

SIMONELLI | GROUP



**2021
INTEGRATED
REPORT**

SIMONELLI | GROUP

2021 INTEGRATED REPORT

Year 3

2021 HIGHLIGHTS

HUMAN CAPITAL

1,642

MAN-HOURS
OF TRAINING

936

MAN-HOURS
OF VOCATIONAL
TRAINING

1,250,000 €

EMPLOYEES
BONUSES

INTELLECTUAL CAPITAL

17.2%

NEW PRODUCTS
TURNOVER

90%

PRODUCTIVITY
INDEX

RELATIONAL-SOCIAL CAPITAL

24.6%

SUPPLY WITHIN
50 Km RADIUS

124

COUNTRIES WITH
DIRECT/INDIRECT PRESENCE



MATERIAL CAPITAL

43,000

UNITS PRODUCED

4

BRANCHES

NATURAL CAPITAL

33%

SAVING PER-CAPITA ON
PRINTS COMPARED TO 2020

249.9

T CO₂ eq.
SCOPE 1 INDEX

FINANCIAL CAPITAL

33.3%

EBITDA/TURNOVER

28,367,862 €

GENERATED CASH FLOW

LETTER FROM THE CEO

2021 was characterized by the continuation of the Covid-19 pandemic, in spite of progress in the vaccination campaigns. The year also saw a sharp increase in the prices of raw materials and energy. This scenario continued and has become even more challenging in 2022 with the development of the dramatic conflict in Ukraine, which we are monitoring carefully.

A profound process of social and technological transformation is underway which has changed and is changing the whole of society even in the way in which it expresses itself.

In order to respond to these disruptive changes, in 2021, Simonelli Group continued with investments into Human and Organizational Capital, initiated the year before.

This has enabled the company to achieve the best results ever in terms of turnover and operating income, also consolidating its strategic positioning, to the benefit of all stakeholders involved in the Company's value creation process.

This strategic vision characterizes Simonelli Group's approach to sustainability and is thus the cornerstone of its business model, a system that for several years has magnified objectives and results in terms of the positive impact on stakeholders whilst also consolidating its value proposition.

In 2021, many further steps have been taken towards developing this approach to integrated sustainability. In terms of environmental sustainability, the year has continued with actions aimed at achieving the goal of becoming a totally "green" company by 2025 along with programs to improve the environmental impact of products. This has brought the percentage of low-energy coffee machines sold on the market to 60%. In terms of social commitment, the Company's has distinguished itself for its attention to the local area and to protecting jobs. The growth in the volume of the business has thus seen a significant increase in these areas. Support for social, cultural and sporting initiatives at both local and national levels, came alongside economic and financial results that confirm the crucial importance of research, training and the digital transformation of operational processes and services, which are an integral part of the company's DNA.

All this is taking place in a context of growing awareness of the environmental and social risks that the world is experiencing, paying constant and utmost attention to the balancing of tangible and intangible resources, at the top of which the Company places the role of people.

The transition from the Sustainability Report to the Integrated Report therefore stems from the desire to offer an overview of the organisation in terms of operations and to correlate it with the risks and opportunities that arise, in a short, medium and long-term perspective.

Finally, as has already been said, we always need to remember that the basis of our success is our people. They are the ones who serve our customers and communities, develop technology, make strategic decisions with the board, manage risks, determine our investments, and drive innovation.

Whatever our view of the complexity of the world, and of the risks and opportunities that lie ahead, having a great team of people, who are strong, well-prepared, having moral and ethical integrity and solid skills to face difficult circumstances, is what ensures our prosperity, now and in the future.

Fabio Ceccarani
Simonelli Group — CEO

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READING GUIDE

REPORTING OBJECTIVES OF SIMONELLI GROUP

With the publication of the Integrated Report, Simonelli Group intends to take an evolutionary step in corporate reporting, demonstrating once again its deep attention to the principle of transparency towards all stakeholders with whom it interacts.

Moving from the Sustainability Report of the past years to this Integrated Report means providing an overview

of the organization in terms of operations, risks and opportunities in a short, medium and long-term perspective.

This provides a more organic and comprehensive information framework on financial, environmental, social and governance aspects, highlighting how they interact in the creation of value over time.



INTEGRATED REPORT AND INTEGRATED THINKING FOR SIMONELLI GROUP

The Integrated Report is part of Simonelli Group's planning and control system and provides a perspective of continuity to the objectives of integrated sustainability which, as we know, includes the economic-financial, environmental and social perspectives.

This document fully adopts and adheres to the **International Framework of Integrated Reporting <IR>**, issued in December 2013 by the International Integrated Reporting Council (IIRC), and subsequently updated in January 2021 (www.integratedreporting.org).

The Integrated Report is an information tool aimed, primarily, at highlighting the economic, financial, social, environmental and intangible capital profiles of

an organization, highlighting how and on what basis it creates value in the short, medium and long term for its stakeholders.

The Integrated Report allows us to represent in a clear, concise and structured way the set of actions, resources and results, which, despite having strategic importance for the organization, are not systematically reflected in mandatory reporting. In this context, the management model, the strategy pursued, and a renewed concept of value constitute the cornerstones of this document.

For reporting purposes, the **GRI Sustainability Reporting Standards** were also used as guiding principles for the analysis and presentation of the impacts produced on company capital and its stakeholders.

The Appendix contains the **GRI Content Index** which acts as a tool for connecting the contents of the Integrated Report and the GRI information.

THE SIX CAPITALS

The Integrated Report highlights the different ways in which the company interfaces with the external environment and the various types of capital used to create, safeguard or dissipate value in the short, medium and long term.

CAPITALS CONSTITUTE RESERVES OF VALUE AND ARE IDENTIFIED AS:



HUMAN CAPITAL

Concerns the wealth of skills, abilities and knowledge of those who work in the Company, including governance bodies.



INTELLECTUAL CAPITAL

Concerns intangible assets, processes and internal procedures useful for business management, which are based on knowledge and activities aimed at guaranteeing the quality and safety of the products offered.



RELATIONAL-SOCIAL CAPITAL

Includes the intangible resources attributable to the wealth of relationships which are interwoven with the various groups of external stakeholders (customers, suppliers, institutional entities), as well as the trust and reputation enjoyed by the company (image, reputation, customer satisfaction).



NATURAL CAPITAL

Regards all the Company's activities that have a positive or negative impact on the natural environment.



MATERIAL AND INFRASTRUCTURE CAPITAL

Refers to the material infrastructures used for carrying out operations (such as buildings, administrative offices and platforms, equipment and machinery), and also includes stocks of products manufactured.



FINANCIAL CAPITAL

Includes all the liquidity flows that are generated and absorbed by the organization.

In this Report the six different Capitals are distinguished by different colors and within the section "Results and impacts on Capitals" the company performance is reported with respect to each of the forms of Capital mentioned.

CHARACTERISTICS OF THE 2021 INTEGRATED REPORT

REPORT STRUCTURE

The report follows the conceptual and operational link of the Company, which takes inspiration from the value field, generates strategic thinking, appears in the definition of the business model and ends with the evaluation of impacts.

The arguments presented in the report are developed on this logical-operational thread. Therefore the Report has the primary objective of highlighting the link between the different ethical, operational and strategic dimensions on which the Company is based.

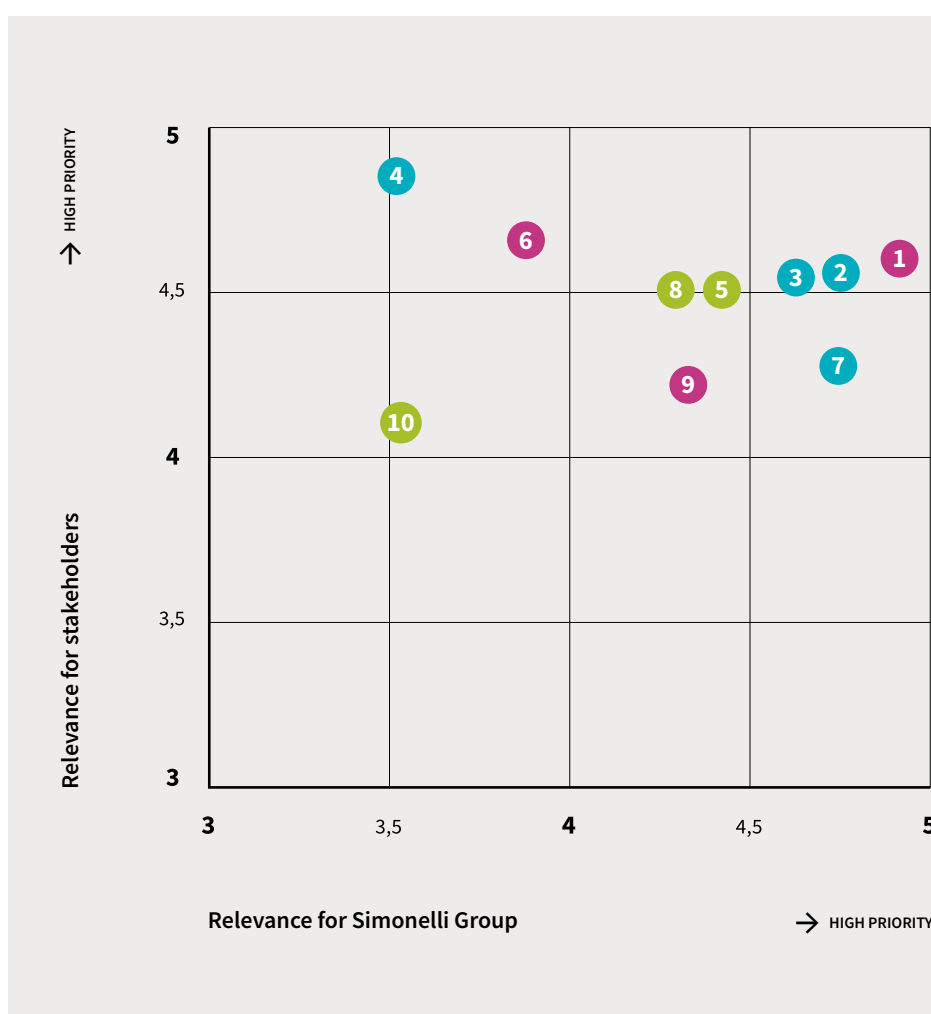
MATERIALITY ANALYSIS AND RISK ANALYSIS

At a methodological level, a first element of evolution of this Report compared to the reports of previous years is the process of identifying the relevant issues, upon a new risk analysis carried out through the involvement of internal stakeholders.

The Business Model section describes both the process that generated the materiality matrix below and the results of the involvement of corporate stakeholders.

PRIORITISED GROUPINGS

	PRIORITY
1 Empowering people	4,81
2 Economic and financial sustainability	4,69
3 Supply chain criticalities	4,63
4 Technological evolution	4,17
5 Natural Resource Management	4,47
6 Persons protection and safety	4,28
7 Dynamism and turbulence of the reference context	4,51
8 Respect for the environment	4,41
9 Cogeneration growth with the community	4,31
10 Climate change	3,84



● Economic field ● Social sphere ● Environmental field

ALIGNMENT OF BUSINESS STRATEGIES WITH THE SDGs

The mission and activities of Simonelli Group are perfectly consistent with some Sustainable Development Goals (“SDGs”) set in September 2015 by the United Nations, to be achieved by 2030.

In 2021, Simonelli Group formally joined the United Nations Global Compact to testify its commitment to pursuing the 2030 goals, in particular those related to “Health and well-being” (3), “Quality education” (4), “Gender equality” (5), “Clean and affordable energy” (7), “Decent work and economic growth” (8), “Industry, innovation and infrastructure” (9), “Sustainable Cities and Communities” (11), “Responsible Consumption and Production” (12), “Climate Action” (13), “Partnership for the Goals” (17).

Finally, compared to the previous years, changes have been made to the primary objectives that Simonelli Group intends to pursue in order to make them more relevant to the activity carried out. For this reason, goals no. 7 and no. 17 have been included, while no. 15 and 16 have been overshadowed.

Further descriptive elements related to the mentioned SDGs will be provided in the “Value creation process” section.

THE CONTENTS AND SCOPE OF REPORTING

As a method of implementing the integrated sustainability plan, Simonelli Group has chosen to proceed gradually, initially concentrating the actions on the activities of the parent company Simonelli Group, and then gradually proceeding to the implementation of the same plan in its foreign branches.

This means that at this stage the reference scope of this Integrated Report is the Simonelli Group without including the foreign branches that contribute to the consolidated financial statements.

From the point of view of specific content, the Simonelli Group 2021 Integrated Report is divided into five sections, followed by an appendix:

- **Simonelli Group**
- **Governance**
- **Business model**
- **Value creation process**
- **Results and impacts on Capital.**

The section “Results and impacts on Capital” also contains future perspectives relating to the thematic areas addressed.

The data reported for 2021 is exposed, where possible, as compared to the same data for 2020 and sometimes also for 2019.

This Integrated Report is the result of a process initiated by the company organisation in 2022 and carried out in collaboration with the consulting company Sara Cirone Group Srl Società Benefit, which conducted this project in line with the common benefit expressed in its statute and according to the 2016 Stability Law - Law no. 208/2015 - art. 1, paragraphs 376 to 384 and annexes 4 and 5.

The document was created through the sharing and guidance of the Sustainability Team and was the product of the involvement of the entire organisation.

The 2021 Simonelli Group Spa Integrated Report was printed in 300 copies and is also available on the Company’s website (www.simonelligroup.com).

1 NO
POVERTY



2 ZERO
HUNGER



3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



5 GENDER
EQUALITY



6 CLEAN WATER
AND SANITATION



7 AFFORDABLE AND
CLEAN ENERGY



8 DECENT WORK AND
ECONOMIC GROWTH



9 INDUSTRY, INNOVATION
AND INFRASTRUCTURE



10 REDUCED
INEQUALITIES



11 SUSTAINABLE CITIES
AND COMMUNITIES



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



14 LIFE BELOW
WATER



15 LIFE
ON LAND



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



17 PARTNERSHIPS
FOR THE GOALS



**SUSTAINABLE
DEVELOPMENT
GOALS**





**SIMONELLI
GROUP**



SIMONELLI GROUP

Simonelli Group is a manufacturing company, located in Belforte del Chienti in the province of Macerata, dedicated to the design, manufacturing and marketing of professional coffee machines and grinders.

The Company, which has 162 employees and a turnover of € 103 million in 2021, addresses the national and international market, making a value-proposition based on innovative products and services, on the growth of knowledge through training and on socio-environmental respect.

The Simonelli Group is the result of a long journey that began in 1936 among the hills of the Marche

region, carried out by people who share the same values, passion and commitment to making coffee an increasingly sustainable pleasure.

Although the Marche region has a strong industrial vocation, it does not have coffee industrial centers. Despite this, Simonelli Group has managed to develop over time a solid network of universities, research centers, suppliers and institutions and to create the conditions to develop those innovative processes that distinguish its offer.

This network is one of the Company's distinctive factors as well as one of its strengths on the market.



The economy of the Marche region is characterised by a strong and widespread industrial vocation, which represents 30% of the added value produced by the region.

With 24.4% of employees in the manufacturing industry and with a density of manufacturing companies equal to 12.1 per 1,000 inhabitants, the Marche region is at the top of the Italian average and represents a sort of national “manufacturing laboratory”.

The production model is focused on the district economy, whose characteristic feature is the coexistence of considerable industrial agglomerations and a civil settlement structure represented by small and medium-sized cities.

The absence of large metropolitan polarisations has made it possible to preserve an excellent quality of life over time – good proximity services, community-type relational systems, high environmental quality – alongside considerable economic development.





The 19 districts present operate mostly in the sectors of wood and furniture, textiles and clothing, footwear, leather goods, mechanics and the agri-food industry, but not in that of coffee machines, which sees Simonelli Group the only protagonist.

The first Simonelli coffee machine, 1936, chosen by Treccani as a symbolic object of design and Italian culture.



HISTORY

- 1936 THE FOUNDATION OF SIMONELLI**
In a still predominantly rural world, a man who was equally creative and ingenious laid the foundations for a great project: in a small workshop, built under his house in Cessapalombo, a small village in the province of Macerata, Orlando Simonelli made the first espresso coffee machine designed by himself. He called it 1936 and, as a good craftsman, he personally took care of marketing it.
The machine was subsequently chosen by Treccani as one of the Italian symbolic design and culture objects. (Treccani, 1925-2015, 90 objects: Italian design, excellence and memory in <https://www.treccani.it/90anni/oggetti/1936-Simonelli.html>).
- 1948 FROM CESSAPALOMBO TO TOLENTINO**
Defying the difficulties of the post-war period, Orlando Simonelli relaunched his entrepreneurial objectives and decided to transfer his business to Tolentino, where he made it the company grow with the first employees. Years of hard work and further market growth followed, culminating in the inauguration of a new plant in Tolentino in 1960.
- 1972 FROM SIMONELLI TO NUOVA SIMONELLI**
On May 9, 1971, after a long illness, Orlando Simonelli died in his home in Tolentino.
The following year, some employees courageously decided to become entrepreneurs by acquiring the business, which became a company and its name was changed from Simonelli to Nuova Simonelli.
- 1975 FIRST STEPS TOWARDS INTERNATIONALISATION**
To carry on the company thus reconfigured, it was necessary to make wise and shared choices: looking to the future with ambition and awareness, the new partners decide to transfer their business to a new location, with adequate spaces for the construction of a larger plant. So in 1976, the company moved to Belforte del Chienti. In 1975, internationalisation began with the first sales on the US market.
- 1993 FIRST SUBSIDIARY IN THE USA**
In the 80s and the 90s, the production expanded, with the development of models with increasingly advanced technology. The consolidation of the company's presence on international markets, led the company to open its first subsidiary in the USA, the "Nuova Distribution" based in Ferndale, in the State of Washington, in 1993.
- 2001 ACQUISITION OF VICTORIA ARDUINO**
Nuova Simonelli became a multi-brand company and also established itself in the "luxury machines" sector, thanks to the acquisition of the prestigious Victoria Arduino brand, synonymous with Italian quality since 1905.
- 2003 FIRST ERGONOMIC MACHINE**
The company started a collaboration with the Institute of Psychology and Ergonomics of Ancona to carry out a study on the ergonomics of the coffee machine and protect the mental and physical well-being of the barista. The new Aurelia was going to be the first fully ergonomic machine.

