De' Longhi S.p.A.

First half of 2024 with revenues increasing by more than 10% and margins strongly expanding: household growing by 7% (excluding comfort) and professional doubling with La Marzocco

The consolidated results[1] for the first half of 2024 have been approved by the Board of Directors of De' Longhi SpA.

In the first half:

- **revenues** of € 1,423.7 million, up by 10.3% (+3.5% on a like-for-like basis and +4.2% on a like for like basis and constant currencies);
- **adjusted[2] Ebitda** at € 204.7 million, equal to 14.4% of revenues (compared to 12.4% achieved in the first half of 2023);
- **net income pertaining to the Group** of € 106.2 million, up by 28.4%;
- **free cash flow before dividends and acquisitions** of € 74.3 million.

In the second quarter:

- **revenues** of € 764.9 million, up by 11.0% (+1.5% on a like-for-like basis, with the household business excluding comfort segment growing by +6.9%);
- **Ebitda adjusted** at €110.9 million, equal to 14.5% of revenues (marked improvement from 12.5% in 2023);

Net financial position as of June 30, 2024 was positive by € 305.3 million, after the net absorption of € 326.8 million in relation to the closing of the business combination between La Marzocco and Eversys.

The Board of Directors approved the Group's Sustainability Report relating to 2023 financial year.

In the words of the C.E.O., Fabio de' Longhi:

"The Group achieved an expansion in turnover of more than 10% also in the second quarter, benefiting both from the consolidation of the professional coffee area and from the continuation of development in the core categories, despite the marked weakness of the comfort segment, net of which the household growth in the quarter was 6.9%.

In the home coffee machine segment, we were able to further increase our market share, taking advantage of a structurally expanding reference sector. Furthermore, the nutrition and food preparation area has consolidated the positive trend witnessed in recent quarters, also thanks to the recent launches of new products that are increasingly focused on a consumer approach to a healthy diet.

The evolution of turnover, an improvement in the product mix and careful cost management have allowed us to significantly improve the margin profile at constant perimeter, further increasing the Group's profitability with the consolidation of La Marzocco.

The current context of business evolution allows us to reaffirm the guidance[3] for the year, albeit aware of the variability of the current macroeconomic and geopolitical scenario. We therefore confirm revenue growth in the 9%-11% range, including the expansion of the perimeter. In terms of margins, the quarterly results reinforce the expectation of reaching the upper end of the guidance, which foresees an adjusted Ebitda in the range of €500-530 million for the new perimeter."

1 It should be noted that the audit of the half-yearly report is still ongoing
2 "Adjusted" stands for before non-recurring income/expenses and the cost of the stock option plan.
3 Turnover and adj. Ebitda guidance including the business combination between La Marzocco and Eversys since March 1st, 2024.

Results summary and business review

(Eur million)	H1 24	H1 23	*Chg.*	*Chg.%*	Q2 24	Q2 23	*Chg.*	*Chg.%*
Revenues	1,423.7	1,291.2	*132.5*	*10.3%*	764.9	688.8	*76.1*	*11.0%*
net ind. margin	726.8	640.2	*86.7*	*13.5%*	391.5	335.8	*55.7*	*16.6%*
% of revenues	*51.1%*	*49.6%*			*51.2%*	*48.8%*		
adjusted Ebitda	204.7	160.1	*44.5*	*27.8%*	110.9	85.8	*25.1*	*29.2%*
% of revenues	*14.4%*	*12.4%*			*14.5%*	*12.5%*		
Ebitda	199.7	159.0	*40.7*	*25.6%*	108.5	83.5	*25.0*	*29.9%*
% of revenues	*14.0%*	*12.3%*			*14.2%*	*12.1%*		
Ebit	143.7	108.1	*35.6*	*32.9%*	79.0	58.0	*21.0*	*36.1%*
% of revenues	*10.1%*	*8.4%*			*10.3%*	*8.4%*		
Net Income*	106.2	82.7	*23.5*	*28.4%*	54.8	44.0	*10.9*	*24.7%*
% of revenues	*7.5%*	*6.4%*			*7.2%*	*6.4%*		

** pertaining to the Group*

General outlook

The first half of 2024 highlighted a significant growth both in terms of turnover and profitability compared to the previous year. Specifically, the consolidation of four months of La Marzocco coupled with the growth of the organic perimeter and constant exchange rates at a mid-single digit rate allowed the Group to achieve an expansion in revenues of more than 10%.

The core product categories experienced a growth trend consistent with recent quarters, with coffee maintaining a strong momentum and the nutrition and food preparation area in positive territory.

