(Translation from the Italian original which remains the definitive version)

2023 ANNUAL REPORT

Elica Group

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A. 2023 DIRECTORS' REPORT

Elica Group

A.1. The Elica Group today

Elica, a market player for over 50 years, is the leading global manufacturer of kitchen aspiration systems, thanks to the production of range hoods and extractor hobs. It is also the leading European manufacturer of electric motors for home appliances and heating boilers. Chaired by Francesco Casoli and led by Giulio Cocci, the Group has seven plants, including in Italy, Poland, Mexico and China and employs approx. 2,700 people. A meticulous care for design and a judicious choice of high-quality materials and cutting-edge technology to guarantee maximum efficiency and low energy consumption make the Elica Group the prominent market figure it is today. This has enabled the Group to revolutionise the traditional image of kitchen extractor systems: they are no longer seen as a simple accessory but as a design element that improves the quality of life.

A.2. Chairperson's message

The 2023 results confirm the effectiveness and speed of Group operations, although within a still highly complex global environment, in which demand has been significantly impacted by the high cost of money and persistent geopolitical tensions.

In this context, thanks to the solidity of the team, the passion of all the people at Elica and the clarity of vision, we have begun those product, distribution and communication initiatives that will be the foundation of our future development.

Francesco Casoli - Elica Group Chairperson

A.2.1 Chief Executive Officer's message

The 2023 operating and financial results confirm our guidance, although within a still highly complex global environment, in which demand has been significantly impacted by the high cost of money and persistent geopolitical tensions.

Despite the drop in revenue, we have managed to defend margins, thanks to the flexibility of our industrial structure and the capacity to contain costs as a result of the management team's continuous efforts over recent years.

We end 2023 with a leverage ratio under control and a solid net financial position, due to a close focus on working capital and sound investment management. Despite an expectation of continued weak market demand for both the Cooking and Motor segments, the Group looks to the future, investing in expanding the product range and the distribution network, and in refreshing the brand identity. The recent sponsorship agreed with Ducati fits perfectly with this strategy, as highlighting our focus on excellence, quality, performance, technology and our Italian identity - factors which have always set us apart.

Giulio Cocci - Chief Executive Officer

A.3. 2023 Macroeconomic overview and Outlook for 2024[1]

A.3.1. International developments

With regard to trends in 2023, the World Economic Outlook notes that the global recovery from the COVID-19 pandemic, Russia's invasion of Ukraine, and the cost-of-living crisis remains slow and inconsistent. Despite a resilient economy early in the year and declining inflation compared to the highs seen during the previous year in response to tightening policies of the central banks and favourable trends in global supply, the economic recovery has yet to match pre-pandemic progress, and gaps are widening at the regional level. A number of factors are slowing the recovery, some of which reflect the long-term consequences of the pandemic, the war in Ukraine, and the growing fragmentation of the global economy. Other factors are more cyclical, including the effects of the tightening of monetary policy to reduce inflation, the withdrawal of tax incentives, high levels of debt, and extreme weather events. Most economies, both advanced and developing, will therefore grow more slowly in 2024 and 2025 than in the decade before COVID-19.
Businesses have also shown less enthusiasm for expansion and for taking on risk due to rising interest rates, the end of tax incentives in response to rising levels of public debt, the unclear outlook on product demand, the much stricter lending conditions, and the growing uncertainty surrounding the fragmentation of the global economy. All these factors, together with higher levels of financial leverage, have continued to hold back investment, which remains 3% to 10% lower in the various regions compared to forecasts prior to the pandemic. Per capita investment growth in 2023 and 2024 is expected to average only 3.7%, or just half the average of the previous two decades.
In its Outlook of October 2023, the International Monetary Fund (IMF) expects global growth to slow from 3.5% in 2022 to 3.0% in 2023 and to 2.9% in 2024. Forecasts remain below the historical average of 3.8% (2000-2019), and the outlook for 2024 is down 0.1 percentage point from July 2023. The expected slowdown for the advanced economies is from the 2.6% of 2022 to 1.5% in 2023 and 1.4% in 2024, with stronger growth to be seen in the United States and weaker in the euro area.
In the Outlook of January 2024, the view on risks appears more balanced compared to the October 2023 assessment. Global growth, estimated at 3.1% for 2023, should remain at 3.1% in 2024 before rising slightly to 3.2%, in 2025. Compared to the WEO of October 2023, the outlook for 2024 is about 0.2 percentage points higher due to an expected greater capacity for recovery in the United States and in several of the larger emerging and developing economies, as well as to tax incentives in the real estate sector in China.
Global growth would slow for the third year in a row according to the World Bank's Global Economic Prospects, reaching 2.4% in 2024 and then rebounding to 2.7% in 2025.
Nonetheless, the outlook for 2024-2025 remains below the historical average of 3.8% (2000-2019) due to central banks increasing their rates to combat inflation, the reduction in savings levels, the withdrawal of tax incentives in response to rising levels of debt, and slow growth in underlying productivity. Inflation is falling more quickly than expected in most regions, and the global rate for Q4 2023 was about 0.3 percentage points lower that the WEO forecasts of October 2023. The drop in inflation reflects the waning shock of relative prices, particularly on energy, and should fall to 5.8% in 2024 and to 4.4% in 2025, with forecasts being revised downward for 2025.
On the one hand, faster disinflation could lead to a further loosening of lending conditions, while on the other, new highs in the prices of raw materials and energy and interruptions in provisions due to geopolitical tensions, including the continuing attacks in the Red Sea, the ongoing war in Ukraine, and more persistent underlying inflation could prolong the restrictive monetary conditions.

At the same time, looser fiscal policies than expected in forecasts and the encouragement of structural reforms could lead to temporarily faster growth, whereas a policy of fiscal consolidation, justified so

[1] Data sources: International Monetary Fund, World Economic Outlook. World Bank, Global Economic Prospects.

as to restore budget capacity in order to respond to future crises and put a stop to rising public debt, could hold back this growth.

Despite these uncertainties, the priority remains that of successfully managing the final phase of lowering inflation to its target level, while calibrating monetary policy in response to the underlying trends in inflation and loosening those policies where pressure on wages and on prices is clearly dissipating. At the same time, in many cases, with inflation declining and economies being better able to absorb the effects of fiscal tightening, it will again be necessary to focus on fiscal consolidation in order to rebuild budget capacity in order to respond to future crises, to raise funds for new spending priorities, and put a stop to the rising levels of public debt. Targeted, carefully sequenced structural reforms would strengthen the growth in productivity and the sustainability of debt and would accelerate the convergence towards higher revenue levels. More efficient, multilateral coordination is also necessary in order to avoid debt distress and create room for necessary investments, as well as to mitigate the effects of climate change and promote the energy transition.

A.3.2 The market for extractor systems and motors

Global market demand in 2023 for aspiration systems closed lower for the second year in a row, particularly in Europe, after a drop of about 8% in sales volumes in 2022 and a further 9% drop during the year under review, bringing sales volumes in Europe (excluding Russia) down to 2015 levels.

Even the market for extractor hobs, which has always posted growth since the inception of the category, even though challenging market landscapes, closed the year slightly below levels of the previous year.

With inflation levels still high and low levels of propensity for consumer spending, promotional efforts increased in response to increasingly fierce competition.

We add to this already complicated situation the sharp decline of demand in the Motors division related to the heating segment, mainly as a result of slowing residential demand and the regulatory uncertainty stemming from the energy transition. Beginning in Q2 2023, demand dropped 30% quarter on quarter, and the decrease in sales for the gas boilers and heat pumps segment came to about 8% for 2023.

Despite this, the Group has completed all of its planned initiatives, in line with expectations, and has managed to protect margins thanks to a resilient business model and effective G&A cost management. The outlook for the coming months is for a further decline in demand, both for the Cooking and Motors segments, and a contracting average market price due to the sharp levels of competition. The Group however remains committed to protecting market share and the operating margin, also thanks to a complete Aspiration segment range and the extension of the Cooking segment range - such as for example “LHOV” - and the opportunities emerging in the Motors segment, such as the sale of heat pumps. In order to support the launch of new products and the brand repositioning, in addition to laying the foundations for the resumption of revenue growth, 2024 shall feature significant investment on the various Group markets.

A.4. Currency markets

In 2023, the Euro at average exchange rates depreciated against the Polish zloty and Mexican peso, while appreciating against all other currencies.

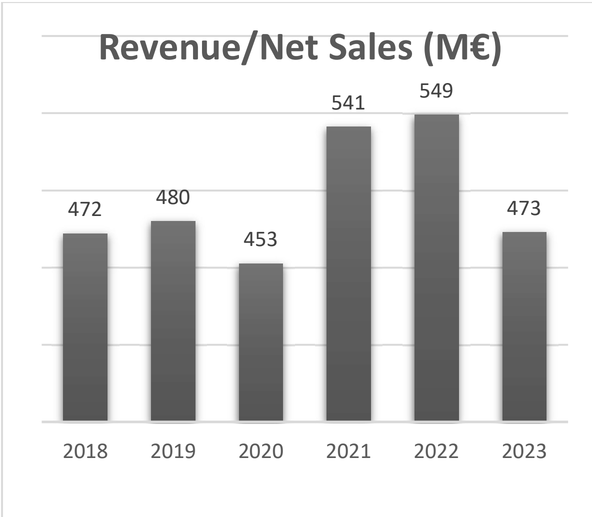
	2023 average	**2022 average**		**31/12/2023**	**31/12/2022**	
EUR	1.00	1.00	0.0%	1.00	1.00	0.0%
USD	1.08	1.05	2.69%	1.11	1.07	3.60%
PLN	4.54	4.69	(3.08%)	4.34	4.68	(-7.29%)
CAD	1.46	1.36	7.69%	1.46	1.44	1.40%
RUB*	92.52	74.00	25.03%	97.81	78.14	25.17%
CNY	7.66	7.08	8.21%	7.85	7.36	6.70%
MXN	19.18	21.19	(9.46%)	18.72	20.86	(10.23%)
JPY	151.99	138.03	10.12%	156.33	140.66	11.14%

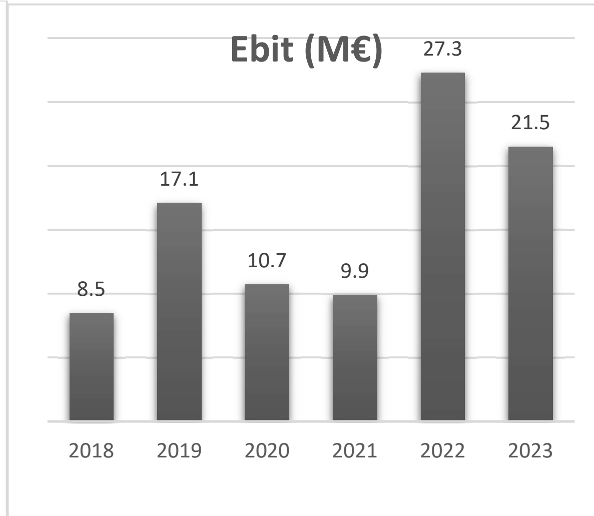
Source: ECB data

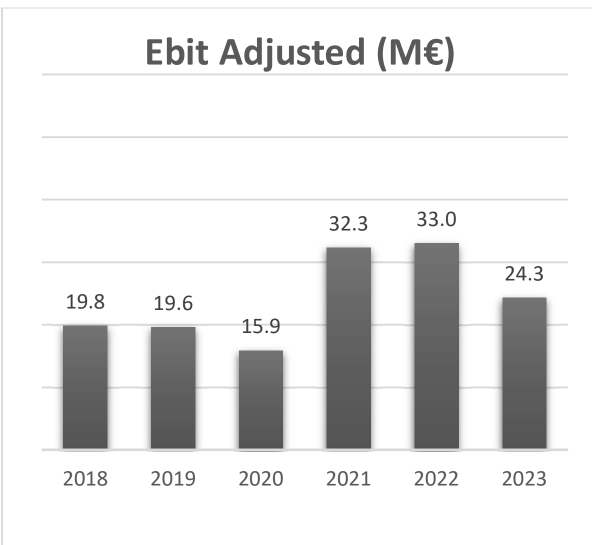
** In the absence of an official ECB rate, the EUR-RUB exchange rate is calculated by converting from EUR to CNY (Source: ECB) and then from CNY to RUB (Source: PBOC).*

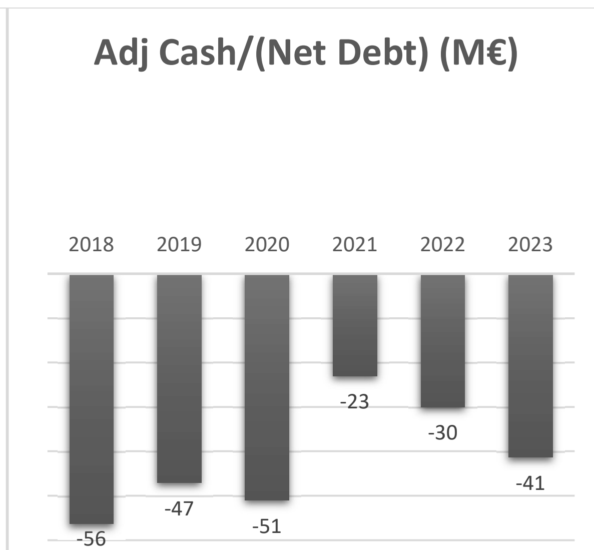
A.5. The Elica Group: Operating results and performance

A.5.1. Financial highlights









A.5.2. The Elica Group: Financial results and performance

A.5.2.1. Elica Group Operating Performance

In Euro thousands	2023	% revenue	2022	% revenue	Changes %
Revenue	473,204		548,574		-13.7%
Adjusted EBITDA	**48,058**	**10.2%**	**56,565**	**10.3%**	**-15.0%**
EBITDA	45,388	9.6%	50,849	9.3%	-10.7%
Adjusted EBIT	**24,264**	**5.1%**	**33,037**	**6.0%**	**-26.6%**
EBIT	21,523	4.5%	27,321	5.0%	-21.2%
Net financial expense	(6,380)	-1.3%	(1,462)	-0.3%	-336.4%
Income taxes	(3,872)	-0.8%	(7,679)	-1.4%	49.6%
Profit from continuing operations	11,271	2.4%	18,180	3.3%	-38.0%
Adjusted profit for the year	**13,371**	**2.8%**	**22,524**	**4.1%**	**-40.6%**
Profit for the year	11,271	2.4%	18,180	3.3%	-38.0%
Adjusted profit attributable to the owners of the parent	**11,875**	**2.5%**	**20,953**	**3.8%**	**-43.3%**
Profit attributable to the owners of the parent	9,775	2.1%	16,608	3.0%	-41.1%
Basic earnings per Share (Euro/cents) at reporting date	15.71		26.47		-40.7%
Diluted earnings per Share (Euro/cents) at reporting date	15.71		26.47		-40.7%

Elica reports consolidated revenue of Euro 473.2 million for 2023, down 13.7% (-12.8% at constant exchange rates and scope).
The decrease in sales is due to the persistent decline in demand, mainly stemming from the uncertainty generated by the economic slowdown, worsened by the high cost of money and the ongoing geopolitical tensions. This situation has significantly impacted both the Cooking and Motor segments.
The Cooking division, which accounts for 77% of total revenue, reports a contraction of 13.5% (-12.8% at constant exchange rates and scope), with a 9.8% contraction in the final quarter (-7.4% at constant exchange rates and scope), slightly improving on the first nine months of the year. Continued weak market demand for the second consecutive year, together with significant promotional activity and reduced consumer purchasing power, has led to a declining price mix, and a consequent reduction of the average sales price. However, in the last quarter, we saw growth in the third-party brand channel globally and in the own brand channel in the United States due to the new direct distribution strategy and new business agreements.
Americas revenue in the fourth quarter in fact saw organic growth of +9.6%, thanks to the entry of new third-party brand channel customers, but also as a result of the consolidation of the new own brand distribution companies: AG International for Canada and Southeast Appliance Inc (SEA) for a section of North America.
Own Brands revenue in the year accounted for 61%, increasing on the previous year (58% of Cooking revenue).
The Motors division, which accounts for 23% of total revenue, reports a contraction of 14.5% (-14.6% at constant scope and exchange rates). The sales numbers are considered in view of the significant heating segment slowdown emerging in the third quarter, which impacted also Q4. This follows the changes to the incentive rules and the unclear European regulations that led to a longer energy transition than previously announced, resulting in a stock management impact from our Customers.
Adjusted EBITDA amounts to Euro 48.1 million (Euro 56.6 million in 2022) and represents a margin of 10.2% (10.3% in 2019) on revenue, in line with the 10.3% margin of the previous year despite weak global demand, an adverse price mix, and inflation still at high levels, effects that were partially offset by a slow, weak reduction in the price of raw materials.
Adjusted EBIT of Euro 24.3 million in 2023 decreased on Euro 33.0 million in 2022, with a margin on revenue of 5.1%, slightly lower than the 6.0% in 2022. This confirms that the flexibility of the production footprint has ensured a solid operating margin despite weak industry dynamics and declining volumes, as well as ongoing measures to control costs and investments without sacrificing the Group's plans for growth.

Net financial expense was Euro 6.4 million, increasing on Euro 1.5 million in 2022. The increase relates both to currency movements (principally regarding the Ruble) and the increased net financial

expense as a result of the rise in interest rates on the variable portion of the debt.
The Adjusted Net Profit was Euro 13.4 million, compared to Euro 22.5 million in 2022.
Adjusted Group Net Profit was Euro 11.9 million (-43.3%) compared to Euro 20.9 million in 2022 (Euro 15.9 million in 2021).
The profit attributable to non-controlling interests of Euro 1.5 million, a small decrease on Euro 1.6 million in 2022, reflects the profit of Ariafina (Japan) of Euro 1.5 million, in line with 2022.

The figures for the two operating segments of Cooking and Motors are shown below.

In Euro thousands	**Cooking**	**Motors**	**Eliminations and other adjustments**	**Elica Group 2023**	**Cooking**	**Motors**	**Eliminations and other adjustments**	**Elica Group 2022**
Revenue - third parties	365,702	107,502	(0)	473,204	422,842	125,732	(0)	548,574
Inter-segment revenues	1,363	25,393	(26,756)	0	4,738	28,993	(33,731)	-
Revenue	**367,065**	**132,895**	**(26,756)**	**473,204**	**427,580**	**154,725**	**(33,731)**	**548,574**
Operating profit	**11,237**	**10,285**	**(0)**	**21,523**	**20,253**	**7,067**	**0**	**27,321**

A.5.2.2 Elica Group Equity and Financial Performance

In Euro thousands	**31/12/2023**	**31/12/2022**
Trade receivables	26,731	48,491
Inventories	90,874	101,453
Trade payables	(107,025)	(139,571)
Operating Working Capital	**10,580**	**10,373**
% annualised revenue	*2.2%*	*1.9%*
Other net assets/liabilities	446	(12,594)
Net Working Capital	**11,026**	**(2,221)**

At December 31, 2023, Operating Working Capital was Euro 10.6 million and 2.2% as a percentage of annualised revenue up on the 1.9% at December 31, 2022.

In Euro thousands	**31/12/2023**	**31/12/2022**	**Changes**
Cash and cash equivalents	39,403	67,727	(28,324)
Bank loans and borrowings (current)	(43,467)	(42,812)	(655)
Bank loans and borrowings (non current)	(37,236)	(54,774)	17,538
Adjusted Net Financial Debt	**(41,300)**	**(29,859)**	**(11,441)**
Lease liabilities and loans and borrowings from other lenders (current)	(4,240)	(4,192)	(48)
Lease liabilities and loans and borrowings from other lenders (non-current)	(7,944)	(9,831)	1,887
Adjusted Net Financial Debt- Including the effects of IFRS 16	**(53,484)**	**(43,882)**	**(9,602)**
Other liabilities for purchase of investments	(1,000)	(8,021)	7,021
Net Financial Debt	**(54,484)**	**(51,903)**	**(2,581)**

The Adjusted Net Financial Debt at December 31, 2023 was Euro -41.3 million (net of the IFRS 16 effect of Euro -12.1 million and the liabilities for the purchase of the investments in EMC Fime S.r.l. and Airforce S.p.A. for Euro 1.0 million), compared to Euro -29.9 million at December 31, 2022 and however with a small increase of approx. 0.9.

We highlight also the following key events affecting the movement in the net financial debt compared to the end of 2022:

- The positive impact of an adequate working capital management through strategic initiatives, including the "Supply Chain Finance Solution" program;

- the negative impact from the payment (approx. Euro -7.0 million) for the final tranche for the acquisition of the companies E.M.C. S.r.l. and CPS S.r.l., now merged into EMC-Fime and the tranche relating to the acquisition of Airforce;

- Investments of Euro 16.1 million (excluding the IFRS 16 effect), reducing on 2022, as a the result of a proper balance between financial management and investments focused on innovation and product development;

- execution of the share buy-back plan for approx. Euro -1.2 million;

- the cash out for the completion of the reorganisation of the Italian industrial footprint and completion of the industrial footprint restructuring in Poland for Euro -3.5 million;

- the distribution of a dividend in the total amount of Euro -4.4 million.

We highlight that the Group generated over Euro 18 million of operating cash to support execution of the business plan, despite the decrease in demand during the year and the maintenance of substantial solidity in net financial position.

The statement of financial position for the Group's two operating segments (Cooking and Motors) are presented below.

In Euro thousands	**Cooking**	**Motors**	**Eliminations and other adjustments**	**Elica Group**
Non-current assets	139,562	52,791	0	192,353
Operating Working Capital	2,521	8,059	0	10,580
Other net allocated assets	1,064	(3,064)	0	(2,000)
Capital Employed	**143,147**	**57,786**	**0**	**200,933**
Net financial debt				(54,484)
Equity				(146,449)
Source of funds				**(200,933)**

A.5.2.3 Alternative performance measures

The Elica Group utilises some alternative performance measures, which are not identified as accounting measures within IFRS, for management`s view on the performance of the Group. Therefore, the criteria applied by the Group may not be uniform with the criteria adopted by other groups and these values may not be comparable with that determined by such groups. These alternative performance measures exclusively concern historical data of the Group and are determined in accordance with those established by the Alternative Performance Measure Guidelines issued by ESMA/2015/1415 and adopted by CONSOB with communication No. 92543 of December 3, 2015. These indicators refer to the performance for the accounting period of this Financial Report and of the comparative periods and not to the expected performance of the Group and must not be considered as replacement of the indicators required by the accounting standards (IFRS). The alternative performance measures utilised in this Financial Report are as follows:

A.5.2.3.1. Alternative performance measures - Definitions

EBITDA is the operating profit (loss) (EBIT) plus amortisation and depreciation and any impairment losses on goodwill, brands and other property, plant and equipment and intangible assets.

EBIT is the operating profit (loss) as reported in the Income Statement.
Adjusted EBITDA is EBITDA net of the relative adjustment items.
Adjusted EBIT is EBIT net of the relative adjustment items.
Net financial income/(expense) is the sum of the Share of profit/(loss) from Group companies, Financial income, Financial expense and Exchange rate gains and losses.
The adjusted result is the result for the period, as published in the Consolidated Income Statement, net of the relative adjustment items.
The adjusted profit (loss) attributable to the owners of the parent is the profit (loss) for the year attributable to the owners of the parent, as published in the Income Statement, net of the relative adjustment items.
Adjustment items: earnings items are considered for adjustment where they: (i) derive from non-recurring events and transactions or from transactions or events which do not usually occur; (ii) derive from events and transactions not considered as in the normal course of business, as is the case off restructuring charges, the transactions costs of M&A's, realised or unrealised, and any rightsizing costs.
The earnings per share for 2023 and 2022 were calculated by dividing the Profit attributable to the owners of the parent, as defined in the Income Statement, by the number of outstanding shares at the respective reporting dates. The number of shares outstanding at year-end differs from that at December 31, 2022 due to the execution of the share buy-back plan.
The earnings per share so calculated does not match the earnings per share as per the Income Statement, which is calculated as per IAS 33, based on the average weighted number of shares outstanding.
Operating Working Capital is the sum of Trade receivables with Inventories, net of Trade payables, as presented in the Statement of Financial Position.
Net Working Capital is the amount of Operating Working Capital and Other net assets/liabilities. Other net assets/liabilities comprise the current portion of Other assets and Tax assets, net of the current portion of Provisions for risks and charges, Other liabilities and Tax liabilities, as presented in the Statement of Financial Position.
The Adjusted Net Financial Debt is the sum of Cash and Cash equivalents, less Current and Non-current bank loans and borrowings, as reported in the Statement of Financial Position.
The Adjusted Net Financial Debt - Including the effects of IFRS 16 is the sum of the Adjusted Net Financial Debt and current and non-current lease liabilities from application of IFRS 16, as reported in the Statement of Financial Position.
The Net Financial Debt is the sum of the Adjusted Net Financial Debt - Including the effects of IFRS 16 and of the liabilities for the acquisition of the new companies included in the consolidation scope or of additional shares in existing subsidiaries. The caption coincides with the Consob definition of the Net Financial Debt.
Non-current assets are the sum of Property, Plant and Equipment, Intangible Assets with a definite useful life and Goodwill.
Other net allocated assets are the sum of all asset and liability items, excluding those included in Non-current Assets, Operating Working Capital, Equity and the Net Financial Debt.

A.5.2.3.2. Alternative performance measures - Reconciliations

in Euro thousands	**2023**	**2022**	**Change**
Operating profit – EBIT	**21,523**	**27,321**	**(5,798)**
(Impairment losses on property, plant and equipment and Intangible assets)	139		139
(Amortisation & Depreciation)	23,727	23,528	199
EBITDA	**45,389**	**50,849**	**(5,460)**
Sale of patent sharing		**(3,200)**	**3,200**
Other operating revenue		(3,200)	3,200
Cooking production reorganisation	**385**	**6,619**	**(6,234)**

Changes in finished/semi-finished products	45		45
Raw materials and consumables	126	419	(293)
Services	214	1,683	(1,469)
Personnel expenses		95	(95)
Other operating expenses and accruals		154	(154)
Restructuring charges		4,269	(4,269)
Realised and unrealised M&A's	**274**	**529**	**(255)**
Services	274	529	(255)
Other operating expenses and accruals			0
Other reorganisations and Rightsizing	**1,511**	**1,768**	**(257)**
Personnel expenses	1,030	409	621
Restructuring charges	481	1,359	(878)
New Cooking Vision	**278**		**278**
Services	278		278
Others	**221**		**221**
Services	195		195
Other operating expenses and accruals	26		26
EBITDA adjustment items	**2,670**	**5,716**	**(3,046)**
Adjusted EBITDA	**48,058**	**56,565**	**(8,506)**

in Euro thousands	2023	2022	Change
Operating profit – EBIT	**21,523**	**27,321**	**(5,798)**
EBITDA adjustment items	**2,670**	**5,716**	**(3,046)**
Cooking production reorganisation			
Impairment losses on property, plant and equipment			
Other reorganisations and Rightsizing			
Impairment losses on property, plant and equipment			
Realised and unrealised M&A's			
Impairment losses on property, plant and equipment			
New Cooking Vision			
Impairment losses on Intangible Assets with finite useful life			
Other analysis	***71***		***71***
Impairment losses on Intangible Assets with finite useful life	71		71
EBIT adjustment items	**2,741**	**5,716**	**(2,975)**
Adjusted EBIT	**24,264**	**33,037**	**(8,773)**

in Euro thousands	2023	2022	Change
Profit for the year	**11,271**	**18,180**	**(6,909)**
EBIT adjustment items	**2,741**	**5,716**	**(2,975)**
Gain/(loss) on sale of subsidiaries			
Income taxes on adjusted items	(641)	(1,372)	731
Adjusted Profit for the year	**13,371**	**22,524**	**(9,153)**
(Profit attributable to non-controlling interests)	**(1,496)**	**(1,572)**	**76**
(Adjustments to non-controlling interests)	0		0
Adjusted profit attributable to the owners of the parent	**11,875**	**20,953**	**(9,078)**

	2023	2022	Change
Profit attributable to owners of the Parent *(in Euro thousands)*	9,775	16,608	(6,833)
Outstanding shares at year-end	62,239,361	62,745,631	(506,270)
Earnings per share (Euro/cents)	**15.71**	**26.47**	**(10.76)**

"Other net assets/liabilities" are detailed in the table below.

In Euro thousands	31/12/2023	31/12/2022
Other current assets	5,775	5,520
Tax assets	23,153	27,473
Provisions for risks and charges	(5,815)	(14,344)
Other current liabilities	(16,710)	(23,075)
Tax liabilities	(5,957)	(8,168)
Other net assets/liabilities	**446**	**(12,594)**

"Other net allocated assets" are detailed in the table below.

In Euro thousands	**Cooking**	**Motors**	**Eliminations and other adjustments**	**Elica Group**
Deferred tax assets	18,766	1,926	0	20,691
Other non-current assets and other assets	1,028	56	0	1,083
Other current assets	4,972	803	0	5,773
Tax assets (current)	18,066	5,087	0	23,153
Derivative assets (current)	1,893	2	0	1,895
Derivative assets (non-current)	288	-	0	288
Other allocated assets	**45,012**	**7,874**	**0**	**52,886**
Deferred tax liabilities	(3,762)	(3,391)	0	(7,152)
Other current liabilities – excluding purchase of investments	(11,765)	(4,445)	0	(16,210)
Current tax liabilities	(5,134)	(823)	0	(5,957)
Derivative liabilities (current)	(93)	(224)	0	(316)
Employee benefits	(6,370)	(1,601)	0	(7,971)
Provisions for risks and charges (non-current)	(11,040)	(423)	0	(11,463)
Provision for risks and charges (current)	(5,784)	(31)	0	(5,815)
Other allocated liabilities	**(43,948)**	**(10,937)**	**0**	**(54,886)**
Other net allocated assets	**1,064**	**(3,064)**	**0**	**(2,000)**

A.6. The Parent Company, Elica S.p.A: Financial results and performance

A.6.1. Elica S.p.A. Operating Performance

In Euro thousands	**2023**	**2022**	**23vs22**
Revenue	258,105	304,079	-15.12%
EBITDA	**22,319**	**25,552**	**-12.65%**
% revenue	8.65%	8.40%	
EBIT	**14,102**	**16,021**	**-11.98%**
% revenue	5.46%	5.27%	
Net financial expense	(1,903)	(1,347)	41.28%
% revenue	-0.74%	-0.44%	
Dividends from investments in subsidiaries	3,926	2,971	32.14%
% revenue	1.52%	0.98%	
Fair value losses on marketable financial assets	0	0	n.a
% revenue	0.00%	0.00%	
Ordinary gains from investment in related companies	0	0	n.a
% revenue	0.00%	0.00%	
Net exchange rate gains/(losses)	(3,991)	3,334	-219.71%
% revenue	-1.55%	1.10%	
Profit for the year	**8,895**	**15,902**	**-44.06%**
% revenue	3.45%	5.23%	

In 2023, Elica's revenues amounted to Euro 258 million.
Revenues in 2023 decreased 15.12% on the previous year.
The reduction in sales is mainly attributable to contracting market demand, which for the second year in a row shows a major decline of 9% in Europe (excluding the Russia market).
The decline in demand, mainly stemming from the uncertainty generated by the economic slowdown, amplified by the high cost of money and the ongoing geopolitical tensions, brought about major promotional pressures in the marketplace, which had a negative impact on price mix and, consequently, on sales performance.
Nonetheless, in the fourth quarter, the decrease from the previous year slowed due to a recovery in both channels: third-party brands by activating new projects/customers and own brands thanks to a quick response to the aggressive promotions with product offers and competitive positioning.
EBITDA for 2023, amounting to Euro 22.3 million, decreased from 2022 (Euro 25.6 million) due to weak demand and ongoing price pressures, as mentioned previously. However, margins improved from last year, to 8.65% from 8.40%, due to the flexibility gained with the new production footprint in Europe and management's constant focus on controlling SG&A, which made it possible to mitigate the impact of the significant decrease in revenues compared to 2022.
Net financial expense was Euro 1.9 million, up from the net financial expense of Euro 1.3 million in 2022, mainly due to the rising interest rate on the variable portion of debt.

A.6.2 Elica S.p.A. Financial Position and Performance

In Euro thousands	**31/12/2023**	**31/12/2022**
Trade receivables	2,352	8,974
Trade receivables - subsidiaries	19,868	19,376
Inventories	30,382	32,167
Trade payables	(43,556)	(52,817)
Payables to group companies	(33,576)	(6,685)
Operating Working Capital	**(24,530)**	**1,015**
% revenue	-9.50%	0.33%
Other net assets/liabilities	669	(15,168)
Net Working Capital	**(23,861)**	**(14,153)**
% revenue	-9.24%	-4.65%

Operating Working Capital as a percentage of revenue was -9.50% at December 31, 2023, compared to 0.33% at December 31, 2022, significantly impacted by the reduction in trade receivables as a result of the decrease in revenues in 2023 compared to 2022, while also benefiting from the robust, mature collection process.

In Euro thousands	31/12/2023	31/12/2022
Cash and cash equivalents	**21,296**	**42,517**
Financial assets with group companies (current)	53,860	25,109
Loans and borrowings from group companies (current)	(16,370)	(15,847)
Bank loans and borrowings (current)	(43,345)	(32,049)
Current loans and borrowings	**(5,855)**	**(22,787)**
Bank loans and borrowings (non-current)	(36,876)	(54,291)
Non-current loans and borrowings	**(36,876)**	**(54,291)**
Adjusted Net Financial Debt	**(21,435)**	**(34,561)**
Lease liabilities and loans and borrowings from other lenders (current)	(782)	(1,051)
Lease liabilities and loans and borrowings from other lenders (non-current)	(1,433)	(1,661)
Adjusted Net Financial Position - Including the effects of IFRS 16	**(23,650)**	**(37,273)**
Other liabilities for purchase of investments	(1,000)	(8,021)
Net Financial Debt	**(24,650)**	**(45,294)**

The Net Financial debt at December 31, 2023 was Euro 24.7 million, compared to Euro 45.3 million at December 31, 2022.
The main impacts on the change in net financial debt compared to the end of 2022 were from:

- the negative impact from the payment (approx. Euro 7 million) for the final tranche for the acquisition of the companies E.M.C. S.r.l. and CPS S.r.l., now merged into EMC-Fime and the tranche relating to the full acquisition of AirForce;

- capital expenditure of Euro 3.8 million, aimed at continuing investments focused on innovation and product development, although to a lower extent than in 2022 in order to maintain proper equilibrium in financial management;

- cash out for the distribution of dividends of Euro 4.4 million;

- execution of the share buy-back plan for approx. Euro 1.2 million;

- cash out for the completion of the Italian industrial footprint reorganisation.

We highlight that the Company generated over Euro 13 million of operating cash to support execution of the business plan, despite the decrease in demand during the year and the maintenance of substantial solidity in net financial position.

A.6.3. Alternative performance measures - Definitions

The Company utilises some alternative performance measures, which are not identified as accounting measures within IFRS, for management`s view on the performance of the Group. Therefore, the criteria applied by the Company may not be uniform with the criteria adopted by other companies and these values may not be comparable with that determined by such groups. These alternative performance measures exclusively concern historical data of the Company and are determined in accordance with those established by the Alternative Performance Measure Guidelines issued by ESMA/2015/1415 and adopted by CONSOB with communication No. 92543 of December 3, 2015. These indicators refer to the performance for the accounting period of the present Financial Report and of the comparative periods and not to the expected performance of the Company and must not be considered as replacement of the indicators required by the accounting standards (IFRS). The

alternative performance measures utilised in this Financial Report are as follows:
EBITDA is the operating profit (loss) (EBIT) plus amortisation and depreciation and any impairment losses on Goodwill, brands and other tangible and intangible assets.
EBIT is the operating profit (loss) as reported in the Income Statement.
Net financial income/(expense) is the sum of Financial income and Financial expense.
Operating Working Capital is the sum of Trade receivables from third parties and from Group companies, Inventories, Net of Trade payables, to third parties and to Group companies, as per the Statement of Financial Position.
Net Working Capital is the amount of Operating Working Capital and Other net assets/liabilities. Other net assets/liabilities comprise the current portion of Other assets and Tax Assets, net of the current portion of Provisions for risks and charges, Other payables and Tax payables, as presented in the Statement of Financial Position.
The Adjusted Net Financial Debt is the sum of Cash and Cash equivalents, less Current and Non-current bank loans and borrowings and of Financial assets and liabilities to Group companies, as reported in the Statement of Financial Position.
The Adjusted Net Financial Debt - Including the effects of IFRS 16 is the sum of the Adjusted Net Financial Debt and current and non-current lease payables from application of IFRS 16, as reported in the Statement of Financial Position.
The Net Financial Debt is the sum of the Adjusted Net Financial Position - Including the effects of IFRS 16 and of the liabilities for the acquisition of the new companies included in the consolidation scope or of additional shares in existing subsidiaries. Tis caption coincides with the Consob definition of the Net Financial Debt.

A.6.4. Alternative performance measures - reconciliations

In Euro thousands	**31/12/2023**	**31/12/2022**
EBIT	**14,102**	**16,021**
(Amortisation & Depreciation)	8,217	9,531
(Impairment losses on property, plant and equipment and intangible assets)	0	0
EBITDA	**22,319**	**25,552**

Financial income and expense are detailed in the table below.

In Euro thousands	**31/12/2023**	**31/12/2022**
Financial income	3,322	1,169
Financial expense	(5,225)	(2,519)
Net interest expense	**(1,903)**	**(1,349)**

“Other net assets/liabilities" are detailed in the table below.

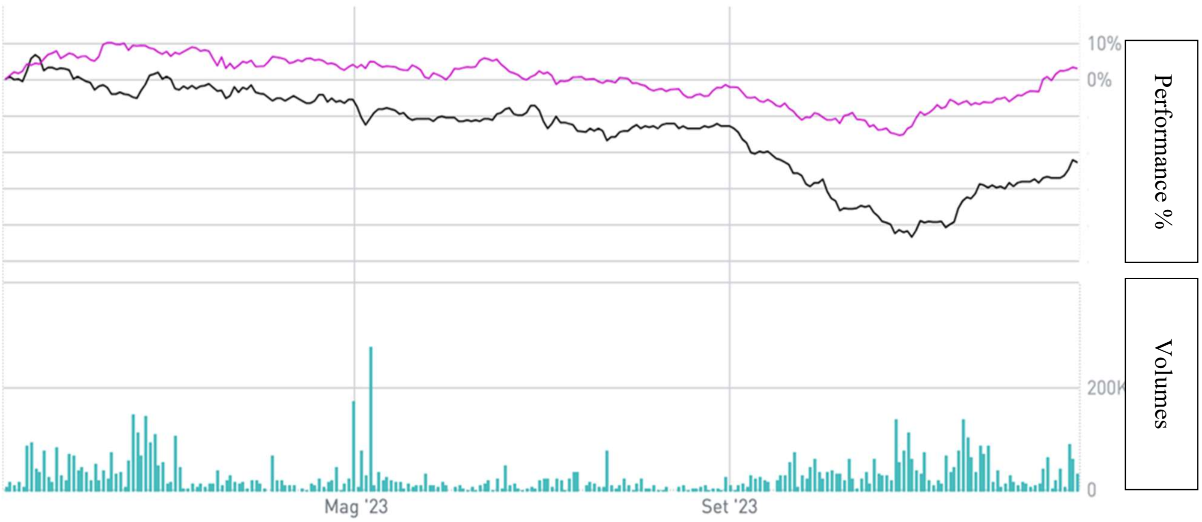
In Euro thousands	**31/12/2023**	**31/12/2022**
Other current assets	2,676	3,308
Tax assets (current)	9,757	8,408
Provision for risks and charges (current)	(3,735)	(11,473)
Other current liabilities	(5,545)	(12,714)
Tax liabilities (current)	(2,484)	(2,697)
Other net assets/liabilities	**669**	**(15,168)**

A.6.5 Reconciliation between Elica S.p.A.'s equity and profit/(loss) for the year and consolidated equity and profit/(loss) for the year. Situation at December 31, 2022 and December 31, 2023

	31/12/2023		31/12/2022	
In Euro thousands	**Profit/(loss) for the year**	**Equity**	**Profit/(loss) for the year**	**Equity**
Parent's separate financial statements	**8,895**	**110,439**	**15,902**	**109,000**
Elimination of the effect of intercompany transactions net of tax effect:				
Unrealised gains on non-current assets	582	(3,102)	(3,292)	(3,685)
Unrealised gains on sale of goods	(468)	(779)	232	(307)
Tax effect	(28)	932	734	958
Dividends received from consolidated companies	(3,926)	(3,926)	(2,971)	(2,971)
Other	(455)	(335)	(462)	5,838
Share of profit/(loss) from investments	**0**	**0**	**0**	**0**
Carrying amount of consolidated companies	**(15)**	**(103,537)**	**(58)**	**(103,080)**
Equity and profit of the subsidiaries consolidated on a line-by-line basis	**7,193**	**114,723**	**8,246**	**105,966**
Allocation of differences to assets of consolidated companies and related amortisation/depreciation:				
Goodwill arising on consolidation	0	23,682	0	24,047
Intangible assets and property, plant and equipment	(507)	8,352	(151)	2,195
Consolidated financial statements	**11,271**	**146,449**	**18,180**	**137,961**
Attributable to the owners of the parent	**9,775**	**140,892**	**16,608**	**132,531**
Attributable to non-controlling interests	**1,496**	**5,557**	**1,572**	**5,430**

Equity includes the portion attributable to the owners of the parent and that of non-controlling interests.

A.7. Elica S.p.A. and the financial markets



Source: Italian Stock Exchange

The graph shows (in black) the performance of the Elica S.p.A. share price in 2023 in comparison to the average of other companies listed on the STAR segment (performance of the FTSE Italia STAR index indicated), in purple. FY 2023 was an extremely complicated year for the financial markets, marked by major pressure on interest rates and a landscape of great geopolitical tensions. At the same time, the significant contraction in market demand in both business segments, particularly in the second half of the year, with the consequent drop in volumes, alongside the increasingly aggressive market competition related to the stepping up of promotional activities, have imposed significant challenges for the Group. On January 2, 2023, the Elica's official share price was Euro 3.0, closing the year at Euro 2.31 for a contraction of 23.9%. Over that period, the FTSE Italia STAR index posted a gain of 2.95%.

The share price in the initial months of 2023 was down slightly, followed by sharper losses after presentation of Q3 performance numbers to a low for the year of Euro 1.69 in early November. The last two months of 2023 saw a recovery in share price, increasing by more than 34%, with an acceleration in average trading volumes to 42,000 shares per day, compared to the 28,500 of previous months, to outperform the index.

Financial communications and interaction with investors and analysts continued normally in 2023. More specifically, interactions with the financial community involved the organisation of quarterly conference calls for the presentation of financial results, in addition to participation in numerous virtual and in-person meetings. The Group participated in the Mid Cap Conference of Mediobanca in January, the Star Conference in Milan in March, a conference organised by San Paolo in Paris in May, the Conference Eccellenze del Made in Italy organised by Intermonte SIM in September, and the Intesa San Paolo conference in Paris in October. In addition to the physical meetings, the company also participated in a number of Virtual Roadshows. Elica participated in seven virtual conferences and roadshows in 2023, in addition to on-demand one-on-ones and four results conferences, meeting with 55 funds and 70 managers (meeting a number of managers multiple times, in addition to financial analysts).

The Elica Group closed 2023 with a market capitalisation of approximately Euro 138.0 million (average market capitalisation in December).

The Share Capital consists of 63,322,800 ordinary voting shares. The ownership structure of Elica S.p.A. at December 31, 2023 is shown in the Corporate Governance and Shareholder Ownership Report, available on the company website[2].

A.8. Significant events in 2023

On February 14, 2023, the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the fourth quarter of 2022, prepared in accordance with IFRS and the 2022 preliminary consolidated results.

On March 16, 2023, the Board of Directors of Elica S.p.A. approved the consolidated results at December 31, 2022 and the draft separate financial statements at December 31, 2022, prepared in accordance with IFRS, in addition to the Directors' Report.

On April 19, 2023, Elica extended its cooking segment product offer, in line with the 2023 objectives, and announced a strategic partnership with Ilve.

On April 27, 2023, the Shareholders' Meeting of Elica S.p.A., meeting in ordinary session, approved the 2022 Annual Accounts of Elica S.p.A., the Directors' Report, the Non-Financial Report and viewed the Board of Statutory Auditors' Report and the Independent Auditors' Report. The Shareholders' Meeting also noted the consolidated performance for 2022 and approved the distribution of an ordinary dividend of Euro 0.07 per share for each of the 63,322,800 ordinary shares outstanding, net of treasury shares held at the coupon date and gross of statutory withholdings.

On April 27, 2023 the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the first quarter of 2023, prepared in accordance with IFRS.
Simultaneously, the third tranche of the Elica ordinary share Buyback plan concluded, announced to the market on February 14, 2023 and launched on February 15, 2023, in execution of the Shareholders' Meeting resolution of April 28, 2022, and a new Buyback plan was launched, for a maximum purchasable number of shares of 240,000 (approx. 0.4% of the subscribed and paid-in share capital), authorised by the Shareholders' Meeting of April 27, 2023.

On May 18, 2023 - Elica S.p.A. and Banco BPM agreed a Sustainability Linked Loan to fund Elica's investment plan. As part of its global sustainable development plan, Elica will benefit from credit lines with a total value of Euro 30 million. In Elica's case, the ESG KPI identified concerns the increase in the percentage of energy derived from renewable sources in relation to total energy used.

On June 23, 2023, the Board of Directors of Elica S.p.A. called the Ordinary Shareholders' Meeting to consider the change to the By-Laws. The proposed amendments mainly concern the forms of participation, calling and hosting of the meetings of the Company's boards, in order to better govern the right to utilise remote means of communication and the appointment of the sole designated representative.

[2] https://corporate.elica.com/it/governance/assemblea-degli-azionisti.

On July 5, 2023, a dividend was distributed of a unitary amount of Euro 0.07 for each of the 63,322,800 ordinary shares outstanding, net of the treasury shares held at the coupon date and gross of statutory withholdings.

On July 27, 2023, the Board of Directors of Elica S.p.A. approved the H1 2023 results, prepared in accordance with IFRS accounting standards, and the Directors' Report.

In September 2023, Elica S.p.A., in partnership with ILVE, continues to expand in the United States and opened the new direct distributor "Southeast Appliance" (SEA). As part of "Boots on ground" project, SEA has an ambitious goal of bringing quality, innovation and reliability to every household, helping to redefine standards of excellence.

On October 26, 2023, the Board of Directors of Elica S.p.A. approved the 2023 Third Quarter results, prepared in accordance with IFRS accounting standards.

On October 31, 2023, the first tranche of the Elica ordinary share Buyback plan concluded, announced to the market on April 27, 2023 and launched on May 2, 2023, in execution of the Shareholders' Meeting resolution of April 27, 2023. In the period between October 17 and 31, 2023, the company acquired 36,013 treasury shares, at an average price weighted for volumes of Euro 1.79 per share, for a total value of Euro 64,436.

On November 2, 2023, Elica S.p.A. signed an agreement finalised to fully acquire AG International, the distribution company for the Elica and Kobe brands in Canada.

A.9. Events after the reporting date and outlook[3]

A.9.1. Events after the reporting date

On January 30, 2024, a sponsorship was signed with Ducati's Corse team, ahead of the start of the 2024 Moto GP world championship. Elica will officially debut with Ducati Corse at the Qatar Grand Prix, to be held on March 8-10, 2024. The initiative is part of an action plan that also includes strategies in the areas of communication and "branding" prepared by the Group to defend its profitability in a highly uncertain and increasingly competitive marketplace.

On February 13, 2024, the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the fourth quarter of 2023, prepared in accordance with IFRS and reviewed the 2023 preliminary consolidated results.

On March 4, 2024, within the scope of the investment plan for 2024-2026, Elica S.p.A. redeemed the photovoltaic plant located at EMC FIME S.r.l.'s properties and subject to a lease agreement signed with Unicredit Leasing. The value of the plant subject to redemption is Euro 400 thousand. At the same time as this redemption, Elica S.p.A. sold the plant to the subsidiary EMC Fime S.r.l.

[3] The document contains forward-looking statements, particularly in the sections regarding the "Outlook" and " Events after the reporting date", outlining future events and the operating and financial results of the Elica Group. These forecasts are based on the Group's current expectations and projections regarding future events and, by their nature, have an element of riskiness and uncertainty in that they relate to events and depend on circumstances that may, or may not, occur in the future and, as such, should not be unduly relied upon. Actual results may differ, even to a significant degree, from the estimates made in such statements due to a wide range of factors, including the volatility and decline of the capital and finance markets, raw material price changes, altered economic conditions and growth trends and other changes in business conditions, regulatory and institutional framework changes (both in Italy and overseas) and many other factors, the majority of which outside the control of the Group.