-  **2005 NEW PRODUCTION CENTRE**
Constant growth required further expansion of production capacity.
A new production centre of 10,000 square metres was opened, designed to offer a comfortable, safe and sustainable work environment from an energy saving point of view.
-  **2008 IT BECAME AN OFFICIAL PARTNER OF THE WBC**
The Aurelia was selected as the official coffee machine of the World Barista Championship for the period 2009-2011. A choice then confirmed in the - period 2012-2014 with the Aurelia II, and in the following two three-year periods with the Black Eagle of Victoria Arduino.
-  **2009 FIRST STUDIES ON LCA**
The collaboration with the Polytechnic University of Marche started for a study to assess the environmental impact of the Simonelli machines. In 2011, the first LCA analysis was carried out on an espresso machine.
-  **2012 FIRST PHOTOVOLTAIC PLANT**
The company installed a photovoltaic system of 100 Kw to cover the energy needs of the production plant.
-  **2015 BRANCH OPENING IN SINGAPORE**
With the aim of strengthening its presence on the growing Asian market, a branch was opened in Singapore, houses a sales office, with a showroom and a training centre, where distributors, customers and technicians can get professional training.
-  **2016 ESTABLISHMENT OF THE COFFEE SCIENTIFIC RESEARCH CENTRE (RICH)**
The International *Hub for Coffee Research and Innovation* (which later became the *Research and Innovation Coffee Hub*) was created with the University of Camerino, a unique coffee research centre that connected business with the university world.
-  **2017 FROM NUOVA SIMONELLI TO SIMONELLI GROUP**
The company changed its name to Simonelli Group. This choice, born from the need to best represent the organisational evolution, contains the story of a group of people who have grown over the decades, but who have never lost the creative and ingenious approach of that small workshop where it all began.
-  **2018 OPENING OF NEW BRANCHES**
In order to give greater impetus to sustainability issues, which were increasingly central to its strategy, the Company started collaborating with the University of Macerata and established the Sustainability Team, which aimed to define strategies and coordinate activities related to sustainability. At an international level, the first Experience Labs were opened in China and Indonesia. By doing so, the Company aimed to bring the experience of the two brands onto the markets through immersive showrooms and a series of events and training sessions. In 2018, a new branch was also opened in France, based in Lyon.
-  **2019 1st SUSTAINABILITY REPORT**
The first Sustainability Report was published and the new branch in London was opened for the sale and promotion of Victoria Arduino in the United Kingdom.

COMPANY AND MARKET APPROACH

Simonelli Group is present in 124 countries where it exports 94% of its production and its world market share is almost 10%.

The products are intended for bars, restaurants, hotels and coffee-shop chains on all continents, through a dense sales network consisting of over a thousand subjects, including distributors, branches and service centre.

The Company has a geographically well-balanced turnover, which limits the impact of local crises and/or geopolitical criticalities, such as the ones that are occurring in this period.

The heritage of the company – based on competence, innovative approach and attention to sustainability – unites the two brands of Simonelli Group:

NUOVA SIMONELLI: the brand, which has been on the market for 85 years, represents the functional soul that is embodied in ergonomic machines, efficient in terms of performance and energy saving. They allow everyone to prepare a good cup of coffee, regardless of their level of experience.

VICTORIA ARDUINO: for 120 years, this brand has represented the sophisticated soul embodied in machines with a great historical past, with refined design and advanced technology. They allow each barista to be able to express their greatest professionalism.



MARKET SEGMENT
TRADITIONAL COFFEE

BRAND VALUES
EFFICIENCY · ERGONOMICS · RELIABILITY · EASY TO USE

TARGET
**ROASTERS · HO.RE.CA · COFFEE-ORIENTED/
NON-COFFEE-ORIENTED CHAINS · DOMESTIC**

 **nuova
SIMONELLI®**
The coffee machines you can trust.



MARKET SEGMENT
SPECIALTY AND QUALITY COFFEE

BRAND VALUES
EXCELLENCE · DESIGN · LEGACY · LIFESTYLE

TARGET
**MICRO ROASTERS · SHOPS AND CHAINS
SPECIALISING IN CAFES · DOMESTIC**

Victoria Arduino

INSPIRED BY YOUR PASSION.

COMPANY LOCATIONS WORLDWIDE

Over the years, Simonelli Group has created a diversified production and commercial system whose main objective is to evolve its service system of for the reference market.

In particular, it is possible to identify three types of operational solutions adopted, each of which performs a specific organisational function:

HEADQUARTERS

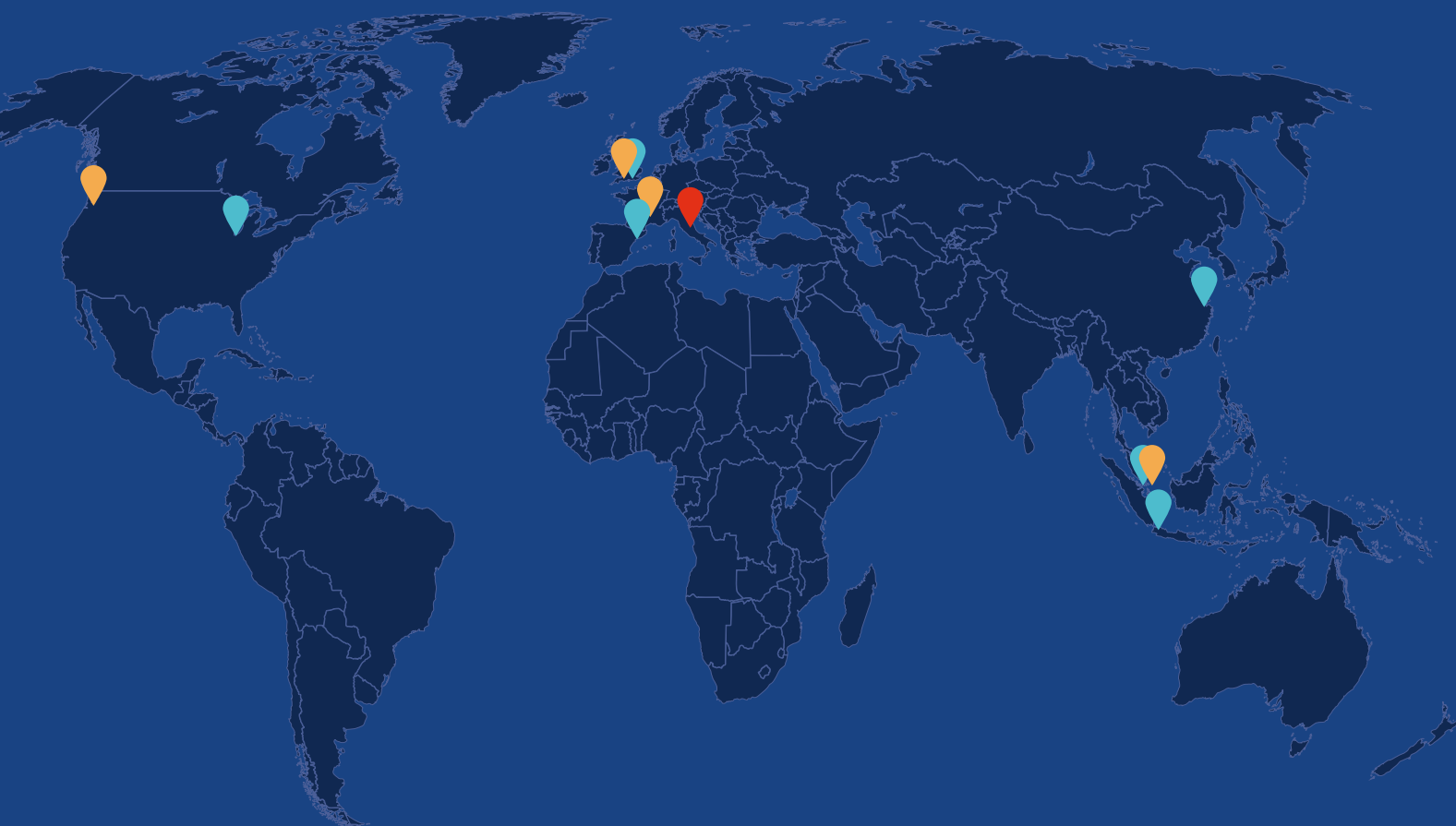
- **SIMONELLI GROUP S.p.a.**
BELFORTE DEL CHIANTI, MC – ITALY
Production plant: **10,000** sq m
Logistic centre: **6,000** sq m
Assembly lines: **6**
Product platforms: **26**
Units produced in 2021: **43,000**

BRANCH OFFICES

- **SIMONELLI GROUP ASIA PACIFIC PTE LTD**
SINGAPORE
- **NUOVA DISTRIBUTION USA, LLC**
FERNDAL (Washington – United States)
- **NUOVA DISTRIBUTION FRANCE**
VIVIERS DU LAC (France)
- **VA MACHINERY LTD**
LONDON (United Kingdom)

EXPERIENCE LABS

- **JAKARTA – Indonesia**
Powered by PT Toffin Indonesia Jl. Pluit Permai No.4, RT.1/RW.7, Pluit, Kec. Penjaringan, Kota Jkt Utara, Daerah Khusus Ibukota Jakarta 1445
- **SHANGHAI – China**
Powered by DKSH Shanghai Ltd Room 502, No. 13 Building, No. 99 TianZhou road
- **BARCELONA – Spain**
Powered by Vans Iberica Passatge de Casamitjana, 17
- **SINGAPORE**
380 Jalan Besar #06-03-04, ARC 380, Singapore 209000
- **CHICAGO – United States**
1210 W Lake Street, IL 60607
- **LONDON – United Kingdom**
36 Tanner Street London, SE13LD



REFERENCE CONTEXT



Worldwide, coffee consumption has shown a constant growth trend, which in 2020 suffered a setback due to the consequences of the sudden Covid-19 pandemic; the latter caused a slowdown in consumption in the out-of-home channel, the main source of demand for Simonelli Group products.

The pandemic has led to a radical change in people's social and operational habits, which in turn has been reflected in styles and places of consumption.

For this reason, some trends already underway have been accentuated, such as the growth of e-commerce and the concentration of the market in favour of the big players.

Small operators and independent traders have proved to be more vulnerable to the repercussions of the pandemic, while large roasters and major chains have been able to quickly reshape their offerings according to the new context and changing consumer needs. Services such as on-demand delivery, take away and drive-through have, in many cases, replaced part of the internal consumption at the sale points.

From an equipment point of view, all of this has meant the ability to be able to provide adequate answers to new needs, both in terms of flexibility, automation and environmental impact. Producers who are more dynamic and able to evolve quickly will gain an advantage on the market.

RESULTS

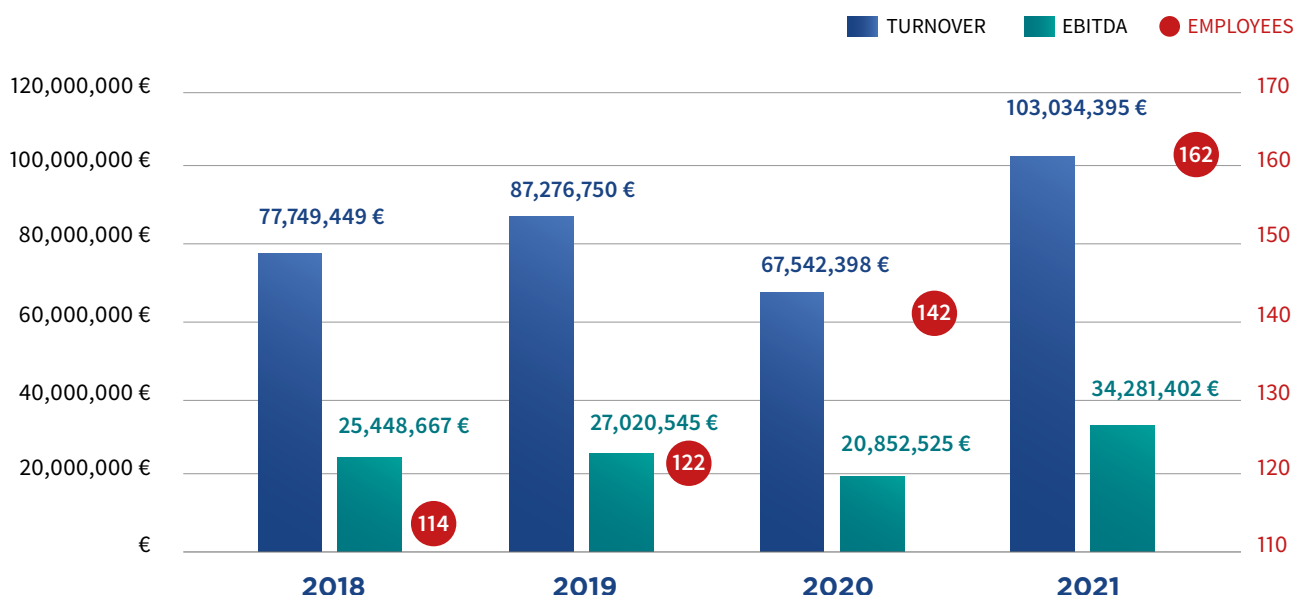
Over the years, the Company has achieved constant growth, both in terms of turnover and EBITDA, interrupted in 2020 due to the well-known consequences of Covid, but which resumed the previous trend in 2021. All of this is partly the result of a recovery of the market and partly of the company's ability to react to the new context.

In 2020, despite a loss of turnover of more than 20%, the Company increased investments in digitalisation, reorganisation and innovation; in 2021, this invest-

ment policy was carried out, dedicating 8.5% of the turnover to Sales & Marketing activities, 3.5% to Innovation and 0.7% to Education.

The Company has also diversified its sales channels by focusing on the Oil & Gas, Cruising, Travel Retail and Corporate Food & Beverage sectors.

This has allowed to achieve the best results ever achieved in terms of turnover and profitability.



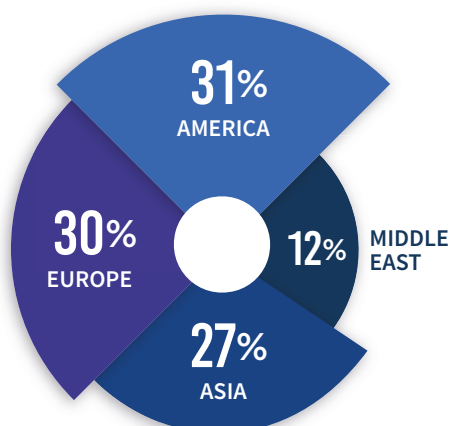
SALES BY REGION

EXPORT

96%

EBITDA

33,3%



124

COUNTRIES

4

BRANCHES

6

EXPERIENCE
LABS

GLOBAL COMPANY

VISION, PURPOSE AND VALUES

VISION

The company's vision is that of a world in which innovation comes from creativity and brings wisdom, aiming at growth that strengthens ethics, values work and local areas and respects the environment.

PURPOSE

Simonelli Group responsibly supports coffee communities to offer an extraordinary “cup of coffee” experience. Anytime, anywhere.

Simonelli Group products are the last link in the coffee value chain, the one closest to the moment of the final consumer's experience. The company therefore has the great responsibility to enhance the value created by farmers, roasters and baristas. Simonelli Group wants to do this responsibly, investing on constantly improving the technical and environmental performance of its products, and also on providing the international coffee community with qualified training courses on coffee technique and culture.

VALUES

The company's values, related to continuous and transversal innovation, coffee culture and integrated sustainability, can be represented by associating Simonelli Group with the archetype of the “**wise innovator**”.

Committed to disseminating/sharing the innovation of which he is the creator, taking part in the collective story of the universe to which he belongs, the **Wise Innovator** has an ethical and cultural responsibility to carry out specific issues, such as sustainability and education, not only at a theoretical level, but also and above all with concrete actions to support them.



CONTINUOUS AND TRANSVERSE INNOVATION

We believe in intuitions that derive from systematic thinking, that challenge logic and traditional procedures.



INTEGRATED SUSTAINABILITY

We believe in shared growth that respects people and the environment. We believe in the generation of sustainable value over time, that involves all of us and our stakeholders.



COFFEE KNOWLEDGE AND CULTURE

We believe in the spreading of mindful knowledge of coffee: we encourage our customers and colleagues, and the coffee community at large to express all their potential.



OWNERSHIP STRUCTURE

Simonelli Group S.p.a. was established in June 2017 upon the initiative of Nuova Simonelli S.p.a. – which conferred it with the industrial branch of its espresso coffee machine production of – and it began operating in August 2017.

Subsequently, with effect from April 2018, Nuova Simonelli S.p.a. was incorporated into OMT Belforte Srl which today controls 100% of Simonelli Group S.p.a., through the ownership of 20,000 ordinary shares corresponding to 20,000,000.00 euros of Share Capital.

In its turn, Simonelli Group S.p.A., as previously mentioned, has holdings in other companies:

- **NUOVA DISTRIBUTION USA, LLC**
USA (65% share);
- **SIMONELLI GROUP ASIA PACIFIC PTE Ltd**
Singapore (100% share);
- **NUOVA DISTRIBUTION FRANCE Sarl**
France (75% share);
- **VA MACHINERY Ltd**
England (55% share).



As a company 100% controlled by another company, Simonelli Group S.p.a. is not obliged to draft consolidated balance sheets (Article 27 of Legislative Decree 127/1991). In this regard, please also note – as specified above – that this report refers to the resources,

activities, objectives and results that derive specifically from Simonelli Group S.p.a. and particularly that global economic and financial performance relates to the 2021 Simonelli Group S.p.a. financial statements.



