

SUMMARY

01	DE' LONGHI GROUP	3	04	REPORT ON OPERATIONS ON SEPARATE FINANCIAL STATEMENTS	212
02	REPORT ON OPERATIONS	18	05	SEPARATE ANNUAL REPORT AND FINANCIAL STATEMENTS	229
	Performance review	19		De' Longhi S.p.A. - Separate financial statements:	229
	Report on corporate governance and ownership structure	32		• Income statement	230
	Sustainability Reporting	42		• Statement of comprehensive income	231
	Other information	131		• Statement of financial position	232
				• Statement of cash flow	234
				• Statement of changes in net equity	235
03	GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS	136		Explanatory notes	236
	Consolidated Financial statements:	136		External auditors' report on the separate financial statements	274
	• Consolidated income statement	137			
	• Consolidated statement of comprehensive income	138			
	• Consolidated statement of financial position	139			
	• Consolidated statement of cash flows	141			
	• Consolidated statement of changes in net equity	142			
	Explanatory notes	143			
	External auditors' report on the consolidated financial statement	199			
	External auditors' report on the Sustainability Report	207			

The Annual report at 31 December 2024 has been translated from the Italian original solely for the convenience of international readers. The Italian version shall always prevail in case of any discrepancy or inconsistency between Italian version and its English translation.

Courtesy copy.

This version has been prepared for convenience of use and does not contain the ESEF information as specified in the ESEF regulatory technical standards (Delegated Regulation (EU) 2019/815).

The legally required ESEF-format is published and filed in Italian language in accordance to the Law.

01

THE DE' LONGHI
GROUP



Our vision,
our mission,
our values



€3.5
billion

Total revenues
in 2024



+120

Countries of
distribution



+10_k
employees

Worldwide, on
average in 2024



7
iconic brands

**Worldwide, Every Day,
by your Side**

A desirable **object**, An **emotion**,
An **authentic experience**,

To be **lived**, To be **shared**.

The De'Longhi Group is the **global leader** of the **coffee** machines market, with a strong presence in both the domestic and professional segments.

The Group is also one of the main global players in the small appliances for **nutrition**, **air treatment** and **home care**.

For more than **50 years**, the Group has designed and created unique products which are found in the homes of millions of people.

Every day, worldwide, **more than 10,000 people** are committed to finding innovative solutions and creating products, which make it possible to live special experiences and authentic moments.

We believe
in shaping the world
with **our hands**.





The Group, whose main headquarters are in Treviso (Italy), is present worldwide thanks to the direct commercial branches and a network of distributors serving over **120 markets**; the Group also has research and development centers, as well as a few stores. In terms of manufacturing, the Group has 6 manufacturing plants dedicated to the household segment, in Italy (1), Romania (3), China (2) and 3 plants dedicated to the professional business in Italy (2) and Switzerland (1).

The Group aims to strengthen its global leadership, reaching consumers worldwide with superior solutions for design, quality and technology.

The strong points that the Group can count on to achieve these goals include a portfolio comprised of strong, unique and diversified brands, the ability to see the new market trends, an extensive global reach, as well as the diversity and talent of its people.

The Group's values reflect who we are, our character, and our way of being and working. They are ideals that guide the Group's operations through the day-to-day work of its people and their projects.

The Group has its roots in the early 1900s when the de' Longhi family founded a workshop for the production of industrial components; over the years it became a manufacturer of finished goods for third parties; in 1974 the first De' Longhi brand appliance was launched, marking the beginning of the Group's history.

Known initially as a manufacturer of portable electric heaters and air conditioners, over the years the Company increased the range of products produced.



Our values

- Heritage
- Passion
- Respect
- Competence
- Ambition
- Teamwork
- Courage

The business model



We design **products** and **experiences**

Each product is born out of research, development, and engineering involving our technical units as well as the Marketing and Design divisions.

After defining the solution, the Group purchases the required raw materials and inputs.



Reaching **customers** and **consumers**

The products are shipped from the sourcing centers and logistics hubs to the various warehouses and then distributed across the Group's entire sales network.



From **raw materials** to **products**

The purchased raw materials and components are shipped to the Group's production sites and to the partners that manufacture and assemble the products. The process is structured around specialized centers where a specific product is always manufactured inside the same plant.



Test after test, **quality** and **safety**

At the end of the manufacturing process all products, including the solutions made by the partners that supply finished products, are tested to guarantee the highest safety and quality standards.

Household division

Today, the Group offers a range of small domestic appliances for the preparation of coffee, food preparation and cooking, comfort (air conditioning and heating), as well as home care, and operates mainly through the four brands, **De' Longhi**, **Kenwood**, **Braun** and **Ariete**.

More recently, the product range was increased thanks to the acquisition of Capital Brands Holding Inc., an American company active in the personal blenders segment with the **Nutribullet** and Magic Bullet brands.



KENWOOD

The most loved & sought after food preparation brand



BRAUN

Leader in the premium brand segment characterized by high volume "Everyday Home Essentials"



nutribullet.

Leader in the personal blender segment



-Ariete®

Multispecialist providing smart solutions for daily needs with an appealing Italian design



DeLonghi

Global leader in the coffee machines market, comfort and select categories of small appliances for food preparation

Professional division

Lastly, the business combination between the subsidiary **Eversys** and **La Marzocco**, leader in the production and distribution of semi-automatic coffee machines, resulted in the creation of a global leader in the premium professional coffee segment which will create synergies across products, technologies and brands.



Born out of an entrepreneurial spirit, Eversys went from a rapidly growing start-up to a structured company, known worldwide, leader in the fully automatic espresso machines. Its DNA is rooted in innovation, the focus on coffee quality, ease of maintenance and use, and the commitment to finding valid smart solutions for the sector.

As it grew, Eversys strengthened its reputation thanks to its reliability, precise technologies and strategic partnerships with large scale commercial players. At the same time, Eversys continued to be deeply connected to the premium coffee segment, ensuring the highest standards to baristas and coffee roasters.

Eversys is chosen by sector experts because Eversys makes it possible to preserve quality and maximize efficiency.

Eversys is redefining the premium fully automatic coffee machine segment, balancing automation, quality and efficiency.

The Eversys machines are designed to meet the highest qualitative standards, while also guaranteeing high performance, reliability and easy maintenance.

Eversys stands out for:

- the ability to **master uncompromising automation**: Eversys technology guarantees that operators will consistently produce quality espresso, with automation that highlights their abilities;
- the best smart solutions and connectivity in the sector: based on advanced real time data, the Eversys machines reduce inactivity to a minimum, optimize performance and provide customers with unparalleled operational information;
- large scale **reliability** and **ease of maintenance**: designed with a modular structure and quick maintenance procedures, the Eversys machines guarantee the fully automatic sector's lowest maintenance times which reduces costs and downtime;
- **resolution of the global labor shortage**: the lack of personnel and the increase in labor costs impact the coffee industry, but Eversys makes it possible for companies to consistently provide high quality coffee without the need for an on-site expert barista. By automating the preparation of espresso and milk, the Eversys machines allow operators to maintain exceptional coffee standards with minimal training and less personnel;
- **creating a bridge between excellent coffee and commercial growth**: coffee professionals trust Eversys when they expand their businesses in high volume areas, because they know that Eversys will not sacrifice craftsmanship, quality or control.

By combining precision engineering, coffee sector expertise and constant focus on operating efficiency, Eversys is positioned as the go to brand for companies looking for both high quality and high volume, including in a difficult labor market.





Founded in 1927 by Giuseppe and Bruno Bambi, La Marzocco's name comes from Florence's iconic symbol, the lion. La Marzocco has received global recognition for the high quality and design, as well as the great attention to detail, of its espresso coffee machines.

Pioneer in the coffee sector, in 1939 La Marzocco revolutionized the design of espresso coffee machines, by developing and patenting the first machine with a horizontal boiler which became the sector standard.

This marked the beginning of a history of technological improvements, including the introduction of double boilers.

Today La Marzocco is **leader worldwide** in the innovation and design of espresso coffee machines and is the point of reference for the international coffee community. Its machines can be found in the best bars and restaurants around the world and are known for their craftsmanship, reliability and performance.

Rooted in tradition and driven by a never-ending search for **quality**, La Marzocco remains faithful to its artisanal roots. Each machine is made to order, by hand, with qualified specialists supervising each production phase, maintaining the passion and craftsmanship of Giuseppe Bambi after almost a century of operation.

With a global team of more than 800 employees, La Marzocco produces and distributes its products in more than 120 markets through its 11 branches and a network of independent

distributors. Its product range includes traditional commercial espresso coffee machines, domestic high-end machines, coffee grinders and a selection of accessories designed to enhance the coffee experience.

Although rooted in its rich history, La Marzocco continues to push the boundaries of espresso technology, combining artisanal mastery with modern innovation in order to serve coffee professionals and enthusiasts around the world.

La Marzocco is proud of its strong corporate culture which, while rooted in its tradition, encourages the search for quality, excellence and innovation in a family atmosphere.

La Marzocco stands out for:

- its cultivation of the corporate culture and empowering employees so they can become brand ambassadors and key drivers of the company's growth;
- the deep sense of connection, tradition and innovation underlying the creation of special coffee machines worldwide, honoring people, tradition, technology, design and a focus on the sustainability of the business;
- having a big impact on people, with a minimal impact on the environment. Today the promotion of circular economies is more important than ever and La Marzocco is committed to the responsible and sustainable management of its supply chain and product life cycle;
- having grown constantly year after year, developing a dynamic, multi-year strategy which looks to the future, integrating sustainable practices in the company's strategies. A part of the profits is actively reinvested in research and long-term impact.



In 2024 the Group also continued to pursue the gradual integration of issues relating to environmental and social sustainability, as well as governance, in the company's strategy, risk management issues, compensation processes, promoting a systematic and transparent approach, consistent with the standards called for in the Code of Ethics, which is able to guarantee inclusivity, equal opportunity, equity and the lack of any form of discrimination.

As confirmation of the importance of "Sustainable Success", in 2024 the Sustainability Plan was updated and included in the Medium Term Plan 2024-2026, approved by the Board of Directors during the meeting held on 18 January 2024, ("Sustainability Plan"), testimony to the fact that sustainability is one of the key enablers for the De'Longhi Group.

The biggest change in the Sustainability Plan, compared to the prior plan approved by the Board of Directors in July 2022, is the shift in the paradigm which calls for increasing the inclusion of sustainability in company processes through areas of commitment which will drive the Group's strategy over the next view years which include:

- **changing the way the company does business, decarbonizing the processes across the value chain;**
- **incorporating sustainability in products through choices relating to design, materials and production;**
- **promoting the awareness, as well as responsible choices and behaviors, of its people, consumers and communities.**

These areas of commitment will be reflected in the implementation of specific initiatives which were identified as the result of a benchmark analysis of competitors, the requests received from a few external stakeholders, particularly those working along the Group's value chain. All of this contributed to the analysis and subsequent reformulation of the objectives

already achieved or included in the prior plan, the identification of new initiatives and providing additional support through round tables and targeted meetings. This synergic work made it possible to update and define the new qualitative and quantitative targets that the Group set for itself in order to implement its strategy between 2024 and 2026, and beyond.

The implementation of the Sustainability Plan is based on the ongoing and widespread contribution of all company divisions, which increasingly view sustainability as an integral part of the typical operation of their departments. In addition to the contribution of the single divisions, the four pillars ("People", "Product" and "Processes", to which the new pillar "Partners" was added), will drive the ability to achieve the targets included in the sustainability plan.

In 2024, the Group developed different projects focused on achieving the targets included in the Sustainability Plan. These include, for example:

- the further expansion of the capacity to produce electricity from renewable sources. In 2024 the solar energy system, which has an installed capacity of around 3 MW, was completed at the Cluj plant in Romania. This, along with the inclusion of La Marzocco in the scope of consolidation, contributed to a significant increase in the total production of renewable energy which was more than tripled with respect to the prior year, going from 882 MWh to 3,950 MWh;
- adherence to the UNGC (United Nation Global Compact), with a view to sharing, sustaining and applying a group of fundamental principles, relating to human rights, working conditions, environmental protection and the fight against corruption;
- the launch of the DEI program;
- the drafting of the Group Donations Policy;

- the launch of the various activities linked to the voluntary adherence to the SBTi (Science Based Target Initiatives). More in detail, after completing a feasibility study with the support of Deloitte, a plan of action was developed to reduce the Group's CO2 emissions (based on the last available GHG inventory completed in 2023) which aims to define the likelihood that the targets established in the SBTi protocol will be achieved. In December 2024 the Group., therefore, adhered to the SBTi program and as of 13 February 2025 the Group is formally committed to the SBT "Near Term" and "Net zero" targets;
- the completion of the ISO 14067 and PAS2060 "Carbon Neutrality" certifications of the Rivelia coffee machines which is the first domestic coffee machine to have received this certification in the industry;
- the launch of the first line of fully automatic coffee machines, under the "RENOVA" brand which will be sold through the Group's commercial website. This was one of the targets included in the Sustainability Plan and is also an important example of the how deeply committed the Company is to circular economy principles;
- the "Eco-Design Guidelines", developed voluntarily together with Milan's Politecnico, were finalized, These guidelines, which target fully automatic machines, aim to structure the development of new models in accordance with ESG standards;
- the Group, through the subsidiary La Marzocco S.r.l., hosted at the headquarters of *La Accademia del Caffè Espresso* (cultural center focused on promoting espresso coffee which is inside the old La Marzocco factory), the first convention of the IWCA (International Women Coffee Alliance), highlighting its commitment to supporting women active in



the coffee business and its awareness of the topic, including through future initiatives focused on the empowerment of women;

- the Group is continuing with the work connected to the tender of the Ministero dell'Università e della Ricerca (MUR), part of the Piano Nazionale di Ripresa e Resilienza (PNRR) which calls for the creation of at least 12 expanded partnerships, including the Models for Sustainable Nutrition in partnership with the University of Parma. The targets to reach involve: prevention of waste, sustainability and the circular supply chain, improved nutrition and food sustainability in densely populated areas;
- the Group also adhered to the Italian Green New Deal, a nationwide tender focused on eco-friendly and circular transition projects, in which the European production plants are involved in the search for more efficient, low impact solutions;
- in 2023-2024, the Group launched the sponsorship of two PhDs in Sustainable Design offered through the Design Department at Milan's Politecnico; this initiative is consistent with the program to develop and implement "eco-design guidelines", included in the sustainability plan's targets.

Company Officers*

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. On 21 April 2023, following the resignation of Massimo Garavaglia from his position as Chief Executive Officer and General Manager effective 31 August 2022, the Shareholders' Meeting resolved to reduce the number of directors from 12 (twelve) to 11 (eleven) based on the sole proposal submitted by the majority shareholder De Longhi Industrial S.A. for the remainder of the Board's current term and, therefore, through the Shareholders' Meeting convened to approve the 2024 Annual Report. On 28 July 2022, as part of the Succession Plan Policy adopted by De' Longhi S.p.A. in accordance with the Corporate Governance Code and applied subsequent to the resignation of Massimo Garavaglia, the Board of Directors appointed the Vice Chairman Fabio de' Longhi Chief Executive Officer effective as from 1 September 2022, pending the identification of a new top manager. Effective again as from 1 September, Fabio de' Longhi was also identified, pursuant to the Corporate Governance Code, as the Chief Executive Officer charged with the institution and management of De' Longhi S.p.A.'s and the Group's internal control and risk management system. On 22 December 2022, the succession planning ended with the appointment of Nicola Serafin as the new General Manager (effective as from 1 January 2023) and the confirmation of Fabio de' Longhi as Chief Executive Officer.

** Independent directors.

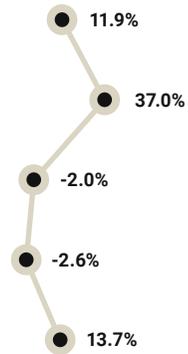
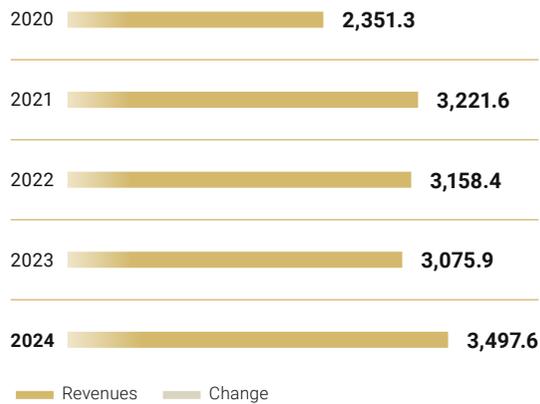
*** Assigned by the shareholders' meeting of 24 April 2018 for the financial years 2019-2027.



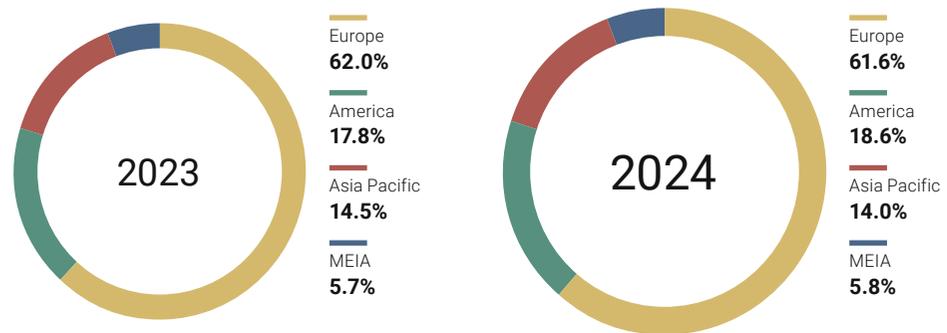
Key performance indicators

2024 Consolidated Revenues

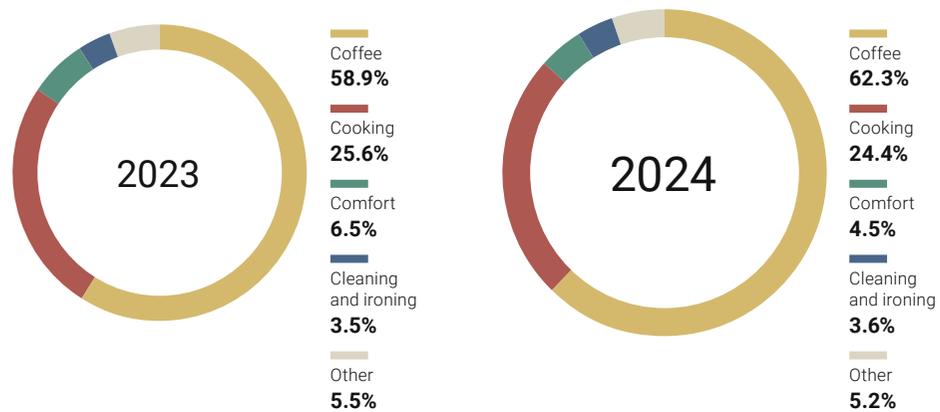
Amounting to 3,497.6 million up by 13.7%



Consolidated revenues by geographical area



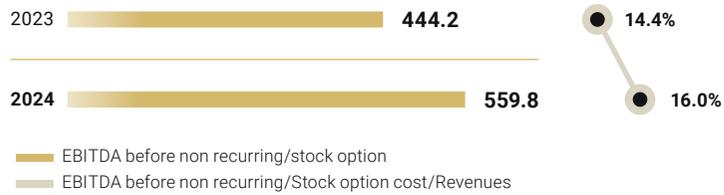
Consolidated revenues by product category



(€/million)

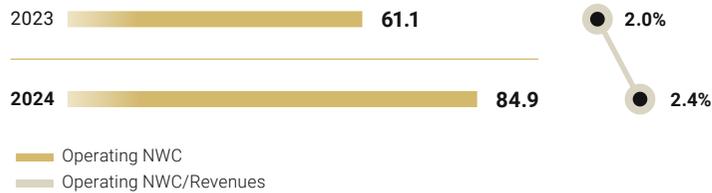
EBITDA non recurring/ stock option

of €559.8 million (16% of revenues)



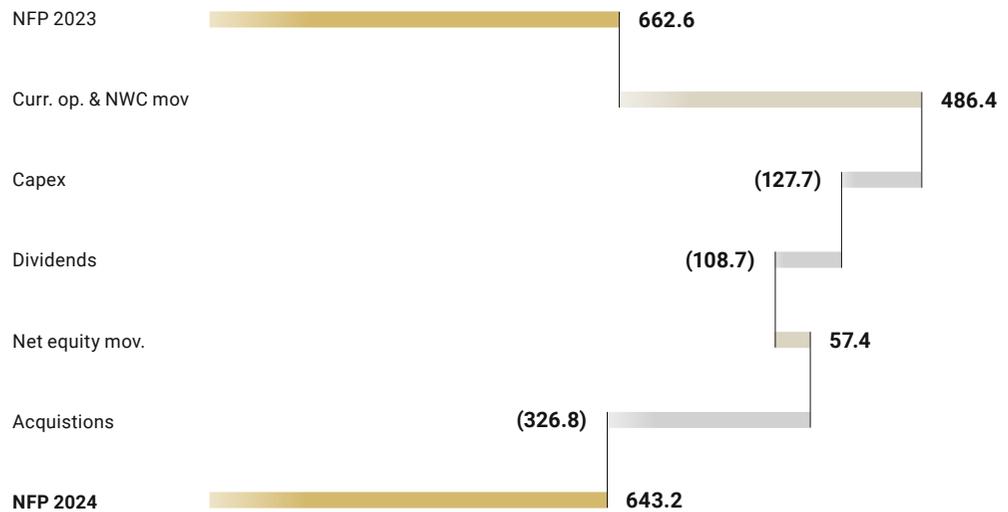
Operating NWC

of €84.9 millions (2.4% of revenues)



NFP

at €643.2 million. Operating cash flow and changes in NWC for € 486.4 million



(€/million)	4th Quarter 2024	%	4th Quarter 2023	%	Change	Change %
Revenues	1,268.3	100.0%	1,078.1	100.0%	190.3	17.6%
<i>Revenues like-for-like</i>	1,197.4	100.0%	1,078.1	100.0%	119.4	11.1%
<i>Revenues like-for-like at constant exchange rates</i>	1,198.7	100.0%	1,076.3	100.0%	122.3	11.4%
Net industrial margin	626.5	49.4%	518.1	48.1%	108.3	20.9%
EBITDA before non-recurring/stock option costs	223.9	17.7%	179.1	16.6%	44.8	25.0%
EBITDA	222.7	17.6%	176.9	16.4%	45.8	25.9%
EBIT	190.0	15.0%	146.8	13.6%	43.2	29.5%
Profit (loss) pertaining to the Group	136.9	10.8%	108.2	10.0%	28.7	26.6%

(€/million)	2024	%	2023	%	Change	Change %
Revenues	3,497.6	100.0%	3,075.9	100.0%	421.7	13.7%
<i>Revenues like-for-like</i>	3,277.6	100.0%	3,075.9	100.0%	201.7	6.6%
<i>Revenues like-for-like at constant exchange rates</i>	3,287.1	100.0%	3,073.5	100.0%	213.6	6.9%
Net industrial margin	1,769.1	50.6%	1,504.3	48.9%	264.8	17.6%
EBITDA before non-recurring/stock option costs	559.8	16.0%	444.2	14.4%	115.5	26.0%
EBITDA	548.4	15.7%	437.8	14.2%	110.6	25.3%
EBIT	430.8	12.3%	329.6	10.7%	101.2	30.7%
Profit (loss) pertaining to the Group	310.7	8.9%	250.4	8.1%	60.4	24.1%

Statement of financial position

(€/million)	31.12.2024	31.12.2023
Net operating working capital	84.9	61.1
Net operating working capital/Revenues	2.4%	2.0%
Net working capital	(96.9)	(82.8)
Net capital employed	1,621.2	1,148.5
Net financial assets	643.2	662.6
of which:		
- net bank financial position	746.1	761.7
- other financial receivables/(payables)	(102.9)	(99.1)
Net equity	2,264.4	1,811.1



Introduction and definitions

The income statement and balance sheet figures commented on reflect the change in the scope of consolidation attributable to the recent La Marzocco Group business combination. The business combination is effective as from 27 February 2024, but the consolidation of financials started on 1 March 2024 since the effect the transactions occurred in the period between the two dates is not material.

Unless stated otherwise, the figures and comments refer to the new configuration of the De' Longhi Group. Where it was deemed useful for the sake of greater comparability, the like-for-like figures, namely excluding La Marzocco, are provided.

As the transaction is the result of a business combination of companies subject to common control, based on

which the parent company reallocated the production assets already controlled and managed within the scope of its consolidation, the figures recognized for the business acquired are those found in the last consolidated annual report approved by the parent company De Longhi Industrial S.A.. For more information refer to the Explanatory Notes.

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.



02

REPORT ON OPERATIONS



Introduction

In 2024 the De'Longhi Group posted a robust increase in revenues, which accelerated in the last quarter, supported by both significant like-for-like growth and the contribution of the La Marzocco business combination which confirms the positive trend seen in the previous quarters of the year. The stabilization of growth dynamics and the efficiency actions taken resulted in improved margins and solid cash flow generation in a complex global market.

The business combination of the subsidiary Eversys and La Marzocco, leader in the production and distribution of semi-automatic coffee machines and coffee grinders, which was finalized in 2024, also laid the foundation for external growth. The business combination represented further acceleration in the De' Longhi Group's growth and diversification strategy which views coffee, both professional and domestic, as one of the main drivers of medium/long-term strategic growth. This transaction gave life to the creation of a pole in the premium professional coffee segment which, thanks to synergies in products, technologies and brands, will reinforce market positioning including with respect to potential future growth and business development opportunities. The consolidation took effect as of from 1 March 2024.

Revenues amounted to €1,268.3 million in the fourth quarter of 2024, an increase of 17.6% compared to the same period of 2023 (€1,078.1 million); like-for-like, revenues were 11.1% higher than in the fourth quarter of 2023, coming in at €1,197.4 million.

Revenues for the full twelve months reached €3,497.6 million, an increase of 13.7% against the €3,075.9 million reported in 2023. Like-for-like revenues would have been 6.6% higher (+6.9% at constant exchange rates) thanks to higher sales volumes and despite a discontinuity in comfort which was impacted by the strategic decision made in the first part of the year to exit the portable air conditioning market in the US.

Looking at geographies, the Group reported positive performances across the board, with the exception of APA, with significant increases in the European countries both in the fourth quarter and in the full year and strong acceleration in the second part of the year in America.

Europe recorded like-for-like revenues of €783.4 million in the fourth quarter and €2,088.1 million in the full year, an increase of 12.0% and 9.5% against the comparison periods, respectively. The performance reflects the contribution of coffee machine sales, particularly fully automatic models, but also Nespresso platform products, in addition to a good performance of handblenders, personal blenders and irons.

Like-for-like revenues in Americas reached €209.9 million in the fourth quarter of 2024 (an increase of 14.3% against 2023) and €579.3 million in the year (an increase of 5.9% against 2023, +6.2% at constant exchange rates). Coffee and personal blenders reported good results, but the area was impacted by the sales performance of comfort products in the first part of the year. Net the comfort segment, revenues in the twelve-month period would be 10.0% higher like-for-like.

Asia Pacific reported like-for-like revenues of €142.8 million in the fourth quarter (-5.3% compared to the same period in 2023, -3.6% at constant exchange rates) and €419.8 million in the twelve-month period (-6.2%). The result reflects the negative exchange effect (at constant exchange rates revenues would have been 4.0% lower than in 2023). The performance benefitted from a recovery in coffee products, but, at the same time, was negatively impacted by unfavorable weather conditions, particularly in Japan.

Lastly, the MEIA countries closed the fourth quarter with like-for-like revenues of €61.3 million, an increase of 38.1% compared to the same period of 2023. This positive trend offset the weakness recorded in the first months of the year and like-for-like revenues were, in fact, 9.2% higher than in 2023, coming in at €190.4 million, despite the regional geopolitical tensions.

Looking at the business lines, positive results were reported in all categories both in the quarter and in the full year, with the exception of comfort (portable air conditioners and heaters), with significant acceleration in nutrition and food preparation in the second part of the year.

Consistent with prior reporting periods, coffee continued to be the main driver of growth; in 2024 coffee accounted for around 62% of the Group's total revenues thanks also to the consolidation of La Marzocco as of 1 March.

The significant expansion of home coffee was supported in both reporting periods by constant growth in the sale of fully automatic machines which benefitted from investments in communication and the launch of innovative design products, as well as Nespresso platform products.



With regard to the professional coffee segment, the La Marzocco and Eversys combination contributed to a significant increase in the revenues of the new perimeter of consolidation.

Nutrition and food preparation reported a positive growth trend, with significant acceleration in the fourth quarter. During the year blenders (including both personal and hand blenders) achieved significant results. Kitchen machines inverted the trend and returned to growth as of the second half of the year.

Comfort was impacted by a delayed start to the air conditioning season in Europe and a mild winter in APA (particularly Japan), as well as the strategic decision to exit the portable air conditioning market in the US.

Irons reported good results, thanks to the good performance of Braun brand traditional irons and ironing systems which benefitted from the launch of new models and targeted investments in media and communications in several markets.

Margins improved due, above all, to higher volumes, a positive mix effect and a reduction in manufacturing costs.

Investments in advertising and promotional initiatives to support the Group's main brands and products continued, particularly to give greater visibility to the launch of new products; the campaign "Perfetto" 2.0 continued with brand ambassadors for the De'Longhi coffee segment.

The Group succeeded in managing and limiting the economic impact of the Red Sea crisis which caused difficulties in supply chain management resulting in longer supply times and higher costs.

EBITDA before non-recurring income (expenses)/stock option costs came to €559.8 (16.0% of revenues) in 2024, higher both numerically and as a percentage of revenue compared to the same period of 2023 (€444.2 million or 14.4% of revenues).

Net the €14.2 million in earnings paid to the minority shareholders, who became part of the shareholder base as a result of the Eversys/La Marzocco business combination, the Group's portion of net profit came to €310.7 million or 8.9% of revenues (€250.4 million, 8.1% of revenues in 2023).

Looking at the balance sheet, net operating working capital was impacted by the La Marzocco business combination, coming in at €84.9 million (2.4% of rolling revenues). Like-for-like net operating working capital showed improvement both numerically (€44.4 million) and as a percentage of rolling revenues (1.4%) versus 31 December 2023 (€6.1 million, 2.0% of rolling revenues).

The net financial position came to €643.2 million at 31 December 2024 (662.6 million at 31 December 2023) after the business combination referred to above and the payment of €435.4 million in dividends.

Net operating cash flow was positive for €358.7 million (€452.1 million in 2023) thanks mainly to good current cash flow generation, after investments of €127.7 million.

Group results

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

(€/million)	2024	% revenues	2023	% revenues
Revenues	3,497.6	100.0%	3,075.9	100.0%
<i>Change</i>	421.7	13.7%		
Materials consumed & other production costs (production services and payroll costs)	(1,728.4)	(49.4%)	(1,571.6)	(51.1%)
Net industrial margin	1,769.1	50.6%	1,504.3	48.9%
Services and other operating expenses	(898.4)	(25.7%)	(801.9)	(26.1%)
Payroll (non-production)	(311.0)	(8.9%)	(258.2)	(8.4%)
EBITDA before non-recurring/stock option costs	559.8	16.0%	444.2	14.4%
<i>Change</i>	115.5	26.0%		
Non-recurring expenses/stock option costs	(11.3)	(0.3%)	(6.4)	(0.2%)
EBITDA	548.4	15.7%	437.8	14.2%
Amortization	(117.6)	(3.4%)	(108.2)	(3.5%)
EBIT	430.8	12.3%	329.6	10.7%
<i>Change</i>	101.2	30.7%		
Net financial income (expenses)	(1.4)	(0.0%)	(2.3)	(0.1%)
Profit (loss) before taxes	429.4	12.3%	327.3	10.6%
Taxes	(104.4)	(3.0%)	(76.9)	(2.5%)
Net Result	325.0	9.3%	250.4	8.1%
Minority interests	14.2	0.4%	-	0.0%
Profit (loss) pertaining to the Group	310.7	8.9%	250.4	8.1%

The net industrial margin reported in the reclassified income statement differs by Euro 285.4 million in 2024 (€ 235.7 million in 2023) 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 have been separately reported.

Revenues

Revenues amounted to € 1,268.3 million in the fourth quarter, an increase of 17.6% compared to the same period of 2023. At constant perimeter, revenues amounted to € 1,197.4 million, up to 11.1%, or 11.4% at constant exchange rate.

In the twelve months, revenues reached Euro 3,497.6 million, an increase of 13.7% over 2023, or 6.6% on a like-for-like basis (6.9% at constant exchange rates).

Markets

The performance of revenues in the different commercial regions is summarized below:

(€/million)	4th Quarter 2024	%	4th Quarter 2024 like-for-like	%	4th Quarter 2023	%	Like-for-like change at current FX rates	Like-for-like change at current FX rates %	Like-for-like change at constant FX rates %
Europe	804.0	63.4%	783.4	65.4%	699.2	64.9%	84.2	12.0%	12.0%
Americas	233.2	18.4%	209.9	17.5%	183.7	17.0%	26.2	14.3%	14.9%
Asia Pacific	165.7	13.1%	142.8	11.9%	150.7	14.0%	(7.9)	(5.3%)	(3.6%)
MEIA (Middle East/India/Africa)	65.4	5.2%	61.3	5.1%	44.4	4.1%	16.9	38.1%	37.1%
Total revenues	1,268.3	100.0%	1,197.4	100.0%	1,078.1	100.0%	119.4	11.1%	11.4%

(€/million)	2024	%	2024 like-for-like	%	2023	%	Like-for-like change at current FX rates	Like-for-like change at current FX rates %	Like-for-like change at constant FX rates %
Europe	2,153.8	61.6%	2,088.1	63.7%	1,907.1	62.0%	181.0	9.5%	9.5%
Americas	652.3	18.6%	579.3	17.7%	547.0	17.8%	32.2	5.9%	6.2%
Asia Pacific	488.4	14.0%	419.8	12.8%	447.4	14.5%	(27.5)	(6.2%)	(4.0%)
MEIA (Middle East/India/Africa)	203.1	5.8%	190.4	5.8%	174.4	5.7%	16.0	9.2%	9.4%
Total revenues	3,497.6	100.0%	3,277.6	100.0%	3,075.9	100.0%	201.7	6.6%	6.9%

02

Revenues in **Europe** reached €804.0 million in the fourth quarter and €2,153.8 million in the full year.

Like-for-like revenues were good (€783.4 million in the fourth quarter and €2,088.1 million in the twelve-month period), rising 12.0% and 9.5%, respectively, at current exchange rates, in a market backdrop characterized by the uncertainty linked to the political environment and global market conditions which impacted different product categories of the small domestic appliances market in a few of the main countries.

Positive signs were seen in Europe stemming from reduced inflationary pressures which offset the impact of a few issues seen in prior years, including, for example, weak consumer confidence and the preference to consume goods and services outside the home rather than spend on household items.

Coffee machines, in fact, confirmed the good performance seen in the past few years while food preparation showed a gradual return to growth in a few markets, particularly in the second half of the year.

In this context, the De'Longhi Group recorded a decided increase in revenues for coffee machines in both the fourth quarter and in the twelve-month period, thanks to the significant investments made in advertising and promotions, with good results for fully automatic machines (the product line was expanded after the launch of the Rivelia model first in Italy and France and subsequently in other area markets) and the Nespresso platform products.

Food preparation improved thanks to the internationalization of Nutribullet and the good performance of Kenwood brand kitchen machines and food processors, as well as the Braun brand handblenders and other De'Longhi brand kitchen products.

Irons reported good results, thanks to the good performance of traditional irons and ironing systems.

Lastly, air conditioner sales were impacted by a delay in the summer season.

All the main markets in this area reported positive results. Revenues in Germany and Spain were higher in both the fourth quarter and in the fully year. There was an acceleration in Italy in the fourth quarter. The performance in France improved consistently in both reporting periods. In a few instances, like the Iberian Peninsula, Austria and Switzerland, above average annual growth rates were recorded.

The revenue trend in Poland, the Czech Republic-Slovakia-Hungary area was good, as it was in the United Kingdom

which benefitted from an increase in the sale of Kenwood brand kitchen machines.

In **Americas** revenues came to €233.2 million in the fourth quarter of 2024 and €652.3 million in the full year. Like-for-like, revenues stood at €209.9 million in the fourth quarter (14.3% higher than in 2023) and at €579.3 million in the full year (5.9% higher than in 2023).

As of the second quarter the weakness seen in the United States and Canada at the beginning of the year in coffee products recovered thanks to the good sales results for fully automatic machines and the Nespresso business. Sales for Nutribullet personal blenders showed solid growth supported also by the successful launch of new models like the Nutribullet Ultra.

Asia Pacific recorded revenues of €165.7 million in the fourth quarter of 2024 and €488.4 million in the full year. Like-for-like, revenues amounted to €142.8 million in the fourth quarter, a decrease of 5.3% linked to the negative exchange effect (-3.6% at constant exchange rates). Similarly, revenues in the twelve-month period were down by 6.2%, -4.0% at constant exchange rates, coming in at €419.8 million.

Many markets, after a period of weakness, showed signs of a return to normalcy. Sales for coffee, in particular the fully automatic machines, acted as a catalyst posting good results for the Rivelia and Magnifica models.

A particularly mild winter season impacted sales in Japan.

Australia and New Zealand reported good results for coffee, cooking and food preparation products, as well as personal blenders.

Despite a soft market, coffee machine sales in China were excellent and benefited from the strong investments made in the past few years; the performance was, however, impacted by the comparison with 2023 which included non-recurring results and a weak performance of professional coffee in a market characterized by a temporary slowdown in purchases by the main coffee shop chains.

In **MEIA** revenues amounted to €65.4 million in the fourth quarter and €203.1 million in the twelve-month period. Like-for-like revenues rose 38.1% in the fourth quarter to €61.3 million, which offset the weakness seen in the first part of the year, and the year closed with revenues of €190.4 million, 9.2% higher than in 2023, despite the difficulties tied to the geopolitical tensions and the uncertain global market scenario. Good results were recorded in Saudi Arabia and the United Emirates,

as well as in Egypt, which benefitted from new distribution opportunities. There was a strong acceleration in revenues in Turkey due to the growth recorded in the fully automatic coffee machines which helped to significantly increase sales volumes.

Business lines

Looking at the business lines, positive results were reported in all categories both in the quarter and in the full year, with the exception of comfort (portable air conditioners and heaters).

At year-end 2024, consistent with prior reporting periods, the coffee segment was still one of the main growth drivers and accounted for around 62% of the Group's revenues thanks to the consolidation of La Marzocco as of March 1.

The Group was able to benefit from the trend to buy espresso machines for home use as a result of the widespread interest in espresso coffee, the search for increased variety in coffee-based drinks and more sophisticated products as understanding of the organoleptic qualities of coffee increases. This change has caused many consumers to prefer products that allow for a "beans to cup experience" which does well for the penetration of fully and semi-automatic machines.

Toward this end, the significant expansion of home coffee was supported, in both reporting periods, by constant growth in the sale of fully automatic machines which benefitted from the investments in communication and the launch of innovative design products which meet the needs of the consumer, increasingly more interested in product quality and versatility. During the year, after an initial phase which involved just a few pilot countries, the new fully automatic Rivelia machine, equipped with an innovative BeanSwitch System, was launched globally. In addition to its commercial success, the new machine was awarded the prestigious N01 BEST Fully Automatic Coffee Machine prize by Stiftung Warentest, a highly credible, independent German consumer organization which had an important commercial impact. Furthermore, in the third quarter of 2024, a new Magnifica Evo Next model was launched in order to renew an important part of the product portfolio; the new machine promises good results and has obtained positive ratings from consumers. The il PrimaDonna Aromatic model was also launched.

The fourth quarter was also positive for the manual coffee machines. In 2024, the launch of the new La Specialista Opera model contributed to strengthening the brand's positioning in its



segment. In the latter part of the year the La Specialista Touch model was also launched. The model features greater interactivity and is easier to use which should attract a wider consumer base. Lastly, in the fourth quarter the La Specialista Maestro model was launched in Australia, China and the US. This model has a renewed design and enhanced performance, in order to support the brand's positioning as a high-end product.

The Nespresso platform products recorded positive results in both reporting periods.

With regard to professional coffee, La Marzocco continued to improve and reinforce the strength of its brand, in both the semi-automatic professional and home-premium segments. Sales benefitted from collaborations with important global partners and the launch of a restyled Linea Mini R, the Swan grinder, and a special edition of the Rimowa Linea Mini and the customized models made in partnership with Porsche (Linea Micra Martini and Linea Micra Grey).

Eversys's revenues were impacted by weakness in sales through distributors, above all in the Chinese market due to a temporary slowdown in orders from the main coffee shop chains, as a result also of excess stock in the respective markets. Good results were recorded in the direct markets (United States and the United Kingdom).

Food preparation benefitted from the global preference for "easy to use" products which facilitate a healthier and more sustainable lifestyle. This supported the positive results recorded by Nutribullet personal blenders and traditional hand-blenders/blenders which posted a solid growth trend. Kitchen machines inverted the trend and recorded positive results in both the fourth quarter and in the full year. In order to make the most of all the different market opportunities, Nutribullet, which is now also present in new countries as a result of the internationalization plan, renewed and expanded its product portfolio with the launch of the Nutribullet FLIP personal blender and the new generation of full-size blenders, Nutribullet SmartSense. Kenwood launched the MultiPro One Touch, a product which, thanks to its features, is both a blender and a food processor which satisfies the consumer looking for both ease of use and high performance, as well as the Triblade XL Pro handblender and the Duo Prep, a versatile, high performing, space saving 2 in 1 chopper. The Kenwood GO collection, targeting young consumers looking for high-end compact products, was expanded with the introduction of GO Mixer and Quickmix GO. Braun launched the handblenders MultiQuick 5 and MultiQuick 5 Pro, in addition to the PowerBlend 7 blender.

For the second year in a row, comfort was impacted by unfavorable weather conditions; in Europe there was a delay in the beginning of the air conditioning season, while in APA the winter (especially in Japan) was characterized by mild temperatures. The strategic choice to exit the portable air conditioning market in the US also created discontinuity with respect to the prior years. Despite the unfavorable context, the introduction of the new portable Pinguino EX93 Extreme Silent air conditioner in Europe had a positive impact. As for heating products, a new range of Radia Easytronic models was launched in Europe. Air treatment products recorded positive sales. The renewed dehumidifier DEX AriaDry helped to boost sales in this category.

Home care reported satisfying results in both reporting periods, particularly irons. In 2024 the ironing systems Braun CareStyle 5, the first ergonomically certified model, and CareStyle 9, high performing products for expert consumers, were launched. The steam iron TexStyle 5 and the vertical iron QuickStyle, now available in the series 5 and 7 versions, were also launched.

Profitability

In 2024 margins benefitted from higher volumes and a favorable mix effect. The Group continued to invest in communication and advertising, particularly to support the launch of new products.

The Group succeeded in managing and limiting the economic impact of the Red Sea crisis which caused difficulties in supply chain management resulting in longer supply times and higher costs.

Toward this end, the implementation of the global Customer Fulfillment Excellence project continued. This project aims to improve customer service by redesigning and providing greater transparency in the integrated planning processes, the automation of production processes and more effective distribution flows and processes.

The Group also invested in activities designed to optimize the carbon footprint of the logistics and the distribution processes.

In the fourth quarter of 2024 the net industrial margin came to € 626.5 millions, or 49.4% of revenues, higher than the same period of 2023 (€ 518.1 millions, 48.1% of revenues). The net industrial margin was € 1,769.1 million, or 50.6% on revenues (€ 1,504.3 million, or 48.9% of revenues, in 2023 the change with respect to the prior year reflects an increase in inbound transportation costs offset by efficiencies in other production costs.

EBITDA before non-recurring income (expenses)/stock option costs came to € 223.9 million (17.7% on revenues) in the fourth quarter of 2024 higher both numerically and as a percentage of revenue compared to the same period of 2023 (€ 179.1 million, 16.6% on revenues). EBITDA before non-recurring income (expenses)/stock option costs showed significant improvement in 2024, also, coming in at € 559.8 million, or 16.0% of revenues (€ 444.2 millions, 14.4% of revenues).

In 2024 a few non-recurring items were recognized which together generated net expenses of a Euro 0,4 million (net costs of € 5,5 million in 2023) mainly to costs for services connected to the La Marzocco/Eversys business combination, net of a few positive items stemming from the accounting treatment of the Capital Brands business combination.

The Group has also recognized stock option and phantom stock option costs for € 10.9 million (cost for € 0.9 million in 2023).

Amortization and Depreciation amounted to € 32.7 million in the fourth quarter 2024 and € 117.6 million in 2024, higher than 2023 (€ 108.2 million) as a result of the recent business combination and the recent investments.

EBIT came to €190.0 million in the fourth quarter (15.0% of revenues); in 2024, EBIT amounted to €430.8 million or 12.3% of revenues (€ 329.6 million, 10.7% of revenues in 2023).

Financial expenses amounted to €1.4 million, (€2.3 million in 2023), thanks to financial income from the investment of liquidity and effective currency management.

After taxes of €104.4 million (€ 76.9 million in 2023) and minority interest for an amount of € 14.2 million, the Group's portion of net profit came to €310.7 million.

Operating segment disclosures

The operating segment disclosure can be found in the Explanatory Notes.



Review of the statement of financial position

The reclassified consolidated statement of financial position is presented below:

(€/million)	31.12.2024	31.12.2023
- Intangible assets	1,323.3	878.3
- Property, plant and equipment	560.6	478.0
- Financial assets	10.9	9.7
- Deferred tax assets	74.2	60.4
Non-current assets	1,969.1	1,426.4
- Inventories	621.9	504.7
- Trade receivables	336.1	272.7
- Trade payables	(873.1)	(716.2)
- Other payables (net of receivables)	(181.8)	(143.9)
Net working capital	(96.9)	(82.8)
Total non-current liabilities and provisions	(251.0)	(195.1)
Net capital employed	1,621.2	1,148.5
(Net financial assets)	(643.2)	(662.6)
Total net equity	2,264.4	1,811.1
Total net debt and equity	1,621.2	1,148.5

Net financial position as at 31 December 2024 includes € 102.9 million (net financial liabilities for € 99.1 million at 31 december 2023) mainly relating to the fair value of derivatives and the financial liabilities for leasing.

At 31 December 2024, intangible assets reflect the recognition of goodwill and other intangible assets relating to the La Marzocco business combination for a total of €417.1 million.

In 2024, the Group made net investments of €127.7 million (versus €132.3 million in 2023), attributable for €17.8 million to intangible fixed assets relating mainly to new products development, for €26.0 million to new leases and for €85.6 million to fixed assets, mainly related to industrial measures for the upgrading, automation and digitisation of production facilities and works for the facilities of the Treviso headquarters.

Work on expanding the production capacity continued, with investments made at the Romanian and Chinese plants; the project to expand Eversys's Swiss plant was completed and improvements were made at La Marzocco's plant in Florence.

The net operating working capital, which amounted to €84.9 million or 2.4% of rolling revenues at 31 December 2024 (€61.1 million or 2.0% of rolling revenues at 31 December 2023), was impacted by the La Marzocco business combination.

At constant perimeter, operating net working capital amounted to € 44.4 million (1.4% on revenues) and improved in terms of both value and turnover on revenues compared to the figure at 31 December 2023 (€ 61.1 million, 2.0% on revenues).

Trade receivables, higher with respect to 31 December 2024 as a result of the acceleration in sales recorded in the last few months of the year, reflects effective customer management and a reduction in average collection periods. Inventory was higher than at 31 December 2023 due to increased activity and the need to have adequate stock to support deliveries in the first few months of 2025. Trade payables were higher with respect to 31 December 2023 mainly due to the aforementioned increase of stock.

Net working capital was negative for €96.9 million (-2.8% of revenues) at 31 December 2024 versus the negative €82.8 million (2.7% of revenues) recorded at the same date in 2023.

Details of the net financial position are shown below:

(€/million)	31.12.2024	31.12.2023
Cash and cash equivalents	1,019.7	1,250.2
Other financial receivables	194.1	172.5
Current financial debt	(196.1)	(289.0)
Net current financial position	1,017.8	1,133.6
Non-current financial receivables and assets	131.3	122.0
Non-current financial debt	(505.8)	(593.1)
Non-current net financial debt	(374.5)	(471.0)
Total net financial position	643.2	662.6
<i>of which:</i>		
- positions with banks and other financial payables	746.1	761.7
- lease liabilities	(110.0)	(98.4)
- other financial non-bank assets/liabilities (mainly fair value of derivatives)	7.1	(0.7)

Net financial position came to a positive €643.2 million at 31 December 2024 (€662.6 million at 31 December 2023).

This includes a few specific financial items, including mainly the fair value measurement of derivatives, which had a net positive balance of €7.1 million at 31 December 2024 (negative balance of €0.7 million as of 31 december 2023).

The item also includes lease liabilities recognized in accordance with IFRS 16, which amounted to €110.0 million at 31 December 2024 (vs. €98.4 million at 31 December 2023).

Net of these items, the net financial position with banks came to a positive €746.1 million (€761.7 million at 31 December 2023).

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

(€/million)	2024	2023
Cash flow by current operations	542.6	446.3
Cash flow by changes in working capital	(56.2)	138.0
Cash flow by current operations and changes in NWC	486.4	584.3
Cash flow by investment activities	(127.7)	(132.3)
Cash flow by operating activities	358.7	452.0
Business combination La Marzocco	(326.8)	-
Dividends paid	(108.7)	(72.1)
Stock options exercise	12.7	5.1
Cash flow by other changes in net equity	44.7	(21.2)
Cash flow generated (absorbed) by changes in net equity	(51.3)	(88.2)
Cash flow for the period	(19.4)	363.8
Opening net financial position	662.6	298.8
Closing net financial position	643.2	662.6

The operating cash flow, which amounted to €542.6 million in 2024, was higher than in 2023 (€446.3 million) as a result of the economic dynamics described above.

The cash flow generated by movements in working capital was negative for €56.2 million versus positive €138.0 million in 2023 when it benefitted from the particularly high figure reported at the beginning of the reporting period.

Investments absorbed €127.7 million (€132.3 million in 2023), explained mainly by investments in manufacturing.

As a result of the above, net operating cash flow amounted to €358.7 million (€452.0 million in 2023) thanks to the good cash generated by current operations.

In 2024 total cash flow showed a net absorption of €19.4 million which reflects the impact of the La Marzocco business combination for €326.8 million and the payment of dividends for €108.7 million (including the dividends paid to minority shareholders).

Research and Development

In 2024 the Group continued to work on the development of innovative and sustainable products, incorporating environmental criteria in the planning process in order to minimize the footprint associated with procurement, production, distribution, use and obsolescence. The Group was also committed to reducing the environmental impact of packaging used during the production processes and for products, to promoting a model based on the use of renewable materials and reducing consumption along the value chain, as well as contributing to the fight against climate change by using low carbon emitting and highly energy efficient products.

Looking at the fully automatic coffee machines, in addition to the development of the new Magnifica Evo Next, the Care project continued. This project, launched in 2023, is centered around the three-year commitment to reducing the carbon footprint of the Rivelia models in accordance with ISO Standard 14067.

The IoT platform for connected products, which uses the best technologies needed to provide consumers with a complete interactive experience, was also implemented.

Lastly, experimentation with the use of artificial intelligence in systems already operational in models currently on the market continued.

With regard to manual machines, a new La Specialista Touch model was released; all the packaging for the manual machines was switched from Styrofoam to paper, cellulose paste, etc and digital instruction manuals were provided. All models also now have a high energy efficiency rating (A or above).

The developments in the cooking and food preparation products segment involved, above all, aspects related to practicality, size and the use of innovative, sustainable materials in products and packaging.

As for comfort, production began of the new Gentle Jet range of portable air conditioners which, in addition to improving the already high Group energy efficiency ratings, introduced an innovative, patented StiWa certified cooling system. With regard to heaters, the new Radia Easytronic radiators allow for more precise temperature regulation and more efficient energy consumption.

With respect to home care, specifically irons, the Group worked on reliability, durability and the compactness of the product, while also focusing on high ergonomic standards, optimization of energy consumption and the use of sustainable materials.



Communication activities

In 2024 the Group continued to invest considerably in advertising and communication, while also continuing with optimization and efficiencies which resulted in the rationalization of spending on the most interesting segments, a careful analysis of the return on investments and the extension of the campaign periods in order to benefit from the carry-over effect.

In order to increase effectiveness, the campaigns touched all the main touch points of the consumer journey and were distributed on all communication channels.

A GLO-CAL approach also made it possible to give a local flavor to communication which was combined with the power of the messages distributed globally.

With regard to the De' Longhi brand, the "Perfetto 2.0" campaign, launched in the third quarter of 2023, continued. The campaign which, thanks to a 360-degree approach covers all media (TV, online video, social media, local promotions in a few countries and store events), was renewed in 2024 with the introduction of two new models, La Specialista Touch and Primadonna Aromatic. The goal is to strengthen the positioning of the De'Longhi brand in the premium product segment.

As for the Kenwood brand, 2024 was characterized by numerous new product launches, each of which was supported by a dedicated communication campaign.

One of the main launches involved the GO collection which, in the wake of the success of the MultiPro Go model, was expanded with GO Mixer and Quickmix GO models; these launches were supported by a social media campaign which involved the use of both materials prepared by the Group and videos created by influencers who shared the slogan "Make it Big".

Looking at Braun, during the year all new product launches were supported by dedicated communication campaigns. The communication and advertising activities were, in general, strengthened by an increased customer centricity which is a predominant feature of all the new campaigns.

Nutribullet is a nutrition brand of excellence which guarantees ease of use and speedy preparation. The brand's global strategy is based on gaining market share, the penetration of related product categories and the acceleration of international expansion.

The Nutribullet brand products are dedicated to those who view wellbeing as an integral part of a lifestyle choice. In 2024, investments designed to increase Nutribullet's global brand awareness with a focus on personal blenders, the core category, the activities helped to increase the product's impact on its customer target. The communication is based on the idea of maximizing the benefits of healthy eating with minimum effort.

In the professional business, La Marzocco participated in key sector events including the Specialty Coffee Association Expo in Chicago, the World of Coffee in Copenhagen, the Café Festival in London and Paris, as well as the European Coffee Symposium / CoHo in Berlin, where it was awarded first place in the Best Coffee Equipment Supplier Europe category. Other commitments went beyond the coffee segment and included the Michelin Guide awards ceremony in France, the opening ceremony at Milano Design Week, launch events for La Marzocco x Porsche and Art Basel in Miami.

Product placement partnerships in 2024 included the partnership with Porsche, Rimowa, Specialized, Gaggenau and Jimmy Butler / Big Face Coffee.

The *Accademia del Caffè Espresso* produced a documentary which explores the origins of the coffee excellence industry and the evolution of espresso from a drink consumed by immigrant families to a global phenomenon. The hour-long film debuted at the Italian Film Festival in Melbourne, Australia, and from then it has been shown in numerous cities worldwide.

La Marzocco also promoted its brand on social media through engaging experiences and lifestyle content which reflects its culture, its values and the people, places which define its identity.

As for Eversys, the purpose of the communication activities carried out in 2024 was, first, to maintain the strong tie with the community of coffee excellence sector operators; investments were made in initiatives involving key opinion leaders, experts and institutions including, for example, the Barista Championship, trade fairs and other events. Through the organization of "partner days" and a few "on site visits" opportunities were provided to further develop the connection with the main clients who were offered impactful experiences and opportunities to meet with sector experts. Lastly, investments were made in maximizing the digital presence.

Human Resources

Here follows a detail of the average workforce in 2024:

	2024	2023
Blue collars	6,798	6,437
White collars	3,557	3,185
Managers	376	304
Total	10,731	9,926

The Group had an average of 10,731 employees in 2024, higher than in 2023 due mainly to the consolidation of La Marzocco.

Initiatives relating to worker safety and health, talent attraction projects, training and development, continued, as did activities to support employee wellbeing and engagement. The Group, after having published the Global DEI Policy, launched a training program for a large number of international employees.

For more information on human resources and the Group employee initiatives refer to the Sustainability Report included in this document.



Report on corporate governance and ownership structure

De' Longhi S.p.A.'s Report on Corporate Governance and Ownership Structure drawn up in accordance with art.123 - bis of Legislative Decree n. 58/98 ("TUF") can be found in a report not included in the Report on Operations, published at the same time as the latter and available on the company's website www.delonghigroup.com (section Home > Governance > Corporate bodies > Shareholders' Meeting 2025).

Pursuant to art.16.4 of the Market Regulations please note that De' Longhi S.p.A. is not subject to the direction and control of the parent company De Longhi Industrial S.A., or of any other party, pursuant to and in accordance with articles 2497 et seq of the Italian Civil Code, insofar as (i) the Group's business, strategic and financial plans, as well as the budget, are approved independently by De' Longhi S.p.A.'s Board of Directors; (ii) the financial and funding policies are defined by De' Longhi S.p.A.; (iii) De' Longhi S.p.A. conducts its relationships with clients and suppliers in full autonomy; and (iv) in accordance with the principles of the Corporate Governance Code, important strategic, economic, equity and financial transactions are examined by the board and approved exclusively by the Board of Directors.

The coffee segment was one of the Group's main growth drivers and also represents an important opportunity for future strategic medium/long-term growth, in both the professional and consumer segments.

Consistent with this strategy, the Group decided to strengthen the governance and organizational structure of the professional coffee hub, created as a result of the La Marzocco and Eversys business combination in order to fully exploit the company's potential in the premium market segments.

A Chief Executive Officer of the professional division was, therefore, appointed in order to strengthen the structure of the holding company and guarantee a strategic vision in the main areas of business, like planning, finance and control, human resources, legal affairs, internal audit, in coordination with the Group's corporate functions. An Operation Officer will also be appointed in order to make the most of the potential synergies between the companies.

This organizational reinforcement in the professional division will make it possible to further exploit the market leadership and the excellent technological abilities of both La Marzocco and Eversys, optimizing shared resources and sharing best practices which can be used to create greater value for the Group.



Risk management and internal control system relating to the financial reporting process

Introduction

The Issuer's and the De' Longhi Group's Internal Control System consists in the set of rules, procedures and organizational structures set in place to ensure that company strategies are adhered to and, based on the corporate governance standards and model included in the COSO report (Committee of Sponsoring Organizations of the Treadway Commission), to guarantee:

- a) efficient and effective company operations (administration, production, distribution, etc.);
- b) reliable, accurate, trustworthy and timely economic and financial information;
- c) compliance with laws and regulations, as well as the corporate articles of associations, rules and company procedures;
- d) safeguarding of the company's assets and protection, to the extent possible, from losses;
- e) identification, assessment, management and monitoring of the main risks.

The executive administrative bodies of the Parent Company De' Longhi S.p.A. (Board of Directors, the Risk and Control, Corporate Governance and Sustainability Committee, Director in Charge of the Internal Control and Risk Management System), the Board of Statutory Auditors, the Director of Internal Audit, the Supervisory Board, the Chief Financial Officer/Financial Reporting Officer and all De' Longhi personnel, as well as the Directors and Statutory Auditors of the Issuer's subsidiaries, are involved in the controls, with different roles and in function of their expertise and adhere to the recommendations and principles found in the guidelines.

The Internal Control System that is subject to examination and periodic audits, taking into account changes in the company's operations and reference context, makes it possible to

address the main risks to which the Issuer and the Group are exposed to over time, in a timely manner, as well as to identify, assess and control the degree of the exposure of the Issuer and all the other companies of the De' Longhi Group - particularly the strategically important subsidiaries - to the different types of risk, and also makes it possible to manage the overall exposure taking into account:

- i) the possible correlations between the different risk factors;
- ii) the probability that the risk materializes;
- iii) the impact of the risk on the company's operations;
- iv) the overall impact of the risk.

The internal control and risk management system relating to the financial reporting process (administrative and accounting procedures used to draft the separate and consolidated annual financial statements and the other economic and/or financial reports and disclosures prepared in accordance with the law and/or regulations, as well as ensuring correct implementation) coordinated by the Chief Financial Officer/Financial Reporting Officer, is an integral and essential part of the De' Longhi Group's Internal Control and Risk Management System.

The Director of Internal Audit - who is in charge of verifying that the internal control and risk management system works efficiently and effectively - prepares a work plan each year that is presented to the Board of Directors for approval, subject to the positive opinion of the Risk and Control and Corporate Governance and Sustainability Committee and after having consulted with the Board of Statutory Auditors and the Director in Charge of the Internal Control and Risk Management System, based also on the comments made by the Chief Financial Officer/Financial Reporting Officer, as well as pursuant to Legislative Decree 262/05. Discusses the steps taken to resolve any problems, to make the improvements agreed upon, as well as the results of the testing activities with the Risk and

Control and Corporate Governance and Sustainability Committee.

Provides the Chief Financial Officer/Financial Reporting Officer, as well as the administrative body assigned, with a summary report based on which they can assess the adequacy and application of administrative procedures to be used to prepare the consolidated financial statements.

Description of main characteristics

The De' Longhi Group uses a system of risk management and internal control for the financial reporting process that is part of the wider system of internal controls as required under art. 123-bis par. 2.(b) of TUF.

For the purposes of ensuring reliable internal controls over its financial reporting, the Group has implemented a system of administrative and accounting procedures and operations that include an accounting policies manual, updating in order to comply with the law and changing accounting standard, rules for consolidation and interim financial reporting, as well as coordination with subsidiaries as needed.

The Group's central corporate functions are responsible for managing and communicating these procedures to other Group companies.

The assessment, monitoring and continuous updating of the internal control system relating specifically to financial reporting is carried out in accordance with the COSO model and, where applicable, Law 262/2005. Critical processes and sub-processes relating to the principal risks have been identified in order to establish the principal controls needed to reduce such risks. This has involved identifying the strategically important companies, based on quantitative and qualitative financial parameters (i.e. companies that are relevant in terms

of size and companies that are relevant just in terms of certain processes and specific risks).

Having identified these companies, the risks have been mapped and assessed and the key manual and automatic controls have been identified and rated as high/medium/low priority accordingly; these controls have then been tested.

The perimeter of the companies included in the mapping for the purposes of Law 262/2005 has changed over the years to reflect the changes in the Group, both quantitative and qualitative, and this perimeter was also considered for the definition of companies viewed as strategic.

The general managers and administrative heads of each Group company are responsible for maintaining an adequate internal control system and, given their roles, must certify that the internal control system works properly.

Internal Audit must also include verification of the internal controls through the use of a self-assessment check list in its Audit Plan.

With regard to compliance with Consob Regulation 20249 of 28 December 2017 and subsequent changes relating to market regulations ("Regolamento Mercati"), De' Longhi S.p.A. controls, directly or indirectly, eleven companies formed and regulated by the law of countries that are not part of the European Union considered relevant pursuant to art. 151 of the issuer regulations ("Regolamento Emittenti").

With reference to the requirements of art. 15 of the Market Regulations, it is reported as follows:

- in the issuer's opinion, these companies have suitable accounting and reporting systems for regularly providing management and the auditors of De' Longhi S.p.A. with all the financial information needed to prepare the consolidated financial statements and perform the audit of the accounts;
- these companies provide the auditors of De' Longhi S.p.A. with the information needed to audit the parent company's interim and annual financial statements;
- the issuer keeps the articles of association of the aforementioned companies and details of their company officers and related powers, which are constantly updated for any changes in the same;
- the financial statements of such companies, prepared for the purposes of the De' Longhi Group's consolidated

financial statements, have been made available in the manner and terms established by existing law. Please note that the identification and analysis of the risk factors contained in this report were carried out including in light of the change in strategic companies as resolved by the Board of Directors.

In order to identify and manage the Company's main risks, with regard particularly to corporate governance and compliance with the law and regulatory standards (including, specifically the recommendations found in the Corporate Governance Code for Listed Companies), the De' Longhi Group undertook to develop and monitor a structured Enterprise Risk Management model (ERM).

The purpose underlying the implementation and deployment of the Enterprise Risk Management (ERM) system is to strengthen the risk control and management system by mapping the main risks to which the Group is exposed along its value chain, identifying the inherent and relative residual risk, as well as defining and implementing the actions needed to eliminate and/or mitigate them.

The ERM system also includes a list of risks connected to sustainability.

This reflects the gradual integration of environmental and social sustainability, as well as governance, in the corporate strategy, risk management and compensation processes, promoting a systemic and transparent approach, respectful of the standards found in the Code of Ethics, with a view to also guaranteeing diversity, equal opportunity, fairness and no discrimination of any kind. These risks also include climate change.

The ERM activities include the analyses of risk scenarios determined by looking at the main markets and the production plants. Therefore, a large group of international managers was involved in revisiting and updating the most imminent and impactful risks. At the same time, the Management Teams of the companies involved revised the risk map and determined what they viewed as the most critical risks.

The Group highlighted the concerns connected to the global market conditions and the geopolitical context, including the threat of protectionist policies in the United States (and the application of new tariffs), the possible logistics issues triggered by regional conflicts, as well as the challenges associated with technological innovation. In this uncertain economic climate,

the Group has demonstrated strong resilience attributable to contingency plans and strategic revisions which aim to support sales in key categories; the product and advertising strategies were adjusted in order to strengthen market positioning despite the uncertainties.

From 2021 to 2024, the operational progress fueled significant advantages, facilitating timely decisions in response to global uncertainties; the Group can also count on important initiatives like process digitalization, as well as a strong international presence, the strength of its brands and the production and procurement platform. The noticeable strengthening of the Group's operating resilience was demonstrated by the ability to react quickly to the risks caused by recent logistics issues, like the problems with the Suez Canal, and the excellent economic and financial results achieved in 2024.

In order to further strengthen the monitoring of risks, Internal Audit will monitor exogenous risk factors closely, develop the ERM system and carry out a risk audit. This will be achieved by improving specific tools and launching new initiatives to increase awareness and understanding of these risks.

Risk factors for the De' Longhi Group

The risk factors to which the Group is exposed and that could have a material impact on the De' Longhi Group's business are summarized below.

These risk factors also take into account the above mentioned ERM project and the assessments carried out in current year and in prior years including through more in-depth analyses shared with the Risk, Control, Corporate Governance and Sustainability Committee and De' Longhi S.p.A.'s Board of Statutory Auditors.

With regard to the main risks highlighted below, the De' Longhi Group constantly monitors any situations and changes in macroeconomic and market trends, as well as demand, in order to implement any necessary and timely strategic actions.

In addition to the risk factors and uncertainties identified in this report, other risks and events not currently foreseeable or thought unlikely, could also influence the business, the economic and financial conditions and prospects of the De' Longhi Group.



1 - Risks relating to macroeconomic/geopolitical trends and global crises.

The main risk factors relate to:

- consumer trends;
- the cost of raw materials;
- interest rates and the foreign exchange markets;
- any policy changes made in a few key markets (including the application of tariffs by the USA);
- supply chain interruptions attributable to regional conflicts;
- any disturbances, riots and strikes or other types of demonstrations;
- any epidemics and/or serious health related situations.

The current situation of general instability materialized at the same time in the world's main developed economies, albeit to varying degrees and for different reasons. In addition to affecting on-time deliveries of components to European production plants, the Red Sea crisis caused supply chain costs to increase; in China, a slowdown in economic growth is observed combined with a crisis in the real estate sector; in the USA, of note are the intense inflationary pressures and the introduction of tariffs; the conflict in Ukraine has impacted business in this market; the situation in Gaza has also contributed to increased instability in the Middle East.

The Group monitors these economic trends periodically in order to take quick strategic action as needed.

The Group is also subject to the risks connected to local conflicts which can also affect key markets.

In order to mitigate these risks, the Group is adopting flexible strategies, increasing monitoring with dedicated task forces and optimizing internal processes with a view to greater resilience.

The persistence of these situations, however, could interrupt and/or limit the Group's activities which would have an impact on economic and financial results.

2 - Risks relating to strong competition/Risks relating to the high concentration of clients in the sectors in which the De' Longhi Group operates: the De' Longhi Group's business is highly competitive and there is a tendency for the business to be concentrated in a few important players.

The Group competes with other major international industrial groups. The target markets are highly competitive in terms of product quality, innovation, price, as well as reliability, safety and customer care; they could also be impacted by changes in consumer habits/preferences.

The preferred sales channel (the trade) is, furthermore, becoming increasingly more concentrated in a few international players in several of the main markets, including due to the exponential growth of e-commerce.

The Group, therefore, must adopt effective strategies to offset this risk. Toward this end, the strength of the brands and ability to have an adequate retail offering are key.

The inability to address its external environment effectively could have a negative impact on the Group's economic results and financial position.

3 - Risks relating to a high concentration of the business in mature markets (the European market, in particular).

In the last few years, the Group has expanded its global presence, through an internationalization process which aims to offset the concentration of its business in a few markets (particularly the European markets).

In order to take advantage of growth opportunities geographic diversification, which makes it possible to avoid excessive concentration in mature markets, is crucial. Toward this end, the Group analyzes and monitors the high potential areas carefully and allocates the resources needed to ensure global, competitive growth.

4 - Risks relating to IT systems: / risk of increases in cyber fraud and cyber threats: The information systems of a complex international group are an important and delicate part of the company's processes.

The risks involved include events that could jeopardise the ability to provide continuous service, the safekeeping of data, obsolescence of telecommunications and data processing technologies.

Cyber-attacks are a threat to any sector and there has been a general, gradual increase in cyber-crimes. Cyber Risk, namely the risk of financial losses, interruptions or damages to an organization's reputation, stemming from accidents (for example, shutting down servers) or intentional acts (for example, theft of sensitive data) which damage the IT system, has, therefore, become increasingly important.

The Group has taken the steps needed to limit the above mentioned risks, implementing a multiyear cyber risk management project supported by significant investments.

The standard security devices used to safeguard connections, applications and hardware (from the use of back-up devices to outsourcing with specialized companies) have also been implemented.

Continuous technological updates are assured by the prevalent use of the SAP platform. While the Group has taken all the steps needed to minimize these risks, catastrophic events that could compromise the information systems cannot be excluded.

The Group has launched a multi-year Cyber Risk Management project in order to analyze any problem areas and take the actions needed to safeguard against this type of risk.

5 - Risks relating to the De' Longhi Group's ability to achieve continuous product / acceleration in the time-to-market of innovations: the De' Longhi Group's ability to generate value also depends on the ability of its companies to offer technologically innovative products that respond to market trends.

As there are a few competitors who are very fast-paced innovators, in order to maintain competitiveness, acceleration in the development of new products and gaining shares in key categories is crucial. The Group is examining solutions to reduce time-to-market in order to make the most of emerging trends and respond more effectively to market needs.

In terms of innovation, the Group is consistently a leader with respect to both technology and trend setting, design products, including thanks to a policy to support the resources dedicated to the development of its products. In particular, if the Group were unable to develop and continue to deliver innovative, competitive products relative to its major competitors in terms of price, quality and functionality, amongst others, or if there were delays in the market launch of models strategic to its business, the Group could lose market share, with an adverse impact on its business prospects, as well as on its economic performance and/or its financial position.

6 - Risks relating to organization and human resources / difficulties in talent acquisition and retention: The Group's success largely depends on the ability of its executive directors,, the General Manager and the individual areas of business and on the professionalism of the human resources that it has been able to attract and develop.

The principal risks relating to human resources are linked to the Group's ability to attract, develop, motivate, retain and empower staff who have the necessary talent, values, and specialist and/or managerial skills to satisfy the Group's changing needs.

The loss of such individuals or other key employees without adequate replacement, or the failure to attract and retain new qualified resources could therefore adversely affect the Group's business prospects, as well as its economic performance and/or financial position.

In terms of being able to attract quality resources, the Group's principal companies not only have specialist qualified professional human resources teams, but they also plan actions to improve the quality of working environment for its employees

and staff as well as the Group's external image (communication, contact with schools and universities, testimonials, internships, etc.), in some cases using the services of specialist professional firms with a proven track record.

In terms of motivating and developing personnel, actions taken include the strengthening of managerial, specialist, business and regulative competencies, with initiatives that involve managers and staff from different areas of the business.

The salary review process also includes reward systems for employees at various levels in the organization - from the plant worker through to top management and key people - which are linked to the achievement of short-term and/or medium/long term targets.

As far as plant personnel is concerned, the Group operates in China, Italy, Romania and Switzerland. Having a production facility in Romania has made it possible to diversify the Group's industrial platform, so as to partly restore the balance in production between the previously dominant China.

With regards to the Chinese platform, certain risks exist associated with macroeconomic factors, high turnover of the manufacturing workforce and the difficulty in finding production personnel. More in general, there are many countries in which it is hard to find personnel with adequate professional skills when there is a strong recovery in demand; in a few instances, the gradual aging of the population and the exit from the workforce as a result of retirement, have increased these difficulties.

These risks are managed through the development of incentive systems to foster staff retention (production bonuses and retention bonuses spread over time for workers, wage increases linked to length of service, and incentive schemes for management), policies for recruiting and managing production staff, investment in training and developing more qualified internal resources, improvements in living and working conditions within the various factories (canteens, recreational and leisure activities, internet access).

As for Romania, where the Group has gradually increased its presence over the last few years, currently there are two production plants operating in two distinct areas, also to maximize access to human resources.



7 - Risks relating to strategic partnerships and alliances: the Group also operates through agreements with strategic partners that foresee the development, production and marketing of products, particularly coffee makers sold in international markets.

Consequently, the Group's failure to maintain or renew these agreements could impact economic results and the financial position. These agreements, which are generating very positive results in terms of growth and development as well as full satisfaction both for De' Longhi Group and for strategic partners, are carefully managed and monitored by top management.

8 - Risks relating to the need to update processes increasingly subject to change.

The Group has implemented its processes with a view to supporting expansion and improving operating efficiency. In an increasingly dynamic and competitive context, however, continuous updating is essential to guaranteeing agility, integration and scalability. Toward this end, the Group intends to strengthen a few key projects, relating above all to retail, marketing and logistics, including by leveraging on synergies with newly acquired companies.

