

Half year financial report at 30 June



2023

DēLonghi Group

Summary

Corporate Bodies	Page 3
Key performance indicators	Page 4
Interim report on operations	Page 6
Half-year condensed consolidated financial statements:	
Consolidated income statement	Page 20
Consolidated statement of comprehensive income	Page 21
Consolidated statement of financial position	Page 22
Consolidated statement of cash flows	Page 24
Consolidated statement of changes in net equity	Page 25
Explanatory notes	Page 26
Certification of the half-year condensed consolidated financial statements pursuant to art. 81-ter of Consob Regulation 11971 dated 14 May 1999 and subsequent amendments and additions	Page 70
External auditors' report on the limited review of the half-year condensed consolidated financial statements	Page 71

CORPORATE BODIES*

Board of Directors

GIUSEPPE DE' LONGHI	Chairman
FABIO DE' LONGHI	Vice Chairman and 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 current corporate bodies were appointed during the Shareholders' Meeting held on 20 April 2022 for the three-year period 2022-2024. Following the resignation of director Massimo Garavaglia, the Annual General Meeting, on 21 April 2023, resolved, on the basis of the only proposed resolution submitted by the majority shareholder De Longhi Industrial S.A. to reduce the number of members of the Board of Directors from twelve to eleven for the remainder of the Board's current term and, therefore, until the Annual General Meeting convened to approve the financial statements for the year ending 31 December 2024.

** Independent directors.

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

KEY PERFORMANCE INDICATORS

Results

(€/million)	2nd Quarter 2023	%	2nd Quarter 2022	%	Change	Change %
Revenues	688.8	100.0%	709.3	100.0%	(20.5)	(2.9%)
<i>Revenues at constant exchange rates</i>	702.3	100.0%	708.6	100.0%	(6.4)	(0.9%)
Net industrial margin	335.8	48.8%	320.6	45.2%	15.2	4.7%
EBITDA before non-recurring income (expenses)/stock option costs	85.8	12.5%	49.0	6.9%	36.8	75.0%
EBITDA	83.5	12.1%	57.1	8.0%	26.5	46.4%
EBIT	58.0	8.4%	31.2	4.4%	26.8	85.8%
Profit (loss) pertaining to the Group	44.0	6.4%	21.0	3.0%	22.9	108.8%

(€/million)	30.06.2023	%	30.06.2022	%	Change	Change %
Revenues	1,291.2	100.0%	1,444.8	100.0%	(153.6)	(10.6%)
<i>Revenues at constant exchange rates</i>	1,299.4	100.0%	1,443.4	100.0%	(144.1)	(10.0%)
Net industrial margin	640.2	49.6%	696.2	48.2%	(56.0)	(8.0%)
EBITDA before non-recurring income (expenses)/stock option costs	160.1	12.4%	149.1	10.3%	11.1	7.4%
EBITDA	159.0	12.3%	150.5	10.4%	8.5	5.7%
EBIT	108.1	8.4%	100.3	6.9%	7.8	7.8%
Profit (loss) pertaining to the Group	82.7	6.4%	71.7	5.0%	11.0	15.3%

Statement of financial position

(€/million)	30.06.2023	30.06.2022	31.12.2022
Net working capital	90.7	295.0	142.9
Net operating working capital	206.6	414.6	288.8
Net operating working capital/Revenues	6.9%	12.8%	9.1%
Net capital employed	1,327.5	1,536.1	1,364.6
Net financial assets	311.7	55.4	298.8
of which:			
- net bank financial position	403.8	132.7	389.5
- other financial receivables/(payables)	(92.2)	(77.3)	(90.7)
Net equity	1,639.2	1,591.5	1,663.4

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 change. The actual results could, therefore, differ from the forecasted ones.

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 first half of 2023 showed positive signs of a recovery, while still affected by the weakness seen in the first three months of the year, thanks to an inversion of the trend in the second quarter despite the complex global market conditions which were not very different from the ones commented on in prior reports.

The revenues recorded in the second quarter, which reached €688.8 million, were, in fact, only slightly lower than in the 2022 comparison period (-2.9%), and largely stable at constant exchange rates (-0.9%). This recovery with respect to the beginning of the year, made it possible to record revenues of €1,291.2 million in the half, 10.6% lower than in the comparison period. The Group's strategic decision to exit the portable air conditioning market in the United States impacted the sales performance in the first few months of 2023; net of this discontinuity, revenues would have been 1.8% higher in the second quarter, while the decrease recorded in the half would have dropped to 7.1%.

Sales in the half were affected by uncertainties and complexities, as well as an environment characterized by inflationary pressures and the unstable financial markets already commented on in previous reports: the persistently weak demand which affected individual segments to varying degrees and the more cautious stance of a few retailers which resulted in de-stocking in order to slow the pressure on their warehouses. This impacted the sell-in despite positive sell-outs.

In terms of revenues by geographical area, there was a recovery in Europe in the second quarter. Revenues in the European markets, which in the first three months of the year were affected the most by the retailers' de-stocking, grew by 4.9% to €411.1 million, demonstrating a decided inversion in the trend. Revenues in the half amounted to € 784.2 million, a decrease of 7.3% against the same period of 2022. Americas, which was impacted by the discontinuity referred to above, benefitted from positive results in the coffee segment thanks also to the launch of an innovative bean to cup machine for drip coffee (True Brew). Revenues in the second quarter were 16.9% lower, coming in at €129.9 million; in the first six months of the year revenues amounted to €225.9 million (-21.9%). Net of the discontinuity, the region's revenues would have increased by 5.5% in the quarter with a slight drop in the first half (-3.4%). In Asia Pacific revenues, which amounted to €106.3 million in the second quarter (-7.4%) and €195.2 million in the first six months (-4.1%), were affected by a negative exchange effect net of which revenues would have been 2.0% lower in the second quarter and largely stable in the first half (+0.3%). MEIA recorded revenues of €41.6 million in the second quarter (-10.5% at current exchange rates, -7.3% at constant exchange rates), while in the half revenues fell 18.9% to €85.8 million as a result of the de-stocking carried out by the distributors due to weak markets in a few countries in the region, explained also by local geopolitical situations, as well as continuous restrictions on imports in the Egyptian market.

Looking at the business lines, in the second quarter of the year there was an inversion in the sales trend for coffee products fueled by the good performance of fully automatic machines. The Eversys brand professional coffee machines recorded a noticeable increase in revenues in both the quarter and the half, consistent with the projections used in the growth and development plan.

The cooking and food preparation segment was affected more by the retailers' de-stocking, particularly kitchen machines. Sales for the Nutribullet personal blenders were positive and accelerated in the second quarter.

Comfort was impacted by the strategic decision to exit the portable air conditioning market in the United States and the destocking of retailers in Europe despite a good sell-out level.

Sales for irons and home care products, while still lower, showed positive signs of recovery.

With regards to margins, there was a noticeable improvement attributable mainly to lower supply chain costs, explained by the reduction of transport's tariffs and lower inventories as well as by the containment of operating costs.

The Group confirmed to pursue its strategy to invest in advertising and promotional initiatives in order to support the main brands and products. The communication campaign "Perfetto" continued as did the collaborations with Group ambassador which will lead to the development of new initiatives in the second half of the year within a three-years partnership.

EBITDA before non-recurring income (expenses)/stock option costs came to €160.1 million (12.4% of revenues) in the first half of 2023, higher both numerically and as a percentage of revenue compared to the same period of 2022 (€149.1 million or 10.3% of revenue).

The Group's portion of net profit came to €82.7 million or 6.4% of revenues (€71.7 million, 5.0% of revenues, in the first half of 2022).

Looking at the balance sheet, there was a decided decline in operating working capital both numerically (€206.6 million, versus €414.6 million at 30 June 2022 and €288.8 million at 31 December 2022) and as a percentage of rolling revenues (6.9% versus 12.8% at 30 June 2022 and 9.1% at 31 December 2022).

This result was achieved thanks to the steps taken to manage inventory and receivables. Stock rotation returned to normal levels passing from 29.1% at 30 June 2022 to 22.0% at 30 June 2023; inventory was higher at 30 June 2023 than at year-end 2022 in preparation for the seasonality of the coming months which was, however, much lower than in the first half of 2022.

The level of trade receivables was down, consistent with the trend seen already at the end of December 2022. The trade payables were, however, higher, consistent with increased procurement.

The net financial position with banks came to €403.8 million at 30 June 2023 (€132.7 million at 30 June 2022 and €389.5 million at 31 December 2022) thanks to the operating cash flow generated and containment of working capital in both the six and twelve month periods.

Good generation of operating cash flow and the containment of working capital resulted in positive cash flow in the half of €161.2 million (negative for €165.6 million in the first half of 2022).

Group results

The reclassified De' Longhi Group consolidated income statement is summarized as follows:

(€/million)	30.06.2023	% revenues	30.06.2022	% revenues
Revenues	1,291.2	100.0%	1,444.8	100.0%
<i>Change</i>	<i>(153.6)</i>	<i>(10.6%)</i>		
Materials consumed & other production costs (production services and payroll costs)	(651.0)	(50.4%)	(748.6)	(51.8%)
Net industrial margin	640.2	49.6%	696.2	48.2%
Services and other operating expenses	(351.8)	(27.2%)	(423.1)	(29.3%)
Payroll (non-production)	(128.2)	(9.9%)	(124.0)	(8.6%)
EBITDA before non-recurring income (expenses)/stock option costs	160.1	12.4%	149.1	10.3%
<i>Change</i>	<i>11.1</i>	<i>7.4%</i>		
Non-recurring income (expenses)/stock option costs	(1.1)	(0.1%)	1.4	0.1%
EBITDA	159.0	12.3%	150.5	10.4%
Amortization	(50.9)	(3.9%)	(50.2)	(3.5%)
EBIT	108.1	8.4%	100.3	6.9%
<i>Change</i>	<i>7.8</i>	<i>7.8%</i>		
Net financial income (expenses)	(2.1)	(0.2%)	(2.6)	(0.2%)
Profit (loss) before taxes	106.0	8.2%	97.7	6.8%
Taxes	(23.3)	(1.8%)	(25.0)	(1.7%)
Net result	82.7	6.4%	72.7	5.0%
Minority interests	-	0.0%	1.0	0.1%
Profit (loss) pertaining to the Group	82.7	6.4%	71.7	5.0%

The reclassified income statement above differs in industrial margin for Euro 111.7 million in the first half 2023 (Euro 142.5 million in the first half 2022) 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

Revenues amounted to €688.8 million in the second quarter of 2023, largely stable, at constant exchange rates, with respect to the same period of 2022 (-0.9%).

Despite the weakness of the first quarter, this recovery made it possible to record revenues of €1,291.2 million, 10.6% less than in the comparison period.