GOVERNANCE



GOVERNANCE AND INTERNAL AUDITING

The Company is managed by a Board of Directors, consisting of six members. Current members are as follows:

NAME	CHARGE	CHARGE TIME
Nando Ottavi	Chairman, CEO	Until approval of financial statements at 31.12.2022
Marco Feliziani	Deputy chairman	
Fabio Ceccarani	CEO	
Sonia Boldrini	Member of the board	
Nicola Ottavi	Member of the board	
Giorgio Ziemacki	Member of the board	

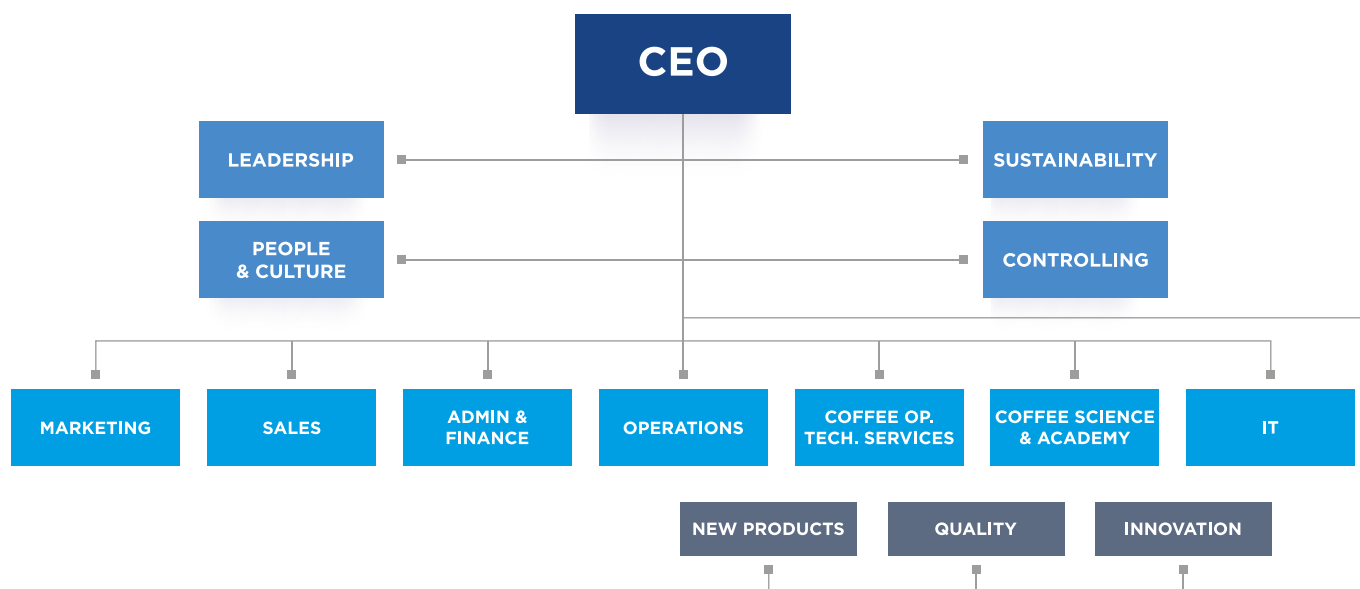
The Board of Statutory Auditors consists of three statutory members and two substitute members:

NAME	CHARGE	CHARGE TIME
Francesco Sperandini	Chairman of the Board of Statutory Auditors	Until approval of financial statements at 31.12.2022
Bruno Olivieri	Auditor	
Marina Rocco	Auditor	
Nazareno Minnozzi	Substitute auditor	
Graziano Feliziani	Substitute auditor	

The statutory audit of the accounts is also exercised by the Auditor Dr. Giovanni Marco Borroni.

FLOWCHART

The internal organisation of Simonelli Group is entrusted to an organisation chart shared among all workers and which can be summarized through the following scheme:



CORPORATE POLICIES AND PRACTICES

In order to define the set of values that distinguish Simonelli Group, a Code of Ethics has been prepared to mark responsible behavior that inspires strategic thinking and the conduct of business activities so that the objectives of excellence can be pursued on the market on which the company operates.

It is an essential element of the internal auditing system and allows the company itself to prevent the commission of any irregularities or wrongdoings against its internal and external interlocutors; the adoption of these principles of conduct is a proof of Simonelli Group's commitment also in relation to the prevention of unlawful conduct in terms of Human Rights, Corporate Social Responsibility and corporate governance.

The purpose of the Code of Ethics, therefore, is to declare and spread the values and rules of conduct to which the company intends to make constant reference in the exercise of its entrepreneurial activity.

The aforementioned Code is brought to the attention of all the subjects who interface with the company, whether internal or external, through posting on bulletin boards and through specific communication activities.

There are several general principles and guidelines for the criteria of conduct to be implemented.

TO VIEW THE CODE OF ETHICS
YOU CAN ACCESS THE FOLLOWING QR CODE:





BUSINESS MODEL

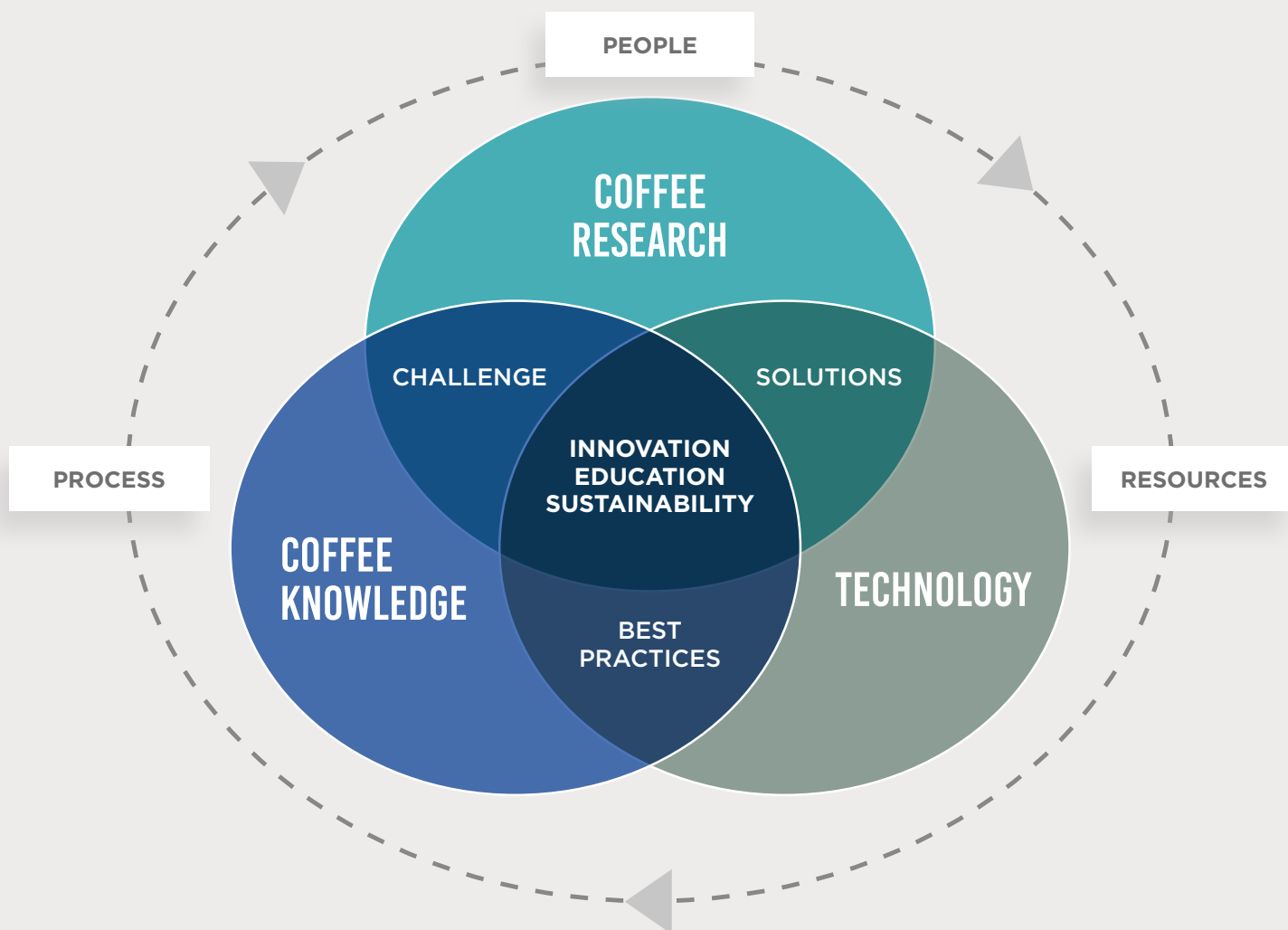


BUSINESS MODEL

Simonelli Group's business model connects people, organisation, processes and company resources around values, according to a representation as follows.

Specifically, Simonelli Group considers it essential, for a lasting development over time, to pursue a continuous and transversal predisposition towards innovation, to continue to raise awareness and train

its people to a business culture based on profound social and authentic values, to promote a sharing of knowledge of the coffee culture in reference communities and ensure the reintegration of all environmental and social resources necessary for its functioning through organised collaboration and the involvement of the various stakeholders.



STAKEHOLDER ENGAGEMENT

What has always distinguished Simonelli Group in its local or international communities, in addition to the level of its machines, services and coffee knowledge, is the close and intense human relations that it has managed to create and maintain over the years.

In dealing with the various categories of interlocutors, Simonelli Group always focuses on the person, work, the local area and the coffee world.

Interacting with the different parties (Customers, Consumers, Suppliers, Lenders, Human Resources, Members and partners, Coffee communities, Schools, Universities, Environment, Community), always seeking lasting balances, represents an indispensable identity profile for the company.

This approach requires constant awareness of our roots and the willingness to question ourselves and always strive to improve.



RISK ASSESSMENT AND MATERIALITY ANALYSIS

Risk analysis for Simonelli Group represents one of the central steps in the definition of its strategic plan.

Identifying and managing risks means for the company highlighting the key elements that need to be monitored, not only from a strategic effectiveness point of view, but also from the point of view of operational management and measurement.

Precisely for this reason, the methodology followed in this Report to outline the important issues that define the materiality map is inspired by risk analysis.

In fact, it was decided to integrate the process of selecting material issues with the analysis of corporate risks, which examine the critical elements for the creation of value in the medium-long term of Simonelli Group and which express direct and indirect impacts on its stakeholders.

The process followed consisted of the following activities:

- Identification of relevant risk issues from the point of view of impact on stakeholders and the Company's ability to create value.
- Assessment of the level of risk and probability of occurrence with final results concerning the relevance of the risk issue.

- Identification of mitigation measures. At this stage, the strategic guidelines indicated in the 2020 Report have been integrated within this area, precisely to indicate that strategic measures act as a system for mitigating corporate risks or amplifying opportunities.
- Grouping of topics into macro-groups and systematisation of global results.
- Involvement of the main external stakeholders through questionnaires sent to employees, customers and suppliers to collect their assessment of the materiality factors identified.

The process of identifying risks in Simonelli Group presented in this document, which therefore represented the Company's point of view on relevant and impactful value creation issues, involved all the who directly act on corporate strategies and its operational processes, which then also provided an assessment of the significance of each variable, weighted with the estimated probability of occurrence.

Once the main risk factors had been identified, they were grouped into homogeneous thematic groups and the materiality survey was submitted to three categories of stakeholders: Employees, Customers and Suppliers.

CONNECTING TABLE BETWEEN RISK THEMES AND GROUPINGS::

RISK FACTOR	POSSIBLE EFFECTS OF RISK	ASSOCIATION/GROUPING
Industry consolidation	Competitive configuration of the most concentrated sector	Dynamism and turbulence of the reference context
Geo-political instability	Difficulty in defining future scenarios	Dynamism and turbulence of the reference context
Brand reputation	Changes in brand reputation and perception	Economic and financial sustainability
Strategic Business Continuity	Changeability of business strategy	Economic and financial sustainability
Centrality of Human Resources	Difficulty in finding qualified resources and need to develop new skills	Empower people
Evolution of consumption of coffee-based beverages	Diffusion of new coffee-based drinks and/or coffee alternatives	Dynamism and turbulence of the reference context
Organisational effectiveness/efficiency	Instability of the external context with repercussions on the internal organisational system	Economic and financial sustainability
Supply chain criticalities	Supply chain market disruptions	Supply chain criticalities
Structural/financial solidity	Changes in the financial and capital structure to support extraordinary transactions	Economic and financial sustainability
Evolution of Demand	Concentration of demand towards large groups/chains and loss of bargaining power	Dynamism and turbulence of the reference context
Support from/to the local area	Impoverishment of the economic and social fabric of the local area	Cogeneration growth with the community
Safeguarding profitability	Greater difficulty in preserving the offer the margins	Economic and financial sustainability
Cyber-security	Cyber and data loss risks	Economic and financial sustainability
Person protection and safety	People most exposed to health and safety risks in the workplace	Person protection and safety
Energy supply	Difficulty in meeting energy needs	Natural Resource Management
Eco-sustainability of the product	Implementation of more stringent and geographically not homogenous environmental standards	Respect for the environment
Macroeconomic criticalities	Criticality of national and international financial systems	Dynamism and turbulence of the reference context
Impacts of climate change	Effects in producer countries and spreading of catastrophic climatic phenomena	Climate change
Technological evolution	Advent of disruptive technologies	Technological evolution

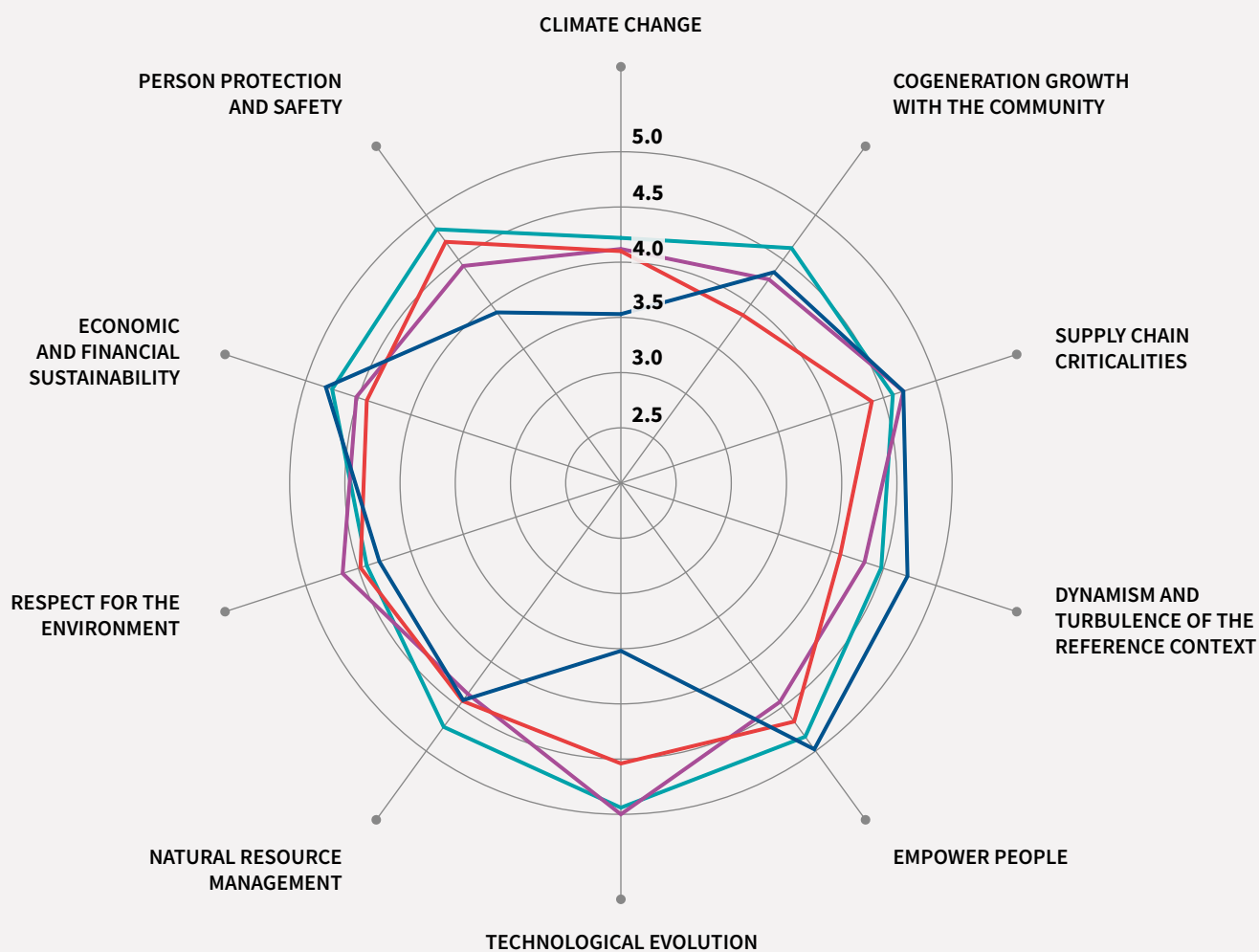
RESULTS OF MATERIALITY SURVEY

The results below summarise the assessments with respect to material issues, both from the Company's point of view and from that of stakeholders.

