issued guarantees, for a total amount of €19 million, in favor of the affiliate NPE S.r.l..

## 41. HIERARCHICAL LEVELS OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following table presents the hierarchical levels in which the fair value measurements of financial instruments have been classified at 30 June 2022. As required by IFRS 13, the hierarchy comprises the following levels:

- level 1: quoted prices in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- level 3: inputs for the asset or liability that are not based on observable market data.

Financial instruments measured at fair value	Level 1	Level 2	Level 3
Derivatives with positive fair value	-	40,742	-
Derivatives with negative fair value	-	(30,441)	-
Other financial assets	51	88,591	-

There were no transfers between the levels during the year.

## 42. TAX POSITION

No positions of note were opened at the date of this report.

## 43. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Appendix 3 contains the information concerning transactions and balances with related parties required by CONSOB Circulars 97001574 dated 20 February 1997, 98015375 dated 27 February 1998 and DEM/2064231 dated 30 September 2002 relating to related party transactions; all transactions fell within the Group's normal scope of operations and were settled under arm's-length terms and conditions.

Transactions and balances between the parent company and subsidiaries are not reported since these have been eliminated upon consolidation.

#### 44. OPERATING SEGMENTS

As required under IFRS 8, following the demerger transaction the Group's activities were broken down into three operating segments (Europe, APA, MEIA) based on business region.

Each segment is responsible for all aspects of the Group's brands and serves different markets; the revenues and the margins, therefore, generated by each operating segment (based on business region) may not coincide with the revenues and margins of the relative markets (based on geographic area) given the sales made by a few Group companies outside of their respective geographical areas and the intragroup transactions not allocated based on destination.

Information relating to operating segments is presented below:

##### *Income statement data*

	1st half 2022				Total
	Europe	Americas/Asia Pacific	MEIA	Intersegment eliminations (**)	
<b>Total revenues (*)</b>	<b>1,040,756</b>	<b>753,437</b>	<b>97,228</b>	<b>(446,592)</b>	<b>1,444,829</b>
<b>EBITDA</b>	<b>122,247</b>	<b>22,078</b>	<b>8,354</b>	<b>(2,163)</b>	<b>150,516</b>
Amortization	(33,493)	(16,556)	(143)	-	(50,192)
<b>EBIT</b>	<b>88,754</b>	<b>5,522</b>	<b>8,211</b>	<b>(2,163)</b>	<b>100,324</b>
Net financial income (expenses)					(2,636)
<b>Profit (loss) before taxes</b>					<b>97,688</b>
Taxes					(25,022)
<b>Profit (loss)</b>					<b>72,666</b>
Profit (loss) pertaining to minority					982
<b>Profit (loss) for the year</b>					<b>71,684</b>

(\*) The revenues for each segment include revenues generated by both third parties and other Group operating segments.

(\*\*) Eliminations refer to intersegment revenues generated and eliminated on a consolidated basis.

##### *Data from statement of financial position*

	30 June 2022				Total
	Europe	Americas/Asia Pacific	MEIA	Intersegment eliminations	
<b>Total assets</b>	<b>2,661,430</b>	<b>1,564,106</b>	<b>97,692</b>	<b>(588,301)</b>	<b>3,734,927</b>
<b>Total liabilities</b>	<b>(1,753,770)</b>	<b>(937,426)</b>	<b>(40,556)</b>	<b>588,301</b>	<b>(2,143,451)</b>

