HALF YEAR FINANCIAL REPORT AT 30 JUNE

2021

DēLonghi Group

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CORPORATE BODIES*

Board of Directors

GIUSEPPE DE'LONGHI	Chairman
FABIO DE'LONGHI	Vice Chairman
MASSIMO GARAVAGLIA	Chief Executive Officer
SILVIA DE'LONGHI	Director
MASSIMILIANO BENEDETTI**	Director
FERRUCCIO BORSANI**	Director
LUISA MARIA VIRGINIA COLLINA**	Director
RENATO CORRADA	Director
CARLO GARAVAGLIA	Director
MARIA CRISTINA PAGNI **	Director
STEFANIA PETRUCCIOLI**	Director
GIORGIO SANDRI	Director

Board of Statutory Auditors

CESARE CONTI	Chairman
PAOLA MIGNANI	Standing member
ALBERTO VILLANI	Standing member
LAURA BRAGA	Alternate auditor
ALBERTA GERVASIO	Alternate auditor

Auditing firm

PricewaterhouseCoopers S.P.A. ***

Control and Risk Committee, Corporate Governance and Sustainability

STEFANIA PETRUCCIOLI**
MARIA CRISTINA PAGNI **
RENATO CORRADA

Remuneration Committee and Appointments

MARIA CRISTINA PAGNI **
STEFANIA PETRUCCIOLI**
CARLO GARAVAGLIA

Independent Committee

MARIA CRISTINA PAGNI **
MASSIMILIANO BENEDETTI**
FERRUCCIO BORSANI**
LUISA MARIA VIRGINIA COLLINA**
STEFANIA PETRUCCIOLI**

* The current corporate bodies were appointed by the Shareholders' Meeting of 30 April 2019 to 2019-2021. The number of members of the Board of Directors was extended to twelve with the appointment by the Shareholders' Meeting on 22 April 2020 by Massimo Garavaglia as a member of the Board of Directors, granted powers as Chief Executive Officer, through the end of the Board's term.
** Independent directors.
*** Appointed by the Shareholders' Meeting of 24 April 2018 for the financial years 2019-2027.

KEY PERFORMACE INDICATORS

Economic data

(€/million)	2nd quarter 2021	%	2nd quarter 2021 on like for like basis	%	2nd quarter 2020	%	Change on like for like basis	Change on like for like basis %
Revenues	753.1	100.0%	686.4	100.0%	503.3	100.0%	183.1	36.4%
Revenues at constant exchange rates	*774.1*	*100.0%*	*701.8*	*100.0%*	*501.8*	*100.0%*	*200.0*	*39.9%*
Net industrial margin	366.3	48.6%	337.2	49.1%	238.0	47.3%	99.2	41.7%
EBITDA before non-recurring/stock option costs	122.7	16.3%	112.5	16.4%	69.6	13.8%	42.9	61.6%
EBITDA	121.8	16.2%	111.6	16.3%	68.9	13.7%	42.7	62.0%
EBIT	101.1	13.4%	92.5	13.5%	49.3	9.8%	43.1	87.5%
Profit (loss) pertaining to the Group	99.9	13.3%	67.6	9.9%	32.1	6.4%	35.5	110.7%

(€/million)	1st half 2021	%	1st half 2021 on like for like basis	%	1st half 2020	%	Change on like for like basis	Change on like for like basis %
Revenues	1,431.8	100.0%	1,312.1	100.0%	896.6	100.0%	415.4	46.3%
Revenues at constant exchange rates	*1,479.2*	*100.0%*	*1,348.9*	*100.0%*	*894.6*	*100.0%*	*454.3*	*50.8%*
Net industrial margin	721.4	50.4%	668.7	51.0%	436.3	48.7%	232.4	53.3%
EBITDA before non-recurring/stock option costs	251.4	17.6%	230.0	17.5%	111.8	12.5%	118.2	105.8%
EBITDA	249.4	17.4%	228.0	17.4%	105.5	11.8%	122.5	116.1%
EBIT	209.4	14.6%	190.6	14.5%	66.9	7.5%	123.7	185.0%
Profit (loss) pertaining to the Group	180.8	12.6%	140.4	10.7%	43.1	4.8%	97.3	225.7%

Statement of financial position

(€/million)	30.06.2021	30.06.2020	31.12.2020
Net operating working capital	229.6	308.1	240.2
Net operating working capital/Revenues	8.0%	14.3%	10.2%
Net working capital	63.3	228.4	96.2
Net capital employed	1,164.1	821.7	1,035.4
Net financial assets	217.9	387.9	232.0
of which:			
- other non bank financial receivables/(payables)	*(81.6)*	*(67.7)*	*(71.8)*
- net bank financial assets	*299.5*	*455.7*	*303.8*
Net equity	1,382.1	1,209.7	1,267.4

Definitions

The figures at constant exchange rates are calculated excluding the effects of converting currency balances and accounting of derivatives.

For sake of comparison, data are also presented on like-for-like basis, namely excluding the balances pertaining to Capital Brands and Eversys.

INTERIM REPORT ON OPERATIONS

Premise and significant events

The economic and financial results of the De’ Longhi Group, the scope of consolidation of which has changed as a result of the acquisitions described below, are presented and commented on in this interim management report.

On 29 December 2020 the acquisition of Capital Brands Holding Inc., an American company leader worldwide in the personal blender segment with the brands Nutribullet and Magic Bullet, was finalized. The acquisition is consistent with the Group’s objectives calling for geographical expansion, as well as external growth, and is of great strategic value for several reasons: a young, dynamic brand was added to the existing portfolio, the product range was expanded with an important presence in the blender segment, penetration in an expanding and strategically important market like the United States was increased and the Group’s leadership in the food preparation sector was strengthened.
A preliminary consideration of $351.2 million (equity value) was agreed upon; the definitive consideration, based on the results achieved in 2020, is in the process of being finalized.

On 22 March 2021, De’ Longhi announced that it had reached an agreement to take over the remaining 60% stake and obtain full control of Eversys, a Swiss group active in the design and marketing of professional espresso machines, with a specific focus on fully automatic machines for which it has developed a highly innovative technology which ensures premium brand positioning in its sector.
Consideration of CHF 110 million was agreed on for the remaining 60% stake. The deal closed on 3 May 2021, after having received the approval of the Antitrust authorities. Eversys was consolidated on a line-by-line basis as of 1 April 2021 based on the latest available interim financial statements.

As permitted under the IFRS accounting standards, the purchase price for the assets acquired and liabilities assumed was allocated temporarily at 30 June 2021 for both acquisitions until the definitive amounts can be determined.
With regard to Eversys, in accordance with IFRS 3, once control was acquired the interests held previously were measured at fair value and recognized in the income statement at the acquisition date.

In order to provide a more meaningful comparison, the like-for-like figures determined excluding the consolidation of the Capital Brands and Eversys groups are also reported and commented on in this report.

Furthermore, despite its sound financial situation and as part of its strategy to extend the average life of its debt, as well as take advantage of the favorable market conditions, the Group decided to increase and diversify its financial resources by taking out three ESG (Environmental-Social-Governance) loans for a total of €250 million. These transactions introduce a new reward mechanism based on which the terms of the loan may be adjusted each year if certain ESG (Environmental-Social-Governance) targets are reached and are included in the Group’s sustainability strategy.
On 7 April 2021 the Group also issued another €150 million tranche, maturing in 2041, of the “Private Shelf Facility” which was underwritten by a leading US financial group.
The Group, lastly, renegotiated the conditions of a term loan, reducing the total cost and extending the final maturity.
The proceeds from these transactions will be used for the Group’s current and extraordinary operational needs, as well as to repay portions of debt falling due.

Looking at the global market conditions, beginning in the first few months of 2021 the prospects for the global economy improved noticeably, albeit to varying degrees in the different regions. In the advanced economies, successful vaccine campaigns made it possible to reopen businesses, while in many emerging markets the slow pace of the vaccine rollouts, additional waves of the pandemic and the relative containment measures, will continue to slow growth for some time, particularly where there is limited room for political support (source: OECD).

At the date of this report there is still a certain level of uncertainty as the short-term economic prospects continue to depend on what happens with the pandemic and the re-openings, which calls for caution including when making economic forecasts.
Nonetheless, despite the lack of visibility as to the potential impact of the pandemic De' Longhi, thanks to its financial solidity, the actions taken to limit risks and its business model, as well as the good results achieved in 2020 and first half of 2021, believes that the conditions needed to move forward with its investment program to support medium/long-term growth exist.

Performance review

The De' Longhi Group closed the first half of 2021 with strong growth in revenues and improved margins, despite the particularly complex macroeconomic environment.
More in detail, the first six months of the year were affected by problems along the entire supply chain which was under huge pressure as it was hard to find raw materials and parts, as well as move products, which had a negative impact on procurement and transport costs.

The extensive international presence, the iconic products and the reputation of the brands were undoubtedly key to sustaining the business, to managing the complex macroeconomic scenario and taking advantage of the opportunities that materialized in a rapidly changing environment.
The robust growth in revenues recorded in all the core markets, the improved margins and the good cash generation seen in the first half of 2021, in line with management's expectations, are the result of the strategy of continuous investments to support medium/long-term growth.

More recently, the home experience products have assumed a role of undisputed importance for consumers.
There has been a change in spending habits which was underway even before the health crisis but, undoubtedly, accelerated as a result of the pandemic. The concepts of wellbeing experienced at home, healthy eating or food preparation as a source of entertainment have become increasingly widespread even with consumers who previously were not interested, above all due to lifestyle or personal reasons.
The De' Longhi Group, with products that amply cover these new needs, was able to understand this new trend and make the most of the opportunities created by the shift in consumers' interests.

In order to support its brands and products, the Group invested in high-impact promotional activities and communication campaigns using, among others, digital channels and social media in order to reach precisely those consumers who use them the most.

Significant investments were also made in the development and launch of new products in order to expand or renew the products offered, making them even more interesting and able to meet the consumers' expectations.
The investments made in infrastructure, beginning with the innovation center at the new headquarters which is nearing completion, confirm clearly the attention paid to new product development.
As a result of the numerous resources utilized the new products introduced beginning in the fourth quarter of 2020, some of which received awards for their design, have been very well received and have contributed to the good results.

Finally, growth was also accelerated through M&A, thanks to the recent acquisitions.
Capital Brands, which became part of the Group as of the end of December 2020, with the brands *Nutribullet* and *MagicBullet*, made it possible to strengthen the healthy food and wellness segment and meet the consumers' growing demand for natural, healthy foods, especially among young people. Eversys, rather, makes it possible to get closer to the segment of professional espresso coffee machines.

In the first half of 2021 the Group posted revenues of €1,431.8 million, an increase of 59.7% with respect to the same period in 2020.
Net of the contribution made by the newly acquired companies, revenues amounted to €1,312.1 million, 46.3% higher than in the first six months of 2020 (50.8% at constant exchange rates). This good performance, achieved despite the negative exchange effect, was possible thanks to a robust increase in volumes and a positive price effect.
In the second quarter revenues rose 36.4% like-for-like to €686.4 million (+40% at constant exchange rates).

The growth in sales was recorded across all the markets in which the Group is present, notwithstanding the difficulties encountered in a few countries attributable to the pandemic.

In **Europe** like-for-like revenues amounted to €906.5 million, 49.8% higher than in the first half of 2020 (+52.3% at constant exchange rates).
All the region's markets posted double-digit sales growth in the half.
Germany reported growth of 54.2% in the half, driven by the sale of coffee products, particularly the fully automatic machines. The sales of Kenwood brand kitchen machines, which benefitted from the launch of the exclusive Cooking Chef XL black edition, were also very good.
In France sales of fully automatic coffee machines increased and were basically double the first half of 2020.
Italy confirmed the good performance recorded in the first quarter, above all for coffee machines, mainly fully automatic and Nespresso platform models, as well as cooking and food preparation products, particularly handblenders.
Russia, Ukraine and other CIS countries were impacted by the adverse exchange effect, but closed the half with robust revenue growth, thanks above all to the contribution of the coffee segment.

Given the growing importance of the **Americas**, amplified by the Capital Brands acquisition, as of the first quarter of 2021 the region, which has become the Group's biggest market, is reported on separately. The region reported revenues of €242.2 million thanks to the contribution of the new brands Nutribullet and MagicBullet introduced at the end of the year. Like-for-like revenues amounted to €156.0 million showing robust growth (+38.0%; +50.1% at constant exchange rates) driven by the good sales performance of coffee products, particularly Nespresso platform models, and comfort.

Asia Pacific posted like-for-like revenues of €148.8 million, an increase of 11.5%, or 13.9% at constant exchange rates.
All the markets in this region reported very positive performances with double-digit increases in most of the markets; in Greater China sales were higher after a temporary slowdown in the first quarter.

MEIA closed the half with like-for-like revenues of €100.7 million, 124.9% higher than in the same period of 2020 despite the negative exchange effect (+142.0% at constant exchange rates). There was strong sales growth in the main markets (Saudi Arabia, Egypt and the Gulf countries). The positive trend, in a context of a generalized recovery in consumption, benefitted from the positive impact of the commercial and organizational restructuring completed in the prior year, as well as the introduction of a new range of products designed specifically for this region.

Looking at business lines, double-digit growth was recorded across all the product categories.

The coffee segment, which generated about half of the Group's total revenues, recorded robust growth supported by both the launch of new models and communication initiatives carried out using traditional, as well as digital, channels and social media.

Food preparation and cooking benefitted from a growing global market explained by the increased interest in healthy eating and the increasingly widespread perception of time spent in the kitchen as wellbeing. The De' Longhi Group was able to take advantage of this trend thanks to its iconic products, such as the Kenwood brand kitchen machines, and a wide range of small kitchen appliances used for food preparation, handblenders and food processors.

Cleaning products and irons posted a good performance. The Braun brand products had a key role due to the expanded product range and the introduction of new models.

Comfort recorded what was largely double-digit growth thanks above all to the contribution of heating products. Sales for portable air conditions were down overall despite a good performance in North America. The slowdown is attributable to unfavorable weather conditions in a few European markets. The summer is, however, not over yet and results can only be gauged fully in the second part of the year.

Looking at margins, the first half of 2021 benefitted from a combination of higher volumes which fueled greater operating efficiency and a positive price and mix effect which offset the strong pressures caused by higher procurement costs and transport tariffs stemming from the shortage of raw materials, as well as parts, and problems moving goods.

The net industrial margin came to €721.4 million, or 50.4% of revenues.
Like-for-like the net industrial margin was €668.7 million (51.0% of revenues), rising against the same period 2020 both numerically (+€232.4 million, +53.3%) and as a percentage of revenues (it was 48.7%). At constant exchange rates and like-for-like the net industrial margin would have been 55.5% higher.

Despite the noticeable degree of uncertainty caused by the persistence of the health crisis, the Group considered it essential to support its business by making significant investments in advertising and communication, which were double compared to the same period of the prior year.

EBITDA before non-recurring/stock option costs came to €251.4 million or 17.6% of revenues.
Excluding the positive contribution made by the changed scope of consolidation, EBITDA before non-recurring/stock option costs amounted to €230.0 million, or 17.5% of revenues, an increase of 105.8% against the first half of 2020.

In the first six months of 2021 the Group recognized €1.8 million in notional stock option costs (€1.0 million in the same period of 2020) and non-recurring costs of €0.1 million (versus €5.3 million in the first six months of the prior year, attributable mainly to the costs incurred for the health crisis, including the donation of €3.1 million made by the Group to support pandemic containment measures).

EBIT came to €209.4 million in the first half of 2021.
Like-for-like, after amortization and depreciation of €37.5 million (€38.6 million in the first six months of 2020), EBIT came to €190.6 million or 14.5% of revenues versus €66.9 million (7.5% of revenues) in the comparison period.