In the second quarter, organic growth was impacted by a significant slowdown in the comfort segment, due to an unfavorable weather season and the aftermath of the discontinuity of mobile air conditioning in the Americas area (which occurred in the first half of 2023). Net of this effect, the household segment's turnover would have achieved growth of 6.9%, strengthening the trends highlighted in the last twelve months.

In the first part of the year, the Group achieved a significant improvement in profitability compared to the same period of 2023, thanks to the consolidation of La Marzocco, a positive mix effect and the stabilization of certain production costs compared to previous years. These favorable dynamics allowed the Group to quickly return to its historical profitability range, reaffirming a significantly improved margin guidance for the year.

The overall picture continues to be characterized by growth dynamics, despite the variability of the current macroeconomic and geopolitical scenario at international level.

Please note that revenues benefitted from the consolidation of La Marzocco for approximately €86.8 million in the half-year (since March 1st, 2024) and €65.7 million in the second quarter.

Revenues

In the first half of the year, the Group's revenues stood at €1,423.7 million, up 10.3% compared to the previous year, thanks to a growth on a like-for-like basis of 3.5%, which equals to 4.2% at constant changes.

The currency component, which had a neutral effect in the second quarter, detracted approximately 0.6 percentage points of organic growth in the half-year, due to the impacts deriving from the devaluation of the main currencies.

Markets

All geographical areas achieved growth in the second quarter, with the European area showing progression on a like-for-like basis at a mid-single digit rate.

	Reported		Like for like		Reported		Like for like	
EUR milions	H1 24	*chg. % vs LY*	*chg. % at costant perimeter*	*chg. % at costant perimeter& FX*	Q2 24	*var. % vs LY*	*chg. % at costant perimeter*	*chg. % at costant perimeter& FX*
South West Europe	505.2	*9.2%*	*5.7%*	*5.3%*	262.8	*6.5%*	*1.5%*	*1.2%*
North East Europe	369.0	*14.7%*	*11.7%*	*13.3%*	187.0	*13.9%*	*9.4%*	*9.8%*
EUROPE	874.2	*11.5%*	*8.2%*	*8.6%*	449.8	*9.4%*	*4.7%*	*4.6%*
MEIA (MiddleEast/India/Africa)	88.8	*3.4%*	*-2.4%*	*-2.0%*	49.6	*19.3%*	*9.6%*	*8.9%*
Americas	249.4	*10.4%*	*-2.4%*	*-2.5%*	143.7	*10.6%*	*-5.9%*	*-6.8%*
Asia-Pacific	211.3	*8.2%*	*-5.6%*	*-3.3%*	121.8	*14.6%*	*-4.9%*	*-3.5%*
TOTAL REVENUES	1,423.7	*10.3%*	*3.5%*	*4.2%*	764.9	*11.0%*	*1.5%*	*1.5%*

The second quarter in detail:

- South-Western Europe achieved an expansion of 6.5%, with a low single digit like-for-like growth rate, partially deteriorated by the slowdown in mobile air conditioning, during the most seasonally important quarter for this category. Notably, Switzerland, Austria, and the Iberian Peninsula showed strong organic growth, continuing the significant development trend observed over the past twelve months;
- North-Eastern Europe grew in the quarter at low-teens rate, benefiting from a like-for-like at constant exchange rates progression of approximately 10%. The area achieved a significant expansion in turnover for the fifth consecutive quarter, specifically driven by the development of the coffee and ironing sectors;
- the **MEIA area** experienced a recovery in turnover trends in organic terms, returning to positive territory after a declining first quarter strongly influenced by a complex macroeconomic and geopolitical context. The growth in the second quarter was driven above all by the increase in the coffee area and by some nutrition and food preparation segments;
- **Americas area** benefited from the consolidation of the professional business, recording an increase in turnover of 10.6%. Like-for-like revenues slowed down in the quarter, due to the aftermath of the mobile air conditioning discontinuity in the area (realized in the first half of 2023). Concerning core categories, the area has experienced an expansion of fully automatic coffee machines and Nespresso branded

capsule systems, as well as growth in the nutrition and food preparation segment led by Nutribullet products;

- the **Asia Pacific region** completes the picture, with an expansion in turnover at a mid-teens rate, mainly thanks to the consolidation of La Marzocco which offset a slight decline at an organic level at constant exchange rates.

Product segments

Concerning the evolution of the product segments, all macro categories showed a positive trend in the quarter, with the exception of comfort (mobile air conditioning and heating), allowing the Group to confirm the positive trend experienced in the last twelve months.