## Half-year condensed consolidated financial statement

*Income statement data*

	1st half 2021 (***)				Total
	Europe	Americas/Asia Pacific	MEIA	Intersegment eliminations (**)	
<b>Total revenues (*)</b>	<b>1,051,667</b>	<b>736,572</b>	<b>84,806</b>	<b>(441,209)</b>	<b>1,431,836</b>
<b>EBITDA</b>	<b>183,267</b>	<b>46,343</b>	<b>11,400</b>	<b>33</b>	<b>241,043</b>
Amortization	(28,831)	(14,558)	(146)	-	(43,535)
<b>EBIT</b>	<b>154,436</b>	<b>31,785</b>	<b>11,254</b>	<b>33</b>	<b>197,508</b>
Net financial income (expenses)					19,083
<b>Profit (loss) before taxes</b>					<b>216,591</b>
Taxes					(44,414)
<b>Profit (loss)</b>					<b>172,177</b>
Profit (loss) pertaining to minority					325
<b>Profit (loss) for the year</b>					<b>171,852</b>

(\*) The revenues for each segment include revenues generated by both third parties and other Group operating segments; the figure is net of other non-recurring items.

(\*\*) Eliminations refer to intersegment revenues generated and eliminated on a consolidated basis.

(\*\*\*) The comparative figures pertaining to 1st half 2021 were restated as a result of the definitive accounting for the business combination related to Capital Brands and Eversys acquisitions in accordance with IFRS 3 - Business combinations.

*Data from statement of financial position*

	31 December 2021				Total
	Europe	Americas/Asia Pacific	MEIA	Intersegment eliminations	
<b>Total assets</b>	<b>2,908,290</b>	<b>1,598,327</b>	<b>76,324</b>	<b>(652,040)</b>	<b>3,930,901</b>
<b>Total liabilities</b>	<b>(1,967,042)</b>	<b>(1,013,106)</b>	<b>(32,198)</b>	<b>652,040</b>	<b>(2,360,306)</b>

**45. RISK MANAGEMENT**

The Group is exposed to the following financial risks as part of its normal business activity: credit, liquidity and market risks (relating primarily to currency and interest rate).

This condensed half-year financial report does not contain all the information and explanatory notes relative to financial risk management that must be included in the annual report. For additional information in this regard refer to the notes to the consolidated financial statements at 31 December 2021.

**46. SUBSEQUENT EVENTS**

Other than the above, no other significant events occurred after the close of the period.

*Treviso, 28 July 2022*

*De' Longhi S.p.A.  
Chief Executive Officer  
Massimo Garavaglia*

## APPENDICES

**These appendices contain additional information to that reported in the explanatory notes, of which they form an integral part.**

This information is contained in the following appendices:

1. List of consolidated companies
2. Statement of consolidated cash flows in terms of net financial position
3. Transactions and balances with related parties:
  - a) Income statement and statement of financial position*
  - b) Summary by company*
4. Certification of the consolidated financial statements pursuant to art. 81-ter of CONSOB Regulation 11971 dated 14 May 1999 and subsequent amendments and additions.

## List of consolidated companies

(Appendix 1 to the Explanatory notes)

