

Interim financial report at 30 September

2023



DēLonghi Group

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)	3rd Quarter 2023	%	3rd Quarter 2022	%	Change	Change %
Revenues	706.6	100.0%	683.8	100.0%	22.8	3.3%
<i>Revenues at constant exchange rates</i>	<i>738.0</i>	<i>100.0%</i>	<i>682.7</i>	<i>100.0%</i>	<i>55.3</i>	<i>8.1%</i>
Net industrial margin	346.1	49.0%	319.4	46.7%	26.7	8.4%
EBITDA before non-recurring items/stock option costs	105.0	14.9%	62.9	9.2%	42.1	66.9%
EBITDA	101.9	14.4%	67.2	9.8%	34.6	51.5%
EBIT	74.7	10.6%	40.9	6.0%	33.8	82.8%
Profit (loss) pertaining to the Group	59.5	8.4%	27.7	4.1%	31.7	114.4%

(€/million)	30.09.2023	%	30.09.2022	%	Change	Change %
Revenues	1,997.8	100.0%	2,128.7	100.0%	(130.8)	(6.1%)
<i>Revenues at constant exchange rates</i>	<i>2,037.3</i>	<i>100.0%</i>	<i>2,126.1</i>	<i>100.0%</i>	<i>(88.8)</i>	<i>(4.2%)</i>
Net industrial margin	986.2	49.4%	1,015.5	47.7%	(29.3)	(2.9%)
EBITDA before non-recurring items/stock option costs	265.1	13.3%	212.0	10.0%	53.1	25.1%
EBITDA	260.9	13.1%	217.8	10.2%	43.1	19.8%
EBIT	182.8	9.2%	141.2	6.6%	41.7	29.5%
Profit (loss) pertaining to the Group	142.2	7.1%	99.4	4.7%	42.7	43.0%

Statement of financial position

(€/million)	30.09.2023	30.09.2022	31.12.2022
Net working capital	140.0	337.3	142.9
Net operative working capital	259.3	472.7	288.8
Net operative working capital/Revenues	8.6%	14.8%	9.1%
Net capital employed	1,393.9	1,619.2	1,364.6
Net financial assets	326.0	28.8	298.8
of which:			
- net bank financial position	411.3	115.9	389.5
- other financial receivables/(payables)	(85.4)	(87.1)	(90.7)
Net equity	1,719.9	1,648.0	1,663.4

Introduction and definitions

This report contains the unaudited consolidated results at 30 September 2023.

The financial results as of 30 September 2023 are published in accordance to the decision of the Board of Directors that determined to continue to approve and publish the interim reports within the terms and in the manner usually adopted by the Company, on a voluntary basis and in addition to the annual and half-year financial reports as per article 154-ter, paragraph 1 and 2 of Legislative Decree n. 58/1998 ("TUF").

The adopted communication policy, until a different determination by the Board of Directors, stipulates that the content of the interim reports shall be the same published in the past and it refers, in particular, to financial year 2022.

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.

Performance review

Positive results in terms of sales, margins and cash generation were posted in the third quarter of 2023. The inversion of the trend, already seen in prior months and attested to in the half-year report, gained further momentum demonstrating the Group's ability to react in what is still a complex market characterized by inflation and unstable financial markets.

Revenues amounted to €706.6 million in the third quarter, an increase of 3.3% with respect to the same period of 2022. The performance was impacted by a negative exchange effect, net of which growth would have reached 8.1%.

The positive dynamics of the second and third quarters helped to bring revenues to €1,997.8 million in the nine-month reporting period and limit the decrease to 6.1% (-4.2% at constant exchange rates).

In addition to the exogenous factors mentioned above, the performance was also impacted by the Group's strategic decision to exit the portable air conditioning market in the United States. Net of this discontinuity, revenues would have been €70.2 million or 3.4% lower in the first nine months of the year.

While the pace varied, the positive trend was seen across all the Group's commercial areas which, with the sole exception of MEIA, recorded revenues in the third quarter which were higher than in the same period of 2022 at constant exchange rates.

Third quarter revenues in Europe were 6.4% higher than in the same period of 2022, coming in at €423.6 million; sales dropped 2.9% in the nine-month period to €1,207.8 million.