The results, in order to be represented and compared, have been adjusted on a relevance scale of 1-5 (1 = minimum priority, 5 = maximum priority):

MATERIAL THEMES	INTERNAL MANAGERS	EMPLOYEES	CUSTOMERS	SUPPLIERS	GLOBAL AVERAGE
Climate change	3.53	4.10	4.12	4.22	3.99
Cogeneration growth with the community	4.36	3.88	4.28	4.63	4.29
Supply chain criticalities	4.69	4.39	4.69	4.59	4.59
Dynamism and turbulence of the reference context	4.73	4.09	4.32	4.48	4.40
Empower people	4.98	4.67	4.45	4.84	4.73
Technological evolution	3.52	4.54	5.00	4.94	4.50
Natural Resource Management	4.43	4.44	4.36	4.73	4.49
Respect for the environment	4.30	4.48	4.65	4.42	4.46
Economic and financial sustainability	4.81	4.42	4.52	4.75	4.63
Person Protection and safety	3.91	4.70	4.43	4.84	4.47

EVALUATION OF IMPORTANCE OF THEMES BY CATEGORY



- Internal Managers
- Employees
- Customers
- Suppliers



VALUE CREATION PROCESS



VALUE CREATION PROCESS

What most characterises the business model within the Simonelli Group is represented by the systematic nature with which corporate values form the organisational and development processes of the Company.

In fact, Simonelli Group places at the center of its strategic guidelines and operations three main transversal processes that are intertwined in turn with management and operational processes:

- Innovation Processes.
- Processes related to sustainability.
- Processes related to coffee science.

CAPITALS

INPUT

HUMAN
CAPITAL

- Skills
- Motivation

INTELLECTUAL
CAPITAL

- Production system
- Organization System
- Innovation management system

RELATIONAL-
SOCIAL
CAPITAL

- Client and supplier relationship
- Territory relationship

NATURAL
CAPITAL

- Natural resources
- Scientific research system

MATERIAL
CAPITAL

- Infrastructures
- IT systems
- Supply

FINANCIAL
CAPITAL

- Financial resources
- Assets
- Economic resources

Through this management system, the Company keeps alive the constant relationship between the main drivers of the business system and the activities that allow its implementation, in a short, medium and long term perspective.

ACTIVITIES

Management and control processes

TRANSVERSE PROCESSES

- Innovation processes
- Sustainability processes
- Coffee science processes



OPERATIONAL PROCESSES

- Administrative processes
- Logistic processes
- Operational processes
- Supporting processes
- Organizational processes



OUTPUT

- Products and services



2021 OUTCOME

HUMAN CAPITAL

1,642
Hours of training

INTELLECTUAL CAPITAL

4
New patents

RELATIONAL-SOCIAL CAPITAL

124
Countries with direct/indirect presence

NATURAL CAPITAL

249.86 t CO₂ eq.
Scope 1 Index

MATERIAL CAPITAL

43,000
Units produced

FINANCIAL CAPITAL

33.3%
EBITDA / turnover

COMMITMENT TO SUSTAINABLE DEVELOPMENT

The UN 2030 Agenda for Sustainable Development is an action plan for people, the planet and prosperity, signed on 25 September 2015 by 193 United Nations countries, including Italy, to share the commitment to guarantee a better present and future to our planet and the people who live there.

The Agenda defines 17 Sustainable Development Goals (SDGs) to be achieved by 2030, divided into

169 Targets, which represent a guideline for all institutions and companies of all nations in order to put into practice a sustainable model of global evolution.

In 2021, Simonelli Group formally joined the **Global Compact**, committing itself to reconciling its strategic development with the objectives of the Global Agenda.



By virtue of this sensitivity, it is possible to identify the different contributions to the SDGs by the company and, for each of them, the main target audience:



3.8

Achieve universal health coverage, including protection against financial risks, access to quality essential health care services and access to safe, effective, quality and affordable essential medicines and vaccines for all.



4.4

By 2030, substantially increase the number of young people and adults with the necessary skills, including technical and professional skills, for employment, decent jobs and entrepreneurship.



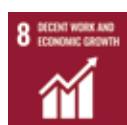
5.5

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.



7.2

By 2030, significantly increase the share of renewables in the global energy mix.



8.5

By 2030, achieve full and productive employment and decent work for all women and men, including young people and people with disabilities, and equal pay for work of equal value.



9.4

By 2030, upgrade infrastructure and modernise industries to make them sustainable, with greater resource efficiency and greater uptake of clean and environmentally friendly technologies and industrial processes, so that all countries take action in accordance with their respective capacities.



11.4

Strengthening efforts to protect and safeguard the world's cultural and natural heritage.



12.2

By 2030, achieving sustainable management and efficient use of natural resources.



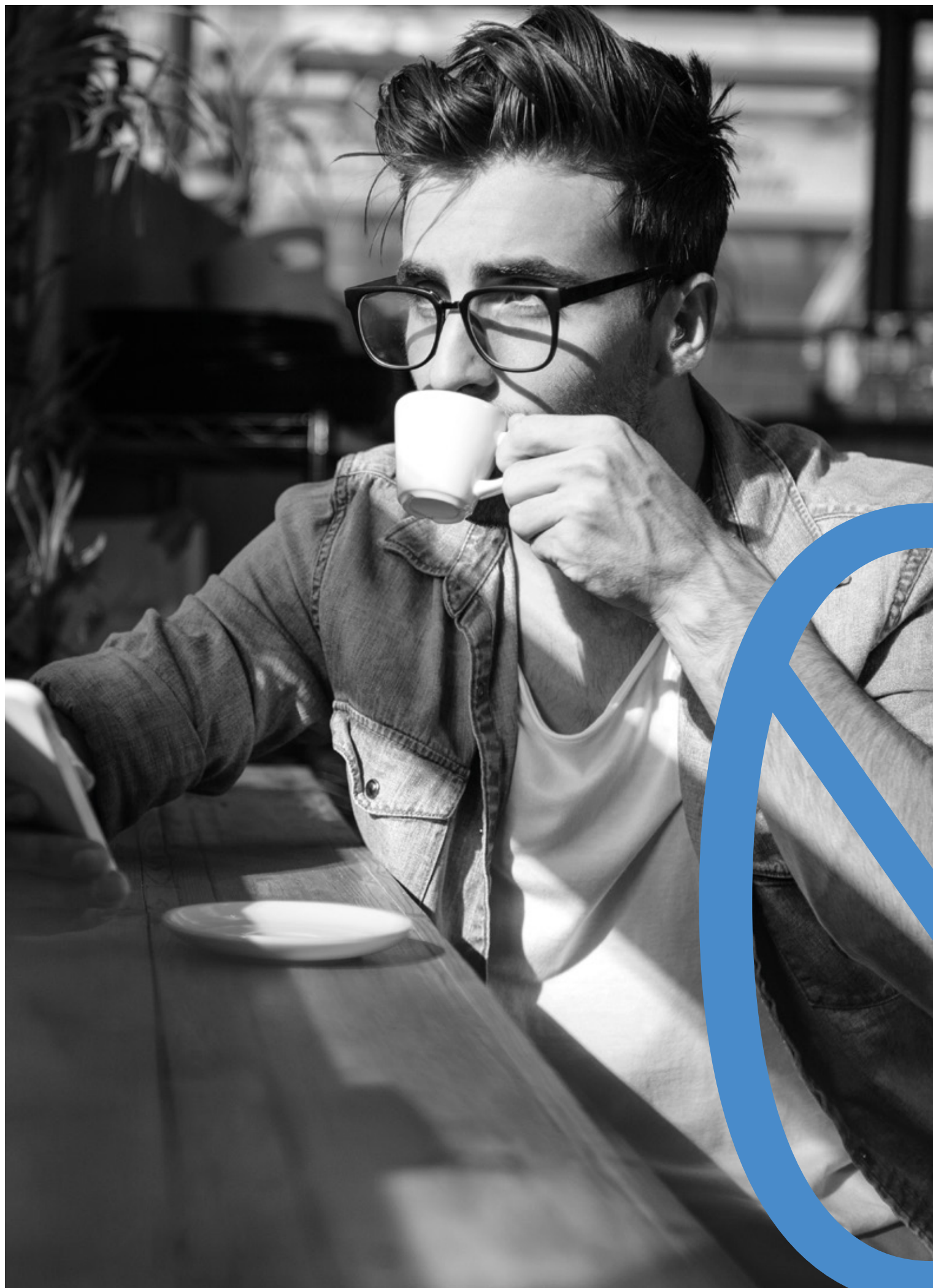
13.1

Strengthening resilience and adaptive capacity to climate-related risks and natural disasters in all countries.



17.17

Encourage and promote effective partnerships between public, public-private and civil society actors, building on the experience and resource accumulation strategies of partnerships.



RESULTS AND IMPACTS ON CAPITALS

The main purpose of this chapter is to represent both the projects and initiatives carried out by Simonelli Group with reference to its three dimensions of values, and the set of metrics that measure the effects of management on the company Capitals.

Reading will this be made more systematic, which supplementary to the way information was presented in the previous chapters.

HUMAN CAPITAL

For Simonelli Group, the ability to generate value and achieve a competitive advantage depends on the quality and skills of its people.

The ability to attract and cultivate talent, to offer stimulating working conditions, to motivate them and to protect their psychological and physical well-being in the workplace are important factors for the company's development



Personnel Analysis

The comparison of data between 2021 and 2020 shows a net increase of 14% in the overall workforce. These are 20 more people: 8 for employees and 12 for temporary workers, with a 11.72% share of female workers.

The process of integrating new recruits into the company is structured in two steps: after an initial phase with an employment contract, there is the stabilization of the relationship as an employee.

The increase in the share of work provided in the last two years is a consequence of the substantial increase in the workforce, which went from 122 in 2019 to 162 employees in 2021.

All employment relationships (employee and agency) refer to collective bargaining agreements.

162
EMPLOYEES

OFFICE WORKERS



73%



27%

FACTORY WORKERS



98%



2%

	2021		2020		2019		Δ 2021-2020	
	n.	%	n.	%	n.	%	n.	%
Subordinate work	116	71.60%	108	76.06%	100	81.97%	8	7.41%
FULL-TIME	112	69.14%	105	73.94%	97	79.51%	7	6.67%
Female	17	10.49%	14	9.86%	14	11.48%	3	21.43%
Fixed-term	2	1.23%	3	2.11%	4	3.28%	-1	- 33.33%
Open-ended	15	9.26%	11	7.75%	10	8.20%	4	36.36%
Male	95	58.64%	91	64.08%	83	68.03%	4	4.40%
Fixed-term	0	0.00%	8	5.63%	6	4.92%	-8	-100.00%
Open-ended	95	58.64%	83	58.45%	77	63.11%	12	14.46%
PART-TIME	4	2.47%	3	2.11%	3	2.46%	1	33.33%
Female	2	1.23%	2	1.41%	2	1.64%	0	0.00%
Open-ended	2	1.23%	2	1.41%	2	1.64%	0	0.00%
Male	2	1.23%	1	0.70%	1	0.82%	1	100.00%
Open-ended	2	1.23%	1	0.70%	1	0.82%	0	0.00%
Interim	46	28.40	34	23.94%	22	18.03%	12	35.29%
FULL-TIME	46	28.40	34	23.94%	22	18.03%	12	35.29%
Female	2	1.23%	0	0%	0	0%	2	-
Fixed-term	2	1.23%	0	0%	0	0%	2	-
Male	44	27.16%	34	23.94%	22	18.03%	10	29.41%
Fixed-term	41	25.31%	27	19.01%	22	18.03%	14	51.85
Open-ended	3	1.85%	7	4.93%	0	0.00%	-4	-57.14%
Total	162	100.00%	142	100.00%	122	100.00%	20	14.08%

DISTRIBUTION



WOMEN

66
OFFICE
WORKERS



17 subordinate work
1 interim



MEN



48 subordinate work
8 interim

96
FACTORY
WORKERS



1 subordinate work
1 interim



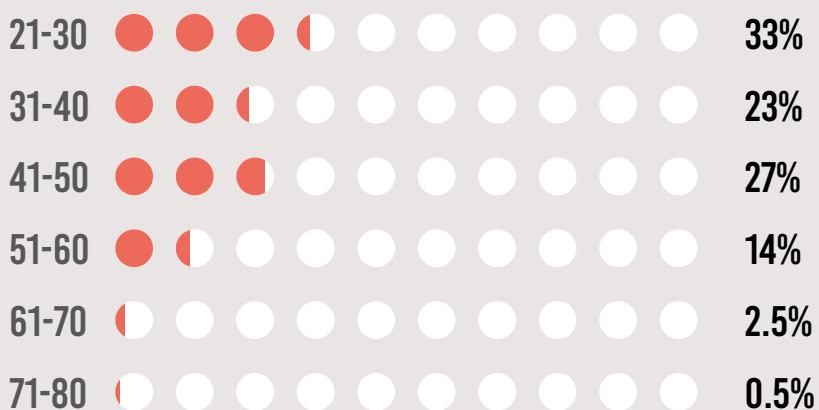
47 subordinate work
47 interim

Age of co-workers

The company encourages the introduction of young people into the workplace and this can also take place by means of internships, scholarships, tutoring and on-the-job training.

The average age of workers is 37.9 years and this is showing a constantly decreasing trend, especially as a result of new recruitment.

EMPLOYEE DISTRIBUTION BASED ON AGE CATEGORIES



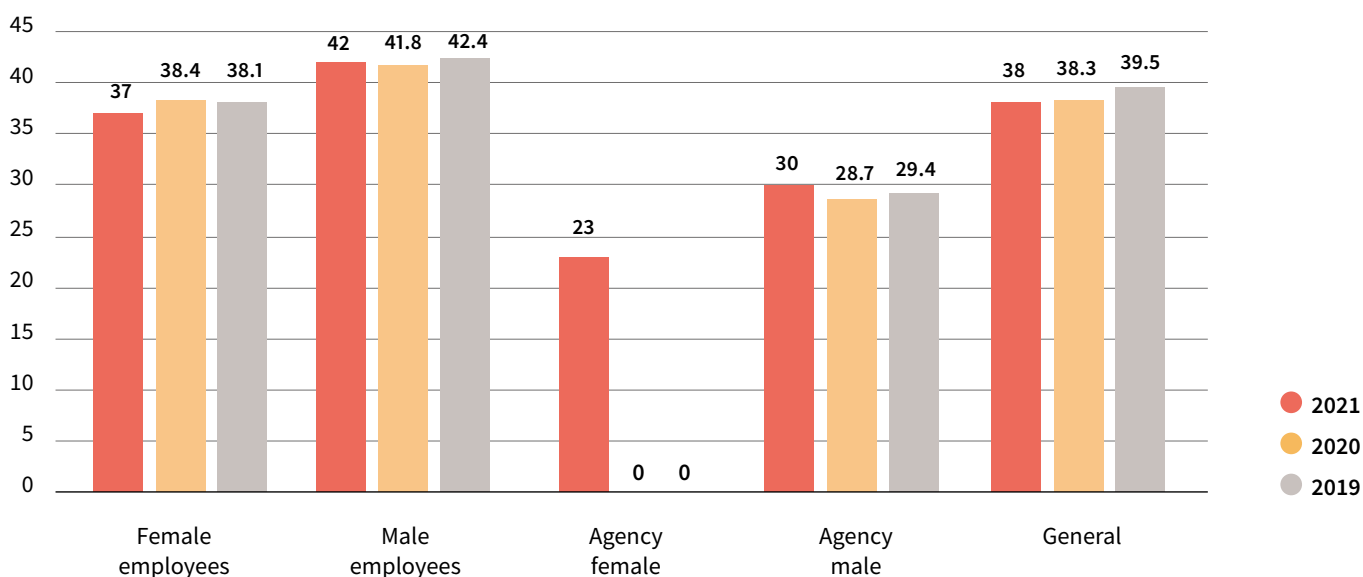
AVERAGE AGE

37.9

42 subordinate work
30 interim



37 subordinate work
23 interim



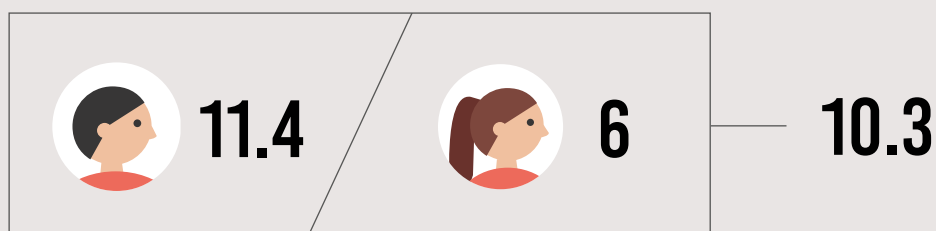
YEARS	Female employees			Male employees			Agency female			Agency male		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
21–30	6	5	4	18	18	11	2	0	0	27	24	15
31–40	6	6	8	24	25	25	0	0	0	9	4	4
41–50	3	1	1	33	28	27	0	0	0	7	6	3
51–60	4	4	3	17	18	20	0	0	0	1	0	0
61–70	0	0	0	4	3	0	0	0	0	0	0	0
71–80	0	0	0	1	0	1	0	0	0	0	0	0
TOTAL	19	16	16	97	92	84	2	0	0	44	34	22

Length of staff service

The average length of service of employees in Simonelli Group stands at 10.3 years, a relatively high value that testifies to the attention that the company pays to the enhancement of the professional figures who have contributed to its development.

The distribution of employees by length of service also underlines the company's growth path, where 43% of people hired have less than a year of service.