Company name	Registered office	Currency	Share capital (1)	Interest held at 30/06/2022	
				Directly	Indirectly
LINE-BY-LINE METHOD					
DE'LONGHI APPLIANCES S.R.L.	Treviso	EUR	200,000,000	100%	
DE'LONGHI AMERICA INC.	Upper Saddle River	USD	600,000		100%
DE'LONGHI FRANCE	Clichy	EUR	2,737,500		100%
DE'LONGHI CANADA INC.	Brampton	CAD	1		100%
DE'LONGHI DEUTSCHLAND GMBH	Neu-Isenburg	EUR	2,100,000	100%	
DE'LONGHI BRAUN HOUSEHOLD GMBH	Neu-Isenburg	EUR	100,000		100%
DE'LONGHI ELECTRODOMESTICOS ESPANA S.L.	Barcellona	EUR	3,066		100%
DE'LONGHI CAPITAL SERVICES S.R.L. <sup>(2)</sup>	Treviso	EUR	53,000,000	11%	89%
E- SERVICES S.R.L.	Treviso	EUR	50,000	100%	
DE'LONGHI KENWOOD A.P.A. LTD	Hong Kong	HKD	73,010,000		100%
TRICOM INDUSTRIAL COMPANY LIMITED	Hong Kong	HKD	171,500,000		100%
PROMISED SUCCESS LIMITED	Hong Kong	HKD	28,000,000		100%
ON SHIU (ZHONGSHAN) ELECTRICAL APPLIANCE CO.LTD.	Zhongshan City	CNY	USD 21,200,000		100%
DE'LONGHI-KENWOOD APPLIANCES (DONG GUAN) CO.LTD.	Qing Xi Town	CNY	HKD 285,000,000		100%
DE LONGHI BENELUX S.A.	Luxembourg	EUR	181,730,990	100%	
DE'LONGHI JAPAN CORPORATION	Tokyo	JPY	450,000,000		100%
DE'LONGHI AUSTRALIA PTY LTD.	Prestons	AUD	28,800,001		100%
DE'LONGHI NEW ZEALAND LTD.	Auckland	NZD	16,007,143		100%
ZASS ALABUGA LLC	Elabuga	RUB	95,242,767		100%
DE'LONGHI LLC	Mosca	RUB	3,944,820,000		100%
KENWOOD APPLIANCES LTD.	Havant	GBP	30,586,001		100%
KENWOOD LIMITED	Havant	GBP	26,550,000		100%
KENWOOD INTERNATIONAL LTD.	Havant	GBP	20,000,000		100%
KENWOOD APPL. (SINGAPORE) PTE LTD.	Singapore	SGD	500,000		100%
KENWOOD APPL. (MALAYSIA) SDN.BHD.	Subang Jaya	MYR	1,000,000		100%
DE'LONGHI-KENWOOD GMBH	Wr Neudorf	EUR	36,336	100%	
DE'LONGHI SOUTH AFRICA PTY.LTD.	Constantia Kloof	ZAR	100,332,501		100%
DE'LONGHI KENWOOD HELLAS SINGLE MEMBER S.A.	Atene	EUR	452,520		100%
DE'LONGHI PORTUGAL UNIPESOA L DA	Matosinhos	EUR	5,000		100%
ARIETE DEUTSCHLAND GMBH	Dusseldorf	EUR	25,000		100%
CLIM.RE. S.A.	Luxembourg	EUR	1,239,468	4%	96%
ELLE S.R.L.	Treviso	EUR	10,000		100%
TASFIYE HALINDE DE'LONGHI BOSPHORUS EV ALETLERI TICARET ANONIM Sirketi	Istanbul	TRY	3,500,000		100%
DE'LONGHI PRAGA S.R.O.	Praga	CZK	200,000		100%
DE' LONGHI SWITZERLAND AG	Baar	CHF	1,000,000		100%
DL HRVATSKA D.O.O.	Zagabria	HRK	20,000		100%
DE'LONGHI BRASIL - COMÉRCIO E IMPORTAÇÃO Ltda	São Paulo	BRL	43,857,581		100%
DE'LONGHI POLSKA SP. Z.O.O.	Varsavia	PLN	50,000	0.1%	99.9%
DE'LONGHI APPLIANCES TECHNOLOGY SERVICES (Shenzen) Co. Ltd	Shenzen	CNY	USD 175,000		100%
DE'LONGHI UKRAINE LLC	Kiev	UAH	549,843		100%
DE'LONGHI KENWOOD MEIA F.ZE	Dubai	USD	AED 2,000,000		100%
DE'LONGHI ROMANIA S.R.L.	Cluj-Napoca	RON	140,000,000	10%	90%



## Half-year condensed consolidated financial statement

DE'LONGHI KOREA LTD	Seoul	KRW	900,000,000	100%
DL CHILE S.A.	Santiago del Cile	CLP	3,079,065,844	100%
DE'LONGHI SCANDINAVIA AB	Stockholm	SEK	5,000,000	100%
DE'LONGHI MEXICO SA DE CV	Bosques de las Lomas	MXN	53,076,000	100%
TWIST LLC	Mosca	RUB	10,000	100%
DE'LONGHI APPLIANCES (SHANGHAI) CO. LTD	Shanghai	CNY	USD 12,745,000	100%
DE' LONGHI MAGYARORSZÁG KFT.	Budapest	HUF	34,615,000	100%
DE' LONGHI US HOLDING LLC	Wilmington	USD	50,100,000	100%