Financial income of €19.1 million was recognized in the first half of 2021 which includes €25.3 million in non-recurring items stemming mainly from the revaluation of the non-controlling interest held in Eversys carried out once total control was acquired in accordance with IFRS 3.

After taxes of €47.3 million and minority interests €0.3 million, the Group's portion of net profit came to €180.8 million, decidedly higher than in the first half of the prior year (€43.1 million).

Net operating working capital amounted to €229.6 million (8.0% of revenues) or €183.6 million like-for-like (6.6% of revenues), higher both numerically and as a percentage of rolling revenues compared to 30 June 2020 (€308.1 million, 14.3% of revenues) and 31 December 2020 (€240.2 million, 10.2% of revenues). In the first half of 2021 the trend in net operating working capital was consistent with year-end 2020 and the first quarter of 2021, confirming the good results attributable to careful credit management, along with the positive dynamics of trade payables which helped to offset the increase in inventory attributable to the business trend and higher demand.

The net financial position, which reflects the impact of the recent acquisitions made in the previous half, came to a positive €217.9 million at 30 June 2021 (versus €387.9 million at 30 June 2020 and €232.0 million at 31 December 2020).
A few, specific financial items are included in the net financial position, comprising mainly the fair value measurement of derivatives, the residual debt for business combinations and pension fund transactions which had a net negative balance of €4.7 million at 30 June 2021 (positive €1.8 million at 30 June 2020 and negative €6.0 million at 31 December).
The item also includes lease liabilities recognized in accordance with IFRS 16 which amounted to €76.9 million at 30 June 2021 (€69.5 million at 30 June 2020 and €65.8 at 31 December 2020).
Net of these items the net bank financial position came to a positive €299.5 million, including the newly acquired companies' net debt of €59.8 million.

Operating cash flow and the movements in net working capital were positive in the first half of 2021 for €241.1 million due to the increased profitability and limited absorption made possible by effective management of working capital.
This cash generation made it possible to cover the investments of €61.4 million made in the first six months of 2021, higher than in the same period of 2020, and finance the acquisitions made in the period, as well as pay dividends.
Cash flow reached €14.1 million in the reporting period which reflects the payment of dividends for €80.8 million and the Eversys acquisition which had an impact of €129.4 million on the net financial position; net of these items cash flow would have amounted to €196.2 million, showing decided improvement with respect to the first half of 2020 (€110.1 million).

Group results

The reclassified consolidated income statement is summarized in the table below:

(€/million)	1st half 2021	% revenues	1st half 2021 on like for like basis	% revenues	1st half 2020	% revenues
Revenues	**1,431.8**	**100.0%**	**1,312.1**	**100.0%**	**896.6**	**100.0%**
Change	*535.2*	*59.7%*	*415.4*	*46.3%*		
Materials consumed & other production costs (production services and payroll costs)	(710.4)	(49.6%)	(643.4)	(49.0%)	(460.4)	(51.3%)
Net industrial margin	**721.4**	**50.4%**	**668.7**	**51.0%**	**436.3**	**48.7%**
Services and other operating expenses	(350.1)	(24.4%)	(328.0)	(25.0%)	(228.8)	(25.5%)
Payroll (non-production)	(120.0)	(8.4%)	(110.7)	(8.4%)	(95.7)	(10.7%)
EBITDA before non-recurring/stock option costs	**251.4**	**17.6%**	**230.0**	**17.5%**	**111.8**	**12.5%**
Change	*139.6*	*124.9%*	*118.2*	*105.8%*		
Non-recurring expenses/stock option costs	(1.9)	(0.1%)	(1.9)	(0.1%)	(6.2)	(0.7%)
EBITDA	**249.4**	**17.4%**	**228.0**	**17.4%**	**105.5**	**11.8%**
Amortization	(40.1)	(2.8%)	(37.5)	(2.9%)	(38.6)	(4.3%)
EBIT	**209.4**	**14.6%**	**190.6**	**14.5%**	**66.9**	**7.5%**
Change	*142.5*	*213.0%*	*123.7*	*185.0%*		
Net financial income (expenses)	19.1	1.3%	(5.3)	(0.4%)	(1.9)	(0.2%)
Profit (loss) before taxes	**228.4**	**16.0%**	**185.3**	**14.1%**	**65.0**	**7.2%**
Income taxes	(47.3)	(3.3%)	(45.0)	(3.4%)	(21.9)	(2.4%)
Net result	**181.1**	**12.7%**	**140.4**	**10.7%**	**43.1**	**4.8%**
Minority interests	0.3	0.0%	-	0.0%	-	0.0%
Profit (loss) pertaining to the Group	**180.8**	**12.6%**	**140.4**	**10.7%**	**43.1**	**4.8%**

The reclassified income statement above differs in industrial margin for Euro 131.8 million in the first half 2021 (Euro 76.1 millions in the first half 2020) from the consolidated income statement as, in order to better represent the period performance, production-related payroll and service costs have been reclassified from payroll and services, respectively, and non recurring expenses, when applicable, have been separately reported.

Revenues

The Group posted revenues €1,431.8 million in the first half of 2021, 59.7% higher than in the same period of 2020.
Net of the contribution made by the newly acquired companies, revenues would have amounted to €1,312.1 million in the half, an increase of 46.3% compared to the first six months of 2020 (+50.8% at constant exchange rates). This good performance, achieved despite the negative exchange effect, was possible thanks to a robust increase in volumes and a positive price effect above all in the first three months of the year.
In the second quarter alone like-for-like revenues rose 36.4% (+40% at constant exchange rates) to € 686.4 million.

The markets

In light of the growing importance of the Americas (which includes the markets of North, Central and South America), it is shown separately from the Asia Pacific countries.
The performance of the commercial areas is summarized below. For the sake of greater comparability, the figures are reported like-for-like, namely excluding the contribution of Capital Brands and Eversys:

(€/million)	2nd quarter 2021	%	2nd quarter 2021 on like for like basis	%	2nd quarter 2020	%	Change	Change %	Change at constant exchange rates %
Europe	470.3	62.4%	456.9	66.6%	323.2	64.2%	133.7	41.4%	42.7%
America	141.8	18.8%	96.1	14.0%	76.4	15.2%	19.7	25.8%	37.1%
Asia Pacific	89.4	11.9%	82.7	12.0%	79.0	15.7%	3.7	4.7%	6.0%
MEIA (Middle East/India/Africa)	51.7	6.9%	50.7	7.4%	24.7	4.9%	26.0	105.0%	119.4%
Total revenues	**753.1**	**100.0%**	**686.4**	**100.0%**	**503.3**	**100.0%**	**183.1**	**36.4%**	**39.9%**

(€/million)	1st half 2021	%	1st half 2021 on like for like basis	%	1st half 2020	%	Change	Change %	Change at constant exchange rates %
Europe	926.9	64.7%	906.5	69.1%	605.3	67.5%	301.3	49.8%	52.3%
America	242.2	16.9%	156.0	11.9%	113.1	12.6%	42.9	38.0%	50.1%
Asia Pacific	158.9	11.1%	148.8	11.3%	133.5	14.9%	15.3	11.5%	13.9%
MEIA (Middle East/India/Africa)	103.8	7.3%	100.7	7.7%	44.8	5.0%	55.9	124.9%	142.0%
Total revenues	**1,431.8**	**100.0%**	**1,312.1**	**100.0%**	**896.6**	**100.0%**	**415.4**	**46.3%**	**50.8%**

The growth in sales was, however, recorded across all the markets in which the Group is present, notwithstanding the difficulties encountered in a few countries attributable to the pandemic.

In **Europe** like-for-like revenues amounted to €906.5 million, 49.8% higher than in the first half of 2020 (+52.3% at constant exchange rates).
All the region's markets posted double-digit sales growth in the half.

Germany reported growth of 54.2% in the half, driven by the sale of coffee products, particularly the fully automatic machines. The sales of Kenwood brand kitchen machines, which benefitted from the launch of the exclusive Cooking Chef XL black edition, were also very good.
In France sales of fully automatic coffee machines increased and were basically double the first half of 2020.
Italy confirmed the good performance recorded in the first quarter, above all for coffee machines, mainly fully automatic and Nespresso platform models, as well as cooking and food preparation products, particularly handblenders.
Russia, Ukraine and other CIS countries were impacted by the adverse exchange effect, but closed the half with robust revenue growth, thanks above all to the contribution of the coffee segment.

Given the growing importance of the **Americas**, amplified by the Capital Brands acquisition, as of the first quarter of 2021 the region, which has become the Group's biggest market, is reported on separately. The region reported revenues of €242.2 million thanks to the contribution of the new brands Nutribullet and MagicBullet introduced at the end of the year. Like-for-like revenues amounted to €156.0 million showing robust growth (+38.0%; +50.1% at constant exchange rates) driven by the good sales performance of coffee products, particularly Nespresso platform models, and comfort.

Asia Pacific posted like-for-like revenues of €148.8 million, an increase of 11.5%, or 13.9% at constant exchange rates.
All the markets in this region reported very positive performances with double-digit increases in most of the markets; in Greater China sales were higher after a temporary slowdown in the first quarter.

MEIA closed the half with like-for-like revenues of €100.7 million, 124.9% higher than in the same period of 2020 despite the negative exchange effect (+142.0% at constant exchange rates). There was strong sales growth in the main markets (Saudi Arabia, Egypt and the Gulf countries). The positive trend, in a context of a generalized recovery in consumption, benefitted from the positive impact of the commercial and organizational restructuring completed in the prior year, as well as the introduction of a new range of products designed specifically for this region.

Business lines

The business lines recorded double-digit growth across all the product categories.

The coffee segment, which generated about half of the Group's total revenues, recorded robust growth supported by both the launch of new models and communication initiatives carried out using traditional, as well as digital, channels and social media.

Food preparation and cooking benefitted from a growing global market explained by the increased interest in healthy eating and the increasingly widespread perception of time spent in the kitchen as wellbeing. The De' Longhi Group was able to take advantage of this trend thanks to its iconic products, such as the Kenwood brand kitchen machines, and a wide range of small kitchen appliances used for food preparation, handblenders and food processors.
In the first half of 2021 there was great demand for the new kitchen machine models launched in the latter part of the prior year, the *Cooking Chef XL* and the *Titanium Chef Patissier XL* (both were awarded for their design) and the new food processors *Multipro Express* and *Multipro Compact+*.
Important communication activities were carried out to increase the visibility of the products using both traditional channels (TV and press) and, above all, digital channels and social media.

Home care products and irons posted a good performance. The Braun brand products, which celebrated their 100th birthday, had a key role.

In order to increase the product range two new models, the new CareStyle Compact and the CareStyle 3 platform, were launched in Europe in the first quarter of 2021.

Comfort recorded what was largely double-digit growth thanks above all to the contribution of heating products. Sales for portable air conditions were down overall despite a good performance in North America. The slowdown is attributable to unfavorable weather conditions in a few European markets. The summer is, however, not over yet and results can only be gauged fully in the second part of the year.

Profitability

Looking at margins, the first half of 2021 benefitted from a combination of higher volumes which fueled greater operating efficiency and a positive price and mix effect which offset the strong pressures caused by higher procurement costs and transport tariffs stemming from the shortage of raw materials, as well as parts, and problems moving goods.

The net industrial margin came to €721.4 million, or 50.4% of revenues.
Like-for-like the net industrial margin was €668.7 million (51.0% of revenues), rising against the same period 2020 both numerically (+€232.4 million, +53.3%) and as a percentage of revenues (it was 48.7%). At constant exchange rates and like-for-like the net industrial margin would have been 55.5% higher.

Despite the noticeable degree of complexity that characterized the markets, the Group considered it essential to support its business by making significant investments in advertising and communication, which were double compared to the same period of the prior year.

EBITDA before non-recurring/stock option costs came to €251.4 million or 17.6% of revenues.
Excluding the positive contribution made by the changed scope of consolidation, EBITDA before non-recurring/stock option costs amounted to €230.0 million, or 17.5% of revenues, an increase of 105.8% against the first half of 2020.

In the first six months of 2021 the Group recognized €1.8 million in notional stock option costs (€1.0 million in the same period of 2020) and non-recurring costs of €0.1 million (versus €5.3 million in the first six months of the prior year, attributable mainly to the costs incurred for the health crisis, including the donation of €3.1 million made by the Group to support pandemic containment measures).

EBIT came to €209.4 million in the first half of 2021.
Like-for-like, after amortization and depreciation of €37.5 million (€38.6 million in the first six months of 2020), EBIT came to €190.6 million or 14.5% of revenues versus €66.9 million (7.5% of revenues) in the comparison period.

Financial income of €19.1 million was recognized in the first half of 2021 which includes €25.3 million in non-recurring items stemming mainly from the revaluation of the non-controlling interest held in Eversys carried out once total control was acquired in accordance with IFRS 3.

After taxes of €47.3 million and minority interests €0.3 million, the Group's portion of net profit came to €180.8 million, decidedly higher than in the first half of the prior year (€43.1 million).

Results by sector of activity

The Group De' Longhi identified three operational sectors, which coincide with the three main geographical areas in which it operates, based on the geographical location of its activities: Europe, MEIA (Middle East, India and Africa) and APA, including both Americas and Asia/Pacific countries. Each sector has cross-cutting skills for all group brands and needs different markets.
This breakdown is consistent with the analysis and management tools used by the *management* group for the assessment of the company's performance and for the strategic decisions.

The information by operating sector can be found in the Illustrative Notes.

Review of the statements of balance sheet and financial situation

The reclassified consolidated financial position is summarized as follows:

(€/million)	30.06.2021	30.06.2020	31.12.2020
- Intangible assets	766.7	313.5	631.9
- Property, plant and equipment	362.5	314.5	324.6
- Financial assets	12.1	32.2	34.6
- Deferred tax assets	72.4	49.8	57.0
Non-current assets	**1,213.6**	**710.0**	**1,048.1**
- Inventories	634.2	431.0	424.0
- Trade receivables	299.8	243.8	398.1
- Trade payables	(704.3)	(366.7)	(581.9)
- Other payables (net of receivables)	(166.3)	(79.8)	(144.0)
Net working capital	**63.3**	**228.4**	**96.2**
Total non-current liabilities and provisions	**(112.8)**	**(116.7)**	**(108.9)**
Net capital employed	**1,164.1**	**821.7**	**1,035.4**
(Net financial assets)	**(217.9)**	**(387.9)**	**(232.0)**
Total net equity	**1,382.1**	**1,209.7**	**1,267.4**
Total net debt and equity	**1,164.1**	**821.7**	**1,035.4**

In the first half of 2021 the Group continued to invest in manufacturing and in the development of new products for a total of €61.4 million; further investments were made in infrastructure including in the completion of the innovation center at the Group's new headquarters.

Net operating working capital amounted to €229.6 million (8.0% of revenues) or €183.6 million (6.6% of revenues) like-for-like, higher both numerically and as a percentage of rolling revenues compared to 30 June 2020 (€308.1 million, 14.3% of revenues) and 31 December 2020 (€240.2 million, 10.2% of revenues). In the first half of 2021 the trend in net operating working capital was consistent with year-end 2020 and the first quarter of 2021, confirming the good results attributable to careful credit management, along with the positive dynamics of trade payables, related to timing and accelerated purchasing, which helped to offset the increase in inventory attributable to the business trend and higher demand.