AVERAGE LENGTH OF SERVICE (years)



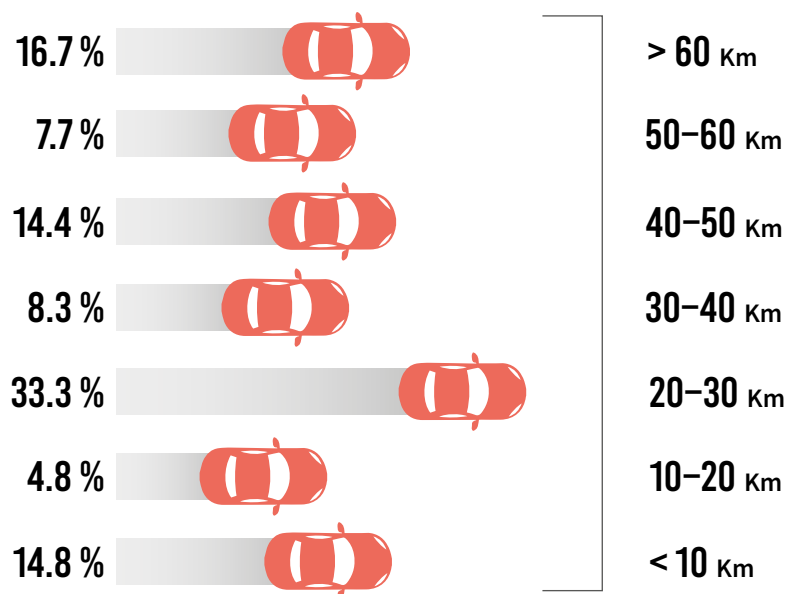
Distribution of employees by residence

The proximity of employees to the workplace is an indication of the company's connection with the local area.

The average distance that separates them from the company is 21.2 km and 50% of employees come from municipalities within a radius of 30 km.

This has positive effects in terms of quality of life and environmental impact in terms of travel.

EMPLOYEE COMMUTING



AVERAGE DISTANCE

21.2 Km

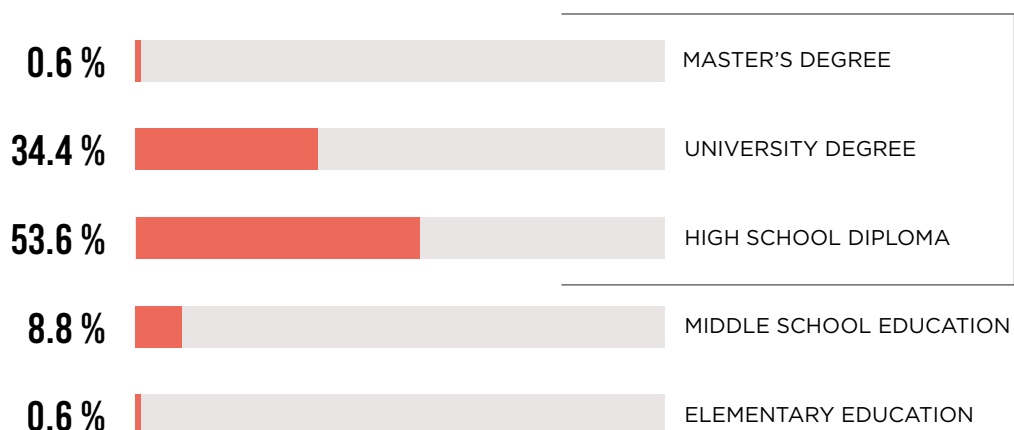
50% OF EMPLOYEES COME FROM MUNICIPALITIES WITHIN A RADIUS OF 30 km



Level of Education

Schooling and professional qualification of co-workers is another important parameter for Simonelli Group because it highlights the level of education of its staff.

As can be seen from the following table, more than 90% of employees have a high school diploma and 35% have a university degree.



90.6%

HIGH SCHOOL DIPLOMA

TRAINING

The company pays particular attention to the development of skills and professional growth of employees and for this reason constantly invests in training, both professional and cultural.

Worthy of mention is the opportunity that the company is offering to two of its co-workers to carry out a **PhD** at the Milan Polytechnic in parallel with their work.

The company's goal also for 2022 is to offer this training opportunity to other eligible figures with a high potential.

In 2021, a total of **1,642 man-hours of training** were carried out, equal to **10.1 hours per capita**, which addressed the issues of safety, responsibility at work, digital transformation, coffee training and the deepening of language skills.



1,642

MAN-HOURS
of training in total



540

MAN-HOURS



936

MAN-HOURS

CULTURAL EDUCATION

In 2021, coffee knowledge training continued for company workers who wish to improve their coffee tasting skills and indirectly acquire a greater appreciation of the importance of the work they do. The courses aim to present the principles of proper coffee extraction, the different extraction techniques and mistakes to avoid. Training activities also continued in the field of language skills. For this purpose, courses have been activated for English and Spanish. These courses did not only concern travelling sales staff, but also other employees who expressed an interest in improving their skills in those languages.

THE GOAL FOR 2022 is to continue the cultural training activity for its employees and, where possible, to further strengthen it by adding specific courses to raise awareness on sustainability issues in order to develop knowledge of these topics in all company employees.

SAFETY TRAINING

With regard to the issue of safety in the workplace, the company complies with all the provisions of Legislative Decree 81/08 "Consolidated Health and Safety Act" providing an introductory course for all new recruits and periodic updating for the rest of the staff. Overall, the company has invested **540 man-hours** for these issues and has completed the entire program it had set itself.

THE GOAL FOR 2022 is to acquire the ISO 45001 certification to ensure an even higher standard of safety and also to continue the training plan on personnel safety.

VOCATIONAL TRAINING

Vocational training in 2021 was mainly focused on digital literacy and the acquisition of a digital mindset. Over the last few years, Simonelli Group has made significant investments in digital transformation, which have required an adaptation of procedures and organizational areas. The courses developed have aimed to provide the skills to exploit the opportunities of new digital technologies and to improve collaboration processes using an agile organization approach. A total of **936 man-hours** of training were carried out, of which 166 were in person and the rest through e-learning.

THE GOAL FOR 2022 is to carry out a professional training programme on issues that will be strategic for company growth.

WELFARE AND SOLIDARITY

There are several projects activated by the company to improve the living conditions of its employees. Some of these projects are provided unilaterally by the company, while others are related to the achievement of certain objectives.

FOR 2022 the company intends to apply a policy of encouraging and managing flexibility of hours for those interested and is also considering expanding the recreational area for employees.



SUPPLEMENTARY HEALTH COVERAGE

Simonelli Group, in line with the metalworking CCNL and as a result of the agreements reached with trade union representatives, provides for the adaptation of the employment category contract with the provision of health services that are additional to the National Health Service (SSN). The service is provided through the Metasalute platform, which allows employees to take advantage of the services faster than the National Health Service, both by public and private entities.

In order to facilitate employees who do not have particular affinity with online services and with Metasalute, the company has provided the support of the Human Resources Manager and a trade union contact to guide them and help them use the services.

THE GOAL OF 2022 is to provide continuity to the program as well as continue to support workers in interfacing with the platform.

SUSPENDED HOURS

In 2022, the company will launch an internal solidarity program inspired by the well-known Neapolitan ritual of “suspended coffee” in which a consumer leaves a coffee paid for a stranger at the bar.

The project means that on a voluntary basis each employee can contribute with their hours of leave or unused leave to the creation of an number of hours available to colleagues who are in particular need. At the end of the calendar year, the number of hours made available and unused returns to those who contributed them.

The Sustainability Team will be responsible for ensuring the absolute transparency of this project by reporting quarterly on the number of hours used.

PRODUCTIVITY BONUS

In 2021, bonuses were paid for a total value of € 1,250,000.

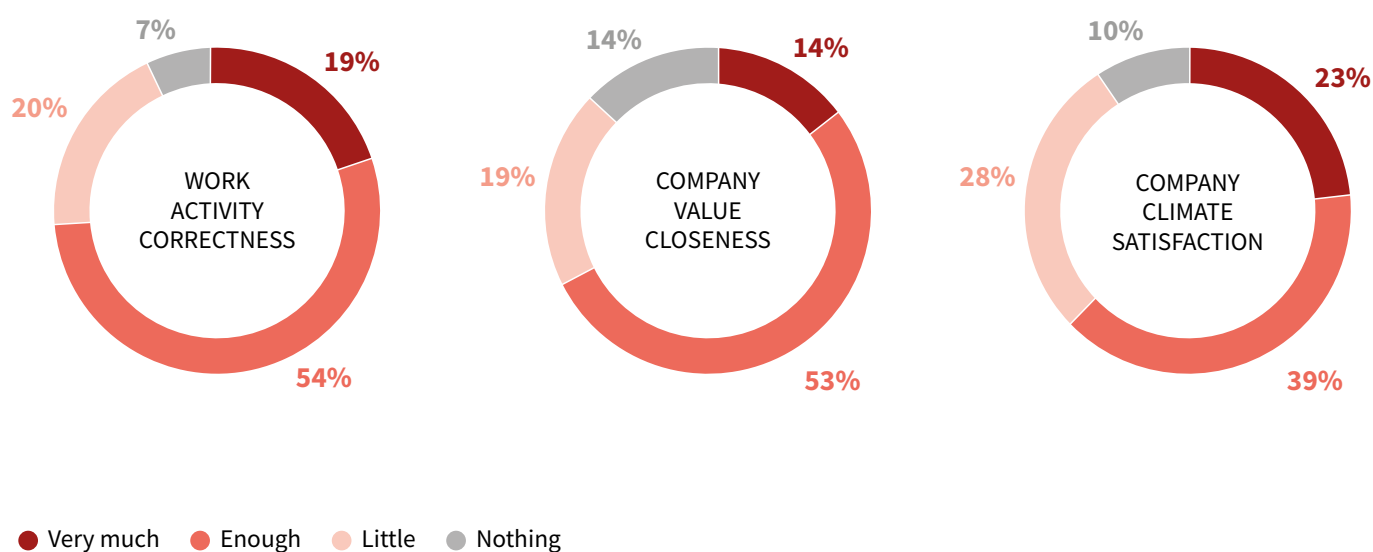
A part of this is provided through a corporate welfare program that offers beneficiaries the opportunity to collect vouchers that could be vouchers, travel vouchers, parental care and benefits of various kinds.

SATISFACTION QUESTIONNAIRE

During 2022, an employee satisfaction survey was conducted, aimed at highlighting the opinions and perceptions of internal co-workers with respect to

company organizational systems, the internal climate and possible initiatives to be implemented in order to improve internal well-being.

THE FOLLOWING ARE THE MAIN SUMMARY RESULTS OF THE FEEDBACK RECEIVED:



ADDITIONAL INDICATORS

	2021	2020	2019
Total personnel cost €	7,858,318	6,238,844	6,470,729
Average personnel cost €	48,508	43,936	53,039
Value added per employee €	222,091	147,852	225,431
CIG h	0	0	0
Legal disputes n.	1	0	0
Total recordable accidents %	0	0	0
Of which having serious consequences (more than 6 months of absence) %	0	0	0
Accident rate %	0	0	0

INTELLECTUAL CAPITAL

The intellectual capital of Simonelli Group is the result of the ways in which the company feeds the processes of innovation in the broadest sense, organizational improvement, strategic direction and sustainability.

In this regard, the company has developed a method that sees the transversal involvement of multiple functions through cross-functional teams that participate in decision-making activities and then follow their operational implementation. The main processes activated and the results achieved are analyzed below.



1. STRATEGIC PROCESSES

Strategic processes are defined through the Leadership Team comprising 8 company managers.

The team, in addition to having executive roles in the organization, is called upon to support the management in the definition of the medium and long-term strategies of the company.

Instead of following a top-down logic that runs the risk of not being timely and effective enough, through this team we pursue a *Lean Thinking* logic that guarantees greater sharing.

The participation of the various managers in the definition of the company's strategic plans also makes it easier to pass on these plans to their subordinates and to the rest of the organization. In order to provide the right skills, a specific training plan was launched, aimed at helping them to develop strategic thinking skills.



2. SUSTAINABILITY PROCESSES

Simonelli Group is tackling sustainability in a structural way, with the aim of supporting its strategy in a long-term perspective.

For this reason, the Company has defined two specific bodies to oversee the application of sustainability principles within company operations. They are:

— SUSTAINABILITY TEAM

Which represents the main transversal governance body dedicated to the implementation of sustainability in the Company. The Team operates in synergy with operations and is responsible for developing and coordinating business strategies, collecting and analyzing the results produced by the organization. The Team interfaces with the Sustainability Committee, coordinating the analysis and reporting activities to which the Committee is subjected.

FABIO CECCARANI	<i>Amministratore delegato</i>	Strategic direction
MAURIZIO GIULI	<i>Corporate strategy and business development</i>	Coordination of sustainability strategies
MANUELA FELIZIANI	<i>Planning and control</i>	Coordination of analysis of period results and planning for the future

— SUSTAINABILITY COMMITTEE

Is a cross-functional body dedicated to sustainable strategic development. The Committee comprises the main function managers, who contribute within their areas of competence, both to the pursuit of the sustainability objectives defined by the sustainability team, and to the Reporting activity.

The members of the sustainability committee are also the main contacts for the analysis of corporate risks and consequently for the materiality analysis reported in the Integrated Report.

CLAUDIO CINGOLANI	<i>R&D and Technical Dept.</i>	Contribution to analysis and reporting for R&D and Technical Department
MARCO FELIZIANI	<i>Vice presidente Sales</i>	Contribution to analysis and reporting for the Sales
LAURO FIORETTI	<i>Knowledge and Education</i>	Contribution to analysis and reporting for Coffee Science and Academy
SIMONA GIAMPIERI	<i>Marketing</i>	Contribution to analysis and reporting for Marketing
STEFANO MOGLIANI	<i>C.O.T.S. - Coffee Operations Technical Service</i>	Contribution to analysis and reporting for C.O.T.S.
MAURO PARRINI	<i>Operations</i>	Contribution to analysis and reporting for Operations
CARLO STORTONI	<i>Human Relations</i>	Contribution to analysis and reporting for Human Relations



Over the years, Simonelli Group's sensitivity to sustainability issues has become increasingly central on a strategic level and the company has included sustainability among the pillars of its identity.

In 2018, the company adopted new governance to achieve its goals aligned with the United Nations 2030 plan.

In 2019, with the scientific support of Professor Katia Giusepponi of the University of Macerata, it implemented a sustainability reporting system based on GRI principles and involving the main stakeholders.

In 2021, Simonelli Group highlighted its commitment to sustainability goals by joining the Global Compact. Simonelli Group has set itself goals to be increasingly sustainable.

EVOLUTIONARY ROAD TO SUSTAINABILITY

2003

A study done with the European institute of Ergonomics and Psychology about the machine's ergonomics for barista support. *Aurelia* is the first ergonomic coffee machine.

2009

Study on Disassembling ergonomic machine with UNIVPM.

2011

First LCA Product analysis.

2012

Installation of photovoltaic panels (98 Kw).

2017

New headquarters with low impact technical solutions.

2018

Creation of the Sustainability team for the coordination and implementation of all sustainability activities. Installation of a refrigerating heat pump system in the production wing.

2019

Application of thermal insulation solutions on all the entry-level machines. First Sustainability Report.

2020

The development of efficient energy technology NEO and TERS.

The making of the code of ethics.

The making of a new logistics center with an 80 Kw photovoltaic system.

SUSTAINABILITY ROAD MAP FROM 2000 TO TODAY

2025

Energy auto-sufficiency.

2022

1% of net revenue destined to social sustainable activities.

Put into practice an energy expert evaluation with the goal to reach auto-sufficiency.

ISO 14001
ISO 45001

2021

Extension of the photovoltaic panels of an extra 90 Kw.

Electrical energy supply from 100% renewable resources.

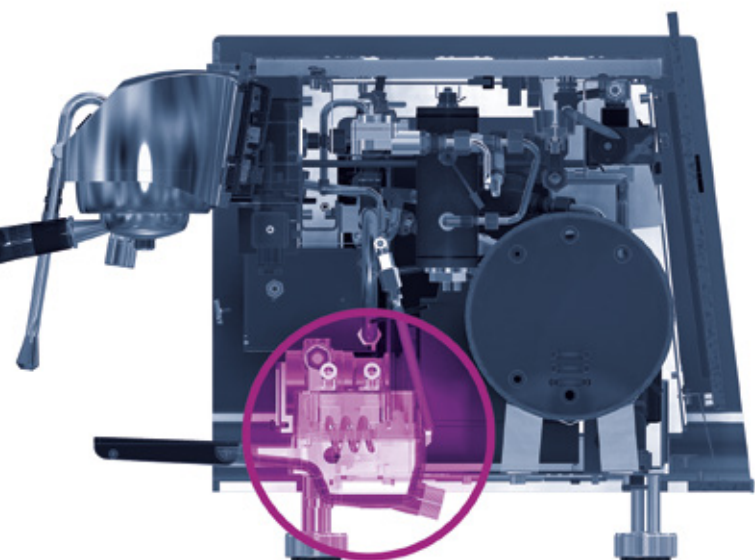
Endorsement to *Global Impact*.

Replacement of the lighting structure with LED technology.

3. TECHNOLOGICAL INNOVATION PROCESSES

For Simonelli Group, innovation has always been an element of identity and a driving force of its growth path. Ever since the first steps taken by Cav. Orlando Simonelli, the company has always distinguished itself on the market for its technical innovations, some of which have marked the technological evolution of the entire sector.

At the end of the 50s, for example, the market was dominated by the lever machine and Simonelli introduced the first continuous dispensing machine with the electric pump system; another example, in the 70s, it applied the first electronic microprocessors to provide new functions on the machine.



TERS technology in Victoria Arduino's Eagle ONE.

The focus on innovation has continued until the present, as be seen in the latest technologies:

- 2003 SIS (Soft Infusion System)**
To improve the extraction performance of coffee machines.
- 2009 T3**
Focused on the quality optimization of coffee in the cup through rigorous control of extraction and grinding temperatures.
- 2011 CLIMA PRO**
Technology that revolutionized coffee grinding through temperature stabilization.
- 2013 GRAVITECH**
Gravimetric technology applied to both coffee machines and coffee grinders (2017), to provide absolute precision of extraction.
- 2015 COOLTOUCH WANDS**
Thermal insulation system of steam wands through a double internal chamber to improve cleaning and avoid burns to the bartender.
- 2017 SMART WATER SYSTEM**
System to monitor water quality.
- 2019 NEO (New Engine Optimization)**
Innovative supply water heating system that reduces energy consumption and saves 35% compared to other machines in the same category.
- 2019 TERS (Thermal Energy Recovery System)**
System of recovery of thermal energy from waste water, to preheat incoming water.
- 2021 PURE BREW**
Technology that revolutionized coffee extraction systems and infusions (see tea).