Revenues were impacted by highly volatile demand and the cautious approach of retailers who, as of the beginning of the year, took steps to reduce inventory.

The Group's strategic decision to exit the portable air conditioning market in the United States also affected revenues; net of this discontinuity, revenues would have been 1.8% higher in the second quarter and the decrease recorded in the first half would have dropped to 7.1%.

Markets and business lines

The performance of the commercial areas in which the Group operates (Europe, Americas, Asia Pacific and MEIA) is summarized below.

(€/million)	2nd Quarter 2023	%	2nd Quarter 2022	%	Change	Change %	Change at constant FX rates %
Europe	411.1	59.7%	391.9	55.3%	19.2	4.9%	6.0%
Americas	129.9	18.9%	156.3	22.0%	(26.4)	(16.9%)	(15.4%)
Asia Pacific	106.3	15.4%	114.7	16.2%	(8.5)	(7.4%)	(2.0%)
MEIA (Middle East/India/Africa)	41.6	6.0%	46.4	6.5%	(4.9)	(10.5%)	(7.3%)
Total revenues	688.8	100.0%	709.3	100.0%	(20.5)	(2.9%)	(0.9%)

(€/million)	1st Half 2023	%	1st Half 2022	%	Change	Change %	Change at constant FX rates %
Europe	784.2	60.7%	846.3	58.6%	(62.1)	(7.3%)	(7.1%)
Americas	225.9	17.5%	289.2	20.0%	(63.3)	(21.9%)	(22.5%)
Asia Pacific	195.2	15.1%	203.5	14.1%	(8.3)	(4.1%)	0.3%
MEIA (Middle East/India/Africa)	85.8	6.7%	105.8	7.3%	(20.0)	(18.9%)	(19.0%)
Total revenues	1,291.2	100.0%	1,444.8	100.0%	(153.6)	(10.6%)	(10.0%)

In **Europe**, the trend seen in the first quarter was inverted and revenues rose 4.9% with respect to the same period of 2022 to €411.1 million. Despite the recovery, the general weakness recorded at the beginning of the year caused revenues to drop in the first half by 7.3% to €784.2 million.

Sales were impacted temporarily by the de-stocking carried out by retailers which affected coffee machines and the cooking and food preparation segments, above all. In Italy and Germany sales were affected by a weak coffee segment in the first few months of the year, but there was an inversion in this trend already in the second quarter. More in detail, sales for the fully automatic machines which slowed at the beginning of the year, began to recover in the second quarter. Positive results were recorded in France thanks to a recovery in the sale of coffee machines, particularly fully automatic, and a good season for air conditioning.

Despite the impact of kitchen machines, revenues were positive in the United Kingdom, above all in the second quarter, thanks to the good performance of coffee, personal blenders and other food preparation appliances, as well as comfort.

In **Americas** revenues came to €129.9 million (-16.9%) in the second quarter and €225.9 million (-21.9%) in the first half. The United States was impacted significantly by the discontinuity in portable air conditioners commented on already. Net of the latter, revenues would have been 5.5% higher in the quarter and the decrease recorded in the half would have been reduced considerably. The launch of an innovative bean to cup machine for drip coffee (True Brew) generated positive results.

The markets in **Asia Pacific** were impacted by a decidedly adverse exchange effect. In the second quarter of 2023 revenues amounted to €106.3 million (-7.4%, or -2,0% at constant exchange rates); in the first half revenues came to €195.2 million (-4.1%), largely in line with the same period of 2022 at constant exchange rates.

Double-digit growth was recorded in China and Hong Kong in both the half and in the second quarter thanks to the good performance of coffee products. This performance offset the weak sales reported in Australia and New Zealand due to a slowdown in the market and a challenging comparison with what was a particularly brilliant first-half 2022. In the second quarter the revenues posted in Japan made it possible to invert the trend and record growth, thanks above all to the good sales of fully automatic coffee machines.

In the second quarter revenues amounted to €41.6 million in **MEIA**, a decrease of 10.5% compared to the same period of 2022 attributable to a particularly adverse exchange effect (-7.3% at constant exchange rates). Revenues in the first six months of the year (€85.8 million) were 18.9% lower than in 2022 as a result of the de-stocking carried out by the distributors due to weak markets in a few countries in the region, explained also by local geopolitical situations, as well as continuous restrictions on imports in the Egyptian market.

Looking at the business lines, in the second quarter the trend for coffee products was inverted and growth was recorded thanks, above all, to fully automatic machines. The launch of an innovative bean to cup machine for drip coffee (True Brew) in the United States at the beginning of 2023 was also positive. The sales of La Specialista machines also benefitted from the launch in a few countries of new models, like the La Specialista Arte and La Specialista Maestro, equipped with a new cold brew technology. There was a new Nespresso platform product, namely the Vertuo Lattissima machine. Produced at the Group's Italian plant, this machine combines the Vertuo technology with the ability to make milk-based drinks for the first time.

The Eversys brand professional coffee machines posted positive results with solid growth in both sales and profitability in the quarter and the first half, consistent with the projections used in the growth and development plan.

The cooking and food preparation segment was affected more by the retailers' de-stocking. While the decline recorded in the first few months of the year was offset significantly, the segment continued to face weak demand and was impacted, particularly with respect to kitchen machines, by the presence of a number of generic, lower-end products.

After the market contraction recorded in 2022, in 2023 personal blenders recorded positive results in both the second quarter (+10.5%) and the half (+3.7%) due to the good sales and profitability of the Nutribullet brand products which respond to the growing focus on wellbeing and healthy eating.

Comfort was impacted by the strategic decision to exit the portable air conditioning market in the United States and the destocking of retailers in Europe, despite a good sell-out level.

Sales for irons and home care products, while still lower, showed positive signs of recovery thanks also to the launch of a new Braun brand, Series 3, iron in the first few months of 2023.

Profitability

The second quarter performance benefitted from a strong recovery in profitability attributable mainly to a sizeable reduction in the supply chain costs explained, in part, by lower inventories, and containment of operating costs which confirmed the improving trend already seen in the first quarter of 2023.

The Group confirmed to pursue its strategy to invest in advertising and promotional initiatives in order to support the main brands and products. The communication campaign “Perfetto” continued as did the collaborations with Group ambassadors which will lead to the development of new initiatives in the second half of the year within a three-years partnership.

In the second quarter of 2023 the net industrial margin came to €335.8 million, or 48.8% of revenues, higher than in the same period of 2022 (€320.6 million, 45.2% of revenues). The net industrial margin amounted to €640.2 million or 49.6% of revenues (€696.2 million or 48.2% of revenues in the first half of 2022).

EBITDA before non-recurring income (expenses)/stock option costs came to €85.5 million (12.5% of revenues) in the second quarter of 2023, higher both numerically and as a percentage of revenue compared to the same period of 2022 (€49.0 million, 6.9% of revenues). EBITDA before non-recurring income (expenses)/stock option costs also improved in the half, coming in at €160.1 million (12.4% of revenues) versus €149.1 million or 10.3% of revenues in the first half of 2022.

In the first half of 2023 a few non-recurring expenses were recognized which amounted to €0.9 million (versus net gains of €1.0 million in the same period of 2022).

The Group also recognized €0.2 million in notional stock option costs in the reporting period (vs. income of €0.4 million in the first half of 2022).

Amortization and depreciation amounted to €25.5 million in the second quarter of 2023 and to €50.9 million in the half, slightly higher than the figure recorded in the first half of 2022 (€50.2 million) due to the recent investments in fixed assets.

In the second quarter of 2023 EBIT amounted to €58.0 million, or 8.4% of revenues; in the first half EBIT came to €108.1 million or 8.4% revenues (vs. €100.3 million in the same period of 2022).

Financial expenses came to €2.1 million, lower than in the first half of 2022 (€2.6 million), thanks to careful investing of liquidity and effective currency management.

After taxes of €23.3 million (€25.0 million in the first half of 2022) and minority interests, the Group's portion of net profit came to €82.7 million.

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)	30.06.2023	30.06.2022	31.12.2022
- Intangible assets	880.5	906.6	891.2
- Property, plant and equipment	453.5	441.9	448.1
- Financial assets	11.7	12.8	11.7
- Deferred tax assets	71.6	77.3	64.6
Non-current assets	1,417.3	1,438.5	1,415.6
- Inventories	660.5	941.5	550.7
- Trade receivables	180.6	224.1	278.8
- Trade payables	(634.5)	(751.0)	(540.7)
- Other payables (net of receivables)	(115.9)	(119.7)	(145.8)
Net working capital	90.7	295.0	142.9
Total non-current liabilities and provisions	(180.4)	(197.5)	(194.0)
Net capital employed	1,327.5	1,536.1	1,364.6
(Net financial assets)	(311.7)	(55.4)	(298.8)
Total net equity	1,639.2	1,591.5	1,663.4
Total net debt and equity	1,327.5	1,536.1	1,364.6

In the first six months of 2023, the Group made net investments of €58.0 million (versus €94.1 million in the first half of 2022 which included the circa €21 million spent on the purchase of the new plant in Romania), €32.2 million of which in fixed assets relating mainly to improvements made in order to expand the capacity of the production facilities.

Net operating working capital was lower both numerically (€206.6 million versus €414.6 million at 30 June 2022 and €288.8 million at 31 December 2022) and as a percentage of rolling revenues (6.9% versus 12.8% at 30 June 2022 and 9.1% at 31 December 2022).

This result reflects management of inventory and receivables. Thanks to the steps taken in prior months, stock rotation returned to normal levels passing from 29.1% at 30 June 2022 to 22.0% at 30 June 2023. The balance of trade payables was higher, consistent with increased procurement.

Net working capital amounted to €90.7 million at 30 June 2023 (€295.0 million at 30 June 2022; €142.9 million at 31 December 2022).

Details of the net financial position are shown below:

(€/million)	30.06.2023	30.06.2022	31.12.2022
Cash and cash equivalents	842.7	714.0	770.2
Other financial receivables	244.7	277.1	368.4
Current financial debt	(180.0)	(290.3)	(190.5)
Net current financial position	907.3	700.8	948.1
Non-current financial receivables and assets	123.9	72.8	124.6
Non-current financial debt	(719.5)	(718.2)	(774.0)
Non-current net financial debt	(595.6)	(645.4)	(649.3)
Total net financial position	311.7	55.4	298.8
<i>of which:</i>			
- positions with banks and other financial payables	403.8	132.7	389.5
- lease liabilities	(88.4)	(78.7)	(80.5)
- other financial non-bank assets/liabilities (fair value of derivatives, financial debt connected to business combinations and pension fund)	(3.8)	1.4	(10.2)

The net financial position came to a positive €311.7 million at 30 June 2023 (€55.4 million at 30 June 2022; €298.8 million at 31 December 2022).