Americas, which was impacted by the exit from portable air conditioning, benefitted from the positive results of the coffee segment and personal blenders. Revenues rose 6.2% to €137.4 million in the third quarter (+13.8% at constant exchange rates), while revenues for the nine-month period came to €363.3 million (-13.2%). Net of the discontinuity above, the region's revenues would have increased by 10.5% in the quarter and 1.6% in the first nine months of the year.

In Asia Pacific revenues, which amounted to €101.5 million in the third quarter (-5.5%) and €296.7 million in the first nine months (-4.6%), were affected by a negative exchange effect net of which revenues would have increased 2.5% in the third quarter and 1.2% in the nine-month period.

MEIA recorded revenues of €44.2 million in the third quarter (-9.8% at current exchange rates, -2.3% at constant exchange rates), while in the nine-month period revenues fell 16.0% to €130.0 million due mainly to a lackluster food preparation segment which was impacted by the continuation of restrictions on imports in the Egyptian market and geopolitical tensions in a few markets.

Looking at the business lines, in the third quarter there was an increase in the sale of coffee, specifically the fully automatic and Nespresso platform machines with an almost complete recovery of the weakness recorded in the first few months of the year. The business line benefitted from the launch of an innovative bean to cup machine for drip coffee (True Brew) introduced in the second quarter on the American market. The Eversys brand professional coffee machines recorded a noticeable increase in revenues in both the quarter and the first nine months, consistent with the projections used in the growth and development plan.

The cooking and food preparation segment reported good growth thanks above all to the sale of Nutribullet brand personal blenders, which accelerated in the second and third quarters.

While the contraction recorded in the first months of the year was reduced significantly, kitchen machines continued to suffer from weak demand and was impacted by the presence of a number of generic, lower end products.

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

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

There was marked improvement in margins thanks to lower production and supply chain costs, the latter benefitted from both a decrease in unit freight costs and lower inventories, as well as the containment of operating costs. The increase in the sale of the high-margin Eversys and Nutribullet brand products also had a very positive impact.

The Group continued to pursue its strategy to invest in advertising and promotional initiatives in order to support the main brands and products.

The amount spent on advertising was down in the first nine months and the quarter as a result of the steps taken to rationalize activities and improve efficiency, as well the different timing of the campaigns. The communication campaign for coffee "Perfetto" continued and the collaborations with Group ambassadors were renewed which resulted in the launch of a few more initiatives as part of a new three-year partnership.

EBITDA before non-recurring income (expenses)/stock option costs came to €105.0 million (14.9% of revenues) in the third quarter of 2023, showing strong acceleration compared to the same period of 2022 (€62.9 million, 9.2% of revenues), and to €265.1 million (13.3% of revenues) in the first nine months of 2023 which was again higher both numerically and as a percentage of revenues compared to the same period of 2022 (€212.0 million or 10.0% of revenue).

The Group's portion of net profit came to €59.5 million (8.4% of revenues) in the third quarter (€27.7 million or 4.1% of revenues in 2022) and to €142.2 million (7.1% of revenues) in the first nine months of 2023 (€99.4 million or 4.7% of revenues in nine months 2022).

Looking at the balance sheet, there was a decided decline in operating working capital both numerically (€259.3 million versus €472.7 million at 30 September 2022 and €288.8 million at 31 December 2022) and as a percentage of rolling revenues (8.6% versus 14.8% at 30 September 2022 and 9.1% at 31 December 2022). The inventory was higher than at year-end, in line with forecasts made in light of the sales projections for the last quarter and trade payables increased as a result of the acceleration in purchasing.

There was strong cash generation in both the nine-month and twelve-month periods.

The net financial position with banks came to €411.3 million at 30 September 2023 (€115.9 million at 30 September 2022 and €389.5 million at 31 December 2022) thanks to the operating cash flow generated and containment of working capital in both the nine- and twelve-month periods.

More in detail, operating cash flow and movements in working capital were positive for €188.2 million in the first nine months of the year (versus a negative €158.7 million in the first nine months of 2022) and reached €498.8 million in the twelve-month period, showing decided improvement compared to the same period of 2022 (€74.3 million).