The net financial position is detailed as follows:

(€/million)	30.06.2021	30.06.2020	31.12.2020
Cash and cash equivalents	930.0	877.6	662.9
Other financial receivables	265.7	108.1	243.0
Current financial debt	(279.1)	(160.1)	(236.6)
Net current financial position	**916.6**	**825.5**	**669.3**
Non-current financial receivables and assets	25.0	125.2	70.0
Non-current financial debt	(723.7)	(562.8)	(507.3)
Non-current net financial debt	**(698.7)**	**(437.6)**	**(437.3)**
Total net financial position	**217.9**	**387.9**	**232.0**
of which:			
- positions with banks and other financial payables	*299.5*	*455.7*	*303.8*
- lease liabilities	*(76.9)*	*(69.5)*	*(65.8)*
- other financial non-bank assets/(liabilities) - fair value of derivatives, financial debt connected to business combinations and pension fund	*(4.7)*	*1.8*	*(6.0)*

The net financial position, which reflects the impact of the recent acquisitions made in the previous half, came to a positive €217.9 million at 30 June 2021 (versus €387.9 million at 30 June 2020 and €232.0 million at 31 December 2020).
A few, specific financial items are included in the net financial position, comprising mainly the fair value measurement of derivatives, the residual debt for business combinations and pension fund transactions which had a net negative balance of €4.7 million at 30 June 2021 (positive €1.8 million at 30 June 2020 and negative €6.0 million at 31 December 2020).
The item also includes lease liabilities recognized in accordance with IFRS 16 which amounted to €76.9 million at 30 June 2021 (€69.5 million at 30 June 2020 and €65.8 at 31 December 2020).
Net of these items the net financial position with banks came to a positive €299.5 million, including the newly acquired companies' net debt of €59.8 million.

Furthermore, despite its sound financial situation and as part of its strategy to extend the average life of its debt, as well as take advantage of the favorable market conditions, the Group decided to increase and diversify its financial resources by taking out three ESG (Environmental-Social-Governance) loans, stipulated on 24 March, 14 May and 19 May, respectively, for a total of €250 million. These transactions introduce a new reward mechanism based on which the terms of the loan may be adjusted each year if certain ESG (Environmental-Social-Governance) targets are reached and are included in the Group's sustainability strategy.
On 7 April 2021 the Group also issued another €150 million tranche, maturing in 2041, of the "Private Shelf Facility" which was underwritten by a leading US financial group.
The Group, lastly, renegotiated the conditions of a term loan, reducing the total cost and extending the final maturity.
The proceeds from these transactions will be used for the Group's current and extraordinary operational needs, as well as to repay portions of debt falling due.

The statement of cash flow for the period is presented on condensed basis as follows:

(€/million)	30.06.2021 (6 months)	30.06.2020 (6 months)
Cash flow by current operations	252.3	108.2
Cash flow by changes in working capital	(11.2)	49.7
Cash flow by operating activities and NWC changes	**241.1**	**157.9**
Cash flow by investment activities	(61.4)	(40.9)
Cash flow by operating activities	**179.7**	**116.9**
Acquisitions	**(129.4)**	**-**
Dividends paid	(80.8)	-
Shares buy-back	-	(14.5)
Stock options exercise	4.2	3.9
Cash flow by other changes in net equity	12.3	3.9
Cash flow generated (absorbed) by changes in net equity	**(64.3)**	**(6.8)**
Cash flow for the period	**(14.1)**	**110.1**
Opening net financial position	232.0	277.8
Closing net financial position	**217.9**	**387.9**

Operating cash flow and the movements in net working capital were positive in the first half of 2021 for €241.1 million due to the increased profitability and limited absorption made possible by effective management of working capital.
This cash generation made it possible to cover the investments of €61.4 million made in the first six months of 2021, higher than in the same period of 2020, and finance the acquisitions made in the period, as well as pay dividends.

Cash flow reached €14.1 million in the reporting period which reflects the payment of dividends for €80.8 million and the Eversys acquisition which had an impact of €129.4 million on the net financial position; net of these items cash flow would have amounted to €196.2 million, showing decided improvement with respect to the first half of 2020 (€110.1 million).

Human Resources

The staff of the Group at 30 June 2021 is summarized below:

	30.06.2021	30.06.2020
Blue collars	6,789	5,930
White collars	3,051	2,736
Managers	311	274
Total	**10,151**	**8,940**

The Group had 10,151 employees at 30 June 2021, an increase of 1,211 employees compared to the first semester 2020.
The change is attributable to the recent acquisitions and the increased personnel employed at the Romanian production facilities.

Alternative performance indicators

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

More in detail, the non-GAAP measures used include:
- Net industrial margin and EBITDA: the Group uses these measures as financial targets in internal presentations (business plans) and in external presentations (to analysts and investors), since they are a useful way of measuring operating performance by the Group and its individual divisions besides EBIT.
Net industrial margin is calculated as total revenues less 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 and stock option costs, 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 operative working capital: this measure is the sum of inventories, 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 debt/(net financial position): this measure represents financial liabilities less cash and cash equivalents and other financial receivables. The individual line items in the statement of financial position used to determine this measure are analysed later in this report.

The figures contained in this report, including some of the percentages, have been rounded relative to their full euro amount. As a result, some of the totals in the tables may differ from the sum of the individual amounts presented.

Reconciliation of net equity and profit (loss) for the period

Below is a concise reconciliation between net equity and profit of the parent company, De' Longhi S.p.A., and the figures shown in the consolidated financial statements:

(€/thousands)	Net equity 30.06.2021	Profit for 1st half 2021
De' Longhi S.p.A. financial statements	**557,153**	**63,926**
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	464,815	123,552
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	410,262	3,464
Elimination of intercompany profits	(50,465)	(9,802)
Other adjustments	299	(9)
Consolidated financial statements (total)	**1,382,064**	**181,131**
Minority interests	1,848	325
Consolidated financial statements (pertaining to the Group)	**1,380,216**	**180,806**

Related party transactions

Related party transactions fall within the normal course of business by Group companies.
Information on related party transactions is summarized in Appendix 3 to the Explanatory notes.

Other information

Pursuant to Art. 3 of Consob Resolution n. 18079 of 20 January 2012, the Board of Directors resolved to exercise the opt-out clause provided under Art. 70, paragraphs 8, 71, and 1-*bis* of Consob Regulation n. 11971/99 which grants the option to waive the mandatory publication of informational documents relating to significant mergers, spin-offs, capital increases through in-kind transfers, acquisitions and disposals.

With regard to the main risks and uncertainties to which the Group is exposed, the Report on Corporate Governance and Ownership Structure and anything that is not expressly described in this report, reference should be made to the 2020 Annual Report.

Subsequent events

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

Outlook

For the year 2021, management now sees the Group's revenues to grow at constant exchange rates at a rate that is in the upper end of the range previously communicated and an EBITDA before non recurring costs/stock option improving compared to last year.

Treviso, 29 July 2021

For the Board of Directors
Chief Executive Officer
Massimo Garavaglia

CONSOLIDATED INCOME STATEMENT

(€/000)	*Notes*	1st half 2021	*of which operative non-recurring*	1st half 2020	*of which operative non-recurring*
Revenue from contracts with customers	*1*	1,421,691		888,860	
Other revenues	*1-8*	10,145		7,906	*127*
Total consolidated revenues		***1,431,836***		***896,766***	***127***
Raw and ancillary materials, consumables and goods	*2-8*	(767,559)		(478,160)	*(387)*
Change in inventories of finished products and work in progress	*3*	171,840		68,133	
Change in inventories of raw and ancillary materials, consumables and goods	*3*	17,120		24,995	
Materials consumed		***(578,599)***		***(385,032)***	***(387)***
Payroll costs	*4-8*	(185,034)		(136,991)	*(643)*
Services and other operating expenses	*5-8-15*	(404,964)	*(144)*	(261,826)	*(4,656)*
Provisions	*6-8*	(13,816)		(7,388)	*279*
Amortization	*7-15*	(40,073)		(38,649)	
EBIT		**209,350**	***(144)***	**66,880**	***(5,280)***
Net financial income (expenses)	*8-9-15*	19,083		(1,893)	
PROFIT (LOSS) BEFORE TAXES		**228,433**		**64,987**	
Taxes	*10*	(47,302)		(21,889)	
CONSOLIDATED PROFIT (LOSS)		**181,131**		**43,098**	
Profit (loss) pertaining to minority	*31*	325		-	
CONSOLIDATED PROFIT (LOSS) AFTER TAXES		**180,806**		**43,098**	
EARNINGS PER SHARE (in Euro)	*32*				
- basic		**€ 1.21**		**€ 0.29**	
- diluted		**€ 1.18**		**€ 0.28**	

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	1st half 2021	1st half 2020
Consolidated profit (loss)	**181,131**	**43,098**
Other components of the comprehensive income:		
- Change in fair value of cash flow hedges and financial assets available for sale	8,017	2,098
- Tax effect on change in fair value of cash flow hedges and financial assets available for sale	(1,859)	(512)
- Differences from translating foreign companies' financial statements into Euro	11,048	(15,789)
Total other comprehensive income will subsequently be reclassified to profit (loss) for the year	***17,206***	***(14,203)***
- Actuarial valuation funds	-	39
- Tax effect of actuarial valuation funds	-	(11)
Total other comprehensive income will not subsequently be reclassified to profit (loss) for the year	***-***	***28***
Total components of comprehensive income	**17,206**	**(14,175)**
Total comprehensive income	**198,337**	**28,923**
Total comprehensive income pertaining to:		
Parent's shareholders	198,012	28,923
Minority	325	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	***Notes***	**30.06.2021**	**31.12.2020**
NON-CURRENT ASSETS			
INTANGIBLE ASSETS		766,735	631,866
- Goodwill	*11*	532,990	398,514
- Other intangible assets	*12*	233,745	233,352
PROPERTY, PLANT AND EQUIPMENT		361,468	323,658
- Land, property, plant and machinery	*13*	171,268	138,517
- Other tangible assets	*14*	115,789	121,539
- Right of use assets	*15*	74,411	63,602
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS		37,100	104,539
- Equity investments	*16*	7,198	30,073
- Receivables	*17*	4,860	4,480
- Other non-current financial assets	*18*	25,042	69,986
DEFERRED TAX ASSETS	*19*	72,355	57,032
TOTAL NON-CURRENT ASSETS		1,237,658	1,117,095
CURRENT ASSETS			
INVENTORIES	*20*	634,198	423,977
TRADE RECEIVABLES	*21*	299,759	398,054
CURRENT TAX ASSETS	*22*	8,506	6,541
OTHER RECEIVABLES	*23*	40,019	30,155
CURRENT FINANCIAL RECEIVABLES AND ASSETS	*24-15*	265,691	243,005
CASH AND CASH EQUIVALENTS	*25*	930,032	662,947
TOTAL CURRENT ASSETS		2,178,205	1,764,679
Non-current assets held for sale	*26*	1,030	977
TOTAL ASSETS		**3,416,893**	**2,882,751**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NET EQUITY AND LIABILITIES (€/000)	*Notes*	30.06.2021	31.12.2020
NET EQUITY			
GROUP PORTION OF NET EQUITY		1,380,216	1,267,354
- Share Capital	*29*	226,131	225,823
- Reserves	*30*	973,279	841,398
- Profit (loss) pertaining to the Group		180,806	200,133
MINORITY INTEREST	*31*	1,848	-
TOTAL NET EQUITY		1,382,064	1,267,354
NON-CURRENT LIABILITIES			
FINANCIAL PAYABLES		723,721	507,335
- Banks loans and borrowings (long-term portion)	*33*	399,711	330,012
- Other financial payables (long-term portion)	*34*	266,374	129,330
- Lease liabilities (long-term portion)	*15*	57,636	47,993
DEFERRED TAX LIABILITIES	*19*	6,171	9,235
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES		106,668	99,646
- Employee benefits	*35*	54,612	51,288
- Other provisions	*36*	52,056	48,358
TOTAL NON-CURRENT LIABILITIES		836,560	616,216
CURRENT LIABILITIES			
TRADE PAYABLES	*37*	704,334	581,860
FINANCIAL PAYABLES		279,126	236,612
- Banks loans and borrowings (short-term portion)	*33*	185,343	132,867
- Other financial payables (short-term portion)	*34*	74,242	85,567
- Lease liabilities (short-term portion)	*15*	19,541	18,178
CURRENT TAX LIABILITIES	*38*	108,200	66,498
OTHER PAYABLES	*39*	106,609	114,211
TOTAL CURRENT LIABILITIES		1,198,269	999,181
TOTAL NET EQUITY AND LIABILITIES		**3,416,893**	**2,882,751**

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

CONSOLIDATED STATEMENT OF CASH FLOW

	Notes	1st half 2021	1st half 2020
Profit (loss) pertaining to the Group		180,806	43,098
Income taxes for the period		47,302	21,889
Amortization		40,073	38,649
Net change in provisions and other non-cash items		(15,877)	4,524
Cash flow generated by current operations (A)		**252,304**	**108,160**
Change in assets and liabilities for the period:			
Trade receivables		113,544	181,272
Inventories		(188,982)	(93,127)
Trade payables		110,142	3,461
Other changes in net working capital		(16,593)	(21,696)
Payment of income taxes		(29,347)	(20,208)
Cash flow generated (absorbed) by movements in working capital (B)		**(11,236)**	**49,702**
Cash flow generated by current operations and movements in working capital (A+B)		**241,068**	**157,862**
Investment activities:			
Investments in intangible assets		(6,848)	(5,487)
Other cash flows for intangible assets		(16)	-
Investments in property, plant and equipment		(34,818)	(30,660)
Other cash flows for property, plant and equipment		(214)	1,180
Investments in leased assets		(20,332)	(6,708)
Other cash flows for leased assets		540	1,187
Net investments in financial assets and in minority interest		286	(428)
Cash flow absorbed by ordinary investment activities (C)		**(61,402)**	**(40,916)**
Cash flow by operating activities (A+B+C)		**179,666**	**116,946**
Cash flows absorbed by the acquisition of Eversys (D)		**(94,861)**	**-**
Change in currency translation reserve on cash and cash equivalents		14,531	2,139
Purchase of treasury shares		-	(14,534)
Exercise of stock option		4,205	3,858
Dividends paid		(79,301)	-
New loans		450,000	200,000
Payment of interests on loans		(1,846)	(1,612)
Repayment of loans and other net changes in sources of finance		(205,634)	(160,700)
Changes in minority interests		325	
Cash flow generated by changes in net equity and by financing activities (E)		**182,280**	**29,151**
Cash flow for the period (A+B+C+D+E)		**267,085**	**146,097**
Opening cash and cash equivalents	*25*	**662,947**	**731,491**
Cash flow for the period (A+B+C+D+E)		267,085	146,097
Closing cash and cash equivalents	*25*	**930,032**	**877,588**

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 INTERESTS	TOTAL NET EQUITY
Balance at 31 December 2019	**224,250**	**162**	**42,573**	**144,538**	**-**	**(485)**	**10,078**	**32,433**	**575,900**	**161,005**	**1,190,454**	**-**	**1,190,454**
Allocation of 2019 result			2,277						158,728	(161,005)	-		
Fair value stock option							960				960		960
Exercise of stock option	283	4,572					(997)				3,858		3,858
Treasury shares purchase					(14,534)						(14,534)		(14,534)
Movements from transactions with shareholders	**283**	**4,572**	**2,277**	**-**	**(14,534)**	**-**	**(37)**	**-**	**158,728**	**(161,005)**	**(9,716)**	**-**	**(9,716)**
Profit (loss) after taxes										43,098	43,098		43,098
Other components of comprehensive income						1,586		(15,789)	28		(14,175)		(14,175)
Comprehensive income (loss)	**-**	**-**	**-**	**-**	**-**	**1,586**	**-**	**(15,789)**	**28**	**43,098**	**28,923**	**-**	**28,923**
Balance at 30 June 2020	**224,533**	**4,734**	**44,850**	**144,538**	**(14,534)**	**1,101**	**10,041**	**16,644**	**734,656**	**43,098**	**1,209,661**	**-**	**1,209,661**
Balance at 31 December 2020	**225,823**	**25,838**	**44,850**	**180,542**	**(14,534)**	**(3,462)**	**6,784**	**(15,058)**	**616,438**	**200,133**	**1,267,354**	**-**	**1,267,354**
Allocation of 2020 result as per AGM resolution of 21 April 2021													
- distribution of dividends									(80,821)		(80,821)		(80,821)
- allocation to reserves			318	7,571					192,244	(200,133)	-		-
Fair value stock option							1,789				1,789		1,789
Exercise of stock option	308	5,015					(1,118)				4,205		4,205
Recognition of non controlling interests									(1,523)		(1,523)	1,523	-
Other changes in shareholders interests									(8,800)		(8,800)		(8,800)
Movements from transactions with shareholders	**308**	**5,015**	**318**	**7,571**	**-**	**-**	**671**	**-**	**101,100**	**(200,133)**	**(85,150)**	**1,523**	**(83,627)**
Profit (loss) after taxes										180,806	180,806	325	181,131
Other components of comprehensive income						6,158		11,048			17,206		17,206
Comprehensive income (loss)	**-**	**-**	**-**	**-**	**-**	**6,158**	**-**	**11,048**	**-**	**180,806**	**198,012**	**325**	**198,337**
Balance at 30 June 2021	**226,131**	**30,853**	**45,168**	**188,113**	**(14,534)**	**2,696**	**7,455**	**(4,010)**	**717,538**	**180,806**	**1,380,216**	**1,848**	**1,382,064**

EXPLANATORY NOTES

GROUP BUSINESS

The De' Longhi Group is headed up by the parent De' Longhi S.p.A., a company with its registered office in Treviso whose shares are listed on the Italian stock exchange run by Borsa Italiana.
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 half-year financial report includes the condensed consolidated financial statements, which have been prepared in accordance with IFRS (International Financial Reporting Standards) and particularly with the recommendations of IAS 34 – Interim Financial Reporting, which requires interim financial statements to be prepared in a condensed format with fewer disclosures than in annual financial statements.