Net of a few, specific financial items, comprising mainly the fair value measurement of derivatives, the net financial position with banks came to a positive €403.8 million (€132.7 million at 30 June 2022; €389.5 million at 31 December 2022) and showed improvement of €14.4 million in the six months (€271.1 million in the full twelve months). Net of the payment of dividends, the net financial position with banks would have improved by €86.4 million in the half (€343.2 million in the full twelve months).

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

(€/million)	30.06.2023 6 months	30.06.2022 6 months	31.12.2022 12 months
Cash flow by current operations	156.8	148.1	340.0
Cash flow by changes in working capital	4.4	(313.7)	(188.0)
Cash flow by current operations and changes in NWC	161.2	(165.6)	151.9
Cash flow by investment activities	(58.0)	(94.1)	(156.2)
Cash flow by operating activities	103.1	(259.7)	(4.3)
Dividends paid	(72.1)	(124.5)	(124.5)
Stock options exercise	-	-	3.4
Cash flow by other changes in net equity	(18.2)	14.5	(0.9)
Cash flow generated (absorbed) by changes in net equity	(90.2)	(110.0)	(122.0)
Cash flow for the period	12.9	(369.7)	(126.3)
Opening net financial position	298.8	425.1	425.1
Closing net financial position	311.7	55.4	298.8

The good generation of operating cash flow and the containment of working capital resulted in positive cash flow in the six month period of €161.2 million (negative for €165.6 million in the first half of 2022). In the first half of 2023 total cash flow was positive for €12.9 million after the payment of €72.1 million in dividends (negative for €369.7 million in the first six months of 2022).

Human Resources

The staff of the Group at 30 June 2023 is summarized below:

	30.06.2023	30.06.2022
Blue collars	6,826	5,841
White collars	3,182	3,216
Managers	310	301
Total	10,318	9,358

The group had 10,318 employees at 30 June 2023.

The change with respect to the same period of 2022 refers mainly to plant personnel which increased as production picked up in the first half of 2023.

In the first half of 2023 the Group continued to invest in employer branding initiatives, particularly through LinkedIn, as well as in training and projects linked to sustainability, above all in relation to diversity, equity and inclusion.

Alternative performance indicators

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

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

- Net industrial margin and EBITDA: the Group uses these measures as financial targets in internal presentations (business plans) and in external presentations (to analysts and investors), since they are a useful way of measuring operating performance by the Group and its individual divisions besides EBIT.

Net industrial margin is calculated as total revenues minus the cost of materials consumed and of production-related services and payroll.

EBITDA is an intermediate measure that derives from EBIT after adding back depreciation, amortization and impairment of property, plant and equipment and intangible assets. EBITDA is also presented net of non-recurring items, which are reported separately on the face of the income statement.

- Net working capital: this measure is the sum of inventories, trade receivables, current tax assets and other receivables, minus trade payables, tax liabilities and other payables.

- Net operating working capital: this measure is the sum of inventories and trade receivables, minus trade payables.

- Net capital employed: this measure is the sum of net working capital, intangible assets, property, plant and equipment, equity investments, other non-current receivables, and deferred tax assets, minus deferred tax liabilities, employee severance indemnity and provisions for contingencies and other charges.

- Net financial position: this measure represents financial liabilities less cash and cash equivalents and other financial receivables; the position with banks, net of non-banking items, is also reported. The individual line items in the statement of financial position used to determine this measure are analysed 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:

(Amounts in thousands of Euro)

	Net equity 30.06.2023	Profit for 1st half 2023	Net equity 31.12.2022	Profit for 1st half 2022
De' Longhi S.p.A. financial statements	560,033	43,950	604,000	121,974
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	674,022	54,037	581,994	(45,795)
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	461,471	517	466,604	2,846
Elimination of intercompany profits	(56,587)	(15,778)	(61,446)	(6,355)
Other adjustments	276	(5)	324	(4)
Consolidated financial statements	1,639,215	82,721	1,591,476	72,666
Minority	-	35	2,946	982
Consolidated financial statements-Group portion	1,639,215	82,686	1,588,530	71,684

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, paragraph 8 and Art. 71, paragraph 1-bis of Consob Regulation n. 11971/99 which grants the option to waive the mandatory publication of informational documents relating to significant mergers, spin-offs, capital increases through in-kind transfers, acquisitions and disposals.

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 2022 Annual Report.

Subsequent events

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

Outlook

The management are very satisfied with the results achieved in the quarter, which confirm the expectations of a progressive normalization of growth and profitability trends in this post-pandemic phase.

In particular, the recovery of margins, which has resulted from a careful pricing strategy and strict control of investments, as well as a recovery of logistics costs and an easing of pressure on the remaining operating costs are worth of note.

The Group is returning to normal business dynamics, despite a macroeconomic scenario characterized in the short term by the potential impacts of inflation and the increase in interest rates on households' wealth and on consumptions.

Nonetheless, the Group can count on the intact development potential of the coffee and the Nutribullet-branded nutrition segments, which accounted for almost 65% of total turnover in the half-year and which are destined to represent the main engine in the medium term for the growth and profitability of the Group.

In this context, therefore, the management confirm the guidance for the full year, which forecasts a slight decrease in revenues compared to 2022 and a solid Ebitda before non recurring items/stock option costs.

Treviso, 28 July 2023

*For the Board of Directors
Vice President and Chief Executive Officer*

Fabio de'Longhi

CONSOLIDATED INCOME STATEMENT

(€/000)	Notes	1st half 2023	of which operative non- recurring	1st half 2022	of which operative non- recurring
Revenue from contracts with customers	1	1,275,025		1,431,607	
Other revenues	1	16,171		13,222	
Total consolidated revenues		1,291,196		1,444,829	
Raw and ancillary materials, consumables and goods	2	(662,538)		(745,868)	
Change in inventories of finished products and work in progress	3	119,111		107,149	741
Change in inventories of raw and ancillary materials, consumables and goods	3	4,068		32,597	
Materials consumed		(539,359)	-	(606,122)	741
Payroll costs	4-8	(191,532)	168	(188,523)	69
Services and other operating expenses	5-8-15	(391,477)	(1,100)	(487,855)	(958)
Provisions	6	(9,782)		(11,813)	1,169
Amortization	7-15	(50,905)		(50,192)	
EBIT		108,141	(932)	100,324	1,021
Net financial income (expenses)	9-15	(2,099)		(2,636)	
PROFIT (LOSS) BEFORE TAXES		106,042		97,688	
Taxes	10	(23,321)		(25,022)	
CONSOLIDATED PROFIT (LOSS)		82,721		72,666	
Profit (loss) pertaining to minority	31	35		982	
CONSOLIDATED PROFIT (LOSS) AFTER TAXES		82,686		71,684	
EARNINGS PER SHARE (in Euro)	32				
- basic		€ 0.55		€ 0.48	
- diluted		€ 0.55		€ 0.47	

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	1st half 2023	1st half 2022
Consolidated profit (loss)	82,721	72,666
Other components of the comprehensive income:		
Change in fair value of cash flow hedges	(2,700)	258
Tax effect on change in fair value of cash flow hedges	653	(351)
Differences from translating foreign companies' financial statements into Euro	(32,935)	73,259
OCI pertaining to equity investments consolidated by equity method	-	(38)
Total other comprehensive income will subsequently be reclassified to profit (loss) for the year	(34,982)	73,128
Total other comprehensive income will not subsequently be reclassified to profit (loss) for the year	-	-
Total components of comprehensive income	(34,982)	73,128
Total comprehensive income	47,739	145,794
Total comprehensive income attributable to:		
Group	47,675	144,866
Minority interest	64	928

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	Notes	30.06.2023	31.12.2022
NON-CURRENT ASSETS			
INTANGIBLE ASSETS		880,490	891,181
- <i>Goodwill</i>	11	370,814	373,754
- <i>Other intangible assets</i>	12	509,676	517,427
PROPERTY, PLANT AND EQUIPMENT		453,453	446,899
- <i>Land, property, plant and machinery</i>	13	217,090	210,818
- <i>Other tangible assets</i>	14	149,272	158,071
- <i>Right of use assets</i>	15	87,091	78,010
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS		135,536	136,336
- <i>Equity investments</i>	16	6,058	6,103
- <i>Receivables</i>	17	5,625	5,609
- <i>Other non-current financial assets</i>	18	123,853	124,624
DEFERRED TAX ASSETS	19	71,643	64,634
TOTAL NON-CURRENT ASSETS		1,541,122	1,539,050
CURRENT ASSETS			
INVENTORIES	20	660,487	550,659
TRADE RECEIVABLES	21	180,613	278,811
CURRENT TAX ASSETS	22	16,538	15,512
OTHER RECEIVABLES	23	42,336	29,884
CURRENT FINANCIAL RECEIVABLES AND ASSETS	24-15	244,652	368,354
CASH AND CASH EQUIVALENTS	25	842,685	770,247
TOTAL CURRENT ASSETS		1,987,311	2,013,467
Non-current assets held for sale	26	-	1,189
TOTAL ASSETS		3,528,433	3,553,706

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NET EQUITY AND LIABILITIES (€/000)	Notes	30.06.2023	31.12.2022
NET EQUITY			
GROUP PORTION OF NET EQUITY		1,639,215	1,659,117
- <i>Share Capital</i>	29	226,590	226,590
- <i>Reserves</i>	27-28-30	1,329,939	1,255,099
- <i>Profit (loss) pertaining to the Group</i>		82,686	177,428
MINORITY INTEREST	31	-	4,274
TOTAL NET EQUITY		1,639,215	1,663,391
NON-CURRENT LIABILITIES			
FINANCIAL PAYABLES		719,492	773,968
- <i>Banks loans and borrowings (long-term portion)</i>	33	435,521	477,582
- <i>Other financial payables (long-term portion)</i>	34	214,577	236,026
- <i>Lease liabilities (long-term portion)</i>	15	69,394	60,360
DEFERRED TAX LIABILITIES	19	71,295	83,254
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES		109,089	110,699
- <i>Employee benefits</i>	35	41,656	38,532
- <i>Other provisions</i>	36	67,433	72,167
TOTAL NON-CURRENT LIABILITIES		899,876	967,921
CURRENT LIABILITIES			
TRADE PAYABLES	37	634,549	540,687
FINANCIAL PAYABLES		180,023	190,476
- <i>Banks loans and borrowings (short-term portion)</i>	33	89,270	91,510
- <i>Other financial payables (short-term portion)</i>	34	71,382	78,502
- <i>Lease liabilities (short-term portion)</i>	15	19,371	20,464
CURRENT TAX LIABILITIES	38	59,644	76,264
OTHER PAYABLES	39	115,126	114,967
TOTAL CURRENT LIABILITIES		989,342	922,394
TOTAL NET EQUITY AND LIABILITIES		3,528,433	3,553,706

