INTERIM FINANCIAL REPORT AT 30 SEPTEMBER

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

External Auditors

PricewaterhouseCoopers S.P.A. ***

Control and Risk, Corporate Governance and Sustainability Committee

STEFANIA PETRUCCIOLI**
MARIA CRISTINA PAGNI **
RENATO CORRADA

Remuneration and Appointments Committee

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 performance indicators

Economic results

(€/million)	3rd Quarter 2021	%	3rd Quarter 2021 like for like	%	3rd Quarter 2020	%	Change like for like	Change like for like %
Revenues	717.7	100.0%	631.8	100.0%	576.6	100.0%	55.2	9.6%
Revenues at constant exchange rates	*715.2*	*100.0%*	*627.8*	*100.0%*	*576.5*	*100.0%*	*51.3*	*8.9%*
Net industrial margin	358.3	49.9%	321.6	50.9%	285.3	49.5%	36.3	12.7%
EBITDA before non-recurring/stock option costs	105.6	14.7%	84.9	13.4%	96.9	16.8%	(12.0)	(12.4%)
EBITDA	104.7	14.6%	84.0	13.3%	94.9	16.5%	(10.9)	(11.5%)
EBIT	82.6	11.5%	63.5	10.0%	75.6	13.1%	(12.1)	(16.1%)
Profit (loss) pertaining to the Group	62.7	8.7%	48.7	7.7%	60.9	10.6%	(12.2)	(20.1%)

(€/million)	30.09.2021	%	30.09.2021 like for like	%	30.09.2020	%	Change like for like	Change like for like %
Revenues	2,149.5	100.0%	1,943.9	100.0%	1,473.2	100.0%	470.7	31.9%
Revenues at constant exchange rates	*2,194.4*	*100.0%*	*1,976.7*	*100.0%*	*1,471.1*	*100.0%*	*505.6*	*34.4%*
Net industrial margin	1,079.7	50.2%	990.3	50.9%	721.6	49.0%	268.7	37.2%
EBITDA before non-recurring/stock option costs	357.0	16.6%	314.9	16.2%	208.7	14.2%	106.2	50.9%
EBITDA	354.1	16.5%	312.1	16.1%	200.4	13.6%	111.6	55.7%
EBIT	291.9	13.6%	254.1	13.1%	142.5	9.7%	111.6	78.3%
Profit (loss) pertaining to the Group	243.5	11.3%	189.0	9.7%	104.0	7.1%	85.0	81.8%

Statement of financial position

(€/million)	30.09.2021	30.09.2021 like for like	30.09.2020	31.12.2020
Net working capital	123.5	89.1	222.1	96.2
Net working capital/Net revenues	4.1%	3.2%	9.8%	4.1%
Net operating working capital	309.5	262.0	316.5	240.2
Net operating working capital/Net revenues	10.2%	9.3%	13.9%	10.2%
Net capital employed	1,237.3	1,156.7	813.8	1,035.4
Net financial assets	216.1	267.1	451.5	232.0
of which:				
- net bank financial position	*301.4*	*339.1*	*516.7*	*303.8*
- other financial receivables/(payables)	*(85.3)*	*(71.9)*	*(65.2)*	*(71.8)*
Net equity	1,453.4	1,423.9	1,265.3	1,267.4

Introduction and definitions

This report contains the unaudited consolidated results at 30 September 2021.
The financial results as at 30 September 2021 are published in accordance with the Board of Directors’ resolution to continue to resolve on and publish the interim financial reports on a voluntary basis, in addition to the annual and half-year financial reports as per article 154-ter, paragraphs 1 and 2 of Legislative Decree n. 58/1998 (“TUF”).
Based on the communication policy adopted, and until resolved otherwise by the Board of Directors, the format of the interim reports will remain the same as in the past and refers, specifically, to FY 2020.

The income statement and balance sheet figures commented on below reflect the change in the scope of consolidation explained by the recent acquisitions.
For the sake of a better comparison with the figures at 30 September 2020, the like-for-like figures, namely excluding the consolidation of Capital Brands and Eversys, are also provided.

