Treviso, May 12, 2022

PRESS RELEASE

De' Longhi S.p.A.

A first quarter of growth, driven by the trend in coffee

The Board of Directors of De' Longhi SpA approved today the consolidated results of the first quarter of 2022:

- **revenues** up 8.4% to € 735.5 million (+ 5.5% on a like-for-like basis[1]);
- an **adjusted[2] Ebitda** of € 100.1 million, equal to 13.6% of revenues, comparing with 18.9% of Q1-2021 (but improving vs. the 10.7% of 2020);
- an **Ebit** of € 69.1 million, equal to 9.4% of revenues compared to 14.9% of the previous year [3];
- a **net profit** of € 50.6 million, equal to 6.9% of revenues;
- a positive **net financial position** of € 274.6 million, resulting from the contribution of the 12 months free cash flow (before dividends and acquisitions) of € 170.7 million.

"*We are very satisfied with the results of this first quarter* – commented Massimo Garavaglia, Group CEO - *even more significant in light of the difficult comparison with the first quarter of 2021 which had recorded exceptional results with revenues growing by around 60% on a like-for-like basis.*

At the start of the year, our group is responding with determination to the numerous challenges posed by a highly complex and rapidly evolving macroeconomic and geopolitical scenario, in which cost inflation and difficulties in the supply chain are added to the fears of the impacts of the military escalation in Eastern Europe on the consumption dynamics.

However, despite the presence of a strongly evolving macroeconomic context, in light of the current elements we are not changing the previous guidance.

In conclusion, we remain convinced that the strategy of focusing on the core categories - in particular the coffee one - of constant investment in products and our brands, of geographical development and of discipline in price management, remains the winning strategy for the creation of value in the medium and long term".

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[1] The results for the first quarter of 2022 include the change of perimeter consisting of the consolidation of Eversys group, which was consolidated starting from 1st April 2021. As a result, in some cases "**like-for-like**" values, being comparable with the first quarter of 2021, i.e. excluding Eversys from the scope of consolidation, may be presented

[2] "**Adjusted**" stands for excluding non-recurring income / charges and the notional cost of stock option plans.

[3] The comparative data as at March 31, 2021 have been restated in accordance with IFRS 3, as a result of the definitive accounting of the business combination relating to Capital Brands.

Results summary and business review[3]

(Eur million unless otherwise specified	Q1-2022	Q1-2021	change	change %
Revenues	735.5	678.7	56.8	8.4%
net ind. margin	375.6	355.1	20.5	5.8%
% of revenues	51.1%	52.3%		
adjusted Ebitda	100.1	128.6	-28.6	-22.2%
% of revenues	13.6%	18.9%		
Ebitda	93.5	121.7	-28.2	-23.2%
% of revenues	12.7%	17.9%		
Ebit	69.1	100.9	-31.8	-31.5%
% of revenues	9.4%	14.9%		
Net Income	50.6	75.4	-24.7	-32.8%
% of revenues	6.9%	11.1%		

general outlook

In the last two years, the change in consumer habits, with a prevalence of "*stay at home*", and the consolidation of some trends already in place in the market, have favored the expansion of the small domestic appliance business globally.

In this first quarter of 2022, the De' Longhi Group was able to continue on its development path, despite the difficult comparison with the previous year, which had seen a first quarter up by almost 60% (on a like-for-like basis), thanks in particular to the favorable evolution of the espresso coffee segment.

At the beginning of the year, however, the Group found itself facing some criticalities, arising globally, especially in the supply chain, which required an extraordinary effort in order to give continuity to the production and distribution of its own products in the reference markets.

In particular, in order to cope with the growing inflation dynamics affecting production and distribution costs in the last 12 months, the Group has implemented various mitigation measures, including production efficiency actions and a selective price increase strategy, with the aim of preserving the industrial margin from the negative impacts of these dynamics.

Finally, a further element of complication and concern, due to the effects it could have on consumption dynamics, is represented by the conflict between Russia and Ukraine, which led the Group to review the valuation of some assets relating to the Ukrainian market and to suspend all investments and the distribution of new supplies to Russia.

revenues

In the first quarter of 2022, revenues grew by 8.4%, reaching € 735.5 million. On a like-for-like basis, growth stood at 5.5%, with a contribution from currencies equal to 2.5 percentage points of growth.

i mercati

The main geographic areas - with the exception of North-Eastern Europe - closed the quarter in positive territory.