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

CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	1st Half 2023	1st Half 2022
Profit (loss) pertaining to the Group		82,686	71,684
Income taxes for the period		23,321	25,022
Amortization		50,905	50,192
Net change in provisions and other non-cash items		(152)	1,157
Cash flow generated by current operations (A)		156,760	148,055
Change in assets and liabilities for the period:			
Trade receivables		94,972	152,613
Inventories		(123,177)	(139,747)
Trade payables		105,164	(213,340)
Other changes in net working capital		(11,163)	(67,474)
Payment of income taxes		(61,386)	(45,721)
Cash flow generated (absorbed) by movements in working capital (B)		4,410	(313,669)
Cash flow generated (absorbed) by current operations and movements in working capital (A+B)		161,170	(165,614)
Investment activities:			
Investments in intangible assets		(6,179)	(8,545)
Other cash flows for intangible assets		26	67
Investments in property, plant and equipment		(33,791)	(72,362)
Other cash flows for property, plant and equipment		1,610	298
Net investments in financial assets and in minority interest		(286)	(590)
Cash flow absorbed by ordinary investment activities (C)		(38,620)	(81,132)
Cash flow by operating activities (A+B+C)		122,550	(246,746)
FX effect on cash and cash equivalents		(12,040)	42,972
Dividends paid		(71,738)	(123,734)
New loans		-	100,000
Payment of interests on loans		(10,646)	(2,068)
Repayment of loans and other net changes in sources of finance		44,277	(83,462)
Increase of minority interest		35	982
Cash flows absorbed by changes net equity (D)		(50,112)	(65,310)
Cash flow for the period (A+B+C+D)		72,438	(312,056)
Opening cash and cash equivalents	25	770,247	1,026,081
Cash flow for the period (A+B+C+D)		72,438	(312,056)
Closing cash and cash equivalents	25	842,685	714,025

Starting from 31 December 2022, for a better representation, the classification of net investments in leased assets has been revised; the values for the first half of 2022 have therefore been restated accordingly.

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

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 INTEREST	TOTAL NET EQUITY
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)
Movements from transactions with shareholders	-	-	101	(17,503)	-	-	(412)	-	203,999	(311,098)	(124,913)	-	(124,913)
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
Comprehensive income (loss)	-	-	-	-	-	(93)	-	73,313	(38)	71,684	144,866	928	145,794
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
Balance at 31 December 2022	226,590	38,268	45,269	172,733	(14,534)	497	6,373	74,280	932,213	177,428	1,659,117	4,274	1,663,391
Allocation of 2022 result as per AGM resolution of 21 April 2023													
- distribution of dividends									(72,079)		(72,079)		(72,079)
- allocation to reserves			49	28,680					148,699	(177,428)	-		-
Fair value stock option							164				164		164
Other changes in minority interests									4,338		4,338	(4,338)	-
Movements from transactions with shareholders	-	-	49	28,680	-	-	164	-	80,958	(177,428)	(67,577)	(4,338)	(71,915)
Profit (loss) after taxes										82,686	82,686	35	82,721
Other components of comprehensive income						(2,047)		(32,964)			(35,011)	29	(34,982)
Comprehensive income (loss)	-	-	-	-	-	(2,047)	-	(32,964)	-	82,686	47,675	64	47,739
Balance at 30 June 2023	226,590	38,268	45,318	201,413	(14,534)	(1,550)	6,537	41,316	1,013,171	82,686	1,639,215	-	1,639,215

EXPLANATORY NOTES

GROUP BUSINESS

This document represents the consolidated financial statements of the De' Longhi Group.

The parent company De' Longhi S.p.A. is a joint-stock company, incorporated in Italy, whose shares are listed on the Italian stock exchange (Euronext Milan) run by Borsa Italiana.

The registered office is located in Treviso (Italy) in via Lodovico Seitz, 47.

The Group operates in Europe, America, Asia Pacific and MEIA.

The Group is active in the production and distribution of domestic and professional 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.

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 2023 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 2023.

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

The publication of the half-year condensed consolidated financial statements for the period ended 30 June 2023 was authorized by the Board of Directors on 28 July 2023 that also approved the financial statements.

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 2022. The Group did not early adopted any new standards, interpretations or amendments endorsed, but not yet applicable.

A few new standards and amendments to existing standards went into force for the first time as of 1 January 2023; their adoption did not have significant impacts on the present financial statement.

International accounting standards adopted by the Group for the first time

With Regulation 2036/2021 of 19 November 2021, and the subsequent Regulation 1491/2022 of 8 September 2022, 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 is 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).

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.

In Regulation 1392/2022 of 11 August 2022, the European Commission introduced amendments to *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12* in order to clarify the accounting of deferred tax recognized in particular circumstances such as, for example, in the case of leasing and decommissioning.

International financial reporting standards and/or interpretations not yet applicable

On 23 December 2022, Council Directive (EU) 2022/2523, which establishes a global minimum tax for multinational and domestic groups of companies with a presence in the European Union (EU), was published in the Official Gazette. The directive must be applied by the member states by the end of 2023 in accordance with the different domestic tax regimes.

At the same time, the IASB launched a project to revise IAS 12 which resulted in the publication of an amendment, namely “International Tax Reform – Pillar 2 Model Rules”.

The two documents are part of an ongoing debate about the reform of the international tax system undertaken by the Organization for Economic Cooperation and Development (OECD). The reform calls for a solution based on the two pillars (the two-pillar solution). Pillar 1 focuses on a tax model which aims to reexamine the traditional concepts of “residence” and “jurisdiction”. Pillar 2 aims to limit tax arbitrage in the allocation of income by imposing a minimum tax rate of 15% % (Global anti-Base Erosion Rules, GloBE) on multinational companies.

The amendment to IAS 12 will be applicable as from the next annual report (i.e. for FY 2023). Even though changes might still be made and issues still need to be clarified, De' Longhi Group undertook a project aimed at defining and managing the impact that the application of the new rules might have on tax calculations. At the date of this report, the extent of the impact that the tax reform might have has yet to be quantified. Furthermore, in this condensed consolidated half-year report, the Group applied the temporary exception to the IAS 12 amendment requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

The reporting standards and/or interpretations not yet endorsed by the European Union include amendments to IAS 1 - Presentation of financial statements which aim to clarify how an entity should classify debt and other financial liabilities as current or non-current, amendments to IFRS 16 – Leases which clarify how to account for sale and leaseback transactions and, lastly, the amendments to IAS 7 and IFRS 7 which expand disclosures relative to supplier finance agreements.

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 2022.

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.

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

The economic conditions of customers were investigated in order to verify the possible impact on the recoverability of trade receivables.

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:

		30.06.2023		30.06.2022		% 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	1.0866	1.0811	1.0387	1.0940	4.61%	(1.18%)
British pound	GBP	0.8583	0.8766	0.8582	0.8422	0.01%	4.09%
Hong Kong dollar	HKD	8.5157	8.4747	8.1493	8.5601	4.50%	(1.00%)
Chinese renminbi (Yuan)	CNY	7.8983	7.4898	6.9624	7.0827	13.44%	5.75%
Australian dollar	AUD	1.6398	1.5994	1.5099	1.5207	8.60%	5.17%
Canadian dollar	CAD	1.4415	1.4569	1.3425	1.3905	7.37%	4.78%
Japanese yen	JPY	157.1600	145.7527	141.5400	134.2987	11.04%	8.53%
Malaysian ringgit	MYR	5.0717	4.8181	4.5781	4.6704	10.78%	3.16%
New Zealand dollar	NZD	1.7858	1.7325	1.6705	1.6492	6.90%	5.05%
Polish zloty	PLN	4.4388	4.6259	4.6904	4.6329	(5.36%)	(0.15%)
South African rand	ZAR	20.5785	19.6798	17.0143	16.8496	20.95%	16.80%
Singapore dollar	SGD	1.4732	1.4443	1.4483	1.4925	1.72%	(3.23%)
Russian rouble	RUB	95.1052	83.2138	53.8580	83.6354	76.59%	(0.50%)
Turkish lira	TRY	28.3193	21.5444	17.3220	16.2330	63.49%	32.72%
Czech koruna	CZK	23.7420	23.6801	24.7390	24.6364	(4.03%)	(3.88%)
Swiss franc	CHF	0.9788	0.9856	0.9960	1.0320	(1.73%)	(4.50%)
Brazilian real	BRL	5.2788	5.4833	5.4229	5.5579	(2.66%)	(1.34%)
Croatian kuna	HRK	7.5345	7.5345	7.5307	7.5414	0.05%	(0.09%)
Ukrainian hryvnia	UAH	39.6952	39.5316	30.4017	31.7050	30.57%	24.69%
Romanian leu	RON	4.9635	4.9339	4.9464	4.9457	0.35%	(0.24%)
South Korean won	KRW	1,435.8800	1,401.5350	1,351.6000	1,347.8250	6.24%	3.98%
Chilean peso	CLP	872.5900	871.2383	962.0600	902.7733	(9.30%)	(3.49%)
Hungarian forint	HUF	371.9300	380.7114	397.0400	374.7123	(6.32%)	1.60%
Swedish krona	SEK	11.8055	11.3314	10.7300	10.4753	10.02%	8.17%
Mexican peso	MXN	18.5614	19.6550	20.9641	22.1747	(11.46%)	(11.36%)
Tenge Kazakhstan	KZT	492.2000	488.9450	487.0000	492.6217	1.07%	(0.75%)

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

CHANGE IN THE SCOPE OF CONSOLIDATION

There were no changes in the scope of consolidation in the first half of 2023.

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 2023 revenues, including revenues from sales and services and other revenues, amount to €1,291,196 thousand (€1,444,829 thousand in the first half of 2022).

Revenues are broken down by geographical area as follows:

	1st half 2023	% revenues	1st half 2022	% revenues	Change	Change %
Europe	784,236	60.7%	846,346	58.6%	(62,110)	(7.3%)
America	225,890	17.5%	289,174	20.0%	(63,284)	(21.9%)
Asia Pacific	195,229	15.1%	203,500	14.1%	(8,271)	(4.1%)
MEIA (Middle East/India/Africa)	85,841	6.7%	105,809	7.3%	(19,968)	(18.9%)
Total	1,291,196	100.0%	1,444,829	100.0%	(153,633)	(10.6%)

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 2023	1st half 2022	Change
Freight reimbursement	2,531	2,576	(45)
Commercial rights	1,178	1,300	(122)
Gains on fixed assets disposal	574	28	546
Grants and contributions	567	623	(56)
Damages reimbursed	494	271	223
Out-of-period gains	-	39	(39)
Other income	10,827	8,385	2,442
Total	16,171	13,222	2,949

Gains on fixed assets disposal mainly refer to the sale of the freehold property of a subsidiary which was formerly classified under non-current assets held for sale.