The home coffee sector continued its positive trend from the first quarter, driven by strong growth in fully automatic machines and capsule systems. This, along with the integration of La Marzocco, contributed to a substantial increase in turnover for the **coffee division** (encompassing both domestic and professional products), which now accounts for over 60% of the Group's revenues.

In continuity with the first quarter, the positive trend recorded in the area of **nutrition and food preparation** was supported by the continuous development of the blenders' category (personal blenders, hand blenders and blenders).

Noteworthy is the significant expansion of the **homecare segment** (floor care and ironing), thanks to Braun brand ironing products, which achieved double-digit growth in many countries in the European area, as already experienced in the last twelve months.

Finally, in the **comfort segment** (portable air conditioning and heating), the business experienced a significant contraction due to an unfavorable weather season and the aftermath of the discontinuity in mobile air conditioning in America (realized in the first half of 2023). Given the seasonality of the products, with a greater weight in the second quarter of the year, the reduction in turnover had a temporary impact on the Group's organic growth.

Operating margins

During the first half of the year, the Group was able to significantly increase its profit margins, benefiting from perimeter expansion and operating leverage resulting from volume growth and a partial improvement in industrial costs.

In the <u>second quarter</u>:

- the **net industrial margin** stood at €391.5 million, equal to 51.2% of revenues, compared to 48.8% in 2023, benefiting from a positive mix effect and lower production costs inflationary pressures;

- **adjusted Ebitda** amounted to €110.9 million, or 14.5% of revenues compared to 12.5% the previous year. The expansion of volumes, a further partial easing of inflationary pressures on certain industrial costs and the improvement of the product mix, supported a boost in margins, despite the increase in labor costs and in certain logistics expenses;

- **Ebitda** amounted to €108.5 million, or 14.2% of revenues, after €2.4 million of non-recurring expenses and expenses relating to the stock option plan;

- the **operating result (Ebit)** stood at €79.0 million, equal to 10.3% of revenues, equal to an improvement of approximately 190bps;
- finally, the **net profit attributable to the Group** amounted to €54.8 million, equal to 7.2% of revenues (6.4% in the second quarter of 2023). Financial income stood at €0.3 million, compared to financial charges of €1.5 million in 2023, thanks to a careful liquidity investment policy.

Balance sheet

The Group closed the half-year with a positive **Net Financial Position** of €305.3 million, after €326.8 million of net absorption in relation to the closing of the business combination between La Marzocco and Eversys.
Similarly, the Net Position towards banks and other lenders also showed a significant change compared to that recorded at 31 December 2023, standing at €408.7 million.

The cash flow, before dividends and acquisitions ("Free Cash Flow before dividends and acquisitions") amounted to € 425.2 million in the twelve months, thanks to a significant contribution from operating activities.
In the half-year, Free Cash Flow before dividends and acquisitions was positive at € 74.3 million, in line with the previous year (€ 85 million) despite the partial deterioration of net working capital.

Operating working capital (equal to 4.3% of revenues) slightly increased compared to the position at the end of the year due to the effect of the consolidation of La Marzocco and the seasonality relating to the inventories, while it recorded a marked improvement compared to 30 June 2023 (equal to 6.9% of revenues).

Investment spending (including the professional segment) absorbed €60 million in the half-year, in line with €58 million last year.

EUR million	30-Jun-24	30-Jun-23	*change 12 months*	Dec 31st, 23	*change 6 months*
Net working Capital	1.6	90.7	*(89.1)*	(82.8)	*84.4*
NWC / Revenues	0.0%	3.0%	*-3.0%*	-2.7%	*2.7%*
operating NWC	138.6	206.6	*(68.0)*	61.1	*77.5*
operating NWC / Revenues	4.3%	6.9%	*-2.6%*	2.0%	*2.3%*
Net Financial Position	305.3	311.7	*(6.4)*	662.6	*(357.3)*
Net Bank Position	408.7	403.8	*4.9*	761.7	*(352.9)*
Net Equity	2,008.1	1,639.2	*368.9*	1,811.1	*196.9*

EUR million	6 months 2024	6 months 2023	12 months 2024
Cash Flow from Operating Activities	186.1	156.8	475.6
Cash flow by changes in working capital	(79.3)	4.4	54.3
Capital Expentidures	(60.0)	(58.0)	(134.2)
Cash flow from changes in the Net Equity	27.5	(18.2)	29.5
Dividends	(104.8)	(72.1)	(104.8)
M&A	(326.8)	-	(326.8)
Cash Flow for the period	(357.3)	12.9	(6.4)
Free Cash Flow *(before DVD and acquisitions)*	74.3	85.0	425.2

Events occurred after the end of the period

There are no significant events following the end of period.

