

DēLonghi Group

# 2023

Annual report  
at 31 December



20  
23

<b>01 De' Longhi Group</b>	3	<b>02 Report on operations</b>	13	<b>04 Report on operations on separate financial statements</b>	159
		<b>03 Group annual report and financial statements</b>	89	<b>05 Separate annual report and financial statements</b>	176
		Consolidated financial statements:	90	De' Longhi S.p.A. - Separate financial statements:	177
		– Consolidated income statement	90	– Income statement	177
		– Consolidated statement of comprehensive income	91	– Statement of comprehensive income	178
		– Consolidated statement of financial position	92	– Statement of financial position	179
		– Consolidated statement of cash flows	94	– Statement of cash flow	181
		– Consolidated statement of changes in net equity	95	– Statement of changes in net equity	182
		Explanatory notes	96	Explanatory notes	183
		External auditors' report on the consolidated financial statements	148	External auditors' report on the separate financial statements	221
		Independent auditors' report on consolidated Non-Financial Statement	155		

*The Annual report at 31 December 2023 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**



*Worldwide,  
Every Day,  
by your Side*

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

*To be lived,  
To be shared.*

## **Our values**

**Heritage**

**Passion**

**Respect**

**Competence**

**Ambition**

**Teamwork**

**Courage**

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.

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 three brands, De' Longhi, Kenwood and Braun.

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 and the Eversys Group, active in the professional espresso coffee machine sector.

The Group, whose main headquarters are in Treviso (Italy), is present worldwide thanks to the direct commercial branches and a network of distributors; it also owns six productive plants and a few stores.

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.

## DēLonghi Group

### 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 components.

### 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.

### 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.



In 2023 the Group continued with the gradual integration of issues relating to environmental and social sustainability, as well as governance, in the company's strategy, risk management, and compensation processes, with a view to promoting a systematic and transparent approach, consistent with the standards called for in the Code of Ethics.

Various projects were developed during the year, aimed at achieving the targets defined in the Sustainability Manifesto published in 2022, thanks to the constant work done rooted in the three pillars of our sustainability path: **Products, Processes, People.**

More in detail, the results achieved include the following:

- completion of the "life cycle assessment (LCA)" of three products chosen in order to determine their carbon footprint with a view to optimizing the energy performance, the environmental and water impact. This target was achieved a year in advance.
- The adoption of the "Eco-Design Guidelines" for ten products has been finalized, consistent with the target included in the Sustainability Manifesto as part of the objectives for 2023.
- The Group worked to manage energy resources responsibly and the target calling for the electricity used to be derived 100% from self-produced renewable energy or from certified renewable energy networks was achieved two years in advance.

- The audits needed to obtain ISO 45001 certification for workplace health and safety management continued and certification was obtained by one of the plants in China.
- With a view to Health & Safety, a campaign aiming to raise awareness about health and safety issues was launched by publishing a specific Manifesto and implementing a robust program focused on the prevention of accidents at the production facilities, including by also appointing company ambassadors.
- The DEI (Diversity, Equity and Inclusion) program was launched and top management, along with Human Resources, defined a program focused on strengthening the presence of women in managerial positions and supporting the reduction of the "gender pay gap".
- The Sustainability Learning Journey was launched and had an impactful beginning: with the introduction of the intranet "Switch on" it was possible to share topics and updates linked to the Group's sustainability path. The program also included the "Sustainability Speech" which was made by Nobel Prize Winner Prof. Joseph Stiglitz at the Treviso headquarters. It was the source of great inspiration for the entire company.
- Thanks to the new PULSE platform and the development of e-learning the average hours of training per employee increased (from 23 in 2022 to 24.3 in 2023), consistent with the target

included in the Sustainability Manifesto.

Sustainability was again identified as one of the key enablers of the Medium-Term Plan 2021-2023, which confirms the importance that the concept of "Sustainable Success" has for the De' Longhi Group.

In 2023 the Group worked on revising and updating the original Sustainability Plan approved by the Board of Directors on 28 July 2022.

This updated Sustainability Plan was included in the Medium-Term Plan 2024-2026 (approved by the Board of Directors on 18 January 2024), consistent with its role as one of the key enablers.

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 participated in the Italian Green New Deal, a nationwide tender focused on eco-friendly and circular transition projects.

Lastly, in 2023 the Group began its sponsorship of two PhDs in Sustainable Design offered through the Design Department at Milan's Politecnico.

## 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.

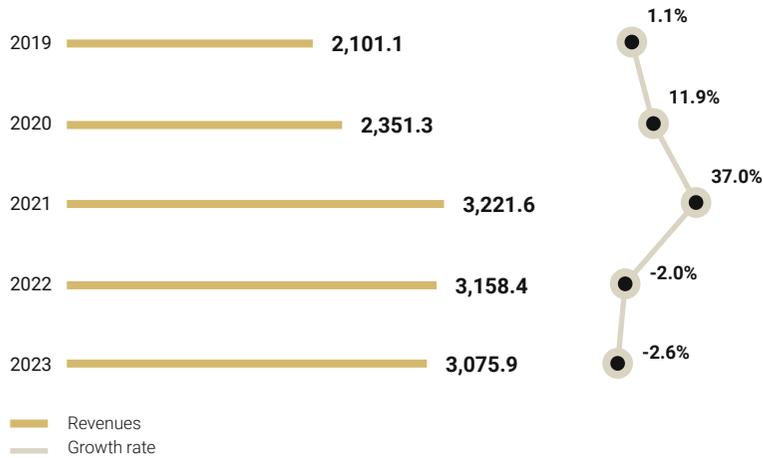
On 28 July 2022, as part of the Succession Plan Policy adopted by De' Longhi S.p.A. in accordance with the Corporate Governance Code and applied subsequent to the resignation of Massimo Garavaglia, the Board of Directors appointed the Vice Chairman Fabio de' Longhi Chief Executive Officer effective as 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.

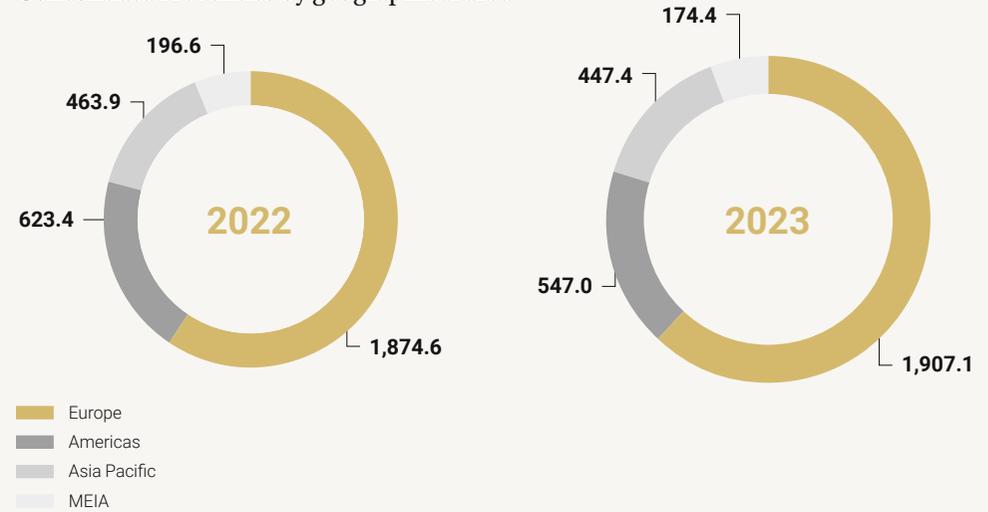
## Consolidated revenues

of €3,075.9 million

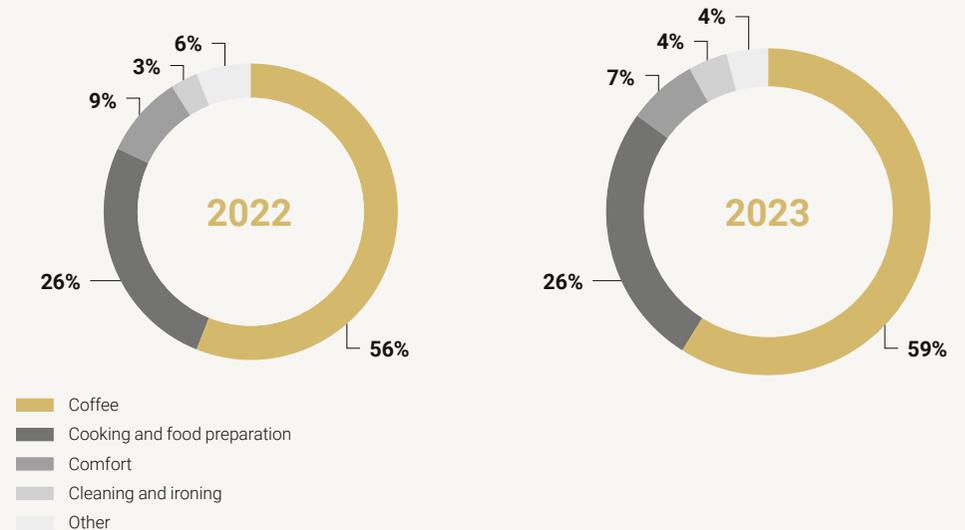


(€/million)

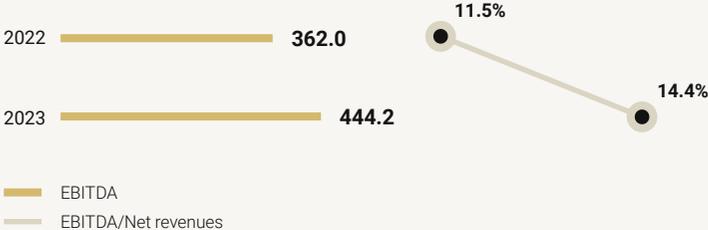
## Consolidated revenues by geographical area



## Consolidated revenues by product category



**EBITDA before non-recurring/stock option cost**  
of €444.2 million (14.4% of revenues).

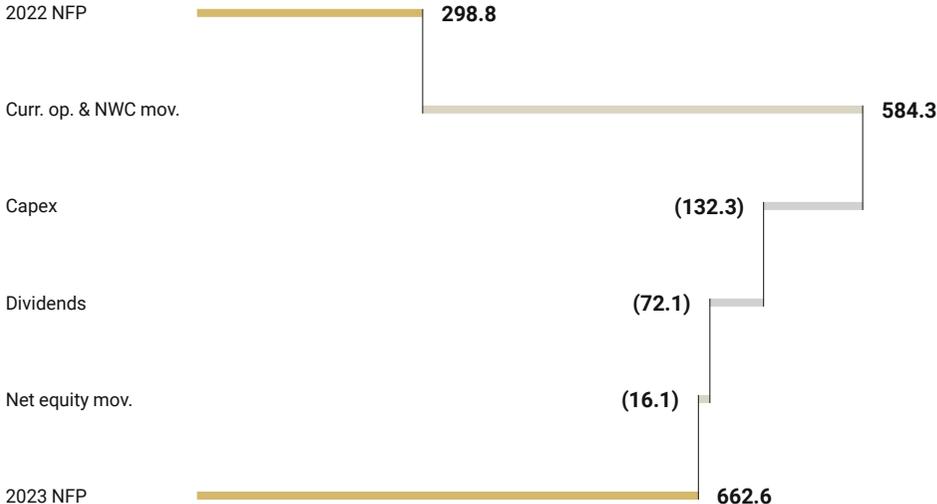


**Operating NWC**  
of €61.1 million (2.0% of revenues).



**NFP**

at €662.6 million.  
Operating cash flow and changes in NWC positive for €584.3 million.



## Results

(€/million)	4th Quarter 2023	%	4th Quarter 2022	%	Change	Change %
Revenues	1,078.1	100.0%	1,029.8	100.0%	48.3	4.7%
<i>Revenues at constant exchange rates</i>	<i>1,110.4</i>	<i>100.0%</i>	<i>1,027.7</i>	<i>100.0%</i>	<i>82.6</i>	<i>8.0%</i>
Net industrial margin	518.1	48.1%	477.8	46.4%	40.3	8.4%
EBITDA before non-recurring/stock option costs	179.1	16.6%	150.0	14.6%	29.1	19.4%
EBITDA	176.9	16.4%	151.6	14.7%	25.3	16.7%
EBIT	146.8	13.6%	122.4	11.9%	24.4	20.0%
Profit (loss) pertaining to the Group	108.2	10.0%	78.0	7.6%	30.2	38.7%

(€/million)	2023	%	2022	%	Change	Change %
Revenues	3,075.9	100.0%	3,158.4	100.0%	(82.5)	(2.6%)
<i>Revenues at constant exchange rates</i>	<i>3,147.7</i>	<i>100.0%</i>	<i>3,153.8</i>	<i>100.0%</i>	<i>(6.1)</i>	<i>(0.2%)</i>
Net industrial margin	1,504.3	48.9%	1,493.3	47.3%	11.0	0.7%
EBITDA before non-recurring/stock option costs	444.2	14.4%	362.0	11.5%	82.2	22.7%
EBITDA	437.8	14.2%	369.4	11.7%	68.4	18.5%
EBIT	329.6	10.7%	263.5	8.3%	66.1	25.1%
Profit (loss) pertaining to the Group	250.4	8.1%	177.4	5.6%	72.9	41.1%

## Statement of financial position

(€/million)	31.12.2023	31.12.2022
Net operating working capital	61.1	288.8
Net operating working capital/Revenues	2.0%	9.1%
Net working capital	(82.8)	142.9
Net capital employed	1,148.5	1,364.6
Net financial assets	662.6	298.8
of which:		
- net bank financial position	761.7	389.5
- other financial receivables/(payables)	(99.1)	(90.7)
Net equity	1,811.1	1,663.4

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 is constantly changing and calls for caution when making economic forecasts. The actual results could, therefore, differ from the ones presented due to a number of factors.

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



2023 was a positive year for the De' Longhi Group with gradual improvement in sales, which accelerated in the fourth quarter, and good profitability and cash flow generation.

Beginning in the second half of the year revenues resumed a positive trajectory which gradually gained momentum each quarter. The good performance was supported by the expansion of the coffee segment and personal blenders' return to growth.

Rigorous cost control, constant brand development and a careful investment strategy made it possible to improve margins, while good working capital management, together with the improved profitability, contributed to excellent cash flow generation.

Revenues amounted to €1,078.1 million in the fourth quarter of 2023, an increase of 4.7% compared to the same period of 2022 (+8.0% at constant exchange rates).

Revenues for the full twelve months, which amounted to €3,075.9 million, were slightly lower (-2.6%) than in 2022 due to the negative foreign exchange effect, net of which revenue would have been largely in line with the prior year.

The performance posted in the twelve-month period was impacted by the weakness seen in the first part of the year linked to a few transitory and one-off factors which eased or normalized during the second half of the year that allowed for gradual and constant recovery in sales in subsequent quarters.

The performance was also affected by the Group's decision to exit the portable air conditioning market in the United States; net of this discontinuity, 2023 revenues would have been largely in line with 2022.

The above dynamics also impacted the revenues generated across the different geographies. In the fourth quarter there was, in fact, an acceleration in growth at constant exchange rates in all areas, with the sole exception of America.

In Europe the Group reported revenues of €699.2 million in the fourth quarter, 11.0% higher than in the same period of 2022; in the twelve-month period revenues amounted to €1,907.1 million, slightly higher than in 2022 (+1.7%).

In the fourth quarter Asia Pacific recorded revenues of €150.7 million, slightly lower than in the same period of 2022 (-1.5%), but higher by 4.8% at constant exchange rates. In 2023 revenues came

to €447.4 million, a decrease of 3.6% against the prior year.

MEIA closed the fourth quarter with revenues of €44.4 million, an increase of 6.2% (+13.4% at constant exchange rates) bringing the total for the year to €174.4 million (-11.3%, or -7.9% at constant exchange rates).

In Americas revenues amounted to €183.7 million (-10.3%, or -5.7% at constant exchange rates) in the fourth quarter and €547.0 million in the twelve-month period, a drop of 12.2% (-9.7% at constant exchange rates). Net of the discontinuity in portable air conditioners, a 2.9% decrease in revenues would have been recorded as consequence of a negative exchange rates effect.

Looking at business lines, domestic coffee products reported sales growth in the year which accelerated in the fourth quarter. The positive results were driven mainly by fully automatic machines which benefitted from the launch of new models and the new "Perfetto" campaign.

The growth trend for professional coffee machines continued with very positive results in both revenues and profitability.

Despite closing the year down slightly against 2022, favorable dynamics in the second part of the year helped food preparation return to growth supported mainly by NutriBullet personal blenders.

Sales for comfort were impacted noticeably by the exit from the portable air conditioning market in the United States, as well as the destocking of retail distributors; in a few countries results were also impacted by unfavorable weather conditions and a weak heating season.

Home care, which includes irons and home care products, recorded improvement in revenues thanks to the contribution of Braun brand irons.

There was significant improvement in margins due, above all, to lower supply chain costs attributable to both lower unit transport costs and inventory, as well as containment of operating costs.

The Group continued to pursue its strategy to invest in advertising and promotional initiatives in order to support the main brands and products, still a high focus on optimization of expenditure. The campaign "Perfetto" continued as did the collaboration with Group ambassador which leads to a new spot and the development of new initiatives linked to a three-year partnership.

The net industrial margin amounted to €518.1 million or 48.1% of revenues in the fourth quarter of 2023, higher than in the same period of 2022 (€477.8 million, 46.4% of revenues). In the twelve-month period the net industrial margin came to €1,504.3 million or 48.9% of revenues (€1,493.3 million or 47.3% of revenues in 2022).

EBITDA before non-recurring income (expenses)/stock option costs came to €179.1 million (16.6% of revenues) in the fourth quarter of 2023, higher both numerically and as a percentage of revenue compared to the same period of 2022 (€150.0 million, 14.6% of revenues). EBITDA before non-recurring income (expenses)/stock option costs showed significant improvement in 2023, also, coming in at €444.2 million (14.4% of revenues) compared to €362.0 million (or 11.5% in revenues) in 2022. This positive trend reflects both lower productive and logistics costs, stemming also from inventory control, and streamlining of operating costs.

In 2023 a few non-recurring items were recognized which together generated net expenses of €5.5 million (net income of €8.3 million in 2022). This item reflects advisory fees and consultancies

connected to the La Marzocco/Eversys business combination and the costs connected to company reorganizations currently underway.

The Group also recognized €0.9 million in notional stock option costs.

EBIT came to €146.8 million in the fourth quarter (13.6% of revenues) versus €122.4 million (11.9% of revenues) in the same period of 2022; in 2023 EBIT amounted to €329.6 million or 10.7% of revenues.

Financial expenses amounted to €2.3 million, lower than in 2022 (€25.3 million), thanks to financial income from the investment of liquidity and effective currency management.

After taxes of €76.9 million, the Group's portion of net profit came to €250.4 million. (€177.4 million in 2022).

Looking at the balance sheet, there was a decided decline in operating working capital, which came to €61.1 million at 31 December 2023, both numerically (€288.8 million at 31 December 2022) and as a percentage of rolling revenues (2.0% at 31 December 2023 versus 9.1% at 31 December 2022). The

change reflects effective management of inventory and receivables, as well as higher trade payables due to an increase in the volumes purchased.

Net working capital was negative for €82.8 million (-2.7% of revenues) at 31 December 2023 versus the positive €142.9 million (4.5% of revenues) recorded at the same date in 2022.

The net financial position came to a positive €662.6 million at 31 December 2023 (€298.8 million at 31 December 2022).

Net of a few specific financial items, including mainly the fair value measurement of derivatives and lease liabilities, the net financial position with banks came to a positive €761.7 million (€389.5 million at 31 December 2022).

Operating cash flow and the movements in net working capital were positive for €584.3 million in 2023 (positive €151.9 million in 2022) due to the dynamics described above.

Total cash flow was positive for €363.8 million in 2023 after €132.3 million in investments and the payment of €72.1 million in dividends, versus negative €126.3 million in 2022.

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

(€/million)	2023	% revenues	2022	% revenues
<b>Revenues</b>	<b>3,075.9</b>	<b>100.0%</b>	<b>3,158.4</b>	<b>100.0%</b>
<i>Change</i>	(82.5)	(2.6%)		
Materials consumed & other production costs (production services and payroll costs)	(1,571.6)	(51.1%)	(1,665.1)	(52.7%)
<b>Net industrial margin</b>	<b>1,504.3</b>	<b>48.9%</b>	<b>1,493.3</b>	<b>47.3%</b>
Services and other operating expenses	(801.9)	(26.1%)	(889.1)	(28.2%)
Payroll (non-production)	(258.2)	(8.4%)	(242.2)	(7.7%)
<b>EBITDA before non-recurring/stock option costs</b>	<b>444.2</b>	<b>14.4%</b>	<b>362.0</b>	<b>11.5%</b>
<i>Change</i>	82.2	22.7%		
Non-recurring expenses/stock option costs	(6.4)	(0.2%)	7.4	0.2%
<b>EBITDA</b>	<b>437.8</b>	<b>14.2%</b>	<b>369.4</b>	<b>11.7%</b>
Amortization	(108.2)	(3.5%)	(105.8)	(3.4%)
<b>EBIT</b>	<b>329.6</b>	<b>10.7%</b>	<b>263.5</b>	<b>8.3%</b>
<i>Change</i>	66.1	25.1%		
Net financial income (expenses)	(2.3)	(0.1%)	(25.3)	(0.8%)
<b>Profit (loss) before taxes</b>	<b>327.3</b>	<b>10.6%</b>	<b>238.2</b>	<b>7.5%</b>
Taxes	(76.9)	(2.5%)	(58.4)	(1.8%)
<b>Net Result</b>	<b>250.4</b>	<b>8.1%</b>	<b>179.8</b>	<b>5.7%</b>
Minority interests	-	0.0%	2.4	0.1%
<b>Profit (loss) pertaining to the Group</b>	<b>250.4</b>	<b>8.1%</b>	<b>177.4</b>	<b>5.6%</b>

The net industrial margin reported in the reclassified income statement differs by €235.7 million in 2023 (€240.2 million in 2022) from the consolidated income statement as, in order to better represent the period performance, production-related payroll and service costs have been reclassified from payroll and services, respectively, and non recurring expenses have been separately reported.

## Revenues

Revenues amounted to €1,078.1 million in the fourth quarter of 2023, an increase of 4.7% or 8.0% at constant exchange rates.

The good performance is the result of a gradual inversion in the trend begun in the second part of the year, after the normalization of the non-recurring transitory factors already described, which impacted sales during the first few months of the year.

In 2023 the De'Longhi Group, penalized by the weakness of the first part of the year, recorded revenues of €3,075.9 million, largely in line with 2022 (-0.2%) at constant exchange rates and down slightly at current exchange rates (-2.6%).

## Markets

The overall performance described above was similar across the regions which, with the sole exception of Americas, reported growth in the fourth quarter at constant exchange rates and gradual recovery in the year.

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

(€/million)	4th Quarter 2023	%	4th Quarter 2022	%	Change	Change %	Change at constant exchange rates %
Europe	699.2	64.9%	630.1	61.2%	69.1	11.0%	12.9%
Americas	183.7	17.0%	204.9	19.9%	(21.1)	(10.3%)	(5.7%)
Asia Pacific	150.7	14.0%	153.0	14.9%	(2.3)	(1.5%)	4.8%
MEIA (Middle East/India/Africa)	44.4	4.1%	41.8	4.0%	2.6	6.2%	13.4%
<b>Total revenues</b>	<b>1,078.1</b>	<b>100.0%</b>	<b>1,029.8</b>	<b>100.0%</b>	<b>48.3</b>	<b>4.7%</b>	<b>8.0%</b>

(€/million)	2023	%	2022	%	Change	Change %	Change at constant exchange rates %
Europe	1,907.1	62.0%	1,874.6	59.4%	32.5	1.7%	3.1%
Americas	547.0	17.8%	623.4	19.7%	(76.3)	(12.2%)	(9.7%)
Asia Pacific	447.4	14.5%	463.9	14.7%	(16.5)	(3.6%)	2.4%
MEIA (Middle East/India/Africa)	174.4	5.7%	196.6	6.2%	(22.2)	(11.3%)	(7.9%)
<b>Total revenues</b>	<b>3,075.9</b>	<b>100.0%</b>	<b>3,158.4</b>	<b>100.0%</b>	<b>(82.5)</b>	<b>(2.6%)</b>	<b>(0.2%)</b>

In **Europe** the Group recorded revenues of €699.2 million in the fourth quarter of 2023, an increase of 11.0% compared to the same period in 2022. The good performance recorded in the second part of the year made it possible to close the twelve-month period with revenues at €1,907.1 million, an increase of 1.7% or 3.1% at constant exchange rates compared to 2022.

Sales in the region's main markets, above all Germany and Italy, were impacted by the de-stocking carried out by a few of the main retailers in the first part of the year, but this trend normalized in subsequent quarters.

After a weak 2022, sales in France began to grow again thanks to the gradual recovery of both

kitchen products, which benefitted from the contribution of Nutribullet personal blenders, and coffee machines.

In 2023 Germany, which showed greater resilience in 2022 compared to the rest of the region, was faced with a general economic slowdown in the country due to rising inflation and weak consumer confidence. Beginning in the second part of the year, revenues began to recover. The main coffee categories benefitted from the new advertising campaign "Perfetto". Sales for Comfort were down as de-stocking by retailers and a mild summer weighed on air conditioners.

The Italian market was, in general, impacted by the factors described (de-stocking of retailers, higher

inflation, drop in demand) which resulted in a generalized weakness in both cooking and food preparation and coffee machines.

In the United Kingdom, after a weak 2022, there was a positive sales trend in 2023. The growth was fueled by coffee and comfort as air conditioners benefitted from a favorable summer while heaters were sustained by a solid fourth quarter which largely compensated for the weakness seen in the prior winter. Despite the impact of kitchen machines, in 2023 cooking and food preparation posted a positive performance thanks to the contribution of food processors and Nutribullet brand personal blenders.

In **Americas** revenues benefitted from the positive

trend of sales of Nutribullet personal blender and full automatic coffee machines, also thanks to the launch of an innovative bean to cup machine for drip coffee (True Brew). In the fourth quarter revenues came to €183.7 million, a decrease of 10.3% or 5.7% net the impact of the negative exchange effect; this performance reflects commercial issues with a client active in the capsule coffee machine segment and a weak heating season. Revenues in the twelve-month period were also impacted by the discontinuity in portable air conditioners and dropped 12.2% (-9.7% at constant exchange rates) to €547.0 million. Net of the discontinuity, revenues would have been down by 2.9%, mainly due to a negative exchange rates effect.

In the fourth quarter of the year **Asia Pacific** recorded revenues of €150.7 million, an increase of 4.8% compared to 2022 at constant exchange rates, largely in line with the same period of 2022 at current exchange rates (-1.5%). Revenues amounted to €447.4 million in the year, down 3.6% compared to 2022 due to the negative exchange effect across the region's main currencies; revenues would have been 2.4% higher at constant exchange rates.

Greater China, despite weak demand, recorded solid growth thanks, in particular, to the good results for coffee products, including professional machines. A new model of the fully automatic machine Rivelia was launched and well received by the market.

After three years of strong expansion, the small appliances market in Australia and New Zealand fell noticeably which weighed heavily on results. In the first part of the year, revenues for dehumidifiers

and heaters were down due to unfavorable weather conditions. In the second part of the year, specifically in the fourth quarter, the recovery accelerated. Revenues for the fourth quarter and the year were both impacted by the negative exchange effect.

In Japan revenues fell, despite coffee's good performance due to a mild winter which penalized radiator sales.

In the fourth quarter **MEIA** recorded revenues of €44.4 million, an increase of 6.2% compared to the same period of 2022 (+13.4% at constant exchange rates), despite the tensions in the Middle East markets due to the conflict which broke out in Gaza in October. The year closed with revenues of €174.4 million, 11.3% lower (-7.9% at constant exchange rates). There was a generalized decrease across the entire region. Saudi Arabia and United Emirates were impacted by de-stocking. There was a positive trend in Turkey where revenues benefitted from reorganized distribution. Egypt recorded recovery after two years of stagnation due to monetary policies and import restrictions.

### Business lines

Revenues for home coffee products rose in 2023, showing gradual growth beginning in the second half of the year. Overall, the segment continues to benefit from the trend to buy espresso machines for home use, albeit at a slower pace than during the pandemic.

The investments made in communication, specifically in the new "Perfetto" campaign, contributed significantly to strengthening brand recognition and the category's success.

The fully automatic machines confirmed their success and three De'Longhi' models (Eletta Explore, Magnifica EVO and PrimaDonna Soul) were awarded 1st, 2nd and 3rd place by Stiftung Warentest, an independent German organization which assesses product performance. The sales for high-end products were good, above all in the third and fourth quarters, thanks to the new models designed for new consumer targets like Eletta Explore and De'Longhi Rivelia. To complete the product range, new entry level products with an automatic cappuccino maker (like Magnifica Start Milk) were launched.



A positive contribution also came from the innovative bean to cup machine for drip coffee (True Brew) launched in the United States in the first few months of 2023.

The La Specialista line played an important role in supporting sales, particularly in a few countries and has strengthened the brand's positioning and market share globally.

The Nespresso product platform was impacted, above all in a few European countries, by strong competitive pressures.

The professional coffee machines, which have become part of the traditional product families, recorded robust growth.

Eversys, leveraging on ever-increasing demand, grew sales across all the traditional reference markets, specifically China, the United States and other Asia Pacific countries, despite a market affected by exchange rates.

Cooking and food preparation products closed the year down slightly against 2022. Beginning in the second half of the year, however, favorable trends made it possible to offset the weakness recorded in the third and fourth quarters.

After a weak 2022, in 2023 sales for personal blenders posted a decided recovery in the United States, the reference market for the Nutribullet brand, and noticeable progress in new geographies where the Group leveraged on its proven distribution network.

Nutribullet's new personal blender Ultra was well received by the market.

Food processors also delivered positive results thanks to the new models MultiPro Go and MultiPro Weigh XL.

The Kenwood brand kitchen machines, however, continue to be weak and penalized strongly by shrinking demand and significant competitive

pressures, particularly with respect to lower end models.

In Europe a new Braun brand handblender MultiQuick 2 was launched in the first part of the year; a high-end range of Braun brand grills, including its flagship model MultiGrill9, was also launched in Europe.

Comfort was impacted mainly by the discontinuity in the American portable air conditioning market. In Europe, despite a good sell-out level, the segment was also impacted by the destocking of distributors. In a few markets sales were also impacted by unfavorable weather conditions.

In Europe, portable air conditioners benefitted from the introduction of the Pinguino A+++ model, but growing competition resulted in price pressures.

Home care, which includes irons and home care products, recorded improvement in revenues thanks to the contribution of Braun brand irons. In 2023 four new models were launched, two for each product family (irons and ironing systems) in order to cover the low end and the high end of the market. The new TextStyle 9, which is primarily for the European market (particularly Germany and Poland), was launched in September. As for ironing systems, the CareStyle 7 line was expanded with the introduction of an innovative ergonomic designed certified by ErgoCert (an ergonomic certifier).

### Profitability

In 2023 the Group showed strong recovery in margins which was obtained thanks to management and optimization of industrial, operating and supply chain costs as consequence of the containment of the inventory and the decrease of ocean freight tariffs.

In the fourth quarter of 2023 the net industrial margin came to €518.1 million or 48.1% of revenues, higher than in the same period of 2022 (€477.8 million, 46.4% of revenues). The net industrial margin was €1,504.3 million or 48.9% of revenues in 2023 (€1,493.3 million or 47.3% of revenues in 2022).

EBITDA before non-recurring income (expenses)/stock option costs came to €179.1 million (16.6% of revenues) in the fourth quarter of 2023, higher both numerically and as a percentage of revenue compared to the same period of 2022 (€150.0 million, 14.6% of revenues). EBITDA before non-recurring income (expenses)/stock option costs showed significant improvement in 2023, also, coming in at €444.2 million (14.4% of revenues) compared to €362.0 million (or 11.5% in revenues) in 2022. This performance benefitted from the reduction of industrial and logistic costs, as well as from the rationalization of operating expenses. The Group also continued to invest in advertising and promotional initiatives in order to support the main brands, but paid particular attention to optimizing costs.

In 2023 a few non-recurring items were recognized which together generated net expenses of €5.5 million (net income of €8.3 million in 2022). This item reflects advisory fees and consultancies connected to the La Marzocco/Eversys business combination and the costs connected to ongoing company reorganizations.

The Group also recognized €0.9 million in notional stock option costs in the reporting period.

Amortization and depreciation amounted to €30.1 million in the fourth quarter of 2023, largely in line with the same period of 2022 (€29.3 million); in the twelve-month period amortization and depreciation were higher than in the prior year due to the completion of a few investments made in the second part of 2022.

EBIT came to €146.8 million in the fourth quarter (13.6% of revenues) versus €122.4 million (11.9% of revenues) in the same period of 2022; in 2023 EBIT amounted to €329.6 million or 10.7% of revenues, an improvement with respect to (€263.5 million, 8.3% of revenues).

Financial expenses came to €2.3 million, lower than in 2022 (€25.3 million), thanks to financial income from the investment of liquidity and effective currency management.

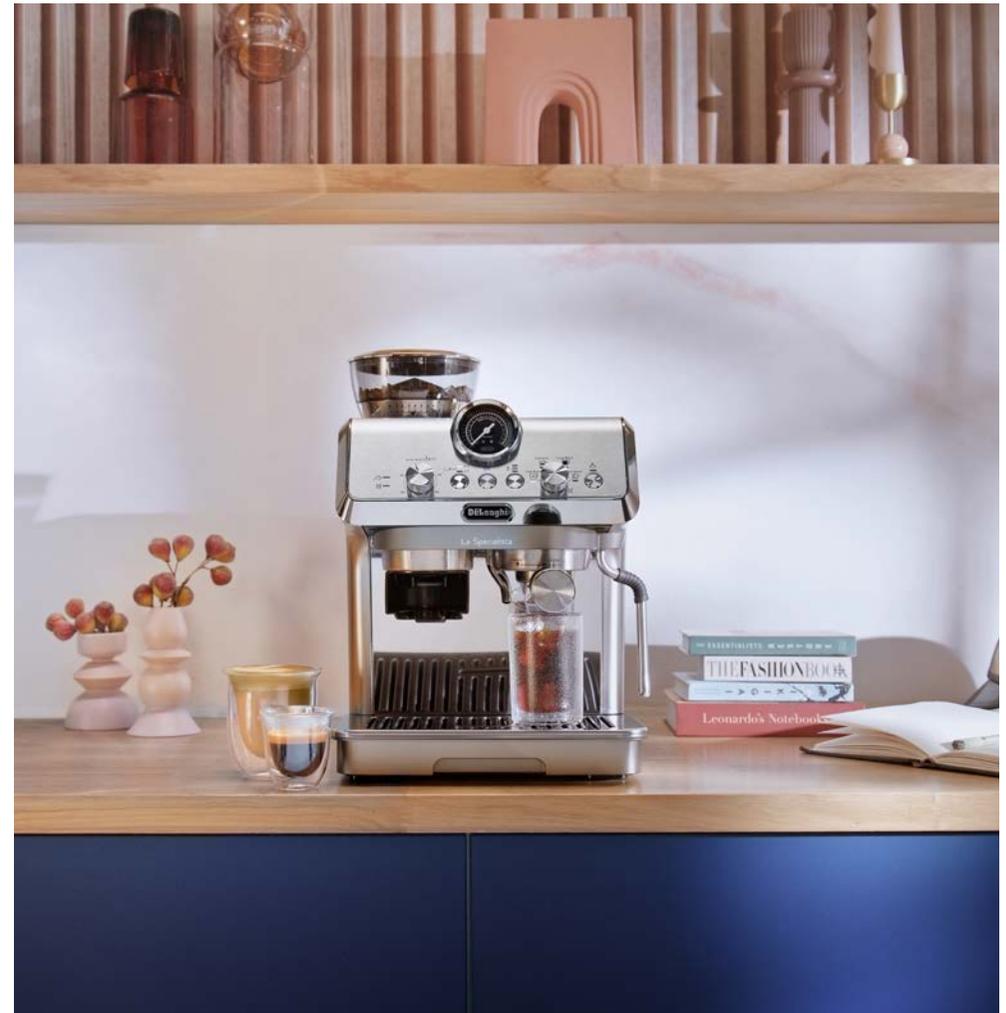
After taxes of €76.9 million, the Group's portion of net profit came to €250.4 million. (€177.4 million in 2022).

The De' Longhi Group has identified three operating segments which coincide with the Group's three main business regions: Europe, MEIA (Middle East, India and Africa) and APA (Asia, Pacific, Americas).

Each segment is responsible for all aspects of the Group's brands and serves different markets.

This breakdown is in line with the tools used by Group management to run operations, as well as evaluate the company's performance and make strategic decisions.

The results by operating segment can be found in the Explanatory Notes.



The reclassified consolidated statement of financial position is presented below:

(€/million)	31.12.2023	31.12.2022
- Intangible assets	878.3	891.2
- Property, plant and equipment	478.0	448.1
- Financial assets	9.7	11.7
- Deferred tax assets	60.4	64.6
<b>Non-current assets</b>	<b>1,426.4</b>	<b>1,415.6</b>
- Inventories	504.7	550.7
- Trade receivables	272.7	278.8
- Trade payables	(716.2)	(540.7)
- Other payables (net of receivables)	(143.9)	(145.8)
<b>Net working capital</b>	<b>(82.8)</b>	<b>142.9</b>
<b>Total non-current liabilities and provisions</b>	<b>(195.1)</b>	<b>(194.0)</b>
<b>Net capital employed</b>	<b>1,148.5</b>	<b>1,364.6</b>
<b>(Net financial assets)</b>	<b>(662.6)</b>	<b>(298.8)</b>
<b>Total net equity</b>	<b>1,811.1</b>	<b>1,663.4</b>
<b>Total net debt and equity</b>	<b>1,148.5</b>	<b>1,364.6</b>

Net financial position as at 31 December 2023 includes € 99.1 million in net financial liabilities (net financial liabilities equal to € 90.7 million at 31 December 2022) relating to the fair value of derivatives and the financial debt connected to business combinations, pension fund and financial liabilities for leasing.

In 2023, the Group made net investments of €132.3 million (versus €156.2 million in 2022 which included the purchase of the new plant in Romania), attributable for €18.7 million to intangible fixed assets relating mainly to new products and patents, for €40.1 million to new leases and for €74.7 million to fixed assets, mainly improvements made in order to expand the capacity of the production facilities.

There was a decided decline in net operating working capital, which came to €61.1 million at 31 December 2023, both numerically (it reached €288.8 million at 31 December 2022) and as a percentage of rolling revenues (2.0% at 31 December 2023 versus 9.1% at 31 December 2022). After the containment actions taken in the prior year, in 2023 inventory was largely stable with an increase linked to year-end sales and closed the year at €504.7 million, lower than at 31 December 2022 (€550.7 million). Despite the increase in sales in the fourth quarter, collection of trade receivables went well, while trade payables were higher due to the timing and increase in procurement.

Net working capital was negative for €82.8 million (-2.7% of revenues) at 31 December 2023 versus the positive €142.9 million (4.5% of revenues) recorded at the same date in 2022.

Details of the net financial position are shown below:

(€/million)	31.12.2023	31.12.2022
Cash and cash equivalents	1,250.2	770.2
Other financial receivables	172.5	368.4
Current financial debt	(289.0)	(190.5)
<b>Net current financial position</b>	<b>1,133.6</b>	<b>948.1</b>
Non-current financial receivables and assets	122.0	124.6
Non-current financial debt	(593.1)	(774.0)
<b>Non-current net financial debt</b>	<b>(471.0)</b>	<b>(649.3)</b>
<b>Total net financial position</b>	<b>662.6</b>	<b>298.8</b>
<i>of which:</i>		
- positions with banks and other financial payables	761.7	389.5
- lease liabilities	(98.4)	(80.5)
- other financial non-bank assets/liabilities (fair value of derivatives, financial debt connected to business combinations and pension fund)	(0.7)	(10.2)

The net financial position came to a positive €662.6 million at 31 December 2023 (€298.8 million at 31 December 2022).

This includes a few specific financial items, including mainly the fair value measurement of derivatives which had a net negative balance of €0.7 million at 31 December 2023 (at 31 December 2022 this included the residual debt for business combinations and pension fund transactions which had a negative balance of €10.2 million).

The item also includes lease liabilities recognized in accordance with IFRS 16 which amounted to €98.4 million at 31 December 2023 (vs. €80.5 million at 31 December 2022).

Net of these items, the net financial position with banks came to a positive €761.7 million (€389.5 million at 31 December 2022).

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

(€/million)	2023	2022
Cash flow by current operations	446.3	340.0
Cash flow by changes in working capital	138.0	(188.0)
<b>Cash flow by current operations and changes in NWC</b>	<b>584.3</b>	<b>151.9</b>
Cash flow by investment activities	(132.3)	(156.2)
<b>Cash flow by operating activities</b>	<b>452.0</b>	<b>(4.3)</b>
Dividends paid	(72.1)	(124.5)
Stock options exercise	5.1	3.4
Cash flow by other changes in net equity	(21.2)	(0.9)
Cash flow generated (absorbed) by changes in net equity	(88.2)	(122.0)
<b>Cash flow for the period</b>	<b>363.8</b>	<b>(126.3)</b>
Opening net financial position	298.8	425.1
<b>Closing net financial position</b>	<b>662.6</b>	<b>298.8</b>

The good generation of operating cash flow and the containment of working capital resulted in positive cash flow in the twelve months of €584.3 million (negative for €151.9 million in 2022).

Total cash flow was positive for €363.8 million in 2023 after €132.3 million in investments and the payment of €72.1 million in dividends, versus negative €126.3 million in 2022.

In 2023 the Group continued with investments on multiple fronts.

Looking at the supply chain, implementation of the global Customer Fulfillment Excellence program continued in order to improve the level of customer service by redesigning and increasing the transparency of the processes used in planning and the automation of production, as well as in distribution flow and processes.

The Group also continued to implement procurement strategies which focused on more evolved and complete relationships with suppliers, creating new synergies, particularly with respect to the co-designing and development of technological platforms, consistent with the commitment to promoting sustainability along the supply chain and the environmental awareness of the suppliers, as well as encouraging fair behavior.

As for production, the Group sought to improve flexibility in response to increasingly volatile demand. Investments were made in increasing the production capacity in Romania and Cina. The automation and digitalization of the European plants begun in the last few years continued.

The ISO 45001 certification process for the Swiss headquarters of Eversys was also completed.



In 2023 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, innovative products with characteristics which are unique to the market were launched (i.e. Rivelia) and development of the projects developed to reduce water consumption and improve descaling time and efficiency continued in 2023.

All the packaging for the manual machines was switched from Styrofoam to paper, cellulose paste, etc.

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, research was focused on the new A+++ energy efficient portable air conditioner, made largely out of recycled materials.

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.



In 2023 the Group continued to invest in promotional activities and communication, consistent with the direction taken in previous years, as well as actions to improve optimization and efficiency.

With regard to the De'Longhi brand, investments in communication remained solid and involved coffee machines, in particular.

In September the new fully automatic machine Rivelia was presented to a few markets. Rivelia has an innovative design, size and Bean Switch System which makes it possible to use different coffee beans, along with an intuitive touch screen display. At the same time, the "Perfetto 2.0" campaign was launched which, once again, stars Brad Pitt as part of an ongoing, three-year collaboration. The campaign, which focuses on four different models (Eletta Explore, Rivelia, La Specialista Arte and La Specialista Maestro), aims to strengthen the positioning of the De'Longhi brand in the premium segment.

As for the social networks, there was a significant increase in the followers, contacts and content, both locally and globally; key messages were posted which, through local channels, were interpreted based on the target audience.

The Coffee Lounge platform was launched in five more markets which, together with the prior launches, makes it possible to reach an increasing number of coffee roasters.

Lastly, with regard to sustainability, the Group supported the World Coffee Research and the Slow Food Coffee Coalition; this collaboration gave birth to De'Longhi's first specialty coffee which came from a Slow Food Community source which contributes to the development of sustainable practices in the coffee industry.

As for the Kenwood brand, in 2023 the Group continued to invest in the "Kenwood Can" campaign, which focused on kitchen machines and food processors.