9 - Risks relating to patents and trademarks. Given the importance of developing products that are innovative in both technology and design (see point 5 above), the Group pursues a policy of protecting its research and development by registering patents for inventions, utility models and designs in the various markets concerned; similar protection must be assured for the Group's trademarks.

The Group's legal offices are responsible for the legal protection of industrial property rights (patents for inventions, utility models, designs and models as well as trademarks) and constantly monitor and control the situation around the world, using the services of specialist consultants in the various countries concerned.

Such actions cannot absolutely guarantee that the Group's products will not be imitated and furthermore, certain jurisdictions (such as China and the United Arab Emirates) do not protect property rights to the same extent as European law.

The Group's policy is nonetheless based on incurring the necessary costs to ensure that its property rights have the greatest possible global protection in the various markets where it operates.

Moreover, there is no guarantee that protection of the industrial property rights still in the registration process (and, in particular, patents for inventions and utility models) will be actually granted as filed, since the extent of protection may be reduced - even significantly - not only as a result of technical examination by the competent office but also as a result of opposition to the registration and licensing of the rights that might be presented by third parties.

Lastly, although the Group does not believe that its products infringe third-party property rights, it is not possible to exclude that third parties might successfully claim that such infringements exist, including through legal proceedings.

10 - Exchange rate fluctuation risks: The Group does business in many foreign markets and is exposed to the risk of fluctuations in currencies.

The unfavourable trend as well as the aforementioned exposure to the currency risk, might lead to unexpected loss in margins, especially in some specific markets where the subsidiaries of the Group operate.

For the purposes of protecting its income statement and statement of financial position from such fluctuations, adopts a policy to hedge currency risk, free from speculative connotations. Hedging is carried out centrally by a special team on the

basis of information obtained from a detailed reporting system, using instruments and policies that comply with international accounting standards. The hedging activity is planned each year when the annual budget is approved (or when the three-year plan is approved) and updated periodically based on the exposures and the definition of an effective hedging horizon, in order to minimize the volatility of the currency portfolio and maximize the benefit of the hedge; the financial and trade receivables/payables are also protected. As for the hedging of the economic risk of costs and revenues, the degree of hedging is defined based on market performance and a cost/benefit analysis.

The main currencies to which the Company is exposed are the Chinese renminbi and the currencies of the main export markets (the Ruble, the British sterling, the Japanese yen, the Australian dollar, the Polish zloty, the Canadian dollar, etc). The US dollar is a currency which is basically a natural hedge insofar as sales in the USD have increased in the past few years to the extent that purchases can be offset in the same currency. Significant fluctuations in the main currencies could also increase the translation risk stemming from the conversion of financial statements of the Group's foreign subsidiaries, resulting in higher financial charges.

11 - Risks relating to manufacturing, commodity prices and supplier relationships.

Production is carried out at facilities in Italy, Romania and China and, therefore, balanced across three different geographic regions which reduces the risk that operations will be interrupted.

The Group's production costs are influenced by the prices of the most important raw materials like steel, plastic and copper. Energy costs may also have a significant impact on production costs, as happened recently when strong inflation, exacerbated, in Europe, by the conflict in Ukraine, drove energy prices higher.

A significant portion of the purchases are made in China; the related risks are associated with production by Chinese subsidiaries that serve as suppliers to the Group, by the network of key third-party suppliers and by suppliers of parts to the Group's manufacturing subsidiaries (see point 2 for the strategic risks of manufacturing in China).

The Group manages these risks through:

- a) a permanent evaluation system for the various suppliers, used for decision-making purposes and to identify the reliability of each recurrent supplier in terms of quality and price of the products supplied;
- b) assessment of the risk of fluctuation by the Chinese currency against the US dollar, the Group's reference currency which is protected by the Group's hedging policies, as part of the above mentioned currency risk management);
- c) review of the financial status of suppliers and hence of the allocation of appropriate production volumes to each supplier;
- d) evaluation of the services provided by suppliers in terms of logistics and timeliness of deliveries and of the consequent decisions adopted each time;
- e) a network of reliable and trustworthy key suppliers;
- f) inspections, prior to product shipment by suppliers, intended to prevent any defects in the quality of products acquired.
- g) periodic assessment of the buy/make strategies for the Group's main products taking into account any global market conditions that could result in the need to change the strategy.

The price of these raw materials and parts can fluctuate significantly, depending on several factors, including the cyclical nature of the markets concerned, supply conditions and other factors beyond the Group's control and difficult to predict.



The trend in the price of these raw materials and parts is constantly monitored in order to take necessary action to keep the Group competitive.

At the date of the present report the Group doesn't hedge the risk of floating of raw materials prices.

The price of finished products can also be impacted by the application of tariffs (reference is made primarily to products for the US market) which the Group analyzes carefully in order to assess the impact.

The Group works to use sustainable materials in its products; the potential increase in procurement costs could be a risk which has been mitigated through the preparation of the Eco Design guidelines which provide the Group with a policy which can be used to assess and explore alternative materials. In 2024, furthermore, circular economy practices were also planned.

There is also a potential risk stemming from the dependence on one supplier for a few types of parts used for strategic products: in the face of this risk the Group has begun looking for secondary suppliers and defining an alternative purchase/production strategy.

Lastly, the risk stemming from market situations characterized by anomalies in the supply of raw materials and parts, as well in the market conditions, is addressed by the Group in a timely manner in order to preserve margins and supply chain continuity.

12 - Risks relating to product quality and product liability: The Group's products have to meet different quality standards according to the different jurisdictions in which they are marketed.

The main risk is that products do not meet the quality standards required by the different regulations in such jurisdictions. This could justify the return of such products, with increased costs of production and an impact on the Group's image that could harm its reputation.

The activities of the De' Longhi Group involve it assuming typical producer liability for damage caused by defective products: part of its sales take place in jurisdictions (like the USA) where the rules governing liability for damage caused by products to people or things are particularly strict.

The Group therefore applies strict standards of control to its products: it has a protocol for managing quality risk that involves a series of activities and procedures in defence of

product quality; there is also a special team that controls quality directly in manufacturing units and at supplier locations.

In addition, the Group has product liability insurance that is deemed adequate to cover these risks.

Nonetheless, it is conceivable that such insurance coverage could be inadequate for manufacturing defects in some of the Group's products or in other circumstances. The initiation of significant product liability claims, or the identification of defects in the Group's products, could harm the Group, with adverse consequences on the economic results.

13 - Risks relating to inventory levels and delivery punctuality: In view of the importance of inventory and supply chain management within the Group's organization, certain risks can be hypothesized: in fact, the Group is exposed to a stock level risk, associated with correctly predicting product quantities and assortment for subsequent sale.

In the event the Group did not have an adequate quantity of products available, it could run the risk of failing to adequately and promptly meet customer demand; if, however, the quantity of products exceeds orders, the Group might face the risk of unsold stock or higher than expected stock resulting in charges which could affect working capital and cash flow absorption.

Another risk stems from supply chain management inefficiencies which could compromise customer service.

The Group currently has a supply chain division and procedures developed to manage forecasting and planning are integrated in the IT systems which ensures the planning and management of every stage of the supply chain; recently an important program was launched which aims to improve the supply chain procedures. It is in the process of being implemented.

As for the standard of customer service, the Group's procedures require that each customer's individual needs are taken into account.

If the Group is unable to predict and/or respond to issues that could give rise to these risks, there could be adverse consequences for the Group's business, economic performance, assets and liabilities and financial position.

14 - Credit risk: The Group is exposed to credit risk on its trading activities.

The socio-political (or country) risks discussed earlier (see point 2) could also have an impact on credit risk; the same applies to the market risks in relation to the ongoing concentration in the retail business and to the strengthening of the e-commerce channel that may cause the crises of some retailers (see point 3).

Trade credit risk is monitored using the procedures developed for the selection and assessment of the client portfolio, the determination of credit limits, for tracking payment inflows and any credit collection activities. Insurance policies with major insurers must be stipulated and, in a few instances, clients must provide additional guarantees, mainly bank guarantees.

However, these procedures might not be sufficient to prevent losses related to the credit risk, that could affect the Group's result.

15 - Risks relating to changes in the regulatory framework, particularly concerning environmental protection/introduction of new legislation to mitigate climate change: The Group is subject, in the various jurisdictions in which it operates, to the national and international legal requirements and technical standards applicable to the type of products sold.

Particularly important are safety and energy consumption standards for domestic electrical appliances and regulations on consumer contracts, defective products, minimum warranty periods, recyclability and environmental compatibility.

Although De' Longhi S.p.A. considers that the Group's organization and production comply with current regulations and that the Group has demonstrated over time its ability to anticipate regulatory changes when designing new products, the enactment of additional regulatory requirements applicable to the Group or its products or changes to the legislation currently in force in the sectors in which the Group operates, including at an international level, could require it to adopt stricter standards or affect its freedom of action or strategic decisions in various areas of business. This could result in compliance costs for its production facilities or products or even limit the Group's operations, with a consequently adverse effect on its



business, economic performance, assets and liabilities and financial position.

The Group manages transition risks arising from regulatory changes relating to climate change proactively through active participation in trade associations and the Compliance and Regulatory Affairs' constant monitoring of the regulatory framework. The results of the GHG inventory are reported on and monitored annually. Pilot LCA (Life Cycle Assessment) projects and sustainability initiatives, including the use of recycled materials, energy efficiencies and the reduction of waste, contribute to the compliance with the regulatory framework. As signers of the UNGC, the Group also adheres to these principles and aligns its strategies with the global environmental commitments.

In particular, any changes in environmental regulatory standards or requirements currently in force and the occurrence of unforeseen and/or the introduction of new legislation focused on mitigating climate change, or exceptional circumstances, could require the Group to incur unanticipated costs. Such costs could therefore have an adverse impact on the Group's business, economic performance, assets and liabilities and financial position.

16 - Operating instability and supply chain interruptions caused by extreme weather conditions: climate change is a priority risk, as extreme weather that could interrupt operations is increasingly more frequent.

The supply chains could face challenges like flooding, droughts, etc. The increased importance of this risk calls for a periodic revision of the local emergency plans and careful monitoring by the Group, particularly in high-risk areas.

17 - Liquidity and financing risks - Interest rate risk: The liquidity risk possibly faced by the Group is the risk of not having the funds needed to fulfil payment obligations arising from operating and investment activities and from the maturity of financial instruments. The Group holds assets and liabilities that are sensitive to interest rate changes and that are necessary to manage its liquidity and financial needs.

It is the Group's policy to maintain a sufficiently large portfolio of counterparties of international repute for the purposes of satisfying its financing and hedging needs.

The Group uses specific policies and procedures for the purposes of monitoring and managing this risk, including the centralized cash management (financial debt and cash management, the raising of medium and long-term finance on capital markets and the obtaining of short-term credit lines that allow wide room for manoeuvre when managing working capital and cash flows).

In relation to the interest rate risk, the Group as of 31 December 2024 has a positive net financial position, a significant liquidity and is exposed, mainly on the medium/long term, in order to benefit from the financial market trends. The Group also has short-term bank credit lines (typically with annual renewal), to cover any financing or other operational needs.

Lastly, a revolving agreement for factoring without recourse is also in place which allows for optimization of collection flows.

The management of interest rate risk is centralized and done using the same structures used to manage foreign exchange risk. Nevertheless, sudden fluctuations in interest rates could have an adverse impact, albeit limited, on the Group's business prospects, as well on its economic results and/or financial position.

18 - Compliance and corporate reporting risks:

A. Financial reporting: Risks associated with the reliability of financial reporting, particularly that the information contained in the annual and interim financial reports might not be correct, warrant particular attention, especially for a listed company.

In 2024, the effective application of the risk management system for financial reporting was monitored continuously, as well as assessed periodically, under the guidance of the functions in charge.

For the purposes of ensuring reliable internal financial reporting controls, the Group implemented a system of administrative and accounting procedures which include the accounting policy instructions, principles and updates, as well as other procedures for preparing the consolidated financial statements and the periodic financial reports.

The Group's Corporate functions are responsible for ensuring that other Group companies are aware of and adhere to these procedures.

The control bodies (internal and external) carry out the related audits to the extent of their responsibilities.

Any failure to maintain adequate processes, as well as adequate administrative-accounting and management controls, may result in erroneous financial reporting.

In addition to financial reports, the Group also prepares a Sustainability Report based on the European Sustainability Reporting Standards (ESRS) and each year instructs the branches and the competent functions as to which non-financial indicators should be reported on.

B. Risks relating to the administrative liability of legal: In compliance with EU directives, Decree 231/2001 has introduced into Italian law special rules applying to the liability of entities for certain offences, where "entities" mean limited liability business enterprises, partnerships or associations, including those without legal status.

Under this legislation and amendments and additions thereto, the Group's main Italian companies have adopted, in accordance with art. 6 of Decree 231/2001, the "Model of organization, management and control" suitable for avoiding the occurrence of such liability at their own expense and the related "Ethical code", intended to apply not only to the Group's Italian companies but also, as far as applicable, to its foreign subsidiaries, since De' Longhi S.p.A. is also answerable, under art. 4 of Decree 231/2001, for offences committed abroad.

Therefore, the company's administrative liability under Decree 231/2001 could exist when this is effectively established as a result of an action brought against one of the Group companies, including the foreign subsidiaries; in such a case, it is not possible to exclude, in addition to the resulting application of penalties, adverse consequences for the company's and/or Group's operations, economic performance, assets and liabilities and financial position.

19 - Related parties: The Group has had and continues to have transactions of a commercial nature with related parties. Such transactions carry conditions that are in line with market ones.

The Company adopted a new set of procedures to govern the Group's transactions with related parties, in compliance with the standards set by the supervisory authorities in CONSOB Regulation 17221 dated 12 March 2010.

The procedures identify those related party transactions subject to specific examination and approval rules, which change according to whether such transactions are above or below defined thresholds. The procedures place particular importance on the role of the independent directors, who must always issue a prior opinion on the proposed transaction (if the transaction qualifies as material, this opinion is binding on the Board of Directors); the independent directors must also be involved in the preliminary examination of material transactions prior to their approval.

These procedures are considered to represent an additional guarantee of the transparency of the De' Longhi Group's operations.

ESRS 2 - General disclosures

[BP-1] General criteria for sustainability reporting

The Sustainability Report of the De' Longhi Group (the "Company," the "Group," or "De' Longhi") has been prepared on a consolidated basis; the reporting scope, in line with the requirements of Legislative Decree no. 125/2024 (BP-1-5 a) (BP-1, 5b(ii)), coincides with that of the Consolidated Financial Statements and therefore includes the companies consolidated on a line-by-line basis for financial reporting, unless otherwise specified (BP-1, 5b(i)). In addition, this document incorporates the recommendations that are provided annually by the European Securities and Markets Authority (ESMA), which for the current reporting year were published on 24 October 2024.

The Sustainability Report considers the entire value chain of the Group, from procurement practices, including the social and environmental footprint of suppliers and the use of materials with sustainable characteristics, through end consumers, by way of logistics and production processes carried out at the Company's plants. For more information on the Group's business model, as well as its value chain, please refer to the section "SBM-1, Strategy, business model and value chain." In addition, section "SBM-3, Material impacts, risks and opportunities and their interaction with strategy and business model" examines the most significant impacts, risks and sustainability opportunities along the different phases of De' Longhi's value chain (BP-1-5c).

The Group has applied the transitional provisions for the following:

- Information on the anticipated financial effects included in the disclosure requirements SBM-3 Material impacts, risks and opportunities and their interaction with the strategy and

business model, E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities, and E5-6 Anticipated financial effects from material resource use and circular economy-related risks and opportunities;

- Information relating to disclosure requirements S1-11 Social protection; S1-12 Persons with disabilities; S1-15 Work-life balance metrics.

Finally, the Company undertakes to ensure that, where there is information classified as sensitive, namely intellectual property, company know-how or business innovation results, this is clearly identifiable, specified in the points of interest, and accompanied by the appropriate reasons for non-reporting (BP-1-5d, e¹).

[BP-2] Disclosures in relation to specific circumstances

Time horizons

This Sustainability Report has been prepared by adopting the time intervals set out in *ESRS Standard 1, section 6.4 (Definition of short, medium and long term for reporting purposes)* and specified below (BP2-9a,b):

- short term:** one year, corresponding to the Group's reporting period in its financial statements;
- medium term:** one to five years;
- long term:** more than five years.

Value chain estimates

The disclosure regarding Scope 3 emissions is subject to greater intrinsic limitations than Scope 1 and 2 emissions, due to the lower availability/accuracy of both a quantitative and qualitative nature in relation to the value chain. For more information, see section E1-6 of ESRS E1 - Climate change (BP2-10a,b,c,d).

Causes of uncertainty in estimates and results

With regard to forward-looking information on events that may occur in the future and potential future actions by the Group as reported in this document, such information is inherently uncertain as it is based on assumptions and estimates. Consequently, significant deviations from actual results may arise in future years.

Any references to uncertainties and estimates in the results are explicitly stated within the individual chapters (BP2-11a,b and BP2-12).

Changes in the preparation and presentation of sustainability disclosures

As this is the Group's first year of reporting under the European Sustainability Reporting Standards (ESRS), some data for 2023 and earlier is not available. Where data from previous years had been reported in the 2023 Non-Financial Statement prepared in accordance with the Global Reporting Initiative Framework, it has been included in this Sustainability Report to the extent deemed useful to readers. Data related to 2023 and to previous years contained in this Sustainability Report should be considered as additional information under ESRS 1 (BP2-13a,b,c).

1 The country where De' Longhi is based does not fall within the exemption provided for in Articles 19a(3) and 29a(3) of Directive 2013/34/ EU (BP1-5e).

Reporting errors in previous periods

In accordance with the ESRS, the Group is required to report any material errors in the data reported in previous periods. However, with respect to the 2023 Non-Financial Statement, no material errors have been identified. If any future errors are detected, De' Longhi will guarantee timely communication and correction (BP2-14 a,b,c).

Disclosures required by other regulations or generally accepted sustainability reporting requirements

With this Sustainability Report, the De' Longhi Group meets the requirements of Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, also called the European Taxonomy. For more information, see the section *"The European Taxonomy"* (BP2-15).

[GOV-1] Role of the administrative, management, and supervisory bodies

As a company listed on the Euronext Milan market starting on 24 July 2001, since 2021 the Company has complied with the Corporate Governance Code, which replaced the Code of Conduct for Listed Companies which De' Longhi followed from March 2007 to 2020.

The De' Longhi Group's governance system, of the traditional type (the so-called "Latin" model), is designed to promote the creation of value while ensuring maximum transparency. Under this model, corporate management is entrusted to the Board of Directors (BoD), while supervisory functions are assigned to the Board of Statutory Auditors. The statutory audit of the accounts is performed by an external auditing firm.

The Board of Directors is responsible for defining the company's objectives and developing the most effective strategy for achieving them. It plays a central role within the corporate organization and is the body that sets and bears responsibility for strategic and organizational guidelines, and makes sure controls are in place to monitor the performance of the Company and the Group. The Board guides the Company and the Group with a view to creating long-term value for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Company. In particular, the Board plays

a central role in defining sustainability strategies and identifying the annual and medium/long-term objectives pursued by the Group, and in the process of verifying the related results.

To support this process, the Board of Directors has set up three internal committees, each with investigative, propositional and advisory functions:

Control and Risks, Corporate Governance and Sustainability Committee (CCR): operational since 2019, this is an internal board committee that, among other things, is responsible for functions related to the internal control system, risk management, and corporate governance. It also supports the Board of Directors with specific preparatory, propositional, and consultative functions in evaluations and decisions regarding sustainability, including the analysis of key issues for long-term value creation for shareholders, while considering the interests of other relevant stakeholders to the Company, with a focus on achieving Sustainable Success for the Company and the Group. This support includes the analysis of the identification, approval and monitoring of the impacts, risks and opportunities identified in the double materiality analysis carried out by the Group. Additionally, the CCR evaluates the accuracy of the process for preparing the periodic, financial, and non-financial information, ensuring that it correctly represents the business model, the Company's strategies, the impact of its activities, and the performance achieved. It also acknowledges the information provided by the delegated bodies and the financial reporting officer regarding the suitability of the periodic, financial, and non-financial information to correctly represent the business model, the Company's strategies, the impact of its activities, and the performance achieved, taking into account the outcomes of the analysis of key issues for long-term value creation for shareholders, while considering the interests of other relevant stakeholders to the Company, with a focus on achieving Sustainable Success for the Company and the Group. (GOV1-22a);

To date, the committee consists of three members, all female.

The **Remuneration and Appointments Committee (RAC)** is an internal Board committee which investigates, makes recommendations and advises on matters relating to compensation and appointments. In carrying out its duties relating to compensation the RAC (i) prepares and submits the "Annual Report of the Remuneration Policy and Compensation" to the Board of Directors for approval, in accordance with art. 123-ter

del TUF and, more specifically, the compensation policy for the Directors, Managing Director and Managers with Strategic Responsibilities, which also takes into account compensation for statutory auditors pursuant to art. 2042 of the Italian Civil Code (the "Compensation Policy"); the Board then submits the report to the Annual General Meeting convened to approve the separate annual report to be voted on; (ii) periodically assesses the adequacy and application of the Compensation Policy, as well as the overall compliance with the Compensation Policy, based on the information provided by the Chief Executive Officer through the Group's Chief People Officer; (iii) presents proposals or provides opinions to the Board on the remuneration of executive directors, other key directors, as well as the performance targets for the variable compensation; (iv) presents proposals or provides opinions to the Board on the remuneration of members of internal board committees; (v) assists the Board in the preparation of share-based compensation plans and medium/long-term cash incentives; (vi) monitors the implementation of the Board's resolutions and the achievement of performance targets linked to variable compensation; (vii) carries out additional tasks in line with the Compensation Policy approved or the recommendations of the Corporate Governance Code and may engage independent external consultants to support its activities; (viii) carries out the tasks assigned based on the Procedure for Related Party Transactions.

In terms of appointments, the RAC has the following duties: (i) provide opinions to the Board on the size and composition of the Board, as well as the Board committees, and make recommendations about the professional profile of the Board members, also taking into account the "Diversity Policy for Members of Corporate Bodies" adopted by the Company (the "Diversity Policy"); (ii) if deemed opportune, make recommendations about the maximum number of directorships and statutory auditorships to be held in companies listed on regulated markets (including foreign) or large enterprises, deemed compatible with the ability to carry out the role of director in the Company, including taking into account the commitment of the role held; (iii) express recommendations to the Board relating to the Board's authorization of exceptions to any conflicts of interest the directors might have pursuant to art. 2390 of the Italian Civil Code and any problematic situations; (iv) in the event of cooption, proposes candidates to the Board; (v) supports the Board in the monitoring, definition and updating of

the Diversity Policy; (vi) on behalf of the Board, monitors and supervises the review of the Board and its committees, supporting the Chair in ensuring an adequate and transparent process (the board review or self-assessment); (vii) supports the Board in drafting, as well as updating and implementing, the Succession Plan for the Chief Executive Officer and any other executive directors, which identifies at least the procedures to be followed in the event of early termination of office, formulating its opinion; (viii) examines and evaluates the procedures adopted for the succession of top management and informs the Board of its opinion about their adequacy.

To date, the Committee comprises three members, all male.

Independent Directors Committee: performs the tasks assigned to it under the Related-Party Transactions Procedure, in particular those that the Consob RPT Regulation assigns to a committee composed exclusively of independent directors. To date, the committee consists of three members, two female (67%) and one male (33%).

The members of the Board of Directors have thorough knowledge of the sector, products and markets in which the Group operates and possess diverse and complementary skills in industry, finance, and strategy. This allows for effective and informed management, supported by a plurality of perspectives and experiences. Neither the Italian legal system nor the Articles of Association, which define the corporate bodies, provide for employee or worker representation within them; currently, the Board of Directors does not include representatives of employees and other workers (GOV1-21 b). Furthermore, the Group has not adopted an employee stock ownership plan in which voting rights are exercised indirectly.

Concerning the Board of Directors:

- of the 11 members, 3 (three) are executive directors and 8 (eight) are non-executive directors, all of them have the qualifications and skills appropriate to the tasks entrusted to them;
- the number of non-executive directors (8) and their profiles are such to ensure them a significant weight in the assumption of board resolutions and to provide for the effective monitoring of operations; and

- a significant portion of the non-executive Directors (5 out of 8) meet the independence requirements stated by law and in the Articles of Association, as well as those required by the Corporate Governance Code. Additionally, 2 other non-executive directors meet the independence requirements stated by law and in the Articles of Association, but not those required by the Corporate Governance Code, having held directorships at the Company for more than 9 of the past 12 financial years.

The members of the Board of Directors are appointed by the Shareholders' Meeting on the basis of the list voting mechanism. This system, which provides for the use of competing lists of candidates, guarantees the appointment of representatives of the non-controlling shareholders.

The appointment process ensures that gender balance is respected in accordance with current rules.

The Board of Directors has adopted a diversity policy in relation to the composition of the Board of Directors and Board of Statutory Auditors with regard to aspects such as age, gender, disabilities, and educational and professional background, called "Diversity policies for the members of the corporate bodies of De' Longhi S.p.A." (available at www.delonghigroup.com, section "Governance" - "Corporate Documents").

The current composition of the Board is such as to guarantee the diversity of its members in terms of age and educational and professional background, in keeping with the diversity policies. It also complies with applicable legislation on gender quotas, as more than two fifths of the Board is composed of female directors, who are the less represented gender (of the 11 directors in office at the date of this Report, 5 are female and 6 are male) [MDR-M 76.77](#).

(GOV1-21a,d,e) composition and diversity of the administrative, management and control bodies	2023		2024	
	Board of Directors			
Number of members with and without executive positions	Executive members	3		3
	Non-executive members	8		8
Gender split	Women	45%		45%
	Men	55%		55%
	Undeclared	0%		0%
% of independent board members		63%		63%

Board of Statutory Auditors	Unit of measurement	2024	
Number of members of the Board of Statutory Auditors	Headcount	5 (including two alternates)	
Gender split	Women	60%	
	Men	40%	

In 2024, the De' Longhi Group implemented the new regulatory obligations enshrined in the *Corporate Sustainability Reporting Directive* (CSRD, EU-2022/2464). Currently, the bodies and figures in charge of pursuing the Company's sustainability objectives, in addition to the Board of Directors and the aforementioned Control and Risks, Corporate Governance and Sustainability Committee, are:

- **Chief Executive Officer:** submits the main corporate risks to the Board of Directors for examination at least once a year and implements the Guidelines, overseeing the design, implementation and management of the Internal Control and Risk Management System and constantly verifying its adequacy and effectiveness.
- **Sustainability Steering Committee:** set up in 2019, this committee has representation from corporate management as well as executives from various departments. It endorses and supports the Group's strategy regarding sustainability issues.
- **Group Sustainability Director:** responsible for defining, implementing and supervising sustainability strategies at Group level. This person collaborates synergistically with the heads of the individual company departments to integrate sustainability practices and implement the initiatives envisaged in the sustainability plan.
- **Chief Financial Officer:** responsible for Sustainability Reporting and certification of compliance with the relevant standards and regulations, in his or her role as financial reporting officer.
- **Internal Audit Director:** oversees the Enterprise Risk Management (ERM) system, a management model developed and perfected by the Group over the years which allows for the assessment and monitoring of corporate risks. (GOV1-22a). Internal Audit has no operating responsibilities, and reports directly to the Board of Directors and coordinates the organizational plan with the Chief Executive Officer, ensuring that the Control and Risk Committee, the Board of Directors, the Board of Statutory Auditors, and the Financial Reporting Officer receive all the information they need. The Head of Internal Audit is autonomous and works independent of all the operating areas subject to internal audit's monitoring in order to guarantee maximum independence. At least every six months, the Head of Internal Audit submits periodic reports to the Control and Risk, Corporate Governance and Sustainability committees, as well as to the Board of Directors.

These individuals and bodies play a key role in supervising the impacts, risks and opportunities related to Sustainability within the Group, and promote a structured integration of Sustainability into corporate governance. (GOV1-22b) From a management point of view, the Sustainability Steering Committee operates as a strategic steering body, with the task of monitoring the main sustainability trends and ensuring the alignment of corporate strategies with ESG objectives. The Group Sustainability Director, first appointed in 2023, guides the Group on its sustainability journey, combining strategic vision, management skills and a deep commitment to social and environmental responsibility. This figure reports directly to the Chief Executive Officer, ensuring an effective flow of information between management and the Board of Directors. Internal Audit plays an independent control role, helping to assess the effectiveness of ESG risk management systems - also with the support of external consultants - and monitoring procedures. (GOV1-22c(i),(ii)) The Group manages impacts, risks and opportunities through dedicated controls, based on ESG risk assessment, integrated into the Financial Materiality and ERM system (GOV1-22c(iii)).

The Control and Risk Committee (CCR) supports the Board of Directors (BoD) in actively monitoring the process of setting ESG objectives, ensuring consistency of sustainability targets with the corporate strategy and relevant regulatory standards. In particular, the Board of Directors approves the business plan of the Company and the Group, within which the Sustainability Plan is integrated; it also monitors its implementation by periodically comparing the results achieved with those planned (GOV1-22d).

The persons in charge of monitoring the correct management of sustainability-related issues have been selected on the basis of their skills and personal and professional experience accumulated during their careers. However, considering the continuous regulatory changes in the field of sustainability and the changing context of reference, the Group is committed to enhancing the skills of these key figures. All Directors and Statutory Auditors may participate, after their appointment and during their term of office, in induction initiatives aimed at providing them with an adequate understanding of the business sectors in which the Company operates, business dynamics, and trends, including with a view to the Company's Sustainable Success, the principles of proper risk management, and the regulatory and self-regulatory framework. To this end, training opportunities are offered, allowing them to effectively guide the Company's actions in addressing

significant impacts, risks, and opportunities, thereby ensuring strategic management of sustainability-related challenges (GOV1-21 c; GOV1-23a,b).

[GOV-2] Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The organizational structure described in the section GOV-1 is designed to ensure effective management of the Group's sustainability issues. It clearly defines roles and responsibilities, ensuring that planned policies and actions are implemented and monitored in a consistent and systematic manner. The year 2024 marks the Company's first experience in performing a double materiality analysis fully aligned with the requirements of the CSRD framework. As a result, the processes for determining the frequency and methodologies for overseeing material Impact and Risk Opportunities (IROs) by the Board and its Committees are still under development. At this early stage, the focus was on creating the basis for effective oversight, and the Board of Directors has already been actively involved.

Prior to the approval of the sustainability report, the Control and Risk, Corporate Governance and Sustainability Committee, as part of its sustainability support functions, and the Board of Directors were involved in the results of the double materiality analysis, including the identification of tangible IROs, and the Board approved them. In particular, the Committee's activities are planned and coordinated by its President, who convenes, chairs and directs its meetings. At least once a semester, at the first possible Board meeting, the Chairman informs the Board of Directors of the topics discussed, the observations and recommendations that have emerged, and the opinions expressed by the Committee during the individual meetings. On the basis of periodic meetings with the Control, Risks, and Sustainability Committee, the Sustainability Steering Committee, in the person of the Group Sustainability Director, provides periodic updates on the company's strategic



sustainability guidelines (GOV2-26a). Through the double materiality analysis, the Group identifies the most relevant issues, allowing the Board of Directors and the designated committees to make informed strategic decisions, integrating the assessment of impacts, risks, and opportunities into the process of monitoring the corporate strategy and managing any trade-offs. For more information on how management bodies consider IROs in relation to the risk management process, see IRO-1 "Description of the process to identify and assess material impacts, risks, and opportunities" (GOV2-26b).

For more information on the Corporate Strategy, refer to SBM-1, and for further information on the impacts, risks, and opportunities found to be material for the Group, refer to SBM-3 (GOV2-26c).

[GOV-3] Integration of sustainability-related performance in incentive schemes

De'Longhi's 2024 Remuneration Policy, which is publicly available on the company website (MDR-P-65f), has been defined in keeping with its governance model and the Corporate Governance Code. This policy, approved by the Board of Directors on the proposal of the Remuneration and Appointments Committee and then submitted to the binding vote of the Shareholders' Meeting (GOV3-29, e), contributes to the corporate strategy, the pursuit of shareholders' long-term interests, and the sustainability of the Company and the Group, as it makes it possible to:

1. Align the interests of top management with those of shareholders, pursuing the priority objective of creating long-term value for their benefit while taking into account the interests of other stakeholders relevant to the Company, by forging a strong link between remuneration and performance;
2. Focus managerial actions on the pursuit of short-, medium- and long-term objectives, concentrating efforts on the Group's industrial performance;
3. Attract, motivate, develop and retain people with the individual and professional qualities required for the pursuit of

the company's business development objectives by offering them competitive remuneration packages that take account of the working conditions of the Company's employees, thereby promoting their loyalty and retention within the Group;

4. Recognize merit in order to adequately reward the individual and collective contribution of managers (MDR-P-65a).

These objectives are crucial in defining the Company's remuneration policies. The Remuneration Policy ensures consistency between the corporate strategy, expressed in the 2024-2026 Business Plan approved by the Board of Directors, the strategy and sustainability targets (identified to give substance to the Company's commitment) set out in the Sustainability Plan, and the performance objectives envisaged by the Company with reference to the short- and medium/long-term incentive systems adopted for the benefit of executive directors and key management personnel.

The remuneration of non-executive directors is determined by the Shareholders' Meeting at the time of their appointment of the Board of Directors, for the duration of office; it is commensurate with the skills, qualifications, and commitment required by the tasks assigned to them, including with respect to their participation in Board committees. For non-executive directors, there is no variable component of remuneration. For directors with delegated powers (including the Chief Executive Officer), the General Manager, and key management personnel, the remuneration structure is appropriately balanced to ensure consistency between strategic objectives, the risk management policy, and the sustainability of long-term value creation for shareholders. This structure includes a fixed component, a short-term variable component and a medium/long term variable component, defined within maximum limits and aimed at rewarding expected performance (MDR-P-65b, GOV3-29, a).

In addition, the overall remuneration is - for each type of role - consistent with market parameters for similar assignments, thanks to specific salary comparison analyses carried out with the support of leading consulting firms. Targets for variable remuneration are predetermined, measurable, and significantly linked to a long-term horizon, including non-financial parameters, comprising ESG performance targets, to promote sustainable success. The modulation between the annual fixed component and short-term variable remuneration varies according to the role and responsibilities, to ensure the sustainability of the company's results and the creation of value for shareholders in the long term.

The 2024 Remuneration Policy provides for an annual variable component (MBO): this represents the annual variable component of remuneration based on the attainment of predefined short-term business performance indicators; its function is to direct management's actions towards achieving the financial and non-financial objectives set for the fiscal year.

The variable portion linked to Sustainability-related performance objectives stands at 15% for 2024% (GOV3-29d). The ESG performance objectives are as follows:

- Reduced environmental impact of products: increase in the percentage of products with polystyrene-free packaging (target: 70%);
- Reduced environmental impact of products: increase in the percentage of products with digital user manuals (target: 25%);
- DE&I Program: define HR guidelines for shared staff recruitment and employer branding activities to ensure balanced shortlists of candidates and review of the job descriptions used for search and recruitment processes;
- Responsible supply chain: finalize at least 30 social audits of component suppliers during the course of 2024.

(GOV3-29b, c)

The 2024 Remuneration Policy also provides for a medium-/long-term variable component in the form of De' Longhi's 2024-2026 Performance Share Plan - intended for the Chief Executive Officer, the General Manager, and a small number of the Group's top managers.

This Plan, approved by the Board of Directors on 12 March 2024 and by the Shareholders' Meeting on 19 April 2024, was introduced to direct its actions and efforts towards the Group's industrial performance - with an additional positive effect anticipated for De' Longhi's stock price - in order to pursue the Company's strategy and long-term interests and the sustainability of the Company and the Group, by aligning top management's remuneration with the interests of shareholders and enhancing the motivation and loyalty of the beneficiaries of the incentive scheme.

The plan's targets include the achievement of specific economic and financial results and the improvement of ESG performance indicators. The latter are summarized in the following targets:

- Safe working environment: ensure high health and safety standards by implementing ISO 45001 management systems at the Group's production sites;

- Submission of SBTi targets and definition of an emissions reduction strategy;
- Gender equality: increase the number of women in senior management positions;
- Energy efficiency projects for automatic and pump coffee machines for European markets;
- Percentage increase in products with polystyrene-free packaging;
- Percentage increase in products with digital user manuals.

(GOV3-29b, c)

[GOV-4] Statement on due diligence

The De' Longhi Group does not currently have a structured due diligence process; therefore, it is not possible to map in detail how and where the main aspects and phases of due diligence are addressed in the Sustainability Report. However, the Group plans to implement such a process in 2025, based on the ESRs 2 GOV-4 standard. This process will strengthen the identification, assessment and management of ESG impacts in its activities and along the value chain (GOV-4-32).

[GOV-5] Risk management and internal controls over sustainability reporting

The Group has begun to set up an internal control system on sustainability reporting, with the aim of mitigating the risks of data misstatement and ensuring the accuracy, reliability, and transparency of the information contained in the Sustainability Report. This system, integrated with the provisions for economic and financial reporting, concerns quantitative information with reference to the companies in the Group's scope of consolidation (GOV5-36a).

As for ESRs reporting, starting from the double materiality assessment, the definition of the internal control system involved selecting datapoints that (i) have links with the Sustainability Plan and the Group's incentive plans and (ii) require the involvement of third parties for the collection of the data and/or

the presence of estimates in the calculation process (GOV5-36b).

The analysis of the processes underlying the data collection for these datapoints has made it possible to identify specific points, defined at the process level, which aim to detect any errors in reporting activities, ensuring consistency with the methodologies used in previous reporting periods (GOV5-36c).

For further details on the risks and opportunities identified by the Group, see the section "IRO-1, Description of the process to identify and assess material impacts, risks, and opportunities."

Starting in the coming financial years, the internal control system will undergo testing with reference to the annual data to verify the effectiveness of the defined controls. The test results will generate information flows that will provide updates and alerts to the relevant operating functions, allowing the Group to integrate the results of risk assessment and internal controls connected to the sustainability reporting process. This information will be incorporated into the relevant internal functions and processes through gradual adjustments to procedures and control mechanisms, promoting the continuous improvement of the quality and reliability of the data reported (GOV-5-36 d). In addition, these alerts will be reported on a regular basis to the administrative, management and supervisory bodies. This will ensure a structured flow of information, supporting the monitoring and effective management of risks and internal controls relating to sustainability reporting (GOV5-36 e).

[SBM-1] Strategy, business model and value chain

De' Longhi S.p.A. is the holding company of a group of companies with 10,641 employees, active in the production and distribution of small household appliances in the coffee, food preparation and cooking, air conditioning, heating, and home care sectors. In 2024, the business combination of the subsidiary Eversys and La Marzocco, leader in the production and distribution of semi-automatic coffee machines, gave life to the creation of a pole in the in the premium professional coffee segment. (SBM1-40a(i)). For further information on the breakdown of employees by geographical regions, see section S1-6 of this report (SBM1-40a(iii)). Listed on the Euronext Milan

market operated by Borsa Italiana, the De' Longhi Group distributes its products in more than 120 markets around the world and contributes every year to the launch of innovative items in line with consumer needs. Despite having deep roots in Italy, and in particular in Treviso where the headquarters are located, the De' Longhi Group has long established itself as a major international player through numerous direct commercial branches and an extensive network of distributors. At present, the Group supplies its products to international markets through a portfolio of solid brands: De' Longhi, Kenwood, Braun, Ariete, and Nutribullet. These have been joined more recently by professional coffee machine brands, first Eversys and, in 2024, La Marzocco, which have strengthened the Group's presence in strategic markets and further expanded and diversified its product range.

Products are distributed globally through a network of distributors and specialty retailers, including department stores, appliance stores, online stores, and consumer electronics chains. In addition, the Group has its own e-commerce site, for B2C distribution. Headquartered in Italy, the Group is present in over 30 countries; the main geographical areas served include key markets such as Europe, North America, China, Japan, Middle East, and Australia. Since 2024 with the acquisition of La Marzocco, the market has been expanding even further; this transaction has helped strengthen the Group's position in the household appliances and coffee machines sector, with a growing presence in emerging and established markets (SBM1-40a(ii)). None of the products sold by the Company are prohibited in the markets served (SBM1-40a(iv)).

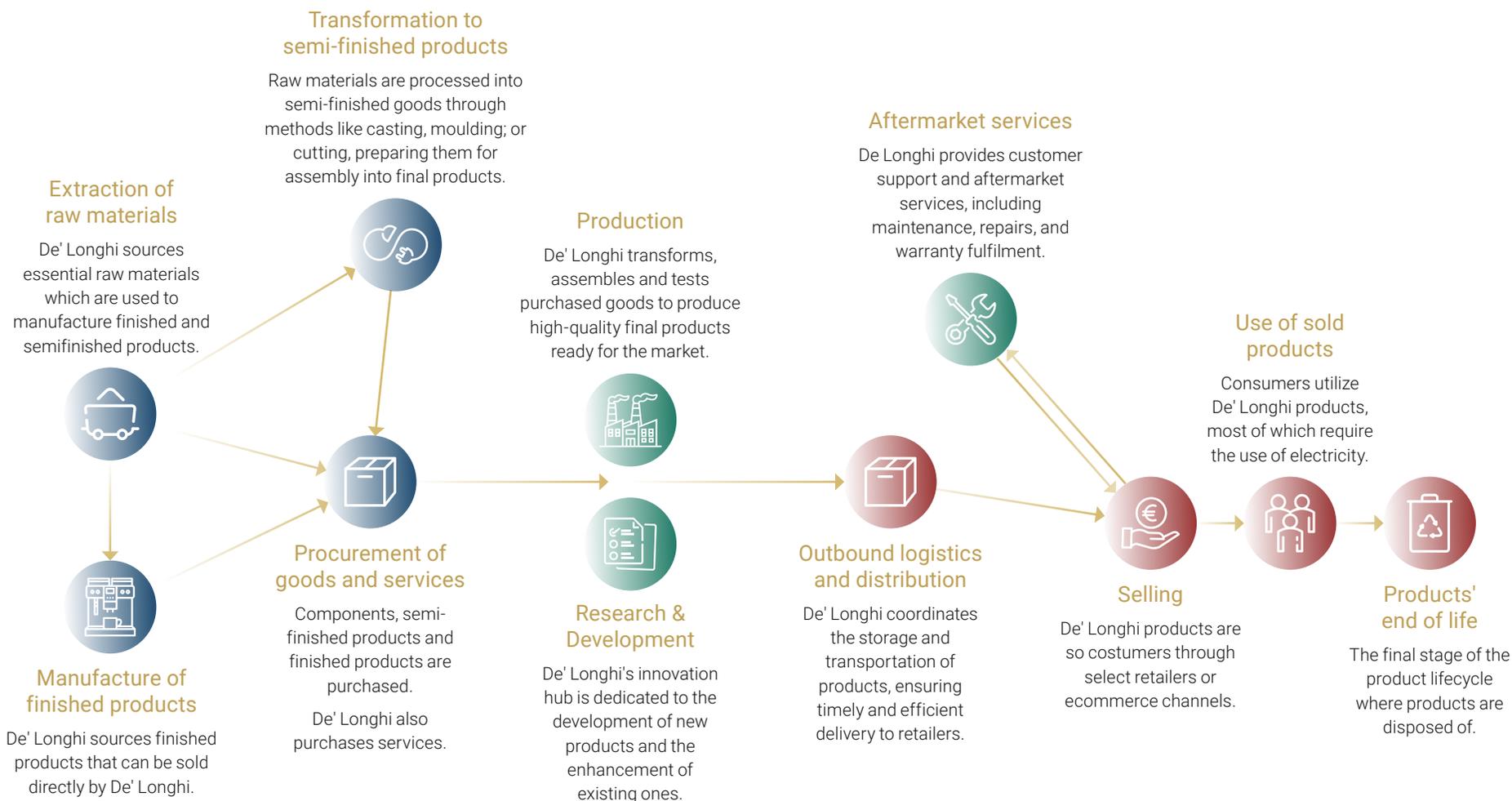
The Group's business model and value chain

The Value Chain, and the relationships that De' Longhi weaves within it, is crucial to upholding high standards of excellence at every stage of the production process, from the selection of raw materials to post-sales services.

The Group adopts a structured approach to ensure the security and resilience of its value chain, intervening on both the inputs and outputs of the production process. Through responsible sourcing strategies and solid partnerships, De' Longhi mitigates the risks associated with the purchase of raw materials, ensuring business continuity and optimizing production efficiency. This business model is able to generate significant benefits for stakeholders. In particular, clients can count on products that are reliable, safe, and manufactured in compliance with strict quality and sustainability standards, while investors benefit from effective management of operational and reputational risks. Business partners benefit from a strong, long-term partnership, which promotes innovation and shared growth. Finally, the commitment to a more ethical and responsible value chain contributes to the well-being of society as a whole, reducing environmental impact and strengthening the transparency of production processes (SBM1-42 a,b).

A detailed map of the Group's value chain and the related business actors and outputs is provided below (SBM1-42 c).





[SBM-2] Interests and views of stakeholders

For the De' Longhi Group, maintaining a constant and constructive dialogue with its stakeholders, based on listening to each other's needs, is essential for successfully pursuing its business objectives. This interaction fosters a solid bond of trust, cultivated by specific company units through communication consistent with the principles of transparency, integrity, clarity, and completeness of information.

Within this process there are periodic meetings between the company functions in charge and key stakeholders; for example, in relation to consumers, any critical product issues mentioned in consumer reviews are shared with the company functions in charge and with the administrative bodies. This ensures alignment between the Company's strategy and stakeholders' expectations (SBM2 - 45d) (SBM2 - 45a(v)).

The main internal stakeholders, in particular the finance, internal audit and sustainability departments, were involved in the double materiality analysis that was discussed on several occasions during meetings of the Sustainability Steering Committee, in the presence of the Chief Executive Officer and the General Manager. On these occasions, the main impacts, risks, and opportunities found to be material were discussed among key internal functions, making it possible to obtain an in-depth understanding of the magnitude of impacts, risks, and opportunities specific to the Group's situation, especially those related to its own industrial processes and the value chain (SBM 2 45 b).

customers, and stakeholders. Its efforts translate into the development of solutions aimed at integrating Sustainability into the business model by developing initiatives matched with specific targets in order to monitor their progress overtime. The three areas of commitment listed below will guide the Group's strategy in the medium to long term (2024-2026) (SBM-3 48f):

1. Change how business is conducted by decarbonizing the phases of the value chain;
2. Incorporate sustainability into the products designed and manufactured;
3. Promote awareness and responsible choices by engaging employees, consumers, and external communities.

The three areas of commitment are realized through the implementation of specific initiatives, identified through the involvement of various corporate functions and taking into account the different categories of stakeholders and market segments to which the targets refer (for more information, see the target descriptions within each thematic chapter) (SBM1-40 f,g). As part of its strategy supervision, the Board of Directors considers the material impacts and integrates them into strategic decisions and therefore into the Sustainability Plan. (GOV2 - 26b) The targets are renewed and, if necessary, reformulated every time the Sustainability Plan is updated (GOV2-26a). To wit, in 2024 the Group approved and published a new Sustainability Plan as part of the 2024-26 Three-Year Business Plan, which includes qualitative and quantitative targets that the Group intends to achieve in pursuit of a more responsible business model.

For more information on the targets associated with the Sustainability initiatives in the Plan, see the relevant sections within the reference topics (SBM1-40 e).

The Supply Chain Department manages the Group's supply chain in collaboration with the Quality and Purchasing units, in order to ensure high standards of quality, business continuity, and compliance with environmental and social obligations, including human rights.

The Group's Business Model is based on two main elements: production hubs and OEMs (Original Equipment Manufacturers), i.e. qualified partners who are responsible for the specialized portion of manufacturing. The production hubs include plants located in Italy, China, Switzerland, and Romania (where a new plant was inaugurated in Satu Mare in 2024).

Relations between the Group and OEMs are managed by the Purchasing Offices located in Italy and Hong Kong, each responsible for specific product categories. Materials for components and finished goods are managed in Italy, Romania, and Switzerland by the Supply Chain Department or the Local Departments for the Professional Coffee Division, while in China this responsibility is assigned to the managers of the Dongguan and OnShiu plants, with support from the aforementioned Purchasing Departments.

Once the assembly and production phase is completed, product safety tests are carried out by specific teams at the production sites, while the Corporate Quality Division is responsible for carrying out specific internal audits. Subsequently, the products are shipped to warehouses at the logistics hubs, from where they are distributed worldwide through the Group's sales network.

To facilitate communication with its suppliers, for several years De' Longhi has created a dedicated portal that includes fundamental documents, such as the company's Code of Ethics and the Responsible Sourcing Guidelines, available in Italian, English and Chinese. These documents define the risk assessment criteria and ensure adequate control over new suppliers. For further details on the tools available for these purposes and the initiatives and actions taken, see section ESR S2, "Workers in the value chain."

The Group integrates sustainability targets into its corporate strategy through the Sustainability Plan, defining clear objectives in relation to its products and services, markets,

The main stakeholder categories are reported below (SBM2-45 a(i) (ii) (iv)):

Stakeholders	Role in the value chain	Means of stakeholder engagement (SBM2 - 45a (iii))	Type
Trade associations	Trade associations represent and defend the interests and rights of workers within the corporate and of consumers downstream in the value chain.	Periodic meetings with the associations	Intended user
Shareholders	Shareholders are crucial components for De' Longhi, as they provide capital and empower management through their voting rights and influence. They are individuals, companies or institutions that play a guiding role within the corporate perimeter and can also influence decisions upstream and downstream in the value chain.	Publication of the Sustainability Report Policy for management and dialogue with shareholders Sustainability Plan with targets Other documentation publicly available on the Group's website	Intended user
Communities and NGOs	Local communities and NGOs can support the De' Longhi Group by collaborating throughout the value chain, providing advice and continuous support to improve business practices. In particular, these stakeholders can be a facilitator to improve the Group's transparency and social responsibility.	Meetings with communities for local development.	Affected stakeholder
Consumers	For De' Longhi, consumers are in the downstream phase of the value chain, but they influence the direct and upstream phase by determining demand, providing feedback for innovation, and influencing the Group's reputation. In addition, their environmental and social awareness pushes the Group towards sustainable practices. For these reasons, consumer satisfaction is crucial for loyalty, while their price and value expectations drive business strategies.	Customer care service	Intended User Affected Stakeholder
Employees	Employees are a crucial component of De' Longhi's value chain. They influence productivity, quality, innovation, corporate culture, customer service, risk management, sustainability, and operational efficiency. Their contribution is essential for the long-term success and sustainability of the company, guiding virtuous actions within the corporate perimeter and in the Group's role in the upstream and downstream phases.	Employee training Dialogue with trade union representatives	Affected Stakeholder
Suppliers	Suppliers are crucial to the Group's value chain, influence product quality, production costs, innovation, operational flexibility, and sustainability. In the upstream phases, they provide essential raw materials and components, ensuring quality and reliability. In the direct phase, they work closely with the company to optimize production processes and introduce innovations. Downstream, they support distribution and logistics, contributing to business continuity and customer satisfaction.	Supplier audits Regular meetings with suppliers	Affected Stakeholder

Stakeholders	Role in the value chain	Means of stakeholder engagement (SBM2 - 45a (iii))	Type
Future generations	As stakeholders in the value chain, future generations drive the Group to operate sustainably and responsibly, considering the environmental impact of their operations to preserve the environment and communities. This means that De' Longhi's decisions must take into account the well-being of communities, ensuring economic and social opportunities for the future through actions at all stages of the value chain.	Hands-on activities at schools Events with university students and orientation programs	Affected Stakeholder
Financial analysts and media	Financial analysts and the media influence the public perception of the Group and its reputation and strategic decisions at all stages of the value chain. In the upstream phase, they evaluate procurement and sustainability practices, influencing investor confidence and market credibility. In the direct phase, they provide financial performance analysis and transparency, guiding strategic decisions and promoting corporate accountability and governance. Finally, in the downstream phase, they manage reputation through media coverage and highlight sustainability and social responsibility practices, influencing public and investor perception.	Publication of the Sustainability Report and the Sustainability Plan with targets Other documentation publicly available on the Group's website Conferences and meetings	Intended User
Business partners	Business partners are key to the Group's value chain. They affect collaboration and synergy, market expansion, and supply chain efficiency. In the direct phase, they facilitate access to new markets and customer segments, optimize logistics, and reduce operational costs through efficient supply chain management. In the downstream phase, they stimulate innovation through the joint development of new products and technologies, help diversify and mitigate operational and market risks, and support sustainability and social responsibility initiatives.	Involvement of partners in the Group's activities through periodic meetings	Intended user Affected stakeholder
Universities/Research centers	Universities and research centers are crucial to the Group's value chain, influencing innovation, training, and technological development at all stages. In the direct phase, they collaborate with De' Longhi to innovate through the application of new technologies, products and processes, improving competitiveness and efficiency, and train future professionals by offering specialized skills and advanced knowledge to solve complex problems and improve business processes. Downstream, they promote open innovation by sharing ideas and technologies to accelerate the development of new solutions.	Collaborations between universities (Politecnico di Milano) and the Group's product development team Presentations to students and orientation programs	Intended User

[SBM-3] Material impacts, risks, and opportunities and their interaction with strategy and business model

Considering the new developments in the regulatory context, the double materiality analysis not only considers the effects of corporate activities on the environment and society (impact materiality), but also examines how ESG issues influence the company's financial performance and resilience in the present and in the future (financial materiality). The Group has therefore assessed the impacts, risks and opportunities related to Sustainability through a structured and defined process. Initially, a benchmark study was carried out both on industry documents and on competitors' non-financial statements; subsequently, the impacts affecting the Group were identified, and the most relevant ones were singled out. The identification of material topics is based on the analysis of the main economic, environmental, and social impacts (including human rights) that may even potentially be caused by the Group's activities and its business relationships. Also considered are risks, already mapped within the corporate ERM and integrated with those arising from impact and dependency analysis, as well as opportunities.

The section "IRO-1, Description of the process to identify and assess material impacts, risks, and opportunities" provides a list of material impacts, risks, and opportunities, including the phases in which they occur along the value chain and the activities that give rise to them (SBM-3, 48 c i, ii, iv).

The material impacts, risks, and opportunities identified through the materiality analysis formed the basis for the definition of priority issues addressed in the Group's new Sustainability Plan². This assessment made it possible to identify the most relevant areas of intervention and to direct strategic actions towards a more responsible and conscious management (SBM-3, 48 b). The progress of the initiatives listed in the Sustainability Plan is constantly monitored through the relevant KPIs and the results are published annually in the Sustainability Report, ensuring transparency and consistency with the

commitments undertaken; the process of defining and monitoring the targets involves all the internal stakeholders described in the previous chapter, in the interests of a shared approach.

For more information on the association between the Sustainability Plan and IROs, see the target descriptions within the relevant topics (SBM-3, 48 c(ii)).

[IRO-1] Description of the process to identify and assess material impacts, risks, and opportunities

In accordance with the Corporate Sustainability Reporting Directive (CSRD), the De' Longhi Group conducted a two-pronged analysis with the support of external consultants.

The double materiality principle is the first step in defining the content of the sustainability report, as it makes it possible to identify the relevant information for stakeholders; through this analysis, in an ESG context, the Group has identified the impacts generated, the risks to which it is exposed, and the opportunities to be seized. The starting point was the assessment of impact materiality, which involves an analysis of the actual and potential, negative and positive impacts generated by the company externally (inside-out approach). Conversely, financial materiality considers the risks and opportunities that influence or could affect the Group's financial position, economic performance, and cash flow, as well as the cost of capital in the short, medium or long term (outside-in approach). The analysis took into account the entire value chain, including not only direct activities but those taking place upstream and downstream of the company perimeter (IRO-1-53a).

Impact materiality

The impact analysis was conducted through an in-depth understanding of the value chain and the operating context,



² Note that the Sustainability Plan targets refer to all Group companies, with the exception of La Marzocco, as it was acquired after the plan's approval.

accompanied by benchmark analyses with competitors, comparables, and peers, sustainability trends in the sector, and regulations applicable to the Group. The possible impacts on stakeholders, including workers, the community, and consumers, were also considered by engaging and consulting the main internal units (IRO-1-53b (iii)). Three parameters were used to quantify the impacts generated: scale, scope, and irremediable character, in accordance with the ESRS. More specifically:

- The assessment of scale referred to the magnitude of the impact on the environment or on people;
- Scope was assessed with reference to the geographical perimeter, considering the entire value chain (IRO-1-53b (ii));
- Irremediable character was assessed by determining how difficult it would be to remediate any damage in the event that the impact occurs.

In addition, for each potential impact, the likelihood that the event associated with the impact will occur was also evaluated. The likelihood of potential negative impacts was assessed taking a "gross" approach, i.e. without considering the actions taken by the Group to prevent or mitigate them. Finally, for potential impacts, a time horizon was identified within which the effects of the event could materialize. The time horizons adopted by the Group follow the classification described above.

Financial materiality

In assessing financial materiality, De' Longhi identified potential risks (both physical and transitional) and opportunities related to sustainability that could generate a negative or

positive financial impact on the company, respectively. Risks and opportunities may be caused by the impacts generated and may also result from the actions taken to address the impacts themselves (IRO1-53c).

In order to identify risks and opportunities, the Group, in accordance with the requirements of the ESRS Standards, has assessed the following factors:

- **Impact:** a risk or opportunity can be generated by an impact of the company on people and the environment and identified during the impact materiality analysis;
- **Dependency:** dependencies represent the close relationship and interconnectedness between an organization and various factors, such as suppliers, customers, resources, regulations, or other external entities, that the organization itself relies on for its operations and the achievement of its goals;
- **Corporate ERM:** the Enterprise Risk Management process is the basis of the analysis; through the study of the impacts generated, the ERM was integrated with the materials risks and opportunities resulting from the materiality analysis.
- **Actions taken to address sustainability issues:** risks and opportunities can be generated by the actions the company takes to mitigate its negative impacts or to maximize its positive impacts on sustainability.

In assessing short-, medium- and long-term risks and opportunities, two parameters were considered: the magnitude of the financial effect generated on the company, and the likelihood of occurrence of the event to which the risk or opportunity is linked. The magnitude thresholds are the same as those used for risk assessment within the ERM.

As with impact materiality, a time scale has been used for financial materiality to represent the horizon within which a risk or opportunity could occur. The time horizons used for the assessment of financial materiality follow the classification adopted for impact materiality, presented in the previous section (IRO-1-53e,f,g).

Double materiality

After identifying and prioritizing the impacts, risks and opportunities along the value chain, these were validated by the Group's Sustainability Steering Committee and subsequently assessed by the Control and Risks, Corporate Governance and Sustainability Committee.

The Group's internal stakeholders are involved throughout the process of identifying and assessing risks and opportunities. To complete the analysis, consultations were carried out with key internal functions of the Group, specifically identified to ensure coverage of all material financial aspects (IRO-1-53d).

The following is a representation of the material impacts, risks, and opportunities, including the stage at which they occur within the value chain (SBM-3, 48a) (SBM-3, c(i)) (SBM-3, c(iii)) (SBM-3, c(iv)).

All impacts, risks, and opportunities are covered by the disclosure requirements of the ESRS; therefore, no additional entity-specific disclosures are required (SBM-3-48 h).

ESRS topic	ESRS subtopic	ESRS sub-subtopic	IRO description	IRO type	Actual/ Potential	Negative/ Positive	Position in the value chain	Time horizon
E1 - Climate Change	Climate change mitigation		Climate change due to greenhouse gas emissions	Impact	Actual	Negative	Upstream, direct, and downstream	Short term
			Introduction of legislative measures to mitigate climate change	Risk	-	-	-	Short term
			Difficulty attracting investors and higher interest rates due to inadequate sustainability targets	Risk	-	-	-	Short term
			Access to grants and loans for sustainable investments	Opportunity	-	-	-	Short term
			Reputational risks associated with a lack of initiatives to mitigate climate change	Risk	-	-	-	Medium/long term
			Revenue growth through low-carbon product offerings	Opportunity	-	-	-	Short term
	Climate change adaptation		Operational instability and supply chain disruption due to extreme weather	Risk	-	-	-	Short and medium-long term
			Reduced availability of coffee on the market due to climate change	Risk	-	-	-	Medium/long term
	Energy		Excessive energy consumption	Impact	Actual	Negative	Upstream, direct, and downstream	Short term
			Improved reputation and cost savings from the energy transition	Opportunity	-	-	-	Short term
E5 - Resource use and circular economy	Resource inflows, including resource use Outflows of resources related to products and services Waste		Revenue growth through product development based on circular economy principles	Opportunity	-	-	-	Short term
			Depletion of natural resources due to the use of virgin raw materials	Impact	Actual	Negative	Upstream and Direct	Medium/long term
			Increased procurement costs due to scarcity of virgin raw materials	Risk	-	-	-	Medium/long term
			Increased costs due to the use of recycled materials	Risk	-	-	-	Short term
			Damage to the ecosystem caused by incorrect waste disposal	Impact	Potential	Negative	Upstream, direct, and downstream	Medium/long term

02

ESRS topic	ESRS subtopic	ESRS sub-subtopic	IRO description	IRO type	Actual/ Potential	Negative/ Positive	Position in the value chain	Time horizon
S1 - Own Workforce	Working conditions	Health and safety	Physical harm to workers due to inadequate working conditions - Direct	Impact	Actual	Negative	Direct	Short term
			Reputational and legal risk deriving from the failure to protect the health and safety of workers	Risk	-	-	-	Short term
	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value Employment and inclusion of persons with disabilities Measures against violence and harassment in the workplace Diversity	Discrimination against workers - Direct	Impact	Potential	Negative	Direct	Short term
			Training and skills development	Failure to develop employee skills due to inadequate training	Impact	Potential	Negative	Direct
	Working conditions	Working times Adequate wage Social dialogue Freedom of association, including the existence of work councils Collective bargaining Work-life balance Training and skills development	Difficulty in attracting and retaining talent	Risk	-	-	-	Short term
			Secure employment Working times Adequate wage Social dialogue Freedom of association, including the existence of work councils Collective bargaining Work-life balance Child labor Forced labor Adequate housing Privacy	Violation of workers' human rights due to inadequate labor practices - Direct	Impact	Potential	Negative	Direct

ESRS topic	ESRS subtopic	ESRS sub-subtopic	IRO description	IRO type	Actual/ Potential	Negative/ Positive	Position in the value chain	Time horizon
	Working conditions Other work-related rights	Secure employment Working times Adequate wage Social dialogue Freedom of association, including the existence of work councils Collective bargaining Work-life balance Child labor Forced labor Adequate housing Water and sanitation Privacy	Reputational and legal risks for human rights violations within the company	Risk	-	-	-	Short term
S2 - Employees in the value chain	Working conditions	Health and safety	Physical harm to workers due to inadequate working conditions - Indirect	Impact	Actual	Negative	Upstream	Short term
	Other work-related rights	Adequate housing Water and sanitation	Violation of workers' human rights due to inadequate labor practices - Indirect	Impact	Potential	Negative	Upstream	Short term
	Working conditions Equal treatment and opportunities for all Other work-related rights Personal safety of consumers and/or end-users	Health and safety Measures against violence and harassment in the workplace Forced labor Child labor	Reputational and legal risks for human rights violations along the value chain	Risk	-	-	-	Short term
S4 - Consumers and end-users	Personal safety of consumers and/or end-users	Health and safety	Harm to consumer health and safety due to product quality	Impact	Potential	Negative	Direct	Short term
	Personal safety of consumers and/or end-users	Health and safety	Harm to consumer health and safety due to misleading labeling	Impact	Potential	Negative	Direct	Short term
	Personal safety of consumers and/or end-users	Health and safety	Promoting a healthy lifestyle for consumers	Impact	Potential	Positive	Direct	Short term
	Personal safety of consumers and/or end-users	Health and safety	Recognition of reputation through the promotion of healthy lifestyles	Opportunity	-	-	-	Short term
	Personal safety of consumers and/or end-users	Health and safety	Consequences of distributing products that do not meet health and safety standards to consumers	Risk	-	-	-	Short term

ESRS topic	ESRS subtopic	ESRS sub-subtopic	IRO description	IRO type	Actual/ Potential	Negative/ Positive	Position in the value chain	Time horizon
	Impact of information for consumers and/or end-users	Privacy	Violation of customer privacy	Impact	Potential	Negative	Direct	Short term
	Social inclusion for consumers and/or end-users	Non-discrimination Access to products and services Responsible marketing practices	Promoting social inclusion through products	Impact	Potential	Positive	Direct	Medium/long term
	Impact of information for consumers and/or end-users	Privacy	Fines and reputational damage from data breaches	Risk	-	-	-	Short term
	Social inclusion for consumers and/or end-users	Non-discrimination Access to products and services Responsible marketing practices	Market expansion through inclusive product development	Opportunity	-	-	-	Short term
G1 - Business Conduct	Corporate culture Corruption and bribery	Prevention and detection, including incidents training	Legal and reputational consequences of corporate corruption	Risk	-	-	-	Short term
	Corporate culture Corruption	Prevention and detection, including incidents training	Reputational consequences of supplier misconduct	Risk	-	-	-	Short term



[IRO-2] Disclosure requirements in ESRS covered by the undertaking's sustainability statement

In the previous sections, the Group has described the process of defining the impacts, risks, and opportunities found to be material; for more information, see the sections "SBM-3: Material impacts, risks, and opportunities and their interaction with strategy and business model" and "IRO-1, Description of the process to identify and assess material impacts, risks, and opportunities" (IRO-2-59).

Below is a list of disclosure requirements that the Group has undertaken to report based on the results of the double materiality analysis (IRO-2-56):

List of disclosure requirements arising from the double materiality analysis

Disclosure requirement	Page
ESRS 2 - General disclosures	
BP-1 - General basis for preparation of sustainability statements	Pag. 42
BP-2 - Disclosures in relation to specific circumstances	Pag. 42-43
GOV-1 - The role of the administrative, management and supervisory bodies	Pag. 43-44-45
GOV-2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Pag. 45-46
GOV-3 - Integration of sustainability-related performance in incentive schemes	Pag. 46-47
GOV-4 - Statement on due diligence	Pag. 47
GOV-5 - Risk management and internal controls over sustainability reporting	Pag. 47
SBM-1 - Strategy, business model and value chain	Pag. 48-49-50
SBM-2 - Interests and views of stakeholders	Pag. 50-51-52
SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	Pag. 53
IRO-1 - Description of the process to identify and assess material impacts, risks, and opportunities	Pag. 53-54-55-56-57-58
IRO-2 - Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Pag. 59-60-61-62-63-64-65-66-67-68-69 Taxonomy: Pag. 70-71-72-73-74-75-76-77-78-79-80

Disclosure requirement	Page
ESRS E1 - Climate change	
EI - GOV-3 - Integration of sustainability-related performance in incentive schemes	Pag. 81
E1 - SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	Pag. 81-82
E1 - IRO-1 - Description of processes to identify and assess climate-related material impacts, risks and opportunities	Pag. 81-82
E1-1 - Transition plan for climate change mitigation	Pag. 82
E1-2 - Policies related to climate change mitigation and adaptation	Pag. 82
E1-3 - Actions and resources in relation to climate change policies	Pag. 83
E1-4 - Targets related to Climate change mitigation and adaptation	Pag. 83-84
E1-5 - Energy consumption and mix	Pag. 85-86
E1-6 - Gross scopes 1, 2 and 3 and total GHG emissions	Pag. 87-88-89
E1-7 - GHG removals and GHG mitigation projects financed through carbon credits	Pag. 90
E1-9 - Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	DR subject to transitional provision
ESRS E5 - Resource use and circular economy	
E5 - IRO-1 - Description of processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	Pag. 91
E5-1 - Policies related to resource use and circular economy	Pag. 91-92
E5-2 - Actions and resources related to resource use and circular economy	Pag. 93-94
E5-3 - Targets related to resource use and circular economy	Pag. 94-95-96
E5-4 - Resource inflows	Pag. 96
E5-5 - Resource outflows	Pag. 97
E5-6 - Anticipated financial effects from resource use and circular economy-related risks and opportunities	DR subject to transitional provision

Disclosure requirement	Page
ESRS S1 - Own workforce	
S1 - SBM-2 - Interests and views of stakeholders	Pag. 98
S1 - SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	Pag. 99
S1-1 - Policies related to own workforce	Pag. 100-101-102
S1-2 - Processes for engaging with own workers and workers' representatives about impacts	Pag. 102
S1-3 - Processes to remediate negative impacts and channels for own workers to raise concerns	Pag. 102-103
S1-4 - Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Pag. 103-104-105-106
S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Pag. 106-107
S1-6 - Characteristics of the undertaking's employees	Pag. 107-108-109
S1-7 - Characteristics of non-employee workers in the undertaking's own workforce	Pag. 110
S1-8 - Collective bargaining coverage and social dialogue	Pag. 110
S1-9 - Diversity metrics	Pag. 111
S1-10 - Adequate wage	Pag. 111
S1-11 - Social protection	<i>DR subject to transitional provision</i>
S1-12 - Persons with disabilities	<i>DR subject to transitional provision</i>
S1-13 - Training and skills development metrics	Pag. 112
S1-14 - Health and safety metrics	Pag. 112-113
S1-15 - Work-life balance metrics	<i>DR subject to transitional provision</i>
S1-16 - Compensation metrics (pay gap and total compensation)	Pag. 113-114
S1-17 - Incidents, complaints, and severe human rights impacts	Pag. 114

Disclosure requirement	Page
ESRS S2 - Workers in the value chain	
S2 - SBM-2 - Interests and views of stakeholders	Pag. 115
S2 - SMB-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	Pag. 115-116
S2-1 - Policies related to value chain workers	Pag. 116-117
S2-2 - Processes for engaging with value chain workers about impacts	Pag. 117
S2-3 - Processes to remediate negative impacts and channels for value chain workers to raise concerns	Pag. 117
S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	Pag. 118
S2-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Pag. 118
ESRS S4 - Consumers and end-users	
S4 - SBM-2 - Interests and views of stakeholders	Pag. 119-120
S4 - SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	Pag. 120-121
S4-1 - Policies related to consumers and end-users	Pag. 121-122
S4-2 - Processes for engaging with consumers and end-users about impacts	Pag. 122-123
S4-3 - Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Pag. 123-124
S4-4 - Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Pag. 124-125
S4-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Pag. 125-126

Disclosure requirement	Page
ESRS G1 - Business conduct	
G1 - GOV-1 - The role of the administrative, supervisory and management bodies	Pag. 127
G1-1 - Business conduct policies and corporate culture	Pag. 127-128-129
G1-2 - Management of relationships with suppliers	
G1-3 - Prevention and detection of corruption and bribery	Pag. 130
G1-4 - Confirmed incidents of corruption or bribery	Pag. 130



The following topics were found to be immaterial and/or not applicable to the Group (IRO-2-58):

ESRS	Subtopic
ESRS E2 - Pollution	Air pollution
	Water pollution
	Soil pollution
	Pollution of living organisms and food resources
	Substances of concern
	Substances of very high concern
	Microplastics
ESRS E3 - Water and marine resources	Water
	Marine resources
ESRS E4 - Biodiversity and ecosystems	Direct impact drivers of biodiversity loss
	Impacts on the state of species
	Impacts on the extent and condition of ecosystems
ESRS S2 - Workers in the value chain	Impacts and dependencies on ecosystem services
	Secure employment
	Working time
	Adequate wage
	Social dialogue
	Freedom of association, including the existence of work councils
	Collective bargaining
	Work-life balance
	Gender equality and equal pay for work of equal value
	Training and skills development
	Employment and inclusion of persons with disabilities
	Diversity
	Adequate housing
Water and sanitation	
Privacy	

ESRS	Subtopic
ESRS S3 - Affected communities	Economic, social and cultural rights of communities
	Civil and political rights of communities
	Rights of indigenous peoples
ESRS S4 - Consumers and end-users	Freedom of expression
	Access to (quality) information
	Personal safety
ESRS G1 - Business conduct	Protection of children
	Protection of whistleblowers
	Animal welfare
	Political engagement and lobbying
	Management of relationships with suppliers, including payment practices



The following table also discloses the information included in this Report that derives from other European Union legislation, in addition to Delegated Regulation 2023/5303 on the European Sustainability Reporting Standards, with an indication of the pages where this information can be found.

Disclosure requirement and corresponding information	SFDR reference ³	Pillar 3 reference ⁴	Benchmark regulation reference ⁵	EU climate regulation reference ⁶	Material	Page
ESRS 2 GOV-1 Board's gender diversity ratio, paragraph 21(d)	Annex I, table 1, indicator 13		Commission ⁷ Delegated Regulation (EU) 2020/1816, Annex II		Yes	
ESRS 2 GOV-1 Percentage of independent members of the board of directors, paragraph 21(e)			Commission Delegated Regulation (EU) 2020/1816, Annex II		Yes	
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	Annex I, table 3, indicator 10				Yes	
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40(d)(i)	Annex I, table 1, indicator 4	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 ⁸ Table 1 - Qualitative information on environmental risk and Table 2 - Qualitative information on social risk	Commission Delegated Regulation (EU) 2020/1816, Annex II		Yes	
ESRS 2 SBM-1 Involvement in activities related to the production of chemicals, paragraph 40(d)(ii)	Annex I, table 2, indicator 9		Commission Delegated Regulation (EU) 2020/1816, Annex II		Yes	
ESRS 2 SBM-1 Participation in controversial weapons-related activities, paragraph 40(d)(iii)	Annex I, table 1, indicator 14		Article 12(1) of Delegated Regulation (EU) 2020/1818 and Annex II to Delegated Regulation (EU) 2020/1816		Yes	

3 Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR) (OJ L 317, 9.12.2019, p. 1).

4 Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation) (OJ L 176, 27.6.2013, p. 1).

5 Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, Pag. 1).

6 Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).

7 Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to explaining in the benchmark statement how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, Pag. 1).

8 Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards disclosures on environmental, social and governance risks (OJ L 324, 19.12.2022, p. 1).