We report that, beginning on November 2, 2023, and until the date of the Shareholders' Meeting to approve the financial report at December 31, 2023, as approved by the Board of Directors on October 26, 2023, Elica S.p.A. initiated the second tranche of the treasury buy-back plan, as authorised by the Shareholders on April 27, 2023 (the "Buy-back Plan"), according to the terms previously disclosed to the market, for up to 350,000 available treasury shares (equal to approximately 0.5% of subscribed and wholly paid-in share capital).

A.9.2. Outlook

In 2023, the significant contraction in demand, with the consequent drop in volumes, alongside the increasingly aggressive market competition related to the stepping up of promotional activities, have imposed significant challenges. We add to this already complicated situation the sharp decline in the Motors' segment, mainly as a result of slowing residential demand and the regulatory uncertainty stemming from the energy transition. Despite this, the Group has completed all of its planned initiatives, in line with expectations, and has managed to protect margins thanks to a resilient business model and effective G&A cost management.
The outlook for the coming months is for a further decline in demand, both for the Cooking and Motors segments, and a contracting average market price due to the sharp levels of competition. The Group however remains committed to protecting market share and the operating margin, also thanks to a complete Aspiration segment range and the extension of the Cooking segment range - such as for example "LHOV" - and the opportunities emerging in the Motors segment, such as the sale of heat pumps. In order to support the launch of new products and the brand repositioning, in addition to laying the foundations for the resumption of revenue growth, 2024 shall feature significant investment on the various Group markets.

A.10. The environment and personnel

This information is outlined in detail in the Consolidated Non-Financial Report, referred to in paragraph A.18 below.

A.11. Research and development

Reference should be made to Note B.6.5.14 and B.6.5.18 for further details on Group research and development.
Elica S.p.A. development activities are a central part of the company's operations: resources have devoted substantial efforts to developing, producing and offering customers innovative products both in terms of design and the utilisation of materials and technological solutions.
It should be noted that during the year, the company incurred industrial research and basic research costs with the aim of both an expansion of the product range, particularly in the Cooking sector and concerning product, organisational, process and structural improvements.
Total research and development costs incurred amounted to Euro 5,255 thousand.
For further details on the Parent's activities, reference should be made to Note D.6.4.16 and D.6.4.18.2.

A.12. Exposure to risks and uncertainties and financial risk factors

The Elica Group's operations are exposed to different types of financial risks, including risks associated with fluctuations in exchange rates, interest rates, the cost of its main raw materials and cash flows. In order to mitigate the impact of these risks on results, the Elica Group has commenced the implementation of a financial risk monitoring system through a "Financial Risk Policy" approved by the Parent's Board of Directors. Within this policy, the Group constantly monitors the financial risks of its operations in order to assess any potential negative impact and takes corrective action where necessary.

The main guidelines for the Group's risk policy management are as follows:

- identify the risks related to the achievement of the business objectives;
- assess the risks to determine whether they are acceptable considering the controls in place and if they require additional treatment;
- respond appropriately to risks;
- monitor and report on the current state of the risks and the effectiveness of their control.

The Group's Financial Risk Policy is based on the principle of active management and the following assumptions:

- prudent management of the risk with a view to protecting the expected value of the business;
- use of "natural hedges" in order to minimise the net exposure on the financial risks described above;
- undertake hedging transactions within the limits approved by management and only for actual, clearly identified exposures.

The process for the management of the financial risks is structured on the basis of appropriate procedures and controls, based on the correct segregation of conclusion, settlement, registration and reporting of results.

We examine in detail the risks to which the Group and the parent are exposed. In the notes, we report all the relative figures.

Market risk includes all the risks directly or indirectly related to the fluctuations of the general market prices and the financial markets in which the company is exposed:

- currency risk;
- commodity risk, related to the volatility of the prices of the raw materials utilised in the production processes;
- interest rate risk.

The amount of the currency risk, defined in advance by management of the Group on the basis of the budget for the reporting period, is gradually hedged over the acquisition process of the orders, up to the amount of the orders corresponding to budget projections or emerging during the year.

The hedge is entered into through agreements with third party lenders for forward contracts and options for the purchase and sale of foreign currency. These operations are undertaken without any speculative or trading purpose, in line with the strategic policies of a prudent management of the cash flows.

In addition to the aforementioned transaction risks, the Group is exposed to translation risk. The assets and liabilities of consolidated companies whose currency differs from the Euro may be translated into Euro with carrying amounts that vary according to different exchange rates, with recognition in the translation reserve under equity.

The Group monitors this exposure, against which there were no hedges at the reporting date; in addition, given the Parent's control over its subsidiaries, governance over the respective foreign currency transactions is greatly simplified.

The Group is subject to market risk deriving from price fluctuations in commodities used in the production process. The raw materials purchased by the Group (including copper and aluminium) are affected by the trends of the principal markets. The Group regularly evaluates its exposure to the risk of changes in the price of commodities and manages this risk through fixing the prices through hedging contracts with financial counterparties.

In particular, between the end and the beginning of the year, on the basis of the production budget for the year, the prices and quantities were fixed through both channels described above. Operating in this manner, the Group covers the standard cost of the raw materials contained in the budget from possible increases in commodity prices, achieving the operating profit target.

Among the market risks in addition, the Group is exposed to interest rate risk. The management of interest rate risk by the Elica Group is in line with longstanding, consolidated practices to reduce the volatility risk on the interest rates, while at the same time minimising the borrowing costs within the established budget limits. The Group's debt mainly bears a floating rate of interest.
Further to market risks, the Group is exposed to **credit risk.** This concerns the exposure to potential losses deriving from the non-compliance with obligations by trading partners. This risk derives in particular from economic-financial factors related to a potential solvency crisis of one or more counterparties.
The Group follows the Credit Policy (related to the Financial Risk Policy) which governs credit management and the reduction of the related risk, partly through insurance policies with leading international insurance companies.
Liquidity risk is also managed and represents the risk related to the unavailability of financial resources necessary to meet short-term commitments assumed by the Group and its own financial needs.
The principal factors which determine the liquidity of the Group are, on the one hand, the resources generated and absorbed by the operating and investment activities and on the other the due dates and the renewal of the payable or liquidity of the financial commitments and also market conditions. These factors are monitored constantly in order to guarantee a correct equilibrium of the financial resources.

Climate Change Risk Analysis

In accordance with the suggestions published by ESMA, the Group has examined the impacts that Climate Change could generate on the business, taking into account, among others, physical risks, both of an "acute" nature and related to long-term changes, as well as risks related to the economic transition to a more sustainable economy. It has also considered the impacts that the Group may have on climate change.

The geographical location of the Group's assets is not particularly affected by the increasing risks of extreme physical events, as is that of the major players in its value chain. Nonetheless, the Group has drafted, and is continuing to develop, procedures for business continuity and adaptation solutions to mitigate these risks with the goal of having recovery strategies in place in the event of significant impacts on facilities, processes, or people, but also to respond to long-term climate risks.
We have also looked at the nature of the Group's businesses, i.e. the production and sale of range hoods and extractor hobs and of motors for home ventilation, finding no evidence that this economic activity would be considered to have a high impact on Climate Change. With regard to the production of motors, the Group obtained in January 2023 the international conformity certification for the use of hydrogen.

In 2023, Elica used energy from renewable sources certified with Guarantee of Origin at all its Italian sites and the Polish facility. There are also three photovoltaic plants operating at the Italian sites, enabling the Group to achieve an electricity mix consisting of 100% renewable energy (of which 9% is self-generated) by 2023. Also in terms of the carbon footprint, the Group has prepared the first Organisation GHG Inventory in 2023, following the methodology of the ISO 14064-1 Standard.

Regarding the assessment of the residual value and expected useful life of the Group's assets, climate-related issues that may impact the future use of these or their potential obsolescence as a result of changing consumer demand or changes in relevant regulations were examined.
The Group’s production lines are used for wide ranges of article codes, given that we have no dedicated production lines. As a result, a need to change the energy ratings or type of materials of certain article codes does not result in an inability to use a given line in the future. This showed that the expected useful life of non-current assets and the residual values estimated in accordance with IAS 16 Property, Plant and Equipment is reasonable.
The recoverability of intangible assets recognised in the statement of financial position was analysed, noting no particular indicators of impairment. In fact, the management of climate change risk, which is resulting in changes in the energy classifications of household appliances and of their energy sources, will bring about the need to increase the efforts of our Research & Development unit, with an increase in intangible assets in the form of development costs and new patents. We cite, for example, the launch of a project that will guarantee the use of polymers containing up to 30% recycled materials (recovered from post-consumer and post-industrial circuits).

The Group also consider the process of removing obsolete products from inventory, a critical process (included among the company’s top risks) that is subject to constant monitoring and on which the inventory obsolescence provision is based. Regulatory requirements related to energy conservation are considered in the process of assessing the recoverable amount of inventories, with appropriate advance notice of the regulations coming into effect, as well as market expectations in terms of energy efficiency and the recyclability of products sold. In this regard, we have found our assessment of inventories to be reasonable.
The technical department of the Elica Group, in constantly monitoring changes in laws and regulations, reviews the energy labelling of the products. The characteristics that the Group's products must have in order to be placed on the market are, therefore, examined, based on the legislation in force and already issued and thus in force in the near future, but also of those currently still under discussion and possible future introduction.
An environmental assessment and monitoring process, aimed at continuous improvement, including on sensitive climate-related aspects, has been introduced to our production sites, and is based on reporting mechanisms and the roll out of efficiency programmes. For example, we analyse waste, which is first reused and recycled, rather than being sent to landfills.
Our organisational structure includes an energy manager, who is responsible for research into increasingly efficient energy solutions.

Finally, all information currently held at the legal department was considered to exclude the existence of contingent liabilities related to possible litigation, environmental damages, additional taxes or penalties related to environmental requirements, contracts that may become onerous, restructuring to achieve climate-related goals, or possible legal and regulatory restrictions on the future use of assets and sale of products. We have therefore decided not to set aside provisions or recognise contingent liabilities.

Based on these considerations, in accordance with IAS 36 Impairment of Assets, the Group has assessed that there are no indications that non-financial assets have lost value due to climate risk or measures to implement the Paris Agreement. Similarly, in accordance with IAS 13 Fair Value, the Group has assessed that there is no evidence that the assets or liabilities recognised in the financial statements will see changes in the determination of fair value.
Given the ongoing evolution and significance of the issue, the Group will continue to monitor these possible risks.

It should be noted that following the publication on December 16, 2022 in the EU Official Journal of EU Directive 2022/2464 ("CSRD Directive") on corporate sustainability reporting ("Corporate Sustainability Reporting Directive") as part of the European Green Deal, the Group is required to apply this legislation as of January 1, 2024, and to include sustainability disclosures within the Annual Financial Report and no longer in a stand-alone document, represented until now by the Consolidated Non-Financial Statement. For this reason, the Group since FY2023 has appointed an internal Team and has been working on a transition plan, consisting of a series of activities aimed at implementing and complying with the reporting requirements established by the "CSRD." For further information, reference should be made to the Consolidated Non-Financial Statement.

Geopolitical Risk Analysis

In 2022 and 2023, the current economic environment has been affected by significant volatility in commodity prices, high inflation, rising interest rates, and increases in the cost of energy, caused mainly by geo-political instability factors such as the Russia-Ukraine War since February 2022 or the more recent conflict in Gaza and Israel.
The Elica Group has been monitoring for some time the geopolitical developments caused by the war in Ukraine, and we continue to assess the potential risks it could have on our operations.
Although the Elica Group's business in the affected area is however limited, given that Russian market revenue accounts for approx. 2.4% of total revenues, all actions necessary to protect the Group from the identified risks were put in place. Sanctions have had only a marginal impact on certain Group products; therefore, 2023 volumes and margins remained in line with forecasts on operations that were in line with past years.
The Elica Group continues to operate in Russia through the wholly owned subsidiary Elica Trading LLC, which is responsible for distributing the Group’s products in Russia. The Russian trading company does not have significant non-current assets.
Group management constantly monitors the impacts and developments of the military conflict between Russia and Ukraine. To this end, we have established a task force of the main areas of the company involved.
The Internal Audit & Risk Compliance unit provides the Control, Risks & Sustainability Committee with periodic updates on risk management within the company and constantly monitors trends in the most critical risks by way of meetings with management, internal analyses, and the support of consultants.
The Purchasing unit frequently monitors risks related to procurement and trends in the price of energy and raw materials coming from Russia and Ukraine.
The Finance unit measures the monthly revenues of the Russian trading company by way of reporting packages provided each month by the subsidiary; monitors currency trends and their impact on Group financials; monitors the derivatives market aimed at hedging currency risk; monitors the efficacy of the insurance coverage on trade receivables with Russian customers; monitors payments on intercompany receivables from the Russian subsidiary; and monitors the liquidity risk of the Russian trading company to confirm that it has the liquidity needed to meet its payment obligations for the following two months.

The Logistics unit coordinates shipments by the Group to the Russian subsidiary in compliance with the sanctions issued by the competent authorities related to the types of products that can be exported and thresholds in the per-unit value of exportable goods.
The Commercial unit monitors daily trends in customer orders in order to properly estimate demand and facilitate the organization and optimization of the supply chain.
The Legal Affairs unit monitors EU legislation, directives and regulations and reports to management in order to jointly assess the impact they may have on compliance and on certain aspects of company operations.

Regarding the conflict in Gaza and Israel, the Group is monitoring and assessing the potential risks on the business as the situation in the region that produces about 35% of the world's oil exports and 14% of gas exports could deteriorate further. Continued attacks in the Red Sea - through which 11% of global trade passes - like the ongoing war in Ukraine discussed above - risks generating new supply shocks, with possible fresh cost hikes in energy and transportation, but also thereafter in raw materials. Container shipping costs have already risen sharply, and as long as the situation in the Middle East remains volatile and geoeconomic fragmentation grows, the cross-border flow of raw materials and transportation may see further price volatility.
In addition, persistent labour market tightness and renewed tensions in supply chains could slow the decline in core inflation more than expected, and trigger a tightening of global financial conditions, increasing risks to financial stability[4].

In this regard, the Group has prepared a three-year business plan that incorporates the Group management's best forecast of the above macro-economic factors and all currently available information. In addition, the plan is accompanied by an industrial stress test that shows how the elements of uncertainty set out above may impact the Group's projected operating performance. To represent these scenarios, the financial indicators, including the alternative indicators considered most relevant, i.e. Group EBITDA and the cost of raw materials, were considered.

From the analyses carried out, in accordance with IAS 1.25 and 1.26, the Group in preparing these financial statements has taken into account the existing and expected effects of the current macro-economic and geopolitical uncertainties on its business by finding no events or circumstances which, taken individually or as a whole, may cast significant doubt on the company's ability to continue as a going concern. For further details, see paragraph B.6.5.17. Impairment testing in the Notes.

Cyber Security Risk Analysis

The growing use of information systems increases the Group's exposure to various types of risk. The most significant is the risk of cyber attack, which is a constant threat for the Group.
The impacts analysed include:
• data loss;
• privacy impacts;
• interruption of business;
• reputational harm.
Mitigation efforts made by the Group concern:
• the strengthening of network infrastructure;
• the strengthening of protection systems;
• the constant updating of company procedures;
• taking out a specific insurance policy to cover the risk arising from a cyber event;
• continuous training of all personnel to reinforce company know-how with regard to cyber security.

[4] Data sources: International Monetary Fund, World Economic Outlook.

A.13. Company bodies

Members of the Board of Directors

Francesco Casoli	**Executive Chairperson**, born in Senigallia (AN) on 05/06/1961, appointed by resolution of 29/04/2021.
Giulio Cocci	**Executive Director**, born in Fermo on 13/04/1970, appointed by resolution of 29/04/2021.
Elio Cosimo Catania	**Independent Director**, born in Catania on 05/06/1946, appointed by resolution of 29/04/2021.
Monica Nicolini	**Independent Director and Lead Independent Director**, born in Pesaro on 16/04/1963, appointed by resolution of 29/04/2021.
Susanna Zucchelli	**Independent Director**, born in Bologna on 19/12/1956, appointed by resolution of 29/04/2021.
Angelo Catapano	**Independent Director**, born in Naples on 09/12/1958, appointed by resolution of 29/04/2021.
Liliana Fratini Passi	**Independent Director**, born in Rome on 19/06/1970, appointed by resolution of 29/04/2021.

Members of the Board of Statutory Auditors

Giovanni Frezzotti	**Chairperson**, born in Jesi (AN) on 22/02/1944, appointed by resolution of 29/04/2021.
Massimiliano Belli	**Statutory Auditor**, born Recanati (MC) on 22/08/1972, appointed by resolution of 29/04/2021.
Simona Romagnoli	**Statutory Auditor**, born in Jesi (AN) on 02/04/1971, appointed by resolution of 29/04/2021.
Serenella Spaccapaniccia	**Alternate Auditor**, born in Montegiorgio (FM), on 04/04/1965, appointed by resolution of 29/04/2021.
Leandro Tiranti	**Alternate Auditor**, born in Sassoferrato (AN), on 04/05/1966, appointed by resolution of 29/04/2021.

Control, Risks and Sustainability Committee

Susana Zuccheli (Chairperson)
Angelo Catapano
Elio Cosimo Catania
Liliana Fratini Passi
Monica Nicolini

Appointments and Remuneration Committee

Elio Cosimo Catania (Chairperson)
Angelo Catapano
Liliana Fratini Passi
Monica Nicolini
Susanna Zucchelli

Independent Auditors

KPMG S.p.a.

Investor Relations Manager

Francesca Cocco – Lerxi Consulting – Investor Relations
Tel: +39 (0)732 610 4205
E-mail: investor-relations@elica.com

Registered office and Company data

Elica S.p.A.
Registered office: Via Ermanno Casoli, 2 - 60044 Fabriano (AN)
Share Capital: Euro 12,664,560.00
Tax Code and Company Registration No..: 00096570429
Ancona REA No. 63006 - VAT No. 00096570429

Secondary offices and local units di ELICA S.p.A.

Local Units An/5 Mergo (An) Localita' Montirone Zip Code 60030;
Local Units An/38 Sant Just Desvern Avda.Generalitat De Catalunya 21 (Spain) Esc.9, Bajos 1;
Local Units An/39 55-221 Jelcz Laskowice Ul. Inzynierska 3 (Poland);
Local Units An/41 Fabriano (An) Via Ermanno Casoli 2a zip Code 60044.

A.14. Elica Group structure and consolidation scope

Parent

Elica[5] S.p.A. - Fabriano (Ancona, Italy) is the parent of the Group (in short Elica). The company produces and sells products for cooking, especially range hoods for household use and extractor hobs.

Subsidiaries

Elica Group Polska Sp.zo.o – Wroclaw – (Poland) (in short Elica Group Polska). This wholly-owned company has been operational since September 2005 in the production and sale of electric motors and from December 2006 in the production and sale of exhaust hoods for domestic use;

Elicamex S.A. de C.V. – Queretaro (Mexico) (in short Elicamex). This wholly-owned company was incorporated at the beginning of 2006 (the parent owns 98% directly and 2% through Elica Group Polska). The Group intends to concentrate production for the American markets with this company in Mexico and reap the benefits of optimising operations and logistics.

Ariafina CO., LTD – Sagamihara-Shi (Japan) (in short Ariafina). Incorporated in September 2002 as an equal Joint Venture with Fuji Industrial of Tokyo, the Japanese range hood market leader, Elica S.p.A. acquired control in May 2006 (51% holding) to provide further impetus to the development of the important Japanese market, where high-quality products are sold.

Airforce S.p.A. – Fabriano (Ancona, Italy) (in short Airforce). Manufactures high quality kitchen range hoods and cooktops that are highly customisable and unique, thereby positioning itself in a specific niche market and allowing it to satisfy the most specific of customer needs, distancing itself from the mass market. Experience, design, flexibility and made-in-Fabriano innovation fit perfectly into the Elica Group’s development and growth strategy. At December 31, 2022, following the acquisition of a 40% stake from minority interests in 2022, Elica S.p.A. now owns 100% of this company.

Elica Inc – Chicago, Illinois (United States), offices in Issaqua, Washington (United States). This company aims to develop the Group’s brands in the US market by carrying out marketing and trade marketing with resident staff. The company is a wholly-owned subsidiary of ELICAMEX S.A. de C.V..

Zhejiang Elica Putian Electric CO.,LTD. - Shengzhou (China) (in short Putian), a 99% owned Chinese company. Putian is one of the main players in the Chinese hood market and the principal company developing Western-style hoods. The production site is located in Shengzhou, a major Chinese industrial district for the production of cooking appliances.

Elica Trading LLC – St. Petersburg (Russian Federation) (in short Elica Trading), a Russian company held 100%, incorporated on June 28, 2011 and selling Elica Group products on the Russian market.

Elica France S.A.S. - Paris (France) (in short Elica France), a wholly-owned French company incorporated in 2014 and selling Elica Group products on the French market.

Elica GmbH – Munich (Germany), a German company wholly-owned by Elica S.p.A. and incorporated in 2017 and selling Elica Group products on the German market.

EMC Fime S.r.l. – Castelfidardo (AN-Italia), an Italian company 100% held by Elica S.p.A.. On July 2, 2021, the closing took place, by which Elica S.p.A. acquired from third parties the two companies E.M.C. S.r.l. and C.P.S. S.r.l. In the second half of 2021, the company C.P.S. was merged by incorporation into E.M.C. S.r.l., which at the same time changed its name to EMC Fime S.r.l. The transfer of Elica’s Motors division to this subsidiary was effective as of January 1, 2022.

Southeast Appliance (SEA) Inc., wholly-owned by Elica S.p.A. and based on Orlando, Florida (USA), was incorporated in 2023 in partnership with ILVE. This is the Elica Group’s first direct product distributor within the scope of the “Boots on the Ground” project by which the Group intends to strengthen its presence in the United States and to redefine its standards of excellence.

AG International Inc., the distribution company for the Elica and Kobe brands in Canada based in Montreal, Quebec, a wholly-owned subsidiary of Elica S.p.A. following the closing, on November 2,

[5] The company also has a stable organisation in Spain, in Avda, Generalitat de Catalunya Esc.9, bayos 1 08960 Sant Just Desvern – Barcelona.

2023, of the agreement to acquire the entirety of the company's share capital from third parties.

Changes in the consolidation scope

The only changes in the consolidation scope compared to December 31, 2022, concern the incorporation of the new distribution company, Southeast Appliance Inc., in the United States and the acquisition of all of the capital in the Canadian distribution company AG International Inc., from third parties. From July 2023 and November 2023, respectively, the Group holds controlling interests in the companies Southeast Appliance Inc. and AG International Inc.

A.14.1. Related party transactions

Compliance with Article 5, paragraph 8, Consob Regulation 17221 of March 12, 2010 regarding transactions with subsidiaries, associates and other related parties

In 2023, transactions with subsidiaries were undertaken by the parent company and other Group companies.

All transactions were conducted on an arm's length basis in the ordinary course of business.

There are no particular issues to highlight in accordance with Article 5, paragraph 8 of Consob Regulation 17221 of March 12, 2010[6].

For information regarding related parties, in addition to the transactions discussed above, refer to note B.6.8. of the consolidated financial statements and note D.6.7 of the separate financial statements of the parent company below.

In the subsequent note B.6.12, disclosure on management and coordination is also provided as per Article 2497-bis of the Civil Code.

A.15. IFRS

The Consolidated Financial Statements of the Elica Group and the separate Financial Statements of Elica S.p.A. as at and for the year ended December 31, 2023 have been prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission and in accordance with Article 9 of Legislative Decree No. 38/2005.

The accounting policies utilised for the preparation of these financial statements are consistent with those utilised for the preparation of the financial statements as at and for the year ended December 31, 2022.

The Consolidated Financial Statements are presented in thousands of Euro and all the amounts are rounded to the nearest thousand, unless otherwise specified. The tables in the separate Financial Statements are presented in Euro, while the notes are presented in Euro thousands with all amounts rounded to the nearest thousand, unless otherwise specified.

[6] The article provides that: "Companies that have issued listed shares and that have Italy as their home Member State, pursuant to Article 154-ter of the Consolidated Act, shall provide information, in their interim report on operations and annual report on operations: a) on individual transactions of greater importance concluded during the reporting period; b) on any other individual transactions with related parties as defined under Article 2427, second subsection, of the Italian Civil Code, concluded in the reporting period, that have materially affected the financial position or results of the companies; c) any change in or development of transactions with related parties described in the most recent annual report that has had a material effect on the financial situation or operating results of the companies in the reporting period".

A.16. Corporate Governance and Ownership Structure Report

In accordance with Article 123-*bis* of Legislative Decree 58/1998, with Article 89-*bis* of Consob Resolution No.11971/1999 and successive amendments and integrations, Elica S.p.A. provides complete disclosure on the Corporate Governance system adopted, in line with the recommendations of the Corporate Governance Code (January 2020 edition), in the Annual Corporate Governance Report, available on the Company website[7].
Elica S.p.A. has adopted a traditional administration and control model (as defined by Italian law), comprising the body of shareholders, a board of directors, a board of statutory auditors and an independent auditor. The members of the boards are appointed by the shareholders. The independent directors, as defined by Italian law, and the role they play within the board of directors and on the board's committees (i.e. Control, Risks & Sustainability and Appointments & Remuneration) are sufficient to ensure adequate balancing of the interests of all shareholders and a sufficient degree of dialogue within the Board of Directors.

A.17. Remuneration Report

In accordance with Article 123-*ter* of Legislative Decree 58/1998 and Article 84-*quater* of the Consob Resolution No. 11971/1999 and subsequent amendments, Elica S.p.A. prepares a Remuneration Report in accordance with the indications at Attachment 3A, Table 7-*bis* of the same Consob Resolution No. 11971/1999 and subsequent amendments. This report is available on the Company's website[8].

A.18. Consolidated non-financial report

In accordance with Legislative Decree 254/2016 enacting Directive 2014/95/EC, the Elica Group produces a non-financial report disclosing upon environmental, social, personnel, human rights and anti-corruption matters, helping the reader to understand Group activities, its performance and results and the related impacts. The consolidated non-financial report refers to the financial year ended December 31, 2023, and includes the figures of the parent company, Elica S.p.A., and those of the wholly-owned subsidiaries (see paragraph B.6.4. "Composition and changes to the consolidation scope" of the explanatory notes to the consolidated financial statements). This report, which is a separate, specific document available to the public according to the means and deadlines established by applicable laws and regulations and on the company website[9], was approved today by the Board of Directors of Elica S.p.A. and is subject to a separate conformity audit by the independent auditors.

A.19. Compliance with Section II of the regulation implementing Legislative Decree No. 58 of February 24, 1998 concerning market regulations ("Market Regulations")

In accordance with article 15 of the Regulation implementing Legislative Decree no. 58 of February 24, 1998, as Elica S.p.A. has direct or indirect control over certain companies registered in countries outside of the European Union, the financial statements of such companies, prepared for the purposes of these consolidated financial statements, were made available within the terms required by current legislation.

[7] https://corporate.elica.com/it/governance/assemblea-degli-azionisti.
[8] https://corporate.elica.com/it/governance/assemblea-degli-azionisti.
[9] https://corporate.elica.com/it/governance/assemblea-degli-azionisti.

For the basis upon which it is considered that the company is not under the management and coordination of the parent, in accordance with Article 16, fourth section, reference should be made to paragraph B.6.12.1 Management and coordination.

A.20. Compliance with Article 70, paragraph 8 and Article 71, paragraph 1-bis of the "Issuers Regulation"

In accordance with Article 70, paragraph 8 and Article 71, paragraph 1-*bis* of Consob's Issuers' Regulation, on January 16, 2013, Elica announced that it would apply the exemption from publication of the required disclosure documents concerning significant mergers, demergers and share capital increases through the contribution of assets in kind, acquisitions and sales.

Fabriano, March 14, 2024

On behalf of the Board of Directors
The Executive Chairperson
Francesco Casoli

B. CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2023

Elica Group

Name of the company preparing the financial statements or other means of identification: Elica S.p.A. – Share Capital: Euro 12,664,560 fully paid-in
Explanation of the changes relating to the name of the entity preparing the financial statements or other means of identification with respect to the end of the previous year: n/a
Address of the entity: Registered office in Via Ermanno Casoli, 2 – 60044 Fabriano (AN)
Legal form of entity: Company limited by shares
Country of registration: Italy
Address of the entity's registered office: Registered office in Via Ermanno Casoli, 2 – 60044 Fabriano (AN)
Principal place of business: Registered office in Via Ermanno Casoli, 2 – 60044 Fabriano (AN)
Name of the Holding Company: Fan s.r.l.
Name of the ultimate parent: Fintrack s.r.l.
Duration of the entity formed for a fixed term: n/a

B.1. Income Statement

In Euro thousands	***Note***	**2023**	**2022**
Revenue	B.6.5.1	473,204	548,574
Other operating income	B.6.5.3	5,325	7,927
Change in finished and semi-finished products	B.6.5.7.1	(3,404)	7,354
Increase in internal work capitalised	B.6.5.4	2,895	2,001
Raw materials and consumables	B.6.5.7.1	(257,093)	(313,680)
Services	B.6.5.7.2	(87,368)	(97,378)
Personnel expense	B.6.5.6	(82,745)	(93,193)
Amortisation and depreciation	B.6.5.5	(23,727)	(23,528)
Other operating expenses and accruals	B.6.5.7.3	(4,944)	(5,128)
Restructuring charges	B.6.5.7.4	(481)	(5,628)
Impairment of Goodwill and other assets	B.6.5.5	(139)	0
Operating profit		**21,523**	**27,321**
Financial Income	B.6.5.9	388	484
Financial expense	B.6.5.8	(6,003)	(3,558)
Net exchange rate gains/(losses)	B.6.5.11	(765)	1,612
Profit (loss) before taxes		**15,143**	**25,859**
Income taxes	B.6.5.12	(3,872)	(7,679)
Profit from continuing operations		**11,271**	**18,180**
Profit from discontinued operations		0	0
Profit (loss) for the year		**11,271**	**18,180**
of which:			
Profit (loss) attributable to non-controlling interests		1,496	1,572
Profit (loss) attributable to the owners of the Parent		9,775	16,608
Basic earnings (loss) per share (Euro/cents)	B.6.5.13	15.64	26.35
Diluted earnings (loss) per share (Euro/cents)	B.6.5.13	15.64	26.35

B.2. Statement of Comprehensive Income

In Euro thousands	*Note*	2023	2022
Profit for the year		**11,271**	**18,180**
Other comprehensive income/(expense) which will not be subsequently reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	B.6.5.25	(44)	1,146
Tax effect of Other gains/(losses) which will not be subsequently reclassified to the profit/(loss)		0	0
Total items which will not be subsequently reclassified to profit or loss, net of the tax effect		**(44)**	**1,146**
Other comprehensive income/(expense) which will be subsequently reclassified to profit or loss:			
Exchange differences on the translation of foreign financial statements	B.6.5.32.2.2.2	5,715	1,686
Net change in cash flow hedges	B.6.5.32.2.2.2	(1,258)	2,452
Tax effect of Other gains/(losses) which will be subsequently reclassified to the profit/(loss)	B.6.5.32.2.2.2	313	(565)
Total items which will be subsequently reclassified to profit or loss, net of the tax effect		**4,770**	**3,573**
Total other comprehensive income, net of the tax effect:		**4,726**	**4,719**
Comprehensive income		**15,997**	**22,899**
of which:			
Attributable to non-controlling interests		971	1,252
Attributable to the owners of the parent		15,026	21,647

B.3. Statement of Financial Position

In Euro thousands	*Note*	31/12/2023	31/12/2022
Property, plant and equipment	B.6.5.15	104,740	101,332
Goodwill	B.6.5.16	49,772	49,936
Intangible assets with a finite useful life	B.6.5.18	26,690	28,584
Right-of-use assets	B.6.5.18.1	11,150	12,364
Deferred tax assets	B.6.5.27	20,691	22,480
Derivative assets (non-current)	B.6.5.31	288	1,981
Other receivables and other assets	B.6.5.19	1,083	1,056
Non-current Assets		**214,414**	**217,733**
Trade receivables	B.6.5.20	26,731	48,491
Inventories	B.6.5.21	90,874	101,453
Other current assets	B.6.5.22	5,775	5,520
Tax assets	B.6.5.28.1	23,153	27,473
Derivative assets (current)	B.6.5.31	1,895	2,661
Cash and cash equivalents	B.6.5.30.1	39,403	67,727
Currents Assets		**187,831**	**253,325**
Assets held for sale		**0**	**0**
Total assets		**402,245**	**471,058**
Employee benefit liabilities	B.6.5.25	7,971	7,988
Provisions for risks and charges	B.6.5.26	11,463	17,768
Deferred tax liabilities	B.6.5.27	7,152	7,835
Lease liabilities and loans and borrowings from other lenders (non-current)	B.6.5.30.3	7,944	9,831
Bank loans and borrowings (non current)	B.6.5.30.2	37,236	54,774
Other non-current liabilities	B.6.5.23	500	1,000
Non-Current Liabilities		**72,266**	**99,196**
Provisions for risks and charges	B.6.5.26	5,815	14,344
Lease liabilities and loans and borrowings from other lenders (current)	B.6.5.30.3	4,240	4,192
Bank loans and borrowings (current)	B.6.5.30.2	43,467	42,812
Trade payables	B.6.5.29	107,025	139,571
Other current liabilities	B.6.5.24	16,710	23,075
Tax liabilities	B.6.5.28.2	5,957	8,168
Derivative liabilities (current)	B.6.5.31	316	1,739
Current liabilities		**183,530**	**233,901**
Liabilities directly associated with discontinued operations		**0**	**0**
Share capital	B.6.5.32.2.1	12,665	12,665
Capital reserves	B.6.5.32.2.2.1	71,123	71,123
Hedging and translation reserve	B.6.5.32.2.2.2	(5,617)	(10,948)
Treasury shares	B.6.5.32.2.3	(2,952)	(1,703)
Actuarial reserve	B.6.5.25	(2,296)	(2,220)
Retained earnings	B.6.5.32.2.2.3	58,194	47,006
Profit/(loss) attributable to the owners of the Parent		9,775	16,608
Equity attributable to the owners of the Parent	**B.6.5.32.2**	**140,892**	**132,531**
Capital and reserves attributable to non-controlling interests		4,061	3,858
Profit attributable to non-controlling interests	B.6.5.32.1.1	1,496	1,572
Equity attributable to non-controlling interests	**B.6.5.32.1.1**	**5,557**	**5,430**
Equity	**B.6.5.32**	**146,449**	**137,961**
Total liabilities and equity		**402,245**	**471,058**

B.4. Statement of Cash Flows

	31/12/2023	31/12/2022
Cash flow from operating activities		
Profit for the year	**11,271**	**18,180**
Adjustments for:		
-Depreciation of property, plant and equipment	13,099	12,187
-Amortisation of intangible assets	10,627	11,342
-Impairment losses on property, plant and equipment and intangible assets and goodwill	139	0
-Net exchange rate gains/losses	(2,935)	(998)
-Interest on post-employment benefits and other discounting	263	309
-Net financial expense	6,243	1,370
-Provisions for risks, restructuring and LTI	(3,637)	5,143
-Provision for inventory write-down	(1,141)	(3,711)
-Loss allowance	(1,228)	(787)
-Other changes	(745)	(1,093)
-Income taxes	7,405	16,711
Sub-total	39,361	58,653
Changes in:		
-Inventories	13,891	(11,645)
-Trade receivables	25,845	35,977
-Other assets and tax assets	3,591	(5,774)
-Trade payables	(37,178)	(3,824)
-Other liabilities and tax liabilities	(1,830)	(5,772)
-Employee provisions and benefits	(11,646)	(18,407)
Cash flow generated by operating activities	32,034	49,208
Income taxes paid	(2,674)	(6,465)
Net cash generated by operating activities	**29,360**	**42,743**
Cash flows from investing activities		
Proceeds from the sale of property, plant and equipment		
Proceeds from the sale of financial assets and investments in subsidiaries		
Acquisition of subsidiaries, net of liquidity acquired	(6,546)	(11,452)
Purchase of property, plant and equipment	(12,093)	(18,375)
Purchases of intangible assets	(4,017)	(4,885)
Acquisition of other financial assets		
Net cash used by investing activities	**(22,656)**	**(34,712)**
Cash flow from financing activities		
Proceeds from financial derivatives, other financial assets, and new bank borrowings	(234)	350
Payment for purchase of treasury shares	(1,250)	(1,703)
Repayment of bank financial liabilities	(16,836)	(24,745)
Repayment of financial liabilities related to the purchase of equity investments	(475)	(1,475)
Payment of lease liabilities	(5,112)	(4,531)
Dividends paid	(5,222)	(4,849)
Interest paid	(5,352)	(2,763)
Net cash used by financing activities	**(34,481)**	**(39,716)**
Net decrease in cash and cash equivalents	**(27,777)**	**(31,685)**
Cash and cash equivalents at January 1	67,727	99,673
Effect of exchange rate fluctuations on cash and cash equivalents	(547)	(261)
Cash and cash equivalents at the reporting date	**39,403**	**67,727**

B.5. Statement of Changes in Equity

In Euro thousands	**Share capital**	**Capital reserve**	**Acquisition/Sale Treasury shares**	**Hedge, trans. & actuarial reserves**	**Retained earnings**	**Profit for the year**	**Equity attributable to the owners of the parent**	**Equity attributable to non-controlling interests**	**Consolidated equity**
31/12/2021	**12,665**	**71,123**	**0**	**(18,063)**	**39,386**	**12,119**	**117,230**	**6,914**	**124,144**
Fair value changes on cash flow hedges net of the tax effect				1,887			1,887		1,887
Actuarial gains/(losses) on post-employment benefits				1,074			1,074	72	1,146
Exchange differences on translation of foreign subsidiaries' financial statements				2,078			2,078	(392)	1,686
Total gains/(losses) recognised directly in equity	*-*	*-*	*-*	*5,039*	*-*	*-*	*5,039*	*(320)*	*4,719*
Profit/(loss) for the year						16,608	16,608	1,572	18,180
Total gains/(losses) recognised in comprehensive profit or loss	*0*	*0*	*0*	*5,039*	*0*	*16,608*	*21,647*	*1,252*	*22,899*
Allocation of profit for the year					12,119	(12,119)	-		-
Change from dividends distributed					(3,773)		(3,773)	(1,076)	(4,849)
Change in % of ownership				(136)	(648)		(784)	(1,666)	(2,450)
Other changes			(1,703)	(8)	(78)		(1,789)	6	(1,783)
31/12/2022	**12,665**	**71,123**	**(1,703)**	**(13,168)**	**47,006**	**16,608**	**132,531**	**5,430**	**137,961**
31/12/2022	**12,665**	**71,123**	**(1,703)**	**(13,168)**	**47,006**	**16,608**	**132,531**	**5,430**	**137,961**
Fair value changes on cash flow hedges net of the tax effect				(945)			(945)		(945)
Actuarial gains/(losses) on post-employment benefits				(44)			(44)		(44)
Exchange differences on translation of foreign subsidiaries' financial statements				6,240			6,240	(525)	5,715
Total gains/(losses) recognised directly in equity	*0*	*0*	*0*	*5,251*	*0*	*0*	*5,251*	*(525)*	*4,726*
Profit/(loss) for the year						9,775	9,775	1,496	11,271
Total gains/(losses) recognised in comprehensive income	*0*	*0*	*0*	*5,251*	*0*	*9,775*	*15,026*	*971*	*15,997*
Allocation of profit for the year					16,608	(16,608)	0		0
Change from dividends distributed					(4,379)		(4,379)	(844)	(5,223)
Change in % of ownership									
Other changes			(1,249)	4	(1,041)		(2,286)	0	(2,286)
31/12/2023	**12,665**	**71,123**	**(2,952)**	**(7,913)**	**58,194**	**9,775**	**140,892**	**5,557**	**146,449**

B.6. Notes to the Consolidated Financial Statements as at and for the year ended December 31, 2023

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B.6.1. Group structure and activities

Elica S.p.A. is a company incorporated under Italian law based in Fabriano (Ancona, Italy). The Group produces and sells products for cooking, especially range hoods for household use and extractor hobs, and produces and sells electric motors.
The main activities of the Parent and its subsidiaries, as well as its registered office and other offices are illustrated in the Directors' Report at point A.14. Elica Group structure and consolidation scope

B.6.2. Accounting policies and basis of consolidation

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards, issued by the International Accounting Standards Board and endorsed by the European Union, as well as in accordance with Article 9 of Legislative Decree no. 38/2005 and related CONSOB regulations.

B.6.2.1 Accounting policies and statement of compliance with international financial reporting standards

The financial statement items have been measured in accordance with the general criteria of prudence and accruals and on a going concern basis, and also take into consideration the economic function of the assets and liabilities.
These financial statements have been prepared using the historical cost convention, with the exception of derivative financial instruments, financial assets held for sale and financial instruments classified as available for sale, which are measured at fair value.
This statement has been prepared in accordance with the instructions of the Italian commission for companies and the stock exchange, and in particular with resolution nos. 15519 and 15520 of July 27, 2006, and with communication no. DEM6064293 of July 28, 2006.

B.6.2.2 Other general information

The Consolidated Financial Statements as at and for the year ended December 31, 2023 of the Elica Group are compared with the previous year and consist of the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity and these notes.
The financial schedules and related notes comply with the minimum disclosure requirements of IFRS, as supplemented, where applicable, by the provisions of the law and CONSOB regulations.
The Group did not make any changes in the accounting policies applied between the comparative dates of December 31, 2023 and December 31, 2022, except as indicated below in the specific paragraph B.6.2.6 Accounting standards, amendments and interpretations applied from January 1, 2023.
The reporting currency for these financial statements is the Euro, and they are presented in thousands of Euro.
The statement of cash flows was prepared applying the indirect method. It classifies cash flows respectively from (used in) operating activities, investing activities and financing activities, in line with IAS 7. Specifically, operating activities are activities that generate revenue and are not investing or financing activities. Investment activities are those concerning the purchase and sale of non-current assets and other investments, while Financing Activities are those resulting in a change to the sources of financing, therefore in the size and composition of the share capital and share premium reserves

and Group loans. Unrealised exchange rate gains and losses are not considered cash flows. However, the effect of such exchange rate gains and losses on cash and cash equivalents is included to reconcile the change in the opening and closing balances of cash and cash equivalents. It is, however, presented separately.

ESEF and related obligations

Beginning with the financial statements at December 31, 2021, the European "Transparency" regulation becomes effective, requiring the presentation of the financial statements in the xhtml format and the tagging of all numbers in the consolidated financial statements schedules and issuer data with the ixbrl format. Beginning with the financial statements at December 31, 2022, it is also necessary to tag the blocks of explanatory notes - a procedure that has been confirmed for the 2023 financial statements as well.

B.6.2.3 Authorisation to publish

The Consolidated Financial Statements as at and for the year ended December 31, 2023 were approved by the Board of Directors on March 14, 2024 which authorised their publication.

B.6.2.4 Basis of consolidation

The Consolidated Financial Statements as at and for the year ended December 31, 2023 include the financial statements of the parent and the companies it controls directly or indirectly (the subsidiaries). Control exists where the Group contemporaneously has decision-making power over the investee, rights upon variable results (positive or negative) and the capacity to use its decision-making power to affect the amount of profits devolving from its investment in the entity.
The consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses this control. The assets, liabilities, revenue and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements at the date in which the Group obtains control until the date in which the Group no longer exercises control.
The separate financial statements at December 31, 2023 of the Parent Elica S.p.A. and of the Italian subsidiary EMC Fime S.r.l. were prepared in accordance with IFRS, in accordance with Legislative Decree No. 38/2005 and CONSOB regulations. The financial statements of the Italian subsidiary Airforce S.p.A. were prepared in accordance with the Italian Civil Code as supplemented, where necessary, by the accounting standards and those issued by the IASB.
All the Group companies have provided the data and information required to prepare the Consolidated Financial Statements in accordance with IFRS.
For information on the consolidation scope, reference should be made to section B.6.4 "Composition and changes in the consolidation scope".
If the consolidation scope changes in the year, the results of subsidiaries acquired or sold during the year are included in the consolidated profit or loss from the date of acquisition until the date of sale.
All significant transactions between companies included in the consolidation scope are eliminated.
Gains and losses arising on intercompany sales of operating assets are eliminated, where considered material.
Non-controlling interests in the net assets of consolidated subsidiaries are recorded separately from equity attributable to the owners of the parent and include the amount attributable to the non-controlling interests at the original acquisition date (see below) and changes in equity after that date.

B.6.2.4.1 Consolidation of foreign companies and foreign currency translation

The assets and liabilities of consolidated foreign companies in currencies other than the Euro are

translated using the closing exchange rates. Revenue and costs are translated into Euro using the average exchange rate for the year. Translation differences are recognised in the translation reserve until the investment is sold.
At December 31, 2023, the consolidated foreign companies whose functional currency differs from the Euro are Elica Group Polska Sp.zo.o, Elicamex S.A. De C.V., Ariafina Co., Ltd, Elica Inc, Zhejiang Elica Putian Electric Co. Ltd, Elica Trading LLC, Southeast Appliance Inc. and AG International Inc, which use the Polish Zloty, the Mexican Pesos, the Japanese Yen, the US Dollar, the Chinese Renmimbi, the Russian Ruble and the Canadian Dollar respectively.

The exchange rates used for translation purposes are set out below:

	2023 average	2022 average		December 31, 2023	December 31, 2022	
EUR	1.00	1.00	0.00%	1.00	1.00	0.00%
USD	1.08	1.05	2.86%	1.11	1.07	3.74%
PLN	4.54	4.69	(3.20%)	4.34	4.68	(7.26%)
RUB(*)	92.52	74.00	25.03%	97.81	78.14	25.17%
CNY	7.66	7.08	8.19%	7.85	7.36	6.66%
MXN	19.18	21.19	(9.49%)	18.72	20.86	(10.26%)
CAD	1.46	1.37	6.57%	1.46	1.44	1.39%
JPY	151.99	138.03	10.11%	156.33	140.66	11.14%

Source: ECB data

(*) In the absence of an official ECB rate, the EUR-RUB exchange rate is calculated by converting from EUR to CNY (Source: ECB) and then from CNY to RUB (Source: PBOC).

B.6.2.4.2 Business combinations

Business combinations are recognised according to the acquisition method. According to this method, the amount transferred in a business combination is recognised at fair value, calculated as the sum of the fair value of the assets transferred and the liabilities assumed by the Group at the acquisition date and of the equity instruments issued in exchange for control of the company acquired. Transaction costs are recognised to profit or loss when they are incurred.
At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at fair value at this date; except for the following items, which are instead measured according to the applicable standard:

- Deferred tax assets and liabilities;
- Assets and liabilities for employee benefits;
- Liabilities or equity instruments relating to share-based payments of the company acquired or share-based payments relating to the Group issued to replace contracts of the entity acquired;
- Assets held for sale and discontinued operations.

Goodwill is calculated as the excess of the amounts transferred in the business combination, equity attributable to non-controlling interests' and the fair value of any interest previously held in the acquired company compared to the fair value of the net assets acquired and liabilities assumed at the acquisition date. If the net assets acquired and the liabilities assumed at the acquisition date exceeds the sum of amounts transferred, equity attributable to non-controlling interests and the fair value of any interest previously held in the acquired company, this excess is immediately taken to profit or loss as income deriving from the transaction concluded.
The share of equity attributable to non-controlling interests, at the acquisition date may be measured at fair value or in proportion to the acquiree's recognised net assets. The valuation method is chosen on the basis of each individual transaction.

In a step acquisition of a subsidiary, a business combination is only deemed to occur when control is acquired, which is when the fair value of all the acquiree's identifiable net assets is measured; non-controlling interests are measured at their fair value or in proportion to the fair value of the acquiree`s identifiable net assets.
In a step acquisition of an investee, the previously held interest, which was until that time recognised, must be treated as if it was sold and repurchased at the date of the acquisition of control. The investee is therefore recognised at the fair value at the acquisition date and the profits and losses arising on measurement are taken to profit or loss. Any amount previously recognised as Other comprehensive income (expense), which must be taken to profit or loss following the sale of the assets to which it refers, is reclassified to profit or loss. Goodwill or income deriving from an acquisition of control of a subsidiary must be calculated as the sum of the price paid to gain control, the value of non-controlling interests (measured using one of the methods permitted by the standard) and fair value of the previously held non-controlling interest, net of the fair value of the identifiable net assets acquired. Any payments subject to conditions are considered part of the transfer price of the net assets acquired and are measured at fair value at the acquisition date. If the combination contract establishes a right of repayment of some price elements on the fulfilment of certain conditions, this right is classified as an asset by the acquirer. Any subsequent changes in the fair value are recognised as an adjustment to the original accounting treatment only if they result from additional or improved information concerning fair value and if they occur within 12 months of the acquisition date; all other changes must be recognised in profit or loss.
Once control of an entity has been acquired, transactions in which the Parent acquires or sells further non-controlling interests without changing the control exercised over the subsidiary are considered owner transactions and therefore must be recognised in equity. The carrying amount of the controlling interest and the non-controlling interest must be adjusted to reflect the change in the percentage of the investment held and any difference between the amount of the adjustments allocated to non-controlling interests and the fair value of the price paid or received against the transaction is taken directly to equity and allocated to the owners of the Parent. No adjustments are made to goodwill or the profits or losses recognised in the income statement. Related costs are recognised in equity in accordance with paragraph 35 of IAS 32.
Business combinations before January 1, 2010 were recognised in accordance with the previous version of IFRS 3.