With the launch of the MultiPro Go food processor, in order to reach a younger audience the Group introduced a new approach to communication based, above all, on platforms like TikTok and Instagram. The success of the "Kenwood Club" continued. It is now operative in more than ten European markets.

Lastly Kenwood's commitment to reducing food waste continued through a dedicated campaign which aims to promote sustainable consumption

by educating the consumer with the recipes to be made using the Group's products.

With respect to Braun, during the year all the new model launches were supported by a specific communication campaign. "The Grillwhisperer" campaign was developed specifically for the launch of the MultiGrill line. The Sustainability Manifesto was also shared with the public through the continuous development of content in which the quality and durability of the Braun products is stressed as part of a lifestyle informed by a lower environmental impact.

In 2023 further investments were made in increasing the global brand awareness of the Nutribullet brand with a focus on the core category of personal blenders; the activities contributed to increase the impact on the product's target customers.

Here follows a detail of the average workforce in 2023:

	2023	2022
Blue collars	6,437	5,928
White collars	3,185	3,226
Managers	304	296
<b>Total</b>	<b>9,926</b>	<b>9,450</b>

The Group had an average of 9,926 employees in 2023, an increase of 476 heads compared to 2022 which is attributable mainly to personnel at production facilities and the recovery in production following a temporary slowdown in 2022 and the development of the professional coffee machines segment.

The Group's Human Resources division was active on multiple fronts in 2023.

Firstly, with regard to health and workplace safety, a global campaign was launched which aims to strengthen and spread a safety culture. The

initiative involved both the headquarters and commercial branches, as well as the production facilities. A few employees were chosen and trained to act as ambassadors in order to encourage and spread greater awareness about how to contribute to the prevention of possible accidents.

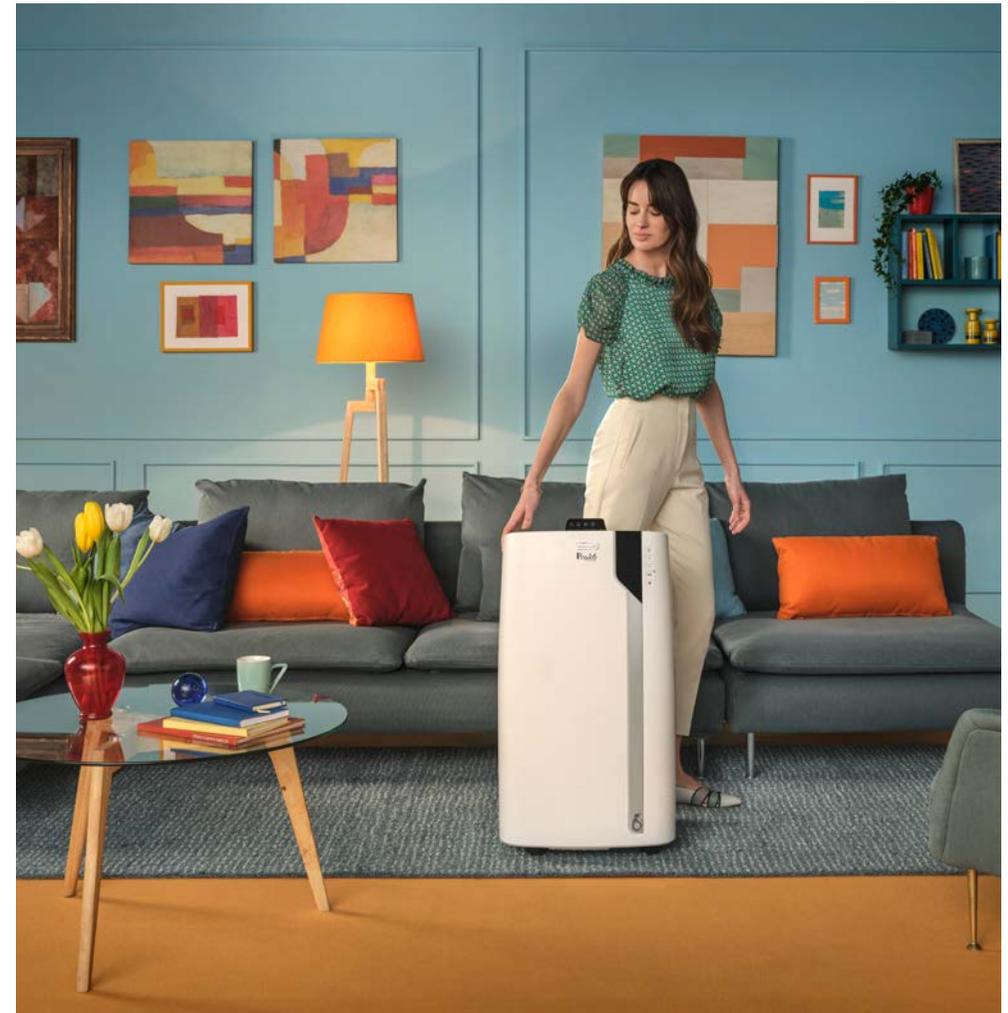
The Talent Attraction and Employer Branding activities also continued. In Italy relationships with universities were strengthened which made it possible to begin specific recruiting campaigns, attract resources with a solid academic background and expertise consistent with business needs, as well as plan and implement specific training programs for employees.

Numerous Diversity, Equity & Inclusion initiatives continued. More specifically, a quantitative and qualitative analysis of the Group's people was carried out in order to understand areas in need of improvement.

For more information on Human Resources management refer to the specific section of the Non-Financial Statement.

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](http://www.delonghigroup.com) (section Home > Governance > Corporate bodies > Shareholders' Meeting 2024).

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.



## 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 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, 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 De' Longhi Group 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.

In 2023 the on-boarding process was completed at all the branches acquired in the prior year. In a context characterized by an uncertain and complex business landscape, periodic changes were made to the risk scenarios in the main markets and the production plants. 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.

Similar to the prior year, concerns about the global market conditions continued to dominate in various markets. Moving toward a period of post-pandemic normalization, the Group faced changes in the business environment, including the transformation of the consumers' preferences, supply chain difficulties and challenges associated with technological innovation.

From 2021 to 2023, the operational progress fueled significant advantages, facilitating timely decisions in response to global uncertainties. Crucial initiatives like the digitalization of the supply chain, diversification of the suppliers and centralization of a few activities at corporate headquarters made it possible to improve estimates, made the integrated

planning process more efficient, made procurement more flexible and intensified automation of operations. These measures strengthened the Group's operating resilience considerably, as proven by the quick reaction to the risks associated with recent logistics issues, like problems in the Suez Canal.

In order to further strengthen the monitoring of risks, Internal Audit will monitor exogenous risk factors closely, deepen the understanding of the ERM principles and will make ad hoc revisions to risk together with headquarter departments and local management during the year. This goal will be achieved by improving specific tools and launching new initiatives destined to increase risk awareness.

### **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 trends: the De' Longhi Group's economic performance and financial position are also affected by macroeconomic trends such as:**

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;
- any disturbances, riots and strikes or other types of demonstrations;
- any epidemics and/or serious health related situations (like the prolonged coronavirus emergency).

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 Europe, the conflict in Ukraine and logistical disruptions due to the crisis in the Red Sea impact investments and the availability of products in the markets, as well as influencing the on-time delivery of components to European production plants. In China, a slowdown in economic growth is observed combined with a crisis in the real estate sector. In the USA, intense inflationary pressures, due to fiscal policies, and the risk of a

recession triggered by significant increases in interest rates. The conflict in Gaza also contributed to the deterioration of a situation of great instability in countries 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 stemming from local conflicts which can also affect key markets, as was the case in Ukraine.

These events are not foreseeable, but as a result of past experiences the Group is able to react and implement all the measures needed to limit the consequences, as was the case in 2020/2021 when, due the global health crisis, the Group had to face an unprecedented level of market uncertainty.

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 - Socio-political risks relating to market trends and demand, and to the Group's presence in emerging markets. The De' Longhi Group does business in many foreign markets, primarily on a direct basis and through agreements in certain emerging countries like China.**

The Group has therefore long had the characteristics typical of a multinational company and this inevitably exposes it to a number of risks relating to economic conditions and policies of the individual countries in which it operates.

These risks not only affect consumption trends in the various markets concerned, but may also be relevant in terms of concentration of the Group's production sites in foreign markets if polices were introduced that limit or restrict foreign investment, imports and exports or capital repatriation.

These are systemic risks, common to all businesses, for whom the ability to generate value depends first on the dynamics and size of the market and only second, on their ability to compete and consolidate/acquire the largest possible market share.

The Group, in the persons of the Chief Executive Officer, and the division and market managers, constantly monitor market trends in order to promptly seize opportunities to increase business and to assess the likelihood of any risks (and their potential effects on the Group's results).

Any political and economic events that occur in the markets where the De' Longhi Group operates (particularly in emerging markets) could have an unfavorable economic and financial impact.

**3 - Risks relating to strong competition in the sectors in which the De' Longhi Group operates: the business in which the De' Longhi Group operates is highly competitive and there is a tendency for the business to be concentrated in a few important players which puts strong pressure on margins.**

The Group competes with other major international industrial groups. The target markets are highly competitive in terms of product quality, innovation,

price, energy saving, reliability, safety and assistance. The market is also impacted by any consumers habits/preferences change.

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 business prospects, as well as on its economic results and financial position.

**4 - Risks involved in relation to supply agreements and strategic 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 consolidated 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.



**5 - Risks relating to the De' Longhi Group's ability to achieve continuous product innovation: 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.**

In this respect, the Group is still proving to be a leader in technological innovation and in creating new in-vogue designer products, also thanks to the importance it places on those working in product development and design, which it intends to maintain in the future.

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 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.

**7 - 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, the Group 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 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 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.

Despite the Company's effort to minimize these risks, sudden currency fluctuations could have an adverse impact on the Company's results and business prospects.

**8 - 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 and the availability 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;
- 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.

Lastly, the Group defends its reputation with suppliers in their dealings with employees. Such caution is duly reflected in contractual dealings and furthermore, every supplier is given a copy of the De' Longhi Ethical Code governing all its activities. In 2022 a Group Supplier Code of Conduct, which describes the ethical, social and environmental standards that Group suppliers must comply with, was also finalized and shared with suppliers. The "Group Responsible Sourcing Guidelines", which contain the risk assessment principles to be used to evaluate and monitor suppliers' social risk correctly, were also issued and periodically updated.

Nevertheless, it is conceivable that a breach of contract by one or more suppliers to Group companies could have adverse effects on the Group's operations, economic performance, assets and liabilities and financial position.

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.

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.

**9 - Risks relating to organization and human resources management: The Group's success largely depends on the ability of its executive directors and other members of management to effectively manage the Group 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 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 and Italy and in Romania. Having a production facility in Eastern Europe 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.

In a business context characterized by complexity and considerable uncertainty, the need to maintain flexibility in managing production volumes and,

consequently, the necessary workforce has increased. The lack of adaptability to external factors could cause slowdowns in production and negatively impact operations, as well as the Group's economic and financial situation.

**10 - 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 for the management and development of its business.

**11 - 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.

**12 - Risks relating to IT systems: 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 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 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.

**13 - 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.

**14 - Risks arising from the seasonality of sales: The De' Longhi Group's sells, amongst others, seasonal products as air conditioners and portable radiators.**

These products, which represent approximately 7% of the total revenues, are typically seasonal with their sales concentrated in a limited period of the year.

Seasonality of sales could adversely affect the Group's business prospects, as well as its economic performance and/or financial position.

**15 - Risks relating to changes in the regulatory framework, particularly concerning environmental protection: 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.

In particular, any changes in environmental regulatory standards or requirements currently in force and the occurrence of unforeseen 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 - Risks relating to environmental damage: The industrial production carried out by the Group with its factories and equipment could, in certain cases of serious faults or breakdown in such equipment, cause damage to third parties, accidents or environmental damage.**

Such accidents and damage could also occur in view of the structural characteristics of certain production facilities for which assessments and work are in progress to make them comply with current laws and regulations.

Although the Group has taken the necessary safety precautions and complies with the applicable regulations for preventing these types of risks, if there was an accident or damage to the environment, the

Group could be held liable, including criminally, by the people harmed and by the competent authorities, and its production activity could be disrupted, with consequent adverse effects on the company's and/or Group's economic performance, assets and liabilities and financial position.

Although Group companies have taken out insurance policies against environmental damage, with the related coverage considered reasonable in relation to the estimated risk in question, it is nonetheless not possible to exclude the occurrence of damage, in which the compensation payable exceeds the maximum coverage provided by such policies.

**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 2023 has a positive net financial position 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 optimiza-

tion of collection flows.

In 2023 there was a sudden change in monetary policies which resulted in a significant increase in interest rates.

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 Group's business prospects, as well on its economic results and/or financial position.

At the date of this report, the Group has one hedging agreement which protects the medium/long

term loans from fluctuations in the interest rates and has also created a natural hedge by matching the duration of financial investments with that of financial liabilities.

**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 2023, 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 Non-Financial Statement based on the GRI-2021 principles 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.

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:

	<b>Net equity 31.12.2023</b>	<b>Profit for 2023</b>	<b>Net equity 31.12.2022</b>	<b>Profit for 2022</b>
<b>De' Longhi S.p.A. financial statements</b>	<b>557,569</b>	<b>36,578</b>	<b>588,531</b>	<b>100,808</b>
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	834,186	218,905	649,687	59,442
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	464,525	(444)	465,679	5,308
Elimination of intercompany profits	(45,425)	(4,613)	(40,820)	14,286
Other adjustments	284	(14)	314	(1)
<b>Consolidated financial statements</b>	<b>1,811,139</b>	<b>250,412</b>	<b>1,663,391</b>	<b>179,843</b>
Minority	-	35	4,274	2,415
<b>Consolidated financial statements-Group portion</b>	<b>1,811,139</b>	<b>250,377</b>	<b>1,659,117</b>	<b>177,428</b>

At 31 December 2023 the Group, through the parent company De' Longhi S.p.A., held 595,000 treasury shares for a total of €9,658 thousand, purchased in previous years. The change versus the value as at 31 December 2022 (De' Longhi S.p.A., held 895,350 treasury shares for a total of €14,534 thousand) is due to the exercise of n.300,350 options within the "2020-2027 Stock Option Plan".

During the Shareholders' Meeting held on 21 April 2023, shareholders approved the renewal - after revoking the previous authorization granted by shareholders - of the authorization to purchase and sell treasury shares for up to a maximum of 14.5 million ordinary shares or for an amount which does not exceed one fifth of the share capital, including any shares held by the Company or any of its subsidiaries.

The buyback program was approved, in accordance with the law, for a period of up to a maximum of 18 months (namely through 21 October 2024).



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.

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.

## Introduction

This consolidated Non-Financial Statement (NFS) of the De' Longhi Group was prepared in accordance with Articles 3 and 4 of Legislative Decree n.254/2016, which is the Italian law implementing the provisions of the "Barrier Directive" (Directive 2014/95/EU) based on which large public entities are required to publish a Non-Financial Statement (NFS).

In fulfilling these obligations above, De' Longhi's NFS 2023 identifies and describes a group of topics which are deemed material for both the Group and its stakeholders. The information relative to these topics is included in this report which aims to describe the risks, policies, practices, objectives, the organizational structure, along with the main performance indicators relating to environmental and social topics, as well as human resources, respect for human rights and the fight against corruption and fraud. This reporting method guarantees the company's transparency with respect to its stakeholders and the most relevant non-financial topics. Furthermore, Budget Law n.145/2018, which took effect as of 31 December 2018, introduced paragraph 1073 which amended Legislative Decree 254/2016 and in addition to disclosing the main risks, entities are also required to describe how the risks are managed.

This report, which has reached its seventh edition, refers to the reporting period 1 January 2023

through 31 December 2023; at the same time, the report provides the reader with a comparison of the results reported in 2021 and 2022. The process involved in identifying important impacts and the relative material topics, introduced in the 2021 GRI Standards, is described in the Note on Methodology.

This report also incorporates the recommendations which are provided each year by the *European Securities and Markets Authority* (ESMA), which for this year were published on 25 October 2023. The recommendations included for non-financial reporting focus on three main areas: European taxonomy; the targets, actions and progress made relative to climate change; and information relating to Scope 3 emissions.

With regard to the European Taxonomy, reference should be made to the chapter European Taxonomy which includes the details of the qualitative and quantitative information related to the three KPI and the environmental targets referred to in the Taxonomy. The "Mitigation of environmental impact" chapter provides details of the Group's performance relative to climate change: the report examines the actions taken and the progress made in this regard. Without making any disclosures, the Company does monitor the Scope 3 emissions along the value chain: the possibility of expanding the information provided to include climate change and indirect emissions, consistent with the new reporting direc-

tive, in future reporting periods is being assessed.

On 5 January 2023 the new "*Corporate Sustainability Reporting Directive*" (CSRD) took effect which substitutes the "*Non-Financial Reporting Directive*" (NFRD) implemented in Italy by Legislative Decree in 254/2016 which requires all listed companies, as of the 2024 reporting period, to prepare a renewed sustainability statement. Based on the most relevant changes, the report must be based on the concept of "double materiality" which calls for the identification of environmental and social impacts is generated along the value chain, as well as the Group's risks and opportunities. This new regulatory framework will make it necessary to adopt the new reporting standards, the "*European Sustainability Reporting Standards*" (ESRS), instead of the GRI Standards. In 2023, De' Longhi began working on compliance with the Directive's new requirement in preparation for the next reporting year.

## Description of the Business Model

A brief description of the De' Longhi Group's business model is included below in order to provide a general overview which will help the reader to better understand the information provided in the report and the material topics identified under Legislative Decree n.254/2016.

De' Longhi S.p.A. (hereinafter also referred to as the

"Company" or "Group"), was born in 1974 and listed in 2001 on the Borsa Italiana's Euronext market. The Company is one of the world's leading players in small domestic appliances associated with the world of coffee, the kitchen, air conditioning, as well as home care, and distributes its products in more than 120 markets worldwide. Lastly, it is the holding of a portfolio of companies which control seven brands: De' Longhi, Kenwood, Braun, Ariete, Eversys, Nutribullet, Magic Bullet (the last two belong to the American group Capital Brands).

### De' Longhi's sustainability path

The De' Longhi Group has built its sustainability path over the years with a view to understanding and analyzing its economic, social and environmental role in an increasingly in-depth manner, generating more value for the company and its stakeholders. This objective is pursued through the implementation of concrete actions, like the adoption of a sustainability strategy which aims to mitigate any impacts generated and improve the sustainability performances, which guarantee transparent, reliable and continuous communication.

2023 was a year of stabilization for the Group in the wake of the changes made in prior years during which the composition and management of its sustainability governance changed. Currently the corporate bodies and individuals charged with pursuing the sustainability goals continue to be:

1. the **Control, Risk, Corporate Governance and Sustainability Committee**, already operational in 2019, is a Board committee which provides

preliminary, proactive guidance, as well as advisory, functions in relation to sustainability;

2. the **Sustainability Steering Committee**, formed in 2019, comprised of top management and different department managers, endorses and supports the Group's sustainability strategy;

3. **Group Sustainability Director.**

2023 marked another and important milestone in the De' Longhi Group's sustainable path. During the reporting year the Company worked on updating the prior Sustainability Plan (approved by the Board of Directors in July 2022). This updated Sustainability Plan was included in the Medium Term Plan 2024-2026 (approved by the Board of Directors during the meeting held on 18 January 2024), thus continuing to be one of the key enablers.

### The Value Chain

Design, quality, and functionality are the elements which characterize the De' Longhi Group's brands and that have led the Group be recognized worldwide as leaders in the coffee, food preparation, and comfort segments. The Company is committed to guaranteeing high standards for its consumers, applying an operational approach which begins with Group-wide research, development and design. Marketing, Design and product line technicians work together with these divisions. More in detail, R&D takes a transversal approach, focusing on the business units rather than the single brands in order to guarantee consistency in the application of knowhow across the Group. In the Hong Kong branch, there is also a technical office responsible for research projects developed in partner-

ship with local providers.

The Group's operational approach is based on the concept "local for global" which translates into the creation of specialized hubs across the different product lines located inside the six production facilities found in Italy, Switzerland, Romania and China<sup>1</sup>, which focus on specific market segments and supply about 60% of the products sold.

In order to purchase raw materials and semi-finished goods, the Group establishes and maintains relations with qualified partners, selected based on the quality standards defined in its purchasing policies or "Original Equipment Manufacturers" (hereinafter also referred to as "OEM").

The production phase is followed by product testing during which the Group guarantees that the highest standards for product safety have been applied to every product going to market. This process is managed by specialized technical teams that are part of the Quality division; the latter, through internal audits, carries out specific quality controls of the products and their suppliers. More in detail, the Company uses a vendor rating to audit suppliers which focuses on parameters identified for this purpose. These aspects will be examined further in the chapter "Supply Chain Management".

Once certified as ready for sale, the product is transferred to specific warehouses, located worldwide, which also act as strategic logistic hubs. These centers are owned by the Group and facilitate the organization of logistics and delivery of products to all the markets served and to all the stakeholders involved in De' Longhi's distribution network.

<sup>1</sup> In 2023, work began on opening a new Group plant in Satu Mare, Romania. While it is a pre-existing asset, currently no production is carried out there and, therefore, it was not included in the reporting perimeter, but will become relevant as of 2024.

Lastly, the Company is committed to guaranteeing the best service during and after the sale, providing technical assistance to everyone who purchases a Group product. This activity is carried out by a Customer Care team which, in the past few years, has taken steps to improve and has adopted new technologies to respond to market needs.

### The Group's Stakeholders

The De' Longhi Group recognizes that the success of a company is based also on its ability to generate value for itself and all its stakeholders. The Group interacts with the latter in accordance with its Code of Ethics, guaranteeing active listening and an exchange of information based on principles of fairness, completeness and transparency. In order to standardize its decision-making processes and embrace changes in the market more effectively, De' Longhi is committed to listening and understanding the needs of its stakeholders, anticipating their expectations. Toward this end, the Group continues to manage and maintain relations with its stakeholders through more effective communication channels and actively involving company management. These mechanisms are the product of an analysis which took into account the aspects which are relevant to the company's structure, the value chain, the business and other activities, but which characterize and are an integral part of the company's mission. The ten categories of stakeholders identified, broken down based on the relation with the Group and the relative types of interests, expectation and needs are reported:

Stakeholders	Communication/listening channel	Main topics that emerged
<b>Trade associations</b>	Annual meetings, periodic meetings	Consumer rights, workers' rights, environmental performance
<b>Shareholders</b>	Corporate documents /Shareholders' meetings/ Events	Economic performance, business strategies
<b>Communities and ONG</b>	Periodic meetings, sponsorships of specific initiatives	Sponsorships, social impact, contribution to the community, raising awareness of specific problems
<b>Consumers</b>	Satisfaction questionnaires, panel test, Contact Centers (voice channels, e-mail, chat and social), advertising campaigns, cultural events, Youtube "How to" channel	Customer assistance, product safety and quality, product availability, feedback about ease of use and product satisfaction, privacy
<b>Employees</b>	Employee Engagement Survey, annual performance reviews, periodic meetings to share results, corporate intranet used to access Group information, Group house organ, new HRMS	Organizational clarity, improved management of resources by managers, appreciation of individual contributions to the company, improvement in internal communications and access to information
<b>Suppliers</b>	Contracts, qualifications, assessments and periodic meetings	Way in which supplier relationships are managed
<b>Future generations</b>	-	Reduce emissions and fight climate change
<b>Financial analysts, media</b>	Interviews, meetings, road shows, press conferences	Economic performance, new products/ services/organizational models, specific social initiatives
<b>Commercial partners</b>	Sales meetings, audit	Product safety and quality, flexibility and adaptability to requests
<b>Universities/research institutions</b>	Dedicated meetings, partnerships on different research projects	Recruiting and talent acquisition, recruiting support

The European Union Taxonomy, introduced with **EU Regulation 2020/852** (hereinafter the "Regulation"), adopted by the European Commission on 12 July 2020, is part of an EU strategy for achieving the European Green Deal targets and making Europe climate neutral by 2050. The EU taxonomy, which is applicable to all companies who are required to prepare a Non-Financial Statement pursuant to Directive 2014/95/EU provides a single classification system based on which it is possible to define the economic activities **that meet certain eco-sustainability criteria**.

More in detail, based on the Regulation economic activities are broken down as follows:

- **Eligible:** an activity is eligible<sup>2</sup> if it is listed as one of the acts recognized in the Regulation as part of one or more of the six Taxonomy's environmental targets. More specifically: climate change mitigation and adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, the protection and restoration of biodiversity and ecosystems. If eligible, the activity has the potential to make a substantive contribution to the relative target;
- **Aligned** an economic activity is aligned if, in addition to being eligible:
  - is carried out in accordance with **the technical criteria defined by the European Commission**.

More in detail, the economic activity must make a **substantial contribution to one or more of the environmental objectives defined in Article 9 of the Regulation** and do no

significant harm (**Do No Significant Harm – DNSH**) to any of the above environmental targets;

- **is carried out in way which guarantees the minimum safeguards**, namely the controls implemented by the Group to guarantee respect for human rights and international laws governing labor organization along the supply chain.

Since it took effect in 2020, the Regulation has been amended on several occasions which have gradually introduced new sectors and activities.

In 2021, the European Commission approved the Climate Delegated Act<sup>3</sup>, which governs the first two climate targets: **climate change mitigation and climate change adaptation**. The Climate Delegated Act has already been amended twice. Firstly, the Complementary Delegated Act<sup>4</sup> included the gas and nuclear sectors. Subsequently, with the publication of Delegated Regulation (EU) 2023/2485 in 2023, other changes were made to the Climate Delegated Act, in terms of both new economic activities and technical screening criteria.

The last change to the perimeter of the Regulation was enacted in the Environmental Delegated Act<sup>5</sup>, approved in June 2023, which lists the activities which contribute to the **environmental activities outside the scope of the climate**: 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.

2024 marks the third year of Regulation

application: consistent with the prior year, in 2023 the companies subject to an obligation to publish a Non-Financial Statement, like the De' Longhi Group, shall include in this statement the proportion of Turnover, CapEx and OpEx pertaining to the eligible and non-eligible activities referred to in the **first two environmental targets** relating to Climate Change. For the first year of application, the Environmental Delegated Act requires that non-financial companies disclose solely the eligible portion of the three KPIs mentioned above.

The assessment of the Group's compliance with the Regulation and the statement with the required quantitative KPI are provided in the following paragraphs.

As this regulation is updated constantly, all the criteria and assumptions used are based on information and requirements available to date, which could be revised in the future.

## The Analyses Conducted

In light of the changes referred to above which relate primarily to the publication of the Environmental Delegated Act, the De' Longhi Group updated the analysis of its revenue-generating activities in order to identify, based on the UE Taxonomy, which could be classified as eligible or potentially capable of contributing substantially to the six environmental targets. Based on this analysis, the economic activity **"1.2 -Manufacture of electrical and electronic equipment"** of the "Transition to a circular economy" target was viewed as consistent with

<sup>2</sup> Eligible economic activity under the Taxonomy: an economic activity described in the delegated acts adopted pursuant to Article 10, paragraph 3, Article 11, paragraph 3, Article 12, paragraph 2, Article 13, paragraph 2, Article 14, paragraph 2, and Article 15, paragraph 2, of EU Regulation 2020/852, independent of the fact that this economic activity satisfies one or all of the technical criteria established in the delegated acts.

<sup>3</sup> Delegated Act (EU) 2021/2139

<sup>4</sup> Delegated Act (EU) 2022/1214

<sup>5</sup> Delegated Act (EU) 2023/2486, adopted on 27 June 2023 and effective as from 1 January 2024.

its core business. The description of this activity also makes specific reference to the code NACE (*Nomenclature statistique des activités économiques dans la Communauté européenne*) "C27: *Manufacture of electronic equipment*", which coincides with the De' Longhi Group's NACE code.

Furthermore, based on Annex 1 of the Delegated Act (EU) 2021/2178, paragraphs 1.1.2.2 (c) and 1.1.3.2 (c) <sup>6</sup> relating to investments and the purchase of output from eligible economic activities and individual measures which make it possible for the activities to maintain low levels of carbon emissions, the Group identified the economic activity "**6.5 - Transport by motorbikes, passenger cars and light commercial vehicles**" as an eligible activity tied to the "Climate Change Mitigation" target.

The steps taken to **assess the alignment** of these activities are described below.

As reported above, for the reporting year 2023 the alignment analysis refers solely to the activities listed in the Climate Delegated Act and relative to the **climate target**. The analysis of the alignment of the activities included in the Environmental Delegated Act will be carried out as of the next reporting year.

#### **Activity 6.5 - Transport by motorbikes, passenger cars and light commercial vehicles – alignment assessment**

With regard to the investments made by the Group in the reporting year 2023, the analysis looked at "**6.5 Transport by motorbikes, passenger cars and light commercial vehicles**" of the Climate Delegated Act:

- **Criteria: substantial contribution to the mitigation of climate change:** the assessment aimed to establish whether or not the single economic activity identified contributes substantially to reaching the climate change mitigation goals based on specific quantitative and/or qualitative parameters defined in a) and b) defined in the Regulation;
- **Do Not Significant Harm (DNSH):** in order to the aligned with DNSH, the regulation requires compliance with the following criteria:
  - *Climate change adaptation:* based on the criteria listed in Annex A, the organization must identify and assess the physical climate change risks that impact the activity using a specific procedure defined in the Delegated Act;
  - *Transition toward a circular economy:* based on the criteria outlined at least 85% of the weight of the vehicles must be reusable or recyclable and measures must be in place for the management of waste during maintenance and at the end of the fleet's life cycle;
  - *Pollution prevention and control:* the criteria outlined require that the vehicles:
    - comply with the requirements in the most recent Euro 6 standards for the emissions of light vehicles established pursuant to regulation (EC) n. 715/2007;
    - respect the emission thresholds for light vehicles referred to in Table 2 of the annex to Directive 2009/33/EC <sup>7</sup> of the European Parliament and the Council;
    - are equipped with tires which comply with

the requirements for rolling noise of the highest tire class and the rolling resistance coefficient in the two highest classes as established in Regulation (EU) 2020/740 (for M and N class motor vehicles);

- comply with Regulation (EU) 540/2014 <sup>8</sup> of the European Parliament and the Council;

- **Guarantees of the minimum safeguards:** the criteria detailed in the Regulation refer to the organization's practices to ensure compliance with the OECD guidelines for international companies and the United Nations principles relative to companies and human rights, including the principles and rights established in the eight basis conventions identified in the ILO Declaration on Fundamental Principles and Rights at Work and the Universal Declaration of Human Rights.

The analysis made showed that a portion of the investments made by the Group is aligned with the substantial contribution criteria listed in the Climate Delegated Act, as part of the motor vehicles, classified as M1 (Vehicles used to transport people, with 8 seats in addition to the driver's seat) and N1 (Vehicles used to transport merchandise, of not more than 3.5t), have emissions of less than 50 gCO<sub>2</sub>/km.

The specificity of the available data, however, is not sufficient to allow for a complete assessment as to the compliance with the criteria outlined above for DNSH. Based on a conservative and prudential approach, the Group finds that that activity is not aligned with the DNSH criteria for the reporting year 2023.

With regard to the guarantees of the minimum

<sup>6</sup> Related to the purchase of output from Taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions, notably 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 the 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 and provided that such measures are implemented and operational within 18 months.

<sup>7</sup> Directive 2009/33/EC of the European Parliament and Council of 23 April 2009, relating to the promotion of clean and energy-efficient road transport vehicles.

<sup>8</sup> Regulation (EU) 540/2014 of the European Parliament and Council of 16 April 2014, on the sound level of motor vehicles and of replacement silencing system.

safeguards, the De' Longhi Group pays great attention to topics relating to consumer protection, corruption, competition, tax issues and respect of human rights. With regard to the latter, the Group is committed to guaranteeing ethical business practices which comply with the applicable regulations in all the countries in which it operates, carrying out its activities in accordance with the principles of the Group's Code of Ethics which, as of 2022, is applicable also to all its suppliers. In addition to this document, the Group also published "Responsible Sourcing Guidelines" which define the criteria to be used when assessing and monitoring new supplier risks over time. The De' Longhi Group also audits its suppliers of finished products periodically in order to assess different social aspects, like the freedom of association and collective bargaining, hours and work conditions, health and safety, child or forced labor, discrimination and training of personnel. For further information refer to the chapters "Ethics and Compliance" and "Supply Chain Management".

The Group pays particular attention to gender equality, attested to by the launch of specific initiatives relating to DE&I (Diversity Equity and Inclusion). Further information on ongoing initiatives and indications relative to the workforce (refer to the "Breakdown of the workforce" and "Composition of the Parent Company's BoD" tables) can be found in the section "Policies and objectives" of the "Human Resources Management" chapter.

With regard to protection of consumers, competition, anti-corruption and tax, the Group works constantly to prevent and mitigate any potentially negative impact. The Group's Code of Ethics has a key role in this regard, as great attention is paid to consumers and customers, to fair competition, the condemnation of corruption and compliance with the law, regulations and provisions of the

competent tax authorities. For further information refer to the chapter "Ethics and Compliance".

Despite what is described above and in light of the fact that, with regard to the investments made in the activity analyzed which must take into account the practices and procedures of the supplier, based on a conservative and prudent approach, the Group concluded that the current practices are not sufficient to consider the activity aligned with the minimum safeguards criteria.

### Contextual information relative to the KPI calculation

The assumptions and methodologies used to calculate the KPI for the activities deemed eligible and possibly aligned, as defined in the Annexes of the Disclosure Delegated Act<sup>9</sup>, are provided below. The methods of calculation, the composition in relation to the different activities provided for in the EU Taxonomy and the quantification process are provided for each of the KPI. In accordance with the Regulation the revenue generated and the costs incurred for intercompany transactions are not taken into account.

Group administrative and accounting divisions, relative to both headquarters and the individual production plants, were involved in the KPI calculations. Based on the indications found in Annex 1 of the Disclosure Delegated Act, they identified the accounting items to be associated with the different KPI (numerator and denominator), beginning with the items found in the consolidated financial statements.

Furthermore, to date no investment plans for CapEx and OpEx which satisfy the requirements

set out in paragraph 1.1.2.2 have been drafted. For this reason, the two KPI do not include any plans for expanding the Taxonomy-aligned economic activities or allowing eligible economic activities to become aligned with the Taxonomy.

Please note that as there are currently no eligible activities under the Complementary Delegated Act, the relative tables are not included in this report.

### Turnover

The calculation of the denominator was based on the net sales figure reported in the De' Longhi's Annual Report for 2023 which amounted to €3,043,086 thousands. The items used specifically to determine the denominator include the revenue from the sale of goods and services, net of discounts, VAT or any other direct tax, which reflects the revenue generated by the Group's core business: more specifically, the item included refers to "Revenues from client contracts".

The numerator was calculated based net of the total revenues included in the denominator obtained from the sale of IT services to third parties and the sale of accessories net of discounts, rebates, VAT and additional taxes. The eligible turnover generated by the Group is associated with Activity 1.2 – Manufacture of electrical and electronic equipment.

### CapEx

The denominator was determined based on the increases in value of tangible, intangible and right of use of assets (as per IFRS 16) recorded during 2023 which amounted to €136,338 thousands.

The numerator was based on the asset additions reported during the year: investments relative to (a)<sup>10</sup> and (c)<sup>11</sup> as defined in item 1.1.2.2 of Annex I of the Disclosure Delegated Act were identified. More in detail, for Activity 1.2 Manufacture of electrical and electronic equipment – summary of the Group's core business– these include investments in plant, property and equipment, intangible assets or right of use assets of the production companies deemed essential to the business activities, which were, therefore, allocated entirely to the numerator, with the exception of the portion of fixed assets classified under (c) of the Regulation.

With reference to (c), the Group identified investments in IFRS 16 "right of use" assets for Activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles. This activity reflects the investments made in property, plant and equipment (leasing of motor vehicles), the calculation of which was made using the data provided by the single legal entity included in the scope of consolidation.

In light of the allocation of these items to (c), in order to avoid double counting, the items registered as "Right of use" for this activity was excluded from the calculation of the numerator for (a) which refers to Activity 1.2 Manufacture of electrical and electronic equipment.

### OpEx

The denominator was calculated based on the consolidated operating figures which amounted to €90,564 thousands for the categories referred to in the regulations including R&D which was not capitalized, short-term maintenance and leasing, recognized in the income statement.

The OpEx numerator was determined using a method consistent with the one used for the CapEx KPI. More in detail, R&D and Leasing were

considered instrumental to the core business activities, as they refer to product development and the logistics spaces used by the Group companies for distribution. The portion of these categories was allocated entirely to the numerator beginning with the Group's consolidated figures.

### Accounting Policy for the KPI

The Group, after having identified its eligible activities and assessed any consistency with the alignment criteria, calculated the three KPI.

The following paragraphs provide the details of the accounting items used to calculate the KPI called for in the Annexes to the Disclosure Delegated Act.

### Turnover

The Turnover KPI was calculated as the portion of the net sales deriving from the services associated with activities identified as eligible (numerator) divided by net sales (denominator). Net sales is defined as the amount generated by the rendering of services net discounts and any value added tax directly associated with the turnover. With a view to avoiding any double counting, the intercompany transactions were not included in the KPI calculation. Consequently, the KPI denominator corresponds to "Revenues from customer contracts" found in Note 1 of the Group's consolidated financial statements – and is in line with the provisions of IAS 1, par.82(a), mentioned in item 1.1.1. of Annex I of the Disclosure Delegated Act.

### CapEx

The denominator of the CapEx KPI was calculated based on the asset additions made in the reporting period to tangible assets (investments in plant, property and equipment) and intangible assets

(investments in intangible assets) and right-of-use assets (investments in leased assets).

The approach used to extract the data was based on an analysis of the consolidated reports. In accordance with the international accounting standards and the provisions of Annex 1 of the Disclosure Delegated Act, IAS 16 was used to calculate the tangible assets, IAS 38 for the intangible assets – excluding goodwill and IFRS 16 for the right-of-use assets - as was the case in the consolidated annual report.

### OpEx

The denominator of the OpEx KPI was calculated based on the Group's consolidated operating results and the costs associated specifically with categories referred to in Annex I of the Disclosure Delegated Act:

- the technical costs, which include the R&D expenses stemming from internal and external projects which were not capitalized;
- rental and leasing costs, which include all the leasing items recognized in the income statement, exempt from IFRS 16 application;
- third party maintenance which includes routine maintenance of assets and building renovations.

10 Capital expenditure included in the denominator relative to assets and processes associated with economic activities included in the taxonomy.

11 Capital expenditure relating to the purchase of products derived from economic activities aligned with the taxonomy and the single measures which consent the target activity to lower carbon emissions or reduce greenhouse gases.

FY 2023	Economic activity (1)	Year		Criteria for the sustainable contribution						Criteria for "does no significant harm"						Portion of turnover aligned (A.1.) or eligible (A.2.) under the taxonomy, 2022 (18)	Category (enabling) (19)	Category (transitional) (20)		
		Code/s (2)	Turnover (3)	Portion of expenses invoiced 2023 (4)	Climate change mitigation of (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)				Biodiversity and ecosystems (16)	Guarantees minimum safeguards (17)
		k €	%	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No				Yes/No	Yes/No
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																				
<b>A.1 Eco-sustainable activities (taxonomy aligned)</b>																				
Turnover from eco-sustainable activities (taxonomy aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%	0%	No	No	No	No	No	No	No	0,00%		
of which enabling			0%	0%	0%	0%	0%	0%	0%	0%	No	No	No	No	No	No	No	0%	A	
of which transitional			0%	0%							No	No	No	No	No	No	No	0%	T	
<b>A.2 Eligible taxonomy activities but not eco-sustainable (not taxonomy aligned)</b>																				
Manufacture of electrical and electronic equipment	CE 1.2	2,957,175.00	97.18%	N/AM	N/AM	N/AM	AM	N/AM	N/AM									0,00%		
Manufacture of devices for energy efficient buildings	CCM 3.5	-	0.00%	N/AM	N/AM	N/AM	N/AM	N/AM	N/AM									4.06%		
<b>Turnover from taxonomy eligible activities but not eco-sustainable (activities not aligned with the taxonomy) (A.2)</b>		2,957,175.00	97.18%	0%	0%	0%	97.18%	0%	0%									4.06%		
<b>Total (A.1 + A.2)</b>		<b>2,957,175.00</b>	<b>97.18%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>97.18%</b>	<b>0%</b>	<b>0%</b>									<b>4.06%</b>		
<b>B. INELIGIBLE TAXONOMY ACTIVITIES</b>																				
Turnover from ineligible taxonomy activities (B)		85,911.00	2.82%																	
<b>Total (A + B)</b>		<b>3,043,086.00</b>	<b>100.00%</b>																	

Portion of turnover/Total turnover

	Taxonomy alignment by objective	Taxonomy eligibility by objective
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	97.18%
PPC	0.00%	0.00%
BIO	0.00%	0.00%



## Portion of CapEx/Total CapEx

	Taxonomy alignment by objective	Taxonomy alignment by objective
<b>CCM</b>	0.00%	0.48%
<b>CCA</b>	0.00%	0.00%
<b>WTR</b>	0.00%	0.00%
<b>CE</b>	0.00%	62.80%
<b>PPC</b>	0.00%	0.00%
<b>BIO</b>	0.00%	0.00%

Economic activity (1)	Code/s (2)	Turnover (3)	Portion of expenses invoiced 2023 (4)	Criteria for the sustainable contribution						Criteria for "does no significant harm"						Guarantees minimum safeguards (17)	Aligned portion of capital expenditure (A.1.) or taxonomy eligible (A.2.) 2022 (18)	Category (enabling) (19)	Category (transitional) (20)
				Climate change mitigation of (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				
				Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes;No;N/AM	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No				
<b>A. TAXONOMY ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Eco-sustainable activities (taxonomy aligned)</b>																			
Operating expenses for eco-sustainable activities (taxonomy aligned) (A.1)		-	0%	0%	0%	0%	0%	0%	0%	0%	Si	Si	Si	Si	Si	Si	Si	0%	
of which enabling			0%	0%	0%	0%	0%	0%	0%	0%	Si	Si	Si	Si	Si	Si	Si	0%	A
of which transitional			0%	0%							Si	Si	Si	Si	Si	Si	Si	0%	T
<b>A.2 Eligible taxonomy activities but not eco-sustainable (not taxonomy aligned)</b>																			
Manufacture of electrical and electronic equipment		CE 1.2	85,418.00	94.32%	N/AM	N/AM	N/AM	AM	N/AM	N/AM								0.00%	
Manufacture of devices for energy efficient buildings		CCM 3.5	-	0.00%	N/AM	N/AM	N/AM	N/AM	N/AM	N/AM								0.81%	
Installation, maintenance and repair of energy efficiency devices		7.3 CCM / 3.3 CE	-	0.00%	N/AM	N/AM	N/AM	N/AM	N/AM	N/AM								0.03%	
<b>Operating expenses for taxonomy eligible activities but not eco-sustainable (activities not aligned with the taxonomy) (A.2)</b>			85,418.00	94.32%	0%	0%	0%	94.32%	0%	0%								0.84%	
<b>TOTAL (A1+A2)</b>			<b>85,418.00</b>	<b>94.32%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>94.32%</b>	<b>0%</b>	<b>0%</b>								<b>0.84%</b>	
<b>B. INELIGIBLE TAXONOMY ACTIVITIES</b>																			
Operating expenses for ineligible taxonomy activities (B)			5,146.00	5.68%															
<b>Total (A+B)</b>			<b>90,564.00</b>	<b>100%</b>															

Portion of OpEx/Total OpEx

	Taxonomy alignment by objective	Taxonomy alignment by objective
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	94.32%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

## Risk scenario

For information on the ethics and compliance risks, as well as the relative risk management, please refer to the section "Risk management and Internal Control System relating to the financial reporting process" found in the Report on Operations.

For information on the management of the risks connected to ethics and compliance, please also refer to the table "The main risks associated with non-financial issues and management methods" in the Note on Methodology.

## Business and organizational model

Based on the Group's management and organizational model, the Legal and Internal Audit divisions work with the Financial Reporting Officer, to guarantee compliance with the law and regulations. Both divisions also work with the Quality Division in order to ensure adequate control of the products and the qualification, as well as the assessment, of suppliers (refer to the chapter "Product quality and innovation").