Disclosure requirement and corresponding information	SFDR reference ³	Pillar 3 reference ⁴	Benchmark regulation reference ⁵	EU climate regulation reference ⁶	Material	Page
ESRS 2 SBM-1 Involvement in activities related to tobacco cultivation and production, paragraph 40(d)(iv)			Article 12(1) of Delegated Regulation (EU) 2020/1818 ⁹ and Annex II to Delegated Regulation (EU) 2020/1816		Yes	
ESRS E1-1 Transition plan to achieve climate neutrality by 2050, paragraph 14				Article 2(1) of Regulation (EU) 2021/1119	Yes	
ESRS E1-1 Enterprises excluded from Paris-aligned benchmarks, paragraph 16(g)		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking book - Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Article 12(1)(d-g) and (2) of Delegated Regulation (EU) 2020/1818		Yes	
ESRS E1-4 GHG emissions reduction targets, paragraph 34	Annex I, table 2, indicator 4	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 3: Banking book - Indicators of potential climate change transition risk: alignment metrics	Article 6 of Delegated Regulation (EU) 2020/1818		Yes	
ESRS E1-5 Energy consumption from fossil fuels disaggregated by source (high climate impact sectors only), paragraph 38	Annex I, table 1, indicator 5 and Annex I, table 2, indicator 5				Yes	
ESRS E1-5 Energy consumption and mix, paragraph 37	Annex I, table 1, indicator 5				Yes	
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	Annex I, table 1, indicator 6				Yes	

⁹ Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

Disclosure requirement and corresponding information	SFDR reference ³	Pillar 3 reference ⁴	Benchmark regulation reference ⁵	EU climate regulation reference ⁶	Material	Page
ESRS E1-6 Gross scopes 1, 2 and 3 and total GHG emissions, paragraph 44	Annex I, Table 1, indicators 1 and 2	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 1: Banking book - Indicators of potential climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Articles 5(1), 6, and 8(1) of Delegated Regulation (EU) 2020/1818		Yes	
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	Annex I, table 1, indicator 3	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, template 3: Banking book - Indicators of potential climate change transition risk: alignment metrics	Article 8(1) of Delegated Regulation (EU) 2020/1818		Yes	
ESRS E1-7 GHG removals and carbon credits, paragraph 56				Article 2(1) of Regulation (EU) 2021/1119	Yes	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			Annex II to Delegated Regulation (EU) 2020/1818 and Annex II to Delegated Regulation (EU) 2020/1816		No	
ESRS E1-9 Breakdown of monetary amounts by acute and chronic physical risk, paragraph 66(a) ESRS E1-9 Position of significant assets at material physical risk, paragraph 66(c)		Article 449a of Regulation (EU) No 575/2013; points 46 and 47 of Commission Implementing Regulation (EU) 2022/2453; template 5: Banking book - Indicators of potential physical risk related to climate change: exposures subject to physical risk			No	
ESRS E1-9 Breakdown of the carrying amount of real estate assets by energy efficiency classes, paragraph 67(c)		Article 449a of Regulation (EU) No 575/2013; point 34 of Commission Implementing Regulation (EU) 2022/2453; Template 2: Banking book - Indicators of potential climate change transition risk: Loans secured by real estate - Energy efficiency of collateral			No	

02

Disclosure requirement and corresponding information	SFDR reference ³	Pillar 3 reference ⁴	Benchmark regulation reference ⁵	EU climate regulation reference ⁶	Material	Page
ESRS E1-9 Degree of portfolio exposure to climate-related opportunities, paragraph 69			Annex II to Delegated Regulation (EU) 2020/1818		No	
ESRS E2-4 Quantity of each pollutant listed in Annex II to the European Pollutant Release and Transfer Register (E-PRTR) Regulation issued to air, water and soil, paragraph 28	Annex I, table 1, indicator 8; Annex I, table 2, Indicator 2; Annex 1, table 2, indicator 1; Annex I, table 2, indicator 3				No	
ESRS E3-1 Water and marine resources, paragraph 9	Annex I, table 2, indicator 7				No	
ESRS E3-1 Dedicated policy, paragraph 13	Annex I, table 2, indicator 8				No	
ESRS E3-1 Sustainable oceans and seas, paragraph 14	Annex I, table 2, indicator 12				No	
ESRS E3-4 Total water recycled and reused, paragraph 28(c)	Annex I, table 2, indicator 6.2				No	
ESRS E3-4 Total water consumption in m3 per net revenue on own operations, paragraph 29	Annex I, table 2, indicator 6.1				No	
ESRS 2 IRO-1 - E4 paragraph 16(a)(i)	Annex I, table 1, indicator 7				No	
ESRS 2 IRO-1 - E4 paragraph 16(b)	Annex I, table 2, indicator 10				No	
ESRS 2 IRO-1 - E4 paragraph 16(c)	Annex I, table 2, indicator 14				No	
ESRS E4-2 Sustainable agricultural/land use policies or practices, paragraph 24(b)	Annex I, table 2, indicator 11				No	
ESRS E4-2 Sustainable sea/ocean use practices or policies, paragraph 24(c)	Annex I, table 2, indicator 12				No	
ESRS E4-2 Policies to address deforestation, paragraph 24(d)	Annex I, table 2, indicator 15				No	
ESRS E5-5 Non-recycled waste, paragraph 37(d)	Annex I, table 2, indicator 13				Yes	

Disclosure requirement and corresponding information	SFDR reference ³	Pillar 3 reference ⁴	Benchmark regulation reference ⁵	EU climate regulation reference ⁶	Material	Page
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Annex I, table 1, indicator 9				Yes	
ESRS 2 - SBM3 - S1 Risk of forced labor, paragraph 14(f)	Annex I, table 3, indicator 13				Yes	
ESRS 2 - SBM3 - S1 Risk of child labor, paragraph 14(g)	Annex I, table 3, indicator 12				Yes	
ESRS S1-1 Human rights policy commitments, paragraph 20	Annex I, table 3, indicator 9 and Annex I, table 1, indicator 11				Yes	
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Commission Delegated Regulation (EU) 2020/1816, Annex II		Yes	
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	Annex I, table 3, indicator 11				Yes	
ESRS S1-1 workplace accident prevention policy or management system, paragraph 23	Annex I, table 3, indicator 1				Yes	
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32(c)	Annex I, table 3, indicator 5				Yes	
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88(b) and (c)	Annex I, table 3, indicator 2		Commission Delegated Regulation (EU) 2020/1816, Annex II		Yes	
ESRS S1-14 Number of days lost due to injuries, accidents, fatalities or illnesses, paragraph 88(e)	Annex I, table 3, indicator 3				Yes	
ESRS S1-16 Unadjusted gender pay gap, paragraph 97(a)	Annex I, table 1, indicator 12		Commission Delegated Regulation (EU) 2020/1816, Annex II		Yes	
ESRS S1-16 Excessive CEO pay ratio, paragraph 97(b)	Annex I, table 3, indicator 8				Yes	

Disclosure requirement and corresponding information	SFDR reference ³	Pillar 3 reference ⁴	Benchmark regulation reference ⁵	EU climate regulation reference ⁶	Material	Page
ESRS S1-17 Incidents of discrimination, paragraph 103(a)	Annex I, table 3, indicator 7				Yes	
ESR S1-17 Non-respect of UNGPs on Business and Human Rights and OECD guidelines, paragraph 104(a)	Annex I, table 1, indicator 10 and Annex I, table 3, indicator 14		Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818		Yes	
ESRS 2 SBM-3 - S2 Significant risk of child labor or forced labor in the value chain, paragraph 11(b)	Annex I, Table 3, indicators 12 and 13				Yes	
ESRS S2-1 Human rights policy commitments, paragraph 17	Annex I, table 3, indicator 9 and Annex I, table 1, indicator 11				Yes	
ESRS S2-1 Policies related to value chain workers, paragraph 18	Annex I, Table 3, indicators 11 and 4				Yes	
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 19	Annex I, table 1, indicator 10		Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818		Yes	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 19			Commission Delegated Regulation (EU) 2020/1816, Annex II		Yes	
ESRS S2-4 Human rights issues and incidents connected to the upstream and downstream value chain, paragraph 36	Annex I, table 3, indicator 14				Yes	
ESRS S3-1 Human rights policy commitments, paragraph 16	Annex I, table 3, indicator 9 and Annex I, table 1, indicator 11				No	
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines, paragraph 17	Annex I, table 1, indicator 10		Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818		No	
ESRS S3-4 Human rights issues and incidents, paragraph 36	Annex I, table 3, indicator 14				No	

Disclosure requirement and corresponding information	SFDR reference ³	Pillar 3 reference ⁴	Benchmark regulation reference ⁵	EU climate regulation reference ⁶	Material	Page
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	Annex I, table 3, indicator 9 and Annex I, table 1, indicator 11				Yes	
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines, paragraph 17	Annex I, table 1, indicator 10		Annex II to Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818		Yes	
ESRS S4-4 Human rights issues and incidents, paragraph 35	Annex I, table 3, indicator 14				Yes	
ESRS G1-1 United Nations Convention against Corruption, paragraph 10(b)	Annex I, table 3, indicator 15				Yes	
ESRS G1-1 Protection of whistleblowers, paragraph 10(d)	Annex I, table 3, indicator 6				Yes	
ESRS G1-4 Fines for violations of anti-corruption and anti-bribery laws, paragraph 24(a)	Annex I, table 3, indicator 17		Annex II to Delegated Regulation (EU) 2020/1816		Yes	
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24(b)	Annex I, table 3, indicator 16				Yes	

(IRO-2 56)



The EU taxonomy

The European Union Taxonomy introduced by **Regulation (EU) 2020/852** (the "Regulation"), adopted by the European Commission on 12 July 2020, is part of the EU strategy to achieve the objectives of the European Green Deal and make Europe climate-neutral by 2050. The Regulation, which applies to all companies required to publish a Sustainability Report in accordance with the provisions of the CSRD, provides a single classification system through which economic activities that **comply with certain eco-sustainability criteria** can be defined.

Specifically, the Regulation distinguishes economic activities between:

- **Eligible** an activity is eligible ¹⁰ if it is listed in the Delegated Acts of the Regulation under one or more of the six environmental objectives of the Taxonomy. These are: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. If eligible, the activity has the potential to contribute substantially to the relevant objective;
- **Aligned** an economic activity is aligned if, in addition to being eligible, it is carried out:
 - **in accordance with the technical screening criteria defined by the European Commission.** The economic activity must make a **substantial contribution to one of the environmental objectives defined** in art. 9 of

the Regulation and **"Do No Significant Harm" (DNSH)** to any of the other environmental objectives mentioned above;

- **in compliance with the minimum safeguards**, meaning the measures implemented to ensure respect for human rights and international standards in the organization's management and throughout the supply chain.

Since it entered into force in 2020, the Regulation has been gradually expanded to include new sectors and activities.

In 2021, the European Commission approved the Climate Delegated Act ¹¹, which governs the first two climate objectives: **climate change mitigation** and **climate change adaptation**. The Climate Delegated Act has already been supplemented twice. Initially, the Complementary Climate Delegated Act ¹² included the gas and nuclear sectors in the scope of the Taxonomy. Subsequently, with the publication of Delegated Regulation (EU) 2023/2485 in 2023, further additions were made to the Climate Delegated Act, in terms of both new economic activities and technical screening criteria.

The latest extension of the Regulation is the Environmental Delegated Act ¹³ approved in June 2023, which lists the activities that contribute to **environmental objectives other than climate**, namely: sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution, and protection and restoration of biodiversity and ecosystems.

For the 2024 reporting year, companies required to publish Sustainability Reports, such as the De' Longhi Group, must report the share of eligible and aligned activities in terms of **turnover**, capital expenditure (**CapEx**) and operating expenses (**OpEx**) with regard to **activities related to all six objectives** identified by the Regulation, i.e. the two climate objectives and the four non-climate environmental objectives.

The following paragraphs outline how the Group has assessed compliance with the Regulation and provide a table with the required quantitative KPIs.

As the legislation is updated constantly, all criteria and assumptions made and included in this section are based on current information and requirements, which may be subject to change.

Analyses performed

As it did in the previous reporting year, the De' Longhi Group re-analyzed its revenue-generating activities in order to identify which, according to the European Taxonomy, can be classified as eligible, i.e. potentially able to contribute substantially to one or more of the six environmental objectives. On this basis, economic activity **"1.2 - Manufacture of electrical and electronic equipment"** of the objective "Transition to a circular economy" was found to coincide with the Group's core

¹⁰ Taxonomy-eligible economic activity: an economic activity described in delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852, irrespective of whether that economic activity meets any or all of the technical screening criteria set out in those delegated acts.

¹¹ Delegated Regulation (EU) 2021/2139

¹² Delegated Regulation (EU) 2022/1214

¹³ Delegated Regulation (EU) 2023/2486, adopted on 27 June 2023 and entered into force on 1 January 2024.

business. The description of this activity explicitly refers to the NACE code (*Nomenclature statistique des activités économiques dans la Communauté européenne*) "C27: Manufacture of electrical equipment," which matches the NACE code of the De' Longhi Group.

In addition, on the basis of Annex 1 of Delegated Regulation (EU) 2021/2178, para. 1.1.2.2(c) and 1.1.3.2 (c)¹⁴, relating to investments and expenses associated with the purchase of outputs from eligible economic activities and individual measures allowing the activities to maintain low carbon emissions, with reference to the investments incurred for the renewal of the company fleet and the installation of photovoltaic panels at certain production sites, the Group has identified as eligible the activities "6.5 - **Transport by motorcycles, passenger cars and light commercial vehicles**" and "7.6 - **Installation, maintenance and repair of renewable energy technologies**," both linked to the objective "Climate change mitigation."

The methodological steps taken to **assess the alignment** of these activities with the technical screening criteria are described below.

Activity 1.2 - Transition to a circular economy: Manufacture of electrical and electronic equipment

Analysis of the technical screening criteria:

- **Substantial contribution to the transition to a circular economy:** the main activity of the De' Longhi Group is the manufacture of electrical and electronic equipment for professional and consumer use. The substantial contribution criteria were analyzed for each of the Group's brands, dividing products into similar clusters, with input from the R&D, customer care and marketing departments. Since no Group product has the Ecolabel certification, the substantial contribution criteria were assessed by carefully analyzing the requirements listed in the Regulation. This showed that the substantial contribution criteria are partially met, as no product fully complies with all points. Such a finding is the result of a conservative approach, in consideration of the high number of Group products and the complexity and

granularity of the technical parameters required by the Regulation; consequently, the substantial contribution criteria cannot be considered to be fulfilled for the purposes of alignment.

- **Do No Significant Harm (DNSH):** to be DNSH-aligned, the Regulation requires compliance with the following criteria:
 - *Climate change mitigation:* according to this criterion, if a manufactured product contains refrigerants, it must comply with the global warming potential (GWP) performance as outlined in Regulation (EU) No. 517/2014 of the European Parliament and the Council and must not score below the third class of energy efficiency in accordance with Regulation (EU) 2017/1369 of the European Parliament and the Council. The analysis was therefore conducted on portable air conditioners (PAC) and De' Longhi dehumidifiers, the only products containing refrigerant gases. All of these meet the first requirement; however, only some of them comply with the latter, as various products are in energy efficiency class A (the fourth highest). Finally, none of the products sold by the Group contain sulfur hexafluoride (SF6). The criterion is therefore considered partially satisfied for the above products, while all the other products sold by the Group are considered to be aligned with the DNSH criterion relating to climate change mitigation;
 - *Climate change adaptation:* according to the criteria listed in Appendix A, the organization must perform an analysis aimed at identifying and assessing climate risks that may impact the business. Although this analysis was carried out by the Group on all its production assets, identifying the main physical climate risks among those listed in section II of the Appendix (for detailed information refer to Chapter ESRS E1, paragraph [IRO-1] Description of processes to identify and assess climate-related material impacts, risks and opportunities), because no physical and non-physical solutions ("adaptation solutions") have yet been identified to reduce the most significant risks affecting this activity, the criterion is considered not met;
 - *Sustainable use and protection of water and marine*

resources: in accordance with the criteria specified in Appendix B, the company must identify and manage risks of environmental degradation related to water quality and the prevention of water stress, as defined in Regulation (EU) 2020/852 and Directive 2000/60/EC. At the Dongguan and Onshiu plants, environmental impact assessments were carried out by third parties in 2015 and 2024, respectively, and actions were implemented to prevent and mitigate the identified risks. In addition, all the Group's plants are UNI EN ISO 14001 certified, with the exception of the new plant in Satu Mare, for which certification is expected in 2025. The criterion is therefore considered to have been met for all the Group's plants, except for the Romanian plant in Satu Mare;

- *Pollution prevention and control:* based on the criteria listed in Appendix C, the activity does not involve the manufacture, placing on the market or use of hazardous substances listed in EU Regulations (2019/1021, 2017/852, 1005/2009, 2011/65/EU, 1907/2006, 1272/2008), unless they are present as unintentional trace contaminants or there are not suitable alternatives. These criteria are met in most cases because the Group's products must comply with numerous relevant laws, including those listed in the aforementioned regulations. To this end, internal procedures have been implemented over time to ensure compliance with these regulations regarding the presence of hazardous substances in products. Therefore, the criterion is considered to be met for all products sold by the Group;
- *Protection and restoration of biodiversity and ecosystems:* in accordance with the criteria outlined in Appendix D, organizations must carry out an environmental impact assessment or examination pursuant to Directive 2011/92/EU. The analyses carried out to verify compliance with the requirements are the same as those performed for the objective "Sustainable use and protection of water and marine resources." Therefore, the criterion is considered to be met for all the Group's plants, with the exception of the Romanian plant at Satu Mare, for which certification is expected in 2025.

¹⁴ These relate to the purchase of products resulting from taxonomy-aligned economic activities and to individual measures that enable the target activities to achieve low carbon emissions or achieve greenhouse gas reductions, in particular the activities listed in points 7.3 to 7.6 of Annex I to the Climate Delegated Act, as well as other economic activities listed in delegated acts adopted pursuant to Article 10, (3), Article 11(3), Article 12(2), Article 13(2), Article 14(2) and Article 15(2) of Regulation (EU) 2020/852, provided those measures are implemented and made operational within 18 months.

With the exception of the criteria relating to "Climate change mitigation" and "Pollution prevention and control", which are valid across all products designed by the Group, it should be noted that the analyses of the DNSH criteria described above are valid only for those products manufactured at the company's own plants. Following a conservative and cautious approach, products manufactured by OEMs are considered not aligned with the DNSH criteria of "Adaptation to climate change", "Sustainable use and protection of water and marine resources", and "Protection and restoration of biodiversity and ecosystems".

Activity 6.5 - Climate change mitigation: Transport by motorcycle, passenger car and light commercial vehicle

With regard to the Group's investments in the company fleet in 2024, details of the analysis performed are reported below:

- **Substantial contribution to climate change mitigation:** the assessment was carried out to determine whether the individual economic activity contributes substantially to the achievement of climate change mitigation on the basis of specific quantitative and/or qualitative parameters, listed in points a) and b) defined by the Regulation. Results showed that a portion of the Group's investments is aligned with the substantial contribution criteria listed by the Climate Delegated Act, as only some of the cars, classified as M1 (Vehicles intended for the transport of people, with a maximum of 8 seats in addition to the driver's seat) and N1 (Vehicles intended for the transport of goods, with a maximum mass not exceeding 3.5 t), have specific emissions of less than 50 gCO₂/km;
- **Do No Significant Harm (DNSH):** to be DNSH-aligned, the Regulation requires compliance with the following criteria:
 - *Climate change adaptation:* according to the criteria listed in Annex A, the organization must carry out an analysis aimed at identifying and assessing the physical climate risks that impact the activity, based on a specific procedure defined in the Delegated Act;
 - *Transition to a circular economy:* the criteria require that vehicles be reusable or recyclable for at least 85% of their weight and that waste management measures be in place both in the use phase (maintenance) and at the end of the fleet's life;



- **Pollution prevention and control:** the criteria require that vehicles:
 - comply with the requirements of the most recent applicable stage of Euro 6 type-approval for emissions from light-duty vehicles established in accordance with Regulation (EC) No 715/2007;
 - comply with the emission thresholds for light-duty vehicles set out in Table 2 of the Annex to Directive 2009/33/EC¹⁵ of the European Parliament and of the Council;
 - have tires that comply with the requirements relating to the external rolling noise of the highest populated class and the rolling resistance coefficient in the two highest populated classes as established by Regulation (EU) 2020/740 (for road vehicles of categories M and N);
 - comply with Regulation (EU) 540/2014¹⁶ of the European Parliament and of the Council.

The granularity of the available data does not reach a sufficient level of detail to allow a complete assessment of compliance with the DNSH criteria. For this reason, taking a conservative and cautious approach, the Group considers the activity not aligned with the DNSH criteria in the 2024 reporting year.

Activity 7.6 - Climate change mitigation: Installation, maintenance and repair of renewable energy technologies

With regard to the Group's investments in 2024 relating to the installation of photovoltaic panels at the Sierre (Switzerland), Cluj (Romania) and Scarperia (Italy) plants, details of the analysis performed are reported below:

- **Substantial contribution to climate change mitigation:** the

investments and expenses incurred are related to the installation of photovoltaic panels on site. Therefore, the activity is considered to be aligned with the criterion referred to in point a), which provides for the "installation, maintenance and repair of photovoltaic solar systems and ancillary technical equipment";

- **Do No Significant Harm (DNSH):** companies are only required to meet the DNSH criterion relating to adaptation to climate change. As mentioned with reference to activity 1.2 and in chapter ESRS E1, in the section [IRO-1] Description of processes to identify and assess climate-related material impacts, risks and opportunities, since the Group has performed climate risk analyses on the Cluj and Scarperia sites as per the requirements of Appendix A of the Regulation, the activity is considered to be DNSH-aligned.

Minimum safeguards

With regard to minimum safeguards, the De' Longhi Group pays great attention to issues concerning consumers' interests, corruption, competition, taxation, and respect for human rights. With reference to this last aspect, the Group is committed to pursuing an ethical business that complies with the various regulations applicable in all of the countries served, following the Group's Code of Ethics to which all of its suppliers have been bound since 2022. In addition to the Code of Ethics, the "Responsible sourcing guidelines" define risk assessment criteria for all new suppliers so they can be monitored over time, and the periodic audits the Group performs on suppliers of finished products enable it to monitor numerous social aspects such as freedom of association and collective bargaining, working hours and conditions, health and safety, child labor and forced labor, discrimination, and employee training. As mentioned in chapter ESRS S1 - [S1-1] Policies related to own workforce, in 2025 the Group plans to formalize its

objectives in this area with a Human Rights Policy, which will outline key principles on decent working conditions, diversity and inclusion, freedom of association, prohibition of child labor and forced labor, protection of privacy, and protection of personal data. In addition, to align with the principles mentioned above, the Group joined the United Nations Global Compact since 30 September 2024. For further information, see the chapters ESRS S1- Own workforce and ESRS S2 - Workers in the value chain.

The Group pays particular attention to issues related to gender¹⁷ equality, as evidenced by the launch of specific DE&I programs and initiatives, the publication of a dedicated Policy, and monitoring of the gender pay gap. For more information on these areas, see chapters ESRS S1 - [S1-1] Policies related to own workforce and ESRS S1 - [S1-16] - Compensation metrics.

Also in terms of consumer protection, competition, anti-corruption and taxation, the Group makes a constant commitment to preventing and mitigating any potential negative impacts. The Group's Code of Ethics plays an important role in this regard, with its strong focus on the consumer and customers, the values of fair competition, the condemnation of episodes of corruption, and compliance with laws, regulations and provisions of the tax authorities. For further information, see chapter ESRS G1 - Business conduct.

Despite the above, the Group considers it essential in this context to formalize its principles within a dedicated Human Rights Policy; furthermore, it emphasizes that the scope of analysis for investments related to activities 6.5 and 7.6 should take into account the supplier's practices and procedures. For this reason, following a conservative and cautious approach, the current practices in place are deemed insufficient to consider the activities aligned with the minimum safeguards criteria.

¹⁵ Directive 2009/33/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of clean and energy-efficient road transport vehicles.

¹⁶ Regulation (EU) No 540/2014 of the European Parliament and of the Council of 16 April 2014 on the sound level of motor vehicles and of replacement silencing systems.

¹⁷ For information on the gender split in the Board of Directors, see chapter ESRS 2 - [GOV-1] Role of the administrative, management, and supervisory bodies.

Methodology for calculating KPIs (Accounting Policy)

As defined in the Annexes to the Disclosure Delegated Act¹⁸, the assumptions and methodologies used to calculate KPIs are set out below, based on the activities deemed eligible and, if applicable, aligned. For each KPI, the calculation methods, the values relating to the different activities of the EU Taxonomy and the process of quantification are reported. In accordance with the Regulation, the analysis does not consider revenue and cost items generated by intercompany transactions in the calculation of KPIs.

The Group's administrative-accounting units, at the HQ level and at the individual legal entities, were involved in developing the three KPIs. At Group level, on the basis of the indications set out in Annex I of the Disclosure Delegated Act, accounting items have been matched with the various KPIs (numerator and denominator), starting with the items in the consolidated financial statements.

Furthermore, to date, no investment plans have been developed that meet the requirements set out in point 1.1.2.2 of Annex I of the Disclosure Delegated Act for their inclusion within the CapEx and OpEx items. For this reason, the two KPIs do not include any element that can be traced back to a plan to expand taxonomy-aligned economic activities or to allow eligible economic activities to align.

Furthermore, because the Group has not identified Taxonomy-aligned activities, the following paragraphs explain the KPI calculation methodologies for eligible activities only, differentiating for each indicator the method of reporting the denominator and numerator, which are ultimately summarized in the calculation tables.

Turnover KPI

The Turnover KPI was calculated on the basis of paragraph 1.1.1 of the Regulation, i.e. as the ratio between the share of net revenues deriving from the sale of products or services, including intangibles, associated with Taxonomy-eligible activities (numerator) and the Group's net revenues (denominator).

Consistently with accounting standard IAS 1.82(a) cited by the regulations, the denominator corresponds to the item "Sales revenues" from the 2024 consolidated income statement, for a total of €3,446 million.

The items used to calculate the denominator are therefore those specifically referring to the sale of goods and services, net of discounts, VAT or any other direct tax, thus isolating the revenues deriving from the Group's core operations: specifically, the item included refers to "Sales revenues" which already provides for the separation of the components attributable to cash discounts and allowances.

Furthermore, to avoid any double counting, intercompany items have been eliminated and do not contribute to the determination of the KPI.

To quantify the numerator, an analysis was conducted of the revenues from the product lines associated with the eligible economic activities that contribute to the revenue item used for defining the denominator, thus excluding from the total revenues included in the denominator the revenues obtained from the sale of IT services to third parties and the revenues from the sale of accessories, net of discounts, rebates, VAT and added taxes.

The eligible turnover generated by the Group is therefore associated with activity 1.2 Manufacture of electrical and electronic equipment, for a total of €3,347 million.

CapEx KPI

To calculate the denominator of the KPI, the additions incurred in the reference period relating to property, plant and equipment (Investments in property, plant and equipment), intangible assets (Investments in intangible assets), and right of use assets (Investments in leased assets) were considered.

The approach used for data extraction was based on the analysis of consolidated financial data and data derived at the management level.

In line with international accounting standards and Annex I of the Disclosure Delegated Act, the Group considered property, plant and equipment accounted for in accordance with IAS 16,

18 Delegated Regulation (EU) 2021/2178



intangible assets - excluding goodwill - accounted for in accordance with IAS 38, and leases accounted for in accordance with IFRS 16, as per the consolidated annual financial report.

Therefore, the denominator was calculated in the amount of €129 million.

The numerator was determined based on an analysis of the asset additions that took place during the year, identifying investments related to points (a) and (c) of Annex I of the Disclosure Delegated Act:

- Point (a), i.e. capital expenditures included in the denominator that are related to assets or processes associated with taxonomy-aligned economic activities;
- Point (c), i.e. capital expenditures related to the purchase of products resulting from Taxonomy-aligned economic activities and individual measures that enable the target activities to achieve low carbon emissions or greenhouse gas reductions.

Specifically, for activity 1.2 *Manufacture of electrical and electronic equipment* - representative of the Group's core business activities - investments in property, plant and equipment, intangible assets or right of use assets of the manufacturing companies (i.e., De' Longhi Romania S.r.l., De' Longhi Appliances S.r.l., On Shiu (Zhongshan) Electrical Appliance Co. Ltd., De' Longhi-Kenwood Appliances (DongGuan) Co. Ltd., Eversys S.A.) were deemed instrumental to the performance of business activities, and therefore allocated entirely to the numerator, with the exception of the portion relating to fixed assets classifiable under point (c) of the Regulations. Following a conservative and cautious approach, asset additions recorded during the year for La Marzocco International LLC were excluded. This data was sub-consolidated and includes both manufacturing plants and non-manufacturing entities, making it impossible to allocate investments solely to the manufacturing entities.

The total of these investments is €94 million.

The above amount, for the companies De' Longhi Romania S.r.l. and Eversys S.A., includes a portion relating to activity 7.6 - *Installation, maintenance and repair of renewable energy technologies* as the installed photovoltaic systems have been considered, for a total of €1.6 million.

In addition, CapEx increases relating to the photovoltaic system installed in La Marzocco S.r.l. have been added to activity 7.6 - *Installation, maintenance and repair of renewable energy technologies*, in the amount of €55k.

The Group's analysis also led to the identification, with reference to investments by the aforementioned companies, of a portion attributable to activity 6.5 - *Transport by motorcycles, cars and light commercial vehicles*. Specifically, the items relating to the use of cars for the Group companies De' Longhi Romania S.r.l. and De' Longhi Appliances S.r.l. were considered for a total of €833k, relating to the item "Investments in leased assets."

In addition, for investments by the Group's non-manufacturing companies, investments attributable to activity 6.5 - *Transport by motorcycles, cars and light commercial vehicles* were taken into consideration starting from a detailed excerpt of the motor vehicle asset book, for a total of €3.0 million.

The numerator of the CapEx KPI is therefore composed of:

1. €91.5 million relating to activity 1.2 - *Manufacture of electrical and electronic equipment*;
2. €3.8 million relating to activity 6.5 - *Transport by motorcycles, cars and light commercial vehicles*;
3. €1.6 million relating to activity 7.6 - *Installation, maintenance and repair of renewable energy technologies*.

As a further subdivision, the following is a representation of the breakdown of the De' Longhi Group's eligible CapEx with respect to the two variables Taxonomic Category and Type of CapEx:



Taxonomic Category	Eligible CapEx (absolute values)	Aligned CapEx (absolute values)	Eligible CapEx (%)	Aligned CapEx (%)
Point A	91,465,000	0	94.42%	0%
Point C	5,402,000	0	5.58%	0%

Table1: CapEx KPI by Taxonomic Category (€/K).

Type of CapEx	Eligible CapEx (absolute values)	Aligned CapEx (absolute values)	Eligible CapEx (%)	Aligned CapEx (%)
IFRS 16 (Leasing)	11,018,000	0	11.37%	0%
Intangible assets	13,212,000	0	13.64%	0%
Property, plant, and equipment	72,637,000	0	74.99%	0%

Table2: CapEx KPI by Type of CapEx (€/K).



OpEx KPI

To calculate the denominator, an analysis of the consolidated figures produced an amount of €96.7 million with reference to the categories mentioned in the regulations, such as non-capitalized R&D, maintenance, day-to-day servicing of assets, and leases, an item containing short-term leases and out-of-scope leases according to IFRS 16.

The numerator was determined following a methodology similar to that used for the CapEx KPI.

In particular, the categories of R&D and Leasing were considered instrumental to the performance of core business activities, as they represent product developments and logistics spaces used by Group companies for distribution, with the exception of €1.8 million in Royalties attributed to the item Leasing.

In addition, the Group's R&D costs were identified by considering the entire allocation of costs recorded in the R&D cost centers, including both expenses directly incurred for the development of new products and technological innovations, as well as those relating to continuous improvement projects and adaptation to market needs. Similarly, short-term lease expenses were included as they were functional to the performance of core business activities, corresponding to logistics spaces essential for the distribution and operations of Group companies. The portion of operating expenses relating to these categories, corresponding to a total of €86.9 million, was determined on the basis of consolidated Group figures and therefore allocated entirely to the numerator within activity 1.2 - *Manufacture of electrical and electronic equipment*.

The De' Longhi Group's eligible OpEx is broken down below by Type:

Type of OpEx	Eligible OpEx (absolute values)	Aligned OpEx (absolute values)	Eligible OpEx (%)	Aligned OpEx (%)
Maintenance	0.00	0	0%	0%
Non-capitalized R&D	67,929,000	0	78.15%	0%
Day-to-day servicing of assets	0.00	0	0%	0%
Short-term leases	18,995,000	0	21.85%	0%

Table3: OpEx KPI by Type of OpEx (€/K.).

Financial Year 2024	Economic activity (1)	Code(s) (2)	Year		Substantial contribution criteria						"Do No Significant Harm" criteria									
			Absolute turnover (3)	Share of expenses to turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned revenue share, Year 2023 (18)	Category (enabling activity) (19)	Category (transition activity) (20)
A. ELIGIBLE ACTIVITIES																				
A.1 Eco-sustainable activities (taxonomy-aligned)																				
Turnover of eco-sustainable activities (taxonomy-aligned) (A.1)		- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%			
of which: enabling		- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%	E		
of which: transitional		- €	0,00%	0,00%													0.00%		T	
A.2 Eligible but not eco-sustainable activities (activities not aligned with the taxonomy)																				
Manufacture of electrical and electronic equipment		CE 1.2	€3,347,555.00	97.15%					EL								97.18%			
Revenues from eligible but not eco-sustainable activities (activities not aligned with the taxonomy) (A.2)			€3,347,555.00	97.15%					97.15%								97.18%			
Total (A.1 + A.2)			€3,347,555.00	97.15%	0.00%	0.00%	0.00%	0.00%	97.15%	0.00%							97.18%			
B. NON-ELIGIBLE ACTIVITIES																				
Turnover of non-eligible activities (B)			€98,080.00	2.85%																
Total (A+B)			€3,445,635.00	100.00%																

TURNOVER KPI CALCULATION TABLE

	Turnover/Total turnover	
	Alignment by objective	Eligibility by objective
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	97.15%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Financial Year 2024	Year		Substantial contribution criteria							"Do No Significant Harm" criteria									
	Code(s) (2)	Absolute CapEx (3)	CapEx share (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Share of aligned (A1) or eligible (A2) CapEx, Year 2023 (18)	Category (enabling activity) (19)	Category (transition activity) (20)
Economic activity (1)		€/k	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ELIGIBLE ACTIVITIES																			
A.1 Eco-sustainable activities (taxonomy-aligned)																			
CapEx of eco-sustainable activities (taxonomy-aligned) (A.1)		- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%		
of which: enabling		- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%	E	
of which: transitional		- €	0.00%	0.00%													0.00%		T
A.2 Eligible but not eco-sustainable activities (activities not aligned with the taxonomy)																			
Manufacture of electrical and electronic equipment	CE 1.2	€91,464.96	70.62%					EL									62.80%		
Transport by motorcycle, passenger car and light commercial vehicle	CCM 6.5	3,758.53 €	2.90%	EL													0.48%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	1,643.3 €	1.27%	EL													0.00%		
CapEx of eligible but not eco-sustainable activities (activities not aligned with the taxonomy) (A.2)		€96,867.11	74.79%														63.28%		
Total (A.1 + A.2)		€96,867.11	74.79%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								63.28%		
B. NON-ELIGIBLE ACTIVITIES																			
CapEx of non-eligible activities (B)		€32,657.89	25.21%																
Total (A+B)		€129,525.00	100.00%																

CAPEX KPI CALCULATION TABLE

	Turnover/Total turnover	
	Alignment by objective	Eligibility by objective
CCM	0.00%	4.17%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	70.62%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Financial Year 2024	Code(s) (2)	Year		Substantial contribution criteria						"Do No Significant Harm" criteria						Minimum safeguards (17)	Share of aligned (A1) or eligible (A2) OpEx, Year 2023 (18)	Category (enabling activity) (19)	Category (transition activity) (20)
		Absolute OpEx (3)	OpEx share (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Pollution (14)	Circular Economy (15)	Biodiversity and ecosystems (16)				
Economic activity (1)		€/k	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ELIGIBLE ACTIVITIES																			
A.1 Eco-sustainable activities (taxonomy-aligned)																			
OpEx of eco-sustainable activities (taxonomy-aligned) (A.1)		- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%		
of which: enabling		- €	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								0.00%	E	
of which: transitional		- €	0.00%	0.00%													0.00%		T
A.2 Eligible but not eco-sustainable activities (activities not aligned with the taxonomy)																			
Manufacture of electrical and electronic equipment	CE 1.2	86,924.00 €	89.91%					EL									94.32%		
OpEx of eligible but not eco-sustainable activities (activities not aligned with the taxonomy) (A.2)		€86,924.00	89.91%														94.32%		
TOTAL (A1+A2)		€86,924.00	89.91%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%								94.32%		
B. NON-ELIGIBLE ACTIVITIES																			
OpEx of non-eligible activities (B)		€9,759.00	10.09%																
Total (A+B)		€96,683.00	100.00%																

OPEX KPI CALCULATION TABLE

	OpEx/total OpEx	
	Alignment by objective	Eligibility by objective
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	89.91%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

Nuclear and fossil fuel activities

Activities related to nuclear energy		
1.	The company conducts, finances or has exposures to research, development, demonstration and deployment of innovative power generation facilities that produce energy from nuclear processes with minimal fuel cycle waste	NO
2.	The company carries out, finances or has exposures to the construction and safe operation of new nuclear facilities to produce electricity or process heat, including for district heating purposes or industrial processes such as hydrogen production, as well as their safety upgrades, using the best available technologies	NO
3.	The Company operates, finances or has exposures towards the safe operation of existing nuclear plants that generate electricity or process heat, including for district heating or for industrial processes such as the production of hydrogen from nuclear energy, and improvements to their safety.	NO
Activities related to fossil fuels		
4.	The company carries out, finances or has exposures to the construction or operation of electricity generation facilities that produce electricity from gaseous fossil fuels	NO
5.	The company carries out, finances or has exposures to the construction, refurbishment and operation of combined hot/cold and power generation facilities using gaseous fossil fuels	NO
6.	The company carries out, finances or has exposures to the construction, refurbishment and operation of heat generation facilities producing heat/cooling from gaseous fossil fuels.	NO



ESRS E1 - Climate change

[GOV-3] Integration of sustainability-related performance in incentive schemes

The incentive systems for the members of the administrative, management and supervisory bodies include variable components related to ESG aspects. For more information on climate-related considerations, please refer to the section "GOV-33 - Integration of sustainability performance into incentive schemes" in chapter "ESRS 2 - General disclosures" (GOV-3, 13).

[SBM-3] Material impacts, risks and opportunities and their interaction with strategy and business model, [IRO-1] Description of processes to identify and assess climate-related material impacts, risks and opportunities

The double materiality analysis identified as material both the impacts generated on climate change, in terms of GHG emissions produced by direct and indirect activities (IRO-1, 20 a), and the related financial risks and opportunities (IRO-1, 20 b,

c), which may influence the Group's business. For a detailed description of the process followed to identify and assess IROs, see the section "IRO-1, Description of the process to identify and assess material impacts, risks and opportunities" in the chapter "ESRS 2 - General disclosures".

The assessment carried out showed that all of the Group's activities have a negative and current impact on climate change, though this is only material for the production plants. As far as the value chain is concerned, among the most impactful activities are the extraction and processing of raw materials and semi-finished products upstream, while downstream they include logistics and the distribution and use of marketed products (IRO-1, 20 a, AR 9).

The financial dimension of the double materiality analysis identified the most significant climate-related risks and opportunities for the short, medium and long term. The risks identified can be classified as physical or transitional:

- **Physical risks:** linked to the direct impacts of climate change, for the De' Longhi Group these mainly consist of the potential exposure of corporate assets to extreme weather events, in all regions where it operates. Similarly, supplier assets can also be directly impacted, with repercussions for De' Longhi in terms of supply chain stability. Finally, climate change could lead to the reduced supply of coffee in the market, with a consequent increase in coffee prices and a potential decline in consumption (IRO-1, 20 b-ii);
- **Transitional risks:** these derive from changes in the regulatory, technological and market framework in connection with the transition to a low-carbon economy. The risks that emerged as material for the Group are the introduction of more stringent legislation for climate change mitigation, which could result in compliance costs; difficulty attracting investors and less favorable financial conditions, if

sustainability targets fail to meet market expectations; reputational risks from the perception of insufficient commitment to the fight against climate change (IRO-1, 20 c-ii).

As far as financial opportunities are concerned, the analysis highlighted three main areas of development:

- **Access to sustainable investment financing:** the Group can benefit from European and Italian energy transition programs, designed to support companies that invest in sustainable technologies and practices with low environmental impact;
- **Revenue growth through low-emission product offerings:** consumers' growing awareness and demand for sustainable solutions is an opportunity to develop and market products with reduced environmental impact;
- **Improved reputation and lower operating costs:** the adoption of efficient energy practices and the use of renewable sources can generate competitive advantages and improve corporate and brand reputation (IRO-1, 20 c-ii).

The physical and transitional climate risks to which the Group is exposed was analyzed on a qualitative basis, and did not take into account any climate scenario available to date (IRO-1, 21). In addition, the resilience of the strategy and business model to the potential impacts of climate change was not investigated, thus limiting the analysis to a preliminary assessment of risks without quantifying their effect on business activities (SBM-3, 19).

However, at a later stage of the process of identifying material IROs, further analyses were initiated to complement the current qualitative approach with methodologies based on publicly available climate scenarios. These efforts improve understanding of the climate change-related risks to which the company is exposed and help determine the most appropriate adaptation measures.

[E1-1] Transition plan for climate change mitigation

The De' Longhi Group, long attuned to sustainability issues, has further intensified its commitment in recent years by working to find solutions aimed at mitigating its impact on climate change and furthering the transition to a low-carbon economy.

In 2024 the Group continued to establish a transition plan, including the fundamental steps of joining the Science Based Targets initiative (SBTI) and formalizing its commitment to submitting GHG emission reduction targets (E1-1, 17).

[E1-2] Policies related to climate change mitigation and adaptation

The Group currently has an Environmental Policy and has planned to develop a policy on climate change mitigation and adaptation, which has yet to be completed.

The De' Longhi Environmental Policy, available internally, embodies the Group's commitment to developing a model for sustainable development, integrating environmental management into operating strategies and decision-making processes; this also calls for the periodic assessment of the stakeholders' needs, along with risk assessments. Thanks to this commitment, the Group is able to promote optimization of energy resources and lower the environmental impact of its products throughout their life cycle. Lastly, the policy promotes the integration of the environmental management model with the company's other organizational models, which ensures a systematic approach to sustainability (MDR-P 65 (a)) (MDR-P 65 (e)) (MDR-P 65 (f)). The policy covers the company's entire perimeter and all businesses (MDR-P 65 (b)). The Chief Executive Officer, Fabio De' Longhi, is responsible for the implementation and supervision of the policy, as well as guaranteeing that all the environmental targets are included in the company strategy and monitors the progress made in achieving these goals. (MDR-P 65 (c)). Consistent with its commitment to global sustainability, the company adheres to the United Nations' 2030 Global Agenda for Sustainable Development, focusing its initiatives on the Sustainable Development

The analyses in question, conducted with the support of advanced analysis tools, covered all of the Group's production plants and considered characteristics such as geographical location, construction materials, asset value, and the age of buildings. The physical climate risks to which the Group's production assets are exposed were assessed on the basis of three climate scenarios, known as **Representative Concentration Pathways (RCPs)**, selected from those published by the IPCC in the Fifth Assessment Report (AR6) of 2021. The scenarios taken into consideration represent several possible climate trends:

- **RCP2.6:** the most ambitious scenario for emissions reductions, with greenhouse gases (GHG) peaking by 2020 and then decreasing to negative emissions by 2100;
- **RCP4.5:** an intermediate scenario in which emissions peak around 2040 and then gradually decrease. This model assumes moderate climate policies and a gradual reduction in dependence on fossil fuels;
- **RCP8.5:** the highest emissions scenario, used to assess the most extreme climate risks. It entails a steady increase in emissions throughout the 21st century, with significant impacts on the climate and ecosystems.

The analysis was conducted over three time horizons: short term (2030), medium term (2050), and long term (2085).

The analysis of transitional risks also followed a structured approach, divided into several phases:

- **Value chain analysis:** analysis of the impact of climate change on the Group's business model and operations;
- **Climate scenario assessment:** assessment of the main transition trajectories outlined by the International Energy Agency (IEA) and the IPCC, to understand the potential impacts and their significance;
- **Analysis of the regulatory context:** monitoring of current and developing environmental regulations, which could steer the Group towards a low-carbon economy. Changes in the regulatory framework can influence market dynamics, product development, and strategic choices, making a proactive approach essential;
- **Benchmarking and industry analysis:** comparison with the main competitors and industry studies to anticipate future trends and challenges.

In parallel, the Group ran a structured analysis of opportunities related to the climate transition, using the same methodological approach described for transition risks.

Goals (SDGs) viewed as the most pertinent to its business. (MDR-P 65 (d)).

The Group's commitment to protecting the environment across all of its activities, in compliance with current law, is in any case expressed in the Code of Ethics. This principle translates into the adoption, where possible, of solutions with reduced environmental impact, in order to reconcile the Company's economic needs with environmental concerns and care for future generations.

That said, the Group is working on an energy and emissions policy that will formalize its objectives and act as a high-level framework for managing impacts, risks, and opportunities (E1-2, 24).



[E1-3] Actions and resources in relation to climate change policies

While working towards the formalization and public disclosure of its decarbonization strategy, the De' Longhi Group has implemented various actions over time to reduce its impact on climate change. The main initiatives concern both the corporate scope, such as increasing self-production of electricity from renewable sources and electrifying the fleet, as well as the products it sells.

Regarding the manufacturing process, it has increasingly emphasized the development of energy-efficient products, which is also a top priority for all of the De' Longhi's Group New Product Development (GNPD) professionals. This commitment extends to all the main product lines, with a particular focus on coffee machines. For this category of small household appliances, less energy-intensive heating systems have been introduced over time, such as the Eco mode which reduces consumption during use and in the stand-by phase. All the Group's new super-automatic coffee machines are in energy class A3 or higher, thanks to changes such as lighter thermoblocks, which reduce shutdown times, and the adoption of mono-boiler solutions, which optimize energy efficiency while reducing material consumption. Efforts continued in 2024 to develop an entry-level De' Longhi coffee machine that integrates a heating system typical of higher-end models, ensuring high energy performance at a competitive price. Research into these products is not limited to energy efficiency alone, but extends to the choice of less emission-intensive materials. In this regard, the Group has planned a pilot project to rationalize packaging solutions, with improvements that will reduce kg of CO2 per unit used by as much as 20%. As for the choice of materials, the Group is looking for solutions with a reduced emission impact, by increasing the proportion of recycled materials in newly designed products. For further details on this type of initiative, see chapter ESR5 E5 - Resource use and circular economy (MDR-A, 68 a, b, c).

In addition to coffee machines, the Group is investing in the development of more sustainable solutions for household air conditioning. Among the products already available on the market, for example, the Pinguino PACEX105A model stands out for its high energy efficiency, attested by its A+++ certification. A notable achievement in the field of cooling systems in 2024 is the launch of a PhD program at the Politecnico di Milano, aimed at designing advanced home cooling solutions with a lower environmental impact. In this area, the Group also emphasizes its commitment to complying with EU Regulation No. 1188 of 2015, which sets the minimum energy efficiency levels for all comfort-related products (MDR-A, 68 a, b, c).

To further optimize direct energy consumption, the Group has installed advanced energy monitoring systems at its plants in Mignagola, Cluj, Salonta, and Dongguan, as well as at its headquarters in Treviso. These tools enable real-time data collection, improving resource management and contributing to the reduction of greenhouse gas emissions. In parallel, the implementation of motion sensors for lighting activation ensures more efficient energy use by minimizing unnecessary consumption. In order to improve the Group's energy efficiency, the plan also includes the gradual introduction of LED lighting systems, initially launched at European plants and later extended to Chinese plants starting in 2022-2023. Energy consumption reduction initiatives have also targeted the testing and calibration phases of fully automatic coffee machines, with plans to improve efficiency by 40% and 50%, respectively, by 2025 compared to the previous year. These initiatives, achieved through the adoption of advanced consumption monitoring technologies, predictive maintenance techniques and improved heating system efficiency, will help reduce energy intensity per unit produced across all plants. The goal is to reach energy consumption targets of 0.06 kWh per test and 0.017 kWh for the calibration of each machine by the end of 2027 (see the section "E1-4, Climate change mitigation and adaptation targets") (MDR-A, 68 a, b, c).

To further reduce its impact on climate change, another area of intervention is the self-production of energy from renewable sources: in addition to the existing one in Mignagola and

Treviso, in 2024 the Group installed photovoltaic systems at its plants in Cluj (Romania) and Sierre (Switzerland), with the intention of equipping the Romanian plants of Satu Mare and Salonta with similar systems by the end of 2025. In addition, La Marzocco's existing photovoltaic systems in Scarperia and San Piero (Italy) are now included in the scope of reporting. The CapEx allocated for these initiatives amounts to €1,589,000 for the Cluj and Sierre plants and €55,000 for the Italian plant of La Marzocco Srl. (E1-3, 29 c) (MDR-A, 68 a, b, c, 69).

Measures have also been taken on the mobility front to reduce the Group's carbon footprint, by migrating the company fleet to hybrid or electric vehicles, with the aim of completely eliminating diesel or gas-powered cars by 2027 (MDR-A, 68 a, b, c). In Romania, the Group is working with its partners to reduce the use of diesel in vehicles used for employee transportation, with the aim of converting to electric by the end of 2025 (MDR-A, 68 a, b, c).

For the above initiatives aimed at reducing the Group's impact on climate change, present or anticipated GHG emission reductions have not yet been quantified (E1-3, 29 a,b).

[E1-4] Climate change mitigation and adaptation targets

As mentioned in section E1-1 of this chapter, the Group is working on a dedicated transition plan; although it has not yet defined GHG emission reduction targets (E1-4, 34), during the year it joined the SBTi and therefore committed to submitting science-based reduction targets.

That said, the De' Longhi Group has included in its 2024-2026 Sustainability Plan a series of actions and objectives aimed at reducing its impact on climate change, including through energy efficiency initiatives (MDR-T 80 a), as shown in the table below.

TABLE 2 CLIMATE CHANGE MITIGATION TARGETS

Initiative	Target (MDR-T 80 b)	Baseline (MDR-T, 80d)	Target year (MDR-T 80 e)	Scope (MDR-T 80 c)	Reference policy (MDR-T 80a)
Presentation of SBTi targets covering Scope 1, Scope 2 and Scope 3 emissions and definition of an emissions reduction strategy	Submission of SBTi target	-	2025	De' Longhi Group and its value chain	N/A
Increase the use of electricity from renewable sources (both self-generated and purchased) at production plants	100% of the energy consumption of production plants certified as coming from renewable sources through Guarantees of Origin ¹⁹	53.8% renewable electricity at the Group's plants (2022)	2024	All production plants	N/A
Energy efficiency interventions aimed at making changes and/or implementing new solutions to reduce the energy consumption of plants/offices	0.06 kWh consumed per test (40% reduction in energy consumption)	0.1 kWh consumed per test (2022)	2027	Fully automatic coffee machines	N/A
	0.017 kWh for calibration of each machine (50% reduction in energy consumption%)	0.034 kWh for calibration of each machine (2022)			
	Reduction of energy intensity per unit produced ²⁰	6.7 kWh = total energy consumed / number of units produced (2022)		All production plants	
Activities and training to promote more sustainable behavior and a zero-waste approach inside and outside the company	Review of the travel policy and analysis of the costs of employee travel between offices or sites, promoting car sharing and videoconferencing	-	2024	De' Longhi Group	N/A
	100% electric and/or hybrid vehicles in the company fleet	16% electric and/or hybrid vehicles (2022)	2027	De' Longhi Group	N/A
Reducing the environmental impact of packaging	Up to 20% reduction in kg of CO2 per unit in the pilot project	-	2026	Pilot project	N/A

The initiatives and KPIs associated with the established targets are monitored on a regular, systematic basis. The progress of each initiative is evaluated annually and is the responsibility of the Sustainability Department (MDR-T 80 j). As of 31 December 2024, the targets showed the following progress (MDR-T 79 c):

- **Presentation of SBTi targets covering Scope 1, Scope 2 and Scope 3 emissions and definition of an emissions reduction strategy:** to date, the targets have not been submitted.
- **Increase the use of electricity from renewable sources (both self-generated and purchased) at production**

plants: in 2024, 100% of consumption at plants was covered by Guarantees of Origin.

- **Energy efficiency interventions aimed at making changes and/or implementing new solutions to reduce the energy consumption of plants/offices:**

- Compared to the target "0.06 kWh consumed per test (40% reduction in energy consumption)," as of 31 December 2024 the figure was 0.1 kWh consumed per test; this activity is in the research and development phase;
- Compared to the target "0.017 kWh for calibration of each machine (50% reduction in energy consumption),"

as of 31 December 2024, the figure was 0.034 kWh per calibration; this activity is in the research and development phase;

- Compared to the target "Reduction of energy intensity per unit produced," as of 31 December the figure was 5,35 kWh per unit produced.
- **Migrating the company fleet to electric and hybrid vehicles:** as of 31 December 2024, hybrid and electric vehicles made up 43% of the fleet.
- **Reducing the environmental impact of packaging:** this initiative is planned for 2025.

¹⁹ Portion of electricity covered by GO on the total amount purchased by production plants.

²⁰ Calculated as the ratio between electricity consumed and units produced in the Group's factories.



[E1-5] Energy consumption and mix

In 2024, the increase in production volumes and the inclusion of La Marzocco in the reporting scope led to an increase in energy consumption to 133,861 MWh, up 10% compared to 2023. The consolidation of La Marzocco also caused an increase in the consumption of petroleum-derived fuels to meet the needs of the expanded company fleet. About 80% of natural gas consumption is attributable to the use of the Mignagola trigenerator.

As for the purchase of electricity, in 2024, 100% of the power purchased from the grid by the Group's industrial plants was covered by guarantees of origin (GO), which certify that the electricity consumed is derived from renewable sources. In addition, the installation of photovoltaic panels at the Cluj site and the inclusion of La Marzocco in the consolidation scope increased self-production from renewable sources to 3,950 MWh, more than triple the amount self-produced in 2023.

TABLE 6 ENERGY CONSUMPTION AND MIX (IN THOUSANDS OF MWH)

Energy consumption and mix (E1-5, AR 34)	UOM	2023	2024
Consumption of fuel from coal and coal products	MWh	-	-
Consumption of fuel from crude oil and petroleum products	MWh	11,181	12,237
Consumption of fuel from natural gas	MWh	32,822	33,006
Consumption of fuels from other non-renewable sources	MWh	-	-
Consumption of electricity, heat, steam, and cooling from fossil sources, purchased or acquired	MWh	8,082	9,377
a. Total energy consumption from fossil sources (E1-5, 37a)	MWh	52,084	54,619
Fossil fuels as percentage of total energy consumption ²¹	%	43%	41%
b. Consumption from nuclear sources (E1-5, 37b)	MWh	786	1,480
Nuclear sources as percentage of total energy consumption	%	1%	1%
c.i) Consumption of fuels from renewable sources, including biomass (including industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.)	MWh	-	-
c.ii) Consumption of electricity, heat, steam, and cooling from renewable sources, purchased or acquired	MWh	67,832	73,812
c.iii) Consumption of renewable energy self-produced without the use of fuels (E1-5, 39)	MWh	881	3,950
c. Total energy consumption from renewable sources (E1-5, 37c)	MWh	68,714	77,762
Renewable sources as percentage of total energy consumption	%	57%	58%
Total energy consumption	MWh	121,584	133,861

²¹ Percentage calculated starting from the Residual Mix of the individual countries in which the Group operates.

Because the Group operates in a high-climate-impact sector, namely the "Manufacture of electrical equipment" (E1-5, 42), energy intensity (E1-5, 40) was calculated as the ratio between total energy consumption and net revenues (E1-5, 41), giving 38.491 MWh per million euros (MWh/€M).

TABLE 7 ENERGY INTENSITY BASED ON NET REVENUES
(E1-5, 40)

	UOM	2023	2024	% N/N-1
Total energy consumption from activities in high-climate-impact sectors per net revenue from activities in high-climate-impact sectors (MWh/monetary unit)	MWh/€k	0.040	0.039	-3%

TABLE 8 NET REVENUES CONSIDERED FOR THE CALCULATION OF INTENSITY METRICS
(E1-5, AR 38 b) (E1-6, AR 55 b) (E1-5, AR 38 b) (E1-6, AR 55 b)

Net revenues from activities in high-climate-impact sectors used to calculate energy intensity (E1-5, 43) (E1-6, 55)	kEuro	3,445,635
Net revenues (other)	kEuro	51,920
Total net revenues (financial statements)	kEuro	3,497,555



[E1-6] Scope 1, 2, 3 and total gross GHG emissions

In 2024, total Scope 1 and Scope 2 emissions, calculated using the "location-based" method, rose 9% on 2023 to 46,550 tons. This increase is consistent with the inclusion of La Marzocco and the consequent change in the reporting scope. Scope 3 emissions, which quantify emissions not included in Scope 1 or 2 and which occur along the De' Longhi Group's value chain, make up 99% of the Group's total emissions. In 2024, De' Longhi included all 11 applicable categories out of the 15 defined by the Greenhouse Gas Protocol Accounting & Reporting Standard in its inventory.

Within Scope 3 emissions, Category 11: "Use of sold products" accounts for approximately 80% of the total. This category includes emissions related to the energy consumption from the use of products sold by the Group. The second most significant contribution comes from Category 1: "Purchased goods and services," which includes emissions linked to the procurement of raw materials, semi-finished goods, finished products, packaging, and services, representing approximately 16% of total Scope 3 emissions.

TABLE 9 GHG EMISSIONS (IN tCO₂)

	2023	2024	% N / N-1
Scope 1 GHG emissions (E1-6, 44a) (E1-6, 48a)			
Gross Scope 1 GHG emissions (tCO₂eq)	10,240.1²²	11,255.0	10%
% of Scope 1 GHG emissions covered by regulated emissions trading systems	-	-	-
GHG Scope 2 emissions (E1-6, 44b) (E1-6, 49a,b)			
Gross Scope 2 GHG emissions (location-based) (tCO₂eq)	32,622.5	35,294.9	8%
Gross Scope 2 GHG emissions (market-based) (tCO₂eq)	4,133.1	4,993.6	21%
Significant Scope 3 GHG emissions (E1-6, 44c) (E1-6, 51)			
Total gross indirect Scope 3 GHG emissions (tCO₂eq)		6,709,227.7	
1 Goods and services purchased		1,080,408.7	
2 Capital goods		29,781.2	
3 Fuel and energy-related activities (not included in Scope 1 and 2)		2,887.6	
4 Upstream transportation and distribution		82,917.4	
5 Waste generated during operations		1,666.0	
6 Business travel		793.5	
7 Employee commuting		8,433.2	
8 Upstream leased assets			
9 Downstream transportation		49,721.8	
10 Transformation of products sold			
11 Use of products sold		5,403,262.8	
12 End-of-life treatment of products sold		47,464.8	
13 Downstream leased assets			
14 Franchising			
15 Investments		1,890.7	
Total GHG emissions (E1-6, 44d) (E1-6, 52)			
Total GHG emissions (location-based) (tCO₂eq)		6,755,777.6	
Total GHG emissions (market-based) (tCO₂eq)		6,725,476.2	

TABLE 10 GREENHOUSE GAS EMISSIONS INTENSITY AS A PERCENTAGE OF NET REVENUES

Greenhouse gas intensity based on net revenues (E1-6, 53)	UOM	2023	2024	% N/N-1
Total greenhouse gas emissions (location-based) per net revenue (tCO ₂ eq/monetary unit) (E1-6, 54)	tons of CO ₂ e/€k	2.23	1.93	-13%
Total greenhouse gas emissions (market-based) per net revenue (tCO ₂ eq/monetary unit) (E1-6, 54)	tons of CO ₂ e/€k	2.22	1.92	-13%

²² Emissions related to the trigenerator located at the Mignagola site have been included in the calculation of direct emissions Scope 1, in line with the operational control principle referenced by ESRS E1. For further details, please refer to the methodological note.

Methodological Note on GHG Emissions

Direct Emissions Scope 1

Direct Scope 1 emissions include emissions generated from the combustion of fossil fuels, including natural gas (also for the use of the trigenerator), gasoline, diesel, and LPG, used for heating and the company fleet. Additionally, these emissions include those resulting from refrigerant leaks. It should be noted that, compared to what was published in the 2023 Non-Financial Statement and the 2023 Sustainability Report, emissions related to the operation of the trigenerator have been included in the calculation of direct Scope 1 emissions, in accordance with the application of the operational control principle referenced by ESRS E1, rather than being classified as indirect Scope 2 emissions. Emission calculations were performed using the emission factors reported in the National Standard Parameters Table of the Italian Ministry of the Environment for the year 2024, based on ISPRA tables, along with those included in the complete set of emission factors provided by DEFRA (Department for Environment, Food and Rural Affairs), the UK government ministry responsible for environmental, food, and rural affairs, for the year 2024, or in the IPCC AR6 set.

Indirect Emissions Scope 2

The indirect Scope 2 emissions of the De' Longhi Group are related to the consumption of purchased electricity and heating. The calculation of these emissions is based on two approaches: location-based and market-based. The first, location-based, considers an average emission factor related to the national energy mix of each country. The second, market-based, considers the purchased renewable electricity, applying a zero emission factor for energy with Guarantees of Origin (GO) and international renewable energy certificates (I-REC). For the remaining energy, an emission factor reflecting the residual market mix is used. The emission factors for the location-based approach were extracted from Terna's database 'Confronti internazionali', while for the market-based approach, the Residual Mix factors published in 2024 by the Association of Issuing Bodies (AIB) for European countries and by the Center for Resource Solutions for the United States were used. In cases where residual mix emission factors are

not available, reference is made to the energy mix published by Terna 'Confronti internazionali 2019' (source: Enerdata).

Indirect Emissions Scope 3

The Scope 3 emissions inventory has been calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard - Revised Edition. The categories included in the inventory are listed below.

Cat. 3.1 - Purchased Goods and Services

Emissions in this category are related to the purchase of raw materials, semi-finished products, finished products, packaging, and services by the De' Longhi Group. For calculating emissions related to raw materials and packaging, emission factors derived from Ecoinvent v.3.11 were used based on the kg purchased; for calculating emissions related to other types of goods and purchased services, a spend-based methodology was used, and the factors applied are those provided by DEFRA - SIC Multipliers 2021. It is noted that the weight related to raw materials and packaging purchased by Ariete was provided accurately for 75% of the products purchased, and the remaining share was estimated by re-proportioning based on the total.

Cat. 3.2 - Capital Goods

Emissions associated with capital goods were calculated based on the expenditure on capital goods for each Company in the Group, which were clustered according to their type. For the calculation of emissions, spend-based emission factors provided by the DEFRA - SIC Multipliers 2021 database were applied.

Cat. 3.3 - Fuel- and Energy-Related Activities (not included in Scope 1 and 2)

Emissions associated with this category were calculated using consumption data reported in chapter E1-5. The emission factors applied for foreign electricity Well-to-Tank (WTT) emissions are based on data published by DEFRA in 2021, as no subsequent updates have been released. Scope 3 emissions in this category include emissions related to the production of fuels and the generation, transmission, and distribution of purchased and consumed energy, not included in Scope 1 and Scope 2.

Cat. 3.4 - Upstream Transportation and Distribution

This category considers emissions resulting from inbound and outbound logistics incurred by the De' Longhi Group, as well as intercompany transport. For each route traveled (both inbound from suppliers and outbound to customers), the primary data considered were the distance (km) and the total weight transported along that route during the year (kg). Emission factors published by DEFRA 2024 were applied.

Cat. 3.5 - Waste Generated in Operations

The primary data considered for calculating category 5 corresponds to the waste produced in operations (kg) owned or controlled by the Group's Companies. Depending on the type of waste and its disposal method, emission factors published by Ecoinvent v.3.11 and DEFRA 2024 were applied.

Cat. 3.6 - Business Travel

Emissions related to business trips made by train, plane, ship, and car were calculated for the calendar year 2024 based on primary data (origin and destination cities, mode of transport) obtained from management systems dedicated to booking/tracking business travel, to which emission factors published by DEFRA 2024 were applied.

Cat. 3.7 - Employee Commuting

Emissions were calculated for the calendar year 2024 using primary data on home-to-work distances (km) and the types of transportation used by employees (car, public transport, etc.). This information was collected through a questionnaire directed at all employees of the Group and conducted at the end of the year. Emission factors published by DEFRA 2024 were applied for the calculation.

Cat. 3.9 - Downstream Transportation and Distribution

This category considers emissions generated from the transportation and distribution activities of sold products that are not controlled or paid for by the Group. For each route traveled (outbound to customers), the primary data considered were the distance (km) and the total weight transported along that route during the year (kg). Emission factors published by DEFRA 2024 were applied.

Cat. 3.11 - Use of Sold Products

This category considers emissions generated from the use of products sold by the Group. The estimate of electricity consumption of products throughout their life cycle is based on the product's rated power, combined with an assumption of daily usage duration, derived from specific surveys, and an average useful life, determined through technical analyses conducted by the research and development team. Alternatively, if applicable, the average annual electricity consumption according to standard EN 60661:2014 is used, multiplied by the estimated average useful life of the product. For Ariete brand products, the data covers about 80% of sales. To ensure a more accurate and complete representation of emissions associated with the sale of the entire product range, the data has been re-proportioned to reflect the total sales of Ariete. The emission factor was chosen based on the country of sale of the products, specifically using the emission factors published by Terna in 2019.

Cat. 3.12 - End-of-Life Treatment of Sold Products

For calculating emissions belonging to category 12, the primary data considered were the material composition of products sold during the year by the entire Group and their respective weight (kg), as well as the sales geographies. As with the calculation of category 5, emission factors published by Ecoinvent v.3.11 and DEFRA 2024 were applied depending on the type of material and disposal method considered. It is important to emphasize that, as with category 11, the data related to the Ariete brand has been re-proportioned to reflect the total sales.

Cat. 3.15 - Investments

This category considers Scope 1 and 2 emissions of the Group De' Longhi's subsidiaries, pro-rated for the percentage of shares owned by De' Longhi. Scope 1 and Scope 2 emissions, both location-based and market-based, were calculated using the same method indicated above related to the calculation of the Group's emissions.

Finally, the following excluded categories are noted:

- Cat. 3.8 rented goods to the company: not reported as the consumption of rented goods is included in the calculation of Scope 1 and 2;
- Cat. 3.10 transformation of sold products: not applicable;
- Cat. 3.13 downstream leasing activities: not applicable;
- Cat. 3.14 franchising: not applicable.

CLIMATE-ALTERING EMISSIONS AND GWP APPLIED

The GHG emissions considered are CO₂, CH₄, N₂O, and refrigerant gases. The Scope 3 GHG emissions reported by the De' Longhi Group are expressed in CO₂e, unless otherwise specified.

The data consolidation approach is the same as that adopted for the Consolidated Sustainability Reporting as of 31/12/2024, understood as the De' Longhi S.p.A. Group and the companies that are part of the Consolidated Group's organizational perimeter.



[E1-7] GHG removals and mitigation projects financed through carbon credits

In 2024 the Group quantified emissions across the lifecycle of the Rivelia coffee machine, an innovative, fully automatic model developed in compliance with the Sustainability Manifesto and following the Group's guidelines for EcoDesign. The calculation of emissions, in accordance with ISO 14067, was the starting point for developing a reduction and offset plan certified by Bureau Veritas through PAS 2060 testing. As part of this strategy, all emissions generated along Rivelia's value chain in 2023 have been fully offset, making it the first household coffee machine certified as carbon neutral.

To achieve the product's climate neutrality goal, the Group selected an offset program in line with international best practices, aimed not only at neutralizing emissions but at creating social and economic benefits for local communities. In particular, carbon credits were purchased to offset the emissions

generated over the course of 2023 from the "Water Purifiers for Rural Households" project, developed in Vietnam and certified by Verra. This project provided drinking water purifiers to low-income households, helping to improve sanitation and reducing the need to boil water using wood or fossil fuels. The carbon credits generated by the project were purchased under the Verified Carbon Standard (VCS) program, which guarantees standardized verification procedures (E1-7, 60c).

The total volume of credits purchased by the Group, corresponding to 5,100 tons of CO₂e (E1-7, 59a), made it possible to offset the emissions related to the Rivelia coffee machines sold in 2023.

Also in 2024, the subsidiary La Marzocco extended its collaboration with Rete Clima, supporting two international Carbon Offset initiatives to offset corporate emissions for the year 2023 (E1-7, 57 a). The first project consists of a run-of-river hydroelectric plant with a capacity of 20 MW, located in Colombia along the left bank of the Barroso River in the municipality of Salgar, Antioquia. The energy generated, approximately 132.9 GWh per year, is fed into the grid of Colombia's National

Interconnected System, helping to replace thermal production with a renewable source. The project allows an annual reduction of 48,746 tons of CO₂e and an estimated overall reduction of 341,223 tons of CO₂e over its lifetime (E1-7, 56 b, 57 b). The second project, in Indonesia, involves protecting and restoring 149,800 hectares of peatland ecosystems in the districts of Katingan and Kotawaringin Timur, in the central province of Kalimantan. The aim is to protect biodiversity while developing sustainable sources of income for local communities, and contributing to climate change mitigation by maintaining the carbon absorption capacity of peatlands.



ESRS E5 - Resource use and circular economy

[E5 - IRO-1] Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

Responsible resource use and the inclusion of circular economy principles are strategic to reducing environmental impact and improving operating efficiency. De' Longhi has adopted a systemic approach to assessing its impacts, risks and opportunities in this area, as described in the chapter ESRS 2, paragraph *IRO-1-Description of the processes to identify and assess relevant impacts, risks and opportunities*.

As a result of the double materiality analysis the following topics were identified as material topics for the Group: resource inflows (including the use of the resources), circular economy and waste. The impact, risks and opportunities were assessed for both De' Longhi's own operations (direct) and upstream and downstream value chain operations (indirect) (E5-IRO-1, 11a).

A description of the impacts connected to the use of resources and the circular economy waste is provided below:

- **Depletion of natural resources due to the use of virgin raw materials** (potential): the transport and production of appliances can result in the significant consumption of raw materials and packaging which impacts the environment. The extraction and use of non-renewable natural resources can, in fact, deplete natural resources and damage the ecosystem.

- **Damage to the ecosystem caused by incorrect waste management** (potential): the choice of materials in the planning phase can have a significant impact on end-of-life product waste management and its environmental impact. The products made using materials that are non-recyclable or hard to dispose of may cause problems in waste management, as well as have a negative impact on the eco-system.

The relevant risks connected to resource risk and the circular economy for the Group include:

- **Increase in procurement costs due to scarcity of raw materials:** De' Longhi's dependence on virgin raw materials represents a financial risk associated with higher procurement costs. If the raw materials were to become harder to find due to depletion or more severe regulations, the Group would have to face an increase in costs.
- **Increase in costs due to the use of recycled materials:** De' Longhi could encounter higher procurement costs due to the use of recycled raw materials in its products and packaging. While the use of recycled materials is consistent with sustainability targets and may provide savings in the long-term, as well as mitigate risk, the initial transition may call for significant financial outlays. These costs could stem from investments in new equipment, changes in current production lines, potential increases in the costs of recycled materials and the research development needed to maintain product quality.

An opportunity was also found:

- **Higher revenues thanks to the development of products based on circular economy principles:** De' Longhi is capable of capitalizing on the growth opportunities by developing products and technologies which adhere to circular economy principles, focusing on the regeneration of products and implementing a business model which promotes end-of-life product recycling, reuse and recovery. These initiatives

result in increased customer engagement, as consumers increasingly support sustainable practices and environmentally friendly products. Innovative, circular economy products may also create resource inflows and a competitive advantage, positioning the company as a leader in sustainable development.

To date, De' Longhi has yet to confer with local communities about resource use and the circular economy. The main internal stakeholders have, however, been involved in the identification and assessment of the impacts, risks and opportunities associated with this topic; for more information refer to section IRO-1 of the chapter on ESRS 2 (E5-IRO-1, 11b).

[E5-1] Policies implemented to manage resource use and the circular economy

The adoption of clear and specific guidelines, the use of recycled materials, waste reduction and sustainable waste management are key to minimizing the environmental impact associated with the use of resources.

The most important tools used by the Group to promote the circular economy include the *Handbook of Guidelines to Design Sustainable Products*, a strategic document which provides guidelines for improving product sustainability. Adopted beginning in 2023, this document comprises a series of directives conceived with a view to providing New Product Development (NPD) with skills and tools for each phase of the development process. The goal is to create innovative, performing, low-environmental impact products. The guidelines address all phases of development, design and planning, through product approval and distribution.

The guidelines aim to:

1. Reduce energy consumption;
2. Increase product durability;
3. Increase the amount of recycled materials used in the products (E5-1 15 a,b);
4. Ease of disassembly;

5. Reduce the volume of product materials;
6. Improve conservation of the materials;
7. Avoid toxic or damaging finishing processes.

This document is consistent with the main regulatory standards, strengthens the Group's commitment guaranteeing the sustainable and responsible development of its products over the entire life cycle of its products (E5-1 14).