With regard to Law n. 124 of 4 August 2017, which regulates transparency in public funding, the item "Grants and contributions" includes income of €171 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 2023	1st half 2022	Change
Parts	339,558	336,778	2,780
Finished products	258,827	328,133	(69,306)
Raw materials	54,926	69,555	(14,629)
Other purchases	9,227	11,402	(2,175)
Total	662,538	745,868	(83,330)

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 €63,346 thousand in production-related payroll (€64,994 thousand at 30 June 2022).

In the first half of 2023, the item includes non-recurring income of €168 thousand (non-recurring income of €69 thousand in the first half of 2022), referring to the economic impact of the purchase price allocation of the acquisitions.

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*.

The item includes €164 thousand relating to the notional cost (fair value) of the stock option plan 2020-2027 (net income of €412 thousand at 30 June 2022), whose calculation has been revised following the change in the number of the participants; please refer to note 28. *Stock option plans* for more information.

The average size of the Group's workforce during the year is analyzed as follows:

	30.06.2023	30.06.2022
Blue collars	6,826	5,841
White collars	3,182	3,216
Managers	310	301
Total	10,318	9,358

5. SERVICES AND OTHER OPERATING EXPENSES

These are detailed as follows:

	1st half 2023	1st half 2022	Change
Promotional expenses	104,948	120,798	(15,850)
Transport (for purchases and sales)	62,667	110,472	(47,805)
Advertising	55,339	63,965	(8,626)
Subcontracted work	21,780	25,007	(3,227)
Consulting services	18,785	19,167	(382)
Technical support	14,308	11,489	2,819
Rentals and leasing	13,177	15,389	(2,212)
Storage and warehousing	10,668	20,518	(9,850)
Power	7,502	6,983	519
Commissions	7,090	8,421	(1,331)
Travel	6,187	4,751	1,436
Insurance	5,403	7,001	(1,598)
Other utilities and cleaning fees, security, waste collection	3,028	2,471	557
Postage, telegraph and telephones	2,357	2,393	(36)
Maintenance	2,124	2,672	(548)
Directors' and statutory auditors' emoluments	2,091	2,478	(387)
Other sundry services	28,998	26,684	2,314
Total services	366,452	450,659	(84,207)
Sundry taxes	20,992	31,643	(10,651)
Other	4,033	5,553	(1,520)
Total other operating expenses	25,025	37,196	(12,171)
Total	391,477	487,855	(96,378)

In 2023 the item includes net non-recurring expenses for €1,100 thousand (net non-recurring expenses of €958 thousand at 30 June 2022).

In 2023 the item "Rentals and leasing" includes €1,195 thousand in commercial rights (€717 thousand in 2022).

In addition, it includes operating costs relating to contracts that are not or do not contain a lease (€10,665 thousand, €13,728 thousand in the first half of 2022), as well as costs relating to leases of less than twelve months' duration (€1,049 thousand, €914 thousand in the first half of 2022) or relating to low-value assets (€278 thousand, €30 thousand in the first half of 2022); for further information, please refer to note 15. *Leases*.

6. PROVISIONS

These include €8,877 thousand in provisions for contingencies and other charges and €905 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 2023	1st half 2022	Change
Amortization of intangible assets	10,329	11,112	(783)
Depreciation of property, plant and equipment	29,042	28,256	786
Depreciation of Right of Use assets	11,534	10,824	710
Total	50,905	50,192	713

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 these financial statements, some items of a non-recurring nature resulting in net expenses of €932 thousand were shown separately. This item includes the economic impact of the purchase price allocation made as a result of 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 2023	1st half 2022	Change
Exchange differences and gains (losses) on currency hedges (*)	2,134	3,724	(1,590)
Share of profit of equity investments consolidated by the equity method	267	45	222
Other expenses on equity investments	-	-	-
Net interest expense	(1,579)	(1,631)	52
Interest for leasing	(818)	(731)	(87)
Other financial income (expenses)	(2,103)	(4,043)	1,940
Other net financial income (expenses)	(4,500)	(6,405)	1,905
Net financial income (expenses)	(2,099)	(2,636)	537

(*) The item includes €83 thousand relating to exchange rate gains on leases accounted for in accordance with IFRS 16 Leases.

“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 financial expense related to the investment in NPE S.r.l., a supplier of electronic components.

“Net interest” includes bank interest on the Group’s financial debt (recalculated using the amortized cost method, as a result of which interest expense was recognized in advance of actual payment) and the cost of other financial instruments, 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*.

"Other financial income (expenses)" include bank charges, financial expenses arising from the actuarial calculation of the long-term employee benefits and temporary losses arising from investments evaluated at fair value through profit and loss.

10. INCOME TAXES

These are analyzed as follows:

	1st half 2023	1st half 2022	Change
Current income taxes:			
- Income taxes	40,986	24,452	16,534
- IRAP (Italian regional business tax)	1,988	2,371	(383)
Deferred (advanced) taxes	(19,653)	(1,801)	(17,852)
Total	23,321	25,022	(1,701)

"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.

In the first half of 2023, the item was impacted by the reclassification of deferred liabilities recognized for € 9.8 million stemming from the release of distributable profit reserves of a few Group companies (in accordance with Law L.197/2022) into current income taxes.

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION: ASSETS

NON-CURRENT ASSETS

11. GOODWILL

	30.06.2023		31.12.2022	
	Gross	Net	Gross	Net
Goodwill	377,561	370,814	380,501	373,754

The change in "Goodwill" is explained by the translation at 30 June 2023 of goodwill in currency following the acquisition of international operations.

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 to the CGUs (cash generating units), namely the historic divisions De'Longhi, Kenwood and Braun, as well as Capital Brands and Eversys, as follows:

Cash-generating unit	30.06.2023
De'Longhi	26,444
Kenwood	17,120
Braun	48,836
Capital Brands	186,243
Eversys	92,171
Total	370,814

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 2022 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 2023, albeit in an uncertain economic environment, the assumptions made when preparing the 2022 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:

	30.06.2023		31.12.2022	
	Gross	Net	Gross	Net
New product development costs	136,927	15,767	136,347	19,407
Patents	77,487	30,657	77,196	32,152
Trademarks and similar rights	441,339	334,459	443,346	336,579
Work in progress and advances	32,229	31,009	26,742	25,522
Other	137,229	97,784	139,002	103,767
Total	825,211	509,676	822,633	517,427

The following table reports movements in the main asset categories during the first half of 2023:

	New product development costs	Patents	Trademarks and similar rights	Work in progress and advances	Other	Total
Net opening balance	19,407	32,152	336,579	25,522	103,767	517,427
Additions	431	97	68	5,491	92	6,179
Amortization	(4,220)	(1,786)	(113)	-	(4,210)	(10,329)
Translation differences and other movements (*)	149	194	(2,075)	(4)	(1,865)	(3,601)
Net closing balance	15,767	30,657	334,459	31,009	97,784	509,676

(*) "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 €5,922 thousand in development costs as intangible assets in the first half of 2023, of which €431 thousand in "New product development costs" for projects already completed at the reporting date and €5,491 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 increase refers primarily to the purchase 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, €122.0 million for the Nutribullet/MagicBullet trademark, and €37.1 million for the Eversys trademark.

The impairment test carried out at the end of 2022 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 2023, albeit in an uncertain economic environment, the assumptions made when preparing the 2022 Annual Report, to which reference should be made, were not changed and in our view there has been no permanent loss in book values.

"Other intangible assets" is explained primarily by the value of the portfolio recognized following allocation of the purchase price to Capital Brands, subject to amortization based on the estimated useful life.

13. LAND, PROPERTY, PLANT AND MACHINERY

These are analyzed as follows:

	30.06.2023		31.12.2022	
	Gross	Net	Gross	Net
Land and buildings	214,400	155,479	204,008	147,834
Plant and machinery	171,580	61,611	169,842	62,984
Total	385,980	217,090	373,850	210,818

The following table reports movements during 2023:

	Land and buildings	Plant and machinery	Total
Net opening balance	147,834	62,984	210,818
Additions	6,872	2,200	9,072
Disposals	(5)	(61)	(66)
Amortization	(4,038)	(5,820)	(9,858)
Translation differences and other movements	4,816	2,308	7,124
Net closing balance	155,479	61,611	217,090

The increases in “Land and buildings” refer to the investments in the new production plant in China (roughly €5 million) and the investments made in the development of the new headquarters in Treviso. Other movements refer, mainly, to the reclassification of the amount relating to the investments made in the previous years (in China and in Treviso) previously classified under tangible assets in progress.

The investments in “Plants and machinery” refer mainly to increases of the production lines for coffee machine in Italy and to the purchases of machinery for the plants in Romania. The other movements refer, first of all, to the reclassification of the amount relating to the investments made in the previous years in the production plants (in Italy and Romania) previously classified under tangible assets in progress.

14. OTHER TANGIBLE ASSETS

Other tangible assets are analyzed as follows:

	30.06.2023		31.12.2022	
	Gross	Net	Gross	Net
Industrial and commercial equipment	386,590	70,345	383,603	76,200
Other	100,553	26,790	101,575	27,882
Work in progress and advances	52,137	52,137	53,989	53,989
Total	539,280	149,272	539,167	158,071

The following table reports movements during 2023:

	Industrial and commercial equipment	Other	Work in progress and advances	Total
Net opening balance	76,200	27,882	53,989	158,071
Additions	6,298	3,263	15,158	24,719
Disposals	(50)	(65)	(22)	(137)
Amortization	(14,489)	(4,695)	-	(19,184)
Translation differences and other movements	2,386	405	(16,988)	(14,197)
Net closing balance	70,345	26,790	52,137	149,272

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" refers mainly to the improvements at the plants in Swiss, Romania and China and the development plan for the headquarter offices.

The other movements refer, first of all, to the reclassification of the amount relating to the investments made in the previous years in the production plants (in China and Romania) and in the headquarter offices, previously classified under tangible assets in progress.

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 the first half of 2023 are shown below:

	Land and buildings	Industrial and commercial equipment	Plant and machinery	Other	Total
Net opening balance	68,629	2,760	2,339	4,282	78,010
Additions	16,704	10	-	3,161	19,875
Disposals	(412)	-	-	(47)	(459)
Amortization	(9,805)	(290)	(102)	(1,337)	(11,534)
Translation differences and other movements	1,250	(32)	-	(19)	1,199
Net closing balance	76,366	2,448	2,237	6,040	87,091

In the first half 2023, the result for the period includes depreciation and amortization for €11,534 thousand, interest payable for €818 thousand and exchange gains for €83 thousand, while €11,976 thousand in lease payments were reversed.