B.6.2.4.3 Investments in associates and joint ventures

An associate is a company in which the Group has significant influence, but not control or joint control. The Group exerts its influence by taking part in the associate's financial and operating policy decisions.
A joint venture is a contractual agreement whereby the Group undertakes a jointly controlled business venture with other parties. Joint control is defined as a contractually shared control over a business. Joint control is defined as the contractually shared control over a business activity and only exists when the financial and operating strategic decisions of the activities requires the unanimous consent of the parties sharing control.
The profits and losses, assets and liabilities of associates and joint ventures are recognised in the Consolidated Financial Statements using the equity method, except where the investments are classified as held for sale.
Under this method, investments in associates and joint ventures are recognised in the Statement of Financial Position at cost, as adjusted for changes after the acquisition of the net assets of the associates, less any impairment losses on the individual investments. Losses of the associates and joint ventures in excess of the Group share are not recognised unless the Group has an obligation to cover them. Any excess of the acquisition cost over the Group's share in the fair value of the

identifiable assets, liabilities and contingent liabilities at the acquisition date, is recognised as Goodwill. Goodwill is included in the carrying amount of the investment and is tested for impairment. Any excess of the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the associate over the cost of acquisition is taken to profit or loss in the year of acquisition.
Unrealised profits and losses on transactions between a Group company and an associate or joint venture are eliminated to the extent of the Group's share in the associate or joint venture, except when the unrealised losses constitute a reduction in the value of the asset transferred.

B.6.2.5 Accounting policies

Information regarding the accounting policies adopted in the preparation of the Consolidated Financial Statements are described below in accordance with IAS 1.

B.6.2.5.1 Plant, property and equipment

Property, plant and equipment are recognised at purchase or production cost, including any directly attributable costs. Some assets have been adjusted under specific revaluation legislation prior to January 1, 2004 and are deemed to reflect the fair value of the asset at the revaluation date ("deemed cost" as per IFRS 1). This cost is recognised net of accumulated depreciation and any impairment losses.
Depreciation is calculated on a straight-line basis over the estimated useful life of the relative assets applying the following percentage rates:

Industrial buildings	3%
Light buildings	10%
Machines and installations	6% -15%
Industrial and commercial equipment	10% -25%
Fitting and furniture	12%
Electronic machines	20%
Cars	20%
Means of transport	25%

Purchase cost is adjusted for grants related to assets already approved for the Group companies. These grants are recognised in profit or loss by gradually reducing the depreciation charged over the useful life of the assets to which they relate.
Maintenance, repair, expansion, updating and replacement costs that do not lead to a significant, measurable increase in the production capacity and useful life of an asset are taken to profit or loss when they are incurred.
The carrying amount of property, plant and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. The gain/loss on it derecognition is recorded in the income statement when the item is derecognised.
The Group reviews the estimated residual values and expected useful lives of property, plant and equipment at least annually, also considering the impact of health, safety and environmental legislation. In addition, the Group considers climate-related issues, including physical and transition risks. Specifically, the Group determines whether climate-related laws and regulations may impact both the expected useful life and the estimated residual value.

B.6.2.5.2 Goodwill

Goodwill arising on the acquisition of a subsidiary or other business combinations represents the excess of the acquisition cost over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the acquisition date.
At each reporting date the Group reviews the recoverable amount of goodwill to assess whether an impairment loss has occurred and determine the amount of any impairment. An impairment loss is immediately taken to profit or loss and is not reversed in a subsequent period.
On the sale of a subsidiary, any goodwill attributable to the subsidiary is included in the calculation of the gain or loss on the sale.
Goodwill arising on acquisitions prior to January 1, 2004 is carried at the amount recognised under Italian GAAP after an impairment test.

B.6.2.5.3 Intangible assets with finite useful lives

The other intangible assets acquired or produced internally are recorded under assets, in accordance with the provisions of IAS 38 – Intangible Assets, when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined reliably. After initial recognition, intangible assets are recognised at cost, net of accumulated amortisation and accumulated impairment, if any.
The useful life of an intangible asset may be considered finite or indefinite. Intangible assets with a finite useful life are amortised over equal monthly quotas and tested for impairment whenever there is evidence of an impairment loss. According to management and experts, the Group's most important software has a useful life of seven years. The useful life is reviewed on an annual basis and any changes are made in accordance with future estimates.
Intangible assets with indefinite useful lives are not amortised but tested annually for impairment or more frequently where there is an indication that the asset may be impaired.
An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of the asset is included in the income statement.
At present, the Group only owns intangible assets with finite useful lives.

B.6.2.5.3.1 Research and development costs

The research costs are taken to profit or loss when incurred.
Development costs in relation to specific projects are capitalised when all of the following conditions are satisfied:

- the costs can be reliably determined during the development;
- the technical feasibility of the product is demonstrated, such that it is available for use or sale;
- there is an intention to complete the project and there is the capacity and intention to use or sell the asset;
- the volumes, and expected prices indicate that costs incurred for development will generate future economic benefits;
- the technical and financial resources necessary for the completion of the project are available.

Where the above conditions are not met; the cost is taken to profit or loss.
After initial recognition, the development costs are measured at cost, reduced for amortisation or accumulated impairment losses.

Capitalised development costs are amortised on a straight-line basis, commencing from the point at which development is completed and production begins of the product to which these costs refer and over its estimated life.
The carrying amount of development costs are tested annually for impairment when the asset is no longer in use, or with greater frequency when there is indication of impairment. The recoverability test requires estimates by the Directors, as dependent on the cash flows deriving from the sale of products sold by the Group. These estimates are impacted both by the complexity of the assumptions underlying the projected revenue and future margins and by the strategic industrial choices of the Directors.

B.6.2.5.4. Impairment testing

At each reporting date, and in any case at least once a year, in accordance with IAS 36 the Group assesses whether events or circumstances exist that raise doubts as to the recoverability of the carrying amount of property, plant and equipment and intangible assets with finite useful lives. If there are any indications of impairment, the Group estimates the recoverable amount of the assets to determine any impairment loss.
The goodwill and intangible assets with indefinite useful lives, including assets under development, are tested at least annually for impairment and whenever there is an indication of a possible loss in value. The impairment test compares the carrying amount with the recoverable amount, which is the greater of fair value less costs to sell and value in use. Any excess of the carrying amount results in an impairment loss. An impairment loss is recognised in profit or loss. When the reasons for the impairment no longer exist, the impairment losses on the assets are reversed bringing the carrying amount up to the revised estimate of its recoverable amount. The restatement cannot exceed the carrying amount had no impairment been recognised. The reversal of an impairment loss is taken to profit or loss.
For goodwill, the recoverable amount is determined by the Directors through the calculation of the value in use of the Cash Generating Units (CGU's). Cash generating units are identified based on the Group's organisational and business structure as units that generate cash flows independently through the continuous use of the assets allocated.
Impairment losses on goodwill are measured by determining the recoverable amount of the CGU to which the goodwill is allocated, and where it is less than the carrying amount of the CGU to which the goodwill has been allocated, an impairment loss is recognised.
The impairment loss of the goodwill is taken to profit or loss and, differing to that for other property, plant and equipment and intangible assets, no reversal is recognised in future years.
The Group assesses whether climate risks, including physical and transition risks, could have a significant impact, and if this is the case, these risks are considered in estimating future cash flows in the value-in-use estimate. Please refer to the relevant note for further discussion of the impact of climate-related risks in estimating value in use.

B.6.2.5.5 IFRS 16 Leases

At the commencement date of leases, the Group recognises the right-of-use assets and the lease liabilities. Right-of-use assets are initially measured at cost, and subsequently at cost net of cumulative depreciation and impairment losses, while adjusted to reflect lease liability remeasurements.
Right-of-use assets are depreciated on a straight-line basis from the effective date to the end of the useful life of the asset consisting of the right of use or at the end of the lease term, whichever is earlier.
Right-of-use assets are subject to impairment. Reference should be made to paragraph B.6.2.5.4. Impairment testing.

The Group assesses the lease liabilities at the present value of payments due for lease charges not settled at the commencement date, discounting them according to the implied lease interest rate. Where it is not possible to establish this rate easily, the Group utilises the marginal interest rate.
The lease liability is subsequently increased by the interest maturing on this liability and reduced for payments due on the lease and is redetermined in the case of changes to future lease payments deriving from a change in the index or rate, in the case of a change to the amount which the Group expects to pay as guarantee on the residual value or where the Group changes its assessment on the exercise or otherwise of a purchase, renewal or termination option.
The Group estimated the lease duration of some contracts in which it acts as lessee and which have renewal options. The Group assessment upon the existence or otherwise of a reasonable certainty of exercising the option influences the estimate of the lease duration, significantly impacting the amount of the lease liabilities and the right-of-use assets recognised.
The Group's lease liabilities are included among the payables to banks and other lenders (see paragraph B.6.5.30.3).
The Group applies the exemption for the recognition of short-term leases and without the purchase option and leases related to low-value assets. The short-term lease instalments and those for low value assets are recognised as costs on a straight-line basis over the lease duration.

B.6.2.5.6 Inventories

Inventories are measured at the lower of purchase or production cost and net realisable value.
The purchase cost of raw, ancillary, supplies and goods for resale is determined using the weighted average cost method.
The production cost of finished products, work in progress and semi-finished products is determined considering the cost of the materials used plus direct operating expenses and overheads.
Net realisable value represents the estimated selling price less expected completion costs and costs to sell.
Obsolete and slow-moving inventories are written down taking account of their prospects of utilisation or sale.

B.6.2.5.7. Trade receivables and other current assets

Trade receivables and other current assets are measures at nominal value which normally represents their fair value, as they do not contain a significant financing component. In the event of a significant difference between nominal amount and fair value, they are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.
Receivables are adjusted through a loss allowance to reflect their realisable value. The allowance is calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, discounted at the effective interest rate on initial recognition.

B.6.2.5.8 Other financial assets

Financial assets other than trade receivables, loans and cash and cash equivalents are initially recorded at fair value, including directly related transaction costs.

B.6.2.5.9 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their previous carrying amount and market value less costs to sell.
Non-current assets (and disposal groups) are classified as held-for-sale when their carrying amount is expected to be recovered by means of a sales transaction rather than through use in company

operations. This condition is met only when the sale is highly likely, the assets (or group of assets) are available for immediate sale in their current condition and, consequently, management is committed to a sale, which should take place within 12 months of the classification as held for sale.

B.6.2.5.10 Cash and cash equivalents

Cash and cash equivalents include cash balances, bank current accounts and deposits repayable on demand plus other highly liquid short term financial investments that can be readily converted into cash and are not subject to a significant risk of a change in value.

B.6.2.5.11 Trade payables and other liabilities

Trade payables are recorded at nominal value, which normally represents their fair value. In the event of significant differences between their nominal amount and fair value, trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

B.6.2.5.12 Other financial liabilities

Other financial liabilities are recognised at their nominal amount, which generally represents their fair value. In the event of a significant difference between nominal amount and fair value, they are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

B.6.2.5.13 Bank loans and borrowings and loans and borrowings from other lenders

Bank loans and borrowings – comprising non-current loans and bank overdrafts – and loans and borrowings from other lenders, are recognised based on the amounts received, less transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

B.6.2.5.14 Derivative instruments and hedge accounting

The Group makes use of derivative financial instruments with the intention of hedging currency, interest rate and commodity price risks.
These derivative financial instruments are initially recognized at fair value at the date on which they are obtained, and this fair value is periodically remeasured. They are recorded as financial assets when the fair value is positive, and as financial liabilities when negative.
In compliance with International Accounting Standards, derivative financial instruments can be recognised using "hedge accounting" only when the hedge is formally designated and documented as such and is presumed to be highly effective at inception, such effectiveness can be reliably measured and the hedge is highly effective over the accounting periods for which it was designated.

All derivative financial instruments are measured at fair value. When derivative instruments have the characteristics for hedge accounting, the following accounting treatments apply:

- Fair value hedge – if a derivative financial instrument is designated as a hedge to the exposure of changes in the fair value of an asset or liability or of an irrevocable commitment which can have effects on the income statement, the change in the fair value of the hedge instrument is recognised through profit or loss, and the change in the fair value of the hedged item, attributable to the risk hedged, is recognised as part of the carrying amount of that item and recognised through profit or loss. If the underlying item is represented by an irrevocable commitment, the fair value of the item

relating to the risk hedged is recognised as an asset or liability, adjusting the statement of financial position item which will be affected by the irrevocable commitment at the time of its realisation.
- Cash flow hedge – If a derivative financial instrument is designated as a hedge to the exposure of the changes in the cash flows of an asset or liability, of an operation considered highly probable, or of an irrevocable commitment and which may have effects on the income statement, the effective portion of the profits or of the losses of the financial instrument is recognised under equity and shown on the statement of comprehensive income. The cumulative profits or losses are reversed from net equity and recognised to the income statement in the same period in which the operation subject to hedging influences the income statement; the profit or loss related to a hedge or the part of the hedge becoming ineffective is recognised to the income statement when such inefficacy is recognised.

If hedge accounting cannot be applied, gains or losses deriving from the fair value of the financial derivative instrument are recognised directly in the income statement.
For the management of the risks related to exchange rates and interest rates, reference should be made to the specific paragraph[10].

B.6.2.5.15 Treasury shares

Treasury shares are recognised at cost and taken as a reduction in equity. The gains and losses deriving from trading of treasury shares, net of the tax effect are recorded under Equity reserves.

B.6.2.5.16 Employee Benefits

B.6.2.5.16.1 Post-employment plans

Italian post-employment benefits are considered equivalent to a defined benefit plan. For defined benefit plans, the cost of the benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each year.
The Group recognises the plan deficit or surplus in the statement of financial position, the service cost and net financial expense in profit or loss and gains or losses on the remeasurement of the assets and liabilities in other comprehensive income. In addition, any income from the plan assets included under net financial expense must be calculated based on the discount rate of the liability.
Up to December 31, 2006, the post-employment benefits of the Italian companies was considered a defined benefit plan. The regulations governing Italian post-employment benefits were modified by Law no. 296 of December 27, 2006 (“2007 Finance Act”) and subsequent decrees and regulations issued at the beginning of 2007. In the light of these changes, and specifically with reference to companies with more than 50 employees, only the benefits that accrued prior to January 1, 2007 (and not yet paid at the reporting date) are now considered a defined benefit plan, while those that accrued after this date are considered a defined contribution plan.

B.6.2.5.16.2 Share-based payments

Where the Group recognises additional benefits to senior management and key personnel through stock grant plans, in accordance with IFRS 2 – Share-based payments, these plans represent a form of remuneration to the beneficiaries. Therefore the cost, which is the fair value of these instruments at the assignment date, is recognised in profit or loss over the period between the assignment date and maturity date, with a balancing entry directly in equity. Changes in the fair value after the assignment date do not have an effect on the initial value. The “phantom stock” monetary plans in effect at

[10] B.6.7. “Risk management” in these notes.

December 31, 2022, were extinguished during 2023 with settlement of the award amount. These plans assigned to beneficiaries a number of phantom stock and once the vesting conditions were met, and upon the completion of the period specified in the continuing employment condition, the beneficiary received a payment in cash equal to the value of the phantom stock accrued. This therefore represents a cash settled plan.
As of December 31, 2023, the Group has long-term monetary plans in place. The cost accrued during the year is thus taken to the income statement and the related provision is recognised. For further information, please consult the plan information documents on the company's website[11].

B.6.2.5.17 Provisions for risks and charges

The Group recognises a provision for risks and charges when the risk related to an obligation deriving from a past event is considered probable and a reliable estimate may be made on the amount of the obligation. Provisions are made based on management's best estimate of the cost of fulfilling the obligation at the reporting date and are discounted to their present value when the effect is material. These risks are subject to a high level of complexity and uncertainty, and therefore the amount of the provision for risks and charges is reviewed periodically to reflect the best current estimate of each provision.

B.6.2.5.18 Revenue

IFRS 15 - Revenue establishes an overall framework to identify the timing and amount of revenue recognition.
IFRS 15 requires the recognition and measurement of revenue from contracts with customers according to the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations (i.e. the contractual commitments to transfer goods and/or services to a customer); (iii) establishment of the transaction price; (iv) the allocation of the transaction price to the performance obligations identified on the basis of the stand-alone sales price of each good or service and (v) recognition of revenue upon satisfaction of the relative performance obligation (i.e. on the transfer to the customer of the asset or service promised). The transfer is considered complete when the customer obtains control of the goods or services, which may occur over time or at a point in time. According to the standard, the amount that the entity recognises as revenue should reflect the consideration that it has the right to receive following the exchange of the assets transferred to the customer and/or services provided, to be recognised upon fulfilment of the contractual obligations. In addition, to recognise the revenue, the requirement of probable obtainment/receipt of the economic benefits linked to the income is emphasised; for a contract in progress, a requirement to recognise revenue taking account of any discounting effect from payments deferred over time is introduced.
The Group carried out an analysis to identify the separate performance obligations which indicated that it was not necessary to further breakdown revenue. The criteria applied by the Group are in line with those established by IFRS 15. Finally, no circumstances were identified whereby a Group company had the role of "agent".

B.6.2.5.19 Operating segments

For the purposes of IFRS 8, an operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses relating to transactions with other components of the same entity); whose operating results are

[11] https://corporate.elica.com/it/governance/assemblea-degli-azionisti.

reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and for which separate financial information is available.

The Elica Group produces and sells range hoods and extractor hobs (Cooking segment) and of motors for domestic ventilation and other uses (Motors segment).
At December 31, 2021, the Group had a single operating segment for the purposes of IFRS 8, given that management made operating decisions centrally.
In 2021, the full acquisitions of the companies E.M.C. Srl and CPS S.r.l. were completed CPS was then merged into EMC, with the surviving company being renamed EMC FIME S.r.l.
The consequent reorganisation called for the transfer of Elica’s Motors division to the subsidiary EMC FIME, effective as of January 1, 2022.
With this reorganisation, and the consequent upgrade of information systems, the Group changed the manner in which operating performance is periodically reviewed by Group senior management for the purpose of allocating resources and preparing internal reporting.
As a result, the Group has defined two operating segments, and namely Motors (which includes EMC FIME and the Motors division of the Polish subsidiary, Elica Group Polska) and Cooking, which encompasses the rest of the Group.

B.6.2.5.20 Interest income and expense

Interest income and expense are recorded on an accruals basis on the amount financed and according to the effective interest rate applicable: this represents the rate at which the expected future receipts/payments over the life of the financial asset/liability are discounted to equate them with the carrying amount of the asset/liability.

B.6.2.5.21 Dividends

Dividends are recognised when it is established that the shareholders have the right to receive them.

B.6.2.5.22 Presentation currency, functional currency, and foreign currency transactions

The Euro is the functional and presentation currency of Elica S.p.A. and of the consolidated companies, except for the foreign subsidiaries Elica Group Polska Sp.zo.o, Elicamex S.A. de C.V., Ariafina CO., LTD, Zhejiang Elica Putian Electric Co. Ltd, Elica Trading LLC, Elica Inc., Southeast Appliance Inc. and AG International Inc., which prepare their financial statements in the Polish Zloty, Mexican Peso, Japanese Yen, Chinese Renminbi, Russian Ruble, US Dollar and Canadian Dollar respectively.
In the preparation of the financial statements of the individual Group companies, transactions in foreign currencies entered into by Group companies are translated into the functional currency (the currency in the main area in which the company operates) using the exchange rate at the transaction date or otherwise at the date on which the fair value of the underlying assets/liabilities is determined. Foreign currency assets and liabilities are translated at the reporting date using the closing exchange rate. Non-monetary assets and liabilities measured at historical cost in foreign currency are translated using the exchange rate at the transaction date.
Exchange differences arising on such transactions or on the translation of monetary assets and liabilities are recorded in the Income Statement except for those arising on derivative financial instruments qualified as cash flow hedges and any inter-company receivables or payables whose settlement has not been planned nor is plannable. These differences are recorded in equity if unrealised; otherwise they are recorded in the income statement.

B.6.2.5.23 Government grants

Government grants are recognised when it is reasonably certain that the conditions required to obtain them will be satisfied and that they will be received. Such grants are recognised in profit or loss over the period in which the related costs are recognised, with a reduction in the item to which they relate. Grants related to an asset are recognised as revenue on a straight-line basis over the expected useful life of the asset to which they refer.
The accounting treatment of benefits deriving from a government loan obtained at a reduced rate are similar to those for government grants. This benefit is calculated at the beginning of the loan as the difference between the carrying amount of the loan (fair value plus direct costs attributable to obtaining the loan) and that received, and subsequently recorded in the income statement in accordance with the regulations for the recording of public grants.

B.6.2.5.24 Current taxes

Tax assets and liabilities for the year are measured at the amount expected to be paid to / received from the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially in force at the reporting date of the financial statements, in the countries in which the Group operates and generates its assessable income.
Current taxes relating to items recorded directly in shareholders' equity are also recorded directly to shareholders' equity and not to the separate income statement.
Elica S.p.A., EMC Fime S.r.l and the subsidiary Airforce S.p.A. have opted for a consolidated tax regime in Italy. This means that the IRES (Corporation Tax) charge is calculated on a tax base representing the aggregate of the taxable income and tax losses of the individual companies. The contract is for a period of three years.
The transactions and mutual responsibilities and obligations between the Parent and the aforementioned subsidiary are defined by a specific consolidation agreement. With regard to their responsibilities, the agreement provides that the Parent is jointly liable with the subsidiary for:

- amounts due by the subsidiary under Article 127(1) of the Income Tax Code;
- payment of amounts due to the tax authorities, should it emerge that sums declared in the consolidated tax return have not been paid;
- consolidation adjustments made based on figures supplied by the subsidiary and contested by the tax authorities.

The income tax asset is shown under Tax Assets, determined as the difference between the income taxes in the year, payments on account, withholding taxes and, in general, tax credits. Tax assets also include the current IRES charge as determined on an estimate of the taxable income and tax losses of the companies taking part in the Consolidated tax regime, net of payments on account, taxes withheld by third parties and tax credits; tax assets are offset by the amounts due to the subsidiaries by Elica for the residual receivable attributable to the Consolidated tax regime.

B.6.2.5.25 Deferred taxes

Deferred taxes are recorded on temporary difference between the financial statements and the taxable profit, recognised using the liability method.
Deferred tax assets are recognised to the extent that it is probable that, in the periods in which the deductible temporary differences will reverse, taxable income shall arise of not less than the amount of the differences allow for their recovery. The carrying value of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets. In assessing the recoverability of deferred tax assets, the Group relies on the same forward-looking assumptions used elsewhere in the financial

statements and in other management reports, which, among other matters, reflect the potential impact of climate-related developments on the business.
Deferred taxes liabilities are measured based on the tax rate that is expected to be in effect at the time the asset value is realized or the liability is extinguished and are recognized directly in the income statement with the exception of those relating to accounts directly recognized in equity, in which case the deferred taxes are also recognized in equity.
Offsetting between deferred tax assets and liabilities is carried out only for similar items, and if there is a legal right to offset the current deferred tax assets and liabilities; otherwise they are recognised separately under assets and liabilities.

B.6.2.5.26 Earnings per share

Basic earnings per share is calculated based on the profit of the Group and the weighted average number of shares outstanding at the reporting date. Treasury shares are excluded from the calculation. Diluted earnings per share equate to the basic earnings per share adjusted to assume conversion of all potentially dilutable shares, i.e. all financial instruments potentially convertible into ordinary shares, with a dilutive effect on earnings, considering the denominator the number of shares which potentially may be added to those in circulation under an allocation or utilisation of treasury shares in portfolio under stock grant plans.

B.6.2.6 Accounting standards, amendments and interpretations applied from January 1, 2023

These consolidated financial statements were prepared using the same accounting standards as those applied to the latest annual financial statements (i.e. for the preparation of the financial statements as at December 31, 2022, and the financial statement formats used are the same as those used to prepare the financial statements as at December 31, 2022).
There are no new standards applied that have impacted these consolidated financial statements.
The main changes are as follows:

IFRS 17 - Insurance contracts
In May 2017, the IASB issued IFRS 17 - Insurance Contracts, a new standard relating to insurance contracts which covers recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts issued in 2005. IFRS 17 applies to all types of insurance contracts (for example: life, non-life, direct insurance, re-insurance) regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with characteristics of discretionary participation; some exceptions apply with regards to the scope of application. The general objective of IFRS 17 is to present an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the provisions of IFRS 4, which are largely based on the maintenance of previous accounting standards, IFRS 17 provides a complete model for insurance contracts that covers all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the approach to the allocation of premiums) mainly for short-term contracts.

The amendments did not have any impact on the Group consolidated financial statements.

Definition of Accounting Estimates – Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies and error correction. They also clarify how entities should use valuation techniques and inputs to develop accounting estimates.

The amendments did not have any impact on the Group consolidated financial statements.

Disclosure of Accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply judgements to accounting policy disclosures. The amendments are intended to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to provide their "significant" accounting policies with a requirement to provide disclosures about their "material" accounting policies; in addition, guidance is added on how entities apply the concept of materiality in making accounting policy disclosure decisions.
The changes had an impact on the Group's disclosure of accounting policies, but not on the measurement, recognition and presentation of items in the Group's consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 Income Taxes narrow the scope of the exception to initial recognition, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. The amendments did not have any impact on the Group consolidated financial statements.

International Tax Reform – Pillar Two Model Rules – Amendments of IAS 12
The amendments to IAS 12 were introduced to respond to the OECD BEPS Pillar Two rules and include:

- A temporary mandatory exemption to the recognition and disclosure requirements for deferred taxes resulting from the implementation in jurisdictions of the Pillar Two rules; and
- Disclosure requirements for affected entities to help financial statement users better understand the income tax impacts arising from this legislation, particularly before the effective date.

The temporary mandatory exemption - whose use is required to be disclosed - is immediately applicable. The remaining disclosure requirements apply for fiscal years beginning on or after January 1, 2023, but not for interim periods prior to December 31, 2023.
The change has no effect on the Group's consolidated financial statements in that the Group is not affected by the Pillar Two rules, given that revenue are below Euro 750 million annually.

B.6.2.7 Accounting standards, amendments and interpretations not yet applied and applicable

As required by IAS 8 - Accounting standards, changes in accounting estimates and errors - the main new accounting standards and interpretations, in addition to amendments to the existing standards and interpretations that are already applicable, not yet in force or not yet approved by the European Union (EU), which could be applied in the future to the financial statements, are illustrated below.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback
In September 2022, the IASB issued an amendment to IFRS 16 to specify the requirements that a selling lessor uses in measuring the lease liability arising from a sale & lease back transaction, to ensure that the selling lessor does not recognize a gain or loss by reference to the right-of-use retained by the lessor.
The amendments are effective for fiscal years beginning on or after January 1, 2024, and are to be applied retrospectively to all sale & lease back transactions entered into after the date of initial application of IFRS 16. Early application is permitted, and notice of this fact must be provided.
These changes are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by the right to defer maturity;
- That the right of subordination must exist at financial year-end;
- The classification is not impacted by the probability of whether the entity will exercise its subordination right;
- Only where a derivative embedded in a convertible liability is itself an equity instrument the maturity of the liability shall have no impact on its classification.

In addition, a requirement has been introduced to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to deferral is subject to compliance with covenants within 12 months.

The amendments will be effective for fiscal years beginning on or after January 1, 2024, and should be applied retrospectively. The Group is currently assessing the impact of the amendments on the current situation and whether the renegotiation of existing loan agreements will be necessary.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Supplementary Information, to clarify the characteristics of reverse factoring agreements and requests to give further disclosure of such agreements. The disclosure requirements included in the amendments are intended to assist financial statement users in understanding the effects on an entity's liabilities, cash flows, and exposure to liquidity risk of reverse factoring arrangements.

The amendments will be effective for fiscal years beginning on or after January 1, 2024. Early application is permitted, and notice of this fact must be provided.

These changes are not expected to have a material impact on the Group's financial statements.

For all the newly issued standards, as well as the revision and amendments to existing standards, the Company is assessing impacts which are currently unforeseeable that will derive from their future application.

B.6.3. Significant accounting estimates

In the preparation of the Consolidated Financial Statements in accordance with IFRS, the Group's Management must make accounting estimates and assumptions which have an effect on the values of the assets and liabilities and disclosures. Actual results may differ from these estimates. The estimates and assumptions are periodically reviewed and the effects of any changes are promptly recognised in the consolidated financial statements.

In this context, the situation caused by the historic volatility of the financial markets and the continued macroeconomic and geopolitical uncertainty has resulted in the need to make assumptions about a future performance characterised by significant uncertainty, in which results in the coming years could differ from such estimates and, therefore, require adjustments that is not currently possible to estimate or forecast, and these adjustments might even be significant.

The items principally affected by such uncertainty are: goodwill, the loss allowance and the provision for inventory write-down, non-current assets (intangible assets and property, plant and equipment), pension funds and Long Term Incentives, other post-employment benefits, provisions for risks and charges and deferred tax assets.

Reference should be made to the notes to each individual item for further information on the aforementioned estimates.

B.6.4. Composition and changes to the consolidation scope

At December 31, 2023, the consolidation scope includes the companies controlled by the Parent, Elica S.p.A.. Control exists where the Parent has the power to determine, directly or indirectly, the financial or management policies of an entity so as to obtain benefits from the activities of the company.
The following table lists the companies consolidated on a line-by-line basis controlled by the Parent.

Companies consolidated by the line-by-line method

	Registered Office	Cur.	Share/quota capital	% Held Direct	% Held Indirect	% of investment
Elica S.p.A.	Fabriano (Ancona- Italy)	EUR	12,664,560			
Airforce S.p.A.	Fabriano (Ancona- Italy)	EUR	103,200	100%		100%
Ariafina Co. Ltd	Sagamihara - Shi (Japan)	JPY	10,000,000	51%		51%
Elica Group Polska Sp.z.o.o	Wroklaw (Poland)	PLN	78,458,717	100%		100%
Elicamex S.a.d. C.V.	Queretaro (Mexico)	MXN	8,633,514	98%	2%	100%
EMC FIME S.r.l.	Castelfidardo (Ancona - Italy)	EUR	5,000,000	100%		100%
Elica Inc.	Chicago, Illinois (United States)	USD	5,000	0%	100%	100%
ZheIiang Elica Putian Electric Co. Ltd.	Shengzhou (China)	CNY	167,266,372	99%		99%
Elica Trading LLC	Saint Petersburg (Russia)	RUB	176,793,102	100%		100%
Elica France S.A.S.	Paris (France)	EUR	300,000	100%		100%
Elica Gmbh	Munich (Germany)	EUR	1,000,000	100%		100%
Southeast Appliance Inc.	Orlando, Florida (United States)	USD	30,000	100%		100%
AG International Inc.	Montreal, Quebec (Canada)	CAD	138	100%		100%

As Elica Inc. held through Elicamex
As 2% of Elicamex is held through EGP

As at December 31, 2023, the Group does not have any associates.
Reference should be made to section B.6.8 of these notes for data and information on associates.

B.6.5. Notes to the Income Statement, Statement of Financial Position and Statement of Cash Flows

Income Statement

B.6.5.1 Revenue

Details of the Group's revenue are as follows:

In Euro thousands	2023	2022	Changes
Revenue	473,204	548,574	(75,370)
Revenue	**473,204**	**548,574**	**(75,370)**

In Euro thousands	2023	2022	Changes
EMEA	374,123	429,897	(55,774)
AMERICA	68,636	80,307	(11,671)
ASIA and the Rest of World	30,446	38,370	(7,924)
Revenue	**473,204**	**548,574**	**(75,370)**

For an analysis of revenue, reference should be made to the paragraph A.5.2 "The Elica Group: Financial results and performance" in the Directors' Report.

B.6.5.2 Segment reporting

The segment reporting required in accordance with IFRS 8 "Operating Segments" is presented below.

Euro thousands	Cooking	Motors	Eliminations and other adjustments	Elica Group 31/12/2023	Cooking	Motors	Eliminations and other adjustments	Group Elica 31/12/2022
Revenue - third parties	365,702	107,502	(0)	473,204	422,842	125,732	-	548,574
Inter-segment revenues	1,363	25,393	(26,756)	-	4,738	28,993	(33,731)	-
Revenue	**367,065**	**132,895**	**(26,756)**	**473,204**	**427,580**	**154,725**	**(33,731)**	**548,574**
Other operating income/(expenses)	(336,763)	(117,467)	26,756	(427,474)	(384,118)	(141,710)	33,731	(492,097)
Restructuring charges	(518)	37	-	(481)	(4,914)	(714)	-	(5,628)
Amortisation & depreciation	(18,547)	(5,180)	-	(23,727)	(18,294)	(5,234)	-	(23,528)
Operating Profit	**11,237**	**10,285**	**-**	**21,523**	**20,254**	**7,067**	**-**	**27,321**
Financial income				388				484
Financial expense				(6,003)				(3,558)
Exchange rate gains/(losses)				(765)				1,612
Profit before taxes				**15,143**				**25,859**
Income taxes				(3,872)				(7,679)
Profit/ from continuing operations				**11,271**				**18,180**
Profit from discontinued operations				0				0
Profit for the year				**11,271**				**18,180**

In Euro thousands	**Cooking**	**Motors**	**Eliminations and other adjustments**	**Elica Group 31/12/2023**	**Cooking**	**Motors**	**Eliminations and other adjustments**	**Elica Group 31/12/2022**
Property, plant and equipment	76,003	28,737	-	104,740	74,558	26,773	-	101,332
Goodwill	37,697	12,075	-	49,772	37,861	12,075	-	49,936
Intangible assets with finite useful lives	16,142	10,549	-	26,690	17,342	11,242	-	28,584
Right-of-use assets	9,721	1,430	-	11,150	10,622	1,742	-	12,364
Non-current assets	**139,562**	**52,791**	**-**	**192,353**	**140,383**	**51,832**	**-**	**192,216**
Trade receivables	20,128	13,017	-6,414	26,731	27,279	23,902	(2,689)	48,491
Inventories	63,966	26,908	-	90,874	71,607	29,846	-	101,453
Trade payables	(81,574)	(31,866)	6,414	(107,025)	(95,392)	(46,871)	2,689	(139,571)
Operating Working Capital	**2,521**	**8,059**	**-**	**10,580**	**3,494**	**6,877**	**-**	**10,373**
Deferred tax assets	18,766	1,926	-	20,691	19,435	3,045	-	22,480
Other non-current receivables and other assets	1028	56	-	1,083	942	114	-	1,056
Other current assets	4,972	803	-	5,775	4,820	700	-	5,520
Tax assets (current)	18,066	5,087	-	23,153	15,458	12,015	-	27,473
Derivative assets (current)	1,893	2	-	1,895	2,659	2	-	2,661
Derivative assets (non-current)	288	-	-	288	1,975	6	-	1,981
Other allocated assets	**45,012**	**7,874**	**-**	**52,886**	**45,289**	**15,882**	**-**	**61,171**
Deferred tax liabilities	(3,762)	(3,391)	-	(7,152)	(3,942)	(3,893)	-	(7,835)
Other current liabilities – excluding purchase of investments	(11,762)	(4,445)	-	(16,210)	(12,914)	(3,140)	-	(16,054)
Tax liabilities (current)	(5,134)	(823)	-	(5,957)	(6,360)	(1,807)	-	(8,168)
Derivative liabilities (current)	(93)	(224)	-	(316)	(396)	(1,343)	-	(1,739)
Employee benefits	(6,370)	(1,601)	-	(7,971)	(6,359)	(1,629)	-	(7,988)
Provisions for risks and charges (non-current)	(11,040)	(423)	-	(11,463)	(17,307)	(461)	-	(17,768)
Provision for risks and charges (current)	(5,784)	(31)	-	(5,815)	(13,495)	(849)	-	(14,344)
Other allocated liabilities	**(43,948)**	**(10,937)**	**-**	**(54,886)**	**(60,773)**	**(13,122)**	**-**	**(73,896)**
Capital Employed	**143,147**	**57,786**	**-**	**200,933**	**128,393**	**61,469**	**-**	**189,864**
Net Financial Debt				**(54,484)**				**(51,903)**
Total equity				**(146,449)**				**(137,961)**
Source of funds				**(200,933)**				**(189,864)**

The Elica Group produces and sells range hoods and extractor hobs (Cooking segment) and of motors for domestic ventilation and other uses (Motors segment).
Until December 31, 2021, the Elica Group had a single, global view of the Group’s business, whereby the “chief operating decision maker”, as defined by IFRS 8, was the Chief Executive Officer. The Group’s operational reporting mirrored this centralized management approach to business; therefore, in accordance with IFRS 8, there was just one operating segment.
In 2021, the company began a reorganisation of operations, completed in the second half of 2022, that resulted in the transformation of the Italian production site of Mergo into a high-end hub, the transfer of the higher standardised production lines to the Jelcz-Laskowice plant in Poland, and the integration into the Mergo plant of the activities currently carried out at the Cerreto site. Within this context, in the first half of 2022, the Motors division of Elica S.p.A. was transferred to the subsidiary EMC FIME S.r.l. with the goal of concentrating this operating segment within a single company.
Upon completion of this process, the Group began operating under a new organizational structure with two distinct areas of managerial responsibility, which now make up the Group’s operating segments: Cooking and Motors.

These areas of responsibility are represented in procedures by which the Group is managed, and reporting is structured in the same manner and is periodically analysed by the CEO and by senior management.
More specifically, financial performance is measured and monitored by operating segment down to the level of earnings before interest and taxes (EBIT). Financial expense is not monitored in that it is strictly tied to decisions made centrally regarding the financing methods (debt or equity) of each area. Similarly, taxes are also not monitored by operating segment.
The components of equity are analysed by operating segment.
All financial information is measured using the same accounting standards and policies used to prepare the consolidated financial statements.

In accordance with IFRS 8, the table below is presented with the comparative figures grouped by operating segment.

In Euro thousands	**2023**	**2022**	**Changes**
Cooking	365,702	422,842	(57,140)
Motors	107,502	125,732	(18,230)
Revenue	**473,204**	**548,574**	**(75,370)**

There are no customers that individually generate more than 10% of total revenue in 2023 (as in 2022).

B.6.5.3 Other operating income

In Euro thousands	**2023**	**2022**	**Changes**
Grants related to income	2,818	2,068	750
Ordinary gains	152	3,869	(3,717)
Claims and insurance settlement	564	122	442
Other operating income	1,791	1,868	(77)
Other operating income	**5,325**	**7,926**	**(2,601)**

Other operating income decreased by Euro 2.6 million, concentrated in Ordinary gains. This change is mainly attributable to the gain recorded in 2022 of Euro 3.2 million on the sale of the joint arrangement of a number of patents.
This account presents the majority of the public grants disbursed to the Group. Reference should be made to Note B.6.9 for information on the public grants presented according to Article 1, paragraph 125, No. 124 of Law of August 4, 2017.

B.6.5.4 Increase in internal work capitalised

The increase in internal work capitalised, amounting to Euro 2,895 thousand (Euro 2,001 thousand in the previous year), includes Euro 750 thousand related to the Mexican subsidiary (Euro 691 thousand in 2022), Euro 344 thousand to the subsidiary E.M.C. Fime S.r.l. (Euro 132 thousand in 2022), Euro 1,801 thousand to Elica S.p.A. (Euro 1,149 thousand in 2022), and Euro 0.3 thousand to the Chinese subsidiary (Euro 29 thousand in 2022).
These increases relate to the capitalisation of costs for the design and development of new products and internal costs incurred for the construction of moulds, industrial equipment and the introduction of new IT programmes. Internal works capitalised principally comprise personnel expense. For further information, reference should be made to the paragraphs outlining the balances and changes in property, plant and equipment and intangible assets.

B.6.5.5 Amortisation, depreciation and impairment losses

Amortisation and depreciation shows a small increase from Euro 23,528 thousand in 2022 to Euro 23,727 thousand in 2023. The most significant change concerns property, plant and equipment. For further details, reference should be made to points B.6.5.15, B.6.5.18 and B.6.5.18.1 of these notes.
During the year under review, and unlike for the previous year, impairment losses on property, plant and equipment were recognised for Euro 139 thousand, Euro 71 thousand of which related to certain machinery of the Chinese subsidiary, included among plant and machinery, that could no longer be used in production, while Euro 68 thousand concerned certain production assets of Elica S.p.A.

B.6.5.6 Personnel expense

Personnel expense incurred by the Group in 2022 and 2023 was as follows:

In Euro thousands	**2023**	**2022**	**Changes**
Wages and salaries	62,320	66,250	(3,930)
Social security expenses	17,590	18,585	(995)
Post-employment benefits	2,506	2,629	(123)
Other personnel expense	329	5,729	(5,400)
Personnel expense	**82,745**	**93,193**	**(10,448)**

Personnel expense overall decreased by approx. Euro 10.5 million.
This change was the result of multiple factors. Of note in this regard is the reorganization of our production footprint, which led to the transfer of a portion of production from the Italian facilities of Elica S.p.A. to the Polish plant of the subsidiary Elica Group Polska. At the same time, we had already seen in 2022 a marked drop in demand, with a consequent contraction in production volumes in both the Cooking and Motors segments, which made significant rightsizing efforts of the organisation and reduced use of temporary workers necessary. Personnel expense also reflects the adjustment of variable incentives for employees, particularly in relation to the long-term incentive plan. At the end of the plan for 2021-2023, this amount reflects a more accurate measurement by management in light of actual company performance numbers.
The table below reports the Group workforce at December 31, 2022, and December 31, 2023.

Workforce	**31/12/2023**	**31/12/2022**	**Changes**
Executives	32	31	1
White-collar	746	771	(25)
Blue-collar	1,770	1,776	(6)
Others	110	107	3
Total	**2,658**	**2,685**	**(27)**

The decrease in the number of employees mainly concerns the Italian companies following the restructuring of the production footprint but also the foreign subsidiaries that make use of temporary workers in production and so have greater flexibility in their workforces, in line with that illustrated above in relation to personnel expense.

B.6.5.7 Other operating expenses

B.6.5.7.1 Change in finished and semi-finished products and raw materials and consumables

In Euro thousands	2023	2022	Changes
Purchase of raw materials	193,070	252,681	(59,611)
Purchase of semi-finished products	22,387	29,880	(7,493)
Purchase of consumables and supplies	2,504	2,082	422
Purchase of finished products	23,163	26,416	(3,253)
Packaging	1,381	1,753	(372)
Others	2,159	2,304	(145)
Transport on purchases	3,920	7,314	(3,394)
Change in inventory of raw materials, consumables, supplies and goods	8,509	(8,750)	17,259
Raw materials and consumables	**257,093**	**313,680**	**(56,587)**
Change in finished and semi-finished products	**3,404**	**(7,354)**	**10,758**
Total	**260,497**	**306,326**	**(45,829)**

The two items, Raw materials and consumables and Changes in finished and semi-finished products, may be considered together. The total value of these costs decreased by Euro 45.8 million, while as a percentage of revenue they decreased from 55.8% in 2022 to 55.0% in 2023. This trend is mainly attributable to the lower volume of purchases during the year due to the decrease in production, as well as to the correction from the sharp increase in raw materials and related transport costs reported in 2022. Also having an impact were efforts to increase the efficiency of working capital management, which led to a significant reduction in inventories at December 31, 2023.
More specifically, the components which decreased most were purchases of raw materials and of semi-finished products, followed by purchases of finished products and transport costs on purchases given the lower level of activities in the period.
The changes in finished and semi-finished products shows total costs of approx. Euro 3.4 million, while the change in the inventory of raw materials, consumables, supplies and goods shows costs of approx. Euro 8.5 million. Both items reflect the decrease in production volumes and in purchase costs during the year, in addition to destocking efforts in the latter part of the year.

B.6.5.7.2 Services

In Euro thousands	2023	2022	Changes
Outsourcing	24,107	29,696	(5,589)
Maintenance	2,458	3,698	(1,240)
Transportation	11,142	11,167	(25)
Trade fairs and promotional events	1,897	3,331	(1,434)
Utilities	6,593	7,474	(881)
Promotion and advertising fees	2,626	2,521	105
Commissions and bonuses	1,663	1,764	(101)
Management of finished products	8,706	9,658	(952)
Consultancy	8,573	8,415	158
Industrial services	863	840	23
Travelling expenses	1,549	1,905	(356)
Insurances	1,462	1,508	(46)
Banking commissions and charges	374	314	60
Other professional services	11,223	10,356	867
Heating expenses	1,379	1,413	(34)
Statutory auditors' fees	137	135	2
Directors' fees	1,387	1,880	(493)
Car management	774	816	(42)
Costs to remainlisted on the stock exchange	455	487	(32)
Services	**87,368**	**97,378**	**(10,010)**

Service costs decreased in absolute value by Euro 10 million, while increasing from 17.8% to 18.5% of revenue. The decrease is attributable to outsourcing in the amount of Euro 5.6 million, trade fairs and other promotional events in the amount of Euro 1.4 million, maintenance in the amount of Euro 1.2 million, costs for the management of finished goods in the amount of Euro 0.9 million, and other utilities in the amount of Euro 0.8 million. In addition to being in line with the general decline in business volumes, these changes also reflect the Group's cost-efficiency efforts in relation to operating expenses and inventory management, as well as the reduction in energy costs during the year, given that 2022 was a disruptive year in this regard.

B.6.5.7.3 Other operating expenses and accruals

These are detailed as follows:

In Euro thousands	**2023**	**2022**	**Changes**
Rental of vehicles and industrial equipment	658	515	143
Leases and rentals	1,088	988	100
HW, SW, patent use fees	510	495	15
Other taxes (no income tax)	950	876	74
Magazines, Subscriptions' expenses	4	10	(6)
Sundry equipment	390	398	(8)
Catalogues and brochures	187	469	(282)
Credit losses and loss allowance	(1,228)	(787)	(441)
Provisions for risks and charges	1,359	1,652	(293)
Other prior year expenses and losses	1,026	512	514
Other operating expenses and accruals	**4,944**	**5,128**	**(184)**

Overall, this account decreased by Euro 0.2 million, especially in relation to the components Credit losses and loss allowance and Provisions for risks and charges. In this regard, provisions were released in 2023 as risks related to business operations that had given rise to the allocations in previous years were eliminated or as cash outflows were deemed no longer likely in order to meet the underlying obligations.

These changes reflect updated estimates made by Management for risk coverage.

B.6.5.7.4 Restructuring charges

In Euro thousands	**2023**	**2022**	**Changes**
Restructuring charges	481	5,628	(5,147)
Restructuring charges	**481**	**5,628**	**(5,147)**

On March 31, 2021, Elica S.p.A. communicated to the trade union representatives the new organisational structure necessary to ensure the business continuity of the entire Group. The reorganisation established for the Italy Cooking area the conversion of the production site of Mergo into a high-end hub, the transfer of the higher standard production lines to the Jelcz-Laskowice plant in Poland and the integration into the Mergo plant of the activities carried out at the Cerreto site. On December 9, 2021, at the Ministry for Economic Development, the dispute concluded successfully. The company decided to return certain areas of production from Poland to Italy, mainly within the high-end sphere including the NikolaTesla aspirating hob through a reshoring operation. On the basis of the reorganisation now implemented, the Mergo facility is becoming a high-end product hub, featuring a high degree of specialisation and quality of workmanship. The high volume and more standardised productions and automated processes are carried out at the Polish facilities. This allows the two facilities to focus on separate production areas, avoiding overlap and maintaining a strong presence in Italy. In particular, in relation to the employees involved, the agreement does not include redundancies, only involving voluntary and incentivised departures. Surplus personnel were

managed through early retirement and relocation to other major companies in the area.
The figure at December 31, 2023, represents costs related to the events described above, primarily personnel expense and the value of assets that will lose their future utility. The significant decrease compared to December 31, 2022, is the result of reaching the concluding stages of this plan, which took place largely in previous years.
Euro 1.3 million of these costs are still carried in the restructuring provision to cover future departures in accordance with IAS 37.