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

Performance review

The De’ Longhi Group closed a very positive third quarter with a performance that highlights and confirms the excellent revenue growth, improved margins and cash generation commented on in previous reporting periods.

Sustained growth in revenues was recorded in the third quarter of 2021 which demonstrated the Group’s resilience and its ability to cope with global market conditions characterized by a high degree of uncertainty and growing supply chain pressure. The environment was, in fact, particularly complex during the reporting period due, above all, to the difficulties encountered in finding raw materials, parts and moving products which had a negative impact on procurement and transport costs, as well as on product availability.

The good third quarter performance, along with the very positive results reported in the first half of the year, made it possible to achieve strong acceleration in revenues in the first nine months of the year.
The positive trend was seen across all the geographies, channels and core categories.

The results achieved, in line with management’s expectations, are part of a medium/long-term growth plan and confirm the effectiveness of the strategies implemented to overcome the difficult economic conditions. The “home experience” products became a key focus of consumer buying behavior. The De’ Longhi Group, with products that amply cover the new needs, succeeded in understanding the new trend and taking advantage of the opportunities that the change in consumers’ interests provided.

Investments in production facilities, in the development of new products, as well as promotional and communication activities, have a key role in the growth plan.
In order to support its brands and products the Group invested in high impact promotional activities and communication campaigns using, among others, digital and social channels in order to reach those consumers that use these channels the most.
The new advertising campaign, the first global campaign, stars Brad Pitt who was chosen to be a De’ Longhi brand ambassador for home espresso coffee machines. The investments slotted for this campaign are an integral part of the strategy to accelerate marketing and communication activities implemented over the last few years as part of the Group’s medium/long term plan and in 2021 should be even higher than in the prior year, as announced previously.
Sizeable investments were also made in strengthening production, as well as in the development and launch of new products, in order to expand and renew the range of products offered, making them even more compelling and in tune with consumers’ expectations.
The importance of new product development is confirmed clearly by the investments made in infrastructure which includes, first of all, the new headquarters and innovation center in Treviso which are nearing completion.

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 and healthy foods.
Eversys, rather, makes it possible to get closer to the segment of professional espresso coffee machines with innovative and high-end products.
In both cases, the recently acquired companies made a positive contribution, in line with management's expectations[1].

Good growth of 9.6% (+8.9% at constant exchange rates) was reported in the third quarter of 2021, which was impacted by the comparison with the same period of 2020 when there was a decided acceleration in the business (+25.8% compared to the third quarter of 2019), with like-for-like revenues coming to €631.8 million.
In the first nine months of 2021, the Group posted revenues of €2,149.5 million, 45.9% higher than in the same period of 2020.
Like-for-like revenues amounted to €1,943.9 million in the first nine months of the year, an increase of 31.9% compared to 2020. The good performance is explained by higher volumes and a positive price effect, which were only marginally offset by the adverse exchange effect (at constant exchange rates, growth would have reached 34.4%).

Good results were posted in all the geographical areas in which the Group operates.
Like-for-like revenues in **Europe** were 32.5% higher (+34.0% at constant exchange rates) in the first nine months compared to the same period of 2020, coming in at €1,338.1 million.
In the period January – September 2021 almost all the region's markets recorded double-digit growth in sales.
In light of its growing importance, amplified by the Capital Brands acquisition, beginning in the first quarter of 2021 **Americas**, which is now the Group's biggest market, is shown separately.
In the first nine months the region's revenues amounted to €382.6 million thanks to the contribution of the new brands Nutribullet and MagicBullet, introduced at the end of the year, or €236.8 million like-for-like, posting robust growth (+33.0%; +40.4% at constant exchange rates) thanks to the good performance of coffee products and comfort.
Like-for-like **Asia Pacific** posted revenues of €228.3 million in the first nine months of 2021, an increase of 10.5% compared to the same period of 2020.
MEIA closed the first nine months of 2021 with like-for-like revenues of €140.6 million, in strong acceleration (+79.7%) against the same period of 2020 despite the adverse exchange effect (+88.3% at constant exchange rates). The region's main markets reported a positive performance thanks to the completion of the commercial restructuring and internal reorganization process begun in 2020 which resulted, moreover, in the introduction of a new range of customized regional products.