Policy	Key content (MDR-P 65a)	Policy perimeter (MDR-P 65b)	Implementation responsibilities (MDR-P 65c)	Domestic and international tools used to prepare this policy (MDR-P 65d)	Policy accessibility (MDR-P 65f)	R/O considered (MDR-P 65a)
Handbook of guidelines to design sustainable De' Longhi Products	<ul style="list-style-type: none"> • Provide basic guidelines for design product development: • Reduce energy consumption when used and transported • Optimize the life cycle of product parts • Facilitate recycling of materials • Facilitate product disassembly • Minimize the consumption of materials • Optimize the conservation of materials • Minimize the toxicity of materials and the potential harm that could be caused 	De' Longhi Group	Innovation, Technology, Marketing, R&D, Sustainability Department, Purchasing Office and Design and Customer Care	Ecodesign Directive (2009/125/EC) Directive 2012/19/EU on waste electrical and electronic equipment (WEEE) Directive Restriction on the Use of Hazardous Substances (RoHS) (2011/65/UE) ISO 14001	Not available to the general public	Improved reputation and savings on the cost of energy transition. Revenue growth thanks to the development of products based on circular economy principles

The Environmental Policy represents another tool for incentivizing the circular economy and reducing waste. Through this Policy, the Group is committed to reducing the environmental impact of its products across the product life cycle, from design to production, from use to disposal. The policy promotes the reduction of waste in the production processes and optimal resource utilization. For further information refer to section E1-2 of the chapter [ESRS E1] Policies related to climate change mitigation and adaptation (MDR-P 65 a,b,c,d,e,f).



[E5-2] Actions and means relating to resource use and the circular economy

De' Longhi has developed a structured strategy in order to optimize the use of resources and strengthen the circular economy. The approach adopted is based on the principles outlined in the Handbook of Guidelines to Design Sustainable Products as described in E5-1 Policies implemented to manage resource use and the circular economy. In order to support these actions, significant investments were made in Research & Development (R&D), thanks also to collaborations with research institutions and Life Cycle Assessments (LCA). In 2024 an Ecodesign Manual specifically for coffee machines was also developed which prioritizes the improvements called for in the LCA which focus on the environmental impacts viewed as the priorities in the context of product efficiency and sustainability.

The results of the LCA are key to identifying the optimization priorities in product development; in order to include them in their design and innovation strategy, La Marzocco purchased a software license which, based on the LCA models, actively supports R&D in the integration of eco-design standards in the design phase. This was used in a LCA of the Micra line, the biggest seller; this analysis made it possible to assess the environmental impact across the product's entire life cycle (E5-2, 17,18,19).

As the Group has commercial relationships in more than 120 countries, during the design phase the international regulatory framework is also taken into consideration. The creation of new products, protected by registered patents, is done by the Group's GNPD (Group New Product Development) and calls for the collaboration of several company divisions, like Marketing and Design, which work with the Regulatory Affairs team in order to guarantee compliance with the local regulations of the different countries. The approach used, namely "Local for Global", guarantees that the products comply with the most rigorous quality control standards in the European market like REACH (Registration, Evaluation, Authorization and Restrictions of Chemicals) and the directive RoHS (Restrictions of Hazardous Substances).

Use of secondary raw materials

Consistent with circular economy principles, the Group is committed to increasing the use of recycled materials in its products and packaging. For example, at the Dongguan plant, in China, plastic bags made out of a certain percentage of recycled material are used and the use of soy-based inks was introduced. In a majority of its plants, the Group is also using pallets made from recycled pallets which are lighter than the traditional wooden pallets, circular and less subject to breakage - which prolongs the life cycle and utility.

For more information about the Group's targets for increasing the use of recycled materials in its products, the actions taken and the results achieved refer to E5-3 *Resource use and circular economy action plans*.

Circular design

Product design brings durability and ease of disassembly together in order to enhance reparability, recycling and the reuse of materials. This approach optimizes both product functionality and durability, reducing the environmental impact and promoting correct end-of-life disposal.

As of 2023 the Group began promoting two campaigns focused on product durability: Kenwood's *Build to last generations* and Braun's *Sustainable design that lasts* campaigns. Both initiatives address the importance of developing durable products which challenge the widespread use of planned obsolescence. The iconic Kenwood Chef, for example, undergoes rigorous testing in order to ensure the preparation of more than 15,600 cake mixes. The design, which has interchangeable parts, allows models built in 1976 to use the more recent accessories. Each Braun product undergoes hundreds of impact resistance tests, including resistance to thermal shocks, in order to ensure maximum quality and product longevity over time (E5-2, 20c) (E5-2, 20e) (E5-2, 20f).

In 2023, 12 models of the De' Longhi coffee machines obtained the French certification LONGTIME. This voluntary certification recognizes products designed for greater durability, resistance and reparability. In 2024 this certification was expanded to include the main Kenwood kitchen products. To extend the life of coffee machines, the Group recommends regular descaling in order to remove the scale deposits that form with use. With a view to continuous improvement, the new *Smart EcoDecalc* was introduced. This descaler is more effective and safe than the prior version, *Ecodecalc*. Thanks to

an innovative formulation this version, in fact, guarantees more effective removal of scale, extending the machines' useful life. Compared to traditional products, it is also capable of optimizing performance while maintaining lower consumption of resources.

In 2024 the first line of refurbished coffee machines, Renova, was launched. These retired products are checked carefully in order to understand if any repairs are needed and assess the machine's functional and aesthetic condition. Any damaged parts are substituted with original De' Longhi parts which guarantees quality and durability. Subsequently, each product is subject to rigorous electrical and functional safety tests in order to verify efficiency. Lastly, the regenerated product is put back on the market through De' Longhi's website.

Consistent with circular economy principles, De' Longhi promotes the interchangeability of parts which represents another element which is key to preventing the generation of waste, prolonging the products' life cycle and reducing the need for premature replacements.

In 2024 the Group planned the Spare Parts Excellent Service (SPES) project to respond to the increased requests for commercial guarantees and optimize planning by including the demand for spare parts in production planning. De' Longhi focuses on maintaining a high level of service, guaranteeing the timely availability of spare parts and reducing wait times, as well as streamlining inventories and promoting a repair culture.

In 2024, La Marzocco carried out a recyclability analysis of its coffee machines with a view to optimizing the recovery of materials and energy at the end of the product's life. The study took different geographic scenarios into account, analyzing the RAEE and plastic recycling processes, as well as secondary stages and the recovery of polymers. This initiative is consistent with the company's broader commitment to improving the circularity of its products, reducing the environmental impact throughout a product's life cycle.

Prevention of waste production

In order to ensure responsible management of the waste produced by manufacturing, the Operations Division implements solutions designed to reduce waste and maximize the recovery of materials.

At the Mignagola (Italy) and Dongguan (China) plants, for example, plastic scraps are recovered and then reused in manufacturing. This approach makes it possible to reduce consumption of raw materials, limit the use of new plastic and reduces the quantity of scraps that need to be disposed of. A similar initiative was introduced in 2024 at the Romanian plants in Cluj and Salonta, where 100% of the plastic waste generated each year by the molds is recycled thanks to recovery processes. The recovery process is applied to other materials, also, including paper, cardboard and nylon. Any scraps are sent to specific outside plants for processing. At the same time, iron scraps are sold as secondary raw materials which contributes further to resource efficiencies.

Specific attention is paid to the use of coffee with a view to two primary objectives: reduce consumption and promote reuse. With regard to the first goal, an experiment is underway at the Mignagola plant, to recalibrate the grinder which will make it possible to save 150 tons of coffee per year and reduce related energy consumption by 80%, without compromising quality (E5-2, 20d).

Lastly, with regard to product end-of-life management, the Group adheres to consortia in the reference country markets in order to guarantee correct disposal and support recovery and regeneration practices.

For example, in Italy De' Longhi Appliances S.r.l. is a member of the Ecoped and Ridomus consortia, along with the most important domestic appliance companies. These consortia are responsible for the management of Waste from Electrical and Electronic Equipment (WEEE), in accordance with Legislative Decree 49/2014. They take care of the recovery of equipment that is no longer in use, the extraction and reuse of parts, as well as the recovery of secondary raw materials. Not only does this process facilitate the reuse of raw materials and semi-finished goods, but is also contributes to a significant reduction in the emission of GHG during the production of new metallic materials and parts.

In addition to the initiatives carried out at the plants, the Group branches are also committed to implementing circular economy initiatives through relationships with the resellers and distributors who manage the customer returns, as well as with the customer service centers, for product repairs or the disposal of products that cannot be repaired. Customer Care also uses packaging comprised mainly of paper and recyclable bags (E5-2, 20 AR12).

[E5-3] Resource use and circular economy action plans

The Group is committed to the responsible management of resources and reducing the environmental impact throughout the entire product life cycle.

In order to limit the environmental impact of boxes, plastic bags and other materials, over the last few years the Group has undertaken a path to improve management of packaging. One of the first interventions involved the reducing the number of materials used, in order to limit waste, reduce costs and contain the production of waste. To further this goal, different corporate initiatives were launched, including the distribution of digital instruction manuals and Styrofoam free packaging. Thanks to this strategy in 2024, 31% of the products marketed were distributed with digital instruction manuals and a minimal amount of paper packaging in accordance with the law. At the same time, in 2024 72% of the Group's products were packaged without Styrofoam which resulted in a significant drop in the use of a material which is not renewable and hard to recycle.

The objectives established by the Group are connected to the inflow and outflow of resources, including waste as described in the section E5-2 – Actions and resources related to resource use and circular economy (E5-3 21) (E5 -3 24 a, b, d, e, f).

The main targets of the Sustainability Plan relating to resource management, along with the relative KPI, the expected timeframe and the progress made to date are shown below:

Initiatives related to the target	Description of the targets	Targets (MDR-T, 80b, e)	Starting point (MDR-T, 80d)	Perimeter (MDR-T, 80c)	Reference policy (MDR-T, 80a) (E5-3, 27)
Lessen the amount of waste sent to landfills	Lessen the waste generated by all the production plants sent to landfills	97% of waste reused, recycled or recovered by 2025 ²³	93% of waste reused, recycled or recovered in 2022.	All the production plants	
Product refurbishment	Refurbish returns and DOA (Dead on Arrival) products in Europe	3 categories of key products part of a pilot project by 2026	No pilot projects in 2023	Automatic and manual coffee machines, kitchen machines (mixers)	
Reduce products' environmental impact		Incorporate recycled material in new products by 2025	Recycled materials not used in new products	New products (when applicable)	<ul style="list-style-type: none"> • Ecodesign practices (implementation slotted for 2025)
	Focus on recycled materials in order to increase circularity and the sustainability of new and/or refurbished products.	30% of total plastic used from recycled plastic by 2027	Recycled materials not used in new products	New products launched in 2027	<ul style="list-style-type: none"> • Guidelines for the development of sustainable products • Ecodesign practices (implementation slotted for 2025)
	Improve the longevity, the water and energy efficiency of products by providing systematic maintenance and repair services ²⁴	Pilot project involving fully automatic machines in an EU country by 2026	-	Automatic coffee machines	
	Include the Eco Design approach in product development and give priority to design strategies through LCA, when relevant.	100% of the new products developed by 2028	10 pilot projects assessed based on the Eco Design Guidelines (without LCA) (2023)	New products	
Reduce the environmental impact of packaging	Increase the number of products with Styrofoam free packaging.	70% by 2024 90% by 2028	65% (2023)	All products sold All products sold	
	Increase the number of products with digital instruction manuals	25% by 2024 50% by 2025	15% (2023)	All products sold All products sold	

²³ This percentage includes incinerations from which energy is recovered.

²⁴ Excluding plastic materials in contact with food products.

Monitoring of the KPI and the activities related to the established goals is carried out systematically and consistently; each year the Sustainability Division is responsible for recording the progress made in the activities. (MDR-T 80 j) More specifically, at 31 December 2024, the progress made in achieving the goals listed above is shown below (MDR-T 79 c):

- **Lessen the waste generated by all the production plants sent to landfills:** to date, 97% of the waste produced is reused, recycled or recovered.
- **Refurbishment of returns in Europe:** to date, one product category out of three is part of a pilot project, specifically the Renova refurbished coffee machines. For more information refer to E5-2Actions and resources related to resource use and circular economy.
- **Focus on recycled materials in order to increase circularity and the sustainability of new and/or refurbished products:**
 - With respect to the target, 30% of total plastic used from recycled plastic, the Group is developing new projects, which consider the use of recycled plastic for at least 30%;
 - With respect to the target to use recycled materials in new products by 2025, in 2025 the initiative involving aluminum was launched;
- **Improve the longevity, the water and energy efficiency of products by providing systematic maintenance and repair services:** the pilot project relating to the implementation of fully automatic coffee machines in an EU country is slotted for 2025;
- **Include the Eco Design approach in product development and give priority to design strategies through LCA, when relevant:** 23% of the products developed in 2024;
- **Reduce the environmental impact of packaging:** a pilot project will be identified in 2025;
- **Increase the number of products with Styrofoam free packaging:** 72% of products sold with Styrofoam free packaging;
- **Increase the number of products with digital instruction manuals:** 31% of the products sold with digital instruction manuals.

[E5-4] Resource inflows

The Group uses a wide range of materials to produce its appliances, the main ones include:

- **Metals:** steel and aluminum for the frames of the coffee machines and kitchen appliances; copper for heating components, like heating coils.
- **Plastics:** ABS and polypropylene for external and internal parts.
- **Vetro:** borosilicate glass, chosen for its thermal resistance, for pitchers and kettles.
- **Electronic components:** printed circuit boards (PCBs) and sensors, which include rare earth minerals, essential for high performance magnets and temperature control systems.
- **Packaging:** mainly paper and cardboard to guarantee product protection and reduce the environmental impact, with an increasing percentage of FSC certified and recycled materials (E5-4 30).

The Group is aware of the environmental impact of the pollution caused by the materials used in the upstream phases, like the extraction and processing of raw materials. It is, therefore, committed to understanding and monitoring the impact of its suppliers' activities in order to promote more sustainable practices along the entire supply chain.

Based on the data from the plants, the Group calculated the total amount of the resource inflows, which are shown in the following table (E5-4 32).

Resource inflows	UOM	Value
Total weight of the products, technical and biological materials used during the reporting period	ton	173,019
Total weight of the secondary components reused or recycled, as well as the secondary intermediate products and materials used by the company for its products and services (including packaging)	ton	15,547
Percentage of the secondary components reused or recycled, as well as the secondary intermediate products and materials used by the company for its products and services (including packaging)	%	9%
Percentage of the biological materials which come from a sustainable supply chain	%	0%

(E5-4 31, a, b, c) (E5-4 32)



[E5-5] Resource outflows

The De' Longhi Group actively supports circular economy practices, integrating **durability and recyclability** in the design of its products and promoting the **reuse** of excess materials and scraps, which are put back into the production cycle. With regard to the first of the two aspects, new products are also designed with components which facilitates disassembly, maintenance, repairs and the substitution of single parts, reducing the need, therefore, to dispose of the entire product in the event of malfunctions. To incentivize these practices, the Group has defined precise criteria to be used when selecting materials: for example, the use of metal alloys that are resistant to corrosion help extend the useful life of products. The use of high-strength, long-life composite materials also improves overall performance, reducing the need for frequent replacements (E5-5 35,40).

To date, the data relating to the expectations for the durability of marketed products is not yet available, but is being studied by the Group (E5-5 36a). Similarly, the Group has currently not yet implemented an internal system for the assessment of product reparability and official European benchmarks are not yet available, either. However, in this instance also, the company is exploring the possibility of adopting standards in the future in order to improve transparency and facilitate the assessment of reparability (E5-5 36b).

To date, the percentage of products' recyclable content is at 12%. For lack of more accurate data, this figure was calculated based on the volume of metals which are used the most in the Group's products; a 95% rate of recovery was assumed in order to account for potential losses during recycling. The same figure for packaging is not yet available and will be examined further in 2025 (E5-5 36c).

With regard to waste generated, the **12,896 tons** generated in 2024 include mainly materials like plastics, metals and electronic components used in production, along with paper and cardboard used in packaging. The assembly processes also produce complex waste, like industrial dusts which comprise resins, paints and other chemical substances. Non-metallic minerals such as silica and rare earth metals can also be found in electronic components and circuits (E5-5 38 a,b).

In 2024, a total of **9,632 tons** of waste or 74.7% of the total waste produced was recycled; **3,264 tons** or **25,3%** of the total waste was not recycled (E5-5 37a,d).

The quantity of waste generated and the disposal methods in the three-year 2022-2024²⁵ are shown below.

Waste not intended for disposal	UOM	2022			2023			2024		
		H	NH	Total	H	NH	Total	H	NH	Total
Preparation for reuse	ton	1	-	1	-	220	220	-	-	-
Recycling	ton	35	5,989	6,024	18	8,859	8,877	9	9,623	9,632
Other recovery operations ²⁶	ton	65	2,605	2,670	88	2,353	2,441	106	2,502	2,608
Total waste²⁷	ton	101	8,594	8,695	106	11,432	11,538	115	12,125	12,240

(E5-5 37b, 39)

Waste not intended for disposal	UOM	2022			2023			2024		
		H	NH	Total	H	NH	Total	H	NH	Total
Incineration	ton	28	18	46	82	-	82	57	-	57
Landfill	ton	11	190	201	2	406	408	0	289	289
Other disposal methods	ton	51	303	354	36	281	317	59	252	310
Total waste	ton	90	511	601	120	687	807	116	540	656

(E5-5 37c, 39)

Key: **H** = Hazardous waste **NH** = Non-hazardous waste

²⁵ All the data reported relating to the production of waste refers solely to production plants. The offices and other operating branches are, therefore, excluded.

²⁶ Other recovery operations* includes incinerated waste with energy recovery, recovered waste and composted.

²⁷ The share of radioactive waste is zero.



ESRS S1 - Own workforce

[S1-SBM-2] - Interests and views of stakeholders

(ESRS 2 SBM-2 12)

The workforce represents a key group of stakeholders for De'Longhi. The engagement of this group is crucial to the ability to successfully pursue the business plan's long-term targets. In order to support its employees, the Group practices active listening, open communication informed by a fair, complete and transparent exchange of information. This commitment is set out in the Code of Ethics, which always puts people before everything else. Over the years the company has implemented different processes which make it possible to gather the opinions of employees and include them in the company strategy. The main tools include:

- the **Employee Engagement Survey** which is carried out every year in order to gather employees' opinions about different topics including leadership, feedback, recognition and diversity and makes it possible to identify strengths and areas of improvement, contributing to the development of strategies and targeted initiatives to improve the engagement and wellbeing of the company's people.
- the annual **performance reviews** which are carried out through a dedicated platform, "FORWARD", conceived to promote professional growth, aligned with the corporate and individual goals, while fostering continuous dialogue between managers and employees with a view to improving performance, promoting engagement and sharing feedback.
- Periodic meetings to **share the results** which guarantee transparency, provide an update on the business performance and priorities as part of an open and constructive dialogue.

[S1-SBM3] Material impacts, risks and opportunities and their interaction with strategy and business model

ESRS 2 SBM-3 13

Based on the double materiality analysis, the Group identified the impacts and risks connected to the company's operations for all the collaborators comprising its workforce. These include employees with temporary and permanent contracts, broken down into groups of managers, white collar workers and blue collar workers. Interns, freelance workers and workers made available by third party businesses active in the recruitment and selection of personnel are also part of this group (S1-SBM3-14a). Among the people in the company's workforce, no particular categories emerged that were more at risk (S1-SBM3-15).

The Group identified the following negative impacts with respect to its workforce (S1-SBM3-13 a,b), most of which potential. These impacts are typical of manufacturers with a large workforce and relate to working conditions, health and safety, protection of human rights, non discriminatory management and equal job opportunities, as well as training and skill enhancement. With respect to these, in order to reinforce preventive actions and the structured management processes already in place, the Group has launched a program calling for continuous improvement (please refer to sections S1-1 "Policies related to own workforce" and S1-4 "Taking action on material impacts on own workforce") relating to the protection of human rights and working conditions, to prevention and/or mitigation of the following impacts:

- **Physical injury of workers due to inadequate working conditions** (actual), including in consideration of the possible use of machinery, tools or in areas within the plants and offices.
- **Possible discrimination of workers** (potential), in terms of selection and remuneration of people which could result in episodes of discrimination based on different factors (gender, sexual orientation, ethnicity, religion, disabilities, etc.).

- **Violation of workers' human rights due to inadequate work practices** (potential): potential impact tied to the employment of of skilled workers characterized by a low level of specialization or with fixed-term contracts also taking into account the seasonality of production, which could potentially have a negative impact due to unfair labor practices which violate workers' rights like excessive working hours, violations of minimum age requirements, insufficient compensation, lack of freedom of association and unfair treatment of workers (harassment or abuse).
- **Failure to develop employee skills (potential)** when inadequate training programs could limit employees' development, which could impact motivation/engagement which could negatively impact turnover.

More in detail, the negative impacts identified were assessed in the different geographies in which the company operates where different local regulations and laws govern workers' rights. These potential impacts do not refer necessarily solely to De' Longhi, as they reflect local socioeconomic dynamics (SBM3-14b).

As the transition plan relative to climate change is in its development phase, to date impacts on employees associated with the introduction of the plan have yet to be identified. For more information refer to section E1-1 - *Transition plan for climate change mitigation*. Based on the double materiality analysis, no significant positive impacts have been identified in relation to the own workforce (S1-SBM3-14 c,e).

De' Longhi is aware that its activities depend heavily on its human resources and any issues impacting them could cause the company to be exposed to risks. In the following paragraphs, the policies and processes implemented by De' Longhi to prevent the potential and actual risks identified are discussed. These are centered around the wellbeing of its resources and ensuring a safe, inclusive workplace for all its employees.

Based on the double materiality analysis, the Group identified the following potential risks:

- **Reputational and legal risk due to discrimination of own workforce:** potential risk of legal repercussions and reputational damage in the absence of an adequate DEI system within its organizational structure. This could also result in an increase in employee turnover and compromise the company's ability to attract a diverse and highly qualified workforce.

- **Operating risk due difficulties attracting and retaining talent:** the company could encounter difficulties in attracting and retaining the talent needed to drive innovation and satisfy new consumer needs. This could impact productivity, result in the loss of competitive advantages over the long-term and difficulty maintaining market relevance.
- **Reputational and legal risks tied to possible human rights violations:** potential human rights violations in the company's operations could increase reputational risks and affect the business's legal status.
- **Reputational and legal risks stemming from the failure to protect worker health and safety:** potential risk stemming from the lack of adequate measures being taken to protect the health and wellbeing of workers, which not only violate health and safety laws, with the risk of legal sanctions and financial liability, but also damage the company's image and reputation (S1-SBM3-13b) (S1-SBM3-14d).

More in detail, special attention should be paid to the potential risk associated with the use of forced labor and/or child labor, particularly in countries which are not part of the European Union given the different regulatory environments and regions. The Group monitors respect of human rights across the Group perimeter constantly, implementing actions and structured preventive and risk management processes (S1-SBM3-14 f,g).

De' Longhi views topics relating to its people as a priority and an integral part of its Sustainability Plan which includes different initiatives related to their wellbeing; for more information refer to section S1-5 *Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities* (S1 SBM-3 13 a,b).

A detailed analysis of how the De' Longhi Groups identifies impacts and risks is provided in chapter ESRS 2, in the section *IRO-1- Description of the process to identify and assess material impacts, risks, and opportunities* (S1 SBM-3 13 a,b) (SMB-3 15) (SMB-3 16).

[S1-1] Policies related to own workforce

The De' Longhi Group's value reflect the identity, character and approach to work. Courage, ambition, teamwork, passion, competence, respect and our heritage create the pillars upon

which we base our actions, striving to improve day after day. In order to guarantee that these principles are applied and respected throughout the company, the Group developed a series of policies used to manage impacts and the risks connected with the its own workforce, with a particular focus on the protection of human rights and working conditions (S1-17, 18, 19).

These policies are informed by known international standards for the protection of human rights which include **United Nations Guiding Principles on Business and Human Rights, International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, OECD Guidelines for Multinational Enterprises and the United Nations' Sustainable Development Goals** (S1-1 20 a, S1-1 21).

TABLE 1 POLICIES RELATED TO OWN WORKFORCE

Policy	Key content (MDR-P 65a)	Application perimeter (MDR-P 65b)	Responsible for implementation (MDR-P 65c)	Recognized national and international preparation tools (MDR-P 65d)	Accessibility (MDR-P 65f)	Related risks/impacts (MDR-P 65a)
Code of Ethics	States the Group's fundamental ethical principles Formalizes the standards for conduct in business management Management of relationships with the Public Administration Management of relationships with other counterparties Standards of diligence when using company assets and protection of company assets and protection of IT instruments	De' Longhi Group, suppliers, collaborators	Board of Directors	-	Corporate website	Reputational and legal risks for violations of human rights inside the company
Diversity policy for members of corporate bodies	Definition of diversity criteria and goals in the composition of the Board of Directors Criteria and goals in the composition of the Board of Statutory Auditors Monitoring of compliance with the policy	De' Longhi Group	Board of Directors Board of Statutory Auditors Compensation and Appointments Committee	Art. 123-bis paragraph 2, lett. d-bis) of TUF Directive 2014/95/EU	Corporate website	-
Diversity, Equity, Inclusion Policy	Promotion of a corporate culture which supports diversity, equity and inclusion Processes and guidelines for guaranteeing equal opportunities Goals and KPI for monitoring the developments and ensure the purpose of the policy is served Initiatives targeting gender diversity in order to promote the presence of women	De' Longhi Group	Diversity, Equity and Inclusion Steering Committee	United Nations Global Compact Principles for the emancipation of women United Nations International Bill of Rights Declaration of the International Labor Organization on Fundamental Principles and Rights International Labor Organization Convention on Violence and Harassment United Nations Sustainable Development Goals	Corporate website	



One of the main policies adopted, the **Code of Ethics** is the document which defines the basic ethical principles recognized, accepted and shared by the Group. The De' Longhi Group is committed to promoting and ensuring compliance with the values identified in its Code of Ethics, as well as using them to inform all the company's transactions. The Company uses this document to ensure that the employees, managers and top management comply with current laws and regulations, carrying out their duties with honesty and integrity. The foundation created by the Code of Ethics is also a point of reference for the daily activities carried out by the Group's employees and partners, including in relation to the relationships with third parties, including customers, public administrations and suppliers. The Code of Ethics is applicable to all the Group's collaborators and includes specific provisions for the protection of human rights, the ban of discrimination, child and forced labor, and the guarantee of safe and decent working conditions (S1-1 22). It is accessible to all through the corporate website and is distributed internally to all interested parties.

In 2025, the Group expects to formalize a **Policy on Human Rights**, a document based on international rights including the **Universal Declaration of Human Rights** (S1-1 21). This policy will outline the key principles relating to adequate and decent working conditions, diversity and inclusion, freedom of association, prohibition of child labor and forced labor, protection of privacy, and protection of personal data. In addition, to align

with the principles mentioned above, since 30 September 2024 the Group joined the **United Nations Global Compact**, a voluntary initiative which invites companies to respect the ten universal principles relating to human rights, labor, the environment and the fight against corruption (S1-1 20a) (S1-1 22).

Particular attention was paid to **Diversity, Equity and Inclusion (DEI)**. This topic was addressed in 2024 through the publication of a specific policy which aims to formalize the protection of the workforce from any and all forms of discrimination and harassment, promoting equal opportunity and an inclusive workplace (S1-1 24a). The DEI policy defines the De' Longhi Group's approach and the objectives, strategies and initiatives to promote and enhance diversity, equity and inclusion, in full respect for individual rights and freedoms. This commitment is concretized through the adoption of company processes, organizational structures and managerial initiatives which aim to guarantee opportunities for all, in terms of both career development and compensation, as well as the work experience. The protection and advancement of the unique assets that our people constitute is one of the most important pillars needed to guarantee sustainable long-term growth, for both the company and the individual. Our goal is to create and promote a collaborative and inclusive environment, where the contribution of each individual involved is recognized and valued.

The Policy explicitly addresses different forms of discrimination, including association or labor union activities, categories

protected by the local laws, personal convictions, disabilities, age, identity expressions, genetic information, language, sexual orientation, geographic or national origin, political opinions, ethnicity, religion, civil status or co-habitation, parental status, if actively serving in the military or a veteran, in accordance with European Union law and national laws (S1-1 24b). The implementation of this policy is guaranteed by the **Global Wellbeing and Engagement team**, which monitors topics linked to diversity, equity and inclusion in the company, ensuring the consistency of the internal goals with market best practices (S1-1 24d). De' Longhi has not made any specific commitments relating to inclusion and the positive steps taken with respect to the people belonging to particularly vulnerable categories in its workforce (S1-1 24c).

In support of inclusive governance, the Group also adopted a **Diversity Policy for the members of corporate bodies** which defines the diversity criteria and goals in the composition of the Board of Directors and the Board of Statutory Auditors. This policy is based on applicable legislation, including **EU Directive 2014/95** and **Art. 123-bis of Testo Unico della Finanza (TUF)**, and indicates the tools to be used to monitor and assess the achievement of the targets set.

The protection of work health and safety represents another pillar of the company strategy, which is checked constantly through monitoring and prevention activities. Despite the current lack of a formal Groupwide policy for worker health and safety, rigorous prevention protocols have been adopted,

including with a view to containing accidents due to a particular focus on the production plants where exposure to risks is higher. The plants in Sierre (Switzerland), Dongguan (China), OnShiu (China), all of La Marzocco S.r.l. production and commercial sites are **ISO 45001:2018, certified**. This is the most highly recognized international health and safety standard (S1-1 21). The structures which have yet to be certified are completing the adjustments called for in order obtain certification for all the production plants by 2027. These initiatives are accompanied by safety training, monitoring of accidents and the adoption of risk reducing management systems (S1-1 23).

Toward this end, cross-functional HR-Operations team was created which analyzes risks relating to production and supply chain activities in order to determine a path for gradual improvement over the long-term and move toward a "Zero accident mindset".

At the same time, the global "I am Safety" campaign continued. The goal is to strengthen and spread a Groupwide safety culture by engaging and empowering employees in topics related to safety while, at the same time, improving the efficacy and productivity through initiatives focused on "new ways of working", particularly remote working. In the production plants the initiative has accompanied by the "Safety Ambassadors" campaign based on which a few employees were asked to act as spokespeople for the safety rules. In order to guarantee the correct implementation and compliance with all the policies adopted, the Group uses different monitoring tools and reporting mechanisms. These include the **internal and external audits** which verify compliance with the ethical and social standards (S1-1 20 c).

The **Whistleblowing channel** has a key role. Through the "**Integrity Platform**" anyone - employees, suppliers and other parties - may anonymously report violations, including those relating to human rights and discrimination (S1-1 24d) (S1-1 20 c). The use of this tool is strongly encouraged and governed by internal procedures which guarantee safe and confidential processing of the reports received. For more information on how the whistleblowing channel works, refer to chapter *G1-1 Business conduct policies and corporate culture*.

The Group works to involve its own workforce through the engagement channels described in the sections [S1-SBM-2]

- *Interests and views of stakeholders and [S1-2] Processes for engaging with own workers and workers' representatives about impacts* (S1-1 20b).

[S1-2] Processes for engaging with own workers and workers' representatives about impacts

S1-1-25,26

As the driver of all daily activities, the Group recognizes how important the opinion of its employees is and, in order to put them in the best conditions possible to express their potential, promotes a working environment in which everyone may voice their opinions.

To facilitate this dialogue, the workforce is engaged both directly, through the use of the different communication tools and channels referred to in section [S1-SBM-2] - *Interests and views of stakeholders*, and indirectly through meetings with employee representative. The latter have a key role in supporting the dialogue between employees and management, ensuring, at the same time, that the needs of collaborators are considered part of the corporate decision-making process. Other channels include the company intranet which makes it easier to access information, documents which aim to promote interaction between colleagues and the Group's house organ, a company magazine full of news, success stories and company initiatives, which help to strengthen a sense of belonging and engagement (S1-2-27a,b,d).

The operational responsibility of workforce engagement is entrusted to the Human Resources Division, with the Chief People Officer (CPO) acting as the point of reference. This division guarantees that the feedback gathered is taken into account when corporate decisions are made and that the employees have access to tools which support professional growth and development (S1-2-27c).

In 2024, the Group Engagement Survey - Your Voice, conducted for the first time with the support of a new provider, involved more than 8,000 employees with a participation rate of 87%. Thanks to an advanced technology and a solid external benchmark, the platform made it possible to get a better understanding of the results and identify key opportunities for improved involvement and collaboration. The data gathered highlighted the opportunities that stronger internal communication would provide, for the structuring and development of growth opportunities and the strengthening of inclusion through targeted actions.

The efficacy of the engagement initiatives is monitored through periodic analysis of results, which makes it possible to adapt and constantly improve the company strategies based on the needs of the workforce and any requests that might be presented. These tools, accessible by the entire company, are discussed in the section [S1-4] *Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions* (S1-2-27e).

In 2024, the Group launched targeted initiatives informed by the analysis conducted in 2023 on the presence of women at all organizational levels with a focus on the gender pay gap and identifying corrective actions, followed by a study of the work experience of women in order to identify specific needs and priorities; this initiative demonstrates the Group's commitment to understanding the perspective of vulnerable populations (S1-2-28).

[S1-3] Processes to remediate negative impacts and channels for own workers to raise concerns

S1-3-30 e 31

The Group has a *whistleblowing* system which may be used to report behaviors which are illicit or do not comply with the law, current regulations and the internal procedures adopted by the

Company. The system uses a specific platform, the **De' Longhi Group Integrity Platform**, which guarantees the reporter's anonymity and complies with whistleblowing regulations, consistent with ISO Standard 37001:2016. In order to protect the identity of those who use it, the Integrity platform is managed by an independent third party (S1-3 31) (S1-3 32 a) (S1-3-33).

The Company encourages individuals who have been victims of discrimination or harassment to report these incidents through the whistleblowing channel. The Group is committed to guaranteeing the anonymity of the person reporting an incident and to prevent any and all retaliatory or discriminatory act, direct or indirect, against those who report in good faith. At the same time, the annual surveys (including the Employee Engagement Survey) and the involvement of employee representatives help to monitor people's level of wellbeing and identify any problem areas (S1-3 32 b).

The Whistleblowing Committee is charged with carefully analyzing each report, investigating each case and, when necessary, adopting adequate and appropriate measures (S1-3 32c).

For more information about the how the Group's whistleblowing channel works refer to chapter *G1-1 Business conduct policies and corporate culture* (S1-3-32 d,e) (S1-3-33).

[S1-4] Taking action on material impacts on own workforce and approaches to mitigating material risks and pursuing material opportunities related to own workforce and effectiveness of those actions

S1-4-35,36,37

The policies and processes implemented by De' Longhi constitute the base of the actions undertaken to prevent potential and actual negative impacts, as well as risks. Thanks to the tools referred to in the sections *S1-SBM-2 - Interests and views of stakeholders* and *S1-2 Processes for engaging with own*

workers and workers' representatives about impacts, the company directs its actions in this area, putting the wellbeing of its resources at the center and works to ensure a safe, inclusive workplace for all its employees.

At Group level, people management is the responsibility of the Human Resources Department, led by the Chief People Officer. The HR function is entirely responsible for the management of the Group's human resources, from the moment each person joins the company until the termination of their employment relationship: research, selection and placement, management and development, health, safety and work environment, administration and payroll, HRIS, organizational development, union relations, general services such as security and reception and often travel management.

At regional and local level, roles are divided into macro-clusters that enhance, on the one hand, the activities of Talent Acquisition, Training and Development of Human Resources and Internal Communication and, on the other hand, the activities of HR Management and HR Business partnership. Thanks to the activities of this division, the Group is able to ensure that its practices do not cause nor contribute to situations which could have potential negative impacts on the workforce, working continuously to address and mitigate them as effectively as possible. The data and the feedback are managed in accordance with privacy policies and processed with the utmost confidentiality, making it possible to receive honest and constructive feedback (S1-4-41).

The recent actions and initiatives, planned or underway in accordance with chapter *S1-SBM3 Processes to remediate negative impacts and channels for own workers to raise concerns* are reported on below.

Talent Attraction and Employer Branding

To offset the potential risks linked to difficulties in attracting and retaining talent, De' Longhi organizes talent attraction and retention, as well as employer branding, initiatives (S1-4-40a, b)

Toward this end, the relationships with Italian universities have grown, particularly with institutions in the Veneto regions and with Bocconi, Milan's Politecnico and H-Farm College. These relationships have made it possible to (i) initiative specific research programs, (ii) for the Group to attract resources with a solid academic background and competencies in line with the business needs, and (iii) design and offer training programs to employees.



A strategic partnership was begun with the Career Services of Bocconi University and Milan's Politecnico, named the **Corporate Associate Program**, in order to create synergies with the schools and guarantee the best possible professional placements for the new graduates. In partnership with other universities, like Ca' Foscari University in Venice, the University of Padua and the University of Trento, the **Ambassador on campus** program was implemented. The project involves different Group teams in employer branding activities. More in detail, the employees who wanted to get involved were involved in organized career days during which they describe their daily activities in the company and advise the students about the opportunities available with the Group (S1-4-38a, b, c, d).

In 2024 the **ICT hackathon** was held at the Treviso headquarters in which a few students from Milan's Politecnico were involved. During the day, 20 members of the Group's IT team and 10 students passed a day brainstorming in order to develop innovative projects relating to topics like Artificial Intelligence, the sharing of knowledge and mobility. At the same time, the **IT Talent Academy**, targeting students and new graduates interested in IT, was launched. This six week course provides specific training in SAP and ends with interviews for positions on the Group's IT team (S1-4-38a, b, c, d).

The **Internship Program**, which continued in 2024, represents an opportunity for university students and graduates to put into practice the knowledge they acquired during their academic careers. The candidates are chosen based on a structured and engaging selection process, optimizing selection time and attracting Italian, as well as international, students. The internships last 6 months and are held at the Treviso headquarters where the interns carry out the tasks required by the team to which the student is assigned. The main goal is to train young workers and provide them with an opportunity to learn about a new job and consider both the possibility of getting hired and pursuing a career path (S1-4-38a, b, c, d).

The Group's **LinkedIn** page gained momentum, reaching more than 77,000 followers at the end of 2024 with an engagement rate of around 15%, higher than in previous months. In order to enhance the Group's presence on this channel, in June 2024 a global advocacy campaign, **LinkedIn Month**, was launched. The initiative aimed to improve the use of the platform through training and "netiquette" (rules and guidelines for appropriate online communication behaviors). The main objectives include increased visibility for the company, strengthened engagement, stronger employer branding and the involvement of

employees through increased interaction and spreading of corporate content (S1-4-38a, b, c, d).

Work was also started on the Talent Strategy, in order to render the recruiting of candidates and development of our employees more dynamic and inclusive. The project resulted in the launch of two main initiatives: the revision of the recruiting guidelines and company branding, with a specific focus on inclusion and enhancing potential; and, the launch of analysis which, in 2025, will guide the planning of initiatives targeting internal growth and talent development.

Lastly, internal communication was at the center of important changes made to guarantee greater access to and transparency of the company strategy. The 3-Year Plan Unfolded project made it possible to share the content of the Three-Year Business Plan with the entire company, which further strengthened the connection between leadership and employees. The initiative fostered a greater understanding of the strategic priorities, reinforcing organizational engagement and cohesiveness.

Professional development and learning

In 2024 the Group Group continued to invest in the growth and development of its people, expanding the training provided and promoting initiatives designed to strengthen competencies at all levels of the company. By encouraging continuous learning and professional development for all its resources, De' Longhi offsets the risks tied to failing to develop the expertise of employees through the use of adequate tools and ongoing training (S1-4-40a, b).

More specifically, De' Longhi mainly uses two platforms to support the professional growth of its workforce globally: **PULSE**, a tool used for training which makes it possible to register for different courses and workshops, both in person and online, offered in different languages, which are very interactive. Employees can access tailor made programs and monitor their progress; **FORWARD**, an ad hoc performance appraisal tool, designed to promote a transparent and constructive dialogue between managers and employees which helps De' Longhi's people to identify their development goals and learning needs (S1-4-38a, b, c, d).

More in detail, the FORWARD performance appraisal cycle can be broken down into three phases; Set Up, Sync and Wrap Up:

- **Set Up:** consists in the identification of individual targets based on which a growth plan is developed which is consistent with both the company strategy and the team's goals;

- **Sync:** calls for a process of continuous and interactive growth which leverages on checkpoints, namely systematic moments of self-reflection and exchange of feedback. Contrary to what was done in the past, the exchange of feedback no longer takes place solely between supervisor and subordinate, colleagues from the different company division may also be involved by both parties;
- **Wrap Up:** this is when the areas of strengths and areas of improvement are looked at which allows the manager to provide subordinates with a more complete, objective and constructive assessment.

In 2024, the performance appraisal process involved 2,845 people and there was a further increase in the plans approved. Forward was confirmed as a pillar of internal growth, supporting individual development and promoting a culture of continuous feedback.

The initiatives connected to training provide employees with the tools and resources needed to improve both technical and soft skills, develop leadership, as well as upskilling and reskilling opportunities, consistent with the employee's interest and professional growth path.

The training offered, open to all company personnel, includes a vast selection of courses which can be broken down into five categories:

1. **Digital mindset:** training in data analysis and the use of Microsoft Excel (basic, intermediate and advanced training are offered);
2. **Managerial skills:** training in effective management and "manager as a coach";
3. **Communication skills:** public speaking training offered in person and online, in both Italian and English;
4. **Organizational skills:** online training, in both Italian and English, on project management, problem solving, time management, finance for novices, demystifying methodologies and lean office;
5. **Company Culture:** introduction of the world of coffee in order to provide an overview of the basic concepts and terminology associated with the world of coffee.

The global courses are held online so that employees from all geographies may attend, while local courses are held at different offices. The **De'Longhi Shares Academy**, continued with its program at offices in Italy. The program offering was expanded with the introduction of four new courses taught by

internal resources who are selected based on their specialized expertise and teaching skills. This project further strengthened the exchange of information within the organization, highlighting the know-how of the company and its people.

In 2024 **Digital Lab**, an ad hoc training initiative conceived to improve the digital expertise of employees working in the Marketing and Commercial divisions and sustain the growth of the Group's e-commerce channel, continued.

The license was also renewed for the platform **Econsultancy**, specialized in digital and e-commerce training, with a focus on new sector trends.

Language courses continued globally, supported by the **Speex**, platform which provides classes in five languages (English, German, Spanish, French and Italian) and promotes language skills in a global environment.

The **Sustainability Learning Journey** project is, rather, part of a broader sustainability strategy, comprised of training sessions on topics relating to sustainability. De' Longhi's goal is to make its employees more aware of their impact and the positive steps they can take to ensure a better future (S1-4-38a, b, c, d) (S1-4-AR 43).

Particular attention was paid to the training of blue-collar workers. Three days of training were organized at the Mignagola plant in Italy which involved more than 400 employees. The sessions looked at relevant topics, from the digital transformation to posture exercises, to specific content relating to lean manufacturing and quality.

Health and Safety

De' Longhi organized several initiatives focused on the potential impact of on-the-job injuries caused by inadequate working conditions, particularly in the production plants (S1-4-40a, b).

The sustainability of a successful manufacturing project is based largely on the ability to address and protect the health and safety of its employees: the Human Resources division calls upon specific employees, including the Head of Prevention, Protection and the Environment Division and the country heads of the division in Italy, Switzerland, China and Romania, namely the countries where the Company's production plants

are located. There duties include an analysis of the risk inherent in the activities carried out by the Group's employees and the definition of plans for improvement.

In 2024 the global campaign "I am Safety" continued. This initiative, part of the sustainability strategy, has three main objectives: strengthen and spread a safety culture throughout the Group, involve and make employees responsible for issues linked to safety and, at the same time, improve efficacy and productivity through initiatives focused on "new ways of working". In the production plants the initiative was realized through the "Safety Ambassadors" campaign, based on which a few employees were appointed safety ambassadors.

The project, currently implemented in the production plants in China, Romania and Italy and soon at other branches and subsidiaries, can be broken down into three phases:

- 1. Appointment of the ambassadors:** the ambassadors are employees who are chosen to safeguard aspects of Health, Safety and the Environment (HSE) in each production facility. In order to identify the best people for the assignment, the work team developed an identikit of the characteristics needed to cover this role.
- 2. Training of the ambassadors:** the ambassadors selected completed a dedicated training course in order to understand their role and the relative responsibilities.
- 3. Identification of any equipment needed:** in this phase any investments needed to improve the health and safety inside the plants are quantified, along with the anticipated benefits.

A global project for injury management was also implemented which began by focusing on the interaction between pedestrians and forklifts, following which an anti-collision system for forklifts has been developed, already tested in the Romanian plants and in Mignagola plant; it is expected to be implemented in all the plants in 2025 (S1-4-38a, b, c, d).

Diversity, Equity and Inclusion

De' Longhi strives to promote a collaborative and inclusive work environment, capable of embracing the contribution of all the individuals involved, with a view to promoting

equitable growth and improving the level of inclusion and cohesion among employees, consumers, suppliers and the entire local community, with zero tolerance for any form of discrimination against the employees and violations of human rights (S1-4-40a, b).

In 2024, the Group published the Global DEI Policy, defining its commitment in a document which was shared across all geographies. De' Longhi's commitment is based on concrete initiatives relating to four areas of interest:

- 1. Corporate culture:** enhance the wealth that diversity can bring to the organization, beginning with a corporate culture which views difference as a strong point.
- 2. Processes:** define equitable processes and guidelines, ensuring that people may prosper regardless of how they identify and guarantees equal access to opportunities, careers and compensation.
- 3. Goals and KPI:** monitor the current situation in the different areas of interest and define the goals that are expected to be achieved.
- 4. Targeted initiatives on gender diversity:** guarantee that women can and will be able to express their full potential.

De' Longhi established a **governance** framework built around DE&I initiatives, defining roles and responsibilities to guarantee consistency with the Group's basic values. The publication on internal and external channels of the Group's DE&I Policy is focused on promoting equitable growth and social cohesion among employees.

In addition to the definition, publication and distribution of the policy, in 2024 the **Global DE&I Training** program was launched which comprises 3-hour interactive online sessions in 13 languages which is offered to the entire white-collar population in order to raise awareness about biases and create a shared understanding of diversity, equity and inclusion. This training path will be offered globally and wrapped up in the first part of 2025. It will be adapted to reflect local realities with a view to creating a shared language on diversity, equity and inclusion, while promoting an inclusive working culture and providing people with the tools they need to recognize and overcome prejudice (S1-4-38a, b, c, d).

[S1-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

S1-5-44a,b,c

In order to improve wellbeing and the development of employees and, therefore, pursue the objectives of the policy described in section S1-2, the De' Longhi Group included specific initiatives and the relative quantitative and qualitative targets (MDR-T 80 a), in its Sustainability Plan 2024-2026. The targets were developed using a structured method which involves the key stakeholders of the Human Resources division (MDR-T 79 e; MDR-T 80 h, MDR-T 80 f). The targets identified are shown below (S1-5-45, S1-5-46):

TABLE 2 OWN WORKFORCE TARGETS

Initiative	Description	Target (MDR-T 80 b)	Baseline (MDR-T, 80d)	Target Year (MDR-T 80 e)	Perimeter (MDR-T 80 c)	Policy
Safe work environment	Ensure the highest health and safety standards by implementing a ISO 45001 certified health and safety management system in the Group's plants	100% of the Group's plants ISO 45001 certified	2 out of 7 plants certified in 2023	2027	All the Group's plants	
Gender equality	Increase in the number of women in management and senior management positions	30% of the management and senior management positions held by women	26% of the management and senior management positions held by women at September 2023	2028		Policy on diversity of members of corporate bodies
Wellbeing and employee development	Address the training and development of our people through a global Training Program	80% of the employees involved on average in the three-year period (2024-2026)	70% of the employees involved in the two-year period (2020-2022)	2026	De' Longhi Group	
	Define and implement a global approach and a communication plan based on the new ways of working	Improvement in work/life balance each year, measured using a specific survey	In 2022 a new remote working policy with new content was launched	2026		
Impact on the community	Sponsor educational programs to high school students with a focus on STEM and women	Delivery of the programs in 2025	No educational programs in 2024	2025	De' Longhi Group	

[S1-6] Characteristics of the undertaking's employees

The management of the workforce is a core aspect for the Group, which pays particular attention to the changes and growth over time. At 31 December 2024 the Group had **10,641** (S1-6-50d): employees: this figure includes all the contractual categories existing within the Group and reflects the total workforce at year-end. Please note that all employee data within the chapter are in headcount.

During the reporting period a total of **3,136**²⁸ employees left the Group which corresponds with a turnover rate of **29.5%**²⁹ (S1-6-50c). This indicator measures the workforce turnover and provides an overview of the organization's employment dynamics which are influenced by factors like new hires, voluntary terminations and contract adjustments. The indicator reflects the high turnover rate at the production plants.

- **Define and implement a global approach and a communication plan based on the new ways of working:** a survey on work/life balance is being finalized and will be conducted in 2025;
- **Sponsor educational programs to high school students with a focus on STEM and women:** educational programs will be launched in 2025.

These results demonstrate De' Longhi's commitment to complying with the targets set. The company is respecting the target to have 30% of women in senior management positions by 2028; having exceeded the 80% target for employees involved in training courses in the two-year period 2024-2026 highlights the importance that the Group attributes to developing the skills of its people.

The Group's Sustainability Report is public and can be found on its website. For more information on the Sustainability Plan refer to the section SBM-1 in the chapter ESRS 2 (S1-5 47).

The monitoring of the KPI and the initiatives associated with the targets outlined will be done regularly and systematically. The progress made in each initiative will be recorded each year, for which the Human Resources Division will be responsible (MDR-T 80 j). More in detail, the progress made relative to each target at 31 December 2024, is shown below (MDR-T 79 c):

- **Ensure the highest health and safety standards by implementing a ISO 45001 certified health and safety management system in the Group's plants:** at 31 December 2024, 3 out of 7 plants had been certified;
- **Increase in the number of women with senior management positions:** as at 31 December 2024, 26% of the women in senior management positions;
- **Address the training and development of our people through a global Training Program:** 91% of the employees involved in training courses in 2024;

28 The figure refers to the total number of employees who left the Group between 1 January 2024 and 31 December 2024.

29 To calculate this figure, the total number of employees who left the Group was divided by the total number of employees.



TABLE 3 - NUMBER OF EMPLOYEES WHO LEFT THE COMPANY IN 2024

Datapoint	2024
Total number of employees who left the company	3,136
Employee turnover rate	29.5%

Information on the total number of employees by gender is provided below (S1-6-50a). Between 2022 and 2024, the total number of employees rose considerably, from **8,555 to 10,641**. More specifically, there was an increase in both women and men with a slight rebalancing in the gender mix.

TABLE 4 - NUMBER OF EMPLOYEES BY GENDER 2022-2024

Gender	2022	2023	2024
Men	4,192	4,894	5,499
Women	4,363	4,943	5,125
Other	-	-	-
Not disclosed	-	-	17
Total	8,555	9,837	10,641

The number of employees, broken down by country (only of the countries which account for more than 10% of the total) and by gender in Table 5 and by region in Table 6, provide a complete overview of the geographic distribution of the Group's workforce (S1-6-50 a).

TABLE 5 - NUMBER OF EMPLOYEES BROKEN DOWN BY COUNTRY, WHICH ACCOUNT FOR MORE 10% OF DEL TOTAL, AND GENDER IN 2024

Country	2024				Total
	Men	Women	Other	Not disclosed	
Italy	1,369	802	0	0	2,171
China	1,377	1,127	0	0	2,504
Romania	1,495	2,207	0	0	3,702

In terms of regions, in 2024 68% of De' Longhi's employees were in Europe, followed by America & Asia at 30% and lastly, MEIA (Middle East, India and Africa).

TABLE 6 - NUMBER OF EMPLOYEES BY REGION 2024

Region	2024
Europe	7,334
America & Asia	3,246
MEIA	61
Total	10,641



The total number of employees by contract type is shown in Table 7. Between 2022 and 2024, De' Longhi's workforce grew by 24.4%, going from 8,555 to 10,641 employees. The breakdown by gender was largely balanced in the three-year period with men at 51.7% and women at 48.2% in

2024. The number of full-time employees rose consistently over the years, while the number of part-time employees fell in 2024 (S1-6-50 b).

TABLE 7 - TOTAL NUMBER OF EMPLOYEES BY CONTRACT TYPE AND GENDER 2022-2024

Category	2022				
	Men	Women	Other	Not disclosed	Group
Employees with permanent positions	3,901	4,086	-	-	7,987
Employees with temporary positions	291	277	-	-	568
Employees with flexible hours	-	-	-	-	-
Total number of employees	4,192	4,363	-	-	8,555
Full-time employees	4,136	4,081	-	-	8,217
Part-time employees	53	285	-	-	338
Total number of employees	4,192	4,363	-	-	8,555

Category	2023				
	Men	Women	Other	Not disclosed	Group
Employees with permanent positions	4,354	4,472	-	-	8,826
Employees with temporary positions	540	471	-	-	1,011
Employees with flexible hours	-	-	-	-	-
Total number of employees	4,894	4,943	-	-	9,837
Full-time employees	4,809	4,625	-	-	9,434
Part-time employees	85	318	-	-	403
Total number of employees	4,894	4,943	-	-	9,837

Category	2024				
	Men	Women	Other	Not disclosed	Group
Employees with permanent positions	5,073	4,918	-	17	10,008
Employees with temporary positions	426	207	-	-	633
Employees with flexible hours	-	-	-	-	-
Total number of employees	5,499	5,125	-	17	10,641
Full-time employees	5,443	4,924	-	17	10,384
Part-time employees	56	201	-	-	257
Total number of employees	5,499	5,125	-	17	10,641

[S1-7] Characteristics of non-employee workers in the undertaking's own workforce

The number of non-employee workers is reported as at 31 December 2024 (S1-10 55b) and includes all the professional who work for De' Longhi without a direct employment contract. The most common include workers hired in outsourcing, like consultants and interns, as well self-employed workers who provide specialized or temporary services (S1-10 56). Please note that all data related to non-employee workers within the chapter are in headcount.

The information on the total number of non-employee workers in De' Longhi's workforce is shown below (S1-10 55 a).

TABLE 8 - TOTAL NUMBER OF NON-EMPLOYEE WORKERS 2024

Type	2024
Self-employed workers	16
Workers hired in outsourcing	1,415
Total	1,431



[S1-8] Collective bargaining coverage and social dialogue

De' Longhi is aware of how important social dialogue and collective bargaining are and that they are crucial to guaranteeing equitable working conditions and protecting the rights of its employees.

At 31 December 2024, 59% of De' Longhi's employees were covered by collective bargaining agreements (S1-8 60); 52% of the employees are covered by workers' representatives (S1-8 63).

Information on the coverage of the collective bargaining agreements and social dialogue in each country in which the company had a significant level of EEA (European Economic Area) employment in 2024 is shown below.

TABLE 9 - COVERAGE OF THE COLLECTIVE LABOR AGREEMENTS AND SOCIAL DIALOGUE 2024

Coverage (%)	Coverage - collective bargaining agreements	Coverage - social dialogue
	EEA Employees	EEA Employees
0-19%		
20-39%		
40-59%		
60-79%		Italy
80-100%	Italy, Romania	Romania

[S1-9] Diversity metrics

De' Longhi works actively to implement policies and initiatives which position diversity as a strategic priority for the Group, as described in section [S1-1] *Policies related to own workforce and [S1-4] Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions* (S1-10 64, 65).

The breakdown of employees by age and senior management by gender are provided below (S1-10 66 a, b).

TABLE 10 BREAKDOWN OF EMPLOYEES BY AGE 2022-2024

Age range	2022	2023	2024
Less than 30 years old	1,283	1,695	1,701
Between 30 and 50 years old	5,344	5,863	6,291
More than 50 years old	1,928	2,279	2,649
Totale	8,555	9,837	10,641

TABLE 11 BREAKDOWN OF SENIOR MANAGEMENT BY GENDER (NUMBER AND PERCENTAGE) 2022-2024

Gender	2022	%	2023	%	2024	%
Men	6	75%	7	78%	7	70%
Women	2	25%	2	22%	3	30%
Other / Not disclosed	0	0%	0	0%	0	0%
Total	8	100%	9	100%	10	100%

Between 2022 and 2024, the number of senior managers rose from 8 to 10, consistent with the slight increase in company management. In 2022, men accounted for 75% of the leadership, which rose to 78% in 2023, to then fall to 70% in 2024. At the same time, the number of women rose consistently each year, reaching 30% in 2024, which indicates that significant progress was made with respect to gender equality in senior management.

[S1-10] Adequate wage

An important part of De' Longhi's commitment is to guarantee fair and adequate wages for all workers. When a minimum wage is established by law, this will be guaranteed as the base pay, along with all the benefits provided for under the law or contractual agreements. In countries where there is no legal minimum wage, fair compensation will be determined based on sector standards and the local cost of living (S1-10 -69).



[S1-13] Training and skills development metrics

The Group attributes great importance to the professional development and advancement of its people, investing in targeted training paths and opportunities for advancement in the organization. Consistent with section [S1-4] *Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions*, De' Longhi adopts concrete strategies to support talent, foster inclusion and promote a work environment which stimulates growth and the development of competencies.

The three-year information about the percentages of employees that participated in performance reviews and career development (S1-13 -83 a, 84) is provided below. The figures are broken down by gender and employee category which provides an overview of the access to and use of performance reviews within the Group.

TABLE 12 - PERCENTAGE OF EMPLOYEES WHO PARTICIPATED IN PERFORMANCE REVIEWS AND CAREER DEVELOPMENT BROKEN DOWN BY GENDER AND EMPLOYEE CATEGORY 2022-2024³⁰

Gender	2022	2023	2024
Men	38%	33%	33%
Women	29%	25%	28%
Other	0%	0%	0%
Not disclosed	0%	0%	0%
Average	33%	29%	30%

Employee category	2022	2023	2024
Manager	69%	68%	65%
White-collar worker	78%	78%	80%
Blue-collar worker	3%	2%	2%
Average	33%	29%	30%

The breakdown of the average hours of training provided to De' Longhi employees by gender and employee category is provided below. These figures provide insight into how development opportunities were distributed and an update on the roles within the company (S1-13 -83 a, 84).

TABLE 13 - AVERAGE NUMBER OF TRAINING HOURS BROKEN DOWN BY GENDER AND EMPLOYEE CATEGORY 2022-2024³¹

Gender	2022	2023	2024
Men	24.3	26.4	26.7
Women	21.8	22.1	23.9
Other	0.0	0.0	0.0
Not disclosed	0.0	0.0	0.0
Total	23.0	23.9	25.3

Employee category	2022	2023	2024
Manager	15.5	21.7	18.8
White-collar worker	19.9	22.9	23.7
Blue-collar worker	25.5	25.1	26.6
Total	23.0	24.3	25.3

[S1-14] Health and safety metrics

The Group recognizes the importance of guaranteeing that its employees work in a healthy and safe environment and works every day to lessen the risk of any accidents, as detailed in section [S1-4] *Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions* (S1-14 -87).

Testimony to the Group's commitment, at three plants ISO 45001:2018 certified management systems were implemented, as described in section [S1-1] *Policies related to own workforce*.

The figures relating to the numbers and percentage of own workers covered by the company's health and safety management system as per applicable regulations, laws and/or recognized guidelines are shown below in Table 14 (S1-14 -88a).

TABLE 14 - PERCENTAGE OF OWN WORKERS COVERED BY THE COMPANY'S HEALTH AND SAFETY MANAGEMENT SYSTEM AS PER APPLICABLE REGULATIONS, LAWS AND/OR RECOGNIZED GUIDELINES 2024

Employee category	2024	
Employees	10,218	96%
Non employees	1,332	93%

³⁰ The percentages here reported express the number of male/female/other employees who participated in periodic and scheduled performance and career development reviews out of the total number of male/female/other employees.

³¹ To calculate this data, the total number of hours of training provided to men/women/others was divided by the total number of men/women/others.

The number of deaths due to work-related injuries and illnesses is 0, as shown in Table 15 (S1-14 -88b).

TABLE 15 - THE NUMBER OF DEATHS DUE TO WORK-RELATED INJURIES AND ILLNESSES 2022-2024

Employee category	2022	2023	2024
Employees	0	0	0
Non employees	0	0	0

The number and rate of recordable workplace injuries are shown in Table 16 (S1-14 -88c).

TABLE 16 - THE NUMBER AND RATE OF RECORDABLE WORKPLACE INJURIES 2022-2024

Employee category	2022		2023		2024	
	number	rate	number	rate	number	rate
Employees	54	2.9	56	2.7	75	3.5
Non employees	14	6.6	18	5.9	10	2.1

The rate of injury is the total number of injuries expressed as a percentage of the total number of labor hours multiplied by 1,000,000; this number, therefore, represents the number of injuries for a million labor hours.

The number of recordable occupational diseases, with the exception of legal restrictions on the use of data, is shown in table 17 (S1-14 -88d).

TABLE 17 - THE NUMBER OF RECORDABLE OCCUPATIONAL DISEASES, WITH THE EXCEPTION OF LEGAL RESTRICTIONS ON THE USE OF DATA 2022-2024

Employee category	2022	2023	2024
Employees	2	2	5
Non employees	0	0	0

Lastly, the number of days lost due to workplace injuries, occupational disease and deaths due to illness are reported below (S1-14 -88e).

TABLE 18 - THE NUMBER OF DAYS LOST DUE TO WORKPLACE INJURIES, OCCUPATIONAL DISEASE AND DEATHS DUE TO ILLNESS 2024

Employee category	2024
Employees	1,401
Non employees	83

[S1-16] Compensation metrics (pay gap and total compensation)

The Group recognizes that the commitment to lessening the gender gap is essential; for this reason, the Group defined specific DE&I and compensation policies, described in section [S1-1] *Policies related to own workforce*.

The pay gap in 2024, defined as the difference between the average compensation paid to female and male employees, expressed as a percentage of the average compensation paid to male employees, was 35%. (S1-16 97a). This indicator, calculated as the average for the entire Group (un-adjusted gender pay gap), reflects significant differences in roles and geographic location.

The figure reflects a female workforce comprised of more blue and white-collar workers with respect to managerial roles, amplified by the variable component of compensation, including tied to benefits and notional costs of medium/long-term incentives which are more relevant for senior and top management.

Toward this end, the Group included the increase of the number of women in management/senior management roles among its Sustainability Plan targets, as described in section [S1-5] *Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities*.

The Group pays increasing attention to topics relating to gender equality, confirmed by the publication of a dedicated DE&I (Diversity Equity and Inclusion) policy and the launch of specific programs and initiatives already described in this report. In this context, the Group intends to adopt mapping and monitoring systems which make it possible to make a more precise analysis of the gender pay gap by category and relative to similar roles inside the single countries in which the Group operates.

The ratio of the highest-earning individual's total annual remuneration to the median total annual remuneration of all employees is 245 (S1-16 97b).

The De' Longhi Group personnel is comprised for more than 60% by blue-collar workers who work at the production sites located in different geographies characterized by very different labor costs, cost of living and very different market dynamics. This has a significant impact on the above ratio.

The indicators were calculated based on the annual compensation of each employee which

includes the base salary, the one-off compensation, benefits in cash (like payment of living quarters, bonuses and commissions), benefits in kind (like company cares, health insurance and wellness programs), employee severance, the current portion of long-term yearly incentives and the fair value recognized in the reporting period of the stock option plans and performance shares.

With regard to the gender pay gap, the hourly wage was calculated dividing the total annual compensation, from which the portion relating to overtime was deducted, and the theoretical working hours. The latter were determined based on a total of 2,080 hours (40 hours weekly multiplied by 52) net of holidays and public holidays provided in each country.

For the purposes of the calculation, employees employed at the end of the year based on a permanent or temporary contract with a duration of more than 12 months. If an employee was hired at a specific moment during the benchmark year, the respective salary is reported on annually (S1-16 97o).

[S1-17] Incidents, complaints, and severe human rights impacts

Below, De' Longhi reports the number of work-related accidents and/or complaints and serious human rights violations within its workforce, as well as related fines and sanctions or significant damages in 2024.

In 2024, there were three instances of discrimination: two in the United States and one in New Zealand. All the episodes were researched through timely internal investigations; corrective actions were taken and the contracts with the employees responsible for the actions were terminated for bad external behavior and violation of internal policies. De' Longhi does not support any kind of violence, harassment or discrimination at the workplace and is committed providing a safe, inclusive and respectful environment through policy and specific actions as outlined in the section [S1-1] Policies related to own workforce.

TABLE 19 - INCIDENTS, COMPLAINTS, AND SEVERE HUMAN RIGHTS IMPACTS 2022-2024

Datapoint	2022	2023	2024
Episodes of discrimination connected to work for reasons of gender, race or ethnic origin, nationality, religion or personal beliefs, disability, age, sexual orientation or other relevant forms of discrimination involving internal and/or external stakeholders in all operations during the reporting period	0	0	3
The total number of discrimination episodes, including harassment, reported during the reporting period.	0	2	3
The number of complaints lodged through the channels provided for company workers to raise concerns (including reporting mechanisms)	0	0	1
The total amount of the fines and sanctions or significant damages stemming from the above incidents and complaints, along with a reconciliation of the monetary sums reported with the most relevant amount recognized in the financial statements	0	0	0
If appropriate, the information needed to understand the data and how it was compiled	0	0	0
The number of serious incidents relating to human rights violations connected to the company's workforce during the reporting period, indicating also to what degree these were in violation of the United Nations Guiding Principles on Business and Human Rights, of the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises. If there were no incidents of this sort to report, the company must state it.	0	0	0
The total amount of fines, penalties and compensation for damages for the incidents referred to in point (a), together with a reconciliation of the monetary amounts indicated with the most relevant amount in the financial statement	0	0	0



ESRS S2 - Workers in the value chain

02

[S2-SBM2] Interests and views of stakeholders

The De' Longhi Group currently does not have a structured process for actively engaging workers in the value chain. While the Company recognizes that workers' interests and rights may be impacted by its activities, it does not have a formal mechanism in place to capture and integrate these considerations into the business strategy (S2.SBM-2 9).

[S2-SBM3] Material impacts, risk, and opportunities and their interaction with strategy and the business model

De' Longhi carefully manages all processes along the value chain, committing itself to monitoring the entire supply chain to ensure the quality of products and the protection of workers' rights, which may be subject to negative impacts of various kinds (S2.SBM-3). The main types of workers in the value chain who are involved in the Group's activities and vulnerable to negative impacts include those in the upstream supply chain (extraction and processing of raw materials), employees of suppliers of semi-finished and finished products, and downstream workers such as logistics and distribution personnel. Also included are particularly vulnerable workers, such as migrants, women, and the young (S2.SBM-3 11 a). Among these, De' Longhi has not yet identified the categories of workers who may be more susceptible to risks than others, nor has it clarified which risks are associated with specific groups (S2.SBM-3 12, 13).

The Group has identified the following negative impacts in relation to workers in the supply chain (S2 SBM-3 11d):

- **Physical harm to workers due to inadequate working conditions** (actual, negative, systemic): failure to take adequate health and safety measures can lead to accidents in the workplace.
- **Violation of workers' human rights due to inadequate labor practices** (potential, negative, systemic): in the areas involved in De' Longhi's value chain, there is a possibility that skilled workers, characterized by a low level of specialization or with fixed-term contracts also taking into account the seasonality of production, may be used, thus increasing the risk of unfair labor practices such as forced labor and child labor as well as violence and harassment.

Both impacts are associated with the location of suppliers' activities in geographical areas, such as Asia, where laws, regulations and labor protections may be less stringent than those in force within the European Union, raising the risk of exploitation, forced labor, and child labor (S2 SBM-3 11 b,c).

The Group has also identified a potential risk related to workers in the value chain: **reputational and legal risk due to human rights violations along the value chain**, related to the negative impact of human rights violations. Indeed, the company's reputation and legal compliance could be at risk due to such violations. For example, if suppliers or partners use forced or child labor, the Company could risk the loss of legal compliance and other repercussions, including reputational damage, resulting in a decrease in sales (S2 SBM-3 10 b,11 e).

To prevent the risks and impacts mentioned above, relations with suppliers are regulated by specific policies and their actions are carefully screened and monitored during audits. For more information, see sections [S2-1] - *Policies related to value chain workers* and [S2-4] *Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions*.

A detailed analysis of the De' Longhi Group's impacts, risks, and opportunities is provided in chapter ESRS 2, *IRO-1-Description of the process to identify and assess material impacts, risks and opportunities*.

To date, no targets have been identified in relation to the impacts mentioned above. For more information, see section [S2-5] - *Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities* (SMB-3 10 a).

[S2-1] Policies related to value chain workers

Workers in the De' Longhi Group's value chain are a key stakeholder for the business; for this reason, relations with such workers are formalized, regulated, and managed through two main policies (the Code of Ethics and the Supplier Code of Conduct) already adopted by the Group (S2-1 16); the Human Rights Policy, currently being formalized, will be introduced by the end of 2025.

The **Code of Ethics** extends to the Group's suppliers and establishes criteria binding on both parties, stressing the shared values of integrity, transparency, and respect for human rights promoted by the Group. Through compliance with the Code, the Group promises to instill along the value chain working conditions that comply with fundamental human rights, international conventions, and local laws and regulations.

In addition to the Group's Code of Ethics, the **Supplier Code of Conduct (SCoC)**, available online and shared with all suppliers, sets out the fundamental principles binding on business partners, first-tier suppliers, second-tier suppliers, subcontractors, and all individuals employed along the value chain. The SCoC, together with the Human Rights Policy, addresses critical issues such as forced and child labor (S2-1 18), requiring suppliers to conduct their activities in compliance with local laws

on environmental, health, and safety matters, as well as in alignment with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises, and the SA8000 standard (S2-1 19). The Group reserves the right to conduct audits to ensure compliance with the SCoC, during which suppliers provide the necessary documentation and allow interviews with personnel; if irregularities are found, De' Longhi works with the suppliers to identify appropriate corrective actions. Where they are unable to comply with the mandatory minimum requirements set out in the Supplier Code of Conduct, the Group reserves the right to terminate the business relationship (S2-1 17 a,c).

In addition, the SCoC recommends Group good practices that suppliers can adopt with a view to making improvements, such as risk assessment processes, appropriate training programs for workers and management, and supplier-specific codes of conduct. These measures aim to promote respect for fundamental human rights and to continuously improve working conditions throughout the value chain.

The **Human Rights Policy**, currently being formalized, will define the Group's commitment to respecting the highest ethical standards and promoting human rights at all stages of the business, including the value chain, in line with the main relevant international regulations and conventions. Specifically, the Group participates in the "*Business and Human Rights Accelerator*" program promoted by the United Nations Global Compact (UNGC), which the group joined in 2024.

As in the previous two years, in 2024 De' Longhi did not find any violations of the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines on Value Chain Workers (S2-1 19).

The ways in which De' Longhi engages value chain workers and works to remedy the impacts generated are explained in section S2-4, which describes the actions implemented by the Group (S2-1 17 b,c).

Additional information on the policies currently in place is summarized in the following table:

Policy	Key content (MDR-P 65a)	Scope (MDR-P 65b)	Person in charge of implementation (MDR-P 65c)	Recognized domestic or international tools for policy drafting (MDR-P 65d)	Accessibility policy (MDR-P 65f)	R/O considered (MDR-P 65a)
Code of Ethics	Statement of the Group's fundamental ethical principles; Definition of behavioral standards on the job; Management of relations with the Public Administration; Management of relations with other parties; Diligence in the use of company assets and protection of IT tools.	De' Longhi Group, suppliers, personnel	Chief Executive Officer	-	Corporate website	Reputational and legal risks due to human rights violations within the company
Supplier Code of Conduct	Statement of fundamental business principles; Supplier demand for compliance, integrity, and business ethics; Management and minimum guarantees of health, safety and fair working conditions within the supply chain; Description of cases of potential conflicts of interest; Principles of protection of industrial and intellectual property.	Group suppliers	Head of Purchasing/ Quality Department	International Labor Organization SA8000 ISO 14001 ISO 45001	Corporate website	Reputational consequences of supplier misconduct

[S2-2] Processes for engaging with value chain workers about impacts

Despite De' Longhi's focus on value chain workers, to date no engagement processes have been implemented that allow suppliers to actively participate in strategic decisions. In addition, there are no agreements with global federations to ensure respect for human rights, thus making it more complex to manage labor rights issues (S2-2 24).

[S2-3] Processes to remediate negative impacts and channels for value chain workers to raise concerns

The De' Longhi Group is committed to promoting a safe working environment including for workers in the value chain. To this end, communication channels have been set up that allow all of them to freely express their concerns and report any problems. In particular, the Group has also made the whistleblowing system accessible to workers in the value chain: through the De' Longhi Group Integrity Platform, workers can

anonymously report any unlawful conduct. While these channels are available on the website, however, the Group does not require them to be set up locally at the workplace of value chain workers. (S2-3 27 b, c) (S2-3 28) Since the system was established, no significant complaints have been filed. To learn more about the whistleblowing system, see section G1-1 - *Corporate culture and business conduct policies* (S2-3 27 d).

To date, De' Longhi has not developed structured processes to verify the effectiveness of actions to remedy its negative impacts on workers in the value chain (S2-3 27 a), nor to assess whether workers in the value chain are aware of these structures or processes, and whether they consider them a reliable way to raise concerns (S2-3 28).

[S2-4] Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

The supply chain is managed by the **Supply Chain Department** and the Quality and Purchasing units, which collaborate to ensure high quality standards, business continuity, and compliance with environmental and social requirements, including human rights. Relationships with finished product suppliers are handled by Purchasing units dedicated to monitoring and support activities, located in two geographical regions (Italy and Hong Kong) based on the relevance and proximity of production.

Finally, in Italy and Romania, several working groups that are part of the Supply Chain Department deal with the management of materials for components; in China, this task is entrusted to the managers of the Dongguan and OnShiu plants, supported by the two Purchasing units divided by product category.

To address and prevent impacts on workers in the value chain and mitigate the risk associated with them, the De' Longhi Group conducts periodic audits to make sure suppliers comply with the social and environmental principles included in the policies described in paragraph S2-1 - *Policies related to value chain workers*. In particular, this type of audit is carried out every year at all new suppliers of finished products, while for well-established suppliers the audits take place every two years (S2-4 34a) (S2-4 32 a,b).