B.6.5.8 Financial expense

Financial expense may be broken down as follows:

In Euro thousands	2023	2022	Changes
Financial expense on overdrafts and bank loans	4,719	2,254	2,465
Interest on lease liabilities (IFRS 16)	267	205	62
Financial expenses on post-employment benefits	262	158	104
Financial discounts	754	791	(37)
Other financial expense	1	150	(149)
Financial expense	**6,003**	**3,558**	**2,445**

The increase in financial expense, in the amount of Euro 2.5 million, came mainly in the form of financial expense on overdrafts and bank loans and is strictly related to the increase in finance cost caused by the continually rising interest rates in 2023 in response to ECB policies, leading to increases in the Euribor rate, which is the benchmark used to calculate interest rates on short-term financing.

B.6.5.9 Financial income

Details of financial income are shown below:

In Euro thousands	2023	2022	Changes
Interest on bank and postal deposits	274	228	46
Other financial income	114	256	(142)
Financial Income	**388**	**484**	**(96)**

The account is in line with the past. Interest income increased by Euro 46 thousand, while other financial income decreased by Euro 142 thousand.

B.6.5.10 Gain/(loss) on Group companies

In 2023, the account had a zero balance.

B.6.5.11 Exchange rate gains/(losses)

In Euro thousands	2023	2022	Changes
Exchange rate losses	(8,380)	(10,574)	2,194
Exchange rate gains	10,424	12,967	(2,543)
Losses on derivatives	(6,880)	(4,534)	(2,346)
Gains on derivatives	4,071	3,753	318
Net exchange rate gains/(losses)	**(765)**	**1,612**	**(2,377)**

Net exchange rate gains, excluding transactions in derivative instruments, amounted to Euro 2,044 thousand, down Euro 349 thousand on the previous year. Exchange rate gains and losses principally

concern: EGP for a net gain of approx. Euro 2,292 thousand, Elicamex S.A. de C.V. for a net positive amount of Euro 1,879 thousand, in addition to the loss of Elica S.p.A. of Euro 1,825 thousand.
The net losses on derivatives were Euro 2,809 thousand in 2023, compared to net losses of Euro 781 thousand in 2022.
Paragraph B.6.7. Risk management of these notes reports information on derivative contracts.

B.6.5.12 Income taxes

Income taxes in 2023 and 2022 are broken down into current and deferred taxes as follows:

In Euro thousands	2023	2022	Changes
Current taxes	2,244	3,358	(1,114)
Deferred taxes	1,628	4,321	(2,693)
Income taxes	**3,872**	**7,679**	**(3,807)**

Income taxes in the year decreased Euro 3.8 million on 2022. The balance comprises current and deferred taxes. At December 31, 2023, Elica S.p.A. reports income tax expense of Euro 3.2 million. For subsidiaries, EMC Fime reports income taxes of Euro 2 million, Ariafina reports income taxes of Euro 1.6 million. The subsidiary Elicamex, conversely, reports a positive income tax balanceof Euro 2.9 million.
For 2023, the Parent's theoretical tax rate (theoretical tax on pre-tax income) was 28.73%, based on the corporate income tax (IRES) and regional tax on productive activities (IRAP) rates applicable to the reported taxable income for the year ended December 31, 2023, while they vary from country to country according to local legislation in force for the other foreign Group companies.
The table below shows a reconciliation between the theoretical and effective income taxes ("IRES" for the Italian Group companies) paid by the Parent.

The effective tax rate decreased from 25.6% to 18.7%

Reconciliation between expected and effective tax rates

		2023					**2022**				
	Theoretical IRES rate	24.00%					24.00%				
	Theoretical IRAP rate	4.73%					4.73%				
	(in Euro thousands)	**Taxable base**	**Income taxes**	**IRAP**	**Total**	**% IRES on tax base**	**Taxable profit**	**Income base**	**IRAP**	**Total**	**% IRES on tax base**
	[A] TOTAL INCOME TAXES		**4,477**	**1,220**	**5,697**	**18.7%**		**6,615**	**1,063**	**7,678**	**25.6%**
	PROFIT BEFORE TAXES	**23,985**					**25,858**				
+	Tax calculated using local tax rate		5,757			24.0%		6,206			24.0%
+	Tax effect of (income)/expenses not considered for tax purposes	(2,205)	(529)			-2.2%	(4,825)	(1,158)			-4.5%
-	Tax effect on the different tax rates of the foreign subsidiaries	(2,542)	(610)			-2.5%	(63)	(15)			-0.1%
-	Other differences	91	7			0.0%	91	84			0.3%
	[B] Effective tax charge and tax rate net of substitute tax	**19,300**	**4,624**			**19.3%**	**21,061**	**5,117**			**19.8%**
-	Tax credit for Polish investments		(113)			-0.5%		1,169			4.5%
-	- Tax refund / foreign taxes / prior year taxes / substitute tax		(35)			-0.1%		330			1.3%
	[C] Effective tax charge and tax rate	**19,330**	**4,476**			**18.7%**	**21,061**	**6,615**			**25.6%**

B.6.5.13 Basic earnings per share – Diluted earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

In Euro thousands	**31/12/2023**	**31/12/2022**
From continuing and discontinued operations:		
Profit/(loss) attributable to owners of the Parent (In Euro thousands)	9,775	16,608
Average number of ordinary shares net of treasury shares	62,489,018	63,038,713
Basic earnings/(loss) per share	**15.64**	**26.35**
Weighted average number of ordinary shares to calculate diluted earnings per share	62,489,018	63,038,713
Diluted earnings/(loss) per share	**15.64**	**26.35**
From continuing operations		
Profit/(loss) attributable to owners of the Parent (In Euro thousands)	9,775	16,608
Average number of ordinary shares net of treasury shares	62,489,018	63,038,713
Basic earnings/(loss) per share	**15.64**	**26.35**
Weighted average number of ordinary shares to calculate diluted earnings per share	62,489,018	63,038,713
Diluted earnings/(loss) per share	**15.64**	**26.35**

B.6.5.14 Other information on the income statement

The research and development costs capitalised and taken to profit or loss in 2023 and 2022 are summarised in the table below:

In Euro thousands	**2023**	**2022**	**Changes**
Research costs taken to profit or loss	5,709	7,026	(1,317)
Amortisation of capitalised development costs in the year	2,633	2,866	(233)
Total research and development costs	**8,342**	**9,892**	**(1,550)**
Development costs capitalised in the year	**1,087**	**1,821**	**(734)**

(*) the Amortisation includes any impairment losses.

Development costs capitalised in the year regard product design and development activities related to the core business, including in relation to expansion of the Group's product line, mainly in Cooking segment, but also in Motors.

Statement of Financial Position

B.6.5.15 Plant, property and equipment

The table below shows details of the changes in property, plant and equipment in 2023 and 2022.

In Euro thousands	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Historical cost property, plant & equipment
31/12/2021	**69,023**	**106,828**	**128,014**	**14,058**	**6,246**	**324,169**
Increase	1,578	6,894	6,962	1,178	2,410	19,022
Disposals & other reclassifications	437	(4,004)	(3,273)	(253)	(1,258)	(8,351)
Other changes	1,084	2,619	(8,410)	809	(3,758)	(7,656)
31/12/2022	**72,122**	**112,337**	**123,293**	**15,792**	**3,640**	**327,184**
Increase	977	5,006	6,133	1,152	2,393	15,661
Disposals & other reclassifications	79	(1,231)	(6,750)	(480)	(3,980)	(12,362)
Other changes	(1,089)	3,176	3,189	311	392	5,979
31/12/2023	**72,089**	**119,288**	**125,865**	**16,775**	**2,445**	**336,462**

In Euro thousands	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Accumulated Depreciation
31/12/2021	**33,398**	**78,788**	**107,135**	**11,524**		**230,845**
Depreciation	1,995	3,754	5,518	935		12,202
Disposals & other reclassifications	(18)	(3,627)	(3,165)	(189)		(6,999)
Other changes	32	(3,315)	(7,050)	137		(10,196)
31/12/2022	**35,407**	**75,600**	**102,438**	**12,407**		**225,852**
Depreciation	1,915	4,325	5,766	975		12,981
Disposals & other reclassifications	209	(1,788)	(6,776)	(28)		(8,383)
Other changes	(2,433)	1,250	2,422	33		1,272
31/12/2023	**35,098**	**79,387**	**103,850**	**13,387**		**231,722**

In Euro thousands	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Net property, plant and equipment
31/12/2021	**35,625**	**28,040**	**20,879**	**2,534**	**6,246**	**93,324**
Increase	1,578	6,894	6,962	1,178	2,410	19,022
Depreciation	(1,995)	(3,754)	(5,518)	(935)	0	(12,202)
Disposals & other reclassifications	455	(377)	(108)	(64)	(1,258)	(1,352)
Other changes	1,052	5,934	(1,360)	672	(3,758)	2,540
31/12/2022	**36,715**	**36,737**	**20,855**	**3,385**	**3,640**	**101,332**
Increase	977	5,006	6,133	1,152	2,393	15,661
Depreciation	(1,915)	(4,325)	(5,766)	(975)	0	(12,981)
Disposals & other reclassifications	(130)	557	26	(452)	(3,980)	(3,979)
Other changes	1,344	1,926	767	278	392	4,707
31/12/2023	**36,991**	**39,901**	**22,015**	**3,388**	**2,445**	**104,740**

The investments made in the year mainly regarded the upgrading and expansion of facilities, improvements to the manufacturing plant and machinery, the acquisition of new moulds and equipment for the launch of new products and the development of hardware for the implementation of new projects.

Other changes include net exchange rate gains of Euro 4.6 million, as well as the write-down of certain of the Group's production assets for Euro 139 thousand, as described above under point B.6.5.5 of these explanatory notes.

As required by IAS 16 – Property, Plant and Equipment, management has reviewed the estimated residual values and expected useful lives of these assets. More specifically, given all the factors that can have an impact (IAS 16.56), particularly the significant changes to the economic landscape, management has updated the estimate of the residual useful life of the asset class "Specific plant and machinery" of the subsidiary EMC Fime S.r.l., as these assets are directly involved in the production

process. This assessment has extended the useful lives of certain assets, but has resulted in an insignificant reduction in depreciation.
The item includes any assets acquired in the past under agreements then classified finance leases.
The historical cost criterion remains the measurement method used for property, plant and equipment after initial recognition.
The historical cost includes revaluations permitted by previous legislation on first time application as considered representative of the fair value of the property, plant and equipment when the revaluation was made.

B.6.5.16 Goodwill

In Euro thousands	**31/12/2022**	**Increases**	**Decreases**	**other changes**	**31/12/2023**
Goodwill allocated to subsidiaries	49,936	-	-	(165)	49,772
Goodwill	**49,936**	**-**	**-**	**(165)**	**49,772**

Goodwill, totalling Euro 49.8 million, changed as shown above due solely to the translation into Euro of the negative impact of balances related to the foreign subsidiaries. Of this goodwill, Euro 37.7 million was allocated to the Cooking CGU, and Euro 12.1 million was allocated to the Motors CGU, as specified in paragraph B.6.5.17 Impairment testing.

B.6.5.17 Impairment testing

IAS 36 establishes standards for the recognition and disclosure of the impairment of certain types of assets, including goodwill, and presents the principles that businesses must follow to ensure that their assets are measured at no greater than their recoverable amount.
IAS 36 defines recoverable amount as the greater of:
- fair value less costs to sell, i.e. the amount obtainable, net of costs to sell, from the sale of the asset in an arm's length transaction between knowledgeable, willing parties; and
- value in use, which is equal to the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

IAS 36 requires the carrying amount[12] of goodwill to be compared with its recoverable amount whenever there is an indication that the asset may have undergone a reduction in value, and at least once per year in conjunction with impairment testing for the annual financial statements. The recoverable amount of goodwill is measured in reference to the cash generating unit (CGU), given that goodwill is not able to generate cash flows on its own.
A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets and with regard to which the Group has separate reporting of results.

The impairment testing undertaken in 2023 was based on the Group's five-year (2024-2028) financial forecasts, as prepared by management solely for the purposes of impairment testing and taking into account the current macroeconomic landscape and current trends in the markets in which the Group operates and as approved by the Board of Directors of the Parent Company on February 13, 2024.

[12] The carrying amount is equal to the sum of non-current assets (i.e. property, plant and equipment; goodwill, intangible assets with a finite useful life, and right-of-use assets), managerial working capital (i.e. trade receivables and inventories less trade payables), and other assets and liabilities (i.e. tax assets and liabilities, provisions for risks and charges, other current assets and liabilities excluding the portion related to the purchase of equity investments, which are included among net financial position, deferred tax assets and liabilities related to purchase price allocations, derivative assets and liabilities excluding interest rate swaps, which are instruments used to hedge the cash flows of financing).

In accordance with IAS 36, and based on the considerations presented above, impairment testing of goodwill for the Group's consolidated financial statements at December 31, 2023, included the following activities:
1) Identification of goodwill;
2) Identification of the CGUs and allocation of goodwill to these CGUs;
3) Measurement of the recoverable amount of the CGUs;
4) Results of impairment testing;
5) Sensitivity analyses on impairment test results in relation to changes in the underlying assumptions.

Identification of goodwill
Goodwill totalling Euro 49.8 million was subjected to impairment testing. The statement of financial position shows no other intangible assets with finite useful lives.

Identification of the CGUs and allocation of goodwill to these CGUs
IAS 36 requires that each CGU or CGU group to which goodwill is allocated represent the minimum level, within the entity, at which goodwill is monitored for management purposes and not be broader than an operating segment as defined by IFRS 8 – Operating Segments.
Impairment testing of the Group's goodwill was undertaken by identifying the CGUs into which it is possible to break down the Group's business and analysing the cash flows that they will be able to generate in future years, based on an approach consistent with segment reporting as presented in the annual report, which, in turn, mirrors management reporting.

As discussed in paragraph B.6.5.2., at December 31, 2021, the Group had a single operating segment for the purposes of IFRS 8, given that management made operating decisions centrally.
At December 31, 2021, this segment also represented the minimum level at which goodwill was monitored for management purposes and, consequently, subjected to impairment testing.
In 2021, the company began a reorganisation of operations, completed in the second half of 2022, that resulted in the transformation of the Italian production site of Mergo into a high-end hub, the transfer of the higher standardised production lines to the Jelcz-Laskowice plant in Poland, and the integration into the Mergo plant of the activities currently carried out at the Cerreto site. Within this context, in the first half of 2022, the Motors division of Elica S.p.A. was transferred to the subsidiary EMC FIME S.r.l. with the goal of concentrating this operating segment within a single company.
Upon completion of this process, the Group began operating under a new organizational structure with two distinct areas of managerial responsibility, which now make up the Group's operating segments: Cooking and Motors.

These areas of responsibility are represented in procedures by which the Group is managed, and reporting is structured in the same manner and is periodically analysed by the CEO and by senior management.
As a result, the Group has defined two CGUs, and namely the segments Motors (which includes EMC FIME and the Motors division of the Polish subsidiary, Elica Group Polska) and Cooking, which encompasses the rest of the Group.
Therefore, at December 31, 2023, goodwill was allocated to the two CGUs that comprise the two operating segments defined by management, which represent the minimum level at which goodwill is monitored for internal management purposes. This allocation was undertaken, with the support of a leading advisory firm, using the relative fair value approach based on the present value of the expected future cash flows for the two CGUs, as this was the approach found to best represent the allocation of goodwill.
As a result, goodwill of Euro 37.7 million was allocated to the Cooking CGU, and goodwill of Euro 12.1 million was allocated to the Motors CGU.

Measurement of the recoverable amount of the CGUs
The Impairment Test of the Group's goodwill at December 31, 2023 was undertaken by identifying the recoverable amount of the individual CGUs in the value in use.
The recoverable amount of the two Cash Generating Units was determined, also with the support of a leading consulting firm, through the determination of their respective value in use, understood as the present value of the expected future cash flows generated by the CGUs and estimated in accordance with the discounted cash flow method.

The impairment test was approved by the Board of Directors on February 13, 2024, independently and prior to the preparation of the financial statements.

Discounted cash flow assumptions
The principal assumptions utilised by the Company for the estimate of the future cash flows for the impairment test were as follows:

Cooking CGU

	2023	2022
Weighted average cost of capital (WACC)	7.9%	8.1%
Growth rate terminal value	1.0%	1.0%

Motors CGU

	2023	2022
Weighted average cost of capital (WACC)	8.8%	9.9%
Growth rate terminal value	1.0%	1.0%

The Weighted Average Cost of Capital (WACC) utilised to discount the future cash flows was determined utilising the Capital Asset Pricing Model (CAPM).
For the calculation of the Cooking WACC a free risk rate of 4% was used, a market premium risk of 5.5% and a beta-unlevered factor of 0.71.
For the calculation of the Motors WACC a free risk rate of 4.6% was used, a market premium risk of 5.45% and a beta-unlevered factor of 0.81.

Assumptions utilised in estimating cash flows
The discounted cash flow model is based on the cash flows calculated on the basis of the best estimates made by the directors, for the sole purposes of the impairment test, for a period of five years, the first of which coincides with the 2024 budget (2024-2028 Operating and Financial Projections).
The 2024-2028 Operating and Financial Projections used for the purpose of the impairment test were prepared and approved by the Directors on February 13, 2024.
The main assumptions utilised in the determination of the cash flows were as follows:
Cooking CGU

- a revenue CAGR over the 2023-2028 period of 4%.
- average gross operating profit on revenue equal to 8.6%;
- average operating profit on revenue equal to 3.9%;
- average Capex on revenue equal to 3%;
- level of Free Operating Cash flow After Taxes on revenue equal to 4.3%.

Motors CGU

- A revenue CAGR over the 2023-2028 period of 2.4%.
- average gross operating profit on revenue equal to 13.4%;
- average operating profit on revenue equal to 8.6%;
- average Capex on revenue equal to 5%;

- level of Free Operating Cash flow After Taxes on revenue equal to 6.9%.

The assumptions utilised in the estimates are based on historical and forecast data of the Group, and are in line with information available from independent sector and market analysts in which the Group operates. These estimates are subject to changes, even significant, deriving from uncertainties which continue to effect the markets, and for this reason management continues to periodically monitor the circumstances and events which affect these assumptions and future trends.

Results of the impairment test

The impairment test did not result in the recognition of loss in value of the goodwill. The value in use of the Cooking CGU (Euro 265.7 million) was 1.8 times its carrying amount. The value in use of the Motors CGU (Euro 134.8 million) was 2.2 times its carrying amount.

Sensitivity analysis

In order to better appreciate the sensitivity of the results of the Impairment Test with respect to changes in the basic assumptions, several sensitivity analyses were performed assuming reasonable changes in certain assumptions underlying the estimates made, and in particular of the growth rate (g) (increasing and decreasing by one percentage point, thus considering 0% and 2%) and of the WACC (increasing and decreasing by one percentage point, thus considering for Cooking 6.9% and 8.9% and for Motors 7.8% and 9.8%).

In addition, sensitivity analyses were developed to indicate, at the coverage level, the impacts from the rise in costs, for which a percentage increase in raw material costs from 0.5% to 1.7% was factored in, and the impacts from the change in gross operating profit, for which a percentage decrease in the gross operating profit margin from -0.5% to -0.9% was factored in.

None of the changes considered resulted in a CGU recoverable amount equal to or below the respective carrying amounts.

Specifically, on a change in the growth rate the coverage would fluctuate between 1.9 and 2.5 for Cooking and between 2.3 and 2.9 for Motors, while on a change in WACC the coverage would fluctuate between 1.5 and 1.9 for Cooking and between 1.8 and 2.3 for Motors, on an increase in raw material costs the coverage would fluctuate between 1.6 and 1.8 for Cooking and between 2.0 and 2.1 for Motors. Finally, on a change in the gross operating profit margin the coverage would range between 1.6 and 1.7 for Cooking and between 2.0 and 2.1 for Motors.

WACC and growth rate g were then considered, which make the coverage equal to 1. Regarding the WACC, the breakeven value for Cooking is 13.8% and for Motors is 18.3%. The breakeven g growth rate for Cooking is -8.8% and for Motors is -24.6%.

B.6.5.18 Other Intangible assets with finite useful lives

The table below shows details of changes in other intangible assets in 2023 and 2022.

In Euro thousands	Development costs	Industrial patents and intellectual property rights	Concessions, licences, trademarks and software	Other intangible assets	Assets under development and payments on account	Net intangible assets
31/12/2021	**8,501**	**9,646**	**322**	**11,526**	**823**	**30,818**
Increase	1,821	1,111	4	163	1,631	4,730
Amortisation	(2,866)	(2,879)	(65)	(1,051)	0	(6,861)
Disposals & other reclassifications	0	(19)	0	61	(222)	(180)
Other changes	378	84	0	(319)	(66)	77
31/12/2022	**7,834**	**7,943**	**261**	**10,380**	**2,166**	**28,584**
Increase	1,087	674	49	114	2,440	4,364
Amortisation	(2,633)	(2,665)	(71)	(317)	0	(5,686)
Other changes	631	1,111	(1)	(516)	(1,797)	(572)
31/12/2023	**6,919**	**7,063**	**238**	**9,661**	**2,809**	**26,690**

At December 31, 2023, intangible assets amounted to Euro 26,690 thousand, a net decrease of Euro 1.9 million on the previous year. This change is mainly related to amortisation for the year.
Development costs relate to product design and development activities. The increase in the year of Euro 1 million is mainly attributable to the cost of developing new products.
Industrial patents and intellectual property rights include the recognition of patents, associated development costs, intellectual property rights and software programmes. The increase in the year of Euro 0.7 million principally relates to the Parent and costs for the new patents developed.
Concessions, licenses, brands and similar rights refers to the registration of brands by Group companies.
Other Intangible assets of Euro 9.7 million mainly concerns the technologies developed, whose main component was recognised by the Group, following the business combination in 2021 of the two companies E.M.C. and C.P.S., merged in 2022 into E.M.C. Fime S.r.l.
Assets under development and payments on account of Euro 2.8 thousand refer in part to advances and the development of projects for the implementation of new IT platforms, the design and development of new software applications and in part to the development of new products. This increased by Euro 2.4 million during the year.
The item ”Other changes” includes exchange rate gains of Euro 0.2 million, which is in line with the previous year.
The recoverable amount of the development costs and all intangible assets is greater than the corresponding carrying amount, and therefore it is not necessary to recognise an impairment loss. Therefore the criteria applied to amortise intangibles is considered appropriate to reflect the remaining useful life of the assets.
In fact, the capitalisation of development costs and assets under development requires the calculation of estimates by the Directors, as their recoverability is dependent on the cash flows deriving from the sale of products sold by the Elica Group.

B.6.5.18.1 Right-of-use assets

In Euro thousands	**Right-of-use Buildings**	**Right-of-use Plant and Machinery**	**Right-of-use Industrial & commercial equipment**	**Other leased assets**	**Assets under construction**	**Net right-of-use assets**
31/12/2021	**5,082**	**535**	**0**	**4,594**		**10,211**
Increases	5,059	5	0	3,943		9,007
Depreciation	(1,397)	(449)	0	(2,112)		(3,958)
Disposals & other reclassifications	(2,187)	(409)	0	(1,891)		(4,487)
Change in consolidation scope	0	0	0	0		0
Other changes	578	409	0	604		1,591
31/12/2022	**7,135**	**91**	**0**	**5,138**		**12,364**
Increases	597	68	0	2,502		3,167
Depreciation	(1,615)	(27)	0	(2,222)		(3,864)
Disposals & other reclassifications	(233)	(73)	0	(586)		(892)
Change in consolidation scope	0	0	0	0		0
Other changes	213	(1)	0	162		374
31/12/2023	**6,097**	**58**	**0**	**4,995**		**11,150**

This item includes assets representing the Group's rights-of-use under existing lease, rental and hire agreements. The Parent has many assets under lease, such as buildings, production machinery, motor vehicles and IT equipment.
The rights-of-use on Other Assets mainly include IT equipment, while rights-of-use on buildings mainly refer to the assets for the rental of warehouses used by the Polish subsidiary. The increases include the new contracts entered into in the year, in particular by the Polish subsidiary for Euro 1.1 million and by Elica S.p.A. for Euro 0.7 million, mainly regarding buildings and means of transport.

B.6.5.19 Other receivables (non-current) and other assets

The breakdown is as follows:

In Euro thousands	**31/12/2023**	**31/12/2022**	**Changes**
Receivables from employees	1	3	(2)
Other receivables	366	337	29
Other financial assets	716	716	0
Other (non-current) receivables and other assets	**1,083**	**1,056**	**27**

Other non-current assets mainly include guarantee deposits paid by the Polish subsidiary (Euro 244 thousand).
The item Other financial assets regards unqualified non-controlling interests held by the Elica Group in other companies. These investments are held in unlisted companies whose shares are not traded on a regulated market. This item includes for Euro 663 thousand the investment of approx. 6% in Elica PB Whirlpool Kitchen Appliances (previously Elica PB India Private Ltd.), an approx. 87% subsidiary of Whirlpool of India Limited.
This company was previously an Elica Group subsidiary which was sold to Whirlpool of India Ltd in the second half of 2021. Following this transaction, the company was deconsolidated and the residual investment maintained by the Elica Group, equal to 6,375% of the share capital, was reclassified to Other Financial Assets. Simultaneous to this sale to Whirlpool of India Ltd., Elica PB Whirlpool Kitchen Appliances signed new product supply and license agreements for the use of the Elica brand (Trademark & Technical License Agreement) and the Whirlpool brand (Trademark License Agreement) respectively in India.
In addition, the shareholders of the Indian company signed a shareholder agreement which stipulated, among other matters, a prohibition on the sale to third parties of their respective investments held in Elica PB Whirlpool Kitchen Appliances within 90 days from the approval date of the financial statements as at and for the year ending March 31, 2024. In addition, this shareholder agreement includes Put & Call options, under which Whirlpool of India Limited may acquire (i.e. Elica and the other Indian shareholders may sell to Whirlpool of India Ltd.) the entire holding, from March 31, 2024, or before that date exclusively on the occurrence of certain events.
In view of the consolidated business relationships between the shareholders of the Indian company, these options were included in the shareholders' agreement to protect the rights of the minorities in the case of an exit from the investment, a possibility which the directors consider as unlikely given the current circumstances.

Management considers that the carrying amount approximates the fair value. As of the date of these financial statements, no facts or circumstances have come to Management's knowledge that would suggest that the Put & Call options included in the above shareholder agreement will be exercised within the next 12 months.

B.6.5.20 Trade receivables

In Euro thousands	**31/12/2023**	**31/12/2022**	**Changes**
Trade receivables	26,731	48,491	(21,760)
Trade receivables	**26,731**	**48,491**	**(21,760)**

Trade receivables decreased by Euro 21.8 million. This change is mainly due to the trend in Group revenues in 2023 compared to 2022, as well as to more careful management of working capital.
In order to reduce its credit risk, the Group implements a Group Credit Policy which governs the management of credit, in order to reduce the related risk.

The "Credit Risk" represent the exposure to potential losses deriving from the non-compliance of obligations by trading partners. This risk derives in particular from economic-financial factors related to a potential solvency crisis of one or more counterparties.
In particular, it is Group policy to transfer the recoverability risk of receivables to third parties. Therefore various derivatives are utilised among which first and second level insurance policies with leading international insurance companies.
The maximum theoretical credit risk exposure for the Group at December 31, 2023 is based on the carrying amount of recognised receivables, net of the specific insurance coverage, non-recourse receivables factored and letters of credit, in addition to the nominal value of the guarantees given to third parties.
At December 31, 2023, trade receivables of Euro 26.7 million (Euro 48.5 million at December 31, 2022) included approx. Euro 3.9 million (Euro 7.5 million at December 31, 2022) of overdue receivables.

B.6.5.20.1 Loss allowance

The amount of trade receivables recognised in the statement of financial position is net of the allowance for impairment.
The allowance is accrued either on a specific basis or generally to cover overall risks, in accordance with the Group's Credit Policy.
Receivables are recognised net of the allowance for impairment, amounting to Euro 2,783 thousand (Euro 4,400 thousand in 2022), accrued in accordance with the Group Credit Policy. The existing provision is considered adequate to adjust the receivables to their realisable value.
Management believes that the amount approximates the fair value of the receivables.

B.6.5.21 Inventories

In Euro thousands	31/12/2023	31/12/2022	Changes
Raw materials, consumables and supplies	37,530	44,255	(6,725)
Provision for the write-down of raw materials	(2,005)	(1,673)	(332)
Raw materials, consumables and supplies	**35,525**	**42,582**	**(7,057)**
Semi-finished products	19,950	22,759	(2,809)
Provision for the write-down of semi-finished products	(834)	(2,105)	1,271
Semi-finished products	**19,116**	**20,654**	**(1,538)**
Finished products	37,951	39,918	(1,967)
Provision for the write-down of finished products	(1,720)	(1,706)	(14)
Finished products	**36,231**	**38,212**	**(1,981)**
Prepayments	**2**	**5**	**(3)**
Inventories	**90,874**	**101,453**	**(10,579)**

The value of inventories reports a net decrease of approx. Euro 10.6 million. The decrease is distributed across the various Group companies.
The change in inventories in 2023 is the result of a decline in production in response to market dynamics, but it also reflects more effective inventory management by the Group, which balances destocking measures aimed at maintaining a flexible cost structure with the need to serve customers quickly and efficiently.
Inventories are stated net of the provision for inventory write-down of approximately Euro 4,559 thousand (Euro 5,484 thousand in 2022), in order to take into consideration the effect of waste, obsolete and slow moving items and the risk estimates of the use of some categories of raw materials and semi-finished products based on assumptions made by management. The provision for inventory write-down is calculated based on assumptions made by Management and amounts to 5% of inventories (5% in 2022).
Inventories also include materials and products that were not physically held by the Group at the

reporting date. These items were held by third parties for display, processing or examination.

B.6.5.22 Other assets (current)

This item is broken down as follows:

In Euro thousands	31/12/2023	31/12/2022	Changes
Prepayments	2,214	2,257	(43)
Other current receivables	3,559	3,263	296
Prepayments to suppliers	2	0	2
Other current assets	**5,775**	**5,520**	**255**

This item appears to be substantially in line with the past. Other current receivables include amounts related to government grants for investments, such as Industry 2015, the Seal project, the Respire project, the Miracle project, management of company credit cards, and photovoltaic plant grants. Prepayments include, among others, insurance premiums, internet contract fees and prepaid consultancy fees.
Management believes that this amount approximates fair value.

B.6.5.23 Other non-current liabilities

In Euro thousands	31/12/2023	31/12/2022	Changes
Other non-current liabilities	500	1,000	(500)
Other non-current liabilities	**500**	**1,000**	**(500)**

The change in other non-current liabilities is due to the reclassification of the portion of payables maturing in 2024 related to Elica S.p.A. for the acquisition of 40% of Airforce.

B.6.5.24 Other liabilities (current)

In Euro thousands	31/12/2023	31/12/2022	Changes
Wages and salaries	5,152	6,823	(1,671)
Social security liabilities	3,147	3,311	(164)
Directors and statutory auditors	0	3	(3)
Accrued expenses	1,103	741	362
Other liabilities	3,564	10,141	(6,577)
Deferred income	3,225	1,403	1,822
Advances from customers	517	651	(134)
Payables to customers	2	2	0
Other current liabilities	**16,710**	**23,075**	**(6,365)**

The reduction in other current liabilities for Euro 6.4 million mainly relate to the tranche payments in 2023 of the price due by Elica to acquire 100% of the share capital of Electric Motors Company S.r.l. ("E.M.C.") and CPS S.r.l. ("CPS"). The settlement of the consideration to acquire 100% of E.M.C. and CPS, amounting to approx. Euro 31 million, stipulates payments in tranches due in 2021, 2022 and for 2023 on January 5.
This item also decreased for Euro 475 thousand due to the payments maturing in 2023 on the payable of Elica for the acquisition of 40% of Airforce. The Euro 500 thousand related to the tranches maturing in 2024 was also reclassified to this payable.
The increase of Euro 1.8 million in deferred income is mainly related to the benefit deriving from the "Industry 4.0" investment tax credit received for investments in production machinery by the subsidiary EMC Fime S.r.l., which can be used in three equal instalments over a period of three years. The benefit is recognised as income solely for the portion related to the year and in proportion to the depreciation period of the assets involved in the incentive, with the remainder recognised as deferred income for the amount specified.
For information on the decrease in wages and salaries in the amount of Euro 1.7 million, see point

B.6.5.6 Personnel expenses above.

B.6.5.25 Employee benefit liabilities

The Elica Group reports obligations of Euro 7,784 thousand, reflecting the present value of liabilities for post-employment benefits accrued by employees at the end of the reporting period.
The most recent calculation of the present value of this item was performed at December 31, 2023 by an independent specialist actuary.
The amounts recognised in profit or loss were as follows:

In Euro thousands	31/12/2023	31/12/2022	Changes
Current service cost	2,721	2,629	92
Financial expense	262	158	104
Total	**2,983**	**2,787**	**196**

The changes in the present value of post-employment benefit obligations in the reporting period were as follows:

In Euro thousands	31/12/2023	31/12/2022	Changes
Opening balance	7,988	10,380	(2,392)
Current service cost	2,721	2,629	92
Actuarial gains/losses	44	(1,146)	1,190
	2,765	**1,483**	**1,282**
Financial expense	262	158	104
Pension fund	(1,986)	(2,189)	203
Benefits provided	(1,058)	(1,844)	786
Changes in consolidation scope	0	0	0
	(2,782)	**(3,875)**	**1,093**
Employee benefit liabilities	**7,971**	**7,988**	**(17)**

The interest component of the defined employee benefit plan cost is shown under financial expenses, with a resulting increase of Euro 262 thousand in this item for the year. The current service cost and the effect of the curtailment were recorded under personnel expense. Actuarial gains and losses, amounting to Euro 44 thousand, comprise the actuarial gains (losses) of the defined benefit plans reported in the Statement of Comprehensive Income. The provision amounts to, net of the tax effect, a negative Euro 2 million and entirely concerns the Group.
The costs relating to current employee services and utilisations of pension funds respectively include the charges and settlements in the year.

Assumptions used for the calculation

	31/12/2023	31/12/2022
Discount rate to determine the obligation	3.17%	3.77%
Expected salary growth rate	0.50%	0.50%
Inflation rate	2.00%	2.30%

The discount rates utilised by the Group were selected based on the yield curves of high-quality fixed income securities, as in previous years.
This financial variable is considered the most significant and therefore chosen for a sensitivity analysis. The objective of a sensitivity analysis is to show how the result of the valuation changes in response to changes in an assumption adopted for the calculation, with all other assumptions unchanged.
Therefore, if the discount rate increased 0.5%, the obligation would amount to Euro 6,697 thousand, while if the discount rate decreased 0.5%, the obligation would amount to Euro 7,249 thousand.
The number of employees is detailed in paragraph B.6.5.6 “Personnel expense”.

B.6.5.26 Provision for risks and charges

The composition and movements of the provisions are as follows:

In Euro thousands	31/12/2022	Increase	Decrease	Other changes	31/12/2023
Provision for Agents' termination benefits	713	68	(27)	1	755
Provision for product warranties	4,351	2,184	(3,053)	75	3,557
Provision for legal risks	4,381	181	(398)	1	4,165
Long Term Incentive plan provision	10,084	3,566	(10,033)	1	3,618
Personnel provision	5,022	1,004	(5,050)	(2)	974
Restructuring provision	4,970	0	(3,686)	0	1,284
Other provision	2,591	1,013	(677)	1	2,925
Provisions for risks and charges	**32,112**	**8,016**	**(22,924)**	**77**	**17,278**
of which:					
Non-current	17,768	4,828	(11,135)	4	11,463
Current	14,344	3,188	(11,789)	73	5,815
Provisions for risks and charges	**32,112**	**8,016**	**(22,924)**	**77**	**17,278**

The provision for agents’ termination benefits cover possible charges upon the termination of contracts with agents and sales representatives Changes in the provision reflect adjustments in the indemnities and the utilisations.

Following the commitment to provide a service warranty free of charge to customers for a defined period after sale of the good, the product warranty provision represents an estimate of the costs likely to be incurred to repair or replace items sold to customers and is allocated when the revenues on the sale of the product are recognised. This provision for product warranties is measured based on the estimated cost that is likely to be incurred in order to provide the warranty service. This estimate is based on past experience and statistical analyses that take account of the various factors in the warranty service to be provided, such as the rate of defective products and the related repair cost. The allocated cost is periodically verified and adjusted as necessary. More specifically, the assumptions and parameters used are reviewed based on past experience and other facts and information that come to light.

The provision for legal risks relates to likely costs and charges to be incurred as a result of ongoing legal disputes, estimated by Management on the basis of the best information available. The provision includes, among others, the estimate made by the Board of Directors with regards to the risk upon outstanding cases.

The long-term incentive plan provision includes the amount accrued at December 31, 2023, for the new 2021-2023 long-term incentive plan, which is entirely cash-based and reserved for Key People, and the related contributions, the accrued portion of the CEO's long-term incentive plan, and a specific incentive plan for certain members of senior management. For further details, reference should be made to the Remuneration Report.

In addition to releases to adjust the value of the aforementioned provision upon expiration of the three-year plan, the decreases column also includes uses for the year in the amount of Euro 2.1 million upon completion of the previous 2016-2022 Phantom Stock & Voluntary Coinvestment Plan and 2019-2025 Phantom Stock & Voluntary Coinvestment Plan.

The Personnel provision includes contractual indemnities and employee bonuses accrued in the year, based on the best estimates according to the information available. The utilisations relate to payments in 2023 in this regard.

The restructuring provision, in the amount of Euro 1,284 thousand, is aimed at covering future outflows mainly for personnel expenses and the assets that will lose their future utility. Uses for the year, amounting to Euro 3.7 million, are related to the estimated Group costs incurred to complete the reorganisation of the production plant of the Cooking business unit, as described in point B.6.5.7.4 Restructuring charges of these explanatory notes.

The other provisions mainly include the product disposal provision, given that during the year the provisions created for risks concerning business operations or to mitigate the impact of market volatility were utilised.

The restructuring provision, the provision for product warranties and the personnel provision are considered to be current, as they relate to matters concerning 2024.

The column Other changes relates to exchange rate gains/losses for Euro 67 thousand.

The impact of discounting non-current provisions is not significant, so it has not been taken into account.

B.6.5.27 Deferred tax assets – Deferred tax liabilities

At December 31, 2023, details of deferred tax assets and liabilities, determined on the basis of the asset-liabilities method, were as follows:

In Euro thousands	31/12/2023	31/12/2022	Changes
Deferred tax assets	20,691	22,480	(1,789)
Deferred tax liabilities	(7,152)	(7,835)	683
Total	**13,539**	**14,645**	**(1,106)**

The table below shows all the types of temporary differences that gave rise to deferred taxes:

In Euro thousands	31/12/2022		Other	Costs/(income)	31/12/2023	
	Assets	Liabilities	changes/Equity		Assets	Liabilities
Amortisation, depreciation and provisions	6,405	(2,136)	(38)	(261)	6,605	(2,113)
Losses carried forward	4,173	0	(99)	219	3,855	0
Inventory write-down	1,020	0	6	309	717	0
Exchange rate gains/losses	533	(1,167)	312	(202)	587	(707)
Restructuring charges	1,361	0	0	992	369	0
Allocation of acquisition price	0	(3,600)	43	(417)	0	(3,140)
Other accruals (e.g. personnel expense, LTI, employee bonuses and post-employment benefits and R&D)	5,168	0	141	710	4,599	0
Goodwill	(2)	(3)	2	0	0	(3)
Other	3,822	(930)	156	278	3,960	(1,189)
	22,480	**(7,835)**	**523**	**1,627**	**20,691**	**(7,152)**

The column E (Equity)/Other reclassifications includes all the changes in deferred tax assets and liabilities which do not have a balancing entry in profit or loss affecting deferred tax income or expenses. It also includes Euro 312 thousand of deferred taxes relating to the recognition of cash flow hedging transactions, in addition to the currency effect and reclassifications.
Management of each Group company decides whether to recognise deferred tax assets by assessing projected future recovery based on budget projections.
“Other” includes deferred tax assets of Euro 2,075 thousand concerning the investments in Poland.
Some subsidiaries, mainly the Chinese subsidiary, have accrued tax losses utilisable, although the Group has prudently not recognised any deferred tax asset for over Euro 3 million.

B.6.5.28 Tax assets and liabilities

B.6.5.28.1 Tax assets

The breakdown of tax assets is summarised in the table below:

In Euro thousands	31/12/2023	31/12/2022	Changes
VAT refund	15,167	21,523	(6,356)
Corporate income tax refunds	2,551	2,761	(210)
IRAP credits	126	137	(11)
Other tax assets	5,309	3,052	2,257
Tax assets	**23,153**	**27,473**	**(4,320)**

Other tax assets includes taxes paid abroad to be recovered. One major change refers to the VAT refund, which decreased by Euro 6.4 million in response to trends in trading transactions. The balance mainly concerns the parent for Euro 5 million (Euro 3.4 million in 2022), Elicamex for Euro 6.5

million (Euro 5.4 million in 2022) and EMC Fime for Euro 3.2 million (Euro 11.6 million in 2022). This company has sales under declaration of intent and purchases based in Italy and non-EU countries.
Management believes that this amount approximates fair value.

B.6.5.28.2 Tax liabilities

In Euro thousands	31/12/2023	31/12/2022	Changes
IRPEF (income tax) witholdings	2,384	2,544	(160)
IRES (corporate income tax)	(422)	818	(1,240)
Other taxes	3,995	4,806	(811)
Tax liabilities	**5,957**	**8,168**	**(2,211)**

The item overall decreased Euro 2.2 million, mainly in relation to IRES. Other tax liabilities include mainly the VAT liabilities of the Polish subsidiary for Euro 1 million and the parent for approx. Euro 1 million. Management believes that this amount approximates fair value.

B.6.5.29 Trade payables

In Euro thousands	31/12/2023	31/12/2022	Changes
Trade payables	107,277	139,671	(32,394)
Invoices to be received	(252)	(100)	(152)
Trade payables	**107,025**	**139,571**	**(32,546)**

Trade payables mainly include payables for trade purchases and other costs. The significant reduction in this account, of Euro 32,5 million, is mainly due to a decrease in purchases during the year in response to the collapse in demand.
Management estimates that the carrying amount of trade payables approximates their fair value.

B.6.5.30 Net financial position, default risk and covenants

(disclosed in accordance with Consob Communication No. DEM 6064293 of July 28, 2006 - supplemented by Call for attention 5/21)

For comments on the change in net financial position, see paragraph A.5.2.2 of the report on operations, "Elica Group Equity and Financial Performance".

	In Euro thousands	31/12/2023	31/12/2022	Changes
A.	**Cash and cash equivalents**	**39,403**	**67,727**	**(28,324)**
	Cash and cash equivalents	39,403	67,727	(28,324)
B.	**Other liquidity**			
C.	**Other current financial assets**	**0**	**0**	**0**
D.	**Liquidity (A+B+C)**	**39,403**	**67,727**	**(28,324)**
E.	**Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)**	**4,240**	**14,836**	**(10,596)**
	Bank loans and borrowings	0	10,644	(10,644)
	Lease liabilities and loans and borrowings from other lenders (current)	4,240	4,192	48
F.	**Current portion of non-current financial debt**	**43,467**	**32,168**	**11,299**
	Mortgages	43,467	32,168	11,299
G.	**Current financial debt (E+F)**	**47,707**	**47,004**	**703**
H.	**NET CURRENT FINANCIAL DEBT (G-D)**	**8,304**	**(20,723)**	**29,027**
I.	**Non-current financial debt (excluding current portion and debt instruments)**	**45,180**	**64,605**	**(19,425)**
	Bank loans and borrowings (non current)	37,236	54,774	(17,538)
	Lease liabilities and loans and borrowings from other lenders (non-current)	7,944	9,831	(1,887)
J.	**Debt instruments**			**0**
K.	**Trade payables and other non-current liabilities**	**1,000**	**8,021**	**(7,021)**
	Other liabilities for purchase of investments	1,000	8,021	(7,021)
L.	**Non-current financial debt (I+J+K)**	**46,180**	**72,626**	**(26,446)**
M.	**NET FINANCIAL DEBT (H+L)**	**54,484**	**51,903**	**2,581**

B.6.5.30.1 Cash and cash equivalents

In Euro thousands	31/12/2023	31/12/2022	Changes
Bank and postal deposits	39,369	67,704	(28,335)
Cheques	1	1	0
Cash	33	22	11
Cash and cash equivalents	**39,403**	**67,727**	**(28,324)**

This account reflects the positive balances of bank current accounts and cash on hand. The increase was due to a different composition in the Group's net financial debt. The carrying amount of these assets reflects their fair value.

B.6.5.30.2 Bank loans and borrowings

(in thousands of Euro)	31/12/2023	31/12/2022	Changes
Bank loans and borrowings	80,703	97,586	(16,883)
Total	**80,703**	**97,586**	**(16,883)**
Bank loans and borrowings have the following repayment schedules:			
On demand or within one year	43,467	42,812	655
Within two years	27,576	29,256	(1,680)
Within three years	2,692	25,183	(22,491)
Within four years	2,782	183	2,599
Within five years	2,758	152	2,606
After 5 years	1,428	-	1428
Total	**80,703**	**97,586**	**(16,883)**
Less amounts to be repaid within one year	43,467	42,812	655
Due after one year	**37,236**	**54,774**	**(17,538)**

The primary medium/long-term financing outstanding within the Group was received on June 29, 2020. This loan contract, of an original Euro 100 million, with a final maturity of 5 years, is structured on a Club deal basis with a syndicate of 5 banks (Intesa Sanpaolo S.p.A., BNL Gruppo BNP Paribas, Banco BPM S.p.A., Crédit Agricole Italia S.p.A. and UniCredit S.p.A.).

The loan is subject to financial covenants concerning the ratio between NFP/EBITDA, EBITDA/Net Financial Charges and NFP/Shareholders' Equity. These are tested twice per year based on consolidated figures for the Group. At December 31, 2023, the covenants were met and, based on management forecasts, are expected to be met in the future as well.

For further information on how liquidity risk is monitored and interest rate hedges, reference should be made to paragraph B.6.7., "Risk management" of these notes.

B.6.5.30.3 Lease liabilities and loans and borrowings from other lenders

The Group has lease liabilities arising from the application of IFRS 16. We report the details below.

In Euro thousands	31/12/2023	31/12/2022	Changes
Lease liabilities under IFRS 16	12,184	14,023	(1,839)
Total	**12,184**	**14,023**	**(1,839)**
Due:			
On demand or within one year	4,240	4,192	48
1-5 years	7,027	8,715	(1,688)
over 5 years amount	917	1,116	(199)
Total	**12,184**	**14,023**	**(1,839)**
Less amounts to be repaid within one year	4,240	4,192	48
Due after one year	**7,944**	**9,831**	**(1,887)**

B.6.5.31 Derivative financial instruments

	31/12/2023		31/12/2022	
In Euro thousands	**Assets**	**Liabilities**	**Assets**	**Liabilities**
FX derivatives	243	92	325	396
Interest rate derivatives	1,940	0	4,317	0
Commodities derivatives	0	224	0	1,343
Derivative financial instruments	**2,183**	**316**	**4,642**	**1,739**
of which:				
Non-current	288	0	1,981	0
Current	1,895	316	2,661	1,739
Derivative financial instruments	**2,183**	**316**	**4,642**	**1,739**

The Group uses derivative financial instruments to hedge the market risks to which it is exposed: foreign currency risk, interest rate risk and commodities price risk.
The table below reports the following information on derivative instruments at December 31, 2023 and December 31, 2022:

- The notional value of the derivative contracts, broken down by maturity;
- The carrying amount of these contracts, represented by their fair value.

31/12/2023	**Notional Value**				**Carrying amount**
In Euro thousands	**Maturity within 1 year**		**Maturity after 1 year**		
Interest rate risk					
Cash Flow hedge as per IFRS	29,120		25,000		1,940
Fair Value hedge as per IFRS	-		-		-
Other derivative financial instruments	-		-		-
Total derivatives on interest rates	**29,120**	**-**	**25,000**	**-**	**1,940**
Foreign currency risks	sales	purchases	sales	purchases	
Cash Flow hedge as per IFRS	-	-	-	-	-
Fair Value hedge as per IFRS	9,088	7,842	-	-	(16)
Other derivative financial instruments	30,844	10,927	-	-	166
Total fx derivatives	**30,972**	**18,769**	**-**	**-**	**150**
Commodity risk	sales	purchases	sales	purchases	
Cash Flow hedge as per IFRS	-	12,594	-	-	(224)
Fair Value hedge as per IFRS	-	-	-	-	-
Other derivative financial instruments	-	-	-	-	-
Total derivatives on commodities	**-**	**12,594**	**-**	**-**	**(224)**

31/12/2022	**Notional Value**				**Carrying amount**
In Euro thousands	**Maturity within 1 year**		**Maturity after 1 year**		
Interest rate risk					
Cash Flow hedge as per IFRS	23,158		54,120		4,317
Fair Value hedge as per IFRS	-		-		-
Other derivative financial instruments	-		-		-
Total derivatives on interest rates	**23,158**		**54,120**		**4,317**
Foreign currency risks	sales	purchases	sales	purchases	
Cash Flow hedge as per IFRS	-	-	-	-	-
Fair Value hedge as per IFRS	1,816	7,498	-	-	(42)
Other derivative financial instruments	15,694	9,574	-	-	(29)
Total fx derivatives	**17,510**	**17,072**	**-**	**-**	**(71)**
Commodity risk	sales	purchases	sales	purchases	
Cash Flow hedge as per IFRS	-	15,290	-	2,455	(1,343)
Fair Value hedge as per IFRS	-	-	-	-	-
Other derivative financial instruments	-	-	-	-	-
Total derivatives on commodities	**-**	**15,290**			**(1,343)**

"Other derivative financial instruments" include those traded for hedging purposes, for which hedge accounting was not applied as per the IFRS.