At 30 June 2023 financial liabilities for leases of €88,765 thousand (of which €69,394 thousand expiring beyond 12 months) and financial assets for advanced payments of €378 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 30.06.2023	Payable within one year	Payable in 1-5 years	Payable in more than five years
Lease liabilities	95,375	21,096	52,709	21,570

The adoption of IFRS 16 Lease affected Group net equity at 30 June 2023 for €2,403 thousand.

16. EQUITY INVESTMENTS

Details of equity investments are as follows:

	30.06.2023	31.12.2022
Equity investments consolidated using the equity method	6,007	6,052
Investment measured at fair value	51	51
Total	6,058	6,103

“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 changes in 2023 are shown below:

	30.06.2023
Net opening balance	6,052
Interest in net profit	267
Exchange rate differences	(312)
Changes through OCI	-
Net closing balance	6,007

17. NON-CURRENT RECEIVABLES

The balance at 30 June 2023 of €5,625 thousand refers to security deposits (€5,609 thousand at 31 December 2022).

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. It includes also the fair value of derivatives. The item includes mainly €20,566 thousand relating to two bonds with a total nominal value of €20,000 thousand, maturing in 2026 and 2027, respectively, €102,212 thousand relating to four floating rate notes, maturing in 2026 and 2027 with semi-annual and quarterly coupons (par value of €100,200 thousand) and €1,075 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:

	30.06.2023	31.12.2022
Deferred tax assets	71,643	64,634
Deferred tax liabilities	(71,295)	(83,254)
Net closing balance	348	(18,620)

"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:

	30.06.2023	31.12.2022
Temporary differences	(9,172)	(27,548)
Tax losses	9,520	8,928
Net closing balance	348	(18,620)

The change in the net asset balance reflects an increase of €653 thousand through equity recognized in the "Fair value and cash flow hedge reserve" following the fair value measurement of securities and cash flow hedges.

CURRENT ASSETS**20. INVENTORIES**

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

	30.06.2023	31.12.2022
Finished products and goods	517,997	426,336
Raw, ancillary and consumable materials	156,363	152,934
Work in progress and semi-finished products	42,699	27,421
Inventory writedown allowance	(56,572)	(56,032)
Total	660,487	550,659

The value of inventories is stated after deducting an allowance for obsolete or slow-moving goods totaling €56,572 thousand (€56,032 thousand at 31 December 2022) 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:

	30.06.2023	31.12.2022
Trade receivables		
- due within 12 months	191,821	289,402
- due beyond 12 months	-	-
Allowance for doubtful accounts	(11,208)	(10,591)
Total	180,613	278,811

Trade receivables are stated net of an allowance for doubtful accounts of €11,208 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:

	30.06.2023	31.12.2022
Direct tax receivables	9,596	10,240
Tax payments on account	6,500	2,894
Tax refunds requested	442	2,378
Total	16,538	15,512

There are no current tax assets due beyond 12 months.

23. OTHER RECEIVABLES

"Other receivables" are analyzed as follows:

	30.06.2023	31.12.2022
VAT	19,714	6,282
Prepaid insurance costs	1,998	3,843
Advances to suppliers	3,541	3,931
Other tax receivables	2,316	1,732
Employees	331	308
Other	14,436	13,788
Total	42,336	29,884

There are no relevant receivables due beyond 12 months.

24. CURRENT FINANCIAL RECEIVABLES AND ASSETS

"Current financial receivables and assets" are analyzed as follows:

	30.06.2023	31.12.2022
Fair value of derivatives	13,925	11,691
Advances for leasing contracts	378	317
Fair value of other current financial assets	66,068	87,666
Other current financial assets	164,281	268,680
Total	244,652	368,354

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 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 €161.9 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 €153.9 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.

The cash balances at 30 June 2023 include €57 thousand in current accounts of certain subsidiaries, that are restricted, having been given as collateral.

26. NON-CURRENT ASSETS HELD FOR SALE

At 31 December 2022, the item referred to the value of the freehold property of a subsidiary which was classified under non-current assets held for sale, as required under IFRS 5 – Non-current assets held for sale and discontinued operations, as the Group had begun looking for a buyer and the sale of the property and appurtenances closed in January 2023.

The sale resulted in a gain for €506 thousands included in “Other revenues”.

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 21 April 2023 the Shareholders' Meeting of De' Longhi S.p.A. resolved to distribute a total of €72,079 thousand as dividends, of which €71,388 thousand was paid during the first half of 2023.

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

At 30 June 2023 the Group, through the parent company De' Longhi S.p.A., held 895,350 treasury shares for a total of €14,534 thousand, purchased in previous years.

During the Shareholders' Meeting held on 21 April 2023, shareholders approved the renewal - after revoking the previous authorization granted by shareholders - of the authorization to purchase and sell treasury shares for up to a maximum of 14.5 million ordinary shares or an amount which does not exceed one fifth of the share capital, including any shares held by the Company or any of its subsidiaries. The buyback program was approved, in accordance with the law, for a period of up to a maximum of 18 months (namely through 21 October 2024).

28. STOCK OPTION PLANS

At 30 June 2023 a share-based incentive plan approved during De' Longhi S.p.A.'s Annual General Meeting held on 22 April 2020, the "Stock Option Plan 2020-2027", was in place.

In the face of the plan, the Shareholders' Meeting decided on a further increase in the share capital of nominal maximums Euro 4,500,000 to be carried out through the 3,000,000 ordinary shares, with a nominal value of Euro 1.5 each having the same characteristics as ordinary shares outstanding on the date of issue, with regular enjoyment, intended, if the shares in the portfolio do not were capacious.

The aim of the plan is to encourage the loyalty of the beneficiaries, encouraging their stay in the Group, linking their remuneration to the implementation of the company strategy in the medium to long term. The overall duration of the plan is about 8 years and in any case the deadline is set for 31 December 2027.

The beneficiaries were identified by the Board of Directors based on the proposal of the Remuneration and Appointments Committee or the Chief Executive Officer, after having consulted with the Board of Statutory Auditors. The options are 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 grants 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. 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 be 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 2022 stock options on 1,560,000 shares had been assigned; during the first half of 2023 the total fell to 1,390,000 shares following the resignation of one of the beneficiaries.

For the purposes of valuation under IFRS 2 - Sharebased 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

The share capital at 30 June 2023 comprises 151,060,000 ordinary shares with a par value of €1.5 for a total of €226,590 thousand.

30. RESERVES

The details are as follows:

	30.06.2023	31.12.2022	Change
Share premium reserve	38,268	38,268	-
Legal reserve	45,318	45,269	49
Other reserves:			
- Extraordinary reserve	201,413	172,733	28,680
- Fair value and cash flow hedge reserve	(1,550)	497	(2,047)
- Stock option reserve	6,537	6,373	164
- Reserve for treasury shares	(14,534)	(14,534)	-
- Currency translation reserve	41,316	74,280	(32,964)
- Profit (loss) carried forward	1,013,171	932,213	80,958
Total	1,329,939	1,255,099	74,840

The "Share premium reserve" was set up following the public offering at the time of the parent company's listing on the Milan stock exchange on 23 July 2001 which and subsequently reduced following the demerger transaction in favour of DeLclima S.p.A.. At 31 December 2022 it amounted to €38,268 thousand after the exercise of options assigned pursuant to the 2016-2022 Stock Option Plan. There are no changes during the first half of 2023.

The "Legal Reserve" amounted to €45,269 thousand at 31 December 2022. The increase of €49 thousand is attributable to the allocation of profit for 2022 approved by shareholders during De' Longhi S.p.A.'s AGM held on 21 April 2023.

The Extraordinary Reserve increased by €28,680 thousand explained by the allocation of profit for 2022 approved by shareholders during De' Longhi S.p.A.'s AGM held on 21 April 2023.

The "Fair value and cash flow hedge reserve" reports a negative balance of €1,550 thousand, net of €122 thousand in tax.

The change in the "Fair value and cash flow hedge" reserve in 2023, recognized in the statement of comprehensive income for the year, is attributable to the negative fair value of the cash flow hedge and available-for-sale securities of €2,700 thousand net of €653 thousand in tax.

The "Stock Option Reserve" at 30 June 2023 refers to the share-based incentive plan "Stock Option Plan 2020-2027" already described in note 28. Stock Option Plans.

The "Stock Option Reserve" amounted to positive €6,537 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. In the year €164 thousand, which represents the fair value measurement of the option net the cancellation of options due to a change in the number of beneficiaries, was allocated to the reserve.

The "Reserve for treasury shares" was negative for €14,534 thousand and corresponds to the amount of n. 895,350 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 30.06.2023	Profit for 1st half 2023	Net equity 31.12.2022	Profit for 1st half 2022
De' Longhi S.p.A. financial statements	560,033	43,950	604,000	121,974
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	674,022	54,037	581,994	(45,795)
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	461,471	517	466,604	2,846
Elimination of intercompany profits	(56,587)	(15,778)	(61,446)	(6,355)
Other adjustments	276	(5)	324	(4)
Consolidated financial statements	1,639,215	82,721	1,591,476	72,666
Minority	-	35	2,946	982
Consolidated financial statements-Group portion	1,639,215	82,686	1,588,530	71,684

31. MINORITIES' PORTION OF NET EQUITY

The minorities' portion of net equity amounted to €4,274 thousand at 31 December 2022 and referred 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. The decrease was due to the purchase in first half 2023 of the minority interests.

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.

	30.06.2023
Weighted average number of shares outstanding	150,164,650
Weighted average number of diluted shares outstanding	151,582,827

The dilutive impact was not significant at 30 June 2023, therefore the difference between the diluted earnings per share and the basic earnings per share (€0.55) is not material.

LIABILITIES**33. BANK LOANS AND BORROWINGS**

"Bank loans and borrowings" are analyzed as follows:

	Payable within one year	Payable in 1-5 years	Balance 30.06.2023	Payable within one year	Payable in 1-5 years	Balance 31.12.2022
Overdrafts	694	-	694	3,592	-	3,592
Current bank loans and borrowings	-	-	-	4	-	4
Long- term loans (short term portion)	88,576	-	88,576	87,914	-	87,914
Bank loans and borrowings (short-term)	89,270		89,270	91,510		91,510
Long- term loans	-	435,521	435,521	-	477,582	477,582
Total banks loans and borrowings	89,270	435,521	524,791	91,510	477,582	569,092

This item does not include amounts due beyond 5 years.