EUR million	Q1 - 2022	*var. %*	*var. % at constant FX*
South West Europe	284.5	*3.9%*	*3.5%*
North East Europe	170.0	*-7.1%*	*-6.9%*
EUROPE	454.5	*-0.5%*	*-0.7%*
Americas	132.9	*32.3%*	*24.2%*
MEIA (MiddleEast/India/Africa)	59.4	*13.8%*	*6.9%*
Asia-Pacific	88.8	*27.7%*	*20.1%*
TOTAL REVENUES	735.5	*8.4%*	*5.7%*

At the reported level:

- South-western Europe grew by 3.9% in the period, thanks to the expansion of Germany at a double digit growth rate and a high single digit expansion of the Iberian region and Austria;
- North-eastern Europe recorded a negative performance, both due to the difficult geopolitical situation, which affected consumer sentiment in some countries, and due to the challenging basis of comparison with last year (as an example, the UK market which had recorded revenues up by + 93% on a like-for-like basis in the first quarter of 2021);
- the MEIA region closed the period with double-digit positive growth, thanks to the expansion of the main markets;
- the America region has accelerated the path of expansion, achieving significant double-digit growth thanks to the development of the coffee business and an early sales season of portable air conditioners;
- finally, in the Asia Pacific region, the double-digit growth was driven by the strong dynamics of Greater China as well as by a significant expansion of the other main markets in the area (Australia and New Zealand, Japan, South Korea).

product segments

As regards the evolution of product segments, in the first quarter of 2022 the double digit growth of the coffee sector drove the expansion of the Group, accompanied by an increase in comfort and a decrease in food preparation.

More specifically, the **coffee** segment confirmed the solid growth trend highlighted in recent years, with a strong boost from the main countries of the Euro area, USA and Asia. Core products grew at a double-digit rate, despite the high level of turnover achieved in 2021, also supported by the launches of new products and the success of the global communication campaign that sees Brad Pitt as *Ambassador* of the De' Longhi brand.

A more diversified scenario for **food preparation**, which, though suffering from the challenging comparison with 2021, remains largely positive compared to the values achieved in the years 2020 and 2019. In this context, some categories such as *food processors* or *deep-fryers* maintained a positive trend compared to last year, while the *kitchen machines* family showed a decline compared to the important levels reached in 2021 (while remaining higher than the 2020 and 2019 values).

The contribution of the **comfort** segment (portable air conditioning and heating) was positive, thanks to an early sales season of portable air conditioners.

Finally, **home care** is negative with opposite trends for the two product families of cleaning (negative) and Braun branded ironing (positive).

operating margins

Looking now at the evolution of margins in the first quarter:

- the **net industrial margin**, equal to € 375.6 million, stood at 51.1% of revenues compared to 52.3% last year. However, at constant exchange rates the margin improved slightly (to 52.6%). In particular, in the quarter, the impacts of cost inflation on raw materials and freight were only partially offset by the positive effect of price-mix;
- **adjusted Ebitda** amounted to € 100.1 million, equal to 13.6% of revenues (compared to 18.9% in 2021 and 10.7% in 2020 reported), down due to investments in communication and media (which accounted for 12.1% of revenues in the new perimeter compared to 10.5% of the previous year), higher operating and overhead costs and a negative exchange rate effect of € 8.4 million;
- **EBITDA** was € 93.5 million, or 12.7% of revenues, including a negative impact of € 6.6 million relating to non-recurring charges and the notional cost of the stock option plan;
- **EBIT** amounted to € 69.1 million, equal to 9.4% of revenues;
- finally, **net income** was € 50.6 million, with an incidence of 6.9% on revenues.

non recurring items

Non-recurring expenses included a review, in relation to the recent geopolitical crisis in Ukraine, of the valuation of some current assets of the working capital held at the balance sheet date, for a negative amount of approximately € 5.1 million, in addition to the **donation** of € 1 million in favor of non-governmental organizations in support of the populations affected by the conflict in Ukraine.

balance sheet

As to the balance sheet, the quarter was characterized by a dragging of the dynamics of increase in inventories seen in 2021 and by an increase in industrial investments linked to the new Romanian plant, all factors which led to a temporary cash absorption and not representative of the overall trend. expected for the year.

At the end of the quarter, the **Net Financial Position** was positive for € 274.6 million, compared to € 425.1 million at the end of 2021 and to € 314.1 million at the end of March 2021.
The net position with banks and other lenders was positive for € 356.7 million (compared to € 505.9 million at the end of 2021).