The list of the companies belonging to Capital Brands Group acquired on 29 December 2020 is reported below; the companies are 100% indirectly held by De' Longhi S.p.a.:

Company name	Registered office	Currency
CAPITAL BRANDS HOLDINGS, INC.	Wilmington	USD
CAPITAL BAY, LIMITED (3)	Hong Kong	USD
CAPBRAN HOLDINGS, LLC	Los Angeles	USD
CAPITAL BRANDS, LLC	Los Angeles	USD
CAPITAL BRANDS DISTRIBUTION, LLC	Los Angeles	USD
BULLET BRANDS, LLC	Los Angeles	USD
HOMELAND HOUSEWARES, LLC	Los Angeles	USD
BABY BULLET, LLC	Los Angeles	USD
NUTRIBULLET, LLC	Los Angeles	USD
NUTRILIVING, LLC	Los Angeles	USD

The companies comprising the Eversys Group, the remaining 60% of which was acquired on 3 May 2021, are listed below; the companies are controlled indirectly 100% by De' Longhi S.p.a., with the exception of Eversys UK Limited and Eversys Ireland Limited, of which De' Longhi S.p.a. indirectly holds a stake of 51%:

Company name	Registered office	Currency
EVERSYS HOLDING S.A.	Sierre	CHF
EVERSYS S.A.	Sierre	CHF
EVERSYS INC	Toronto	USD
EVERSYS INC DELAWARE	Wilmington	USD
EVERSYS UK LIMITED	Wallington	GBP
EVERSYS IRELAND LIMITED	Dublin	EUR
DELISYS AG	Münsingen	CHF

## INVESTMENTS VALUED IN ACCORDANCE WITH THE EQUITY METHOD

Company name	Registered office	Currency	Share capital (1)	Interest held at 30/06/2022	
				Directly	Indirectly
DL-TCL HOLDINGS (HK) LTD.	Hong Kong	HKD	USD 5,000,000		50%
TCL-DE'LONGHI HOME APPLIANCES (ZHONGSHAN) CO.LTD.	Zhongshan City	CNY	USD 5,000,000		50%
NPE S.R.L.	Treviso	EUR	1,000,000		45%
H&T-NPE EAST EUROPE S.R.L.	Madaras	RON	14,707,600		45%

(1) Figures at 30 June 2022, unless otherwise specified

(2) The articles of association, approved by the extraordinary shareholders' meeting held on 29 December 2004, give special rights to De'Longhi S.p.A. (holding 89% of the voting rights) for ordinary resolutions (approval of financial statements, declaration of dividends, nomination of directors and statutory auditors, purchase and sale of companies, grant of loans to third parties); voting rights are proportional as far as other resolutions are concerned, except for the preferential right to receive dividends held by the shareholder Kenwood Appliances Ltd.

(3) The company was ceased during 2021.

## Statement of consolidated cash flows in terms of net financial position

(Appendix 2 to the Explanatory notes)