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[1] The Capital Brands Holding Inc. acquisition closed on 29 December 2020. The consideration, after the adjusted purchase prices was determined, was settled at USD 354.9 million (equity value).
After purchasing the remaining 60% stake in Eversys (for CHF 110 million), full control of Eversys was reached. The deal closed on 3 May, 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 financial statements.
As permitted under the IFRS accounting standards, the purchase price for the assets acquired and liabilities assumed was allocated temporarily at 30 September 2021 for both acquisitions until the definitive amounts can be determined.
With regard to Eversys, once total control was acquired the stake held previously was measured at fair value and the result of the valuation was recognized in the income statement for the reporting period in accordance with IFRS 3.

Looking at business lines, all the core categories recorded double-digit growth in the first nine months of 2021.
The coffee segment, which generated about half of the Group's sales, recorded good growth thanks, above all, to the sale of fully automatic machines, manual models, particularly LaSpecialista, and Nespresso platform products.
As for food preparation and cooking, the Group benefitted from a growing focus on healthy eating thanks to iconic products including, for example, the Kenwood brand kitchen machines and a wide range of small kitchen appliances used for food preparation, like handblenders and food processors, which reported a decided increase in sales.
Comfort recorded double-digit growth thanks, above all, to the contribution of air conditioning products in the American market and heaters in APA.
Home care and ironing products posted a positive performance (+5.1% or +8.6% at constant exchange rates).

In terms of margins, in the first nine months the Group achieved positive results thanks to higher sales volumes, a favorable mix and price management actions which offset the inflationary pressures on procurement costs and transportation tariffs explained by the difficulties encountered finding raw materials and parts, as well as moving products.
The net industrial margin came to €1,079.7 million, or 50.2% of revenues.
Like-for-like the net industrial margin was €990.3 million (50.9% of revenues), rising against the same period 2020 both numerically and as a percentage of revenues (€721.6 million or 49.0% of revenues in 9M 2020).

Consistent with its medium/long term plan, the Group accelerated investments in advertising and communication which like-for-like amounted to €71.7 million, €36.4 million or 103.3% higher than in 2020, and were more substantial in the third quarter (+15.3 million) due to the first costs relative to the global De' Longhi brand campaign mentioned above, launched at the beginning of September 2021.

EBITDA before non-recurring/stock option costs came to €84.9 million or 13.4% of revenues in the quarter, lower than in the prior year (€96.9 million or 16.8% of revenues) due mainly to the increased investments in advertising explained, in part, by the global communication campaign mentioned above, net of which EBITDA, which was also impacted by higher logistics costs, would have reached 18.4% of revenues (19.6% in 9M 2020).
EBITDA before non-recurring/stock option costs amounted to €357.0 million or 16.6% of revenues in the first nine months of the year.
Like-for-like EBITDA before non-recurring/stock option costs was more than 50% higher than in 2020 (€ 208.7 million or 14.2% of revenues), coming in at €314.9 million.

In the first nine months of 2021 the Group recognized €2.7 million in notional stock option costs (€1.7 million in the same period of 2020) and non-recurring costs of €0.1 million versus €6.5 million in 9M 2020 (attributable mainly to the costs incurred for the health crisis, including the donation of €3.1 million made to support the outbreak containment measures).

EBIT came to €291.9 million in the first nine months of 2021.
Like-for-like, after amortization and depreciation of €58.0 million (in line with 9M 2020), EBIT came to €254.1 million or 13.1% of revenues versus €142.5 million (9.7% of revenues) in the comparison period.

Financial income of €18.9 million was recognized in the first nine months of 2021 which also reflects €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 €66.8 million and minority interests of €0.5 million, the Group's portion of net profit came to €243.5million, more than double with respect to the first nine months of the prior year (€104.0 million).