Through the vendor portal, the Group shares its Code of Ethics (available in Italian, English and Chinese) so suppliers can fully understand its meaning, comply with its obligations and principles, and adapt their activities in accordance with the audit findings. Within the same portal, the **Responsible Sourcing Guidelines** are also published, defining the risk criteria and oversight system for every supplier. Based on this document, each supplier's risk is assessed in consideration of three aspects: type (first- or second-tier suppliers, contract manufacturers, subcontractors, service providers), geopolitical region (with country-specific risk levels based on KPIs defined according to the main International Organizations, in particular the World Bank), and importance of the business for the De' Longhi Group. The risk described considers different social, environmental and governance aspects, analyzing nine specific indicators. These include crucial matters such as child and forced labor, discrimination and abuse, freedom of association, wage conditions and working hours, as well as health, safety and environmental issues.

Audits are then conducted through three different procedures: light, medium or reinforced. For new suppliers, the procedure is selected according to the determined level of risk (low, medium or high), while for existing suppliers previous audits are taken into account (S2-4 35).

Audits are planned on a semi-annual basis (MDR-A 68 c) by the Quality Department and are conducted strictly in person to ensure maximum accuracy. The same department is responsible for continuously updating the checklist used for audits. This tool is based on the principles of the SA 8000 standard and aims to assess supplier adequacy across six key areas: Social Responsibility, Health and Safety Management, Environmental Compliance, Human Rights and Employee Well-being, Regulatory Compliance of Facilities and Activities, and Risk and Emergency Management.

The survey concludes with the assignment of a qualitative score ranging from "compliant" to "zero tolerance." If any situations are classified as "zero tolerance," the Group contacts the suppliers to assist them in taking corrective action. If suppliers fail to meet the minimum requirements set out in the Code of Conduct despite the assistance provided by De' Longhi,

demonstrating ineffectiveness in remedying negative impacts, the Company reserves the right to terminate the relationship with the supplier (S2-4 32 c) (S2-4 33 a,b,c) (S2-4 34a). In 2024, out of 260 audits carried out (MDR-A 68 e), no corrective action was required as all suppliers met the minimum requirements of the SCoC (S2-4 36). This reflects the effectiveness of the measures the Group has taken to ensure compliance with ethical principles and regulations.

To date, the Group has not set impact-related targets or determined the actions necessary to achieve them. For this reason, it has not yet implemented tools to monitor the effectiveness of its actions involving workers in the value chain (S2-4 32 d). For further information, see section [S2-5] - *Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities*. (MDR-A 69 a,b,c) De' Longhi is currently unable to provide information on the resources and investments allocated to the management of material impacts or on how suppliers are kept up-to-date on these issues (S2-4 38).

[S2-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

To date, the De' Longhi Group has not established targets or engagement actions to manage its impacts, risks and opportunities relating to value chain workers. The Group has not yet defined these targets because it has decided begin by mapping and collecting information along the supply chain, to provide a snapshot of the current situation, and then perform a risk analysis accordingly. Based on the results of that analysis, it will set targets in order to better manage activities along the value chain (S2-5 41, MDR-T 72 a).



ESRS S4 - Consumers and end-users

[ESRS 2 SBM 2] Interests and views of stakeholders

De' Longhi actively listens to the opinions and needs of its consumers, using this information to improve its products and promptly incorporate new market demands, ensuring a service that protects the privacy and the health and safety of consumers with full respect for human rights. In this sense, the Group's **Customer Care** division plays a fundamental role in creating a direct and constant link between the company and its consumers, ensuring that the latter's expectations are always met. In recent years, the expansion of direct B2C sales through e-commerce has allowed De' Longhi to form closer, direct relationships with customers and assist them from product choice through after-sales assistance. To further improve these interactions, the Group is developing a program to offer increasingly efficient and high-quality support to its end customers.

Use of consumer feedback to optimize the business strategy

All opinions and feedback from the end consumer are collected through various **communication channels**, such as email, social media, chat sessions, and satisfaction questionnaires and contact centers. These tools not only make it easier to interact with consumers, but to analyze and understand their needs in depth. This way, the Group can integrate the information collected directly into the design and continuous improvement of its products and services, ensuring that solutions consistently meet customer expectations.

De' Longhi's Marketing, Design, Quality and R&D units also interact with consumers through market surveys conducted

both at brand and Group level to obtain timely information regarding, for example, the popularity of its offerings, appreciation for new products, and brand reputation. In 2024, more than 14,000 people in 12 countries were involved in market analyses, engaged in aspects such as ergonomics, ease of use, performance, product quality, and key expectations for new market launches. Consumer responses were analyzed and integrated into the Group's product improvement strategies.

The feedback received through the various communication channels is then analyzed in detail by the Customer Care division, which manages a structured after-sales and customer support system, through advanced management systems such as CRM and Wonderflow. The **CRM** system, based on SAP C4C (Cloud for Customer), allows the Group to accurately monitor customer interactions and continuously improve the quality of service. Analysis of the data, updated in real time thanks to a dashboard developed with SAP Analytics Cloud, makes it possible to optimize the service process, reduce repair times, and improve the overall experience. **Wonderflow** is a VoC (Voice of Consumer) tool that analyzes customer sentiment through reviews and feedback from over 70 online sales channels and integrates it with data received directly from the Group. It organizes feedback into geographical clusters so that strengths and areas for improvement can be identified in a targeted manner, in terms of both operational efficiency and product quality.

In addition, customer support is ensured through **contact centers** and **technical service centers** in the countries where De' Longhi operates. By maintaining direct contact with consumers, these centers play a fundamental role not only in the timely resolution of problems, but also in the collection of valuable feedback that contributes to the continuous improvement of the products and services offered.

To further improve the speed and efficiency of contact center services, the Group is implementing an AI-powered virtual assistance system that can provide 24/7 responses to customers. This system, designed to manage key customer interactions, will also allow for more accurate information on user preferences, enabling contact centers to develop faster and more effective solutions that better meet consumer needs.

Measuring actions to ensure continual service improvement

De' Longhi not only collects feedback, but also monitors the loyalty of its customers through the **Net Promoter Score** (NPS), a useful tool for assessing consumer loyalty and how likely they are to recommend the Group's products. The Marketing Division, which enhances brand identity by coordinating centralized activities and the work of the branches' marketing units, carries out targeted surveys to collect more detailed information on brand perception, appreciation of new products, and company reputation. All this information allows De' Longhi to understand the needs of consumers and adapt its offer accordingly.

Furthermore, in pursuit of continual service improvement, the Company monitors the effectiveness of the actions taken to integrate consumer feedback into its operations, using specific indicators such as First Time Fix and Turnaround Time.

First Time Fix measures the percentage of products repaired without the need for further intervention, thus measuring the effectiveness of the customer care service, while **Turnaround Time** indicates the average time needed to manage user feedback and find solutions. Another key element of success is the intensive **training** offered to qualified employees and external partners, through courses delivered in hybrid mode, which combine e-learning and classroom lessons. As in the previous year, in 2024 the Group decided to focus strongly on direct interaction with customers, organizing specific training sessions led by external consultants for service center operators and managers of the care network. Theoretical lessons were combined with field activities, where the participants practiced and perfected their communication and commercial skills, with the aim of concretely improving the interaction and support offered to customers.

Thanks to these initiatives De' Longhi has strengthened its feedback capacity, gaining a deeper understanding of consumer needs and actively involving all stakeholders. This integrated, customer-focused approach marks an important step

towards excellence in service and customer satisfaction, allowing the Group to effectively monitor the performance of its products and its reputation in the various markets served and to acquire useful information for the development and launch of new products.

[ESRS 2-SBM3] Material impacts, risks, and opportunities and their interaction with strategy and business model

With a strong commitment to customer satisfaction, De' Longhi is committed to offering high-quality products that meet the strictest safety standards. As described in ESRS 2, the Group has identified its negative and positive material impacts including with respect to customers: these may concern individual incidents encountered by the consumer while using the products, or larger-scale repercussions from the infringement of consumer rights, such as privacy violations due to a data breach (SMB3 10 ai-iv). Physical risks to consumers may relate to sharp components of De' Longhi products or malfunctions; in addition, IoT technologies could lead to privacy risks. The Group also acknowledges products that could be dangerous for children and the most vulnerable categories of consumers. Therefore, it is crucial to provide clear instructions to prevent possible negative impacts.

The impacts identified by the Group are as follows (SMB3 10b,c):

- **Consumer privacy violation** (potential, negative, systemic): improper processing or handling of data could lead to privacy breaches, resulting in identity theft, financial loss, or other harm to the individuals involved.
- **Harm to health and safety due to misleading labeling** (potential, negative, event-related): the dissemination of misleading information that does not comply with the labeling requirements of the countries of sale could lead consumers to make uninformed decisions.
- **Harm to health and safety due to product quality** (potential, negative, event-related): product safety is of paramount importance to companies operating in this sector. A malfunctioning appliance could cause harm to the consumer's

health, sometimes of a significant extent. In the specific case of products used in the food industry, strict health and hygiene requirements must be met.

- **Promotion of a healthy consumer lifestyle** (actual, positive, systemic): through its products, the Company is able to promote a healthy lifestyle for all its consumers, for example by upholding the nutritional principles of food or adding functions that favor the use of sustainable food products (e.g. plant milk).
- **Promotion of social inclusiveness through products** (potential, positive, systemic): fostering a corporate culture and lifestyles that promote social inclusiveness leads to a positive impact on society, especially for the most vulnerable people, who can benefit from the introduction of more accessible products.

De' Longhi's materiality analysis also considers both risks and opportunities in relation to the impacts on its consumers. The opportunities identified include:

- **Reputational benefit from promoting a healthy lifestyle:** the company can strengthen its reputation by promoting healthy lifestyles through its products, thus responding to consumers' growing focus on health and well-being. By offering solutions that meet new market needs, it can stand out from competitors, gaining consumer trust and loyalty and solidifying its position as a leader committed to improving customers' lives.
- **Increased market share through the development of more inclusive products:** the Company can expand its market and strengthen its brand reputation by developing innovative products that promote inclusion and cultural diversity. By addressing a variety of consumer needs, it can appeal to underrepresented market segments, setting itself apart from competitors and increasing customer loyalty through its commitment to representation and accessibility.

The company is also working on the creation of inclusive product guidelines, with the aim of developing solutions that meet needs related to accessibility, age, gender, economic situation, level of education, geographical location and language. These initiatives aim to ensure that De' Longhi products are accessible to a wide range of consumers, thus contributing to an even more responsible and inclusive approach. At the same time, the Company considers the following financial risks (SMB-3 10d):

- **Penalties for privacy violations:** The company could risk penalties and reputational damage for failing to protect

personal data. In an environment where privacy is highly regulated and valued by consumers, violations can result in regulatory fines such as those provided for by the GDPR, and undermine customer trust and loyalty, damaging brand reputation.

- **Damage compensation to consumers resulting from poor product quality:** the company could risk reputational and economic consequences if its products do not comply with health and safety regulations. Selling unsafe products could result in fines or lawsuits and undermine consumer trust, which would damage the brand's reputation.

The risks and opportunities described apply to all consumers of the Group's products, without being limited to specific categories (SBM- 3 11, 12).

For a more in-depth understanding of the impacts, risks and opportunities of the De' Longhi Group, in particular with regard to how they derive from and guide the corporate strategy and business model, see chapter ESRS 2, section IRO-1-*Description of the process to identify and assess material impacts, risks and opportunities and section SBM-1 Strategy, business model and value chain* (SBM- 3 9 a) (SBM- 3 9 b).

[S4-1] Policies related to consumers and end-users

The Group's Code of Ethics establishes the rules that govern customer relations, defining the fundamental ethical principles that guide all internal and external communications. It promotes transparency, integrity and mutual respect, ensuring that every interaction is conducted in a professional and ethically correct manner.

Most customer communications take place through virtual channels, which - by collecting sensitive data - can lead to consumer privacy risks; for this reason, the De' Longhi Group's **Privacy Policy** encompasses its commitment to protecting all information collected from customers. In line with the General Data Protection Regulation (GDPR 2016/679), the Group informs consumers about the data it collects, why and how it does so, how the data is protected, any profiling it carries out, how long data is preserved and whether and how it is disclosed.

To keep its customers' data secure, De' Longhi uses recognized, certified IT and cloud service providers; this means that all customer-related feedback and information is stored

securely on Google Cloud. The security of this data is ensured by Google's advanced technologies and its compliance with **data protection regulations**, including the GDPR and international standards such as ISO 27001, ISO 27017 and ISO 27018 (S4-1 15).

In addition, De' Longhi uses cookies to offer personalized access and improve the browsing experience. To ensure maximum transparency, the **Cookie Policy** informs customers about the function and types of cookies used on the Group's website.

The Company not only protects the privacy of its consumers, but is proactively committed to promoting their health and safety by including this category of stakeholders in its Human Rights Policy (for more information on this policy, see chapter S1, section S1-1 "Policies related to own workforce") (S4-1 16 a). This policy, which will be formalized during 2025, is based on international standards including the Universal Declaration of Human Rights; in 2024, there were no cases of human rights violations involving consumers (S4-1 17).

To date, the Group does not have a policy for managing consumer relations (S4-1 16 b). For information on the measures the Group takes to remedy any human rights impacts, see section S4-3 within this chapter (S4-1 16 c).

The table below presents the specifics of consumer protection policies:

Policy	Key content (MDR-P 65a)	Scope (MDR-P 65b)	Person in charge of implementation (MDR-P 65c)	Recognized domestic or international tools for policy drafting (MDR-P 65d)	Accessibility policy (MDR-P 65f)	R/O considered (MDR-P 65a)
Code of Ethics	Statement of the Group's fundamental ethical principles Definition of behavioral standards on the job Management of relations with the Public Administration Management of relations with other stakeholders Diligence in the use of company assets and protection of IT tools	De' Longhi Group, suppliers, personnel	Board of Directors	-	Company website	Reputational and legal risks due to human rights violations within the business
Cookie Policy	Information on the function of cookies on the www.delonghigroup.com site	De' Longhi S.p.A.	Website managers	Provision of the Italian Data Protection Authority of 8 May 2014	Company website	Fines and reputational damage from data breaches
Privacy Policy	Processing, handling, and disclosure of users' personal data Data protection	De' Longhi Group	IT Manager	EU Directive 2016/679 (GDPR)	Company website	Fines and reputational damage from data breaches

[S4-2] Processes for engaging with consumers and end-users about impacts

Although to date the De' Longhi Group does not have a structured process for consumer engagement (S4-4 22), it has always aimed to involve consumers actively by promoting a healthy, sustainable lifestyle. This commitment is not limited to the simple offer of products, but takes the form of initiatives aimed at raising awareness and engaging the public on issues related to well-being, proper nutrition and sustainability.

Over the years, through the Braun and Kenwood brands, the Group has launched initiatives to **raise awareness of the**

importance of a balanced diet and of reducing food waste.

For example, Braun's website offers various educational sections with practical advice on how to organize one's shopping and store food optimally. Kenwood has integrated the One Planet Food objective into its Sustainability Manifesto, creating sections dedicated to food sustainability on its website, with the aim of raising consumer awareness on crucial issues such as food waste and the environmental impact of consuming meat. In 2023, the Group's Research and Development department created the Neo Project, an applied research initiative that led to a prototype of an automatic coffee machine that dispenses coffee with a reduced impact on cholesterol levels.

To strengthen the relationship with its stakeholders, in previous years De' Longhi has developed two important partnerships: one with the **University of Parma** and the other with the

Politecnico di Milano, both of which continued fruitfully in 2024. The Group submitted a proposal to the Ministry of University and Research (MUR) as part of the National Recovery and Resilience Plan (NRRP), becoming part of **Onfoods**, a foundation coordinated by the University of Parma that unites public and private entities in the search for sustainable, safe and healthy food models. De' Longhi is a founding member of the foundation and an integral part of the scientific committee, which works on six strategic objectives aligned with the NRRP directives and on seven fundamental thematic areas for the food system. The project ended in 2024 and the dissemination of results was planned for January 2025. In 2024, the three-year agreement with the Politecnico di Milano was confirmed with the allocation of two doctoral scholarships on the topic of sustainable coffee.

Despite De' Longhi's commitment to actively engaging consumers in its positive impacts, to date the Group has not defined the categories of consumers most vulnerable to potential negative impacts (S4-2 21).

[S4-3] Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

To allow consumers to express their comments or needs, De' Longhi uses various online feedback channels (S4-3 25 b, c), including an **online self-service** complaints system. Based on artificial intelligence, the system provides quick answers and solutions to customers, analyzing questions and offering thorough replies for an initial resolution of the problem. Subsequently, De' Longhi's specialists review the answers given and contact the customer to ensure a superior quality of service (S4-3 25 d). Each response is carefully formulated according to the moderation guidelines that employees are given so they can provide customers with complete, reliable answers. In addition, thanks to simultaneous e-mail and web-chat translation systems, the online self-service channel has recently been extended from Italy and English-speaking countries to Germany, Belgium, France, and the Netherlands.

In the event of product safety issues, the Group receives alerts from trade associations, social media, regulatory bodies, suppliers, and other sources, which it sends to the Product Safety & Liability Department or the Quality Department. The **Safety & Liability Department**, which handles complaints from the market regarding defective products or non-compliance, initiates a procedure during which it collects the necessary information, assesses the extent of the risk, and identifies the cause of the problem. Once the case has been investigated, information is collected about customers and details of the problem, along with a list of products on the market and those that may be affected. If the problem is related to a manufacturing defect, the complaint is redirected to the Quality Department. Based on the assessment, it is determined whether corrective actions are necessary, such as repairs, replacements,



recalls and withdrawals or product disposals. The process is closely monitored, ensuring constantly that the actions being taken are effective (S4-3 25 a).

The Group pays particular attention to the correct use of whistleblowing systems, ensuring that they are used transparently and in accordance with laws and regulations. In this context, the risks of possible retaliation related to the use of such systems are managed with extreme care. The Group has implemented the guidelines of the "Behavioral standards on the job" section of the Code of Ethics, which ensure that complaints are treated fairly and respectfully, without the whistleblower suffering negative consequences or retaliation of any kind. Finally, the Company discloses whether and how it assesses that consumers and/or end-users are aware of such systems or processes and rely on them to express concerns or needs and receive the appropriate assistance (S4-3 26).

[S4-4] Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions.

De' Longhi is strongly committed to ensuring consumer protection, with a particular focus on privacy and product safety. The company takes preventive measures to address its risks, implementing strict privacy policies and thorough product controls. In addition, the Group is committed to listening carefully to consumer needs, constantly monitoring consumer feedback and translating it into opportunities for continuous improvement (MDR-A 68 a,b) (S4-4 30).

Protecting consumer safety through quality products

De' Longhi is committed to preventing potential negative impacts on the health and safety of consumers by developing safe, reliable, high-quality products, in accordance with current product safety laws and regulations, including food contact requirements.

To ensure that product quality always complies with regulatory standards, the technical departments constantly monitor changing legislation in the sector, making sure that each product complies with **the most stringent international directives**. With this in mind, the Group also adopts a management model that is inspired by the Hazard Analysis and Critical Control Points (HACCP) protocol³² and the Codex Alimentarius³³ to ensure food safety throughout the production chain. The **HACCP protocol** is designed to prevent food contamination and must be applied by all companies involved in the primary production, transformation, preparation, processing, packaging, transport, distribution, sale or supply of food. The **Codex Alimentarius** is a set of international norms and guidelines that aim to preserve the quality and freshness of food traded globally, while also preventing the risks associated with inadequate production and storage practices.

In line with these regulations, the Group has for years followed an **ISO 9001** certified quality management system at every plant; it has also implemented **strict internal quality controls** (S4-4 31 a) (S4-4 33b). Some units are responsible for quality control and compliance with respect to both in-house manufactured products and those purchased from external suppliers. Others oversee these aspects during the development phases, collecting and analyzing feedback from the market. To prevent malfunctions and further ensure quality, products are tested right from the design stages (S4-4 34). In addition, to optimize the quality control process, the Group has developed **AI Visual Inspector**, an AI-based system that performs visual inspections to check the quality and assembly of finished products.

The Quality unit uses specific indicators to monitor the effectiveness of the measures taken. The **First Time Quality Indicator (FTQ)** makes it possible to identify the main malfunction problems and assess the percentage of all products that meet quality standards. Meanwhile, the **Service Call Rate (SCR)** measures the percentage of equipment repaired during the first year of the warranty, acting as an indicator of product quality and enabling solutions to be adopted to further improve efficiency (S4-4 31 d) (S4-4 33 a).

All De' Longhi manufacturing is subjected to rigorous controls, to ensure good functioning and **protect the health and safety of consumers**. During the design and development phases, all products are reviewed by technical teams, including R&D departments and laboratories, in order to reduce risks to a minimum. In addition, the company follows product safety guidelines inspired by industry best practices and regulatory requirements. As regards food contact safety, the Group has adopted an organizational model based on **Good Hygienic**

32 Hazard analysis and critical control points or HACCP, is a systematic preventive approach to food safety from biological, chemical and physical hazards in production processes.

33 Il Codex Alimentarius, o "Codice alimentare", è una raccolta di standard, linee guida e codici di condotta adottati dalla Commissione del Codex Alimentarius. La Commissione, nota anche come CAC, è la parte centrale del Programma congiunto FAO/OMS sugli standard alimentari ed è stata istituita dalla FAO e dall'OMS per proteggere la salute dei consumatori e promuovere pratiche eque nel commercio alimentare.

34 This standard establishes the hygiene requirements common to machines used for the preparation and processing of food intended for human consumption in order to exclude or reduce to a minimum the risk of contagion, infection, disease or damage originating from such food.

35 This standard incorporates the regulations relating to 'Food product traceability systems' and applies them to the entire agri-food sector. By adopting this standard, the company guarantees documentation of the history of the product and the corresponding food supply chain.

Practices (GHP) and international food safety standards, including UNI EN 1672-2:2021³⁴, UNI EN 22005:2008³⁵ and UNI EN ISO 22000:2018. The Mignagola (Italy) and Cluj (Romania) plants are ISO 22000 certified, further confirming the Group's commitment to food safety management.

The Group also protects consumers by **reducing safety risks to a minimum** in order to prevent potential incidents. To do so, the Product Safety & Liability team defines internal methods for carrying out strict risk assessments in the development of new products, covering a wide range of potential hazards, in order to guarantee a high level of product safety in multiple areas, such as, for example, those of a mechanical, static, dynamic and toxicological nature. The risk analysis is carried out taking into account the best practices in the sector, such as that adopted within the EU (Commission Implementing Decision (EU) 2023/975 of 15 May 2023).

In the event that these preventive measures are not sufficient and problems arise, the Product Safety & Liability team intervenes promptly to handle reports of defective or non-compliant products, ensuring a quick and effective resolution (S4-4 31 b). For further information on risk intervention and management, see section S4-3 (S4-4 32 a,b,c).

In order to guarantee high-quality products to all customers, internal quality controls are supplemented by **external audits** (S4-4 31 a) (S4-4 33b) conducted directly by business customers and partners. These audits not only assess the characteristics of the products, but also examine the ethical aspects related to workers' rights and hygiene conditions along the production lines. The assessments are based on specific key indicators (S4-4 31d), including:

- **Technical Factory Audit (TFA):** evaluates the effectiveness of processes and the results of life tests on products, also considering social and environmental aspects.
- **Quality Evaluation (QE):** measures the quality of products before they are shipped to suppliers in China.
- **On Time Delivery (OTD):** measures the punctuality of deliveries, calculating the difference between the scheduled date and the actual date of shipment.

- **Order Fill Rate (OFR):** measures the supplier's ability to fill entire orders sent by the De' Longhi Group.

These indices are a valid starting point for taking corrective actions and improving the efficiency of the Group's products. However, at the moment De' Longhi has no plans to develop a target based on these results (S4-4 36).

In 2024, there was only one case of health and safety non-compliance in a single product: an electric kettle with wiring inside the base that failed to meet insulation requirements. As a result, the Product Certificate of Conformity was revoked, and new insulation for the wiring was implemented, leading to product improvement and the subsequent attainment of new certification (S4-4 31 b).

Product labels: a guarantee for the consumer

Every De' Longhi product, after passing rigorous inspections, is sold with clear and detailed instruction manuals and labels to ensure maximum safety and quality for the consumer. The technical unit and the marketing department constantly supervise labels and user manuals to make sure they comply with the Group's procedures, thus minimizing the risks associated with incorrect or incomplete information.

Thanks to a global distribution network and a strategy oriented towards risk reduction, De' Longhi ensures that 100% of its products strictly comply with company procedures, reducing the possibility of incorrect labeling to a minimum.

In 2024 there was only one case of non-compliance, involving an incorrect safety label on a toaster. Also in 2024, the Guardia di Finanza seized some Ariete products whose packaging depicted an Italian flag. After careful review, these items were returned in April 2024. At the moment, court proceedings in Turin are ongoing.

Safeguarding consumer privacy

The risks the Company faces have to do not only with product quality and safety, but also with the **handling of sensitive data**. De' Longhi protects this information with great care,

storing it in two data centers protected by physical and IT systems managed by a dedicated IT department. In addition, sensitive data, such as consumer feedback and information, is stored on web servers within Google Cloud (S4-4 34). In the last three years, no data breaches have occurred (S4-4 35).

Although the Company is working on ways to reduce impacts on consumers, it has not yet clearly defined the resources to be allocated for the management of material impacts or the methods of communicating this information. Moreover, to date, it has not taken additional actions with the primary objective of making a positive contribution to social outcomes for consumers (S4-4 37) (S4-4 31 c) (MDR-A 69 a, b, c).

[S4-5] Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities.

The De' Longhi Group pays particular attention to innovation, focusing on a sustainable future made possible by the development of actions and strategies which aim to maximize positive impacts. At the same time, the Group carefully manages the risks and opportunities related to its consumers.

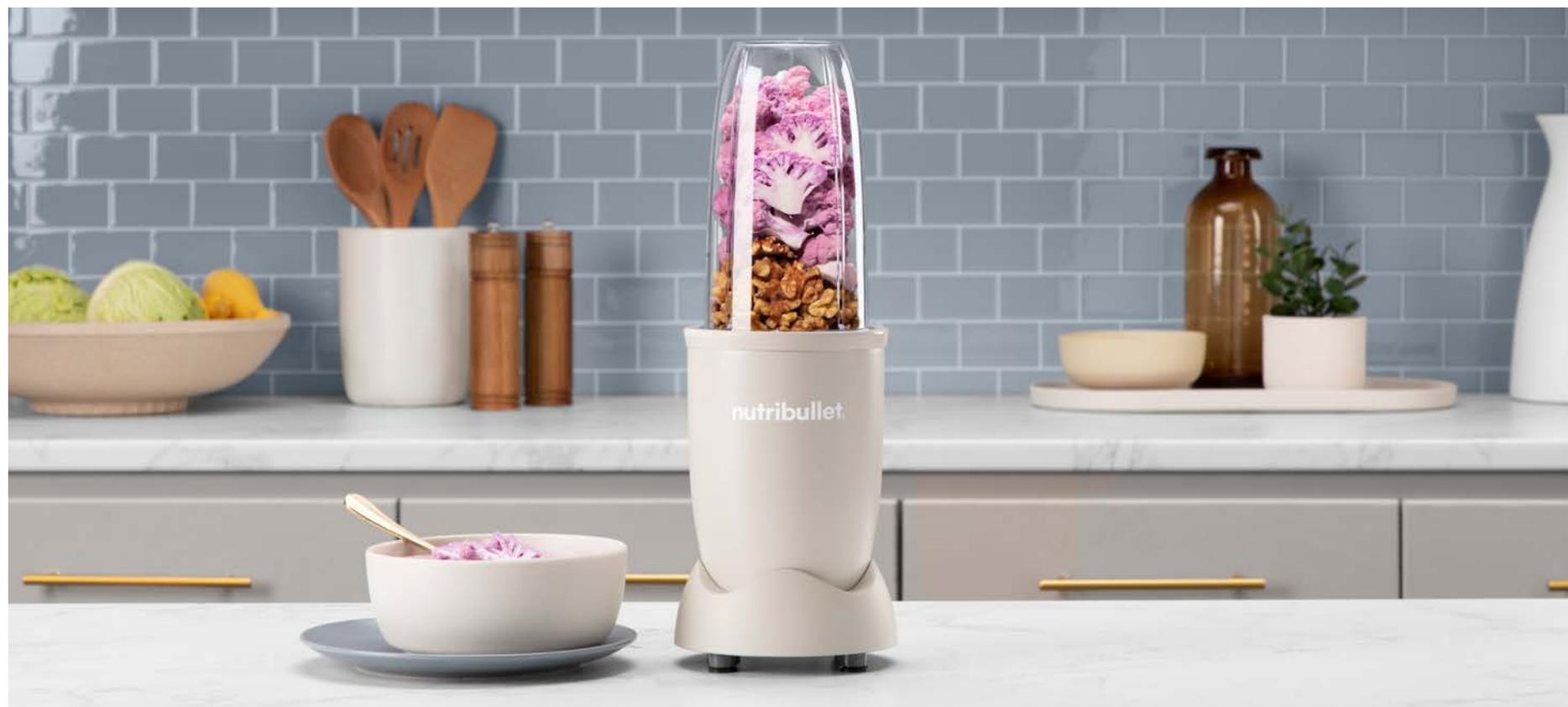
The guidelines for inclusive products aim to create solutions for different categories of people. In 2025, the company intends to launch a pilot project with brands like De' Longhi, Kenwood and Braun and subsequently with other brands.

Consistent with the positive impacts that the Group can generate and the new lifestyles focused on well being, the Group is implementing a formal strategy to increase consumer awareness about the responsible use of products and the reduction of food waste. This strategy will be implemented in 2025 with a few Group's brands (S4-5 41 a,b,c).

The details of these initiatives, the key aspects and the goals to be achieved are shown in the table below (S4-5 40).

Initiative	Description	Goal (MDR-T 80 b)	Baseline (MDR-T, 80d)	Target Year (MDR-T 80 e)	Perimeter (MDR-T 80 c)	Policy
Guidelines for inclusive products	Development and implementation of guidelines for inclusive products. The inclusivity may refer to accessibility, age culture, economic position, education, gender, geographic positioning, language and race	Pilot project	At 2023, there are no guidelines for product inclusivity	2025	De' Longhi, Kenwood and Braun brands	
Promotion of a healthy and sustainable life style	Definition of a Group strategy focusing on making consumers aware of the products and the responsible use of the resources, healthy and sustainable food and food waste	Group strategy for healthy and sustainable lifestyles	At 2023, there is no Group strategy for healthy and sustainable lifestyles	2026	De' Longhi, Kenwood Braun, Nutribullet and Ariete	

These targets were based on scientific data and the stakeholders will not be involved directly in the process of defining them (MDR-T 80 g,h).



ESRS G1 - Business conduct

[GOV-1] The role of the administrative, supervisory and management bodies

De' Longhi's corporate bodies include the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors. The goal of the corporate governance system is to guarantee first the Company's correct functioning, followed by the Group, in general, as well as the global recognition as to the reliability of its products and, consequently, of its name.

For the Group the administrative bodies have a key part in guaranteeing a solid governance, focused on sustainability and the company ethics. The Board of Directors comprises 11 members³⁶, with legal and financial experience, as well as sustainability, and is charged which identifying company goals and defining the best strategy for achieving them. The Board of Directors instituted three committees, with institutional, proactive and advisory functions:

1. The Remuneration and Appointments Committee;
2. The Independent Committee;
3. The Control, Risk, Corporate Governance and Sustainability Committee,

The size and composition of the committees is determined directly by the BoD, taking into account the company strategies and the risk management system, as well as aspects relating to professional experience, gender and seniority of the members. Thanks to their many years of experience, all the

members of the Board of Directors have the expertise and experience needed to manage the most important aspects of running an ethical business, including any related impacts and risks. By using the strategic guide and coordinating operations, Mr. Fabio De' Longhi, Vice Chairman and Chief Executive Officer ensures that the principles of business conduct are considered in the decision making processes. For more information on the corporate governance refer to section ESRS 2 GOV-1, *Role of the Administrative Bodies* (G1.GOV-1, 5b) (G1.GOV-1, 5a).

The Board of Statutory Auditors is, rather, the body charged with monitoring the correct application of the law, the company bylaws and the principles of correct administration when carrying out daily activities. For more information refer to the Report on Corporate Governance and Ownership Structure 2024. The Internal Audit team has a key role in guaranteeing the Group's risk management. The latter, which works will all Group divisions, provides independent opinions about how to improve the governance; the ERM currently in place makes it possible to systematically identify and manage company risks. For more information refer to sections ESRS 2 GOV-1 and ESRS2 IRO-1 *Description of the processes to identify and assess material impact, risks and opportunities*.

The Group adopts a structured, integrated approach to identify and assess material impacts, the risk and the opportunities linked to its activities. After the double materiality analysis described in paragraph ESRS 2 IRO 1 *Description of the process to identify and assess material impacts, risks and opportunities*" the Group identified the topics relating to corporate culture and corruption (ESRS2 IRO-1, 6).

[G1-1] Corporate culture and business conduct policies

Communication of initiatives to establish, develop and promote corporate culture and policies on business conduct

The corporate culture is promoted through clear and continuous internal communication which reflects values, goals and successes. The training of employees helps to align behavior and decisions with the company principles; team building events promote the collaboration between students, creating a cohesive working environment. The success stories are shared in order to inspire employees. Lastly, the corporate culture is also reflected in the policies which guarantee consistency across the organization. The De' Longhi Group, therefore, pays great attention to developing a corporate culture based on ethics, transparency, inclusion and a sense of responsibility and, including through the use of dedicated policies, the company is committed to guaranteeing behavior which reflect the Group's values, defined in the Code of Ethics (G1-1, 9).

The main documents the Group uses to apply the principals relating to conduct and corporate culture include:

The Code of Ethics: document which integrates sustainability in the company values, promoting ethical behavior, the respect of human rights and the correct management of environmental issues (G1-1, 7). The document defines the principles and key rules which guide the conduct of employees, management

36 For more information on the composition of the BoD refer to chapter ESRS 2, section GOV-1.

and the Group's external stakeholders, including integrity, fairness, professionalism, transparency and protection of privacy; the norms for preventing active and passive corruption and workers' human rights are also defined, as well as diversity and the confidentiality of information. The document is in line with the global standards recognized worldwide, including the principles of the United Nations' Global Compact, the Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises. While the Group has yet to implement a policy for training in corporate conduct, it organizes training programs targeting different company roles. For more information about specific training on the Group's internal policies, refer to the sections below (G1-1, 10g).

Legislative Decree 231/2001 Organization, Management and Control Model, the Groups's Italian companies (*De' Longhi S.p.A.*, *De' Longhi Appliances S.r.l.* and *La Marzocco S.r.l.*) have adopted a Legislative Decree 231/2001 Organization, Management and Control Model (231 Organization Model) which establishes the principles and procedures for mitigating the risks associated with financial crimes and corruption, as well as violations relating to workplace health and safety and tax crimes. By instituting the controls for the prevention of corruption, environmental crimes and failure to protect workplace health and safety, the Model strengthens the Group's commitment to include ethics in its operations (G1-1, 7). All employees of the Group's Italian companies are made aware of the Model's content and any periodic updates through specific training programs, planned for both blue-collar and white-collar workers. Participation in a specific 231 Organization Model is mandatory for each employee at the Group's Italian offices; the Group also provides specific anti-corruption training which is managed directly by HR (G1-3, 21a).

Whistleblowing Procedure (G1-1 10 c): the 231 Organization Model calls for a whistleblowing system which may be used to report unethical, fraudulent behavior which violates the Code of Ethics that has taken place inside and outside the organization. The system involves all employees, as well as external stakeholders including, for example suppliers and sub-contractors. More in detail, workers from outside the Group but who work along the value change can access the

whistleblowing system through the corporate website which makes it possible to make reports safely in a secure and confidential manner. (G1-1, 7). The reports may be made using the dedicated platform De' Longhi Group Integrity Platform which guarantees the anonymity of the reporter, guiding them in the completion of the report, which helps to reduce the risk of retaliation; all the interactions are made through a protected channel and all information is encrypted. The Board of Directors is responsible for monitoring the effectiveness of the procedure, while the Whistleblowing Committee, a body comprised of three Group members who are charged with analyzing and investigating the reports received, is responsible for daily management. The Committee reports every quarter to the Risk and Control, Corporate Governance and Sustainability Committee and the Supervisory Board. If the report proves to be true and can be held to have serious consequences for the company, the Group reserves the right to apply sanctions (G1-3, 18c). The Committee comprises the Director of Human Resources, Director of Legal Affairs and the Head of Internal Audit in order to guarantee a significant degree of independence with respect to the processes subject to evaluation. In the event a report is made involving a member of the Whistleblowing Committee, all the member of the Committee would examine the report with the exception of the party referred to in the report; this measure guarantees impartiality and fairness in subsequent investigations (G1-3, 18 b). The platform, updated in 2024 in compliance with the new European regulations, has a dominion which is outside the company systems in order to guarantee independence and privacy (G1-1, 10 c(ii)); in order to improve accessibility and allow for a greater number of people to make reports, over the years the number of languages that may be used has risen to eight and an automatic transcriber has been added which facilitates filling out the report. (G1-3, 20).

The whistleblowing system adopted by the Group is also in line with international policies, including the EU Whistleblowing Directive (EU 2019/1937), as well as with the guidelines for the ISO 37001:2016 certified whistleblowing management systems. In 2024, a specific course for blue-collar workers was organized at the Italian headquarters. The course was designed to raise the awareness of the employees about the

purpose of the whistleblowing system, about the regulations which govern it and the main instances in which it should be used. In this way, the company sought to foster a greater understanding and correct management of the reports by workers. The whistleblowing procedure is publicly available and company personnel is informed about the importance of reporting illicit acts; the reporting process through the platform is designed to easy to access and use by a wide range of people, guaranteeing a simple, safe and inclusive process for reporting any irregularities (G1-1, 10 ci) (G1-10, a,e).

Supplier code of Conduct: the Supplier Code of Conduct (SCoC) establishes the social, environmental and legal standards that all the suppliers and commercial partners must respect in their relationships with the Group. By signing the Code, the suppliers are committing to adhere to equitable work practices and ethical behavior (G1-1, 7). The policy is aligned with OCSE guidelines for international businesses and with the principles of the United Nations Global Compact on human rights and is available to the public on the Group's website in order to guarantee complete accessibility to all stakeholders.

Even if the Group had yet to conduct a specific analysis to determine the company divisions more exposed to risks of corruption and illicit practices, the company recognizes the importance of assessing and identifying these figures and is considering implementing processes which will further strengthen its control and prevention system (G1-1, 10h). Consequently, no specific training programs for divisions at risk have been defined. The entire Italian population does, however, participate in a course of the 231 Model which includes anti-corruption topics (G1-3, 21b).

Any incidents involving corporate conduct which are reported are first assessed by the Whistleblowing Committee; these reports are then followed by the investigations deemed opportune, designed to provide rapid resolution of the incidents; these are carried out with rigor, ensuring that certain and indisputable elements are gathered, in full respect for the privacy of the parties involved. If an illicit act is found, the outcomes of the investigation will be communicated to the three Board committees and corrective measures or disciplinary action may be taken (G1-10, a,e).

For more information about the policies adopted by the Group, refer to the following chart:

Policy	Key content (MDR-P 65a)	Policy scope (MDR-P 65b)	Responsible for implementation (MDR-P 65c)	Recognized domestic or international tools for policy drafting (MDR-P 65d)	Accessibility policy (MDR-P 65f)	R/O considered (MDR-P 65a)
Code of Ethics	Statement of the Group's fundamental ethical principles; Definition of behavioral standards on the job; Management of relations with the Public Administration; Management of relations with other parties; Diligence in the use of company assets and protection of IT tools.	De' Longhi Group, suppliers, personnel	Board of Directors	-	Corporate website	Reputational and legal risks for violation of human rights in the company
231 Organization, Management and Control Model)	Reference to relevant sensitive processes; Specify the components that characterize the preventive control system, as well as general and specific standards of conduct related to the sensitive processes; Provide the Supervisory Board with the tools needed to carry out the monitoring and verification activities of the correct application of all parts of the Model.	De' Longhi S.p.A. De' Longhi Appliances	Board of Directors	LD 231/01	Corporate website	Legal and reputational consequences due to company corruption
Supplier Code of Conduct	Statement of fundamental business principles; Supplier demand for compliance, integrity, and business ethics; Management and minimum guarantees of health, safety and fair working conditions within the supply chain; Description of cases of potential conflicts of interest; Principles of protection of industrial and intellectual property.	Group suppliers	Head of Purchasing	IOL (International Labor Organization) SA8000 ISO 14001 ISO 45001	Corporate website	Legal and reputational consequences due to company corruption

[G1-3] Prevention and detection of corruption and bribery

Disclosure of the system to prevent and detect, investigate and respond to allegations or incidents relating to corruption and bribery

The Group has enacted solid procedures for preventing episodes of corruption and bribery, in order to guarantee transparency and integrity in all its activities. Firstly, the policies and procedures implemented by the company described above guarantee compliance with ethical standards, providing clear guidelines useful to prevent episodes of corruption (G1-3, 18a).

The anticorruption training are included in the Model 231 training; all of the new employees hired by the Group's Italian companies (*De' Longhi S.p.A.*, *De' Longhi Appliances S.r.l.* and *La Marzocco S.r.l.*) receive this training which is provided through

flexible e-learning modules (G1-3, 21a). The Group ensures that the members of the administrative, management and control bodies receive adequate anti-corruption and anti-bribery training; toward this end, the leadership has a strategic role in promoting a responsible culture which aims to prevent episodes of corruption across the organization (G1-3, 21c).

The Group has implemented a group of practices designed to keep illicit acts to a minimum, in order to identify any episodes of corruption quickly. More in detail, all the expenses are monitored closely and the biggest payments are subject to direct investor by the company divisions involved in finance. In order to further strengthen the control, a policy relating to corporate gifts was adopted based on which each corporate gift must be registered through a database which each quarter gathers the data in order to guarantee traceability. With regard to the identification of illicit transactions, the Group has instituted several control bodies, including the above mentioned Supervisory Board and the Whistleblowing Committee, as well as internal and external audits. These bodies work independently in order to ensure impartiality in the investigative processes; the committee members do not have any direct ties to the company

areas being investigated and their activities are supervised directly by the Board of Directors (G1-3, 18b). At the end of each investigation, the commissions will prepare a report in which the results, evidence and conclusions are shared. The company also controls expense accounts very carefully and all supervisory bodies are charged with conducting adequate controls of the expense reports and all supervisory functions must conduct investigations of any actions which could potentially be illegal (G1-3, 18c).

[G1-4] Episodes of active and passive corruption

Consistent with the trend seen in the last three years, in 2024 the Group did not record any episodes of corruption in its operations nor was it found guilty of corruption related crimes (G1-4, 24a) (G1-4, 25a).

In 2024, therefore, no public instances of corruption involving the Group emerged (G1-4, 25d).



Annual Report Remuneration

Please refer to the Annual Remuneration Report for all relevant information not contained in the present report.

Reconciliation of net equity and profit (loss) for the year

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

	Net equity 31.12.2024	Profit for 2024	Net equity 31.12.2023	Profit for 2023
De' Longhi S.p.A. financial statements	743,692	269,655	557,569	36,578
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	703,451	66,337	834,186	218,905
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	874,890	1,481	464,525	(444)
Elimination of intercompany profits	(57,920)	(12,514)	(45,425)	(4,613)
Other adjustments	280	(9)	284	(14)
Consolidated financial statements	2,264,393	324,950	1,811,139	250,412
Minority	187,652	14,213	-	35
Consolidated financial statements-Group portion	2,076,741	310,737	1,811,139	250,377

Treasury share

At 31 December 2024 the Group did not hold any treasury shares neither directly or through the parent company De' Longhi S.p.A. or subsidiaries, trusts or intermediaries.

The Group announced the launch, effective as from 16 January 2025, of a share buyback program as per the terms and conditions authorized during the above Shareholders' Meeting.

The program, the purpose of which is to provide funding for current and future compensation plans based on financial instruments and any and all other purposes authorized by the shareholders, will have a duration of up to 6 months, for an amount of approx. €60 million (equal to approximately 1.4% of the share capital at current prices) but not in excess of the maximum amount of shares authorized by shareholders, with the exception of early termination. The purchase price may not exceed €45 per share and may not be more than 15% lower or higher than the stock price recorded at the close of the last three trading sessions prior to the purchase date.

The purchases will be made exclusively on the regulated markets where the Company's ordinary shares are traded, in accordance with the regulations governing the market, in order to ensure equal treatment between shareholders and compliance with all public disclosure obligations.

To this end, De' Longhi S.p.A. has signed a contract with a third-party intermediary which will proceed with the share buyback in full independence, in compliance with the terms agreed on in the contract, as well as applicable legislation and the shareholders' resolution.





Tax consolidation

The Parent Company De' Longhi S.p.A. and a few of the Italian subsidiaries exercised, 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 the Decree of the Ministry of Economy and Finance of 1 March 2018, for the three-year period 2022-2024.

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.

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.





Subsequent event

After 31 December 2024 through the date on which this annual report was approved, no events occurred that would have had a significant impact on the financial and economic results recorded, as per IAS 10 - Events after the reporting period.

Outlook

The recent growth trends lead the Group to estimate for the new perimeter a revenue growth for 2025 supported by the launch of new products and investments in communication. In terms of margins, it is expected a solid EBITDA before non recurring/stock options, even considering the current scenario with tariffs on products meant for the American market.

Treviso, 14 march 2025

For the Board of Directors

Vice President and Chief Executive Officer

Fabio de' Longhi

03

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS

Consolidated Financial statements:

- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated statement of financial position
- Consolidated statement of cash flows
- Consolidated statement of changes in net equity



Consolidated income statement

(€/000)	Notes	2024	of which operative non-recurring	2023	of which operative non-recurring
Revenue from sales	1	3,445,635		3,043,086	
Other revenues	1	51,920		32,818	
Total consolidated revenues		3,497,555		3,075,904	
Raw and ancillary materials, consumables and goods	2	(1,515,164)		(1,301,454)	
Change in inventories of finished products and work in progress	3-8	83,484		(23,588)	753
Change in inventories of raw and ancillary materials, consumables and goods	3	(11,342)		(10,800)	
Materials consumed		(1,443,022)		(1,335,842)	753
Payroll costs	4-8	(484,707)	(1,630)	(393,246)	(1,036)
Services and other operating expenses	5-8-15	(996,252)	(1,721)	(885,207)	(4,727)
Provisions	6-8	(25,151)	2,961	(23,790)	(492)
Amortization	7-15	(117,622)		(108,191)	
EBIT		430,801	(390)	329,628	(5,502)
Net financial income (expenses)	9-15	(1,427)		(2,330)	
PROFIT (LOSS) BEFORE TAXES		429,374		327,298	
Taxes	10	(104,424)		(76,886)	
CONSOLIDATED PROFIT (LOSS)		324,950		250,412	
Profit (loss) pertaining to minority	30	14,213		35	
CONSOLIDATED PROFIT (LOSS) AFTER TAXES		310,737		250,377	
EARNINGS PER SHARE (in Euro)	31				
- basic		€ 2.06		€ 1.67	
- diluted		€ 2.05		€ 1.65	

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)	2024	2023
Consolidated profit (loss)	324,950	250,412
Other components of the comprehensive income:		
Change in fair value of cash flow hedges	5,408	(614)
Tax effect on change in fair value of cash flow hedges	(1,018)	376
Differences from translating foreign companies' financial statements into Euro	59,006	(33,384)
Total other comprehensive income will subsequently be reclassified to profit (loss) for the year	63,396	(33,622)
Actuarial valuation funds	(661)	(3,801)
Tax effect of actuarial valuation funds	33	830
Total other comprehensive income will not subsequently be reclassified to profit (loss) for the year	(628)	(2,971)
Total components of comprehensive income	62,768	(36,593)
Total comprehensive income	387,718	213,819
Total comprehensive income attributable to:		
Group	371,148	213,755
Minority interest	16,570	64

03

Consolidated statement of financial position - assets

ASSETS (€/000)	Notes	31.12.2024	31.12.2023
NON-CURRENT ASSETS			
INTANGIBLE ASSETS		1,323,326	878,330
- Goodwill	11	694,208	371,686
- Other intangible assets	12	629,118	506,644
PROPERTY, PLANT AND EQUIPMENT		560,606	477,981
- Land, property, plant and machinery	13	300,339	226,757
- Other tangible assets	14	152,312	154,799
- Right of use assets	15	107,955	96,425
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS		142,198	131,725
- Equity investments	16	5,223	4,294
- Receivables	17	5,721	5,400
- Other non-current financial assets	18	131,254	122,031
DEFERRED TAX ASSETS	19	74,177	60,413
TOTAL NON-CURRENT ASSETS		2,100,307	1,548,449
CURRENT ASSETS			
INVENTORIES	20	621,850	504,678
TRADE RECEIVABLES	21	336,145	272,692
CURRENT TAX ASSETS	22	11,341	20,244
OTHER RECEIVABLES	23	52,659	43,695
CURRENT FINANCIAL RECEIVABLES AND ASSETS	24-15	194,113	172,472
CASH AND CASH EQUIVALENTS	25	1,019,711	1,250,198
TOTAL CURRENT ASSETS		2,235,819	2,263,979
TOTAL ASSETS		4,336,126	3,812,428

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

NET EQUITY AND LIABILITIES (€/000)	Notes	31.12.2024	31.12.2023
NET EQUITY			
GROUP PORTION OF NET EQUITY		2,076,741	1,811,139
- Share Capital	28	226,820	226,590
- Reserves	29	1,539,184	1,334,172
- Profit (loss) pertaining to the Group		310,737	250,377
MINORITY INTEREST	30	187,652	-
TOTAL NET EQUITY		2,264,393	1,811,139
NON-CURRENT LIABILITIES			
FINANCIAL PAYABLES		505,771	593,079
- Banks loans and borrowings (long-term portion)	32	227,988	300,844
- Other financial payables (long-term portion)	33	193,581	214,617
- Lease liabilities (long-term portion)	15	84,202	77,618
DEFERRED TAX LIABILITIES	19	112,758	72,164
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES		138,196	122,918
- Employee benefits	34	63,197	51,041
- Other provisions	35	74,999	71,877
TOTAL NON-CURRENT LIABILITIES		756,725	788,161
CURRENT LIABILITIES			
TRADE PAYABLES	36	873,139	716,238
FINANCIAL PAYABLES		196,072	289,022
- Banks loans and borrowings (short-term portion)	32	94,246	196,005
- Other financial payables (short-term portion)	33	75,617	72,012
- Lease liabilities (short-term portion)	15	26,209	21,005
CURRENT TAX LIABILITIES	37	75,821	70,571
OTHER PAYABLES	38	169,976	137,297
TOTAL CURRENT LIABILITIES		1,315,008	1,213,128
TOTAL NET EQUITY AND LIABILITIES		4,336,126	3,812,428

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

(€/000)	Notes	2024	2023
Net Result		324,950	250,412
Income taxes for the period		104,424	76,886
Amortization		117,622	108,191
Net change in provisions and other non-cash items		(4,389)	10,851
Cash flow generated by current operations (A)		542,607	446,340
Change in assets and liabilities for the period:			
Trade receivables		(39,908)	2,369
Inventories		(59,442)	34,553
Trade payables		115,363	186,920
Other changes in net working capital		26,965	11,740
Payment of income taxes		(99,203)	(97,555)
Cash flow generated (absorbed) by movements in working capital (B)		(56,225)	138,027
Cash flow generated by current operations and movements in working capital (A+B)		486,382	584,367
Investment activities:			
Investments in intangible assets		(17,841)	(18,670)
Other cash flows for intangible assets		-	-
Investments in property, plant and equipment		(85,637)	(76,632)
Other cash flows for property, plant and equipment		1,570	1,933
Net investments in financial assets and in minority interest		(19,125)	(218,570)
Cash flow absorbed by ordinary investment activities (C)		(121,033)	(311,939)
Cash flow by operating activities (A+B+C)		365,349	272,428
Business combination La Marzocco (D)		(302,250)	-
Exercise of stock option		12,712	5,101
Dividends paid		(101,017)	(72,429)
Dividends paid to minority interests		(5,774)	-
New loans		569	-
Payment of interests on loans		(24,519)	(22,327)
Repayment of loans and other net changes in sources of finance		(181,210)	312,651
Cash flow generated (absorbed) by changes in net equity and by financing activities (E)		(299,239)	222,996
Cash flow for the period (A+B+C+D+E)		(236,140)	495,424
Opening cash and cash equivalents	25	1,250,198	770,247
Cash flow for the period (A+B+C+D+E)		(236,140)	495,424
Translation difference effect on cash and cash equivalents		5,653	(15,473)
Closing cash and cash equivalents	25	1,019,711	1,250,198

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

"Business combination La Marzocco/Eversys (D)" refers to the purchase price paid for the business combination net of acquired cash and cash equivalent.

The flows relating to 2023 were revised, for the sake of providing a more accurate representation of investment activities.

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 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							907				907		907
Exercise/cancellation of stock option		1,810			4,876		(1,585)				5,101		5,101
Other changes in minority interests									4,338		4,338	(4,338)	-
Movements from transactions with shareholders	-	1,810	49	28,680	4,876	-	(678)	-	80,958	(177,428)	(61,733)	(4,338)	(66,071)
Profit (loss) after taxes										250,377	250,377	35	250,412
Other components of comprehensive income						(238)		(33,413)	(2,971)		(36,622)	29	(36,593)
Comprehensive income (loss)	-	-	-	-	-	(238)	-	(33,413)	(2,971)	250,377	213,755	64	213,819
Balance at 31 December 2023	226,590	40,078	45,318	201,413	(9,658)	259	5,695	40,867	1,010,200	250,377	1,811,139	-	1,811,139
Balance at 31 December 2023	226,590	40,078	45,318	201,413	(9,658)	259	5,695	40,867	1,010,200	250,377	1,811,139	-	1,811,139
Allocation of 2023 result as per AGM resolution of 19 April 2024													
- distribution of dividends				(64,439)					(36,578)		(101,017)		(101,017)
- allocation to reserves									250,377	(250,377)	-		-
Fair value stock option							5,984				5,984		5,984
Exercise of stock option	230	6,722			9,658		(3,898)				12,712		12,712
Dividend distribution to minority interests											-	(7,650)	(7,650)
Other changes in minority interests									(23,225)		(23,225)	178,732	155,507
Movements from transactions with shareholders	230	6,722	-	(64,439)	9,658	-	2,086	-	190,574	(250,377)	(105,546)	171,082	65,536
Profit (loss) after taxes										310,737	310,737	14,213	324,950
Other components of comprehensive income						4,390		56,211	(190)		60,411	2,357	62,768
Comprehensive income (loss)	-	-	-	-	-	4,390	-	56,211	(190)	310,737	371,148	16,570	387,718
Balance at 31 December 2024	226,820	46,800	45,318	136,974	-	4,649	7,781	97,078	1,200,584	310,737	2,076,741	187,652	2,264,393

03

03

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS

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 jointstock 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 De'Longhi Group's consolidated financial statements at 31 December 2024 have been prepared on the basis of the international accounting and financial reporting standards issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretations, as endorsed by the European Commission (at the date of 31 December 2024), pursuant to EC Regulation 1606 of 19 July 2002.

The following documents have been used for interpretation and application purposes even though not endorsed by the European Commission:

- Framework for the Preparation and Presentation of Financial Statements of the International Accounting Standards Board (issued by the IASB in 2001);

- Implementation Guidance, Basis for Conclusions, IFRIC and other documents issued by the IASB or IFRIC to complement the accounting standards;
- Interpretations published by the Italian Accounting Board relating to how to apply IAS/IFRS in Italy.

The accounting policies and measurement bases used for preparing the financial statements at 31 December 2024 are the same as those used for preparing the consolidated financial statements at 31 December 2023, except for certain new amendments and accounting standards described below, whose adoption did not have significant impacts on the present financial statement.

The consolidated financial statements at 31 December 2024 comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in net equity and the explanatory notes.

The statement of financial position has been prepared on a basis that distinguishes between current and non-current items.

The income statement has been presented on the basis of the nature of expense, being a suitable structure for faithfully representing the Group's performance.

The statement of cash flows has been prepared using the "indirect method" allowed by IAS 7.

The present financial statements and notes are presented in Euro, with all amounts rounded to thousands of Euro, unless otherwise indicated.

The financial statements used for consolidation purposes are the separate ones for the year ended 31 December 2024 prepared by the Boards of Directors, or other Corporate bodies, of the individual companies, adjusted if necessary for the Group's accounting policies and measurement bases.

The financial statements have been prepared on the historical cost basis, adjusted as required for the valuation of certain financial instruments.

They have also been prepared on a going concern basis. Despite the unpredictability of potential macroeconomic developments and the inflationary tensions, the Group, in light of its financial strength and the actions taken to limit risks and its business model, believes that there are no elements which could compromise the business as a going concern as per paragraph 25 of IAS 1.

The risks and uncertainties relating to the business are described in a specific section of the Report on operations.

The methods used by the Group to manage financial risks are described in note 42. Risk management of the present Explanatory notes.

As part of a double materiality analysis, the Group identified the impact on climate change of the GHG emissions generated by their direct and indirect activities as significant, as well as the related risks and financial opportunities, found as a result of a qualitative analysis. In a subsequent phase other analyses were then conducted in order to integrate the current qualitative approach with methods based on publicly available climatic scenarios. With reference to the climate change, the Group has assessed any potential impacts on reported values. For further information, refer to the Sustainability Report found in the Report on Operations found in this document.

The present annual financial report have been issued in the ESEF format (European Single Electronic Format); it was approved and authorized for publication by the Board of Directors on 14 March 2025.



International accounting standards adopted by the Group for the first time

With Regulation 2579/2023 of 20 November 2023 the European Commission introduced amendments to

IFRS 16 - Leases which clarify how to account for sale and leaseback transactions.

Regulation 2822/2023 of 19 December 2023 introduced amendments to IAS 1 - Presentation of financial statement which aim to improve disclosure when the right to defer settlement of a liability for at least twelve months is subject to a covenant.

With Regulation 1317/2024 of 15 May 2024 the European Commission adopted a few amendments to

IAS 7 and IFRS 7 that establish disclosure requirements for supplier finance arrangements.

On 22 December 2022 "Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union" was published in the Gazzetta Ufficiale. The Directive was endorsed by member states by year-end 2023, as part of a coordinated effort, 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 law took effect as of the year beginning on 1 January 2024 and the Group, falling within the scope of Pillar Two application, assessed the impact of the new law while taking account of the amendments introduced in IAS 12 "Income Taxes".

The assessment was based on the latest available financial information used to prepare the Group's consolidated 2024 annual report and the tax regulations currently in effect in the different countries where the Group is present. As required by paragraph 4.A of IAS 12, in exception to the provisions of this standard, the Group did not recognize nor disclose information on deferred assets and liabilities relating to Pillar 2 income taxes.

The application of the new international accounting standards did not have a significant impact on the Group's economic results and/or financial position, with the exception of what is described in these Explanatory notes.

International accounting standards and/or interpretations not yet applicable

In August 2023 IASB published Amendments to IAS 21 - *Lack of exchangeability*, which have been adopted by the European Union with Regulation 2862/2024 of 12 September 2024, that contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. These amendments will be effective for reporting periods beginning on or after 1 January 2025.

In May 2024 IASB published Amendments to IFRS 9 and IFRS 7 - *Amendments to the Classification and Measurement of Financial Instruments*, effective for reporting periods beginning on or after 1 January 2026, subject to adoption by the European Union. The purpose of these amendments is to clarify the recognition/derecognition of financial assets and liabilities and provides specific guidelines for the settling of financial liabilities using an electronic payments system. Classification criteria for financial assets linked to ESG targets, non-recourse loans and related financial instruments were defined, as well. The mandatory disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and for financial instruments with contingent features were also expanded.

In April 2024 IASB published the new IFRS 18 - *Presentation and Disclosure in Financial Statements*, which defines the

requirements for the presentation of the income statement, statement of financial position and the statement of changes in net equity, as well as the mandatory disclosures for the explanatory notes. The standard aims to improve the comparability of the income statement by requiring a more structured income statement through the use of categories and sub-totals, increasing the transparency of the performance indicators, define criteria for the aggregation/disaggregation of the information. After adoption by the European Union, the standard will be effective for reporting periods beginning on or after 1 January 2027.

The Group does not intend to opt for early application of the new standards, in the event it is allowed.

Consolidation procedures

The scope of consolidation includes the parent company, De' Longhi S.p.A., and its subsidiaries at 31 December 2024, meaning those companies in which the parent directly or indirectly owns the majority of share capital or shares with voting rights, or over which the parent has the power, including through contractual agreements, to govern their financial and operating policies.

Subsidiaries companies

These are companies over which the Group exercises control. Such control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are consolidated starting from the date that control is assumed with the line-by-line method.

The portion of equity and results attributable to minority shareholders is shown separately in the consolidated statement of financial position and income statement respectively.

The Group determines whether a transaction is a business combination by applying the definition which requires that the

assets acquired and liabilities assumed constitute a business. A business is an integrated set of activities and assets that can provide a return to investors in the form of dividends, interests or other economic benefits. A business activity includes factors and processes, which together contribute to the generation of an output. In accordance with IFRS 3, business combinations are accounted for using the acquisition method.

Under this method, the consideration transferred for the acquisition is measured at fair value except for the following items which are measured in accordance with the applicable standard: i) deferred tax assets and liabilities, ii) assets and liabilities for employee benefits and iii) assets held for sale. In the case in which it is only possible to estimate provisionally the fair value of assets, liabilities and potential liabilities, the business combination is accounted for on the basis of provisional estimated values. Any subsequent corrections required following completion of the valuation process are accounted for within 12 months of the acquisition date.

The fair value measurement includes any elements linked to the outcome of future events. In the event of business combinations achieved in stages, the value of the minority interest is redetermined based on the fair value of the assets acquired at the time of the transaction and any gains or losses are recognized in the profit (loss) for the year.

The acquisition of further shares in subsidiaries and any sale of shares which do not lead to loss of control are accounted for as transactions between shareholders; as such, the accounting effects of such operations are reflected directly in the Group equity.

Associated companies

These are companies in which the Group has a significant influence over their financial and operating policies and which are neither subsidiaries nor joint ventures. The consolidated financial statements show the Group's portion of results of the associated companies, accounted for using the equity method, starting from the date when the significant influence began.

Joint ventures

These are companies over whose activities the Group has joint control, as established by contract. The consolidated financial statements include the Group's share of the results of joint ventures, reported using the equity method as per IAS 28 - Investment in associates and joint ventures amended.

Transactions eliminated upon consolidation

All transactions and balances between Group companies and all unrealized gains and losses arising on intercompany transactions are eliminated on consolidation.

Consolidation of foreign companies

All the assets and liabilities of foreign companies that report in a currency other than the Euro and which fall within the scope of consolidation are translated into Euro using the exchange rate ruling at the end of the reporting period (current exchange rate method). Income and costs are translated using average rates for the reporting period. The exchange differences arising from this method are booked directly to the "currency translation reserve" under consolidated net equity.

Transactions in foreign currency

Transactions in foreign currency are recorded at the exchange rate in force on the transaction date. Monetary assets and liabilities in foreign currency are translated using the exchange rate ruling on the reporting date. Exchange differences arising on the extinguishment of monetary items or their translation at different rates to those used for their translation upon initial recognition or in previous financial statements are recorded in the income statement.

Exchange differences arising on monetary items that are effectively part of the Group's net investment in foreign operations are classified in net equity until the investment's disposal, at which time such differences are recognized in the income statement as income or expenses.

Translation of balances in foreign currencies

The following exchange rates have been used:

		31.12.2024		31.12.2023		Variazione %	
		Period-end exchange rate (*)	Average exchange rate (*)	Period-end exchange rate (*)	Average exchange rate (*)	Period-end exchange rate (*)	Average exchange rate (*)
US dollar	USD	1.0389	1.0824	1.1050	1.0813	(5.98%)	0.10%
British pound	GBP	0.8292	0.8466	0.8691	0.8698	(4.59%)	(2.66%)
Hong Kong dollar	HKD	8.0686	8.4454	8.6314	8.4650	(6.52%)	(0.23%)
Chinese renminbi (Yuan)	CNY	7.5833	7.7875	7.8509	7.6600	(3.41%)	1.66%
Australian dollar	AUD	1.6772	1.6397	1.6263	1.6288	3.13%	0.67%
Canadian dollar	CAD	1.4948	1.4821	1.4642	1.4595	2.09%	1.55%
Japanese yen	JPY	163.0600	163.8519	156.3300	151.9903	4.30%	7.80%
Malaysian ringgit	MYR	4.6454	4.9503	5.0775	4.9320	(8.51%)	0.37%
New Zealand dollar	NZD	1.8532	1.7880	1.7504	1.7622	5.87%	1.46%
Polish zloty	PLN	4.2750	4.3058	4.3395	4.5420	(1.49%)	(5.20%)
South African rand	ZAR	19.6188	19.8297	20.3477	19.9551	(3.58%)	(0.63%)
Singapore dollar	SGD	1.4164	1.4458	1.4591	1.4523	(2.93%)	(0.45%)
Russian rouble	RUB	106.1028	100.2028	99.1919	92.2731	6.97%	8.59%
Turkish lira	TRY	36.7372	35.5734	32.6531	25.7597	12.51%	38.10%
Czech koruna	CZK	25.1850	25.1198	24.7240	24.0043	1.86%	4.65%
Swiss franc	CHF	0.9412	0.9526	0.9260	0.9718	1.64%	(1.98%)
Brazilian real	BRL	6.4253	5.8283	5.3618	5.4010	19.83%	7.91%
Ukrainian hryvnia	UAH	43.6855	43.4901	41.9960	39.5400	4.02%	9.99%
Romanian leu	RON	4.9743	4.9746	4.9756	4.9467	(0.03%)	0.56%
South Korean won	KRW	1,532.1500	1,475.4000	1,433.6600	1,412.8800	6.87%	4.43%
Chilean peso	CLP	1,033.7600	1,020.6600	977.0700	908.2000	5.80%	12.38%
Hungarian forint	HUF	411.3500	395.3039	382.8000	381.8527	7.46%	3.52%
Swedish krona	SEK	11.4590	11.4325	11.0960	11.4788	3.27%	(0.40%)
Mexican peso	MXN	21.5504	19.8314	18.7231	19.1830	15.10%	3.38%
Tenge Kazakhstan	KZT	544.9800	507.9100	502.4800	493.5700	8.46%	2.91%

(*) Source: Bank of Italy. Source for RUB period-end and average exchange rate of year 2024 and 2023: Central Bank of Russia.

Main accounting policies

Intangible assets

Goodwill

Business combinations, whereby control of a company/entity is acquired, are accounted for in accordance with the purchase method, meaning that the assets and liabilities acquired are initially measured at their market value on the acquisition date.

The difference between the cost of acquisition and the Group's share of net assets acquired is attributed to specific assets and liabilities to the extent of their acquisition date fair value; any remaining difference is allocated to goodwill, if positive, and to the income statement if negative. The cost of acquisition is determined on the basis of the acquisition date fair value of the assets transferred, the liabilities assumed, the equity instruments issued and any other related amount.

Goodwill is not amortized but tested for impairment once a year or more often if specific events or changed circumstances indicate that its value may have been impaired. This procedure is in accordance with IAS 36 - Impairment of assets. After initial recognition, goodwill is carried at cost less any accumulated impairment losses.

Research and development costs

Developments costs for the production of new products or parts are recognized as assets only if the costs can be reliably determined, the Group has the intention and resources to complete them, the technical feasibility of completing them is such that they will be available for use, and the expected volumes and prices indicate that the costs incurred for development will generate future economic benefits.

Capitalized development costs include only those expenses that can be directly attributed to the development process.

Capitalized development costs are amortized on a systematic basis, starting from the commencement of production and lasting the length of the product or process's estimated life, generally ranging between three and five years. All other development costs are expensed to the income statement as incurred.

Research costs are also expensed to the income statement as incurred.

Trademarks

These are costs of long-term benefit incurred for the protection and dissemination of the Group's trademarks. Such costs are recognized as an asset when, in accordance with IAS 38 - Intangible assets, it is probable that the future economic benefits attributable to the asset's use will flow to the Group and when its cost can be reliably measured.

These assets are valued at purchase or production cost and amortized, if they have a finite life, on a straight-line basis over their estimated useful life, generally between 10 and 20 years.

Trademarks with an indefinite useful life are not amortized but tested for impairment once a year or more often, any time there are signs that their value might be impaired.

Other intangible assets

Other intangible assets purchased or internally generated are recognized as assets in accordance with IAS 38 - Intangible assets, when it is probable that the future economic benefits attributable to their use will flow to the Group and when the cost of the asset can be reliably measured.

These assets are valued at purchase or production cost and amortized, if they have a finite life, on a straight-line basis over their estimated useful life, generally between 3 and 20 years.



Property, plant and equipment

Land, property, plant and machinery

Buildings, plant and equipment owned by the Group are recorded at purchase or production cost and systematically depreciated over their residual useful lives. The land pertaining to buildings is not depreciated. The cost of assets qualifying for capitalization also includes the borrowing costs directly attributable to the acquisition, construction or production of the asset itself. Subsequent expenditure is capitalized only if it increases the future economic benefits flowing to the enterprise. Ordinary and/or routine maintenance and repair costs are directly expensed to the income statement when incurred. Costs relating to the expansion, modernization or improvement of owned or leased assets are capitalized to the extent that they qualify for separate classification as an asset or part of an asset under the component approach, whereby every component whose useful life and related value can be autonomously assessed must be treated individually.

All other costs are expensed to profit and loss as incurred.

The useful lives, estimated by the Group for its various categories of property, plant and equipment, are as follows:

Industrial buildings	10 - 33 years
Plant and machinery	5 - 18 years
Industrial and commercial equipment	3-10 years
Other	3-10 years

Right-of-use assets

In accordance with IFRS 16 the right-of-use asset is valued as the present value of future payments (discounted at the interest rate implicit in the lease, if easily determined, or alternatively, at the incremental borrowing rate, namely the interest rate that the lessee must pay over the term of the loan and similar guarantees), the initial costs incurred directly by the lessee, any advance lease payments made and the estimate of the costs for elimination, removal and restoration. The asset value is systematically depreciated.

Impairment of non-financial assets

The Group tests, at least once a year, whether the book value of intangible assets and property, plant and equipment reported in the financial statements has suffered any impairment loss. If there is evidence of impairment, book value is written down to the related recoverable amount.

If it is not possible to estimate the recoverable amount of an individual asset, the Group assesses whether the cash-generating unit to which it belongs is impaired.

In the case of goodwill and other intangible assets with indefinite useful lives, the impairment test must be carried out at least once a year, and whenever there is an indication that an intangible asset may be impaired.

Inventories

Inventories of raw materials, semi-finished and finished products are valued at the lower of cost and market value. Cost is determined using the weighted average cost method. The valuation of inventories includes the direct cost of materials and labour as well as indirect (variable and fixed) costs.

Allowances for obsolete and slow-moving goods are calculated for materials and finished products, taking account of their future expected use and net realizable value which corresponds to the estimated selling price in the ordinary course of business net the estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments

Financial assets

Upon initial recognition, financial assets are classified based on the measurement methods used in one of the three categories found in IFRS 9. The classification depends on the nature of the contractual cash flows and the business model the company uses to manage them.

The business model refers to the way in which the cash flows are generated which can be from the collection of contractual cash flows, the sale of assets or both. A financial asset is

classified among the assets valued at amortized cost if held as part of a business model where the objective is collecting contractual cash flows represented solely by payments to be made on certain dates, principal and interest. The valuation is made based on the effective interest rate.

A financial asset is classified among the assets valued at fair value with changes passing through the comprehensive income statement if held as part of a business model where the objective is collecting contractual cash flows and selling the assets and the cash flows contemplated under the contract refer solely to payments of principal and interest made on predetermined dates. For the assets included in this category, the interest receivable, the foreign exchange differences and losses in value are recognized in the income statement for the reporting period; other changes in fair value are recognized in the comprehensive income statement. Upon elimination, the cumulative change in fair value recognized as other comprehensive income is released to the income statement.

During the initial recognition phase, equity instruments may be included in the category of assets measured at fair value with changes recognized in the comprehensive income statement.

The category of assets valued at fair value with changes recognized in the income statement include assets held for trading, namely acquired to be sold in the short-term, and the assets designated as such. Upon initial recognition, equity instruments not held for trading may be included in the category of financial instruments measured at fair value with changes recognized in the comprehensive income statement. This choice may be made for each asset and is irrevocable.

The trade receivables without a significant financing component are valued at the transaction price determined in accordance with IFRS 15.

Financial liabilities

Financial liabilities refer mainly to loans valued at amortized cost based on the effective interest rate.

Financial liabilities are derecognized when the underlying obligation is extinguished, cancelled or fulfilled.

Trade payables are recognized initially at present value and



redetermined using the amortized cost method. Trade and other payables are reported as current liabilities unless payment is expected to be made more than twelve months after the reporting date.

Lease liabilities

Lease liabilities equal the present value of the payments payable and not yet paid at the date of the financial statements discounted at the interest rate implicit in the lease, if easily determined, or alternatively, at the incremental borrowing rate which is the rate that the lessee would pay on a loan with a similar duration and conditions. In the event the lease term, purchase options, the residual value guaranteed, or variable payments based on indices or rates, are redetermined, the lease liability is remeasured.

Derivatives

Derivatives are used solely for hedging purposes, in order to reduce exposures to currency and interest rate risk. As allowed by IFRS9, derivatives may qualify for special hedge accounting only when, at the inception of the hedge, the following conditions are satisfied:

- there is a formal designation that the instrument is a hedging one;
- there is formal documentation of the hedging relationship, which is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the different financial reporting periods for which it was designated.