The half-year condensed consolidated financial statements at 30 June 2021 comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows and the statement of changes in net equity, all of which have been prepared in a full format that is comparable with the annual consolidated financial statements.
The explanatory notes are presented in a condensed format and, therefore, are limited to the information needed by users to understand the financial statements for the first half of 2021.

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

The half-year condensed consolidated financial statements have used the same consolidation procedures and accounting policies as those described in the annual report, to which the reader should refer.
The consolidated financial figures were prepared using the same accounting policies as those used to prepare the consolidated financial statements at 31 December 2020. The Group did not apply any new standards, interpretations or amendments endorsed, but not yet applicable, in advance.

The publication of the half-year condensed consolidated financial statements for the period ended 30 June 2021 was authorized by the Board of Directors on 29 July 2021.

International accounting standards applied for the first time by the Group

A few amendments were applicable for the first time as of 1 January 2021 which did not have a material impact on the Group's half-year report.

The *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2*, endorsed on 13 January 2021 relate to the effect that the interest rate benchmark reform and its substitution with alternative benchmark rates could have on financial reporting.

The *Amendments to IFRS 4 – Insurance contracts – deferral of IFRS 9*, endorsed on 15 December 2020, which allow insurance companies to defer application of IFRS 9, are not relevant for the Group.

On 31 March 2021 IASB issued *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)* which extends application of the amendment to IFRS 16 issued in 2020 for another year (up to 30 June 2022). The practical expedient simplifies the accounting of any concessions on leases, like the temporary discounts or exemptions from payments, received by tenants during the pandemic. The amendment is effective as of 1 April 2021. As at the reporting date of this consolidated half-year financial statements, the EFRAG endorsement process has not been finalized yet.

International accounting standards and/or interpretations not yet applicable

On 14 May 2020 IASB published amendments, effective as of 1 January 2022, relating to several standards, namely *Amendments to IFRS 3 Business Combinations, Amendments to IAS 16 Property, Plant and Equipment, Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*.
As part of the annual improvements, changes were also made to *IFRS 1 - First-time Adoption of International Financial Reporting Standards*, *IFRS 9 - Financial Instruments*, *IAS 41 - Agriculture and the illustrative examples* accompanying *IFRS 16 – Leases.*

One of the main changes made by the IASB, which has yet to be endorsed, includes the introduction of *IFRS 17 - Insurance contracts* which will substitute IFRS 4. The new standard establishes rules for the recognition, measurement, presentation and disclosure of insurance contracts; it will be applied to all insurance contracts using an accounting model based on the discounted cash flow method, adjusted for risk, and a Contractual Service Margin (CSM). Initially, once endorsed by the European Union, the new standard was to be applied to reporting periods beginning on or after 1 January 2021, but the date of first-time application was, subsequently, postponed a year, to 1 January 2022.

In February 2021 *IFRS: Definition of Accounting Estimates - Amendments to IAS 8* and *Disclosure of Accounting Policies - Amendments to IAS 1* and *IFRS Practice Statement 2*, applicable as of 1 January 2023, were issued. The purpose of these amendments is to improve the disclosure of accounting policies in order to provide investors and other primary users of the financial statements with more useful information, as well as help companies distinguish between the changes in accounting estimates from changes in the accounting policy.

On 7 May 2021 IASB published *Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12* which specifies how deferred tax in relation to leases and decommissioning obligations should be accounted for. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted.

The date for first time application of the *Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* has yet to be determined. The purpose of the amendments is to clarify how to account for the loss of control of a business (governed by IFRS 10), as well as downstream transactions (governed by IAS 28) if the object of the transaction was or was not a business, as defined in IFRS 3.

Estimates and assumptions

These half-year financial statements, prepared in accordance with IFRS, contain estimates and assumptions made by the Group relating to assets and liabilities, costs, revenues, other comprehensive gains/losses and contingent liabilities at the reporting date. These estimates are based on past experience and assumptions considered to be reasonable and realistic, based on the information available at the time of making the estimate.
The assumptions relating to these estimates are periodically reviewed and the related effects reflected in the income statement in the same period: actual results could therefore differ from these estimates.
For more information about the principal assumptions used by the Group see the section "Estimates and Assumptions" found in the notes to the consolidated financial statements at 31 December 2020.

These more complex assessments are typically done only when the annual report is being drafted as all the information that might be needed are available only at that time; for example, the actuarial valuations needed to determine provisions for employee benefits are generally done at the same time as the drafting of the annual report, with the exception of when a plan is being amended or liquidated.
That said, given the current uncertainty and in compliance with national and international authorities, when this interim financial report at 30 June 2021 was being drafted different aspects connected to the health crisis and possible developments were included in the period valuations in regard, specifically, the items subject to estimates commented on below.
The current environment of uncertainty stemming from the health crisis does, however, call for precaution, also when making economic forecasts.

Intangible assets and plant, property and equipment
Based on the most recent information available, the Group did not report any impairment loss with regard to the intangible assets and plant property and equipment recognized in the financial statements.

Recoverability of deferred tax assets
In order to verify the adequacy of the deferred tax assets relating to carryforward tax losses, the existence of adequate future taxable profit against which these losses may be offset, the probable timing and possible amount, were assessed. No particular problem areas emerged.

Allowance for doubtful accounts
The economic conditions of customers were investigated in order to verify the possible impact on the recoverability of trade receivables. Given the extensive insurance coverage and the limited past due amount, it was deemed unnecessary to revisit the valuation of the receivables or to increase provisions normally made in the financial statements.

Inventories

Inventories are presented net of provisions for raw materials and finished products considered obsolete or slow-moving, taking into account their future expected use and realizable value. The latter was valued carefully by the Group in light of the current situation. No particular need to revisit the impairment criteria emerged.

Derivatives

The Group verified that the hedges of financial instruments, both prospective and retrospective, were still effective.

Provisions for contingencies and other charges

The Group makes several provisions against disputes or risks of various kinds relating to different matters falling under the jurisdiction of different countries. These provisions were made based on updated information which takes into account the possible effects of the current health crisis.

Government assistance

The government assistance made available in a few countries in light of the health crisis was included in this interim financial report only in the event that all the criteria and conditions needed to be satisfied in order to the receive the funding had been satisfied.

Translation of balances in foreign currencies

The following exchange rates have been used:

		30.06.2021		30.06.2020		% 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	1.1884	1.2057	1.1198	1.1015	6.13%	9.46%
British pound	GBP	0.8581	0.8684	0.9124	0.8743	(5.96%)	(0.67%)
Hong Kong dollar	HKD	9.2293	9.3574	8.6788	8.5484	6.34%	9.46%
Chinese renminbi (Yuan)	CNY	7.6742	7.7980	7.9219	7.7481	(3.13%)	0.65%
Australian dollar	AUD	1.5853	1.5629	1.6344	1.6775	(3.00%)	(6.83%)
Canadian dollar	CAD	1.4722	1.5040	1.5324	1.5031	(3.93%)	0.06%
Japanese yen	JPY	131.4300	129.8117	120.6600	119.2072	8.93%	8.90%
Malaysian ringgit	MYR	4.9336	4.9386	4.7989	4.6829	2.81%	5.46%
New Zealand dollar	NZD	1.7026	1.6810	1.7480	1.7604	(2.60%)	(4.51%)
Polish zloty	PLN	4.5201	4.5366	4.4560	4.4136	1.44%	2.79%
South African rand	ZAR	17.0114	17.5333	19.4425	18.3318	(12.50%)	(4.36%)
Singapore dollar	SGD	1.5976	1.6061	1.5648	1.5409	2.10%	4.23%
Russian rouble	RUB	86.7725	89.6054	79.6300	76.6825	8.97%	16.85%
Turkish lira	TRY	10.3210	9.5126	7.6761	7.1521	34.46%	33.00%
Czech koruna	CZK	25.4880	25.8551	26.7400	26.3422	(4.68%)	(1.85%)
Swiss franc	CHF	1.0980	1.0943	1.0651	1.0639	3.09%	2.85%
Brazilian real	BRL	5.9050	6.4917	6.1118	5.4169	(3.38%)	19.84%
Croatian kuna	HRK	7.4913	7.5508	7.5708	7.5340	(1.05%)	0.22%
Ukrainian hryvnia	UAH	32.3618	33.4791	29.8985	28.6202	8.24%	16.98%
Romanian leu	RON	4.9280	4.9014	4.8397	4.8174	1.82%	1.75%
South Korean won	KRW	1,341.4100	1,347.3633	1,345.8300	1,329.2950	(0.33%)	1.36%
Chilean peso	CLP	866.7500	867.9883	918.7200	895.6300	(5.66%)	(3.09%)
Hungarian forint	HUF	351.6800	357.8540	356.5800	345.3946	(1.37%)	3.61%
Swedish krona	SEK	10.1110	10.1299	10.4948	10.6610	(3.66%)	(4.98%)
Mexican peso	MXN	23.5784	24.3207	25.9470	23.8571	(9.13%)	1.94%

(*) Source: Bank of Italy

CHANGE IN THE SCOPE OF CONSOLIDATION – BUSINESS COMBINATIONS

On 23 November 2020, De' Longhi announced that it had signed an agreement for the purchase of Capital Brands Holding Inc., an American company leader worldwide in the personal blenders segment with the Nutribullet and Magic Bullet brands.
The sale & purchase agreement was finalized on 29 December 2020, once the competent bodies, the anti-trust authorities, in particular, had completed the authorization process and the conditions precedent had been fulfilled.

As the assets acquired and the liabilities assumed constitute the acquisition of a business, the transaction is considered a business combination pursuant to IFRS 3.
The initial net consideration defined on the basis of the pro-forma financial statements of Capital Brands was $351.2 million (equity value); the definition of the final value on the basis of actual data for 2020 is in progress.
Consequently, the consideration was temporarily allocated to the assets and liabilities acquired until the definitive information needed to determine the final price is received. The definitive purchase price allocation will be made within twelve months of the acquisition.
The Capital Brands Group includes the holding, Capital Brands Holding Inc., and a few subsidiaries located primarily in the United States.
At 31st December 2020, date of its first inclusion, only Capital Brands' balance sheet was included in the scope of consolidation.

Amounts in Euro/thousand

Total value of acquired assets	286,244
Temporary Fair value of acquired net liabilities	(20,715)
Goodwill	306,959

The temporary allocation of the purchase price to the assets and liabilities acquired as a result of the transaction is summarized below.
This allocation is temporary, pending final information that will allow the amounts to be finalised.

	Temporary Fair value measured at the purchase time
Non current assets	24,380
Trade receivables	35,629
Inventories	25,665
Other current assets	871
Cash and cash equivalents	18,082
Total assets	**104,627**
Trade payables	(47,066)
Other current liabilities	(10,242)
Financial payables	(61,986)
Provision for contingencies and other charges	(6,048)
Total liabilities	**(125,342)**
Net assets (liabilities)	**(20,715)**
Acquired share (100%)	**(20,715)**

On 22 March 2021, De' Longhi announced that it had reached an agreement to take over the remaining 60% stake and obtain full control of Eversys, a Swiss group active in the design and marketing of professional espresso machines, with a specific focus on fully automatic machines for which it has developed a highly innovative technology which ensures premium brand positioning in its sector.
The Eversys Group includes the holding, Eversys Holding S.A., and a few subsidiaries active mainly in Europe, the United States and Canada.
The price for the 60% stake was set at CHF 110 million. The deal closed on 3 May, after having received the approval of the Antitrust authorities.

As the assets acquired and the liabilities assumed constitute the acquisition of a business, the transaction is considered a business combination pursuant to IFRS 3.
Given that business combination was made in stages, the value of the non-controlling interest already held by the Group was redetermined taking into account the fair value of the net assets acquired at the date of the transaction as calculated by an independent appraiser. Based on this appraisal, a gain of €25,328 thousand was recognized as financial income in the reporting period.
As permitted under the accounting standards, the purchase price for the assets acquired and liabilities assumed was allocated temporarily until the definitive amounts can be determined. The definitive purchase price allocation will be made within twelve months of the acquisition date.

Eversys Group has been consolidated on a line-by-line method as of 1 April 2021, based on the latest available financial statements.

Amounts in Euro/thousand

Total value of acquired assets	145,378
Temporary Fair value of acquired net liabilities	11,747
Goodwill	133,631

The temporary allocation of the purchase price to the assets and liabilities acquired as a result of the transaction is summarized below.
This allocation is temporary, pending final information that will allow the amounts to be finalised.

	Temporary Fair value measured at the purchase time
Non current assets	14,843
Trade receivables	10,142
Inventories	14,308
Other current assets	2,117
Cash and cash equivalents	5,035
Total assets	**46,445**
Trade payables	(2,174)
Other current liabilities	(2,743)
Financial payables	(28,777)
Provision for contingencies and other charges	(1,004)
Total liabilities	**(34,698)**
Net assets (liabilities)	**11,747**
Acquired share (100%)	**11,747**

SEASONALITY OF BUSINESS

The Group's business is traditionally seasonal, with first-half revenues and profit proportionately lower than those of the year as a whole.