Internal Audit, together with the Financial Reporting Officer, also check and assess the control system in all the Group's branches and audit the accounting processes and procedures, as well as

compliance with Law 262 relating to financial reporting processes. The purpose of these periodic audits is to ensure that the company documents are reliable, complete, accurate and timely, as well as compliant with the Group's operating, administrative and accounting policies. The audits are carried out with a view to gradually covering all the companies, paying particular attention to the most relevant ones based on the audit plan coordinated with the Director in charge and the Control, Risk, Corporate Governance and Sustainability Committee.

Internal Audit, together with the Financial Reporting Officer also supervise the **Enterprise Risk Management (ERM)** model, a management system developed and perfected by the Group over the years, which focuses on the assessment and monitoring of company risks. As part of this project, a number of activities were carried out over the last few years in order to integrate the ERM matrix with the risks identified in each area by the Group's management. These include the implementation of a dynamic risk management platform, which was rolled out over the first few months of 2021 at the Group's most relevant companies. Consistent with the plan forecasts, the rollout of the platform continued in 2022 and involved a growing number of companies; in 2023 Capital Brands and Eversys were included, as planned.

In 2022 the risks linked to sustainability included on the platform were updated in order to include the risks linked to climate change identified in 2021. More specifically these include: circularity, product sustainability, compliance with health and safety measures, environmental damage caused by operations, human rights, energy management, impact on the stakeholders' sustainability interests, local communities, involvement of the communities in sustainability initiatives and fair trade practices. In 2023, this mapping was confirmed and no further additions were needed. At the same time work on the risks identified continued in collaboration with the heads of the divisions involved.

This platform is dynamic and allows selected users to update the selection of risks in a timely and independent manner, under the strict supervision of Internal Audit and the Financial Reporting Officer, as well as make changes to the risk map based on the user profile in order to guarantee the utmost control and separation of roles. In 2022 the ERM platform was also integrated directly with the SAP Success Factor system which made it possible for all personnel involved in assessments to access adequate training in accordance with the law, which was facilitated by a specific e-learning module.

In order to guarantee compliance with internal regulations and the current law in the various countries where the Group is active, as of 2015

additional control measures have been adopted in order to identify potential episodes of abuse of office and corruption. These initiatives are solely preventive as Company does not maintain any commercial relationships with the public administration.

The Group also ensures that, in addition to transparency and compliance, **models of conduct** have been defined and implemented with a view to minimizing the risk associated with illicit behavior, subject to sanctions under the law and regulations. Toward this end as of 2018, the "**Corporate Governance Guidelines**" were implemented at all the Group companies. The administrative directors of the different branches were responsible for the application of these guidelines, which call for not only the adherence to the Group's Code of Ethics, but also define a system for the delegation of spending authority. Lastly, the De' Longhi Group's Italian companies also adopted an "**Organizational, Management and Control Model**" pursuant to and in accordance with Legislative Decree 231/2001 which calls for the appointment of a Supervisory Board charged with ensuring, independently, that the directives and procedures of the Model are applied correctly. In 2019 the Group had already adopted an internal control system which automatically monitors the flow of information and the processes controlled by the system used to prevent



the crimes indicated in Legislative Decree 231. In order to monitor transactions with related parties and the relative risk, the Parent Company also adopted a specific procedure which makes it possible to identify the transactions subject to specific rules and approval, in accordance with the principles established by the Supervisory Authorities in CONSOB Regulation n. 17221 of 12 March 2010.

**Policies and objectives**

The De' Longhi Group's **Code of Ethics** defines the ethical standards that must be adhered to by employees and in the course of all the relationships between the company and third parties, which aspire to legality, transparency, fairness, integrity and professionalism, as well as protection of privacy. In order to allow new hires to familiarize themselves with these standards, as of 2020 short induction sessions are held during which the highlights of the Code of Ethics and the 231 Model are illustrated. All new employees in Italy must provide signed confirmation of having received and read the Code of Ethics.

As part of the **Anti-Fraud Program** defined based on the guidelines of the Association of Certified Fraud Examiners (ACFE), in 2023 the Group moved forward with the improvements called for in prior years.

With regard to the whistleblowing platform, in 2023 the platform was again fully operative, and may be used by employees, suppliers and customers to

send an anonymous report. In order to do this, a dominion outside the company systems was created which sends the information directly to the Whistleblowing Committee, a body comprising three Company members charged with analyzing the reports and carrying out further investigations, if necessary, of the reports received. No significant reports have ever been received since the implementation of the system.

With regard to cyber security, the Group developed a master data protection policy in 2020. During the prior reporting year new security systems were introduced to strengthen security and an automated alert system was implemented which helps to monitor, identify, analyze and prioritize any notices received. The system also makes it possible to send personalized messages to recipients.

The work group charged with the management of this system comprises IT personnel, as well as members of the legal team. With a view to further increasing cyber security, the Company carried out a campaign focused on increasing awareness in this regard and training in the prevention and management of phishing was included in the training plan. These activities continued in 2023, confirming the Group's commitment to preventing potential problems relating to cyber security issues.

**Key figures**

No violations of the anti-corruption laws were recorded in the three-year reporting period (2021-23) Information relating to persons apprised of the

company policies and procedures, as well as the employees who received anti-corruption training is shown below. There was a noticeable increase in the figures thanks to the results achieved in 2023 by the Group. There was, in fact, an increase in the number of employees and their training hours.

In 2023 the Board of Directors did not receive any anti-corruption training or information about policies and procedures in this regard.

No legal complaints relating to anti-competitive, anti-trust and monopolistic practices were filed in the three-year period 2021-23. On 23 February 2023, however, the French competition authority (the "FCA") notified a few Group companies of a complaint filed to 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.

Category	Europe*			America & Asia-Pacific**			MEIA <sup>12</sup>			De' Longhi Group		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Number of people with whom the company's anti-corruption procedure and policies were shared</b>												
Managers	177	162	214	67	82	78	4	4	4	248	248	296
White collars	1,745	1,829	2,014	511	598	531	25	25	23	2,281	2,452	2,568
Blue collars	4,481	918	4,170	3,820	1,771	3,746	-	-	-	8,301	2,689	7,916
<b>Total employees</b>	<b>6,646</b>	<b>2,909</b>	<b>6,398</b>	<b>4,398</b>	<b>2,451</b>	<b>4,355</b>	<b>29</b>	<b>29</b>	<b>27</b>	<b>11,073</b>	<b>5,389</b>	<b>10,780</b>
Commercial partners	-	-	285	-	-	-	-	-	-	-	-	285
<b>Employees who received anti-corruption training</b>												
Managers	22	44	22	9	7	10	-	-	-	31	51	32
White collars	326	340	121	114	108	135	-	-	-	440	448	256
Blue collars	-	2	-	9,355	2,090	5,837	-	-	-	9,355	2,092	5,837
<b>Total employees</b>	<b>348</b>	<b>386</b>	<b>143</b>	<b>9,478</b>	<b>2,205</b>	<b>5,982</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,826</b>	<b>2,591</b>	<b>6,125</b>

<sup>12</sup> MEIA refers to the countries located in the Middle East, India and Africa.

\* The figures for Italy are included in Europe.

\*\* The hours of training for new hires, which addresses business ethics and anti-corruption, are taken into consideration for America & Asia-Pacific.

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

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

Similarly, no economic or in-kind contributions were made to political parties, elected

representatives or people looking to hold political office in the three-year period subject to examination.

As for the number of complaints relating to discrimination, two incidents of sexual harassment were reported at De'Longhi Australia PTY LTD. The Group does not tolerate any behavior that could compromise the respect, diversity, rights and safety of its employees at the workplace. For this reason, after quick and in-depth internal investigations, the Company decided to terminate the employment of the individuals involved.

Furthermore, in 2023 a case of possible discrimination was reported at De'Longhi Kenwood A.P.A. LTD; subsequently, upon further investigation the

discriminatory nature of the episode was not confirmed.

Lastly, consistent with full disclosure in tax matters, the Group operates in complete transparency and in accordance with local and international tax laws.

### Risk scenario

People are one of the elements that lie at the foundation of the De' Longhi Group's identity and success. Aware of their key role and the multicultural environment that it operates in, the Group is committed to guaranteeing a dynamic and engaging workplace, which respects the highest health and safety standards and, at the same time, takes the personal and professional needs of all its people into account. In order to achieve this objective, each individual of the Group needs to own the company values, contributing directly to the construction of a positive environment which implicates that each resource acts with ambition, courage, passion, expertise and teamwork, guaranteeing mutual respect both inside the company and in the interactions with customers, suppliers and other stakeholders.

For more detailed information on the risks connected to human resources management and risk management, please refer to the paragraph 9 of the section "Risk factors for the De'Longhi Group" (reference should be made to the chapter "Risks relating to the organization and management of human resources").

With regard to the measures used to mitigate and manage human resource risks please also refer to the table "The main risks associated with non-financial issues and management methods" in the Note on Methodology.



## Business and organizational model

The Chief People Officer coordinates the Human Resources Division which is responsible for the management and development of human resources for the entire Group. On a local level, this responsibility is entrusted to specific structures, which are found in the main geographical areas and the Group's more structured branches. These structures have many duties which include, mainly, all administrative aspects of employee relationships, the management and development of internal resources, talent acquisition, training and retention, as well as internal communications, labor union relations, development of important initiatives tied to both employee engagement and the organization of workplace safety.

The corporate HR structure was defined based on the organizational changes made by the Group over the years and is broken down based on four main macro-clusters, dedicated to four specific areas:

- Brand Headquarters and commercial organization Europe
- Corporate Staff, Services and Organization, Operations Europe
- Commercial organization Asia Pacific and Operations China
- Commercial organization Americas and MEIA

The Chief People Officer is responsible for the supervision of the remaining commercial units.

The employee journey begins with the attraction phase which is managed globally by Talent Acquisition and Employer branding. The latter is crucial to the Group's activities and allows for a structured

and integrated approach to the recruiting of new resources. A number of initiatives were developed in association with the employer branding strategy focused on increasing the recognition of the Group globally. These include updating the People section of the corporate website and the introduction of a new global LinkedIn page, which substituted the previous pages dedicated to single countries which resulted in a significant increase in the number of followers and visits in 2023, also. The number of page followers, in fact, rose from 58.3 thousand at year-end 2022 to 66 thousand at year-end 2023 (+14%). The most successful social strategies resulted in the publication of 107 posts, 2 each week, relating to 5 topics: Sustainability, Training, Career, Business and Innovation, consistent with what happened in 2022. More in detail, new multimedia formats were created, focused primarily on video content. This approach made it possible to reach a total of 752,882 impressions (+10% compared to the prior year). The most successful posts include the one of the Smart Design project, completed in partnership with Milan's Politecnico and the one of a few students from Oradea University visiting the Salonta plant. Even though the Group's main audience is still Italian, in 2023 there was a significant increase in the European (+83%) and North American (+127%) audience, a sign of the Group's growing international presence.

With respect again to talent attraction, for years De' Longhi has cultivated strategic relationships with Italy's best universities, like **Milano's Politecnico** and **Bocconi University**: in order to strengthen the tie with the academic world structured partnerships were established with a view not only to attract the best talents, but also to increase research and training in collaboration with the two schools.

The partnership with Politecnico, for example, calls for the Group's participation in events and training courses tied to innovation, research and development. During these courses, Group management dedicates time and expertise in order to interact directly with youth, involving them in training projects and activities related to De' Longhi's business. A relevant event in this regard was the participation of the Company's General Manager in *Transformative Sustainability* master's program at Bocconi University where the sustainability path undertaken by the Group was presented and the commitment that companies must have to become key players in the creation of a sustainable future was discussed.

Similar to prior years, in 2023 one of the strategic choices made by the De' Longhi Group was to enhance and increase the knowhow of its company resources, investing in the improvement of *soft skills* and technical expertise, including as a result of the noticeable increase in employees. Consequently, there was an increase in both the number of training hours (+20%) and the number of participants.

This result was achieved also and above all thanks to the projects and training tools developed over the last few years including, specifically, with regard to e-learning. More in detail, the PULSE platform, which has already been used by Human Resources for several years, also allows Group employees to create personalized learning plans based on specific needs, as well as access an on-line catalogue and e-learning courses. As in 2022, the Group continued to use the Speex and Of Course Me platforms in 2023: the first provides language courses and the second provides information and useful materials on a vast range of topics in a single digital platform. This allows employees to get to know more about topics

they are interested in and are relevant to their professional development by creating a personalized training course. In 2023, the Global Catalogue proposed 23 courses focused on managerial, communication and digital skills, as well as relating to digital thinking. This initiative had wide participation, as well as an enthusiastic reception: the average satisfaction rating was 4.3 out of 5.

In 2023 the Digital Lab continued. **Digital Lab** is 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.

Looking again at digital expertise, in April 2023, 117 employees working in the IT division from Italy, Germany, the United Kingdom and Romania participated in an assessment organized by the Human Resources division. The main objective was to assess the digital skills of IT department employees, focusing mainly on hard skills, soft skills and understanding of the main innovation topics. The results obtained by the assessment allowed the team responsible for the project to build a training path called "Innovation Breakfast", series of morning webinars focused on exploring emerging trends in innovation. These meetings, comprised of 4 sessions of around 1 hour each, were launched in November 2023 and ended in January 2024.

In 2023 the Group also launched the *Sustainability Learning Journey*, which is part of a broader sustainability strategy and provides training on topics related to this topic: De' Longhi's goal is to render its employees more knowledgeable as to the impact that their positive actions could have on promoting a better future. The Group, therefore, structured a training course focused on this topic: the first event involved an exceptional guest, renowned

economist and Nobel Prize Winner Prof. Joseph Stiglitz who focused his speech on sustainable development of businesses. The presentation was held at the Treviso headquarters and colleagues from the international branches could connect via streaming.

Subsequently, courses and content were published on the Pulse platform which made it possible for employees to learn more about the topics discussed. In 2024, the path just described will move toward a call to action phase during which employees will be invited to share the best sustainability practices.

Over the last few years, the Group has also actively promoted the **Diversity Equity and Inclusion (DE&I)** project, which aims to guarantee equal opportunity and the lack of discrimination. The project can be broken down into four phases:

- 1. Diagnosis:** the objective of this phase is to let the DE&I decisions be shaped by the analysis made of the data gathered by the Group. More specifically, the internal population was mapped and information was gathered through interviews and surveys;
- 2. Commitment and involvement:** Human Resources involved top management through dedicated interviews and, subsequently, organized a workshop during which the results obtained were shared and the Group's priorities were defined together with the company's leadership team;
- 3. Action:** in this phase, the De' Longhi Group develops a roadmap of the long-term goals and the actions that need to be taken to achieve them, through DE&I projects, policies and

practices. While the drafting of the roadmap was completed in 2023, beginning in 2024 the Company will begin to share the strategies and guidelines adopted with all the Group's personnel; and lastly will proceed to define local plans of action.

**4. Monitoring and accountability:** the actions undertaken and the goals defined in the roadmap will be monitored over time by Human Resources, in order to assess the project's performance, the results achieved and define any needed corrective strategies.

Human Resources guides the global performance appraisal process conceived to promote growth and the development of employees. This program is based on a dedicated system which fosters an open and constructive dialogue between managers and employees. The path, called FORWARD, was tested for the first time in 2021 and used Group-wide in 2022. In 2023 employees and managers were more familiar with the process than in the prior year and the completion rate, in fact, rose to up to 85% of the total (+5%) and there was an increase in the feedback shared which went from 2,500 to almost 5,000.

The performance appraisal cycle can be broken down into three main phases:

- 1. Set Up:** individual targets are defined and growth strategy consistent with the company strategy and the team goals is defined;
- 2. Sync:** regularly scheduled checkpoints for feedback and self-reflection are organized in order to render the employee's growth part of an ongoing and interactive process.
- 3. Wrap Up:** the comments made by employees

are gathered so the manager can provide a complete, objective and constructive assessment of target achievement. These targets typically focus on employee enhancement, understanding of what can be improved and recognition of the talents that emerged.

**The actions taken to protect the Group's personnel**

For the De' Longhi Group, the sustainability of a successful manufacturing project is based largely on the ability to address and protect the health and safety of its employees: in order to achieve this objective, Human Resources leverages on the support of people charged with promoting worker health and safety like the Head of the Prevention, Protection and Environment Department in Italy, Switzerland, China and Romania where the Group's production plants are located. Their responsibilities include assessing the risks inherent in the activities carried out by the Group employees and defining plans for improvement. Particular attention is paid to ergonomic work stations, both in the plants and the offices, in order to guarantee a safe and comfortable work environment.

In 2022 the Group had already begun work on a plan for risk mitigation and further improvement in workplace safety. The initiative, carried out by a cross-functional HR/Operations team which focused on the analysis of risks relating to production organization and the supply chain. The goal is to define a multi-year, step-by-step path which reinforces a "Zero accident mindset". The team developed a monitoring system which assesses the progress made toward achieving the "zero accident" goal. In

2023 the global "I am Safety" campaign was also launched: the 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 initiative focused on "new ways of working", with a particular focus on smart 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, which for now has been implemented in the Company's production facilities, was structured based on 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 the role and responsibilities involved;
- 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.

In light of the success of this first test of the Ambassador campaign inside the plants, the Group plans on expanding this initiative in the branches, as well.

In the branches and at headquarters the focus of the campaign will be on the white collar workers and the “new ways of working”, as well as wellbeing in the workplace in order to support a positive work experience.

### **Policies and objectives**

The Group's focus on its people is fully expressed in its Code of Ethics which dedicates an entire section to this topic. The Code of Ethics condemns undocumented working relationships, any form of exploitation (including child labor) and any undue advantage over workers. Equal opportunities are promoted throughout the professional cycle, from selection through career advancement, avoiding any and all forms of discrimination.

With regard specifically to the workplace health and safety, the Code of Ethics also requires that each employee pay the utmost attention to adhering to all of the safety and preventive measures, while also complying with all the instructions and directives in effect. In particular, health and safety aspects are particularly relevant at production plants where workers are exposed to greater risks and, therefore, accident prevention and mitigation procedures have been adopted. Toward this end, the Mignagola plant in Treviso, Italy and the facilities in Cluj and Salonta, Romania developed operating system in preparation for adoption of **ISO 45001:2018**, the most widely known international standard for work and safety. This certification was obtained at the plants in Sierre (Switzerland) and

Dongguan (China); as of February 2024 this certification is also in place in OnShiu (China).

Lastly, the Company formalized a policy dedicated to the integrated management of HR topics which also includes the compensation of the Board of Directors and the executives. In 2019 a Group MBO policy was introduced which aims to create a link between compensation and results and strengthen the sense of belonging and De' Longhi's identity.

### **Key figures**

The Group had 9,837 employees at 31 December 2023, an increase of 15% compared to the prior year. The reporting year was characterized by a recovery in production which resulted in an increase in the number of Group employees.

Women represent 50% of the De'Longhi Group's workforce, in line with the prior year. This reflects De' Longhi's commitment to strategies to promote equal opportunities. 90% of the employees have permanent contracts, in line with the prior reporting year (93% in 2022).

Employees by contract type	Italy			Europe			America & Asia-Pacific			MEIA			De' Longhi Group		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Number of employees by contract type</b>															
Permanent positions	1,708	1,710	1,658	4,624	3,837	4,477	2,710	2,387	2,637	58	52	54	9,100	7,987	8,826
<i>women</i>	676	684	676	2,776	2,271	2,573	1,273	1,110	1,201	23	21	22	4,748	4,086	4,472
<i>men</i>	1,032	1,026	982	1,848	1,566	1,904	1,437	1,277	1,436	35	31	32	4,352	3,901	4,354
Temporary positions	31	22	15	417	171	567	803	374	429	1	1	-	1,252	568	1,011
<i>women</i>	17	15	8	211	61	253	358	200	210	-	1	-	586	277	471
<i>men</i>	14	7	7	206	110	314	445	174	219	1	-	-	666	291	540
<b>Total</b>	<b>1,739</b>	<b>1,732</b>	<b>1,673</b>	<b>5,041</b>	<b>4,008</b>	<b>5,044</b>	<b>3,513</b>	<b>2,761</b>	<b>3,066</b>	<b>59</b>	<b>53</b>	<b>54</b>	<b>10,352</b>	<b>8,555</b>	<b>9,837</b>
<b>Number of employees by contract type</b>															
Full-time	1,637	1,635	1,581	4,784	3,778	4,738	3,484	2,751	3,062	58	52	53	9,963	8,217	9,434
<i>women</i>	594	604	595	2,789	2,155	2,602	1,613	1,301	1,407	23	21	21	5,019	4,081	4,625
<i>men</i>	1,043	1,031	986	1,995	1,623	2,136	1,871	1,450	1,655	35	31	32	4,944	4,136	4,809
Part-time	102	97	92	257	230	306	29	10	4	1	1	1	389	338	403
<i>women</i>	99	95	89	197	180	224	18	9	4	-	1	1	314	285	318
<i>men</i>	3	2	3	60	50	82	11	1	-	1	-	-	75	53	85
<b>Total</b>	<b>1,739</b>	<b>1,732</b>	<b>1,673</b>	<b>5,041</b>	<b>4,008</b>	<b>5,044</b>	<b>3,513</b>	<b>2,761</b>	<b>3,066</b>	<b>59</b>	<b>53</b>	<b>54</b>	<b>10,352</b>	<b>8,555</b>	<b>9,837</b>
<b>Number of employees by gender</b>															
<b>Total women</b>	<b>693</b>	<b>699</b>	<b>684</b>	<b>2,987</b>	<b>2,332</b>	<b>2,826</b>	<b>1,631</b>	<b>1,310</b>	<b>1,411</b>	<b>23</b>	<b>22</b>	<b>22</b>	<b>5,334</b>	<b>4,363</b>	<b>4,943</b>
<b>Total men</b>	<b>1,046</b>	<b>1,033</b>	<b>989</b>	<b>2,054</b>	<b>1,676</b>	<b>2,218</b>	<b>1,882</b>	<b>1,451</b>	<b>1,655</b>	<b>36</b>	<b>31</b>	<b>32</b>	<b>5,018</b>	<b>4,192</b>	<b>4,894</b>

During the year the Group hired approximately 1,050 contract workers at the production plants.

Breakdown of the workforce		Unit of measure	De' Longhi Group 2021	De' Longhi Group 2022	De' Longhi Group 2023
<b>Manager</b>					
Men	< 30 years	%	-	-	-
	>30 < 50 years	%	2%	1.9%	1.5%
	> 50 years	%	1.2%	1.4%	1.2%
<b>Total men</b>		<b>%</b>	<b>3.2%</b>	<b>3.3%</b>	<b>2.7%</b>
Women	< 30 years	%	-	-	-
	>30 < 50 years	%	0.7%	0.7%	0.6%
	> 50 years	%	0.1%	0.2%	0.2%
<b>Total women</b>		<b>%</b>	<b>0.9%</b>	<b>0.9%</b>	<b>0.8%</b>
<b>Total</b>		<b>%</b>	<b>4.1%</b>	<b>4.2%</b>	<b>3.5%</b>
<b>White collars</b>					
Men	< 30 years	%	2.3%	2.8%	2.4%
	>30 < 50 years	%	10.2%	13.3%	11.6%
	> 50 years	%	3.4%	4.2%	3.9%
<b>Total men</b>		<b>%</b>	<b>15.9%</b>	<b>20.3%</b>	<b>17.9%</b>
Women	< 30 years	%	2.4%	3.0%	2.3%
	>30 < 50 years	%	9.1%	11.2%	9.8%
	> 50 years	%	2.1%	2.5%	2.5%
<b>Total women</b>		<b>%</b>	<b>13.5%</b>	<b>16.8%</b>	<b>14.6%</b>
<b>Total</b>		<b>%</b>	<b>29.4%</b>	<b>37%</b>	<b>32.4%</b>
<b>Blue collars</b>					
Men	< 30 years	%	7.7%	4.5%	6.9%
	>30 < 50 years	%	15.5%	14.6%	15.6%
	> 50 years	%	6.2%	6.4%	6.7%
<b>Total men</b>		<b>%</b>	<b>29.4%</b>	<b>25.5%</b>	<b>29.2%</b>
Women	< 30 years	%	6.7%	4.6%	5.7%
	>30 < 50 years	%	22.5%	20.8%	20.6%
	> 50 years	%	7.9%	7.8%	8.6%
<b>Total women</b>		<b>%</b>	<b>37.1%</b>	<b>33.2%</b>	<b>34.9%</b>
<b>Total</b>		<b>%</b>	<b>66.5%</b>	<b>58.7%</b>	<b>64.1%</b>

In 2023, the De'Longhi Group's BoD comprised 6 men and 5 women, of which around 90% over the age of 50.

Composition of the Parent Company's BoD		U.M.	2021	2022	2023
Men	< 30 years	n	-	-	-
	>30 < 50 years	n	-	-	-
	> 50 years	n	8	6	6
<b>Total men</b>		<b>n</b>	<b>8</b>	<b>6</b>	<b>6</b>
Women	< 30 years	n	-	-	-
	>30 < 50 years	n	1	1	1
	> 50 years	n	3	4	4
<b>Total women</b>		<b>n</b>	<b>4</b>	<b>5</b>	<b>5</b>
<b>Total</b>		<b>n</b>	<b>12</b>	<b>11</b>	<b>11</b>

In order to foster the knowledge and expertise of its people, as well as ensure adequate training in terms of health and safety, in 2023 the De'Longhi Group provided an average of 24 hours of training to each employee (+ 6% compared to 2022).

Training	U.M.	De' Longhi Group		
		2021	2022	2023
Average hours per employee	Average hours	21.7	23.0	24.3

Training	U.M.	De' Longhi Group		
		2021	2022	2023
<b>Training by job level</b>				
Average hours for managers	Average hours	14.3	15.5	21.7
Average hours for white collars	Average hours	17.6	19.9	22.9
Average hours for blue collars	Average hours	23.9	25.5	25.1
<b>Training by gender</b>				
Average hours for women	Average hours	20.3	21.8	22.1
Average hours for men	Average hours	23.1	24.3	26.4

With regard to workplace health and safety, the Group recorded a total of 56 accidents over a total of more than 20 million hours worked in 2023. This figure, lower with respect to the trend seen in the last two years, attests to the efficacy of the

measures adopted by the company and is a clear demonstration of how the level of attention paid to these issues is producing positive, tangible results.

Injuries and rate of injury by geographic area		Italy			Europe			America & Asia-Pacific			MEIA		
		2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Total hours worked	h.000	2,887	2,799	2,820	8,285	7,356	8,073	9,935	8,595	9,410	119	121	117
Injuries	n.	13	16	8	20	10	31	49	26	17	-	2	-
<i>In transit using means organized by the Group</i>	<i>n.</i>	-	-	-	4	-	4	-	-	-	-	-	-
<i>Serious injuries</i>	<i>n.</i>	-	-	-	-	-	-	-	-	-	-	-	-
Fatal injuries	n.	-	-	-	-	-	-	-	-	-	-	-	-
Occupational disease	n.	1	2	2	-	-	-	1	-	-	-	-	-
<b>Frequency rate<sup>13</sup></b>	-	<b>4.5</b>	<b>5.7</b>	<b>2.8</b>	<b>2.4</b>	<b>1.3</b>	<b>3.8</b>	<b>4.9</b>	<b>3.0</b>	<b>1.8</b>	-	<b>16.4</b>	-
<b>Severity rate<sup>14</sup></b>	-	-	-	<b>0.7</b>	-	-	-	-	-	-	-	-	-
<b>Mortality rate<sup>15</sup></b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Rate of occupational disease<sup>16</sup></b>	-	<b>0.3</b>	<b>0.7</b>	<b>0.7</b>	-	-	-	<b>0.1</b>	-	-	-	-	-

13 The frequency rate is the total number of injuries expressed as a percentage of the total number of labor hours worked in the same period, multiplied by 1,000,000, excluding commuting accidents.

14 The severity rate is the total number of serious accidents expressed as a percentage of the total number of labor hours worked in the same period, multiplied by 1,000,000.

15 The mortality rate is the total number of fatalities expressed as a percentage of the total number of labor hours worked in the same period, multiplied by 1,000,000.

16 The rate of occupational disease is the total number of occupational disease expressed as a percentage of the total occupational disease and the number of labor hours worked in the same period, multiplied by 1,000,000.

Injuries and rate of injury		De' Longhi Group		
		2021	2022	2023
Total hours worked	h.000	21,227	18,873	20,420
Injuries	n.	82	54	56
<i>In transit using means organized by the Group</i>	<i>n.</i>	<i>4</i>	<i>-</i>	<i>4</i>
<i>Serious injuries</i>	<i>n.</i>	<i>-</i>	<i>-</i>	<i>-</i>
Fatal injuries	n.	-	-	-
Occupational disease	n.	2	2	2
<b>Frequency rate</b>	-	<b>3.9</b>	<b>2.9</b>	<b>2.7</b>
<b>Severity rate</b>	-	-	-	-
<b>Mortality rate</b>	-	-	-	-
<b>Rate of occupational disease</b>	-	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>

Injuries and rate of injury for contract workers at the production facilities		De' Longhi Group		
		2021	2022	2023
Total hours worked	h.000	5,343	2,120	3,046
Injuries	n.	12	14	18
<i>In transit using means organized by the Group</i>	<i>n.</i>	<i>7</i>	<i>5</i>	<i>7</i>
<i>Serious injuries</i>	<i>n.</i>	<i>-</i>	<i>-</i>	<i>-</i>
Fatal injuries	n.	-	-	-
<b>Frequency rate</b>	-	<b>2.2</b>	<b>6.6</b>	<b>5.9</b>
<b>Severity rate</b>	-	-	-	-
<b>Mortality rate</b>	-	-	-	-



## Risk scenario

The De' Longhi Group applies a business model which focuses high quality products, key to maintaining consumer confidence and a solid market reputation, as well as essential to long-term profitability and business continuity. As it operates internationally, the Group must continuously address a complex and ever-changing regulatory environment; therefore, it systematically allocates significant resources to ensuring compliance with the different requirements applied in the different jurisdictions it interacts with. Toward this end, based on the local for global approach adopted by the Company, all the products distributed must comply with the most stringent standards applicable in the numerous countries where the Group is present. Examples of the most well-known international regulations include EU Regulation n. 1907/2007 or REACH (Registration, Evaluation, Authorization and Restrictions of Chemicals) and the RoHS (Restrictions of Hazardous Substances) directive 2002/95/EC, both of which the Group's companies comply with across all geographies even though the scope of application is strictly European.

Furthermore, the law also requires that the Group assumes the manufacturers' responsibilities for damages caused by defective products, which entails certain obligations above all in jurisdictions like the United States, the United Kingdom and Australia.

The manufacturer is also responsible for providing detailed product information which may vary based on specific laws and local regulations. In the United States, for example, the De'Longhi Group is subject to "Proposition 65" based on which the presence of any hazardous substances must be indicated clearly on the labels.

The adequacy and effectiveness of the practices mentioned above are guaranteed by the Group's Product Safety&Liability team. The latter collaborates with both the technical departments and the branches, working proactively to prevent product risks, as well as manage any market complaints or reports generated internally. In 2023 the Group continued with its monitoring activities and managed any reports received more effectively.

For more information about the risks connected to quality and product innovation, as well as risk management, please refer to the section "Risk factors for the De'Longhi Group", specifically paragraphs 5 ("Risks relating to the De'Longhi Group's ability to achieve continuous product innovation"), 6 ("Risks relating to patents and trademarks") and 10 ("Risks relating to product quality and product liability").

For more information on the measures used to mitigate and manage risks relating to product quality and innovation, please refer to the table "The main risks associated with non-financial issues and management methods" in the Note on Methodology.

## Business and organizational model

The De' Longhi Group's Quality Division, formed by more than 500 specialized personnel, is dedicated to the supervision of everything that concerns compliance with current laws and regulations relating to **product and food safety**. The different teams include Regulatory Affairs which monitors any changes in international regulations and laws relating to products and contributes to development also by working with the Group's different technical divisions. The Quality Division also defines the guidelines for product control. The corporate provisions defined are adopted and applied locally by dedicated teams which operate on two levels: on the one hand, they work to monitor the quality of both the products which come from external suppliers and the ones made internally; on the other they monitor the quality of product categories being developed and when market complaints are received. The controls are carried out already during the design phase in order to prevent any anomalies or product malfunctions, as well as ensure that the highest safety standards are achieved.

With regard to the production plants, the organizational model adopted by the Group is **ISO 9001** certified, which calls for a product quality management system.

Looking at food safety, at the Mignagola and Cluj plants an **ISO 22000** certified management model,

which relates specifically to hygiene and food safety, was implemented. This standard, which is based on the HACCP (*Hazard Analysis and Critical Control Points*<sup>17</sup>) principles and the *Codex Alimentarius*<sup>18</sup> makes it possible to identify and manage possible risks, prevent accidents along the entire production chain, as well as assess the compliance of products with current regulations. In all the other production facilities, the Group adopted an organizational model which, in addition to the same standard, is informed by the **Good Hygienic Practices** (GHP) and the **ISO 1672-2**<sup>19</sup> standard for food safety which also takes into account the **ISO 22005**<sup>20</sup> product traceability standards and requirements in order to provide, for each component and market product, information relating to the origin and recipient of the product.

During the pre-production phase, through a particularly granular verification process, all the Group's products are certified by independent bodies in order to further guarantee compliance with all applicable regulations and laws. Furthermore, the Quality division also carries out specific audits (see the "Supply chain management" section) in order to control and monitor the suppliers' compliance with the production standards.

With regard to **product information**, the technical departments work with the Marketing Division to ensure that the labels and booklets created comply with the regulations specific of all the countries where the products are distributed. The Group pays careful attention to the product booklets and labels which, in order to meet the legal obligations must comply with specific requirements, including, for example, the need to include the product's country of origin and the presence of any refrigerants in the household appliances. It is extremely important that the instructions relating to how to safely use and dispose of the product at the end of its life cycle is also provided in the product manuals.

The Operations and Technology Division promotes innovation and oversees design. Its main objective is to develop well designed products that are easy to use and versatile, characterized by a distinctive design which is ergonomic, safe and easy to disassemble. The use of high quality materials and technologies which are energy efficient and promote food safety is also essential.

Looking once again at design, the Group refers to Specific NPD (New Project Development) procedures, which provide transversal guidelines for the development of new products. These procedures are followed by the Marketing and Design divisions, as well as the technicians, which comprise a team of people spread out between the offices in Italy, Germany, the United Kingdom and the Dongguan plant in China. These offices, together with the Quality Division's Regulatory Team, are dedicated to designing solutions which comply with applicable laws. The Group's local for global approach, referred to above, ensures that products are developed in compliance with the standards applicable in the countries in which the Group operates.

The constant development of innovative products is also the result of the effective partnerships between Operations and Technology, several prestigious Italian and international universities, as well as a few commercial partners for which the De'Longhi Group designs and manufactures a collection of coffee products. In 2022, as part of these partnerships with the academic world, "**Eco-Design Guidelines**" were developed for a specific range of De' Longhi products in collaboration with Milan's Politecnico. More in detail, the goal of these strategic guidelines is to develop the expertise, for the entire product development community, needed to reduce the environmental impact of products across the entire life cycle in a regulatory environment that changes constantly. In 2023 the implementation of these practices was focused on ten

pilot products which will be analyzed as deemed opportune to ensure a more organic and complete integration of Eco-design standards in the development process of all De' Longhi products. Three Life Cycle Assessments were also carried out in order to measure and classify the most significant sources of any environmental impacts.

**Policies implemented and objectives**

The Group's commitment to making high quality products is supported by ongoing research and development, focused on safety and consumer wellbeing – this commitment is formalized in the Company's Code of Ethics which emphasizes the goal of maintaining high quality standards for consumers and clients.

Lastly, some time ago the Company adopted a group-wide **Quality Policy**.

**Key figures**

One of the key performance indicators that the Group uses to monitor quality, the First Time Quality Indicator (FTQ) assesses the qualitative efficiency of the production process. This indicator is used to identify any functional or esthetic defects of the products and expresses the number of perfect products as a percentage of total production. In the three-year period 2021–2023, the overall FTQ was stable (98% in 2023) confirming the Group's excellent performance. The Service Call Rate (SCR), rather, measures the percentage of machines repaired in the first year under warranty: in this instance, also, the SCR was unchanged with respect to the prior reporting year.

In 2023 there were no instances of non-compliance related to product safety. With regard to product information and labeling, in 2023 notice was

17 The hazard analysis and critical control points or HACCP, is a systematic preventive approach relating to food safety and protection from production related biological, chemical, and physical hazards.

18 The Codex Alimentarius is a collection of standards, codes of practice, guidelines, and other recommendations adopted by the Food and Agriculture Organization of the United Nations to protect the health of consumers and promote equitable and practices in the food business.

19 This standard establishes the requirements for common hygiene practices for machines used to prepare food for human consumption in order to eliminate or reduce the risk of contagion, infection, sickness or food induced damages.

20 This standard incorporates regulations relative to traceability systems for food products and applies them across the agri-food sector. By adopting this standard, the company guarantees the product history will be document and then places it in the relative food chain.

received of one instance of noncompliance. More specifically, the CCIAA (*Camera di Commercio, Industria, Artigianato e Agricoltura*) of Trento identified a non-compliance connected to the lack of a safety warning in the instruction manual for an Ariete tea kettle, Model 2877. The Group then updated the labeling of the products still in stock.

Lastly, as in prior years, the Company continued with its investments in research and development aiming to enhance its capacity for innovation (please refer to the section "Research and development – quality control" for more information). A few of the product designs which exemplify De'Longhi Group's characteristic innovation are described below:

#### **Durable and detachable products**

In order to ensure durability, the Group carries out numerous resistance tests during the development process. For example, the tests involving coffee machines are applied to both single components, as well as the finished product, by making thousands of drinks. Similar initiatives are underway for the Kenwood kitchen machines.

De' Longhi is committed to making products that are easy to repair, thanks to the work done on improving the ease of disassembly and the standardization of a few key mechanical parts that are shared across product families. The continuous dedication to creating products with these characteristics has made it possible for different Braun brand products, like the new TexStyle 7 Pro, the PowerBlend 9 and the MultiQuick MQ 7, to receive the prestigious Red Dot prize – clear recognition of the high quality of these products.

Lastly, as already pointed out in prior years, the fully

automatic coffee machines are equipped with patented systems which facilitate washing with water, without having to use detergents and lubricants. The milk system is cleaned using steam and hot water at the end of each use, and any remaining milk can be stored in the refrigerator and used again.

#### **Energy efficient and low GHG emissions products**

The De' Longhi Group is deeply committed to the energy efficiency of its products.

This is demonstrated by the fact that the entire range of fully automatic coffee machines, as well as the Lattissima and electronically controlled manual machines, are at least energy class A<sup>21</sup>. The development of systems which reduce the time needed for automatic shutdowns, the optimization of consumption during the stand-by phase (reaching levels which are half the regulatory minimum) and the development of an innovative heating system for the filter cup, are just a few examples of the work down in this regard.

Also, for many years all the fully automatic machines have been available in "Ecomode" which makes it possible to save energy during the warm-up phase.

With regard to comfort, the migration of the whole range of European portable air conditioners to refrigerant propane gas was completed several years ago. This refrigerant has significant environmental advantages as it is a natural gas which has a lower impact on global warming (Global Warming Potential – GWP). In the US market, where the use of this gas is illegal, in 2021 the Group completed the migration of all the air conditioners to refrigerant

synthetic R32 gas, which has a lower GWP impact compared to the gases used previously; while it is not as efficient as propane, it represents the best possible solution allowed under US law. Currently, the laws in this regard are subject to continuous change and the Group is already working on the development of technologies which will make it possible to keep up with the relative legislative context.

#### **Healthy lifestyle products**

The De' Longhi Group's strategies for new product development include promoting healthy lifestyles. The Group aims to preserve the nutritional elements of foods through its products: toward this end, Kenwood developed a line of Pure Juice extractors. Thanks to scrolling technology, the Pure Juice line is able to reduce the overheating and oxidation of ingredients making it possible to preserve the nutritional properties of the fruits and vegetables. The Multifry fryers also cook with hot air which reduces the use of vegetable oils.

All the De'Longhi brand coffee machines, fully automatic and manual, are also equipped with electronically controlled boiler temperatures which makes it possible to maintain conditions that are ideal for the ground coffee, safeguarding its organoleptic properties and enhancing its aroma.

21 Beginning in 2009, the FEA (Swiss Association of the domestic appliances industry) in agreement with the Swiss authorities, introduced the energy label for espresso machines, which became mandatory in 2014 for all machines sold in the Swiss market. In this context, the De'Longhi Group has decided to extend the certification in accordance with the standard EN 60661/2014 "Methods for measuring the performance of domestic coffee machines" to all coffee machines, regardless of the distribution market. The energy label proposed in the Swiss agreement classifies espresso machines on the basis of their energy efficiency on a scale that goes from class D to A+++.

## Consumer relations

The De' Longhi Group's **brand reputation** is rooted in the high quality of its products and customer loyalty that has been built over time. Different factors and activities contribute to promoting the Company's reputation, including clear communication which anticipates and guides the purchase, a post-sales service which is focused on the consumer, as well as the constant commitment to privacy and data protection. The Group, in fact, works to safeguard the data of its customers in accordance with the law and is committed to mitigating the risks associated with obsolete telecommunications and data processing technologies. Toward this end, the Group monitors changes in the regulatory framework constantly, paying particular attention to the Artificial Intelligence Act, a regulation proposed by the European Union which soon could have an impact on the extended liability of the manufacturer.

With regard, again, to regulation, the main regulations shaping the Group's efforts to satisfy the needs of consumers relate, specifically, to empowering consumers for the green transition by working to improve protections against unfair practices and information, product guarantees and the right to repairs.

For more detailed information on the management of risks linked to consumer relations, refer to the

table "The main risks linked to non-financial topics and management methods", specifically the item "Consumer Relations", in the Note on Methodology.

## Business and organizational model

The De' Longhi Group's external communication is managed by the Marketing and Communication Division, which coordinates both the centralized activities and the ones at the marketing offices of the local branches, in order to enhance the identity of each of the Group's brands. Each brand. The Customer Care division is responsible for supporting the end consumer in the various phases of the customer journey. Customer support is, lastly, also guaranteed by the contact center and technical assistance centers which are located in all the markets in which the Group operates. These organizations, primarily outsourced, provide a service which is essential to customer care, working, on the one hand, to increase customer satisfaction and, on the other, to maximize product durability.

One of Customer Care's main activities is to develop processes which guarantee that the Group is aligned with customer expectations. More specifically, in the last few years one of the trends that has impacted *Customer Care* is the increase in e-commerce sales volumes. The disintermediation is, in fact, having a significant impact on the relationship between the Company and consumers, increasing

the number of direct sales (B2C) which, in turn, requires that increasing attention be paid to the direct relationship with customers.

Given the continuous contextual change, and in light of the communication opportunities created by the use of digital instruments, already in 2022 Customer Care had decided to renew its strategy based on two key elements: on the one hand, the involvement of stakeholders in order to understand the different needs, on the other, the study of customer care best practices. This resulted in the definition of guidelines for the redesign of the Group's strategy which was renewed in 2023.

From an operational standpoint, the Group's main CRM (Customer Relations Management) tool (based on the management system – SAP C4C (Cloud For Customer) – which makes it possible to monitor the interactions with the final customer, guaranteeing the quality of the service provided and standardizing the traceability of the relations. A control dashboard equipped with a few key parameters, developed through the use of the SAP Analytic Cloud, compiles a vast range of data as graphics which allows the customer care specialists to receive crucial information in order to continuously improve the speed and the quality repairs, which has a positive impact on the average repair time.

Another key tool for Customer Care is Wonderflow, the company's VoC management (Voice of



Customer) system – which, to date, is the main means used by the Group to analyze the sentiment of its customers and, consequently, improve its service. More in detail, this system not only makes it possible to examine consumers’ product reviews submitted through the more than 70 online retail channels, but also to cross-reference these reviews with the feedback of customers made directly through De’ Longhi channels. In this way, by using Big Data Analysis, year after year the Group has been able to improve its listening strength, and understand the needs of consumers, as well involve all the stakeholders and monitor the performance of products in the different markets in which it operates. The precision of these analyses and the attention given to them makes it possible to develop geographic clusters and identify targets for improvement which increases the organizational efficiency, the quality of products and service and, consequently, customer satisfaction.