Other resolutions of the Board of Directors

In today's meeting, the Board of Directors also approved, in continuity with the publication of the Non-Financial Disclosure, the Group's Sustainability Report for the 2023 financial year. The Report is accessible on the company's website, at the following address:
https://www.delonghigroup.com/en/sustainability/documents

Regulatory statements

The Officer Responsible for Preparing the Company's Financial Report, Stefano Biella, hereby declares, as per article 154 bis, paragraph 2, of the "Testo Unico della Finanza", that all information related to the company's accounts contained in this press release are fairly representing the accounts and the books of the company.

Foreseeable business development and guidance

In the words of the C.E.O., Fabio de' Longhi:

"The Group achieved an expansion in turnover of more than 10% also in the second quarter, benefiting both from the consolidation of the professional coffee area and from the continuation of development in the core categories, despite the marked weakness of the comfort segment, net of which the household growth in the quarter was 6.9%.

In the domestic coffee machine segment, we were able to further increase our market share, taking advantage of a structurally expanding reference sector. Furthermore, the nutrition and food preparation area has consolidated the positive trend seen in recent quarters, also thanks to the recent launches of new products that are increasingly focused on a consumer approach to a healthy diet.

The evolution of turnover, an improvement in the product mix and careful cost management have allowed us to significantly improve the margin profile at constant perimeter, further increasing the Group's profitability with the consolidation of La Marzocco.

The current context of business evolution allows us to reaffirm the guidance for the year, albeit aware of the variability of the current macroeconomic and geopolitical scenario. We therefore confirm revenue growth in the 9%-11% range, including the expansion of the perimeter. In terms of margins, the quarterly results reinforce the expectation of reaching the upper end of the guidance which foresees an adjusted Ebitda in the range of €500-530 million for the new perimeter."

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The De' Longhi Group is one of the leading players in the small domestic appliance business dedicated to the world of coffee, cooking and food preparation, air conditioning, heating and home care.
Listed since 2001 on the Italian Stock Exchange MTA, De' Longhi distributes its products, with the De' Longhi, Kenwood, Braun, Ariete, Nutribullet and Magic Bullet brands, in more than 120 markets around the world and at end 2023 had over 9,000 employees. In 2023 it reported revenues of € 3.08 billion, an adjusted EBITDA of € 444 million and a net profit of € 250 million.

A N N E X E S

Consolidated results of De' Longhi S.p.A. as of June 30, 2024

1. Consolidated Income Statement

(€/million)	1st Half 2024	% revenues	1st Half 2023	% revenues
Revenues	**1,423.7**	**100.0%**	**1,291.2**	**100.0%**
Change	*132.5*	*10.3%*		
Materials consumed & other production costs (production services and payroll costs)	(696.9)	(48.9%)	(651.0)	(50.4%)
Net industrial margin	**726.8**	**51.1%**	**640.2**	**49.6%**
Services and other operating expenses	(370.5)	(26.0%)	(351.8)	(27.2%)
Payroll (non-production)	(151.7)	(10.7%)	(128.2)	(9.9%)
EBITDA before non-recurring income (expenses)/stock option costs	**204.7**	**14.4%**	**160.1**	**12.4%**
Change	*44.5*	*27.8%*		
Non-recurring income (expenses)/stock option costs	(5.0)	(0.3%)	(1.1)	(0.1%)
EBITDA	**199.7**	**14.0%**	**159.0**	**12.3%**
Amortization	(56.0)	(3.9%)	(50.9)	(3.9%)
EBIT	**143.7**	**10.1%**	**108.1**	**8.4%**
Change	*35.6*	*32.9%*		
Net financial income (expenses)	4.4	0.3%	(2.1)	(0.2%)
Profit (loss) before taxes	**148.1**	**10.4%**	**106.0**	**8.2%**
Taxes	(33.7)	(2.4%)	(23.3)	(1.8%)
Net result	**114.4**	**8.0%**	**82.7**	**6.4%**
Minority interests	8.3	0.6%	-	0.0%
Profit (loss) pertaining to the Group	**106.2**	**7.5%**	**82.7**	**6.4%**