COMMENTS ON THE INCOME STATEMENT

1. REVENUES

In the first half of 2021 revenues, including revenues from sales and services and other revenues, amount to 1,431,836 thousand (€896,766 thousand in the first half of 2020).
Revenues are broken down by geographical area as follows:

	1st half 2021	% revenues	1st half 2021 on like-for-like basis	% revenues	1st half 2020	% revenues	Change	Change %
Europe	926,930	64.7%	906,521	69.1%	605,252	67.5%	301,269	49.8%
America	242,180	16.9%	156,024	11.9%	113,651	12.7%	42,373	37.3%
Asia Pacific	158,902	11.1%	148,811	11.3%	133,080	14.8%	15,731	11.8%
MEIA (Middle East/India/Africa)	103,824	7.3%	100,695	7.7%	44,783	5.0%	55,912	124.9%
Total	**1,431,836**	**100.0%**	**1,312,051**	**100.0%**	**896,766**	**100.0%**	**415,285**	**46.3%**

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

"Other revenues" is broken down as follows:

	1st half 2021	1st half 2021 on like-for-like basis	1st half 2020	Change
Freight reimbursement	2,053	1,952	1,115	837
Commercial rights	1,175	928	471	457
Grants and contributions	716	716	649	67
Damages reimbursed	47	47	255	(208)
Out-of-period gains	10	10	-	10
Other income	6,144	5,004	5,416	(412)
Total	**10,145**	**8,657**	**7,906**	**751**

With regard to Law n. 124 of 4 August 2017, which regulates transparency in public funding, the item “Grants and contributions” includes income of €184 thousand stemming from the incentives granted by Gestore dei Servizi Energetici GSE S.p.A. for the production of energy at the Mignagola (TV) plant through photovoltaic systems connected to the grid.

2. RAW AND ANCILLARY MATERIALS, CONSUMABLES AND GOODS

The breakdown is as follows:

	1st half 2021	1st half 2021 on like-for-like basis	1st half 2020	Change
Parts	357,294	351,544	219,581	131,963
Finished products	333,868	271,238	212,015	59,223
Raw materials	67,045	66,843	40,071	26,772
Other purchases	9,352	8,400	6,493	1,907
Total	**767,559**	**698,025**	**478,160**	**219,865**

In 2020, the item included non-recurring expenses of €387 thousand.

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 and on the changes in the consolidation area after the acquisition of *Eversys.*

4. PAYROLL COSTS

These costs include €63,246 thousand in production-related payroll (€39,814 thousand at 30 June 2020).

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*.

In first half 2020 payroll costs included non-recurring expenses of €643 thousand relating to the commercial reorganization of a few foreign subsidiaries and the current health crisis.

The item includes €1,789 thousand relating to the notional cost (fair value) of the two stock option plans (€960 thousand at 30 June 2020); please refer to note *28. Stock option plans* for more information.

The Group's workforce at 30 June 2021 can be broken down as follows:

	30.06.2021	30.06.2020
Blue collars	6,789	5,930
White collars	3,051	2,736
Managers	311	274
Total	**10,151**	**8,940**

5. SERVICES AND OTHER OPERATING EXPENSES

These are detailed as follows:

	1st half 2021	1st half 2021 on like-for-like basis	1st half 2020	Change
Promotional expenses	106,450	106,297	78,237	28,060
Transport (for purchases and sales)	83,838	74,582	42,220	32,362
Advertising	44,114	40,281	19,205	21,076
Subcontracted work	30,043	29,363	18,905	10,458
Consulting services	15,144	11,732	9,931	1,801
Storage and warehousing	12,943	11,574	7,891	3,683
Technical support	10,261	10,261	8,974	1,287
Rentals and leasing	8,835	6,769	7,033	(264)
Commissions	7,340	6,442	3,543	2,899
Insurance	6,333	4,957	4,379	578
Power	5,192	5,174	4,309	865
Directors and statutory auditors' emoluments	3,138	3,056	2,056	1,000
Travel	2,595	2,406	3,282	(876)
Maintenance	2,366	2,277	1,912	365
Other utilities and cleaning fees, security, waste collection	2,068	2,068	1,515	553
Postage, telegraph and telephones	2,067	1,821	1,734	87
Other sundry services	23,014	21,727	16,106	5,621
Total services	**365,741**	**340,787**	**231,232**	**109,555**
Sundry taxes	34,322	32,334	24,095	8,239
Other	4,901	4,548	6,499	(1,951)
Total other operating expenses	**39,223**	**36,882**	**30,594**	**6,288**
Total	**404,964**	**377,669**	**261,826**	**115,843**

In the first half of 2021 the item includes non-recurring expenses for €144 thousand (€4,656 thousand at 30 June 2020).

Like-for-like, in 2021 the item "Rentals and leasing" includes, in addition to commercial rights of €546 thousand (€378 thousand in the first half of 2020), the operating costs relating to contracts which are not leases or don't contain a lease (€5,814 thousand, €6,201 thousand in in the first half of 2020), as well as costs relating to leases with a term of less than twelve months (€379 thousand, €341 thousand in the first half of 2020) or refer to low-value assets (€30 thousand, €136 thousand in in the first half of 2020); for further information, please refer to note 15. *Leases*.

6. PROVISIONS

These include €13,004 thousand in provisions for contingencies and other charges and €812 thousand in provisions for doubtful accounts. The main changes in this item are discussed in note *36. Other provisions for non-current contingencies and charges*.

7. AMORTIZATION

The breakdown is as follows:

	1st half 2021	1st half 2021 on like-for-like basis	1st half 2020	Change
Amortization of intangible assets	6,687	5,832	6,414	(582)
Depreciation of property, plant and equipment	23,297	22,057	22,475	(418)
Depreciation of Right of Use assets	10,089	9,566	9,760	(194)
Total	**40,073**	**37,455**	**38,649**	**(1,194)**

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)

The non-recurring items in the first half 2021 are recognized in the income statement in costs for services for €144 thousand.

In first half 2020 this item included the donation made by the Group to support the containment measures for the health crisis (€3,100 thousand) and other costs incurred for the emergency, as well as costs related to the restructuring and reorganization underway at a few foreign subsidiaries. The net amount, totaling €5,280 thousand, was recognized for €127 thousand in other income, for €387 thousand in acquisition costs, for €643 thousand in payroll costs, for €4,656 thousand in costs for services and for €279 thousand in lower provisions.

In addition, the half-year consolidated income statement includes a non-operative non-recurring item within "Net financial income (expense)", namely the income stemming from the revaluation of the non-controlling interest already held by the Group, on the basis of the fair value of the acquired assets carried out once total control was accomplished in a step acquisition.

9. NET FINANCIAL INCOME (EXPENSES)

Net financial income and expenses are broken down by nature as follows:

	1st half 2021	1st half 2021 on like-for-like basis	1st half 2020	Change
Exchange differences and gains (losses) on currency hedges	**(221)**	**29**	**433**	**(404)**
Fair value re-measurement of Eversys n.c.i.	**25,329**	**-**	**-**	**-**
Share of profit of equity investments consolidated by the equity method	**(511)**	**(511)**	**1,759**	**(2,270)**
Net interest expense	(2,829)	(2,247)	(1,731)	(516)
Interest for leasing	(746)	(724)	(813)	89
Other financial income (expenses)	(1,939)	(1,808)	(1,541)	(267)
Other net financial income (expenses)	**(5,514)**	**(4,779)**	**(4,085)**	**(694)**
Net financial income (expenses)	**19,083**	**(5,261)**	**(1,893)**	**(3,368)**

"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.

"Fair value re-measurement of Eversys n.c.i." includes the gain recognized after the business combination, completed in stages, was completed and the interest already held by the Group was redetermined based on the fair value of the assets acquired.

"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 investment in NPE S.r.l., a supplier of electronic components.

"Net interest expense" includes bank interest on the Group's financial debt (recalculated using the amortized cost method) and the financial cost of factoring receivables without recourse, net of the interest received on the Group's investments.

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

10. INCOME TAXES

These are analyzed as follows:

	1st half 2021	1st half 2021 on like-for-like basis	1st half 2020	Change
Current income taxes:				
- Income taxes	62,652	59,282	23,707	35,575
- IRAP (Italian regional business tax)	4,658	4,658	1,810	2,848
Deferred (advanced) taxes	(20,008)	(18,971)	(3,628)	(15,343)
Total	**47,302**	**44,969**	**21,889**	**23,080**

This item includes the estimated tax credit for research and development pursuant to Law 190/2014 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.

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION: ASSETS

NON-CURRENT ASSETS

11. GOODWILL

	30.06.2021		31.12.2020	
	Gross	**Net**	**Gross**	**Net**
Goodwill	539,737	532,990	405,261	398,514

The change in "Goodwill" refers mainly (€133,631 thousand) to the recent acquisition Eversys and the temporary allocation of the consideration paid to assets and liabilities until the definitive information needed to determine the final price is received (for more information refer to the section "Changes in the scope of consolidation - Business combinations").

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 by CGU (cash generating unit) represented by the De' Longhi, Kenwood and Braun divisions, to which Capital Brands and Eversys have recently been added according to the detail shown below:

Cash-generating unit	**30.06.2021**
De'Longhi	26,444
Kenwood	17,120
Braun	48,836
Total	**92,400**
Temporary allocation (Capital Brands)	306,959
Temporary allocation (Eversys)	133,631
Total	**532,990**

The objective of the impairment test is to determine the value in use of the CGU to which the goodwill refers, meaning the present value of the future cash flows expected to be derived from continuous use of the assets; any cash flows arising from extraordinary events are therefore ignored.
In particular, the value in use is determined by applying the "discounted cash flows" method, applied to the cash flows resulting from three-year plans approved by management.

The impairment test carried out at the end of 2020 on the basis of discount rates reflecting current market assessments of the time value of money and the risks specific to the individual cash-generating units, did not reveal any indicator that these assets might have suffered an impairment loss.

Estimating the recoverable value of the cash-generating units, however, calls for assumptions and estimates to be made by management. Different factors linked also to how this difficult market environment evolves could also make it necessary to redetermine the value of goodwill. The circumstances and events which could result in the need for further impairment testing will be monitored constantly by the Group.

During the first half of 2021 no indicators of impairment emerged.
For further information please refer to the Explanatory Notes found in the 2020 Annual Report.

12. OTHER INTANGIBLE ASSETS

These are analyzed as follows:

	30.06.2021		31.12.2020	
	Gross	Net	Gross	Net
New product development costs	119,297	18,901	117,711	21,780
Patents	41,841	2,893	41,433	3,082
Trademarks and similar rights	293,852	187,048	293,384	187,222
Work in progress and advances	26,289	19,092	23,062	16,085
Other	25,182	5,811	23,791	5,183
Total	**506,461**	**233,745**	**499,381**	**233,352**

The following table reports movements in the main asset categories during 2021:

	New product development costs	Patents	Trademarks and similar rights	Work in progress and advances	Other	Total
Net opening balance	**21,780**	**3,082**	**187,222**	**16,085**	**5,183**	**233,352**
Additions	440	46	86	4,903	528	6,003
Amortization	(4,465)	(597)	(642)	(220)	(763)	(6,687)
Acquisition of Eversys	-	362	-	-	-	362
Translation differences and other movements (*)	1,146	-	382	(1,676)	863	715
Net closing balance	**18,901**	**2,893**	**187,048**	**19,092**	**5,811**	**233,745**

(*)“Other movements” refers primarily to the reclassification of intangible assets.

The principal additions refer to the capitalization of new product development projects, based on detailed reporting and analysis of the costs incurred and the estimated future usefulness of such projects.
The Group has capitalized a total of €5,343 thousand in development costs as intangible assets in 2021, of which €440 thousand in "New product development costs" for projects already completed at the reporting date and €4,903 thousand in "Work in progress and advances" for projects still in progress.

"Patents" mostly refers to internal development costs and the subsequent cost of filing for patents and to costs for developing and integrating data processing systems.

"Trademarks and similar rights" includes €79.8 million for the "De’ Longhi" trademark, as well as €95.0 million for the perpetual license over the Braun brand, calculated based on an indefinite useful life in accordance with IAS 38, taking into account, above all, brand awareness, economic results, reference market characteristics, brand specific strategies and the amount of investments made to sustain the brands.

The impairment test carried out at the end of 2020 for both brands based on an indefinite useful life, did not reveal any indicators that these assets might have suffered an impairment loss.
No events of significance have occurred in the first half of 2021 such as might suggest that the carrying amount of trademarks could have suffered any impairment loss.

13. LAND, PROPERTY, PLANT AND MACHINERY

These are analyzed as follows:

	30.06.2021		31.12.2020	
	Gross	**Net**	**Gross**	**Net**
Land and buildings	167,922	122,735	129,262	88,153
Plant and machinery	157,973	48,533	152,121	50,364
Total	**325,895**	**171,268**	**281,383**	**138,517**

The following table reports movements during 2021:

	Land and buildings	Plant and machinery	Total
Net opening balance	**88,153**	**50,364**	**138,517**
Additions	2,294	1,818	4,112
Disposals	-	(10)	(10)
Amortization	(3,126)	(4,980)	(8,106)
Acquisition of Eversys	10,157	907	11,064
Translation differences and other movements	25,257	434	25,691
Net closing balance	**122,735**	**48,533**	**171,268**

With reference to "Land and buildings", the increases and the other movements mainly refer to the to the investments for the construction of the new building at the headquarters in Treviso, partly made in previous years and previously classified into the tangible assets in progress.

The investments in “Plants and machinery” refer mainly to the purchase of machinery for the plants in Romania and China and to the coffee machine production lines increases in Italy.

14. OTHER TANGIBLE ASSETS

Other tangible assets are analyzed as follows:

	30.06.2021		31.12.2020	
	Gross	Net	Gross	Net
Industrial and commercial equipment	343,352	57,814	320,600	49,881
Other	94,997	25,363	90,028	23,012
Work in progress and advances	32,612	32,612	48,647	48,646
Total	**470,961**	**115,789**	**459,275**	**121,539**

The following table reports movements during 2021:

	Industrial and commercial equipment	Other	Work in progress and advances	Total
Net opening balance	**49,881**	**23,012**	**48,646**	**121,539**
Additions	11,409	4,632	14,665	30,706
Disposals	(8)	(10)	-	(18)
Amortization	(11,118)	(4,073)	-	(15,191)
Acquisition of Eversys	1,196	1,136	-	2,332
Translation differences and other movements	6,454	666	(30,699)	(23,579)
Net closing balance	**57,814**	**25,363**	**32,612**	**115,789**

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 to the investments linked to the development of the new headquarters and the improvement in the Romanian production facility.

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 2021 are shown below:

	Land and buildings	Industrial and commercial equipment	Plant and machinery	Other	Total
Net opening balance	**57,471**	**2,249**	**-**	**3,882**	**63,602**
Additions	19,175	-	-	1,156	20,331
Disposals	(205)	-	-	(26)	(231)
Amortization	(8,727)	(189)	(3)	(1,170)	(10,089)
Acquisition of Eversys	258	-	28	58	344
Translation differences and other movements	427	3	-	24	454
Net closing balance	**68,399**	**2,063**	**25**	**3,924**	**74,411**

In the first half of 2021, the result for the period includes depreciation and amortization for €10,089 thousand and interest payable for €746 thousand, while €10,557 thousand of rental costs were reversed.

At 30 June 2021 financial liabilities for leases of €77,177 thousand (of which €57,636 thousand expiring beyond 12 months) including also €314 thousand pertaining to the newly acquired Eversys (of which €183 thousand expiring beyond 12 months) and financial assets for advanced payments of €238 thousand, included in "Current financial receivables and assets", were recognized in the financial statements (please refer to note 24).

The maturities of the undiscounted lease liabilities (based on contractual payments) are shown below:

	Undiscounted flows at 30.06.2021	*Payable within one year*	*Payable in 1-5 years*	*Payable in more than five years*
Lease liabilities	81,151	20,537	41,421	19,193

The adoption of IFRS 16 Lease impacted on Group net equity at 30 June 2021 for €1,247 thousand.

16. EQUITY INVESTMENTS

Details of equity investments are as follows:

	30.06.2021	31.12.2020
Equity investments consolidated using the equity method	7,147	30,022
Investment measured at fair value	51	51
Total	**7,198**	**30,073**

"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 change in the first half of 2021 can be broken down as follows:

	30.06.2021
Net opening balance	**30,022**
Interest in net profit	(511)
Exchange rate differences	185
Decreases	(22,549)
Net closing balance	**7,147**

The decreases refer to the investment in Eversys Holding S.A. which, following the acquisition of the remaining 60% of the shares, was consolidated using the line-by-line method.