Together, SAP C4C and Wonderflow make it possible to define key monitoring indicators and develop

solutions based on objective data. The systems also allow the Group to gather information on its products and those of other sector companies, through tools like text analysis, text mining, sentiment analysis and rating breakdown – which provide a complete and detailed vision of the many aspects of the needs in the market where the Group operates.

As part of its customer care services, and specifically, web self-service<sup>22</sup>, the Group uses a system that leverages on artificial intelligence to quickly provide customers with functional replies and solutions. More in detail, the *web self-service* is able to analyze the users’ questions and independently formulate an exhaustive reply which provides a solution to the problem found. Subsequently, a group of specialists validate the AI reply and contact the customer in order to guarantee efficient and quality service. The service, already active in English-speaking countries and in Italy, in 2023 was expanded to include Germany, Belgium, France and the Netherlands. This expansion was

facilitated by the implementation of sophisticated simultaneous translation systems, which use AI to translate the content of e-mail and web-chat that allows the operators to reply efficiently to the customers’ needs, regardless of their native language.

With regard to technical assistance, the Group counts on approximately 1,800 service centers worldwide, of which 300 in Italy. In the past few years, despite the geopolitical and global market difficulties, the service has demonstrated great resilience, maintaining high quality standards and continuously reducing the average repair time. This success is attributable to the significant investments made by the Company over the past few years, like expanding the Group’s largest repair center in Germany which now has an installed repair capacity of about 60 thousand machines per year, 50% higher than the previous structure.

In addition to sharing joint guidelines and standards, Customer Care constantly monitors the quality of the service provided by the contact centers and the repair centers through inspections and

<sup>22</sup> The web self-service is an assistance model that allows users to access information without having to interact with an operator. It can include tools like a FAQs (Frequently Asked Questions) section, digital instruction manuals, video guides, chatbots or support forums.

analysis of the KPI. In order to improve service quality, specific training sessions are offered periodically to employees and specialized partners, held primarily online thanks to the availability of e-learning platforms, but also in-person. In 2023 classroom training sessions were offered to customer care personnel: the activities were designed internally, in collaboration with an outside agency, and then offered to 50 technical the periodic visits of repair centers, interrupted due to pandemic restrictions, continued. Lastly, the assistane employees and to five employees responsible for the customer care networks. The activities combined theory with practice: in addition to a few classroom sessions, a practical exercise was held at the centers, where the interaction abilities and the commercial expertise acquired were assessed.

Lastly, another important aspect of the relationship with the consumer is data processing. This topic has become increasingly important, in light of updated regulations, as well as the quantity of the data handled by the Group. Toward this end, for years the Company has been storing the information provided by consumers on Google Cloud Platform servers, a platform which guarantees data protection in compliance with data protection laws (specifically the General Data Protection Regulation – GDPR 2016/679) and the main international standards for information security (ISO 27001) and cloud services (ISO 27017 and ISO 27018).

**Policies and objectives**

The De' Longhi Group's actions are focused on the improvement of the assistance provided to customers and the longevity of its products. While a specific policy has yet to be formalized, the Group's strategy is shaped by the objective of meeting its customers' needs and focused primarily on providing accurate product information and adequate after-sales care.

The Group's Code of Ethics has an important role in internal and external communications. Inside this document there is, in fact, a specific section in which the methods to be used in customer interactions are described. In order to provide the highest quality service, the Group works to guarantee that relationships with customers are professional, timely, attentive, open, respectful, collaborative and passionate.

Based on the Code of Ethics the disclosures made both inside and outside the Group must comply with the law, regulations, as well as professional best practices, and be clear, transparent, timely and accurate.

**Key figures**

The work done by Customer Care brought an increase in customer services, which are monitored through two indicators: the First Time Fix and the

Turnaround Time. Testimony to the quality of the repair service, the first came close to reaching 100% in 2023: this indicator measures the percentage of repaired products which – once repaired - did not require further repairs. The second, which measures the average time needed to address the problems reported by the user and find a definitive solution, dropped consistently over the last three years.

Lastly, with regard to marketing and labeling non-compliance, there was only one case in 2023 when the Group was notified by the Trento Chamber of Commerce that a customer had complained about the lack of a safety manual inside the packaging of an Ariete product<sup>23</sup>.

With the exception of the above, there were no instances of noncompliance which involved consumer relations, nor in relation to data processing and protection. There were no data breaches in the two-year period 2022-2023.

23 The procedure undertaken by the Trento Chamber of Commerce did not result in any fines.

## Risk scenario

Preventing and managing the risks associated with the supply chain is essential to ensuring the continuity of the Group's business. The De' Longhi Group does not limit itself to simply ensuring a timely distribution of products and high-quality parts, but is committed to making sure that its suppliers adhere to the best practices for working conditions, the health and safety of workers, respect of human rights and environmental responsibility.

While 2022 was a very complex year for supply chain management, caused, on the one hand, by persistent restrictions linked to the pandemic and, on the other, interruptions in a few market segments due to the outbreak of the Russian-Ukrainian conflict, 2023 was a year of transition, characterized by uncertainty, but also positive results.

During the year, the global market conditions and the unstable geopolitical context required that the Group monitor inflation rates, foreign exchange rates and tensions in EMEA (Europe, the Middle East, Africa) constantly. In a year which saw a generalized increase in production volumes the Group, however, was able to guarantee the continuity of its supply chain and minimize its costs, thanks also to effective inventory management and lower unit shipping costs.

For more information on the measures used to address and manage supply chain risks please refer

to the table "The main risks associated with non-financial issues and management methods" in the Note on Methodology.

## Business and organizational model

Supply chain management is carried out by the Supply Chain Division, together with Quality and Purchasing, with a view to ensuring business continuity and compliance of the Group and its suppliers with the highest quality standards, as well as social and environmental requirements.

In order to respond to the specific needs of the different markets in which the Group operates effectively and quickly, three offices are involved in monitoring and supporting the providers of finished products based on product category and proximity to production. Consequently, the offices focused on coffee and irons are in Italy; motor-driven products are managed through the UK office and, lastly, the office in Hong Kong focuses on comfort.

In Europe, Supply Chain is responsible for managing the volumes and logistics of materials, as well as semi-finished goods used in production; this process is carried out through two different operating locations, located in the Italy and Romania which work with the offices referred to above. Management of materials in the Chinese plants is supervised directly by the plant directors with the

support of three purchasing offices broken down by product category.

The Quality Division is responsible for the periodic audits of the suppliers of finished products, in order to assess qualitative, social and environmental performance. More in detail, the audits are carried out every two years: the audits make it possible, on the one hand, to that the quality of the products and materials meet the Group's needs and, on the other hand, to guarantee compliance with social criteria like the protection of human rights and compliance with the main environmental regulations.

The social audits are carried out in accordance with the international standard SA 8000 (Social Accountability) which assess aspects including freedom of association and collective bargaining, work hours, work conditions, health and safety, child labor, forced labor, discrimination and training of personnel. The assessment criteria take into account the level of social risk associated with the different countries; for this reason, most of the audits are made in China as the social risk is generally higher compared to other countries where the Group's suppliers are located. Along with these social criteria, there are also indicators used to audit the environmental performance which include emissions, water and waste disposal, as well as verification of a management system compliant with the ISO 14001 standard.

The Code of Ethics is another tool used to monitor

the activities of suppliers. This document is shared with all the Group's commercial parties through a dedicated *vendor portal*, where the Code's original text is available in English, Italian and Chinese. This makes it possible for suppliers to fully understand the Code, comply with obligations, adhere to the principle and adjust its activities in order to comply with any requests made as a result of the audits. The same portal houses the "**Responsible sourcing guidelines**", which define the associated risk criteria and determine a specific control regime for all the Group's vendors based on three factors: **type of provider, geopolitical area of origin and importance of the business**. Thanks to the constant updating of the assessment criteria, the Group is able to carry out a complete assessment of the supplier's situation and guarantee effective monitoring of the risks.

This entire assessment process is monitored and formalized in a procedure based on which all suppliers of finished products are subject to SCOC (Social Accountability Code of Conduct). This process is broken down in different phases, which begins with gathering data and continues with reporting and monitoring of any corrective actions, as well as specific follow-up. All these activities are recorded in a specific system which makes it possible to trace the commitments made by suppliers over time.

With the lifting of restrictive measures

implemented as a result of the Covid-19 pandemic, the vendor audits are now done entirely in person, in order to ensure more accurate audit outcomes, The digital instruments are now used exclusively for complementary activities, like receiving and sending any follow-up which do not require on-site verification and checking the information provided in documents which can be done via e-mail. This mechanism is valid for audits of historic suppliers, as well as the more recent ones.

**Product quality** is assessed based on a group of specific indicators:

- 1. Technical Factory Audit (TFA):** measures the effectiveness of the vendor's processes and evaluates the results of tests relating to product life. This type of audit is conducted every year and focuses on both the initial qualification, as well as subsequent periodic monitoring of vendors. As mentioned above, the checklist for this type of audit includes a section dedicated to environmental issues
- 2. Quality Evaluation (QE):** measures product quality based on statistical sampling of each single lot.
- 3. On Time Delivery (OTD):** measures the delivery time of the supplier and, more specifically, the difference between the delivery date agreed upon and the actual one.
- 4. Order Fill Rate (OFR):** measures the ability of the supplier to refill the entire quantity requested by the Group.

The assessments of product quality are included in

a **vendor rating** which is used to classify partners in four categories - preferred, approved, probation and exit plan - as well as evaluate the structure and intensity of partnerships in the future, with a view also to continuous improvement.

**Policies and objectives**

The relationships between the De' Longhi Group and its vendors are governed by the Group's Code of Ethics which lists the criteria which both parties must adhere to: on the one hand, compliance with applicable law and regulations and, on the other hand, compliance with the general principles defined in the Code. The supplier selection process, furthermore, should be done based on an objective comparison of quality, price, execution and assistance while avoiding any and all forms of favoritism or discrimination. The Group suppliers must ensure that the working conditions of its employees do not violate basic human rights, comply with international agreements and current law. In order to extend the Group's control across the entire value chain, and not just with its own suppliers, the supplier must provide its sub-contractors with a copy of the updated and translated Code of Ethics.

In addition to managing the assessment and monitoring of new suppliers, the Supply Chain Division and Quality will work to establish long-term relationships. More specifically, the divisions work to create a simplified network which favors direct deliveries, consistent with the Group's expectations. This approach allows the Group to respond not

only to market requests, which change constantly and require flexibility, but also the needs dictated by production.

**Key figures**

In 2023, all the new suppliers of finished products were subject to a social accountability audit, in accordance with standard SA 8000 (100%). To date none of the SCOC (Social Accountability Code of Conduct) audits had a "zero tolerance" outcome and, therefore, resulted in the termination of the relationship with the supplier.

As for the environmental aspects, in 2023 environmental audits of 15 new providers of finished products or 100% of the new providers, were carried out, consistent with the prior two-year period.

In 2023 a total of 49 audits were carried out in order to verify that no human rights violations had occurred at the 45 suppliers of finished products and 4 Group assets. This covered around 44% of the Group's operations which, while lower than in 2022, is consistent with the fluctuations and biannual schedule of the audits and remains in line with 2021.

### Number and percentage of transactions subject to human rights assessments



### New suppliers of finished products subject to social accountability and environmental audits



## Risk scenario

The De' Longhi Group, which operates daily in an international environment of continuous change, pays constant attention to the proper management of its manufacturing processes, consistent with the relative legal requirements. Consistent, furthermore, with the constant changes in the regulatory and market backdrop, the Group's environmental policies, which are crucial to responsible business management and reducing its impact, are updated regularly.

For more information about environmental risks, as well as the Group's risk management, please refer to the section "Risk factors for the De'Longhi Group", specifically paragraphs 15 (Risks relating to changes in the regulatory framework) and 16 (Risks relating to environmental harm) in the section "Risk factors for the De'Longhi Group".

For more information on the measures used to prevent and manage environmental risks please refer to the table "The main risks associated with non-financial issues and management methods" in the Note on Methodology.

## Business and organizational model

At a Group level, the environmental aspects are managed by the Operations & Technology and Quality Divisions. Toward this end, over the last few years, the De' Longhi Group has worked to obtain, in 2022, **ISO 14001:2015** certification for all the environmental management systems in place at the

production facilities. This certification ensures the presence of a system capable monitoring the environmental impact of the activities, as well as implementation improvements and mitigation. Over the years the Group has made multiple investments in, among other things, the production of clean energy, more modern and more efficient plants and optimization of the manufacturing processes.

As for the production of electricity from renewable sources, a number of years ago the Group installed solar panels at the Mignagola plant which in 2023 produced 862,318 kWh of energy, part of which was sold to the electric grid – thus contributing to the reduction of the domestic energy mix. The on-site production satisfies about 6% of the electricity needs and reduces the dependence on the national grid. The installation of solar panels was also extended to a few commercial branches and preparation for the installation of a solar energy system at the Cluj plant in Romania was begun recently. With an installed capacity of around 3 MW, the system will cover a sizeable portion of the site's energy needs and will be the Group's largest solar energy system. In the current reporting year, a total of 882.058 kWh of renewable energy were produced and consumed.

With a view to improving energy efficiency, movement sensors were also installed at the Mignagola, Cluj, Salonta and Dongguan plants; as a result of these sensors lights are activated only when movement is detected. At the same plants and the Treviso headquarters, meters which monitor consumption and energy efficiency were installed. At the same time, in order to optimize consumption, LED

relamping is underway: if in the last few years relamping was carried out mainly at the European plants, in 2022-2023 significant progress was made also at the Chinese sites where currently only energy efficient lightbulbs are being used. More specifically, in 2023, thanks to the installation of more than 1,500 LED lamps it was possible to lower consumption by 1,759,241 MJ, in the Dongguan site alone<sup>24</sup>.

Beginning in 2021 at the Dongguan plant another efficiency initiative was launched aimed at replacing traditional hydraulic injection plastic molding machines with new machines that rely an electric servomotor capable of maintaining high production levels, with less energy consumption. In 2023 this substitution resulted in energy savings of 3,801,600 MJ<sup>25</sup>.

At the Mignagola plant the analysis and planning of a new product testing process for coffee machines, based on air tests continued. Not only would this innovation make it possible to save around ½ a liter of water per test, but it would be possible to reduce the amount of time and energy needed.

Another division which makes a crucial contribution to reducing environmental impact is Research and Development which is involved in the design of eco-sustainable products beginning with the choice of materials, as well as packaging, through obsolescence. More in detail, R&D uses a scientific approach both locally and on a corporate level to design and develop solutions which increase the energy efficiency, durability and reparability of the products, as well as reduce the consumption of

24 The estimated reduction in consumption was made in comparison to 2021.

25 The estimated reduction in consumption was made in comparison to 2021.

resources and production of waste generated by company operations. Please refer to the section "Product innovation and quality" for more information.

In regard to the last topic, the Group developed several strategies for the responsible management of the waste generated during production which aim to be more aligned with the circular economy concept. At the Mignagola and Dongguan plants, therefore, projects were implemented which call for the recovery of plastic scraps that are then reused in the manufacturing cycle which reduces waste. Starting in the second half of 2022, a similar initiative was begun at the plants in Cluj and Salonta, where in 2023 100% of the waste generated by the plastic molds was recycled.

More efficient waste management is not limited to plastic: waste generated by work done with metal was resold as a raw material, while paper, cardboard and nylon scraps are sent to be regenerated.

The use of this method will, in fact, make it possible to save a whopping 150 tons of coffee per year.

Careful management of purchased goods also and, above all, involved coffee. Toward this end, initiatives are being worked on to minimize consumption and recycle any waste. More specifically, at the Mignagola plant, adjustments to the calibration of the coffee grinder during coffee testing was tested: this initiative, once completed, will result in a saving of more than 150 tons of coffee a year and lower energy consumption by around 80%, without compromising the quality of the process.

Responsible waste management is also expressed through the special attention given to recycling, at both the offices and the production facilities: special signage and targeted training focused on how to correctly dispose of waste aims to increase the quality of the recycling system. In 2023 specific training was offered at the Dongguan plant, while at OnShiu an initiative to reduce hazardous waste, through the installation of new pressurized filters, was implemented.

The use of sustainable packaging is another area to which the Company is committed. Beginning in 2020 LCAs (Life Cycle Assessment) of the different types of packaging used were carried out in order to find more environmentally friendly alternatives. Based on the results obtained, the Group decided to focus on reducing the quantity of EPS (Expanded Polystyrene) used in product packaging. In the last few years, the percentage of EPS-free packaging has increased constantly: in 2023, 69% of the products distributed by the Group were without EPS, an improvement of more than ten percentage points compared to the prior year.

The packaging efficiency initiatives also involved the Group's internal logistics and operations: at the Chinese plants and the one in Cluj the goal is to reuse the plastic and cardboard packaging of the components delivered which are otherwise disposed of upon arrival. More specifically, in 2023 at the Romanian plants some plastic wraps used for packaging were substituted with reusable Polyethylene (PET) tapes which led to a reduction in plastic waste of approximately 5 tons.

Aware of how important reducing the environmental impact along the entire supply chain is, the Group started implementing initiatives to reuse *packaging* which also involves suppliers. In 2023 at the Dongguan plant, where the majority of the products purchased end up, a project was launched in collaboration with the main suppliers which, in 2024, will result in the use of reusable returnable plastic boxes.

In the last few years wooden pallets have been replaced with pallets made out of recycled plastic, which are lighter and more durable, at the Mignagola, Dongguan, OnShiu plants and, to a large degree at the Cluj and Salonta facilities.

In order to improve air quality, systems which monitor the emission of pollutants from chimneys were installed at the Cluj, Salonta, Mignagola plants and, beginning in 2023, also at Dongguan. These systems make it possible to measure the quantity of harmful substances in the air with a view to both monitoring and reduction.

## Policies and objectives

Currently the Group does not have a formalized environmental policy, although the Code of Ethics, which is applied to all the De' Longhi companies, states clearly that all activities are shaped by the need for environmental protection and public safety in accordance with the law. This principle results in the development of projects and processes which are implemented in accordance with

scientific literature and environmental best practices in order to prevent pollution, respect the community and protect the environment, as well as the landscape. In this way the Group, while pursuing its objectives for product, financial and social development, works to find a balance between economic initiatives and environmental needs, including and above all with respect to future generations.

Within this framework, for each of the Group's plants, the requisites for the **ISO 14001:2015** certifications, the environmental policies in effect and the related procedures not only ensure compliance with the current regulations, but also the commitment to improvement in the different environmental aspects including: optimization of water and energy consumption, the reduction or, where possible, the elimination of any kind of pollution and the implementation of technologies and processes to minimize environmental risks.

## Key figures

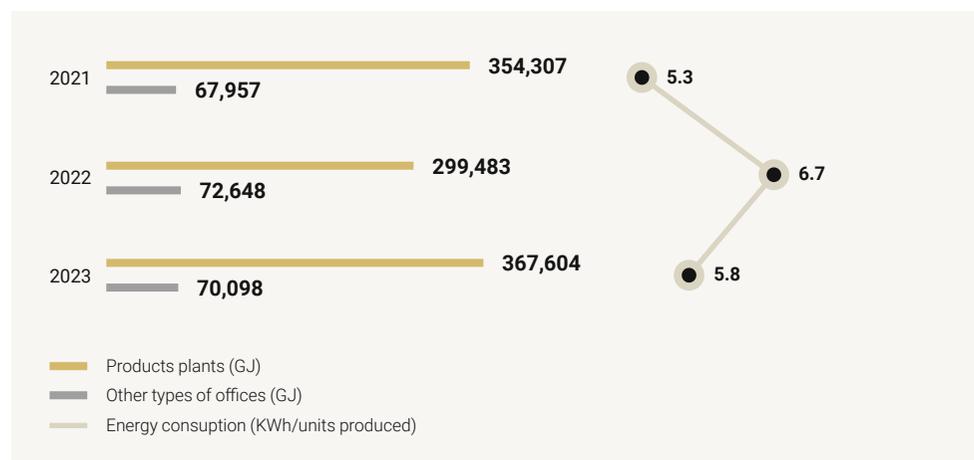
Nel 2023, the increase in production volumes resulted in higher energy consumption which amounted to 437,701 GJ (+18% compared to the prior year).

The Group's consumption can be divided in direct and indirect: the first is explained above all by the use of the tri-generator at Mignagola, the corporate fleet, the natural gas used for heating and production; the second ones are connected largely to consumption of electricity for production, lighting and

district heating and air conditioning. The direct consumption represents 37% of the total, higher than in the prior year (+41%) due primarily to the increase in the consumption of natural gas used to run the tri-generator at the Mignagola plant which accounts for almost 80% of the Group's total natural gas consumption. This system produces a power that can be used for heat, cooling and electricity by lowering the dispersion during the transport phase and is more efficient than the traditional gas heating system supported by an electrical system that is supplied through the national grid.

The electricity consumption per unit of production was lower, coming in at 5.8 kWh/unit of production.

Energy consumption	U.M.	Production facilities			Other types of offices <sup>26</sup>			De' Longhi Group		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
<b>Direct energy consumption from non-renewable sources</b>										
Gasoline	GJ	3,948	4,945	3,015	7,181	8,883	12,253	11,129	13,828	15,268
Diesel	GJ	6,991	5,696	6,063	18,274	18,759	18,008	25,265	24,455	24,071
Natural gas	GJ	42,869	66,777	114,228	5,115	5,934	3,932	47,984	72,711	118,160
LPG	GJ	518	347	304	712	707	607	1,231	1,054	911
Fuel oil	GJ	-	-	-	61	1	-	61	1	-
<b>Total</b>	<b>GJ</b>	<b>54,327</b>	<b>77,765</b>	<b>123,610</b>	<b>31,343</b>	<b>34,284</b>	<b>34,800</b>	<b>85,670</b>	<b>112,049</b>	<b>158,410</b>
<b>Direct energy consumption from renewable sources</b>										
Energy produced from renewable sources and consumed	GJ	3,423	3,338	3,104	-	-	69	3,423	3,338	3,173
<b>Total direct consumption</b>	<b>GJ</b>	<b>57,750</b>	<b>81,103</b>	<b>3,104</b>	<b>31,343</b>	<b>34,284</b>	<b>69</b>	<b>89,093</b>	<b>115,387</b>	<b>3,173</b>
<b>Indirect consumption</b>										
Electricity purchased	GJ	296,557	218,380	240,890	34,291	35,398	33,812	330,848	253,778	274,702
District heating	GJ	-	-	-	2,322	2,599	1,059	2,322	2,599	1,059
Cooling	GJ	-	-	-	-	367	358	-	367	358
<b>Total indirect consumption</b>	<b>GJ</b>	<b>296,557</b>	<b>218,380</b>	<b>240,890</b>	<b>36,613</b>	<b>38,364</b>	<b>35,229</b>	<b>333,170</b>	<b>256,744</b>	<b>276,119</b>
<b>Total consumption</b>	<b>GJ</b>	<b>354,307</b>	<b>299,483</b>	<b>367,604</b>	<b>67,956</b>	<b>72,648</b>	<b>70,098</b>	<b>422,263</b>	<b>372,130</b>	<b>437,702</b>

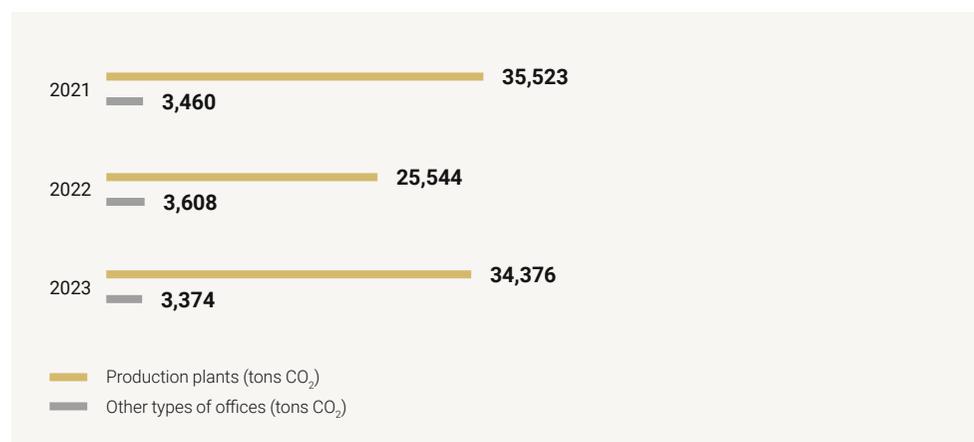


<sup>26</sup> "Other types of offices" includes the offices, distribution branches, warehouses and, in general, all of the De' Longhi Group's structures not related to production.

In 2023 total Scope 1 and Scope 2 CO<sub>2</sub> emissions (calculated using the "Location Based" method) reached 42,863 tons, 24% higher than in 2022 and consistent with the increase in production. The direct emissions account for 12% of the Group's total, while the indirect location based emissions account for around 88%. More in detail, if the first are generated mainly by the corporate car fleet (57% of the Scope 1 emissions), the second ones are explained primarily by the consumption of electricity (86% of the Scope 2 location based emissions)<sup>27</sup> and the tri-generator at Mignagola (14%).

Lastly, in 2023 the indirect market-based emissions were 55% lower than in the prior year and 64% lower than in 2021. This trend is attributable mainly to the increase in the purchase of guarantee of origin (GO) certificates which guarantee that the electricity consumed comes from renewable sources and which today covers the consumption at all the production plants, as well as at the commercial branches located in the United Kingdom and Ireland or 89% of the Group's total electricity consumption.

Emissions [ton CO <sub>2</sub> ]	Production facilities			Other types of offices <sup>28</sup>			De' Longhi Group		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Direct	3,249	3,067	2,166	2,215	2,416	2,947	5,464	5,483	5,113
Indirect - Location Based	35,523	25,544	34,376	3,460	3,608	3,374	38,983	29,152	37,750
Indirect - Market based	23,452	16,417	5,128	1,974	4,259	4,133	25,426	20,496	9,261
<b>TOT (Direct + Indirect + Location Based)</b>	<b>38,772</b>	<b>28,611</b>	<b>36,542</b>	<b>5,675</b>	<b>6,024</b>	<b>6,321</b>	<b>44,447</b>	<b>34,635</b>	<b>42,863</b>
<b>TOT (Direct + Indirect + Market Based)</b>	<b>26,701</b>	<b>19,484</b>	<b>7,294</b>	<b>4,189</b>	<b>6,675</b>	<b>7,080</b>	<b>30,890</b>	<b>25,979</b>	<b>14,374</b>



<sup>27</sup> As of 2023, the Scope 1 calculation includes the loss of re-frigerants, used at both the production plants and in the branches, which produced 606.5 tons of CO<sub>2</sub><sub>2019</sub>.

<sup>28</sup> "Other types of offices" includes the offices, distribution branches, warehouses and, in general, all of the De' Longhi Group's structures not related to production.

In 2023, 12,345 tons of waste were produced, an increase of 33% compared to 2022 and is explained by the increase in production, while the breakdown between non-hazardous (98%) and hazardous waste (2%) was unchanged. The percentage of the waste which was recycled, regenerated and/or reached 89% of the total, slightly higher than in the prior year which testifies to the Group's increasingly concrete commitment to the adoption of sustainable circular economic practices.

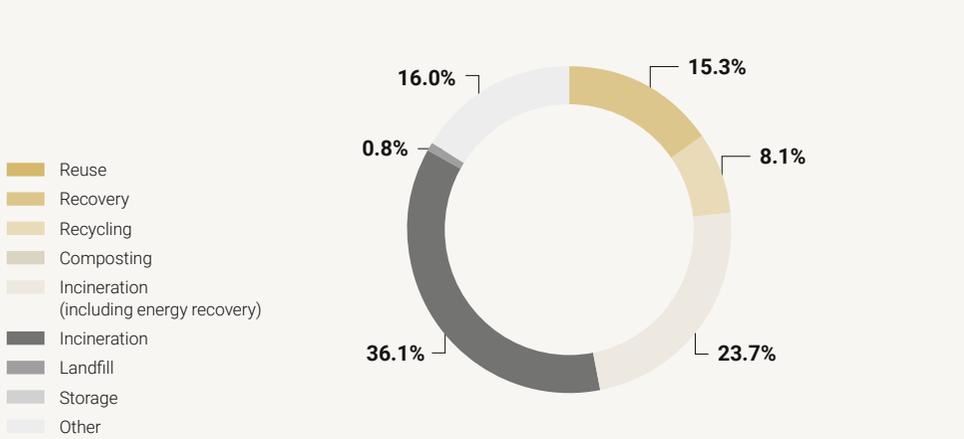
Waste produced <sup>29</sup>	U.M.	2021		2022		2023	
		Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Reuse	ton	1	-	1	-	-	220
Recovery	ton	21	2,396	19	2,055	34	1,907
Recycling	ton	10	8,572	35	5,989	18	8,859
Composting	ton	-	198	-	50	-	18
Incineration (with energy recovery)	ton	33	904	46	500	54	428
Incineration	ton	48	-	28	18	82	-
Land fill	ton	67	215	11	190	2	406
Storage	ton	51	23	7	14	-	-
Other	ton	59	71	44	289	36	281
<b>Total</b>	<b>ton</b>	<b>290</b>	<b>12,379</b>	<b>190</b>	<b>9,104</b>	<b>226</b>	<b>12,119</b>

### Waste produced at the production plants in three-year reporting period (tons)

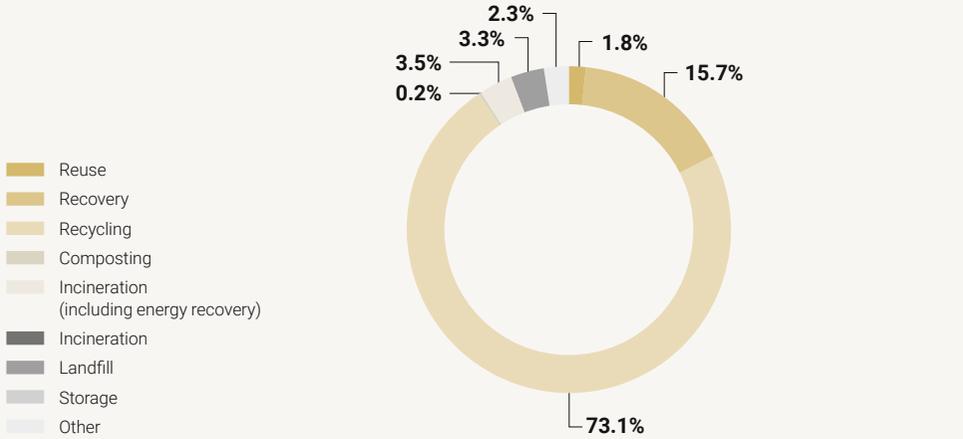


<sup>29</sup> 78% of waste produced in 2023 by De' Longhi Group was treated off-site.

Hazardous waste produced in 2023 broken down by disposal method



Non-hazardous waste produced in 2023 broken down by disposal method



## Reporting scope and standards used

In accordance with the Decree, the reporting scope corresponds with the scope of consolidation used in the consolidated financial statements, namely the continuing operations fully consolidated using the line-by-line method in the financial reports, unless provided otherwise.

In 2023 a new company, "De' Longhi LLP", with registered offices in Kazakhstan, was added to the scope of consolidation. The date of inclusion in the scope of consolidation coincides with what was determined for the financial figures.

The information and figures used in this section refer to FY 2023.

The Group used the "with reference" option of the *GRI Sustainability Reporting Standards* (hereinafter the GRI Standards), published by the GRI – *Global Reporting Initiative*, to prepare its NFS. More in detail, when preparing the NFS, reference was made to the *Standard GRI 1: Foundation*, the reporting principles and the GRI content index.

## Definition of the material topics

The materiality analysis guides De' Longhi in the choice of the topics to report on in order to provide a complete and clear picture as to the economic, environmental and social impact of the Group's activities.

In 2022, the materiality analysis was updated in order to comply with the new GRI Standards 2021; this analysis was confirmed in 2023.

The company's material topics are identified, in accordance with the Standard, based on the impacts, current and potential, that the organization's business and commercial relationships could have on the economy, the environment and people, including on human rights. This includes negative and positive impacts, short-term and long-term, intentional and voluntary, reversible and irreversible.

The Group's material analysis was carried out in four different phases:

1. Understanding of the Group's operating environment: an analysis of different documents was carried out using different sources, both internal and external, including documents published by

a panel of companies active in similar sectors, sector trends identified by consulting the publications of the main international trade associations and organizations, and newspaper articles relating to important events that affected the company during the year.

2. Identification of De' Longhi's current and potential impacts: during this phase the organization identified the current and potential impacts that its activities and business relationships could have on the economy, the environment and people, including the human rights of the latter. The current impacts are those happening now or have materialized over time while potential impacts are those that could materialize in the future.
3. Assessment of the significance and relevance of the impacts: all the impacts were assessed by evaluating the degree of significance determined based on the Standard's criteria.
4. Prioritization of the most significant impacts for reporting purposes: the Group's most significant impacts were prioritized and the most relevant impacts informed the identification of the material topics included in this Non-Financial Statement.

The Group also assessed and classified its impacts based on two parameters, severity and probability. The severity of a real or potential impact is determined by its scale (how serious is the impact), the scope (the breadth of the impact) and the irremediable characteristics (how difficult it is to mitigate or remedy the damage caused). The probability can be defined as the likelihood that the impact will materialize, taking into account the preventive actions adopted by company. The impacts that the De' Longhi Group might have caused were classified based on their severity and probability, namely based on their significance. As a result of the analyses, the Group approved a list of 13 material topics: three relating to the environment, two to governance and eight to social aspects. Lastly, after having identified the significant impacts and defined the material topics, the GRI associated with the impact to be reported on were identified.

The list of the material topics determined after the identification and grouping of the relevant impacts is provided below. The Topic-Specific GRI Disclosures for each material topic are also provided.

Legislative Decree 254	Material topics	Impacts	GRI Topic-Specific Disclosure
<b>Environmental aspects</b>	Management of the GHG emissions and fight against climate change	The use of fossil fuels and electricity generates direct and indirect Greenhouse gases which contribute to climate change. In order to mitigate and offset any impacts, the Group works to implement solutions which will help to save energy and encourage the use of energy from renewable sources.	GRI 302-1, 302,2 GRI 305-1, 305-2
<b>Human resources management</b>	Inclusion and equal opportunities	An inadequate management of the aspects relating to inclusion and equal opportunities could lead to episodes of discrimination. Through policies, procedures and initiatives coordinated with HR, the Group works to reduce the risk of these episodes.	GRI 405-1 GRI 406-1
<b>Environmental aspects</b>	Waste management and circular economy	The use of non-recyclable materials and inadequate management of the manufacturing waste could have a negative impact on the eco-system. In order to mitigate the impact, the Group adopts avantgarde waste management practices, fully compliant with the laws in effect.	GRI 306-3, 306-4, 306-5
<b>Human resources management</b>	Health and safety of workers	The health and safety of workers is a top priority for the Group. In order to avoid any potential risks stemming from production, the company adopts specific management practices to manage health and safety on the job and is committed to ongoing monitoring and improvements.	GRI 403-9
<b>Human rights</b>	Respect of human rights	The Group is committed to protecting human rights. In order to lessen the likelihood of a violation, relative to both operations and along the value chain, De' Longhi has implemented specific initiatives aimed at monitoring the practices of its suppliers. The Group also provides training courses in topics and procedures relating to the respect of human rights.	Non GRI KPI: transactions assessed with respect to human rights
<b>Social aspects</b>	Promotion of sustainable lifestyles	Aware of its role as an influencer with its customers and stakeholders, the Group promotes the adoption of healthy lifestyles, the use of sustainable food products and good practices for a healthy and balanced diet.	-
<b>Social and environmental aspects</b>	Responsible supply chain management	Irresponsible management of the supply chain could have a negative social and environmental impact. The De' Longhi Group has, therefore, adopted tools and mechanisms which reduce the risk that the impact materializes.	GRI 414-1 GRI 308-1
<b>Environmental aspects</b>	Innovation and eco-design	The irresponsible use of materials, including the during the procurement phase, could damage the eco-system. For this reason, the Group has defined guidelines in order to promote innovative and sustainable solutions in the choice of materials.	-
<b>Social aspects</b>	Product safety and labeling	Labeling which is not transparent and complete could cause products to be used incorrectly and compromise consumer safety. At the same time, failure to monitor quality during procurement and production could have repercussions. The Group, therefore, works to guarantee constant quality and product safety controls, as well as transparency in labeling.	GRI 417-2 GRI 417-3 GRI 416-1
<b>Social aspects</b>	Consumer satisfaction	For De' Longhi consumer satisfaction is of the utmost importance. For this reason, it promotes surveys relating to consumer needs and preferences order to establish loyalty and a lasting relationship.	-
<b>Fight against corruption</b>	Ethics and business integrity	De' Longhi is committed to conducting its business in accordance with principles of integrity, transparency, legality, fairness, prudence and in compliance with the law.	GRI 205-2 (b, c, e) 205-3
<b>Human resources management</b>	Talent acquisition and retention	In addition to the employee satisfaction, a key aspect for the Group is talent development by investing constantly in human resources which guarantees stability, appeal and the creation of jobs.	GRI 404-1
<b>Social aspects</b>	Use of consumer data	By promoting campaigns to heighten awareness as to the risks stemming from the use of personal data, the Group works to guarantee the protection of consumer privacy.	GRI 418-1

**The main risks associated with non-financial issues and management methods**

The possible risks, inflicted and caused, associated with the issues identified by the De' Longhi Group as "material" are reported in the following table, as well as the main risks associated with and the relative management of each Legislative Decree 254 area.

Legislative Decree 254	Main risks	Risk management tools
<p><b>Fight against corruption</b></p>	<ul style="list-style-type: none"> <li>• Risks connected to administrative liability of legal entities, particularly with regard to Legislative Decree 231/2001 which introduced specific rules relating to liability for a few types of crimes to the Italian legal system</li> <li>• Risks tied to the Group's current or past commercial relationships with related parties</li> <li>• Reputational risk</li> </ul>	<ul style="list-style-type: none"> <li>• Group Code of Ethics</li> <li>• Model of organization, management and control pursuant to Legislative Decree 231/2001</li> <li>• Group's internal control and compliance system</li> <li>• Corporate Governance guidelines</li> <li>• Procedure for Related Party Transactions</li> </ul>
<p><b>Human resources management</b> <b>Human rights</b></p>	<ul style="list-style-type: none"> <li>• Risks connected to human resources management, particularly with regard to the Group's ability to recruit, develop, motivate, retain and promote personnel with the attitudes, values, specialized professional and/or managerial skills needed to meet the Group's changing needs.</li> <li>• With regard to the Chinese platform, there are also a few risks related to high turnover of Chinese blue-collar workers</li> <li>• Risks tied to possible instances of discrimination</li> </ul>	<ul style="list-style-type: none"> <li>• Group Code of Ethics</li> <li>• Model of organization, management and control pursuant to Legislative Decree 231/2001</li> <li>• Group's internal control and compliance system</li> <li>• OHSAS 18001 compliant organizational model</li> <li>• Worker safety and health policy in place at European plants</li> <li>• Compensation policy for the BoD and executives with strategic responsibilities</li> <li>• Performance review process</li> <li>• MBO procedure</li> <li>• Employee surveys</li> <li>• For the Chinese plants: incentive schemes to foster staff retention, investment in training and the development of more qualified internal resources, improvements in living and working conditions inside the different plants</li> </ul>

Legislative Decree 254	Main risks	Risk management tools
<p><b>Social aspects</b> <b>Environmental aspects</b></p>	<p><b>Product quality and innovation</b></p> <ul style="list-style-type: none"> <li>• Risks connected to the De' Longhi Group's to continue with product innovation</li> <li>• Risks associated with patents and trademarks</li> <li>• Risks connected to product quality and liability for violations of the quality standards applied in the different jurisdictions where the Group</li> <li>• Risks connected with regulatory changes, relating in particular to environmental protection, especially the regulations relating to the safety and energy efficiency of electric household appliances, recyclability and environmental friendliness.</li> </ul>	<ul style="list-style-type: none"> <li>• Group Code of Ethics</li> <li>• UNI EN ISO 9001:2015 certified Quality System</li> <li>• Food safety management model</li> <li>• Quality policy</li> <li>• NPD procedures</li> <li>• Quality audits</li> <li>• Constant monitoring of regulatory changes</li> <li>• Registration of product patents and trademarks</li> </ul>
<p><b>Social aspects</b></p>	<p><b>Consumer relations</b></p> <ul style="list-style-type: none"> <li>• Risks associated with warehouse size and the timeliness of deliveries; more in detail, in the event the Group doesn't have an adequate quantity of products it could run the risk of not being able to meet customer demand in a timely manner. Another risk stems from potential supply chain issues which could impact the adequacy of the service provided</li> <li>• Risks relating to IT systems: in relation to events which could compromise service continuity and integrity of the data</li> </ul>	<ul style="list-style-type: none"> <li>• Group Code of Ethics</li> <li>• Model of organization, management and control pursuant to Legislative Decree 231/2001</li> <li>• Group's internal control and compliance system</li> <li>• GDPR policy (includes policy for the storage of data and procedure for the management of data breaches)</li> <li>• Training of employees in IT safety and privacy</li> <li>• Presence of structures dedicated to monitoring the level of customer satisfaction</li> </ul>
<p><b>Social aspects</b> <b>Human rights</b></p>	<p><b>Supply chain management</b></p> <ul style="list-style-type: none"> <li>• Risks connected to supplier relationships with regard, in particular, to reliable product quality, logistics and timely deliveries, as well as relationships with company employees</li> <li>• Risk of being dependent on a single supplier for certain types of components for strategic products</li> </ul>	<ul style="list-style-type: none"> <li>• Group Code of Ethics</li> <li>• Model of organization, management and control pursuant to Legislative Decree 231/2001</li> <li>• Procedure for Related Party Transactions</li> <li>• Social accountability audits</li> </ul>
<p><b>Environmental aspects</b></p>	<ul style="list-style-type: none"> <li>• Risks relating to environmental harm: the manufacturing done by the Group at its plants and facilities could harm third parties, cause accidents or environmental harm if serious breakdowns or malfunctions were to occur</li> <li>• Risks connected to climate change: extreme weather conditions (like floods, high levels of precipitation, hurricanes) could undermine the Group's ability to operate</li> <li>• Risks connected to inappropriate energy management practices: poor sustainability practices in energy management could make it more difficult to reduce the energy footprint and/o accelerate climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Group Code of Ethics</li> <li>• UNI EN ISO 14001:2015 certified environmental management system for the European plants</li> <li>• Group's internal control and compliance system</li> <li>• Environmental policy applicable also the production facilities in Mignagola and Cluj, as well as the Kenwood plant.</li> <li>• With regard to climate change risks, in the two-year period 2021-2022 the Group adhered to management principles and methods inherent in the UNI EN ISO 14001:2015 environmental management system. Furthermore, in the two-year period 2021-2022 the perceived risk stemming from the possible impact that climate change could have on the business was mapped.</li> </ul>

**The reporting process and the methods of calculation used**

The content used in the NFS 2023 was prepared by all the relevant company divisions and those responsible for the aspects referred to in the report.

The main methods of calculation used, and the relative updates, are listed below:

- for GRI Disclosure 403 (Occupational Health and Safety) includes the number of injuries recorded during travel on transportation organized by De'Longhi and, therefore, excludes the other instances;
- **injury rate** is the total number of injuries expressed as a percentage of the total number of labor hours multiplied by 1,000,000, excluding commuting accidents;
- **severity rate** is the total number of serious accidents (which resulted in an absence of more than 6 months) expressed as a percentage of the total number of labor hours multiplied by 1,000,000;
- the **first-time quality (FTQ) indicator** is the number of products without functional or esthetic defects as a percentage of total production for the year;
- the **service call rate (SCR)** is the number of machines repaired in the first year under warranty as a percentage of total yearly sales. This indicator is calculated quarterly on a rolling 12-month basis;
- the **first-time fix (FTF)** indicator is the number of repaired products that did not need further repairs in the six months following completion of the initial repair as a percentage of total product repairs;
- **greenhouse gas emissions** are calculated based on international guidelines and standards

such as GHG protocol and ISO 14064-1:2018. The only greenhouse gas considered was carbon monoxide (CO<sub>2</sub>). The self-produced energy from renewable sources was excluded from the calculation of greenhouse gas emissions as it is considered to be free of greenhouse gas emissions.