EUR million	31.3.2022	31.12.2021	*change 3 months*	31.3.2021	*change 12 months*
operating NWC	334,7	199,7	*135,0*	253,1	*81,6*
Net Equity	1.632,3	1.570,6	*61,7*	1.372,8	*259,5*
Net Financial Position	274,6	425,1	*-150,5*	314,1	*-39,5*
Net Bank Position	356,7	505,9	*-149,1*	386,9	*-30,2*
operating NWC / Revenues	6,5%	10,5%	*-4,0%*	10,5%	*-14,5%*

EUR million	3 months 2022	3 months 2021	12 months 2022
Net Cash Flow	-150,5	86,2	-39,5
Dividends paid	0,0	0,0	-80,8
Cash Flow from acquisitions	0,0	0,0	-129,4
Free Cash Flow before dividends and acquisitions	-150,5	86,2	170,7

However, having said the above, excluding the disbursements relating to dividends (€ 80.8 million) and acquisitions (€ 129.4 million), the 12-month **Free Cash Flow** was solid, equal to € 170.7 million.

More in detail, in the first quarter:

- **capex** amounted to € 56.8 million (an increase of € 36.9 million compared to the same quarter of 2021), including the disbursement of € 21 million for the acquisition of a new plant in Romania;
- the ratio of operating net working capital to 12 month rolling revenues stood at 10.2%, compared to 6.2% at the end of 2021 and 9.6% at the end of Q1-2021.

Other information

During today's meeting, the Board of Directors also acknowledged of the assessment by the Board of Statutory Auditors of the existence of independence requisites for all the Statutory Auditors, as required by art. 148, paragraph 3, of the TUF and the Corporate Governance Code.

There are no other significant events occurred after the end of the quarter.

Foreseeable business development and guidance

In the words of Massimo Garavaglia, CEO:

" We are very satisfied with the results of this first quarter, even more significant in light of the difficult comparison with the first quarter of 2021 which had recorded exceptional results with revenues growing by around 60% on a like-for-like basis.

At the start of the year, our group is responding with determination to the numerous challenges posed by a highly complex and rapidly evolving macroeconomic and geopolitical scenario, in which cost inflation and difficulties in the supply chain are added to the fears of the impacts of the military escalation in Eastern Europe on the consumption dynamics.

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In conclusion we remain convinced that the strategy of focusing on the core categories - in particular the coffee one - constant investment in products and our brands, geographical development and discipline in price management, remains the winning strategy for the creation of value in the medium and long term".

Regulatory statements

The manager responsible for the preparation of the company's accounts, Stefano Biella, hereby declares, as per article 154 bis, paragraph 2, of the "Testo Unico della Finanza", that all information related to the company's accounts contained in this press release are fairly representing the accounts and the books of the company. It should be noted that the audit of the Group 2021 consolidated financial statements is still ongoing.

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The De' Longhi Group is one of the leading players in the small domestic appliance business dedicated to the world of coffee, cooking and food preparation, air conditioning, heating and home care.
Listed since 2001 on the Italian Stock Exchange MTA, De' Longhi distributes its products, with the De' Longhi, Kenwood, Braun, Ariete, Nutribullet and Magic Bullet brands, in more than 120 markets around the world and has over 10,000 employees. In 2021 it reported revenues of € 3.2 billion, an adjusted EBITDA of € 515 million and a net profit of € 311 million.

ANNEXES

Consolidated results of De' Longhi S.p.A. as of March 31, 2022

1. Consolidated Income Statement

Euro million	31.03.2022	% of revenues	31.03.2022 at constant perimeter	% of revenues	31.03.2021	% of revenues
Net revenues	**735.5**	**100.0%**	**716.0**	**100.0%**	**678.7**	**100.0%**
change	*56.8*	*8.4%*	*37.3*	*5.5%*		
Materials consumed and other production costs (services and production payroll costs)	(359.9)	(48.9%)	(350.4)	(48.9%)	(323.6)	(47.7%)
Net industrial margin	**375.6**	**51.1%**	**365.6**	**51.1%**	**355.1**	**52.3%**
Costs for services and other operating costs	(210.7)	(28.6%)	(209.1)	(29.2%)	(170.1)	(25.1%)
Labour cost (non industrial)	(64.8)	(8.8%)	(61.8)	(8.6%)	(56.3)	(8.3%)
EBITDA before non recurring items and stock option plan (Adjusted Ebitda)	**100.1**	**13.6%**	**94.7**	**13.2%**	**128.6**	**18.9%**
Change	*(28.6)*	*(22.2%)*	*(33.9)*	*(26.4%)*		
Other non recurring items / stock option plan	(6.6)	(0.9%)	(6.6)	(0.9%)	(6.9)	(1.0%)
EBITDA	**93.5**	**12.7%**	**88.1**	**12.3%**	**121.7**	**17.9%**
Amortization	(24.4)	(3.3%)	(23.1)	(3.2%)	(20.8)	(3.1%)
EBIT	**69.1**	**9.4%**	**65.0**	**9.1%**	**100.9**	**14.9%**
Change	*(31.8)*	*(31.5%)*	*(35.8)*	*(35.5%)*		
Net Financial Charges	(2.6)	(0.4%)	(2.5)	(0.4%)	(3.6)	(0.5%)
Profit before taxes	**66.5**	**9.0%**	**62.5**	**8.7%**	**97.3**	**14.3%**
Taxes	(15.7)	(2.1%)	(17.1)	(2.4%)	(21.9)	(3.2%)
Net Income	**50.8**	**6.9%**	**45.4**	**6.3%**	**75.4**	**11.1%**
Net profit / (loss) pertaining to minorities	0.2	0.0%	-	0.0%	-	0.0%
Net profit / (loss) pertaining to the Group	**50.6**	**6.9%**	**45.4**	**6.3%**	**75.4**	**11.1%**