(€/000)	1st half 2022	1st half 2021 (*)
Profit (loss) pertaining to the Group	71,684	171,852
Income taxes for the period	25,022	44,413
Amortization	50,192	43,535
Net change in provisions and other non-cash items	1,157	(16,480)
<b>Cash flow generated by current operations (A)</b>	<b>148,055</b>	<b>243,320</b>
<b>Change in assets and liabilities for the period:</b>		
Trade receivables	152,613	113,544
Inventories	(139,747)	(179,665)
Trade payables	(213,340)	109,809
Other changes in net working capital	(67,474)	(16,593)
Payment of income taxes	(45,721)	(29,347)
<b>Cash flow generated (absorbed) by movements in working capital (B)</b>	<b>(313,669)</b>	<b>(2,252)</b>
<b>Cash flow generated (absorbed) by current operations and movements in</b>	<b>(165,614)</b>	<b>241,068</b>
<b>Investment activities:</b>		
Investments in intangible assets	(8,545)	(6,003)
Other cash flows for intangible assets	67	(16)
Investments in property, plant and equipment	(72,362)	(34,818)
Other cash flows for property, plant and equipment	298	(214)
Investments in leased assets	(13,927)	(20,332)
Other cash flows for leased assets	1,001	540
Net investments in financial assets and in minority interest	(590)	286
<b>Cash flow absorbed by ordinary investment activities (C)</b>	<b>(94,058)</b>	<b>(60,557)</b>
<b>Cash flow by operating activities (A+B+C)</b>	<b>(259,672)</b>	<b>180,511</b>
<b>Acquisitions (D)</b>	<b>-</b>	<b>(129,438)</b>
Fair value and cash flow reserves	258	8,017
Change in currency translation reserve	13,267	3,971
Exercise of stock option	-	4,205
Dividends paid	(124,501)	(80,821)
Changes in minority interests	982	325
<b>Cash flows absorbed by changes net equity (E)</b>	<b>(109,994)</b>	<b>(64,303)</b>
<b>Cash flow for the period (A+B+C+D+E)</b>	<b>(369,666)</b>	<b>(13,230)</b>
<b>Opening net financial position</b>	<b>425,088</b>	<b>227,988</b>
Cash flow for the period (A+B+C+D+E)	(369,666)	(13,230)
<b>Consolidated closing net financial position</b>	<b>55,422</b>	<b>214,758</b>

(\*) The figures for the first half of 2021 have been restated in accordance with the definitive accounting of the business combinations of Capital Brands and Eversys.

## Transactions and balances with related parties

(Appendix 3 to the Explanatory notes)

(€/000)	1st half 2022	of which with related parties	1st half 2021 (*)	of which with related parties
Revenue from contracts with customers	1,431,607	1,234	1,421,691	764
Other revenues	13,222	1,407	10,145	1,115
<b>Total consolidated revenues</b>	<b>1,444,829</b>		<b>1,431,836</b>	
Raw and ancillary materials, consumables and goods	(745,868)	(19,205)	(767,559)	(37,725)
Change in inventories of finished products and work in progress	107,149		162,524	
Change in inventories of raw and ancillary materials, consumables and goods	32,597		17,120	
<b>Materials consumed</b>	<b>(606,122)</b>		<b>(587,915)</b>	
Payroll costs	(188,523)		(184,667)	
Services and other operating expenses	(487,855)	(380)	(404,631)	(548)
Provisions	(11,813)		(13,580)	
Amortization	(50,192)		(43,535)	
<b>EBIT</b>	<b>100,324</b>		<b>197,508</b>	
Net financial income (expenses)	(2,636)	(147)	19,083	(86)
<b>PROFIT (LOSS) BEFORE TAXES</b>	<b>97,688</b>		<b>216,591</b>	
Taxes	(25,022)		(44,414)	
<b>CONSOLIDATED PROFIT (LOSS)</b>	<b>72,666</b>		<b>172,177</b>	
Profit (loss) pertaining to minority	982		-	
<b>CONSOLIDATED PROFIT (LOSS) AFTER TAXES</b>	<b>71,684</b>		<b>172,177</b>	

(\*) The figures for the first half of 2021 have been restated in accordance with the definitive accounting of the business combinations of Capital Brands and Eversys.