The emission factors used to calculate CO<sub>2</sub> emissions were determined as follows:

- **Direct emissions (Scope 1):** the emissions linked to the consumption of natural gas, diesel heating fuel, gasoline, diesel fuel and LPG for the company cars were determined based on the emission factors reported in the table of national standards published by the Italian Ministry of the Environment, for the years 2021, 2022 and 2023. The emissions linked to refrigerants were calculated using the Global Warming Potential (GWP) found in the Sixth Assessment Report of the *Intergovernmental Panel on Climate Change* (IPCC).
- **Indirect emissions (Scope 2):** indirect emissions are linked to the consumption of electricity and district heating; the emissions linked to electricity were calculated based on a location and market-based approach. Location based emissions were calculated by taking into account, for each country, the factors referred to in the most recent version of *Table 49 – Primary socio-economic and energy indicators* published by Terna (Italian grid operator), in the International Comparison section, based on the most recent Enerdata data, namely the 2019 version. In the event a country was not listed in the above table, we used the emission factor for the continent. When there were several branches in several countries, the highest of the emissions factors among these countries was used.
- With regard to the market-based emissions, when available, the residual mixes found in the

“European Residual Mixes”, published by ABI for the years 2020-2022, were used. For the United States an average residual mix per eGrid Subregion, calculated based on the residual mixes shown in the document *2020 Green-e Residual Mix Emissions Rates* for 2021; for 2022 and 2023 a more updated version of the *Green-e@ Residual Mix Emission Rates* which contains data for 2022 and 2023 was used. As for the countries for which no residual mix figures were available, location-based emissions factors found in the above mentioned Terna table were used.

District heating emissions were calculated using the emissions factors found in the document “*UK Government GHG Conversion Factors for Company Reporting*” published by the *Department for Environment Food & Rural Affairs* (DEFRA) table for the three-year period 2021-2022-2023.

<b>Statement of use</b>	The De' Longhi S.p.A. Group reported the following disclosures in the GRI Content Index for the reporting period 01/01/2023 - 31/12/2023, using the GRI Standard method "with reference to"		
<b>GRI 1 used</b>	GRI 1: Foundation 2021		
<b>GRI Standard</b>	<b>Disclosures</b>	<b>Location</b>	
<b>GRI 2: General disclosures</b>	2-1 Organizational details	42-43	
	2-2 Entities included in the organization's sustainability reporting	42-43	
	2-3 Reporting period, frequency and contact point	84	
	2-4 Restatements of information	(*)	
	2-5 External assurance	156	
	2-6 Activities, value chain and other business relationships	42-43	
	2-7 Employees	60	
	2-8 Workers who are not employees	60	
	2-9 Structure and composition of the governance	61	
<b>GRI 3: Material Topics 2021</b>	2-29 Approach to stakeholder engagement	44	
	3-1 Process to determine material topics	79-80	
	3-2 List of material topics	79-80	
<b>Ethics and business integrity</b>	3-3 Management of material topics	79-80	
	<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	79-80
	<b>GRI 205: Anticorruption 2016</b>	205-2 Communication and training relative to anticorruption laws and procedures	55
205-3 Confirmed incidents of corruption and actions taken		54	
<b>Management of GHG emissions and the fight against climate change</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	79-80	
	<b>GRI 302: Energy 2016</b>	302-1 Energy consumption inside the organization	75
302-3 Energy intensity		75	
<b>GRI 305: Emissions 2016</b>	305-1 Direct greenhouse gas (GHG) emissions (Scope 1)	76	
	305-2 Indirect GHG emissions from the consumption of energy (Scope 2)	76	

GRI Standard	Disclosures	Location
<b>Waste management and circular economy</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	79-80
	306-3 Waste generated	77-78
<b>GRI 306: Waste 2020</b>	306-4 Waste diverted from disposal	77-78
	306-5 Waste directed to disposal	77-78
<b>Responsible supply chain management</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	79-80
<b>GRI 308: Environmental assessment of suppliers 2016</b>	308-1 New suppliers screened using environmental criteria	72
<b>GRI 414: Social assessment of suppliers 2016</b>	414-1 New suppliers screened using social criteria	72
<b>Worker health and safety</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	78-79
<b>GRI 403: Occupational health and safety 2018</b>	403-9 Work related injuries	62-63
<b>Talent attraction and development</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	78-79
<b>GRI 404: Training and education 2016</b>	404-1 Average number of training hours per year per employee	57, 61
<b>Inclusion and equal opportunities</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	78-79
<b>GRI 405: Diversity and equal opportunity 2016</b>	405-1 Diversity of governance bodies and employees	61
<b>GRI 406: Non discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	55
<b>Product safety and labeling</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	78-79
<b>GRI 416: Customer health and safety 2016</b>	416-1 Assessment of the health and safety impacts of products and service categories	64
<b>GRI 417: Marketing and labeling 2016</b>	417-2 Incidents of non-compliance involving labeling, as well as product and services disclosures	66
	417-3 Incidents of non-compliance concerning marketing communications	69
<b>Use of consumer data</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	78-79
<b>GRI 418: Customer privacy 2016</b>	418-1 Substantiated complaints regarding violations of customer privacy and loss of their data	69

GRI Standard	Disclosures	Location
<b>Non-GRI Material Topics</b>		
<b>Respect of human rights</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	70-71, 78-80
<b>Innovation and eco-design</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	74-75, 79-80
<b>Promotion of sustainable lifestyles</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	66, 79-80
<b>Consumer satisfaction</b>		
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	6-69, 80

After 31 December 2023 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.

On 27 February 2024 the Group finalized the agreements for a business combination between Eversys (a leading company in the production and distribution of automatic coffee machines) and La Marzocco (a leading company in the production and distribution of semi-automatic coffee machines and coffee grinders).

With this transaction, La Marzocco and Eversys will be able to create synergies and cross-selling opportunities, 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 and complementary of 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.

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 received the prior favorable opinion of the Independent Committee, responsible for transactions with related parties of greater importance and the unanimous vote of the Board of Directors of De' Longhi S.p.A., with the abstention of the President Giuseppe de' Longhi and the Directors Fabio de' Longhi and Silvia de' Longhi, in compliance with the provisions of the legislation and regulations regarding related parties.

The transaction involved the creation of a new corporate structure controlled by De' Longhi S.p.A., with the related contribution of Eversys, the acquisition by De' Longhi S.p.A. of shares (directly and/or indirectly held) of La Marzocco International LLC from De Longhi Industrial S.A. and from minority shareholders, for approximately 41.2% of the share capital. The remaining shares of La Marzocco were also contributed to the new corporate structure by the shareholders.

Due to the finalization on 27 February 2024 of the transaction on the basis of preliminary results for Eversys and La Marzocco, while still being audited, De' Longhi Group owns approximately 61.6% of the new entity, alongside minority stakes held by De Longhi Industrial S.A. (26.5% approximately) and the previous minority shareholders of La Marzocco (12%). The total net cash disbursement by De' Longhi Group was approximately US\$373 million, including US\$ 200 million in favour of De Longhi Industrial S.A. (for the 22% share of La Marzocco) and US\$ 173 million for the purchase of shares from La Marzocco's minority shareholders (for the 19.1%

share of La Marzocco).

This amount was entirely covered by the own resources of De' Longhi Group.

The transaction did not have any impact on the De' Longhi Group's consolidated results reported in the present Annual financial report, except for some consulting and advisory costs related to the combination.

The Group's recent improvement in growth and profitability dynamics leads us to foresee a revenue growth in 2024, which includes the perimeter expansion with the business combination between La Marzocco and Eversys. In terms of margins, it is expected an improvement of the EBITDA before non recurring items for the new perimeter.

Treviso, 12 March 2024

*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	2023	of which operative non-recurring	2022	of which operative non-recurring
Revenue from contracts with customers	1	3,043,086		3,126,940	
Other revenues	1	32,818		31,493	
<b>Total consolidated revenues</b>		<b>3,075,904</b>		<b>3,158,433</b>	
Raw and ancillary materials, consumables and goods	2	(1,301,454)		(1,194,715)	
Change in inventories of finished products and work in progress	3-8	(23,588)	753	(235,736)	1,924
Change in inventories of raw and ancillary materials, consumables and goods	3	(10,800)		5,519	
<b>Materials consumed</b>		<b>(1,335,842)</b>	<b>753</b>	<b>(1,424,932)</b>	<b>1,924</b>
Payroll costs	4-8	(393,246)	(1,036)	(356,710)	500
Services and other operating expenses	5-8-15	(885,207)	(4,727)	(987,496)	(1,432)
Provisions	6-8	(23,790)	(492)	(19,919)	7,258
Amortization	7-15	(108,191)		(105,838)	
<b>EBIT</b>		<b>329,628</b>	<b>(5,502)</b>	<b>263,538</b>	<b>8,250</b>
Net financial income (expenses)	9-15	(2,330)		(25,341)	
<b>Profit (loss) before taxes</b>		<b>327,298</b>		<b>238,197</b>	
Taxes	10	(76,886)		(58,354)	
<b>Consolidated profit (loss)</b>		<b>250,412</b>		<b>179,843</b>	
Profit (loss) pertaining to minority	31	35		2,415	
<b>Consolidated profit (loss) after taxes</b>		<b>250,377</b>		<b>177,428</b>	
<b>Earnings per share (in Euro)</b>	<b>32</b>				
- basic		€ 1.67		€ 1.18	
- diluted		€ 1.65		€ 1.16	

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)	2023	2022
<b>Consolidated profit (loss)</b>	<b>250,412</b>	<b>179,843</b>
<b>Other components of the comprehensive income:</b>		
Change in fair value of cash flow hedges	(614)	(3,893)
Tax effect on change in fair value of cash flow hedges	376	525
Differences from translating foreign companies' financial statements into Euro	(33,384)	28,483
<b>Total other comprehensive income will subsequently be reclassified to profit (loss) for the year</b>	<b>(33,622)</b>	<b>25,115</b>
Actuarial valuation funds	(3,801)	11,087
Tax effect of actuarial valuation funds	830	(2,970)
<b>Total other comprehensive income will not subsequently be reclassified to profit (loss) for the year</b>	<b>(2,971)</b>	<b>8,117</b>
<b>Total components of comprehensive income</b>	<b>(36,593)</b>	<b>33,232</b>
<b>Total comprehensive income</b>	<b>213,819</b>	<b>213,075</b>
<b>Total comprehensive income attributable to:</b>		
Group	213,755	210,819
Minority interest	64	2,256

# Consolidated statement of financial position

ASSETS (€/000)	Notes	31.12.2023	31.12.2022
<b>Non-current assets</b>			
Intangible assets		878,330	891,181
- Goodwill	11	371,686	373,754
- Other intangible assets	12	506,644	517,427
Property, plant and equipment		477,981	446,899
- Land, property, plant and machinery	13	226,757	210,818
- Other tangible assets	14	154,799	158,071
- Right of use assets	15	96,425	78,010
Equity investments and other financial assets		131,725	136,336
- Equity investments	16	4,294	6,103
- Receivables	17	5,400	5,609
- Other non-current financial assets	18	122,031	124,624
Deferred tax assets	19	60,413	64,634
<b>Total non-current assets</b>		<b>1,548,449</b>	<b>1,539,050</b>
<b>Current assets</b>			
Inventories	20	504,678	550,659
Trade receivables	21	272,692	278,811
Current tax assets	22	20,244	15,512
Other receivables	23	43,695	29,884
Current financial receivables and assets	24-15	172,472	368,354
Cash and cash equivalents	25	1,250,198	770,247
<b>Total current assets</b>		<b>2,263,979</b>	<b>2,013,467</b>
Non-current assets held for sale	26	-	1,189
<b>Total assets</b>		<b>3,812,428</b>	<b>3,553,706</b>

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

# Consolidated statement of financial position

Net equity and liabilities €/000	Notes	31.12.2023	31.12.2022
<b>Net equity</b>			
Group portion of net equity		1,811,139	1,659,117
- Share Capital	29	226,590	226,590
- Reserves	30	1,334,172	1,255,099
- Profit (loss) pertaining to the Group		250,377	177,428
Minority interest	31	-	4,274
<b>Total net equity</b>		<b>1,811,139</b>	<b>1,663,391</b>
<b>Non-current liabilities</b>			
Financial payables		593,079	773,968
- Banks loans and borrowings (long-term portion)	33	300,844	477,582
- Other financial payables (long-term portion)	34	214,617	236,026
- Lease liabilities (long-term portion)	15	77,618	60,360
Deferred tax liabilities	19	72,164	83,254
Non-current provisions for contingencies and other charges		122,918	110,699
- Employee benefits	35	51,041	38,532
- Other provisions	36	71,877	72,167
<b>Total non-current liabilities</b>		<b>788,161</b>	<b>967,921</b>
<b>Current liabilities</b>			
Trade payables	37	716,238	540,687
Financial payables		289,022	190,476
- Banks loans and borrowings (short-term portion)	33	196,005	91,510
- Other financial payables (short-term portion)	34	72,012	78,502
- Lease liabilities (short-term portion)	15	21,005	20,464
Current tax liabilities	38	70,571	76,264
Other payables	39	137,297	114,967
<b>Total current liabilities</b>		<b>1,213,128</b>	<b>922,394</b>
<b>Total net equity and liabilities</b>		<b>3,812,428</b>	<b>3,553,706</b>

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	2023	2022
Profit (loss) pertaining to the Group		250,377	177,428
Income taxes for the period		76,886	58,354
Amortization		108,191	105,838
Net change in provisions and other non-cash items		10,851	(1,661)
<b>Cash flow generated by current operations (A)</b>		<b>446,305</b>	<b>339,959</b>
<b>Change in assets and liabilities for the period:</b>			
Trade receivables		2,369	103,352
Inventories		34,553	230,225
Trade payables		186,920	(417,726)
Other changes in net working capital		11,740	203
Payment of income taxes		(97,555)	(104,086)
<b>Cash flow generated (absorbed) by movements in working capital (B)</b>		<b>138,027</b>	<b>(188,032)</b>
<b>Cash flow generated by current operations and movements in working capital (A+B)</b>		<b>584,332</b>	<b>151,927</b>
<b>Investment activities:</b>			
Investments in intangible assets		(18,670)	(15,282)
Other cash flows for intangible assets		-	-
Investments in property, plant and equipment		(76,632)	(113,638)
Other cash flows for property, plant and equipment		1,933	522
Net investments in financial assets and in minority interest		1,147	(890)
<b>Cash flow absorbed by ordinary investment activities (C)</b>		<b>(92,222)</b>	<b>(129,288)</b>
<b>Cash flow by operating activities (A+B+C)</b>		<b>492,110</b>	<b>22,639</b>
FX effect on cash and cash equivalents		(15,473)	26,428
Exercise of stock option		5,101	3,355
Dividends paid		(72,429)	(124,637)
New loans		-	200,000
Payment of interests on loans		(22,327)	(6,334)
Repayment of loans and other net changes in sources of finance		92,934	(379,700)
Increase of minority interest		35	2,415
<b>Cash flow generated (absorbed) by changes in net equity and by financing activities (D)</b>		<b>(12,159)</b>	<b>(278,473)</b>
<b>Cash flow for the period (A+B+C+D)</b>		<b>479,951</b>	<b>(255,834)</b>
<b>Opening cash and cash equivalents</b>	<b>25</b>	<b>770,247</b>	<b>1,026,081</b>
Cash flow for the period (A+B+C+D)		479,951	(255,834)
<b>Closing cash and cash equivalents</b>	<b>25</b>	<b>1,250,198</b>	<b>770,247</b>

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

# Consolidated statement of changes in net equity

(€/000)	Share capital	Share Premium Reserve	Legal reserve	Extraordinary reserve	Treasury shares reserves	Fair value and cash flow hedge reserves	Stock option reserve	Currency translation reserve	Profit (loss) carried forward	Profit (loss) pertaining to group	Group portion of net equity	Minority interest	Total net equity
<b>Balance at 31 December 2021</b>	<b>226,344</b>	<b>34,300</b>	<b>45,168</b>	<b>188,113</b>	<b>(14,534)</b>	<b>3,865</b>	<b>8,488</b>	<b>45,638</b>	<b>720,097</b>	<b>311,098</b>	<b>1,568,577</b>	<b>2,018</b>	<b>1,570,595</b>
Allocation of 2021 result as per AGM resolution of 20 April 2022													
- distribution of dividends				(17,503)					(106,998)		(124,501)		(124,501)
- allocation to reserves			101						310,997	(311,098)	-		-
Fair value stock option							867				867		867
Exercise/cancellation of stock option	246	3,968		2,123			(2,982)				3,355		3,355
<b>Movements from transactions with shareholders</b>	<b>246</b>	<b>3,968</b>	<b>101</b>	<b>(15,380)</b>	<b>-</b>	<b>-</b>	<b>(2,115)</b>	<b>-</b>	<b>203,999</b>	<b>(311,098)</b>	<b>(120,279)</b>	<b>-</b>	<b>(120,279)</b>
Profit (loss) after taxes										177,428	177,428	2,415	179,843
Other components of comprehensive income						(3,368)		28,642	8,117		33,391	(159)	33,232
<b>Comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,368)</b>	<b>-</b>	<b>28,642</b>	<b>8,117</b>	<b>177,428</b>	<b>210,819</b>	<b>2,256</b>	<b>213,075</b>
<b>Balance at 31 December 2022</b>	<b>226,590</b>	<b>38,268</b>	<b>45,269</b>	<b>172,733</b>	<b>(14,534)</b>	<b>497</b>	<b>6,373</b>	<b>74,280</b>	<b>932,213</b>	<b>177,428</b>	<b>1,659,117</b>	<b>4,274</b>	<b>1,663,391</b>
<b>Balance at 31 December 2022</b>	<b>226,590</b>	<b>38,268</b>	<b>45,269</b>	<b>172,733</b>	<b>(14,534)</b>	<b>497</b>	<b>6,373</b>	<b>74,280</b>	<b>932,213</b>	<b>177,428</b>	<b>1,659,117</b>	<b>4,274</b>	<b>1,663,391</b>
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 of stock option		1,810			4,876		(1,585)				5,101		5,101
Other changes in minority interests									4,338		4,338	(4,338)	-
<b>Movements from transactions with shareholders</b>	<b>-</b>	<b>1,810</b>	<b>49</b>	<b>28,680</b>	<b>4,876</b>	<b>-</b>	<b>(678)</b>	<b>-</b>	<b>80,958</b>	<b>(177,428)</b>	<b>(61,733)</b>	<b>(4,338)</b>	<b>(66,071)</b>
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)
<b>Comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(238)</b>	<b>-</b>	<b>(33,413)</b>	<b>(2,971)</b>	<b>250,377</b>	<b>213,755</b>	<b>64</b>	<b>213,819</b>
<b>Balance at 31 December 2023</b>	<b>226,590</b>	<b>40,078</b>	<b>45,318</b>	<b>201,413</b>	<b>(9,658)</b>	<b>259</b>	<b>5,695</b>	<b>40,867</b>	<b>1,010,200</b>	<b>250,377</b>	<b>1,811,139</b>	<b>-</b>	<b>1,811,139</b>

# 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 joint-stock company, incorporated in Italy, whose shares are listed on the Italian stock exchange (Euronext Milan) run by Borsa Italiana.

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

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

The Group is active in the production and distribution of 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 2023 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 2023), 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 2023 are the same as those used for preparing the consolidated financial statements at 31 December 2022, except for certain new amendments and accounting standards described below.

The consolidated financial statements at 31 December 2023 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 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 2023 prepared by the Boards of Directors, or other Corporate bodies, of the individual companies, as 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.

It has been prepared also under the assumption of going concern. Even though the unpredictability of the potential impact of the war in Ukraine 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 43. Risk manage-

ment of the present Explanatory notes.

The present annual financial report has been issued in the ESEF format (European Single Electronic Format); it was approved and authorized for publication by the Board of Directors on 12 March 2024.

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

With Regulation 2036/2021 of 19 November 2021 (and subsequent Regulations 1491/2022 of 8 September 2022 and 1083/2023 of 13 August 2023) the European Commission adopted IFRS 17 - *Insurance contracts* which will substitute IFRS 4. The new standard, which establishes rules for the recognition, measurement, presentation and disclosure of insurance contracts, will be applied to all insurance contracts issued by an entity (with limited exceptions). The new provisions did not impact this consolidated annual report.

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

not impact the measurement or presentation of elements in this annual report.

In Regulation 1392/2022 of 11 August 2022, the European Commission introduced amendments to *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12* in order to clarify the accounting of deferred tax recognized in particular circumstances such as, for example, in the case of leasing and decommissioning obligations. These amendments clarify that a temporary difference deriving from recognition of an asset and a liability is not exempt from IAS 12 application if the transaction results in differences in taxable income and deductibles of the same amount. The application of the *Amendments to IAS 12* did not impact this consolidated annual report, it only increases the mandatory disclosure related to the recognition of deferred tax assets and liabilities in specific cases like leasing; for further information refer to note 19. Deferred tax assets and liabilities found in these explanatory notes.

### **International financial reporting standards and/or not yet applicable**

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 Amendment to IAS12 introduces a temporary exception to recognition of deferred taxes connected to the application of Pillar 2.

More in detail, the amendment introduces:

- a temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the global tax measures. This helps to guarantee consistency in financial reports, while also facilitating implementation of the rules; and
- specific disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to income taxes arising from the reform, particularly before its effective date.

The amendment is applicable as of the year beginning 1 January 2023 (but not for interim periods which close by 31 December 2023).

The Group applied the temporary exception to the accounting of deferred assets called for in IAS 12; consequently, information regarding the deferred tax assets and liabilities relating to Pillar 2 income tax was not recorded nor reported.

The Group also carried out a preliminary

assessment based on the provisions of the Transitional CbCR Safe Harbour (TSH) and other guidelines which are currently available.

Toward this end, this preliminary assessment needs to be confirmed in light of the interpretations and clarifications that OECD, union and/or domestic legislatures issue and/or publish in the future.

As the assessment was merely a preliminary overview, the concrete impact that Pillar 2 might have had on the Group's results, if it had been effective for the year ending 31 December 2023, could have been significantly different.

The Group continues to assess the impact that the law on Pillar 2 income tax will have on its future results.

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.

In both instances, the new provisions are applicable as from 1 January 2024.

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

### **Consolidation procedures**

The scope of consolidation includes the parent company, De' Longhi S.p.A., and its subsidiaries at 31 December 2023, 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

### **Subsidiary 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.

If an element of the consideration depends on the outcome of future events, such element is included in the estimate of fair value at the time of the business combination.

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

Nella preparazione del bilancio consolidato sono eliminati tutti i saldi e le operazioni tra società del Gruppo, così come gli utili e le perdite non realizzati su operazioni infragruppo.

#### 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:

		31.12.2023		31.12.2022		% Change	
		Period-end exchange rate (*)	Average exchange rate (*)	Period-end exchange rate (*)	Average exchange rate (*)	Period-end exchange rate (*)	Average exchange rate (*)
US dollar	USD	1.1050	1.0813	1.0666	1.0530	3.60%	2.69%
British pound	GBP	0.8691	0.8698	0.8869	0.8528	(2.02%)	2.00%
Hong Kong dollar	HKD	8.6314	8.4650	8.3163	8.2451	3.79%	2.67%
Chinese renminbi (Yuan)	CNY	7.8509	7.6600	7.3582	7.0788	6.70%	8.21%
Australian dollar	AUD	1.6263	1.6288	1.5693	1.5167	3.63%	7.39%
Canadian dollar	CAD	1.4642	1.4595	1.4440	1.3695	1.40%	6.57%
Japanese yen	JPY	156.3300	151.9903	140.6600	138.0274	11.14%	10.12%
Malaysian ringgit	MYR	5.0775	4.9320	4.6984	4.6279	8.07%	6.57%
New Zealand dollar	NZD	1.7504	1.7622	1.6798	1.6582	4.20%	6.27%
Polish zloty	PLN	4.3395	4.5420	4.6808	4.6861	(7.29%)	(3.08%)
South African rand	ZAR	20.3477	19.9551	18.0986	17.2086	12.43%	15.96%
Singapore dollar	SGD	1.4591	1.4523	1.4300	1.4512	2.03%	0.08%
Russian rouble	RUB	99.1919	92.2731	75.6553	72.3709	31.11%	27.50%
Turkish lira	TRY	32.6531	25.7597	19.9649	17.4088	63.55%	47.97%
Czech koruna	CZK	24.7240	24.0043	24.1160	24.5659	2.52%	(2.29%)
Swiss franc	CHF	0.9260	0.9718	0.9847	1.0047	(5.96%)	(3.27%)
Brazilian real	BRL	5.3618	5.4010	5.6386	5.4399	(4.91%)	(0.72%)
Croatian kuna	HRK	7.5345	7.5345	7.5365	7.5349	(0.03%)	(0.01%)
Ukrainian hryvnia	UAH	41.9960	39.5400	39.0370	34.0249	7.58%	16.21%
Romanian leu	RON	4.9756	4.9467	4.9495	4.9313	0.53%	0.31%
South Korean won	KRW	1,433.6600	1,412.8800	1,344.0900	1,358.0700	6.66%	4.04%
Chilean peso	CLP	977.0700	908.2000	913.8200	917.8300	6.92%	(1.05%)
Hungarian forint	HUF	382.8000	381.8527	400.8700	391.2865	(4.51%)	(2.41%)
Swedish krona	SEK	11.0960	11.4788	11.1218	10.6296	(0.23%)	7.99%
Mexican peso	MXN	18.7231	19.1830	20.8560	21.1869	(10.23%)	(9.46%)
Tenge Kazakhstan	KZT	502.4800	493.5700	492.9000	485.5900	1.94%	1.64%

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

Development 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 10 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 income 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 - 5 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.

### Net assets held for sale and Discontinued Operations

Net assets and disposal groups are classified as held for sale or Discontinued Operations if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Net assets and disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell.

### 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 realizable value.

## 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.

### 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.

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. 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 provision 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.

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*.

### 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 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, 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

These financial statements, 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 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 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 18 December 2023 the Group acquired, effective 1 January 2023, the entire interest of the Swiss company Ellitec GmbH, holder of a few patents already used by the Eversys Group. The group of assets acquired and the liabilities assumed do not constitute a business, therefore the transaction is not considered a business combination and for accounting purposes was treated like the acquisition of an asset.

#### **Disclosure by operating segments**

Please refer to Note 46. Operating segments.

The report on operations contains comments on the economic results by geographical area.

## 1. Revenues

In 2023 revenues, including revenues from sales and services and other revenues, amount to €3,075,904 thousand (€3,158,433 thousand in December 2022).

Revenues are broken down by geographical area as follows:

	2023	% revenues	2022	% revenues	Change	Change %
Europe	1,907,052	62.0%	1,874,594	59.4%	32,458	1.7%
America	547,046	17.8%	623,381	19.7%	(76,335)	(12.2%)
Asia Pacific	447,374	14.5%	463,867	14.7%	(16,493)	(3.6%)
MEIA (Middle East/India/Africa)	174,432	5.7%	196,591	6.2%	(22,159)	(11.3%)
<b>Total</b>	<b>3,075,904</b>	<b>100.0%</b>	<b>3,158,433</b>	<b>100.0%</b>	<b>(82,529)</b>	<b>(2.6%)</b>

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

"Other revenues" is broken down as follows:

	2023	2022	Change
Freight reimbursement	5,101	5,425	(324)
Commercial rights	2,128	2,727	(599)
Grants and contributions	1,086	1,213	(127)
Damages reimbursed	1,313	836	477
Other income	23,190	21,292	1,898
<b>Total</b>	<b>32,818</b>	<b>31,493</b>	<b>1,325</b>

With regard to Law n. 124 of 4 August 2017, which regulates transparency in public funding, the item "Grants and contributions" includes income of €352 thousand stemming from the incentives granted by Gestore dei Servizi Energetici GSE S.p.A. for the production of energy at the Mignagola (TV) plant through photovoltaic systems connected to the grid.

## 2. Raw and ancillary materials, consumables and goods

The breakdown is as follows:

	2023	2022	Change
Parts	647,925	553,168	94,757
Finished products	529,618	522,825	6,793
Raw materials	102,411	95,906	6,505
Other purchases	21,500	22,816	(1,316)
<b>Total</b>	<b>1,301,454</b>	<b>1,194,715</b>	<b>106,739</b>

## 3. Change in inventories

The difference between the overall change in inventories reported in the income statement and the change in balances reported in the statement of financial position is mainly due to differences arising on the translation of foreign subsidiaries financial statements. In 2023, the item includes non-recurring income totalling €753 thousand due to the updated evaluation of Ukrainian inventories, as consequence of the utilisation of stock previously written off.

## 4. Payroll costs

These costs include €133,139 thousand in production-related payroll (€114,136 thousand at 31 December 2022).

	2023	2022	Change
Employee wages and salaries	368,842	329,987	38,855
Temporary workers	24,404	26,723	(2,319)
<b>Total</b>	<b>393,246</b>	<b>356,710</b>	<b>36,536</b>

In 2023, the item includes non-recurring expense of €1,036 thousand (non-recurring income of €500 thousand in 2022), referring to reorganization of personnel and to the economic impact of the purchase price allocation of the recent acquisitions.

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

The item includes €907 thousand relating to the notional cost (fair value) of the stock option plan 2020-2027 (€867 thousand at 31 December 2022; please refer to note 28. *Stock option plans* for more information.

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

	2023	2022
Blue collars	6,437	5,928
White collars	3,185	3,226
Managers	304	296
<b>Total</b>	<b>9,926</b>	<b>9,450</b>

## 5. Services and other operating expenses

These are detailed as follows:

	2023	2022	Change
Promotional expenses	253,340	262,855	(9,515)
Advertising	140,456	163,013	(22,557)
Transport (for purchases and sales)	133,748	191,023	(57,275)
Subcontracted work	45,491	40,278	5,213
Consulting services	41,951	40,241	1,710
Technical support	28,461	25,413	3,048
Storage and warehousing	25,390	40,422	(15,032)
Rentals and leasing	23,618	31,820	(8,202)
Commissions	16,031	17,227	(1,196)
Power	14,582	13,951	631
Travel	12,816	10,766	2,050
Insurance	10,747	10,503	244
Product certification and product inspection fees	6,498	7,347	(849)
Other utilities and cleaning fees, security, waste collection	5,788	5,495	293
Maintenance	5,146	5,078	68
Postage, telegraph and telephones	4,747	4,948	(201)
Directors' emoluments	3,201	4,714	(1,513)
Statutory auditors' emoluments	295	301	(6)
Other sundry services	55,482	51,220	4,262
<b>Total services</b>	<b>827,788</b>	<b>926,615</b>	<b>(98,827)</b>
Sundry taxes	47,950	50,450	(2,500)
Bad debts	364	236	128
Out-of-period losses	212	29	183
Other	8,893	10,166	(1,273)
<b>Total other operating expenses</b>	<b>57,419</b>	<b>60,881</b>	<b>(3,462)</b>
<b>Total</b>	<b>885,207</b>	<b>987,496</b>	<b>(102,289)</b>

In 2023 the item includes net non-recurring expenses for €4,727 thousand (net non-recurring expenses of €1,432 thousand at 31 December 2022).

In 2023 the item "Rentals and leasing" includes €427 thousand in commercial rights (€2,115 thousand in 2022).

In addition, it includes operating costs relating to contracts that are not or do not contain a lease (€20,897 thousand, €26,779 thousand in 2022), as well as costs relating to leases of less than twelve months' duration (€1,846 thousand, €2,424 thousand in 2022) or relating to low-value assets (€448 thousand, €502 thousand in 2022); for further information, please refer to note 15. *Leases*.

## 6. Provisions

These include €23,320 thousand in provisions for contingencies and other charges and a net increase of €470 thousand in provision for doubtful accounts. In 2023 the item includes net non-recurring expenses for €492 thousand related to corporate reorganisation. The main changes in this item are discussed in note 36. *Other provisions for non-current contingencies and charges*.

## 7. Amortization

The breakdown is as follows:

	2023	2022	Change
Amortization of intangible assets	27,550	24,267	3,283
Depreciation of property, plant and equipment	57,343	59,047	(1,704)
Depreciation of right of use assets	23,298	22,524	774
<b>Total</b>	<b>108,191</b>	<b>105,838</b>	<b>2,353</b>

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 €5,502 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. Non-recurring income stemming from the revised valuation of stock in Ukraine, with regard specifically to the use of inventory which had been previously written down and the economic impact of the purchase price allocation stemming from the acquisitions of Capital Brands and the Eversys Group 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:

	2023	2022	Change
<b>Exchange differences and gains (losses) on currency hedges (*)</b>	<b>1,970</b>	<b>(3,250)</b>	<b>5,220</b>
<b>Share of profit of equity investments consolidated by the equity method</b>	<b>(589)</b>	<b>(1,134)</b>	<b>545</b>
<b>Other expenses on equity investments</b>	<b>-</b>	<b>(2,800)</b>	<b>2,800</b>
Net interest income (expense) and FV evaluation	4,056	(12,411)	16,467
Interest for leasing	(1,896)	(1,573)	(323)
Other financial income (expenses)	(5,871)	(4,173)	(1,698)
<b>Other net financial income (expenses)</b>	<b>(3,711)</b>	<b>(18,157)</b>	<b>14,446</b>
<b>Net financial income (expenses)</b>	<b>(2,330)</b>	<b>(25,341)</b>	<b>20,211</b>

(\*) The item includes €56 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 and the financial expense related to the investment in NPE S.r.l., a supplier of electronic components.

"Net interest income (expense) and FV evaluation" includes bank interest on the Group's financial debt (re-calculated using the amortized cost method, as a result of which interest expense was recognized in advance of actual payment), the cost of other financial instruments, net of the interest received on the Group's investments and temporary losses arising from investments evaluated at fair value through profit and loss.

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

"Other financial income (expenses)" include bank charges, financial expenses arising from the actuarial calculation of the long-term employee benefits.

## 10. Income taxes

These are analyzed as follows:

	2023	2022	Change
Current income taxes:			
- Income taxes	78,135	37,975	40,160
- IRAP (Italian regional business tax)	5,923	2,796	3,127
Deferred (advanced) taxes	(7,172)	17,583	(24,755)
<b>Total</b>	<b>76,886</b>	<b>58,354</b>	<b>18,532</b>

This item includes the estimated tax credit for research and development pursuant to Law 160/2019, as amended by Law 178/2020 and Law 234/2021, and for new investments in other capital goods pursuant to Law 178/2020 for the current year.

"Deferred (advanced) taxes" include the taxes calculated on the temporary differences arising between the accounting values of assets and liabilities and on the corresponding tax base (particularly for taxed provisions recognized by the parent company and its subsidiaries) and on the distributable income of the subsidiaries.

They also include the benefit arising from the carryforward of unused tax losses which are likely to be used in the future.

In 2022 this item included the deferred liabilities recognized for €9.8 million stemming from the possible release of distributable profit reserves of a few Group companies in accordance with Law 197/2022.

Effective as from 1 January 2024, the De' Longhi Group, a multinational enterprise group which, along with its direct shareholder, exceeds the threshold of consolidated revenues of at least €750 million for two of the four previous years, is subject to application of the Pillar 2 income tax called for in Directive 2022/2523, adopted in Italy with Legislative Decree 209/2023, which aims to ensure a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the European Union.

Based on paragraph 4.A of IAS 12, which provides for a temporary exemption from provisions of this standard relative to the recognition and reporting of information on deferred assets and liabilities derived from Pillar 2 application, in this annual report no Pillar 2 deferred tax assets or liabilities were recognized.

The actual and theoretical tax charge are reconciled here below.

As the Pillar 2 rules were not in effect at the closing date of the annual report, no current Pillar 2 taxes were recognized.

	2023	%	2022	%
Profit before taxes	327,298	100.0%	238,197	100.0%
Theoretical taxes	78,552	24.0%	57,167	24.0%
Other (*)	(7,589)	(2.3%)	(1,609)	(0.7%)
<b>Total income taxes</b>	<b>70,963</b>	<b>21.7%</b>	<b>55,558</b>	<b>23.3%</b>
IRAP (Italian regional business tax)	5,923	1.8%	2,796	1.2%
<b>Actual taxes</b>	<b>76,886</b>	<b>23.5%</b>	<b>58,354</b>	<b>24.5%</b>

(\*) 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.

## Non-current assets

### 11. Goodwill

	31.12.2023		31.12.2022	
	Gross	Net	Gross	Net
Goodwill	378,433	371,686	380,501	373,754

The change in "Goodwill" is explained by the translation at 31 December 2023 of goodwill in currency following the acquisition of international operations and the disposal of assets included in the cash generating unit to which goodwill was allocated at the time of the business combination.

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 recently acquired Capital Brands and Eversys, as follows:

Cash-generating unit	31.12.2023
De'Longhi	25,162
Kenwood	17,120
Braun	48,836
Capital Brands	183,141
Eversys	97,427
<b>Total</b>	<b>371,686</b>

The objective of the impairment test is to determine the value in use of the CGU to which the goodwill refers, meaning the present value of the future cash flows expected to be derived from continuous use of the assets; any cash flows arising from extraordinary events are therefore ignored.

More specifically, value in use is determined by applying the discounted cash flow method to forecast cash

flows contained in plans prepared assuming realistic growth scenarios based on the information available at the reporting date, including the 2024-2026 plan approved by the Board of Directors, integrated, limited to specific situations, with updated assumptions considering the possible outcome of some commercial actions decided after 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 2.2% to 2.6% 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 5.5% and 8.4% 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 2023 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 5.3% and 8.6%) and the growth rate in terminal value (in the range 2.0%-2.8%).

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:

	31.12.2023		31.12.2022	
	Gross	Net	Gross	Net
New product development costs	152,825	22,681	136,347	19,407
Patents	85,162	35,705	77,196	32,152
Trademarks and similar rights	441,475	334,484	443,346	336,579
Work in progress and advances	22,772	21,552	26,742	25,522
Other	135,881	92,222	139,002	103,767
<b>Total</b>	<b>838,115</b>	<b>506,644</b>	<b>822,633</b>	<b>517,427</b>

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

	New product development costs	Patents	Trade-marks and similar rights	Work in progress and advances	Other	Total
<b>Net opening balance</b>	<b>19,407</b>	<b>32,152</b>	<b>336,579</b>	<b>25,522</b>	<b>103,767</b>	<b>517,427</b>
Additions	2,068	6,057	122	10,204	219	18,670
Amortization	(13,204)	(4,413)	(225)	-	(8,425)	(26,267)
Translation differences and other movements (*)	14,410	1,909	(1,992)	(14,174)	(3,339)	(3,186)
<b>Net closing balance</b>	<b>22,681</b>	<b>35,705</b>	<b>334,484</b>	<b>21,552</b>	<b>92,222</b>	<b>506,644</b>

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

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

The Group has capitalized a total of €12,272 thousand in development costs as intangible assets in 2023, of which €2,068 thousand in "New product development costs" for projects already completed at the reporting date and €10,204 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, €120.0 million for the Nutribullet/MagicBullet trademark, and €39.2 million for the Eversys trademark.

The impairment test carried out at the end of 2023 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 6.3% and 9.2% 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 of 2.2% to 2.6% 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 6.1% and 9.4%) and the growth rate in terminal value (in the range 2.0%-2.8%).

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.

The scenarios modeled for the purposes of the sensitivity test above would, however, result in a decrease in the present value of the flows over the horizon of the plan, as well as in the terminal value, which could cause a loss in value for both Braun and Capital Brands, albeit limited to around 5% of their book value.

"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:

	31.12.2023		31.12.2022	
	Gross	Net	Gross	Net
Land and buildings	219,496	156,781	204,008	147,834
Plant and machinery	186,474	69,976	169,842	62,984
<b>Total</b>	<b>405,970</b>	<b>226,757</b>	<b>373,850</b>	<b>210,818</b>

The following table reports movements during 2023:

	Land and buildings	Plant and machinery	Total
<b>Net opening balance</b>	<b>147,834</b>	<b>62,984</b>	<b>210,818</b>
Additions	12,273	7,092	19,365
Disposals	(1,267)	(177)	(1,444)
Amortization	(8,597)	(11,566)	(20,163)
Translation differences and other movements	6,538	11,643	18,181
<b>Net closing balance</b>	<b>156,781</b>	<b>69,976</b>	<b>226,757</b>

The increases and other movements in "Land and Building" relate primarily to investments made in the construction of new buildings at the Treviso headquarters and at the production plant in China.

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

### 14. Other tangible assets

Other tangible assets are analyzed as follows:

	31.12.2023		31.12.2022	
	Gross	Net	Gross	Net
Industrial and commercial equipment	394,534	70,580	383,603	76,200
Other	95,252	21,789	101,575	27,882
Work in progress and advances	62,430	62,430	53,989	53,989
<b>Total</b>	<b>552,216</b>	<b>154,799</b>	<b>539,167</b>	<b>158,071</b>

The following table reports movements during 2023:

	Industrial and commercial equipment	Other	Work in progress and advances	Total
<b>Net opening balance</b>	<b>76,200</b>	<b>27,882</b>	<b>53,989</b>	<b>158,071</b>
Additions	14,248	7,597	35,422	57,267
Disposals	(22)	(124)	-	(146)
Amortization	(27,395)	(9,785)	-	(37,180)
Translation differences and other movements	7,549	(3,781)	(26,981)	(23,213)
<b>Net closing balance</b>	<b>70,580</b>	<b>21,789</b>	<b>62,430</b>	<b>154,799</b>

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

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

## 15. Leases

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

Movements in the leased right of use assets in 2023 are shown below:

	Land and buildings	Industrial and commercial equipment	Plant and machinery	Other	Total
<b>Net opening balance</b>	<b>68,629</b>	<b>2,760</b>	<b>2,339</b>	<b>4,282</b>	<b>78,010</b>
Additions	35,984	10	3	5,040	41,037
Disposals	(808)	-	(1)	(141)	(950)
Amortization	(19,692)	(578)	(204)	(2,824)	(23,298)
Translation differences and other movements	1,690	(49)	-	(15)	1,626
<b>Net closing balance</b>	<b>85,803</b>	<b>2,143</b>	<b>2,137</b>	<b>6,342</b>	<b>96,425</b>

In 2023, the result for the period includes depreciation and amortization for €23,298 thousand, interest payable for €1,896 thousand and exchange gains for €56 thousand, while €24,234 thousand in lease payments were reversed.

At 31 December 2023 financial liabilities for leases of €98,623 thousand (of which €77,618 thousand expiring beyond 12 months) and financial assets for advanced payments of €220 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 31.12.2023	Payable within one year	Payable in 1-5 years	Payable in more than five years
Lease liabilities	105,857	23,195	63,601	19,061

The adoption of IFRS 16 Lease affected Group net equity at 31 December 2023 for €2,771 thousand.

## 16. Equity investments

Details of equity investments are as follows:

	31.12.2023	31.12.2022
Equity investments consolidated using the equity method	4,243	6,052
Investment measured at fair value	51	51
<b>Total</b>	<b>4,294</b>	<b>6,103</b>

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

The changes in 2023 are shown below:

	31.12.2023
<b>Net opening balance</b>	<b>6,052</b>
Interest in net profit	(589)
Exchange rate differences	(253)
Sale of 25% equity investment in NPE S.r.l.	(967)
<b>Net closing balance</b>	<b>4,243</b>

## 17. Non-current receivables

The balance at 31 December 2023 of €5,400 thousand refers to security deposits (€5,609 thousand at 31 December 2022).

## 18. Other non-current financial assets

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

The item includes mainly €20,353 thousand relating to two bonds with a total nominal value of €20,000 thousand, maturing in 2026 and 2027, respectively, €101,678 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:

	31.12.2023	31.12.2022
Deferred tax assets	60,413	64,634
Deferred tax liabilities	(72,164)	(83,254)
<b>Net closing balance</b>	<b>(11,751)</b>	<b>(18,620)</b>

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

Leasing and other transactions which upon initial recognition result in taxable and deductible differences of the same amount include deferred tax assets of €9,006 thousand reported net the deferred tax liabilities of €8,734 thousand.

The net balance is analyzed as follows:

	31.12.2023	31.12.2022
Temporary differences	(16,536)	(27,247)
Tax losses	4,785	8,627
<b>Net closing balance</b>	<b>(11,751)</b>	<b>(18,620)</b>

The change in the net asset balance reflects an increase of €376 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 €830 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.