2. Revenues breakdown by geography

Euro million	1st quarter 2022	%	1st quarter 2022 at constant perimeter	%	1st quarter 2021	%	change at constant perimeter	change % at constant perimeter	organic change % at constant perimeter
Europe	454.5	61.8%	445.4	62.2%	456.6	67.3%	(11.3)	(2.5%)	(2.4%)
America	132.9	18.1%	125.6	17.5%	100.4	14.8%	25.2	25.1%	16.5%
Asia Pacific	88.8	12.1%	86.3	12.1%	69.5	10.2%	16.8	24.2%	17.0%
MEIA	59.4	8.0%	58.7	8.2%	52.2	7.7%	6.6	12.6%	5.8%
Total revenues	**735.5**	**100.0%**	**716.0**	**100.0%**	**678.7**	**100.0%**	**37.3**	**5.5%**	**3.0%**

3. Consolidated Balance Sheet

Euro million	31.03.2022	31.03.2021	31.12.2021
- Intangible assets	875.7	702.1	867.9
- Tangible assets	423.6	328.0	389.5
- Financial assets	12.3	33.7	11.9
- Deferred tax assets	74.7	66.9	74.3
Fixed assets	**1,386.4**	**1,130.8**	**1,343.6**
- Inventories	912.4	546.8	769.3
- Trade receivables	280.2	316.1	366.7
- Trade payables	(857.9)	(609.8)	(936.2)
- Other net current assets / (liabilities)	(172.3)	(150.9)	(208.3)
Net working capital	**162.3**	**102.3**	**(8.6)**
Non current liabilities	**(191.0)**	**(174.4)**	**(189.5)**
Net capital employed	**1,357.7**	**1,058.7**	**1,145.5**
Net debt / (cash)	**(274.6)**	**(314.1)**	**(425.1)**
Total shareholders' equity	**1,632.3**	**1,372.8**	**1,570.6**
Total net debt/(cash) and shareholders' equity	**1,357.7**	**1,058.7**	**1,145.5**

4. Detailed Net Financial Position

Euro million	31.03.2022	31.03.2021	31.12.2021
Cash and cash equivalents	893.8	805.7	1.026.1
Other financial receivables	301.3	232.9	302.1
Current financial debt	(324.6)	(255.6)	(292.6)
Current net financial assets / (debt)	**870.4**	**783.0**	**1.035.6**
Non current net financial assets	71.8	75.0	70.5
Non current net financial debt	(667.6)	(543.9)	(681.0)
Non current net financial assets /(debt)	**(595.8)**	**(468.8)**	**(610.5)**
Total Net Financial Position	**274.6**	**314.1**	**425.1**
of which:			
- Net financial position versus banks and other lenders	*356.7*	*386.9*	*505.9*
- lease related debt	*(75.0)*	*(65.4)*	*(75.9)*
- Net assets /(liabilities) other than bank debt (fair value of derivatives, financial liabilitiesfor business combinations and financial payables connected to pension funds)	*(7.2)*	*(7.3)*	*(4.9)*

5. Consolidated Cash Flow Statement

Euro million	31.03.2022 *3 months*	31.03.2021 *3 months*	31.12.2021 *12 months*
Cash flow from operations	99.3	122.7	496.9
Cash flow from changes in working capital	(203.1)	(27.0)	5.8
Cash flow from investments	(56.8)	(19.8)	(132.3)
Operating cash flow	**(160.6)**	**75.9**	**370.3**
Acquisitions	**-**	**-**	**(129.4)**
Dividends distributed	-	-	(80.8)
Cash Flow from stock option exercise	-	0.2	7.1
Cash Flow from other changes in the Net Equity	10.1	10.1	30.0
Cash flow from changes in the net equity	**10.1**	**10.3**	**(43.7)**
Net Cash Flow	**(150.5)**	**86.2**	**197.1**
Opening Net Financial Position	425.1	228.0	228.0
Closing Net Financial Position	**274.6**	**314.1**	**425.1**