17. NON-CURRENT RECEIVABLES

The balance at 30 June 2021 comprises €4,859 thousand in security deposits (€4,478 thousand at 31 December 2020) and €1 thousand in other non-current financial receivables.

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 aim of receiving contractual cash flows (principal and interest) at specific maturities which were, therefore, accounted for using the amortized cost method. The item includes €20,037 thousand relating to two bonds with a total nominal value of €20,000 thousand, expiring in 2026 and 2027, respectively, and €5,003 thousand relating to securities (par value of €5,000 thousand), expiring in 2022.
No signs of impairment emerged about the balances recognized in the financial statements.

19. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Deferred tax assets and deferred tax liabilities are analyzed as follows:

	30.06.2021	30.06.2021 on like-for-like basis	31.12.2020	31.12.2020 on like-for-like basis
Deferred tax assets	72,355	66,523	57,032	52,930
Deferred tax liabilities	(6,171)	(6,870)	(9,235)	(9,235)
Net closing balance	**66,184**	**59,653**	**47,797**	**43,695**

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

The net balance is analyzed as follows:

	30.06.2021	30.06.2021 on like-for-like basis	31.12.2020	31.12.2020 on like-for-like basis
Temporary differences	61,701	55,173	44,834	40,732
Tax losses	4,483	4,480	2,963	2,963
Net closing balance	**66,184**	**59,653**	**47,797**	**43,695**

The change in the net asset balance also reflects an increase of €1,859 thousand relating to the "Fair value and cash flow hedge reserve" recognized in net equity with reference to the fair value evaluation of investments and cash flow hedge derivatives.

CURRENT ASSETS

20. INVENTORIES

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

	30.06.2021	30.06.2021 on like-for-like basis	31.12.2020	31.12.2020 on like-for-like basis
Finished products and goods	522,008	480,571	343,605	317,675
Raw, ancillary and consumable materials	117,591	106,314	87,538	87,538
Work in progress and semi-finished products	40,598	40,598	32,098	32,098
Inventory writedown allowance	(45,999)	(45,520)	(39,264)	(38,999)
Total	**634,198**	**581,963**	**423,977**	**398,312**

The value of inventories is stated after deducting an allowance for obsolete or slow-moving goods totaling €45,999 thousand, €45,520 on like-for-like basis, (€39,264 thousand at 31 December 2020, €38,999 on like-for-like basis) in relation to products and raw materials that are obsolete and slow-moving or are no longer of strategic interest to the Group.

21. TRADE RECEIVABLES

These are analyzed as follows:

	30.06.2021	30.06.2021 on like-for-like basis	31.12.2020
Trade receivables			
- due within 12 months	311,196	277,306	408,601
- due beyond 12 months	13	13	14
Allowance for doubtful accounts	(11,450)	(10,130)	(10,561)
Total	**299,759**	**267,189**	**398,054**

Trade receivables are stated net of an allowance for doubtful accounts of €11,450 thousand (€10,130 on like-for-like basis), representing a reasonable estimate of the expected losses during the entire life of the receivables. The allowance takes account of the fact that a significant portion of the receivables are covered by insurance policies with major insurers.

22. CURRENT TAX ASSETS

These are analyzed as follows:

	30.06.2021	30.06.2021 on like-for-like basis	31.12.2020
Direct tax receivables	2,401	2,173	2,175
Tax payments on account	5,191	5,191	3,460
Tax refunds requested	914	914	906
Total	**8,506**	**8,278**	**6,541**

The consolidation of Capital Brands at 31/12/2020 did not have any impact on the item under examination, therefore the figures shown above are comparable to the like-for-like figures at 30 June 2021.

There are no current tax assets due beyond 12 months.

23. OTHER RECEIVABLES

"Other receivables" are analyzed as follows:

	30.06.2021	30.06.2021 on like-for-like basis	31.12.2020	31.12.2020 on like-for-like basis
VAT	17,775	16,418	14,207	14,176
Advances to suppliers	6,577	6,245	3,047	2,847
Prepaid insurance costs	1,702	1,678	1,649	1,649
Other tax receivables	1,781	1,781	1,468	1,468
Employees	211	213	132	132
Other	11,973	9,559	9,652	9,012
Total	**40,019**	**35,894**	**30,155**	**29,284**

There are no other receivables due beyond 12 months.

24. CURRENT FINANCIAL RECEIVABLES AND ASSETS

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

	30.06.2021	30.06.2021 on like-for-like basis	31.12.2020
Fair value of derivatives	19,192	19,192	10,847
Advances for leasing contracts	238	238	391
Fair value of other current financial assets	54,839	54,839	39,766
Other current financial assets	191,422	252,421	192,001
Total	**265,691**	**326,690**	**243,005**

The consolidation of Capital Brands at 31/12/2020 did not have any impact on the item under examination, therefore the figures shown above are comparable to the like-for-like figures at 30 June 2021.

More details on the fair value of derivatives can be found in note *34. Other financial payables.*

At 30 June 2021, the item “Other current financial assets” includes the amounts relating to the so called *ramo primo* of insurance policies, securities, with a quarterly/semi-annual coupon and capital guarantee funds which pay interest.

“Fair value of other current financial assets” refers to the unit linked to the investments of the so called *ramo terzo* of the insurance policies referred to above.

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 €667.6 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 €600.8 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 bank in question has been given a lien over all the cash balances within the international cash pooling system in respect of this service.

The cash balances at 30 June 2021 include €57 thousand in current accounts of certain subsidiaries, that are restricted, having been given as collateral.

26. NON-CURRENT ASSETS HELD FOR SALE

The item refers to the value of a freehold property of a subsidiary that was classified under non-current assets held for sale, as required under IFRS 5 – *Non-current assets held for sale and discontinued operations*, insofar as the Group initiated a program to locate a buyer and complete the disposal.
The amount corresponds to the net carrying amount, insofar as it is not less than the fair value of the assets held for sale, net of the selling costs.

	31.12.2020	Translation differences	30.06.2021
Non-current assets held for sale	977	53	1,030

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION: NET EQUITY AND LIABILITIES

NET EQUITY

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

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

During the Annual General Meeting held on 21 April 2021 shareholders also resolved to renew – after revoking the authorization granted by shareholders on 22 April 2020, for the unexecuted part – the authorization to buy and sell treasury shares for up to a maximum of 14.5 million ordinary shares and, at any rate, up to an amount which does not exceed 1/5 of the share capital, also taking into account any shares held by the parent company De' Longhi S.p.A. and its subsidiaries. The authorization was approved for a period of up to a maximum of 18 months (therefore, through 21 October 2022) in accordance with the law.
At today's date, the Group owns 895,350 treasury shares.

28. STOCK OPTION PLANS

The equity incentive plan called the "Equity Incentive Plan" *stock option* 2016-2022" was approved by the Assembly on 14 April 2016.
In the face of the plan, the Shareholders' Meeting decided to increase the paid share capital for maximum nominal Euro 3,000,000, to be carried out no later than December 31, 2022, by issuing, also in addition to the *Slice*, of a maximum of 2,000,000 shares nominal value of Euro 1.5 each having the same characteristics as ordinary shares outstanding on the date of issue, with regular enjoyment.
The aim of the plan is to retain the beneficiaries through the recognition of the contribution they make to the increase in the Group's value.
The total duration of the plan is seven years and in any case the deadline is set for 31 December 2022.
The identification of individual beneficiaries has been entrusted to the Board of Directors on the proposal of 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 assignment took place free of charge: in return for the allocation of options, the Beneficiaries have not paid any consideration. On the contrary, the exercise of options and the consequent subscription of shares are subject to the payment of the exercise price.
Each option gives the right to subscribe an ordinary share, under the conditions laid down in the relevant Regulation.
The operating price is 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 60 days off calendar before the date of approval of the Plan and its regulation by the Shareholders' Meeting.

The options may be exercised by the Beneficiaries - on one or more occasions - solely and exclusively

1) between 15 May 2019 and 31 December 2022 (more specifically, between either 15 May - 15 July; 1 September-15 October; 15 November - 15 January), for up to a total maximum amount equal to 50% of the total options assigned each beneficiary;
2) between 15 May 2020 and 31 December 2022 (more specifically, between either 15 May - 15 July; 1 September-15 October; 15 November - 15 January) for the remaining 50% of the total options assigned each beneficiary.

Any option not exercised by the end of the exercise period will be automatically expire and the beneficiary will have no right to any compensation or indemnity.
All shares will have regular dividend rights and, therefore, will be the same as all other shares outstanding at their issue date, and will be freely transferrable by the beneficiary.
Please refer to the Annual Report on the Remuneration Policy and Compensation Paid for more information on the Plan.

For the purposes of valuation under IFRS 2 - Share-based payments, two different tranches were defined for each award which contain the same number of options broken down equally into the plan's two exercise periods.
The *fair value* of *stock option* is the value of the option on the assignment date determined applying the model *Black-Scholes,* which takes into account the conditions of exercise of the right, the current value of the share, the expected volatility and the risk-free rate and taking into account the conditions of *non-vesting*.
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 assumptions used to determine the fair value of the options assigned are shown below:

	2017 award	2016 award
First tranche fair value	7.6608	5.3072
Second tranche fair value	7.4442	5.2488
Expected dividends (Euro)	0.8	0.43
Estimated volatility (%)	28.09%	33.23%
Historic volatility (%)	31.12%	36.07%
Market interest rate	Euribor 6M	Euribor 6M
Expected life of the options (years)	2.142/3.158	2.51 / 3.53
Exercise price (Euro)	20.4588	20.4588

In 2020 1,048,564 options were exercised and in the first half of 2021 an additional 205,571 options were exercised.

The equity incentive plan called the "Equity Incentive Plan" *stock option* 2020-2027" was approved by the Shareholders' Meeting of De' Longhi S.p.A. on April 22, 2020.
In the face of the plan, the Shareholders' Meeting decided on a further increase in the share capital of nominal maximums Euro 4,500,000 to be carried out through the 3,000,000 ordinary shares, with a nominal value of Euro 1.5 each having the same characteristics as ordinary shares outstanding on the date of issue, with regular enjoyment, intended, if the shares in the portfolio do not were capacious.
The aim of the plan is to encourage the loyalty of the beneficiaries, encouraging their stay in the Group, linking their remuneration to the implementation of the company strategy in the medium to long term.
The overall duration of the plan is about 8 years and in any case the deadline is set for 31 December 2027.

The 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 options is free of charge: the beneficiaries, therefore, did not pay any sort of consideration upon assignment. 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 an ordinary share, under the conditions laid down in the Regulation.
The exercise price is 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 tranche - 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.

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.
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.
During 2020, *stock option* 2,360,000 shares have been assigned.

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	4.4283	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

Share capital was made up of 150,548,564 ordinary shares of par value €1.5 each, for a total of €225,823 thousand at 31 December 2020.

In the first half of 2021, another 205,571 options assigned under the "Stock Option Plan 2016-2022" were exercised at an exercise price of €20.4588 and consequently, the same number of ordinary shares were subscribed at a par value of €1.5.
The statement on the change in share capital was filed with the Treviso-Belluno Register of Companies on 16 July 2021 in accordance with current regulations and the terms of the law.
At the date of approval of the present financial report, share capital amounts to €226,131 thousand.

30. RESERVES

The details are as follows:

	30.06.2021	31.12.2020	Change
Share premium reserve	30,853	25,838	5,015
Legal reserve	45,168	44,850	318
Other reserves:			
- Extraordinary reserve	188,113	180,542	7,571
- Fair value and cash flow hedge reserve	2,696	(3,462)	6,158
- Stock option reserve	7,455	6,784	671
- Reserve for treasury shares	(14,534)	(14,534)	-
- Currency translation reserve	(4,010)	(15,058)	11,048
- Profit (loss) carried forward	717,538	616,438	101,100
Total	**973,279**	**841,398**	**131,881**

At 30 June 2021 the "Share Premium Reserve" refers for €162 thousand to the reserve allocated at the time of the company's IPO and the listing on Milan's MTA market on 23 July 2001 and, for the remainder, to the exercise in 2020 and the first half of 2021 of options assigned under the "Stock Option Plan 2016-2022".

The "Legal Reserve" amounted to €44,850 thousand at 31 December 2020. The increase of €318 thousand is attributable to the allocation of profit for 2020 approved by shareholders during De' Longhi S.p.A.'s AGM held on 21 April 2021.

The "Extraordinary reserve" increased by €7,571 thousand due to the allocation of the profit for the year, net of the dividend distribution, as approved by shareholders of De' Longhi S.p.A. during the above mentioned AGM.

The "Fair value and cash flow hedge reserve" reports a positive balance of €2,696 thousand, net of €637 thousand in tax.
The change in the "Fair value and cash flow hedge" reserve in 2021, recognized in the statement of comprehensive income for the year, is attributable to the positive fair value of the cash flow hedge and available-for-sale securities of €6,158 thousand net of €1,859 thousand in tax.

The "Stock option reserve" refers to the two share incentive plans already described in paragraph *28. Stock option plans.*
At 30 June 2021, the "Stock option" reserve amounted to positive €7,455 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.
With regard to the "2016-2022 Stock Option Plan", the reserve is recognised at a positive value of €3,739 thousand.
For the "2020-2027 Stock Option Plan", the value of the reserve is €3,716 thousand, entirely accrued during the year.

The "Reserve for treasury shares" was negative for €14,534 thousand and corresponds to the amount of treasury shares purchased pursuant to the buyback program.

"Profit (loss) carried forward" includes the retained earnings of the consolidated companies and the effects of consolidation adjustments and adjustments to comply with Group accounting policies.

Below is a reconciliation between the net equity and profit reported by the parent company, De' Longhi S.p.A., and the figures shown in the consolidated financial statements:

	Net equity 30.06.2021	Profit for 1st half 2021
De' Longhi S.p.A. financial statements	**557,153**	**63,926**
Share of subsidiaries' equity and results for period attributable to the Group, after deducting carrying value of the investments	464,815	123,552
Allocation of goodwill arising on consolidation and related amortization and reversal of goodwill recognized for statutory purposes	410,262	3,464
Elimination of intercompany profits	(50,465)	(9,802)
Other adjustments	299	(9)
Consolidated financial statements	**1,382,064**	**181,131**
Minority interest	1,848	325
Consolidated financial statements - Group portion	**1,380,216**	**180,806**

31. NON-CONTROLLING INTERESTS IN NET EQUITY

The non-controlling interests in net equity, which amount to €1,848 thousand (including the result for the reporting period of €325 thousand), refer to the non-controlling interest (49%) in Eversys UK Ltd. and its subsidiary Eversys Ireland Ltd., which became part of the Group as a result of the Eversys acquisition.

32. EARNINGS PER SHARE

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

	30.06.2021
Weighted average number of shares outstanding	149,683,061
Weighted average number of diluted shares outstanding	152,909,650

The dilutive impact was not significant at 30 June 2021, therefore the difference between the diluted earnings per share (€1.18) and the basic earnings per share (€1.21) is not material.

LIABILITIES

33. BANK LOANS AND BORROWINGS

"Bank loans and borrowings" are analyzed as follows:

	30.06.2021	31.12.2020
Overdrafts	28	1,311
Current bank loans and borrowings	4	45,003
Loans (short term portion)	185,311	86,553
Loans (one to five years)	399,711	330,012
Total bank loans and borrowings	**585,054**	**462,879**

The consolidation of Capital Brands and Eversys did not have any effect on the analyzed item, therefore the above values are comparable.