Group results

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

(€/million)	30.09.2023	% revenues	30.09.2022	% revenues
Revenues	1,997.8	100.0%	2,128.7	100.0%
<i>Change</i>	<i>(130.8)</i>	<i>(6.1%)</i>		
Materials consumed & other production costs (production services and payroll costs)	(1,011.6)	(50.6%)	(1,113.1)	(52.3%)
Net industrial margin	986.2	49.4%	1,015.5	47.7%
Services and other operating expenses	(528.2)	(26.4%)	(618.0)	(29.0%)
Payroll (non-production)	(192.9)	(9.7%)	(185.6)	(8.7%)
EBITDA before non-recurring items/stock option plan	265.1	13.3%	212.0	10.0%
<i>Change</i>	<i>53.1</i>	<i>25.1%</i>		
Non-recurring income (expenses)/(stock option costs)	(4.2)	(0.2%)	5.8	0.3%
EBITDA	260.9	13.1%	217.8	10.2%
Amortization	(78.1)	(3.9%)	(76.6)	(3.6%)
EBIT	182.8	9.2%	141.2	6.6%
<i>Change</i>	<i>41.7</i>	<i>29.5%</i>		
Net financial income (expenses)	(1.1)	(0.1%)	(7.8)	(0.4%)
Profit (loss) before taxes	181.7	9.1%	133.4	6.3%
Taxes	(39.5)	(2.0%)	(32.3)	(1.5%)
Net result	142.2	7.1%	101.1	4.8%
Minority interests	-	0.0%	1.7	0.1%
Profit (loss) pertaining to the Group	142.2	7.1%	99.4	4.7%

Revenues

Revenues rose 3.3% in the third quarter of 2023 to €706.6 million (+8.1% at constant exchange rates).

This recovery, combined with the positive dynamics already seen in the second quarter, made it possible to record revenues of €1,997.8 million in the nine-month reporting period, a drop of 6.1% against the comparison period (-4.2% at constant exchange rates) which attests to the Group's ability to react in a complex environment.

Overall, sales in the first nine months of the year were impacted by highly volatile demand and the cautious approach of distributors, as well as the Group's strategic decision to exit the portable air conditioning market in the United States.

More in detail, net of this discontinuity, revenues would have increased by 4.1% in the third quarter and the decrease in the nine-month period would have fallen to 3.4%.

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)	3rd Quarter 2023	%	3rd Quarter 2022	%	Change	Change %	Change at constant exchange rates %
Europe	423.6	59.9%	398.2	58.2%	25.4	6.4%	9.0%
USA and Canada	137.4	19.4%	129.3	18.9%	8.1	6.2%	13.8%
Asia Pacific	101.5	14.4%	107.4	15.7%	(6.0)	(5.5%)	2.5%
MEIA	44.2	6.3%	48.9	7.2%	(4.8)	(9.8%)	(2.3%)
Total revenues	706.6	100.0%	683.8	100.0%	22.8	3.3%	8.1%

(€/million)	30.09.2023	%	30.09.2022	%	Change	Change %	Change at constant exchange rates %
Europe	1,207.8	60.5%	1,244.5	58.5%	(36.7)	(2.9%)	(1.9%)
USA and Canada	363.3	18.2%	418.5	19.7%	(55.2)	(13.2%)	(11.5%)
Asia Pacific	296.7	14.9%	310.9	14.6%	(14.2)	(4.6%)	1.2%
MEIA	130.0	6.4%	154.7	7.2%	(24.7)	(16.0%)	(13.7%)
Total revenues	1,997.8	100.0%	2,128.7	100.0%	(130.8)	(6.1%)	(4.2%)

Revenues in **Europe** reached €423.6 million in the third quarter, an increase of 6.4% (+9.0% at constant exchange rates) compared to the same period 2022. The positive trend, begun in the second quarter, offset the general weakness reported at the beginning of the year and brought revenues to €1,207.8 million in the first nine months, down slightly against the prior year (-2.9%).

Positive results were recorded in Germany in the quarter, thanks to the good sales performance of coffee products and the recovery of kitchen machines. France benefitted from the higher coffee machine sales and a good air conditioning season.

In the United Kingdom, revenues were positive in both the three- and nine-month periods, despite the impact of kitchen machines, thanks to the good performance of coffee, personal blenders and the other food preparation appliances, as well as comfort.

Americas reported revenues of €137.4 million (+6.2%, +13.8% at constant exchange rates) in the third quarter and €363.3 million (-13.2%, -11.5% at constant exchange rates) in the nine-month period.