No new loans were taken out in the first half of 2023.

With regard to the loans taken out, none of the financial covenants included in the loan agreements, based on net debt/equity and net debt/ EBITDA had been breached at 30 June 2023.

Most of the bank debt is floating rate; as a result of the hedge on one of the medium/long-term loans, the floating rate debt was swapped for fixed rate debt. The fair value of the loans, calculated by discounting 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:

	30.06.2023	31.12.2022
Private placement (short-term portion)	21,403	21,409
Negative fair value of derivatives	18,764	12,206
Other short term financial payables	31,215	44,887
Total short-term payables	71,382	78,502
Private placement (one to five years)	64,274	85,709
Total long-term payables (one to five years)	64,274	85,709
Private placement (beyond five years)	150,303	150,317
Total long-term payables (beyond five years)	150,303	150,317
Total other financial payables	285,959	314,528

The bond loan refers to the issue and placement of €150 million in unsecured, non-convertible notes with US institutional investors (the "US Private Placement") completed in 2017 and an additional €150 million placed in 2021.

In both instances the securities were issued in a single tranche.

The first issue matures in 10 years, in June 2027, and has 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 second issue matures in 20 years, in April 2041, and has an average life of 15 years. The notes will accrue interest from the subscription date at a fixed rate of 1.18% per annum. The notes will be repaid yearly in equal instalments beginning April 2031 and ending April 2041, without prejudice to the Company's ability to repay the entire amount in advance.

Both issues are unrated and are not intended to be listed on any regulated markets.

The issues are subject to half-yearly financial covenants consistent with those applied to other loans. At 30 June 2023 the covenants had not been breached. Neither issue is secured by collateral of any kind.

"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 short term financial payables" refers mainly to factoring without recourse related payables. It also includes the payable to shareholders for the residual portion of dividends distributed but not yet paid.

Net financial position

Details of the net financial position are as follows:

	30.06.2023	31.12.2022
A. Cash	842,685	770,247
B. Cash equivalents	-	-
C. Other current financial assets	230,727	356,663
<i>of which lease prepayments</i>	378	317
D. Cash, cash equivalents and other current financial assets (A + B + C)	1,073,412	1,126,910
E. Current financial liabilities	(72,683)	(78,682)
<i>of which lease liabilities</i>	(19,371)	(20,464)
F. Current portion of non-current financial liabilities	(88,576)	(87,914)
G. Current financial liabilities (E + F)	(161,259)	(166,596)
H. Current net financial liabilities (D + G)	912,153	960,314
I.1. Other non-current financial assets	122,778	122,604
I. Non-current financial liabilities	(504,916)	(537,942)
<i>of which lease liabilities</i>	(69,394)	(60,360)
J. Debt instruments	(214,576)	(236,026)
K. Trade payables and other non-current liabilities	-	-
L. Non-current net financial liabilities (I + I.1 + J + K)	(596,714)	(651,364)
M. Total financial liabilities (H + L)	315,439	308,950
<i>Fair value of derivatives and other financial non-bank assets/liabilities</i>	(3,764)	(10,169)
Total net financial position	311,675	298,781

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 2023 is provided below:

	Fair Value at 30.06.2023
FX forward agreements	(3,159)
Derivatives hedging foreign currency receivables/payables	(3,159)
FX forward agreements	(3,987)
IRS hedging Parent Company's loans	3,383
Derivatives covering expected cash flows	(604)
Total fair value of the derivatives	(3,763)

35. EMPLOYEE BENEFITS

These are made up as follows:

	30.06.2023	31.12.2022
Provision for severance indemnities	7,966	8,040
Defined benefit plans	17,872	17,768
Other long term benefits	15,818	12,724
Total	41,656	38,532

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 2023
Current service cost	189
Interest cost on defined benefit obligation	33
Total	222

Change in present value of obligations	30.06.2023
Present value at 1 January	8,040
Current service cost	189
Utilization of provision	(296)
Interest cost on obligation	33
Actuarial gains & losses recognized in the comprehensive income statement	-
Present value at reporting date	7,966

Defined benefit plans:

Movements in the year are as follows:

Net cost charged to income	1st half 2023	1st half 2022	Change
Current service cost	624	899	(275)
Return on plan assets	-	-	-
Interest cost on obligation	236	1	235
Total	860	900	(40)

Change in present value of obligations	30.06.2023	31.12.2022	Change
Present value at 1 January	17,768	27,103	(9,335)
Net cost charged to income	860	1,645	(785)
Benefits paid	(725)	(1,140)	415
Translation differences	(31)	146	(177)
Actuarial gains & losses recognized in the comprehensive income statement	-	(9,986)	9,986
Changes in consolidation area	-	-	-
Present value at reporting date	17,872	17,768	104

The outstanding liability at 30 June 2023 of €17,872 thousand (€17,768 thousand at 31 December 2022) refers to a few subsidiaries (mainly in Germany, Japan and Swiss).

“Other long-term benefits” includes the amount accrued in the reporting period for the 2021-2023 incentive plan of €15,818 thousand. This plan was approved by the Board of Directors for a limited number of the Group’s 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:

	30.06.2023	31.12.2022
Agents' leaving indemnity provision	2,031	2,022
Product warranty provision	39,655	42,744
Provision for contingencies and other charges	25,747	27,401
Total	67,433	72,167

Movements are as follows:

	31.12.2022	Utilization	Net accrual	Translation difference and other movements	30.06.2023
Agents' leaving indemnity provision	2,022	(36)	45		2,031
Product warranty provision	42,744	(11,830)	9,007	(266)	39,655
Provision for contingencies and other charges	27,401	(1,186)	(175)	(293)	25,747
Total	72,167	(13,052)	8,877	(559)	67,433

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 2023. 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 €15,143 thousand (€15,730 thousand at 31 December 2022) for legal disputes and product complaint liabilities (limited to the Group's insurance deductible), the provision of €10,604 thousand (€11,761 thousand at 31 December 2022) for the provisions made by a few subsidiaries relating to commercial risks and other charges.

On 23 February 2023 the French Competition Authority (the "FCA") notified a few Group companies of a complaint filed by a French company (and other French sector companies, mentioned in the complaint) which refers to certain acts that occurred between 2009 and 2014 which were allegedly in violation of rules governing anti-competitive conduct.

More specifically, the complaint alleges that the Group entered into horizontal agreements which consisted in the exchange between competitors of privileged information relating to small appliances in France in the period referred to above.

The French Competition Authority concluded that the practice of exchanging information, to the extent that it restricted market competition, constitutes an anticompetitive agreement prohibited by the Art. 420-1 of the French Commercial Code and Art. 101, paragraph 1, TFUE.

The complaint is currently being analyzed carefully by the Group which is preparing its defense with the support of premiere legal counsel and sector consultants. It is not yet possible to assess the possibility or the size of any sanctions. The Group believes that there are sound arguments to be made in its defense.

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 adhered 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 renewed, jointly with the consolidator De Longhi Industrial S.A., the option 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 1 March 2018, for the three-year period 2022 - 2024.

For additional information please refer to Appendix.3.

39. OTHER PAYABLES

These are analyzed as follows:

	30.06.2023	31.12.2022
Employees	55,176	52,704
Indirect taxes	22,101	27,638
Advances	14,397	6,519
Social security institutions	7,635	8,860
Withholdings payables	3,882	7,172
Other taxes	889	1,164
Other	11,046	10,910
Total	115,126	114,967

The item does not include amounts due beyond 12 months.

40. COMMITMENTS

These are detailed as follows:

	30.06.2023	31.12.2022
Guarantees given to third parties	-	773
Other commitments	3,601	11,191
Total	3,601	11,964

"Other commitments" mainly consist of contractual obligations pertaining to the subsidiaries.

In addition to the above, the Group issued guarantees, for a total amount of €1.5 million, in favor of the affiliate NPE S.r.l. commensurate with the commitments of each of the parties.

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 2023. 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	-	15,000	-
Derivatives with negative fair value	-	(18,764)	-
Other financial assets	51	66,068	-

There were no transfers between the levels during the 2023.

42. TAX POSITION

The following positions emerged during the periodic audits carried out by the tax authorities:

De' Longhi Appliances S.r.l.

In 2023 a target audit was carried out relating to the policies used to determine transfer prices in intercompany transactions, the accounting and tax treatment of dividends received for the tax years 2017 to 2021 and the tax credit matured for investments made in research and development pursuant to Law 190/2014, relative to the tax years 2015 to 2019.

The Veneto Regional Office of the Revenue Service completed the audit and the Company received the findings on 27 June 2023.

The Company reserved the right to appeal the findings with the relative tax authorities and to date has yet to be notified if the appeal was accepted or not.

When preparing the consolidated the financial statements as at 30 June 2023, the Group, with the support of its tax consultants, deemed the risk of any further proceedings as unlikely.

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 services 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 2023				
	Europe	Americas/APA	MEIA	Intersegment eliminations (**)	Total
Total revenues (*)	983,148	670,567	79,812	(442,331)	1,291,196
EBITDA	112,875	37,420	8,673	78	159,046
Amortization	(34,962)	(15,822)	(121)	-	(50,905)
EBIT	77,913	21,598	8,552	78	108,141
Net financial income (expenses)					(2,099)
Profit (loss) before taxes					106,042
Taxes					(23,321)
Profit (loss) for the year					82,721
Profit (loss) pertaining to minority					35
Profit (loss) pertaining to Group					82,686

(*) 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 2023				
	Europe	Americas/APA	MEIA	Intersegment eliminations	Total
Total assets	2,983,631	1,432,292	112,993	(1,000,483)	3,528,433
Total liabilities	(2,069,668)	(777,711)	(42,326)	1,000,487	(1,889,218)

Income Statement data

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

(*) 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.

Data from statement of financial position

	31 December 2022				
	Europe	Americas/APA	MEIA	Intersegment eliminations	Total
Total assets	3,017,178	1,451,094	101,113	(1,015,679)	3,553,706
Total liabilities	(2,080,068)	(787,491)	(38,433)	1,015,677	(1,890,315)

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 2022.

46. SUBSEQUENT EVENTS

Subsequent to 30 June 2023 through the approval date of this report, no significant events occurred which would have impacted the financial and economic results shown pursuant to IAS 10 Events after the reporting period.

Treviso, 28 July 2023

*De' Longhi S.p.A.
Vice President and Chief Executive Officer
Fabio de' Longhi*

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.