B.6.5.31.1 Derivative financial instruments, IFRS 7 classification

IFRS 7 requires that the classification of financial instruments valued at fair value is determined based on the quality of the input sources used in the valuation of the fair value.
The IFRS 7 classification implies the following hierarchy:

- Level 1: determination of fair value based on prices listed in active markets for identical assets or liabilities. The instruments with which the Group operates directly on active markets or in OTC markets characterised by an adequate level of liquidity belong to this category;
- Level 2: determination of fair value based on other inputs than the listed prices included in "Level 1" but which are directly or indirectly observable. In particular instruments which the Group operates on OTC markets, not characterised by an adequate level of liquidity are included in this category;
- Level 3: determination of fair value based on valuation models whose input is not based on observable market data.

The classification of the financial instruments may have a discretional element, although not significant, where in accordance with IFRS, the Group utilises, where available, prices listed on active markets as the best estimate of the fair value of derivative financial instruments.

All the derivative financial instruments in place at December 31, 2023 and December 31, 2022 belong to level 2 of the fair value hierarchy.

B.6.5.32. Equity

The analysis on the changes in equity, reference should be made to the relative table.

The following table contains a reconciliation between Elica S.p.A.'s equity and profit/(loss) for the year and consolidated equity and profit/(loss) for the year.

Situation at December 31, 2022 and December 31, 2023

	31/12/2023		**31/12/2022**	
In Euro thousands	**Profit/(loss) for the year**	**Equity**	**Profit/(loss) for the year**	**Equity**
Parent's separate financial statements	**8,895**	**110,439**	**15,902**	**109,000**
Elimination of the effect of intercompany transactions net of tax effect:				
Unrealised gains on non-current assets	582	(3,102)	(3,292)	(3,685)
Unrealised gains on sale of goods	(468)	(779)	232	(307)
Tax effect	(28)	932	734	958
Dividends received from consolidated companies	(3,926)	(3,926)	(2,971)	(2,971)
Other	(455)	(335)	(462)	5,838
Share of profit/(loss) from investments	**0**	**0**	**0**	**0**
Carrying amount of consolidated companies	**(15)**	**(103,537)**	**(58)**	**(103,080)**
Equity and profit of the subsidiaries consolidated on a line-by-line basis	**7,193**	**114,723**	**8,246**	**105,966**
Allocation of differences to assets of consolidated companies and related amortisation/depreciation:				
Goodwill arising on consolidation	0	23,682	0	24,047
Intangible assets and property, plant and equipment	(507)	8,352	(151)	2,195
Consolidated financial statements	**11,271**	**146,449**	**18,180**	**137,961**
Attributable to the owners of the parent	**9,775**	**140,892**	**16,608**	**132,531**
Attributable to non-controlling interests	**1,496**	**5,557**	**1,572**	**5,430**

Equity includes the portion attributable to the owners of the parent and that of non-controlling interests.

B.6.5.32.1 Equity attributable to non-controlling interests

Equity attributable to non-controlling interests of Euro 5.6 million increased by Euro 0.1 million due to the combined allocation of profit attributable to non-controlling interests for 2022 of Euro 1.5 million, a decrease of Euro 0.5 million concerning the effect of the translation of the financial statements of the investees Ariafina Co., Ltd and Zhejiang Elica Putian Electric Co. Ltd, expressed in foreign currencies attributable to non-controlling interests, finally, a decrease of Euro 0.8 million due to the payment of dividends to third parties.
For more details, see the Statement of changes in equity.
The composition of the non-controlling interests by company is shown below:

	Profit attributable to non-controlling interests		Equity attributable to non-controlling interests	
In Euro thousands	**31/12/2023**	**31/12/2022**	**31/12/2023**	**31/12/2022**
Airforce S.p.A.	0	(11)	0	0
Ariafina Co. Ltd	1,497	1,590	5,547	5,418
ZheIiang Elica Putian Electric Co. Ltd.	-1	(7)	10	12
Consolidated total	**1,496**	**1,572**	**5,557**	**5,430**

Information on subsidiaries with significant non-controlling interests is presented below:

Reporting package figures	Ariafina	
In Euro thousands	**31/12/2023**	**31/12/2022**
Currents Assets	13,897	14,155
Non-current Assets	110	121
Current liabilities	2,688	3,218
Non-Current Liabilities	0	0
Equity attributable to the owners of the Parent	5,773	5,639
Equity attributable to non-controlling interests	5,547	5,419
Revenue	20,116	22,735
Operating profit	4,570	4,868
Profit (loss) attributable to the owners of the Parent	3,054	3,246
Dividends to non-controlling interests	(844)	(1,076)
Change in net financial debt	121	282

B.6.5.32.1.1 Profit attributable to non-controlling interests

The profit attributable to non-controlling interests concerns the subsidiaries for which the Elica Group does not hold 100% of the share capital, despite having control.

B.6.5.32.2 Equity attributable to the owners of the Parent

Comments are provided on each of the Group equity reserves.

B.6.5.32.2.1 Share capital

The share capital at December 31, 2023 amounts to Euro 12,664,560, consisting of 63,322,800 ordinary shares with a par value of Euro 0.20 each. It is fully subscribed and paid-in.

B.6.5.32.2.2 Reserves

B.6.5.32.2.2.1 Capital reserves

These amount to Euro 71,123 thousand and entirely relate to the Share Premium Reserve.

In accordance with IFRS, the costs of the share capital increase, amounting to Euro 3,650 thousand, net of the relevant tax effect of Euro 2,190 thousand, were taken to the Share Premium Reserve.

B.6.5.32.2.2.2 Hedging and translation reserve

This reserve shows a negative balance for Euro 5,617 thousand (negative balance of Euro 10,948 thousand at December 31, 2022) and underwent the following changes: translation of financial statements expressed in foreign currencies (Elicamex S.A. de C.V., Elica Group Polska Sp.zo.o, Ariafina Co., Ltd, Elica Inc., Zhejiang Elica Putian Electric Co. Ltd, Elica Trading LLC, Southeast Appliance Inc. and AG International Inc.) resulting in a positive amount of Euro 6,276 thousand, and the fair value changes of cash flow hedges, net of the negative tax effect of Euro 945 thousand. In particular, the portion concerning the fair value change is a negative Euro 1,258 thousand, while the tax impact is positive for Euro 312 thousand.
The change in the translation reserve was a positive Euro 6,276 thousand for the Group and a negative Euro 0.5 million for non-controlling interests.

In Euro thousands	**31/12/2022**	**Reserve adjustment**	**31/12/2023**
Hedging reserve	2,260	(945)	1,315
Translation Reserve	(13,208)	6,276	(6,932)
Hedging and Translation reserve	**(10,948)**	**5,331**	**(5,617)**

B.6.5.32.2.2.3 Retained earnings

Retained earnings increased from Euro 47,005 thousand in 2022 to Euro 58,194 thousand in 2023. The item increased overall by Euro 11.2 million, with an increase of Euro 16.6 million relating to the allocation of the prior year net profit and a decrease of Euro 4.4 million concerning the distribution of dividends.

B.6.5.32.2.2.3.1 Dividends

On April 27, 2023, the Shareholders' Meeting of ELICA S.p.A. approved the distribution of an ordinary dividend of Euro 0.07 for each of the 63,322,800 ordinary shares, net of the ordinary treasury shares held at the coupon date and gross of statutory withholdings, to be allocated from the retained earnings. Therefore Euro 4,378 thousand was paid.

B.6.5.32.2.3 Treasury shares

On March 21, 2022, Elica S.p.A. launched the treasury share buy-back plan, authorised by the Shareholders' Meeting of April 29, 2021 (the "Buy-Back Plan") and continued with the buy-back plan authorised by the Shareholders' Meeting of April 28, 2022.
On April 27, 2023, the third tranche of the Elica ordinary share Buyback plan concluded, announced to the market on February 14, 2023 and launched on February 15, 2023, in execution of the Shareholders' Meeting resolution of April 28, 2022, and a new Buyback plan was launched, for a maximum purchasable number of shares of 240,000 (approx. 0.4% of the subscribed and paid-in share capital), authorised by the Shareholders' Meeting of April 27, 2023.
On October 31, 2023, the first tranche of the Elica ordinary share Buyback plan concluded, announced to the market on April 27, 2023 and launched on May 2, 2023, in execution of the Shareholders' Meeting resolution of April 27, 2023. In the period between October 17 and 31, 2023, the company acquired 36,013 treasury shares, at an average price weighted for volumes of Euro 1.79 per share, for

a total value of Euro 64,436.
At December 31, 2023, purchases of treasury shares came to about 1,083 thousand shares, equal to 1.71% of share capital, and reduced equity by Euro 2,952 thousand.
The Buyback Plan serves the following purposes: a) execute any future share-based incentive plans which may be authorised in favour of Directors and/or employees and/or contract workers of Elica S.p.A. and/or its subsidiaries, in accordance with applicable legal and regulatory provisions; and/or b) undertake agreements with individual Directors, employees and/or contract workers of Elica S.p.A. or companies controlled by it, not falling under the scrip issue plans governed by Article 144-bis of the CFA; and/or c) act, where necessary, and in compliance with applicable provisions (including those serving market practices), directly or through authorised intermediaries, with the objective to contain irregular share price movements of the Elica S.p.A. and/or to ensure regular trading and price; and/or d) invest in treasury shares within the pursuit of Group policies (for example utilising such as remuneration, including shares swaps, for the acquisition of investments or in acquisition operations of other companies), or where market conditions render such transactions advantageous; and/or e) utilise treasury shares for transactions such as sales, conferment, allocation, exchange or other disposal within agreements with strategic partners, or to serve any corporate transactions (e.g. convertible loans); and/or f) utilise treasury shares as guarantees on loans.

B.6.5.33 Acquisitions, incorporation and disposals of businesses in the year

Incorporation of Southeast Appliance Inc. and acquisition of AG International Inc.

In September 2023, Elica S.p.A., in partnership with ILVE, continued the expansion in the United States and opened the first direct distributor “Southeast Appliance” (SEA). After Elica S.p.A injected Euro 27 thousand as capital contribution on July 12, 2023, SEA started operating in September 2023 as part of “Boots on ground” project, an ambitious goal aimed at bringing quality, innovation and reliability to every household, helping to redefine standards of excellence.
On November 2, 2023, an agreement was finalised by Elica S.p.A. to fully acquire AG International Inc., the distribution company for the Elica and Kobe brands in Canada, for a consideration of Euro 376 thousand.
The effects of this transaction are summarised in the table below.

In Euro thousands	**Carrying amount based on Group accounting policies**	**Fair value adjustments**	**Fair value**
Inventories	376		376
Cash and cash equivalents	0		0
Total Equity			**376**
Share acquired (100%)			**376**
Goodwill			-
Total acquisition cost			**376**
Payable to former shareholders			-
Cash and cash equivalents acquired			0
Net cash flow from the acquisition			**376**

B.6.6. Guarantees, commitments and contingent liabilities

B.6.6.1. Contingent liabilities

The Parent and its subsidiaries are not involved in administrative, judicial or arbitration proceedings that are underway or have been settled by means of a ruling or arbitration award issued in the last 12 months and which might have or might have had an effect on the financial situation or profitability of the Group, except for that indicated below.

Group companies have valued the contingent liabilities that could arise from pending judicial proceedings and have made appropriate provisions in their financial statements on a prudent basis.
The provision in the consolidated financial statements at December 31, 2023 to cover legal risks and charges amounts to Euro 4,164 thousand.
In 2019, Elica S.p.A. was subject to an audit by the Italian Agency of Revenue, Marche Regional Department, Tax Audits Office, for the tax years 2014, 2015 and 2016. It received an auditors' report on October 14, 2019. The assessment process has yet to proceed further for the other two subsequent relevant findings. The other findings have either been closed by the Parent Company or are immaterial in amount.

There was found to have been an alleged violation of the transfer pricing rules set out in Art. 110, paragraph 7, of Presidential Decree No. 917 of December 22, 1986 (the Tax Consolidation Act) in respect of the transfer prices applied by Elica to transactions with the Mexican sister company Elicamex S.A. de C.V., the value of which the Office adjusted, proposing that additional IRES (company income tax) and IRAP (regional production tax) be levied on Euro 1,014,887 in 2015 and on Euro 1,012,783 in 2016. Elica has tax losses that can be used to offset the financial risk for IRES purposes.
It was therefore determined that the Parent Company had unduly benefited from the research and development tax credit due to allegedly failing meet the requirements established by the tax relief rules for qualifying for the credit in question and that Elica was therefore ineligible for the related tax relief measures for the costs of research and development activities it had carried out in 2015 and 2016. Elica reported a credit of Euro 838,814 for 2015 and a credit of Euro 1,075,878 for 2016.
As counselled by its legal advisors, Elica believes that the arguments laid out in the Notice of assessments in support of the findings discussed in this paragraph are not compelling and that there are considerable defensive arguments against this reconstruction.
Elica sought counsel from its legal advisors in support of the view that the risk that tax liabilities may flow for the Parent Company from potential disputes that might arise from the assessment action by the revenue authorities in connection with the findings presented in the auditors' report discussed above is possible but not probable.
In January 2022, an IPEC petition was submitted regarding use of previous losses to reduce the higher taxable income, and Elica - though its lawyers - is preparing an appeal before the competent Tax Commission.
On August 24, 2022 and November 9, 2022, the Ancona Tax Commission accepted the grounds of appeal brought by the Parent Company for the transfer pricing findings for the years 2015 and 2016, concerning the notices of assessment (IRES and IRAP), received in May 2021 and December 2021 - against which it had appealed - by entering an appearance for the Ancona Provincial Tax Commission.
Following the appeal against the first-degree judgment, the Office filed an appeal – notified on February 27, 2023 – and the Company formally entered the case by submitting its counterarguments. We currently await a date for the hearing.
On May 8, 2023, the Office notified, via certified email, two tax assessments for IRES and IRAP, challenging a finding on the topic of transfer pricing for tax year 2017.
On May 31, 2023, the Parent Company filed an IPEC petition for the use of losses to reduce the higher taxable income assessed.
Elica has contested the IRES and IRAP notices before the competent tax court of first instance in Ancona, and the respective hearings have been set for February 19 and 23, 2024.

B.6.6.2 Guarantees

The Group has not provided any significant guarantees.

Elica S.p.A. has undertaken guarantees in favour of Putian for credit lines of Euro 20.1 million and Elica Group Polska has a rotating receivable factoring cap of Euro 3.5 million. There is also a Coverage Limit of Euro 400 thousand with Banco Santander in favour of the Elica Stable Organisation in Spain and a guarantee for Euro 10 million in favour of EMC FIME S.r.l. related to the line made available by BNP.

B.6.6.3 Commitments

Commitments with suppliers for property, plant and equipment and intangible asset purchases at December 31, 2023 amount to approx. Euro 1.1 million. There are also commitments for operational expenses of Euro 3.9 million, relating in particular to long-term contracts.
The Group has commitments for the purchase of raw materials and goods described in the Commodity Risk paragraph.
Pursuant to the provisions of Article 122 of the CFA and Articles 129 and subsequent of the Issuers' Regulations, it should be noted that on July 22, 2022, FAN S.r.l. ("FAN"), the parent company of Elica S.p.A, and Tamburi Investment Partners S.p.A. ("TIP"), signed a shareholder agreement (the "Shareholder Agreement"), effective as of the same day, relating to Elica S.p.A, a company listed on the Euronext STAR Milan segment of Borsa Italiana S.p.A. ("Elica") and concerning TIP 9,233,701 shares of Elica and regarding FAN 33,440.445 shares of Elica, so as to (i) establish certain understandings regarding Elica's corporate governance; (ii) govern their mutual rights and duties in relation to the transfer of their respective stakes in Elica; and (iii) establish a commitment to consult in good faith before casting their votes at Elica's Shareholders' Meeting in order to identify Elica's best interest (this without intending to give rise to any voting restrictions).
The key information regarding the Shareholder Agreements was published as per Article 130 of the Issuers' Regulation on Elica S.p.A.[13]'s website, and on the website of the authorised storage mechanism "1INFO" at www.1info.it.
This did not impact control over Elica which, as per Article 93 of the CFA, is held by Mr. Francesco Casoli.

B.6.7 Risk management

The Elica Group's operations are exposed to different types of financial risks, including risks associated with fluctuations in exchange rates, interest rates, the cost of its main raw materials and cash flows. In order to mitigate the impact of these risks on the company's results, the Elica Group has implemented a financial risk monitoring system through a "Financial Risk Policy" approved by the Board of Directors of the Parent Company. Within this policy, the Group constantly monitors the financial risks of its operations in order to assess any potential negative impact and takes corrective action where necessary.
The main guidelines for the Group's risk policy management are as follows:

- identify the risks related to the achievement of the business objectives;
- assess the risks to determine whether they are acceptable considering the controls in place and if they require additional treatment;
- respond appropriately to risks;
- monitor and report on the current state of the risks and the effectiveness of their control.

The Group's Financial Risk Policy is based on the principle of active management and the following assumptions:

- prudent management of the risk with a view to protecting the expected value of the business;

[13] https://corporate.elica.com/it/governance/documenti-societari.

- use of "natural hedges" in order to minimise the net exposure on the financial risks described above;
- undertake hedging transactions within the limits approved by management and only for actual, clearly identified exposures.

The process for the management of the financial risks is structured on the basis of appropriate procedures and controls, based on the correct segregation of conclusion, settlement, registration and reporting of results.
The paragraphs below include an analysis of the risks to which the Elica Group is exposed, indicating the level of exposure and, for market risk, the potential impact on results of hypothetical fluctuations in the parameters (sensitivity analysis).

B.6.7.1 Market risk

According to IFRS 7, market risk includes all the risks directly or indirectly related to the fluctuations of the general market prices and the financial markets in which the company is exposed:

- currency risk;
- commodity risk, related to the volatility of the prices of the raw materials utilised in the production processes;
- interest rate risk.

In relation to these risk profiles, the Elica Group uses derivative instruments to hedge its risks. The Group does not engage in derivative trading.
The paragraphs below individually analyse the different risks, indicating where necessary, through sensitivity analysis, the potential impact on the results deriving from hypothetical fluctuations in the parameters.

B.6.7.1.1 Currency risk

The Group's operating currency is the Euro. However, the Group companies trade also in American Dollars (USD), British Pounds (GBP), Japanese Yen (JPY), Polish Zloty (PLN), Mexican Pesos (MXN), Canadian Dollars (CAD), Russian Roubles (RUB), Chinese Yuan (CNY) and the Indian Rupee (INR). In all of these currencies, except for the Polish Zloty, the Chinese Renminbi, the Mexican Peso, the Elica Group has higher revenue than costs; therefore changes in the exchange rates between the Euro and these currencies impact the Group results as follows:

- the appreciation of the Euro has negative effects on revenue and operating profit;
- the depreciation of the Euro has positive effects on revenue and operating profit.

The amount of the currency risk, defined in advance by management of the Group on the basis of the budget for the reporting period, is gradually hedged over the acquisition process of the orders, up to the amount of the orders corresponding to budget projections or emerging during the year.
The hedge is entered into through agreements with third party lenders for forward contracts and options for the purchase and sale of foreign currency. As previously described, these hedges are entered into without any speculative or trading purposes, in line with the strategic policies of prudent cash flow management.
In addition to the aforementioned transaction risks, the Group is also exposed to translation risk. The assets and liabilities of consolidated companies whose currency differs from the Euro may be translated into Euro with carrying amounts that vary according to different exchange rates, with recognition in the translation reserve under equity.
The Group monitors this exposure, against which there were no hedges at the reporting date; in addition, given the Parent's control over its subsidiaries, governance over the respective foreign currency transactions is greatly simplified.

The most significant statement of financial position balances in foreign currency at December 31, 2023 are shown below:

In Euro thousands	31/12/2023		31/12/2022	
Currency	**Assets**	**Liabilities**	**Assets**	**Liabilities**
CHF	-	-	436	-
CNY	2,679	(1,364)	2,304	(728)
GBP	144	(11)	178	(1)
JPY	1,555	(10,787)	405	(5,405)
PLN	35,267	(33,690)	33,846	(24,676)
RUB	2,802	(18)	1,731	(12)
USD	40,715	(30,052)	37,931	(36,149)
MXN	(26)	70	(26)	70
INR	625	-	792	-
Foreign currency transactions	**83,761**	**(75,852)**	**77,597**	**(66,901)**

For the purposes of the sensitivity analysis on the exchange rate, the potential changes in the Euro/CHF, Euro/CNY, Euro/GBP, Euro/YEN, Euro/PLN, Euro/RUB, Euro/USD, Euro/MXN, USD/MXN and EUR/INR rates were analysed.
The following table shows the sensitivity of the statement of comprehensive income to reasonably possible changes in the exchange rates, with all other variables unchanged, due to changes in the value of current assets and liabilities in foreign currencies:

In Euro thousands	31/12/2023		31/12/2022	
Currency	**Currency depreciation 5%**	**Currency appreciation 5%**	**Currency depreciation 5%**	**Currency appreciation 5%**
CHF	-	-	(21)	23
CNY	(63)	69	(75)	83
GBP	(6)	7	(8)	9
JPY	440	(486)	238	(263)
PLN	(75)	83	(437)	483
RUB	(133)	147	(82)	90
USD	(508)	561	(85)	94
MXN	(2)	2	(2)	2
INR	(30)	33	(38)	42
Total	**(377)**	**416**	**(510)**	**563**

The hedges in place at December 31, 2023 with financial counterparties have a total positive Fair Value of approx. Euro 150 thousand (negative fair value of Euro 71 thousand in 2022).
The table below shows the details of the notional and fair values:

Currency	31/12/2023		31/12/2022	
	Notional *thousands (foreign currency)*	**Fair value** *In Euro thousands*	**Notional** *thousands (foreign currency)*	**Fair value** *In Euro thousands*
USD				
Forward	14,700	(131)	6,000	(131)
PLN				
Forward	175,500	215	90,000	215
JPY				
Forward	550,000	44	660,000	44
RUB				
Forward	-	-	150,000	(39)
MXN				
Options	10,000	(1)	35,000	(96)
CNY				
Forward	10,000	3	15,000	(64)
		150		**(71)**

The notional exposure in USD aggregates operations respectively in USD/EUR and in USD/MXN; the net notional of the latter amount to USD 4.7 million.
For the purposes of the sensitivity analysis on the exchange rate, the potential changes in the EUR/USD, EUR/PLN, EUR/RUB, EUR/JPY, EUR/CNY, EUR/MXN and USD/MXN and the EUR and foreign exchange interest rate curves were analysed.
In the stress testing we have stressed not only the spot to spot exchange rate, but also the monetary curve rates at December 31, 2023 in order to show the effect of changes in the rate curve.
For this purpose, the maximum change in the interval between the beginning of November 2023 and the first weeks of January 2024 was considered.
For the EUR/USD exchange rates a stress of 6% was applied, for EUR/PLN 6%, for EUR/JPY 7%, for EUR/RUB 25% and for EUR/MXN and USD/MXN 11% and for EUR/CNY 5%.
For interest rates on forward exchange contracts, a stress of 50 bps was applied for the Eurozone rates, 50 bps for the US rates, 50 bps for the Polish rates, 200 bps for the Russian rates, 50 bps for the Chinese rates, 50 bps for the Mexican rates and 50 bps for the Japanese rates.
The following table shows the sensitivity in the statement of comprehensive income to the changes in the exchange rates and the rate curves indicated, with all other variables unchanged, of the fair value of the transactions in foreign currencies at December 31, 2023 (compared with December 31, 2022):

			31/12/2023			
In Euro thousands	**USD Notional**	**PLN Notional**	**JPY Notional**	**RUB Notional**	**MXN Notional**	**CNY Notional**
	14,700	**175,500**	**550,000**	**-**	**10,000**	**10,000**
	USD/000	**PLN/000**	**JPY/000**	**RUB/000**	**MXN/000**	**CNY/000**
Depreciation of foreign currencies	886	1,349	(200)	-	(48)	(56)
Euro exchange rate depreciation	(13)	160	30	-	(3)	2
Exchange rate depreciation	(3)	176	28	-	(4)	1
Sensitivity to depreciation	**870**	**1,685**	**(142)**	**-**	**(55)**	**(53)**
Appreciation of foreign currencies	(1,183)	(1,261)	295	-	59	68
Euro exchange rate appreciation	(64)	68	32	-	2	5
Exchange rate appreciation	(54)	95	30	-	1	4
Sensitivity to appreciation	**(1,301)**	**(1,098)**	**357**	**-**	**62**	**77**

			31/12/2022			
In Euro thousands	**USD Notional**	**PLN Notional**	**JPY Notional**	**RUB Notional**	**MXN Notional**	**CNY Notional**
	6,000	**90,000**	**660,000**	**150,000**	**35,000**	**15,000**
	USD/000	**PLN/000**	**JPY/000**	**RUB/000**	**MXN/000**	**CNY/000**
Depreciation of foreign currencies	225	745	(259)	358	(221)	(102)
Euro exchange rate depreciation	(84)	256	48	(34)	(102)	(66)
Exchange rate depreciation	(81)	262	46	(30)	(104)	(67)
Sensitivity to depreciation	**60**	**1,263**	**(165)**	**294**	**(427)**	**(234)**
Appreciation of foreign currencies	(529)	(325)	402	(665)	90	99
Euro exchange rate appreciation	(108)	221	51	(62)	(88)	(61)
Exchange rate appreciation	(106)	231	49	(55)	(91)	(63)
Sensitivity to appreciation	**(743)**	**127**	**502**	**(782)**	**(89)**	**(25)**

B.6.7.1.2 Commodity risk

The Group is subject to market risk deriving from price fluctuations in commodities used in the production process. The raw materials purchased by the Group (including copper and aluminium) are affected by the trends of the principal markets. The Group regularly evaluates its exposure to the risk of changes in the price of commodities and manages this risk through fixing the price of contracts with suppliers and through hedging contracts with financial counterparties.
In particular, between the end of the previous year and the beginning of the year, on the basis of the production budget for the year, the prices and quantities were fixed through both channels described above. Operating in this manner, the Group covers the standard cost of the raw materials contained in the budget from possible increases in commodity prices, achieving the operating profit target.
The notional value and the relative value of the copper derivatives in place at December 31, 2023 are reported below:

In Euro thousands **Copper hedges**	**Notional**	**31/12/2023 Fair value**	**31/12/2022 Notional**	**Fair value**
Forward	12,594	(224)	17,745	(1,343)
Commodity derivatives assets/(liabilities)		**(224)**		**(1,343)**

In addition, commodity risk is measured through sensitivity analyses, in accordance with IFRS 7. The changes in the prices of copper utilised for the sensitivity analysis were based on the volatility of the market rates.
This analysis highlights a revaluation in the price of copper of 5%, resulting in an increase in the fair value of forward contracts at December 31, 2023 of Euro 630 thousand.
Similarly, a reduction of 5% results in a decrease in the fair value of forward contracts of Euro 630 thousand.

B.6.7.1.3 Interest rate risk

The management of interest rate risk by the Elica Group is in line with longstanding, consolidated practices to reduce the volatility risk on the interest rates, while at the same time minimising the borrowing costs within the established budget limits.
The Group's debt mainly bears a floating rate of interest.
The Group hedges the interest rate risk through the utilisation of interest rate swaps against specific non-current loans at a variable rate.
The table below shows the details of the notional and fair values:

	31/12/2023		**31/12/2022**	
In Euro thousands	**Notional**	**Fair value**	**Notional**	**Fair value**
Interest Rate Swap	54,120	1,940	77,278	4,317
Interest derivatives assets/(liabilities)	**54,120**	**1,940**	**77,278**	**4,317**

The interest rate risk is also measured through sensitivity analyses, in accordance with IFRS 7. The changes in the interest rate curve utilised for the sensitivity analysis were based on the volatility of the market rates.
The analysis shows that a change in the interest rate curve of -25/+25 bps generates a Euro 150 thousand decrease/increase in the fair value of the IRS at December 31, 2023.

B.6.7.1.4 Geopolitical risk

In 2022 and 2023, the current economic environment has been affected by significant volatility in commodity prices, high inflation, rising interest rates, and increases in the cost of energy, caused mainly by geo-political instability factors such as the Russia-Ukraine War since February 2022 or the more recent conflict in Gaza and Israel.

The Elica Group has been monitoring for some time the geopolitical developments caused by the war in Ukraine, and we continue to assess the potential risks it could have on our operations. Although the Elica Group's business in the affected area is however limited, given that Russian market revenue accounts for approx. 2.4% of total revenues, all actions necessary to protect the Group from the identified risks were put in place. Sanctions have had only a marginal impact on certain Group products; therefore, 2023 volumes and margins remained in line with forecasts on operations that were in line with past years.

The Elica Group continues to operate in Russia through the wholly owned subsidiary Elica Trading LLC, which is responsible for distributing the Group's products in Russia. The Russian trading company does not have significant non-current assets.

Group management constantly monitors the impacts and developments of the military conflict between Russia and Ukraine. To this end, we have established a task force of the main areas of the company involved.

The Internal Audit & Risk Compliance unit provides the Control, Risks & Sustainability Committee with periodic updates on risk management within the company and constantly monitors trends in the most critical risks by way of meetings with management, internal analyses, and the support of consultants.

The Purchasing unit frequently monitors risks related to procurement and trends in the price of energy and raw materials coming from Russia and Ukraine.

The Finance unit measures the monthly revenue of the Russian trading company by way of reporting packages provided each month by the subsidiary; monitors currency trends and their impact on Group financials; monitors the derivatives market aimed at hedging currency risk; monitors the efficacy of the insurance coverage on trade receivables with Russian customers; monitors payments on intercompany receivables from the Russian subsidiary; and monitors the liquidity risk of the Russian trading company to confirm that it has the liquidity needed to meet its payment obligations for the following two months.

The Logistics unit coordinates shipments by the Group to the Russian subsidiary in compliance with the sanctions issued by the competent authorities related to the types of products that can be exported and thresholds in the per-unit value of exportable goods.

The Commercial unit monitors daily trends in customer orders in order to properly estimate demand and facilitate the organization and optimization of the supply chain.

The Legal Affairs unit monitors EU legislation, directives and regulations and reports to management in order to jointly assess the impact they may have on compliance and on certain aspects of company operations.

Regarding the conflict in Gaza and Israel, the Group is monitoring and assessing the potential risks on the business as the situation in the region that produces about 35% of the world's oil exports and 14% of gas exports could deteriorate further. Continued attacks in the Red Sea - through which 11% of global trade passes - like the ongoing war in Ukraine discussed above - risks generating new supply shocks, with possible fresh cost hikes in energy and transportation mainly, and also thereafter in raw materials. Container shipping costs have already risen sharply, and as long as the situation in the Middle East remains volatile and geoeconomic fragmentation grows, the cross-border flow of raw materials and transportation may see further price volatility.

In addition, persistent labour market tightness and renewed tensions in supply chains could slow the decline in core inflation more than expected, and trigger a tightening of global financial conditions, increasing risks to financial stability[14].

In this regard, the Group has prepared a three-year business plan, which incorporates the Group management's best forecast of the above macro-economic factors and all currently available information. In addition, the plan is accompanied by an industrial stress test that presents how the elements of uncertainty set out above may impact the Group's projected operating performance. To represent these scenarios, the operating indicators, including the alternative indicators considered most relevant, i.e. Group EBITDA and the cost of raw materials, were considered. From the analyses carried out, in accordance with IAS 1.25 and 1.26, the Group in preparing these consolidated financial statements has taken into account the existing and expected effects of the current macro-economic and geopolitical uncertainties on its business by finding no events or circumstances which, taken individually or as a whole, may cast significant doubt on the company's ability to continue as a going concern.

B.6.7.1.5 Cyber Security Risk Analysis

The growing use of information systems increases the Group's exposure to various types of risk.
The most significant is the risk of cyber attack, which is a constant threat for the Group.
The impacts analysed include:
• data loss;
• privacy impacts;
• interruption of business;
• reputational harm.
Mitigation efforts made by the Group concern:
• the strengthening of network infrastructure;
• the strengthening of protection systems;
• the constant updating of company procedures;
• taking out a specific insurance policy to cover the risk arising from a cyber event;
• continuous training of all personnel to reinforce company know-how with regard to cyber security.

B.6.7.2 Credit risk

The credit risk (or insolvency risk) represents the exposure of the Elica Group to potential losses deriving from the non-compliance of obligations by trading partners. This risk derives in particular from economic-financial factors related to a potential solvency crisis of one or more counterparties.
For more details, see paragraph B.6.5.22 "Trade receivables" of these notes.

B.6.7.3 Liquidity risk

The liquidity risk represents the risk related to the unavailability of financial resources necessary to meet short-term commitments assumed by the Group and its own financial needs.
The principal factors which determine the liquidity of the Group are, on the one hand, the resources generated and absorbed by the operating and investment activities and on the other the due dates and the renewal of the payable or liquidity of the financial commitments and also market conditions. These factors are monitored constantly in order to guarantee a correct equilibrium of the financial resources.
The following table shows the expected cash flows in relation to the contractual expiries of trade

[14] Data sources: International Monetary Fund, World Economic Outlook

payables and various financial liabilities from derivatives:

31/12/2023 *In Euro thousands*	On demand or within one year	1-5 years	over 5 years amount
Lease liabilities and loans and borrowings from other lenders as per IFRS 16	4,240	6,948	917
Bank loans and borrowings	43,467	35,808	1,428
Trade payables and other liabilities	133,303	500	0
Commitment by due date	**181,010**	**43,256**	**2,345**

31/12/2022 *In Euro thousands*	On demand or within one year	1-5 years	over 5 years amount
Lease liabilities and loans and borrowings from other lenders as per IFRS 16	4,192	8,617	1,116
Bank loans and borrowings	42,812	54,774	0
Trade payables and other liabilities	162,645	1,000	0
Commitment by due date	**209,649**	**64,391**	**1,116**

Management believes that at the present time, the funds available, in addition to those that will be generated from operating and financial activities, will permit the Group to satisfy its requirements deriving from investment activities, working capital management and repayment of debt in accordance with their maturities.
For details on the net financial position, reference should be made to note B.6.5.30 of the notes.

B.6.7.4 Classification of Financial instruments

In Euro thousands	31/12/2023	31/12/2022
Derivative assets (current)	1,895	2,661
Trade receivables	26,731	48,491
Cash and cash equivalents	39,403	67,727
Current Assets	**68,029**	**118,879**
Lease liabilities and loans and borrowings from other lenders (non-current)	7,944	9,831
Bank loans and borrowings (non-current)	37,236	54,774
Non-current Liabilities	**45,180**	**64,605**
Trade payables	107,025	139,571
Lease liabilities and loans and borrowings from other lenders (current)	4,240	4,192
Bank loans and borrowings (current)	43,467	42,812
Derivative liabilities	316	1,739
Current Liabilities	**155,048**	**188,314**

The Group believes that the carrying amounts approximate fair value. In relation to the valuation methods for the individual accounts, reference should be made to paragraph B.6.2. “Accounting policies” of these Notes.

B.6.8. Disclosure pursuant to IAS 24 on management compensation and related party transactions

A person or entity is related to the reporting entity if it has control or joint control of the company. Persons or entities that have significant influence over the company or the Senior Executive in the company is also related. In all such cases, the entity controlled or jointly controlled by a person in the above conditions is considered to be related to the company. Where any of the above individuals exert significant influence over an entity or is a Senior Executive, that entity will be considered a related party. A related entity to a company is also one that is part of the same Group. Therefore, each parent company, subsidiary, or group company is related to the others.

Transactions with other related parties

In 2023, transactions with other related parties took place. All transactions were conducted on an arm's length basis in the ordinary course of business. No separate disclosure of these positions is provided in the Consolidated Financial Statements, given the immaterial amounts involved, in accordance with Consob resolution no. 15519 of July 27, 2006.

In Euro thousands	Assets	Liabilities/Lease Liabilities	Revenue	Costs
La Ceramica	0	0	0	(9)
Ermanno Casoli Foundation	0	0	0	(100)
Other related parties and natural persons	8	(52)	0	(56)
Total	**8**	**(52)**	**0**	**(165)**

With the other related parties, the Elica Group primarily carries out transactions of a trading nature. There were no transactions with Fintrack S.p.A., nor with FAN S.r.l..
The income statement and statement of financial position balances arise from trading transactions conducted to purchase goods and services and use non-current assets on an arm's length basis.
The Procedures for Transactions with Related Parties is published on the Company's website[15].

B.6.8.1 Remuneration of Directors, Statutory Auditors and Senior Executives

The remuneration of the above-mentioned parties totalled Euro 4,510 thousand. This amount does not include the accrual to the Long-term incentive provision, for the Equity Based portion, or that relating to the Phantom Stock, information on which see paragraph B.6.5.26 "Provisions for risks and charges".
The details are reported in the Remuneration Report. This report is available on the Company's website[16].

Share-based payments

During 2023, payment was made for the 2020-2022 cycle of the 2019-2025 Phantom Stock Plan & Voluntary Coinvestment and the deferred Phantom Stock of the 2018-2020 cycle of the 2016-2022 Phantom Stock & Voluntary Coinvestment Plan for an amount related to Directors and Senior Executives of Euro 1,112 thousand.

B.6.8.2 Information on subsidiaries

The tables below show key financial figures as at and for the year ended December 31, 2023.

B.6.8.2.1 Subsidiaries – 2023 Highlights

In Euro thousands	Assets	Liabilities	Equity	Revenue	Profit for the year
Airforce S.p.A.	11,582	8,052	3,530	25,875	(53)
Ariafina Co. Ltd	14,008	2,688	11,320	20,116	3,054
Elica Group Polska Sp.z.o.o	103,827	79,577	24,250	137,316	1,598

[15] https://corporate.elica.com/it/governance/sistema-di-controllo.

[16] https://corporate.elica.com/it/governance/assemblea-degli-azionisti.

Elicamex S.a.d. C.V.	63,684	30,850	32,834	63,726	(4,745)
Elica Inc.	609	214	395	1,189	18
ZheIiang Elica Putian Electric Co. Ltd.	11,020	11,066	(46)	9,818	4
Elica Trading LLC	5,487	3,438	2,049	10,837	672
Elica France S.A.S.	8,094	6,661	1,433	28,755	8
Elica Gmbh	2,991	1,403	1,588	8,852	134
EMC FIME Srl	87,211	53,791	33,420	153,368	6,856
Southeast Appliance Inc	1,282	1,610	(328)	272	(363)
AG International Inc	889	537	352	374	8

Elica S.p.A. provided loans to Group companies as part of a general plan to centralise treasury management activities. These loans are interest bearing and at market rates. Transactions with consolidated companies have been derecognised in the Consolidated Financial Statements. As a result, they are not reported in these notes.

B.6.9. Government grants as per Article 1, paragraphs 125-129, of Law No. 124/2017

For the detail of the grants received, reference should be made to the National State Aid register. The following information is provided:

Euro thousands	Asset at 01/01/2023	Vested in 2023	Collected 2023	Asset at 31/12/2023	Description
Contribution for Photovoltaics (*)	16	21	(36)	1	Grant on photovoltaic plant installed on the roof of the Castlefidardo and Cerreto D'Esi industrial buildings issued by GSE
BAR Brexit		24	(24)	0	Instrument to combat the negative economic effects of Brexit
2015 Industry	138		(138)	0	Research and Development grant from Ministry for Economic Development
RESPIRE project	47		(47)	0	Research grant from European Union
H@H Project	51		(27)	24	Research and Development grant from Ministry for University and Scientific Research
SEAL project	85		(55)	30	Research and Development grant from Ministry for University and Scientific Research
SHELL Project	173			173	Research and Development grant from Ministry for University and Scientific Research
Project SM	104			104	Research and Development grant from Ministry for University and Scientific Research
MERCURY Project	57		(32)	25	Research and development grant from the Marche region Regional Plan
MIRACLE Project	37		(40)	-3	Research and development grant from the Marche region Regional Plan
Fondimpresa	19	103		122	Staff training grant from Fondimpresa
Fondirigenti	4	4		8	Training executives grant from Fondimpresa
4.Manager		3	(3)	0	Training executives grant
Assist 2023 tender		846		846	Employee training
New Investment Tax Credit 2020	48		(16)	32	Tax credit on new investments year 2020 - Law No. 160 of 27.12.2019
New Investment Tax Credit 2022	110	10		120	Tax credit on new investments year 2022 - Law No.234, 25.12.2021
Research & Development tax credit 2019	899			899	Research & Development tax credit 2019 - Law No. 190/2014
Research & Development tax credit 2020	464			464	R&D tax credit - Law No. 178 of 30.12.2020
Research & Development tax credit 2021	351			351	R&D tax credit - Law No. 178 of 30.12.2020
Research & Development tax credit 2022		181		181	R&D tax credit - Law No. 178 of 30.12.2020
"4.0 Intangible Assets" tax credit		175	(50)	125	Tax credit - Law No. 178 of 30.12.2020
2022 advertising bonus	0	53	(53)	0	Law No. 50 of 24.04.2017 - Advertising Bonus
Electricity and GAS Tax Credit	241	360	(600)	0	DL January 27, 2022, No. 4; DL March 1, 2022, No. 17; DL March 21, 2022, No. 21; DL May 17, 2022, No. 50
Elica S.p.A.	**2,844**	**1,780**	**(1,121)**	**3,502**	
Fondimpresa	4	10	(3)	11	Staff training grant from Fondimpresa
Airforce S.r.l.	**4**	**10**	**(3)**	**11**	
Supplementary withholding credit 3/20	0	0	0	0	Supplementary withholding credit 3/20 (Renzi decree 66/2014)
Training tax credit	0	0	0	0	Training tax credit Law No. 205 of 27.12.2017
Contribution for Photovoltaics	0	383	(266)	117	Grant on photovoltaic plant installed on the roof of the Castlefidardo industrial buildings issued by GSE
SABATINI grant credit	105	0	(4)	101	Ministry for Economic Development
Capital goods tax credit 6% ex EMC	33	0	(10)	23	B.S. tax credit Law 160/2019
Capital goods tax credit 10% ex EMC	40	0	(40)	0	B.S. tax credit Law 178/2020
Capital goods tax credit 6% - 2020 (**)	15	0	(5)	10	B.S. tax credit Law 160/2019
Capital goods tax credit 10%-2021 (**)	0	18	(18)	0	B.S. tax credit Law 178/2021
Capital goods tax credit 6% - 2022	120	0	(40)	80	Tax credit on new investments year 2022 - Law No.234, 25.12.2021
Research & Development tax credit 2022	0	13	0	13	R&D tax credit - Law No. 178 of 30.12.2020
Fondirigenti	0	5	0	5	Training executives grant - Fondirigenti
PPE 4.0 tax credit	0	2,030	(348)	1,682	Law No. 178 of 30.12.2020 tax credit
Intangible Assets 4.0 Tax Credit	0	80	(27)	53	Law No. 178 of 30.12.2020 tax credit
Electricity and Gas Credit	305	387	(692)	0	DL January 27, 2022, No. 4; DL March 1, 2022, No. 17; DL March 21, 2022, No. 21; DL May 17, 2022, No. 50
EMC Fime S.r.l.	**618**	**2,916**	**(1,450)**	**2,084**	
Elica Group	**3,466**	**4,706**	**(2,574)**	**5,597**	

(*) Includes advances received

(**) including EMC FIME S.r.l transfer

B.6.10 Disclosure pursuant to Article 149 of the Consob Issuers' Regulation

The following table, prepared pursuant to Article 149-duodecies of the CONSOB Issuers' Regulation reports the payments made in 2023 for audit and other services provided by the independent auditors and entities associated with them.

Type of service *In Euro thousands*	**Service provider**	**Company**	**Remuneration**
Audit	Kamga S.p.A.	Elica S.p.A.	236
Audit	Kpmg S.p.A.	Air Force S.p.A.	17
Audit	Kpmg S.p.A.	EMC Fime S.r.l.	86
Audit	KPMG Cardenas Dosal, S.C.	Elicamex S.A. de C.V.	60
Audit	KPMG Polska (*)	Elica Group Polska S.p.z.o.o.	43
Audit	KPMG China	Zhejiang Elica Putian Electric Co. Ltd	43
Audit	KPMG Japan	Ariafina CO., LTD	7
Other services	Kpmg S.p.A.	Elica S.p.A.	56
Other services	Kpmg S.p.A.	EMC Fime S.r.l.	3
KPMG network fees			**551**

(*) KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

B.6.11 Events after the reporting date

On January 30, 2024, a sponsorship was signed with Ducati's Corse team, ahead of the start of the 2024 Moto GP world championship. Elica will officially debut with Ducati Corse at the Qatar Grand Prix, to be held on March 8-10,2024. The initiative is part of an action plan that also includes strategies in the areas of communication and "branding" prepared by the Group to defend its profitability in a highly uncertain and increasingly competitive marketplace.

On February 13, 2024, the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the fourth quarter of 2023, prepared according to IFRS and reviewed the 2023 preliminary consolidated results.

On March 4, 2024, Elica S.p.A., as part of its investment plan for the three-year period 2024-2026, redeemed the photovoltaic plant located at EMC FIME S.r.l.'s properties and subject to a lease agreement signed with Unicredit Leasing. The value of the plant subject to redemption is Euro 400 thousand. At the same time as this redemption, Elica S.p.A. sold the plant to the subsidiary EMC Fime S.r.l.

We report that, beginning on November 2, 2023, and until the date of the Shareholders' Meeting to approve the financial statements at December 31, 2023, as approved by the Board of Directors on October 26, 2023, Elica S.p.A. initiated the second tranche of the treasury buy-back plan, as authorised by the Shareholders on April 27, 2023 (the "Buy-back Plan"), according to the terms previously disclosed to the market, for up to 350,000 available treasury shares (equal to approximately 0.5% of subscribed and wholly paid-in share capital).

B.6.12 Other information

B.6.12.1 Management and coordination

Elica S.p.A. is indirectly controlled by the Casoli Family through Fintrack S.p.A. of Fabriano (AN - Italy).
The Parent Company is not subject to management and co-ordination pursuant to Art. 2497 and

subsequent of the Civil Code. This conclusion derives from the fact that the controlling shareholder does not carry out management activities within the company and, although exercising voting rights at the Shareholders' Meeting, does not have any involvement in the financial, production or strategic programmed of the Parent, which is governed by a Board of Directors responsible for operating control.
The Parent's Board of Directors has also appointed a CEO for ordinary operational management.
With effect from July 2019, Tamburi Investments Partners ("TIP") acquired a minority interest in the Company. As at December 31, 2023, this interest amounted to 21.53% of Elica's capital.
The Company however continues to carry out its operations through a totally autonomous and independent decision-making process; it has independent decision-making capacity with customers and suppliers and independently manages its treasury in accordance with the business purpose.

B.6.12.2 Positions or transactions arising from atypical and/or unusual operations

The Group in 2023 did not carry out atypical and/or unusual transactions, i.e. those transactions which owing to their significance, the nature of the counterparties, the subject-matter of the transaction, the transfer price calculation method and the timing of the event, may give rise to doubts concerning the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguarding of corporate assets and the protection of non-controlling shareholder interests.

B.6.12.3 Significant non-recurring events and transactions

There were no significant non-recurring transactions during 2023.

Fabriano, March 14, 2024

On behalf of the Board of Directors
The Executive Chairperson
Francesco Casoli

C. ATTACHMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS

C.1. Attestation on the Consolidated Financial Statements as per Article 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments and integrations

The undersigned Giulio Cocci, as Chief Executive Officer, and Emilio Silvi, as Manager in Charge of Financial Reporting of Elica S.p.A., affirm, and also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the adequacy considering the company's characteristics and
- of the administrative and accounting procedures for the preparation of the consolidated financial statements in 2023.