Exposure to Pillar 2 income tax derives from the level of taxation imposed in the jurisdiction in which the entities of multinational groups (including any entities subject to joint control) are present; this level of

taxation depends on various factors, such as mainly where the income is generated, the tax rate, the tax regulations used to calculate taxable income, as well as the form of and entitlement to incentives or other tax benefits applicable in the jurisdiction.

Furthermore, given the novelty and complexity of determining the effective level of taxation, in the first reporting periods in which Pillar 2 will be effective (namely the periods that begin before 31

December and end before 30 June 2028) it will be possible to apply a simplified regime based mainly on the accounting information available for each relevant jurisdiction (the transitional regime, which provides for Country-by-Country Reporting - CbCR safe harbors) and based on which - in case at least one of the three threshold tests is exceeded - compliance costs will be lowered and Pillar 2 taxes will be eliminated.

Taking into account what is known or reasonably estimated at the end of the year, even though this information today does not reflect all the provisions of the Pillar 2 legislation connected to the location and operations of all the Group enterprises in all the individual jurisdictions in which the latter operates, and considering that at the end of the year all the information might not be available or reasonably estimated, the Group's exposure to Pillar 2 income tax at the end of the year, including based on the transitional county-by-country reporting safe harbor, is deemed insignificant

More specifically, based on the information know or reasonably estimated:

- as the majority of the Group entities are located in jurisdictions which satisfy at least one of the tests called for under the transitional county-by-country reporting safe harbor, the conditions for application of the Pillar 2 income tax do not exist, and
- for the remainder of the Group entities, which are located in jurisdictions which do not satisfy any of the tests called for under the transitional county-by-country reporting safe harbor, the exposure is not significant as the taxation in those jurisdictions is near the minimum of 15% or the estimated impact on profit in these jurisdictions is not material in light of the Group's total revenues.

The Group, with the support of consultants, is getting organized and preparing for compliance with the Pillar 2 rules, including in order to manage the exposure in subsequent periods by developing adequate systems and procedures which aim to:

- identify, locate and characterize all the Group enterprises for the purpose of the Pillar 2 rules, and
- carry out the tests called for under the transitional county-by-country reporting safe harbor for each relevant jurisdiction in order to benefit from the reduction in compliance costs and the elimination of Pillar 2 taxes, and
- carry out the complete, detailed calculations of the taxation in any jurisdictions which do not pass any of the above mentioned test called for Pillar 2.

## Current assets

### 20. Inventories

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

	31.12.2023	31.12.2022
Finished products and goods	378,890	426,336
Raw, ancillary and consumable materials	142,747	152,934
Work in progress and semi-finished products	35,431	27,421
Inventory writedown allowance	(52,390)	(56,032)
<b>Total</b>	<b>504,678</b>	<b>550,659</b>

The value of inventories is stated after deducting an allowance for obsolete or slow-moving goods totaling €52,390 thousand (€56,032 thousand at 31 December 2022) in relation to products and raw materials that are obsolete and slow-moving or are no longer of strategic interest to the Group.

### 21. Trade receivables

These are analyzed as follows:

	31.12.2023	31.12.2022
Trade receivables		
- due within 12 months	283,483	289,402
- due beyond 12 months	-	-
Allowance for doubtful accounts	(10,791)	(10,591)
<b>Total</b>	<b>272,692</b>	<b>278,811</b>

Trade receivables are stated net of an allowance for doubtful accounts of €10,791 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:

	31.12.2022	Provisions/ Releases	Translation differences and other movements	31.12.2023
Allowance for doubtful accounts	10,591	470	(270)	10,791

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 43. 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 €199,680 thousand (€186,814 thousand at 31 December 2022). The total amount of receivables factored by the Group (turnover) during 2023 (under Law 52/1991 known as the Factoring Law) was €809,397 thousand (€797,712 thousand during 2022).

### 22. Current tax assets

These are analyzed as follows:

	31.12.2023	31.12.2022
Direct tax receivables	14,125	10,240
Tax payments on account	5,552	2,894
Tax refunds requested	567	2,378
<b>Total</b>	<b>20,244</b>	<b>15,512</b>

There are no current tax assets due beyond 12 months.

## 23. Other receivables

"Other receivables" are analyzed as follows:

	31.12.2023	31.12.2022
VAT	16,708	6,282
Advances to suppliers	6,444	3,843
Other tax receivables	3,933	1,732
Prepaid insurance costs	4,504	3,931
Employees	207	308
Other	11,899	13,788
<b>Total</b>	<b>43,695</b>	<b>29,884</b>

This item includes other receivables due beyond 12 months of €1 thousand (€6 thousand at 31 December 2022).

## 24. Current financial receivables and assets

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

	31.12.2023	31.12.2022
Fair value of derivatives	12,507	11,691
Advances for leasing contracts	220	317
Fair value of other current financial assets	68,163	87,666
Other current financial assets	91,582	268,680
<b>Total</b>	<b>172,472</b>	<b>368,354</b>

More details on the fair value of derivatives can be found in note 43. Risk management.

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

## 25. Cash and cash equivalents

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

Some of the Group's foreign companies have a total of €72.1 million in cash on bank accounts held at the same bank. These cash balances form part of the international cash pooling system and are partially offset by €65.8 million in overdrafts held at the same bank by other foreign companies. This bank therefore acts as a "clearing house" for the Group's positive and negative cash balances. Considering the substance of the transactions and technical workings of the international cash pooling system, the positive and negative cash balances have been netted against one another in the consolidated statement of financial position, as permitted by IAS 32.

The cash balances at 31 December 2023 include €4 thousand in current accounts of certain subsidiaries, that are restricted, having been given as collateral.

## 26. Non-current assets held for sale

As of 31 December 2022, the item referred to the value of a freehold property of a subsidiary classified as non-current assets available for sale, as required by IFRS 5 - Non-current assets held for sale and discontinued operations, as there was an ongoing programme aimed at divestment that ended in January 2023 with the registration of the sale of the property and its appurtenances.

From the sale, the Group realised a capital gain of € 457 thousand classified among "Other income".

### Net equity

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

On 21 April 2023 the Shareholders' Meeting of De' Longhi S.p.A. resolved to distribute a total of €72,079 thousand as dividends, fully paid during 2023.

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

### 27. Treasury shares

At 31 December 2023 the Group, through the parent company De' Longhi S.p.A., held 595,000 treasury shares for a total of €9,658 thousand, purchased in previous years; the change with respect to 31 December 2022 (De' Longhi S.p.A. held €895,350 for a countervalue of €14,534 thousand) is due to the exercise of 300,350 options in connection with the "2020-2027 Stock Option Plan".

During the Shareholders' Meeting held on 21 April 2023, shareholders approved the renewal - after revoking the previous authorization granted by shareholders - of the authorization to purchase and sell treasury shares for up to a maximum of 14.5 million ordinary shares or an amount which does not exceed one fifth of the share capital, including any

shares held by the Company or any of its subsidiaries. The buyback program was approved, in accordance with the law, for a period of up to a maximum of 18 months (namely through 21 October 2024).

### 28. Stock option plans

At 31 December 2023 a share-based incentive plan approved during De' Longhi S.p.A.'s Annual General Meeting held on 22 April 2020, the "Stock Option Plan 2020-2027", was in place.

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

The aim of the plan is to encourage the loyalty of the beneficiaries, encouraging their stay in the Group, linking their remuneration to the implementation of the company strategy in the medium to long term.

The overall duration of the plan is about 8 years and in any case the deadline is set for 31 December 2027.

The identification of individual beneficiaries is left to the Board of Directors on a proposal from the Remuneration and Appointments Committee or the Ceo of the Parent Company De' Longhi S.p.A.,

after hearing the Board of Statutory Auditors on the basis of their respective competences.

The allocation of option is free of charge: beneficiaries are therefore not required to pay any consideration for the grant of options. On the contrary, the exercise of options and the consequent subscription of shares are subject to the payment of the exercise price.

Each option entitles you to subscribe to an action, under the conditions laid down in the Rules of Procedure. The strike price will be equal to the arithmetic average of the official prices recorded by the Company's shares on the Electronic Stock Market organized and managed by Borsa Italiana S.p.A. in the 180 days off the calendar before the approval date of the Plan 2020-2027 and its regulation by the Shareholders' Meeting. This criterion allows a reference to be made of a period of time which, although not close to the time at which the issue price of the shares is determined, is long enough to mitigate the stock market price data from the volatility phenomena resulting from the crisis related to the spread of coronavirus.

The exercise of the options can be carried out by the beneficiaries - in one or more tranches - only and e.g. in the period of operation, including:

- 15 May 2023 and 31 December 2027, for a maximum number of 50% of the total options allocated to each beneficiary, without prejudice to the suspension periods described in Article 12 of the Regulation;

- 15 May 2024 and 31 December 2027, for the remaining 50% of the total options assigned to each beneficiary, without prejudice to the suspension periods described in Article 12 of the Regulation.

The options not exercised by the by the end of the exercise period, shall in any event be forfeited without the beneficiary being entitled to any indemnity or compensation whatsoever.

The shares will have regular enjoyment and therefore equal to that of the other shares outstanding on the date of their issue and will be freely available and therefore freely transferable by the beneficiary. Please refer to the Annual report on remuneration policy and the remuneration paid for more information.

At 31 December 2022 stock options on 1,560,000 shares had been assigned; during the year the total fell to 1,089,650 shares as a result of the resignation of one of the eligible persons and for the exercise of a total of 300,350 options.

For the purposes of assessing the plan under IFRS 2 - Share-based Payment, two different tranches have been identified, corresponding to a number of options evenly distributed over the two operating periods provided for in the plan. The result is a fair value different unit for each individual tranche.

The fair value of the stock option is the value of the option on the assignment date determined by applying the Black-Scholes Model, which takes into account the conditions of exercise of the right, the current value of the share, the expected volatility, the risk-free rate and considering the non-vesting conditions.

Volatility was estimated with the help of data provided by a provider market information and corresponds to the estimate of stock volatility over the period covered by 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:



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

## 29. Share capital

The share capital at 31 December 2023 comprises 151,060,000 ordinary shares with a par value of €1.5 for a total of €226,590 thousand.

## 30. Reserves

The details are as follows:

	31.12.2023	31.12.2022	Change
Share premium reserve	40,078	38,268	1,810
Legal reserve	45,318	45,269	49
Other reserves:			
- Extraordinary reserve	201,413	172,733	28,680
- Fair value and cash flow hedge reserve	259	497	(238)
- Stock option reserve	5,695	6,373	(678)
- Reserve for treasury shares	(9,658)	(14,534)	4,876
- Currency translation reserve	40,867	74,280	(33,413)
- Profit (loss) carried forward	1,010,200	932,213	77,987
<b>Total</b>	<b>1,334,172</b>	<b>1,255,099</b>	<b>79,073</b>

The "Share premium reserve" was set up following the public offering at the time of the parent company's listing on the Milan stock exchange on 23 July 2001 which and subsequently reduced following the demerger transaction in favour of DeLclima S.p.A.. At 31 December 2022 it amounted to €38,268 thousand after the exercise of options assigned pursuant to the 2016-2022 Stock Option Plan.

During 2023 the reserve was increased to €40,078 thousand as a result of the exercise of 300,350 options of the "2020-2027 Stock Option Plan" for a countervalue of € 1,810 thousand.

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

The extraordinary reserve increased by € 28,680 thousand following the allocation of the 2022 result resolved by the Shareholders' Meeting of De' Longhi S.p.A. on 21 April 2023.

The "Fair value and cash flow hedge reserve" reports a positive balance of €259 thousand, net of €155 thousand in tax.

The change in the "Fair value and cash flow hedge" reserve in 2023, recognized in the statement of comprehensive income for the year, is attributable to the negative fair value of the cash flow hedge and available-for-sale securities of €614 thousand net of €376 thousand in tax.

The "Stock Option Reserve" at 31 December 2023 refers to the share-based incentive plan "Stock Option Plan 2020-2027" already described in note 28. Stock Option Plans.

The "Stock Option Reserve" amounted to positive €5,695 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. During the year, € 907 thousand were accrued because of the fair value valuation of outstanding options net of exercises during the year and the cancellation of options because of the change in the number of holders.

The "Reserve for treasury shares" is negative for an amount of € 9,658 thousand and represents the securities countervalue of 595,000 treasury shares purchased under the buy-back programme. The change compared to 31 December 2022 refers to the utilisation of the treasury stock portfolio to cover the exercise of 300,350 options under the '2020-2027 Stock Option Plan'.

"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 31.12.2023	Profit for 2023	Net equity 31.12.2022	Profit for 2022
<b>De' Longhi S.p.A. financial statements</b>	<b>557,569</b>	<b>36,578</b>	<b>588,531</b>	<b>100,808</b>
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	834,186	218,905	649,687	59,442
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	464,525	(444)	465,679	5,308
Elimination of intercompany profits	(45,425)	(4,613)	(40,820)	14,286
Other adjustments	284	(14)	314	(1)
<b>Consolidated financial statements</b>	<b>1,811,139</b>	<b>250,412</b>	<b>1,663,391</b>	<b>179,843</b>
Minority	-	35	4,274	2,415
<b>Consolidated financial statements-Group portion</b>	<b>1,811,139</b>	<b>250,377</b>	<b>1,659,117</b>	<b>177,428</b>

### 31. Minorities' portion of net equity

The minorities' portion of net equity which amounted to € 4,274 thousand as of 31 December 2022, referred to the minority interest (49%) in the company Eversys UK Ltd. and its subsidiary Eversys Ireland Ltd., which became part of the Group as a result of the Eversys acquisition. The change relates to the finalization of the purchase of the minority share in 2023.

### 32. Earnings per share

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

	<b>31.12.2023</b>
Weighted average number of shares outstanding	150,248,220
Weighted average number of diluted shares outstanding	151,568,623

The dilutive impact was not significant at 31 December 2023, therefore, the difference between the diluted earnings per share (€1.65) and the basic earnings per share (€1.67) is not material.



## Liabilities

### 33. Bank loans and borrowings

"Bank loans and borrowings" are analyzed as follows:

	Payable within one year	Payable in 1-5 years	Balance 31.12.2023	Payable within one year	Payable in 1-5 years	Balance 31.12.2022
Overdrafts	16,394	-	16,394	3,592	-	3,592
Current bank loans and borrowings	-	-	-	4	-	4
Long-term loans (short term portion)	179,611	-	179,611	87,914	-	87,914
<b>Bank loans and borrowings (short-term portion)</b>	<b>196,005</b>	<b>-</b>	<b>196,005</b>	<b>91,510</b>	<b>-</b>	<b>91,510</b>
Long-term loans	-	300,844	300,844	-	477,582	477,582
<b>Total banks loans and borrowings</b>	<b>196,005</b>	<b>300,844</b>	<b>496,849</b>	<b>91,510</b>	<b>477,582</b>	<b>569,092</b>

This item does not include amounts due beyond 5 years.

No new loans were taken out in 2023.

In regard to current bank loans (already described in prior annual reports), 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 2023.

Most of the bank debt is floating rate; as a result of the hedge on one of the medium/long-term loans, the floating rate debt was swapped for fixed rate debt. The fair value of the loans, calculated by discounting future interest flows at current market rates, does not differ significantly from the amount of debt recognized in the financial statements.

### 34. Other financial payables

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

	31.12.2023	31.12.2022
Private placement (short-term portion)	21,397	21,409
Negative fair value of derivatives	13,170	12,206
Other short term financial payables	37,445	44,887
<b>Total short-term payables</b>	<b>72,012</b>	<b>78,502</b>
Private placement (one to five years)	64,259	85,709
Negative fair value of derivatives	-	-
Other financial payables (one to five years)	-	-
<b>Total long-term payables (one to five years)</b>	<b>64,259</b>	<b>85,709</b>
Private placement (beyond five years)	150,358	150,317
<b>Total long-term payables (beyond five years)</b>	<b>150,358</b>	<b>150,317</b>
<b>Total other financial payables</b>	<b>286,629</b>	<b>314,528</b>

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 by De' Longhi S.p.A.

The first issue matures in 10 years, in June 2027, and has an average life of 7 years. The notes will accrue interest from the subscription date at a fixed rate of 1.65% per annum. The notes will be repaid yearly in equal instalments beginning June 2021 and ending June 2027, without prejudice to the Company's ability to repay the entire amount in advance.

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

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

The issues are subject to half-yearly financial covenants consistent with those applied to other loans. At 31 December 2023 the covenants had not been breached. Neither issue is secured by collateral of any kind.

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

"Other short term financial payables" refers mainly to factoring without recourse related payables.

### Net financial position

Details of the net financial position are as follows:

	31.12.2023	31.12.2022
A. Cash	1,250,198	770,247
B. Cash equivalents	-	-
C. Other current financial assets	159,965	356,663
<i>of which lease prepayments</i>	220	317
<b>D. Cash, cash equivalents and other current financial assets (A + B + C)</b>	<b>1,410,163</b>	<b>1,126,910</b>
E. Current financial liabilities	(96,241)	(78,682)
<i>of which lease liabilities</i>	(21,005)	(20,464)
F. Current portion of non-current financial liabilities	(179,611)	(87,914)
<b>G. Current financial liabilities (E + F)</b>	<b>(275,852)</b>	<b>(166,596)</b>
<b>H. Current net financial liabilities (D + G)</b>	<b>1,134,311</b>	<b>960,314</b>
I.1. Other non-current financial assets	122,031	122,604
I. Non-current financial liabilities	(378,462)	(537,942)
<i>of which lease liabilities</i>	(77,618)	(60,360)
J. Debt instruments	(214,617)	(236,026)
K. Trade payables and other non-current liabilities	-	-
<b>L. Non-current net financial liabilities (I + I.1 + J + K)</b>	<b>(471,048)</b>	<b>(651,364)</b>
<b>M. Total financial liabilities (H + L)</b>	<b>663,263</b>	<b>308,950</b>
<i>Fair value of derivatives and other financial non-bank assets/ liabilities</i>	(663)	(10,169)
<b>Total net financial position</b>	<b>662,600</b>	<b>298,781</b>

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

More details on the fair value of derivatives can be found in note 43. Risk management.

Details of financial receivables and payables with related parties are reported in Appendix 3.

### 35. Employee benefits

These are made up as follows:

	31.12.2023	31.12.2022
Provision for severance indemnities	7,988	8,040
Defined benefit plans	21,659	17,768
Other long term benefits	21,394	12,724
<b>Total</b>	<b>51,041</b>	<b>38,532</b>

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

Some of the Group's foreign companies provide defined benefit plans for their employees.

Some of these plans have assets servicing them, but severance indemnities, as an unfunded obligation, do not.

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

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

#### Provision for severance indemnities:

Movements in the year are summarized below:

Net cost charged to income	2023	2022	Change
Current service cost	378	186	192
Interest cost on defined benefit obligation	66	86	(20)
<b>Total</b>	<b>444</b>	<b>272</b>	<b>172</b>

Change in present value of obligations	31.12.2023	31.12.2022	Change
<b>Present value at 1 January</b>	<b>8,040</b>	<b>9,901</b>	<b>(1,861)</b>
Current service cost	378	186	192
Utilization of provision	(643)	(1,032)	389
Interest cost on obligation	66	86	(20)
Actuarial gains & losses recognized in the comprehensive income statement	147	(1,101)	1,248
<b>Present value at reporting date</b>	<b>7,988</b>	<b>8,040</b>	<b>(52)</b>

#### Defined benefit plans:

Movements in the year are as follows:

Net cost charged to income	2023	2022	Change
Current service cost	1,435	1,389	46
Return on plan assets	(285)	-	(285)
Interest cost on obligation	766	256	510
<b>Total</b>	<b>1,916</b>	<b>1,645</b>	<b>271</b>

Change in present value of obligations	31.12.2023	31.12.2022	Change
<b>Present value at 1 January</b>	<b>17,768</b>	<b>27,103</b>	<b>(9,335)</b>
Net cost charged to income	1,916	1,645	271
Benefits paid	(1,501)	(1,140)	(361)
Translation differences	(178)	146	(324)
Actuarial gains & losses recognized in the comprehensive income statement	3,654	(9,986)	13,640
<b>Present value at reporting date</b>	<b>21,659</b>	<b>17,768</b>	<b>3,891</b>

The outstanding liability at 31 December 2023 21,659 of €thousand (€ 17,768 thousand at 31 December 2022) 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 2023	Severance indemnity 2022	Other plans 2023	Other plans 2022
Discount rate	3.20%	3.70%	1,25%-3,6%	0,5% - 3,7%
Future salary increases	2,0%-3,0%	2,3%-3,3%	0,0%-3%	0,0% - 3%
Inflation rate	2.00%	2.30%	0,0% - 2,1%	0,0% - 2,2%

"Other medium/long-term benefits" includes the amount accrued for the incentive plan 2021-2023 in the reporting period of €21,394 thousand. This plan was approved by the Board of Directors for a limited number of the Group's key resources.

For more information, please refer to the *Annual Remuneration Report*.

### 36. Other provisions for non-current contingencies and charges

These are analyzed as follows:

	31.12.2023	31.12.2022
Agents' leaving indemnity provision	2,121	2,022
Product warranty provision	43,512	42,744
Provision for contingencies and other charges	26,244	27,401
<b>Total</b>	<b>71,877</b>	<b>72,167</b>

Movements are as follows:

	31.12.2022	Utilization	Net accrual	Translation difference and other movements	31.12.2023
Agents' leaving indemnity provision	2,022	(242)	341		2,121
Product warranty provision	42,744	(21,105)	21,814	59	43,512
Provision for contingencies and other charges	27,401	(2,343)	1,165	21	26,244
<b>Total</b>	<b>72,167</b>	<b>(23,690)</b>	<b>23,320</b>	<b>80</b>	<b>71,877</b>

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

The product warranty provision has been established for certain consolidated companies, on the basis of estimated under-warranty repair and replacement costs for sales taking place by 31 December 2023. It takes account of the provisions of Decree 24/2002 and of European Community law.

The "Provision for contingencies and other charges" includes the provision of €15,965 thousand (€15,730 thousand at 31 December 2022) for legal disputes and product complaint liabilities (limited to the Group's insurance deductible), the provision of € 10,278 thousand (€11,761 thousand at 31 December 2022) for the provisions made by a few subsidiaries relating to commercial risks and other charges.

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

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

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

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

### 37. Trade payables

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

### 38. Current tax liabilities

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

The Parent Company De' Longhi S.p.A. and a few of the Italian subsidiaries renewed, jointly with the



consolidator De Longhi Industrial S.A., the option to adhere to group taxation, referred to as “Domestic Tax Consolidation”, as permitted under articles 117-129 of the Consolidated Income Tax Act (TUIR) as per Presidential Decree n. 917 of 22 December 1986 and Decree of the Ministry and Finance of 1 March 2018, for the three-year period 2022 - 2024.

For additional information please refer to Appendix.3.

### 39. Other payables

These are analyzed as follows:

	31.12.2023	31.12.2022
Employees	58,644	52,704
Indirect taxes	40,192	27,638
Social security institutions	9,179	7,172
Withholdings payables	7,906	6,519
Advances	7,515	8,860
Other taxes	697	1,164
Other	13,164	10,910
<b>Total</b>	<b>137,297</b>	<b>114,967</b>

The item does not include amounts due beyond 12 months.

### 40. Commitments

These are detailed as follows:

	31.12.2023	31.12.2022
Guarantees given to third parties	652	773
Other commitments	3,836	11,191
<b>Total</b>	<b>4,487</b>	<b>11,964</b>

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

#### 41. 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 2023	Total	Assets		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
<b>Non-current assets (*)</b>				
Equity investments	51	-	51	-
Receivables	5,400	5,400	-	-
Other non-current financial assets	122,031	122,031	-	-
<b>Current assets (**)</b>				
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
<b>Non-current liabilities (***)</b>				
Bank loans and borrowings (long-term portion)	300,844	300,844	-	-
Other financial payables (long-term portion)	214,617	214,617	-	-
<b>Current liabilities (****)</b>				
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.

at 31 december 2022	Total	Assets		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
<b>Non-current assets (*)</b>				
Equity investments	51	-	51	-
Receivables	5,609	5,609	-	-
Other non-current financial assets	124,624	122,604		2,020
<b>Current assets (**)</b>				
Trade receivables	278,811	278,811		
Current tax assets	15,512	15,512		
Other receivables	29,884	29,884		
Current financial receivables and assets	368,037	268,680	90,870	8,487
Cash and cash equivalents	770,247	770,247		
at 31 december 2022	Total	Liabilities		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
<b>Non-current liabilities (***)</b>				
Bank loans and borrowings (long-term portion)	477,582	477,582	-	-
Other financial payables (long-term portion)	236,026	236,026	-	-
<b>Current liabilities (****)</b>				
Trade payables	540,687	540,687		
Bank loans and borrowings (short-term portion)	91,510	91,510		
Other financial payables (short-term portion)	66,902	54,696	6,533	5,673
Current tax liabilities	76,264	76,264	-	-
Other payables	114,967	114,967	-	-

(\*) 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) and Forward contracts that will result in an acquisition to be considered as a business combination within the scope of IFRS 3 Business combination are not included (IFRS 9 - 2.1 f).

(\*\*\*\*) 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.

## 42. 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 2023. As required by IFRS 13, the hierarchy comprises the following levels:

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

Financial instruments measured at fair value	Level 1	Level 2	Level 3
Derivatives with positive fair value	-	12,507	-
Derivatives with negative fair value	-	(13,170)	-
Other financial assets	51	68,163	-

There were no transfers between the levels during the year.

## 43. 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 €283,483 thousand at 31 December 2023 and €289,403 thousand at 31 December 2022.

This amount corresponds to the gross balance of trade receivables of €348,374 thousand at 31 December 2023 (€351,540 thousand at 31 December 2022), 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 €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.

Trade receivables of €351,340 thousand at 31 December 2022 comprise €316,286 thousand in current balances and €35,254 thousand in past due amounts, of which €31,757 thousand past due within 90 days and €3,497 thousand past due by more than 90 days.

The amount of insured or guaranteed receivables at 31 December 2022 is €280,439 thousand.

The Group has recognized €10,591 thousand in allowances for doubtful accounts against unguaranteed receivables of €71,101 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 41. 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 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 41. 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 2023 and 31 December 2022 on the basis of contractual payments which have not been discounted.

	Undiscounted cash flows at 31.12.2023	Payable within one year	Payable in 1-5 years	Payable in more than five years	Undiscounted cash flows at 31.12.2022	Payable within one year	Payable in 1-5 years	Payable in more than five years
Bank loans and borrowings (*)	533,142	212,458	320,684	-	611,898	104,922	506,976	-
Other financial payables (**)	311,281	75,049	72,957	163,275	342,061	81,393	95,623	165,045
Trade payables	716,238	716,238	-	-	540,513	540,513	-	-
Current tax payables and other payables	207,868	207,860	9	-	191,131	190,953	178	-

(\*) The corresponding balance reported in the financial statements was €496,849 thousand at 31 December 2023 vs. €569,091 thousand at 31 December 2022 and refers to medium/long and short term bank debt.

(\*\*) The corresponding balance in the accounts is €286,629 thousand at 31 December 2023 and €314,528 at 31 December 2022 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;
- c. to hedge exchange rate risk relating to net investments in foreign operations.

The principal currencies to which the Group is ex-

posed 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 is 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 derivative 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 2023:

- a. with regard to the risk connected to future flows (revenues/costs forecast in the budget and/or multi-year plans), at 31 December 2023 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 +/- €2.1 million before tax (+/- €3.2 million before tax at 31 December 2022). 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 +/- €1.2 million before tax (+/- €1.9 million before tax at 31 December 2022).

The hedging transactions at 31 December 2023 are described in the paragraph *"Interest rate and currency exchange hedges at 31 December 2023"*.

### 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 and a part of the loan taken out in 2019, which is hedged with an Interest Rate Swap, are fixed rate, while the remainder of the Group's financial debt at 31 December 2023 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 €636,4 million on a total of €662.6 million in net debt at 31 December 2023 and total net assets of €169.3 million on a total of €298.8 million in net debt in 2022).

It is estimated that a +/- 1% change in interest rates would have an impact of +/- €6.4 million before tax at 31 December 2023 recognized entirely in the income statement (+/- €1.7 million before tax at 31 December 2022).

### Interest rate and currency exchange hedges at 31 December 2023

At 31 December 2023 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 2023 is provided below:

	Fair Value at 31/12/2023
FX forward agreements	(2,236)
<b>Derivatives hedging foreign currency receivables/payables</b>	<b>(2,236)</b>
FX forward agreements	(621)
IRS hedging Parent Company's loans	2,194
<b>Derivatives covering expected cash flows</b>	<b>1,573</b>
<b>Total fair value of the derivatives</b>	<b>(663)</b>

### Forward agreements to hedge against a change in 2023 trade flows:

A list of the forward agreements hedging a change in 2024 trade flows at 31 December 2023:

Currency	Notional amount (in thousands)			Fair value (in €/000)	
	Purchases	Sales	Total	Current assets	Current Liabilities
EUR/CHF*	-	26,300	26,300	-	(1,035)
EUR*/RON	-	75,500	75,500	743	(13)
EUR/USD*	(9,438)	-	(9,438)	22	(14)
EUR/PLN*	-	55,000	55,000	-	(129)
EUR/GBP*	-	16,550	16,550	27	(74)
USD/CAD*	-	66,000	66,000	103	(203)
HKD/CNY*	(1,030,000)	-	(1,030,000)	1,065	(1,930)
AUD*/HKD	-	59,000	59,000	377	(150)
HKD/JPY*	-	3,250,000	3,250,000	489	-
HKD/KRW*	-	14,900,000	14,900,000	120	(79)
USD*/GBP	(15,000)	-	(15,000)	59	-
				<b>3,005</b>	<b>(3,626)</b>

\* Risk currency

The cash flow hedge reserve recognized for these hedges was negative for €956 thousand at 31 December 2023, after tax of €228 thousand (at 31 December 2022 this same reserve was positive for €2,180 thousand, after tax of €314 thousand).

During 2023 the Group reversed to the income statement a net amount of €2,180 thousand from the positive cash flow hedge reserve at 31 December 2022.

This amount was reported in the following lines of the income statement:

	2023	2022
Increase (reduction) in revenues	(1,267)	187
(Increase) reduction in materials consumed	(1,229)	4,723
Net financial income (expenses)	-	(112)
Taxes	315	(1,026)
<b>Total recognized in income statement</b>	<b>(2,181)</b>	<b>3,772</b>

#### 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	(25,348)	51,685	26,337	528	(1,034)
AUD/NZD*	-	5,528	5,528	10	-
EUR*/CHF	(1,000)	4,090	3,090	84	(16)
EUR/AUD*	(100)	1,550	1,450	-	(12)
EUR/CHF*	(17,100)	21,200	4,100	334	(402)
EUR/CZK*	(107,300)	262,200	154,900	71	(21)
EUR/GBP*	(62,040)	20,700	(41,340)	138	(415)
EUR*/GBP	(120)	2,912	2,792	-	(41)
EUR/HKD*	(7,800)	125,160	117,360	-	(56)
EUR*/HKD	(7,186)	-	(7,186)	168	(1)
EUR/HUF*	(1,550,000)	2,105,000	555,000	8	(7)
EUR/JPY*	(8,000)	-	(8,000)	-	-
EUR/PLN*	(269,450)	247,800	(21,650)	52	(75)
EUR/RON*	(307,000)	617,640	310,640	-	(119)
EUR*/RON	-	20,000	20,000	-	(19)
EUR/SEK*	(10,900)	3,700	(7,200)	16	(3)
EUR/USD*	(722,114)	122,430	(599,685)	2,520	(4,969)
EUR*/USD	(280,000)	-	(280,000)	2,145	-
GBP/USD*	(3,305)	6,450	3,145	26	(25)
HKD/CLP*	-	4,364,000	4,364,000	-	(2)
HKD/CNH*	(542,162)	69,400	(472,762)	707	(78)
HKD/JPY*	-	4,445,711	4,445,711	-	(800)
HKD/KRW*	(1,000,000)	8,057,200	7,057,200	5	(61)
HKD/MXN*	(26,400)	57,422	31,022	2	(88)
USD/MXN*	-	252,900	252,900	-	(384)
SGD*/HKD	(10,246)	130	(10,116)	112	-
USD/CAD*	(5,520)	36,910	31,390	53	(613)
USD*/CHF	(400)	7,530	7,130	327	(7)
USD*/RON	(18,000)	-	(18,000)	-	(179)
USD/ZAR*	(20,800)	61,470	40,670	-	(114)
				<b>7,306</b>	<b>(9,542)</b>

\* Risk currency

**IRS (Interest Rate Swap) hedging interest rate risk on loans:**

The fair value of the derivatives is calculated using the discounted cash flow method based on the swap curve, not including the spread; at 31 December 2023 the fair value of the derivatives, which also takes into account counterparty risk in accordance with IFRS 13 - *Fair Value measurement*, came to a positive €2,194 thousand which is recognized under other financial receivables.

As the hedge on future interest flows qualifies as an effective hedge, at 31 December 2023 a positive cash flow hedge reserve of €1,924 thousand was reported in net equity, net of the related tax effect of €462 thousand.

Details are as follows (the figures are shown before tax):

	31/12/2023	
	Valore nozionale (in M/Euro)	Fair value (in M/Euro)
Interest Rate Swap (IRS) connected to the loan	56,000	2,194
<b>Total fair value of the derivatives</b>		<b>2,194</b>
<i>of which:</i>		
<i>positive short-term fair value</i>		2,194

**44. 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, the accounting and tax treatment of dividends received for the tax years 2017 to 2021 and the tax credit matured for investments made in research and development pursuant to Law 190/2014, relative to the tax years 2015 to 2019.

The 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 and 5 December 2023, the company was requested to appear for the purposes of IRES and IRAP investigations for the years 2017, 2018 e 2019 and initial meetings with the Veneto Regional Office of the Revenue Service followed.

When preparing the 2023 consolidate annual report, the Group, together with its tax consultants, found that it was unlikely that the investigations would move forward.

**45. 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.

**46. Operating segments**

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

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

Information relating to operating segments is presented below:

#### Income Statement data

	2023				
	Europe	Americas/ APA	MEIA	Intersegment eliminations (**)	Total
<b>Total revenues (*)</b>	<b>2,278,490</b>	<b>1,506,963</b>	<b>159,126</b>	<b>(868,675)</b>	<b>3,075,904</b>
<b>EBITDA</b>	<b>280,966</b>	<b>142,360</b>	<b>14,820</b>	<b>(327)</b>	<b>437,819</b>
Amortization	(76,029)	(31,921)	(241)	-	(108,191)
<b>EBIT</b>	<b>204,937</b>	<b>110,439</b>	<b>14,579</b>	<b>(327)</b>	<b>329,628</b>
Net financial income (expenses)					(2,330)
<b>Profit (loss) before taxes</b>					<b>327,298</b>
Taxes					(76,886)
<b>Profit (loss) for the year</b>					<b>250,412</b>
Profit (loss) pertaining to minority					35
<b>Profit (loss) pertaining to Group</b>					<b>250,377</b>

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

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

#### Data from statement of financial position

	31 December 2023				
	Europe	Americas/ APA	MEIA	Intersegment eliminations	Total
<b>Total assets</b>	3,256,416	1,440,959	85,952	(970,899)	3,812,428
<b>Total liabilities</b>	(2,190,713)	(744,695)	(36,782)	970,901	(2,001,289)

#### Income Statement data

	2022				
	Europe	Americas/ APA	MEIA	Intersegment eliminations (**)	Total
<b>Total revenues (*)</b>	<b>2,206,388</b>	<b>1,512,722</b>	<b>181,317</b>	<b>(741,994)</b>	<b>3,158,433</b>
<b>EBITDA</b>	<b>236,931</b>	<b>119,979</b>	<b>16,089</b>	<b>(3,623)</b>	<b>369,376</b>
Amortization	(72,408)	(33,157)	(273)	-	(105,838)
<b>EBIT</b>	<b>164,523</b>	<b>86,822</b>	<b>15,816</b>	<b>(3,623)</b>	<b>263,538</b>
Net financial income (expenses)					(25,341)
<b>Profit (loss) before taxes</b>					<b>238,197</b>
Taxes					(58,354)
<b>Profit (loss) for the year</b>					<b>179,843</b>
Profit (loss) pertaining to minority					2,415
<b>Profit (loss) pertaining to Group</b>					<b>177,428</b>

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

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

#### Data from statement of financial position

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

## 47. Subsequent events

After 31 December 2023 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.

On 27 February 2024 the Group finalized the agreements for a business combination between Eversys (a leading company in the production and distribution of automatic coffee machines) and La Marzocco (a leading company in the production and distribution of semi-automatic coffee machines and coffee grinders).

With this transaction, La Marzocco and Eversys will be able to create synergies and cross-selling opportunities, 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 and complementary of 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.

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 received the prior favorable opinion of the Independent Committee, responsible for transactions with related parties of greater importance and the unanimous vote of the Board of Directors of De' Longhi S.p.A., with the abstention of the President Giuseppe de' Longhi and the Directors Fabio de' Longhi and Silvia de' Longhi, in compliance with the provisions of the legislation and regulations regarding related parties.

The transaction involved the creation of a new corporate structure controlled by De' Longhi S.p.A., with the related contribution of Eversys, the acquisition by De' Longhi S.p.A. of shares (directly and/or indirectly held) of La Marzocco International LLC from De Longhi Industrial S.A. and from minority shareholders, for approximately 41.2% of the share capital. The remaining shares of La Marzocco were also contributed to the new corporate structure by the shareholders.

Due to the finalization of the transaction on the basis of preliminary results for Eversys and La Marzocco, while still being audited, De' Longhi Group owns approximately 61.6% of the new entity, alongside minority stakes held by De Longhi Industrial S.A. (26.5% approximately) and the previous minority shareholders of La Marzocco (12%). The total net cash disbursement by De' Longhi Group was approximately US\$ 373 million, including US\$ 200 million in favour of De Longhi Industrial S.A. (for the 22% share of La Marzocco) and US\$ 173 million for the purchase of shares from La Marzocco's minority shareholders (for the 19.1% share of La Marzocco).

This amount was entirely covered by the own resources of De' Longhi Group.

The transaction did not have any impact on the De' Longhi Group's consolidated results reported in the present Annual financial report, except for some consulting and advisory costs related to the combination.

*Treviso, 12 March 2024*

*De' Longhi S.p.A.*

*Vice President and Chief Executive Officer*

*Fabio de' Longhi*

# 03

## Group annual report and financial statements

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

## List of consolidated companies

### Companies consolidated according to line-by-line method

Company name	Registered office	Currency	Share capital (1)	Interest held at 31/12/2023	
				Directly	Indirectly
DE'LONGHI APPLIANCES S.R.L.	Treviso	EUR	200,000,000	100%	
DE'LONGHI AMERICA INC.	Upper Saddle River	USD	600,000		100%
DE'LONGHI FRANCE SAS	Clichy	EUR	2,737,500		100%
DE'LONGHI CANADA INC.	Brampton	CAD	1		100%
DE'LONGHI DEUTSCHLAND GMBH	Neu-Isenburg	EUR	2,100,000	100%	
DE'LONGHI BRAUN HOUSEHOLD GMBH	Neu-Isenburg	EUR	100,000		100%
DE'LONGHI ELECTRODOMESTICOS ESPANA S.L.	Barcelona	EUR	3,066		100%
DE'LONGHI CAPITAL SERVICES S.R.L. (2)	Treviso	EUR	53,000,000	11%	89%
E- SERVICES S.R.L.	Treviso	EUR	50,000	100%	
DE'LONGHI KENWOOD A.P.A. LTD	Hong Kong	HKD	73,010,000		100%
TRICOM INDUSTRIAL COMPANY LIMITED	Hong Kong	HKD	171,500,000		100%
PROMISED SUCCESS LIMITED	Hong Kong	HKD	28,000,000		100%
ON SHIU (ZHONGSHAN) ELECTRICAL APPLIANCE CO.LTD.	Zhongshan City	CNY	USD 21.200.000		100%
DE'LONGHI-KENWOOD APPLIANCES (DONG GUAN) CO.LTD.	Qing Xi Town	CNY	HKD 285.000.000		100%
DE LONGHI BENELUX S.A.	Luxembourg	EUR	181,730,990	100%	
DE'LONGHI JAPAN CORPORATION	Tokyo	JPY	450,000,000		100%
DE'LONGHI AUSTRALIA PTY LTD.	Prestons	AUD	28,800,001		100%
DE'LONGHI NEW ZEALAND LTD.	Auckland	NZD	16,007,143		100%
DE'LONGHI LLC	Mosca	RUB	3,944,820,000		100%
KENWOOD APPLIANCES LTD.	Havant	GBP	30,586,001		100%
KENWOOD LIMITED	Havant	GBP	26,550,000		100%
KENWOOD INTERNATIONAL LTD.	Havant	GBP	20,000,000		100%
KENWOOD APPL. (SINGAPORE) PTE LTD.	Singapore	SGD	500,000		100%
KENWOOD APPL. (MALAYSIA) SDN.BHD.	Subang Jaya	MYR	1,000,000		100%
DE'LONGHI-KENWOOD GMBH	Wr Neudorf	EUR	36,336	100%	
DE'LONGHI SOUTH AFRICA PTY.LTD.	Constantia Kloof	ZAR	100,332,501		100%
DE'LONGHI KENWOOD HELLAS SINGLE MEMBER S.A.	Atene	EUR	452,520		100%
DE'LONGHI PORTUGAL UNIPessoal LDA	Matosinhos	EUR	5,000		100%
ARIETE DEUTSCHLAND GMBH	Dusseldorf	EUR	25,000		100%

Company name	Registered office	Currency	Share capital (1)	Interest held at 31/12/2023	
				Directly	Indirectly
CLIM.RE. S.A.	Luxembourg	EUR	1,239,468	4%	96%
ELLE S.R.L.	Treviso	EUR	10.000		100%
TASFIYE HALINDE DE'LONGHI BOSPHORUS EV ALETLERI TICARET ANONIM SIRKETI	Istanbul	TRY	3,500,000		100%
DE'LONGHI PRAGA S.R.O.	Praga	CZK	200,000		100%
DE'LONGHI SWITZERLAND AG	Baar	CHF	1,000,000		100%
DL HRVATSKA D.O.O.	Zagabria	EUR	HRK 20.000		100%
DE'LONGHI BRASIL - COMÉRCIO E IMPORTAÇÃO Ltda	São Paulo	BRL	43,857,581		100%
DE'LONGHI POLSKA SP. Z.O.O.	Varsavia	PLN	50,000	0%	100%
DE'LONGHI APPLIANCES TECHNOLOGY SERVICES (Shenzen) Co. Ltd	Shenzen	CNY	USD 175.000		100%
DE'LONGHI UKRAINE LLC	Kiev	UAH	549,843		100%
DE'LONGHI KENWOOD MEIA F.ZE	Dubai	USD	AED 2.000.000		100%
DE'LONGHI ROMANIA S.R.L.	Cluj-Napoca	RON	140,000,000	10%	90%
DE'LONGHI KOREA LTD	Seoul	KRW	900,000,000		100%
DL CHILE S.A.	Santiago del Cile	CLP	3,079,065,844		100%
DE'LONGHI SCANDINAVIA AB	Stockholm	SEK	5,000,000		100%
DE'LONGHI MEXICO SA DE CV	Bosques de las Lomas	MXN	53,076,000		100%
DE'LONGHI APPLIANCES (SHANGHAI) CO. LTD	Shanghai	CNY	USD 12.745.000		100%
DE' LONGHI MAGYARORSZÁG KFT.	Budapest	HUF	34,615,000		100%
DE' LONGHI US HOLDING LLC	Wilmington	USD	50,100,000		100%
DE LONGHI LLP	Almaty	KZT	500,000		100%
BRUNO INTERNATIONAL HoldCo LLC	Wilmington	USD	1	100%	
BRUNO U.S. HoldCo LLC	Wilmington	USD	1	100%	

The list of the companies belonging to the Capital Brands Group is provided below; all of the companies are indirectly controlled 100% by De' Longhi S.p.a.:

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

The list of the companies belonging to the Eversys Group is provided below; all of the companies are indirectly controlled 100% by De' Longhi S.p.a.:

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

**Investments valued in accordance with the equity method**

Company name	Registered office	Currency	Share capital (1)	Interest held at 31/12/2023	
				Directly	Indirectly
DL-TCL HOLDINGS (HK) LTD.	Hong Kong	HKD	USD 5.000.000		50%
TCL-DE'LONGHI HOME APPLIANCES (ZHONGSHAN) CO.LTD.	Zhongshan City	CNY	USD 5.000.000		50%
NPE S.R.L.	Treviso	EUR	1,000,000		20%
H&T-NPE EAST EUROPE S.R.L.	Madaras	RON	14,707,600		20%

(1) Figures at 31 December 2023, unless otherwise specified.