In accordance with IFRS 9, all derivatives are measured at fair value determined based on the present value of the difference between the contractual forward exchange rate and the market forward exchange rate at the date of the financial report.

If financial instruments qualify for hedge accounting, the following treatment applies:

Fair value hedge - If a derivative instrument is designated as a hedge of the exposure to changes in the fair value of a recognized asset or liability that is attributable to a particular risk that will affect profit or loss, the gain or loss from remeasuring the hedging instrument at fair value should be recognized in the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement.

Cash flow hedge - If a derivative instrument is designated as a hedge of the exposure to variability in cash flows attributable to a highly probable forecasted transaction which could affect profit or loss, the effective portion of the gains or losses on the hedging instrument is recognized directly in the statement of comprehensive income. The effective portion of the cumulative gains or losses is reversed from net equity and reclassified to profit or loss in the same period in which the hedged transaction is reported in the income statement. Gains or losses associated with a hedge or part thereof that has become ineffective are reclassified to the income statement. If a hedging instrument or hedging relationship is terminated, but the transaction being hedged has not yet occurred, the cumulative gains and losses, recorded up until then in the statement of comprehensive income, are reported in the income statement at the same time that the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the unrealized gains or losses reported directly in net equity are immediately reclassified to the income statement. If hedge accounting cannot be applied, the gains or losses arising from the fair value measurement of the derivatives are transferred immediately to the income statement.

Net investment hedge - Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in the statement of comprehensive income, while any gains or losses relating to the ineffective portion are recognized in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

Factoring of trade receivables

The Group factors some of its trade receivables. Trade receivables factored without recourse, resulting in the substantial transfer of the related risks and rewards, are derecognized from the financial statements at the time of their transfer. Receivables whose factoring does not result in the substantial transfer of the related risks and rewards, are retained in the statement of financial position.

The Group has entered an agreement for the factoring of trade receivables, involving the revolving monthly transfer of a portfolio of trade receivables without recourse.

The receivables are assigned without recourse to a bank, which then transfers them to a special purpose entity which finances the purchase of the receivables by issuing asset-backed securities; the repayment of these securities, placed on the market and all subscribed by institutional investors, as well as the related interest, depends on the cash flow generated by the portfolio of securitized receivables.

The Group subscribes a limited quantity of securities without, however, prejudice to the requirements for the derecognition of the receivables. Receivables are sold at their face value, less a discount that reflects credit risk and the transaction's financial costs. The Group acts as servicer for the special purpose entity. The contractual terms of this operation involve the substantial transfer of the risks and rewards relating to the securitized receivables and their consequent derecognition from the financial statements.

Employee benefits

Pension and other incentive plans

Net obligations relating to employee benefit plans, chiefly the provision for severance indemnities (for the portion retained in Group companies) and pension funds, are recorded at the expected future value of the benefits that will be received and which have accrued at the reporting date. The Group's obligation to finance defined benefit pension funds and the annual cost reported in the income statement are determined by independent actuaries using the projected unit credit method.

Equity based compensation

The Group grants additional benefits to a limited number of executives and key resources under the form of stock options. Based on IFRS 2 Share-based payment, the current value of the stock option determined on the grant date is recognized on a straight-line basis in the income statement as a payroll cost in the period between the grant date and the date on which the rights granted to employees, executives and others who routinely provide services to one or more Group companies parties fully vest, with a corresponding increase in equity.

At each reporting date the Group will revise estimates based on the number of options that are expected to vest, independent of the fair value of the shares. Any differences with respect to the original estimates will be recognized in the consolidated income statement with a corresponding increase in equity.

Once the stock option is exercised, the amounts received by the employee, net of transactions costs, will be credited to the Treasury stock reserve at the average price of the stocks on hand or, if the treasury stocks are not available, added to the share capital in the amount of the nominal value of the shares issued. The remainder will be recognized in the share premium reserve.

The fair value of the stock options 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.

The fair value of the stock options is included within the Stock option Reserve.

The dilutive effect of unexercised options will be reflected in the calculation of the diluted earnings per share.

Provisions for contingencies and other charges

The Group recognizes provisions for contingencies and charges when (i) it has a present obligation (legal or constructive) to third parties (ii) it is probable that the Group will need to employ resources to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. Changes in these estimates are reflected in the income statement in the period in which they occur (also see the comments in the paragraph on "Estimates and assumptions").

Where the effect of the time value of money is material and the date of extinguishing the liability can be reasonably estimated, provisions are stated at the present value of the expected expenditure, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. An increase in the amount of the provision for the time value of money is accounted for in interest expense. Contingencies for which the probability of a liability is not probable but neither remote are disclosed in the notes but no provi-

sion is recognized.

Recognition of revenues

The item "Revenues" includes the consideration received for goods sold to customers and services rendered.

Revenues represent the consideration owed in exchange for the transfer of goods and/or services to the customer, excluding amounts received on behalf of third parties. The Group recognizes the revenue when contractual obligations are fulfilled, namely when control of the good or service is transferred to the customer.

Based on the five-step model introduced in IFRS 15, the Group recognizes revenue after the following requirements have been met:

- a) the parties have approved the contract (in writing, orally or in accordance with other common commercial practices) and are committed to fulfilling the respective performance obligations; an agreement between the parties which creates rights and obligations regardless of the form of the agreement has, therefore, been created;
- b) the rights of each of the parties in relation to the goods and services to be transferred can be identified;
- c) the payment terms for the goods or services to be transferred can be identified;
- d) the contract has commercial substance;
- e) it is probable that the Group will receive the consideration to which it is entitled in exchange for the goods or services transferred to the customer.

If the consideration referred to in the contract has a variable component, the Group will estimate the amount of the consideration it will be entitled to in exchange for the goods or services transferred to the customer.

Based on the contractual terms and conditions, the clients may be entitled to return goods; in this instance, at the time of sale a liability is recognized, as well as an adjustment to revenues for the merchandise that could be returned. The Group recognizes the estimated product returns by reducing revenues and deducting their cost from the cost of goods sold. In accordance with IFRS 15, the amount corresponding to the cost of returns is recognized in "Inventories".

The Group typically provides warranties for the repair of defects existing at the time of the sale, in accordance with the

law. These warranties, which are standard warranties on quality, are accounted for in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

"Other revenues" includes the amounts received by the Group in the form of public contributions. These contributions, recognized when it is reasonably certain that the qualifying conditions will be met and the contributions will be received, are included systematically in the net result relative to the years in which the costs that the contributions are intended to compensate are expensed. The public contributions recognized in capital accounts are recognized in the statement of financial position as deferred income.

Costs and expenses

Costs and expenses are accounted for on an accrual basis.

Dividends

Dividend distributions represent a movement in net equity in the period in which they are declared by the shareholders in general meeting.

Dividends received are reported when the Group is entitled to receive the payment.

Income taxes

Income taxes include all the taxes calculated on the Group's taxable income. Income taxes are recorded in the income statement, except for those relating to items directly debited or credited to net equity, in which case the associated tax is recognized directly in net equity.

Deferred taxes are provided on the basis of global provision for the liability. They are calculated on all the temporary differences emerging between the tax base of an asset or liability and their book value in the consolidated financial statements, except for goodwill whose amortization cannot be deducted for tax purposes and those differences arising from investments in subsidiaries which are not expected to reverse in the foreseeable future. Deferred tax assets on the carryforward of unused tax losses and tax credits are recognized to the extent that it is probable that future taxable profit will be available against which these can be recovered. Current and deferred tax assets and liabilities may be offset when the income taxes are charged by the same tax authority and when there is a

legal right of setoff. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability settled, based on tax rates and laws applying in the countries where the Group operates.

Deferred taxes on reserves of distributable earnings in subsidiaries are recognized only if it is probable that such reserves will be distributed.

Any uncertainty regarding tax treatments is considered in the tax calculation in accordance with the recommendations of IFRIC 23 Uncertainty over Income Tax Treatments.

Earnings per share

Basic earnings per share are calculated by dividing the earnings for the year payable to the parent company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share are calculated by dividing the earnings for the year payable to the parent company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period and the shares potentially issued following the exercise of assigned stock options.

Estimates and assumptions

This financial statement, prepared in accordance with IFRS, contain estimates and assumptions made by the Group relating to assets and liabilities, costs, revenues 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.

The following paragraphs discuss the principal assumptions used for estimation purposes and the principal sources of uncertainty, that have a risk of causing material adjustment to the book value of assets and liabilities in the future; details of book value can be found in the individual explanatory notes.

Allowance for doubtful accounts



The allowance for doubtful accounts reflects estimated losses on trade receivables recognized in the financial statements and not covered by insurance. The losses equal the difference between the amounts the Group is entitled to receive based on contracts with customers and the estimated inflows.

Changes in the economic environment could cause the performance of some of the Group's customers to deteriorate, with an impact on the recoverability of the uninsured portion of trade receivables.

Recoverable amount of non-current assets

The Group reviews all its non-financial assets at every reporting date for any evidence of impairment. Goodwill and other intangible assets with an indefinite useful life are tested annually for impairment. The recoverable amount of non-current assets is usually determined with reference to value in use, being the present value of the future cash flows expected from an asset's continuing use. The forecast cash flows are determined based on the information available when estimated based on the opinion of the directors regarding the future performance of certain variables - such as prices and the subsequent revenues, costs, increase in demand, production flows - which are discounted at a risk-adjusted rate. The test also involves selecting a suitable discount rate for calculating the present value of the expected cash flows.

Employee benefits

The cost of defined benefit pension plans is determined using actuarial valuations, based on statistical assumptions regarding discount rates, expected returns on investments, future salary growth and mortality rates.

The Group believes the rates estimated by its actuaries to be reasonable for the year-end valuations, but cannot rule out that large future changes in rates could have a material impact on the liabilities recognized in the financial statements.

Deferred tax assets recoverability

Deferred tax assets include those relating to carryforward tax losses to the extent that there is likely to be sufficient future taxable profit against which such losses can be recovered.

Management must use their discretion when determining the amount of deferred tax assets for recognition in the financial statements. They must estimate the likely timing of reversal and the amount of future taxable profit, as well as the future tax planning strategy.

Provisions for contingencies

The Group makes several provisions against disputes or risks of various kinds relating to different matters falling under the jurisdiction of different countries. The determination, probability and quantification of these liabilities involve estimation processes that are often very complex, for which management uses all the available information at the date of preparing the financial statements, including with the support of legal and tax advisors.

Product warranty provisions

The Group makes provisions for the estimated cost of product warranties. Management establishes the amount of these provisions on the basis of past trends relating to the frequency and average cost of under-warranty repairs and replacement.

Change in the scope of consolidation

On 27 February 2024 the Group finalized the agreements for a business combination between Eversys, leader in the production and distribution of automatic coffee machines, and La Marzocco, leader in the production and distribution of semi-automatic coffee machines and coffee grinders.

With this transaction, La Marzocco and Eversys will be able to further strengthen their position along the entire value chain, from research and engineering to production and market development, while creating a global player able to effectively

compete in a leadership position in different market segments, such as automatic machines, traditional machines and luxury household, offering a variety of complementary products, technologies and brands

The deal is in line with the Group's strategic guidelines, which see the further consolidation of its leadership in the world of coffee and the expansion of its presence in the professional channel as key to medium-term development

The transaction can be classified as a "transaction between related parties of greater importance", due to the fact that De' Longhi S.p.A. and La Marzocco International LLC are subject to the common control of De' Longhi Industrial S.A.

As such, the transaction was subject to the prior approval of the Committee of Independent Directors, responsible for material related party transactions and approved unanimously by De' Longhi S.p.A.'s Board of Directors, with the abstention of the Chairman Giuseppe de' Longhi and the Directors Fabio de' Longhi and Silvia de' Longhi, in accordance with laws and regulations governing related party transactions. For further information, the reader should refer to "Information Document for Major Transactions with Related Parties" issued on 28 December 2023.

As a result of the transaction a new corporate structure, controlled by De' Longhi S.p.A., was created through the contribution of Eversys and the Group's purchase of the shares (held directly and/or indirectly) of La Marzocco International LLC (around 41.2% of the share capital) from De' Longhi Industrial S.A. and the minority shareholders. The remaining shares of La Marzocco were also transferred to the new corporate entity by the shareholders.

Following the transaction, finalized on 27 February 2024, the Group controls approximately 61.6% of the new entity, while De' Longhi Industrial S.A. and La Marzocco, the previous shareholders, have minority stakes of approximately 26.5% and 12%, respectively.

The De' Longhi Group's total net cash-out came to around US\$ 373 million, of which US\$ 200 million paid to De' Longhi Industrial S.A. (for 22.1% of La Marzocco) and US\$ 173 million paid to the minority shareholders of La Marzocco (for 19.1% of La Marzocco).

The consolidation of financials started on 1 March 2024 since the impacts of the transactions occurred in the period between this date and the date of the combination itself were not significant.

During the 2024, the consideration paid was allocated to the assets and liabilities acquired.

As the transaction is the result of a business combination of companies subject to common control, based on which the parent company reallocated the production assets already controlled and managed within the scope of its consolidation, the figures recognized for the business acquired are those found in the last consolidated annual report approved by the parent company De' Longhi Industrial S.A.



The assets and liabilities acquired are summarized below:

	Values in \$/000	Values in €/000
NON-CURRENT ASSETS		
INTANGIBLE ASSETS	450,448	417,082
- Goodwill	324,824	300,763
- Other intangible assets	125,624	116,319
PROPERTY, PLANT AND EQUIPMENT	65,263	60,429
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS	995	921
DEFERRED TAX ASSETS	9,955	9,218
TOTAL NON-CURRENT ASSETS	526,661	487,650
CURRENT ASSETS		
INVENTORIES	55,587	51,469
TRADE RECEIVABLES	22,283	20,632
CURRENT TAX ASSETS	8,124	7,523
OTHER RECEIVABLES	9,826	9,098
CURRENT FINANCIAL RECEIVABLES AND ASSETS	4,247	3,933
CASH AND CASH EQUIVALENTS	46,776	43,311
TOTAL CURRENT ASSETS	146,843	135,966
TOTAL ASSETS	673,504	623,616
NET EQUITY		
TOTAL NET EQUITY	541,152	501,067
NON-CURRENT LIABILITIES		
FINANCIAL PAYABLES	19,117	17,701
DEFERRED TAX LIABILITIES	35,647	33,007
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES	21,210	19,639
TOTAL NON-CURRENT LIABILITIES	75,974	70,347
CURRENT LIABILITIES		
TRADE PAYABLES	23,365	21,634
FINANCIAL PAYABLES	12,512	11,585
CURRENT TAX LIABILITIES	1,235	1,144
OTHER PAYABLES	19,266	17,839
TOTAL CURRENT LIABILITIES	56,378	52,202
TOTAL NET EQUITY AND LIABILITIES	673,504	623,616

The difference between the purchase price paid in cash, the net value of the assets acquired and the value of the assets contributed to the business combination was recognized as a movement in net equity as the transaction was with shareholders of the parent company:

	Values in €/000
Purchase price paid	345,560
Fair value of assets and liabilities acquired	501,067
Minority interest	178,732
Transaction with shareholders	(23,225)

Disclosure by operating segments

Please refer to Note 45. Operating segments.

The report on operations contains comments on the economic results by geographical area.

Comments on the income statement

1. Revenues

In 2024 revenues, including revenues from sales and services and other revenues, amount to €3,497,555 thousand (€3,075,904 thousand in 2023).

Revenues are broken down by geographical area as follows:

	2024	% revenues	2023	% revenues	Change	Change %
Europe	2,153,751	61.6%	1,907,052	62.0%	246,699	12.9%
America	652,278	18.6%	547,046	17.8%	105,232	19.2%
Asia Pacific	488,394	14.0%	447,374	14.5%	41,020	9.2%
MEIA (Middle East/India/Africa)	203,132	5.8%	174,432	5.7%	28,700	16.5%
Total	3,497,555	100.0%	3,075,904	100.0%	421,651	13.7%

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:

	2024	2023	Change
Freight reimbursement	6,952	5,101	1,851
Government grants and contributions	5,774	1,086	4,688
Commercial rights	2,506	2,128	378
Damages reimbursed	1,920	1,313	607
Other income	34,768	23,190	11,578
Total	51,920	32,818	19,102

With regard to Law n. 124 of 4 August 2017, which regulates transparency in public funding, the item "Grants and contributions" includes income of €383 thousand stemming from the incentives granted by Gestore dei Servizi Energetici GSE S.p.A. for the production of energy at Italian plants through photovoltaic systems connected to the grid. The item includes also government grants received for the expansion of the production plant in Romania.

2. Raw and ancillary materials, consumables and goods

The breakdown is as follows:

	2024	2023	Change
Parts	689,239	647,925	41,314
Finished products	598,426	529,618	68,808
Raw materials	202,392	102,411	99,981
Other purchases	25,107	21,500	3,607
Total	1,515,164	1,301,454	213,710

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 variation in the consolidation perimeter and differences arising on the translation of foreign subsidiaries financial statements.

4. Payroll costs

These costs include €162,170 thousand in production-related payroll (€133,139 thousand in 2023).

	2024	2023	Change
Employee wages and salaries	444.977	368.842	76.135
Temporary workers	39.730	24.404	15.326
Total	484.707	393.246	91.461

In 2024, the item includes non-recurring expense of €1,630 thousand (€1,036 thousand in 2023), referring to corporate reorganization.

The figures relating to the cost of employee benefits provided by certain Group companies in Italy and abroad are reported in note 34. Employee benefits.

The item includes €9,950 thousand relating to the notional cost (fair value) of the stock option plan 2020-2027 (€907 thousand in 2023); please refer to notes 27. Sahre-based incentive plans and 34. Employee benefits for more information.

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

	2024	2023
Blue collars	6,798	6,437
White collars	3,557	3,185
Managers	376	304
Total	10,731	9,926



5. Services and other operating expenses

These are detailed as follows:

	2024	2023	Change
Promotional expenses	280,727	253,340	27,387
Transport (for purchases and sales)	158,074	133,748	24,326
Advertising	155,114	140,456	14,658
Consulting services	48,471	41,951	6,520
Subcontracted work	45,633	45,491	142
Storage and warehousing	29,583	25,390	4,193
Technical support	29,461	28,461	1,000
Rentals and leasing	20,798	23,618	(2,820)
Commissions	19,186	16,031	3,155
Travel	16,526	12,816	3,710
Power	14,721	14,582	139
Insurance	12,163	10,747	1,416
Maintenance	7,956	5,146	2,810
Product certification and product inspection fees	7,117	6,498	619
Other utilities and cleaning fees, security, waste collection	6,394	5,788	606
Directors' emoluments	5,839	3,201	2,638
Postage, telegraph and telephones	5,575	4,747	828
Statutory auditors' emoluments	456	295	161
Other sundry services	67,023	55,482	11,541
Total services	930,817	827,788	103,029
Sundry taxes	53,432	47,950	5,482
Bad debts	99	364	(265)
Out-of-period losses	38	212	(174)
Other	11,866	8,893	2,973
Total other operating expenses	65,435	57,419	8,016
Total	996,252	885,207	111,045

In 2024, the item includes net non-recurring expenses for €1,721 thousand (€4,727 thousand in 2023) mainly related to advisory and consultancy services connected to the La Marzocco/Eversys business combination.

In 2024 the item “Rentals and leasing” includes €1,803 thousand in commercial rights (€427 thousand in 2023).

In addition, it includes operating costs relating to contracts that are not or do not contain a lease (€16,211 thousand, €20,897 thousand in 2023), as well as costs relating to leases of less than twelve months’ duration (€1,610 thousand, €1,846 thousand in 2023) or relating to low-value assets (€1,174 thousand, €448 thousand in 2023); for further information, please refer to note 15. Leases.

6. Provisions

These include €25,048 thousand in provisions for contingencies and other charges and a net increase of €103 thousand in provision for doubtful accounts. In 2024 the item includes net non-recurring expenses for €2,961 thousand related to corporate reorganisation. The main changes in this item are discussed in note 35. Other provisions for non-current contingencies and charges.

7. Amortization

The breakdown is as follows:

	2024	2023	Change
Amortization of intangible assets	27,821	27,550	271
Depreciation of property, plant and equipment	63,259	57,343	5,916
Depreciation of Right of Use assets	26,542	23,298	3,244
Total	117,622	108,191	9,431

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 €390 thousand were shown separately. This item includes the costs for services connected to the La Marzocco/Eversys business combination and the costs arising from the ongoing reorganization of the company. The economic impact of the purchase price allocation stemming from the acquisitions of Capital Brands are also included.

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:

	2024	2023	Change
Exchange differences and gains (losses) on currency hedges (*)	(1,870)	1,970	(3,840)
Share of profit of equity investments consolidated by the equity method	753	(589)	1,342
Interest for leasing	(2,935)	(1,896)	(1,039)
Net interests	9,295	1,200	8,095
Other financial income (expenses)	(6,670)	(3,015)	(3,655)
Other net financial income (expenses)	(310)	(3,711)	3,401
Net financial income (expenses)	(1,427)	(2,330)	903

(*) The item includes €20 thousand relating to exchange rate losses 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.

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.

“Net interests” includes interest received on the Group’s investments for an amount of €34,751 thousand (€32,276 thousand in 2023), net of the bank interest on the Group’s financial debt (re-calculated using the amortized cost method), and the cost of other financial instruments for an amount of €25,456 thousand (€31,076 thousand in 2023).

“Other financial income (expenses)” include bank charges, financial expenses arising from the actuarial calculation of the long-term employee benefits and other financial charges for a total amount of €9,264 thousand (€5,896 thousand in 2023), net of gain arising from investments evaluated at fair value through profit and loss for an amount of €2,594 thousand (€2,881 thousand in 2023).

10. Income taxes

These are analyzed as follows:

	2024	2023	Change
Current income taxes:			
- Income taxes	98,657	78,135	20,522
- IRAP (Italian regional business tax)	7,161	5,923	1,238
Deferred (advanced) taxes	(1,394)	(7,172)	5,778
Total	104,424	76,886	27,538

"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.

Current income taxes reflect Pillar 2 application.

Based on the information available and reasonable estimates, the De' Longhi Group's exposure to Pillar 2 income taxes at 31 December 2024 refers mainly to the United Arab Emirates, in the amount of €2.4 million. The remainder of €0.2 million is broken down into immaterial amounts, relating to different jurisdictions.

The total allocation of €2.6 million was recognized in the income statement as an increase to "Income taxes" and to liabilities under "Tax payables".

The Group will continue to assess the impact that Pillar 2 income taxes will have on its future financial results.

The actual and theoretical tax charge are reconciled here below:

	2024	%	2023	%
Profit before taxes	429,374	100.0%	327,298	100.0%
Theoretical taxes	103,050	24.0%	78,552	24.0%
Other (*)	(5,787)	(1.3%)	(7,589)	(2.3%)
Total income taxes	97,263	22.7%	70,963	21.7%
IRAP (Italian regional business tax)	7,161	1.7%	5,923	1.8%
Actual taxes	104,424	24.3%	76,886	23.5%

(*) Mostly refers to the net tax effect of permanent differences, of different tax rates applied abroad relative to the theoretical ones applied in Italy, of adjustments on prior years taxes.



Comments on the statement of financial position: assets

Non-current assets

11. Goodwill

	31.12.2024		31.12.2023	
	Gross	Net	Gross	Net
Goodwill	700,955	694,208	378,433	371,686

The change in "Goodwill" refers to the recent La Marzocco business combination for €300,763 thousand (for more information refer to the section "Change in the scope of consolidation") and, for the remainder, to the impact that currency exchange had on the goodwill recognized for international acquisitions at 31 December 2024.

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 the more recently acquired Capital Brands and Eversys, and finally La Marzocco during 2024, as follows:

Cash-generating unit	31.12.2024
De'Longhi	25,162
Kenwood	17,120
Braun	48,836
Capital Brands	194,794
Eversys	95,853
La Marzocco	312,443
Total	694,208

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.

More specifically, value in use is determined by applying the discounted cash flow method to forecast cash flows contained in plans prepared assuming growth scenarios based on the

information available at the reporting date, including the 2025 budget and the 2024-2026 Plan approved by the Board of Directors and integrated, solely in specific situations, with updated considerations which take into account commercial actions determined subsequent to the approval of the plan.

Plan data was projected beyond the explicit planning period, of not more than five years, determined based on common valuation practices, namely using a perpetuity growth rate that was no higher than those expected for the markets in which the individual CGUs operate. The growth rate in terminal values used for projecting beyond the planning period was therefore in a range of 2.1% to 2.4% for the different CGUs, deemed representative of a precautionary growth rate in terminal values.

The cash flows and discount rate were determined net of tax.

Discount rates were calculated using the Weighted Average Cost of Capital (WACC) obtained from data from a sample of comparable companies.

The discount rates utilized, which vary between 5.8% and 8.1% for the different cash-generating units, therefore, reflect the estimated market valuations and the time value of money at the reporting date, as well as sector risks.

The impairment tests carried out at the end of 2024 have not revealed any other significant evidence of goodwill impairment.

The recoverable amounts shown in the impairment tests and the sensitivity analysis are much higher than book value for all the CGUs.

The results obtained using the discounted cash flow method have been tested for their sensitivity to changes in certain key variables, within reasonable ranges and on the basis of mutually consistent assumptions. The variables altered were the discount rate (between 5.6% and 8.3%) and the growth rate in terminal value (in the range 1.9%-2.6%).

The estimated recoverable amounts for all the CGUs, however, were higher than book value and the sensitivity analyses point to relatively stable results; in fact, the minimum and maximum amounts diverged by around 10% from the central point when both variables were altered.

Group Board of Directors approved the assumptions and the criteria used to perform the impairment tests.

However, estimating CGU recoverable amount requires management to make discretionary judgements and estimates. In fact, several factors also associated with developments in the difficult market context could make it necessary to reassess the value of goodwill. The Group will be constantly monitoring those events and circumstances that might make it necessary to perform new impairment tests.

12. Other intangible assets

These are analyzed as follows:

	31.12.2024		31.12.2023	
	Gross	Net	Gross	Net
New product development costs	167,368	25,812	152,825	22,681
Patents	118,780	62,781	85,162	35,705
Trademarks and similar rights	530,894	423,650	441,475	334,484
Work in progress and advances	27,016	25,796	22,772	21,552
Other	144,335	91,079	135,881	92,222
Total	988,393	629,118	838,115	506,644

The following table reports movements in the main asset categories during 2024:

	New product development costs	Patents	Trade-marks and similar rights	Work in progress and advances	Other	Total
Net opening balance	22,681	35,705	334,484	21,552	92,222	506,644
Additions	1,311	856	202	14,251	1,221	17,841
Amortization	(11,430)	(6,542)	(252)	-	(9,597)	(27,821)
Changes in consolidation area	-	32,040	79,103	3,442	1,734	116,319
Translation differences and other movements (*)	13,250	722	10,113	(13,449)	5,499	16,135
Net closing balance	25,812	62,781	423,650	25,796	91,079	629,118

(*) "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 €14,253 thousand in development costs as intangible assets in 2024, of which €1,311 thousand in "New product development costs" for projects already completed at the reporting date and €12,942 thousand in "Work in progress and advances" for projects still in progress.

"Patents" mostly refers to the value of industrial patent rights and to costs for developing and integrating data processing systems. The increase refers primarily to the purchase of patents used in professional coffee machine segment.

"Trademarks and similar rights" includes a few trademarks calculated based on an indefinite useful life in accordance with IAS 38, taking into account, above all, brand awareness, economic benefits, reference market characteristics, brand specific strategies and the amount of investments made to sustain the brands: €79.8 million for the "De' Longhi" trademark, €95.0 million for the perpetual license over the "Braun" brand, €127.6 million for the Nutribullet/MagicBullet trademark, €38.6 million for the Eversys trademark, and €81.8 million for the La Marzocco trademark.

The impairment test carried out at the end of 2024 for brands with an indefinite useful life, in order to confirm the result of the impairment test already conducted to verify the invested capital allocated to each CGU (described in note 11. Goodwill), did not reveal any evidence that these assets might have suffered an impairment loss.

The method used to test impairment involves discounting to present value the royalties that the Group would be able to earn from permanently granting third parties the right to use the trademarks in question.

This method, which is based on royalty cash flows and reasonably estimated sales volumes, is the most commonly used for company valuation purposes since it is able to provide a suitable expression of the relationship between the strength of the trademark and business profitability.

The discount rates used, which vary between 6.6% and 8.9% net of tax, reflect market valuations and the time value of money at the reporting date. The growth rate in terminal values used for projecting beyond the planning period was in a range from 2.1% to 2.4% for the different CGUs, deemed representative of a precautionary growth rate in terminal values.

The cash flows discounted to present value are stated net of tax (in keeping with the discount rate).

The results of the impairment test have been tested for their sensitivity to changes in certain key variables, within reasonable ranges and on the basis of mutually consistent assumptions. The variables altered were the discount rate (between 6.4% and 9.1%) and the growth rate in terminal value (in the range 1.9%-2.6%).

The sensitivity analysis using actuarial (changes in the discount and growth rates) revealed relatively stable results; in fact, the minimum and maximum amounts had a deviation of around 10% when both variables were changed.

"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:

	31.12.2024		31.12.2023	
	Gross	Net	Gross	Net
Land and buildings	291,329	213,895	219,496	156,781
Plant and machinery	217,421	86,444	186,474	69,976
Total	508,750	300,339	405,970	226,757

The following table reports movements during 2024:

	Land and buildings	Plant and machinery	Total
Net opening balance	156,781	69,976	226,757
Additions	4,913	15,893	20,806
Disposals	(9)	(145)	(154)
Amortization	(9,968)	(12,538)	(22,506)
Changes in consolidation area	25,412	7,415	32,827
Translation differences and other movements	36,766	5,843	42,609
Net closing balance	213,895	86,444	300,339

The increases and other movement in "Land and buildings" refer mainly to the investments made to complete structural work at the Treviso headquarters, and improvements made in manufacturing, namely enhancement of the production plants in Romania, the expansion of Eversys's Swiss plant and improvements at La Marzocco's production facilities.

The increases and other movements in "Land and Building" relate primarily to investments related to the premises in Treviso for the headquarter and to the industrial plants, namely the improvements to the production plants in Romania, to the Eversys' factory in Switzerland and to La Marzocco industrial sites.

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 and China. The other movements refer mainly to the reclassification of the amount relating to the investments made in the previous years in the production plants previously classified under tangible assets in progress.

14. Other tangible assets

Other tangible assets are analyzed as follows:

	31.12.2024		31.12.2023	
	Gross	Net	Gross	Net
Industrial and commercial equipment	433,783	71,362	394,534	70,580
Other	105,863	26,707	95,252	21,789
Work in progress and advances	54,243	54,243	62,430	62,430
Total	593,889	152,312	552,216	154,799

The following table reports movements during 2024:

	Industrial and commercial equipment	Other	Work in progress and advances	Total
Net opening balance	70,580	21,789	62,430	154,799
Additions	19,759	12,682	32,390	64,831
Disposals	(508)	(218)	(277)	(1,003)
Amortization	(30,460)	(10,293)	-	(40,753)
Changes in consolidation area	6,864	1,538	7,451	15,853
Translation differences and other movements	5,127	1,209	(47,751)	(41,415)
Net closing balance	71,362	26,707	54,243	152,312

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 development plan for the headquarters and investments in improvements at the plants in Switzerland, Romania and China.

15. Leasing

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 2024 are shown below:

	Land and buildings	Industrial and commercial equipment	Plant and machinery	Other	Total
Net opening balance	85,803	2,143	2,137	6,342	96,425
Additions	20,611	1,176	10	4,250	26,047
Disposals	(343)	(101)	-	(153)	(597)
Amortization	(22,377)	(620)	(229)	(3,316)	(26,542)
Changes in consolidation area	11,410	-	205	134	11,749
Translation differences and other movements	675	56	1	141	873
Net closing balance	95,779	2,654	2,124	7,398	107,955

In 2024, the result for the period includes depreciation and amortization for €26,542 thousand, interest payable for €2,935 thousand and exchange gains for €20 thousand, while €27,586 thousand in lease payments were reversed.

At 31 December 2024 financial liabilities for leases of €110,411 thousand (of which €84,202 thousand expiring beyond 12 months) and financial assets for advanced payments of €428 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 31.12.2024	Payable within one year	Payable in 1-5 years	Payable in more than five years
Lease liabilities	120,130	28,768	69,632	21,730

The adoption of IFRS 16 - Lease negatively affected Group net equity at 31 December 2024 for €2,813 thousand.

16. Equity investments

Details of equity investments are as follows:

	31.12.2024	31.12.2023
Equity investments consolidated using the equity method	5,170	4,243
Investment measured at fair value	53	51
Total	5,223	4,294

"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 2024 are shown below:

	31.12.2024
Net opening balance	4,243
Interest in net profit	753
Exchange rate differences	174
Net closing balance	5,170

17. Non-current receivables

The balance at 31 December 2024 of €5,721 thousand mainly refers to security deposits (€5,400 thousand at 31 December 2023).

18. Other non-current financial assets

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

The item mainly includes €30,191 thousand relating to three bonds with a total nominal value of €30,000 thousand, maturing in 2026 and 2027, and €100,327 thousand relating to four floating rate notes, maturing in 2026 and 2027 with semi-annual and quarterly coupons (par value of €100,200 thousand).

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:

	31.12.2024	31.12.2023
Deferred tax assets	74,177	60,413
Deferred tax liabilities	(112,758)	(72,164)
Net closing balance	(38,581)	(11,751)

"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.

Leasing and other transactions which upon initial recognition result in taxable and deductible differences of the same amount include deferred tax assets of €13,266 thousand reported net of the deferred tax liabilities of €12,592 thousand

The net balance is analyzed as follows:

	31.12.2024	31.12.2023
Temporary differences	(40,704)	(16,536)
Tax losses	2,123	4,785
Net closing balance	(38,581)	(11,751)

The change in the net asset balance reflects a decrease of €1,018 thousand through equity recognized in the "Fair value and cash flow hedge reserve" following the fair value measurement of securities and cash flow hedges, and an increase of €33 thousand recognized in "Profit (loss) carried forward" relating to the actuarial gains and (losses) recognized in the comprehensive income statement in accordance with IAS 19 - Employee benefits.

Current assets

20. Inventories

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

	31.12.2024	31.12.2023
Finished products and goods	492,658	378,890
Raw, ancillary and consumable materials	147,521	142,747
Work in progress and semi-finished products	42,018	35,431
Inventory writedown allowance	(60,347)	(52,390)
Total	621,850	504,678

The value of inventories is stated after deducting an allowance for obsolete or slow-moving goods totaling €60,347 thousand (€52,390 thousand at 31 December 2023) 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:

	31.12.2024	31.12.2023
Trade receivables		
- due within 12 months	344,486	283,483
- due beyond 12 months	8	-
Allowance for doubtful accounts	(8,349)	(10,791)
Total	336,145	272,692

Trade receivables are stated net of an allowance for doubtful accounts of €8,349 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.

Movements in the allowance for doubtful accounts are shown in the following table:

	31.12.2023	Provisions/ Releases	Translation differences and other movements	Changes in consolidation area	31.12.2024
Allowance for doubtful accounts	10,791	103	(3,509)	964	8,349

In addition to the change in the scope of consolidation, the change in the allowance for doubtful accounts refers to provisions for expected losses net utilization during the year to cover bad debt for which provisions had already been made.

The Group has received guarantees from customers as collateral against trade balances; in addition, a significant portion of the receivables are covered by insurance policies with major insurers. More details can be found in note 42. Risk management.

In accordance with the disclosure required by Consob Circular 3369 of 9 April 1997, we report that the total amount of receivables factored without recourse and outstanding at 31 December 2023 is €224,851 thousand (€199,680 thousand at 31 December 2023). The total amount of receivables factored by the Group (turnover) during 2024 (under Law 52/1991 known as the Factoring Law) was €862,244 thousand (€809,397 thousand during 2023).

22. Current tax assets

These are analyzed as follows:

	31.12.2024	31.12.2023
Direct tax receivables	4,559	14,125
Tax payments on account	5,881	5,552
Tax refunds requested	901	567
Total	11,341	20,244

There are no current tax assets due beyond 12 months.

23. Other receivables

"Other receivables" are analyzed as follows:

	31.12.2024	31.12.2023
VAT	21,841	16,708
Other tax receivables	4,733	3,933
Prepaid insurance costs	3,882	4,504
Advances to suppliers	3,338	6,444
Employees	423	207
Other	18,442	11,899
Total	52,659	43,695

This item includes other receivables due beyond 12 months of €1 thousand (€1 thousand at 31 December 2023).

24. Current financial receivables and assets

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

	31.12.2024	31.12.2023
Fair value of derivatives	15,400	12,507
Advances for leasing contracts	428	220
Fair value of other current financial assets	70,515	68,163
Other current financial assets	107,770	91,582
Total	194,113	172,472

More details on the fair value of derivatives can be found in note 42. Risk management.

"Other current financial assets" includes the amount of investments made as part of liquidity management measured at fair value.

25. Cash and cash equivalents

This balance consists of surplus liquidity on bank current accounts and other cash equivalents, as well as investments in liquidity and similar.

The cash balances at 31 December 2024 include €4 thousand in current accounts of certain subsidiaries, that are restricted, having been given as collateral.

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 19 April 2024 the Shareholders' Meeting of De' Longhi S.p.A. resolved to distribute a total of €101,017 thousand as dividends, fully paid during 2024.

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.

26. Treasury shares

During the Shareholders' Meeting held on 19 April 2024, 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 19 October 2025).

At 31 December 2024, the Group did not hold treasury shares directly through the parent company De' Longhi S.p.A. or through subsidiaries, trusts or intermediaries.

The Group announced a share buyback program starting from 16 January 2025, within the terms authorized by the aforementioned shareholders' Annual General Meeting.

The program, aimed at providing funding in relation to present and future compensation plans based on financial instruments as well as other purposes authorized by the aforementioned AGM, will have a duration of up to maximum 6 months, for an amount of approx. €60 million (equal to approximately 1.4% of the share capital at current prices), not beyond the maximum limit of the number of shares within the terms authorized by the AGM, subject to the cases of early termination.

The purchase price cannot exceed €45 per share and may not be more than 15% lower or higher than the reference price recorded by the stock in the market session on the previous three days.

The purchases will be carried out exclusively on regulated markets where the Company's ordinary shares are exchanged, in accordance with the operating modes established in the regulations for the organization and the management of the markets themselves, to ensure equal treatment between shareholders and compliance with all public disclosure obligations.

To this end, De' Longhi S.p.A. has signed a contract with a third-party intermediary, which is proceeding with the purchase of treasury shares in full independence, in compliance with the contractually agreed parameters and criteria, as well as the applicable legislation and the aforementioned shareholders' meeting resolution.

27. Share-based incentive plans

There were two share-based incentive plans in place at 31 December 2024 referred to as the "2020-2027 Stock Option Plan" and the "2024-2026 Performance Shares Plan", respectively.

The "2020-2027 Stock Option Plan" was approved by shareholders of De' Longhi S.p.A. during the Annual General Meeting held on 22 April 2020.

In order to service this plan, the Shareholders' Meeting approved an additional increase in share capital for up to a maximum nominal amount of €4,500,000 to be carried out through the issue of a maximum of 3,000,000 ordinary shares with a par value of €1.5 each with the same characteristics as the ordinary shares outstanding at the issue date, with voting rights, if the treasury shares were not sufficient. 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.

	Award (04.05.2020)	Award (14.05.2020)	Award (15.05.2020)	Award (20.05.2020)	Award (05.11.2020)
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)	2.8%	2.8%	2.8%	2.8%	2.8%
Estimated volatility (%)	35.0%	34.0%	33.0%	32.0%	28.0%
Historic volatility (%)	37.0%	37.0%	37.0%	37.0%	37.0%
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

With some exceptions, however, the Plan provides for a holding period (which begins at the time the option is exercised) of 24 months for the options relative to the first exercise period and 12 months for the second exercise period, during which a portion of the shares acquired and/or subscribed by the beneficiary by exercising the option, is subject to restrictions on sales and/or transfers.

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

For the purposes of valuation under IFRS 2 - Share-based payments, two different tranches were defined for each award that 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 that 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:

At 31 December 2023, 1,089,650 options had been assigned under the "2020-2027 Stock Option Plan"; during the year 2024 the amount dropped to 340,999 following the exercise of 748,651 options, serviced for 595,000 by treasury shares and for the remaining 153,651 by newly issued shares.

The "2024-2026 Performance Share Plan" was approved by shareholders of De' Longhi S.p.A. during the Annual General Meeting held on 19 April 2024.

The Plan is reserved for the Chief Executive Officer and General Manager of the parent company De'Longhi S.p.A., as well as a limited number of top managers of the Group identified by the Board of Directors, as proposed by the Remuneration and Appointments Committee, after having consulted with the Board of Statutory Auditors as deemed appropriate.

The purpose of the plan is to incentivize the beneficiaries to maximize the Group's medium/long-term performance by creating a rewarding, equitable and sustainable remuneration system consistent with regulatory standards and the stakeholder's expectations.

The Plan calls for the free assignment of up a maximum of 1,200,000 rights, each one of which entitles the beneficiary to 1 De' Longhi share for each right assigned, subject to the achievement of certain predetermined performance targets (measured at the end of the three-year vesting period 2024-2025-2026 and linked to the De' Longhi Group's medium/long-term growth in value and profitability), as well as based on conditions defined in the Plan.

The Plan will be serviced using the Company's treasury shares or, if not sufficient, shares from a free capital increase, issued on one or more occasions, for a maximum nominal amount of €1,800,000.00 and for a maximum of 1,200,000 shares, as per the power granted specifically by the shareholders to the Board of Directors.

The shares will be assigned after the Annual General Meeting held to approve the separate financial statements at 31 December 2026 and acknowledge the Group's 2026 Consolidated Annual Report.

The Plan will be terminated in 2029, once the 24-month lock-up on 50% of the shares assigned has ended.

For the purposes of valuation, in accordance with IFRS 2 - Share-based Payment, the unit fair value of the plan was calculated as the value of the right on the assignment date based on the Black-Scholes model which takes into account the option exercise conditions, the current value of the share, the estimated volatility, the risk-free interest rate and the non-vesting conditions.

Volatility was estimated using information provided by a data provider and corresponds to the stock's estimated volatility over the life of the plan.

The fair value of the options assigned and the underlying assumptions used in the valuation are provided below:

	First award
Average fair value	27.68
Expected dividends	2.45%
Historic volatility (%)	34.63%
Market interest rate	3.1%
Expected life of the options (years)	3.15
Exercise price (Euro)	-

Based on the information available, an estimated 861,473 rights were outstanding at 31 December 2024.

28. Share capital

The share capital at 31 December 2023 comprised 151,060,000 ordinary shares with a par value of €1.5 for a total of €226,590 thousand.

During 2024 a total of 153,651 new shares were issued to service the options exercised under the "Stock Option Plan 2020-2027"; at 31 December 2024, therefore, the share capital comprises 151,213,651 ordinary shares with a par value of €1.5 for a total of €226,820 thousand.

29. Reserves

The details are as follows:

	31.12.2024	31.12.2023	Change
Share premium reserve	46,800	40,078	6,722
Legal reserve	45,318	45,318	-
Other reserves:			
- Extraordinary reserve	136,974	201,413	(64,439)
- Fair value and cash flow hedge reserve	4,649	259	4,390
- Stock option reserve	7,781	5,695	2,086
- Reserve for treasury shares	-	(9,658)	9,658
- Currency translation reserve	97,078	40,867	56,211
- Profit (loss) carried forward	1,200,584	1,010,200	190,384
Total	1,539,184	1,334,172	205,012

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 subsequently reduced following the demerger transaction in favour of DeLclima S.p.A.. At 31 December 2023, it amounted to €40,078 thousand after the exercise of options assigned pursuant to the 2016-2022 Stock Option Plan.

During 2024 the reserve increased to €46,800 thousand as the result of the exercise of 748,651 options (of which 595,000 serviced by treasury shares) for a countervalue of € 6,722 thousand.

The "Legal Reserve" amounted to €45,318 thousand and do not have changes from 31 December 2023.

The Extraordinary Reserve decreased by €64,439 thousand explained by the allocation of profit for 2023 approved by shareholders during De' Longhi S.p.A.'s AGM held on 19 April 2024.

The "Fair value and cash flow hedge reserve" reports a balance of €4,649 thousand, net of €1,173 thousand in tax.

The change in the "Fair value and cash flow hedge" reserve in 2024, recognized in the statement of comprehensive income for the year, is attributable to the positive fair value of the cash flow hedge and available-for-sale securities of €5,408 thousand net of €1,018 thousand in tax.

The "Stock Option Reserve" refers to the share-based incentive plan "Stock Option Plan 2020-2027" and the "Performance Share Plan 2024-2026" already described in note 27. Share-based incentive plans.

At 31 December 2024 the reserve amounts to €7,781 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.

The reserve for the "Stock Option Plan 2020-2027" amounted to €5,695 thousand at 31 December 2023 and €2,163 thousand at 31 December 2024; the difference is attributable to the allocation of the €366 thousand stemming from the fair value measurement of the existing options net exercises in the period.

The reserve for the "Performance Share Plan 2024-2026", which amounted to €5,618 thousand at 31 December 2024, was allocated entirely during 2024 following the fair value measurement of the existing options.

The "Treasury Share Reserve" (negative for €9,658 thousand at 31 December 2023) corresponded to the value of the 595,000 treasury shares purchased under the buyback program. During the year 2024 it was eliminated following exercise of options under the "Stock Option Plan 2020-2027".

"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 31.12.2024	Profit for 2024	Net equity 31.12.2023	Profit for 2023
De' Longhi S.p.A. financial statements	743,692	269,655	557,569	36,578
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	703,451	66,337	834,186	218,905
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	874,890	1,481	464,525	(444)
Elimination of intercompany profits	(57,920)	(12,514)	(45,425)	(4,613)
Other adjustments	280	(9)	284	(14)
Consolidated financial statements	2,264,393	324,950	1,811,139	250,412
Minority	187,652	14,213	-	35
Consolidated financial statements-Group portion	2,076,741	310,737	1,811,139	250,377

30. Minorities' portion of net equity

This item refers to the portion of net equity in a few Group companies not attributable, directly or indirectly, to the De'Longhi Group.

More in detail, minority interests emerged as a result of the La Marzocco/Eversys business combination.

In the wake of the transaction finalized on 27 February 2024, the Group controls approximately 61.6% of the new entity, while the minority interests are held by De Longhi Industrial S.A. (roughly 26.5%) and the previous minority shareholders of La Marzocco (for a total of 12%).

31. Earning 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.

	31.12.2024
Weighted average number of shares outstanding	150,953,561
Weighted average number of diluted shares outstanding	151,554,650

The dilutive impact was not significant at 31 December 2024, therefore the difference between the diluted earnings per share (€2.05) and the basic earnings per share (€2.06) is not material.

Liabilities

32. Bank loans and borrowings

"Bank loans and borrowings" are analyzed as follows:

	Payable within one year	Payable in 1-5 years	Payable in more than 5 years	Balance 31.12.2024	Payable within one year	Payable in 1-5 years	Balance 31.12.2023
Overdrafts	11,269	-		11,269	16,394	-	16,394
Current bank loans and borrowings	-	-		-	-	-	-
Long-term loans (short term portion)	82,977	-		82,977	179,611	-	179,611
Bank loans and borrowings (short-term portion)	94,246	-	-	94,246	196,005	-	196,005
Long-term loans	-	227,836	152	227,988	-	300,844	300,844
Total banks loans and borrowings	94,246	227,836	152	322,234	196,005	300,844	496,849

During 2024, new loans were taken out by foreign subsidiaries for the total amount of €569 thousand.

With regard to the loans taken out by the Parent Company (as described in the Annual Financial Reports related to previous years), none of the financial covenants included in the loan agreements, based on net debt/equity and net debt/ EBITDA had been breached at 31 December 2024.

Most of the bank debt is floating rate; as a result of the hedge on part of some 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.

33. Other financial payables

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

	31.12.2024	31.12.2023
Private placement (short-term portion)	21,408	21,397
Negative fair value of derivatives	9,523	13,170
Other short term financial payables	44,686	37,445
Total short-term payables	75,617	72,012
Private placement (one to five years)	42,832	64,259
Negative fair value of derivatives	-	-
Other financial payables (one to five years)	389	-
Total long-term payables (one to five years)	43,221	64,259
Private placement (beyond five years)	150,360	150,358
Total long-term payables (beyond five years)	150,360	150,358
Total other financial payables	269,198	286,629

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 are 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 are 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 31 December 2024 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 recours related payables.



Net financial position

Details of the net financial position are as follows:

	31.12.2024	31.12.2023
A. Cash	1,019,711	1,250,198
B. Cash equivalents	-	-
C. Other current financial assets	178,248	159,965
<i>of which lease prepayments</i>	428	220
D. Cash, cash equivalents and other current financial assets (A + B + C)	1,197,959	1,410,163
E. Current financial liabilities	(103,572)	(96,241)
<i>of which lease liabilities</i>	(26,209)	(21,005)
F. Current portion of non-current financial liabilities	(82,977)	(179,611)
G. Current financial liabilities (E + F)	(186,549)	(275,852)
H. Current net financial liabilities (D + G)	1,011,410	1,134,311
I.1. Other non-current financial assets	130,520	122,031
I. Non-current financial liabilities	(312,190)	(378,462)
<i>of which lease liabilities</i>	(84,202)	(77,618)
J. Debt instruments	(193,581)	(214,617)
K. Trade payables and other non-current liabilities	-	-
L. Non-current net financial liabilities (I + I.1+ J + K)	(375,251)	(471,048)
M. Total financial liabilities (H + L)	636,159	663,263
<i>Fair value of derivatives and other financial non-bank assets/liabilities</i>	7,076	(663)
Total net financial position	643,235	662,600

Details of the net financial position are shown in accordance with ESMA Bulletin 32-382-1138, published on 4 March 2021, in implementation of EC Regulation 2017/1129.

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.

For more information on the fair value measurement of derivatives refer to note 42. Risk management.

The breakdown of related party financial receivables and payables is shown in Appendix n.3.

34. Employee benefits

These are made up as follows:

	31.12.2024	31.12.2023
Provision for severance indemnities	12,170	7,988
Defined benefit plans	22,671	21,659
Other long term benefits	28,356	21,394
Total	63,197	51,041

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	2024	2023	Change
Current service cost	927	378	549
Interest cost on defined benefit obligation	385	66	319
Total	1,312	444	868

Change in present value of obligations	31.12.2024	31.12.2023	Change
Present value at 1 January	7,988	8,040	(52)
Current service cost	927	378	549
Utilization of provision	(1,296)	(643)	(653)
Interest cost on obligation	385	66	319
Changes in consolidation area	4,188	-	4,188
Translation differences	2	-	2
Actuarial gains & losses recognized in the comprehensive income statement	(24)	147	(171)
Present value at reporting date	12,170	7,988	4,182

Defined benefit plans:

Movements in the year are as follows:

Net cost charged to income	2024	2023	Change
Current service cost	2,618	1,435	1,183
Return on plan assets	(253)	(285)	32
Interest cost on obligation	842	766	76
Total	3,207	1,916	1,291

Change in present value of obligations	31.12.2024	31.12.2023	Change
Present value at 1 January	21,659	17,768	3,891
Net cost charged to income	3,207	1,916	1,291
Benefits paid and other movements	(3,366)	(1,501)	(1,865)
Changes in consolidation area	496	-	496
Translation differences	(10)	(178)	168
Actuarial gains & losses recognized in the comprehensive income statement	685	3,654	(2,969)
Present value at reporting date	22,671	21,659	1,012

The outstanding liability at 31 December 2024 of €22,671 thousand (€21,659 thousand at 31 December 2023) refers to a few subsidiaries (mainly in Germany, Japan and Swiss).

The assumptions used for determining the obligations under the plans described are as follows:

Assumptions used	Severance indemnity 2024	Severance indemnity 2023	Other plans 2024	Other plans 2023
Discount rate	3.2%-3.35%	3.20%	1.5%-3.5%	1.25%-3.6%
Future salary increases	2.5%-3.0%	2.0%-3.0%	0.0%-3%	0.0%-3%
Inflation rate	2.00%	2.00%	1.25%-2%	0.0% - 2.1%

"Other long-term benefits" includes the incentive plans (Phantom Stock Plan) for personnel of newly acquired companies and the amount accrued in the reporting period for further incentive plans. These plans were approved by the Board of Directors for a limited number of the Group's key resources.

For more information, please refer to *Annual Report on Remuneration and Compensation Paid*.

35. Other provisions for non-current contingencies and charges

These are analyzed as follows:

	31.12.2024	31.12.2023
Agents' leaving indemnity provision	2,448	2,121
Product warranty provision	47,491	43,512
Provision for contingencies and other charges	25,060	26,244
Total	74,999	71,877

Movements are as follows:

	31.12.2023	Utilization	Net accrual	Translation difference and other movements	Changes in consolidation area	31.12.2024
Agents' leaving indemnity provision	2,121	(19)	346			2,448
Product warranty provision	43,512	(21,509)	24,420	708	360	47,491
Provision for contingencies and other charges	26,244	(2,959)	282	1,175	318	25,060
Total	71,877	(24,487)	25,048	1,883	678	74,999

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 31 December 2024. 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 €15,784 thousand (€15,965 thousand at 31 December 2023) for legal disputes and product complaint liabilities (limited to the Group's insurance deductible), the provision of €9,276 thousand (€10,278 thousand at 31 December 2023) for the provisions made by a few subsidiaries relating to commercial risks and other charges.

In the Annual Financial Report at 31 December 2023 it was declared that the French Competition Authority (the "FCA") notified a few Group companies of a complaint filed by the 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.

On 19 December 2024 the Group announced that the French Competition Authority (the "FCA") had completed an assessment of the alleged behaviors and concluded that De'Longhi had not violated anti-competitive regulations referred to in Law 420-1 of the French commercial code and 101, paragraph 1, TFUE and, consequently, was not subject to any sanctions.

36. 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.

The De'Longhi Group offered select suppliers the possibility of participating in a few Supply Chain Finance (SCF) programs. These programs help suppliers optimize financial management, reduce risk and support the growth of the commercial relationship. In these programs the bank acts as the agent. De'Longhi does not issue any guarantees in favor of the counterparty. The payment terms included in the commercial agreements between the Group and its suppliers are independent of the ability of the latter to participate in the SCF programs and obtain payment of their invoices before the due date, for a discounted amount agreed upon independently with the bank. The rate reflects the time value of money between the date of the discount and the due date of the invoices. The De'Longhi Group must pay its trade payables on the due date established at the time of invoicing.

As at 31 December 2024 the trade payables for which the vendors have already received the settlement represent an amount of around 25% of the total.

37. 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.

38. Other payables

These are analyzed as follows:

	31.12.2024	31.12.2023
Employees	74,174	58,644
Indirect taxes	34,512	40,192
Social security institutions	9,989	9,179
Withholdings payables	9,076	7,906
Advances	14,325	7,515
Other taxes	5,048	697
Other	22,852	13,164
Total	169,976	137,297

At 31 December 2024 the item does not include significant amounts due beyond 12 months.

39. Commitments

These are detailed as follows:

	31.12.2024	31.12.2023
Guarantees given to third parties	681	652
Other commitments	4,411	3,836
Total	5,092	4,487

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



40. IFRS 7 classification of financial assets and liabilities

Financial assets and liabilities are classified below in accordance with IFRS 7 using the categories identified in IFRS 9.

at 31 December 2024	Total	Assets		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
Non-current assets (*)				
Equity investments	53	-	53	-
Receivables	5,721	5,721	-	-
Other non-current financial assets	131,254	131,254	-	-
Current assets (**)				
Trade receivables	336,145	336,145	-	-
Current tax assets	11,341	11,341	-	-
Other receivables	52,659	52,659	-	-
Current financial receivables and assets	193,685	107,770	75,224	10,691
Cash and cash equivalents	1,019,711	1,019,711	-	-

at 31 December 2024	Total	Liabilities		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
Non-current liabilities (***)				
Bank loans and borrowings (long-term portion)	227,988	227,988	-	-
Other financial payables (long-term portion)	193,581	193,581	-	-
Current liabilities (****)				
Trade payables	873,139	873,139	-	-
Bank loans and borrowings (short-term portion)	94,246	94,246	-	-
Other financial payables (short-term portion)	75,617	66,094	3,373	6,150
Current tax liabilities	75,821	75,821	-	-
Other payables	169,976	169,976	-	-

(*) Interests in subsidiaries, associates and joint ventures are not included (IFRS 9 - 2.1 a).

(**) Advances for leasing contracts are not included (IFRS 9 - 2.1 b).

(***) Lease liabilities under IFRS 16 (IFRS 9-2.1b) are not included.

(****) Lease liabilities to which IFRS 16 Leases is applied (IFRS 9 - 2.1 b) are not included.

The value of financial assets/liabilities at amortized cost does not differ significantly from their fair value.

at 31 December 2023	Total	Assets		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
Non-current assets (*)				
Equity investments	51	-	51	-
Receivables	5,400	5,400	-	-
Other non-current financial assets	122,031	122,031	-	-
Current assets (**)				
Trade receivables	272,692	272,692	-	-
Current tax assets	20,244	20,244	-	-
Other receivables	43,695	43,695	-	-
Current financial receivables and assets	172,252	91,582	76,066	4,604
Cash and cash equivalents	1,250,198	1,250,198	-	-

at 31 December 2023	Total	Liabilities		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
Non-current liabilities (***)				
Bank loans and borrowings (long-term portion)	300,844	300,844	-	-
Other financial payables (long-term portion)	214,617	214,617	-	-
Current liabilities (****)				
Trade payables	716,238	716,238	-	-
Bank loans and borrowings (short-term portion)	196,005	196,005	-	-
Other financial payables (short-term portion)	72,012	58,842	9,544	3,626
Current tax liabilities	70,571	70,571	-	-
Other payables	137,297	137,297	-	-

(*) Interests in subsidiaries, associates and joint ventures are not included (*IFRS 9 - 2.1 a*).

(**) Advances for leasing contracts are not included (*IFRS 9 - 2.1 b*).

(***) Lease liabilities under *IFRS 16 (IFRS 9-2.1b)* are not included.

(****) Lease liabilities to which *IFRS 16 Leases* is applied (*IFRS 9 - 2.1 b*) are not included.

The value of financial assets/liabilities at amortized cost does not differ significantly from their fair value.

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 31 December 2024. 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	-	15,400	-
Derivatives with negative fair value	-	(9,523)	-
Other current financial assets and investment measured at fair value	53	70,515	-

There were no transfers between the levels during the 2024.

42. Risk management

The Group is exposed to the following financial risks as part of its normal business activity:

- credit risk, arising from commercial activities and from the investment of surplus cash;
- liquidity risk, arising from the need to have adequate access to capital markets and sources of finance to fund its operations, investment activities and the settlement of financial liabilities;
- exchange rate risk, associated with the significant amount of purchases and sales in currencies other than the Group's functional currency;
- interest rate risk, relating to the cost of the Group's debt.

Credit risk

Credit risk consists of the Group's exposure to potential losses arising from failure by a counterparty to fulfill its obligations.

Trade credit risk is associated with the normal conduct of trade and is monitored using formal procedures for selecting and assessing customers, for defining credit limits, for monitoring expected receipts and for their recovery if necessary.

Credit risk is mitigated by insurance policies with major insurers, with the aim of insuring against

the risk of default by punctually performing a selection of a portfolio of customers together with the insurer, who then undertakes to pay an indemnity in the event of default.

Although there is a certain concentration of risk associated with the size of some of the principal buying groups, this is counterbalanced by the fact that the exposure is spread across counterparties operating in different geographical areas.

Positions are written down when there is objective evidence that they will be partially or entirely uncollected; such writedowns are based on past data and information about the counterparty's solvency, taking account of insurance and any other guarantees as described above.

The Group's maximum exposure to credit risk is equal to the book value of trade receivables before the allowance for doubtful accounts, and amounts to €344,494 thousand at 31 December 2024 and €283,483 thousand at 31 December 2023.

This amount corresponds to the gross balance of trade receivables of €403,769 thousand at 31 December 2024 (€348,374 thousand at 31 December 2023), net of deductions and accounting offsets, which reduce the overall credit risk, mainly in the form of credit notes and other documents not yet issued to customers.

The following analysis of credit risk, carried out on the basis of receivables ageing and the reports used for credit management, refers to the trade balances before these deductions because the documents still to be issued cannot be specifically allocated to the ageing categories.

Trade receivables of €403,769 thousand at 31 December 2024 comprise €396,227 thousand in current balances and €7,541 thousand in past due amounts, of which €9,527 thousand past due within 90 days and a negative balance of €1,986 thousand past due by more than 90 days related to still open commercial deductions.

The amount of insured or guaranteed receivables at 31 December 2024 is €287,537 thousand.

The Group has recognized €8,349 thousand in allowances for doubtful accounts against unguaranteed receivables of €116,231 thousand.

Trade receivables of €348,374 thousand at 31 December 2023 comprise €306,507 thousand in current balances and €41,867 thousand in past due amounts, of which €38,381 thousand past due within 90 days and €3,846 thousand past due by more than 90 days.

The amount of insured or guaranteed receivables at 31 December 2023 is €249,284 thousand.

The Group has recognized €10,791 thousand in allowances for doubtful accounts against unguaranteed receivables of €99,090 thousand.

As far as financial risk is concerned, it is the Group's policy to maintain a sufficiently large portfolio of counterparties of high international repute for the purposes of temporary investment of surplus resources or for the negotiation of derivatives.

The maximum credit risk in the event of counterparty default relating to the Group's other financial assets, whose classification is presented in note 40. *IFRS 7 classification of financial assets and liabilities*, is equal to the book value of these assets.

Liquidity risk

Liquidity risk is the risk of not having the fund needed to fulfil payment obligations arising from operating and investment activities and from the maturity of financial instruments.

The Group uses specific policies and procedures for the purposes of monitoring and managing this risk, including:

- centralized management of financial payables and cash, supported by reporting and information systems and, where possible, cash pooling arrangements;
- raising of medium and long-term finance on capital markets;
- diversification of the type of financing instruments used;
- obtaining of short-term credit lines so as to ensure wide room for manoeuvre for the purposes of managing working capital and cash flows;
- monitoring of current and forecast financing needs and distribution within the Group.

The Group has both medium-term bank credit lines (related to the loans disclosed in this Financial Statements) and short-term credit lines (typically renewed on an annual basis), for financing working capital and other operating needs (issue of guarantees, currency transactions etc.).

These credit lines, along with the significant present funds and the cash flow generated by operations, are considered sufficient to satisfy the Group's annual funding requirements for working capital, investments and settlement of payables on their natural due dates.

Note 40. *IFRS 7 classification of financial assets and liabilities* presents the book value of financial assets and liabilities, in accordance with the categories identified by IFRS 9.

The following table summarizes the due dates of the Group's financial liabilities at 31 December 2024 and 31 December 2023 on the basis of contractual payments which have not been discounted.

	Undiscounted cash flows at 31.12.2024	Payable within one year	Payable in 1-5 years	Payable in more than five years	Undiscounted cash flows at 31.12.2023	Payable within one year	Payable in 1-5 years	Payable in more than five years
Bank loans and borrowings (*)	336,693	102,041	234,499	152	533,142	212,458	320,684	-
Other financial payables (**)	290,828	78,291	51,032	161,505	311,281	75,049	72,957	163,275
Trade payables	873,139	873,139	-	-	716,238	716,238	-	-
Current tax payables and other payables	245,797	245,795	1	-	207,868	207,860	9	-

(*) The corresponding balance reported in the financial statements was €322,234 thousand at 31 December 2024 vs. €496,849 thousand at 31 December 2023 and refers to medium/long and short term bank debt.

(**) The corresponding balance in the accounts is €269,198 at 31 December 2024 and €286,629 at 31 December 2023 and refers to long-term payables comprehensive of their short-term portion of the private placement.

With regard to lease liabilities in accordance with IFRS 16, please refer to Note 15. Leases.



Exchange rate risk

In carrying on its business, the Group is exposed to the risk of fluctuations in currencies (other than its functional one) in which ordinary trade and financial transactions are denominated. For the purposes of protecting its income statement and statement of financial position from such fluctuations, the Group adopts a suitable hedging policy that eschews speculative ends.

Hedging policies

Hedging is carried out centrally by a special team on the basis of information obtained from a detailed reporting system, using instruments and policies that comply with international accounting standards. The purpose of hedging is to protect - at individual company level - the future revenues/costs contained in budgets and/or long-term plans, trade and financial receivables/payables and net investments in foreign operations.

Purpose of hedging

Hedging is carried out with three goals:

- a) to hedge cash flows of budgeted or planned amounts up until the time of invoicing, with a time horizon that doesn't go beyond 24 months;
- b) to hedge the monetary amounts of receivables and payables originating from invoicing and financing transactions.

The principal currencies to which the Group is exposed are:

- the US dollar (mainly the EUR/USD and GBP/USD), being the currency in which a significant part of the cost of raw materials, parts and finished products as well as sales flows relative to the American market and MEIA are expressed;
- the Japanese yen (JPY/HKD), for sales on the Japanese market;
- the Australian dollar (AUD/HKD) for sales on the Australian market;
- the Czech koruna and the Polish Zloty, for sales on the East Europe market;
- the British Pound (EUR/GBP), for sales on the UK market;
- the Renminbi (CNY/HKD) for the cost of raw materials, parts and finished products.

Instruments used

Highly liquid instruments of a non-speculative nature are used, mostly forward purchase/sale agreements.

The transactions are entered into with primary, well known counterparties of international standing and using methods which allow for best practice execution for each transaction.

Operating structure

Hedging activity is centralized (except for isolated, negligible cases) under De' Longhi Capital Services S.r.l., a Group company, which intervenes on the markets on the basis of information received from the individual operating companies. The terms and conditions thus negotiated are passed down in full to Group companies so that De' Longhi Capital Services S.r.l. does not directly carry derivatives for risks that are not its own.

Sensitivity analysis

When assessing the potential impact, in terms of change in fair value, of a hypothetical, sudden +/-5% change in year-end exchange rates, it is necessary to distinguish between the risk associated with expected future revenues/costs and the risk associated with foreign currency assets and liabilities at 31 December 2024:

- a) with regard to the risk connected to future flows (revenues/costs forecast in the budget and/or multi-year plans), at 31 December 2024 the fair value of the relative hedges were recognized in net equity in accordance with IAS standards as described in the section *Accounting standards - Financial instruments* found in these Explanatory Notes; a change of +/- 5% in the year-end exchange rates of the exposed currency is estimated to produce a change of +/- €1.3 million before tax (+/- €2.1 million before tax at 31 December 2023). This figure would impact the income statement solely in the year in which the hedged revenues/costs materialize;
- b) as for the risk associated with foreign currency assets and liabilities, the analysis considers only unhedged receivables/payables in currencies other than the functional currency of the individual companies, since the impact of any hedges is assumed to be equal and opposite to that of the hedged items. A +/- 5% change in year-end exchange rates of the principal exposed currencies (mainly the USD and the Renminbi) against the principal functional currencies would produce a change in fair value of around +/- €1.3 million before tax (+/- €1.2 million before tax at 31 December 2023).

The hedging transactions at 31 December 2024 are described in the paragraph *"Interest rate and currency exchange hedges at 31 December 2024"*.

Interest rate risk

The Group is exposed to interest rate risk on floating rate loans and borrowings. This risk is managed centrally by the same team that manages currency risks.

The bonds are fixed rate, while the remainder of the Group's financial debt at 31 December 2024 was floating rate.

The purpose of interest rate risk management is to fix in advance the maximum cost (in terms of the interbank rate, which represents the benchmark for these borrowings) for a part of the financial debt.

Sensitivity analysis

When estimating the potential impact of a hypothetical, sudden material change in interest rates (+/- 1% in market rates) on the cost of the Group's debt, only those items forming part of net financial position which earn/incur interest at floating rates have been considered and not any others (meaning total net assets of €727.0 million on a total of €643.2 million in net debt at 31 December 2024 and total net assets of €636.4 million on a total of €662.6 million in net debt in 2023).

It is estimated that a +/- 1% change in interest rates would have an impact of +/- €7,3 million before tax at 31 December 2024 recognized entirely in the income statement (+/- €6,4 million before tax at 31 December 2023).

Interest rate and currency exchange hedges at 31 December 2024

At 31 December 2024 the Group has a number of derivatives, hedging both the fair value of underlying instruments and exposure to changes in cash flow.

For accounting purposes, derivatives that hedge expected future cash flow are treated in accordance with hedge accounting as called for in IFRS 9.

Derivatives that hedge foreign currency payables and receivables are reported with changes in their fair value reported in the income statement. These instruments offset the risk on the hedged item (which is a recognized asset or liability).

The fair value of the outstanding derivatives at 31 December 2024 is provided below:

	Fair Value at 31/12/2024
FX forward agreements	1,335
Derivatives hedging foreign currency receivables/payables	1,335
FX forward agreements	4,547
Interest forward agreements	(5)
Derivatives covering expected cash flows	4,542
Total fair value of the derivatives	5,877

Forward agreements to hedge against a change in trade flows:

A list of the forward agreements hedging a change in 2025 trade flows at 31 December 2024:

Currency	Notional amount (in thousands)			Fair value (€/000)	
	Purchases	Sales	Total	Current assets	Current Liabilities
EUR/CHF*	-	23,300	23,300	97	(241)
EUR*/RON	-	72,000	72,000	276	(263)
EUR/USD*	(110)	20,110	20,000	7	(281)
EUR/AUD*	-	11,000	11,000	199	-
EUR/CNY*	-	65,600	65,600	-	(100)
EUR/THB*	-	71,700	71,700	-	(25)
EUR/NZD*	-	1,080	1,080	20	-
EUR/PLN*	-	65,000	65,000	-	(96)
EUR/GBP*	-	16,000	16,000	3	(180)
USD/CAD*	-	28,000	28,000	1,306	-
HKD/CNY*	(1,030,000)	-	(1,030,000)	-	(4,959)
AUD*/HKD	-	69,000	69,000	3,994	-
HKD/JPY*	-	4,350,000	4,350,000	3,017	-
HKD/KRW*	-	12,000,000	12,000,000	762	-
USD*/GBP	(31,800)	-	(31,800)	1,011	-
				10,692	(6,145)

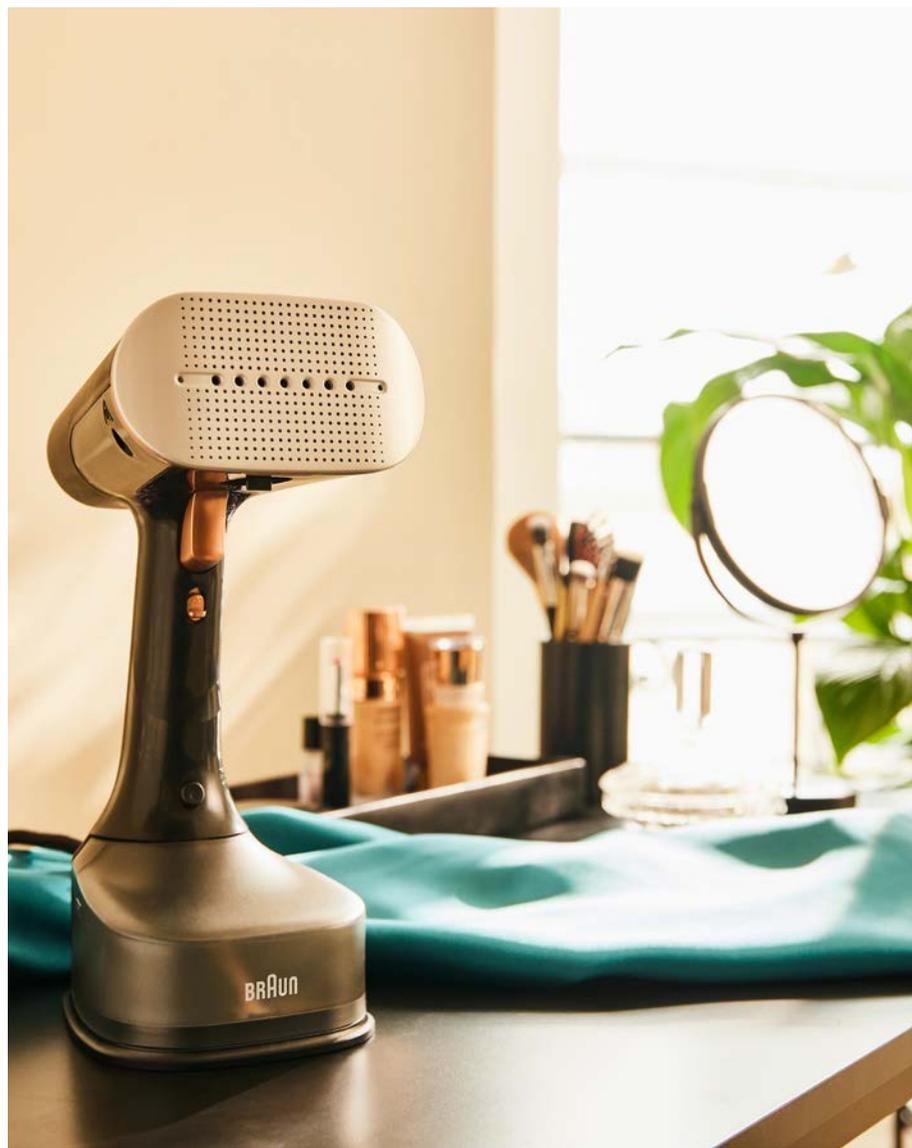
* Risk currency

The cash flow hedge reserve recognized for these hedges was positive for €4,645 thousand at 31 December 2024, after tax of €1,172 thousand (at 31 December 2023 this same reserve was negative for €956 thousand, after tax of €229 thousand).

During 2024 the Group reversed to the income statement a net amount of €956 thousand from the negative cash flow hedge reserve at 31 December 2023.