In addition, we declare that the consolidated financial statements:

- corresponds to the underlying accounting documents and records;
- were prepared in accordance with the IFRS endorsed by the European Union and with Article 9 of Legislative Decree no. 38/2005;
- provide a true and fair view of the issuers' financial position and results of operations and of the other companies in the consolidation scope.

The Directors' Report includes a reliable analysis of the issuer's performance, results of operations and situation, together with a description of the main risks and uncertainties to which it is exposed.

Fabriano, March 14, 2024
The Chief Executive Officer
Giulio Cocci

Manager in charge
of Financial Reporting
Emilio Silvi

D. SEPARATE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2023

ELICA S.p.A.

Registered Office at Via Ermanno Casoli, 2 – 60044 Fabriano (AN) - Share Capital: Euro 12,664,560 fully paid-in

D.1. Income Statement

In Euro	***Note***	**2023**	**2022**
Revenue - thirt parties	D.6.4.1	205,715,486	241,397,713
Revenue - subsidiaries	D.6.4.1	52,389,984	62,681,537
Other operating income	D.6.4.2	4,207,756	10,514,582
Change in finished and semi-finished products	D.6.4.3	904,860	2,530,138
Increase in internal work capitalised	D.6.4.4	1,801,297	1,149,410
Raw materials and consumables - third parties	D.6.4.5	(61,066,233)	(78,152,426)
Raw materials and consumables - subsidiaries	D.6.4.5	(107,916,262)	(118,163,888)
Services - third parties	D.6.4.6	(37,016,255)	(45,250,488)
Services - subsidiaries	D.6.4.6	(3,408,847)	(2,827,726)
Personnel expense	D.6.4.7	(30,580,045)	(41,075,628)
Amortisation and depreciation	D.6.4.8	(8,217,090)	(9,531,150)
Other operating expenses and accruals	D.6.4.9	(2,455,236)	(2,595,082)
Restructuring charges	D.6.4.10	(257,851)	(4,656,340)
Operating profit		**14,101,564**	**16,020,652**
Dividends from investments in subsidiaries	D.6.7.3.5	3,926,498	2,970,533
Financial Income	D.6.4.12	3,321,870	1,171,654
Financial expense	D.6.4.13	(5,225,283)	(2,518,748)
Net exchange rate gains/(losses)	D.6.4.14	(3,990,640)	3,333,875
Profit (loss) before taxes		**12,134,009**	**20,977,966**
Income taxes	D.6.4.15	(3,238,943)	(5,075,667)
Profit from continuing operations		**8,895,066**	**15,902,299**
Profit from discontinued operations		0	0
Profit (loss) for the year		**8,895,066**	**15,902,299**

D.2. Statement of Comprehensive Income

In Euro	*Note*	2023	2022
Profit for the year		**8,895,066**	**15,902,299**
Other comprehensive income/(expense) which will not be subsequently reclassified to profit or loss:			
Actuarial gains/(losses) on defined benefit plans	D.6.4.31.5	(26,064)	888,813
Tax effect of Other gains/(losses) which will not be subsequently reclassified to the profit/(loss)		0	0
Total items which will not be subsequently reclassified to profit or loss, net of the tax effect		**(26,064)**	**888,813**
Other comprehensive income/(expense) which will be subsequently reclassified to profit or loss:			
Net change in cash flow hedges	D.6.4.31.3	(2,370,934)	3,895,038
Tax effect of Other gains/(losses) which will be subsequently reclassified to the profit/(loss)	D.6.4.31.3	569,024	(911,458)
Total items which will be subsequently reclassified to profit or loss, net of the tax effect		**(1,801,910)**	**2,983,580**
Total other comprehensive income, net of the tax effect:		**(1,827,974)**	**3,872,393**
Comprehensive income		**7,067,092**	**19,774,692**

D.3.Statement of Financial Position

In Euro	***Note***	**31/12/2023**	**31/12/2022**
Property, plant & equipment	D.6.4.17	19,811,391	21,569,880
Goodwill	D.6.4.18.1	23,342,460	23,342,460
Intangible assets with a finite useful life	D.6.4.18.2	12,503,787	13,933,575
Right-of-use assets	D.6.4.18.3	2,191,657	2,706,097
Investment in subsidiaries	D.6.4.19.1	103,146,556	102,743,364
Deferred tax assets	D.6.4.21	9,449,983	14,381,950
Derivative assets (non-current)	D.6.4.32.3	288,462	1,975,223
Other receivables and other assets	D.6.4.20	717,177	717,349
Non-current Assets		**171,451,473**	**181,369,898**
Trade receivables	D.6.4.22	2,352,338	8,974,430
Trade receivables - subsidiaries	D.6.7.3.2	19,868,232	19,376,313
Inventories	D.6.4.23	30,381,555	32,166,867
Other current assets	D.6.4.24	2,675,861	3,307,904
Tax assets	D.6.4.25	9,757,041	8,408,381
Derivative assets (current)	D.6.4.32.3	2,208,250	4,047,746
Financial assets with group companies (current)	D.6.7.3.4	53,859,610	25,108,995
Cash and cash equivalents	D.6.4.32.1	21,295,651	42,517,124
Currents Assets		**142,398,538**	**143,907,760**
Assets held for sale	D.6.4.19.1	**0**	**0**
Total assets		**313,850,011**	**325,277,658**
Employee benefit liabilities	D.6.4.26	3,981,536	4,443,837
Provisions for risks and charges	D.6.4.27	10,443,211	16,544,355
Deferred tax liabilities	D.6.4.21	468,082	1,265,128
Lease liabilities and loans and borrowings from other lenders as per IFRS 16	D.6.4.32.4	1,433,107	1,661,417
Bank loans and borrowings (non current)	D.6.4.32.2	36,875,795	54,291,395
Other non-current liabilities	D.6.4.29	500,000	1,000,000
Non-Current Liabilities		**53,701,731**	**79,206,132**
Provisions for risks and charges	D.6.4.27	3,735,422	11,472,683
Lease liabilities and loans and borrowings from other lenders as per IFRS 16	D.6.4.32.4	782,162	1,050,822
Bank loans and borrowings (current)	D.6.4.32.2	43,344,661	32,049,000
Loans and borrowings from group companies (current)	D.6.7.3.4	16,370,371	15,846,898
Trade payables	D.6.4.30	43,555,561	52,816,861
Trade payables to group companies	D.6.7.3.3	33,575,518	6,685,413
Other current liabilities	D.6.4.29	5,545,126	12,714,172
Tax liabilities	D.6.4.28.2	2,483,793	2,697,334
Derivative liabilities (current)	D.6.4.32.3	316,466	1,738,533
Current liabilities		**149,709,080**	**137,071,716**
Liabilities directly related to discontinued operations	D.6.4.19.1	**0**	**0**
Share capital	D.6.4.31.1	12,664,560	12,664,560
Capital reserves	D.6.4.31.2	71,123,335	71,123,335
Hedging reserve	D.6.4.31.3	1,472,778	3,274,688
Treasury shares	D.6.4.31.4	(2,952,410)	(1,702,814)
Treasury shares	D.6.4.31.5	(1,998,063)	(1,971,999)
Retained earnings	D.6.4.31.6	21,233,934	9,709,741
Profit/(loss) for the year		8,895,066	15,902,299
Equity	**D.6.4.31**	**110,439,200**	**108,999,810**
Total liabilities and equity		**313,850,011**	**325,277,658**

D.4.Statement of Cash Flows

in Euro	**31/12/2023**	**31/12/2022**
Cash flow from operating activities		
Profit for the year	**8,895,066**	**15,902,299**
Adjustments for:		
-Depreciation of property, plant and equipment	2,817,147	3,368,592
-Amortisation of intangible assets	5,399,943	6,162,558
-Impairment losses on property, plant and equipment intangible assets and goodwill	-	0
-Net exchange rate (gains)/losses	1,321,662	38,218
-Interest on post-employment benefits and other discounting	156,815	247,114
-Net financial expense	2,250,413	(2,851,851)
- Provisions for risks, restructuring and LTI, inventory write-down and loss allowance	(3,855,759)	598,059
-Other changes	(297,816)	6,952,871
Sub-total	16,687,471	30,417,860
Changes in:		
-Inventories	3,156,933	(3,992,713)
-Trade receivables	6,998,465	45,676,410
-Other assets and tax assets	(1,593,558)	5,222,015
-Trade payables	17,628,805	(35,468,696)
-Other liabilities and tax liabilities	(5,442,488)	(10,379,241)
-Employee provisions and benefits	(10,626,491)	(18,384,378)
Cash generated from operating activities	26,809,137	13,091,257
Income taxes paid	(33,142)	(3,068,849)
Net cash generated by operating activities	**26,775,995**	**10,022,408**
Cash flows from investing activities		
Proceeds from the sale of financial assets	(403,192)	-
Acquisition of subsidiaries, net of liquidity acquired	(6,545,665)	(11,452,361)
Purchase of property, plant and equipment	(1,058,658)	(1,019,433)
Purchases of intangible assets	(2,791,062)	(4,148,487)
Dividends received	3,926,498	2,970,533
Net cash used by investing activities	**(6,872,079)**	**(13,649,748)**
Cash flow from financing activities		
Proceeds from derivative financial instruments and other financial assets	(29,468,714)	(3,613,071)
Payment for purchase of treasury shares	1,249,596	(1,702,814)
Repayment of bank financial liabilities	(6,119,939)	(17,689,800)
Repayment of financial liabilities related to the purchase of equity investments	(500,000)	(975,000)
Payment of lease liabilities	(1,161,623)	(348,352)
Dividends paid	(4,378,111)	(3,773,691)
Interest paid	(1,746,598)	(1,099,980)
Net cash used by financing activities	**(41,125,388)**	**(29,202,708)**
Net decrease in cash and cash equivalents	**(21,221,473)**	**(32,830,048)**
Cash and cash equivalents at January 1	42,517,124	75,347,172
Effect of exchange rate fluctuations on cash and cash equivalents	0	0
Cash and cash equivalents at the reporting date	**21,295,651**	**42,517,124**

D.5. Statement of changes in equity

In Euro thousands	**Share capital**	**Capital reserves**	**Treasury shares**	**Hedging reserve/Actuarial reserve**	**Retained earnings**	**Profit/(loss) for the year**	**Equity**
31/12/2021	**12,665**	**71,123**	**0**	**(2,570)**	**3,362**	**10,122**	**94,702**
Fair value change inn cash flow hedges net of the tax effect	0	0	0	2,984	0	0	2,984
Actuarial gains/(losses) on post-employment benefits	0	0	0	889	0	0	889
Total gains/(losses) recognised directly in equity	***0***	***0***	***0***	***3,873***	***0***	***0***	***3,873***
Profit/(loss) for the year	0	0	0	0	0	15,902	15,902
Total gains/(losses) recognised in other comprehensive income	***0***	***0***	***0***	***3,873***	***0***	***15,902***	***19,775***
Allocation of profit for the year	0	0	0	0	10,122	(10,122)	0
Dividends	0	0	0	0	(3,774)	0	(3,774)
Other changes	0	0	(1,703)	0	0	0	(1,703)
31/12/2022	**12,665**	**71,123**	**(1,703)**	**1,303**	**9,710**	**15,902**	**109,000**
Fair value change in cash flow hedges net of the tax effect	0	0	0	(1,802)	0	0	(1,802)
Actuarial gains/(losses) on post-employment benefits	0	0	0	(26)	0	0	(26)
Total gains/(losses) recognised directly in equity	***0***	***0***	***0***	***(1,828)***	***0***	***0***	***(1,828)***
Profit/(loss) for the year	0	0	0	0	0	8,895	8,895
Total gains/(losses) recognised in other comprehensive income	***0***	***0***	***0***	***(1,828)***	***0***	***8,895***	***7,067***
Allocation of profit for the year	0	0	0	0	15,902	(15,902)	0
Dividends	0	0	0	0	(4,378)	0	(4,378)
Other changes	0	0	(1,249)	0	0	0	(1,249)
31/12/2023	**12,665**	**71,123**	**(2,952)**	**(525)**	**21,234**	**8,895**	**110,439**

D.6. Notes to the Separate Financial Statements as at and for the year ended December 31, 2023

D.6.1. Accounting policies
D.6.2. Accounting standards, amendments and interpretations in force as from January 1, 2023 and not yet applicable by the Company
D.6.3. Significant accounting estimates
D.6.4. Notes to the Separate Financial Statements
D.6.5. Guarantees, commitments and contingent liabilities
D.6.6. Risk management
D.6.7. Disclosure on management remuneration and related-party transactions
D.6.8. Government grants as per Article 1, paragraphs 125-129, of Law No. 124/2017
D.6.9. Positions or transactions arising from atypical and/or unusual operations
D.6.10. Events after the reporting date
D.6.11. Proposal for the approval of the 2023 Financial Statements and allocation of the profit for the year as approved by the Board of Directors on March 14, 2024

D.6.1. Accounting policies

D.6.1.1 – General information

Elica S.p.A. is a company incorporated under Italian law based in Fabriano (Ancona, Italy).
The company is listed on the STAR segment of the Mercato Telematico Azionario (MTA) organised and managed by Borsa Italiana S.p.A.
The main activities of the Company and its subsidiaries, as well as its registered office and other offices are illustrated in the Directors' Report.
The Euro is the functional and reporting currency. Amounts in the financial statement are given in Euro while the amounts in the notes are given in thousands of Euro.
The company in addition prepares the Consolidated Financial Statements of the Group which it heads.

D.6.1.2 Accounting policies and statement of compliance with international financial reporting standards

The Separate Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IAS) and endorsed by the European Union, as well as in accordance with Article 9 of Legislative Decree no. 38/2005 and related CONSOB regulations.
The Separate Financial Statements at December 31, 2023 are compared with the previous year and consist of the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of changes in Equity and the Explanatory Notes thereto.
The financial statements and related notes comply with the minimum disclosure requirements of IFRS, as supplemented, where applicable, by the provisions of the law and CONSOB regulations.
The Company did not make any changes in the accounting policies applied between the comparative dates of December 31, 2023 and December 31, 2022.
The financial statement items have been measured in accordance with the general criteria of prudence and accruals and on a going concern basis, and also take into consideration the economic function of the assets and liabilities.
These financial statements have been prepared using the historical cost convention, with the exception of derivative financial instruments, financial assets held for sale and financial instruments classified as available for sale, which are measured at fair value.
This statement has been prepared in accordance with the instructions of the Italian commission for companies and the stock exchange, and in particular with resolution nos. 15519 and 15520 of July 27, 2006, and with communication no. DEM6064293 of July 28, 2006.
The company made use of the option granted by Article 40, Legislative Decree No. 127/1991 paragraph 2-*bis*, which allows companies required to present consolidated financial statements to present both the Directors' Report to the parent's ordinary financial statements and the Directors' Report to the consolidated financial statements in a single document. For the operating performance for FY2023, please refer to the consolidated Directors' Report.

D.6.1.3 Financial schedules

Company Management, in accordance with IAS 1, made the following choices in relation to the presentation of the financial statements.
The **Income Statement** is prepared in accordance with the nature of the item and shows intermediary results relating to the operating profit/(loss) and the profit/(loss) before taxes in

order to allow a better assessment of the operating performance.
The operating profit is the difference between net revenue and operating expenses (this latter including non-monetary items relating to amortisation/depreciation and impairment of current and non-current assets, net of any reversals), including any gains/losses on the sale of non-current assets.
The **Statement of Comprehensive Income** reports, beginning with the profit/(loss) for the year, the effect of the other comprehensive income items recorded directly to equity (other comprehensive income).
The **Statement of Financial Position** is presented with separation of current and non-current assets and liabilities. It is expected to be realised/settled or sold or utilised within the company's normal operating cycle; it is held for trading; it is expected to be realised/settled within 12 months from the end of the reporting period. Where none of these conditions apply, the assets/liabilities are classified as non-current.
The **Statement of Cash Flows** is prepared using the indirect method in which the operating profit/(loss) is adjusted by non-monetary items. It classifies cash flows respectively from (used in) operating activities, investing activities and financing activities, in line with IAS 7. Specifically, operating activities are activities that generate revenue and are not investing or financing activities. Investing activities relate to the purchase and sale of non-current assets and other investments, while financing activities are those resulting in a change to the sources of financing, therefore in the size and composition of the share capital, share premium reserves and Company loans. Unrealised exchange rate gains and losses are not considered cash flows. However, the effect of such exchange rate gains and losses on cash and cash equivalents is included to reconcile the change in the opening and closing balances of cash and cash equivalents. It is, however, presented separately.
The Statement of Changes in Equity outlines the changes to the Equity items, including the allocation of the result, the recognition of actuarial gains/losses, the impact of the valuation of hedging instruments and the recording of the profit/loss, in addition to the additional phenomenon which according to IFRS should be recognised in this item.

D.6.1.4 Accounting policies

Information regarding the accounting policies adopted in the preparation of the statutory financial statements are described below in accordance with IAS 1.

Property, plant & equipment

Property, plant and equipment are recognised at purchase or production cost, including any directly attributable costs. Some assets have been adjusted under specific revaluation legislation prior to January 1, 2005 and are deemed to reflect the fair value of the asset at the revaluation date ("deemed cost" as per IFRS 1). This cost is recognised net of accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life applying the following percentage rates:

Industrial buildings	3%
Light buildings	10%
Machines and installations	6% -10%
Industrial and commercial equipment	14% -16%
Fitting and furniture	12%
Electronic machines	20%
Cars	20%
Means of transport	25%

Purchase cost is also adjusted for grants related to assets already approved to the company. These grants are recognised in profit or loss by gradually reducing the depreciation charged over the useful life of the assets to which they relate.
Maintenance, repair, expansion, updating and replacement costs that do not lead to a significant, measurable increase in the production capacity and useful life of an asset are taken to profit or loss when they are incurred.

The carrying amount of property, plant and equipment and any significant component initially recognised is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. The gain/loss on it derecognition is recorded in the income statement when the item is derecognised.
The Company reviews the estimated residual values and expected useful lives of property, plant and equipment at least annually, also considering the impact of health, safety and environmental legislation. In addition, the Company considers climate-related issues, including physical and transition risks. Specifically, the Company determines whether climate-related laws and regulations may impact both the expected useful life and the estimated residual value.

Goodwill
Goodwill, recognised as part of the investment, deriving from the acquisition of a subsidiary or other business combination, represents the excess of the acquisition cost over the Group's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary at the acquisition date.
At each reporting date the Company reviews the recoverable amount of goodwill to assess whether an impairment loss has occurred and determine the amount of any impairment. An impairment loss is immediately taken to profit or loss and is not reversed in a subsequent period.
On the sale of a subsidiary, any goodwill attributable to the subsidiary is included in the calculation of the gain or loss on the sale.
Goodwill arising on acquisitions prior to January 1, 2004 is carried at the amount recognised under Italian GAAP at that date, after an impairment test.

Research costs
The research costs are taken to profit or loss when incurred.

Development costs
Development costs in relation to specific projects are capitalised when all of the following conditions are satisfied:

- the costs can be reliably determined during the development;
- the technical feasibility of the product is demonstrated, such that it is available for use or sale;
- the volumes, and expected prices indicate that costs incurred for development will generate future economic benefits;
- the technical and financial resources necessary for the completion of the project are available.

Where the above conditions are not met; the cost is taken to profit or loss.
After initial recognition, the development costs are measured at cost, reduced for amortisation or accumulated impairment losses.
Capitalised development costs are amortised on a straight-line basis, commencing from the point at which development is completed and production begins of the product to which these costs refer and over its estimated life.
The carrying amount of development costs are tested annually for impairment when the asset is no longer in use, or with greater frequency when there is indication of impairment. The recoverability test requires estimates by the Directors, as dependent on the cash flows deriving

from the sale of products sold by the company. These estimates are impacted both by the complexity of the assumptions underlying the projected revenues and future margins and by the strategic industrial choices of the Directors.

Other intangible assets

The other intangible assets acquired or produced internally are recorded under assets, in accordance with the provisions of IAS 38 – Intangible Assets, when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset can be determined reliably.

After initial recognition, intangible assets are recognised at cost, net of accumulated amortisation and accumulated impairment, if any.

The useful life of an intangible asset may be considered finite or indefinite. Intangible assets with a finite useful life are amortised over equal monthly quotas and tested for impairment whenever there is evidence of an impairment loss. According to management and experts, the company's most important software has a useful life of seven years. The useful life is tested annually for impairment and any changes are made on a prospective basis.

Intangible assets with indefinite useful lives are not amortised but tested annually for impairment or more frequently where there is an indication that the asset may be impaired. At present, the company only owns intangible assets with finite useful lives.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of the asset is included in the income statement.

Impairment testing

At each reporting date, and in any case at least once a year, in accordance with IAS 36 the Company assesses whether events or circumstances exist that raise doubts as to the recoverability of the carrying amount of property, plant and equipment and intangible assets with finite useful lives. If there are any indications of impairment, the company estimates the recoverable amount of the assets to determine any impairment loss.

The goodwill and other intangible assets with indefinite useful lives, including assets under development, are tested at least annually for impairment and whenever there is an indication of a possible loss in value. The impairment test compares the carrying amount with the recoverable amount, which is the greater of fair value less costs to sell and value in use. Any excess of the carrying amount results in an impairment loss. An impairment loss is recognised in profit or loss. When the reasons for the impairment no longer exist, the impairment losses on the assets are reversed bringing the carrying amount up to the revised estimate of its recoverable amount. The restatement cannot exceed the carrying amount had no impairment been recognised. The reversal of an impairment loss is taken to profit or loss.

For goodwill, the recoverable amount is determined by the Directors through the calculation of the value of use of the cash-generating Unit (CGU's). Cash generating units are identified depending on the organisational and business structure of the Company as units that generate cash on an autonomous basis as a result of the continuous use of the assets allocated. Impairment losses on goodwill are measured by determining the recoverable amount of the CGU to which the goodwill is allocated, and where it is less than the carrying amount of the CGU to which the goodwill has been allocated, an impairment loss is recognised. The impairment loss of the goodwill is taken to profit or loss and, differing to that for other property, plant and equipment and intangible assets, no reversal is recognised in future years.

In the determination of the value in use, the estimated future cash flows are discounted by the company at a pre-tax rate that reflects the market assessment of the present value of money and the risks specific to the asset. In the determination of the fair value net of costs to sell, account is taken of recent market transactions. Where it is not possible to identify these transactions,

an adequate valuation model is utilised. These calculations are made utilising appropriate valuation multipliers, listed equity prices for publicly traded securities and other fair value indicators available.
The Company bases its impairment test on recent budgets and forecasts, prepared separately for each cash generating unit of the Company to which the individual assets were allocated. These budgets and forecasts generally cover a period of five years. A long-term growth rate is calculated to project future cash flows beyond the fifth year.
The Company assesses whether climate risks, including physical and transition risks, could have a significant impact, and if this is the case, these risks are considered in estimating future cash flows in the value-in-use estimate. Please refer to the relevant note on the impact of climate-related risks in estimating the value in use.

Investments in subsidiaries and associates

This item includes interests held in subsidiaries, associates and joint ventures. For the classification of items, entities for which the power to establish financial and management policies is held to obtain benefits are considered subsidiaries. This is the case when more than half of the voting rights are held, directly and/or indirectly, or when other conditions of *de facto* control exist, such as the appointment of a majority of Directors.
Jointly-controlled entities are those for which there are contractual, shareholders' or other agreements for the joint management of the business and the appointment of Directors. Associates are those companies in which 20% or more of the voting rights are held and companies which, due to particular legal ties, such as participation in shareholders' agreements, are to be considered as having significant influence.
Investments in subsidiaries, joint ventures and associates not classified as held-for-sale are measured at cost.
At each year-end or interim reporting date, any indicators of the risk that the investment has been impaired are ascertained. Where indicators exist that the value of an equity investment may have been impaired, the recoverability of the carrying amount is tested (Impairment Test). The impairment test compares the carrying amount of the investment with the recoverable amount, defined as the higher between the fair value of the investment net of costs to sell and the value in use, represented by the present value of the expected revenue streams for the years of operations of the company subject to the impairment test and deriving from its disposal on conclusion of its useful life. Any excess of the carrying amount results in an impairment loss. An impairment loss is recognised into profit or loss. Following the impairment of the cost of the investment, further losses recorded on the investment are recorded under liabilities, where a legal implicit obligation to cover the losses in the investment exists. When the reasons for the impairment no longer exist, the impairment losses are reversed bringing the carrying amount up to the revised estimate of its recoverable amount.
The restatement cannot exceed the carrying amount had no impairment been recognised. The reversal of an impairment loss is taken to profit or loss.
Income from investments is recognised only in relation to the dividends received from the investee on profit generated after the acquisition date. Dividends received in excess of profits generated are regarded as a recovery on the investment and are taken as a reduction in the cost of the investment.

IFRS 16 Leases

At the commencement date of leases, the Company recognises the right-of-use assets and the lease liabilities. Right-of-use assets are initially measured at cost, and subsequently at cost net of cumulative depreciation and impairment losses, while adjusted to reflect lease liability remeasurements.
Right-of-use assets are depreciated on a straight-line basis from the effective date to the end of the useful life of the asset consisting of the right of use or at the end of the lease term, whichever

is earlier. Right-of-use assets are subject to impairment. Reference should be made to paragraph B.6.2.5.4. Impairment Tests

The Company assesses the lease liabilities at the present value of payments due for lease charges not settled at the commencement date, discounting them according to the implied lease interest rate. Where it is not possible to establish this rate easily, the Company utilises the marginal interest rate.

The lease liability is subsequently increased by the interest maturing on this liability and reduced for payments due on the lease and is revalued in the case of changes to future payments on leases deriving from a change in the index or rate, in the case of a change to the amount which the Company expects to pay as guarantee on the residual value or where the Company changes its assessment on the exercise or otherwise of a purchase, renewal or termination option.

The Company has estimated the lease term of some contracts in which it acts as lessee and which have renewal options. The Company assessment upon the existence or otherwise of a reasonable certainty of exercising the option influences the estimate of the lease term, significantly impacting the amount of the lease liabilities and the right-of-use assets recognised.

The Company's lease liabilities are included among "Lease liabilities and loans and borrowings from other lenders" (see paragraph B.6.5.30.3).

The Company applies the exemption for the recognition of short-term leases and without the purchase option and leases related to low-value assets. The short-term lease instalments and those for low value assets are recognised as costs on a straight-line basis over the lease duration.

Inventories

Inventories are measured at the lower of purchase or production cost and net realisable value.

The purchase cost of raw, ancillary, supplies and goods for resale is determined using the weighted average cost method.

The production cost of finished products, work in progress and semi-finished products is determined considering the cost of the materials used plus direct operating expenses and overheads.

Net realisable value represents the estimated selling price less expected completion costs and costs to sell.

Obsolete and slow-moving inventories are written down taking account of their prospects of utilisation or sale.

Trade receivables, loans, including loans and borrowings to Group companies and other financial assets

Financial assets other than trade receivables, loans and cash and cash equivalents are initially recognised at fair value, including directly related transaction costs.

Receivables are recorded at nominal value which normally represents their fair value, as they do not contain a significant financing component. In the event of a significant difference between nominal amount and fair value, they are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Receivables are adjusted through a loss allowance to reflect their realisable value. The allowance is calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, discounted at the effective interest rate on initial recognition.

Assets held for sale and liabilities associated with assets for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and market value less costs to sell.

Non-current assets (and disposal groups) are classified as held-for-sale when their carrying amount is expected to be recovered by means of a sales transaction rather than through use in

company operations. This condition is met only when the sale is highly likely, the assets (or group of assets) are available for immediate sale in their current condition and, consequently, management is committed to a sale, which should take place within 12 months of the classification as held for sale.
As provided for by IFRS 5, in addition to the assets, the related liabilities must also be represented.

Cash and cash equivalents
Cash and cash equivalents include cash balances and bank current accounts and deposits repayable on demand plus other highly liquid short term financial investments that can be readily converted into cash and are not subject to a significant risk of a change in value.

Trade payables and other financial liabilities
Trade payables and other financial liabilities are recognised at their nominal amount, which generally represents their fair value. In the event of significant differences between their nominal amount and fair value, trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

Bank loans and borrowings and loans and borrowings from other lenders, including Group companies
Bank loans and borrowings – comprising non-current loans and bank overdrafts – and loans and borrowings from other lenders, are recognised based on the amounts received, less transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

Derivative financial instruments and hedge accounting
The Company makes use of derivative financial instruments with the intention of hedging currency, interest rate and commodity price risks.
These derivative financial instruments are initially recognized at fair value at the date on which they are obtained, and this fair value is periodically remeasured. They are recorded as financial assets when the fair value is positive, and as financial liabilities when negative.
In compliance with the IFRS, derivative financial instruments can be recognised using "hedge accounting" only when the hedge is formally designated and documented as such and is presumed to be highly effective at inception, such effectiveness can be reliably measured and the hedge is highly effective over the accounting periods for which it was designated.

All derivative financial instruments are measured at fair value. When derivative instruments have the characteristics for hedge accounting, the following accounting treatments apply:

- Fair value hedge – if a derivative financial instrument is designated as a hedge to the exposure of changes in the fair value of an asset or liability or of an irrevocable commitment which can have effects on the income statement, the change in the fair value of the hedge instrument is recognised through profit or loss, and the change in the fair value of the hedged item, attributable to the risk hedged, is recognised as part of the carrying amount of that item and recognised through profit or loss. If the underlying item is represented by an irrevocable commitment, the fair value of the item relating to the risk hedged is recognised as an asset or liability, adjusting the statement of financial position item which will be affected by the irrevocable commitment at the time of its realisation.
- Cash flow hedge – If a derivative financial instrument is designated as a hedge to the exposure of the changes in the cash flows of an asset or liability, of a transaction considered highly probable, or of an irrevocable commitment and which may have effects on the income statement, the effective portion of the profits or the losses of the financial instrument is recognised under equity and shown on the statement of comprehensive income. The

cumulative profits or losses are reversed from equity and recognised in the income statement in the same period in which the transaction subject to hedging is recognised in the income statement; the profit or loss related to a hedge or the part of the hedge becoming ineffective is recognised to the income statement when such inefficacy is recognised.

If hedge accounting cannot be applied, gains or losses deriving from the fair value of the derivative are recognised directly in the income statement.

Reference should be made to paragraph. D.6.6. "Risk management" for information on the management of risks related to exchange rates.

Treasury shares

Treasury shares are recognised at cost and taken as a reduction in equity. The gains and losses deriving from trading of treasury shares, net of the tax effect, are recognised under equity reserves.

Employee benefits

Post-employment benefits

Italian post-employment benefits are considered equivalent to a defined benefit plan. For defined benefit plans, the cost of the benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each year.

On the basis of IAS 19 – Employee benefits, the Company presents in the statement of financial position the deficit or surplus of the relevant provision, with recognition to the income statement of the labour cost components and net financial charges and the recognition of the gains or losses which derive from the recalculation of the assets and liabilities under Other Comprehensive Income. In addition, any income from the plan assets included under net financial expenses must be calculated based on the discount rate of the liability.

Up to December 31, 2006, the post employment benefits of the Italian companies were considered a defined benefit plan. The regulations governing Italian post employment benefits were modified by Law no. 296 of December 27, 2006 ("2007 Finance Act") and subsequent decrees and regulations issued at the beginning of 2007. In the light of these changes, and specifically with reference to companies with more than 50 employees, only the benefits that accrued prior to January 1, 2007 (and not yet paid at the reporting date) are now considered a defined benefit plan, while those that accrued after this date are considered a defined contribution plan.

Share-based payments

Where the Company recognises additional benefits to senior management and key personnel through stock grant plans, in accordance with IFRS 2 – Share-based payments, these plans represent a form of remuneration to the beneficiaries. Therefore the cost, which is the fair value of these instruments at the assignment date, is recognised in profit or loss over the period between the assignment date and maturity date, with a balancing entry directly in equity. Changes in the fair value after the assignment date do not have an effect on the initial value. The "phantom stock" monetary plans in effect at December 31, 2022, were extinguished during the year with settlement of the award amount. These plans assigned to beneficiaries a number of phantom stock and once the vesting conditions were met, and upon the completion of the period specified in the continuing employment condition, the beneficiary received a payment in cash equal to the value of the phantom stock accrued. This therefore represents a cash settled plan. The cost accrued during the year is thus taken to the income statement and the related provision is recognised. The same accounting treatment is applied to new monetary plans, established by the Company for the 2021-2023 three-year period, which stipulate the issue of a cash payment to the beneficiaries on conclusion of the long-term objectives period. For further information, please consult the plan information documents on the company's website: (https://corporate.elica.com/it/governance/documenti-societari).

Provisions for risks and charges

The company recognises a provision for risks and charges when the risk related to an obligation deriving from a past event is considered probable and a reliable estimate may be made on the amount of the obligation. Provisions are made based on management's best estimate of the cost of fulfilling the obligation at the reporting date and are discounted to their present value when the effect is material. These risks are subject to a high level of complexity and uncertainty, and therefore the amount of the provision for risks and charges is reviewed periodically to reflect the best current estimate of each provision.

Revenue and income

The new IFRS 15 - Revenue standard establishes an overall framework to identify the timing and amount of revenue recognition.

IFRS 15 requires the recognition and measurement of revenues from contracts with customers according to the following five steps: (i) identification of the contract with the customer; (ii) identification of the performance obligations (i.e. the contractual commitments to transfer goods and/or services to a customer); (iii) establishment of the transaction price; (iv) the allocation of the transaction price to the performance obligations identified on the basis of the stand-alone sales price of each good or service and (v) recognition of revenue upon satisfaction of the relative performance obligation (i.e. on the transfer to the customer of the asset or service promised). The transfer is considered complete when the customer obtains control of the goods or services, which may occur over time or at a point in time. According to the new standard, the amount that the entity recognises as revenue should reflect the consideration that it has the right to receive following the exchange of the assets transferred to the customer and/or services provided, to be recognised upon fulfilment of the contractual obligations. In addition, to recognise the revenue, the requirement of probable obtainment/receipt of the economic benefits linked to the income is emphasised; for a contract in progress, a requirement to recognise revenue taking account of any discounting effect from payments deferred over time is introduced.

The Company carried out an analysis to identify the separate performance obligations which indicated that it was not necessary to further breakdown revenue. The criteria applied by the Company are in line with those established by IFRS 15. Finally, no circumstances were identified whereby the Company had the role of "agent".

Interest income is recorded on an accruals basis, according to the amount financed and the effective interest rate applicable. This is the rate at which the expected future cash flow over the life of the financial asset is discounted to equate them with the carrying amount of the asset.

Dividends are recognised when it is established that the shareholders have the right to receive them.

Foreign currency transactions

Foreign currency assets and liabilities are translated at the reporting date using the closing exchange rate. Non-monetary assets and liabilities measured at historical cost in foreign currency are translated using the exchange rate at the transaction date.

Exchange differences arising on such transactions or on the translation of monetary assets and liabilities are recorded in the Income Statement except for those arising on derivative financial instruments qualified as cash flow hedges. These differences are recorded in Equity if unrealised, otherwise they are recorded in the Income Statement.

Government grants

Government grants are recognised when it is reasonably certain that the conditions required to obtain them will be satisfied and that they will be received. Such grants are recorded in the income statement over the period in which the related costs are recorded, with a reduction in

the generating account.
Grants related to an asset are recognised as revenue on a straight-line basis over the expected useful life of the asset to which they refer.
The accounting treatment of benefits deriving from a government loan obtained at a reduced rate are similar to those for government grants. This benefit is calculated at the beginning of the loan as the difference between the initial carrying amount of the loan (fair value plus direct costs attributable to obtaining the loan) and that received, and subsequently recorded in the income statement in accordance with the regulations for the recording of public grants.

Income taxes
Income taxes for the year represent the sum of current and deferred taxation.
Tax assets and liabilities for the year are measured at the amount expected to be paid to / received from the tax authorities. Current taxes are based on the assessable results of the period as per the applicable regulation. The liability for current income taxes is calculated using the current rates at the reporting date.
Current taxes relating to items recorded directly in net equity are also recorded directly to equity and not to the separate income statement.
Elica S.p.A. and the subsidiaries EMC Fime S.r.l and Airforce S.p.A. have opted for a consolidated tax regime in Italy. This means that the IRES (Corporation Tax) charge is calculated on a tax base representing the aggregate of the taxable income and tax losses of the individual companies. The contract is of three-year duration.
The transactions and mutual responsibilities and obligations between the Parent and its aforementioned subsidiaries are defined by a specific consolidation agreement. With regard to their responsibilities, the agreement provides that the Parent is jointly liable with the subsidiary for:
amounts due by the subsidiary under Article 127(1) of the Income Tax Code;
payment of amounts due to the tax authorities, should it emerge that sums declared in the consolidated tax return have not been paid;
consolidation adjustments made based on figures supplied by the subsidiary and contested by the tax authorities.
The income tax assets is shown under Tax assets, determined as the difference between the income taxes in the year, payments on account, withholding taxes and, in general, tax credits. Tax assets also include the current IRES charge as determined on an estimate of the taxable income and tax losses of the companies taking part in the Consolidated tax regime, net of payments on account, taxes withheld by third parties and tax credits; tax assets are offset by the amounts due to the subsidiaries by Elica for the residual receivable attributable to the Consolidated tax regime.
The liability for any tax losses surrendered by a subsidiary is recorded under Amounts due to subsidiaries.
Deferred tax assets and liabilities arise from temporary differences between the carrying amount of assets and liabilities determined in accordance with the financial reporting criteria set out by the Italian civil code and their tax base.
No tax provision has been made in relation to reserves subject to taxation upon distribution as no transactions that could trigger their taxation are planned.
Deferred tax assets are recognised to the extent that it is probable that, in the periods in which the deductible temporary differences will reverse, taxable income shall arise of not less than the amount of the differences. The carrying amount of deferred tax assets is revised at the end of the year and reduced to the extent that it is no longer likely that there will be sufficient taxable income against which to recover all or part of the assets.
Deferred taxes liabilities are measured based on the tax rate that is expected to be in effect at the time the asset value is realized or the liability is extinguished and are recognized directly to the income statement with the exception of those relating to accounts directly recognized to

equity, in which case the deferred taxes are also recognized to equity.
Deferred tax assets and liabilities are offset when there is a direct right to offset the tax assets and liabilities and when they refer to income taxes due to the same fiscal authority and the Company intends to pay the amount on a net basis.

D.6.2. Accounting standards, amendments and interpretations in force as from January 1, 2023 and not yet applicable by the Company

D.6.2.1 Accounting standards, amendments and interpretations applied from January 1, 2023

These separate financial statements were prepared using the same accounting standards as those applied to the latest annual financial statements (i.e. for the preparation of the financial statements as at December 31, 2022, and the financial statement formats used are the same as those used to prepare the financial statements as at December 31, 2022).
There are no new standards applied that have impacted these financial statements.
The main changes are as follows:

IFRS 17 - Insurance contracts
In May 2017, the IASB issued IFRS 17 - Insurance Contracts, a complete new standard relating to insurance contracts which covers recognition and measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 Insurance Contracts issued in 2005. IFRS 17 applies to all types of insurance contracts (for example: life, non-life, direct insurance, re-insurance) regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with characteristics of discretionary participation; some exceptions apply with regards to the scope of application. The general objective of IFRS 17 is to present an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the provisions of IFRS 4, which are largely based on the maintenance of previous accounting standards, IFRS 17 provides a complete model for insurance contracts that covers all relevant accounting aspects. IFRS 17 is based on a general model, supplemented by:
A specific adaptation for contracts with direct participation features (the variable fee approach);
A simplified approach (the approach to the allocation of premiums) mainly for short-term contracts.
These amendments did not have any impact on the Company financial statements.

Definition of Accounting Estimates – Amendments to IAS 8
The amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies and error correction. They also clarify how entities should use valuation techniques and inputs to develop accounting estimates.
These amendments did not have any impact on the Company financial statements.

Disclosure of Accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2
The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply judgements to accounting policy disclosures. The amendments are intended to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to provide their ”significant“ accounting policies with a requirement to provide disclosures about their ”material” accounting policies; in addition, guidance is added on how entities apply the concept of materiality in making accounting policy disclosure decisions.
The changes had an impact on the Company's disclosure of accounting policies, but not on the measurement, recognition and presentation of items in the Company’s financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Taxes narrow the scope of the exception to initial recognition, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. These amendments did not have any impact on the Company financial statements.

International Tax Reform – Pillar Two Model Rules – Amendments of IAS 12

The amendments to IAS 12 were introduced to respond to the OECD BEPS Pillar Two rules and include:

- A temporary mandatory exemption to the recognition and disclosure requirements for deferred taxes resulting from the implementation in jurisdictions of the Pillar Two rules; and

- Disclosure requirements for affected entities to help financial statement users better understand the income tax impacts arising from this legislation, particularly before the effective date.

The temporary mandatory exemption - whose use is required to be disclosed - is immediately applicable. The remaining disclosure requirements apply for fiscal years beginning on or after January 1, 2023, but not for interim periods prior to December 31, 2023.
The change has no effect on the Company and Group financial statements in that the Group is not affected by the Pillar Two rules, given that revenue is below Euro 750 million annually.

D.6.2.2 Accounting standards, amendments and interpretations not yet applied and applicable

As required by IAS 8 - Accounting standards, changes in accounting estimates and errors - the main new accounting standards and interpretations, in addition to amendments to the existing standards and interpretations that are already applicable, not yet in force or not yet approved by the European Union (EU), which could be applied in the future to the financial statements, are illustrated below.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued an amendment to IFRS 16 to specify the requirements that a selling lessor uses in measuring the lease liability arising from a sale & lease back transaction, to ensure that the selling lessor does not recognize a gain or loss by reference to the right-of-use retained by the lessor.
The amendments are effective for fiscal years beginning on or after January 1, 2024, and are to be applied retrospectively to all sale & lease back transactions entered into after the date of initial application of IFRS 16. Early application is permitted, and notice of this fact must be provided.
These changes are not expected to have a material impact on the Company s financial statements.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020 and October 2022, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by the right to defer maturity;

- That the right of subordination must exist at financial year-end;

- The classification is not impacted by the probability of whether the entity will exercise its subordination right;
- Only where a derivative embedded in a convertible liability is itself an equity instrument the maturity of the liability shall have no impact on its classification.

In addition, a requirement has been introduced to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to deferral is subject to compliance with covenants within 12 months.
The amendments will be effective for fiscal years beginning on or after January 1, 2024, and should be applied retrospectively. The Company is currently assessing the impact of the amendments on the current situation and whether the renegotiation of existing loan agreements will be necessary.

Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Supplementary Information, to clarify the characteristics of reverse factoring agreements and requests to give further disclosure of such agreements. The disclosure requirements included in the amendments are intended to assist financial statement users in understanding the effects on an entity's liabilities, cash flows, and exposure to liquidity risk of reverse factoring arrangements.
The amendments will be effective for fiscal years beginning on or after January 1, 2024. Early application is permitted, and notice of this fact must be provided.
These changes are not expected to have a material impact on the Company's financial statements.

For all the newly issued standards, as well as the revision and amendments to existing standards, the Company is assessing impacts which are currently unforeseeable that will derive from their future application.

D.6.3. Significant accounting estimates

In the preparation of Financial statements in accordance with IFRS, Management must make accounting estimates and assumptions which have an effect on the values of the assets and liabilities and disclosures. Actual results may differ from these estimates. The estimates and assumptions are periodically reviewed and the effects of any changes are promptly recognised in the consolidated financial statements.
In this context, the situation caused by the historic volatility of the financial markets and the continued macroeconomic and geopolitical uncertainty has resulted in the need to make assumptions about a future performance characterised by significant uncertainty, in which results in the coming years could differ from such estimates and, therefore, require adjustments that is not currently possible to estimate or forecast, and these adjustments might even be significant.

The items principally affected by such uncertainty are: goodwill, the allowance for impairment and the provision for inventory impairment, non-current assets (intangible assets and property, plant and equipment), pension funds and Long Term Incentives, other post-employment benefits, provisions for risks and charges and deferred tax assets.
Reference should be made to the notes to each individual item for further information on the aforementioned estimates.

D.6.4. Notes to the Separate Financial Statements

Income Statement

D.6.4.1 Revenue

An analysis of revenues by product sales and services follows:

In Euro thousands	2023	2022	Changes
Net revenue from core business	247,258	286,183	(38,925)
Premiums and recharges	(8,187)	(9,197)	1,010
Revenue from services	9,230	9,344	(114)
Revenue from other products	9,804	17,749	(7,945)
Revenue	**258,105**	**304,079**	**(45,974)**

The item decreased by approximately 15% on the previous year. This mainly follows the contraction in demand in the year, reflecting the downturn in demand evident globally since the second half of 2022, partly due to a still critical macroeconomic and geopolitical environment and the continued high cost of living and inflation.
For information on revenue, reference should be made to paragraph A.6. "The Parent Company, Elica S.p.A.: financial results and operating performance", in the Directors' Report.
A breakdown of revenue from third parties and subsidiaries is shown below.

In Euro thousands	2023	2022	Changes
Revenue - thirt parties	205,715	241,397	(35,682)
Revenue - subsidiaries	52,390	62,682	(10,292)
Revenue	**258,105**	**304,079**	**(45,974)**

Revenue from subsidiaries amounts to Euro 52,390 thousand. These amounts principally refer to the sale of components, finished products and services to the subsidiary AirForce for Euro 724 thousand (Euro 784 thousand in 2022), to the subsidiary Ariafina for Euro 299 thousand (Euro 343 thousand in 2022), to the subsidiary Elica Group Polska for Euro 8,341 thousand (Euro 13,427 thousand in 2022), to the subsidiary Elicamex for Euro 5,390 thousand (Euro 7,141 thousand in 2022), to the Chinese subsidiary Putian for Euro 264 thousand (Euro 349 thousand in 2022), to the Russian subsidiary Elica Trading for Euro 6,603 thousand (Euro 9,046 thousand in 2022), to Elica France for Euro 23,607 thousand (Euro 20,282 thousand in 2022), to the subsidiary Elica GmbH for Euro 5,878 thousand (Euro 7,798 thousand in 2022) and to the subsidiary EMC Fime for Euro 1,284 thousand (Euro 3.511 thousand in 2022).
Revenue from subsidiaries reduced by approximately Euro 10 million, in line with the decline in global demand, both in the range hood segment and the motors segment.
All transactions are regulated at prices in line with market conditions applied to third parties.
Finally, we present revenue by geographic segment.
Breakdown of revenue from sales and services by geographic segment and from third party and subsidiaries:

In Euro thousands	2023	2022	Changes
EUROPE + CSI (RUSSIA)	238,023	274,180	(36,157)
OTHER COUNTRIES	12,493	17,806	(5,313)
AMERICA	7,589	12,093	(4,504)
Revenue	**258,105**	**304,079**	**(45,974)**

In 2023, as is in 2022, there were no non-Group customers whose revenue accounts for more than 10% of total revenue.

D.6.4.2 Other operating income

In Euro thousands	2023	2022	Changes
Grants related to income	1,729	1,104	625
Ordinary gains	410	7,494	(7,084)
Claims and insurance settlement	494	83	411
Other operating income	1,575	1,834	(259)
Other operating income	**4,208**	**10,515**	**(6,307)**

Other operating income decreased by over Euro 6 million, mainly in terms of Ordinary gains. This decrease is mainly due to two factors which were not evident in 2022. On the one hand, Euro 3.2 million concerns the capital gain following the sale of the joint arrangement of a number of patents; on the other hand, Euro 4.2 million concerns the gain realised by Elica S.p.A. for the sale of production assets, for the portion transferred to the subsidiary Elica Group Polska for the reorganisation of the production footprint.
The new organisational structure establishes for the Italy Cooking area the conversion of the production site of Mergo into a high-end hub, the transfer of the higher standard production lines to the Jelcz-Laskowice plant in Poland and the integration into the Mergo plant of the activities carried out at the Cerreto site.
This account presents the majority of the public grants issued to the company. Reference should be made to Note D.6.8 for information on the public grants presented according to Article 1, paragraph 125, No. 124 of Law of August 4, 2017.

D.6.4.3 Change in finished/semi-finished products

The change in finished and semi-finished products was positive for Euro 905 thousand, while positive for Euro 2,530 thousand at December 31, 2022. The decrease reflects the trend in finished and semi-finished products and the destocking policy pursued by the Company, particularly in the last quarter of the year.

D.6.4.4 Increase in internal work capitalised

In Euro thousands	2023	2022	Changes
Increase in internal work capitalised	1,801	1,149	652
Increase in internal work capitalised	**1,801**	**1,149**	**652**

The account amounted to Euro 1,801 thousand (Euro 1,149 thousand in the previous year) and mainly relates to the capitalisation of charges regarding the design and development of new products and costs sustained internally for the construction of moulds, industrial equipment and the implementation of new IT programmes. Capitalised costs principally relate to personnel. They increased by Euro 652 thousand on the previous year. For further information, reference should be made to the paragraphs outlining the balances and changes in property, plant and equipment and intangible assets.