2. Revenues breakdown by geography

(€/million)	1st Half 2024	%	1st Half 2024 like-for-like	%	1st Half 2023	%	Like-for-like change at current FX rates	Like-for-like change at current FX rates %	Like-for-like change at constant FX rates %
Europe	874.2	61.5%	848.4	63.4%	784.2	60.7%	64.2	8.2%	8.6%
Americas	249.4	17.5%	220.4	16.5%	225.9	17.5%	(5.5)	(2.4%)	(2.5%)
Asia Pacific	211.3	14.8%	184.4	13.8%	195.2	15.1%	(10.8)	(5.6%)	(3.3%)
MEIA (Middle East/India/Africa)	88.8	6.2%	83.8	6.3%	85.8	6.7%	(2.1)	(2.4%)	(2.0%)
Total revenues	**1,423.7**	**100.0%**	**1,336.9**	**100.0%**	**1,291.2**	**100.0%**	**45.7**	**3.5%**	**4.2%**

(€/million)	2nd Quarter 2024	%	2nd Quarter 2024 like-for-like	%	2nd Quarter 2023	%	Like-for-like change at current FX rates	Like-for-like change at current FX rates %	Like-for-like change at constant FX rates %
Europe	449.8	58.8%	430.2	61.5%	411.1	59.7%	19.2	4.7%	4.6%
Americas	143.7	18.8%	122.2	17.5%	129.9	18.9%	(7.6)	(5.9%)	(6.8%)
Asia Pacific	121.8	15.9%	101.1	14.5%	106.3	15.4%	(5.2)	(4.9%)	(3.5%)
MEIA (Middle East/India/Africa)	49.6	6.5%	45.6	6.5%	41.6	6.0%	4.0	9.6%	8.9%
Total revenues	**764.9**	**100.0%**	**699.2**	**100.0%**	**688.8**	**100.0%**	**10.4**	**1.5%**	**1.5%**

3. Consolidated Balance Sheet

(€/million)	June 30, 2024	June 30, 2023	Dec. 31, 2023
- Intangible assets	1,298.5	880.5	878.3
- Property, plant and equipment	547.8	453.5	478.0
- Financial assets	11.0	11.7	9.7
- Deferred tax assets	73.7	71.6	60.4
Non-current assets	**1,931.0**	**1,417.3**	**1,426.4**
- Inventories	727.1	660.5	504.7
- Trade receivables	172.7	180.6	272.7
- Trade payables	(761.2)	(634.5)	(716.2)
- Other payables (net of receivables)	(137.0)	(115.9)	(143.9)
Net working capital	**1.6**	**90.7**	**(82.8)**
Total non-current liabilities and provisions	**(229.8)**	**(180.4)**	**(195.1)**
Net capital employed	**1,702.8**	**1,327.5**	**1,148.5**
(Net financial assets)	**(305.3)**	**(311.7)**	**(662.6)**
Total net equity	**2,008.1**	**1,639.2**	**1,811.1**
Total net debt and equity	**1,702.8**	**1,327.5**	**1,148.5**

4. Detailed Net Financial Position

(€/million)	June 30, 2024	June 30, 2023	Dec. 31, 2023
Cash and cash equivalents	827.8	842.7	1,250.2
Other financial receivables	194.6	244.7	172.5
Current financial debt	(303.0)	(180.0)	(289.0)
Net current financial position	**719.4**	**907.3**	**1,133.6**
Non-current financial receivables and assets	121.5	123.9	122.0
Non-current financial debt	(535.6)	(719.5)	(593.1)
Non-current net financial debt	**(414.1)**	**(595.6)**	**(471.0)**
Total net financial position	**305.3**	**311.7**	**662.6**
of which:			
- positions with banks and other financial payables	*408.7*	*403.8*	*761.7*
- lease liabilities	*(114.1)*	*(88.4)*	*(98.4)*
- other financial non-bank assets/liabilities (fair value of derivatives, financial debt connected to business combinations and pension fund)	*10.6*	*(3.8)*	*(0.7)*

5. Consolidated Cash Flow Statement

(€/million)	June 30, 2024 *6 months*	June 30, 2023 *6 months*	Dec. 31, 2023 *12 months*
Cash flow by current operations	186.1	156.8	446.3
Cash flow by changes in working capital	(79.3)	4.4	138.0
Cash flow by current operations and changes in NWC	**106.7**	**161.2**	**584.3**
Cash flow by investment activities	(60.0)	(58.0)	(132.3)
Cash flow by operating activities	**46.8**	**103.1**	**452.0**
Acquisitions	**(326.8)**	**-**	**-**
Dividends paid	(104.8)	(72.1)	(72.1)
Stock options exercise	11.7	-	5.1
Cash flow by other changes in net equity	15.8	(18.2)	(21.2)
Cash flow generated (absorbed) by changes in net equity	**(77.3)**	**(90.2)**	**(88.2)**
Cash flow for the period	**(357.3)**	**12.9**	**363.8**
Opening net financial position	662.6	298.8	298.8
Closing net financial position	**305.3**	**311.7**	**662.6**