Net operating working capital amounted to €309.5 million (10.2% of revenues) or €262.0 million like-for-like (9.3% of revenues), higher both numerically and as a percentage of rolling revenues compared to 30 September 2020 (€316.5 million, 13.9% of revenues). The trend in net operating working capital was in line with the Group's strategy calling for more efficient management of trade receivables and payables in order to offset the impact of the increased inventory explained by the safety stock needed in light of future business developments and the supply-chain pressures.
This decision, along with good operational management, resulted in good cash generation with operating cash flow and the movements in NWC reaching a positive €269.6 million in the first nine months of 2021, showing improvement with respect to the first nine months of 2020 (€230.4 million) and the first nine months of 2019 (€60.1 million), which made it possible to finance the investments made in the period (€92.5 million higher than in 9M 2020), and the acquisitions (€134.1 million), as well as the payment of dividends (€80.8 million).
Excluding the cash-outs for the acquisitions and the payment of dividends, normalized cash flow amounted to €198.9 million in the first nine months of 2021 (€173.7 million in the first nine months of 2020, €5.6 million in the first nine months of 2019).
Cash flow of €15.9 million was absorbed in the reporting period.

The net financial position, which reflects the impact of the recent acquisitions, came to a positive €216.1 million at 30 September 2021 (versus €451.5 million at 30 September 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 €8.8 million at 30 September 2021 (positive €0.8 million at 30 September 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 €76.5 million at 30 September 2021 (€66.0 million at 30 September 2020 and €65.8 million at 31 December 2020).
Net of these items the net financial position with banks came to a positive €301.4 million, including the newly acquired companies' net debt of €37.7 million.

Group results

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

(€/million)	30.09.2021	% revenues	30.09.2021 like for like	% revenues	30.09.2020	% revenues
Revenues	**2,149.5**	**100.0%**	**1,943.9**	**100.0%**	**1,473.2**	**100.0%**
Change	*676.3*	*45.9%*	*470.7*	*31.9%*		
Materials consumed & other production costs (production services and payroll costs)	(1,069.8)	(49.8%)	(953.6)	(49.1%)	(751.6)	(51.0%)
Net industrial margin	**1,079.7**	**50.2%**	**990.3**	**50.9%**	**721.6**	**49.0%**
Services and other operating expenses	(545.9)	(25.4%)	(513.3)	(26.4%)	(369.1)	(25.1%)
Payroll (non-production)	(176.9)	(8.2%)	(162.1)	(8.3%)	(143.9)	(9.8%)
EBITDA before non-recurring/stock option plan	**357.0**	**16.6%**	**314.9**	**16.2%**	**208.7**	**14.2%**
Change	*148.3*	*71.1%*	*106.2*	*50.9%*		
Non-recurring expenses/stock option costs	(2.8)	(0.1%)	(2.8)	(0.1%)	(8.2)	(0.6%)
EBITDA	**354.1**	**16.5%**	**312.1**	**16.1%**	**200.4**	**13.6%**
Amortization	(62.2)	(2.9%)	(58.0)	(3.0%)	(57.9)	(3.9%)
EBIT	**291.9**	**13.6%**	**254.1**	**13.1%**	**142.5**	**9.7%**
Change	*149.4*	*104.9%*	*111.6*	*78.3%*		
Net financial income (expenses)	18.9	0.9%	(5.4)	(0.3%)	(3.1)	(0.2%)
Profit (loss) before taxes	**310.8**	**14.5%**	**248.6**	**12.8%**	**139.4**	**9.5%**
Taxes	(66.8)	(3.1%)	(59.6)	(3.1%)	(35.5)	(2.4%)
Net result	**243.9**	**11.3%**	**189.0**	**9.7%**	**104.0**	**7.1%**
Minority interests	0.5	0.0%	-	0.0%	-	0.0%
Profit (loss) pertaining to the Group	**243.5**	**11.3%**	**189.0**	**9.7%**	**104.0**	**7.1%**

Revenues

The third quarter of 2021 closed with like-for-like revenues of €631.8 million, reporting an increase of 9.6% (8.9% at constant exchange rates) against the same period of 2020 when there was a decided acceleration in the business (+25.8% compared to the third quarter of 2019).