The United States was impacted significantly by the discontinuity in portable air conditioners commented on already. Net of the latter, revenues would have increased 10.5% in the quarter and 1.6% in the nine-month period. The positive results stem from the Nutribullet brand blenders, which showed strong growth in the quarter, and the launch of a new, innovative bean to cup machine for drip coffee (True Brew).

Revenues in **Asia Pacific** were impacted by a decidedly adverse exchange effect. In the third quarter of 2023 revenues amounted to €101.5 million (-5.5%, or +2.5% at constant exchange rates); in the first nine months revenues came to €296.7 million (-4.6%), up 1.2% against the same period of 2022 at constant exchange rates.

Solid growth was recorded in China and Hong Kong in both the nine-month period and in the third quarter. This performance compensated for the weak sales recorded in Japan and Australia/New Zealand which were impacted by an adverse exchange effect. The latter was also subject to a particularly challenging comparison with the prior year when double-digit growth in sales was recorded, above all for coffee products.

In the third quarter revenues amounted to €44.2 million in **MEIA**, a decrease of 9.8% compared to the same period of 2022 attributable to a particularly adverse exchange effect (-2.3% at constant exchange rates). Revenues in the first nine months of the year fell 16.0% to €130.0 million due mainly to a lackluster food preparation segment which was impacted by the continuation of restrictions on imports in the Egyptian market and geopolitical tensions in a few markets.

Looking at the business lines, after the clear reversal in the trend of the first few months of the year already observed in the second quarter, coffee products continued to report positive growth 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 also had a positive impact. In the quarter there was also good growth in sales for Nespresso platform products.

The Eversys brand professional coffee machines confirmed their good results with solid growth in both sales and profitability in the quarter and the first nine months, consistent with the projections used in the growth and development plan.

The cooking and food preparation segment was characterized by positive signals, above all in the third quarter, for a few product categories. More in detail, after the market contraction recorded in 2022, in 2023 personal blenders recorded robust growth due to the good sales and profitability of the Nutribullet brand products which respond to the growing focus on wellbeing and healthy eating.

While the decline recorded in the first few months of the year was reduced significantly, the kitchen machines segment continued to face weak demand.

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

In the third quarter sales for irons and home care products posted double-digit growth after a reversal of the trend recorded in the first few months of the year.

Profitability

In the third quarter of 2023 the recovery in margins already recorded in prior months continued. Thanks to greater and more consistent production programming, manufacturing costs were lower as were supply chain costs due, in part, to lower inventory and operating costs. The exchange effect had a negative impact on the results for both the quarter and the nine-month period.

The Group continued to invest in advertising and promotional initiatives in order to support the main brands and products. The communication campaign for coffee “Perfetto” continued, as did the collaboration with Group ambassadors in order to develop other initiatives as part of a new three-year partnership. The amount spent on advertising, however, was down in the first nine months as a result of the steps taken to rationalize activities and improve efficiency, as well as the different timing of the campaigns.

In the third quarter of 2023 the net industrial margin came to €346.1 million, or 49% of revenues, higher than in the same period of 2022 (€319.4 million, 46.7% of revenues). The net industrial margin amounted to €986.2 million or 49.4% of revenues in the first nine months of the year (€1,015.5 million or 47.7% of revenues in the same period of 2022).

EBITDA before non-recurring income (expenses)/stock option costs came to €105.0 million (14.9% of revenues) in the third quarter of 2023, higher both numerically and as a percentage of revenues compared to the same period of 2022 (€62.9 million or 9.2% of revenue). EBITDA before non-recurring income (expenses)/stock option costs also improved in the first nine months, coming in at €265.1 million or 13.3% of revenues (versus €212.0 million or 10.0% of revenues in 2022).

In the first nine months of 2023 a few non-recurring expenses were recognized which amounted to €3.7 million (versus net gains of €6.0 million in the same period of 2022).

The Group also recognized €0.5 million in notional stock option costs in the reporting period (versus €0.2 million in 2022).

Amortization and depreciation amounted to €27.2 million in the third quarter of 2023 and to €78.1 million in the first nine months, slightly higher than the figure recorded in the first nine months of 2022 (€76.6 million) due to the recent investments in fixed assets.

In the third quarter of 2023 EBIT amounted to €74.7 million (10.6% of revenues); in the first nine months EBIT came to €182.8 million or 9.2% of revenues (vs. €141.2 million in the same period of 2022).