AT AN ORGANIZATIONAL LEVEL, INNOVATION PROJECTS ARE CARRIED OUT BY THE FOLLOWING TEAMS:

INNOVATION TEAM

The Innovation Team is responsible for generating and developing innovative ideas to meet the latent needs and requirements of the market, whilst remaining consistent with the values of Simonelli Group. The team is also responsible for carrying out tests to verify the potential of the project, up to the development of technology to be implemented in future products.

NEW PRODUCT TEAM

The team manages the creation of new products starting from the needs of the market and follows the development of products up to their launch onto the market.

The team is composed of the management and the main function managers (R&D, COO, Sales Dir., C.O.T.S., Sustainability, Marketing).

Open Innovation Projects

The company is also active on open innovation platforms where it participates in the development of new technologies with other organizations. The projects in which it is active are:

SIMPLE

Participation in a partnership project for a “Smart Manufacturing Machine with Predictive Lifetime Electronic maintenance (SIMPLE)” aimed at developing an advanced predictive maintenance system in collaboration with four other Marche companies in different sectors (Sigma S.p.a., Clabo S.p.a., Perialisi Maip S.p.a. and Schnell S.p.a.) and also co-financed by the Ministry of Economic Development and the Marche Region.

The company plans to take this project **FORWARD IN 2022** in line with the established road map.

MERCURY

This research project, carried out in collaboration with 20 other companies, two universities (UNICAM and the Marche Polytechnic University) and co-financed by the Marche Region, is aimed at supporting and developing technological platforms for collaborative research, development and innovation in the areas of smart specialization.

THE 2022 OBJECTIVE is to advance this project in line with the established road map.

MILAN POLYTECHNIC Osservatori.net

Simonelli participates in a Startup Intelligence Observatory project, linked to Digital innovation, which aims to connect companies that have innovation needs with outstanding small businesses to carry out joint projects.

PROJECT SMAU

Simonelli Group shared its experiences in the SMAU working groups. As a result of these collaborations, in 2020 it won the SMAU Innovation Award for a project on sustainable development and on the reduction of environmental impact throughout the life cycle of products.



New products

DURING 2021, THE COMPANY LAUNCHED THE FOLLOWING PRODUCTS:

BLACK EAGLE MAVERICK



New generation of Victoria Arduino flagship, equipped with a brand new **Pure-Brew technology** which can extend the menu of drinks dispensed by the machine.

MYTHOS

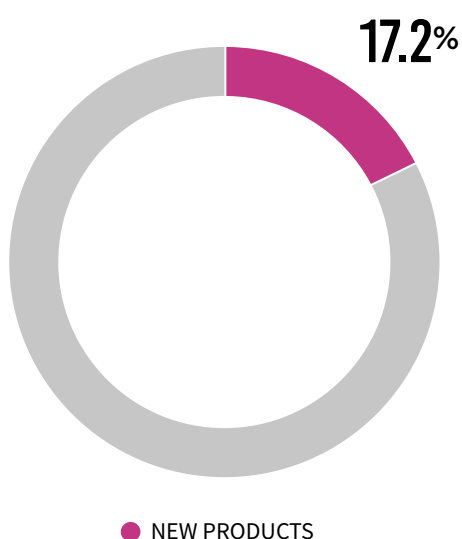


A reworking of the entire range of Victoria Arduino coffee grinders, offering new digital functions and an evolution of **Clima Pro** and **Gravitech** technology.

OSCAR MOOD



A range extension of Simonelli Group's Oscar line has been created to provide answers to the needs of a more advanced prosumer market.



In terms of results, the turnover generated by new products (launched in 2020 and 2021) was 17.23%.

The goal for 2022 is to renew Victoria Arduino's White Eagle line and extend the Mythos range with an entry level version.

Victoria Arduino is also planning to launch a new compact coffee grinder capable of meeting the requirements of filter coffee and espresso.

NEW TECHNOLOGIES

In terms of technological innovation, the company is moving in two directions:

- **a)** To make its products increasingly sustainable from an energy and environmental point of view.
- **b)** To develop technologies that can cater for the future needs of Foodservice.

a. Research to improve the environmental sustainability of products

Environmental sustainability is an essential driver for the future of Simonelli Group, whose commitment is focused on two areas:

IMPROVING ENERGY EFFICIENCY

One of the strategic areas of Simonelli Group's innovation activity is to make its products increasingly eco-sustainable.

Since 2009, it has been collaborating with the Polytechnic University of Marche to assess environmental impact and in 2011 it carried out the first LCA (Life Cycle Assessment) study of its products.

Thanks to these analyses, Simonelli Group has managed to reduce the CO2 emissions of its products by 23% and reduce energy consumption by 36%.

In 2021, a technological solution, called T3 GENIUS, was created, capable of reducing average energy consumption by a further 5%, and this was implemented in the new Black Eagle Maverik machine.

The Simonelli Group research centre is also working on the development of a new technology to contain energy use in steam production.

THE 2022 OBJECTIVE is to deepen research on technology for the instantaneous production of steam and to continue the research and experimentation of new insulating materials that offer high performance and are more sustainable in terms of recyclability and environmental impact.

Finally, the Company intends to replace the current insulation system of the Appia 2019 machine with more highly efficient materials.

FUELING THE CIRCULAR ECONOMY

The company is engaged in research aimed at making products ever more eco-sustainable. With regard to packaging, experiments have been carried out with eco-sustainable materials.

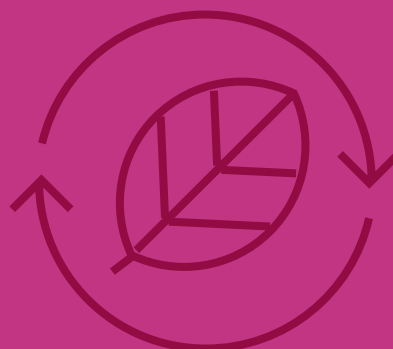
As a first result, the progressive substitution of first-life plastic materials with recycled or recyclable materials was started along with the replacement of coated paper packaging, moving towards the use of untreated packaging materials (Aurelia Wave and Appia).

By means of the Marlic project, carried out in collaboration with Delta, another Marche company specialized in the production of composite sinks and co-financed by the Marche region through the POR Marche FESR 2014/2020, the first prototypes of components made with composite waste recovery materials were produced.

THE OBJECTIVE OF 2022 is to continue this project to verify its industrial viability.

LCA

Life Cycle Assessment is a standardized method (ISO 14040 and 14044) aimed at verifying the influence that a product has during its entire life cycle, taking into account the impact related to production (based on the materials used and the phases of production), through its use right up to its disposal.





b. Research to cater for future market needs

The company's commitment to innovation is not limited to the context of the product, but also includes services, processes and the entire organizational structure with a view to digital transformation. In the future of Simonelli Group, machines, customers, baristas, managers, technicians and companies will be interconnected in an ecosystem and they will be able to interact to optimize the processes of their value proposition.

PREDICTIVE MAINTENANCE

In 2021, progress continued on the development of predictive maintenance technology that was started in 2019 focusing on fault prevention through monitoring the service condition of the main components by means of specific sensors, allowing maintenance interventions to be carried out just before a possible breakdown. This ensures continuity of service and minimization of maintenance.

170 machines with predictive kits have been built, 20 of which have already been installed for customers. This makes it possible to proceed to the testing phase and data collection for the artificial intelligence algorithm.

THE 2022 OBJECTIVE is to complete the on-site installation of all the machines produced and to validate the predictive maintenance algorithm according to the data collected. The technology will then be industrialized to be implemented in future models.

CONNECTIVITY

Development of a more advanced connectivity system of the machines to make them communicate through the exchange of data and information via cloud: this allows customers who want to take advantage of it to remotely manage the machine park, verify its performance level, update the settings remotely and check the maintenance status.

THE 2022 GOAL is to implement the new connectivity service on the market.

4. OPERATIONAL PROCESSES

For Simonelli Group, customer orientation means being able to meet the specific needs of each individual customer in terms of product customization whilst meeting expectations.

Production is particularly dynamic and production lines apply the “one piece flow” method. In 2009, a product tracking system was implemented using an RFID that enables precise monitoring of all assembly phases and components used in each individual machine.

This system was developed in collaboration with a University of Camerino start-up and it enabled, amongst other things, the elimination of the circulation of paper documentation along the lines.

Radio Frequency Identification (RFID)

Radio Frequency Identification is a technology created to achieve total control of the Supply Chain in terms of visibility and traceability.

This is crucial when the intention is to automate movements with significant advantages in terms of speed, efficiency and error reduction.



WASTE REDUCTION (LEAN PRODUCTION)

The fight against waste is an environmental as well as an economic objective for the company.

Simonelli Group applies the principles of Lean Production and in particular uses:

“5S” Method

An approach that in five steps offers a systematic and repeatable method for the optimization of working standards and therefore for the improvement of operational performance.

This method improves operational performance and standardises optimization by identifying a repeatable procedure for order and workstation cleaning management.

Poka-yoke System

Set of error-proof procedures, which prevents the creation of defects in the order management or production processes, making it difficult for people to commit errors.

Kan Ban Web

Applied to high-turnover components, this provides real-time information on stock, deliveries from suppliers and other crucial information for the production and delivery cycle.

Scheduler (SMED)

The Single Minute Exchange of Die (SMED) system is applied to eliminate non-value-added operations from the process and focus only on value-added ones. With the support of artificial intelligence, production planning is more effective.



QUALITY PATH

Since 1992, Simonelli Group has implemented a system for collecting suggestions from employees on how to improve the quality of products and processes through the compilation of reporting forms.

The project, called “Quality Path”, was evolved in 2012 to collect reports on ergonomics and inappropriate behaviour by colleagues and superiors. The cards are analyzed monthly by a committee that provides feedback to those who contributed.

The best three suggestions are given an award in a ceremony at the end of the year and the best suggestion is entered in the roll of honour located at the entrance of the workshop. In 2021, 126 cards were collected and processed that provided proposals on process optimization and quality measures.

THE GOAL FOR 2022 is to extend the field of proposals to collect suggestions also in terms of environmental sustainability and corporate climate.

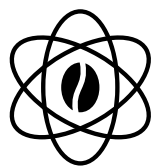
QUALITY MONITORING

The qualitative verification of processes is carried out daily in a morning meeting involving line managers and the production manager. Process KPIs are monitored and the issues that arose the previous day are analyzed. During these meetings, corrective actions are outlined.

To support the entire production and control system, a new ERP was introduced in October 2019, making it possible to create specific digital dashboards for the visualization and management of data and KPIs.



6. SCIENTIFIC RESEARCH



RESEARCH & INNOVATION COFFEE HUB

In 2016 Simonelli Group, together with the University of Camerino (Unicam), co-founded a real scientific research centre to discover the secrets of coffee and its derivatives. In this centre, which involves six full-time PhD researchers and is coordinated by university professors from various fields, the following lines of research are being carried out:

a. Mathematical model of coffee percolation

The goal is to create a mathematical model capable of reproducing the main physico-chemical phenomena that take place during coffee percolation. The model has already been validated with very satisfactory results for some substances and for TDS (total dissolved solids). It is now being extended to include caffeine, chlorogenic acids, lipids, sugars and fine particles.

THE GOAL OF 2022 is to complete the mathematical model and to develop a new 3D model with proprietary software.

b. Managing Extraction Profiles

Development of the finite element 3D model.

The first tests were carried out on a domain with errors of less than 0.1%.

THE OBJECTIVE FOR 2022 is to refine and generalize the model and to create an algorithm that enables the taste of the espresso extracted to be adapted to the taste preferred by the end customer by modulating the ideal extraction parameters.

c. Studies on milk and alternative milks

Two projects were launched: the first on the foamability of milk and alternative milks, and the second on the nutritional components of milk and the effect of whipping by in vitro digestion techniques.

The two projects were assigned to two PhD students.

THE OBJECTIVE FOR 2022 is to conclude this research with possible scientific publications.

d. Project on the characterization of active compounds by silverskin (Munich University)

A RICH researcher dedicated his research period abroad at Munich University, where he carried out the research project *Characterization of odor-active compounds in coffee silverskin*, which allowed him to refine an analysis technique capable of analyzing the sugars in coffee to evaluate their various types and concentration thresholds. Following this study, it emerged that, in coffee, the amount of sugars present is lower than the threshold of perceptibility, from which it can be deduced that the sweetness found in it derives from compounds other than sugars.

e. Project on “Advanced analytical and experimental study for the optimization of the espresso coffee extraction” (Porto University)

A RICH researcher dedicated his research period abroad at Porto University, where he conducted the research project *Advanced analytical and experimental study for the optimization of the espresso coffee extraction*, which is inherent in the development of a new project to make a comparison of extraction profiles between the new **Pure Brew** technology. With traditional extraction methods (French Press, V60).

THE GOAL OF 2022 is to evaluate and compare this technology also for the extraction of tea and infusions with traditional infusion methods.

f. Cooperation project with Coffee Science Foundation (Oregon University, USA)

In 2020 Simonelli Group activated a collaboration with the Coffee Science Foundation (CSF) of the SCA for a research project focused on the definition of an Espresso brewing chart (tool for assessing the extraction quality of the drink).

Following an international selection, the research project was assigned by CSF, to the University of Oregon

On the opposite page:
the Research and Innovation Coffee Hub (RICH)

and will also see the collaboration of RICH for some parts of the research. The aim of the study is to make espresso coffee extraction more efficient by minimizing the amount of coffee powder. The success of this project could also have environmental implications as it would make it possible to meet the growing global demand for coffee without the need for deforestation to extend arable land.

In 2021 the University of Oregon started the project with the assignment of a PhD and, for its part, Simonelli Group, installed the machines and grinders for the test at the university's laboratories.

THE OBJECTIVE FOR 2022 is to carry out research on the applicability of electrochemistry to the measurement of various aromatic compounds in coffee and the creation of an instrument capable of measuring parameters. The research will conclude in 2023.

ADDITIONAL INDICATORS (2021 data)

0.2% Investments in IT, technology and web on revenue/sales.

1 External awards for innovation:
Best Performance Award – Bocconi

54 Registered web domains.

90% Productivity index.

45 Patents filed.

0.5% Discarded/total material.



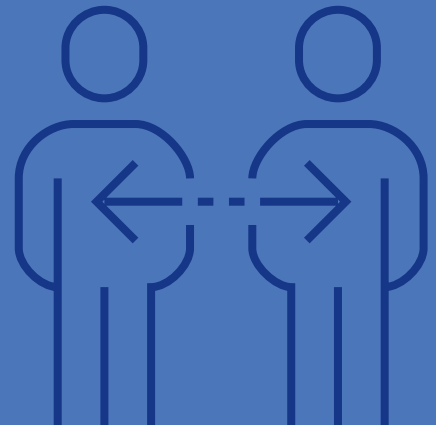
RELATIONAL-SOCIAL CAPITAL

Simonelli Group is a company that fully embraces the “network enterprise” model theorized by various authors, including E. Rullani, Butera and Dioguardi. Through the network, an organization is able to overcome its size limits and face competitive challenges thanks to the involvement of external operators (suppliers, institutions, universities) with whom strong relationships have been formed.

The close relationship that binds Simonelli Group with the local area is an element of identity that has distinguished it throughout its growth. It has established solid relationships with organizations and local society, both in terms of recruitment and for external supply chain collaborations with institutions, schools and companies, to create a real consolidated network, capable of successfully facing the challenges of the international market.

As President Ottavi states, “bringing products outside its boundaries and nurturing loyalty of employees towards the company and the company towards its local area, makes customers, suppliers and partners at all levels feel part of a large and unique family.”

Simonelli Group’s attention to the Community and the needs of the local area is highlighted above all by the company’s choice to maintain its roots in its land of origin to whose growth it continues to contribute not only in an economic sense, but also in social terms, promoting and supporting cultural, sports and social-welfare initiatives, oriented to the support of young people, inclusion and equal opportunities.



1. RELATIONSHIP WITH SUPPLIERS

Suppliers are the first link in this network because through them the company is able to generate value for the market and for its customers.

Often the relationship that binds the company with its suppliers is long-standing and is cemented by a deep sense of trust and mutual respect.