In the first nine months of 2021, the Group reported revenues of €2,149.5 million, an increase of 45.9% against the same period of 2020.
Net of the contribution made by the newly acquired companies, revenues amounted to €1,943.9 million in the first nine months of the year, an increase of 31.9% against 2020 (+34.4% at constant exchange rates). This good performance is attributable to the increased sales volumes and a positive price effect, only slightly offset by the adverse exchange effect.

Markets and business lines

Compared with the previous configuration, in light of the growing importance of the Americas (which includes the markets of North, Central and South America), as of the first quarter of 2021 it is shown separately from the Asia Pacific countries.
The performance of the commercial regions is summarized below. For the sake of greater comparison, the figures are reported like-for-like, namely excluding the contribution of Capital Brands and Eversys:

(€/million)	3rd Quarter 2021	%	3rd Quarter 2021 like for like	%	3rd Quarter 2020	%	Change like for like	Change % like for like	Change at constant exchange rates % like for like
Europe	443.4	61.7%	431.5	68.3%	405.0	70.2%	26.6	6.6%	6.7%
Americas	140.4	19.6%	80.8	12.8%	64.9	11.3%	15.9	24.4%	23.5%
Asia Pacific	92.4	12.9%	79.5	12.6%	73.2	12.7%	6.3	8.7%	4.4%
MEIA	41.4	5.8%	40.0	6.3%	33.5	5.8%	6.5	19.3%	16.5%
Total revenues	**717.7**	**100.0%**	**631.8**	**100.0%**	**576.6**	**100.0%**	**55.2**	**9.6%**	**8.9%**

(€/million)	30.09.2021	%	30.09.2021 like for like	%	30.09.2020	%	Change like for like	Change % like for like	Change at constant exchange rates % like for like
Europe	1,370.4	63.7%	1,338.1	68.9%	1,010.2	68.6%	327.8	32.5%	34.0%
Americas	382.6	17.8%	236.8	12.2%	178.0	12.1%	58.8	33.0%	40.4%
Asia Pacific	251.3	11.7%	228.3	11.7%	206.7	14.0%	21.6	10.5%	10.5%
MEIA	145.2	6.8%	140.6	7.2%	78.3	5.3%	62.4	79.7%	88.3%
Total revenues	**2,149.5**	**100.0%**	**1,943.9**	**100.0%**	**1,473.2**	**100.0%**	**470.7**	**31.9%**	**34.4%**

Sales growth, albeit with different dynamics, was recorded across all the markets in which the Group operates.

Like-for-like revenues in **Europe** were 32.5% higher (+34.0% at constant exchange rates) in the first nine months compared to the same period of 2020, coming in at €1,338.1 million.
In the period January – September 2021 almost all the region's markets recorded double-digit growth in sales. The positive trend seen in prior months was confirmed in Germany thanks to the sale of coffee machines, particularly the fully automatic and manual models, of Kenwood brand kitchen machines and cooking and food preparation machines, above all handblenders; air conditioners also posted a positive performance. Good results were recorded in France thanks to the sale of coffee products and kitchen machines. A similar performance was reported in Italy which, in addition to the good results for coffee and kitchen machines, also saw an increase in the sale of small kitchen appliances, especially handblenders. Russia, Ukraine and other CIS countries were impacted by the adverse exchange effect, but closed the first nine months with robust revenue growth, thanks above all to the contribution of coffee machines.

In light of its growing importance, amplified by the Capital Brands acquisition, beginning in the first quarter of 2021 **Americas**, which is now the Group's biggest market, is shown separately.
In the first nine months the region's revenues amounted to €382.6 million thanks to the contribution of the new brands Nutribullet and MagicBullet, introduced at the end of the year, or €236.8 million like-for-like, posting robust growth (+33.0%; +40.4% at constant exchange rates) thanks to the good performance of coffee products and comfort.

Like-for-like **Asia Pacific** posted revenues of €228.3 million in the first nine months of 2021, an increase of 10.5% compared to the same period of 2020. All the markets in this region reported growth, albeit of different speeds. Australia recorded very positive results for coffee products and comfort.