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

(3) Dormant.

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

(€/000)	2023	2022
Profit (loss) pertaining to the Group	250,377	177,428
Income taxes for the period	76,886	58,354
Amortization	108,191	105,838
Net change in provisions and other non-cash items	10,851	(1,661)
<b>Cash flow generated by current operations (A)</b>	<b>446,305</b>	<b>339,959</b>
<b>Change in assets and liabilities for the period:</b>		
Trade receivables	2,369	103,352
Inventories	34,553	230,225
Trade payables	186,920	(417,726)
Other changes in net working capital	11,740	203
Payment of income taxes	(97,555)	(104,086)
<b>Cash flow generated (absorbed) by movements in working capital (B)</b>	<b>138,027</b>	<b>(188,032)</b>
<b>Cash flow generated by current operations and movements in working capital (A+B)</b>	<b>584,332</b>	<b>151,927</b>
<b>Investment activities:</b>		
Investments in intangible assets	(18,670)	(15,282)
Other cash flows for intangible assets	-	-
Investments in property, plant and equipment	(76,632)	(113,638)
Other cash flows for property, plant and equipment	1,933	522
Investments in leased assets	(41,036)	(28,139)
Other cash flows for leased assets	950	1,225
Net investments in financial assets and in minority interest	1,147	(890)
<b>Cash flow absorbed by ordinary investment activities (C)</b>	<b>(132,308)</b>	<b>(156,202)</b>
<b>Cash flow by operating activities (A+B+C)</b>	<b>452,024</b>	<b>(4,275)</b>
Fair value and cash flow reserves	(614)	(3,893)
Change in currency translation reserve	(20,648)	592
Exercise of stock option	5,101	3,355
Dividends paid	(72,079)	(124,501)
Increase of minority interest	35	2,415
<b>Cash flows absorbed by changes net equity (D)</b>	<b>(88,205)</b>	<b>(122,032)</b>
<b>Cash flow for the period (A+B+C+D)</b>	<b>363,819</b>	<b>(126,307)</b>
<b>Opening net financial position</b>	<b>298,781</b>	<b>425,088</b>
Cash flow for the period (A+B+C+D)	363,819	(126,307)
<b>Consolidated closing net financial position</b>	<b>662,600</b>	<b>298,781</b>

## Transactions and balances with related parties

(€/000)	2023	of which with related parties	2022	of which with related parties
Revenue from contracts with customers	3,043,086	691	3,126,940	1,445
Other revenues	32,818	722	31,493	2,269
<b>Total consolidated revenues</b>	<b>3,075,904</b>		<b>3,158,433</b>	
Raw and ancillary materials, consumables and goods	(1,301,454)	(34,455)	(1,194,715)	(29,846)
Change in inventories of finished products and work in progress	(23,588)		(235,736)	
Change in inventories of raw and ancillary materials, consumables and goods	(10,800)		5,519	
<b>Materials consumed</b>	<b>(1,335,842)</b>		<b>(1,424,932)</b>	
Payroll costs	(393,246)		(356,710)	
Services and other operating expenses	(885,207)	(694)	(987,496)	(779)
Provisions	(23,790)		(19,919)	
Amortization	(108,191)		(105,838)	
<b>EBIT</b>	<b>329,628</b>		<b>263,538</b>	
Net financial income (expenses)	(2,330)	(286)	(25,341)	(289)
<b>Profit (loss) before taxes</b>	<b>327,298</b>		<b>238,197</b>	
Taxes	(76,886)		(58,354)	
<b>Consolidated profit (loss)</b>	<b>250,412</b>		<b>179,843</b>	
Profit (loss) pertaining to minority	35		2,415	
<b>Consolidated profit (loss) after taxes</b>	<b>250,377</b>		<b>177,428</b>	

Assets (€/000)	31.12.2023	of which with related parties	31.12.2022	of which with related parties
<b>Non-current assets</b>				
Intangible assets	878,330		891,181	
- Goodwill	371,686		373,754	
- Other intangible assets	506,644		517,427	
Property, plant and equipment	477,981		446,899	
- Land, property, plant and machinery	226,757		210,818	
- Other tangible assets	154,799		158,071	
- Right of use assets	96,425		78,010	
Equity investments and other financial assets	131,725		136,336	
- Equity investments	4,294		6,103	
- Receivables	5,400		5,609	
- Other non-current financial assets	122,031		124,624	
Deferred tax assets	60,413		64,634	
<b>Total non-current assets</b>	<b>1,548,449</b>		<b>1,539,050</b>	
<b>Current assets</b>				
Inventories	504,678		550,659	
Trade receivables	272,692	1,032	278,811	1,417
Current tax assets	20,244		15,512	
Other receivables	43,695		29,884	
Current financial receivables and assets	172,472		368,354	
Cash and cash equivalents	1,250,198		770,247	
<b>Total current assets</b>	<b>2,263,979</b>		<b>2,013,467</b>	
Non-current assets held for sale	-		1,189	
<b>Total assets</b>	<b>3,812,428</b>		<b>3,553,706</b>	

Net equity and liabilities (€/000)	31.12.2023	of which with related parties	31.12.2022	of which with related parties
<b>Net equity</b>				
Group portion of net equity	1,811,139		1,659,117	
- Share Capital	226,590		226,590	
- Reserves	1,334,172		1,255,099	
- Profit (loss) pertaining to the Group	250,377		177,428	
Minority interest	-		4,274	
<b>Total net equity</b>	<b>1,811,139</b>		<b>1,663,391</b>	
<b>Non-current liabilities</b>				
Financial payables	593,079		773,968	
- Banks loans and borrowings (long-term portion)	300,844		477,582	
- Other financial payables (long-term portion)	214,617		236,026	
- Lease liabilities (long-term portion)	77,618	19,008	60,360	18,070
Deferred tax liabilities	72,164		83,254	
Non-current provisions for contingencies and other charges	122,918		110,699	
- Employee benefits	51,041		38,532	
- Other provisions	71,877		72,167	
<b>Total non-current liabilities</b>	<b>788,161</b>		<b>967,921</b>	
<b>Current liabilities</b>				
Trade payables	716,238	7,473	540,687	13,392
Financial payables	289,022		190,476	
- Banks loans and borrowings (short-term portion)	196,005		91,510	
- Other financial payables (short-term portion)	72,012		78,502	
- Lease liabilities (short-term portion)	21,005	4,076	20,464	3,513
Current tax liabilities	70,571	26,115	76,264	47,984
Other payables	137,297		114,967	
<b>Total current liabilities</b>	<b>1,213,128</b>		<b>922,394</b>	
<b>Total net equity and liabilities</b>	<b>3,812,428</b>		<b>3,553,706</b>	

## Summary by company

In compliance with the guidelines and methods for identifying significant transactions, especially those with related parties covered by the De' Longhi S.p.A. rules on corporate governance, we shall now present the following information concerning related party transactions during 2023 and related balances with mainly commercial nature at 31 December 2023:

(€/million)	Revenues	Costs	Financial Income (Expense)	Trade and other receivables	Trade and other payables	Financial payables - IFRS 16
<b>Related companies:</b>						
HeT-NPE EAST EUROPE SRL	-	0.1	-	-	0.2	-
TCL-De'Longhi Home Appliances (Zhongshan) Co.Ltd.	-	2.3	-	-	0.4	-
NPE S.r.l.	0.2	32.1	-	0.5	6.9	-
Gamma S.r.l.	0.7	0.6	(0.3)	0.4	-	23.1
De Longhi Industrial S.A.	-	-	-	-	26.1	-
Other related parties	0.5	-	-	0.1	-	-
<b>Total related parties</b>	<b>1.4</b>	<b>35.1</b>	<b>(0.3)</b>	<b>1.0</b>	<b>33.6</b>	<b>23.1</b>

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

The Parent Company De' Longhi S.p.A. and a few Italian subsidiaries adhered to the national tax consolidation regime (Presidential Decree. n. 917/1986 - "TUIR" - articles 117 through 129, and Decree of 1st March 2018), as part of a tax group formed by De Longhi Industrial S.A.; the agreement entered into covers the three-year period 2022-2024 and may be renewed. The €26.1 million included in tax payables is comprised of the taxes payable by the members of the tax group through De Longhi Industrial S.A..

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

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	2023 Fees
<b>Auditing</b>	PwC S.p.A.	De' Longhi S.p.A. (parent company)	400
	PwC S.p.A.	Italian subsidiaries	267
	Network of parent company auditor	Foreign subsidiaries	1,401
	Other auditors	Foreign subsidiaries	96
<b>Other services</b>	PwC S.p.A.	De' Longhi S.p.A. (parent company)	30
	Network of parent company auditor	De' Longhi S.p.A. (parent company)	27
	PwC S.p.A.	Italian subsidiaries	74
	Network of parent company auditor	Foreign subsidiaries	551

(Euro/000)

## 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 2023:

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

It is also certified that the consolidated financial statements at 31 December 2023:

- have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002 and with the measures implementing art. 9 of Decree 38/2005;
- correspond to the underlying accounting records and books of account;
- are able to provide a true and fair view of the issuer's statement of financial position and results of operations and of the Group of companies included in the consolidation.

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

Fabio de' Longhi

*Chief Executive Officer*

Stefano Biella

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

# 03

## Group annual report and financial statements

External auditors' report on the  
consolidated 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 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 2023, the income statement, the statement of comprehensive income, the statement of changes in net 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 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as 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 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 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](http://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 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 371.7 million and trademarks for Euro 334.5 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 120.0 million and the "Eversys" trademark for Euro 39.2 million.

For the purpose of impairment testing, goodwill was allocated to the following cash-generating units ("CGUs"): De' Longhi, Kenwood, Braun, Capital Brands and Eversys.

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, the carrying amounts of 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.

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.

As part of our audit of the consolidated financial statements as of 31 December 2023, 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 12 March 2024.

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.

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 International Financial Reporting Standards as adopted by the European Union and with prevailing practice. Moreover, the key



In the course of our audit of the consolidated financial statements as of 31 December 2023, 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.

valuation parameters adopted were analysed in terms of reasonableness. With specific reference to the method of calculation of discount rates, royalty rates, and medium-/long-term growth rates, we verified that these had been determined in accordance with International Financial Reporting Standards as adopted by the European Union, 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 2023 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 International Financial Reporting Standards as 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 2023, 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 2023 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.

Due to certain technical limitations, some information included in the explanatory notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.



***Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and 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 the De' Longhi Group as of 31 December 2023, 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 of the De' Longhi Group as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of De' Longhi Group as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), 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.

***Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016***

The directors of De' Longhi SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.

We have verified that the directors approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Treviso, 28 March 2024

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) 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 statement**

**Independent auditors' report on  
consolidated Non-Financial  
Statement**





## **Independent auditor's report on the consolidated non-financial statement**

*pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB regulation No. 20267*

To the board of directors of De' Longhi SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5, paragraph 1 g), of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of De' Longhi SpA and its subsidiaries (hereinafter the "Group" or the "De' Longhi Group") for the year ended 31 December 2023 prepared in accordance with article 4 of the Decree, presented in the specific section of the report on operations and approved by the board of directors on 12 March 2024 (the "NFS").

Our review does not extend to the information set out in the section titled "the European Taxonomy" of the Group's NFS, required by article 8 of Regulation (EU) No. 2020/852.

### **Responsibilities of the Directors and the Board of Statutory Auditors for the NFS**

The directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016, and updated to 2021, from GRI – Global Reporting Initiative (hereafter the "GRI Standards"), which they identified as the reporting standard.

The directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary for an understanding of the Group's activities, development, performance and related impacts.

Finally, the directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for identifying and managing the risks generated and/or faced by the latter.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

### **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](http://www.pwc.com/it)



### **Auditor's Independence and Quality Control**

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In the period this engagement refers to our firm applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a comprehensive system of quality control including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Auditor's responsibilities**

Our responsibility is to express a limited assurance conclusion, based on the procedures we have performed, regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with *International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. That standard requires that we plan and perform procedures to obtain limited assurance about whether the NFS is free from material misstatement. Therefore, the procedures performed were less in extent than for a reasonable assurance engagement conducted in accordance with ISAE 3000 Revised and, consequently, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and included inquiries, mainly of personnel of the Group responsible for the preparation of the information presented in the NFS, inspection of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS in relation to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation perimeter, in order to assess their compliance with the Decree;
3. understanding of the following matters:
  - business and organisational model of the Group with reference to the management of the matters specified in article 3 of the Decree;
  - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
  - key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under item 4 a) below.
4. Understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of De' Longhi SpA and with the personnel of De' Longhi Appliances Srl, De' Longhi Romania Srl and Kenwood Limited and we



performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a group level,
  - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidences,
  - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for De' Longhi SpA and De' Longhi Appliances Srl (Treviso offices and Mignagola, Gorgo al Monticano and Campi Bisenzio plants), for the De' Longhi Romania Srl (Cluj and Salonta - Romania) and for Kenwood Limited (Havant – United Kingdom), which we selected on the basis of their activities, their contribution to the key performance indicators at a consolidated level and their location, we carried out drill down activities during which we spoke with local management and gathered supporting documentation on a sample basis regarding the correct application of the procedures and calculation methods used for the indicators.

### **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the NFS of the De' Longhi Group for the year ended 31 December 2023 is not prepared, in all significant respects, in accordance with articles 3 and 4 of the Decree and with the GRI Standards.

Our conclusion above does not extend to the information set out in the paragraph titled “the European Taxonomy” of the Group’s NFS required by article 8 of Regulation (EU) No. 2020/852.

Treviso, 28 March 2024

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)	2023	% revenues	2022	% revenues
<b>Revenues</b>	<b>15.2</b>	<b>100.0%</b>	<b>12.7</b>	<b>100.0%</b>
<i>Change</i>	2.5	19.7%		
Materials consumed	(0.1)	(0.4%)	(0.1)	(0.5%)
Services and other operating expenses	(18.9)	(124.4%)	(18.8)	(148.7%)
Payroll	(12.6)	(83.0%)	(7.0)	(55.1%)
<b>EBITDA before non-recurring/stock option costs</b>	<b>(16.3)</b>	<b>(107.8%)</b>	<b>(13.2)</b>	<b>(104.4%)</b>
<i>Change</i>	(3.1)	23.6%		
Non-recurring expenses/stock option costs	(6.0)	(39.3%)	(0.9)	(6.8%)
<b>EBITDA</b>	<b>(22.3)</b>	<b>(147.1%)</b>	<b>(14.1)</b>	<b>(111.2%)</b>
Amortization	(0.4)	(2.8%)	(0.4)	(3.1%)
<b>EBIT</b>	<b>(22.7)</b>	<b>(149.9%)</b>	<b>(14.5)</b>	<b>(114.3%)</b>
<i>Change</i>	(8.2)	56.9%		
Dividends	51.9	342.6%	132.9	1,049.5%
Net financial income (expenses)	4.0	26.7%	(11.9)	(93.6%)
<b>Profit (loss) before taxes</b>	<b>33.2</b>	<b>219.3%</b>	<b>106.6</b>	<b>841.6%</b>
Taxes	3.3	22.0%	(5.8)	(45.8%)
<b>Net Result</b>	<b>36.6</b>	<b>241.3%</b>	<b>100.8</b>	<b>795.8%</b>

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 2023 dividends amounted to €51.9 million (€132.9 million in 2022) while net financial expenses came to €4.0 million (€11.9 million in 2022).

Net financial expenses include the interest income relating to the Group cash pooling balance and the interest on the Company's financial debt (recalculated using the amortized cost method).

Net profit came to €36.6 million (€100.8 million in 2022).

The reclassified statement of financial position is presented below:

(€/million)	31.12.2023	31.12.2022	Change	Change %
- Tangible and intangible assets	1.0	1.2	(0.1)	(12.4%)
- Financial assets	615.5	567.5	48.0	8.5%
<b>Non-current assets</b>	<b>616.5</b>	<b>568.7</b>	<b>47.9</b>	<b>8.4%</b>
- Trade receivables	12.5	1.2	11.3	925.1%
- Trade payables	(11.7)	(7.6)	(4.1)	53.6%
- Other receivables (net of payables)	4.6	1.0	3.6	350.8%
<b>Net working capital</b>	<b>5.4</b>	<b>(5.4)</b>	<b>10.8</b>	<b>(201.0%)</b>
<b>Total non-current liabilities and provisions</b>	<b>(9.5)</b>	<b>(16.9)</b>	<b>7.4</b>	<b>(43.8%)</b>
<b>Net capital employed</b>	<b>612.5</b>	<b>546.4</b>	<b>66.0</b>	<b>12.1%</b>
<b>Net financial position</b>	<b>54.9</b>	<b>(42.1)</b>	<b>97.0</b>	<b>(230.4%)</b>
<b>Total net equity</b>	<b>557.6</b>	<b>588.5</b>	<b>(31.0)</b>	<b>(5.3%)</b>
<b>Total net debt and equity</b>	<b>612.5</b>	<b>546.4</b>	<b>66.0</b>	<b>12.1%</b>

The net financial position amounted to €54.9 million at 31 December 2023 (positive for €42.1 million at 31 December 2022), broken down as follows:

(€/million)	31.12.2023	31.12.2022	Change
Cash and cash equivalents	1.6	2.5	(0.9)
Other financial receivables	661.5	861.9	(200.4)
Current financial debt	(202.1)	(110.1)	(92.0)
<b>Net current financial position</b>	<b>461.0</b>	<b>754.3</b>	<b>(293.3)</b>
<b>Non-current net financial debt</b>	<b>(515.9)</b>	<b>(712.2)</b>	<b>196.3</b>
<b>Total net financial position</b>	<b>(54.9)</b>	<b>42.1</b>	<b>(97.0)</b>
<i>of which:</i>			
- positions with banks and other financial payables	(56.1)	39.2	(95.3)
- lease liabilities	(1.0)	(1.0)	-
- other net assets/(liabilities): fair value of derivatives	2.2	3.9	(1.7)

Net debt includes a few specific financial items, including the fair value measurement of derivatives which shows a net positive balance of €2.2 million at 31 December 2023 (positive for €3.9 million at 31 December 2022).

The net financial position at 31 December 2023 also includes the impact of IFRS 16 adoption with resulted in the recognition of €1.0 million in "Lease payables" (€1.0 million at 31 December 2022).

Net of these items, the net financial position with banks was €56.1 million at 31 December 2023.

The statement of cash flows, reclassified on the basis of net financial position, is summarized as follows:

(€/million)	2023	2022
Cash flow by current operations	(14.2)	(27.3)
Cash flow by changes in working capital	(17.6)	6.5
Cash flow by investment activities	3.6	132.7
<b>Cash flow by operating activities</b>	<b>(28.1)</b>	<b>111.9</b>
Dividends paid	(72.1)	(124.5)
Cash flow by changes in cash flow hedge reserves	(1.9)	3.4
Stock options exercise	5.1	3.3
<b>Cash flow generated (absorbed) by changes in net equity</b>	<b>(68.9)</b>	<b>(117.8)</b>
<b>Cash flow for the period</b>	<b>(97.0)</b>	<b>(5.9)</b>
Opening net financial position	42.1	48.0
<b>Closing net financial position</b>	<b>(54.9)</b>	<b>42.1</b>

Negative net operating cash flow amounted to €28.1 million (positive €111.9 million in 2022), a decrease of € 140.0 million with respect to the prior year. This change is mainly affected by a payment settle during the year to recapitalize a subsidiary and lower dividends received from subsidiaries, which will be distributed in the coming months.

Cash flow to net equity reached a negative €68.9 million (negative €117.8 million in 2022), explained primarily by dividend payments of €72.1 million, the exercise of stock options for €5.1 million and the change in the cash flow hedge reserve relating to the fair value of derivatives of €1.9 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 31.12.2023	Profit for 2023	Net equity 31.12.2022	Profit for 2022
<b>De' Longhi S.p.A. financial statements</b>	<b>557,569</b>	<b>36,578</b>	<b>588,531</b>	<b>100,808</b>
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	835,561	218,905	649,687	59,442
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	463,150	(444)	465,679	5,308
Elimination of intercompany profits	(45,425)	(4,613)	(40,820)	14,286
Other adjustments	284	(14)	314	(1)
<b>Consolidated financial statements</b>	<b>1,811,139</b>	<b>250,412</b>	<b>1,663,391</b>	<b>179,843</b>
Minority	-	35	4,274	2,415
<b>Consolidated financial statements-Group portion</b>	<b>1,811,139</b>	<b>250,377</b>	<b>1,659,117</b>	<b>177,428</b>

Please refer to the yearly Report on Remuneration for all relevant information not contained in the present report.

## Human resources and organization

The company had 55 employees at 31 December 2023 (55 at 31 December 2022).

The following table summarizes the average number of employees during 2023 compared with 2022:

	2023	%	2022	%	Change
White collars	38	68%	41	71%	(3)
Managers	18	32%	17	29%	1
<b>Total</b>	<b>56</b>	<b>100%</b>	<b>58</b>	<b>100%</b>	<b>(2)</b>

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 - quality control*" 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](http://www.delonghigroup.com) (section *Home > Governance > Corporate bodies > Shareholders' Meeting 2024*).

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.

In 2023 the on-boarding process was completed at all the branches acquired in the prior year. In a context characterized by an uncertain and complex business landscape, periodic changes were made to the risk scenarios in the main markets and the production plants. 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.

Similar to the prior year, concerns about the global market conditions continued to dominate in various markets. Moving toward a period of post-pandemic normalization, the Group faced changes in the business environment, including the transformation of the consumers' preferences, supply chain difficulties and challenges associated with technological innovation.

From 2021 to 2023, the operational progress fueled significant advantages, facilitating timely decisions in response to global uncertainties. Crucial initiatives like the digitalization of the supply chain, diversification of the suppliers and centralization of a few activities at corporate headquarters made it possible to improve estimates, made the integrated planning process more efficient, made procurement more flexible and intensified automation of operations. These measures strengthened the Group's operating resilience considerably, as proven by the quick reaction to the risks associated with recent logistics

issues, like problems in the Suez Canal.

In order to further strengthen the monitoring of risks, Internal Audit will monitor exogenous risk factors closely, deepen the understanding of the ERM principles and will make ad hoc revisions to risk together with headquarter departments and local management during the year. This goal will be achieved by improving specific tools and launching new initiatives destined 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 trends: the Company's economic performance and financial position are also affected by macroeconomic trends.**

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 Europe, the conflict in Ukraine and logistical disruptions due to the crisis in the Red Sea impact investments and the availability of products in the markets, as well as influencing the on-time delivery of components to European production plants. In China, a slowdown in economic growth is observed combined with a crisis in the real estate sector. In the USA, intense inflationary pressures, due to fiscal policies, and the risk of a recession triggered by significant increases in interest rates. The conflict in Gaza also contributed to the deterioration of a situation of great instability in countries in the Middle East.

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

The Group is also subject to the risks connected to the spread of epidemics or serious health issues in the main reference markets which could interrupt or limit activities in these markets (in relation to operations, the supply chain and/or the sale of products, as well as all the back-office activities) as well as risks stemming from local conflicts which can also affect key markets, as was the case in Ukraine.

These events are not foreseeable, but as a result of past experiences the Company is able to react and implement all the measures needed to limit the consequences, as was the case in 2020/2021 when, due the global health crisis, the Group had to face an unprecedented level of market uncertainty.

The persistence of these situations, however, could interrupt and/or limit the Company's activities which would have an impact on 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, the HK dollar and the British pound.

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 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 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: 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 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 2023 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.

In 2023 there was a sudden change in monetary policies which resulted in a significant increase in interest rates.

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.

At the date of this report, the Company has one hedging agreement which protects the medium/long term loans from fluctuations in the interest rates.

**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 2023, 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 Non-Financial Statement based on the GRI-2021 principles and each year instructs the branches 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 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.

More information about the company's risk management can be found in the Explanatory notes.



At 31 December 2023 share capital comprised 151,060,000 ordinary shares with a par value €1.5 each, for a total of €226,590 thousand.

## Treasury shares

At 31 December 2023 the Company had 595,000 treasury shares for a total of €9,658 thousand, purchased in previous years; the difference with respect to 31 December 2022 (895,350 shares for €14,534 thousand) is explained by the exercise of 300,350 options relative to the "2020-2027 Stock Option Plan".

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

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.

In addition to the information required by IFRS, 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.



Based on Legislative Decree n.254/2016, in implementation of the Directive 95/2014 or "Barnier Directive", large public interest undertakings are required to publish a Non-Financial Statement (NFS) as of FY 2017.

For further information refer to the Consolidated Annual Report on Operations.

## Subsequent events

On 27 February 2024 the Group finalized the agreements for a business combination between Eversys (a leading company in the production and distribution of automatic coffee machines) and La Marzocco (a leading company in the production and distribution of semi-automatic coffee machines and coffee grinders). For further information on the purpose and structure of the transaction refer to the Report on Operations included in the Annual Report.

The De' Longhi Group's total net cash out for the transaction reached approximately US\$ 373 million, including the US\$ 200 million paid to De Longhi Industrial S.A. (for the 22% stake in La Marzocco) and US\$ 173 million for the purchase of shares from La Marzocco's minority shareholders (for the 19.1% stake in La Marzocco).

This amount was totally self-financed.

With the exception of the above, after 31 December 2023 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*.

**1) Proposed resolution relating to item 1 of the Agenda for the Annual General Meeting convened on 19 April 2024 ("Approval of the separate financial statements at 31 December 2023, 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 2023. Presentation of the Legislative Decree 254/16 Consolidated Non-Financial Statement. Related and consequent resolutions").**

Dear Shareholders,

in submitting the Annual Report at 31 December 2023 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 2023 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 2023 of De' Longhi S.p.A."*

**2) Proposed resolution relating to item 2 of the Agenda for the Annual General Meeting convened on 19 April 2024 ("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 2023, which amounted to €36,578,046, we propose that you approve the following resolution:

*"The shareholders of De' Longhi S.p.A., having acknowledged the net profit for the year shown in the separate financial statements at 31 December 2023 and the Directors' Report on Operations*

*resolve*

- 1. to distribute a gross ordinary dividend of €0.67 for each of the outstanding shares with dividend rights at the record date, as per art. 83-terdecies of Legislative Decree 58/98;*
- 2. to use the net earnings shown in the separate financial statements at 31 December 2023 for the purposes of 1) above and to use the extraordinary reserve to cover any differences;*
- 3. to establish a record date of 21 May 2024, pursuant to art. 83-terdecies of Legislative Decree n. 58/98, and that the dividend will be paid on each*

*share with dividend rights as from 22 May 2024, with shares going ex-div on 20 May, in accordance with Borsa Italiana's calendar".*

Treviso, 12 March 2024

*On behalf of the Board of Directors*

*Vice Chairman and Chief Executive Officer*

*Fabio de' Longhi*

# 05

## Separate annual report and 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



(Euro)	Notes	2023	of which non-recurring	2022	of which non-recurring
Other revenues	1	15,156,740		12,667,489	
<b>Total revenues</b>		<b>15,156,740</b>		<b>12,667,489</b>	
Raw and ancillary materials, consumables and goods	2	(60,896)		(67,480)	
<b>Materials consumed</b>		<b>(60,896)</b>		<b>(67,480)</b>	
Payroll costs	3	(13,486,860)		(7,846,428)	
Services and other operating expenses	4	(23,411,747)	(4,551,768)	(18,842,222)	
Provisions	5	(492,323)	(492,323)	-	
Amortization	6	(424,843)		(392,120)	
<b>EBIT</b>		<b>(22,719,929)</b>		<b>(14,480,761)</b>	
Net financial income (expenses)	7	55,962,847		121,092,914	
<b>Profit (loss) before taxes</b>		<b>33,242,918</b>		<b>106,612,153</b>	
Taxes	8	3,335,128		(5,804,087)	
<b>Profit (loss)</b>		<b>36,578,046</b>		<b>100,808,066</b>	

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)	2023	2022
<b>Profit (loss)</b>	<b>36,578,046</b>	<b>100,808,066</b>
<b>Other components of the comprehensive income:</b>		
Change in fair value of cash flow hedges	1,924,040	3,399,806
Tax effect on change in fair value of cash flow hedges and financial assets available for sale	(461,770)	(815,953)
<b>Total other comprehensive income will subsequently be reclassified to profit (loss) for the year</b>	<b>1,462,270</b>	<b>2,583,853</b>
Actuarial valuation funds	(7,010)	51,366
Tax effect of actuarial valuation funds	1,682	(12,328)
<b>Total other comprehensive income will not subsequently be reclassified to profit (loss) for the year</b>	<b>(5,328)</b>	<b>39,038</b>
<b>Total components of comprehensive income</b>	<b>1,456,943</b>	<b>2,622,891</b>
<b>Total comprehensive income</b>	<b>38,034,989</b>	<b>103,430,957</b>

# Statement of financial position

ASSETS (Euro)	Notes	31.12.2023	31.12.2022
<b>Non-current assets</b>			
Intangible assets		31,107	64,753
- Other intangible assets	9	31,107	64,753
Property, plant and equipment		995,481	1,107,229
- Other tangible assets	10	60,828	111,275
- Right of use assets	11	934,653	995,954
Equity investments and other financial assets		615,636,775	569,636,587
- Equity investments	12	615,516,129	567,516,127
- Receivables	13	120,646	100,372
- Other non-current financial assets	14	-	2,020,088
<b>Total non-current assets</b>		<b>616,663,363</b>	<b>570,808,569</b>
<b>Current assets</b>			
Trade receivables	15	12,499,455	1,219,377
Current tax assets	16	205	483,234
Other receivables	17	14,534,902	7,613,333
Current financial receivables and assets	18	661,487,232	861,910,713
Cash and cash equivalents	19	1,631,063	2,470,208
<b>Total current assets</b>		<b>690,152,857</b>	<b>873,696,865</b>
<b>Total assets</b>		<b>1,306,816,220</b>	<b>1,444,505,434</b>

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.

<b>NET EQUITY AND LIABILITIES (Euro)</b>	<b>Notes</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
<b>Net equity</b>			
- Share Capital	22	226,590,000	226,590,000
- Reserves	23	294,401,087	261,132,529
- Profit (loss)		36,578,046	100,808,066
<b>Net equity</b>		<b>557,569,133</b>	<b>588,530,595</b>
<b>Non-current liabilities</b>			
Financial payables		516,039,747	714,301,106
- Banks loans and borrowings (long-term portion)	24	300,843,641	477,581,507
- Other financial payables (long-term portion)	25	214,616,898	236,026,199
- Lease liabilities (long-term portion)	11	579,208	693,400
Deferred tax liabilities	26	2,712,168	13,300,309
Non-current provisions for contingencies and other charges		6,795,215	3,604,485
- Employee benefits	27	6,302,892	3,604,485
- Other provisions	28	492,323	-
<b>Total non-current liabilities</b>		<b>525,547,130</b>	<b>731,205,900</b>
<b>Current liabilities</b>			
Trade payables	29	11,677,258	7,600,488
Financial payables		202,080,685	110,090,798
- Banks loans and borrowings (short-term portion)	24	180,236,756	87,916,257
- Other financial payables (short-term portion)	25	21,491,244	21,870,165
- Lease liabilities (short-term portion)	11	352,685	304,376
Current tax liabilities	30	35,242	-
Other payables	31	9,906,772	7,077,653
<b>Total current liabilities</b>		<b>223,699,957</b>	<b>124,768,939</b>
<b>Total net equity and liabilities</b>		<b>1,306,816,220</b>	<b>1,444,505,434</b>

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.

(Euro)	Notes	2023	2022
Profit (loss)		36,578,045	100,808,066
Income taxes for the period		(3,335,128)	5,804,087
Income from dividends receipt		(51,922,552)	(132,947,008)
Amortization		424,843	392,120
Net change in provisions and other non-cash items		4,089,124	(1,355,653)
<b>Cash flow absorbed by current operations (A)</b>		<b>(14,165,668)</b>	<b>(27,298,388)</b>
<b>Change in assets and liabilities for the period:</b>			
Trade receivables		(11,280,078)	51,726
Trade payables		4,076,770	1,735,663
Other changes in net working capital		(392,804)	4,708,928
Payment of income taxes		(9,972,483)	-
<b>Cash flow generated (absorbed) by movements in working capital (B)</b>		<b>(17,568,595)</b>	<b>6,496,317</b>
<b>Cash flow generated by current operations and movements in working capital (A+B)</b>		<b>(31,734,263)</b>	<b>(20,802,071)</b>
<b>Investment activities:</b>			
Investments in property, plant and equipment		(21,803)	-
Other cash flows for property, plant and equipment		27,462	-
Net equity investments and other financial assets		(48,000,000)	-
Dividends collection		51,922,552	132,947,008
<b>Cash flow absorbed by investment activities (C)</b>		<b>3,928,211</b>	<b>132,947,008</b>
<b>Cash flow by operating activities (A+B+C)</b>		<b>(27,806,052)</b>	<b>112,144,937</b>
Exercise of stock option		5,100,544	3,353,361
Dividends paid		(72,429,271)	(124,636,775)
New loans		-	200,000,000
Payment of interests on loans		(22,327,436)	(6,333,818)
Repayment of loans and other net changes in sources of finance		116,623,070	(202,524,493)
<b>Cash flow generated (absorbed) by changes in net equity and by financing activities (D)</b>		<b>26,966,907</b>	<b>(130,141,725)</b>
<b>Cash flow for the period (A+B+C+D)</b>		<b>(839,145)</b>	<b>(17,996,788)</b>
<b>Opening cash and cash equivalents</b>	19	<b>2,470,208</b>	<b>20,466,996</b>
Cash flow for the period (A+B+C+D)		(839,145)	(17,996,788)
<b>Closing cash and cash equivalents</b>	19	<b>1,631,063</b>	<b>2,470,208</b>

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
<b>Balance at 31 December 2021</b>	<b>226,344,138</b>	<b>34,299,938</b>	<b>45,167,569</b>	<b>188,113,630</b>	<b>(14,533,855)</b>	<b>93,510</b>	<b>8,488,867</b>	<b>(134,419)</b>	<b>10,441,324</b>	<b>107,098,783</b>	<b>605,379,485</b>
Allocation of 2021 result as per AGM resolution of 20 April 2022											
- allocation to reserves			101,259							(101,259)	-
- distribution of dividends				(17,503,092)						(106,997,524)	(124,500,616)
Fair value stock option							867,408				867,408
Exercise/cancellation of stock option	245,862	3,967,819		2,122,890			(2,983,210)				3,353,361
<b>Movements from transactions with shareholders</b>	<b>245,862</b>	<b>3,967,819</b>	<b>101,259</b>	<b>(15,380,202)</b>	<b>-</b>	<b>-</b>	<b>(2,115,802)</b>	<b>-</b>	<b>-</b>	<b>(107,098,783)</b>	<b>(120,279,847)</b>
Profit (loss) after taxes										100,808,066	100,808,066
Other components of comprehensive income						2,583,853		39,038			2,622,891
<b>Comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,583,853</b>	<b>-</b>	<b>39,038</b>	<b>-</b>	<b>100,808,066</b>	<b>103,430,957</b>
<b>Balance at 31 December 2022</b>	<b>226,590,000</b>	<b>38,267,757</b>	<b>45,268,828</b>	<b>172,733,428</b>	<b>(14,533,855)</b>	<b>2,677,363</b>	<b>6,373,065</b>	<b>(95,381)</b>	<b>10,441,324</b>	<b>100,808,066</b>	<b>588,530,595</b>
<b>Balance at 31 December 2022</b>	<b>226,590,000</b>	<b>38,267,757</b>	<b>45,268,828</b>	<b>172,733,428</b>	<b>(14,533,855)</b>	<b>2,677,363</b>	<b>6,373,065</b>	<b>(95,381)</b>	<b>10,441,324</b>	<b>100,808,066</b>	<b>588,530,595</b>
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
<b>Movements from transactions with shareholders</b>	<b>-</b>	<b>1,810,126</b>	<b>49,172</b>	<b>28,679,862</b>	<b>4,875,461</b>	<b>-</b>	<b>(678,466)</b>	<b>-</b>	<b>-</b>	<b>(100,808,066)</b>	<b>(66,071,911)</b>
Profit (loss) after taxes										36,578,046	36,578,046
Other components of comprehensive income						(1,462,269)		(5,328)			(1,467,597)
<b>Comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,462,269)</b>	<b>-</b>	<b>(5,328)</b>	<b>-</b>	<b>36,578,046</b>	<b>35,110,449</b>
<b>Balance at 31 December 2023</b>	<b>226,590,000</b>	<b>40,077,883</b>	<b>45,318,000</b>	<b>201,413,290</b>	<b>(9,658,394)</b>	<b>1,215,094</b>	<b>5,694,599</b>	<b>(100,709)</b>	<b>10,441,324</b>	<b>36,578,046</b>	<b>557,569,133</b>

# 05

## Separate annual report and financial statements

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 2023 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 2023), 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 2023 are the same as those used for preparing the financial statements at 31 December 2022; the new amendments and accounting standards, described below, had no significant impacts on the present financial statements.

The financial statements at 31 December 2023 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 35. *Risk management* of the present Explanatory notes.

### International accounting standards adopted by the Company for the first time

With Regulation 2036/2021 of 19 November 2021 (and subsequent Regulations 1491/2022 of 8 September 2022 and 1083/2023 of 13 August 2023) the European Commission adopted IFRS 17 - *Insurance contracts* which will substitute IFRS 4. The new standard, which establishes rules for the recognition, measurement, presentation and disclosure of insurance contracts, will be applied to all insurance contracts issued by an entity (with limited exceptions). The new provisions did not impact this annual report.

Regulation 357/2022 of 2 March 2022, introduced

a few amendments to IAS 1 - *Presentation of financial statement* and to IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors* in order to improve the disclosure of accounting policies and provide investors and other primary users of the financial statements with more useful information, as well as help companies to distinguish the changes in accounting estimates from the changes in accounting policy. These changes did not impact the measurement or presentation of elements in this annual report.

In Regulation 1392/2022 of 11 August 2022, the European Commission introduced amendments to *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12* in order to clarify the accounting of deferred tax recognized in particular circumstances such as, for example, in the case of leasing and decommissioning obligations. These amendments clarify that a temporary difference deriving from recognition of an asset and a liability is not exempt from IAS 12 application if the transaction results in differences in taxable income and deductibles of the same amount. The application of the *Amendments to IAS 12* did not impact this annual report, it only increases the mandatory disclosure related to the recognition of deferred tax assets and liabilities in specific cases like leasing; for further information refer to note 26. Deferred tax liabilities found in these explanatory notes.

### International financial reporting standards and/or not yet applicable

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 Amendment to IAS12 introduces a temporary exception to recognition of deferred taxes connected to the application of Pillar 2.

More in detail, the amendment introduces:

- a temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the global tax measures. This helps to guarantee consistency in financial reports, while also facilitating implementation of the rules; and

- specific disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to income taxes arising from the reform, particularly before its effective date.

The amendment is applicable as of the year beginning 1 January 2023 (but not for interim periods which close by 31 December 2023).

The Company applied the temporary exception to the accounting of deferred assets called for in IAS 12; consequently, information regarding the deferred tax assets and liabilities relating to Pillar 2 income tax was not recorded nor reported.

The Company also carried out a preliminary assessment based on the provisions of the Transitional CbCR Safe Harbour (TSH) and other guidelines which are currently available.

Toward this end, this preliminary assessment needs to be confirmed in light of the interpretations and clarifications that OECD, union and/or domestic legislatures issue and/or publish in the future.

As the assessment was merely a preliminary overview, the concrete impact that Pillar 2 might have had on the Company's results, if it had been effective for the year ending 31 December 2023, could have been significantly different.

The Company continues to assess the impact that the law on Pillar 2 income tax will have on its future results.

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.

In both instances, the new provisions are applicable as from 1 January 2024.

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

### 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 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.

#### **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.

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 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:

- 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.

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.

### 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.

## 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 €15,073 thousand as shown in Appendix n. 4.

## 2. Raw and ancillary materials, consumables and goods

These are analyzed as follows:

	2023	2022	Change
Other purchases	61	67	(6)
<b>Total</b>	<b>61</b>	<b>67</b>	<b>(6)</b>

## 3. Payroll costs

The figures relating to the provisions made by the Company relative to severance and long-term benefits are summarized in note 27. *Employee benefits*.

This item includes the fair value of the stock option plan which amounted to €907 thousand in the reporting period (€867 thousand at 31 December 2022); please refer to note 21. *Stock option plans* for more information.

## 4. Services and other operating expenses

These are analyzed as follows:

	2023	2022	Change
Consulting services	7,116	3,004	4,112
Insurance	4,457	4,072	385
Directors' emoluments	2,602	3,523	(921)
Global marketing costs	2,365	2,629	(264)
Travel	533	216	317
Statutory auditors' emoluments	166	161	5
Rentals and leasing	151	108	43
Telephone costs	36	33	3
ADV and Promotional expenses	16	6	10
Other sundry services	5,145	4,628	517
<b>Total services</b>	<b>22,587</b>	<b>18,380</b>	<b>4,207</b>
Sundry taxes	635	275	360
Other	190	187	3
<b>Total other operating expenses</b>	<b>825</b>	<b>462</b>	<b>363</b>
<b>Services and other operating expenses</b>	<b>23,412</b>	<b>18,842</b>	<b>4,570</b>

"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 €4,552 thousand in net non-recurring expenses for consultancies related to the La Marzocco business combination. For further information on the purpose and structure of the transaction refer to the Report on Operations included in the Annual Report.

"Rentals and leasing" includes the operating costs for contracts that are not or do not contain leases (€139 thousand; €96 thousand at 31 December 2022), as well as the costs for leases of less than twelve months (€12 thousand; €12 thousand at 31 December 2022); for more information, please refer to note 11. *Leases*.

"Services and other operating expenses" include €2,769 thousand in costs from related parties, as reported in Appendix 4.

## 5. Provisions

"Provisions" include non-recurring reorganization costs.

## 6. Amortization

These are analyzed as follows:

	2023	2022	Change
Amortization of intangible assets	34	37	(3)
Depreciation of property, plant and equipment	50	51	(1)
Depreciation of right of use assets	341	304	37
<b>Total</b>	<b>425</b>	<b>392</b>	<b>33</b>

For further information on amortization and depreciation, please see the tables showing changes in intangible assets, property, plant and equipment, and leases.

## 7. Financial income (expenses)

Net financial income and expenses are broken down as follows:

	2023	2022	Change
Dividends	51,923	132,947	(81,024)
<b>Incomes (expenses) from equity investments</b>	<b>51,923</b>	<b>132,947</b>	<b>(81,024)</b>
Income (expenses) on exchange hedging transactions	19	42	(23)
Exchange differences and gains (losses) on currency hedges	(48)	(41)	(7)
<b>Profits (losses) on net exchange rates</b>	<b>(29)</b>	<b>1</b>	<b>(30)</b>
Net interest on loans	26,087	3,517	22,570
Interests	2	4	(2)
<b>Financial income</b>	<b>26,089</b>	<b>3,521</b>	<b>22,568</b>
Interest on m/l term loans	(17,979)	(11,418)	(6,561)
Interest expenses on bonds	(3,392)	(3,747)	355
Interest expenses on short-term loans and borrowings	(1)	(5)	4
<b>Financial expenses</b>	<b>(21,372)</b>	<b>(15,170)</b>	<b>(6,202)</b>
Interest for leasing	(13)	(11)	(2)
Other net financial income (expenses)	(635)	(195)	(440)
<b>Other net financial income (expenses)</b>	<b>(648)</b>	<b>(206)</b>	<b>(442)</b>
<b>Net financial income (expenses)</b>	<b>55,963</b>	<b>121,093</b>	<b>(65,130)</b>

"Financial income (expenses)" includes €77,959 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. and De' Longhi Kenwood 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 11. Leases.

## 8. Income taxes

These are analyzed as follows:

	2023	2022	Change
Current taxes	(6,790)	5,470	(12,260)
Advanced (deferred) taxes	10,125	(11,274)	21,399
<b>Total</b>	<b>3,335</b>	<b>(5,804)</b>	<b>9,139</b>

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.