During the first six months of the year, despite its sound financial situation and as part of its strategy to extend the average life of its debt, as well as take advantage of the favorable market conditions, the Group decided to increase and diversify its financial resources by taking out three ESG (Environmental-Social-Governance) loans, stipulated on 24 March (€100,000 thousand, 5-year duration, repayable quarterly as of June 2022), 14 May (€50,000 thousand, 5-year duration, repayable every six months beginning June 2022) and 19 May (€100,000 thousand, 5-year duration, repayable every six months), respectively, for a total of €250 million.
These transactions introduce a new reward mechanism based on which the terms of the loan may be adjusted each year if certain ESG (Environmental-Social-Governance) targets are reached and are included in the Group's sustainability strategy.
The Group, lastly, renegotiated the conditions of a term loan, reducing the total cost and extending the final maturity.

With regard to the loans taken out, none of the financial covenants included in the loan agreements, had been breached at 30 June 2021.

The main loans are floating rate; on some of these medium/long term loans, hedging derivatives were negotiated which made it possible to exchange floating rate debt for fixed rate debt. The fair value of the loans, calculated by discounting expected future interest flows at current market rates, does not differ significantly from the amount of debt recognized in the financial statements.

34. OTHER FINANCIAL PAYABLES

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

	30.06.2021	30.06.2021 on like-for-like basis	31.12.2020
Private placement (short-term portion)	21,455	21,455	21,430
Negative fair value of derivatives	14,032	14,032	12,347
Other short term financial payables	38,755	51,274	51,790
Total short-term payables	**74,242**	**86,761**	**85,567**
Private placement (one to five years)	85,658	85,658	85,672
Negative fair value of derivatives	13	13	611
Other financial payables (one to five years)	8,878	78	170
Total long-term payables (one to five years)	**94,549**	**85,749**	**86,453**
Private placement (beyond five years)	171,825	171,825	42,877
Other financial payables (beyond five years)	-	-	-
Total long-term payables (beyond five years)	**171,825**	**171,825**	**42,877**
Total other financial payables	**340,616**	**344,335**	**214,897**

The consolidation of Capital Brands at 31/12/2020 did not have any impact on the item under examination, therefore the figures shown above are comparable to the like-for-like figures at 30 June 2021.

The bond loan refers to the issue and placement of unsecured, non-convertible notes with US institutional investors (the "US Private Placement").
During 2017, the issue of securities with a value of €150 million was finalized.
The securities were issued by De' Longhi S.p.A. in a single tranche, mature in 10 years in June 2027 and have 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 securities are unrated and are not intended to be listed on any regulated markets.
The notes are subject to half-yearly financial covenants in line with those contemplated in other existing loan transactions.
At 30 June 2021 the covenants had not been breached. The issue is not secured by collateral of any kind.

On 7 April 2021 the Group also issued another €150 million tranche, maturing in 2041, of the "Private Shelf Facility". which was underwritten by a leading US financial group.
The securities were issued by De' Longhi S.p.A. in a single tranche, have a duration of 20 years, maturing on 7 April 2041, and an average life of 15 years. The bonds accrue interest from the subscription date at a fixed rate of 1.18% per annum. The repayment of the loan will take place annually with equal principal installments, the first of which will be due in April 2031 and the last on the expiry date, without prejudice to the Company's right of early repayment. The bonds issued have no rating and are not intended for listing on regulated markets.
De' Longhi is required to comply with financial covenants. Compliance with these covenants will be verified every six months, consistent with other existing transactions. None of these covenants had been breached at 30 June 2021. The issue is not backed by any real or personal guarantees.

"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 financial payables" refers mainly to factoring without recourse related payables. It also includes the remaining portion of the pension fund liabilities pertaining to a foreign subsidiary, the consideration for the purchase of equity investments and the payable to shareholders for the residual portion of dividends distributed but not yet paid.

Net financial position

Details of the net financial position are as follows:

	30.06.2021	31.12.2020
A. Cash	930,032	662,947
B. Cash equivalents	-	-
C. Other current financial assets	246,499	232,158
of which lease prepayments	*238*	*391*
D. Cash, cash equivalents and other current financial assets (A + B + C)	**1,176,531**	**895,105**
E. Current financial liabilities	(78,859)	(133,980)
of which lease liabilities	*(19,541)*	*(18,178)*
F. Current portion of non-current financial liabilities	(185,311)	(86,553)
G. Current financial liabilities (E + F)	**(264,170)**	**(220,533)**
H. Current net financial liabilities (G + D)	**912,361**	**674,572**
I.1. Other non-current financial assets	25,042	69,986
I. Non-current financial liabilities	(457,347)	(378,005)
of which lease liabilities	*(57,636)*	*(47,993)*
J. Debt instruments	(257,483)	(128,549)
K. Trade payables and other non-current liabilities	-	-
L. Non-current net financial liabilities (I + I.1+ J + K)	**(689,788)**	**(436,568)**
M. Total financial liabilities (H + L)	**222,573**	**238,004**
Fair value of derivatives and other financial non-bank assets/liabilities	*(4,655)*	*(6,011)*
Total net financial position	**217,918**	**231,993**

Details of the net financial position are shown in accordance with CONSOB Bulletin DEM/6064293 of 28.07.2006; in order to provide a better representation, "Other non-current financial assets" are indicated separately in letter I.1; for further information, see note 18.

For a better understanding of changes in the Group's net financial position, reference should be made to the full consolidated statement of cash flows, appended to these explanatory notes, and the condensed statement presented in the report on operations.

The fair value of the outstanding derivatives at 30 June 2021 is provided below:

	Fair Value at 30.06.2021
FX forward agreements	(514)
Derivatives hedging foreign currency receivables/payables	**(514)**
FX forward agreements	6,116
IRS on parent company loans	(455)
Derivatives hedging expected cash flows	**5,661**
Total fair value of the derivatives	**5,147**

35. EMPLOYEE BENEFITS

These are made up as follows:

	30.06.2021	31.12.2020
Provision for severance indemnities	9,610	9,761
Defined benefit plans	31,031	28,125
Other long term benefits	13,971	13,402
Total	**54,612**	**51,288**

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

Some of the Group's foreign companies provide defined benefit plans for their employees.
Some of these plans have assets servicing them, but severance indemnities, as an unfunded obligation, do not.
These plans are valued on an actuarial basis to express the present value of the benefit payable at the end of service that employees have accrued at the reporting date.

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

Provision for severance indemnities:

Movements in the year are summarized below:

Net cost charged to income	1st half 2021
Current service cost	98
Interest cost on defined benefit obligation	11
Total	**109**

Change in present value of obligations	30.06.2021
Present value at 1 January	**9,761**
Current service cost	98
Utilization of provision	(260)
Interest cost on obligation	11
Present value at reporting date	**9,610**

Defined benefit plans:

Movements in the year are as follows:

Net cost charged to income	1st half 2021	1st half 2020	Change
Current service cost	2,977	1,177	1,800
Return on plan assets	-	6	(6)
Interest cost on obligation	1	236	(235)
Total	**2,978**	**1,419**	**1,559**

Change in present value of obligations	30.06.2021	31.12.2020	Change
Present value at 1 January	**28,125**	**25,004**	**3,121**
Net cost charged to income	2,978	1,419	1,559
Benefits paid	(73)	(242)	169
Translation differences	1	(121)	122
Actuarial gains & losses recognized in the comprehensive income statement	-	2,065	(2,065)
Present value at reporting date	**31,031**	**28,125**	**2,906**

The outstanding liability at 30 June 2021 of €31,031 thousand (€28,125 thousand at 31 December 2021) refers to a few subsidiaries (mainly in Germany, America and Japan).

"Other long-term employee benefits" refers to the amount accrued for the incentive plan 2021-2023 in the reporting period. This plan was approved by the Board of Directors on 29 July 2021 for the Chief Executive Officer of the parent company De' Longhi S.p.A. and a limited number of Group executives and key resources. It includes the residual amount of the incentive plan 2018-2020 approved by the Board of Directors on 31 July 2018 for the Chief Executive Officer of the parent company De' Longhi S.p.A. and a limited number of Group executives and key resources.

36. OTHER PROVISIONS FOR NON-CURRENT CONTINGENCIES AND CHARGES

These are analyzed as follows:

	30.06.2021	30.06.2021 on like-for-like basis	31.12.2020
Agents' leaving indemnity provision	1,508	1,508	1,577
Product warranty provision	37,576	37,106	33,916
Provision for contingencies and other charges	12,972	6,251	12,865
Total	**52,056**	**44,865**	**48,358**

Movements are as follows:

	31.12.2020	Utilization	Net accrual	Translation difference and other movements	Changes in consolidation area	30.06.2021
Agents' leaving indemnity provision	1,577	(125)	57	(1)	-	1,508
Product warranty provision	33,916	(8,195)	11,166	379	310	37,576
Provision for contingencies and other charges	12,865	(1,894)	1,781	220	-	12,972
Total	**48,358**	**(10,214)**	**13,004**	**598**	**310**	**52,056**

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

The product warranty provision has been established for certain consolidated companies, on the basis of estimated under-warranty repair and replacement costs for sales taking place by 30 June 2021. 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 €8,737 thousand (€7,922 thousand at 31 December 2020) for legal disputes and product complaint liabilities (limited to the Group's insurance deductible), the provision of €602 thousand (€1,646 thousand at 30 June 2020) for restructuring and reorganization and the provisions made by a few subsidiaries relating to commercial risks and other charges.

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 9 June 2004, for the three-year period 2019 - 2021.
For additional information please refer to Appendix.3.
The item does not include tax due beyond 12 months.

39. OTHER PAYABLES

These are analyzed as follows:

	30.06.2021	30.06.2021 on like-for-like basis	31.12.2020
Employees	50,457	47,584	50,307
Indirect taxes	24,855	23,111	29,692
Social security institutions	6,738	6,329	9,761
Withholdings payables	5,804	5,800	7,733
Advances	4,216	3,494	4,143
Other taxes	923	923	946
Other	13,616	12,347	11,629
Total	**106,609**	**99,588**	**114,211**

On like-for-like basis, the amounts due beyond twelve months at 30 June 2020 include €9 thousand in "Other taxes" (€9 thousand at 31 December 2020) and €1 thousand in "Other" (€1 thousand at 31 December 2020).

40. COMMITMENTS

These are detailed as follows:

	30.06.2021	31.12.2020
Guarantees given to third parties	656	1,670
Other commitments	3,988	4,229
Total	**4,645**	**5,899**

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

In addition to the above, the Group issued guarantees, for a total amount of €12 million, in favor of the affiliate NPE S.r.l. commensurated with the commitments of each of the parties.

41. HIERARCHICAL LEVELS OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following table presents the hierarchical levels in which the fair value measurements of financial instruments have been classified at 30 June 2021. 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	-	19,192	-
Derivatives with negative fair value	-	(14,045)	-
Other financial assets	51	54,839	-

There were no transfers between the levels during the year.

42. TAX POSITION

There are no positions of note at the date of this report.
With regard to the position of De' Longhi Appliances S.r.l., already described in the previous annual report, the latter was resolved through tax dispute litigation in accordance with Italian law without any significant impact on this half-year report.

43. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Appendix 3 contains the information concerning transactions and balances with related parties required by CONSOB Circulars 97001574 dated 20 February 1997, 98015375 dated 27 February 1998 and DEM/2064231 dated 30 September 2002 relating to related party transactions; all transactions fell within the Group's normal scope of operations and were settled under arm's-length terms and conditions.

Transactions and balances between the parent company and subsidiaries are not reported since these have been eliminated upon consolidation.

44. OPERATING SEGMENTS

As required under IFRS 8, following the demerger transaction the Group's activities were broken down into three operating segments (Europe, APA, MEIA) based on business region.
Each segment is responsible for all aspects of the Group's brands and services different markets; the revenues and the margins, therefore, generated by each operating segment (based on business region) may not coincide with the revenues and margins of the relative markets (based on geographic area) given the sales made by a few Group companies outside of their respective geographical areas and the intragroup transactions not allocated based on destination.
Information relating to operating segments is presented below:

Income Statement data

	1st half 2021				
	Europe	*APA*	*MEIA*	Intersegment eliminations (**)	Total
Total revenues (*)	**1,051,667**	**736,572**	**84,806**	**(441,209)**	**1,431,836**
EBITDA	**184,334**	**53,657**	**11,400**	**32**	**249,423**
Amortization	(28,239)	(11,687)	(147)	-	(40,073)
EBIT	**156,095**	**41,970**	**11,253**	**32**	**209,350**
Net financial income (expenses)					19,083
Profit (loss) before taxes					**228,433**
Taxes					(47,302)
Profit (loss)					**181,131**
Profit (loss) pertaining to minority					325
Profit (loss) for the year					**180,806**

(*) The revenues for each segment include revenues generated by both third parties and other Group operating segments.
(**) Eliminations refer to intersegment revenues generated and eliminated on a consolidated basis.

Data from statement of financial position

	30 June 2021				
	Europe	*APA*	*MEIA*	Intersegment eliminations	Total
Total assets	2,530,535	1,401,550	66,794	(581,986)	3,416,893
Total liabilities	(1,731,477)	(869,484)	(15,857)	581,989	(2,034,829)

Income Statement data

	1st half 2020				
	Europe	*APA*	*MEIA*	Intersegment eliminations (**)	Total
Total revenues (*)	**699,867**	**480,849**	**36,977**	**(320,927)**	**896,766**
EBITDA	**76,014**	**27,864**	**1,254**	**397**	**105,529**
Amortization	(28,445)	(9,990)	(214)	-	(38,649)
EBIT	**47,569**	**17,874**	**1,040**	**397**	**66,880**
Net financial income (expenses)					(1,893)
Profit (loss) before taxes					**64,987**
Taxes					(21,889)
Profit (loss)					**43,098**
Profit (loss) pertaining to minority					-
Profit (loss) for the year					**43,098**

(*) The revenues for each segment include revenues generated by both third parties and other Group operating segments; the figure is net of other non-recurring items.
(**) Eliminations refer to intersegment revenues generated and eliminated on a consolidated basis.

Data from statement of financial position

	31 December 2020				
	Europe	*APA*	*MEIA*	Intersegment eliminations	Total
Total assets	2,086,853	1,248,655	49,005	(501,762)	2,882,751
Total liabilities	(1,352,737)	(754,330)	(10,090)	501,760	(1,615,397)

45. RISK MANAGEMENT

The Group is exposed to the following financial risks as part of its normal business activity: credit, liquidity and market risks (relating primarily to currency and interest rate).
This condensed half-year financial report does not contain all the information and explanatory notes relative to financial risk management that must be included in the annual report. For additional information in this regard refer to the notes to the consolidated financial statements at 31 December 2020.

46. SUBSEQUENT EVENTS

There are no significant events occurred after the end of the year.

Treviso 29 July 2021

De' Longhi S.p.A.
The Chief Executive Officer
Massimo Garavaglia

APPENDICES

These appendices contain additional information to that reported in the explanatory notes, of which they form an integral part.

This information is contained in the following appendices:

1. List of consolidated companies
2. Statement of consolidated cash flows in terms of net financial position
3. Transactions and balances with related parties:
    a) *Income statement and statement of financial position*
    b) *Summary by company*
4. Fees paid to the external auditors
5. Certification of the consolidated financial statements pursuant to art. 81-ter of CONSOB Regulation 11971 dated 14 May 1999 and subsequent amendments and additions.