MEIA closed the first nine months of 2021 with like-for-like revenues of €140.6 million, in strong acceleration (+79.7%) against the same period of 2020 despite the adverse exchange effect (+88.3% at constant exchange rates). The region's main markets reported a positive performance thanks to the completion of the commercial restructuring and internal reorganization process begun in 2020 which resulted, moreover, in the introduction of a new range of customized regional products.

Looking at business lines, all the core categories recorded double-digit growth in the first nine months of 2021 with the exception of home care and ironing products which, however, reported a positive performance.

The coffee segment, which generated about half of the Group's sales, recorded good growth thanks, above all, to the sale of fully automatic machines, manual models, particularly LaSpecialista , and Nespresso platform products.
As for food preparation and cooking, the Group benefitted from a growing focus on healthy eating thanks to iconic products including, for example, the Kenwood brand kitchen machines and a wide range of small kitchen appliances used for food preparation, like handblenders and food processors, which reported a decided increase in sales.
Comfort recorded double-digit growth thanks, above all, to the contribution of air conditioning products in the American market and heaters in APA.
Home care and ironing products posted a positive performance (+5.1% or +8.6% at constant exchange rates).

Profitability

In terms of margins, in the first nine months the Group achieved positive results thanks to higher sales volumes, a favorable mix and price management actions which offset the inflationary pressures on procurement costs and transportation tariffs explained by the difficulties encountered finding raw materials and parts, as well as moving products.

The net industrial margin came to €1,079.7 million, or 50.2% of revenues.
Like-for-like the net industrial margin was €990.3 million (50.9% of revenues), rising against the same period 2020 both numerically and as a percentage of revenues (€721.6 million or 49.0% of revenues in 9M 2020).

Consistent with its medium/long term plan, the Group accelerated investments in advertising and communication which like-for-like amounted to €71.7 million, €36.4 million or 103.3% higher than in 2020, and were more substantial in the third quarter (+15.3 million) due to the first costs relative to the global De' Longhi brand campaign mentioned above, launched at the beginning of September 2021.

EBITDA before non-recurring/stock option costs came to €84.9 million or 13.4% of revenues in the quarter, lower than in the prior year (€96.9 million or 16.8% of revenues) due mainly to the increased investments in advertising explained, in part, by the global communication campaign mentioned above, net of which EBITDA, which was also impacted by higher logistics costs, would have reached 18.4% of revenues (19.6% in 9M 2020).
EBITDA before non-recurring/stock option costs amounted to €357.0 million or 16.6% of revenues in the first nine months of the year.
Like-for-like EBITDA before non-recurring/stock option costs was more than 50% higher than in 2020 (€ 208.7 million or 14.2% of revenues), coming in at €314.9 million.

In the first nine months of 2021 the Group recognized €2.7 million in notional stock option costs (€1.7 million in the same period of 2020) and non-recurring costs of €0.1 million versus €6.5 million in 9M 2020 (attributable mainly to the costs incurred for the health crisis, including the donation of €3.1 million made to support Covid-19 containment measures).

EBIT came to €291.9 million in the first nine months of 2021.
Like-for-like, after amortization and depreciation of €58.0 million (in line with 9M 2020), EBIT came to €254.1 million or 13.1% of revenues versus €142.5 million (9.7% of revenues) in the comparison period.

Financial income of €18.9 million was recognized in the first nine months of 2021 which also reflects €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 €66.8 million and minority interests of €0.5 million, the Group's portion of net profit came to €243.5million, more than double with respect to the first nine months of the prior year (€104.0 million).