## Half-year condensed consolidated financial statement

ASSETS (€/000)	30.06.2022	of which with related parties	31.12.2021	of which with related parties
<b>NON-CURRENT ASSETS</b>				
INTANGIBLE ASSETS	906,636		867,877	
- Goodwill	377,811		358,405	
- Other intangible assets	528,825		509,472	
PROPERTY, PLANT AND EQUIPMENT	440,204		388,478	
- Land, property, plant and machinery	205,484		178,946	
- Other tangible assets	158,388		135,813	
- Right of use assets	76,332		73,719	
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS	85,546		82,475	
- Equity investments	7,465		7,331	
- Receivables	5,291		4,605	
- Other non-current financial assets	72,790		70,539	
DEFERRED TAX ASSETS	77,269		74,297	
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,509,655</b>		<b>1,413,127</b>	
<b>CURRENT ASSETS</b>				
INVENTORIES	941,526		769,253	
TRADE RECEIVABLES	224,105	1,979	366,668	2,738
CURRENT TAX ASSETS	16,813		9,492	
OTHER RECEIVABLES	50,008	442	43,148	376
CURRENT FINANCIAL RECEIVABLES AND ASSETS	277,125		302,077	
CASH AND CASH EQUIVALENTS	714,025		1,026,081	
<b>TOTAL CURRENT ASSETS</b>	<b>2,223,602</b>		<b>2,516,719</b>	
Non-current assets held for sale	1,670		1,055	
<b>TOTAL ASSETS</b>	<b>3,734,927</b>		<b>3,930,901</b>	

## Half-year condensed consolidated financial statement

NET EQUITY AND LIABILITIES (€/000)	30.06.2022	<i>of which with related parties</i>	31.12.2021	<i>of which with related parties</i>
<b>NET EQUITY</b>				
GROUP PORTION OF NET EQUITY	1,588,530		1,568,577	
- Share Capital	226,344		226,344	
- Reserves	1,290,502		1,031,135	
- Profit (loss) pertaining to the Group	71,684		311,098	
MINORITY INTEREST	2,946		2,018	
<b>TOTAL NET EQUITY</b>	<b>1,591,476</b>		<b>1,570,595</b>	
<b>NON-CURRENT LIABILITIES</b>				
FINANCIAL PAYABLES	718,200		681,020	
- Banks loans and borrowings (long-term portion)	415,132		357,457	
- Other financial payables (long-term portion)	244,801		266,335	
- Lease liabilities (long-term portion)	58,267	18,699	57,228	20,535
DEFERRED TAX LIABILITIES	73,487		70,070	
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES	123,982		119,421	
- Employee benefits	53,794		53,378	
- Other provisions	70,188		66,043	
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>915,669</b>		<b>870,511</b>	
<b>CURRENT LIABILITIES</b>				
TRADE PAYABLES	750,988	20,415	936,229	19,304
FINANCIAL PAYABLES	290,318		292,589	
- Banks loans and borrowings (short-term portion)	177,188		221,691	
- Other financial payables (short-term portion)	92,236		51,860	
- Lease liabilities (short-term portion)	20,894	3,660	19,038	3,636
CURRENT TAX LIABILITIES	86,017	48,066	120,900	60,894
OTHER PAYABLES	100,459		140,077	
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,227,782</b>		<b>1,489,795</b>	
<b>TOTAL NET EQUITY AND LIABILITIES</b>	<b>3,734,927</b>		<b>3,930,901</b>	

## Transactions and balances with related parties

### Summary by company

In compliance with the guidelines and methods for identifying significant transactions, particularly those with related parties, defined in De' Longhi S.p.A.'s rules for corporate governance, a summary of the related party transactions entered into during the first half of 2022 which, unless indicated otherwise, are mainly commercial, arm's length transactions and the related balances are provided below. There are no material transactions, as defined in Art. 4.1.a of Consob Regulation n. 17221 of 12 March 2010, as amended, that had a significant impact on the Group's financial position or results to report.