D.6.4.5 Raw materials and consumables

The breakdown of consumables (third parties and subsidiaries) are as follows:

In Euro thousands	2023	2022	Changes
Purchase of raw material	43,069	68,384	(25,315)
Purchase of semi-finished products	9,387	11,101	(1,714)
Purchase of consumables and supplies	362	523	(161)
Purchase of finished products	112,653	118,547	(5,894)
Packaging	165	237	(72)
Others	299	582	(283)
Transport on purchases	357	1,168	(811)
Change in inventory of raw materials, consumables, supplies and goods	2,690	(4,226)	6,916
Raw materials and consumables	**168,982**	**196,316**	**(27,334)**

The balance is broken down as follows:

In Euro thousands	2023	2022	Changes
Raw materials and consumables - third parties	61,066	78,152	(17,086)
Raw materials and consumables - subsidiaries	107,916	118,164	(10,248)
Raw materials and consumables	**168,982**	**196,316**	**(27,334)**

Raw materials and consumables decreased by approx. Euro 27.3 million in 2023 compared to 2022. This decrease is mainly attributable to the lower volume of purchases during the year due to the decrease in production, as well as to the correction from the sharp increase in costs for both raw materials and related transport costs in 2022, and the stock management efficiency policy pursued by management during 2023.
More specifically, the components which decreased most were purchases of raw materials and of finished products, followed by purchases of semi-finished products and transport costs on purchases given the lower level of activities in the year. Similarly, the change in inventory of raw materials, consumables, supplies and goods report a positive value of Euro 2.7 million, compared to a negative value of Euro 4.2 million in 2022.
These costs as a percentage on sales increased from 64.6% to 65.5%. These costs are considered together with the change in inventories of finished products and semi-finished products. The percentage of revenues increased from 63.7% to 65.1%.

Purchases from subsidiaries amounted to Euro 107,916 thousand (Euro 118,164 thousand in 2022). The most significant item relates to the purchase of finished products and goods from the subsidiaries Elica Group Polska, for Euro 94,568 thousand (Euro 96,983 thousand in 2022), from ZheIiang Elica Putian Electric for Euro 7,174 thousand and from EMC Fime for Euro 5,540 thousand. Following the transfer of the business unit in fact, Elica S.p.A. purchases the motors for its Cooking products from the subsidiary EMC Fime.
All transactions are regulated at prices in line with market conditions applied to third parties.

D.6.4.6 Services

In Euro thousands	2023	2022	Changes
Outsourcing	7,787	10,542	(2,755)
Maintenance	753	2,175	(1,422)
Transportation	3,225	3,205	20
Trade fairs and promotional events	2,269	3,391	(1,122)
Utilities	1,320	2,401	(1,081)
Promotion and advertising fees	2,065	1,783	282
Commissions and bonuses	862	931	(69)
Management of finished goods	7,055	7,835	(780)
Consultancy	6,476	6,187	289
Industrial services	388	572	(184)
Travelling expenses	615	894	(279)
Insurances	744	841	(97)
Banking commissions and charges	215	182	33
Other professional services	3,662	3,856	(194)
Heating expenses	605	530	75
Statutory auditors' fees	86	85	1
Directors' fees	1,325	1,613	(288)
Car management	518	568	(50)
Costs to remainlisted on the stock exchange	455	487	(32)
Services	**40,425**	**48,078**	**(7,653)**

Service costs decreased by approx. Euro 7.7 million on the previous year. This decrease is within the Outsourcing item which concerns services from third party companies. This reduction is also closely related to the market and production dynamics outlined above. The decrease in the Maintenance item reflects the introduction of the reorganisation of our production footprint, which led to the transfer of a portion of production from the Italian facilities of Elica S.p.A. to the Polish plant of the subsidiary Elica Group Polska. Finally, the reductions in the items Trade Fairs and Promotional Events and Utilities generally reflect the operating cost efficiency policy pursued by the Company during the year, as well as the reduction in energy costs, which in 2022 saw a disrupting increase compared to the past.

The balance is comprised of:

In Euro thousands	2023	2022	Changes
Services - third parties	37,016	45,250	(8,234)
Services - subsidiaries	3,409	2,828	581
Services	**40,425**	**48,078**	**(7,653)**

D.6.4.7 Personnel expense

Personnel expense incurred in 2023 and 2022 was as follows:

In Euro thousands	2023	2022	Changes
Wages and salaries	24,450	28,957	(4,507)
Social security expenses	7,653	9,131	(1,478)
Post-employment benefits	1,719	1,919	(200)
Other personnel expense	(3,242)	1,069	(4,311)
Personnel expense	**30,580**	**41,076**	**(10,496)**

Personnel expense overall decreased Euro 10.5 million. This decrease was due to a number of factors. Of note in this regard is the reorganization of our production footprint, which led to the transfer of a portion of production from the Italian facilities of Elica S.p.A. to the Polish plant of the subsidiary Elica Group Polska. On the other hand, market demand declined and therefore production from 2022 required significant rightsizing efforts of the organisation and

the reduced use of temporary workers.
Personnel expense also reflects the adjustment of variable incentives for employees, particularly in relation to the long-term incentive plan. At the end of the plan for 2021-2023, this amount reflects a more accurate measurement by management in light of actual company performance numbers.
The table below shows the number of employees at December 31, 2023 and December 31, 2022:

In Euro thousands	31/12/2023	31/12/2022	Changes
Executives	22	23	(1)
White-collar	262	270	(8)
Blue-collar	344	381	(37)
Other	0	0	(0)
Total	628	674	(46)

The above figure also includes employees in the Spanish office.

D.6.4.8 Amortisation, depreciation and impairment losses

Amortisation and depreciation amount to Euro 8,217 thousand, a decrease on Euro 9,531 thousand in 2022. The decrease is mainly due to the issue outlined above concerning the sale of assets needed for the reorganisation of the production footprint to the subsidiary EGP.
For the changes in the year of amortisation and depreciation, reference should be made to the paragraph on non-current assets and right-of-use assets as per IFRS 16, D.6.4.17 and D.6.4.18.2, D.6.4.18.3.

D.6.4.9 Other operating expenses and accruals

These are detailed as follows:

In Euro thousands	2023	2022	Changes
Rental of vehicles and industrial equipment	307	164	143
Leases and rentals	134	118	16
HW, SW, patent use fees	744	744	0
Other taxes (no income tax)	251	251	0
Magazines, Subscriptions' expenses	3	4	(1)
Sundry equipment	113	134	(21)
Catalogues and brochures	136	302	(166)
Credit losses and loss allowance	(869)	(796)	(73)
Provisions for risks and charges	977	1,040	(63)
Other prior year expenses and losses	659	634	25
Other operating expenses and accruals	**2,455**	**2,595**	**(140)**

Overall, the account decreased Euro 140 thousand, remaining substantially in line with 2022. This movement included also the items Provisions for risks and charges and Credit losses and loss allowance, which reflect Managements' estimates for the coverage of risks.
For further details, see also D.6.4.27.

D.6.4.10 Restructuring charges

In Euro thousands	2023	2022	Changes
Restructuring charges	258	4,656	(4,398)
Restructuring charges	**258**	**4,656**	**(4,398)**

On March 31, 2021, Elica S.p.A. communicated to the trade union representatives the new organisational structure necessary to ensure the business continuity of the entire Group. The

reorganisation established for the Italy Cooking area the conversion of the production site of Mergo into a high-end hub, the transfer of the higher standard production lines to the Jelcz-Laskowice plant in Poland and the integration into the Mergo plant of the activities carried out at the Cerreto site. On December 9, 2021, at the Ministry for Economic Development, the dispute concluded successfully. The company decided to return certain areas of production from Poland to Italy, mainly within the high-end sphere - including the NikolaTesla aspirating hob - through a reshoring operation. On the basis of the reorganisation now implemented, the Mergo facility is becoming a high-end product hub, featuring a high degree of specialisation and quality of workmanship. The high volume and more standardised productions and automated processes are carried out at the Polish facilities. This allows the two facilities to focus on separate production areas, avoiding overlap and maintaining a strong presence in Italy. In particular, in relation to the employees involved, the agreement does not include redundancies, only involving voluntary and incentivised departures. Surplus personnel were managed through early retirement and relocation to other major companies in the area.
The figure at December 31, 2023 represents costs incurred by the Company related to the events described above, primarily personnel expenses and the value of assets that will lose their future utility. The significant decrease compared to December 31, 2022, is the result of reaching the concluding stages of this plan, which took place largely in previous years.
Euro 1.3 million of these costs are still carried in the restructuring provision to cover future departures in accordance with IAS 37.

D.6.4.11 Gain/(loss) on Group companies

In 2023, the account had a zero balance.

D.6.4.12 Financial income

Details of financial income are shown below:

In Euro thousands	**2023**	**2022**	**Changes**
Interest on bank and postal deposit	166	59	107
Other financial income	3,156	1,113	2,043
Financial Income	**3,322**	**1,172**	**2,150**

Financial income significantly increased on the previous year, with the increase mainly concerning the Other financial income item. This amount consists largely of Interest income from subsidiaries. The movement reflects the strategic decision to operate with Group companies through cash pooling, a mechanism that optimises the management of financial assets, allowing for greater control and efficiency within the Group.

D.6.4.13 Financial expense

Financial expense may be broken down as follows:

In Euro thousands	**2023**	**2022**	**Changes**
Financial expense on overdrafts and bank loans	3,764	1,668	2,096
Interest on lease liabilities (IFRS 16)	33	29	4
Financial expenses on post-employment benefits	155	99	56
Financial discounts	293	381	(88)
Other financial expense	980	342	638
Financial expense	**5,225**	**2,519**	**2,706**

The balance increased Euro 2.7 million on the previous year. The increase came mainly in the form of financial expense on overdrafts and bank loans and is strictly related to the increase in

finance cost caused by the continually rising interest rates in 2023 in response to ECB policies, leading to increases in the Euribor rate, which is the benchmark used to calculate interest rates on short-term financing.
This income statement account also includes interest expenses from subsidiaries participating in the cash pooling with Elica S.p.A..

D.6.4.14 Exchange rate gains/(losses)

In Euro thousands	2023	2022	Changes
Exchange rate losses	(4,459)	(4,816)	357
Exchange rate gains	2,633	8,730	(6,097)
Losses on derivatives	(6,500)	(4,469)	(2,031)
Gains on derivatives	4,335	3,889	446
Net exchange rate gains/(losses)	**(3,991)**	**3,334**	**(7,325)**

Net exchange rate losses of Euro 1,826 thousand were reported in the year, compared with net exchange gains of Euro 3,914 thousand in the previous year.
Net losses on derivatives totalled Euro 2,165 thousand in 2023 (net losses of Euro 580 thousand in 2022) and relates principally to income on currency derivatives, which do not quality for hedge accounting under the IFRS and were therefore recognised at fair value through profit or loss.
As the net balance of exchange rate gains and losses was a net loss, it was not considered necessary to replenish the reserve for exchange rate gains reserve as per No. 8-*bis* of paragraph 1, Article 2426 of the Civil Code.

D.6.4.15 Income taxes

The tax charge in the year is broken down as follows:

In Euro thousands	2023	2022	Changes
Current taxes	(1,366)	318	(1,684)
Deferred taxes	4,605	4,758	(153)
Income taxes	**3,239**	**5,076**	**(1,837)**

Current taxes include the amounts regarding: IRAP for Euro 20 thousand, non-recoverable foreign taxes for Euro 40 thousand, the payment of prior year IRAP for supplemental tax returns for Euro 94 thousand, and the recognition of the income from the tax consolidation for Euro 1,521 thousand.
The company is awaiting a fresh Ruling from the Tax Authorities for the Patent Box - a fiscal subsidy granted by the Italian State - with prior agreement - for income deriving from the use of intangible assets (patents) and did not accrue, similarly to 2020, any tax benefit in terms of tax breaks on income.
The company took part in the National Tax Consolidation, as per Article 117 and subsequent of the Income Tax Law, with the subsidiaries EMC Fime S.r.l. and Air Force S.p.A..
According to the consolidation agreements, in the case of the transfer to the fiscal consolidation (fiscal unit) of a tax loss, of a ROL excess (gross operating profit), of an interest expense or income excess or an excess in the ACE (Economic Growth Support) deduction compared to the assessable income, the Company will recognise remuneration equal to the tax advantage gained by the Group (IRES rate 24%); this amount is recognised under “Consolidation income” in the income statement.
The reconciliation between the theoretical and effective tax rate is shown (IRES) in the table below.
The change in the effective tax rate is due to non-recurring events, both last year and in the present year.

Tax Rate Reconciliation

RECONCILIATION TAX RATE

		2023					2022			
IRES rate		24.00%					24.00%			
IRAP rate		4.73%					4.73%			
	Taxable base	**IRES**	**IRAP**	**Total**	**% IRES on tax base**	**Taxable base**	**IRES**	**IRAP**	**Total**	**% IRES on profit/(loss) before tax**
Income base										
- Current		(1,521)	20	(1,501)			(74)	227	153	
- Prior year taxes / foreign taxes		135	0	135			165	0	165	
- Deferred – cost (income)		3,995	609	4,605			4,190	567	4,758	
[A] TOTAL INCOME TAXES		**2,610**	**629**	**3,239**	**21.51%**		**4,281**	**795**	**5,076**	**20.41%**
PROFIT BEFORE TAXES	12,134					20,978				
Tax calculated using local tax rate		2,912			24.00%		5,035			24.00%
Tax effect of exempt income	(5,002)	(1,200)			-9.89%	(4,900)	(1,176)			-5.61%
Tax effect of non-deductible expenses	1,792	430			3.5%	983	236			1.1%
Other differences	1,386	333			2.7%	91	22			0.1%
[B] Effective tax charge and tax rate net of substitute tax	**10,310**	**2,474**			**20.39%**	**17,151**	**4,116**			**19.62%**
Effect of tax reimbursement / Foreign taxes		135			1.11%		165			0.79%
[C] Effective tax charge and tax rate		**2,610**			**21.51%**		**4,281**			**20.41%**

D.6.4.16 Other information on the Income Statement

The research and development costs capitalised and expensed in 2022 and in 2023 are summarised in the table below:

In Euro thousands	**2023**	**2022**	**Changes**
Research costs taken to profit or loss	3,590	4,460	(870)
Amortisation of capitalised development costs in the year	1,665	1,977	(312)
Total research and development costs	**5,255**	**6,437**	**(1,182)**
Development costs capitalised in the year	**319**	**1,054**	**(735)**

Statement of financial position

D.6.4.17 Property, plant and equipment

The table below shows details of the changes in property, plant and equipment in 2022 and 2023.

In Euro thousands	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Historical cost property, plant & equipment
31/12/2021	**23,249**	**38,064**	**58,021**	**7,829**	**655**	**127,818**
Increase	518	291	2,293	531	742	4,375
Disposals & other reclassifications	0	(10,031)	(10,465)	(5)	(921)	(21,422)
31/12/2022	**23,767**	**28,324**	**49,849**	**8,355**	**476**	**110,771**
Increase	257	152	2,118	409	868	3,804
Disposals & other reclassifications	(4,529)	(2,510)	(5,708)	(212)	(660)	(13,619)
31/12/2023	**19,495**	**25,966**	**46,259**	**8,552**	**684**	**100,956**

In Euro thousands	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Accumulated Depreciation
31/12/2021	**13,728**	**30,748**	**52,636**	**6,787**		**103,899**
Depreciation	620	824	1,541	384		3,369
Disposals & other reclassifications	0	(8,482)	(9,581)	(4)		(18,067)
31/12/2022	**14,348**	**23,090**	**44,596**	**7,167**		**89,201**
Depreciation	502	604	1,311	400		2,817
Disposals & other reclassifications	(2,851)	(2,129)	(5,689)	(204)		(10,873)
31/12/2023	**11,999**	**21,565**	**40,218**	**7,363**		**81,145**

In Euro thousands	Land & buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets under construction and payments on account	Net property, plant and equipment
31/12/2021	**9,521**	**7,316**	**5,385**	**1,042**	**655**	**23,919**
Increase	518	291	2,293	531	742	4,375
Depreciation	(620)	(824)	(1,541)	(384)	0	(3,369)
Disposals & other reclassifications	0	(1,549)	(884)	(1)	(921)	(3,355)
31/12/2022	**9,419**	**5,234**	**5,253**	**1,188**	**476**	**21,570**
Increase	257	152	2,118	409	868	3,804
Depreciation	(502)	(604)	(1,311)	(400)	0	(2,817)
Disposals & other reclassifications	(1,678)	(381)	(19)	(8)	(660)	(2,746)
31/12/2023	**7,496**	**4,401**	**6,041**	**1,189**	**684**	**19,811**

The investments in the year concerned, among others, the purchase of moulds and other production machinery.

The Disposals and other reclassifications line mainly reflects: the representation of the amounts for the sale to the subsidiary Airforce of the industrial building located in Cerreto d'Esi and the related property, plant and equipment for a total value of 1.7 million. The residual value reversed with the sale impacts for Euro 1.6 million Land and Buildings and for Euro 0.1 million Plant and Machinery.

Property, plant and equipment is adequately insured against fire, weather damage and similar risks by means of insurance policies arranged with leading insurance companies.

The financial statements include assets acquired under finance lease agreements which by the end of 2010 had all been redeemed.

D.6.4.18 Goodwill and other intangible assets

D.6.4.18.1. Goodwill

The item presents the following movements:

In Euro thousands	31/12/2022	Acquisitions/ (Impairment losses)	31/12/2023
Goodwill	23,342	-	23,342
Goodwill	**23,342**	**-**	**23,342**

Goodwill totalled Euro 23.3 million and did not change in 2023.

Impairment Testing of goodwill

IAS 36 establishes standards for the recognition and disclosure of the impairment of certain types of assets, including goodwill, and presents the principles that businesses must follow to ensure that their assets are measured at no greater than their recoverable amount.

IAS 36 defines recoverable amount as the greater of:

- fair value less costs to sell, i.e. the amount obtainable, net of costs to sell, from the sale of the asset in an arm's length transaction between knowledgeable, willing parties; and
- value in use, which is equal to the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

IAS 36 requires the carrying amount[17] of goodwill to be compared with its recoverable amount whenever there is an indication that the asset may have undergone a reduction in value, and at least once per year in conjunction with impairment testing for the annual financial statements. The recoverable amount of goodwill is measured in reference to the cash generating unit (CGU), given that goodwill is not able to generate cash flows on its own.

A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows generated by other assets or groups of assets and with regard to which the Company has separate reporting of results.

The impairment testing undertaken in 2023 was based on the Company's five-year (2023-2027) financial forecasts, as prepared by management solely for the purposes of impairment testing and taking into account the current macroeconomic landscape and current trends in the markets in which the Company operates and as approved by the Board of Directors on February 13, 2024.

In accordance with IAS 36, and based on the considerations presented above, impairment testing of goodwill for the Company's separate financial statements at December 31, 2023, included the following activities:

1) Identification of goodwill;
2) Identification of the CGUs and allocation of goodwill to these CGUs;
3) Measurement of the recoverable amount of the CGUs;
4) Results of impairment testing;

[17] The carrying amount is equal to the sum of non-current assets (i.e. property, plant and equipment; goodwill, intangible assets with a finite useful life, and right-of-use assets), operating working capital (i.e. trade receivables and inventories less trade payables), and other assets and liabilities (i.e. tax assets and liabilities, provisions for risks and charges, other current assets and liabilities excluding the portion related to the purchase of equity investments, which are included among net financial position, deferred tax assets and liabilities related to purchase price allocations, derivative assets and liabilities excluding interest rate swaps, which are instruments used to hedge the cash flows of financing).

5) Sensitivity analyses on impairment test results in relation to changes in the underlying assumptions.

Identification of goodwill
Goodwill totalling Euro 23.3 million was subjected to impairment testing. The statement of financial position shows no other intangible assets with finite useful lives.

Identification of the CGUs and allocation of goodwill to these CGUs
IAS 36 requires that each CGU or CGU group to which goodwill is allocated represent the minimum level, within the entity, at which goodwill is monitored for management purposes and not be broader than an operating segment as defined by IFRS 8 – Operating Segments.
The verification of goodwill was carried out by identifying the entire company as a single CGU, following an approach based on Management Reporting.

Measurement of the recoverable amount of the CGUs
The Impairment Test of Elica S.p.A.'s goodwill at December 31, 2023 was carried out by identifying the recoverable amount in the value in use.
The recoverable amount of the Cash Generating Unit was determined, also with the support of a leading consulting firm, through the determination of their respective value in use, understood as the present value of the expected future cash flows generated by the CGUs and estimated in accordance with the discounted cash flow method.

The impairment test was approved by the Board of Directors on February 13, 2024, independently and prior to the preparation of the financial statements.

Discounted cash flow assumptions
The principal assumptions utilised by the Company for the estimate of the future cash flows for the impairment test were as follows:

	2023	**2022**
Weighted average cost of capital (WACC)	7.5%	8.1%
Growth rate terminal value	1.0%	1.0%

The Weighted Average Cost of Capital (WACC) utilised to discount the future cash flows was determined utilising the Capital Asset Pricing Model (CAPM). For the calculation of the WACC a free risk rate of 3.4% was used, a market premium risk of 5.5% and a beta-unlevered factor of 0.71.

Assumptions utilised in estimating cash flows
The discounted cash flow model is based on the financial cash flows, calculated on the basis of the best estimates made by the directors, for the sole purposes of the impairment test, for a period of five years (2024-2028 Operating and Financial Projections).
The 2024-2028 Operating and Financial Projections used for the purpose of the impairment test were prepared and approved by the Directors on February 13, 2024. The main assumptions utilised in the determination of the cash flows were as follows:

- a revenue CAGR over the 2024-2028 period of 4%;
- average gross operating profit on revenue equal to 9.6%;
- average operating profit on revenue equal to 6.5%;
- average Capex on revenue equal to 1.5%;
- level of Free Operating Cash flow After Taxes on revenue equal to 6.2%.

The assumptions utilised in the estimates are based on historical and forecast data of the

Company, and are in line with information available from independent sector and market analysts in which the Group operates. These estimates are subject to changes, even significant, deriving from uncertainties which continue to effect the markets, and for this reason management continues to periodically monitor the circumstances and events which affect these assumptions and future trends.

Results of the impairment test
The impairment test did not result in the recognition of loss in value of the goodwill. The value in use of the Company was 8.9 times its carrying amount (Euro 298 million).

Sensitivity analysis
In order to better appreciate the sensitivity of the results of the Impairment Test to changes in the basic assumptions, several sensitivity analyses were carried out assuming reasonable changes in some of the assumptions underlying the estimates made, and in particular in the growth rate (between 0% and 2%), the WACC (between 8.5% and 6.5%) and the cost of raw materials (percentage increase between 0.5% and 1.7%). None of the changes considered resulted in a recoverable amount of the Company equal to or below the respective carrying amounts. In particular, upon changes in the growth rate the coverage would fluctuate between 9.2 and 12.5 and upon changes in the WACC coverage would fluctuate between 7 and 9.2. Regarding the sensitivity analysis related to the cost of raw materials, increasing it by 0.5% would result in a coverage of 7.6, while with an increase of 1.7% the coverage would be 7.
The WACC and growth rate at which the coverage is equal to one were also calculated. The WACC is 58.6% and the growth rate is over -90%.

D.6.4.18.2. Other intangible assets

The table below shows details of changes in other intangible assets in 2022 and 2023.

In Euro thousands	**Development costs**	**Industrial patents and intellectual property rights**	**Concessions, licences, trademarks and software**	**Other intangible assets**	**Assets under development and payments on account**	**Net intangible assets**
31/12/2021	**5,278**	**8,536**	**307**	**902**	**593**	**15,616**
Increase	1,054	765	4	76	1,347	3,246
Amortisation	(1,977)	(2,500)	(58)	(375)	0	(4,910)
Disposals & other reclassifications	213	63	1	(1)	(294)	(18)
31/12/2022	**4,568**	**6,864**	**254**	**602**	**1,646**	**13,934**
Increase	319	560	3	12	1,915	2,809
Amortisation	(1,665)	(2,291)	(58)	(208)	0	(4,222)
Disposals & other reclassifications	481	973	0	(11)	(1,460)	(17)
31/12/2023	**3,703**	**6,106**	**199**	**395**	**2,101**	**12,504**

Development costs relate to product design and development activities. The increase is mainly attributable to the cost of developing new products.
Industrial patents and intellectual property rights includes the recognition of patents, associated development costs, intellectual property rights and software programmes.
Concessions, licenses, trademarks and similar rights refers to the registration of trademarks by the company.
Other intangible assets mainly consists of shared costs regarding the development of equipment, moulds and machinery and servers refurbishment.
Assets under development and payment on accounts of Euro 2.1 million refer principally to the

design and development of new products and software application programmes.
The capitalisation of development costs and assets under development requires the calculation of estimates by the Directors, as their recoverability is dependent on the cash flows deriving from the sale of products sold by the Group. Management has reviewed the useful life of intangibles assets and the continued compliance with the requirements for intangible asset capitalization. The analysis indicates that the recoverable amount of the development costs and assets under development is greater than the corresponding carrying amount, and therefore it is not necessary to recognise an impairment loss. The criteria applied to amortise intangible assets is considered appropriate to reflect the remaining useful life of the assets.

D.6.4.18.3 Right-of-use

In Euro thousands	Right-of-use Buildings	Right-of-use Plant and Machinery	Right-of-use Industrial and commercial equipment	Other leased assets	Assets under construction	Net right-of-use
31/12/2021	**130**	**125**	**0**	**2,783**		**3,038**
Increase	217	0	0	1,930		2,147
Depreciation	(80)	(37)	0	(1,135)		(1,252)
Disposals & other reclassifications	(53)	(1)	0	(1,175)		(1,229)
31/12/2022	**214**	**87**	**0**	**2,405**		**2,706**
Increase	118	0	0	624		742
Depreciation	(109)	(15)	0	(1,055)		(1,179)
Disposals & other reclassifications	1	(72)	0	(5)		(76)
31/12/2023	**224**	**0**	**0**	**1,968**		**2,192**

This item includes assets representing the Company's rights-of-use under existing lease, rental and hire agreements. The Company has many assets under lease, such as buildings, production machinery, motor vehicles and IT equipment. The rights-of-use for Other Assets primarily regards IT equipment.

D.6.4.19 Equity investments

D.6.4.19.1 Investments in subsidiaries

In Euro thousands	31/12/2022	Other changes	31/12/2023
Investment in subsidiaries	102,743	404	103,147
Investment in subsidiaries	**102,743**	**404**	**103,147**

The details of investments in subsidiaries are shown below:

In Euro thousands	31/12/2022	Acquisitions & Sub.	Impairment	Increases	Decreases	31/12/2023
Elica Trading LLC	3,880					3,880
Elica Group Polska S.p.zoo	22,274					22,274
Elicamex S.a. de C.V.	9,464					9,464
Ariafina Co.Ltd	49					49
Airforce S.p.A.	3,662					3,662
Zhejiang Elica Putian Electric Co. Ltd	11,990					11,990
Elica France S.A.S.	1,024					1,024
Elica GmbH	4,540					4,540
EMC Fime S.r.l.	45,859					45,859
Southeast Appliance Inc.				27		27
AG International Inc.				376		376
Investments in subsidiaries	**102,743**			**404**		**103,147**

Equity investments changes as follows in the year.

Elica S.p.A established the first direct distributor, Southeast Appliance Inc., in partnership with ILVE, through a capital contribution of Euro 27 thousand on July 12,2023 and commenced operations in September 2023.
On November 2, 2023, Elica S.p.A. also finalised the agreement to fully acquire AG International Inc., the distribution company for the Elica and Kobe brands in Canada, for total consideration of Euro 376 thousand.

The table below summarises the key figures derived from the subsidiaries' 2023 financial statements, including their equity. This amount is therefore compared with the carrying amount of the equity investment.

In Euro thousands	% held	Carrying amount 31/12/2023	Profit/(loss) for the year	Equity
Airforce S.p.A.	100%	3,662	(512)	3,642
Ariafina Co.Ltd	51%	49	3,246	11,058
Elica Group Polska Sp.z o.o	100%	22,274	2,385	23,319
Elicamex S.a.d. C.V.	98%	9,464	529	33,849
Zhejiang Elica Putian Electric Co. Ltd	99%	11,990	(1,107)	(54)
Elica Trading LLC	100%	3,880	154	1,708
Elica France S.A.S.	100%	1,024	286	1,425
Elica GmbH	100%	4,540	(94)	1,453
EMC Fime S.r.l.	100%	45,859	2,802	25,678
Southeast Appliance Inc.	100%	27	(363)	(328)
AG International Inc.	100%	376	8	352

In accordance with the provisions of IAS 36, the recoverability of the carrying amount of equity investments is subject to testing amid the existence of indicators of potential impairment. Following the trigger events analysis carried out, the controlling equity investments are held in: Zhejiang Elica Putian Electric Co. Ltd, in consideration of the results reported and the adjustments made in previous years, Elica Trading LLC, in consideration of the risks from the Russia-Ukraine conflict as concerning the company marketing Elica products in Russia, EMC Fime S.r.l. which reports goodwill on consolidation.

In terms of how to determine any impairment losses on investments in subsidiaries, the test is carried out, in accordance with IAS 36, by comparing the recoverable amount with the carrying amount of the investment.

The recoverable amount of the equity investments was estimated, also with the assistance of a leading consulting firm, through the determination of their respective values in use, represented by the present value of the estimated cash flows for the years of operation of the tested companies and resulting from its disposal at the end of its useful life, calculated in accordance with the discounted cash flow method.

The impairment test was approved by the Board of Directors on February 13, 2024, independently and prior to the preparation of the financial statements.

Discounted cash flow assumptions
The principal assumptions utilised by the company for the estimate of the future cash flows for the impairment test of the investments were as follows:

	Weighed average cost of capital (WACC) 2023	Growth rate terminal value 2023	Weighed average cost of capital (WACC) 2022	Growth rate terminal value 2022
Zhejiang Elica Putian Electric Co. Ltd	7.8%	2.2%	8.0%	2.0%
Elica Trading	25.2%	4.0%	18.7%	1.0%
EMC Fime Srl	8.8%	1.0%	9.4%	1.0%
Investments in subsidiaries with indicators of Impairment				

The Weighted Average Cost of Capital (WACC) utilised to discount the future cash flows was determined utilising the Capital Asset Pricing Model (CAPM).
For the calculation of the WACC of Elica Putian a free risk rate of 3.8% was used, a market premium risk of 5.5% and a beta-unlevered factor of 0.71.
For the calculation of the WACC of Elica Trading a free risk rate of 21.3% was used, a market premium risk of 5.5% and a beta-unlevered factor of 0.71.
For the calculation of the WACC of EMC Fime a free risk rate of 4.6% was used, a market premium risk of 5.5% and a beta-unlevered factor of 0.81.

Assumptions utilised in estimating cash flows

The discounted cash flow model is based on the financial cash flows, calculated on the basis of the best estimates made by the directors, for the sole purposes of the impairment test, for a period of five years (2024-2028 Operating and Financial Projections).
The 2024-2028 Operating and Financial Projections for the companies subject to testing, used for the purpose of the impairment test, were prepared and approved by the Directors on February 13, 2024.
The main assumptions utilised in the determination of the cash flows were as follows:

	CAGR revenue period 2023-2028	Average gross operating profit on revenue	Average operating profit on revenue	Average Free Operating Cash flow after taxes on revenue
Zhejiang Elica Putian Electric Co. Ltd	8.1%	15.5%	10.0%	15.4%
Elica Trading	11.8%	2.9%	2.9%	2.6%
EMC Fime Srl	2.9%	10.5%	6.6%	5.2%
Investments in subsidiaries with indicators of Impairment				

The assumptions utilised in the estimates are based on historical and forecast data of the investees, and are in line with information available from independent sector and market analysts in which the company operates. These estimates are subject to changes, even significant, deriving from uncertainties which continue to effect the markets, and for this reason management continues to periodically monitor the circumstances and events which affect these assumptions and future trends.

Results of the impairment test

The tests conducted did not result in any impairment losses on the tested investments being recognise in the Company's income statement.
The results are reported below.

	Coverage
Zhejiang Elica Putian Electric Co. Ltd	1.9
Elica Trading	1.0
EMC Fime Srl	2.6
Investments in subsidiaries with indicators of Impairment	

Sensitivity analysis

Sensitivity analyses were carried out in order to indicate, by coverage level, the impacts from:

- a +/-1% change in the WACC

Coverage	*Zhejiang Elica Putian Electric Co. Ltd*		*Elica Trading*		EMC Fime Srl	
	6.8%	2.3	24.2%	<1	7.8%	2.6
	7.8%	2.0	25.2%	<1	8.8%	2.3
	8.8%	1.8	26.2%	<1	9.8%	2.0
Sensitivity WACC						

- a +/-1% change in the Growth rate

Coverage	*Zhejiang Elica Putian Electric Co. Ltd*		*Elica Trading*		EMC Fime Srl	
	12%	2.3	3%	<1	0.00%	2.6
	2.2%	2.7	4%	<1	1.00%	2.9
	3.2%	3.3	5%	<1	2.00%	3.3
Growth Rate Sensitivity						

- from an increase in costs. A percentage increase in raw material costs was factored in from 0.5% to 1.7%

Coverage	*Base scenario*	*0.50%*	*1.70%*
Zhejiang Elica Putian Electric Co. Ltd	1.9	1.8	1.7
Elica Trading	1.0	<1	<1
EMC Fime Srl	2.6	2.5	2.3
Sensitivity increase % raw material costs			

- from a change in gross operating profit. A percentage decrease in the gross operating profit margin was factored in from -0.5% to -0.9%

Coverage	*Base scenario*	*-0.50%*	-0.90%
Zhejiang Elica Putian Electric Co. Ltd	1.9	1.8	1.7
Elica Trading	1.0	<1	<1
EMC Fime Srl	2.6	2.4	2.3
Change in gross operating profit sensitivity			

It is noted that the carrying amount of the investment in Elica Trading is in line with the value in use estimated in the Impairment Test, so any negative changes in the underlying assumptions could result in an impairment loss.

The WACC and growth rate at which the coverage is equal to one were also calculated for Elica Putian and EMC Fime. For Elica Putian, the WACC is 11.5% and the growth rate is -3.3%. For EMC Fime, the WACC is 23% and the growth rate is -43.2%.

D.6.4.20 Other receivables (non-current) and other assets

The breakdown is as follows:

In Euro thousands	31/12/2023	31/12/2022	Changes
Receivables from employees	1	1	0
Other receivables	4	4	0
Other financial assets	712	712	0
Other receivables (non-current) and other assets	**717**	**717**	**0**

Other receivables includes security deposits.
The item Other financial assets regards unqualified non-controlling interests held by the Elica Group in other companies. These investments are held in unlisted companies whose shares are not traded on a regulated market. This item includes for Euro 663 thousand the investment of approx. 6% in Elica PB Whirlpool Kitchen Appliances (previously Elica PB India Private Ltd.), an approx. 87% subsidiary of Whirlpool of India Limited.
This company was previously an Elica Group subsidiary which was sold to Whirlpool of India Ltd in the second half of 2021. Following this transaction, the company was deconsolidated and the residual investment maintained by the Elica Group, equal to 6,375% of the share capital, was reclassified to Other Financial Assets. Simultaneous to this sale to Whirlpool of India Ltd., Elica PB Whirlpool Kitchen Appliances signed new product supply and license agreements for the use of the Elica brand (Trademark & Technical License Agreement) and the Whirlpool brand (Trademark License Agreement) respectively in India.
In addition, the shareholders of the Indian company signed a shareholder agreement which stipulated, among other matters, a prohibition on the sale to third parties of their respective investments held in Elica PB Whirlpool Kitchen Appliances within 90 days from the approval date of the financial statements as at and for the year ending March 31, 2024. In addition, this shareholder agreement includes Put & Call options, under which Whirlpool of India Limited may acquire (i.e. Elica and the other Indian shareholders may sell to Whirlpool of India Ltd.) the entire holding, from March 31, 2024, or before that date exclusively on the occurrence of certain events. In view of the consolidated business relationships between the shareholders of the Indian company, these options were included in the shareholders' agreement to protect the rights of the minorities in the case of an exit from the investment, a possibility which the directors consider as unlikely given the current circumstances.
Management considers that the carrying amount approximates the fair value.

D.6.4.21 Deferred tax assets and liabilities

In Euro thousands	31/12/2023	31/12/2022	Changes
Deferred tax assets	9,450	14,382	(4,932)
Deferred tax liabilities	(468)	(1,265)	797
Total	**8,982**	**13,117**	**(4,135)**

Deferred tax assets principally relate to non-deductible accruals and the tax loss. Deferred tax liabilities principally includes the payables for merger adjustments and IFRS measurement.
The following table presents the Deferred tax assets and liabilities:

In Euro thousands	31/12/2022		Eq./Others	Effect on profit or loss		31/12/2023	
	Assets	Liabilities		Costs	(Revenue)	Assets	Liabilities
Amortisation & depreciation	1,116			22	(16)	1,110	
Provisions	2,786			1,049	(444)	2,181	
Inventory write-down	767			392	(62)	438	
Exchange rate differences	211				(311)	522	
Restructuring charges	1,361			992		369	
Merger adjustments		(228)			(228)		
Goodwill	(2)	(3)	2				(3)
IRS measurement		(1,034)	569				(465)
Post-employment benefits	216					216	
Tax loss	4,173		(99)	629		3,445	
Other					(88)	88	
Employee bonuses	3,752			2,919	(248)	1,081	
Total	**14,381**	**(1,265)**	**472**	**6,003**	**(1,398)**	**9,450**	**(468)**

Management decides whether to recognise deferred tax assets by assessing projected future recovery based on budget projections.

D.6.4.22 Trade receivables - third parties

The account consists of:

In Euro thousands	**31/12/2023**	**31/12/2022**	**Changes**
Receivables within one year	494	6,823	(6,329)
Receivables beyond one year	1,858	2,151	(293)
Trade receivables	**2,352**	**8,974**	**(6,622)**

Net trade receivables decreased Euro 6,622 thousand. This decrease is mainly due to the reduction in revenue in 2023 compared to 2022, in addition to effective collection activities that enabled a reduction in DSO (Days Sales Outstanding) compared to 2022.
Elica Spa implements a Group Credit Policy which governs the management of credit in order to reduce the risk.
In particular, it is Company policy to transfer the recoverability risk of receivables to third parties and, therefore, various derivatives are utilised among which first and second level insurance policies with leading international insurance companies.
The maximum theoretical credit risk exposure for the Company at December 31, 2023 is based on the carrying amount of recognised receivables, net of the specific insurance coverage, non-recourse receivables factored and letters of credit, in addition to the nominal value of the guarantees given to third parties.

At the end of December 2023, almost all receivables are covered against risk through credit insurance or other guarantees.
The amount of trade receivables recognised in the statement of financial position is net of the loss allowance. The allowance is allocated either on a specific basis or on the general basis of overall risks, in accordance with the Group's Credit Policy.
The movements in the loss allowance in 2023 are set out below:

In Euro thousands	**31/12/2023**	**31/12/2022**	**Changes**
Opening balance	3,291	4,129	(838)
Accruals	0	151	(151)
Utilisation/Releases	(1,207)	(989)	(218)
Loss allowance	**2,084**	**3,291**	**(1,207)**

The realignment of receivables to their fair value is achieved through the loss allowance.

D.6.4.23 Inventories

Inventories decreased by approx. Euro 1.8 million.

In Euro thousands	**31/12/2023**	**31/12/2022**	**Changes**
Raw materials, consumables and supplies	9,640	12,411	(2,771)
Provision for the write-down of raw materials	(761)	(843)	82
Raw materials, consumables and supplies	**8,879**	**11,568**	**(2,689)**
Semi-finished products	5,261	5,771	(510)
Provision for the write-down of semi-finished products	(316)	(1,582)	1,266
Semi-finished products	**4,945**	**4,189**	**756**
Finished products	17,307	17,183	124
Provision for the write-down of finished products	(749)	(773)	24
Finished products	**16,558**	**16,410**	**148**
Prepayments	**0**	**0**	**0**
Inventories	**30,382**	**32,167**	**(1,785)**

Inventories are stated net of the provision for inventory write-down which amounts to Euro 1.5 million at December 31, 2023 and Euro 3.2 million at December 31, 2022, in order to provide for the effect of waste, obsolete and slow moving items.
The calculation of the provision for the write-down of raw materials, semi-finished and finished products is based on assumptions made by Management.
Inventories also include materials and products that were not physically held by the Company at the reporting date. These items were held by third parties on display, for processing, consignment stock, or for examination.

D.6.4.24 Other assets (current)

This item is broken down as follows:

In Euro thousands	**31/12/2023**	**31/12/2022**	**Changes**
Prepayments	1,662	1,968	(306)
Other receivable	1,014	1,339	(325)
Other current assets	**2,676**	**3,307**	**(631)**

The item decreased by approx. Euro 0.6 million. This is due to the deferral of the consideration incurred in connection with the signing of a non-competition agreement in existence for several years, which is recorded under prepayments.
The account includes receivables beyond five years of Euro 39.4 thousand.
Management believes that this amount approximates fair value.

D.6.4.25 Tax assets (current)

The breakdown of Tax Assets is summarised in the table below:

In Euro thousands	**31/12/2023**	**31/12/2022**	**Changes**
VAT refund	4,955	3,989	966
Corporate income tax refunds	1,340	1,707	(367)
IRAP	106	110	(4)
Other tax assets	3,356	2,602	754
Tax assets	**9,757**	**8,408**	**1,349**

VAT refunds increased due to the timing of commercial transactions.
Corporate income tax refunds includes receivables for taxes paid abroad to be recovered.
Other tax assets mainly includes tax credits on investments and R&D.
Management believes that this amount approximates fair value.

D.6.4.26 Employee benefit liabilities

The amount accrued of Euro 4,444 thousand is the present value of liabilities for post-employment benefits matured by employees at year-end.
The most recent calculation of the present value of this item was performed at December 31, 2023 by an independent specialist actuary.
The amounts recognised in the Income Statement were as follows:

In Euro thousands	**31/12/2023**	**31/12/2022**	**Changes**
Current service cost	1,719	1,919	(200)
Financial expense	155	99	56
Total	**1,874**	**2,018**	**(144)**

The changes in the present value of post-employment benefit obligations in the reporting period were as follows:

In Euro thousands	31/12/2023	31/12/2022	Changes
Opening balance	4,444	6,521	-2,077
Current service cost	1,719	1,919	-200
Actuarial gains and losses	26	889	-863
	1,745	**2,808**	**-1,063**
Financial expense	155	99	56
Pension fund	-1,706	-3,621	1,915
Benefits provided	-656	-1,363	707
	-2,207	**-4,885**	**2,678**
Post-employment benefit liabilities	**3,982**	**4,444**	**-462**

The interest component of the defined employee benefit plan cost is shown under financial expense, with a resulting increase of Euro 155 in this item for the reporting period. The current service cost and the effect of the curtailment and settlement were recorded under personnel expense. Actuarial gains and losses, amounting to Euro 26 thousand, comprise the actuarial gains (losses) of the defined benefit plans reported in the Statement of Comprehensive Income.

Assumptions adopted for the calculation:

	31/12/2023	31/12/2022
Discount rate to determine the obligation	3.17%	3.77%
Inflation rate	2.00%	2.30%

The discount rates utilised by the Company were selected based on the yield curves of high-quality fixed income securities, as in previous years.
This financial variable is considered the most significant and therefore chosen for a sensitivity analysis. The objective of a sensitivity analysis is to show how the result of the valuation changes in response to changes in an assumption adopted for the calculation, with all other assumptions unchanged.
Therefore, if the discount rate increased 0.5%, the provision would reduce to Euro 158 thousand, while if the discount rate decreased 0.5%, the obligation would increase to Euro 147 thousand.

Number of employees

The average number of employees in 2023 was 648 (881 in 2022), with a final number at December 31, 2023 of 628, as outlined in Note D.6.4.7.

D.6.4.27 Provision for risks and charges

The composition and movements of the provisions are as follows:

In Euro thousands	31/12/2022	Accruals	Utilisation/Releases	31/12/2023
Provision for agents' termination benefits	588	67	(26)	629
Provision for product warranties	2,752	1,364	(2,529)	1,587
Provision for Legal risks	4,381	181	(397)	4,165
Long Term Incentive Plan Provision	9,633	3,400	(9,651)	3,382
Personnel provision	3,985	864	(3,985)	864
Restructuring provision	4,735	0	(3,451)	1,284
Other provision	1,943	433	(109)	2,267
Provisions for risks and charges	**28,017**	**6,309**	**(20,148)**	**14,178**
of which:				
Non-current	16,544	4,081	(10,182)	10,443
Current	11,473	2,228	(9,966)	3,735
Provisions for risks and charges	**28,017**	**6,309**	**(20,148)**	**14,178**

The provision for agents' termination benefits cover possible charges upon the termination of

contracts with agents and sales representatives Changes in the provision reflect adjustments in the indemnities and the utilisations.
The provision for product warranties is an estimate of the costs likely to be incurred to repair or replace items sold to customers. This provision reflects the average warranty costs historically incurred by the company as a percentage of sales still covered by warranty.
The provision for legal risks relates to likely costs and charges to be incurred as a result of ongoing legal disputes, estimated by Management on the basis of the best information available.
The Long-Term Incentive Plan provision includes the amounts accrued at December 31, 2023 for: the new 2021-2023 long-term incentive plan, which is entirely cash-based and reserved for Key People, and the share of related contributions, the CEO's long-term incentive plan, and a specific incentive plan for some members of top management. Please refer to the Directors' Report for further details.
In addition to releases to adjust the value of the aforementioned provision upon expiration of the three-year plan, the utilisations and releases column also includes utilisations for the year in the amount of Euro 2.1 million upon completion of the previous 2016-2022 Phantom Stock & Voluntary Coinvestment Plans and the 2019-2025 Phantom Stock & Voluntary Coinvestment Plan.

The Personnel provision includes contractual indemnities and employee bonuses accrued in the year, based on the best estimates according to the information available. The utilisations relate to payments in 2023 in this regard.
The restructuring provision, amounting to Euro 1,284 thousand, covers the estimated Company costs to complete the reorganisation of the production plant of the Cooking Business Unit. This concerns primarily personnel expense and the assets that will lose their future use. The reorganisation established for the Italy Cooking area the conversion of the production site of Mergo into a high-end hub, the transfer of the higher standard production lines to the Jelcz-Laskowice plant in Poland and the integration into the Mergo plant of the activities carried out at the Cerreto site. In particular, with regards to employees, the agreement did not include redundancies, involving only voluntary and incentivised departures. Surplus personnel were managed through early retirement and relocation to other major companies in the area.
The other provisions mainly include the product disposal provision, given that during the year the provisions created for risks concerning business operations or to mitigate the impact of market volatility were utilised.

The restructuring provision, the provision for product warranties and the personnel provision are considered to be current, as they relate to matters concerning 2024.
The impact of discounting non-current provisions is not significant, so it has not been taken into account.

D.6.4.28 Current and non-current tax liabilities

D.6.4.28.1 Tax liabilities (non-current)

The balance of this item at December 31, 2023 is zero.

D.6.4.28.2 Tax liabilities (current)

In Euro thousands	**31/12/2023**	**31/12/2022**	**Changes**
IRPEF witholdings	1,508	1,670	(162)
Other tax liabilities	976	1,027	(51)
Tax liabilities	**2,484**	**2,697**	**(213)**

The item IRPEF withholdings includes employee taxation.

Other tax liabilities includes the VAT liability in Spain and Germany of Elica S.p.A.'s tax representatives.
Management believes that this amount approximates fair value.

D.6.4.29 Other liabilities (current and non-current)

In Euro thousands	31/12/2023	31/12/2022	Changes
Other non-current liabilities	500	1,000	(500)
Other non-current liabilities	**500**	**1,000**	**(500)**

In Euro thousands	31/12/2023	31/12/2022	Changes
Wages and salaries	2,317	3,385	(1,068)
Social security liabilities	1,755	1,892	(137)
Accrued expenses	454	46	408
Other liabilities	653	7,111	(6,458)
Deferred income	251	149	102
Advances from customers	115	129	(14)
Other current liabilities	**5,545**	**12,712**	**(7,167)**

The reduction in Other non-current liabilities is due to the reclassification to Other current liabilities of the portion to be paid in 2024 of the payable arising for Elica in 2022 for the purchase of 40% of Airforce, totalling Euro 1 million at December 31, 2023.
The reduction in Other current liabilities also refers, for Euro 0.5 million, to the above transaction, while Euro 6.5 million refers to the payment of the last tranche due on January 5, 2023 of the outstanding debt to the former shareholders for the acquisition of the stakes in the two companies EMC and CPS, which totalled approximately Euro 31 million. It is recalled in fact that on July 2, 2021, the full acquisition of Electric Motors Company S.r.l. ("E.M.C.") and CPS S.r.l. ("CPS") by Elica S.p.A. was completed.
The account includes payables beyond 5 years for Euro 11 thousand.
Management believes that the carrying amount of other liabilities reflects their fair value.