Review of the statement of financial position

The reclassified consolidated financial position is summarized as follows:

(€/million)	30.09.2021	30.09.2020	31.12.2020
- Intangible assets	772.7	313.2	631.9
- Property, plant and equipment	371.7	311.3	324.6
- Financial assets	12.3	32.8	34.6
- Deferred tax assets	72.8	53.3	57.0
Non-current assets	**1,229.4**	**710.7**	**1,048.1**
- Inventories	781.0	483.7	424.0
- Trade receivables	275.6	244.2	398.1
- Trade payables	(747.1)	(411.4)	(581.9)
- Other payables (net of receivables)	(186.0)	(94.3)	(144.0)
Net working capital	**123.5**	**222.1**	**96.2**
Total non-current liabilities and provisions	**(115.6)**	**(119.0)**	**(108.9)**
Net capital employed	**1,237.3**	**813.8**	**1,035.4**
(Net financial assets)	**(216.1)**	**(451.5)**	**(232.0)**
Total net equity	**1,453.4**	**1,265.3**	**1,267.4**
Total net debt and equity	**1,237.3**	**813.8**	**1,035.4**

In the first nine months of 2021 the Group continued to invest in manufacturing and in the development of new products for a total of €92.5 million; further investments were also made in infrastructure including the Group's new innovation center and headquarters in Treviso which is nearing completion.

Net operating working capital amounted to €309.5 million (10.2% of revenues) or €262.0 million like-for-like (9.3% of revenues), higher both numerically and as a percentage of rolling revenues compared to 30 September 2020 (€316.5 million, 13.9% of revenues).
The trend in net operating working capital was in line with the Group's strategy calling for more efficient management of trade receivables and payables in order to offset the impact of the increased inventory explained by the safety stock needed in light of future business developments and the supply-chain pressures.

The net financial position is detailed as follows:

(€/million)	30.09.2021	30.09.2020	31.12.2020
Cash and cash equivalents	859.8	912.2	662.9
Other financial receivables	345.5	171.1	243.0
Current financial debt	(353.6)	(153.9)	(236.6)
Net current financial position	**851.7**	**929.4**	**669.3**
Non-current financial receivables and assets	75.2	70.1	70.0
Non-current financial debt	(710.8)	(547.9)	(507.3)
Non-current net financial debt	**(635.6)**	**(477.9)**	**(437.3)**
Total net financial position	**216.1**	**451.5**	**232.0**
of which:			
- positions with banks and other financial payables	*301.4*	*516.7*	*303.8*
- lease liabilities	*(76.5)*	*(66.0)*	*(65.8)*
- other financial non-bank assets/liabilities (fair value of derivatives, financial debt connected to business combinations and pension fund)	*(8.8)*	*0.8*	*(6.0)*

The net financial position, which reflects the impact of the recent acquisitions, came to a positive €216.1 million at 30 September 2021 (versus €451.5 million at 30 September2020 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 €8.8 million at 30 September 2021 (positive €0.8 million at 30 September 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 €76.5 million at 30 September 2021 (€66.0 million at 30 September 2020 and €65.8 million at 31 December 2020).
Net of these items the net financial position with banks came to a positive €301.4 million, including the newly acquired companies' net debt of €37.7 million.

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

(€/million)	30.09.2021 *9 months*	30.09.2020 *9 months*	31.12.2020 *12 months*
Cash flow by current operations	366.8	205.5	352.9
Cash flow by changes in working capital	(97.2)	24.9	114.5
Cash flow by current operations and changes in NWC	**269.6**	**230.4**	**467.4**
Cash flow by investment activities	(92.5)	(58.7)	(89.5)
Cash flow by operating activities	**177.1**	**171.6**	**377.9**
Acquisitions	**(134.1)**	**-**	**(329.3)**
Dividends paid	(80.8)	-	(80.8)
Cash flow by treasury shares purchase	-	(14.5)	(14.5)
Stock options exercise	5.9	19.4	21.5
Cash flow by other changes in net equity	16.0	(2.8)	(20.5)
Cash flow generated (absorbed) by changes in net equity	**(59.0)**	**2.1**	**(94.4)**
Cash flow for the period	**(15.9)**	**173.7**	**(45.8)**
Opening net financial position	232.0	277.8	277.8
Closing net financial position	**216.1**	**451.5**	**232.0**

The optimization of working capital and the good operational management resulted in good cash generation.