APPENDIX 1

List of consolidated companies

The list of the companies consolidated according to the line-by-line method is provided below:

Company name	Registered office	Currency	Share capital (1)	Interest held at 30/06/2023	
				Directly	Indirectly
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 SAS	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. (2)	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 UNIPessoal LDA	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	EUR	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%
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%

Half-year condensed consolidated financial statements

DELONGHI MEXICO SA DE CV	Bosques de las Lomas	MXN	53,076,000	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%
DE' LONGHI LLP	Almaty	KZT	500,000	100%

The list of the companies belonging to the Capital Brands Group acquired on 29 December 2020 is provided below; all of the companies are indirectly controlled 100% 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 list of the companies belonging to the Eversys Group, acquired on 3 May 2021, is provided below; all of the companies are indirectly controlled 100% by De' Longhi S.p.a.:

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

INVESTMENTS VALUED IN ACCORDANCE WITH THE EQUITY METHOD

Company name	Registered office	Currency	Share capital (1)	Interest held at 30/06/2023	
				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. (4)	Treviso	EUR	1,000,000		45%
H&T-NPE EAST EUROPE S.R.L. (4)	Madaras	RON	14,707,600		45%

(1) Figures at 30 June 2023, 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) Dormant.

(4) With regard to the 45% interests held in NPE S.r.l. and H&T-NPE East Europe S.r.l., an agreement was signed with the majority shareholders for the sale of a 25% stake; this agreement will be finalized upon completion of the authorization procedures.

APPENDIX 2

Statement of consolidated cash flows in terms of net financial position

(€/000)	1st Half 2023	1st Half 2022
Profit (loss) pertaining to the Group	82,686	71,684
Income taxes for the period	23,321	25,022
Amortization	50,905	50,192
Net change in provisions and other non-cash items	(152)	1,157
Cash flow generated by current operations (A)	156,760	148,055
Change in assets and liabilities for the period:		
Trade receivables	94,972	152,613
Inventories	(123,177)	(139,747)
Trade payables	105,164	(213,340)
Other changes in net working capital	(72,549)	(113,195)
Cash flow generated (absorbed) by movements in working capital (B)	4,410	(313,669)
Cash flow generated (absorbed) by current operations and movements in working capital (A+B)	161,170	(165,614)
Investment activities:		
Investments in intangible assets	(6,179)	(8,545)
Other cash flows for intangible assets	26	67
Investments in property, plant and equipment	(33,791)	(72,362)
Other cash flows for property, plant and equipment	1,610	298
Investments in leased assets	(19,874)	(13,927)
Other cash flows for leased assets	459	1,001
Net investments in financial assets and in minority interest	(286)	(590)
Cash flow absorbed by ordinary investment activities (C)	(58,035)	(94,058)
Cash flow by operating activities (A+B+C)	103,135	(259,672)
Fair value and cash flow reserves	(2,700)	258
Change in currency translation reserve	(15,496)	13,267
Dividends paid	(72,079)	(124,501)
Increase of minority interest	35	982
Cash flows absorbed by changes net equity (D)	(90,240)	(109,994)
Cash flow for the period (A+B+C+D)	12,895	(369,666)
Opening net financial position	298,781	425,088
Cash flow for the period (A+B+C+D)	12,895	197,100
Consolidated closing net financial position	311,676	55,422

APPENDIX 3

Transactions and balances with related parties

(€/000)	1st half 2023	of which with related parties	1st half 2022	of which with related parties
Revenue from contracts with customers	1,275,025	346	1,431,607	1,234
Other revenues	16,171	552	13,222	1,407
Total consolidated revenues	1,291,196		1,444,829	
Raw and ancillary materials, consumables and goods	(662,538)	(23,866)	(745,868)	(19,205)
Change in inventories of finished products and work in progress	119,111		107,149	
Change in inventories of raw and ancillary materials, consumables and goods	4,068		32,597	
Materials consumed	(539,359)		(606,122)	
Payroll costs	(191,532)		(188,523)	
Services and other operating expenses	(391,477)	(372)	(487,855)	(380)
Provisions	(9,782)		(11,813)	
Amortization	(50,905)		(50,192)	
EBIT	108,141		100,324	
Net financial income (expenses)	(2,099)	(130)	(2,636)	(147)
PROFIT (LOSS) BEFORE TAXES	106,042		97,688	
Taxes	(23,321)		(25,022)	
CONSOLIDATED PROFIT (LOSS)	82,721		72,666	
Profit (loss) pertaining to minority	35		982	
CONSOLIDATED PROFIT (LOSS) AFTER TAXES	82,686		71,684	

APPENDIX 3

Transactions and balances with related parties

ASSETS (€/000)	30.06.2023	of which with related parties	31.12.2022	of which with related parties
NON-CURRENT ASSETS				
INTANGIBLE ASSETS	880,490		891,181	
- Goodwill	370,814		373,754	
- Other intangible assets	509,676		517,427	
PROPERTY, PLANT AND EQUIPMENT	453,453		446,899	
- Land, property, plant and machinery	217,090		210,818	
- Other tangible assets	149,272		158,071	
- Right of use assets	87,091		78,010	
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS	135,536		136,336	
- Equity investments	6,058		6,103	
- Receivables	5,625		5,609	
- Other non-current financial assets	123,853		124,624	
DEFERRED TAX ASSETS	71,643		64,634	
TOTAL NON-CURRENT ASSETS	1,541,122		1,539,050	
CURRENT ASSETS				
INVENTORIES	660,487		550,659	
TRADE RECEIVABLES	180,613	1,887	278,811	1,417
CURRENT TAX ASSETS	16,538		15,512	
OTHER RECEIVABLES	42,336		29,884	
CURRENT FINANCIAL RECEIVABLES AND ASSETS	244,652		368,354	
CASH AND CASH EQUIVALENTS	842,685		770,247	
TOTAL CURRENT ASSETS	1,987,311		2,013,467	
Non-current assets held for sale	-		1,055	
TOTAL ASSETS	3,528,433		3,553,572	

APPENDIX 3

Transactions and balances with related parties

NET EQUITY AND LIABILITIES (€/000)	30.06.2023	of which with related parties	31.12.2022	of which with related parties
NET EQUITY				
GROUP PORTION OF NET EQUITY	1,639,215		1,659,117	
- Share Capital	226,590		226,590	
- Reserves	1,329,939		1,255,099	
- Profit (loss) pertaining to the Group	82,686		177,428	
MINORITY INTEREST	-		4,274	
TOTAL NET EQUITY	1,639,215		1,663,391	
NON-CURRENT LIABILITIES				
FINANCIAL PAYABLES	719,492		773,968	
- Banks loans and borrowings (long-term portion)	435,521		477,582	
- Other financial payables (long-term portion)	214,577		236,026	
- Lease liabilities (long-term portion)	69,394	16,476	60,360	18,070
DEFERRED TAX LIABILITIES	71,295		83,254	
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES	109,089		110,699	
- Employee benefits	41,656		38,532	
- Other provisions	67,433		72,167	
TOTAL NON-CURRENT LIABILITIES	899,876		967,921	
CURRENT LIABILITIES				
TRADE PAYABLES	634,549	12,013	540,687	13,392
FINANCIAL PAYABLES	180,023		190,476	
- Banks loans and borrowings (short-term portion)	89,270		91,510	
- Other financial payables (short-term portion)	71,382		78,502	
- Lease liabilities (short-term portion)	19,371	3,177	20,464	3,513
CURRENT TAX LIABILITIES	59,644	15,288	76,264	47,984
OTHER PAYABLES	115,126		114,967	
TOTAL CURRENT LIABILITIES	989,342		922,394	
TOTAL NET EQUITY AND LIABILITIES	3,528,433		3,553,706	

APPENDIX 3

Transactions and balances with related parties

Summary by company

In compliance with the guidelines and methods for identifying significant transactions, especially those with related parties covered by the De' Longhi S.p.A. rules on corporate governance, we shall now present the following information concerning related party transactions during 2023 and related balances with mainly commercial nature at 30 June 2023:

(€/million)	Revenues	Costs	Financial Income (Expense)	Trade and other receivables	Trade and other payables	Financial payables - IFRS 16
Related companies:						
TCL-De'Longhi Home Appliances (Zhongshan) Co.Ltd.	-	1.9	-	-	1.9	-
NPE S.r.l.	0.1	22.0	-	0.5	10.1	-
Gamma S.r.l.	0.5	0.3	(0.1)	1.3	-	19.7
De Longhi Industrial S.A.	-	-	-	-	15.3	-
Other related parties	0.3	-	-	0.1	-	-
TOTAL RELATED PARTIES	0.9	24.2	(0.1)	1.9	27.3	19.7

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 adhered to the national tax consolidation regime (Presidential Decree. n. 917/1986 – "TUIR" - articles 117 through 129, and Decree of 1st March 2018), as part of a tax group formed by De Longhi Industrial S.A.; the agreement entered into covers the three-year period 2022-2024 and may be renewed. The €15.3 million included in tax payables is comprised of the taxes payable by the members of the tax group through De Longhi Industrial S.A..

APPENDIX 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.**

The undersigned Fabio de' Longhi, 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 consolidated financial statements during the first half of 2023:

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

It is also certified that the consolidated financial statements at 30 June 2023:

- 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 and with the measures implementing art. 9 of Decree 38/2005;
- 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.

The report on operations contains a reliable account of performance and of the results of operations and of the situation of the issuer and the Group of companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Fabio de' Longhi
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 2023, 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 the international accounting standard 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.

PricewaterhouseCoopers SpA

Sede legale: **Milano** 20145 Piazza Tre Torri 2 Tel. 02 77851 Fax 02 7785240 Capitale Sociale Euro 6.890.000,00 i.v. C.F. e P.IVA e Reg. Imprese Milano Monza Brianza Lodi 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 071 2132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 080 5640211 - **Bergamo** 24121 Largo Belotti 5 Tel. 035 229691 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 051 6186211 - **Brescia** 25121 Viale Duca d'Aosta 28 Tel. 030 3697501 - **Catania** 95129 Corso Italia 302 Tel. 095 7532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 055 2482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 010 29041 - **Napoli** 80121 Via dei Mille 16 Tel. 081 36181 - **Padova** 35138 Via Vicenza 4 Tel. 049 873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091 349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521 275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 085 4545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06 570251 - **Torino** 10122 Corso Palestro 10 Tel. 011 556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461 237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422 696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 040 3480781 - **Udine** 33100 Via Poscolle 43 Tel. 0432 25789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332 285039 - **Verona** 37135 Via Francia 21/C Tel. 045 8263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444 393311



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 2023 are not prepared, in all material respects, in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Treviso, 1 August 2023

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

De' Longhi S.p.A.

Registered office: Via L. Seitz, 47 – 31100 Treviso
Share capital: EUR 226,590,000 (subscribed and paid-in)
Tax ID and Company Register no.: 11570840154
Treviso Chamber of Commerce no.: 224758
VAT no.: 03162730265