This amount was reported in the following lines of the income statement:

	2024	2023
Increase (reduction) in revenues	(1,473)	(1,267)
(Increase) reduction in materials consumed	268	(1,229)
Net financial income (expenses)	20	-
Taxes	229	315
Total recognized in income statement	(956)	(2,181)



Hedges against foreign currency receivables and payables:

Currency	Notional amount (in thousands)			Fair value (in €/000)	
	Purchases	Sales	Total	Current assets	Current Liabilities
AUD*/HKD	(38,400)	63,890	25,490	1,026	(518)
AUD/NZD*	-	8,230	8,230	15	-
EUR*/CHF	(150)	-	(150)	1	-
EUR/AUD*	(350)	3,100	2,750	29	-
EUR/CHF*	(37,070)	19,860	(17,210)	127	(251)
EUR/CZK*	(250,000)	409,390	159,390	64	(8)
EUR/GBP*	(43,890)	15,130	(28,760)	56	(29)
EUR*/GBP	-	3,230	3,230	2	-
EUR/HKD*	(2,850)	900	(1,950)	4	(1)
EUR*/HKD	(6,200)	-	(6,200)	-	(73)
EUR/HUF*	(1,665,000)	2,335,000	670,000	28	(21)
EUR/JPY*	(10,000)	15,700	5,700	1	-
EUR/MXN*	(43,800)	-	(43,800)	-	(31)
EUR/PLN*	(352,970)	213,820	(139,150)	63	(69)
EUR/RON*	(116,800)	3,500	(113,300)	30	(2)
EUR*/RON	(38,080)	6,500	31,580	56	(51)
EUR/RUB*	-	1,588,000	1,588,000	-	(685)
EUR/SEK*	(95,890)	81,300	(14,590)	6	(9)
EUR/USD*	(739,500)	118,860	(620,640)	1,372	(409)
EUR*/USD	(280,000)	-	(280,000)	-	(585)
GBP*/CHF	(1,720)	-	(1,720)	13	-
GBP/USD*	(7,970)	10,300	2,330	76	(124)
HKD/CNH*	(563,880)	-	(563,880)	-	(280)
HKD/JPY*	-	3,140,540	3,140,540	420	-
HKD/KRW*	(2,000,000)	7,850,000	5,850,000	155	(25)
HKD/MXN*	-	125,655	125,655	144	-
USD/MXN*	-	169,110	169,110	184	-
SGD*/HKD	(10,631)	-	(10,631)	-	(87)
USD/CAD*	(6,000)	35,430	29,430	245	(6)
USD*/CHF	-	6,130	6,130	-	(93)
CHF*/RON	(725)	-	(725)	-	(3)
USD*/RON	(16,040)	-	(16,040)	119	-
USD/ZAR*	(18,000)	169,450	151,450	473	(14)
				4,709	(3,374)

* Risk currency

IRS (Interest Rate Swap) hedging interest rate risk on loans:

Derivatives are evaluated at fair value; at 31 December 2024 the fair value of the derivatives, which also takes into account counterparty risk in accordance with *IFRS 13 - Fair Value measurement*, came to a negative €5 thousand which is recognized under other financial payables.

Details are as follows (the figures are shown before tax):

	31/12/2024	
	Notional amount (in €/000)	Fair value (in €/000)
Interest Rate Swap (IRS) connected to the loan	3,125	(5)
Total fair value of the derivatives		(5)
<i>of which:</i>		
<i>negative short-term fair value</i>		(5)

During 2024 the Group reversed to the income statement a net amount of €1,215 thousand from the positive cash flow hedge reserve at 31 December 2023.

43. 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 intercompany transactions, 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 target audit was carried out by the Veneto Regional Office of the Revenue Service and the report of the findings was delivered on 27 June 2023.

Between 23 November 2023 and 5 December 2023, the company received requests for appearances, issued relative to IRES and IRAP for 2017, 2018 and 2019, which were followed by meetings with the Veneto Regional Office of the Revenue Service and, on 21 March 2024, notice of the findings was received.

On 20 May 2024 the Company filed its appeal and request to void the findings relative to 2017, 2018 and 2019 with the first-degree tax court of Venice and, subsequently, the Revenue Service filed its opposing statement.

In December 2024, the company was notified of investigations relating to 2020 IRES and IRAP and on 7 and 13 February 2025 these were appealed and requests to void any findings were submitted.

When preparing the 2024 consolidated annual report, the Group, together with its tax consultants, assessed the risk that the investigation would move forward, taking into account the arguments that could be made to support its conduct and any charges coming from recourse actions.

44. 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.

45. Operating segments

As a result of the Eversys/La Marzocco business combination, the Group's organizational structure and governance were changed due to the identification of two new operating segments which qualify as such under IFRS 8. These are the Household and Professional divisions, each of which generate revenues and costs (including the revenues and costs relating to transactions with other Group entities) and their operating results are examined periodically by top management. The Group's activities have been divided between the two divisions based on relevancy.

Information relating to operating segments is presented below:

Income Statement data

2024	HOUSEHOLD	PROFESSIONAL	Intersegment eliminations (**)	Total
Total revenues (*)	3,166,128	334,730	(3,303)	3,497,555
EBITDA before non-recurring/stock option costs (***)	487,603	72,155	(1)	559,757
EBIT				430,801
Profit (loss) before taxes				429,374
Taxes				(104,424)
Profit (loss) for the year				324,950
Profit (loss) pertaining to minority				14,213
Profit (loss) pertaining to Group				310,737

Data from statement of financial position

31 December 2024	HOUSEHOLD	PROFESSIONAL	Intersegment eliminations (**)	Total
Total assets	3,382,823	980,299	(26,996)	4,336,126
Total liabilities	(1,899,528)	(199,201)	26,996	(2,071,733)

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

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

(***) The 'EBITDA before non-recurring/stock option costs' is calculated excluding non recurring items and cost of the stock option plans, consistently with values presented in the report on operations, to which refer for further information.

As stated in paragraphs 29 and 30 of IFRS 8, if it is not possible to provide comparison figures based on the newly defined segments, the segment information for the current year and 2023, based on the former configuration of the segments, which called for a breakdown of activities based on geographic location, should also be reported.

In this configuration each segment has transversal competencies relative to all the Group's brands and serves different markets; the revenues and margins for each operating segment (by geographic area of activity), therefore, do not coincide with the revenues and margins of the relative markets (by geographic destination) as a few Group companies make sales outside their geographic areas and intercompany transactions do not have a destination market.

The information by operating segment defined based on geographic location of the activities is provided below:

Income Statement data

2024	Europe	Americas/ APA	MEIA	Intersegment eliminations (**)	Total
Total revenues (*)	2,678,198	1,632,197	166,550	(979,390)	3,497,555
EBITDA	327,657	207,400	14,019	(653)	548,423
Amortization	(80,908)	(36,466)	(248)		(117,622)
EBIT	246,749	170,934	13,771	(653)	430,801
Net financial income (expenses)					(1,427)
Profit (loss) before taxes					429,374
Taxes					(104,424)
Profit (loss) for the year					324,950
Profit (loss) pertaining to minority					14,213
Profit (loss) pertaining to Group					310,737

Data from statement of financial position

31 December 2024	Europe	Americas/ APA	MEIA	Intersegment eliminations (**)	Total
Total assets	3,293,807	2,191,135	107,680	(1,256,496)	4,336,126
Total liabilities	(2,373,443)	(900,486)	(54,295)	1,256,491	(2,071,733)

Income Statement data

2023	Europe	Americas/ APA	MEIA	Intersegment eliminations (**)	Total
Total revenues (*)	2,278,490	1,506,963	159,126	(868,675)	3,075,904
EBITDA	280,966	142,360	14,820	(327)	437,819
Amortization	(76,029)	(31,921)	(241)	-	(108,191)
EBIT	204,937	110,439	14,579	(327)	329,628
Net financial income (expenses)					(2,330)
Profit (loss) before taxes					327,298
Taxes					(76,886)
Profit (loss) for the year					250,412
Profit (loss) pertaining to minority					35
Profit (loss) pertaining to Group					250,377

Data from statement of financial position

31 December 2023	Europe	Americas/ APA	MEIA	Intersegment eliminations (**)	Total
Total assets	3,256,416	1,440,959	85,952	(970,899)	3,812,428
Total liabilities	(2,190,713)	(744,695)	(36,782)	970,901	(2,001,289)

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

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

03



46. Subsequent events

After 31 December 2024 through the date on which this annual report was approved, no events occurred that would have had a significant impact on the financial and economic results recorded, as per IAS 10 - Events after the reporting period.

Treviso, 14 March 2025

De' Longhi S.p.A.

Vice President and Chief Executive Officer

Fabio de' Longhi

03

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS

Appendices





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) Fees paid to the external auditors
- 5) Certification of the consolidated financial statements pursuant to art. 81-ter of CONSOB Regulation 11971 dated 14 May 1999 and subsequent amendments and additions.
- 6) Certification of the Sustainability Report pursuant to art. 81-ter, first paragraph, of CONSOB Regulation 11971 dated 14 May 1999, and subsequent amendments and additions.

APPENDIX 1

List of consolidated companies

Company name	Registered office	Currency	Share capital (1)	Interest held at 31/12/2024	
				Directly	Indirectly
DE'LONGHI APPLIANCES S.R.L.	Treviso	EUR	200,000,000	100.0%	
DE'LONGHI AMERICA INC.	Upper Saddle River	USD	600,000		100.0%
DE'LONGHI FRANCE SAS	Clichy	EUR	2,737,500		100.0%
DE'LONGHI CANADA INC.	Brampton	CAD	1		100.0%
DE'LONGHI DEUTSCHLAND GMBH	Neu-Isenburg	EUR	2,100,000	100.0%	
DE'LONGHI BRAUN HOUSEHOLD GMBH	Neu-Isenburg	EUR	100,000		100.0%
DE'LONGHI ELECTRODOMESTICOS ESPANA S.L.	Barcellona	EUR	3,066		100.0%
DE'LONGHI CAPITAL SERVICES S.R.L. (2)	Treviso	EUR	53,000,000	11.3%	88.7%
E- SERVICES S.R.L.	Treviso	EUR	50,000	100.0%	
DE'LONGHI KENWOOD A.P.A. LTD	Hong Kong	HKD	73,010,000		100.0%
TRICOM INDUSTRIAL COMPANY LIMITED	Hong Kong	HKD	171,500,000		100.0%
PROMISED SUCCESS LIMITED	Hong Kong	HKD	28,000,000		100.0%
ON SHIU (ZHONGSHAN) ELECTRICAL APPLIANCE CO.LTD.	Zhongshan City	CNY	USD 21,200,000		100.0%
DE'LONGHI-KENWOOD APPLIANCES (DONG GUAN) CO.LTD.	Qing Xi Town	CNY	HKD 285,000,000		100.0%
DE LONGHI BENELUX S.A.	Luxembourg	EUR	101,342,720	100.0%	
DE'LONGHI JAPAN CORPORATION	Tokyo	JPY	450,000,000		100.0%
DE'LONGHI AUSTRALIA PTY LTD.	Prestons	AUD	28,800,001		100.0%
DE'LONGHI NEW ZEALAND LTD. (3)	Auckland	NZD	16,007,143		100.0%
DE'LONGHI LLC	Mosca	RUB	3,944,820,000		100.0%
KENWOOD APPLIANCES LTD.	Havant	GBP	30,586,001		100.0%
KENWOOD LIMITED	Havant	GBP	26,550,000		100.0%
KENWOOD INTERNATIONAL LTD.	Havant	GBP	20,000,000		100.0%
KENWOOD APPL. (SINGAPORE) PTE LTD.	Singapore	SGD	500,000		100.0%
KENWOOD APPL. (MALAYSIA) SDN.BHD.	Subang Jaya	MYR	1,000,000		100.0%
DE'LONGHI-KENWOOD GMBH	Wr Neudorf	EUR	36,336	100.0%	
DELONGHI SOUTH AFRICA PTY.LTD.	Constantia Kloof	ZAR	100,332,500		100.0%
DE'LONGHI KENWOOD HELLAS SINGLE MEMBER S.A.	Atene	EUR	452,520		100.0%

03

Company name	Registered office	Currency	Share capital (1)	Interest held at 31/12/2024	
				Directly	Indirectly
DE'LONGHI PORTUGAL UNIPessoal LDA	Matosinhos	EUR	5,000		100.0%
ARIETE DEUTSCHLAND GMBH	Dusseldorf	EUR	25,000		100.0%
CLIM.RE. S.A.	Luxembourg	EUR	1,239,468	4.0%	96.0%
ELLE S.R.L.	Treviso	EUR	10,000		100.0%
TASFIYE HALINDE DE'LONGHI BOSPHORUS EV ALETLERI TICARET ANONIM SIRKETI	Istanbul	TRY	3,500,000		100.0%
DE'LONGHI PRAGA S.R.O.	Praga	CZK	200,000		100.0%
DE'LONGHI SWITZERLAND AG	Baar	CHF	1,000,000		100.0%
DL HRVATSKA D.O.O.	Zagabria	EUR	HRK 20,000		100.0%
DE'LONGHI BRASIL - COMÉRCIO E IMPORTAÇÃO Ltda	São Paulo	BRL	43,857,581		100.0%
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		100.0%
DE'LONGHI UKRAINE LLC	Kiev	UAH	549,843		100.0%
DE'LONGHI KENWOOD MEIA F.ZE	Dubai	USD	AED 2,000,000		100.0%
DE'LONGHI ROMANIA S.R.L.	Cluj-Napoca	RON	140,000,000	10.0%	90.0%
DE'LONGHI KOREA LTD	Seoul	KRW	900,000,000		100.0%
DL CHILE S.A.	Santiago del Cile	CLP	3,079,065,844		100.0%
DE'LONGHI SCANDINAVIA AB	Stockholm	SEK	5,000,000		100.0%
DELONGHI MEXICO SA DE CV	Bosques de las Lomas	MXN	53,076,000		100.0%
DE'LONGHI APPLIANCES (SHANGHAI) CO. LTD	Shanghai	CNY	USD 14,245,000		100.0%
DE' LONGHI MAGYARORSZÁG KFT.	Budapest	HUF	34,615,000		100.0%
DE' LONGHI US HOLDING LLC	Wilmington	USD	50,100,000		100.0%
DE LONGHI LLP	Almaty	KZT	500,000		100.0%
DE LONGHI BENELUX II S.àr.l.	Luxembourg	CHF	76,272,000	100.0%	
LA MARZOCCO, EVERSYS & CO S.àr.l.	Luxembourg	EUR	112,979,231		69.9%
I DUE LEONI S.R.L.	Milano	EUR	10,000		69.9%
THE TWO LIONS INDUSTRIES CORP.	Dover	USD	10,000		69.9%

Company name	Registered office	Currency	Share capital (1)	Interest held at 31/12/2024	
				Directly	Indirectly
BRUNO INTERNATIONAL HoldCo LLC	Wilmington	USD	1		61.5%
BRUNO U.S. HoldCo LLC	Wilmington	USD	1		61.5%
EVERSYS S.A.	Sierre	CHF	2,500,000		61.5%
EVERSYS INC	Toronto	USD	77		61.5%
EVERSYS INC DELAWARE	Wilmington	USD	200,000		61.5%
EVERSYS UK LIMITED	Crawley	GBP	70,000		61.5%
EVERSYS IRELAND LIMITED	Dublin	EUR	100		61.5%
EVERSYS DIGITRONICS AG	Münsingen	CHF	100,000		61.5%
ELLITEC GMBH	Stans	CHF	20,000		61.5%
LA MARZOCCO SRL	Firenze	EUR	52,000		59.1%
LA MARZOCCO INTERNATIONAL LLC	Seattle	USD	60,626,218		61.5%
LA MARZOCCO EXPERIENCE, LLC	Seattle	USD	-		61.5%
LMI BUILDING, LLC	Seattle	USD	-		61.5%
LA MARZOCCO USA LLC	Seattle	USD	-		61.5%
LA MARZOCCO AUSTRALASIA LIMITED	Auckland	NZD	-		61.5%
LA MARZOCCO AUSTRALASIA GP LTD	Abbotsford	AUD	1,000		61.5%
LA MARZOCCO AUSTRALASIA PTY LTD.	Abbotsford	AUD	993,015		61.5%
LA MARZOCCO UK LIMITED	Londra	GBP	100		61.5%
LA MARZOCCO SPAIN SL	Barcelona	EUR	10,000		61.5%
LA MARZOCCO DEUTSCHALAND GMBH	Markgröningen	EUR	25,000		61.5%
LA MARZOCCO SHANGHAI CO. LTD	Shanghai	CNY	6,566,792		31.4%
ELECTRO SYSTEM SRL	Firenze	EUR	60,000		30.1%
BREWTECH PTY LTD	Kensington	AUD	100		36.9%
LA MARZOCCO MIDDLE EAST DMCC	Dubai	AED	50,000		59.1%
LA MARZOCCO SEA PTE LTD	Singapore	EUR	-		61.5%
LA MARZOCCO FRANCE SAS	Parigi	EUR	10,000		59.1%
LA MARZOCCO EQUIPMENT TRADING L.L.C (4)	Dubai	AED	200,000		61.5%

Company name	Registered office	Currency	Share capital (1)	Interest held at 31/12/2024	
				Directly	Indirectly
CAPITAL BRANDS HOLDINGS, INC.	Wilmington	USD	44		100.0%
CAPITAL BAY, LIMITED (3)	Hong Kong	USD	-		100.0%
CAPBRAN HOLDINGS, LLC	Los Angeles	USD	-		100.0%
CAPITAL BRANDS, LLC	Los Angeles	USD	-		100.0%
CAPITAL BRANDS DISTRIBUTION, LLC	Los Angeles	USD	-		100.0%
BULLET BRANDS, LLC	Los Angeles	USD	-		100.0%
HOMELAND HOUSEWARES, LLC	Los Angeles	USD	-		100.0%
BABY BULLET, LLC	Los Angeles	USD	-		100.0%
NUTRIBULLET, LLC	Los Angeles	USD	-		100.0%
NUTRILIVING, LLC	Los Angeles	USD	-		100.0%

Investments valued in accordance with the equity method

Company name	Registered office	Currency	Share capital (1)	Interest held at 31/12/2024	
				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%
TCL-DE'LONGHI ELECTRICAL APPLIANCES HK CO. LIMITED	Hong Kong	HKD	USD 300,000		50%
NPE S.R.L.	Treviso	EUR	1,000,000		20%
H&T-NPE EAST EUROPE S.R.L.	Madaras	RON	14,707,600		20%
SONGWA ESTATE GMBH	Emmerich	EUR	45,000		20%

(1) Figures at 31 December 2024, 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) Share capital deliberated but not yet paid.

APPENDIX 2

Statement of consolidated cash flows in terms of net financial position

(€/000)	2024	2023
Net Result	324,950	250,412
Income taxes for the period	104,424	76,886
Amortization	117,622	108,191
Net change in provisions and other non-cash items	(4,389)	10,851
Cash flow generated by current operations (A)	542,607	446,340
Change in assets and liabilities for the period:		
Trade receivables	(39,908)	2,369
Inventories	(59,442)	34,553
Trade payables	115,363	186,920
Other changes in net working capital	26,965	11,741
Payment of income taxes	(99,203)	(97,555)
Cash flow generated (absorbed) by movements in working capital (B)	(56,225)	138,028
Cash flow generated by current operations and movements in working capital (A+B)	486,382	584,368
Investment activities:		
Investments in intangible assets	(17,841)	(18,670)
Other cash flows for intangible assets	-	-
Investments in property, plant and equipment	(85,637)	(76,632)
Other cash flows for property, plant and equipment	1,570	1,933
Investments in leased assets	(26,047)	(41,036)
Other cash flows for leased assets	552	949
Net investments in financial assets and in minority interest	(273)	1,147
Cash flow absorbed by ordinary investment activities (C)	(127,676)	(132,309)
Cash flow by operating activities (A+B+C)	358,706	452,059
Business combination La Marzocco (D)	(326,779)	-
Fair value and cash flow reserves	5,408	(614)
Change in currency translation reserve	39,255	(20,648)
Exercise of stock option	12,712	5,101
Dividends paid	(101,017)	(72,079)
Dividends paid to minority interests	(7,650)	-
Cash flows absorbed by changes net equity (E)	(51,292)	(88,240)
Cash flow for the period (A+B+C+D+E)	(19,365)	363,819
Opening net financial position	662,600	298,781
Cash flow for the period (A+B+C+D+E)	(19,365)	363,819
Consolidated closing net financial position	643,235	662,600

APPENDIX 3

Transactions and balances with related parties

(€/000)	2024	of which with related parties	2023	of which with related parties
Revenue from sales	3,445,635	398	3,043,086	691
Other revenues	51,920	984	32,818	722
Total consolidated revenues	3,497,555		3,075,904	
Raw and ancillary materials, consumables and goods	(1,515,164)	(30,231)	(1,301,454)	(34,455)
Change in inventories of finished products and work in progress	83,484		(23,588)	
Change in inventories of raw and ancillary materials, consumables and goods	(11,342)		(10,800)	
Materials consumed	(1,443,022)		(1,335,842)	
Payroll costs	(484,707)		(393,246)	
Services and other operating expenses	(996,252)	(685)	(885,207)	(694)
Provisions	(25,151)		(23,790)	
Amortization	(117,622)		(108,191)	
EBIT	430,801		329,628	
Net financial income (expenses)	(1,427)	(266)	(2,330)	(286)
PROFIT (LOSS) BEFORE TAXES	429,374		327,298	
Taxes	(104,424)		(76,886)	
CONSOLIDATED PROFIT (LOSS)	324,950		250,412	
Profit (loss) pertaining to minority	14,213		35	
CONSOLIDATED PROFIT (LOSS) AFTER TAXES	310,737		250,377	

APPENDIX 3

Transactions and balances with related parties

ASSETS (€/000)	31.12.2024	of which with related parties	31.12.2023	of which with related parties
NON-CURRENT ASSETS				
INTANGIBLE ASSETS	1,323,326		878,330	
- Goodwill	694,208		371,686	
- Other intangible assets	629,118		506,644	
PROPERTY, PLANT AND EQUIPMENT	560,606		477,981	
- Land, property, plant and machinery	300,339		226,757	
- Other tangible assets	152,312		154,799	
- Right of use assets	107,955		96,425	
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS	142,198		131,725	
- Equity investments	5,223		4,294	
- Receivables	5,721		5,400	
- Other non-current financial assets	131,254		122,031	
DEFERRED TAX ASSETS	74,177		60,413	
TOTAL NON-CURRENT ASSETS	2,100,307		1,548,449	
CURRENT ASSETS				
INVENTORIES	621,850		504,678	
TRADE RECEIVABLES	336,145	971	272,692	1,032
CURRENT TAX ASSETS	11,341		20,244	
OTHER RECEIVABLES	52,659	412	43,694	
CURRENT FINANCIAL RECEIVABLES AND ASSETS	194,113		172,472	
CASH AND CASH EQUIVALENTS	1,019,711		1,250,198	
TOTAL CURRENT ASSETS	2,235,819		2,263,978	
Non-current assets held for sale	-		-	
TOTAL ASSETS	4,336,126		3,812,427	

APPENDIX 3

Transactions and balances with related parties

NET EQUITY AND LIABILITIES (€/000)	31.12.2024	of which with related parties	31.12.2023	of which with related parties
NET EQUITY				
GROUP PORTION OF NET EQUITY	2,076,741		1,811,139	
- Share Capital	226,820		226,590	
- Reserves	1,539,184		1,334,172	
- Profit (loss) pertaining to the Group	310,737		250,377	
MINORITY INTEREST	187,652		-	
TOTAL NET EQUITY	2,264,393		1,811,139	
NON-CURRENT LIABILITIES				
FINANCIAL PAYABLES	505,771		593,079	
- Banks loans and borrowings (long-term portion)	227,988		300,844	
- Other financial payables (long-term portion)	193,581		214,617	
- Lease liabilities (long-term portion)	84,202	14,968	77,618	19,008
DEFERRED TAX LIABILITIES	112,758		72,164	
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES	138,196		122,918	
- Employee benefits	63,197		51,041	
- Other provisions	74,999		71,877	
TOTAL NON-CURRENT LIABILITIES	756,725		788,161	
CURRENT LIABILITIES				
TRADE PAYABLES	873,139	9,986	716,238	7,473
FINANCIAL PAYABLES	196,072		289,022	
- Banks loans and borrowings (short-term portion)	94,246		196,005	
- Other financial payables (short-term portion)	75,617	1,658	72,012	
- Lease liabilities (short-term portion)	26,209	4,154	21,005	4,076
CURRENT TAX LIABILITIES	75,821	37,242	70,571	26,115
OTHER PAYABLES	169,976		137,297	
TOTAL CURRENT LIABILITIES	1,315,008		1,213,128	
TOTAL NET EQUITY AND LIABILITIES	4,336,126		3,812,428	

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 2024 and related balances with mainly commercial nature at 31 December 2024:

(€/million)	Revenues	Costs	Financial Income (Expense)	Trade and other receivables	Trade and other payables	Financial payables - IFRS 16
Related companies:						
HeT-NPE EAST EUROPE SRL	-	2.2	-	-	1.5	-
TCL-De'Longhi Home Appliances (Zhongshan) Co.Ltd.	-	6.2	-	-	0.8	-
NPE S.r.l.	0.4	21.9	-	0.9	7.7	-
Gamma S.r.l.	0.9	0.6	(0.3)	0.5	-	19.1
De Longhi Industrial S.A.	-	-	-	-	37.2	1.7
Other related parties	0.1	-	-	-	-	-
TOTAL RELATED PARTIES	1.4	30.9	(0.3)	1.4	47.2	20.8

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. for the period 2022 - 2024. The €37.2 million included in tax payables is comprised of the taxes payable by the members of the tax group through De Longhi Industrial S.A..

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

APPENDIX 4

Fees paid to the external auditors Disclosure pursuant to art. 149-duodecies of the Consob Issuer Regulations

Type of service	Party performing the service	Recipient	Fees earned during the year
Auditing	PwC S.p.A.	De' Longhi S.p.A. (parent company)	407
	PwC S.p.A.	Italian subsidiaries	266
	Network of parent company auditor	Foreign subsidiaries	1,180
	Other auditors	Foreign subsidiaries	111
Other services	PwC S.p.A.	De' Longhi S.p.A. (parent company)	110
	Network of parent company auditor	De' Longhi S.p.A. (parent company)	130
	PwC S.p.A.	Italian subsidiaries	59
	Network of parent company auditor	Foreign subsidiaries	336

(Euro/000)

APPENDIX 5

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 2024.

- 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 31 dicembre 2024:

- 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



APPENDIX 6

Certification of the Sustainability Report pursuant to art. 81-ter, first paragraph, of CONSOB Regulation 11971 dated 14 May 1999 and subsequent amendments and additions

The undersigned Fabio de' Longhi, Chief Executive Officer, and Stefano Biella, Officer Responsible for Preparing the Financial Reports of De' Longhi S.p.A., certify, pursuant to art. 154-bis, paragraph 5-ter, of Decree 58 dated 24 February 1998, that the sustainability report included in the report on operations was prepared:

- a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and Council dated 26 June 2013, and Legislative Decree n. 125 of 6 September 2024;
- b) as specified in art. 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and Council dated 18 June 2020.

Fabio de' Longhi
Chief Executive Officer

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



03

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS

External auditors' report
on the consolidated
financial statement





Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of De' Longhi SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of De' Longhi Group (the Group), which comprise the statement of financial position as of 31 December 2024, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and explanatory notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of De' Longhi SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 Iserita 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** 40124 Via Luigi Carlo Farini 12 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

www.pwc.com/it



Key Audit Matters

Auditing procedures performed in response to key audit matters

Recoverability of the value of indefinite-lived intangible assets

Notes 11 and 12 to the consolidated financial statements

The consolidated financial statements of De' Longhi SpA include indefinite-lived intangible assets, which are not amortised but tested for impairment at least annually.

Indefinite-lived intangible assets comprise goodwill for Euro 694.2 million and trademarks for Euro 423.7 million; the latter comprise the "De' Longhi" trademark for Euro 79.8 million, a perpetual licence on the "Braun" brand for Euro 95.0 million, the "Nutribullet/Magic Bullet" trademark for Euro 127.6 million, the "Eversys" trademark for Euro 38.6 million and the "La Marzocco" trademark for Euro 81.8 million.

For the purpose of impairment testing, goodwill was allocated to the following cash-generating units ("CGUs"): De' Longhi, Kenwood, Braun, Capital Brands, Eversys and La Marzocco.

To estimate the recoverable amount of the individual CGUs, management calculated value in use using the discounted cash flow method: value in use is calculated as the sum of the present value of the future cash flows over the explicit forecast horizon and a terminal value obtained applying a long-term growth rate to the last year of the business plan. The recoverable amount of each CGU to which goodwill has been allocated was compared with the net invested capital of the individual CGUs.

Moreover, trademarks were tested for impairment. The method adopted for testing, in order to determine the fair values of these assets, consisted in discounting to present value the royalties that the Group would be able to earn by transferring the right to use the trademark in question to a third party on a permanent basis.

As part of our audit of the consolidated financial statements as of 31 December 2024, we performed the procedures illustrated below.

We obtained the exercises prepared by management to determine the recoverable amounts of the CGUs identified and trademarks. The impairment tests were approved by the board of directors on 14 March 2025.

Our audit approach was based on analysing the method used by the directors to prepare the tests and included the following procedures:

- we understood and evaluated the Group's internal control over the process of testing the recoverability of indefinite-lived assets;
- we analysed the reasonableness of management's considerations about the identification of the CGUs and the process of allocation of net assets to the individual CGUs;
- we analysed the estimated future cash flows from the CGUs to which goodwill was allocated and, with regard to trademarks, the royalty flows, which were used in the impairment test models, specifically verifying the reasonableness of the assumptions used, in light of the past results of individual CGUs and individual brands and comparing the growth rates used by management with external sources.



This method involves estimating the sales volumes that can reasonably be expected from the trademarks being tested, the royalty flows and the discount rate. The recoverable amounts thus obtained were compared with the carrying amounts of the trademarks.

In the course of our audit of the consolidated financial statements as of 31 December 2024, we focused on these items as a key audit matter in consideration of the magnitude of the balances and the fact that the assets' recoverability was verified by management based on assumptions that are sometime complex, and that by nature involve the use of management's judgement, specifically with reference to the estimation of the future cash flows expected to be generated from each CGU and of royalties from trademarks, and the determination of the long-term growth rates and discount rates applied.

With the support of business valuation experts from the PwC network, we verified that the valuation methods used for the impairment tests were consistent with the IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and with prevailing practice. The key valuation parameters adopted were analyzed in terms of reasonableness. We verified that the method of calculation of discount rates, royalty rates and determination of medium-long term growth rates, had been determined by the Group in accordance with IFRS Accounting Standards, with prevailing practice and based on available market figures. Moreover, we verified the sensitivity analyses prepared by management.

We verified the mathematical accuracy of the calculations of the impairment tests and of the carrying amounts of net invested capital of the CGUs identified, determined in accordance with IAS 36 as of 31 December 2024 that were used for comparison with values in use.

Finally, our procedures included an analysis of the notes to the consolidated financial statements to assess the adequacy and completeness of disclosures.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they



either intend to liquidate De' Longhi SpA or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;



- we obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 19 April 2018, the shareholders of De' Longhi SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.



Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) No. 2019/815

The directors of De' Longhi SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) No. 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements as of 31 December 2024, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements as of 31 December 2024 have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10 and with article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of De' Longhi SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of De' Longhi Group as of 31 December 2024, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements;
- express an opinion on the compliance with the law of the report on operations, excluding the section on the consolidated sustainability reporting, and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98;
- issue a statement on material misstatements, if any, in the report on operations and in the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are consistent with the consolidated financial statements of De' Longhi Group as of 31 December 2024.



Moreover, in our opinion, the report on operations, excluding the section on the consolidated sustainability reporting, and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Our opinion on compliance with the law does not extend to the section of the report on operations relating to the consolidated sustainability reporting. The conclusions on the compliance of that section with the rules governing its preparation and on compliance with the disclosure requirements established by article 8 of Regulation (EU) 2020/852 are expressed by ourselves in the report prepared in accordance with article 14-bis of Legislative Decree No. 39/10.

Treviso, 7 April 2025

PricewaterhouseCoopers SpA

Signed by

Filippo Zagagnin
(Partner)

As disclosed in "Contents" section, the accompanying consolidated financial statements of De' Longhi SpA constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) No. 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

03

GROUP ANNUAL REPORT AND FINANCIAL STATEMENTS

External auditors' report
on the Sustainability Report





Independent auditor's limited assurance report on the consolidated sustainability report

in accordance with article 14-bis of Legislative Decree No. 39 of 27 January 2010

To the shareholders of De' Longhi SpA

Conclusion

In accordance with articles 8 and 18, paragraph 1, of Legislative Decree No. 125 of 6 September 2024 (hereinafter also the "Decree"), we have undertaken a limited assurance engagement on the consolidated sustainability report of the De' Longhi Group (hereinafter also the "Group") for the year ended 31 December 2024 prepared in accordance with article 4 of the Decree, presented in the specific section of the consolidated report on operations.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability report of the De' Longhi Group for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the reporting criteria adopted by the European Commission pursuant to Directive (EU) 2013/34/UE (*European Sustainability Reporting Standards*, hereinafter also the "ESRS");
- the information set out in paragraph "The EU taxonomy" of the consolidated sustainability report is not prepared, in all material respects, in accordance with article 8 of Regulation (UE) No. 852 of 18 June 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under this Standard are further described in the *Auditor's Responsibilities for the Limited Assurance Conclusion on the Consolidated Sustainability Report* section of this report.

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** 40124 Via Luigi Carlo Farini 12 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

www.pwc.com/it



We are independent in accordance with the principles of ethics and independence applicable to assurance engagements on consolidated sustainability reporting under Italian law.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters - Comparative information

The consolidated sustainability report for the year ended 31 December 2024 contains, in the specific section “The EU taxonomy”, the comparative information referred to in article 8 of the Taxonomy Regulation in relation to the year ended 31 December 2023, which was not subjected to any assurance procedures.

Responsibilities of the directors and the board of statutory auditors of De’ Longhi SpA for the consolidated sustainability report

The directors are responsible for developing and implementing the procedures adopted to identify the information included in the consolidated sustainability report in accordance with the provisions of the ESRS (hereinafter the “materiality assessment process”) and for describing those procedures in the section “Description of the process to identify and assess material impacts, risks, and opportunities” of the consolidated sustainability report.

The directors are also responsible for preparing the consolidated sustainability report, which contains the information identified through the materiality assessment process, in accordance with the provisions of article 4 of the Decree, including:

- its compliance with the ESRS;
- its compliance with article 8 of the Taxonomy Regulation of the information set out in paragraph “The EU taxonomy”.

That responsibility involves designing, implementing and maintaining, in the terms prescribed by law, such internal control as they determine is necessary to enable the preparation of a consolidated sustainability report in accordance with article 4 of the Decree that is free from material misstatement, whether due to fraud or error. That responsibility also involves selecting and applying appropriate methods for processing the information, as well as developing hypotheses and estimates about specific items of sustainability information that are reasonable in the circumstances.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.



Inherent limitations in the preparation of the consolidated sustainability report

As reported in paragraph “Disclosures in relation to specific circumstances”, for the purpose of reporting forward-looking information in accordance with ESRS, the directors are required to prepare such information on the basis of assumptions, described in the consolidated Sustainability Report, about future events and possible future actions by the Group. Because of the uncertainty connected with any future event, in terms both of occurrence and of the extent and timing of occurrence, variances between actual results and forward-looking information may be significant.

As reported in paragraph “Disclosures in relation to specific circumstances”, the disclosure about Scope 3 emissions is subject to greater inherent limitations compared with Scope 1 and 2 emissions, because of the lower availability and accuracy of the information used to define both qualitative and quantitative information related to the value chain.

Auditor’s responsibilities for the limited assurance conclusion on the consolidated sustainability report

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that contains our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the consolidated sustainability report.

As part of our engagement designed to achieve limited assurance in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia), we exercised professional judgement and maintained professional scepticism throughout the engagement.

Our responsibilities include:

- Performing risk assessment procedures to identify the disclosures where a material misstatement, whether due to fraud or error, is likely to arise;
- Designing and performing procedures to verify the disclosures where a material misstatement is likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Directing, supervising and performing a limited assurance engagement on the consolidated sustainability report and assuming full responsibility for the conclusion on the consolidated sustainability report.



Summary of the work performed

An engagement designed to obtain limited assurance involves performing procedures to obtain evidence as a basis for our conclusion.

The procedures performed were based on our professional judgement and included inquiries, primarily of personnel of De' Longhi SpA responsible for the preparation of the information presented in the consolidated sustainability report, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

We performed the following main procedures:

- we understood the Group's business model and strategies, and the environment in which it operates with reference to sustainability issues;
- we understood the processes underlying the generation, collection and management of the qualitative and quantitative information included in the consolidated sustainability report;
- we understood the process implemented by the Group to identify and assess the material impacts, risks and opportunities, in accordance with the double materiality principle, related to sustainability issues and, based on the information thus obtained, we considered whether any contradictory items emerged that could point to the existence of sustainability issues not considered by the Company in the materiality assessment process;
- we identified the disclosures where a material misstatement is likely to arise;
- we defined and performed procedures, based on our professional judgement, to address the risks of material misstatement identified;
- we understood the process implemented by the Group to identify the eligible economic activities and to determine whether they are aligned in accordance with the provisions of the Taxonomy Regulation, and we verified the related disclosures in the consolidated sustainability report;
- we reconciled the information reported in the consolidated sustainability report with the information reported in the consolidated financial statements in accordance with the applicable financial reporting framework, or with the accounting information used for the preparation of the consolidated financial statements, or with management accounting information;
- we verified the structure and presentation of disclosures included in the consolidated sustainability report in accordance with the ESRS;
- we obtained management's representation letter.

Treviso, 7 Aprile 2025

PricewaterhouseCoopers SpA

Signed by

Filippo Zagagnin
(Partner)

This report has been translated from the Italian original solely for the convenience of international readers.

04

REPORT ON OPERATIONS ON SEPARATE FINANCIAL STATEMENTS



Review of the income statement

(€/million)	2024	% revenues	2023	% revenues
Revenues	17.9	100.0%	15.2	100.0%
<i>Change</i>	2.7	18.0%		
Materials consumed	(0.1)	(0.4%)	(0.1)	(0.4%)
Services and other operating expenses	(23.0)	(128.8%)	(18.9)	(124.4%)
Payroll	(18.8)	(105.2%)	(12.6)	(83.0%)
EBITDA before non-recurring/stock option costs	(24.0)	(134.4%)	(16.3)	(107.8%)
<i>Change</i>	(7.7)	47.0%		
Non-recurring expenses/stock option costs	(0.9)	(5.1%)	(6.0)	(39.3%)
EBITDA	(24.9)	(139.4%)	(22.3)	(147.1%)
Amortization	(0.5)	(2.6%)	(0.4)	(2.8%)
EBIT	(25.4)	(142.0%)	(22.7)	(149.9%)
<i>Change</i>	(2.7)	11.7%		
Dividends	289.2	1,617.8%	51.9	342.6%
Net financial income (expenses)	0.0	0.1%	4.0	26.7%
Profit (loss) before taxes	263.9	1,475.9%	33.2	219.3%
Taxes	5.8	32.4%	3.3	22.0%
Net Result	269.7	1,508.3%	36.6	241.3%

De' Longhi S.p.A, the parent of the De' Longhi Group, performs holding company activities involving the management and supply of centralized services to its subsidiaries. The income statement, therefore, reflects the dividends received from the subsidiaries, other chargebacks for services provided, as well as operating (payroll costs and the cost of services) and financial expenses.

In 2024 dividends amounted to €289.2 million (€51.9 million in 2023).

Net profit came to €269.7 million (€36.6 million in 2023).

Review of the statement of financial position

The reclassified statement of financial position is presented below:

(€/million)	31.12.2024	31.12.2023	Change	Change %
- Tangible and intangible assets	0.9	1.0	(0.1)	(13.3%)
- Financial assets	961.1	615.5	345.6	56.1%
- Deferred tax assets	0.6	-	0.6	100.0%
Non-current assets	962.5	616.5	346.0	56.1%
- Trade receivables	14.9	12.5	2.4	18.8%
- Trade payables	(7.7)	(11.7)	4.0	-33.9%
- Other receivables (net of payables)	(7.0)	4.6	(11.5)	-251.3%
Net working capital	0.2	5.4	(5.2)	(96.6%)
Total non-current liabilities and provisions	(0.8)	(9.5)	8.7	(91.5%)
Net capital employed	961.9	612.5	349.5	57.1%
Net financial position	218.2	54.9	163.3	297.6%
Total net equity	743.7	557.6	186.1	33.4%
Total net debt and equity	961.9	612.5	349.5	57.1%

The net financial position amounted to €218.2 million at 31 December 2024 (positive for €54.9 million at 31 December 2023), broken down as follows:

(€/million)	31.12.2024	31.12.2023	Change
Cash and cash equivalents	4.1	1.6	2.5
Other financial receivables	290.7	661.5	(370.7)
Current financial debt	(97.3)	(202.1)	104.8
Net current financial position	197.5	461.0	(263.5)
Non-current net financial debt	(415.8)	(515.9)	100.1
Total net financial position	(218.2)	(54.9)	(163.3)
<i>of which:</i>			
- positions with banks and other financial payables	(217.4)	(56.1)	(161.3)
- lease liabilities	(0.9)	(1.0)	0.1
- other net assets/(liabilities): fair value of derivatives	(0.0)	2.2	(2.2)





The net financial position at 31 December 2024 also includes the impact of IFRS 16 adoption with resulted in the recognition of €0.9 million in "Lease payables" (€1.0 million at 31 December 2023).

Net of these items, the net financial position with banks was €217.4 million at 31 December 2024.

The statement of cash flows, reclassified on the basis of net financial position, is summarized as follows:

(€/million)	2024	2023
Cash flow by current operations	(24.9)	(14.2)
Cash flow by changes in working capital	8.1	(17.6)
Cash flow by investment activities	(56.7)	3.6
Cash flow by operating activities	(73.4)	(28.1)
Dividends paid	(101.0)	(72.1)
Cash flow by changes in cash flow hedge reserves	(1.6)	(1.9)
Stock options exercise	12.7	5.1
Cash flow generated (absorbed) by changes in net equity	(89.9)	(68.9)
Cash flow for the period	(163.3)	(97.0)
Opening net financial position	(54.9)	42.1
Closing net financial position	(218.2)	(54.9)

Net operating cash flow was negative for €73.4 million (vs. -€28.1 million in 2023), a decrease of €45.3 million with respect to the prior year. This trend is mainly affected by the capital payment made in favor of the subsidiary De Longhi Benelux II S.à r.l. as part of the business combination in the new professional division (La Marzocco/Eversys).

Cash flow to net equity reached a negative €89.9 million (negative €68.9 million in 2023), explained by the payment of dividends for €101 million, partially offset by the exercise of stock options for €12.7 million and the change in the cash flow hedge reserve relating to the fair value of derivatives for €1.6 million.

Reconciliation of net equity and profit (loss) for the year

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:

(€/000)	Net equity 31.12.2024	Profit for 2024	Net equity 31.12.2023	Profit for 2023
De' Longhi S.p.A. financial statements	743,692	269,655	557,569	36,578
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	703,451	66,337	834,186	218,905
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	874,890	1,481	464,525	(444)
Elimination of intercompany profits	(57,920)	(12,514)	(45,425)	(4,613)
Other adjustments	280	(9)	284	(14)
Consolidated financial statements	2,264,393	324,950	1,811,139	250,412
Minority	187,652	14,213	-	35
Consolidated financial statements-Group portion	2,076,741	310,737	1,811,139	250,377



Annual Report Remuneration

Please refer to the Annual Remuneration Report for all relevant information not contained in the present report.

Human resources and organization

The company had 65 employees at 31 December 2024 (55 at 31 December 2023).

The following table summarizes the average number of employees during 2024 compared with 2023:

	2024	%	2023	%	Change
White collars	41	68%	38	68%	3
Managers	19	32%	18	32%	1
Total	60	100%	56	100%	4

Research and development

As a holding company, the Company does not carry out any research and development directly. These activities are carried out by employees of the individual subsidiaries. More details can be found in the paragraph on *“Research and Development”* found in the Report on Operations accompanying the consolidated financial statements.

Report on corporate governance and ownership structure

Company’s Report on Corporate Governance and Ownership Structure drawn up in accordance with art. 123 - bis of the Uniform Finance Act can be found in a report not included in the Report on Operations, published at the same time as the latter and available on the company’s website www.delonghigroup.com (section *Home > Governance > Corporate bodies > Shareholders’ Meeting 2025*).

Pursuant to art. 16.4 of the Market Regulations please note that the Company is not subject to the direction and control of the parent company De Longhi Industrial S.A., or of any other

party, pursuant to and in accordance with articles 2497 et seq of the Italian Civil Code, insofar as (i) the Group’s business, strategic and financial plans, as well as the budget, are approved independently by the Company’s Board of Directors; (ii) the financial and funding policies are defined by the Company; (iii) the Company conducts its relationships with clients and suppliers in full autonomy; and (iv) in accordance with the principles of the Corporate Governance Code, important strategic, economic, equity and financial transactions are examined by the board and approved exclusively by the Board of Directors.



Risk management and internal control system relating to the financial reporting process

Introduction

The Company's Internal Control System consists in the set of rules, procedures and organizational structures set in place to ensure that company strategies are adhered to and, based on the corporate governance standards and model included in the COSO report (Committee of Sponsoring Organizations of the Treadway Commission), to guarantee:

- a) efficient and effective company operations (administration, production, distribution, etc.);
- b) reliable, accurate, trustworthy and timely economic and financial information;
- c) compliance with laws and regulations, as well as the corporate articles of associations, rules and company procedures;
- d) safeguarding of the company's assets and protection, to the extent possible, from losses;
- e) identification, assessment, management and monitoring of the main risks.

The executive administrative bodies of the Company (Board of Directors, the Control and Risks, Corporate Governance and Sustainability Committee, Director in Charge of the Internal Control and Risk Management System), the Board of Statutory Auditors, the Director of Internal Audit, the Supervisory Board, the Chief financial officer/Financial Reporting Officer and all De' Longhi personnel, as well as the Directors and Statutory Auditors of the Issuer's subsidiaries, are involved in the controls, with different roles and in function of their expertise and adhere to the recommendations and principles found in the guidelines.

The Internal Control System that is subject to examination and periodic audits, taking into account changes in the company's operations and reference context, makes it possible to address the main risks to which the Issuer and the Group are

exposed to over time, in a timely manner, as well as to identify, assess and control the degree of the exposure of the Issuer and all the other companies of the Group - particularly the strategically important subsidiaries - to the different types of risk, and also makes it possible to manage the overall exposure taking into account:

- i) the possible correlations between the different risk factors;
- ii) the probability that the risk materializes;
- iii) the impact of the risk on the company's operations;
- iv) the overall impact of the risk.

The internal control and risk management system relating to the financial reporting process (administrative and accounting procedures used to draft the separate and consolidated annual financial statements and the other economic and/or financial reports and disclosures prepared in accordance with the law and/or regulations, as well as ensuring correct implementation) coordinated by the Chief financial officer/Financial Reporting Officer, is an integral and essential part of the Company's Internal Control and Risk Management System.

The Director of Internal Audit - who is in charge of verifying that the internal control and risk management system works efficiently and effectively - prepares a work plan each year that is presented to the Board of Directors for approval, subject to the positive opinion of the Control and Risks, Corporate Governance and Sustainability Committee and after having consulted with the Board of Statutory Auditors and the Director in Charge of the Internal Control and Risk Management System, based also on the comments made by the Chief financial officer/Financial Reporting Officer, as well as pursuant to Legislative Decree 262/05. Discusses the steps taken to resolve any problems, to make the improvements agreed upon, as well as the results of the testing activities with the Control and Risks, Corporate Governance and Sustainability Committee. Provides the Chief financial officer/Financial Reporting Officer, as

well as the administrative body assigned, with a summary report based on which they can assess the adequacy and application of administrative procedures to be used to prepare the financial statements.

Description of main characteristics

The Company uses a system of risk management and internal control for the financial reporting process that is part of the wider system of internal controls as required under art. 123-bis par. 2 (b) of TUF.

For the purposes of ensuring reliable internal controls over its financial reporting, the Company has implemented a system of administrative and accounting procedures and operations that include an updating in order to comply with the law and changing accounting standard, rules for consolidation and interim financial reporting, as well as coordination with subsidiaries as needed.

The central corporate functions are responsible for managing and communicating these procedures to other Group companies.

The assessment, monitoring and continuous updating of the internal control system relating specifically to financial reporting is carried out in accordance with the COSO model and, where applicable, Law 262/2005. Critical processes and sub-processes relating to the principal risks have been identified in order to establish the principal controls needed to reduce such risks. This has involved identifying the strategically important companies, based on quantitative and qualitative financial parameters (i.e. companies that are relevant in terms of size and companies that are relevant just in terms of certain processes and specific risks).

Having identified these companies, the risks have been mapped and assessed and the key manual and automatic controls have been identified and rated as high/medium/low priority accordingly; these controls have then been tested.



The perimeter of the companies included in the mapping for the purposes of Law 262/2005 has changed over the years to reflect the changes in the Group, both quantitative and qualitative, and this perimeter was also considered for the definition of companies viewed as strategic.

The general managers and administrative heads of each Group company are responsible for maintaining an adequate internal control system and, given their roles, must certify that the internal control system works properly.

Internal Audit must also include verification of the internal controls through the use of a self-assessment check list in its Audit Plan.

With regard to compliance with Consob Regulation 20249 of 28 December 2017 relating to market regulations ("Regolamento Mercati"), De' Longhi S.p.A. controls, directly or indirectly, seven companies formed and regulated by the law of countries that are not part of the European Union considered relevant pursuant to art. 151 of the issuer regulations ("Regolamento Emittenti").

With reference to the requirements of art. 15 of the Market Regulations, it is reported as follows:

- in the issuer's opinion, these companies have suitable accounting and reporting systems for regularly providing management and the auditors of De' Longhi S.p.A. with all the financial information needed to prepare the consolidated

financial statements and perform the audit of the accounts;

- these companies provide the auditors of De' Longhi S.p.A. with the information needed to audit the parent company's interim and annual financial statements;
- the issuer keeps the articles of association of the aforementioned companies and details of their company officers and related powers, which are constantly updated for any changes in the same;
- the financial statements of such companies, prepared for the purposes of the De' Longhi Group's consolidated financial statements, have been made available in the manner and terms established by existing law. Please note that the identification and analysis of the risk factors contained in this report were carried out including in light of the change in strategic companies as resolved by the Board of Directors.

In order to identify and manage the Company's main risks, with regard particularly to corporate governance and compliance with the law and regulatory standards (including, specifically the recommendations found in the Corporate Governance Code for Listed Companies), the Company undertook to develop and monitor a structured Enterprise Risk Management model.

The purpose underlying the implementation and deployment of the Enterprise Risk Management (ERM) system is to

strengthen the risk control and management system by mapping the main risks to which the Group is exposed along its value chain, identifying the inherent and relative residual risk, as well as defining and implementing the actions needed to eliminate and/or mitigate them.

The ERM system also includes a list of risks connected to sustainability.

This reflects the gradual integration of environmental and social sustainability, as well as governance, in the corporate strategy, risk management and compensation processes, promoting a systemic and transparent approach, respectful of the standards found in the Code of Ethics, with a view to also guaranteeing diversity, equal opportunity, fairness and no discrimination of any kind. These risks also include climate change.

ERM activities include analyses of risk scenarios determined through comparison with the main markets and production plants. In addition, a large group of managers from the international network was involved in reviewing and updating the most imminent and significant risk elements. In parallel, the Management Team of the companies involved in the activity was engaged in reviewing risk exposures and collecting their risks perceived as most critical.

The Group highlighted concerns regarding the macroeconomic and geopolitical context including the threat of a protectionist policy in the USA (and the consequent imposition of new duties), possible logistical discontinuities due to regional

conflicts, as well as the challenges posed by technological innovations. In this uncertain economic context, the Group demonstrated strong resilience thanks to contingency plans and strategic reviews to support sales growth in key categories; product and promotional strategies were adapted with the aim of strengthening the market position despite the uncertainties.

From 2021 to 2024, the operating improvements have fueled significant advantages, facilitating the ability to make quick decisions in response to global uncertainties; the Group was also able to count on important initiatives like process digitalization, as well as a strong international presence, the strength of its brands and the production and procurement platform. The noticeable strengthening of the Group's operating resilience was demonstrated by the ability to react quickly to the risks caused by recent logistics issues, like the problems with the Suez Canal, and the excellent economic and financial results achieved in 2024.

In order to further strengthen risk assessment, Internal Audit will monitor the external risk factors closely, deepen the understanding of the ERM principles and carry out ad hoc risk revisions with the corporate divisions and local management during the year. This will be done by improving specific tools and launching new initiatives designed to increase risk awareness.

Risk factors

The risk factors and uncertainties that could materially affect the Company's business are discussed below.

These risk factors also take in to account the above mentioned ERM project and the assessments carried out in prior years including through more in depth analysis shared with the Control and Risks, Corporate Governance and Sustainability Committee and Company's Board of Statutory Auditors.

With reference to the main risks, highlighted below, the Company monitors and places continuous attention to any situations and developments in the macroeconomic, market and demand trends in order to be able to implement any necessary and timely strategic actions.

It should also be noted that in addition to the risk factors and uncertainties identified in this report, other risks and uncertain events not currently foreseeable, or which are currently thought unlikely, could also influence the business, the economic and financial conditions and prospects of the Company.

1 - Risks relating to macroeconomic/geopolitical trends and global crises

The main risk factors include:

- consumer trends;
- the cost of raw materials;
- interest rate trends and foreign exchange markets;
- any policy changes introduced in important markets (including the application of tariffs by the US);
- supply chain interruptions due to regional conflicts;
- possible disturbances, uprisings and strikes or other sorts of protests;
- epidemics and/or serious health issues.

The current situation highlights a generalized sense of instability that materialized at the same time in the main world economic powers, albeit with different dynamics and for different reasons. In addition to affecting on-time deliveries of components to European production plants, the Red Sea crisis caused supply chain costs to increase; in China, there was a slowdown in economic growth along with real estate market crisis; the US was characterized by intense inflationary pressures and the introduction of tariffs; the situation in Gaza has also contributed to increased instability in the Middle East.

The Company monitors these economic trends periodically in order to take quick strategic action as needed.

The Company is also subject to the risks connected to local conflicts which could expand and impact the main markets.

In order to mitigate these risks, the Company is adopting flexible strategies, increasing monitoring with dedicated task forces and optimizing internal processes with a view to greater resilience.

The persistence of these situations, however, could cause the Company's business to be interrupted and/or limited which would impact the economic and financial results.

2 - Exchange rate fluctuation risks: the Company does business in many foreign markets and is exposed to the risk of fluctuations in currencies.

For the purposes of protecting its income statement and statement of financial position from such fluctuations, the Company adopts a suitable hedging policy and tools, free from speculative connotations.

Hedging is carried out centrally by a special team on the basis of information obtained from a detailed reporting system, using instruments and policies that comply with international accounting standards.

The main currencies to which the Company is exposed are the US dollar and the HK dollar.

Despite the Company's effort to minimize the abovementioned risk, sudden currency fluctuations could have an adverse impact on the Company's results and business prospects.

3 - Risks relating to human resources management: the Company's success largely depends on the ability of its executive directors and other members of management to effectively manage the Company and the individual areas of business and on the professionalism of the human resources that it has been able to attract and develop.

The principal risks relating to human resources are linked to the Company's ability to attract, develop, motivate, retain and empower staff who have the necessary talent, values, and specialist and/or managerial skills to satisfy the Company's changing needs.

The loss of such individuals or other key employees without adequate replacement, or the failure to attract and retain new qualified resources could therefore adversely affect the Company's business prospects, as well as its economic performance and/or financial position.



In terms of being able to attract quality resources, the Company not only has specialist qualified professional human resources teams, but they also plan actions to improve the quality of working environment for its employees and staff as well as the Company's external image (communication, contact with schools and universities, testimonials, internships, etc.), in some cases using the services of specialist professional firms with a proven track record.

In terms of motivating and developing personnel, actions taken include the strengthening of managerial, specialist, business and regulative competencies, with initiatives that involve managers and staff from different areas of the business.

The salary review process also includes reward systems for employees at various levels in the organization - from the staff through to top management and key people - which are linked to the achievement of short-term and/or medium/long term targets.

Specific investments are made in the training and development of internal resources and the improvement of the workplace environment (cafeteria, recreational activities, lounge spaces and access to WiFi).

4 - Risks relating to IT systems / risk of evolving fraud and cyber threats: information systems within a complex international group are an important and delicate part of all business processes.

The risks involved include events that could jeopardise the ability to provide continuous service, the safekeeping of data, obsolescence of telecommunications and data processing technologies.

Cyber-attacks are a threat to any sector and there has been a general, gradual increase in cyber-crimes. Cyber Risk, namely the risk of financial losses, interruptions or damages to an organization's reputation, stemming from accidents (for example, shutting down servers) or intentional acts (for example, theft of sensitive data) which damage the IT system, has, therefore, become increasingly important.

The Company has taken the steps needed to limit the above mentioned risks which include the standard security devices used to protect systems and hardware (from the use of

back-up devices to outsourcing with specialized companies). Continuous technological updates are assured by the prevalent use of the SAP platform. While the Company has taken all the steps needed to minimize these risks, catastrophic events that could compromise the information systems cannot be excluded.

The Company has launched a multi-year Cyber Risk Management project in order to analyze any problem areas and take the actions needed to safeguard against this type of risk.

5 - Liquidity, financing and interest rate risks: the liquidity risk possibly faced by the Company is the risk of not having the funds needed to fulfil payment obligations arising from operating and investment activities and from the maturity of financial instruments. The Company holds assets and liabilities that are sensitive to interest rate changes and that are necessary to manage its liquidity and financial needs.

It is the Company's policy to maintain a sufficiently large portfolio of counterparties of international repute for the purposes of satisfying its financing and hedging needs.

The Company uses specific policies and procedures for the purposes of monitoring and managing this risk, including the centralized cash management (financial debt and cash management, the raising of medium and long-term finance on capital markets and the obtaining of short-term credit lines that allow wide room for manoeuvre when managing working capital and cash flows).

About the interest rate risk, at 31 December 2024 the Company's financial debt is mainly medium-long term, in order to take advantage of the market conditions. The Company also has short-term bank credit lines (typically renewed on an annual basis), which are optionally used to finance working capital and other operating needs.

The management of this risk is centralized and done using the same structure used to manage foreign exchange risk.

Nevertheless, sudden fluctuations in interest rates could have an adverse impact on the Company's business prospects, as well on its economic results and/or financial position.

6 - Compliance and corporate reporting risks:

A. Financial reporting: risks associated with the reliability of financial reporting, particularly that the information contained in the annual and interim financial reports might not be correct, warrant particular attention, especially for a listed company.

In 2024, effective implementation of the system of managing financial reporting risks was monitored on a continuous basis and periodically evaluated under the guidance of the functions in charge.

For the purposes of ensuring reliable internal financial reporting controls, the Company implemented a system of administrative and accounting procedures which include the accounting policy instructions, principles and updates, as well as other procedures for preparing the consolidated financial statements and the periodic financial reports.

The Company's central "Corporate" functions are responsible for managing and communicating these procedures to other Group companies.

The control bodies (internal and external) carry out the related audits to the extent of their responsibilities.

Any failure to maintain adequate processes, as well as adequate administrative-accounting and management controls, may result in erroneous financial reporting.

In addition to financial reports, the Company also prepares a Sustainability Report based on the European Sustainability Reporting Standards (ESRS) and each year instructs the branches and the competent functions as to which non-financial indicators should be reported on.

In this regard, a preliminary mapping activity of the internal control system for non-financial reporting has been started with the aim of identifying the most significant reporting processes, defining the risk-control matrix and planning testing activities.

B. Risks relating to the administrative liability of legal: in compliance with EU directives, Decree 231/2001 has introduced into Italian law special rules applying to the liability of entities for certain offences, where "entities" mean limited liability business enterprises, partnerships or associations, including those without legal status.

Under this legislation and amendments and additions thereto, the Company has adopted, in accordance with art. 6 of Decree 231/2001, the "Model of organization, management and control" suitable for avoiding the occurrence of such liability at their own expense and the related "Ethical code", intended to apply not only to the Group's Italian companies but also, as far as applicable, to its foreign subsidiaries, since the Company is also answerable, under art. 4 of Decree 231/2001, for offences committed abroad.

Therefore, the company's administrative liability under Decree 231/2001 could exist when this is effectively established as a result of an action brought against one of the Group companies, including the foreign subsidiaries; in such a case, it is not possible to exclude, in addition to the resulting application of penalties, adverse consequences for the Company's operations, economic performance, assets and liabilities and financial position.

7 - Related parties: the Company has had and continues to have transactions of a commercial nature with related parties. Such transactions carry conditions that are in line with market ones.

The Company adopted a new set of procedures to govern transactions with related parties, in compliance with the standards set by the supervisory authorities in CONSOB Regulation 17221 dated 12 March 2010.

The procedures identify those related party transactions subject to specific examination and approval rules, which change according to whether such transactions are above or below

defined thresholds. The procedures place particular importance on the role of the independent directors, who must always issue a prior opinion on the proposed transaction (if the transaction qualifies as material, this opinion is binding on the Board of Directors); the independent directors must also be involved in the preliminary examination of material transactions prior to their approval.

These procedures are considered to represent an additional guarantee of the transparency of the Company's operations.

Information on related party transactions is summarized in Appendix 4 to the Explanatory Notes.

8 - Risks relating to the need to update processes increasingly subject to change.

The Company has implemented its processes with a view to supporting expansion and improving operating efficiency. In an increasingly dynamic and competitive context, however, continuous updating is essential to guaranteeing agility, integration and scalability.

More information about the company's risk management can be found in the Explanatory notes.

Number and value of shares

At 31 December 2024 share capital comprised 151,213,651 ordinary shares with a par value €1.5 each, for a total of €226,820 thousand.

Treasury shares

At 31 December 2024 the Company had no treasury shares; the difference with respect to 31 December 2023 (595,000 shares or €9,658 thousand) is explained by the exercise of 595,000 options relative to the "2020-2027 Stock Option Plan".

During the Shareholders' Meeting held on 19 April 2024, 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 for an amount which does not exceed one fifth of the share capital, including any shares held directly or indirectly.

The authorization was approved, in accordance with the law, for a period of up to a maximum of 18 months (namely through 19 October 2025).



Tax consolidation

The Company exercised, 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 the Decree of the Ministry of Economy and Finance of 1 March 2018, for the three-year period 2022-2024.

Related party transactions

Related party transactions fall within the normal course of the company business.

Information on related party transactions is summarized in Appendix 4 to the Explanatory Notes.



Alternative performance indicators

In addition to the information required by IFRS accounting principles issued by the International Accounting Standards Board, this document presents other financial measures which provide further analysis of the Company's performance. These indicators must not be treated as alternatives to those required by IFRS.

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

- **EBITDA:** the Company uses these measure as financial targets in internal presentations (business plans) and in external presentations (to analysts and investors), since it is a useful way of measuring operating performance besides EBIT.

EBITDA is an intermediate measure that derives from EBIT after adding back depreciation, amortization 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, current tax liabilities and other 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 debt/(Positive net financial position):** this measure represents gross financial liabilities less cash and cash equivalents and other financial receivables; the net financial position with banks, net 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 the present document, 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.





Sustainability Reporting

Legislative Decree n.254/2016, in implementation of the Directive 2022/2464, establishes the mandatory publication of a Sustainability Report. For further information refer to the Report on Operations included in the Consolidated Annual Report.

Subsequent events

No events occurred after 31 December 2024 through the date on which this annual report was approved, that would have had a significant impact on financial and economic results recorded, as per IAS 10 - Events after the reporting period.

Proposed resolutions for the Annual General Meeting

1) Proposed resolution relating to item 1 of the Agenda for the Annual General Meeting convened on 30 April 2025 (“Approval of the separate financial statements at 31 December 2024, together with the Directors’ Report on Operations, the Board of Statutory Auditors’ Report and the External Auditors’ Report. Presentation of the Consolidated Annual Report at 31 December 2024 and the Legislative Decree 125/2024 Consolidated Sustainability Report. Related and consequent resolutions”).

Dear Shareholders,

in submitting the Annual Report at 31 December 2024 to you for approval during the Annual General Meeting, we propose that you approve the following resolution:

“The shareholders of De’ Longhi S.p.A., having examined the draft separate financial statements at 31 December 2024 of De’ Longhi S.p.A., the Board of Directors’ Report on Operations, the Board of Statutory Auditors’ Report and the other documentation called for under the law

resolve

to approve the Directors’ Report on Operations and the separate financial statements at 31 December 2024 of De’ Longhi S.p.A.”.

2) Proposed resolution relating to item 2 of the Agenda for the Annual General Meeting convened on 30 April 2025 (“Proposed allocation of the net profit for the year. Related and consequent resolutions”).

Dear Shareholders,

with regard to the allocation of the net profit for the year closed on 31 December 2024, which amounted to €269,654,801, we propose that you approve the following resolution:

“The shareholders of De’ Longhi S.p.A., having acknowledged the net profit for the year and the amount of the “extraordinary reserve” shown in the separate financial statements at 31 December 2024 and the Directors’ Report on Operations

resolve

- 1)** *to allocate € 70.421 of the net profit for 2024 to the legal reserve, in accordance with art. 2430 of the Italian Civil Code, which represents one fifth of the share capital subscribed at the date of this Annual General Meeting;*
- 2)** *to allocate € 153.963.631 of the net profit for 2024 to the Law 197/2022 capital redemption reserve;*
- 3)** *to distribute a gross ordinary dividend of €1,25 for each of the outstanding shares with dividend rights at the record date, as per Art. 83-terdecies of Legislative Decree 58/98;*

4) *to use the net earnings shown in the separate financial statements at 31 December 2024 for the purposes of 3) net the the allocations referred to in items 1 and 2 and to use the extraordinary reserve to cover any differences;*

5) *to establish that payment will be made:*

- of a gross ordinary dividend of €0.83 per share, equal to the portion of the 2024 earnings to which each share with dividend rights is entitled, while the “extraordinary reserve” will be used for the remainder, on 21 May 2025, with shares going ex-div on 19 May 2025, in accordance with Borsa Italiana’s calendar, and a record date of 20 May 2025 as per art. 83-terdecies of Legislative Decree n. 58/98;*
- of an additional gross dividend of €0.42 per share, taken entirely from the “extraordinary reserve”, on 24 September 2025, with shares going ex-div on 22 September 2025, in accordance with Borsa Italiana’s calendar, and a record date of 23 September 2025 as per art. 83-terdecies of Legislative Decree n. 58/98.*

Treviso, 14 March 2025

On behalf of the Board of Directors

Vice Chairman and Chief Executive Officer

Fabio de’ Longhi

05

SEPARATE FINANCIAL STATEMENTS

De' Longhi S.p.A. - Separate financial statements:

- Income statement
- Statement of comprehensive income
- Statement of financial position
- Statement of cash flow
- Statement of changes in net equity



Income statement

(Euro)	Notes	2024	of which non-recurring	2023	of which non-recurring
Other revenues	1	17,877,798		15,156,740	
Total revenues		17,877,798		15,156,740	
Raw and ancillary materials, consumables and goods	2	(64,247)		(60,896)	
Materials consumed		(64,247)		(60,896)	
Payroll costs	3	(19,714,249)		(13,486,860)	
Services and other operating expenses	4	(23,025,646)	(1,488,930)	(23,411,747)	(4,551,768)
Provisions		-		(492,323)	(492,323)
Amortization	5	(460,821)		(424,843)	
EBIT		(25,387,165)		(22,719,929)	
Net financial income (expenses)	6	289,242,675		55,962,847	
PROFIT (LOSS) BEFORE TAXES		263,855,510		33,242,918	
Taxes	7	5,799,291		3,335,128	
PROFIT (LOSS)		269,654,801		36,578,046	

Appendix 4 reports the effect of related-party transactions on the income statement, as required by CONSOB resolution 15519 of 27 July 2006.

Statement of comprehensive income

(Euro)	2024	2023
Profit (loss)	269.654.801	36.578.046
Other components of the comprehensive income:		
Change in fair value of cash flow hedges	(1.598.806)	1.924.040
Tax effect on change in fair value of cash flow hedges and financial assets available for sale	383.712	(461.770)
Total other comprehensive income will subsequently be reclassified to profit (loss) for the year	(1.215.094)	1.462.270
Actuarial valuation funds	3.127	(7.010)
Tax effect of actuarial valuation funds	(750)	1.682
Total other comprehensive income will not subsequently be reclassified to profit (loss) for the year	2.377	(5.328)
Total components of comprehensive income	(1.212.717)	1.456.943
Total comprehensive income	268.442.084	38.034.989

Statement of financial position

ASSETS (Euro)	Notes	31.12.2024	31.12.2023
NON-CURRENT ASSETS			
INTANGIBLE ASSETS		-	31,107
- <i>Other intangible assets</i>	8	-	31,107
PROPERTY, PLANT AND EQUIPMENT		890,145	995,481
- <i>Other tangible assets</i>	9	17,866	60,828
- <i>Right of use assets</i>	10	872,279	934,653
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS		961,236,873	615,636,775
- <i>Equity investments</i>	11	961,076,577	615,516,129
- <i>Receivables</i>	12	160,296	120,646
DEFERRED TAX ASSETS	13	557,848	-
TOTAL NON-CURRENT ASSETS		962,684,866	616,663,363
CURRENT ASSETS			
TRADE RECEIVABLES	14	14,852,413	12,499,455
CURRENT TAX ASSETS	15	253,691	205
OTHER RECEIVABLES	16	9,087,193	14,534,902
CURRENT FINANCIAL RECEIVABLES AND ASSETS	17	290,748,527	661,487,232
CASH AND CASH EQUIVALENTS	18	4,118,319	1,631,063
TOTAL CURRENT ASSETS		319,060,143	690,152,857
TOTAL ASSETS		1,281,745,009	1,306,816,220

Appendix 4 reports the effect of related-party transactions on the statement of financial position, as required by CONSOB resolution 15519 of 27 July 2006.

Statement of financial position

NET EQUITY AND LIABILITIES (Euro)	Notes	31.12.2024	31.12.2023
NET EQUITY			
- Share Capital	21	226,820,477	226,590,000
- Reserves	22	247,216,450	294,401,087
- Profit (loss)		269,654,801	36,578,046
NET EQUITY		743,691,728	557,569,133
NON-CURRENT LIABILITIES			
FINANCIAL PAYABLES		415,897,219	516,039,747
- Banks loans and borrowings (long-term portion)	23	222,261,258	300,843,641
- Other financial payables (long-term portion)	24	193,192,337	214,616,898
- Lease liabilities (long-term portion)	10	443,624	579,208
DEFERRED TAX LIABILITIES	13	-	2,712,168
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES		806,337	6,795,215
- Employee benefits	25	798,161	6,302,892
- Other provisions	26	8,176	492,323
TOTAL NON-CURRENT LIABILITIES		416,703,556	525,547,130
CURRENT LIABILITIES			
TRADE PAYABLES	27	7,718,696	11,677,258
FINANCIAL PAYABLES		97,339,542	202,080,685
- Banks loans and borrowings (short-term portion)	23	75,498,157	180,236,756
- Other financial payables (short-term portion)	24	21,421,538	21,491,244
- Lease liabilities (short-term portion)	10	419,847	352,685
CURRENT TAX LIABILITIES	28	2,650,000	35,242
OTHER PAYABLES	29	13,641,487	9,906,772
TOTAL CURRENT LIABILITIES		121,349,725	223,699,957
TOTAL NET EQUITY AND LIABILITIES		1,281,745,009	1,306,816,220

Appendix 4 reports the effect of related-party transactions on the statement of financial position, as required by CONSOB resolution 15519 of 27 July 2006.