Operating cash flow and the movements in NWC reached a positive €269.6 million in the first nine months of 2021, showing improvement with respect to the first nine months of 2020 (€230.4 million) and the first nine months of 2019 (€60.1 million), and made it possible to finance the investments made in the period (€92.5 million, higher than in 9M 2020), and the acquisitions (€134.1 million), as well as the payment of dividends (€80.8 million).
Excluding the cash-outs for the acquisitions and the payment of dividends, normalized cash flow amounted to €198.9 million in the first nine months of 2021 (€173.7 million in the first nine months of 2020, €5.6 million in the first nine months of 2019).
Cash flow of €15.9 million was absorbed in the reporting period.

The statement of comprehensive income is presented as follows:

(€/million)	30.09.2021	30.09.2020
Net result	243.9	104.0
Other components of comprehensive income	23.2	(35.6)
Total comprehensive income	**267.1**	**68.4**
pertaining to:		
Group's shareholders	*266.6*	*68.4*
minority	*0.5*	*-*

The main changes in net equity with reference to the consolidated figures in the first quarter are shown below:

(€/million)	
Total net equity at 1 January 2020	**1,190.5**
Fair value stock option	1.7
Stock options exercise	19.4
Treasury shares purchase	(14.5)
Total comprehensive income	68.4
Group portion of net equity	**1,265.3**
Minority interests	-
Net equity at 30 September 2020	**1,265.3**
Total net equity at 1 January 2021	**1,267.4**
Fair value stock option	2.7
Stock options exercise	5.9
Dividends paid	(80.8)
Other changes in shareholders interests	(10.3)
Total comprehensive income	266.6
Group portion of net equity	**1,449.1**
Minority interests	2.0
Net equity at 30 September 2021	**1,453.4**

Alternative performance indicators

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

More in detail, the non-GAAP measures used include:
- Net industrial margin and EBITDA: the Group uses these measures as financial targets in internal presentations (business plans) and in external presentations (to analysts and investors), since they are a useful way of measuring operating performance by the Group and its individual divisions besides EBIT.
Net industrial margin is calculated as total revenues minus the cost of materials consumed and of production-related services and payroll.
EBITDA is an intermediate measure that derives from EBIT after adding back depreciation, amortization and impairment of property, plant and equipment and intangible assets. EBITDA is also presented net of non-recurring items and stock options plan, which are reported separately on the face of the income statement.
- Net working capital: this measure is the sum of inventories, trade receivables, current tax assets and other receivables, minus trade payables, tax liabilities and other payables.
- Net operating working capital: this measure is the sum of inventories and trade receivables, minus trade payables.
- Net capital employed: this measure is the sum of net working capital, intangible assets, property, plant and equipment, equity investments, other non-current receivables, and deferred tax assets, minus deferred tax liabilities, employee severance indemnity and provisions for contingencies and other charges.
- Net financial position: this measure represents financial liabilities less cash and cash equivalents and other financial receivables; the position with banks, net of non-banking items, is also reported. The individual line items in the statement of financial position used to determine this measure are analysed in this report.

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

Other information

Pursuant to Art. 3 of Consob Resolution n. 18079 of 20 January 2012, the Board of Directors resolved to exercise the opt-out clause provided under Art. 70, 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.

Treasury shares

During the Annual General Meeting held on 21 April 2021 shareholders resolved to renew – after revoking the approval 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.
As at 30 September 2021 the Group held a total of 895,350 treasury shares.

Subsequent events

There have been no other significant events since the end of the quarter.

Outlook

For the year 2021, management confirms the guidance previously provided, i.e. growth of Group's revenues at constant exchange rates and an Ebitda before non recurring/stock option costs improving in comparison to last year, both in value and as a percentage of revenues.

Treviso, 10 November 2021

For the Board of Directors
Chief Executive Officer

Massimo Garavaglia

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

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

Treviso, 10 November 2021

Officer Responsible for Preparing
the Company's Financial Report

Stefano Biella

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

De' Longhi S.p.A.
Registered office: Via L. Seitz, 47 – 31100 Treviso
Share capital: Euro 226.253.056,50 (subscribed and paid-in)
Tax ID and Company Register no.: 11570840154
Treviso Chamber of Commerce no.: 224758
VAT no.: 03162730265