List of consolidated companies

(Appendix 1 to the Explanatory notes)

Company name	Registered office	Currency	Share capital (1)	Interest held at 30/06/2021	
				Directly	Indirectly
LINE-BY-LINE METHOD					
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	Clichy	EUR	2,737,500		100%
DE'LONGHI CANADA INC.	Mississauga	CAD	1		100%
DE'LONGHI DEUTSCHLAND GMBH	Neu-Isenburg	EUR	2,100,000	100%	
DE'LONGHI BRAUN HOUSEHOLD GMBH	Neu-Isenburg	EUR	100,000		100%
DE'LONGHI ELECTRODOMESTICOS ESPANA S.L.	Barcellona	EUR	3,066		100%
DE'LONGHI CAPITAL SERVICES S.R.L. (2)	Treviso	EUR	53,000,000	11%	89%
E- SERVICES S.R.L.	Treviso	EUR	50,000	100%	
DE'LONGHI KENWOOD A.P.A. LTD	Hong Kong	HKD	73,010,000		100%
TRICOM INDUSTRIAL COMPANY LIMITED	Hong Kong	HKD	171,500,000		100%
PROMISED SUCCESS LIMITED	Hong Kong	HKD	28,000,000		100%
ON SHIU (ZHONGSHAN) ELECTRICAL APPLIANCE CO.LTD.	Zhongshan City	CNY	USD 21.200.000		100%
DE'LONGHI-KENWOOD APPLIANCES (DONG GUAN) CO.LTD.	Qing Xi Town	CNY	HKD 285.000.000		100%
DE LONGHI BENELUX S.A.	Luxembourg	EUR	181,730,990	100%	
DE'LONGHI JAPAN CORPORATION	Tokyo	JPY	450,000,000		100%
DE'LONGHI AUSTRALIA PTY LTD.	Prestons	AUD	28,800,001		100%
DE'LONGHI NEW ZEALAND LTD.	Auckland	NZD	16,007,143		100%
ZASS ALABUGA LLC	Elabuga	RUB	95,242,767		100%
DE'LONGHI LLC	Mosca	RUB	3,944,820,000		100%
KENWOOD APPLIANCES LTD.	Havant	GBP	30,586,001		100%
KENWOOD LIMITED	Havant	GBP	26,550,000		100%
KENWOOD INTERNATIONAL LTD.	Havant	GBP	20,000,000		100%
KENWOOD APPL. (SINGAPORE) PTE LTD.	Singapore	SGD	500,000		100%
KENWOOD APPL. (MALAYSIA) SDN.BHD.	Subang Jaya	MYR	1,000,000		100%
DE'LONGHI-KENWOOD GMBH	Wr Neudorf	EUR	36,336	100%	
DELONGHI SOUTH AFRICA PTY.LTD.	Constantia Kloof	ZAR	100,332,501		100%
DE'LONGHI KENWOOD HELLAS SINGLE MEMBER S.A.	Atene	EUR	452,520		100%
DE'LONGHI PORTUGAL UNIPESSOAL LDA	Matosinhos	EUR	5,000		100%
ARIETE DEUTSCHLAND GMBH	Dusseldorf	EUR	25,000		100%
CLIM.RE. S.A.	Luxembourg	EUR	1,239,468	4%	96%
ELLE S.R.L.	Treviso	EUR	10,000		100%
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%
KENWOOD SWISS AG	Baar	CHF	1,000,000		100%
DL HRVATSKA D.O.O.	Zagabria	HRK	20,000		100%
DE'LONGHI BRASIL - COMÉRCIO E IMPORTAÇÃO Ltda	São Paulo	BRL	43,857,581		100%
DE'LONGHI POLSKA SP. Z.O.O.	Varsavia	PLN	50,000	0.1%	99.9%

DE’LONGHI APPLIANCES TECHNOLOGY SERVICES (Shenzen) Co. Ltd	Shenzen	CNY	USD 175.000		100%
DE’LONGHI UKRAINE LLC	Kiev	UAH	549,843		100%
DE’LONGHI KENWOOD MEIA F.ZE	Dubai	USD	AED 2.000.000		100%
DE’LONGHI ROMANIA S.R.L.	Cluj-Napoca	RON	140,000,000	10%	90%
DE'LONGHI KOREA LTD	Seoul	KRW	900,000,000		100%
DL CHILE S.A.	Santiago del Cile	CLP	3,079,065,844		100%
DE’LONGHI SCANDINAVIA AB	Stockholm	SEK	5,000,000		100%
DELONGHI MEXICO SA DE CV	Bosques de las Lomas	MXN	53,076,000		100%
TWIST LLC	Mosca	RUB	10,000		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%

The list of the companies belonging to Capital Brands Group acquired on 29 December 2020 is reported below; the companies are 100% indirectly held by De’ Longhi S.p.a.:

Company name	**Registered office**	**Currency**
CAPITAL BRANDS HOLDINGS, INC.	Wilmington	USD
CAPITAL BAY, LIMITED	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
BACK IN FIVE, LLC	Los Angeles	USD
BULLET EXPRESS, LLC	Los Angeles	USD
YOUTHOLOGY REARCH INSTITUTE, LLC	Los Angeles	USD
BABY BULLET, LLC	Los Angeles	USD
NUTRIBULLET, LLC	Los Angeles	USD
NUTRILIVING, LLC	Los Angeles	USD
DESSERT BULLET, LLC	Los Angeles	USD
VEGGIE BULLET, LLC	Los Angeles	USD
NUTRIBULLET LEAN, LLC	Los Angeles	USD
NUTRIBLAST, LLC	Los Angeles	USD

The companies comprising the Eversys Group, the remaining 60% of which was acquired on 3 May 2021, are listed below; the companies are controlled indirectly 100% by De' Longhi S.p.a., with the exception of Eversys UK Limted and Eversys Ireland Limited, of which De' Longhi S.p.a. indirectly holds a stake of 51%:

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

INVESTMENTS VALUED IN ACCORDANCE WITH THE EQUITY METHOD

Company name	Registered office	Currency	Share capital (1)	Interest held at 30/06/2021	
				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		45%

(1) Figures at 30 June 2021 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.

Statement of consolidated cash flows in terms of net financial position

(Appendix 2 to the Explanatory notes)

(€/000)	1st half 2021	1st half 2020
Profit (loss) pertaining to the Group	180,806	43,098
Income taxes for the period	47,302	21,889
Amortization	40,073	38,649
Net change in provisions and other non-cash items	(15,877)	4,524
Cash flow generated by current operations (A)	**252,304**	**108,160**
Change in assets and liabilities for the period:		
Trade receivables	113,544	181,272
Inventories	(188,982)	(93,127)
Trade payables	110,142	3,461
Other changes in net working capital	(16,593)	(21,696)
Payment of income taxes	(29,347)	(20,208)
Cash flow generated (absorbed) by movements in working capital (B)	**(11,236)**	**49,702**
Cash flow generated by current operations and movements in working capital	**241,068**	**157,862**
Investment activities:		
Investments in intangible assets	(6,848)	(5,487)
Other cash flows for intangible assets	(16)	-
Investments in property, plant and equipment	(34,818)	(30,660)
Other cash flows for property, plant and equipment	(214)	1,180
Investments in leased assets	(20,332)	(6,708)
Other cash flows for leased assets	540	1,187
Net investments in financial assets and in minority interest	286	(428)
Cash flow absorbed by ordinary investment activities (C)	**(61,402)**	**(40,916)**
Cash flow by operating activities (A+B+C)	**179,666**	**116,946**
Cash flows absorbed by the acquisition of Eversys (D)	**(129,438)**	**-**
Fair value and cash flow reserves	8,017	2,098
Change in currency translation reserve	3,971	1,757
Purchase of treasury shares	-	(14,534)
Exercise of stock option	4,205	3,858
Dividends paid	(80,821)	-
Changes in minority interests	325	-
Cash flows absorbed by changes net equity (E)	**(64,303)**	**(6,821)**
Cash flow for the period (A+B+C+D+E)	**(14,075)**	**110,125**
Opening net financial position	**231,993**	**277,815**
Cash flow for the period (A+B+C+D+E)	(14,075)	110,125
Consolidated closing net financial position	**217,918**	**387,940**

Transactions and balances with related parties

(Appendix 3 to the Explanatory notes)

(€/000)	1st half 2021	*of which with related parties*	1st half 2020	*of which with related parties*
Revenue from contracts with customers	1,421,691	*764*	888,860	*1,127*
Other revenues	10,145	*1,115*	7,906	*1,323*
Total consolidated revenues	***1,431,836***		***896,766***	
Raw and ancillary materials, consumables and goods	(767,559)	*(37,725)*	(478,160)	*(22,920)*
Change in inventories of finished products and work in progress	171,840		68,133	
Change in inventories of raw and ancillary materials, consumables and goods	17,120		24,995	
Materials consumed	***(578,599)***		***(385,032)***	
Payroll costs	(185,034)		(136,991)	
Services and other operating expenses	(404,964)	*(548)*	(261,826)	*(492)*
Provisions	(13,816)		(7,388)	
Amortization	(40,073)		(38,649)	
EBIT	**209,350**		**66,880**	
Net financial income (expenses)	19,083	*(86)*	(1,893)	*(97)*
PROFIT (LOSS) BEFORE TAXES	**228,433**		**64,987**	
Taxes	(47,302)		(21,889)	
CONSOLIDATED PROFIT (LOSS)	**181,131**		**43,098**	
Profit (loss) pertaining to minority	325		-	
CONSOLIDATED PROFIT (LOSS) AFTER TAXES	**180,806**		**43,098**	

ASSETS (€/000)	30.06.2021	*of which with related parties*	31.12.2020	*of which with related parties*
NON-CURRENT ASSETS				
INTANGIBLE ASSETS	766,735		631,866	
- Goodwill	532,990		398,514	
- Other intangible assets	233,745		233,352	
PROPERTY, PLANT AND EQUIPMENT	361,468		323,658	
- Land, property, plant and machinery	171,268		138,517	
- Other tangible assets	115,789		121,539	
- Right of use assets	74,411		63,602	
EQUITY INVESTMENTS AND OTHER FINANCIAL ASSETS	37,100		104,539	
- Equity investments	7,198		30,073	
- Receivables	4,860		4,480	
- Other non-current financial assets	25,042		69,986	
DEFERRED TAX ASSETS	72,355		57,032	
TOTAL NON-CURRENT ASSETS	1,237,658		1,117,095	
CURRENT ASSETS				
INVENTORIES	634,198		423,977	
TRADE RECEIVABLES	299,759	*1,023*	398,054	*2,458*
CURRENT TAX ASSETS	8,506		6,541	
OTHER RECEIVABLES	40,019	*154*	30,155	*281*
CURRENT FINANCIAL RECEIVABLES AND ASSETS	265,691		243,005	*15,814*
CASH AND CASH EQUIVALENTS	930,032		662,947	
TOTAL CURRENT ASSETS	2,178,205		1,764,679	
Non-current assets held for sale	1,030		977	
TOTAL ASSETS	**3,416,893**		**2,882,751**	

NET EQUITY AND LIABILITIES (€/000)	30.06.2021	of which with related parties	31.12.2020	of which with related parties
NET EQUITY				
GROUP PORTION OF NET EQUITY	1,380,216		1,267,354	
- Share Capital	226,131		225,823	
- Reserves	973,279		841,398	
- Profit (loss) pertaining to the Group	180,806		200,133	
MINORITY INTEREST	1,848		-	
TOTAL NET EQUITY	1,382,064		1,267,354	
NON-CURRENT LIABILITIES				
FINANCIAL PAYABLES	723,721		507,335	
- Banks loans and borrowings (long-term portion)	399,711		330,012	
- Other financial payables (long-term portion)	266,374		129,330	
- Lease liabilities (long-term portion)	57,636	*22,143*	47,993	*23,938*
DEFERRED TAX LIABILITIES	6,171		9,235	
NON-CURRENT PROVISIONS FOR CONTINGENCIES AND OTHER CHARGES	106,668		99,646	
- Employee benefits	54,612		51,288	
- Other provisions	52,056		48,358	
TOTAL NON-CURRENT LIABILITIES	836,560		616,216	
CURRENT LIABILITIES				
TRADE PAYABLES	704,334	*32,287*	581,860	*8,408*
FINANCIAL PAYABLES	279,126		236,612	
- Banks loans and borrowings (short-term portion)	185,343		132,867	
- Other financial payables (short-term portion)	74,242		85,567	
- Lease liabilities (short-term portion)	19,541	*3,578*	18,178	*3,555*
CURRENT TAX LIABILITIES	108,200	*45,159*	66,498	*24,850*
OTHER PAYABLES	106,609	*156*	114,211	
TOTAL CURRENT LIABILITIES	1,198,269		999,181	
TOTAL NET EQUITY AND LIABILITIES	**3,416,893**		**2,882,751**	

Transactions and balances with related parties
Summary by company

In compliance with the guidelines and methods for identifying significant transactions, especially those with related parties covered by the De' Longhi S.p.A. rules on corporate governance, we shall now present the following information concerning related party transactions during 2021 and related balances with mainly commercial nature at 30 June 2021:

(€/million)	Revenues	Costs	Financial Income (Expense)	Trade and other receivables	Trade and other payables	Financial payables - IFRS 16
Related companies:						
DL Radiators S.r.l.	1.0	-	-	0.7	0.2	-
TCL-De'Longhi Home Appliances (Zhongshan) Co.Ltd.	-	23.7	-	-	23.8	-
NPE S.r.l.	0.5	14.3	-	0.4	8.4	-
Gamma S.r.l.	0.3	0.3	(0.2)	0.1	-	25.7
Eversys S.A.	0.1	-	0.1	-	-	-
De Longhi Industrial S.A.	-	-	-	-	45.2	-
TOTAL RELATED PARTIES	**1.9**	**38.3**	**(0.1)**	**1.2**	**77.6**	**25.7**

Following the application of IFRS 16 Leases, payables owed to Gamma S.r.l., along with the relative right-of-use assets, stemming from the leases for two locations in Italy were recognized; interestexpenses 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 9.6.2004), as part of a tax group formed by De Longhi Industrial S.A.; the agreement entered into covers the three-year period 2019-2021 and may be renewed. The €24.9 million included in tax payables is comprised of the taxes payable by the members of the tax group through De Longhi Industrial S.A..

The balances of the Eversys Group companies refer to transactions carried out prior to the date of the acquisition.

Please refer to the yearly "Annual Remuneration Report " for information relating to the compensation of directors and statutory auditors.

Certification of the consolidated financial statements pursuant to art. 81-ter of CONSOB Regulation 11971 dated 14 May 1999 and subsequent amendments and additions.

(Appendix 5 to the Explanatory notes)

The undersigned Massimo Garavaglia, 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 half-year condensed consolidated financial statements during the first half of 2021:

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

It is also certified that half-year condensed consolidated financial statements at 30 June 2021:

- 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.

Lastly, it is certified that the interim report on operations contains references to important events that took place in the first six months of the year and their impact on the half-year condensed consolidated financial statements, together with a description of the principal risks and uncertainties in the remaining six months of the year, as well as information on significant related party transactions.

Treviso 29 July 2021

Massimo Garavaglia
Chief Executive Officer

Stefano Biella
Officer Responsible for Preparing
the Company's Financial Report

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REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
De'Longhi SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of De'Longhi SpA and its subsidiaries (the De'Longhi Group) as of 30 June 2021, comprising the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flow, the consolidated statement of changes in net equity and related explanatory notes. The directors of De'Longhi SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of Review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of De'Longhi Group as of 30 June 2021 are not prepared, in all

PricewaterhouseCoopers SpA

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material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Treviso, 2 August 2021

PricewaterhouseCoopers SpA

Signed by

Filippo Zagagnin
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

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

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Registered office: Via L. Seitz, 47 – 31100 Treviso
Share capital: Eur 226,131,202.50 (subscribed and paid-in)
Tax ID and Company Register no: 11570840154
Treviso Chamber of Commerce no. 224758
VAT no 03162730265