Financial expenses came to €1.1 million, lower than in the first nine months of 2022 (€7.8 million), thanks to careful investing of liquidity and effective currency management.

After taxes of €39.5 million (€32.3 million in the first nine months of 2022) and minority interests, the Group's portion of net profit came to €142.2 million.

Review of the statement of financial position

The reclassified consolidated statement of financial position is presented below:

(€/million)	30.09.2023	30.09.2022	31.12.2022
- Intangible assets	889.7	939.7	891.2
- Property, plant and equipment	461.9	450.2	448.1
- Financial assets	10.3	12.6	11.7
- Deferred tax assets	73.8	82.6	64.6
Non-current assets	1,435.7	1,485.1	1,415.6
- Inventories	730.2	892.1	550.7
- Trade receivables	203.0	158.0	278.8
- Trade payables	(673.9)	(577.3)	(540.7)
- Other payables (net of receivables)	(119.3)	(135.4)	(145.8)
Net working capital	140.0	337.3	142.9
Total non-current liabilities and provisions	(181.8)	(203.3)	(194.0)
Net capital employed	1,393.9	1,619.2	1,364.6
(Net financial assets)	(326.0)	(28.8)	(298.8)
Total net equity	1,719.9	1,648.0	1,663.4
Total net debt and equity	1,393.9	1,619.2	1,364.6

In the first nine months of 2023, the Group made net investments of €88.0 million (versus €126.5 million in the first nine months of 2022 which included the circa €21 million spent on the purchase of the new plant in Romania), relating mainly to improvements made in order to increase the capacity of the production facilities.

Net operating working capital was lower both numerically (€259.3 million versus €472.7 million at 30 September 2022 and €288.8 million at 31 December 2022) and as a percentage of rolling revenues (8.6% versus 14.8% at 30 September 2022 and 9.1% at 31 December 2022).

Inventory was higher at 30 September 2023 than at year-end 2022, due to the stock accumulated to support seasonality in the coming months, but much lower than at 30 September 2022. The balance of trade payables was higher, consistent with increased procurement, while the change in trade receivables reflects the acceleration in sales recorded in the last few months.

Net working capital amounted to €140.0 million at 30 September 2023 (€337.3 million at 30 September 2022; €142.9 million at 31 December 2022).

Details of the net financial position are shown below:

(€/million)	30.09.2023	30.09.2022	31.12.2022
Cash and cash equivalents	864.7	655.2	770.2
Other financial receivables	257.8	305.7	368.4
Current financial debt	(299.3)	(245.4)	(190.5)
Net current financial position	823.2	715.5	948.1
Non-current financial receivables and assets	123.8	123.8	124.6
Non-current financial debt	(621.0)	(810.5)	(774.0)
Non-current net financial debt	(497.2)	(686.7)	(649.3)
Total net financial position	326.0	28.8	298.8
<i>of which:</i>			
- <i>positions with banks and other financial payables</i>	411.3	115.9	389.5
- <i>lease liabilities</i>	(91.7)	(81.2)	(80.5)
- <i>other financial non-bank assets/liabilities (fair value of derivatives, financial debt connected to business combinations and pension fund)</i>	6.4	(5.9)	(10.2)

The net financial position came to a positive €326.0 million at 30 September 2023 (€28.8 million at 30 September 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 €411.3 million (€115.9 million at 30 September 2022; €389.5 million at 31 December 2022) and rose €21.9 million in the nine-month period (€295.4 million in the twelve months). Net of the dividends paid, the net financial position with banks was €93.9 million higher in the nine-month period (€367.5 million in the twelve months).

The cash flow statement for the year is summarised as follows:

(€/million)	30.09.2023 9 months	30.09.2022 9 months	31.12.2022 12 months
Cash flow by current operations	263.4	207.5	340.0
Cash flow by changes in working capital	(75.3)	(366.2)	(188.0)
Cash flow by current operations and changes in NWC	188.2	(158.7)	151.9
Cash flow by investment activities	(88.0)	(126.5)	(156.2)
Cash flow by operating activities	100.2	(285.2)	(4.3)
Dividends paid	(72.1)	(124.5)	(124.5)
Stock options exercise	3.4	-	3.4
Cash flow by other changes in net equity	(4.3)	13.4	(0.9)
Cash flow generated (absorbed) by changes in net equity	(73.0)	(111.1)	(122.0)
Cash flow for the period	27.2	(396.3)	(126.3)
Opening net financial position	298.8	425.1	425.1
Closing net financial position	326.0	28.8	298.8

The good generation of operating cash flow and the containment of working capital resulted in positive cash flow in the nine-month period of €188.2 million (negative for €158.7 million in the same period of 2022). In the twelve months operating cash flow and movements in working capital amounted to €498.8 million, a noticeable improvement compared to both the same period in 2022 (€74.3 million) and the year (negative for €4.3 million).