(€/million)	Revenues	Costs	Financial Income (Expense)	Trade and other receivables	Trade and other payables	Financial payables - IFRS 16
<b>Related companies:</b>						
DL Radiators S.r.l.	1.6	-	-	1.4	-	-
TCL-De'Longhi Home Appliances (Zhongshan) Co.Ltd.	-	5.0	-	-	5.0	-
NPE S.r.l.	0.4	14.3	-	0.5	15.4	-
Gamma S.r.l.	0.4	0.3	(0.1)	0.4	-	22.4
De Longhi Industrial S.A.	-	-	-	-	48.1	-
Other related parties	0.2	-	-	0.1	-	-
<b>TOTAL RELATED PARTIES</b>	<b>2.6</b>	<b>19.6</b>	<b>(0.1)</b>	<b>2.4</b>	<b>68.5</b>	<b>22.4</b>

Following the application of IFRS 16 Leases, payables owed to Gamma S.r.l., along with the relative right-of-use assets, stemming from the leases for two locations in Italy were recognized; interest expenses owed for the period was also recognized.

The Parent Company De' Longhi S.p.A. and a few Italian subsidiaries showed the will to adhere to group taxation, referred to as "Domestic tax consolidation" (Presidential Decree. n. 917/1986 – "TUIR"- articles 117 through 129, and Decree of 9.6.2004), lead by De Longhi Industrial S.A.. The €48.1 million included in tax payables is comprised of the taxes payable by the members of the tax group through De Longhi Industrial S.A..

Please refer to the yearly "Annual Report on the Remuneration Policy and Compensation Paid " for information relating to the compensation of directors and statutory auditors.

**Certification of the consolidated financial statements pursuant to art. 81-ter of CONSOB Regulation 11971 dated 14 May 1999 and subsequent amendments and additions.**

(Appendix 5 to the Explanatory notes)

The undersigned Massimo Garavaglia, Chief Executive Officer, and Stefano Biella, as Officer Responsible for Preparing the Company's Financial Report of De' Longhi S.p.A., attest, also taking account of the provisions of paragraphs 2, 3 and 4, art. 154-bis of Decree 58 dated 24 February 1998:

that the accounting and administrative processes for preparing the half-year condensed consolidated financial statements during the first half of 2022:

- have been adequate in relation to the company's characteristics and
- have been effectively applied.

It is also certified that half-year condensed consolidated financial statements at 30 June 2022:

- have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002;
- correspond to the underlying accounting records and books of account;
- are able to provide a true and fair view of the issuer's statement of financial position and results of operations and of the Group of companies included in the consolidation.

Lastly, it is certified that the interim report on operations contains references to important events that took place in the first six months of the year and their impact on the half-year condensed consolidated financial statements, together with a description of the principal risks and uncertainties in the remaining six months of the year, as well as information on significant related party transactions.

Treviso, 28 July 2022

*Massimo Garavaglia*  
*Chief Executive Officer*

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



## **REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

To the shareholders of  
De' Longhi SpA

### ***Foreword***

We have reviewed the accompanying consolidated condensed interim financial statements of De' Longhi SpA and its subsidiaries (the De' Longhi Group) as of 30 June 2022, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flow, the consolidated statement of changes in net equity and related explanatory notes. The directors of De' Longhi SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

### ***Scope of Review***

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of De' Longhi Group as of 30 June 2022 are not prepared,

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### ***PricewaterhouseCoopers SpA***

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in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Treviso, 2 August 2022

PricewaterhouseCoopers SpA

*Signed by*

Filippo Zagagnin  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers*

This report is available on the corporate website:  
[www.delonghigroup.com](http://www.delonghigroup.com)

**De' Longhi S.p.A.**

Registered office: Via L. Seitz, 47 – 31100 Treviso  
Share capital: EUR 226,344,138 (subscribed and paid-in)  
Tax ID and Company Register no.: 11570840154  
Treviso Chamber of Commerce no.: 224758  
VAT no.: 03162730265