D.6.4.30 Trade payables

In Euro thousands	31/12/2023	31/12/2022	Changes
Trade payables	43,556	52,817	(9,261)
Trade payables - to third parties	**43,556**	**52,817**	**(9,261)**

The account mainly includes payables for trade purchases and other costs. The reduction is due to the decrease in the level of the company's business following the transfer of the Motors business.
Management estimates that the carrying amount of trade payables approximates their fair value.

D.6.4.31 Equity

For an analysis of changes in equity, reference should be made to the relative table.
Comments are provided on each of the equity reserves below.

D.6.4.31.1 Share capital

The share capital at December 31, 2023 amounts to Euro 12,664 thousand, consisting of 63,322,800 ordinary shares with a par value of Euro 0.20 each, fully subscribed and paid-in.

D.6.4.31.2 Capital reserves

The capital reserves amount to Euro 71,123 thousand and relate to the Share Premium Reserve.

D.6.4.31.3 Hedging reserves

In Euro thousands	31/12/2022	Reserve adjustment	31/12/2023
Hedging reserve	3,275	(1,802)	1,473
Hedging reserve	**3,275**	**(1,802)**	**1,473**

The hedging reserve was positive for Euro 1,473 thousand (Euro 3,275 thousand in 2022), which represents the positive fair value of hedging derivatives (cash flow hedges) net of the tax effect, equal to Euro 465 thousand (Euro 1,034 thousand at December 31, 2022). This resulted in a decrease of Euro 1,802 thousand, of which Euro 2,371 thousand for valuation and Euro 569 thousand for the tax effect.

D.6.4.31.4 Treasury shares

At December 31, 2023, the Company held 1,083 treasury shares, equal to approx. 1.71% of the share capital. In 2023 in fact, the company executed the buyback plan authorised by the Shareholders' Meeting of April 27, 2023.

D.6.4.31.5 Actuarial reserve

In Euro thousands	31/12/2022	IAS 19 actuarial effect	31/12/2023
Actuarial reserve	1,972	26	1,998
Actuarial reserve	**1,972**	**26**	**1,998**

D.6.4.31.6 Retained earnings

In Euro thousands	31/12/2023	31/12/2022	Changes
Legal reserve	2,533	2,533	-
FTA reserve	1,675	1,675	-
Extraordinary reserve	17,026	5,502	11,524
Retained earnings	**21,234**	**9,709**	**11,524**

The increase in the Extraordinary Reserve of Euro 17,026 thousand, relates for Euro 15,902 thousand to the increase for the allocation to this item of the company's profit for 2022 and with the decrease due to the distribution of dividends to shareholders for Euro 4,378 thousand.

D.6.4.31.7 Information on distributable reserves

The following table shows the equity accounts divided by origin, the possibility of utilisation and distribution, as well as any utilisations in the previous three years. The amounts are in units of Euro.

	Amount	Origin/Nature	Poss. of utilisation	Quota available	Utilisations in last 3 years to cover losses	Utilisations in last 3 years for other reasons
I Share capital	**12,664,560**	Share capital				
II Share premium reserve	**71,123,336**	Share capital	**A,B,C**	**71,123,336**		
IV Legal reserve	2,532,912	Profits	B			
VI Other Reserves:						
Extra. reserve	17,025,926	Profits	A,B,C,D,E	17,025,926	3,175,702	8,151,802
FTA Reserve	1,675,096	Profits	A,B,C,D,E	1,675,096		
Retained earnings	**21,233,935**			**18,701,023**		
VII Hedging reserve/Actuarial reserve	**(525,285)**					
X Treasury Shares reserve	**(2,952,410)**			**(2,952,410)**		
Total equity reserves	**101,544,134**			**86,871,948**		
Non-distributable amount	-			3,703,093		
Residual amount distributable	-			83,168,855		

A - to increase share capital

B - coverage of losses

C - for distribution to shareholders

D - for other statutory constraints

E - other

The non-distributable portion of Euro 3,703 thousand refers to the residual amount to be amortised of development costs, as per Article 2426, paragraph 5 of the Civil Code.

D.6.4.32 Net financial debt

(disclosed in accordance with Consob Communication No. DEM 6064293 of July 28, 2006 - supplemented by Call for attention 5/21)

	In Euro thousands	31/12/2023	31/12/2023	Changes
A.	**Cash and cash equivalents**	**21,296**	**42,517**	**(21,221)**
	Cash and cash equivalents	21,296	42,517	(21,221)
B.	**Other liquidity**			
C.	**Other current financial assets**	**53,860**	**25,109**	**28,751**
	Financial assets with group companies (current)	53,860	25,109	28,751
	Other financial assets (current)	0	0	0
D.	**Liquidity (A+B+C)**	**75,156**	**67,626**	**7,530**
E.	**Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)**	**17,152**	**16,898**	**254**
	Bank loans and borrowings	0	0	0
	Lease liabilities and loans and borrowings from other lenders (current)	782	1,051	(269)
	Loans and borrowings from group companies (current)	16,370	15,847	523
F.	**Current portion of non-current financial debt**	**43,345**	**32,049**	**11,296**
	Mortgages	43,345	32,049	11,296
G.	**Current financial debt (E+F)**	**60,497**	**48,947**	**11,550**
H.	**NET CURRENT FINANCIAL DEBT (G-D)**	**(14,659)**	**(18,679)**	**4,020**
I.	**Non-current financial debt (excluding current portion and debt instruments)**	**38,309**	**55,952**	**(17,643)**
	Bank loans and borrowings (non-current)	36,876	54,291	(17,415)
	Lease liabilities and loans and borrowings from other lenders (non-current)	1,433	1,661	(228)
	Financial liabilities with group companies (non-current)	0	0	0
J.	**Debt instruments**			
K.	**Trade payables and other liabilities (non-current)**	**1,000**	**8,021**	**(7,021)**
	Other liabilities for purchase of investments	1,000	8,021	(7,021)
L.	**Non-current financial debt (I+J+K)**	**39,309**	**63,973**	**(24,664)**
M.	**NET FINANCIAL DEBT (H+L)**	**24,650**	**45,294**	**(20,644)**

At December 31, 2023, the net financial debt of Elica S.p.A. improved by Euro 20.6 million on the previous year end. For further comments, reference should be made to the Directors' Report A.6.2 "Financial and equity overview of Elica S.p.A.".

D.6.4.32.1 Cash and cash equivalents

In Euro thousands	31/12/2023	31/12/2022	Changes
Bank and postal deposits	21,290	42,512	(21,222)
Cheques	0	0	0
Cash	6	5	1
Cash and cash equivalents	**21,296**	**42,517**	**(21,221)**

This item reflects the positive balances of bank current accounts and cash on hand.

D.6.4.32.2 Bank loans and borrowings

In Euro thousands	31/12/2023	31/12/2022	Changes
Bank loans and borrowings	80,220	86,340	(6,120)
Total	**80,220**	**86,340**	**(6,120)**
Bank borrowings have the following repayment schedules:			
On demand or within one year	43,344	32,049	11,295
Within two years	27,456	29,133	(1,677)
Within three years	2,572	25,063	(22,491)
Within four years	2,662	63	2,599
Within five years	2,758	32	2,726
After 5 years	1,428	-	1,428
Total	**80,220**	**86,340**	**(6,120)**
Less amounts to be repaid within one year	43,344	32,049	11,295
Due after one year	**36,876**	**54,291**	**(17,415)**

The primary loan outstanding for the Company was received on June 29, 2020. This loan contract, of an original Euro 100 million, with a final maturity of 5 years, is structured on a Club deal basis with a syndicate of 5 banks (Intesa Sanpaolo S.p.A., BNL Gruppo BNP Paribas, Banco BPM S.p.A., Crédit Agricole Italia S.p.A. and UniCredit S.p.A.).
The loan is subject to financial covenants concerning the ratio between NFP/gross operating profit, gross operating profit/Net Financial expense and NFP/ Equity. These are tested twice per year based on consolidated figures for the Group. At December 31, 2023, the covenants were met and, based on management forecasts, are expected to be met in the future as well.
For further information on interest rate hedges, reference should be made to paragraph D.6.6. “Risk management” of these notes.

D.6.4.32.3 Derivative financial instruments

	31/12/2023		31/12/2022	
In Euro thousands	Assets	Liabilities	Assets	Liabilities
FX derivatives	335	92	371	396
Interest rate derivatives	1,937	0	4,309	0
Commodities derivatives	224	224	1,343	1,343
Derivative financial instruments	**2,496**	**316**	**6,023**	**1,739**
of which:				
Non-current	288	0	1,975	0
Current	2,208	316	4,048	1,739
Derivative financial instruments	**2,496**	**316**	**6,023**	**1,739**

The Company uses derivative financial instruments to hedge the market risks to which it is exposed, i.e. currency risk and interest rate risk.
The table below reports the following information on derivative instruments at December 31, 2023 and December 31, 2022, and in particular:

- The notional value of the derivative contracts, broken down by maturity;
- The carrying amount of these contracts, represented by their fair value.

31/12/2023	Notional Value				Carrying amount
In Euro thousands	Maturity within 1 year		Maturity after 1 year		
Interest rate risk					
Cash Flow hedges as per IFRS	29,000		25,000		1,938
Fair Value hedges as per IFRS	-		-		-
Other derivative financial instruments	-		-		-
Total derivatives on interest rates	**29,000**	**-**	**25,000**	**-**	**1,938**
Currency risks	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS	-	-	-	-	-
Fair Value hedge as per IFRS	9,088	3,502	-	-	76
Other derivative financial instruments	30,884	10,927	-	-	166
Total fx derivatives	**39,972**	**14,429**	**-**	**-**	**242**
Commodity risk	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS	12,594	12,594	-	-	-
Fair Value hedge as per IFRS					
Other derivative financial instruments					
Total derivatives on commodities	**12,594**	**12,594**	**-**	**-**	

31/12/2022	Notional Value				Carrying amount
In Euro thousands	Maturity within 1 year		Maturity after 1 year		
Interest rate risk					
Cash Flow hedges as per IFRS	23,000		54,000		4,309
Fair Value hedges as per IFRS	-		-		-
Other derivative financial instruments	-		-		-
Total derivatives on interest rates	**23,000**	**-**	**54,000**	**-**	**4,309**
Currency risks	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS	-	-	-	-	-
Fair Value hedge as per IFRS	1,816	4,685	-	-	4
Other derivative financial instruments	15,694	9,574	-	-	(28)
Total fx derivatives	**17,510**	**14,259**	**-**	**-**	**(24)**
Commodity risk	sales	purchases	sales	purchases	
Cash Flow hedges as per IFRS	15,290	15,290	2,455	2,455	-
Fair Value hedge as per IFRS					
Other derivative financial instruments					
Total derivatives on commodities	**15,290**	**15,290**	**2,455**	**2,455**	

"Other derivative financial instruments" include those traded for hedging purposes, for which hedge accounting was not applied as per IFRS.
In 2023, exposures related to commodity contracts refer to derivative financial instruments traded to hedge the risk of copper price fluctuations arising for the subsidiary EMC Fime, brokered with the banking system by the parent company on behalf of the subsidiary.

Derivative financial instruments, IFRS 7 classification

IFRS 7 requires that the classification of financial instruments valued at fair value is determined based on the quality of the input sources used in the valuation of the fair value.
The IFRS 7 classification implies the following hierarchy:

- Level 1: determination of fair value based on prices listed in active markets for identical assets or liabilities. The instruments which the Company operates directly on active markets or in "Over the Counter" markets characterised by an adequate level of liquidity belong to this category;

- Level 2: determination of fair value based on other inputs than the listed prices included in "Level 1" but which are directly or indirectly observable. In particular instruments which the Company operates on "Over the Counter" markets, not characterised by an adequate level of liquidity are included in this category;
- Level 3: determination of fair value based on valuation models whose input is not based on observable market data.

The classification of the financial instruments may have a discretional element, although not significant, where in accordance with IFRS, the Company utilises, where available, prices listed on active markets as the best estimate of the fair value of derivative instruments.
All the derivative instruments in place at December 31, 2022 and December 31, 2023 belong to level 2 of the fair value hierarchy.
For further information, refer to paragraph D.6.6 "Risk management".

D.6.4.32.4 Lease liabilities and loans and borrowings from other lenders as per IFRS 16

The Company has financial liabilities arising from the application of IFRS 16. We report the details below.

In Euro thousands	31/12/2023	31/12/2022	Changes
Lease liabilities and loans and borrowings from other lenders as per IFRS 16	2,215	2,712	(497)
Total	**2,215**	**2,712**	**(497)**
Due:			
On demand or within one year	782	1,051	(269)
1-5 years	1,433	1,647	(214)
after 5 years	0	14	(14)
Total	**2,215**	**2,712**	**(497)**
Less amounts to be repaid within one year	782	1,051	(269)
Due after one year	**1,433**	**1,661**	**(228)**

D.6.4.33 Significant non-recurring events and transactions

There were no significant non-recurring transactions during 2023.

D.6.5. Guarantees, commitments and contingent liabilities

D.6.5.1. Contingent liabilities

The Company and its subsidiaries are not involved in administrative, judicial or arbitration proceedings that are underway or have been settled by means of a ruling or arbitration award issued in the last 12 months and which might have or might have had an effect on the financial situation or profitability of the Group, except for that indicated below.
Group companies have valued the contingent liabilities that could arise from pending judicial proceedings and have made appropriate provisions in their financial statements on a prudent basis.
The provision in the separate financial statements at December 31, 2023 to cover legal risks and charges amounts to Euro 4,164 thousand (in 2022 amounting to Euro 4,381 thousand).
In 2019 the Company was subject to an audit by the Italian Agency of Revenue, Marche Regional Department, Tax Audits Office, for the tax years 2014, 2015 and 2016. It received an auditors' report on October 14, 2019. The assessment process has yet to proceed further for the other two subsequent relevant findings. The other findings have either been closed by the

Company or are immaterial in amount.
There was found to have been an alleged violation of the transfer pricing rules set out in Art. 110, paragraph 7, of Presidential Decree No. 917 of December 22, 1986 (the Tax Consolidation Act) in respect of the transfer prices applied by the Company to transactions with the Mexican sister company Elicamex S.A. de C.V., the value of which the Office adjusted, proposing that additional IRES (corporate income tax) and IRAP (regional production tax) be levied on Euro 1,014,887 in 2015 and on Euro 1,012,783 in 2016. The Company has tax losses that can be used to offset the financial risk for IRES purposes.
It was therefore determined that the Company had unduly benefited from the research and development tax credit due to allegedly failing meet the requirements established by the tax relief rules for qualifying for the credit in question and that Elica was therefore ineligible for the related tax relief measures for the costs of research and development activities it had carried out in 2015 and 2016. The Company reported a credit of Euro 838,814 for 2015 and a credit of Euro 1,075,878 for 2016.
As counselled by its legal advisors, Elica believes that the arguments laid out in the Notice of assessments in support of the findings discussed in this paragraph are not compelling and that there are considerable defensive arguments against this reconstruction.
The Company sought counsel from its legal advisors in support of the view that the risk that tax liabilities may flow for the Company from potential disputes that might arise from the assessment action by the revenue authorities in connection with the findings presented in the auditors' report discussed above is possible but not probable.
In January 2022, an IPEC petition was submitted regarding use of previous losses to reduce the higher taxable income, and the Company - though its lawyers - is preparing an appeal before the competent Tax Commission.
On August 24, 2022 and November 9, 2022, the Ancona Tax Commission accepted the grounds of appeal brought by the company for the transfer pricing findings for the years 2015 and 2016, concerning the notices of assessment (IRES and IRAP), received in May 2021 and December 2021 - against which it had appealed - by entering an appearance for the Ancona Provincial Tax Commission.
Following the appeal against the first-degree judgment, the Office filed an appeal – notified on February 27, 2023 – and the Company formally entered the case by submitting its counterarguments. We currently await a date for the hearing.
On May 8, 2023, the Office notified, via certified email, two tax assessments for IRES and IRAP, challenging a finding on the topic of transfer pricing for tax year 2017.
On May 31, 2023, the Company filed an IPEC petition for the use of losses to reduce the higher taxable income assessed.
The Company has contested the IRES and IRAP notices before the competent tax court of first instance in Ancona, and the respective hearings have been set for February 19 and 23, 2024.

D.6.5.2. Guarantees and commitments

Pursuant to the provisions of Article 122 of the CFA and Articles 129 and subsequent of the Issuers' Regulations, it should be noted that on July 22, 2022, FAN S.r.l. ("FAN"), the parent company of Elica S.p.A, and Tamburi Investment Partners S.p.A. ("TIP"), signed a shareholder agreement (the "Shareholder Agreement"), effective as of the same day, relating to Elica S.p.A, a company listed on the Euronext STAR Milan segment of Borsa Italiana S.p.A. ("Elica") and concerning regarding TIP 9,233,701 shares of Elica and regarding FAN 33,440.445 shares of Elica, so as to (i) establish certain understandings regarding Elica's corporate governance; (ii) govern their mutual rights and duties in relation to the transfer of their respective stakes in Elica; and (iii) establish a commitment to consult in good faith before casting their votes at Elica's Shareholders' Meeting in order to identify Elica's best interest (this without intending to give rise to any voting restrictions).

The key information regarding the Shareholder Agreements was published as per Article 130 of the Issuers' Regulation on Elica S.p.A[18].'s website, and on the website of the authorised storage mechanism "1INFO" at www.1info.it.
This did not impact control over Elica which, as per Article 93 of the CFA, is held by Mr. Francesco Casoli.
Elica S.p.A. is responsible for:
- guarantees provided, totalling Euro 7.2 million, for the subsidiary Zhejiang Elica Putian Electric Co Ltd to have the availability of bank credit facilities;
- Coverage Limit of Euro 400 thousand with Banco Santander in favour of the Elica Stable Organisation in Spain;
- Credit mandate, for Euro 10 million, in favour of the subsidiary EMC Fime S.r.l., related to a line made available by BNP.

Commitments with suppliers for property, plant, equipment and intangible asset purchases at December 31, 2023 amount to approx. Euro 173 thousand. There are also commitments for operational expenses of Euro 3.0 million, relating in particular to long-term contracts.

D.6.6. Risk management policy

D.6.6.1 Introduction

The Elica Group's operations are exposed to different types of financial risks, including risks associated with fluctuations in exchange rates, interest rates, the cost of its main raw materials and cash flows. In order to mitigate the impact of these risks on the company's results, Elica commenced the implementation of a financial risk monitoring system through a "Financial Risk Policy" approved by the Board of Directors of the Company. Within this policy, the company constantly monitors the financial risks related to the operating activities in order to assess any potential negative impact and undertakes corrective action where necessary.
The main guidelines for the Company's risk policy management are as follows:
- identify the risks related to the achievement of the business objectives;
- assess the risks to determine whether they are acceptable compared to the controls in place or require additional treatment;
- reply appropriately to risks;
- monitor and report on the current state of the risks and the effectiveness of their control.

The Company Financial Risk Policy is based on the principle of proficient management and the following assumptions:
- prudent management of the risk with a view to protecting the expected value of the business;
- use of "natural hedges" in order to minimise the net exposure on the financial risks described above;
- undertake hedging transactions within the limits approved by management and only for actual, clearly identified exposures.

The process for the management of the financial risks is structured on the basis of appropriate procedures and controls, based on the correct segregation of conclusion, settlement, registration and reporting of results.
The paragraphs below include an analysis of the risks to which the Company is exposed, indicating the level of exposure and, for market risk, the potential impact on results of hypothetical fluctuations in the parameters (sensitivity analysis).

[18] https://corporate.elica.com/it/governance/documenti-societari.

D.6.6.2 Market risk

According to IFRS 7, market risk includes all the risks directly or indirectly related to the fluctuations of the general market prices and the financial markets in which the company is exposed:

- currency risk;
- commodity risk, related to the volatility of the prices of the raw materials utilised in the production processes;
- interest rate risk.

In relation to these risk profiles, the Company uses derivative instruments to hedge its risks. It does not engage in derivative trading.
The paragraphs below individually analyse the different risks, indicating where necessary, through sensitivity analysis, the potential impact on the results deriving from hypothetical fluctuations in the parameters.

D.6.6.2.1 Currency risk

The Company's operating currency is the Euro. However, the Group companies trade also in American Dollars (USD), British Pounds (GBP), Japanese Yen (JPY), Russian Rubles (RUB) Polish Zloty (PLN), Indian Rupees (INR), Chinese Yuan (CNY) and Mexican Pesos (MXN).
For the currencies in which the company has higher revenue than costs, changes in the exchange rates between the Euro and these currencies impact the Company results as follows:

- the appreciation of the Euro has negative effects on revenue and operating results;
- the depreciation of the Euro has positive effects on revenue and operating results.

The amount of the currency risk, defined in advance by Management of the Company on the basis of the budget for the period, is gradually hedged over the acquisition process of the orders, up to the amount of the orders corresponding to budget projections.
The hedge is entered into through agreements with third party lenders for forward contracts and options for the purchase and sale of foreign currency. As previously described, these hedges are entered into without any speculative or trading purposes, in line with the strategic policies of prudent cash flow management.

The most significant statement of financial position balances in foreign currency at December 31, 2023 are shown below:

In Euro thousands	**31/12/2023**		**31/12/2022**	
Currency	**Assets**	**Liabilities**	**Assets**	**Liabilities**
CNY	2,695	(1,361)	2,510	(800)
GBP	124	(1)	123	(1)
JPY	1,297	(8,996)	375	(5,010)
PLN	20,099	(27,063)	7,757	(1,251)
RUB	2,444	(16)	1,890	(13)
USD	37,006	(827)	37,614	(1,144)
INR	573	-	596	-
Foreign currency transactions	**64,238**	**(38,264)**	**50,865**	**(8,220)**

For the purposes of the sensitivity analysis on the exchange rate, the potential movements on the Euro/CNY, Euro/GBP, Euro/YEN, Euro/PLN, Euro/RUB, Euro/USD and EUR/INR rates were analysed.
The following table shows the sensitivity to reasonably possible movements in the exchange rates, maintaining all other variables unchanged, due to changes in the value of current assets and liabilities in foreign currencies.

In Euro thousands	31/12/2023		31/12/2022	
Currency	**Appreciation of foreign currencies 5%**	**Depreciation of foreign currencies 5%**	**Appreciation of foreign currencies 5%**	**Depreciation of foreign currencies 5%**
CNY	77	(69)	92	(83)
GBP	7	(6)	7	(6)
JPY	(486)	440	(263)	238
PLN	346	(313)	349	(315)
RUB	147	(133)	90	(82)
USD	1,858	(1,681)	1808	(1,635)
INR	33	(30)	33	(30)
Foreign currency transactions	**1,982**	**(1,792)**	**2,116**	**(1,913)**

The hedges at December 31, 2023 with financial counterparties have a total positive Fair Value of approx. Euro 242 thousand (negative value of Euro 24 thousand in 2022).
The table below shows the details of the notional and fair values:

	31/12/2023		31/12/2022	
Currency	**Notional** *(in foreign currency /000)*	**Fair value** *In thousands of Euro*	**Notional** *(in foreign currency /000)*	**Fair value** *In thousands of Euro*
USD				
Forward	10,000	46	3,000	(84)
PLN				
Forward	175,500	165	90,000	215
JPY				
Forward	550,000	30	660,000	44
Options				
RUB				
Forward	-	-	150,000	(39)
MXN				
Forward	10,000	(1)	35,000	(96)
CNY				
Forward	10,000	3	15,000	(64)
FX derivative assets/(liabilities)		**242**		**(24)**

For the purposes of the sensitivity analysis on the exchange rate, the potential movements on the EUR/USD, EUR/PLN, EUR/JPY, EUR/RUB, EUR/MXN and EUR/CNY and the EUR and foreign exchange interest rate curves were analysed.
In the stress testing we have stressed not only the spot to spot exchange rate, but also the monetary curve rates at December 31, 2023 in order to show the effect of changes in the rate curve.
For this purpose, the maximum change in the interval between the beginning of November 2022 and the first weeks of January 2024 was considered.
For the EUR/USD exchange rates a stress of 6% was applied, for EUR/PLN 6%, for EUR/JPY 7%, for EUR/RUB 25%, for EUR/MXN 11% and for EUE/CNY 5%.
For interest rates on forward exchange contracts, a stress was applied of 50 bps for the Eurozone rates, 50 bps for the US rates, 50 bps for the Polish rates, 200 bps for the Russian rates, 50 bps for the Chinese rates and 50 bps for the Japanese rates.

The following table shows the sensitivity to the movements in the exchange rates and the rate curves indicated, maintaining all other variables unchanged, of the Fair Value of the operations in foreign currencies at December 31, 2023 (compared with December 31, 2022):

In Euro thousands	31/12/2023 USD Notional 10,000 USD/000	PLN Notional 175,500 PLN/000	JPY Notional 550,000 JPY/000	RUB Notional 0 RUB/000	MXN Notional 10,000 MXN/000	CNY Notional 10,000 CNY/000
Depreciation of foreign currencies	556	1,349	(200)	-	(48)	(56)
Euro exchange rate depreciation	47	160	30	-	(3)	2
Exchange rate depreciation	54	176	28	-	(4)	1
Sensitivity to Depreciation	**657**	**1,685**	**(142)**	**-**	**(55)**	**(53)**
Appreciation of foreign currencies	(530)	(1,261)	295	-	59	68
Euro exchange rate appreciation	38	68	32	-	2	5
Exchange rate appreciation	44	95	30	-	1	4
Sensitivity to Appreciation	**(448)**	**(1,098)**	**357**	**-**	**62**	**77**

In Euro thousands	31/12/2022 USD Notional 3,000 USD/000	PLN Notional 90,000 PLN/000	JPY Notional 660,000 JPY/000	RUB Notional 150,000 RUB/000	MXN Notional 35,000 MXN/000	CNY Notional 15,000 CNY/000
Depreciation of foreign currencies	(27)	745	(259)	358	(221)	(102)
Euro exchange rate depreciation	(82)	256	48	(34)	(102)	(66)
Exchange rate depreciation	(81)	262	46	(30)	(104)	(67)
Sensitivity to Depreciation	**(190)**	**1,263**	**(165)**	**294**	**(427)**	**(235)**
Appreciation of foreign currencies	(144)	325	402	(665)	90	99
Euro exchange rate appreciation	(83)	221	51	(62)	(88)	(61)
Exchange rate appreciation	(82)	231	49	-55	(91)	(63)
Sensitivity to Appreciation	**(309)**	**127**	**502**	**(782)**	**(89)**	**(25)**

D.6.6.2.2 Commodity risk

The company is subject to market risk deriving from price fluctuations in commodities used in the production process. The raw materials purchased by the company (including copper and aluminium) are affected by the trends of the principal markets. The company regularly evaluates its exposure to the risk of changes in the price of commodities and manages this risk through fixing the price of contracts with suppliers and through hedging contracts with financial counterparties.
In particular, between the end and the beginning of the year, on the basis of the production budget for the year, the prices and quantities were fixed through both channels described above. Operating in this manner, the company covers the standard cost of the raw materials contained in the budget from possible increases in commodity prices, achieving the operating profit target. The notional value and the relative value of the copper derivatives in place at December 31, 2023 and December 31, 2022 are reported below:

Copper hedges	**31/12/2023**		**31/12/2022**	
In Euro thousands	**Notional**	**Fair value**	**Notional**	**Fair value**
Forward	12,594	(224)	17,745	(1,343)
Derivative assets/(liabilities) Commodities	**12,594**	**(224)**	**17,545**	**(1,343)**

Exposures related to commodity contracts refer to derivative financial instruments traded to hedge the risk of copper price fluctuations arising for the subsidiary EMC Fime, brokered with the banking system by the parent company on behalf of the subsidiary. The notional value is

Euro 12,594 thousand and the fair value is a debt to the banking system and a receivable from the subsidiary of Euro 224 thousand.
In addition, commodity risk is measured through sensitivity analyses, in accordance with IFRS 7. The changes in the prices of copper utilised for the sensitivity analysis were based on the volatility of the market rates.
This analysis highlights a revaluation in the price of copper of 5%, resulting in an increase in the fair value of forward contracts at December 31, 2023 of Euro 630 thousand.
Similarly, a reduction of 5% results in a decrease in the fair value of forward contracts of Euro 630 thousand.

D.6.6.2.3 Interest rate risk

The management of interest rate risk by Elica S.p.A. is in line with longstanding, consolidated practices to reduce the volatility risk on the interest rates, while at the same time minimising the borrowing costs within the established budget limits.
The company's debt mainly bears a floating rate of interest.
The Company hedges the interest rate risk through the utilisation of interest rate swaps against specific non-current loans at a variable rate.
The table below shows the details of the notional and fair values:

	31/12/2023		31/12/2022	
Instrument	**Notional**	**Fair value**	**Notional**	**Fair value**
In Euro thousands				
Interest Rate Swaps	54,000	1,938	77,000	4,309
Interest rate derivative assets/(liabilities)		**1,938**		**4,309**

The interest rate risk is also measured through sensitivity analyses, in accordance with IFRS 7. The changes in the interest rate curve utilised for the sensitivity analysis were based on the volatility of the market rates.
The analysis shows that a decrease in the interest rate curve of +/-25 bps converts into a decrease/increase in the Fair Value of the Interest Rate Swap at December 31, 2023 of Euro 150 thousand.

D.6.6.2.4 Cyber Security Risk Analysis

The growing use of information systems increases the Company's exposure to various types of risk. The most significant is the risk of cyber attack, which is a constant threat for the Company.
The impacts analysed include:
• data loss
• data protection impacts
• the interruption of business
• reputational harm
Mitigation efforts made by the Company concern:
• the strengthening of network infrastructure;
• the strengthening of protection systems;
• the constant updating of company procedures;
• continuous training of all personnel to reinforce company know-how with regard to cyber security.

D.6.6.3 Credit risk

The credit risks represent the exposure of Elica S.p.A. to potential losses deriving from the non-compliance of obligations by trading partners. This risk derives in particular from economic-

financial factors related to a potential solvency crisis of one or more counterparties.
For more details, see paragraph D.6.4.22 of these notes.

D.6.6.4 Liquidity risk

Liquidity risk is that related to the unavailability of financial resources necessary to meet short-term commitments assumed by the company and its own financial needs.
The principal factors which determine the liquidity of the company are, on the one hand, the resources generated and absorbed by the operating and investment activities and on the other the due dates and the renewal of the payable or liquidity of the financial commitments and also market conditions. These factors are monitored constantly in order to guarantee a correct equilibrium of the financial resources.
The following table shows the expected cash flows in relation to the contractual expiries of trade payables and various financial liabilities from derivatives.

31/12/2023 *In Euro thousands*	**On demand or within one year**	**1-5 years**	**after 5 years**
Lease liabilities and loans and borrowings from other lenders as per IFRS 16	782	1,433	0
Bank loans and borrowings	43,345	35,448	1,428
Trade payables and other liabilities	82,676	500	0
Commitment by due date	**126,803**	**37,381**	**1,428**

31/12/2022 *In Euro thousands*	**On demand or within one year**	**1-5 years**	**after 5 years**
Lease liabilities and loans and borrowings from other lenders as per IFRS 16	1,051	1,648	14
Bank loans and borrowings	32,049	54,291	0
Trade payables and other liabilities	72,216	1,000	0
Commitment by due date	**105,316**	**56,939**	**14**

Management believes that at the present time, the funds available, in addition to those that will be generated from operating and financial activities, will permit the Company to satisfy its requirements deriving from investment activities, working capital management and repayment of debt in accordance with their maturities.
For details on the net financial position, reference should be made to section D.6.4.32 of the notes.

D.6.6.5 Classification of the Financial instruments

In Euro thousands	**31/12/2023**	**31/12/2022**
Derivative assets (current)	2,208	4,048
Trade receivables	22,221	28,351
Financial assets with group companies (current)	53,860	25,109
Cash and cash equivalents	21,296	42,517
Currents Assets	**99,585**	**100,025**
Lease liabilities and loans and borrowings from other lenders (non-current)	1,433	1,661
Bank loans and borrowings (non-current)	36,876	54,291
Non-Current Liabilities	**38,309**	**55,952**
Trade payables	77,131	59,502
Loans and borrowings from group companies (current)	16,370	15,847
Lease liabilities and loans and borrowings from other lenders (current)	782	1,051
Bank loans and borrowings (current)	43,345	32,049
Derivative liabilities (current)	316	1,739
Current liabilities	**137,944**	**110,188**

The Company considers that the carrying amounts of the accounts approximate their fair value. In relation to the valuation methods for the individual accounts, reference should be made to paragraph D.6.1. “Accounting policies” of these Notes.

D.6.7. Disclosure on Management renumeration and related-party transactions

As required by law, the total remuneration of Directors, Statutory Auditors and Managers with strategic roles also in other companies are reported below.

D.6.7.1 Remuneration of Directors, Statutory Auditors and Senior Executives

The remuneration of the above-mentioned persons in total amounted to Euro 4,272 thousand. This amount does not include the provision for the LTI provision for the equity-based portion, i.e. that relating to phantom stocks, for which reference should be made to note D.6.4.27 "Provisions for risks and charges". The details are reported in the Remuneration Report.
This report is available on the Company website (https://corporate.elica.com/it/governance/assemblea-degli-azionisti).

D.6.7.2 Management and coordination

Elica S.p.A. is indirectly controlled by the Casoli Family through Fintrack S.p.A. of Fabriano (AN - Italy).
The Company is not subject to management and co-ordination pursuant to Art. 2497 and subsequent of the Civil Code. This conclusion derives from the fact that the controlling shareholder does not carry out management activities within the company and, although exercising voting rights at the Shareholders' Meeting, does not have any involvement in the financial, production or strategic plans of the Company, which is governed by a Board of Directors responsible for operating control.
The Parent's Board of Directors has also appointed a CEO for ordinary operational management.
With effect from July 2019, Tamburi Investments Partners ("TIP") acquired a minority interest in the Company. As at December 31, 2023, this interest amounted to 21.53% of Elica's capital.
The Company however continues to carry out its operations through a totally autonomous and independent decision-making process; it has independent decision-making capacity with customers and suppliers and independently manages its treasury in accordance with the business purpose.

D.6.7.3 Transactions with subsidiaries

During the year, transactions with subsidiaries took place. All transactions were conducted on an arm's length basis in the ordinary course of business. With regards to transfer prices - applied to transactions between Elica S.p.A. and Elica Group Polska and Elicamex - specific Ruling agreements were signed with the National Tax Authorities.

On December 21, 2023, another Transfer Pricing agreement (APA) was signed with the Tax Agency for transactions between Elica S.p.A. and: Elica France, Elica Gmbh, Elica Trading and Elica S.O. Spain.

D.6.7.3.1. Subsidiaries – 2023 Highlights

The tables below show key figures for subsidiaries and the amount of transactions performed with them as at and for the year ended December 31, 2023.

In Euro thousands	Assets	Liabilities	Equity	Revenue	Profit/(loss) for the year
Airforce	11,582	8,052	3,530	25,875	(53)
Ariafina	14,008	2,688	11,320	20,116	3,054
Elica Group Polska	103,827	79,577	24,250	137,316	1,598
Elica Mex	63,684	30,850	32,834	63,726	(4,745)
Elica Inc (USA)	609	214	395	1,189	18
Elica Putian (Cina)	11,020	11,066	(46)	9,818	4
Elica Trading (Russia)	5,487	3,438	2,049	10,837	672
Elica Francia	8,094	6,661	1,433	28,755	8
Elica Gmbh	2,991	1,403	1,588	8,852	134
EMC Fime Srl	87,211	53,791	33,420	153,368	6,856
Southeast Appliance Inc	1,282	1,610	(328)	272	(363)
AG International	889	537	352	374	8

D.6.7.3.2 Trade receivables from subsidiaries

Trade receivables from subsidiaries are broken down as follows:

In Euro thousands	31/12/2023	31/12/2022	Changes
Airforce	1,271	373	898
Ariafina	293	335	(42)
Elica Group Polska	2,651	1,440	1,211
Elica Mex	3,465	5,450	(1,985)
Elica Putian (Cina)	2,176	1,646	530
Elica Trading (Russia)	2,444	1,745	699
Elica Francia	2,658	3,650	(992)
Elica Gmbh	952	1,950	(998)
EMC Fime Srl	3,954	2,789	1,165
Southeast Appliance Inc	5	0	5
Trade receivables from subsidiaries	**19,869**	**19,378**	**491**

D.6.7.3.3 Trade payables to subsidiaries

Trade payables to subsidiaries are detailed below.

In Euro thousands	31/12/2023	31/12/2022	Changes
Airforce	310	315	(5)
Ariafina	25	26	(1)
Elica Group Polska	28,479	1,618	26,861
Elica Mex	202	90	112
Elica Putian (China)	3,243	2,687	556
Elica Trading (Russia)	16	13	3
Elica Francia	290	12	278
Elica Gmbh	52	74	(22)
EMC Fime Srl	959	1,849	(890)
Trade payables to subsidiaries	**33,576**	**6,684**	**26,892**

D.6.7.3.4 Financial assets and liabilities with subsidiaries

In Euro thousands	31/12/2023	31/12/2022	Changes
Financial assets with subsidiaries			
Elica Group Polska Sp.z.o.o	32,443	10,155	22,288
Elicamex S.a.d. C.V.	14,208	8,031	6,177
ZheIiang Elica Putian Electric Co. Ltd.	6,846	6,923	(77)
Southeast Appliance Inc.	271	0	271
AG International	90	0	90
Total	**53,860**	**25,109**	**28,751**
Financial liabilities with subsidiaries			
Airforce Srl	1,601	3,931	(2,330)
Ariafina Co. Ltd	4,478	4,977	(499)
Elicamex S.a.d. C.V.	600	194	406
Elica France S.A.S.	668	3,294	(2,626)
Elica Gmbh	1,131	948	183
EMC FIME Srl	7,893	2,502	5,391
Total	**16,370**	**15,846**	**524**

Elica also carries out transactions with Group companies as part of a general plan to centralise treasury management activities. These loans are interest bearing and at market rates. The changes show the synergies created in order to optimise cash management.

D.6.7.3.5 Balances with subsidiaries

In Euro thousands	Revenue, Other Revenue and Financial Income	Costs and Financial Expense
Airforce	752	150
Ariafina	299	63
Elica Group Polska	9,449	97,091
Elica Mex	6,246	131
Elica Putian (Cina)	593	7,902
Elica Trading (Russia)	6,614	49
Elica Francia	23,661	502
Elica Gmbh	5,885	451
EMC Fime Srl	2,343	6,265
Southeast Appliance Inc	5	0
Total	**55,847**	**112,604**

Below are the dividends received by the Company:

In Euro thousands	31/12/2023	31/12/2022	Changes
Ariafina	878	1,120	(242)
Elica Group Polska	3,048	1,851	1,197
Totale	**3,926**	**2,971**	**955**

D.6.7.4 Transactions with other related parties

In 2023, transactions with other related parties took place. All transactions were conducted on an arm's length basis in the ordinary course of business. No separate disclosure of these positions is provided in the Consolidated Financial Statements, given the immaterial amounts involved, in accordance with Consob resolution no. 15519 of July 27, 2006.

In Euro thousands	Assets	Liabilities/Lease Liabilities	Revenue	Costs
La Ceramica	0	0	0	(9)
Ermanno Casoli Foundation	0	0	0	(100)
Other	8	(26)	0	(10)
Total	**8**	**(26)**	**0**	**(119)**

With the other related parties, Elica primarily carries out transactions of a trading nature. There are no transactions with Fintrack S.p.A. and with FAN S.r.l..
The income statement and statement of financial position balances mainly arise from trading transactions conducted to purchase goods and services and use non-current assets on an arm's length basis.
The Procedures for Transactions with Related Parties is published on the Company's website (https://corporate.elica.com/it/governance/sistema-di-controllo).

D.6.8. Government grants as per Article 1, paragraphs 125-129, of Law No. 124/2017

For the detail of the grants received, reference should be made to the National State Aid register. The following information is provided:

Euro thousands	Asset at 01/01/2023	Vested in 2023	Collected 2023	Asset at 31/12/2023	Description
Grant for Photovoltaics (*)	16	21	(36)	1	Grant on photovoltaic plant installed on the roof of the Castlefidardo and Cerreto D'Esi industrial buildings issued by GSE
BAR Brexit		24	(24)	0	Instrument to combat the negative economic effects of Brexit
2015 Industry	138		(138)	0	Research and Development grant from Ministry for Economic Development
RESPIRE project	47		(47)	0	Research grant from European Union
H@H Project	51		(27)	24	Research and Development grant from Ministry for University and Scientific Research
SEAL project	85		(55)	30	Research and Development grant from Ministry for University and Scientific Research
SHELL Project	173			173	Research and Development grant from Ministry for University and Scientific Research
Project SM	104			104	Research and Development grant from Ministry for University and Scientific Research
MERCURY Project	57		(32)	25	Research and development grant from the Marche region Regional Plan
MIRACLE Project	37		(40)	(3)	Research and development grant from the Marche region Regional Plan
Fondimpresa	19	103		122	Staff training grant from Fondimpresa
Fondirigenti	4	4		8	Training executives grant from Fondimpresa
4.Manager		3	(3)	0	Training executives grant
Assist 2023 tender		846		846	Employee training
New Investment Tax Credit 2020	48		(16)	32	Tax credit on new investments year 2020 - Law No. 160 of 27.12.2019
New Investment Tax Credit 2022	110	10		120	Tax credit on new investments year 2022 - Law No.234, 25.12.2021
Research & Development tax credit 2019	899			899	Research & Development tax credit 2019 - Law No. 190/2014
Research & Development tax credit 2020	464			464	R&D tax credit - Law No. 178 of 30.12.2020
Research & Development tax credit 2021	351			351	R&D tax credit - Law No. 178 of 30.12.2020
Research & Development tax credit 2022		181		181	R&D tax credit - Law No. 178 of 30.12.2020
"4.0 Intangible Assets" tax credit		175	(50)	125	Tax credit - Law No. 178 of 30.12.2020
2022 advertising bonus	0	53	(53)	0	Law No. 50 of 24.04.2017 - Advertising Bonus
Electricity and GAS Tax Credit	241	360	(600)	0	DL January 27, 2022, No. 4; DL March 1, 2022, No. 17; DL March 21, 2022, No. 21; DL May 17, 2022, No. 50
Total Grants	**2,844**	**1,780**	**(1,121)**	**3,502**	

D.6.9. Positions or transactions arising from atypical and/or unusual operations

The Company in 2023 did not carry out atypical and/or unusual transactions, i.e. those transactions which owing to their significance, the nature of the counterparties, the subject-matter of the transaction, the transfer price calculation method and the timing of the event, may give rise to doubts concerning the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguarding of corporate assets and the protection of non-controlling shareholder interests.

D.6.10. Events after the reporting date

On January 30, 2024, a sponsorship was signed with Ducati's Corse team, ahead of the start of the 2024 Moto GP world championship. Elica will officially debut with Ducati Corse at the Qatar Grand Prix, to be held on March 8-10, 2024. The initiative is part of an action plan that also includes strategies in the areas of communication and "branding" prepared by the Group to defend its profitability in a highly uncertain and increasingly competitive marketplace.

On February 13, 2024, the Board of Directors of Elica S.p.A. approved the additional periodic disclosure for the fourth quarter of 2023, prepared in accordance with IFRS and reviewed the 2023 preliminary consolidated results.

On March 4, 2024, Elica S.p.A., as part of its investment plan for the three-year period 2024-2026, redeemed the photovoltaic plant located at EMC FIME S.r.l.'s properties and subject to a lease agreement signed with Unicredit Leasing. The value of the plant subject to redemption is Euro 400 thousand. At the same time as this redemption, Elica S.p.A. sold the plant to the subsidiary EMC Fime S.r.l.

We report that, beginning on November 2, 2023, and until the date of the Shareholders' Meeting to approve the financial report at December 31, 2023, as approved by the Board of Directors on October 26, 2023, Elica S.p.A. initiated the second tranche of the treasury buy-back plan, as authorised by the Shareholders on April 27, 2023 (the "Buy-back Plan"), according to the terms previously disclosed to the market, for up to 350,000 available treasury shares (equal to approximately 0.5% of subscribed and wholly paid-in share capital).

Fabriano, March 14, 2024

On behalf of the Board of Directors
The Executive Chairperson
Francesco Casoli

D.6.11. Proposal for the approval of the 2023 Financial Statements and allocation of the profit for the year as approved by the Board of Directors on March 14, 2024

Dear Shareholders,
in relation to the motion at item 1 on the Agenda of the Shareholders' Meeting of Elica S.p.A.:

1. Approval of the separate Financial Statements as at and for the year ended December 31, 2023; Directors' Report; Board of Statutory Auditors' Report; Non-Financial Report, Independent Auditors' Report. Presentation of the Consolidated Financial Statements at December 31, 2023.
The separate Financial Statements as at and for the year 2023, which we present for your approval, show a profit for the year of Euro 8,895,066 and equity of Euro 110,439,200.
More generally, we propose approval of the 2023 Separate Annual Accounts, collectively and individually, the Directors' Report and the review of the Board of Statutory Auditors' Report and the Independent Auditors' Report.

We highlight that no vote shall be held on the consolidated financial statements and the non-financial report, which are presented at the Shareholders' Meeting.

In relation to the motion at item 2 on the Agenda:
2. Resolutions on the result for the year.

We propose:
(i) to distribute an ordinary dividend in the amount of Euro 0.05 for each of the 63,322,800 outstanding ordinary shares, net of the treasury shares held on the ex-dividend date of the coupon, gross of statutory withholdings, to be allocated to retained earnings;
(ii) to establish July 1, 2024 as the ex-dividend date of coupon No. (11), July 2, 2024 as the record date and July 3, 2024 as the payment date;
(iii) to allocate the remaining amount of the profit to the extraordinary reserve;
(iv) to authorise the Chairperson of the Board of Directors, and the Chief Executive Officer, severally and with the power to sub-delegate, where the number of treasury shares is modified before the dividend coupon date:
- to allocate the amount of the dividend relating to any treasury shares acquired to the Extraordinary Reserve;
- to reduce the Extraordinary Reserve for the amount of dividends on any treasury shares sold;
(v) to grant the Chairperson of the Board of Directors and the Chief Executive Officer, severally and with the power to delegate to third parties, the broadest powers necessary to carry out the above".

We thank you for your assistance.

Fabriano, March 14, 2024

The Board of Directors
THE EXECUTIVE CHAIRPERSON
Francesco Casoli

E. ATTACHMENTS TO SEPARATE FINANCIAL STATEMENTS

E.1. Disclosure pursuant to Article 149 of the Consob Issuers' Regulation

The following table, prepared pursuant to Article 149-*duodecies* of the Consob Issuers Regulations, shows the payments made in 2023 for audit and other services provided by the independent auditors and entities associated with them.

Type of service	**Service provider**	**Company**	**Remuneration** *In Euro thousands*
Audit	Kpmg S.p.A.	Elica S.p.A.	236
Other services	Kpmg S.p.A.	Elica S.p.A.	56
KPMG network fees			**292**

E.2. Attestation on the Separate Financial Statements as per Article 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments and integrations

The undersigned Giulio Cocci, as Chief Executive Officer, and Emilio Silvi, as Manager in Charge of Financial Reporting of Elica S.p.A., affirm, and also in consideration of Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree No. 58 of February 24, 1998:

- the adequacy considering the company's characteristics and
- the effective application of the administrative and accounting procedures for the compilation of the financial statements for 2023.

We also declare that:
the separate financial statements:

- correspond to the underlying accounting documents and records;
- were prepared in accordance with the IFRS endorsed by the European Union and with Article 9 of Legislative Decree no. 38/2005;
- as far as we are aware, provide a true and fair view of the financial position, financial performance and cash flow of the issuer.

The Directors' Report includes a reliable analysis on the performance and operating results of the issuer together with a description of the principal risks and uncertainties to which they are exposed.

Fabriano, March 14, 2024
The Chief Executive Officer
Giulio Cocci

Manager in charge
of Financial Reporting
Emilio Silvi

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E. ATTACHMENTS TO SEPARATE FINANCIAL STATEMENTS
E.1. Disclosure pursuant to Article 149 of the Consob Issuers' Regulation
E.2. Attestation on the Separate Financial Statements as per Article 81-ter of Consob Regulation no. 11971 of May 14, 1999 and subsequent amendments and integrations