Total cash flow was positive for €27.2 million in the first nine months of 2023 after the payment of €72.1 million in dividends (negative for €396.3 million in the same period of 2022).

Cash generation was robust in the twelve-month period (€297.2 million), while in 2022 net cash absorption was recorded in the nine-month period (€187.3 million) and in the year (€126.3 million).

The statement of comprehensive income is shown below:

(€/million)	30.09.2023	30.09.2022
Net result	142.2	101.1
Other components of comprehensive income	(17.6)	100.5
Total comprehensive income	124.7	201.7
<i>Pertaining to:</i>		
<i>minority</i>	124.6	200.1
<i>Pertaining to:</i>	0.1	1.6

The main changes in net equity with reference to the consolidated figures in the nine months are summarised as follows:

(€/million)	Group portion of net equity	-	Total net equity
Balance at 1 January 2022	1,568.6	2.0	1,570.6
Fair value stock option	0.2	-	0.2
Dividends paid	(124.5)	-	(124.5)
Total comprehensive income	200.1	1.6	201.7
Balance at 30 September 2022	1,644.4	3.6	1,648.0

(€/million)	Group portion of net equity	-	Total net equity
Balance at 1 January 2023	1,659.1	4.3	1,663.4
Fair value stock option	0.5	-	0.5
Stock options exercise	3.4	-	3.4
Dividends paid	(72.1)	-	(72.1)
Other changes in shareholders interests	4.3	(4.3)	-
Total comprehensive income	124.6	0.1	124.7
Balance at 30 September 2023	1,720.8	-	1,720.8

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.

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.

Treasury shares

On 21 April 2023, the Annual General Meeting resolved to renew – by revoking the previous resolution– the authorisation for the purchase and disposal of treasury shares up to a maximum of 14.5 million ordinary shares and, therefore, not exceeding one fifth of the share capital, also taking into account any shares held by the parent company De' Longhi S.p.A. and by its subsidiaries.

The authorisation was approved, in accordance with current provisions of law, for a maximum of 18 months (and, therefore, until 21 October 2024).

At 30 September 2023 the Group, through the parent company De' Longhi S.p.A., held 695,650 treasury shares for a total of €11,292 thousand; the change compared to 31 December 2023 is due to the exercise of options under the "2020-2027 Stock Option Plan" through the assignment of 199,700 shares previously purchased to service the plan itself.

Subsequent events

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

Outlook

The excellent results of the quarter allow the Group to look with extreme confidence to this phase of gradual normalization of the growth and profitability trends of the post-pandemic period. In particular, in recent months, De' Longhi has achieved strong organic growth and an EBITDA at record levels, progressively offsetting the negative effects of inflationary pressures on production costs and consumption.

Aware of the complexity of the current macroeconomic and geopolitical scenario, the Group trusts in its ability to overcome the challenges that this context presents and to exploit the development potential offered by coffee and Nutribullet's nutrition segments, thanks to the renewed commitment to invest in communication and innovation and also supported by the new "Perfetto" and "Nutribullet: it's that simple" campaigns being launched in these current weeks.

Having said that, in light of the dynamics of progressive recovery of profitability, the management look at the targets for the year with optimism. In particular, while confirming the estimate of slightly decreasing revenues, it was decided to raise the guidance on EBITDA before non recurring items for the year.

Treviso, 9 November 2023

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

Fabio de'Longhi

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

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

Treviso, 9 November 2023

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

Stefano Biella

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

De' Longhi S.p.A.

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

Share capital: EUR 226,590,000 (subscribed and paid-in)

Tax ID and Company Register no.: 11570840154

Treviso Chamber of Commerce no.: 224758

VAT no.: 03162730265