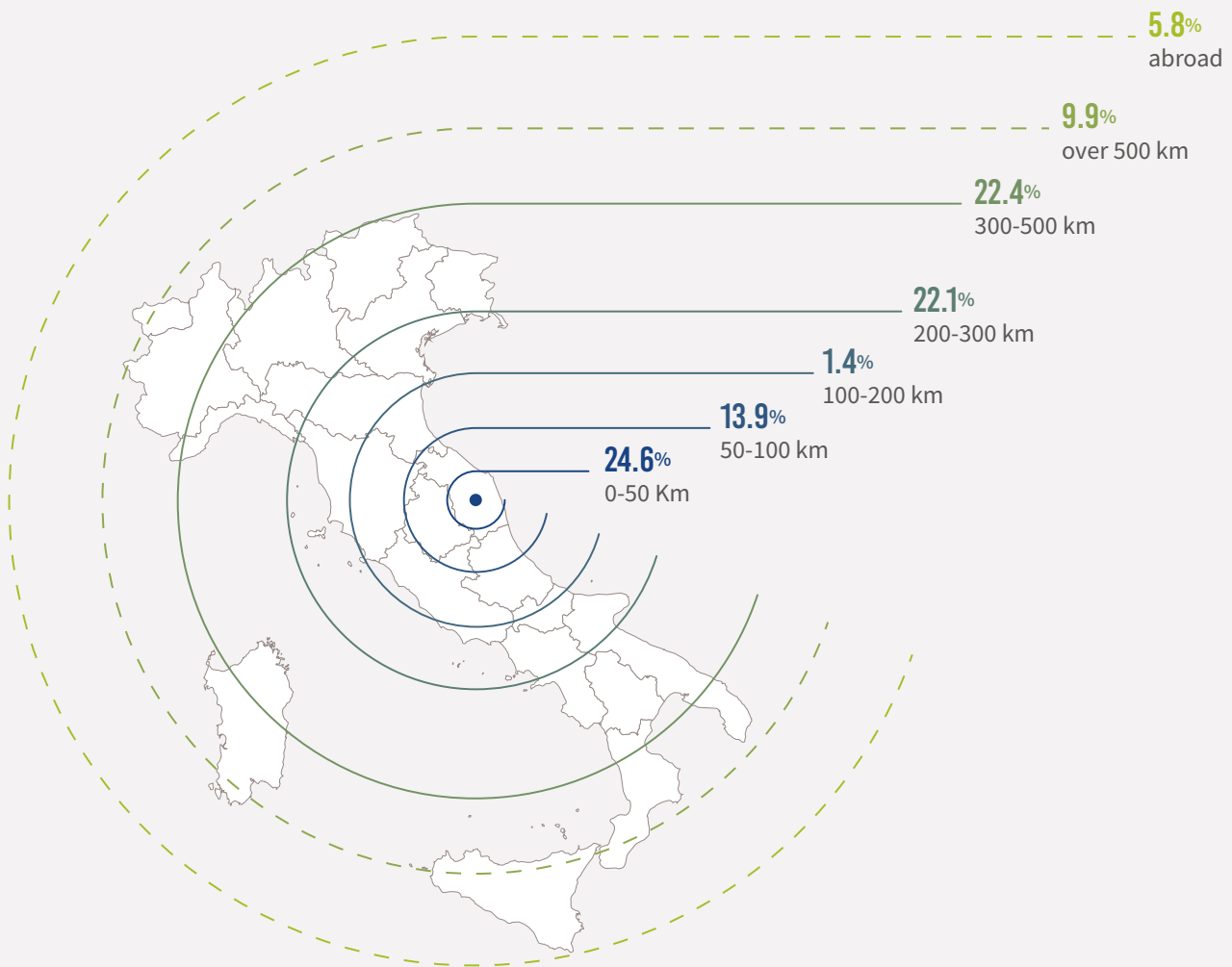
Suppliers are an important element of Simonelli Group’s innovation project, so their expertise and ability to innovate is a critical factor in selection.

Supplier Evaluation

Simonelli Group’s attention to the local area plays a significant part in its choice of suppliers, both for cultural affinities and for logistical-environmental reasons. Sourcing from nearby companies also limits the environmental footprint of logistics.

Depending on their level of importance, suppliers are evaluated on the basis of technical-economic and socio-environmental parameters to ensure their affinity with the values of Simonelli Group. Within this framework, compliance with quality standards, economic and financial solidity, respect for human rights and attention to environmental issues are the factors used in scoring. In 2021, Simonelli Group carried out 42 first-tier audits and 3 second-tier suppliers.

THE GOAL FOR 2022 is to complete the mapping process for all second-tier suppliers.



DISTRIBUTION OF PURCHASES BY DISTANCE OF SUPPLIERS

KANBAN BOX SYSTEM

The company has activated on the 215 highest rotating items a resupplying system based on Kanban box logic that ensures less waste and eliminates unnecessary phases in the production cycle.

THE GOAL FOR 2022 is to activate a supplier portal to complete the digitalization process of the supply chain.

RAISING AWARENESS OF SUSTAINABILITY

In 2021, Simonelli Group launched a process of sensitization of suppliers towards the issues of environmental and social respect, in order to convey the strategic orientation of the company towards these issues and stimulate partners in the pursuit of these goals.

To this end, an information poster was created which was presented at the various meetings.

IN 2022, THE AIM is to launch a training project to transfer know-how and to present the road map that Simonelli Group intends to pursue to achieve its socio-environmental objectives.

2. CUSTOMER RELATIONS

Another aspect that distinguishes Simonelli Group is the close relationship that has been established over the years with its customers. The company has always believed in the importance of lasting relationships to create and transfer value to the end customer and, in this regard, it continues to invest efforts and resources for an ever-stronger customer engagement.



DOSE Platform

One of the ways in which the company has focused its attention has been that of enhancing the services provided through new digital tools.

For this purpose, it has created the DOSE platform, which replaces iSack, by means of which the user has access to the materials made available by the company for marketing and technical assistance activities, including images, product brochures, technical documentation, video tutorials for assistance, e-learning courses for technical training, update sheets or technical product evolutions, product warranties, etc.

The intention of the company is to allow all customers from all over the world and all technicians involved in the assistance of their equipment to take advantage of these services in real time.

As of December 31, 2021, **850 users on the technical side and 178 on the marketing side were active**, reflecting the company's plans. In April 2021, the e-commerce service for spare parts orders was also activated and at the end of 2021 50% of the orders acquired passed through the new platform.

In September 2021, a new service was also activated to report the installation of the machine, which extends the warranty period of the product.

THE GOAL OF 2022 is to stabilize the use of the platform by customers, bringing the number of active users in it to 1,000. A new online feedback collection service will also be integrated.

In 2022, a new telemetry service (Tecx) will also be launched, which will constitute a data intelligence



platform capable of generating value-added data to monitor machine parameters and verify performance in real time, to optimize their management at the point of sale and guarantee their reliability over time.

DOSE (2021 data)

850

Registered contacts (technical).

178

Registered contacts (marketing).

902

Orders managed.

50.1%

Value of DOSE parts orders.



Support for local marketing activities

Simonelli Group's support and coordination activities continued in 2021 to foreign partners for their marketing and brand promotion actions in their area

To this end, the company made available and shared illustrative material, videos, photos and brand guidelines. The company also supported partners in the organization of trade fairs by creating the layout and visual for their exhibition spaces. For the launches of new products, as well as sharing support material, preview days were organized to explain how to use the products the communication logic adopted. In these activities, 50 partners were involved for Nuova Simonelli and 60 for Victoria Arduino.

THE GOAL FOR 2022 is to continue to support local partners in the management of official local profiles

ADDITIONAL INDICATORS (2021 data)

2

Fairs with direct participation.

42

Trade fairs and events in collaboration with customers.

96%

Foreign sales/total.

1.65%

Investments in promotion and marketing on turnover/sales.

to communicate in a coordinated and coherent way with communication at corporate level. In addition, the management system of digital archives will be improved to make them increasingly usable and easy to access.

Fairs and events

2021 was still conditioned by the effects of Covid, meaning fewer fairs and events.

In October 2021 Simonelli Group successfully participated in HOST, the world's leading trade fair in the sector. Other events in which it participated were the London coffee Festival, Coffee Culture in London and Sirha Lyon.

3. RELATIONS WITH THE COMMUNITY AND THE LOCAL AREA

Simonelli Group's commitment to society and the local community can be seen in the many initiatives it supports and by the intense relations it has established with organizations, non-profit associations and educational and university institutions.

Here below are the main activities followed and promoted by the company.



On the right: Elena Giustozzi's artwork

Culture

In the cultural field, Simonelli Group has continued its long-standing support for the activities carried out by the **Macerata Opera Festival** and the **Arena Sferisterio**, which, in addition to being a symbol of local cultural production, is also known internationally and therefore provides resources to the local tourism economy. The company also continued its support for the Pannaggi Prize, promoted by the "Friends of Palazzo Buonaccorsi" Association and named after the famous painter from Macerata, which aims to provide opportunities for young artists (under 40) from the Marche region in the figurative arts. The prize, now in its fifth year, was awarded to the artist Elena Giustozzi from Senigallia.

THE GOAL OF 2022 is to continue to support these two initiatives and to add a cultural activity that involves young people and people facing more serious hardship.

Sports

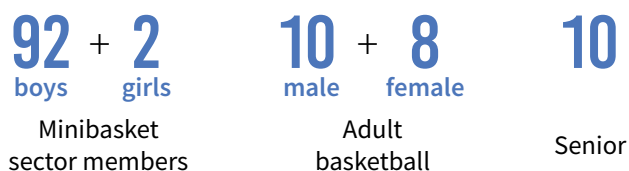
In the ambit of youth/sports, for over three decades Simonelli Group has supported and sponsored the Tolentino Basketball association, which is an important meeting point for boys and girls promoting a healthy upbringing through play, fun and social interaction.

Simonelli Group's **2022 GOAL** is to collaborate with the basketball association to involve girls of all ages, offering them the opportunity to get to know more about basketball.

Four summer camps will also be scheduled in June / July with a capacity of up to 40 children per camp.

A further sporting goal for 2022 is to activate an inclusive project with the tennis club dedicated to wheelchair users and offer them the opportunity to practise this sport and participate in tournaments

Some info relating to the activity carried out by the Basketball association:



Minibasket activities:

2 The minibasket activity of the youth sector involved 2 young people with disabilities.

20 Two "SUMMER CAMPS" in September 2021 with the participation of 20 young people per camp.

The campus program includes, in addition to the minibasket activity, also other activities such as: pool training, artistic/photographic activities and visits to museums.

Social Welfare

In 2021, Simonelli Group created a partnership with the Community Project "**I Bambini delle Fate**" (The Fairy Children) which promotes initiatives aimed at research, assistance and support for disabled and autistic children. Thanks to this collaboration, the company has come into contact with the Bonobo Pinsa Pizza of Civitanova Marche, particularly committed to the social reintegration of vulnerable young people and to their human and professional growth.

Still in the social welfare field, Simonelli Group has contributed to the opening of the Ancona office of the **NeMo Clinical Centre** (Neuro Muscular Onmicentre) by providing the clinical setting of a room and electro-medical equipment. This highly specialized structure is designed to respond specifically to the needs of those suffering from neuromuscular diseases (e.g., ALS, SMA, etc.) and muscular dystrophies. Its aim is to improve the quality of life of people who are admitted, providing them and their families with clinical, welfare and psychological support responding to overall needs.

School and training

Training and research are the two cores of "knowledge": the latter being the basis for all progress which represents the mechanism that allows people and organizations to evolve.

Simonelli Group furthermore adopts a relational approach by collaborating with universities and training institutes, not only in the field of research, but also through internship projects for students, grants for doctoral scholarships and collaboration in teaching activities.

In 2021, training and alternating work projects were activated as follows:

2021				
Type	No. pupils	N. days	Tot. days	Tot. hours
Job & study alternation	6	15	90	720
University training	12	30	360	2,880
TOTAL	18	45	450	3,600

One of the difficulties that the company encounters when seeking gender equality in some organizational areas is linked to the lack of the availability of female workers with adequate technical training.

This is the consequence of a cultural heritage that conditions the choice of girls at the high school evaluation stage.

Simonelli Group's goal for the year 2022 is to strengthen relationships with some high schools to launch initiatives aimed at raising awareness among female students and providing them with paths to integration into the company.

Another difficulty that Simonelli Group faces in the labour market concerns skills in certain areas.

Innovation nowadays is often increasingly transversal and pervasive and it requires new skills that are not easy to find on the market.

For a company that bases its driving force on innovation, this is a further challenge that Simonelli Group has to deal with through greater collaboration with the universities with which it already has established relationships and through the creation of new partnerships with other universities and institutions offering specific specialisations, such as the Milan Polytechnic.

4. RELATIONS WITH THE COFFEE COMMUNITY

Simonelli Group is well integrated into the coffee community as a result of its many initiatives and its partnerships with the main organizations in the sector. In addition to the *Coffee Science Foundation*, the company has been collaborating for over fifteen years with the SCA, CQI, Alliance Coffee Excellence, ASIC, the Italian Coffee Consortium and in the past, it has also established relations with the ICO and INEI.

PRESENTLY, THE COMPANY IS ACTIVE IN:

SCA – SPECIALTY COFFEE ASSOCIATION

The *Specialty Coffee Association* (SCA) is a global non-profit, membership-based organization that represents thousands of coffee professionals (from producers to baristas) from around the world. Founded on the principle of openness, inclusiveness and shared knowledge, it promotes a global coffee community and supports activities to make specialty coffee a thriving, equitable and sustainable business for the entire value chain. The SCA acts as a hub within the coffee industry and works to improve quality standards worldwide through a collaborative and progressive approach.

Simonelli collaborates with the SCA on several fronts: in international competitions as a sponsor of the *World Barista Champion* competition, in training by promoting and organizing SCA courses, in events by participating in organized events, and in the community by supporting initiatives of the various Guilds (roaster guilds, barista guilds, technical guilds).

FORMAZIONE: COFFEE KNOWLEDGE HUB

In order to support the coffee community in terms of training, launched in April 2021, Simonelli Group created a new platform through offering high-level training courses to people who are interested with the contribution of top experts and the most prestigious world organizations (including Cup of Excellence, CQI, SCA).

THE 2022 GOAL is to consolidate the platform, to expand the training on offer to at least 70 courses and to strengthen CKH communication.

There is also a plan to open the new Campus providing, in an area of 1,000 square meters, an infrastructure entirely dedicated to coffee training and research.



COFFEE
KNOWLEDGE
HUB

In 2021, the following were implemented:

50

Courses

246

Students

44

Countries

17

Professionals

54% Digital Community growth.

YOUTH ACADEMY

Since 2018 Simonelli Group has provided a free training program for young people under 30 who intend to start or consolidate a professional path in the world of coffee and based on the SCA education program.

For each session, 6 students are selected based on their CVs and a selection process. In 2021, the initiative was repeated in Italy and England.

THE 2022 GOAL is to extend this program also to France, Russia and the United Arab Emirates.



21

STUDENTS IN 2021.

ASIC

ASIC is the main international association for the sharing and dissemination of scientific research on coffee. It organizes and coordinates a biennial conference where leading researchers and specialists from all over the world meet to share the results of scientific research on coffee.

Simonelli Group participates and supports the activities of ASIC, through the contributions of the work conducted by the *Research and Innovation Coffee Hub*.

5. RELATIONS WITH TRADE ASSOCIATIONS

Simonelli Group is also involved with associative positions and actively participates with the following trade associations:

- CONFINDUSTRIA (Italy)
- ANIMA
- ADI
- GRUPPO ITALIANO TORREFATTORI (Italian Roasters Group)
- CONSORTIUM FOR THE PROTECTION OF ESPRESSO COFFEE
- ASSOCIATION OF CONSUMER GOODS INDUSTRIES
- SYMBOLA

ASIC PROFILE

ASIC - Association for Coffee Science and Information - is an association established in 1966 in Paris for the organization of the principal biennial conference on coffee science and technology, covering the entire coffee supply chain. The mission of ASIC conferences is to:

- Be the world's leading conference on coffee science and technology.
- Assess existing and emerging scientific and technical knowledge on coffee.
- Be an incubator for future research and innovation on coffee science and technology.
- Promote interdisciplinary and international exchange and networking on coffee science and technology.
- Bring together coffee science stakeholders and leaders, creating a platform for interdisciplinary dialogue and problem solving.

NATURAL CAPITAL

In terms of environmental sustainability, Simonelli Group is focusing its efforts on reducing GHG emissions by operating on the following fronts:

- Lowering energy requirements.
- Reducing the environmental footprint of its products.
- Reducing waste materials and use of non-recyclable materials.



ENERGY EQUALITY PROJECT BY 2025

From an energy point of view, Simonelli Group has been purchasing 100% of electricity produced from renewable sources since 2021.

As stated in the 2019 Sustainability report, Simonelli Group has also set itself the goal of achieving energy parity by 2025.

This presupposes a minimization of consumption through infrastructure efficiency and self-production of a quantity equivalent to its annual needs.

On this front, the company fully replaced its lighting system with low-consumption LED technology.

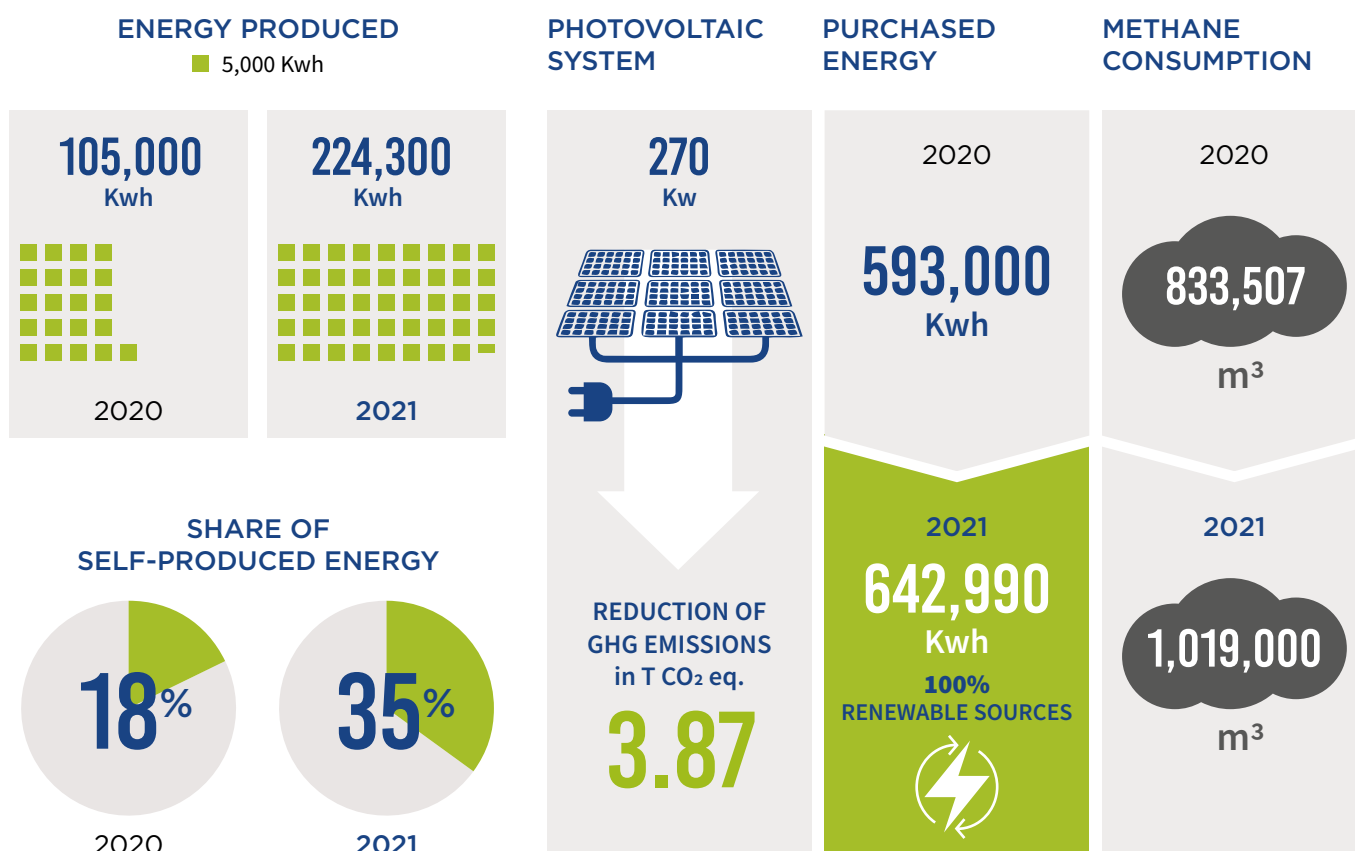
In addition, it installed a photovoltaic system to cover the management centre providing 90Kw of power, bringing total installed power to 270 Kw.