"Advanced (deferred) taxes" 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. The item also includes the benefit from losses carried forward for tax purposes which may be considered taxable income in the future, as well as the deferred liabilities recognized for €9.8 million stemming from the possible release of distributable profit reserves of a few Group companies in accordance with Law 197/2022. Taxes on these amounts were paid in 2023.

More information on deferred taxes can be found in note 26. *Deferred tax liabilities*.

Effective as from 1 January 2024, the De' Longhi Group, a multinational enterprise group which, along with its direct shareholder, exceeds the threshold of consolidated revenues of at least €750 million for two of the four previous years, is subject to application of the Pillar 2 income tax called for in Directive 2022/2523, adopted in Italy with Legislative Decree 209/2023, which aims to ensure a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the European Union.

Based on paragraph 4.A of IAS 12, which provides for a temporary exemption from provisions of this standard relative to the recognition and reporting of information on deferred assets and liabilities derived from Pillar 2 application, in this annual report no Pillar 2 deferred tax assets or liabilities were recognized.

The actual and theoretical tax charge are reconciled here below.

As the Pillar 2 rules were not in effect at the closing date of the annual report, no current Pillar 2 taxes were recognized.

	2023	%	2022	%
Profit before taxes	33,243	100.0%	106,612	100.0%
Theoretical taxes	(7,978)	24.0%	(25,587)	24.0%
Permanent tax differences (dividends, net of disallowable costs) and other effects	11,313	34.0%	19,782	18.6%
<b>Actual taxes</b>	<b>3,335</b>	<b>10.0%</b>	<b>(5,804)</b>	<b>(5.4%)</b>

## Non-current assets

### 9. Intangible assets

These are analyzed as follows:

	31.12.2023		31.12.2022	
	Gross	Net	Gross	Net
Patents	2,244	31	2,244	65
<b>Total</b>	<b>2,244</b>	<b>31</b>	<b>2,244</b>	<b>65</b>

The following table reports movements during 2023:

	Patents
<b>Net opening balance</b>	<b>65</b>
Amortization	(34)
<b>Net closing balance</b>	<b>31</b>

### 10. Other tangible assets

These are analyzed as follows:

	31.12.2023		31.12.2022	
	Gross	Net	Gross	Net
Industrial and commercial equipment	19	-	19	-
Other	246	61	246	111
<b>Total</b>	<b>265</b>	<b>61</b>	<b>265</b>	<b>111</b>

The following table reports movements during 2023:

	Other
<b>Net opening balance</b>	<b>111</b>
Additions	22
Disposals	(22)
Amortization	(50)
<b>Net closing balance</b>	<b>61</b>

### 11. 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 2023 are detailed below:

	Land and buildings	Other	Total
<b>Net opening balance</b>	<b>816</b>	<b>180</b>	<b>996</b>
Additions	73	211	284
Disposals	(4)	-	(4)
Amortization	(240)	(101)	(341)
<b>Net closing balance</b>	<b>645</b>	<b>290</b>	<b>935</b>

In 2023, subsequent to the application of the IFRS 16 Leases, €341 thousand of depreciation were recognized in the income statement and €13 thousand of interest payable and while € 359 thousand of costs represented by the lease payments made were eliminated.

Financial liabilities for leases amounting to €932 thousand (of which €579 thousand expiring beyond 12 months) were recognized at 31 December 2023.

The financial liabilities for leases include amounts owed associates of €546 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 31.12.2023	Payable within one year	Payable in 1-5 years	Payable in more than five years
Lease liabilities	960	367	593	-

## 12. Equity investments

These are analyzed as follows:

Equity investments in subsidiary company	31.12.2023	31.12.2022	Change
De Longhi Benelux S.A.	314,737	266,737	48,000
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	-
<b>Total</b>	<b>615,516</b>	<b>567,516</b>	<b>48,000</b>

The €48,000 thousand increase in this item is explained by the amount deposited in a capital account for the subsidiary De Longhi Benelux S.A..

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.

## 13. Non-current receivables

This balance is analyzed as follows:

	31.12.2023	31.12.2022	Change
Receivables from subsidiaries	113	95	18
Guarantee deposit	7	5	2
<b>Total</b>	<b>120</b>	<b>100</b>	<b>20</b>

Appendix 4 contains details of "Receivables from subsidiary companies".

## 14. Other non-current financial assets

Details are as follows:

	31.12.2023	31.12.2022	Change
Fair value of derivatives	-	2,020	(2,020)
<b>Total</b>	<b>-</b>	<b>2,020</b>	<b>(2,020)</b>

More details on the fair value of derivatives can be found in note 35. *Risk management*.

## Current assets

### 15. Trade receivables

These are analyzed as follows:

	31.12.2023	31.12.2022	Change
Trade receivables within 12 months	12,499	1,219	11,280
<b>Total</b>	<b>12,499</b>	<b>1,219</b>	<b>11,280</b>

"Trade receivables" include €12,499 thousand in receivables from related parties, as reported in Appendix 4. Trade receivables do not include any amounts due beyond 12 months.

### 16. Current tax assets

These are detailed as follows:

	31.12.2023	31.12.2022	Change
Direct tax receivables	-	483	(483)
<b>Total</b>	<b>-</b>	<b>483</b>	<b>(483)</b>

In 2023 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.

### 17. Other receivables

These are analyzed as follows:

	31.12.2023	31.12.2022	Change
Transfer of IRES credits for the purposes of Domestic Tax Consolidation	8,529	5,457	3,072
VAT	3,737	547	3,190
Prepaid insurance costs	1,294	1,218	76
Other	975	391	584
<b>Total</b>	<b>14,535</b>	<b>7,613</b>	<b>6,922</b>

In 2023 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 €9,039 thousand in amounts due from related parties, as reported in Appendix 4.

None of the other receivables is due beyond 12 months.

### 18. Current financial receivables and assets

These are analyzed as follows:

	31.12.2023	31.12.2022	Change
Financial receivables	659,293	860,035	(200,742)
Fair value of derivatives	2,194	1,876	318
<b>Total</b>	<b>661,487</b>	<b>861,911</b>	<b>(200,424)</b>

"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 €659,293 thousand, as reported in Appendix 4.

More details on the fair value of derivatives can be found in note 35. Risk management.

None of the current financial receivables is due beyond 12 months.

### 19. 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 21 April 2023 the Shareholders' Meeting of De' Longhi S.p.A. resolved to distribute dividends for a total amount of €72,079 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.

### 20. Treasury shares

At 31 December 2023 the Company had 595,000 treasury shares for a total of €9,658 thousand, purchased in previous years; the change with respect to 31 December 2022 (895,350 for a total of €14,534 thousand) is explained by the exercise of 300,350 stock options relating to the "2020-2027 Stock Option Plan".

During the Shareholders' Meeting held on 21 April 2023, shareholders approved the renewal - after revoking the previous authorization granted by shareholders - of the authorization to purchase and sell treasury shares for up to a maximum of 14.5 million ordinary shares or for 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 authorization was approved for a period of up to a maximum of 18 months (therefore, through 21 October 2024) in accordance with the law.

### 21. Stock option plans

At 31 December 2023 a share-based incentive plan approved during De' Longhi S.p.A.'s Annual General Meeting held on 22 April 2020, the "Stock Option Plan 2020-2027", was in place.

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

The aim of the plan is to encourage the loyalty of the beneficiaries, encouraging their stay in the Group, linking their remuneration to the implementation of the company strategy in the medium to long term.

The overall duration of the plan is about 8 years and in any case the deadline is set for 31 December 2027.

The beneficiaries were identified by the Board of Directors based on the proposal of the Remuneration and Appointments Committee or the Chief Executive Officer, after having consulted with the Board of Statutory Auditors.

The options are granted free of charge: the

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

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

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

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

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

Any option not exercised by the end of the exercise

period will be automatically expire and the beneficiary will have no right to any compensation or indemnity.

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

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

At 31 December 2022 stock options on 1,560,000 shares had been assigned; during the year the total fell to 1,089,650 shares as a result of the resignation of one of the eligible persons and for the exercise of a total of 300,350 options.

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)	2.80%	2.80%	2.80%	2.80%	2.80%
Estimated volatility (%)	35.00%	34.00%	33.00%	32.00%	28.00%
Historic volatility (%)	37.00%	37.00%	37.00%	37.00%	37.00%
Market interest rate	(0.2%)	(0.2%)	(0.2%)	(0.2%)	(0.2%)
Expected life of the options (years)	7.70	7.70	7.70	7.70	7.70
Exercise price (Euro)	16.98	16.98	16.98	16.98	16.98

## 22. 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.

## 23. Reserves

These are analyzed as follows:

	31.12.2023	31.12.2022	Change
Share premium reserve	40,078	38,268	1,810
Legal reserve	45,318	45,269	49
Other reserves:			
- Extraordinary reserve	201,413	172,734	28,679
- Fair value and cash flow hedge reserve	1,215	2,677	(1,462)
- Stock option reserve	5,695	6,373	(678)
- Reserve for treasury shares	(9,658)	(14,534)	4,876
- Actuarial valuation reserve	(101)	(95)	(6)
Profit (Loss) carried forward	10,441	10,441	-
<b>Total</b>	<b>294,401</b>	<b>261,133</b>	<b>33,268</b>



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 €38,268 thousand at 31 December 2022 after the exercise of options relating to the "2016-2022 Stock Option Plan". In 2023 the reserve rose €1,810 thousand to €40,078 thousand following the exercise of 300,350 options under the "2020-2027 Stock Option Plan".

The "Legal Reserve" amounted to €45,269 thousand at 31 December 2022. The increase of €49 thousand follows the allocation of profit for 2022, as approved by the AGM on 21 April 2023.

The "Extraordinary Reserve" was increased by €28,679 thousand following allocation of the net earnings for 2022 as resolved by the Shareholders' Meeting on 21 April 2023.

The "Fair value and cash flow hedge reserve" reports a balance of €1,215 thousand, net of €384 thousand in tax. This amount reflects the fair value of the cash flow hedge derivatives.

More details on the fair value of derivatives can be found in note 35. *Risk management*.

The "Stock Option Reserve" at 31 December 2023 refers to the share-based incentive plan "Stock Option Plan 2020-2027" already described in note 21. *Stock Option Plans*.

The "Stock Option Reserve" amounted to positive €5,695 thousand which corresponds to the fair value of the options at the assignment date, recognized on a straight-line basis from the grant date through vesting. In the year €907 thousand, which represents the fair value measurement of the options net the cancellation of options due to a change in the number of beneficiaries, was allocated to the reserve.

"Reserve for treasury shares", negative for €9,658 thousand, represents the value of the 595,000 treasury shares purchased under the buyback program.

The change with respect to 31 December 2022 refers to the use of treasury shares to cover the exercise of 300,350 options under the "2020-2027 Stock Option Plan".

The following table provides information on the permitted distribution of reserves:

Nature / Description	Amount	Tax restriction	Permitted use	Available amount
Share capital	226,590	56,884		
Capital reserves:				
- Share premium reserve	40,078		A,B,C	40,078
- Reserve for treasury shares	(9,658)			
Earnings reserves				
- Legal reserve	45,318	1,257	B	
- Extraordinary reserve	201,413	18,722	A,B,C	191,654
- Fair value and cash flow hedge reserve	1,215			
- Stock option reserve	5,695			
- Actuarial valuation reserve	(101)			
- Revaluation reserve	10,441		A,B,C	1,866
<b>Total</b>	<b>520,991</b>	<b>76,863</b>		<b>233,598</b>

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 2023 tax return.

## Liabilities

### 24. Bank loans and borrowings

Bank loans and borrowings are analyzed as follows:

	Payable within one year	Payable in 1-5 years	31.12.2023	Payable within one year	Payable in 1-5 years	31.12.2022
Current bank loans and borrowings	627	-	627	10	-	10
Loans, short term portion	179,610	-	179,610	87,906	-	87,906
<b>Total bank loans and borrowings</b>	<b>180,237</b>	<b>-</b>	<b>180,237</b>	<b>87,916</b>	<b>-</b>	<b>87,916</b>
Loans (one to five years)	-	300,844	300,844	-	477,582	477,582
<b>Total banks loans and borrowings</b>	<b>180,237</b>	<b>300,844</b>	<b>481,081</b>	<b>87,916</b>	<b>477,582</b>	<b>565,498</b>

In 2023 no new loans were taken out.

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 2023.

Most of the bank debt is floating rate; as a result of the hedge on one of the medium/long-term loans, the floating rate debt was swapped for fixed rate debt. The fair value of the loans, calculated by discounting future interest flows at current market rates, does not differ significantly from the amount of debt recognized in the financial statements.

### 25. Other financial payables

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

	31.12.2023	31.12.2022	Change
Private placement (short-term portion)	21,397	21,409	(12)
Other short term financial payables	94	461	(367)
<b>Total short-term payables</b>	<b>21,491</b>	<b>21,870</b>	<b>(379)</b>
Private placement (one to five years)	64,259	85,709	(21,450)
<b>Total long-term payables (one to five years)</b>	<b>64,259</b>	<b>85,709</b>	<b>(21,450)</b>
Private placement (beyond five years)	150,358	150,317	41
<b>Total long-term payables (beyond five years)</b>	<b>150,358</b>	<b>150,317</b>	<b>41</b>
<b>Total</b>	<b>236,108</b>	<b>257,896</b>	<b>(21,788)</b>

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 2023 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 to the €94 thousand owed the subsidiary De' Longhi Capital Services S.r.l. for financial services rendered.

More details on the fair value of derivatives, hedging both exchange rate and interest rate risk, can be found in note 35. *Risk management*.

The balance includes €94 thousand in payables from related parties, as reported in Appendix 4.

### Net financial position

Details of the net financial position are as follows:

	31.12.2023	31.12.2022	Change
A. Cash	1,631	2,470	(839)
B. Cash equivalents	-	-	-
C. Other current financial assets	659,293	860,035	(200,742)
<b>D. Cash, cash equivalents and other current financial assets (A+B+C)</b>	<b>660,924</b>	<b>862,505</b>	<b>(201,581)</b>
E. Current financial liabilities	(22,464)	(22,185)	(279)
<i>of which lease liabilities</i>	(353)	(304)	(49)
F. Current portion of non-current financial liabilities	(179,610)	(87,906)	(91,704)
<b>G. Current financial liabilities (E+F)</b>	<b>(202,074)</b>	<b>(110,091)</b>	<b>(91,983)</b>
<b>H. Current net financial liabilities (D+G)</b>	<b>458,850</b>	<b>752,414</b>	<b>(293,564)</b>
I.1. Other non-current financial assets	114	95	19
I. Non-current financial liabilities	(301,423)	(478,275)	176,852
<i>of which lease liabilities</i>	(579)	(693)	114
J. Debt instruments	(214,617)	(236,026)	21,409
K. Trade payables and other non-current liabilities	-	-	-
<b>L. Non-current net financial liabilities (I+I.1+J+K)</b>	<b>(515,926)</b>	<b>(714,206)</b>	<b>198,280</b>
<b>M. Total financial liabilities (H+L)</b>	<b>(57,076)</b>	<b>38,208</b>	<b>(95,284)</b>
<i>Fair value of derivatives and other financial non-bank assets/liabilities</i>	2,188	3,896	(1,708)
<b>Total net financial position</b>	<b>(54,888)</b>	<b>42,104</b>	<b>(96,992)</b>

Details of the net financial position are shown in accordance with CONSOB Bulletin DEM/6064293 of 28.07.2006; in order to provide a better representation, the other non-current financial assets (item K1) are shown separately; for more information refer to note 13. *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.

## 26. Deferred tax liabilities

"Deferred tax liabilities" include the taxes calculated on temporary differences between the carrying amount of assets and liabilities and their corresponding tax base, and the distributable earnings of subsidiaries.

Details are as follows:

	31.12.2023			31.12.2022			Change
	Taxable amount	Tax rate	Total income taxes	Taxable amount	Tax rate	Total income taxes	
Provision for contingencies and other charges	(431)	24%	(103)	67	24%	16	(119)
Other temporary differences	(6,782)	24%	(1,628)	(4,089)	24%	(981)	(647)
<b>Total deferred tax assets recognized in the income statement</b>	<b>(7,213)</b>		<b>(1,731)</b>	<b>(4,022)</b>		<b>(965)</b>	<b>(766)</b>
<b>Reserves distributable by subsidiaries</b>	<b>17,042</b>		<b>4,090</b>	<b>178,552</b>		<b>13,449</b>	<b>(9,359)</b>
<b>Total deferred tax assets/tax liabilities recognized in the income statement</b>	<b>9,829</b>		<b>2,359</b>	<b>174,530</b>		<b>12,484</b>	<b>(10,125)</b>
Change in fair value of cash flow hedges	1,599	24%	384	3,523	24%	846	(462)
Actuarial valuation funds	(133)	24%	(32)	(126)	24%	(30)	(2)
<b>Total temporary differences recognized in net equity</b>	<b>1,466</b>		<b>352</b>	<b>3,397</b>		<b>816</b>	<b>(464)</b>
<b>Total net closing</b>	<b>11,295</b>		<b>2,711</b>	<b>177,927</b>		<b>13,300</b>	<b>(10,589)</b>

"Reserves distributable by subsidiaries" refer to the deferred tax calculated on the accumulated reserves of subsidiaries that are potentially distributable in the future.

There are no temporary differences or carry forward tax losses for which deferred tax assets have not been recognized.

Exposure to Pillar 2 income tax derives from the level of taxation imposed in the jurisdiction in which the entities of multinational groups (including any entities subject to joint control) are present; this level of taxation depends on various factors, such as mainly where the income is generated, the tax rate, the tax regulations used to calculate taxable income, as well as the form of and entitlement to incentives or other tax benefits applicable in the jurisdiction.

Furthermore, given the novelty and complexity of determining the effective level of taxation, in the first reporting periods in which Pillar 2 will be effective (namely the periods that begin before 31 December and end before 30 June 2028) it will be possible to apply a simplified regime based mainly on the accounting information available for each relevant jurisdiction (the transitional regime, which provides for Country-by-Country Reporting - CbCR safe harbors) and based on which - in case at least one of the three threshold tests is exceeded - compliance costs will be lowered and Pillar 2 taxes will be eliminated.

Taking into account what is known or reasonably estimated at the end of the year, even though this information today does not reflect all the provisions of the Pillar 2 legislation connected to the location and



operations of all the Group enterprises in all the individual jurisdictions in which the latter operates, and considering that at the end of the year all the information might not be available or reasonably estimated, the Company's exposure to Pillar 2 income tax at the end of the year, including based on the transitional county-by-country reporting safe harbor, is deemed insignificant.

More specifically, based on the information know or reasonably estimated:

- as the majority of the Group entities are located in jurisdictions which satisfy at least one of the tests called for under the transitional county-by-country reporting safe harbor, the conditions for application of the Pillar 2 income tax do not exist, and
- for the remainder of the Group entities, which are located in jurisdictions which do not satisfy any of the tests called for under the transitional county-by-country reporting safe harbor, the exposure is not significant as the taxation in those jurisdictions is near the minimum of 15% or the estimated impact on profit in these jurisdictions is not material in light of the Group's total revenues.

The Group, with the support of consultants, is getting organized and preparing for compliance with the Pillar 2 rules, including in order to manage the exposure in subsequent periods by developing adequate systems and procedures which aim to:

- identify, locate and characterize all the Group enterprises for the purpose of the Pillar 2 rules, and
- carry out the tests called for under the transitional county-by-country reporting safe harbor for each relevant jurisdiction in order to benefit from the reduction in compliance costs and the elimination of Pillar 2 taxes, and
- carry out the complete, detailed calculations of the taxation in any jurisdictions which do not pass any of the above mentioned test called for Pillar 2.

## 27. Employee benefits

These are analyzed as follows:

	31.12.2023	31.12.2022	Change
Provision for severance indemnities	387	369	18
Other long term benefits	5,916	3,236	2,680
<b>Total</b>	<b>6,303</b>	<b>3,605</b>	<b>2,698</b>

### 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	31.12.2023	31.12.2022	Change
Interest cost on defined benefit obligation	12	4	8
<b>Total</b>	<b>12</b>	<b>4</b>	<b>8</b>

Change in present value of obligations	31.12.2023	31.12.2022	Change
<b>Present value at 1 January</b>	<b>369</b>	<b>513</b>	<b>(144)</b>
Benefits paid	(1)	(97)	96
Interest cost on defined benefit obligation	12	4	8
Actuarial gains & losses recognized in the comprehensive income statement	7	(51)	58
<b>Present value at reporting date</b>	<b>387</b>	<b>369</b>	<b>18</b>

The principal assumptions used for determining the obligations under the plan described are as follows:

Assumptions used	Severance indemnity 2023	Severance indemnity 2022
Discount rate	3.2%	3.7%
Future salary increases	2,0% - 3,0%	2,3% - 3,3%
Inflation rate	2.0%	2.3%

"Other long-term benefits" includes the amount accrued in the reporting period for the 2021-2023 incentive plan. This plan was approved by the Board of Directors for a limited number of the Company's key resources; for further details please refer to the *Report on Remuneration*.

The composition of the company's workforce is analyzed in the following table:

	31.12.2023	Average 2023	31.12.2022	Average 2022
White collars	37	38	38	41
Managers	18	18	17	17
<b>Total</b>	<b>55</b>	<b>56</b>	<b>55</b>	<b>58</b>

## 28. Other provisions

"Other provisions" includes provisions made during the year for expenses linked to the reorganization of personnel for €492 thousand.

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

It is not yet possible to assess the possibility or the size of any sanctions. The company believes that there are sound arguments to be made in its defense.

For more information, please refer to explanatory notes on consolidated financial statements.

## 29. Trade payables

The balance of €11,677 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.

## 30. Tax payables

Tax payables include income tax subject to separate taxation and does not include amounts due beyond 12 months.

## 31. Other payables

These are analyzed as follows:

	31.12.2023	31.12.2022	Change
Employees	3,274	2,234	1,040
Payables to related companies	2,853	1,684	1,169
Withholdings payables	1,799	1,404	395
Social security institutions	516	577	(61)
Other	1,465	1,179	286
<b>Total</b>	<b>9,907</b>	<b>7,078</b>	<b>2,829</b>

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 17. *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 €272 thousand in payables to Italy's principal social security agency (INPS), and €244 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.

## 32. Commitments

These are detailed as follows:

	31.12.2023	31.12.2022	Change
<b>Guarantees given for the benefit of:</b>			
De' Longhi Capital Services S.r.l.	133,000	245,210	(112,210)
De' Longhi Kenwood A.P.A. Ltd.	15,093	15,096	(3)
De' Longhi Appliances S.r.l.	5,000	5,133	(133)
De' Longhi Kenwood Korea Ltd.	1,484	1,564	(80)
De' Longhi Brasil Ltda.	782	759	23
De' Longhi Deutchland Gmbh	402	398	4
De' Longhi Kenwood MEIA FZE	370	383	(13)
De' Longhi South Africa Pty Ltd.	324	373	(49)
De' Longhi America Inc.	217	225	(8)
De' Longhi Japan Corp.	184	212	(28)
De Longhi Benelux S.A.	96	104	(8)
De' Longhi Canada Inc.	67	69	(2)
NPE S.r.l. <sup>(1)</sup>	-	10,000	(10,000)
De' Longhi Romania S.r.l.	-	9,445	(9,445)
Elle S.r.l.	-	400	(400)
De' Longhi LLC	-	34	(34)
De' Longhi Polska Sp.Zo.o.	-	27	(27)
E-Services S.r.l.	-	11	(11)
DL Chile S.A.	-	7	(7)
<b>Total De' Longhi Group companies and related parties</b>	<b>157,018</b>	<b>289,450</b>	<b>(132,432)</b>

(1) This investment became a related party investment following the sale of 55% of NPE S.r.l.'s share capital by De' Longhi Appliances S.r.l. to H&T Group. These guarantees were partially revoked in 2023 as a result of the new agreement signed with the majority shareholders.

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 €182,841 at 31 December 2023 (€176,957 at 31 December 2022), 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 negative fair value of which amounted to €2,857 thousand at 31 December 2023 (positive for €2,455 at 31 December 2022);
- the Company also issued third party guarantees totalling €31 thousand.

No elements of risk as defined by IAS 37 have been noted to date.

### 33. 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 2023	Total Value	Assets		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
<b>Non-current assets</b>				
Equity investments (*)	-	-	-	-
Receivables	120	120	-	-
Other non-current financial assets	-	-	-	-
<b>Current assets</b>				
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	Liabilities		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
<b>Non-current liabilities</b>				
Bank loans and borrowings (long-term portion)	(300,844)	(300,844)	-	-
Other financial payables (long-term portion) (**)	(214,617)	(214,617)	-	-
<b>Current Liabilities</b>				
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.

at 31 December 2022	Total Value	Assets		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
<b>Non-current assets</b>				
Equity investments (*)	-	-	-	-
Receivables	100	100	-	-
Other non-current financial assets	2,020	-	-	2,020
<b>Current assets</b>				
Trade receivables	1,219	1,219	-	-
Current tax assets	483	483	-	-
Other receivables	7,610	7,610	-	-
Current financial receivables and assets	861,911	860,035	-	1,876
Cash and cash equivalents	2,470	2,470	-	-
at 31 December 2022	Total Value	Liabilities		
		Amortized cost	Fair value in Profit&Loss	Fair value in OCI
<b>Non-current liabilities</b>				
Bank loans and borrowings (long-term portion)	(477,582)	(477,582)	-	-
Other financial payables (long-term portion)**	(236,026)	(236,026)	-	-
<b>Current Liabilities</b>				
Trade payables	(7,600)	(7,600)	-	-
Bank loans and borrowings (short-term portion)	(87,916)	(87,916)	-	-
Other financial payables (short-term portion)**	(21,870)	(21,870)	-	-
Current tax liabilities	-	-	-	-
Other payables	(7,078)	(7,078)	-	-

(\*) 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.

### 34. 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 2023. As required by IFRS 13, the hierarchy comprises the following levels:

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

Financial instruments measured at fair value	Level 1	Level 2	Level 3
Derivatives with positive fair value		2,194	

There were no transfers between the levels during the year.

### 35. 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 33. *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 2023 and at 31 December 2022 on the basis of undiscounted contractual payments.

	Undiscounted cash flows at 31.12.2023	Payable within one year	Payable in 1-5 years	Payable in more than five years	Undiscounted cash flows at 31.12.2022	Payable within one year	Payable in 1-5 years	Payable in more than five years
Bank loans and borrowings (*)	(517,374)	(196,689)	(320,684)	-	(608,305)	(101,329)	(506,976)	-
Other financial payables (**)	(260,762)	(24,530)	(72,957)	(163,275)	(285,919)	(25,251)	(95,623)	(165,045)
Trade payables	(11,677)	(11,677)	-	-	(7,600)	(7,600)	-	-
Current tax payables and other payables	(9,942)	(9,942)	-	-	(7,078)	(7,078)	-	-
<b>Total</b>	<b>(799,755)</b>	<b>(242,839)</b>	<b>(393,641)</b>	<b>(163,275)</b>	<b>(908,902)</b>	<b>(141,258)</b>	<b>(602,599)</b>	<b>(165,045)</b>

(\*) The corresponding balance reported in the financial statements is €481,080 thousand at 31 December 2023 and €565,498 thousand at 31 December 2022. See note 24. *Bank loans and borrowings*.

(\*\*) The corresponding balance reported in the financial statements amounted to €236,108 thousand at 31 December 2023 (net of the fair value of derivatives of €0 thousand) and €257,896 thousand at 31 December 2022. For further details refer to note 25. *Other financial payables*.

With regard to lease liabilities in accordance with IFRS 16, please refer to note 11. *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, HKD and GBP) is estimated to produce a change in fair value of around +/- €47 thousand (+/- €81 thousand at 31 December 2022). 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.



The hedging transactions at 31 December 2023 are described in the paragraph *"Interest rate and currency exchange hedges at 31 December 2023"*.

### 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.

The bonds and a part of the loan taken out in 2019, which is hedged with an Interest Rate Swap, are fixed rate, while the remainder of the Company's financial debt at 31 December 2023 was 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 €235.5 million on a total of €54.9 million in net debt at 31 December 2023 and total net assets of €365.1 million on a total of €42.1 million in net debt in 2022). 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 +/- €2.4 million before tax at 31 December 2023 recognized entirely in the income statement (+/- €3.7 million before tax at 31 December 2022).

Thanks to the hedge in place on the relative portion of the loan, it was possible to swap the floating rate debt into fixed rate. Any change in the interest rate would, at any rate, not have impacted the income statement. In light, however, of the fact that the hedges are measured at fair value and that the portion relating to future interest flows is recognized at net equity, at 31 December 2023 a change of +/- 1% in rates would cause a change in the cash flow hedge of +/- €0.25 million before tax (+/- € 0.8 million before tax at 31 December 2022).

Please refer to the paragraph *"Interest rate and currency exchange hedges at 31 December 2023"* for more information.

### Interest rate and currency exchange hedges at 31 December 2023

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).

### IRS (Interest Rate Swap) hedging interest rate risk on loans:

The IRS are measured at fair value, using the discounted cash flow method based on the swap curve without the spread; at 31 December 2023 the derivative's fair value, pursuant IFRS 13 - Fair Value measurement, was positive for €2,194 thousand and is included in financial assets.

As the hedge on future interest flows qualifies as an effective hedge, at 31 December 2023 a positive cash flow hedge reserve of €1,599 thousand was reported in net equity, net of the related tax effect of €384 thousand.

Details are as follows (the figures are shown before tax):

	31.12.2023	
	Notional amount (in €/000)	Fair value (in €/000)
Derivatives hedging interest rate risk (IRS)		
- Interest Rate Swap (IRS) connected to loan	56,000	2,194
<b>Total fair value of the derivatives</b>		
of which:		
positive short-term fair value		2,194

### 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 (€/000)	
	Purchase	Sales	Total	Current assets	Current liabilities
USD/EUR	(115)	630	515	-	(4)
HKD/EUR	-	7.160	7.160	-	(2)
<b>Total</b>				<b>-</b>	<b>(6)</b>

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).

### 36. 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.

### 37. Subsequent events

On 27 February 2024 the Group finalized the agreements for a business combination between Eversys (a leading company in the production and distribution of automatic coffee machines) and La Marzocco (a leading company in the production and distribution of semi-automatic coffee machines and coffee grinders). For further information on the purpose and structure of the transaction refer to the Report on Operations included in the Annual Report.

The Group's total net cash out for the transaction reached approximately US\$ 373 million, including the US\$ 200 million paid to De Longhi Industrial S.A. (for the 22% stake in La Marzocco) and US\$ 173 million for the purchase of shares from La Marzocco's minority shareholders (for the 19.1% stake in La Marzocco).

This amount was totally self-financed.

In this report, costs for advisory and consultancy services connected to the business combination have been accounted, for the relevant share on accrual basis.

With the exception of the above, after 31 December 2023 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*.

### 38. Proposed shareholder resolutions

**1) Proposed resolution relating to item 1 of the Agenda for the Annual General Meeting convened on 19 April 2024 (“Approval of the separate financial statements at 31 December 2023, 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 2023. Presentation of the Legislative Decree 254/16 Consolidated Non-Financial Statement. Related and consequent resolutions”).**

Dear Shareholders,

in submitting the Annual Report at 31 December 2023 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 2023 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 2023 of De’ Longhi S.p.A.”.*

**2) Proposed resolution relating to item 2 of the Agenda for the Annual General Meeting convened on 19 April 2024 (“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 2023, which amounted to €36,578,046, we propose that you approve the following resolution:

“The shareholders of De’ Longhi S.p.A., having acknowledged the net profit for the year shown in the separate financial statements at 31 December 2023 and the Directors’ Report on Operations

resolve

1. *to distribute a gross ordinary dividend of €0.67 for each of the outstanding shares with dividend rights at the record date, as per art. 83-terdecies of Legislative Decree 58/98;*
2. *to use the net earnings shown in the separate financial statements at 31 December 2023 for the purposes of 1) above and to use the extraordinary reserve to cover any differences;*
3. *to establish a record date of 21 May 2024, pursuant to art. 83-terdecies of Legislative Decree n. 58/98, and that the dividend will be paid on each share with dividend rights as from 22 May 2024, with shares going ex-div on 20 May, in accordance with Borsa Italiana’s calendar.”.*

Treviso, 12 March 2024

De’ Longhi S.p.A.

Vice Chairman and Chief Executive Officer

Fabio de’ Longhi



# 05

## Separate annual report and financial statement

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

## 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 2022:

- 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 2023:

- have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union under Regulation (EC) 1606/2002 of the European Parliament and Council dated 19 July 2002 and with the measures implementing art. 9 of Decree 38/2005;

- correspond to the underlying accounting records and books of account;
- are able to provide a true and fair view of the issuer's statement of financial position and results of operations.

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*  
Chief Executive Officer

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

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

(€/000)	2023	2022
Profit (loss)	36,578	100,808
Income taxes for the period	(3,335)	5,804
Income from dividends receipt	(51,923)	(132,947)
Amortization	425	392
Net change in provisions and other non-cash items	4,089	(1,356)
<b>Cash flow absorbed by current operations (A)</b>	<b>(14,166)</b>	<b>(27,299)</b>
<b>Change in assets and liabilities for the period:</b>		
Trade receivables	(11,280)	52
Trade payables	4,077	1,736
Other changes in net working capital	(393)	4,709
Payment of income taxes	(9,972)	-
<b>Cash flow generated (absorbed) by movements in working capital (B)</b>	<b>(17,568)</b>	<b>6,497</b>
<b>Cash flow generated by current operations and movements in working capital (A+B)</b>	<b>(31,734)</b>	<b>(20,802)</b>
<b>Investment activities:</b>		
Investments in property, plant and equipment	(22)	-
Investments in leased assets	(284)	-
Other cash flows for property, plant and equipment	27	(266)
Net equity investments and other financial assets	(48,000)	-
Dividends collection	51,923	132,947
<b>Cash flow absorbed by investment activities (C)</b>	<b>3,644</b>	<b>132,681</b>
<b>Cash flow by operating activities (A+B+C)</b>	<b>(28,090)</b>	<b>111,879</b>
Exercise of stock option	5,101	3,353
Dividends paid	(72,079)	(124,501)
Cash flow reserves	(1,924)	3,400
<b>Cash flows absorbed by changes net equity (D)</b>	<b>(68,902)</b>	<b>(117,748)</b>
<b>Cash flow for the period (A+B+C+D)</b>	<b>(96,992)</b>	<b>(5,869)</b>
<b>Opening net financial position</b>	<b>42,104</b>	<b>47,973</b>
Cash flow for the period (A+B+C+D)	(96,992)	(5,869)
<b>Closing net financial position</b>	<b>(54,888)</b>	<b>42,104</b>

## List of equity investments in subsidiary companies (art. 2427 of the Italian Civil Code)

Company name	Registered office	Share capital		Net equity		Latest reported profit or (loss)	Latest reported profit or (loss)	Book value (€/000)	
<b>Subsidiary companies:</b>									
De Longhi Benelux S.A. <sup>(1)</sup>	Luxembourg	Eur	181,730,990	Eur	316,321,530	Eur	10,545,503	100%	314,737
De' Longhi Appliances S.r.l.	Treviso	Eur	200,000,000	Eur	357,879,708	Eur	83,639,496	100%	242,678
De' Longhi Deutschland GmbH <sup>(2)</sup>	Neu Isenburg	Eur	2,100,000	Eur	63,418,661	Eur	10,801,542	100%	40,800
De' Longhi Capital Services S.r.l. <sup>(3)(4)</sup>	Treviso	Eur	53,000,000	Eur	66,957,579	Eur	2,330,745	11.32%	6,005
E-Services S.r.l.	Treviso	Eur	50,000	Eur	3,010,584	Eur	2,474,226	100%	5,264
De' Longhi Romania S.r.l. <sup>(2)(4)</sup>	Cluj-Napoca	Ron	140,000,000	Ron	701,614,812	Ron	95,112,578	10%	3,078
De' Longhi Kenwood GmbH <sup>(2)</sup>	Wr. Neudorf	Eur	36,336	Eur	4,109,843	Eur	1,311,593	100%	2,900
Clim.Re S.A. <sup>(1)(4)</sup>	Luxembourg	Eur	1,239,468	Eur	2,575,946	Eur	654,865	4%	54
De' Longhi Polska Sp.Zo.o. <sup>(2)(4)</sup>	Warszawa	Pln	50,000	Pln	96,334,630	Pln	19,025,807	0.1%	-
Bruno International HoldCo LLC	Wilmington	Usd	1	Usd	-	Usd	-	100%	-
Bruno U.S. HoldCo LLC	Wilmington	Usd	1	Usd	-	Usd	-	100%	-
<b>Total</b>									<b>615,516</b>

(\*) Statutory figures at 31 December 2023, unless otherwise specified.

(1) Statutory figures at 31 December 2022.

(2) Figures used for the purposes of consolidation at 31 December 2023.

(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.

## Changes in equity investments

Equity investments (Amount in thousands of Euro)	Book value at 31.12.2022	Acquisitions, subscriptions and recapitalizations	Demerger	Net impairment losses and reversals	Book value at 31.12.2023
<b>Imprese controllate:</b>					
De Longhi Benelux S.A.	266,737	48,000	-	-	314,737
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.	-	-	-	-	-
Bruno International HoldCo LLC	-	-	-	-	-
Bruno U.S. HoldCo LLC	-	-	-	-	-
<b>Total</b>	<b>567,516</b>	<b>48,000</b>	<b>-</b>	<b>-</b>	<b>615,516</b>

## 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	2023	of which with related parties	2022	of which with related parties
Other revenues	1	15,157	15,073	12,667	12,573
<b>Total revenues</b>		<b>15,157</b>		<b>12,667</b>	
Raw and ancillary materials, consumables and goods	2	(61)		(67)	
<b>Materials consumed</b>		<b>(61)</b>		<b>(67)</b>	
Payroll costs	3	(13,487)		(7,846)	
Services and other operating expenses	4	(23,412)	(2,769)	(18,842)	(2,604)
Provisions	5	(492)		-	
Amortization	6	(425)		(392)	
<b>EBIT</b>		<b>(22,720)</b>		<b>(14,481)</b>	
Net financial income (expenses)	7	55,963	77,959	121,093	136,452
<b>Profit (loss) before taxes</b>		<b>33,243</b>		<b>106,612</b>	
Taxes	8	3,335		(5,804)	
<b>Profit (loss)</b>		<b>36,578</b>		<b>100,808</b>	

## 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	31.12.2023	of which with related parties	31.12.2022	of which with related parties
<b>Non-current assets</b>					
Intangible assets		31		65	
- Other intangible assets	9	31		65	
Property, plant and equipment		995		1,107	
- Other tangible assets	10	61		111	
- Right of use assets	11	935		996	
Equity investments and other financial assets		615,637		569,637	
- Equity investments	12	615,516		567,516	
- Receivables	13	121	114	100	95
- Other non-current financial assets	14	-		2,020	
<b>Total non-current assets</b>		<b>616,663</b>		<b>570,809</b>	
Current assets					
Trade receivables	15	12,499	12,499	1,219	1,161
Current tax assets	16	-		483	
Other receivables	17	14,535	9,039	7,613	5,457
Current financial receivables and assets	18	661,487	659,294	861,911	860,035
Cash and cash equivalents	19	1,631		2,470	
<b>Total current assets</b>		<b>690,153</b>		<b>873,697</b>	
<b>Total assets</b>		<b>1,306,816</b>		<b>1,444,505</b>	

Statement of financial position pursuant to CONSOB resolution 15519 of 27 July 2006 (Amounts in thousands of Euro)	Notes	31.12.2023	of which with related parties	31.12.2022	of which with related parties
<b>NET EQUITY</b>					
- Share Capital	22	226,590		226,590	
- Reserves	23	294,401		261,133	
- Profit (loss)		36,578		100,808	
<b>NET EQUITY</b>		<b>557,569</b>		<b>588,531</b>	
<b>Non-current liabilities</b>					
Financial payables		516,040		714,301	
- Banks loans and borrowings (long-term portion)	24	300,844		477,582	
- Other financial payables (long-term portion)	25	214,617		236,026	
- Lease liabilities (long-term portion)	11	579	329	693	518
Deferred tax liabilities	26	2,712		13,300	
Non-current provisions for contingencies and other charges		6,795		3,604	
- Employee benefits	27	6,303		3,604	
- Other provisions	28	492		-	
<b>Total non-current liabilities</b>		<b>525,547</b>		<b>731,206</b>	
<b>Current liabilities</b>					
Trade payables	29	11,677	373	7,600	25
Financial payables		202,081		110,091	
- Banks loans and borrowings (short-term portion)	24	180,237		87,916	
- Other financial payables (short-term portion)	25	21,491	94	21,870	111
- Lease liabilities (short-term portion)	11	353	216	304	202
Current tax liabilities	30	35		-	
Other payables	31	9,907	2,853	7,078	1,684
<b>Total current liabilities</b>		<b>223,700</b>		<b>124,769</b>	
<b>Total net equity and liabilities</b>		<b>1,306,816</b>		<b>1,444,505</b>	

## Transactions and balances with related parties - Summary by company

(€/million)	Revenues <sup>(1)</sup>	Consumption and costs for services <sup>(1)</sup>	Financial income (expenses)	Non-current financial receivables	Current financial receivables	Other receivables <sup>(2)</sup>	Non-current financial payables	Current financial payables <sup>(3)</sup>	Other payables <sup>(4)</sup>
<b>Ultimate parent companies:</b>									
DE LONGHI INDUSTRIAL S.A.	-	-	-	-	-	8.5	-	-	-
<b>Total ultimate parent companies (a)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8.5</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Subsidiary companies:</b>									
DE' LONGHI APPLIANCES S.R.L.	9.2	(0.2)	48.9	-	-	10.0	(0.3)	(0.2)	(3.1)
E-SERVICES S.R.L.	3.4	(0.7)	1.7	-	-	0.3	-	-	(0.1)
DE' LONGHI KENWOOD A.P.A. LTD	1.6	-	-	0.1	-	1.6	-	-	-
CAPITAL BRANDS HOLDINGS INC.	0.6	-	-	-	-	0.6	-	-	-
DE' LONGHI S.R.L. - ROMANIA	-	-	-	-	-	-	-	-	-
KENWOOD LIMITED	0.1	(0.1)	-	-	-	0.1	-	-	-
DE' LONGHI HOUSEHOLD GMBH	0.1	-	-	-	-	0.1	-	-	-
DE' LONGHI AMERICA INC	-	(1.8)	-	-	-	-	-	-	-
DE' LONGHI CAPITAL SERVICES Srl	-	-	26.0	-	659.3	-	-	(0.1)	-
DE' LONGHI-KENWOOD GMBH - AUSTRIA	-	-	1.3	-	-	-	-	-	-
KENWOOD APPLIANCES (S) PTE LTD - SINGAPORE	-	-	-	-	-	0.3	-	-	-
<b>Total subsidiary companies (b)</b>	<b>15.0</b>	<b>(2.8)</b>	<b>77.9</b>	<b>0.1</b>	<b>659.3</b>	<b>13.0</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(3.2)</b>
<b>Related companies:</b>									
GAMMA S.R.L.	0.1	-	-	-	-	-	-	-	-
<b>Total related companies (c)</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total ultimate parent, subsidiary and related companies (a+b+c)</b>	<b>15.1</b>	<b>(2.8)</b>	<b>77.9</b>	<b>0.1</b>	<b>659.3</b>	<b>21.5</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(3.2)</b>

(1) These mostly refer to dealings of a commercial nature and the supply of administrative services by company employees.

(2) These consist of €12.5 million in "Trade receivables" and €9.0 million in "Other receivables".

(3) This item includes €0.1 million in "Other financial payables" and €0.2 million in "Lease payables".

(4) This item includes €0.4 million in "Trade payables" and €2.8 million "Other payables".

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

# 05

## Separate annual report and 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 2023, 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 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 2023, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as 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.

#### **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 International Financial Reporting Standards as adopted by the European Union,

---

#### **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 20041 - **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



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 2023, 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 2023 have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

***Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and 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 2023, 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 of De' Longhi SpA as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of De' Longhi SpA as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), 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, 28 March 2024

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](http://www.delonghigroup.com)**

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

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

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

Tax ID and Company Register no.: 11570840154

Treviso Chamber of Commerce no.: 224758

VAT no.: 03162730265

---

DēLonghi Group



KENWOOD

BRAUN

nutribullet.

*Ariete*