Statement of cash flow

(Euro)	Notes	2024	2023
Profit (loss)		269,654,801	36,578,045
Income taxes for the period		(5,799,291)	(3,335,128)
Income from dividends receipt		(289,221,640)	(51,922,552)
Amortization		460,821	424,843
Net change in provisions and other non-cash items		(1,290)	4,089,124
Cash flow absorbed by current operations (A)		(24,906,599)	(14,165,668)
Change in assets and liabilities for the period:			
Trade receivables		(2,352,958)	(11,280,078)
Trade payables		(3,958,562)	4,076,770
Other changes in net working capital		14,446,730	(392,804)
Payment of income taxes		-	(9,972,483)
Cash flow generated (absorbed) by movements in working capital (B)		8,135,210	(17,568,595)
Cash flow generated by current operations and movements in working capital (A+B)		(16,771,389)	(31,734,263)
Investment activities:			
Investments in property, plant and equipment		-	(21,803)
Other cash flows for property, plant and equipment		9,883	27,462
Net equity investments and other financial assets		(345,560,448)	(48,000,000)
Dividends collection		289,221,640	51,922,552
Cash flow absorbed by investment activities (C)		(56,328,925)	3,928,211
Cash flow by operating activities (A+B+C)		(73,100,314)	(27,806,052)
Exercise of stock option		12,713,591	5,100,544
Dividends paid		(101,017,542)	(72,429,271)
Payment of interests on loans		(23,690,861)	(22,327,436)
Repayment of loans and other net changes in sources of finance		187,582,382	116,623,070
Cash flow generated (absorbed) by changes in net equity and by financing activities (D)		75,587,570	26,966,907
Cash flow for the period (A+B+C+D)		2,487,256	(839,145)
Opening cash and cash equivalents	18	1,631,063	2,470,208
Cash flow for the period (A+B+C+D)		2,487,256	(839,145)
Closing cash and cash equivalents	18	4,118,319	1,631,063

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

Statement of changes in net equity

(Euro)	Share capital	Share premium reserve	Legal reserve	Extraordinary reserve	Treasury shares reserves	Cash flow hedge reserves	Stock option reserve	Actuarial evaluation reserve	Profit (loss) carried forward	Profit (loss)	Total net equity
Balance at 31 December 2022	226,590,000	38,267,757	45,268,828	172,733,428	(14,533,855)	2,677,363	6,373,065	(95,381)	10,441,324	100,808,066	588,530,595
Allocation of 2022 result as per AGM resolution of 21 April 2023											
- allocation to reserves			49,172	28,679,862						(28,729,034)	-
- distribution of dividends										(72,079,032)	(72,079,032)
Fair value stock option							906,578				906,578
Exercise/cancellation of stock option		1,810,126			4,875,461		(1,585,044)				5,100,543
Movements from transactions with shareholders	-	1,810,126	49,172	28,679,862	4,875,461	-	(678,466)	-	-	(100,808,066)	(66,071,911)
Profit (loss) after taxes										36,578,046	36,578,046
Other components of comprehensive income						(1,462,269)		(5,328)			(1,467,597)
Comprehensive income (loss)	-	-	-	-	-	(1,462,269)	-	(5,328)	-	36,578,046	35,110,449
Balance at 31 December 2023	226,590,000	40,077,883	45,318,000	201,413,290	(9,658,394)	1,215,094	5,694,599	(100,709)	10,441,324	36,578,046	557,569,133
Balance at 31 December 2023	226,590,000	40,077,883	45,318,000	201,413,290	(9,658,394)	1,215,094	5,694,599	(100,709)	10,441,324	36,578,046	557,569,133
Allocation of 2023 result as per AGM resolution of 19 April 2024											
- distribution of dividends				(64,439,496)						(36,578,046)	(101,017,542)
Fair value stock option							5,984,462				5,984,462
Exercise/cancellation of stock option	230,477	6,722,405			9,658,394		(3,897,684)				12,713,591
Movements from transactions with shareholders	230,477	6,722,405	-	(64,439,496)	9,658,394	-	2,086,778	-	-	(36,578,046)	(82,319,489)
Profit (loss) after taxes										269,654,801	269,654,801
Other components of comprehensive income						(1,215,094)		2,377			(1,212,717)
Comprehensive income (loss)	-	-	-	-	-	(1,215,094)	-	2,377	-	269,654,801	268,442,084
Balance at 31 December 2024	226,820,477	46,800,288	45,318,000	136,973,794	-	-	7,781,377	(98,332)	10,441,324	269,654,801	743,691,728

05

SEPARATE FINANCIAL STATEMENTS

Explanatory notes



Explanatory notes

Company business

De' Longhi S.p.A., a company with its registered office in Treviso whose shares are listed on the Euronext Milan run by Borsa Italiana, is the parent company of the De' Longhi Group and performs holding company activities involving the management and supply of centralized services to its subsidiaries and the management of subsidiary undertakings.

Accounting standards

The financial statements of De' Longhi S.p.A. at 31 December 2024 have been prepared on the basis of the international accounting and financial reporting standards issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretations, as endorsed by the European Commission (at the date of 31 December 2024), pursuant to EC Regulation 1606 of 19 July 2002. The following documents have been used for interpretation and application purposes even though not endorsed by the European Commission:

- Framework for the Preparation and Presentation of Financial Statements (issued by the IASB in 2001);
- Implementation Guidance, Basis for Conclusions, IFRIC and other documents issued by the IASB or IFRIC to complement the accounting standards;
- Interpretations published by the Italian Accounting Board relating to how to apply IAS/IFRS in Italy.

The accounting policies and measurement bases used for preparing the financial statements at 31 December 2024 are the same as those used for preparing the financial statements at 31 December 2023; the new amendments and accounting standards, described below, had no significant impacts on the present financial statements.

The financial statements at 31 December 2024 comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in net equity and these explanatory notes.

The statement of financial position has been prepared on a basis that distinguishes between current and non-current items.

The income statement has been presented on the basis of the nature of expense, being a suitable structure for faithfully representing the Company's performance.

The statement of cash flows has been prepared using the "indirect method" allowed by IAS 7.

The present financial statements and notes are presented in Euro (the Company's functional currency) with all amounts in financial statements presented in Euro, as required by the Italian Civil Code, while amounts in explanatory notes are rounded to thousands of Euro, unless otherwise indicated.

The financial statements have been prepared in accordance with the historic cost principle, adjusted as needed for the valuation of a few financial instruments and under the assumption of going concern. Despite the considerable uncertainty stemming from the unpredictability as to the potential impact that the conflict in Ukraine and the inflationary pressures might have, in light of its financial solidity, the actions undertaken to mitigate risk and its business model, the Company believes that there are no elements which could compromise the business as a going concern as per paragraph 25 of IAS 1.

The risks and uncertainties relating to the business are described in a specific section of the Report on operations. The methods used by the company to manage financial risks are described in note 33. *Risk management* of the present Explanatory notes.

International accounting standards adopted by the Company for the first time

With Regulation 2579/2023 of 20 November 2023 the European Commission adopted amendments to IFRS 16 - *Leases* which clarify how to account for sale and leaseback transactions.

Regulation 2822/2023 of 19 December 2023 introduced amendments to IAS 1 - *Presentation of financial statements* which aim to improve disclosure when the right to defer settlement of a liability for at least twelve months is subject to a covenant.

With Regulation 1317/2024 of 15 May 2024 the European Commission adopted a few amendments to IAS7 and IFRS 7 which establish mandatory disclosure of information about supplier finance arrangements.

On 22 December 2022 "Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union" was published in the Gazzetta Ufficiale. The Directive was endorsed by member states by year-end 2023, as part of a coordinated effort, 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 directive took effect as from 1 January 2024 and the Group, subject to the application of Pillar Two rules, assessed the impact of the new regulation, taking into account the amendments introduced in IAS 12 “Income taxes”.

The assessment was based on the latest available financial information used to prepare the Group’s consolidated 2024 annual report and the tax regulations currently in effect in the different countries where the Group is present. As required by paragraph 4.A of IAS 12, in exception to the provisions of this standard, the Company does not recognise nor disclose information on deferred assets and liabilities relating to Pillar 2 income taxes.

The application of the new international accounting standards did not have a significant impact on the Group’s economic results and/or financial position, with the exception of what is described in these Explanatory notes.

International financial reporting standards and/or not yet applicable

In August 2023 IASB published Amendments to IAS 21 - *Lack of exchangeability*, which have not yet been adopted by the European Union, that contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. These amendments will be effective for reporting periods beginning on or after 1 January 2025.

In May 2024 IASB published *Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments*, effective for reporting periods beginning on or 1 January 2026, subject to adoption by the European Union. The purpose of these amendments is to clarify the recognition/derecognition of financial assets and liabilities and provides specific guidelines for the settling of financial liabilities using an electronic payments system. Classification criteria for financial assets linked to ESG targets were defined, as well. The mandatory disclosure requirements relating to investments in equity instruments designated at fair value through

other comprehensive income and for financial instruments with contingent features were also expanded.

In April 2024 IASB published the new *IFRS 18 - Presentation and Disclosure in Financial Statements* which defines the requirements for the presentation of the income statement, statement of financial position and the statement of changes in net equity, as well as the mandatory disclosures for the explanatory notes. The standard aims to improve the comparability of the income statement by requiring a more structured income statement through the use of categories and sub-totals, increasing the transparency of the performance indicators, define criteria for the aggregation/disaggregation of the information. After adoption by the European Union, the standard will be effective for reporting periods beginning on or after 1 January 2027.

The Company does not intend to opt for early application of the new standards, in the event it is allowed.

Disclosure by operating segments

Segment information is reported only with reference to the consolidated financial statements, as allowed by IFRS 8.

Principal accounting policies

Intangible assets

Other intangible assets

Other intangible assets purchased or internally generated are recognized as assets in accordance with IAS 38 Intangible assets, when it is probable that the future economic benefits attributable to their use will flow to the company and when the cost of the asset can be reliably measured.

These assets are valued at purchase or production cost and amortized, if they have a finite life, on a straight-line basis over their useful life, generally estimated in 4 years.



Property, plant and equipment

Land, property, plant and machinery

Property, plant and equipment owned by the Company are recorded at purchase or production cost and systematically depreciated over their residual useful lives.

The cost of assets qualifying for capitalization also includes the borrowing costs directly attributable to the acquisition, construction or production of the asset itself.

Subsequent expenditure is capitalized only if it increases the future economic benefits flowing to the enterprise.

Ordinary and/or routine maintenance and repair costs are directly expensed to the income statement when incurred. Costs relating to the expansion, modernization or improvement of owned or leased assets are capitalized to the extent that they qualify for separate classification as an asset or part of an asset under the component approach, whereby every component whose useful life and related value can be autonomously assessed must be treated individually.

All other costs are expensed to income as incurred.

The useful lives, estimated by the Company for its various categories of property, plant and equipment, are as follows:

Other	4-8 years
-------	-----------

Right-of-use assets

In accordance with IFRS 16 the right-of-use asset is valued at cost plus the present value of future payments (discounted at the incremental borrowing rate, namely the interest rate that the lessee must pay over the term of the loan and similar guarantees), the initial costs incurred directly by the lessee, and any advance lease payments made. The asset value is systematically depreciated.

Impairment of non-financial assets

The Company tests, at least once a year, whether the book value of intangible assets and property, plant and equipment reported in the financial statements has suffered any impairment loss. If there is evidence of impairment, book value is written down to the related recoverable amount.

If it is not possible to estimate the recoverable amount of an individual asset, the Company assesses whether the cash-generating unit to which it belongs is impaired.

Financial instruments

Financial assets

Upon initial recognition, financial assets are classified based on the measurement methods used in one of the three categories found in IFRS 9. The classification depends on the nature of the contractual cash flows and the business model the company uses to manage them.

The business model refers to the way in which the cash flows are generated which can be from the collection of contractual cash flows, the sale of assets or both.

A financial asset is classified among the assets valued at amortized cost if held as part of a business model where the objective is collecting contractual cash flows represented solely by payments to be made on certain dates, principal and interest. The valuation is made based on the effective interest rate.

A financial asset is classified among the assets valued at fair value with changes passing through the comprehensive income statement if held as part of a business model where the objective is collecting contractual cash flows and selling the assets and the cash flows contemplated under the contract refer solely to payments of principal and interest made on predetermined dates. For the assets included in this category, the interest receivable, the foreign exchange differences and losses in value are recognized in the income statement for the reporting period; other changes in fair value are recognized in the comprehensive income statement. Upon elimination, the cumulative change in fair value recognized as other compre-

hensive income is released to the income statement.

During the initial recognition phase, equity instruments may be included in the category of assets measured at fair value with changes recognized in the comprehensive income statement.

The category of assets valued at fair value with changes recognized in the income statement include assets held for trading, namely acquired to be sold in the short-term, and the assets designated as such.

Upon initial recognition, equity instruments not held for trading may be included in the category of financial instruments measured at fair value with changes recognized in the comprehensive income statement. This choice may be made for each asset and is irrevocable.

The trade receivables without a significant financing component are valued at the transaction price determined in accordance with IFRS 15.

Financial liabilities

Financial liabilities refer mainly to loans valued at amortized cost based on the effective interest rate. Financial liabilities are derecognized when the underlying obligation is extinguished, cancelled or fulfilled.

Trade payables are initially recognized at fair value and remeasured using the amortized cost method. Trade payables and other payables are presented as current liabilities unless payment is not expected beyond twelve months of the reporting period.

Lease liabilities

Lease liabilities equal the present value of the payments payable and not yet paid at the date of the financial statements discounted at the interest rate implicit in the lease, if easily determined, or alternatively, at the incremental borrowing rate which is the rate that the lessee would pay on a loan with a similar duration and conditions. In the event the lease term, purchase options, the residual value guaranteed, or variable payments based on indices or rates, are redetermined, the lease liability is restated.

Derivatives

Derivatives are used solely for hedging purposes, in order to reduce exposures to currency and interest rate risk. As allowed by IFRS 9, derivatives may qualify for special hedge accounting only when, at the inception of the hedge, the following conditions are satisfied:

- there is a formal designation that the instrument is a hedging one;
- there is formal documentation of the hedging relationship, which is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the different financial reporting periods for which it was designated.

In accordance with IFRS 9, all derivatives are measured at fair value.

If financial instruments qualify for hedge accounting, the following treatment applies:

Fair value hedge - If a derivative instrument is designated as a hedge of the exposure to changes in the fair value of a recognized asset or liability that is attributable to a particular risk that will affect profit or loss, the gain or loss from remeasuring the hedging instrument at fair value should be recognized in

the income statement. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in the income statement.

Cash flow hedge - If a derivative instrument is designated as a hedge of the exposure to variability in cash flows attributable to a highly probable forecast transaction which could affect profit or loss, the effective portion of the gains or losses on the hedging instrument is recognized directly in the statement of comprehensive income. The effective portion of the cumulative gains or losses are reversed from net equity and reclassified to profit or loss in the same period in which the hedged transaction is reported in the income statement. Gains or losses associated with a hedge or part thereof that has become ineffective are reclassified to the income statement. If a hedging instrument or hedging relationship is terminated, but the transaction being hedged has not yet occurred, the cumulative gains and losses, recorded up until then in the statement of comprehensive income, are reported in the income statement at the same time that the hedged transaction occurs. If the hedged transaction is no longer expected to occur, the unrealized gains or losses reported directly in net equity are immediately reclassified to the income statement. If hedge accounting cannot be applied, the gains or losses arising from the fair value measurement of the derivatives are transferred immediately to the income statement.

Employee benefit

Pension and other incentive plans

Net obligations relating to employee benefit plans, chiefly the provision for severance indemnities (for the portion retained in the company) and pension funds, are recorded at the expected future value of the benefits that will be received and which have accrued at the reporting date. The Company's obligation to finance defined benefit pension funds and the annual cost reported in the income statement are determined by independent actuaries using the projected unit credit method.

Equity based compensation

The Company grants additional benefits to the Chief Executive Officer, a limited number of executives and key resources under the form of stock options. Based on IFRS 2 Share-based payment, the current value of the stock option determined on the grant date is recognized on a straight-line basis in the income statement as a payroll cost in the period between the grant date and the date on which the rights granted to employees, executives and others who routinely provide services to one or more Group companies parties fully vest, with a corresponding increase in equity.

At each reporting date the Company will revise estimates based on the number of options that are expected to vest,



independent of the fair value of the options. Any differences with respect to the original estimates will be recognized in the income statement with a corresponding increase in equity.

Once the stock option is exercised, the amounts received by the employee, net of transactions costs, will be added to the share capital in the amount of the nominal value of the shares issues. The remainder will be recognized in the share premium reserve.

The fair value of the stock options 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.

The fair value of the stock options is included within the Stock option Reserve.

Provisions for contingencies and other charges

The Company recognizes provisions for contingencies and charges when (i) it has a present obligation (legal or constructive) to third parties (ii) it is probable that the company will need to employ resources to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. Changes in these estimates are reflected in the income statement in the period in which they occur (also see the comments in the paragraph on "Estimates and assumptions").

Where the effect of the time value of money is material and the date of extinguishing the liability can be reasonably estimated, provisions are stated at the present value of the expected expenditure, using a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

An increase in the amount of the provision for the time value of money is accounted for in interest expense. Contingencies for which the probability of a liability is remote are disclosed in the notes but no provision is recognized.

Recognition of revenues

The item "Revenues" includes the consideration received for services rendered.

Revenues represent the consideration owed in exchange for the transfer of services to the customer, excluding amounts received on behalf of third parties. The Company recognizes the revenue when contractual obligations are fulfilled, namely when control of the service is transferred to the customer.

Based on the five-step model introduced in IFRS 15, the Company recognizes revenue after the following requirements have been met:

- a) the parties have approved the contract (in writing, orally or in accordance with other common commercial practices) and are committed to fulfilling the respective performance obligations; an agreement between the parties which creates rights and obligations regardless of the form of the agreement has, therefore, been created;
- b) the rights of each of the parties in relation to the services to be transferred can be identified;
- c) the payment terms for the goods or services to be transferred can be identified;
- d) the contract has commercial substance;
- e) it is probable that the Company will receive the consideration to which it is entitled in exchange for the services transferred to the customer.

If the consideration referred to in the contract has a variable component, the Company will estimate the amount of the consideration it will be entitled to in exchange for the services transferred to the customer.

Costs and expenses

Costs and expenses are accounted for on an accrual basis.

Dividends

Dividend distributions represent a movement in net equity in the period in which they are declared by the shareholders in general meeting.

Dividends received are reported when the Company is entitled to receive the payment.

Income taxes

Income taxes include all the taxes calculated on the Company's taxable income. Income taxes are recorded in the income statement, except for those relating to items directly debited or credited to net equity, in which case the associated tax is recognized directly in net equity.

Deferred taxes are provided on the basis of global provision for the liability. They are calculated on all the temporary differences emerging between the tax base of an asset or liability and their book value, except for differences arising from investments in subsidiaries which are not expected to reverse in the foreseeable future. Deferred tax assets on the carry forward of unused tax losses and tax credits are recognized to the extent that it is probable that future taxable profit will be available against which these can be recovered. Current and deferred tax assets and liabilities may be offset when the income taxes are charged by the same tax authority and when there is a legal right of set-off.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability settled.

Any uncertainty regarding tax treatments is considered in the tax calculation in accordance with the recommendations of IFRIC 23 Uncertainty over Income Tax Treatments.

Estimates and assumptions

These financial statements, prepared in accordance with IFRS, contain estimates and assumptions made by the Company relating to assets and liabilities, costs, revenues 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.

The following paragraphs discuss the principal assumptions used for estimation purposes and the principal sources of uncertainty, that have a risk of causing material adjustment to

the book value of assets and liabilities in the future; details of book value can be found in the individual explanatory notes.

Employee benefits

The cost of defined benefit pension plans is determined using actuarial valuations, based on statistical assumptions regarding discount rates, expected returns on investments, future salary growth and mortality rates.

The Company believes the rates estimated by its actuaries to be reasonable for the year-end valuations, but cannot rule out that large future changes in rates could have a material impact on the liabilities recognized in the financial statements.

Recoverability of deferred tax assets

Deferred tax assets could include those relating to carry forward tax losses to the extent that there is likely to be sufficient future taxable profit against which such losses can be recovered.

Management must use their discretion when determining the amount of deferred tax assets for recognition in the financial statements. They must estimate the likely timing of reversal and the amount of future taxable profit, as well as the future tax planning strategy.

Provisions for contingencies

The company makes several provisions against disputes or risks of various kinds relating to different matters falling under the jurisdiction of different countries. The determination, probability and quantification of these liabilities involve estimation processes that are often very complex, for which management uses all the available information at the date of preparing the financial statements, including with the support of legal and tax advisors.



Comments on the income statement

1. Revenues

Revenues refer mainly to chargebacks to subsidiaries for operating costs (payroll costs and the cost of services) and financial expenses incurred which amounted to €17,756 thousand as shown in Appendix n. 4.

2. Raw and ancillary materials, consumables and goods

These are analyzed as follows:

	2024	2023	Change
Other purchases	64	61	3
Total	64	61	3

3. Payroll costs

The figures relating to the provisions made by the Company relative to severance and long-term benefits are summarized in note 25. *Employee benefits*.

The item includes €5,984 thousand in costs relating to the current stock option plans (€907 thousand at 31 December 2023); refer to note 20. *Share-based incentive plans* and note 25. *Employee benefits* for more information.

4. Services and other operating expenses

These are analyzed as follows:

	2024	2023	Change
Insurance	5,333	4,457	876
Consulting services	4,090	7,116	(3,026)
Global marketing costs	3,889	2,365	1,524
Directors' emoluments	3,311	2,602	709
Travel	718	533	185
Statutory auditors' emoluments	170	166	4
Rentals and leasing	139	151	(12)
Telephone costs	45	36	9
ADV and Promotional expenses	2	16	(14)
Other sundry services	4,670	5,145	(475)
Total services	22,367	22,587	(220)
Sundry taxes	447	635	(188)
Other	212	190	22
Total other operating expenses	659	825	(166)
Services and other operating expenses	23,026	23,412	(386)

"Cost of services" includes the costs incurred by the Company to carry out its activities as a holding company and a few centralized costs shared by several Group companies that are subsequently charged back to the subsidiaries.

The item includes €1,489 thousand in net non-recurring expenses for consultancies related to the La Marzocco business combination.

"Rentals and leasing" includes the operating costs for contracts that are not or do not contain leases (€119 thousand; €139 thousand at 31 December 2023), as well as the costs for leases of less than twelve months (€20 thousand; €12 thousand at 31 December 2023); for more information, please refer to note 10. *Leases*.

"Services and other operating expenses" include €2,928 thousand in costs from related parties, as reported in Appendix 4.



5. Amortization

These are analyzed as follows:

	2024	2023	Change
Amortization of intangible assets	31	34	(3)
Depreciation of property, plant and equipment	43	50	(7)
Depreciation of right of use assets	387	341	46
Total	461	425	36

For further information on amortization and depreciation, please see the tables showing changes in intangible assets, property, plant and equipment, and leases.

6. Financial income (expenses)

Net financial income and expenses are broken down as follows:

	2024	2023	Change
Dividends	289,222	51,923	237,299
Incomes (expenses) from equity investments	289,222	51,923	237,299
Income (expenses) on exchange hedging transactions	(120)	19	(139)
Exchange differences and gains (losses) on currency hedges	107	(48)	155
Profits (losses) on net exchange rates	(13)	(29)	16
Net interest on loans	14,626	26,087	(11,461)
Interests	-	2	(2)
Financial income	14,626	26,089	(11,463)
Interest on m/l term loans	(11,008)	(17,979)	6,971
Interest expenses on bonds	(3,045)	(3,392)	347
Interest expenses on short-term loans and borrowings	-	(1)	1
Financial expenses	(14,053)	(21,372)	7,319
Interest for leasing	(18)	(13)	(5)
Other net financial income (expenses)	(521)	(635)	114
Other net financial income (expenses)	(539)	(648)	109
Net financial income (expenses)	289,243	55,963	233,280

"Financial income (expenses)" includes €303,748 thousand in income from related parties, as reported in Appendix 4.

Dividends relate primarily to amounts declared by the subsidiaries De' Longhi Appliances S.r.l., E-Services S.r.l., De' Longhi Kenwood GmbH, De Longhi Benelux S.A. and De Longhi Deutschland GmbH.

The interest payable on loans includes the interest on the Company's financial debt (recalculated using the amortized cost method).

For more information on leases, please see note 10. *Leases*.

7. Income taxes

These are analyzed as follows:

	2024	2023	Change
Current taxes	2,912	(6,790)	9,702
Advanced (deferred) taxes	2,887	10,125	(7,238)
Total	5,799	3,335	2,464

The Company exercised, jointly with the consolidator De Longhi Industrial S.A., the option to adhere to "Domestic Tax Consolidation", as permitted under articles 117 et seq of Presidential Decree n. 917/86 for the three-year period 2022-2024.

"Deferred income tax (liabilities) assets" report the taxes calculated on the temporary differences arising between the carrying amount of assets and liabilities and the corresponding tax base, and the distributable earnings of subsidiaries.

More information on deferred taxes can be found in note 13. *Deferred tax assets*.

Current income taxes reflect Pillar 2 application. Based on the information available and reasonable estimates, the De' Longhi Group's exposure to Pillar 2 income taxes at 31 December 2024 refers mainly to the United Arab Emirates, in the amount of €2.4 million. The remainder of €0.2 million is broken down into immaterial amounts, relating to different jurisdictions. For the jurisdictions subject to tax, the impact was calculated based on the figures reported at 31 December 2024, and resulted in the recognition of €2.6 million in taxes allocated in the income statement as an increase to income taxes and to liabilities under "Tax payables".

The Company continues to assess the impact that Pillar 2 income taxes will have on its future financial results.

The reconciliation of the tax burden is provided below.

	2024	%	2023	%
Profit before taxes	263,856	100.0%	33,243	100.0%
Theoretical taxes	(63,325)	24.0%	(7,978)	24.0%
Permanent tax differences (dividends, net of disallowable costs) and other effects	69,124	26.2%	11,313	34.0%
Actual taxes	5,799	2.2%	3,335	10.0%



Comments on the statement of financial position: assets

Non-current assets

8. Intangible assets

These are analyzed as follows:

	31.12.2024		31.12.2023	
	Gross	Net	Gross	Net
Patents	2,244	-	2,244	31
Total	2,244	-	2,244	31

The following table reports movements during 2024:

	Patents
Net opening balance	31
Amortization	(31)
Net closing balance	-

9. Other tangible assets

These are analyzed as follows:

	31.12.2024		31.12.2023	
	Gross	Net	Gross	Net
Industrial and commercial equipment	19	-	19	-
Other	246	18	246	61
Total	265	18	265	61

The following table reports movements during 2024:

	Other
Net opening balance	61
Amortization	(43)
Net closing balance	18

10. Leasing

The Company's current leases refer primarily to property and automobiles leased for operational purposes.

The right-of-use recognized for leased goods and the changes in 2024 are detailed below:

	Land and buildings	Other	Total
Net opening balance	644	290	935
Additions	194	140	334
Disposals	-	(10)	(10)
Amortization	(275)	(112)	(387)
Net closing balance	563	309	872

In 2024, subsequent to the application of the IFRS 16 Leases, €387 thousand of depreciation were recognized in the income statement and €18 thousand of interest payable and while € 410 thousand of costs represented by the lease payments made were eliminated.

Financial liabilities for leases amounting to €864 thousand (of which €444 thousand expiring beyond 12 months) were recognized at 31 December 2024.

The financial liabilities for leases include amounts owed associates of €558 thousand (of which €329 thousand expiring beyond 12 months) as shown in Appendix 4.

The maturities of the undiscounted lease liabilities are shown below:

	Undiscounted flows at 31.12.2024	Payable within one year	Payable in 1-5 years	Payable in more than five years
Lease liabilities	894	436	458	-

11. Equity investments

These are analyzed as follows:

Equity investments in subsidiary company	31.12.2024	31.12.2023	Change
De' Longhi Benelux II S.à r.l.	484,785	-	484,785
De Longhi Benelux S.A.	175,513	314,737	(139,224)
De' Longhi Appliances S.r.l.	242,678	242,678	-
De' Longhi Deutschland GmbH	40,800	40,800	-
De' Longhi Capital Services S.r.l.	6,005	6,005	-
E-Services S.r.l.	5,264	5,264	-
De' Longhi Romania S.r.l.	3,078	3,078	-
De' Longhi Kenwood GmbH	2,900	2,900	-
Clim.Re S.A.	54	54	-
Total	961,077	615,516	345,561

On 29 January 2024 shareholders of the subsidiary De Longhi Benelux S.A. approved the demerger project and the subsequent transfer of part of its assets (€139,224 thousand) to the newly-formed company De' Longhi Benelux II S.à.r.l.. On 22 February 2024 De'Longhi S.p.A made another capital contribution of €345,561 thousand to the subsidiary De'Longhi Benelux II S.à.r.l..

The list of equity investments is summarized in Appendix 3.

Equity investments in subsidiaries are recognized at the acquisition or formation cost.

The impairment test carried out has not revealed any significant evidence that equity investments are impaired.



12. Non-current receivables

This balance is analyzed as follows:

	31.12.2024	31.12.2023	Change
Receivables from subsidiaries	144	113	31
Guarantee deposit	16	7	9
Total	160	120	40

Appendix 4 contains details of "Receivables from subsidiary companies".

13. Deferred tax assets

"Deferred tax assets" refers to the recognition of taxes calculated on temporary differences between the carrying amount of assets and liabilities and their corresponding tax base.

Details are as follows:

	31.12.2024			31.12.2023			Change
	Taxable amount	Tax rate	Total income taxes	Taxable amount	Tax rate	Total income taxes	
Provision for contingencies and other charges	(52)	24%	(12)	431	24%	103	(115)
Other temporary differences	2,252	24%	540	6,782	24%	1,628	(1,088)
Total deferred tax assets recognized in the income statement	2,200		528	7,213		1,731	(1,203)
Reserves distributable by subsidiaries	-		-	(17,042)		(4,090)	4,090
Total deferred tax assets/tax liabilities recognized in the income statement	2,200		528	(9,829)		(2,359)	2,887
Change in fair value of cash flow hedges	-	24%	-	(1,599)	24%	(384)	384
Actuarial valuation funds	129	24%	30	133	24%	32	(2)
Total temporary differences recognized in net equity	129		30	(1,466)		(352)	382
Total net closing	2,329		558	(11,295)		(2,711)	3,269

There are no reportable temporary differences or tax losses against which deferred tax assets were recognized.

Current assets

14. Trade receivables

These are analyzed as follows:

	31.12.2024	31.12.2023	Change
Trade receivables within 12 months	14,852	12,499	2,353
Total	14,852	12,499	2,353

"Trade receivables" include €14,852 thousand in receivables from related parties, as reported in Appendix 4.

Trade receivables do not include any amounts due beyond 12 months.

15. Current tax assets

These are detailed as follows:

	31.12.2024	31.12.2023	Change
Direct tax receivables	254	-	254
Total	254	-	254

In 2024 the Company exercised the option to adhere to "Domestic Tax Consolidation" as permitted under Title II Section of Presidential Decree n. 917/86, in order to optimize the financial management of relationships with the tax authorities.

16. Other receivables

These are analyzed as follows:

	31.12.2024	31.12.2023	Change
Transfer of IRES credits for the purposes of Domestic Tax Consolidation	5,639	8,529	(2,890)
VAT	1,876	3,737	(1,861)
Prepaid insurance costs	1,369	1,294	75
Other	203	975	(772)
Total	9,087	14,535	(5,448)

In 2024 the Company exercised the option to adhere to "Group VAT liquidation" pursuant to Ministerial Decree n. 13/12/1979; the item "VAT credits" reflects the relative credit.

"Other receivables" includes €5,639 thousand in amounts due from related parties, as reported in Appendix 4.

None of the other receivables is due beyond 12 months.

17. Current financial receivables and assets

These are analyzed as follows:

	31.12.2024	31.12.2023	Change
Financial receivables	290,749	659,293	(368,544)
Fair value of derivatives	-	2,194	(2,194)
Total	290,749	661,487	(370,738)

"Financial receivables" refers to receivables to the subsidiary company De' Longhi Capital Services S.r.l., relating to the cash pooling agreement.

"Current financial receivables and assets" includes amounts payable by related parties of €290,749 thousand, as reported in Appendix 4.

More details on the fair value of derivatives can be found in note 33. *Risk management*.

None of the current financial receivables is due beyond 12 months.

18. Cash and cash equivalents

This balance consists of surplus liquidity on bank current accounts.

Comments on the statement of financial position: net equity and liabilities

Net equity

The primary objective of the Company'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 19 April 2024 the Shareholders' Meeting of De' Longhi S.p.A. resolved to distribute dividends for a total amount of €101,018 thousand, which were paid in full during the year.

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.

19. Treasury shares

On 19 April 2024, 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 directly or indirectly.

The buyback program was approved, in accordance with the law, for a period of up to a maximum of 18 months (namely through 19 October 2025).

At 31 December 2024 the Company did not hold any treasury shares neither directly or through the parent company De' Longhi S.p.A. or subsidiaries, trusts or intermediaries.

The difference with respect to 31 December 2023 (595,000 shares worth €9,658 thousand) is linked to the exercise of 595,000 options under the "2020-2027 Stock Option Plan".

The Company announced the launch, effective as from 16 January 2025, of a share buyback program as per the terms and conditions authorized during the above Shareholders' Meeting.

The program, the purpose of which is to provide funding for current and future compensation plans based on financial instruments and any and all other purposes authorized by the shareholders, will have a duration of up to 6 months, for an amount of approx. €60 million (equal to approximately 1.4% of the share capital at current prices) but not in excess of the maximum amount of shares authorized by shareholders, with the exception of early termination.

The purchase price may not exceed €45 per share and may not be more than 15% lower or higher than the stock price recorded at the close of the last three trading sessions prior to the purchase date.

The purchases will be made exclusively on the regulated markets where the Company's ordinary shares are traded, in accordance with the regulations governing the market, in order to ensure equal treatment between shareholders and compliance with all public disclosure obligations.

To this end, De' Longhi S.p.A. has signed a contract with a third-party intermediary which will proceed with the share buyback in full independence, in compliance with the terms agreed on in the contract, as well as applicable legislation and the shareholders' resolution

20. Share-based incentive plans

At 31 December 2024 two share-based incentive plans were in place, referred to as the "Stock Option Plan 2020-2027" and the "Performance Shares Plan 2024-2026".

The "Stock Option Plan 2020-2027" was approved by the shareholders of De' Longhi S.p.A. during the Shareholders' Meeting held on 22 April 2020.

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.

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

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

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

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

	Award (05.04.2020)	Award (05.14.2020)	Award (05.15.2020)	Award (05.20.2020)	Award (11.05.2020)
First tranche fair value	4.43	4.59	4.46	4.46	12.40
Second tranche fair value	4.38	4.54	4.40	4.40	12.03
Expected dividends (Euro)	2.8%	2.8%	2.8%	2.8%	2.8%
Estimated volatility (%)	35.0%	34.0%	33.0%	32.0%	28.0%
Historic volatility (%)	37.0%	37.0%	37.0%	37.0%	37.0%
Market interest rate	(0.2%)	(0.2%)	(0.2%)	(0.2%)	(0.2%)
Expected life of the options (years)	7.70	7.70	7.70	7.70	7.70
Exercise price (Euro)	16.98	16.98	16.98	16.98	16.98

At 31 December 2023 1,089,650 options had been granted under the "Stock Option Plan 2020-2027"; this number fell to 340,999 in 2024 due to the exercise of 748,651 options, serviced using 595,000 treasury shares and the issue of new shares for the remaining 153,651 shares.

The "Stock Option Plan 2024-2026" was approved by the shareholders of De' Longhi S.p.A. during the Shareholders' Meeting held on 19 April 2024.

The Plan is reserved for the Chief Executive Officer and Managing Director of De'Longhi S.p.A., and a limited number of managers with strategic responsibilities selected by the Board of Directors based on the proposal of the Remuneration and Appointments Committee, after having consulted with the Board of Statutory Auditors.

The purpose of the plan is to incentivize achievement of the Group's medium/long-term performance targets, by creating a rewarding, equitable and sustainable remuneration system, consistent with the regulatory framework and stakeholders' expectations.

Based on the Plan the options are assigned free of charge for up to a total of 1,200,000 options which entitles the beneficiary to 1 De' Longhi share for each option assigned, subject to achieving certain performance targets (measured at the end of the three-year vesting period 2024-2025-2026 and linked to value creation and the De' Longhi' Group's medium/long-term profitability), as well as based on the mechanisms and conditions in the plan itself.

Treasury shares may be used to service the Plan or, if not sufficient, shares issued as a result of free capital increases may also be used, including in more than one tranche for up to a maximum nominal amount of €1,800,000 and 1,200,000 shares, for which the Shareholders has granted the Board of Directors a specific mandate.

The shares will be transferred after the Shareholders' Meeting to approve the separate annual financial statements and examine the Group's consolidated Annual Report at 31 December 2026.

The Plan will expire in 2029, once the 24-month lock-up period on 50% of the shares assigned has ended.

For the purposes of valuation under IFRS 2 - Share-based payments, a single fair value was determined based on the option's value at the assignment date determined using the Black-Scholes model which takes into account the conditions for the exercise of the option, the current share price, expected volatility, a risk-free interest rate, as well as the non-vesting conditions.

Volatility was 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 and the valuation assumptions used are shown below:

	First Award
Average Fair value	27.68
Expected dividends	2.45%
Historic volatility (%)	34.63%
Market interest rate	3.1%
Expected life of the options (years)	3.15
Exercise price (Euro)	-

Based on available information and expected performance levels an estimated 861,473 options were outstanding at 31 December 2024.

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

21. Share capital

The share capital at 31 December 2023 comprised 151,060,000 ordinary shares with a par value of €1.5 for a total of €226,590 thousand.

During the year 153,651 options were exercised under the "Stock Option Plan 2020-2027" resulting in the issue of new shares. The share capital at 31 December 2024, therefore, comprises 151,213,651 shares with a par value of €1.5 for a total of €226,820 thousand.

22. Reserves

These are analyzed as follows:

	31.12.2024	31.12.2023	Change
Share premium reserve	46,800	40,078	6,722
Legal reserve	45,318	45,318	-
Other reserves:			
- Extraordinary reserve	136,974	201,413	(64,439)
- Fair value and cash flow hedge reserve	-	1,215	(1,215)
- Stock option reserve	7,781	5,695	2,086
- Reserve for treasury shares	-	(9,658)	9,658
- Actuarial valuation reserve	(98)	(101)	3
- Profit (Loss) carried forward	10,441	10,441	-
Total	247,216	294,401	(47,185)

Following the IPO and subsequent listing on Milan's MTA, today Euronext Milan, on 23 July 2001, a share premium reserve was constituted and subsequently reduced following the demerger of DeLclima S.p.A.. This reserve amounted to €40,078 thousand at 31 December 2023 after the exercise of options relating to the "2016-2022 Stock Option Plan".

In 2024 the reserve rose €6,722 thousand to €46.800 thousand following the exercise of 748,651 options (595,000 of which serviced using treasury shares) under the "2020-2027 Stock Option Plan".

The "Legal Reserve" was unchanged with respect to 31 December 2023 and amounts to €45,318 thousand.

The "Extraordinary Reserve" decreased by €64,439 thousand following allocation of the net earnings for 2023 as resolved during De' Longhi S.p.A's Annual General Meeting on 19 April 2024.

The change in the "Fair value and cash flow hedge" reserve in 2024, recognized in the statement of comprehensive income, is attributable to the termination of hedges on 30 September 2024 for €1,215 thousand net tax of €384 thousand.

More details on the fair value of derivatives can be found in note 33. *Risk management*.

The "Stock Option Reserve" at 31 December 2024 refers to the share-based incentive plan "Stock Option Plan 2020-2027" already described in note 20. *Share-based incentive plans*.

At 31 December 2024, the "Stock option" reserve amounted to €7,781 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.

The reserve for the "2020-2027 Stock Option Plan" amount to €2,163 thousand at 31 December 2024 versus €5,695 thousand at 31 December 2023; the change is attributable to the allocation of €366 thousand to the reserve based on the fair value of outstanding options, net exercises made in the reporting period. The reserve for the "Performance Shares Plan 2024-2026" amounted to €5,618 thousand, allocated entirely in 2024 based on the fair value measurement of the options assigned.

The "Treasury Share Reserve" (negative for €9,658 thousand at 31 December 2023) corresponded to the value of the 595,000 treasury shares purchased under the buyback program. During the first half of 2024 it was eliminated following exercise of options under the "Stock Option Plan 2020-2027".

The following table provides information on the permitted distribution of reserves:

Nature / Description	Amount	Tax restriction	Permitted use	Available amount
Share capital	226,820	56,884		
Capital reserves:				
- Share premium reserve	46,800		A,B,C	46,800
Earnings reserves				
- Legal reserve	45,318	1,257	B	
- Extraordinary reserve	136,974	18,722	A,B,C	136,974
- Stock option reserve	7,781			
- Actuarial valuation reserve	(98)			
- Revaluation reserve	10,441		A,B,C	1,866
Total	474,036	76,863		185,640

Key:

A: to increase share capital

B: to cover losses

C: distribution to shareholders

The "Tax restrictions" refer to a restriction imposed following a bonus capital increase created in 1997 using tax-suspended reserves and a restriction imposed for the misalignment of tax and accounting values in 2000 and 2005. The restrictions were updated based on the 2024 tax return.

Liabilities

23. Bank loans and borrowings

Bank loans and borrowings are analyzed as follows:

	Payable within one year	Payable in 1-5 years	31.12.2024	Payable within one year	Payable in 1-5 years	31.12.2023
Current bank loans and borrowings	8	-	8	627	-	627
Loans, short term portion	75,490	-	75,490	179,610	-	179,610
Total bank loans and borrowings	75,498	-	75,498	180,237	-	180,237
Loans (one to five years)	-	222,261	222,261	-	300,844	300,844
Total banks loans and borrowings	75,498	222,261	297,759	180,237	300,844	481,081

In 2024 no new loans were taken out. On 30 September 2024 a medium-term floating rate loan was extinguished and the relative hedge (used for the purpose of transforming the floating rate to a fixed rate) was liquidated.

None of the financial covenants in current loan agreements, based on the net financial debt/net equity and net financial debt/EBITDA before non-recurring/stock option costs ratios (based on the consolidated financial statements), had been breached at 31 December 2024.

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.

24. Other financial payables

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

	31.12.2024	31.12.2023	Change
Private placement (short-term portion)	21,408	21,397	11
Other short term financial payables	14	94	(80)
Total short-term payables	21,422	21,491	(69)
Private placement (one to five years)	42,832	64,259	(21,427)
Total long-term payables (one to five years)	42,832	64,259	(21,427)
Private placement (beyond five years)	150,360	150,358	2
Total long-term payables (beyond five years)	150,360	150,358	2
Total	214,614	236,108	(21,494)

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 2027, and has an average life of 15 years. The securities are unrated and are not intended to be listed on any regulated markets.



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 31 December 2024 the covenants based on the net financial debt/net equity and net financial debt/EBITDA before non-recurring/stock option costs ratios (based on the consolidated financial statements), had not been breached.

Neither issue is secured by collateral of any kind.

"Other short term financial payables" refers mainly to amounts owed the affiliate De' Longhi Capital Services S.r.l., explained for €8 thousand by the increase in the fair value of derivatives and for €6 thousand by financial services rendered.

More details on the fair value of derivatives, hedging both exchange rate and interest rate risk, can be found in note 33. *Risk management*.

The balance includes €14 thousand in payables from related parties, as reported in Appendix 4.



Net financial position

Details of the net financial position are as follows:

	31.12.2024	31.12.2023	Change
A. Cash	4,118	1,631	2,487
B. Cash equivalents	-	-	-
C. Other current financial assets	290,749	659,293	(368,544)
D. Cash, cash equivalents and other current financial assets (A+B+C)	294,867	660,924	(366,057)
E. Current financial liabilities	(21,834)	(22,464)	630
<i>of which lease liabilities</i>	(420)	(353)	(67)
F. Current portion of non-current financial liabilities	(75,498)	(179,610)	104,112
G. Current financial liabilities (E+F)	(97,332)	(202,074)	104,742
H. Current net financial liabilities (D+G)	197,535	458,850	(261,315)
I.1. Other non-current financial assets	145	114	31
I. Non-current financial liabilities	(222,705)	(301,423)	78,718
<i>of which lease liabilities</i>	(444)	(579)	135
J. Debt instruments	(193,192)	(214,617)	21,425
K. Trade payables and other non-current liabilities	-	-	-
L. Non-current net financial liabilities (I.1+I+J+K)	(415,752)	(515,926)	100,174
M. Total financial liabilities (H+L)	(218,217)	(57,076)	(161,141)
<i>Fair value of derivatives and other financial non-bank assets/liabilities</i>	(8)	2,188	(2,196)
Total net financial position	(218,225)	(54,888)	(163,337)

Details of the net financial position are shown in accordance with ESMA Bulletin 32-382-1138, published on 4 March 2021, in implementation of EC Regulation 2017/1129.

In order to provide a better representation, "Other non-current financial assets" are indicated separately in letter I.1; for further information, see note 12. *Non-current receivables*.

Details of financial receivables and payables with related parties are reported in Appendix 4.

For a better understanding of the changes in the net financial position, refer to the statement of cash flows, appended to these explanatory notes and the details provided in the Report on Operations.

25. Employee benefits

These are analyzed as follows:

	31.12.2024	31.12.2023	Change
Provision for severance indemnities	408	387	21
Other long term benefits	390	5,916	(5,526)
Total	798	6,303	(5,505)

Provision for severance indemnities

The provision for severance indemnities includes amounts payable to the Company's employees and not transferred to alternative 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. Severance indemnity, as an unfunded obligation, does not have any assets servicing it.

This plan is 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.

Movements in the year are summarized below:

Net cost charged to income	31.12.2024	31.12.2023	Change
Interest cost on defined benefit obligation	11	12	(1)
Total	11	12	(1)

Change in present value of obligations	31.12.2024	31.12.2023	Change
Present value at 1 January	387	369	18
Benefits paid and others	13	(1)	14
Interest cost on defined benefit obligation	11	12	(1)
Actuarial gains & losses recognized in the comprehensive income statement	(3)	7	(10)
Present value at reporting date	408	387	21

The principal assumptions used for determining the obligations under the plan described are as follows:

Assumptions used	Severance indemnity 2024	Severance indemnity 2023
Discount rate	3.2%	3.2%
Future salary increases	2.0% - 3.0%	2.0% - 3.0%
Inflation rate	2.0%	2.0%

"Other long-term benefits" includes the amount accrued in the reporting period for the incentive plan. This plan was approved by the Board of Directors for a limited number of the Company's key resources.

For more information, please refer to *Annual Report on Remuneration and Compensation Paid*.

The composition of the company's workforce is analyzed in the following table:

	31.12.2024	Average 2024	31.12.2023	Average 2023
White collars	46	41	37	38
Managers	19	19	18	18
Total	65	60	55	56

26. Other provisions

"Other provisions" includes residual provisions made during previous year for potential expenses linked to the reorganization of personnel for €8 thousand.

27. Trade payables

The balance of €7,719 thousand refers to amounts payable to third parties and related parties for services rendered. The amounts payable to related parties are broken down in Appendix 4.

Trade payables do not include any amounts due beyond 12 months.

28. Tax payables

Tax payables include income tax subject to separate taxation and does not include amounts due beyond 12 months.

29. Other payables

These are analyzed as follows:

	31.12.2024	31.12.2023	Change
Employees	5,647	3,274	2,373
Payables to related companies	2,461	2,853	(392)
Withholdings payables	2,251	1,799	452
Social security institutions	1,309	516	793
Other	1,973	1,465	508
Total	13,641	9,907	3,734

The "Payables towards related parties" mostly refer to amounts owed as a result of the Company's decision to pay VAT on a group basis, under the Ministerial Decree dated 13 December 1979, as described in note 16. *Other receivables*.

"Withholdings payable" relate to withholdings made by the company and payable to the tax authorities after the reporting date.

"Social security institutions" include €934 thousand in payables to Italy's principal social security agency (INPS), and €375 thousand in payables to pension funds.

Details of payables with related parties are reported in Appendix 4.

There are no other payables due beyond 12 months.

30. Commitments

These are detailed as follows:

	31.12.2024	31.12.2023	Change
Guarantees given for the benefit of:			
De' Longhi Capital Services S.r.l.	132,000	133,000	(1,000)
De' Longhi Kenwood A.P.A. Ltd.	15,099	15,093	7
De' Longhi Appliances S.r.l.	12,361	5,000	7,361
De' Longhi Kenwood Korea Ltd.	1,404	1,484	(80)
De' Longhi Brasil Ltda.	661	782	(122)
De' Longhi Deutchland Gmbh	401	402	(1)
De' Longhi Kenwood MEIA FZE	393	370	23
De' Longhi South Africa Pty Ltd.	350	324	26
De' Longhi America Inc.	327	217	110
De' Longhi Japan Corp.	183	184	(0)
De Longhi Benelux S.A.	142	96	46
De' Longhi Canada Inc.	67	67	-
Total De' Longhi Group companies and related parties	163,388	157,018	6,370

The guarantees given in the interest of Group companies and related parties refer primarily to credit lines which have been partially drawn down and to short-term loans.

In addition to the above:

- as part of its factoring of trade receivables without recourse, the total exposure for which amounted to €180,357 at 31 December 2024 (€182,841 at 31 December 2023), the Company issued a surety and a credit mandate in the interest of its subsidiaries and related parties involved;
- the Company also issued a guarantee in the interest of subsidiaries and related parties relative to currency hedging, the positive fair value of which amounted to €5,881 thousand at 31 December 2024 (negative for €2,857 at 31 December 2023);
- the Company also issued third party guarantees totalling €49 thousand.

No elements of risk as defined by IAS 37 have been noted to date.



31. Classification of financial assets and liabilities

Financial assets and liabilities are classified below in accordance with IFRS 7 using the categories identified in IFRS 9.

at 31 December 2024	Total Value	Assets		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
Non-current assets				
Equity investments (*)	-	-	-	-
Receivables	160	160	-	-
Other non-current financial assets	-	-	-	-
Current assets				
Trade receivables	14,852	14,852	-	-
Current tax assets	254	254	-	-
Other receivables	9,087	9,087	-	-
Current financial receivables and assets	290,749	290,749	-	-
Cash and cash equivalents	4,118	4,118	-	-

at 31 December 2024	Total Value	Passività		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
Non-current liabilities				
Bank loans and borrowings (long-term portion)	(222,261)	(222,261)	-	-
Other financial payables (long-term portion) (**)	(193,192)	(193,192)	-	-
Current Liabilities				
Trade payables	(7,719)	(7,719)	-	-
Bank loans and borrowings (short-term portion)	(75,498)	(75,498)	-	-
Other financial payables (short-term portion) (**)	(21,422)	(21,414)	(8)	-
Current tax liabilities	(2,650)	(2,650)	-	-
Other payables	(13,641)	(13,641)	-	-

(*) Interests in subsidiaries, associates and joint ventures are not included (IFRS 9 - 2.1 a).

(**) Lease liabilities to which IFRS 16 Leases is applied (IFRS 9 - 2.1 b) are not included.

The value of financial assets/liabilities at amortized cost does not differ significantly from their fair value.

at 31 December 2023	Total Value	Assets		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
Non-current assets				
Equity investments (*)	-	-	-	-
Receivables	120	120	-	-
Other non-current financial assets	-	-	-	-
Current assets				
Trade receivables	12,499	12,499	-	-
Current tax assets	-	-	-	-
Other receivables	14,535	14,535	-	-
Current financial receivables and assets	661,487	659,293	595	1,599
Cash and cash equivalents	1,631	1,631	-	-

at 31 December 2023	Total Value	Passività		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
Non-current liabilities				
Bank loans and borrowings (long-term portion)	(300,844)	(300,844)	-	-
Other financial payables (long-term portion) (**)	(214,617)	(214,617)	-	-
Current Liabilities				
Trade payables	(11,677)	(11,677)	-	-
Bank loans and borrowings (short-term portion)	(180,237)	(180,237)	-	-
Other financial payables (short-term portion) (**)	(21,491)	(21,485)	(6)	-
Current tax liabilities	(35)	(35)	-	-
Other payables	(9,907)	(9,907)	-	-

(*) Interests in subsidiaries, associates and joint ventures are not included (IFRS 9 - 2.1 a).

(**) Lease liabilities to which IFRS 16 Leases is applied (IFRS 9 - 2.1 b) are not included.

The value of financial assets/liabilities at amortized cost does not differ significantly from their fair value.

32. 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 31 December 2024. 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 negative fair value		(8)	

There were no transfers between the levels during the year.

33. Risk management

The Company is exposed to the following financial risks as part of its normal business activity:

- **credit risk**, mainly arising from the investment of surplus cash;
- **liquidity risk**, arising from the need to have adequate access to capital markets and sources of finance to fund its operations, investment activities and the settlement of financial liabilities;
- **exchange rate risk**, associated with the exposure to currencies other than the Company's functional currency;
- **interest rate risk**, relating to the cost of the Company's debt.

Credit risk

Credit risk consists of the Company's exposure to potential losses arising from failure by a counterparty to fulfil its obligations.

Trade credit risk is associated with the normal course of business and is monitored using formal procedures to assess customers and extend them credit, define credit limits, as well as monitor expected inflows, including with a view to credit collection.

Positions are written down when there is objective evidence that they will be partially or entirely uncollected, bearing in mind that a significant proportion of receivables are covered by insurance policies with major insurers.

This is not a material risk for the Company, whose principal credit exposures are to Group companies.

As far as financial credit risk is concerned, it is the Company's policy to maintain a sufficiently large portfolio of counterparties of high international repute for the purposes of satisfying its financing and hedging needs.

Liquidity risk

Liquidity risk is the risk of not having the funds needed to fulfil payment obligations arising from operating and investment activities and from the maturity of financial instruments.

The Company complies with specific group policies and procedures for the purposes of monitoring and managing this risk, including:

- centralized management of financial payables and cash, supported by reporting and information systems and, where possible, cash pooling arrangements;
- raising of medium and long-term finance on capital markets;
- diversification of the type of financing instruments used;
- obtaining of short-term credit lines such as to ensure wide room for manoeuvre for the purposes of managing working capital and cash flows;
- monitoring of current and forecast financing needs and distribution within the Group.

The Company has short and medium-term credit lines used to finance working capital and other operating needs (issuing guarantees, foreign exchange transactions, etc.), or relative to the current loan transactions described in this report.

These credit lines, along with cash flow generated by operations, are considered sufficient to satisfy the Company's annual funding requirements for working capital, investments and settlement of payables on their natural due dates.

Note 31. *Classification of financial assets and liabilities* presents the book value of financial assets and liabilities, in accordance with the categories identified by IFRS 9.

The following table summarizes the due dates of financial liabilities at 31 December 2024 and at 31 December 2023 on the basis of undiscounted contractual payments.

	Undiscounted cash flows at 31.12.2024	Payable within one year	Payable in 1-5 years	Payable in more than five years	Undiscounted cash flows at 31.12.2023	Payable within one year	Payable in 1-5 years	Payable in more than five years
Bank loans and borrowings (*)	(312,218)	(83,294)	(228,924)	-	(517,374)	(196,689)	(320,684)	-
Other financial payables (**)	(236,245)	(24,096)	(50,644)	(161,505)	(260,762)	(24,530)	(72,957)	(163,275)
Trade payables	(7,719)	(7,719)	-	-	(11,677)	(11,677)	-	-
Current tax payables and other payables	(16,291)	(16,291)	-	-	(9,942)	(9,942)	-	-
Total	(572,473)	(131,400)	(279,569)	(161,505)	(799,755)	(242,839)	(393,641)	(163,275)

(*) The corresponding balance reported in the financial statements is €297,759 thousand at 31 December 2024 and €481,081 thousand at 31 December 2023. See note 23. *Bank loans and borrowings*.

(**) The corresponding balance reported in the financial statements amounted to €214,601 thousand at 31 December 2024 and €236,108 thousand at 31 December 2023. For further details refer to note 24. *Other financial payables*.

With regard to lease liabilities in accordance with IFRS 16, please refer to note 10. *Leases*.



Exchange rate risk

The Company is exposed to the risk of fluctuations in currencies (other than its functional one) in which ordinary trade and financial transactions are denominated. For the purposes of protecting its income statement and statement of financial position from such fluctuations, the Company adopts a suitable hedging policy that eschews speculative ends.

Details of the policies, instruments and purpose of hedging at Group level can be found in the notes to the consolidated financial statements.

Sensitivity analysis:

The potential impact, in terms of change in fair value, of a hypothetical, sudden +/-5% change in year-end exchange rates was estimated in light solely of receivables/payables in unhedged currencies insofar as the impact on the income statement of the receivables/payables in hedged currencies is mitigated or offset by the respective hedges. A +/- 5% change in year-end exchange rates of the principal exposed currencies (USD and HKD) is estimated to produce a change in fair value of around +/- €102 thousand (+/- €47 thousand at 31 December 2023). As most of the receivables/payables in question are due beyond twelve months the change in fair value would impact the income statement of the following year.

Interest rate risk

The Company is exposed to interest rate risk on floating rate loans and borrowings. This risk is managed centrally by the same team that manages currency risks.

At 31 December 2024, the Company's fixed rate debt stems from bonds while the remainder is floating rate.

The purpose of interest rate risk management is to assess the mismatch between financial assets and liabilities and verify that there are no relevant gaps such that could impact the cost of funding if the yield curve were to steepen.

Sensitivity analysis:

When estimating the potential impact of a hypothetical, sudden material change in interest rates (+/- 1% in market rates) on the cost of the Company's debt, only those items forming part of net financial position which earn/incur interest have been considered and not any others (meaning total net assets of €3.3 million on a total of €218,2 million in net debt at 31 December 2024 and total net assets of €235.5 million on a total of €54.9 million in net debt in 2023). In the absence of hedges, any change in interest rates would directly impact the cost of that portion of debt resulting in an increase/decrease in financial expenses.

A +/-1% change in interest rates would have an impact of +/- €33 thousand before tax at 31 December 2024 recognized entirely in the income statement (+/- €2,355 thousand before tax at 31 December 2023).

Interest rate and currency exchange hedges at 31 December 2024

For accounting treatment purposes, derivatives hedging the risk on expected cash flows are accounted for in hedge accounting (cash flow hedge), as for the provisions of IFRS 9.

Derivatives that hedge foreign currency payables and receivables are reported with changes in their fair value reported in the income statement. These instruments offset the risk on the hedged item (which is a recognized asset or liability).

Contracts to hedge exchange rate risk on credits and debts

In order to protect balance sheet items from exchange rate fluctuations, the company adopts a hedging policy that uses procedures and tools suitable for this purpose and free from speculative connotations.

Hedging derivatives details on payables and receivables in foreign currency are as follows:

Currency	Notional amount (in €/'000)			Fair value (in €/'000)	
	Purchases	Sales	Total	Current assets	Current Liabilities
USD/EUR	-	650	650	-	(7)
HKD/EUR	-	900	900	-	(1)
Total				-	(8)

Derivatives hedging payables and receivables in foreign currency, however, are recorded at fair value with direct attribution to the income statement. These instruments offset the risk being hedged (already recorded in the balance sheet).

34. Transactions and balances with related parties

Appendix 4 contains the information concerning transactions and balances with group companies and related parties required by CONSOB Regulations 97001574 dated 20 February 1997, 98015375 dated 27 February 1998 and DEM/2064231 dated 30 September 2002; all such transactions have fallen within the Group's normal operations, except as otherwise stated in these notes, and have been settled under arm's-length terms and conditions.

35. Subsequent events

After 31 December 2024 through the date on which this annual report was approved, no events occurred that would have had a significant impact on financial and economic results recorded, as per IAS 10 - *Events after the reporting period*.

36. Proposed shareholder resolutions

1) Proposed resolution relating to item 1 of the Agenda for the Annual General Meeting convened on 30 April 2025 (“Approval of the separate financial statements at 31 December 2024, together with the Directors’ Report on Operations, the Board of Statutory Auditors’ Report and the External Auditors’ Report. Presentation of the Consolidated Annual Report at 31 December 2024. Presentation of the Legislative Decree 125/2024 Consolidated Sustainability Report. Related and consequent resolutions”).

Dear Shareholders,

in submitting the De’ Longhi S.p.A.’s Annual Report at 31 December 2024 to you for approval during the Annual General Meeting, we propose that you approve the following resolution:

“The shareholders of De’ Longhi S.p.A.,

having examined the draft separate financial statements at 31 December 2024 of De’ Longhi S.p.A., the Board of Directors’ Report on Operations, the Board of Statutory Auditors’ Report and the other documentation called for under the law

resolve

to approve the Directors’ Report on Operations and the separate financial statements at 31 December 2024 of De’ Longhi S.p.A.”.

2) Proposed resolution relating to item 2 of the Agenda for the Annual General Meeting convened on 30 April 2025 (“Proposed allocation of the net profit for the year and the payment of a dividend. Related and consequent resolutions”).

Dear Shareholders,

with regard to the allocation of the net profit for the year closed on 31 December 2024, which amounted to €269,654,801, we propose that you approve the following resolution:

“The shareholders of De’ Longhi S.p.A.,

In light of the earnings for the year and amount of the “extraordinary reserve” reported in the separate financial statements at 31 December 2024 and having acknowledged the Directors’ Report on Operations

resolve

- 1)** *to allocate €70,421 of the net profit for 2024 to the legal reserve, in accordance with art. 2430 of the Italian Civil Code, which represents one fifth of the share capital subscribed at the date of this Annual General Meeting;*
- 2)** *to allocate €153,963,631 of the net profit for 2024 to the Law 197/2022 capital redemption reserve;*
- 3)** *to distribute a gross dividend of €1.25 for each of the outstanding shares with dividend rights at the record date, as per Art. 83-terdecies of Legislative Decree 58/98;*
- 4)** *to use the net earnings shown in the separate financial statements at 31 December 2024 for the purposes of 3) net the allocations referred to in items 1 and 2 and to use the extraordinary reserve to cover any differences;*
- 5)** *to establish that payment will be made:*
 - of a gross ordinary dividend of €0.83 per share, equal to the portion of the 2024 earnings to which each share with dividend rights is entitled, while the “extraordinary reserve” will be used for the remainder, on 21 May 2025, with shares going ex-div on 19 May 2025, in accordance with Borsa Italiana’s calendar, and a record date of 20 May 2025 as per art. 83-terdecies of Legislative Decree n. 58/98;*
 - of an additional gross dividend of €0.42 per share, taken entirely from the “extraordinary reserve”, on 24 September 2025, with shares going ex-div on 22 September 2025, in accordance with Borsa Italiana’s calendar, and a record date of 23 September 2025 as per art. 83-terdecies of Legislative Decree n. 58/98.*

Treviso, 14 March 2025

De’ Longhi S.p.A.

Vice Chairman and Chief Executive Officer

Fabio de’ Longhi

05

SEPARATE FINANCIAL STATEMENTS

Appendices





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

APPENDIX 1

Certification of the 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 financial statements during 2024:
 - have been adequate in relation to the company's characteristics and
 - have been effectively applied.
- It is also certified that the financial statements at 31 December 2024:
 - 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.

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

Fabio de' Longhi
Vice Chairman and Chief Executive Officer

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

APPENDIX 2

Statement of cash flows in terms of net financial position

(€/000)	2024	2023
Profit (loss)	269,655	36,578
Income taxes for the period	(5,799)	(3,335)
Income from dividends receipt	(289,222)	(51,923)
Amortization	461	425
Net change in provisions and other non-cash items	(1)	4,089
Cash flow absorbed by current operations (A)	(24,906)	(14,166)
Change in assets and liabilities for the period:		
Trade receivables	(2,353)	(11,280)
Trade payables	(3,959)	4,077
Other changes in net working capital	14,446	(393)
Payment of income taxes	-	(9,972)
Cash flow generated (absorbed) by movements in working capital (B)	8,134	(17,568)
Cash flow generated by current operations and movements in working capital (A+B)	(16,772)	(31,734)
Investment activities:		
Investments in property, plant and equipment	-	(22)
Investments in leased assets	(334)	(284)
Other cash flows for property, plant and equipment	10	27
Net equity investments and other financial assets	(345,560)	(48,000)
Dividends collection	289,222	51,923
Cash flow absorbed by investment activities (C)	(56,662)	3,644
Cash flow by operating activities (A+B+C)	(73,434)	(28,090)
Dividends paid	(101,018)	(72,079)
Exercise of stock option	12,714	5,101
Cash flow reserves	(1,599)	(1,924)
Cash flows absorbed by changes net equity (D)	(89,903)	(68,902)
Cash flow for the period (A+B+C+D)	(163,337)	(96,992)
Opening net financial position	(54,888)	42,104
Cash flow for the period (A+B+C+D)	(163,337)	(96,992)
Closing net financial position	(218,225)	(54,888)

APPENDIX 3 (*)

List of equity investments (art. 2427 of the Italian Civil Code)

Company name	Registered office	Share capital		Net equity		Latest reported profit or (loss)	Interest held directly	Book value (€/000)	
Subsidiary companies:									
De' Longhi Benelux II S.à r.l. ⁽²⁾⁽⁵⁾	Luxembourg	Chf	76,272,000	Chf	761,469,859	Chf	(591,204)	100%	484,784
De Longhi Benelux S.A. ⁽¹⁾	Luxembourg	Eur	181,730,990	Eur	517,853,246	Eur	153,531,716	100%	175,514
De' Longhi Appliances S.r.l.	Treviso	Eur	200,000,000	Eur	380,952,359	Eur	106,109,502	100%	242,678
De' Longhi Deutschland GmbH ⁽²⁾	Neu Isenburg	Eur	2,100,000	Eur	40,705,306	Eur	12,288,232	100%	40,800
De' Longhi Capital Services S.r.l. ⁽³⁾⁽⁴⁾	Treviso	Eur	53,000,000	Eur	70,018,087	Eur	3,060,452	11.32%	6,005
E-Services S.r.l.	Treviso	Eur	50,000	Eur	2,402,022	Eur	1,899,875	100%	5,264
De' Longhi Romania S.r.l. ⁽²⁾⁽⁴⁾	Juc-Herghelie, Cluj	Ron	140,000,000	Ron	860,287,049	Ron	156,686,728	10%	3,078
De' Longhi Kenwood GmbH ⁽²⁾	Wr. Neudorf	Eur	36,336	Eur	2,147,403	Eur	1,850,004	100%	2,900
Clim.Re S.A. ⁽¹⁾⁽⁴⁾	Luxembourg	Eur	1,239,468	Eur	2,651,074	Eur	75,128	4%	54
De' Longhi Polska Sp.Zo.o. ⁽²⁾⁽⁴⁾	Warszawa	Pln	50,000	Pln	142,063,472	Pln	26,703,036	0.1%	-
Total									961,077

(*) Statutory figures at 31 December 2024, unless otherwise specified.

(1) Statutory figures at 31 December 2023.

(2) Figures used for the purposes of consolidation at 31 December 2024.

(3) 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.

(4) The residual interest is held indirectly.

(5) The company was formed on 29 January 2024, following the demerger of De Longhi Benelux S.A.

APPENDIX 3 - cont'd
Changes in equity
investments

Equity investments (Amount in thousands of Euro)	Book value at 31.12.2023	Acquisitions, subscriptions and recapitalizations	Demerger	Net impairment losses and reversals	Book value at 31.12.2024
Subsidiary companies:					
De' Longhi Benelux II S.à r.l.	-	345,561	139,224	-	484,785
De Longhi Benelux S.A.	314,737	-	(139,224)	-	175,513
De' Longhi Appliances S.r.l.	242,678	-	-	-	242,678
De' Longhi Deutschland GmbH	40,800	-	-	-	40,800
De' Longhi Capital Services S.r.l.	6,005	-	-	-	6,005
E-Services S.r.l.	5,264	-	-	-	5,264
De' Longhi Romania S.r.l.	3,078	-	-	-	3,078
De' Longhi Kenwood GmbH	2,900	-	-	-	2,900
Clim.Re S.A.	54	-	-	-	54
De' Longhi Polska Sp.Zo.o.	-	-	-	-	-
Total	615,516	345,561	-	-	961,077

APPENDIX 4

Transactions and balances with related parties

Income statement

Income Statement pursuant to CONSOB resolution 15519 of 27 July 2006 (Amounts in thousands of Euro)	Notes	2024	of which with related parties	2023	of which with related parties
Other revenues	1	17,878	17,756	15,157	15,073
Total revenues		17,878		15,157	
Raw and ancillary materials, consumables and goods	2	(64)		(61)	
Materials consumed		(64)		(61)	
Payroll costs	3	(19,714)		(13,487)	
Services and other operating expenses	4	(23,026)	(2,928)	(23,412)	(2,769)
Provisions		-		(492)	
Amortization	5	(461)		(425)	
EBIT		(25,387)		(22,720)	
Net financial income (expenses)	6	289,243	303,748	55,963	77,959
PROFIT (LOSS) BEFORE TAXES		263,856		33,243	
Taxes	7	5,799		3,335	
PROFIT (LOSS)		269,655		36,578	

APPENDIX 4 - cont'd

Transactions and balances
with related parties

Balance sheet

Statement of financial position pursuant to CONSOB resolution 15519 of 27 July 2006 (Amounts in thousands of Euro)	Notes	31.12.2024	of which with related parties	31.12.2023	of which with related parties
NON-CURRENT ASSETS					
INTANGIBLE ASSETS		-		31	
- <i>Other intangible assets</i>	8	-		31	
PROPERTY, PLANT AND EQUIPMENT		890		995	
- <i>Other tangible assets</i>	9	18		61	
- <i>Right of use assets</i>	10	872		935	
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS		961,237		615,637	
- <i>Equity investments</i>	11	961,077		615,516	
- <i>Receivables</i>	12	160	145	121	114
DEFERRED TAX ASSETS	13	557,848		-	
TOTAL NON-CURRENT ASSETS		962,685		616,663	
CURRENT ASSETS					
TRADE RECEIVABLES	14	14,852	14,852	12,499	12,499
CURRENT TAX ASSETS	15	254		-	
OTHER RECEIVABLES	16	9,087	5,639	14,535	9,039
CURRENT FINANCIAL RECEIVABLES AND ASSETS	17	290,749	290,749	661,487	659,294
CASH AND CASH EQUIVALENTS	18	4,118		1,631	
TOTAL CURRENT ASSETS		319,060		690,153	
TOTAL ASSETS		1,281,745		1,306,816	

Statement of financial position pursuant to CONSOB resolution 15519 of 27 July 2006 (Amounts in thousands of Euro)	Notes	31.12.2024	of which with related parties	31.12.2023	of which with related parties
NET EQUITY					
- Share Capital	21	226,820		226,590	
- Reserves	22	247,216		294,401	
- Profit (loss)		269,655		36,578	
NET EQUITY		743,692		557,569	
NON-CURRENT LIABILITIES					
FINANCIAL PAYABLES		415,897		516,040	
- Banks loans and borrowings (long-term portion)	23	222,261		300,844	
- Other financial payables (long-term portion)	24	193,192		214,617	
- Lease liabilities (long-term portion)	10	444	329	579	329
DEFERRED TAX LIABILITIES	13	-		2,712	
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES		806		6,795	
- Employee benefits	25	798		6,303	
- Other provisions	26	8		492	
TOTAL NON-CURRENT LIABILITIES		416,704		525,547	
CURRENT LIABILITIES					
TRADE PAYABLES	27	7,719	229	11,677	373
FINANCIAL PAYABLES		97,340		202,081	
- Banks loans and borrowings (short-term portion)	23	75,498		180,237	
- Other financial payables (short-term portion)	24	21,422	14	21,491	94
- Lease liabilities (short-term portion)	10	420	216	353	216
CURRENT TAX LIABILITIES	28	2,650		35	
OTHER PAYABLES	29	13,641	2,461	9,907	2,853
TOTAL CURRENT LIABILITIES		121,350		223,700	
TOTAL NET EQUITY AND LIABILITIES		1,281,745		1,306,816	

APPENDIX 4 - cont'd

Transactions and balances
with related parties

Summary by company

(€/million)	Revenues ⁽¹⁾	Consumption and costs for services ⁽¹⁾	Financial income (expenses)	Non-current financial receivables	Current financial receivables	Other receivables ⁽²⁾	Non-current financial payables	Current financial payables ⁽³⁾	Other payables ⁽⁴⁾
Ultimate parent companies:									
DE LONGHI INDUSTRIAL S.A.	-	-	-	-	-	5.6	-	-	-
Total ultimate parent companies (a)	-	-	-	-	-	5.6	-	-	-
Subsidiary companies:									
DE' LONGHI APPLIANCES S.R.L.	12.2	(0.2)	83.6	-	-	12.7	(0.3)	(0.2)	(2.7)
E-SERVICES S.R.L.	3.5	(0.8)	2.5	-	-	0.4	-	-	-
DE' LONGHI KENWOOD A.P.A. LTD	1.6	-	-	0.1	-	1.7	-	-	-
CAPITAL BRANDS HOLDINGS INC.	0.4	-	-	-	-	-	-	-	-
DE' LONGHI AMERICA INC	-	(1.9)	-	-	-	-	-	-	-
DE' LONGHI CAPITAL SERVICES Srl	-	-	14.5	-	290.7	-	-	-	-
DE' LONGHI-KENWOOD GMBH - AUSTRIA	-	-	3.7	-	-	-	-	-	-
DE'LONGHI DEUTSCHLAND GMBH	-	-	35.0	-	-	-	-	-	-
DE LONGHI BENELUX S.A.	-	-	164.4	-	-	-	-	-	-
Total subsidiary companies (b)	17.7	(2.9)	303.7	0.1	290.7	14.8	(0.3)	(0.2)	(2.7)
Related companies:									
GAMMA S.R.L.	0.1	-	-	-	-	0.1	-	-	-
Total related companies (c)	0.1	-	-	-	-	0.1	-	-	-
Total ultimate parent, subsidiary and related companies (a+b+c)	17.8	(2.9)	303.7	0.1	290.7	20.5	(0.3)	(0.2)	(2.7)

(1) These mostly refer to dealings of a commercial nature and the supply of administrative services by company employees.

(2) These consist of €14.9 million in "Trade receivables" and €5.6 million in "Other receivables".

(3) This item includes €0.2 million in "Lease payables".

(4) This item includes €0.2 million in "Trade payables" and €2.5 million "Other payables".

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

05

SEPARATE FINANCIAL STATEMENTS

External auditors' report on the separate financial statements





Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of De' Longhi SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of De' Longhi SpA (the Company), which comprise the statement of financial position as of 31 December 2024, the income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

There are no key audit matters to disclose in this report.

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** 40124 Via Luigi Carlo Farini 12 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

www.pwc.com/it



Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;



- we evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- we concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 19 April 2018, the shareholders of De' Longhi SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.



Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) No. 2019/815

The directors of De' Longhi SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) No. 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements as of 31 December 2024, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the financial statements as of 31 December 2024 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10 and with article 123-bis, paragraph 4, of Legislative Decree No. 58/98

The directors of De' Longhi SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of De' Longhi SpA as of 31 December 2024, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements;
- express an opinion on the compliance with the law of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98;
- issue a statement on material misstatements, if any, in the report on operations and in the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are consistent with the financial statements of De' Longhi SpA as of 31 December 2024.

Moreover, in our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98 are prepared in compliance with the law.



With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Treviso, 7 April 2025

PricewaterhouseCoopers SpA

Signed by

Filippo Zagagnin
(Partner)

As disclosed in "Contents" section, the accompanying financial statements of De' Longhi SpA constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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 226,942,106 (subscribed and paid-in)

Tax ID and Company Register no.: 11570840154

Treviso Chamber of Commerce no.: 224758

VAT no.: 03162730265