THE OBJECTIVE FOR 2022 is to commission a new photovoltaic system and to carry out an energy appraisal both to assess the margins for further energy efficiency and to estimate the power of self-production energy required to reach the 2025 goal.

The company also intends to obtain the ISO 14001 certification standard.

		2021	2020	2019
Direct energy consumption	Purchased Electricity Kwh (from 2021 100% renewable sources)	642,990	593,000	644,000
	Energy produced Kwh	224,300	105,000	28,000
	Share of self-produced energy %	35	18	4
	Methane consumption Kwh	1,019,000	833,507	n/a
Diesel consumption company fleet (Lt)		28,639	18,892	21,510

ENERGY








Reduction of the environmental footprint of products








As already specified in the “Intellectual Capital” section, most of the R&D efforts are oriented towards reducing the environmental footprint and energy consumption of products. Since 2011, the company has been carrying out LCA analysis on all new products launched on the market and this allows it to monitor the results achieved. More than 60% of the products sold on the market in 2021 are products with low consumption technology. It is not currently possible to classify these products in line with energy labelling requirements because at an institutional level there is

no shared labelling procedure for professional espresso machines. During its presidency of UCIMAC, Simonelli Group promoted and launched a European working group to define energy and eco-design standards. The technical working group is expected to complete its work in 2024.

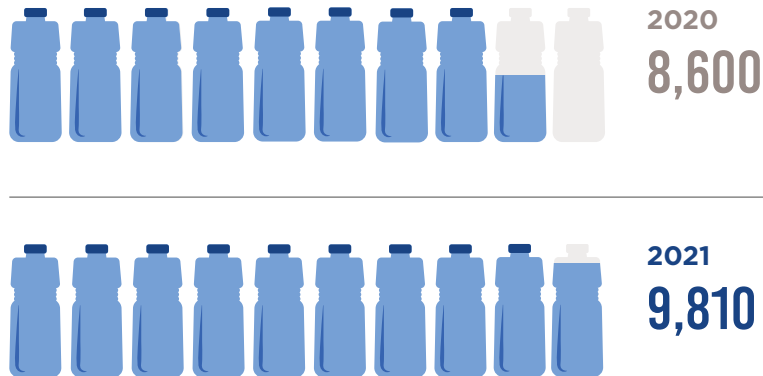
THE 2022 GOAL is to increase to 80% the share of products with a lower environmental impact. The following table shows the LCA values in the various machine models.

ENVIRONMENTAL FOOTPRINT OF PRODUCTS (LCA)

		 GROUPS	 MATERIALS AND MANUFACTURING (Kg/CO ₂ eq.)	 END OF LIFE (Kg/CO ₂ eq.)	 ENVIRONMENTAL FOOTPRINT NET (Kg/CO₂ eq.)
Appia II		2	309.0	-66.5	242.5
Appia Life		2	268.4	-59.4	209.0
VA388		2	667.0	-167.6	499.4
VA358 Digit		2	559.0	-155.9	403.1
Aurelia II T3		2	454.0	-91.6	362.4
Aurelia II Digit		2	388.2	-88.5	299.7
Eagle One		2	647.1	-121.1	526.0
Aurelia Wave T3		2	500.8	-105.3	395.5
Eagle One Prima		1	237.6	-43.8	193.8

		 MATERIALS AND MANUFACTURING (Kg/CO ₂ eq.)	 END OF LIFE (Kg/CO ₂ eq.)	 ENVIRONMENTAL FOOTPRINT NET (Kg/CO ₂ eq.)
Mythos One		129.6	-55.6	74.0
Mythos 2 GF		262.2	-106.4	155.8
Mythos 2 GV		283.5	-109	174.5
Mythos My75		163.5	-43.8	119.7
Mythos Myg75		168.5	-45.5	123.0
Mythos My85		163.8	-44.4	119.4
Mythos Myg85		168.9	-46.2	122.7

PET BOTTLES SAVED

1,000
bottles

Plastic consumption

Simonelli Group has set up a process to curb the use of plastics in terms of packaging, product parts and internal consumption.

In terms of packaging, the company is pursuing the transition of packaging towards eco-sustainable materials, such as recycled cardboard and second-generation materials.

At product level, Simonelli Group is carrying out various studies for the replacement of virgin plastics with second-life materials. One of these projects is Marlic, described in the “Intellectual Capital” section, in which the waste material recovery methods from some supply chains are studied to create new high-performance materials for some parts of coffee machines.

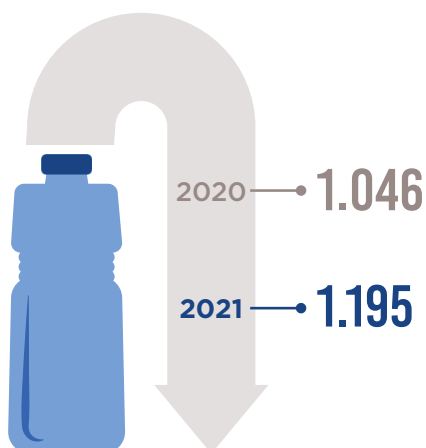
Finally, in terms of internal consumption, Simonelli Group has taken steps to minimize the use of bottled water through the installation of 3 purified water dispensers and the free distribution of 300 1-liter water bottles to all staff.

The use of disposable bottles has been continued only for some special needs, such as in the case of external guests. In 2021, this enabled us to **save 9,810 bottles** corresponding to **1.195 t CO₂ eq** for the plastic saved plus lower emissions related to logistics.

As a **GOAL FOR 2022**, the company intends to continue its policy of reducing plastics by continuing all current programs.

REDUCTION OF GHG EMISSIONS

from saving use water bottles, in t CO₂ eq.



PLASTIC FOR PACKAGING

Kg per revenue



Year	Plastic for Packaging (Kg per revenue)
2020	0.37
2021	0.36

-4.1%

PLASTIC FOR PRODUCTS

Kg per revenue




Year	Plastic for Products (Kg per revenue)
2020	2.90
2021	2.71

-6.6%

-6.3%

TOTAL
PLASTICS

PRINTS

 = 10,000 prints

2019



471,159

2020



374,524

2021



315,518

KILOGRAMS OF PAPER



2019

2,233 Kg



2020

1,775 Kg

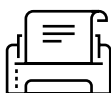


2021

1,505 Kg

PRINTS PER-CAPITA

2019



3,862
sheets

2020



2,637
sheets

2021



1,960
sheets

-21%

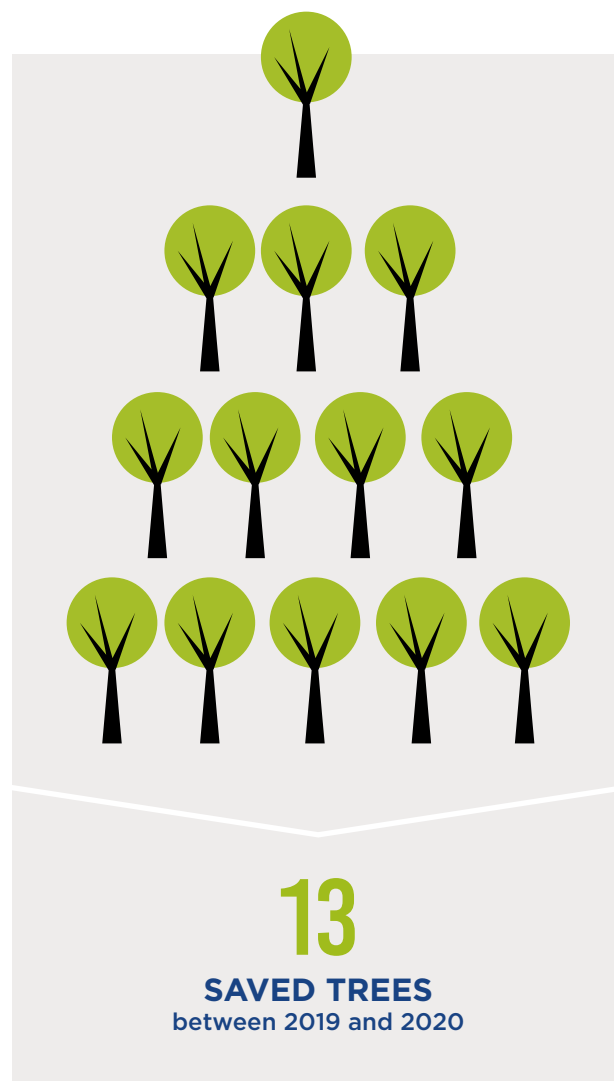
-33%

“Paperless” Project

Remaining on the theme of the reduction of waste materials in 2021, Simonelli Group has created the “Paperless” project which aims to raise awareness among all employees about the responsible use of paper.

In fact, a monitoring system has been set up for the prints made by every co-worker and is shared on a quarterly basis.

The report makes it possible to monitor the amount of paper consumed and the corresponding number of trees felled. The results obtained are shown in the following table.

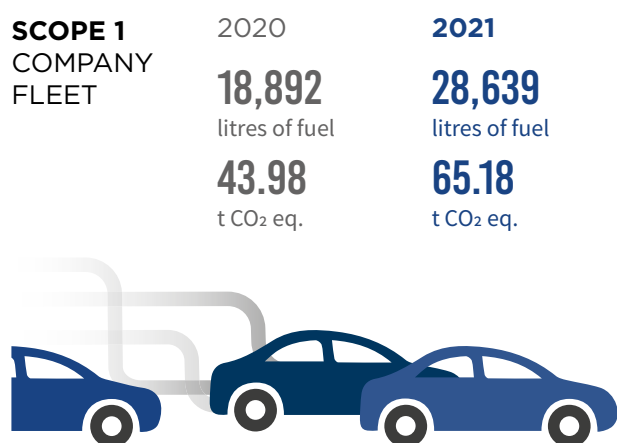


GHG Monitoring

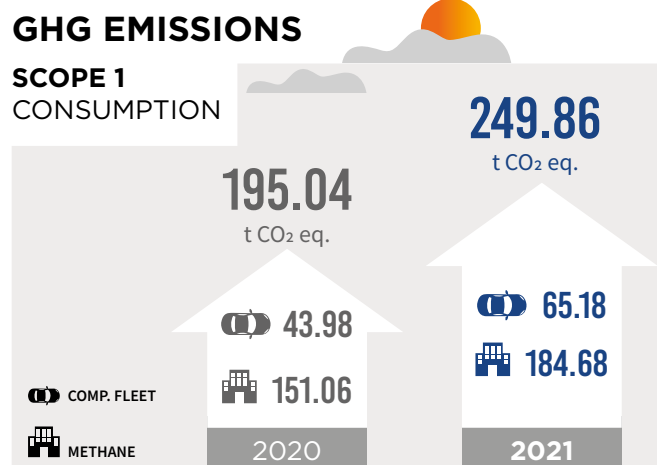
During 2021, Simonelli Group launched a system for calculating and monitoring greenhouse gas emissions. So far, it has completed the calculation system regarding Scopes 1 and 2.

THE COMPANY'S GOAL is to calculate Scope 3 emissions by 2024. In addition, the company intends to gradually replace its current fleet with electric or hybrid vehicles, to reach 80% by 2025.

GHG EMISSIONS	2021		2020	
SCOPE 1		t CO ₂ eq.		t CO ₂ eq.
Diesel consumption company fleet Lt	28,639	65.18	18,892	43.98
Methane Kwh	1,019,000	184.68	833,507	151.06
TOTAL		249.86		195.04
SCOPE 2				
Purchased electricity Kwh	642,990	100% renewable	593,000	10.51
TOTAL				10.51



	2021	2020	2019
Diesel consumption company fleet Lt	28,639	18,892	21,510



SCOPE 2 PURCHASED ELECTRICITY



GHG EMISSIONS PRODUCED BY EMPLOYEE TRAVEL

calculated on the basis of the distance of residence from the place of work

Km travelled annually by staff home-work 2021	1,814,654
Fuel consumed Lt	100,814
t CO₂ eq.	234.69

Water resources management

The activities carried out by Simonelli Group do not generate a great impact on water resources.

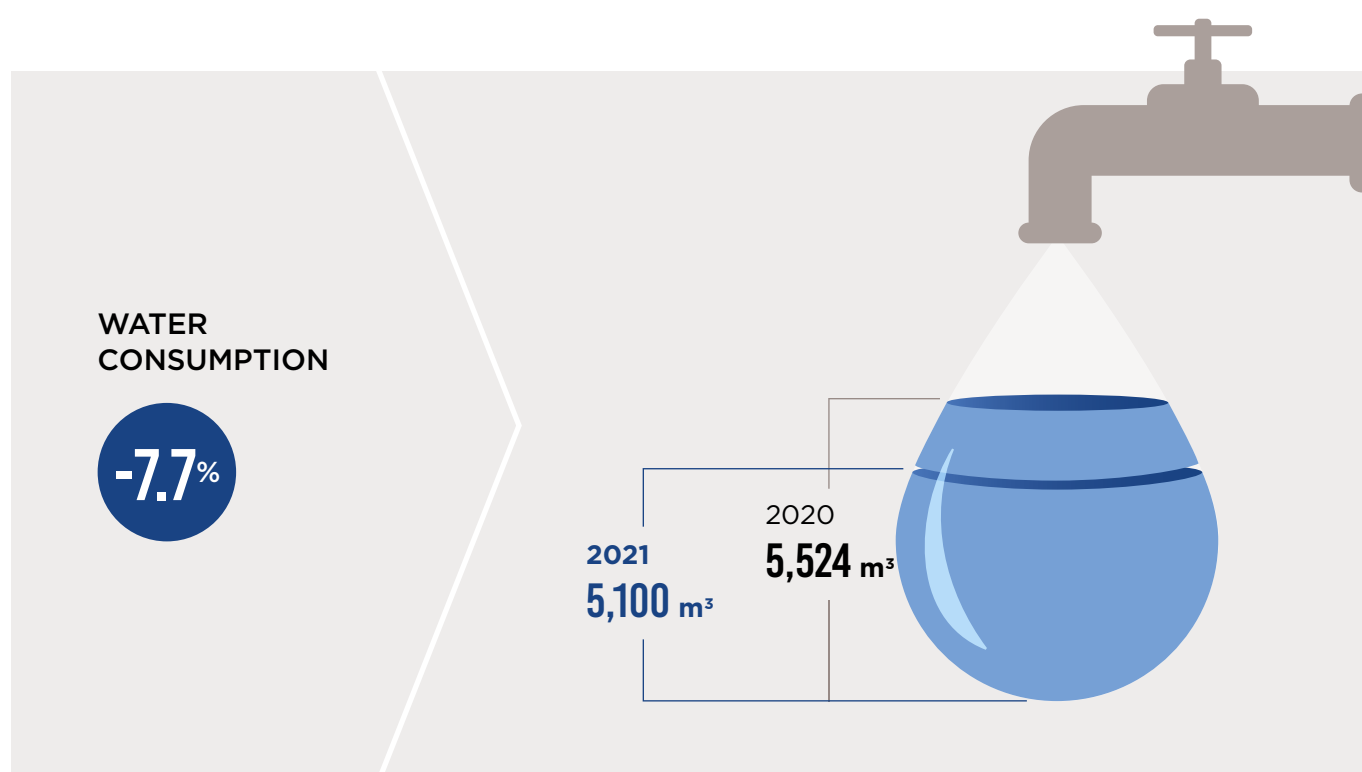
The company meets its water needs from wells and from the public supply.

However, the company pays attention to a responsible use of this resource and in 2021 annual consumption fell by 7.7% compared to 2020.

Most of the consumption is accounted for in the irrigation of the green area and for testing of machines.

This water does not constitute pollution as it is clean and unpolluted and part of the water cycle.

FOR 2022, THE COMPANY HAS SET ITSELF THE GOAL of improving the water consumption monitoring system to verify the possibilities for greater rationalization of its use.



2021 ADDITIONAL INDICATORS

SUMMARY TABLE OF WASTE DISPOSAL (ANNUAL ENVIRONMENTAL DECLARATION IN KG)

CER Code	Description	Kg
080318	Spent printing toner without hazardous substances	85
120104	Dust and particulate matter of non-ferrous materials	1,760
120105	Filings and chips, plastic	3,240
150101	Paper and cardboard packaging	3,500
150103	Wooden packaging	34,760

MATERIAL CAPITAL

The well-being of employees also depends on the quality of the working environments where they work.

Simonelli Group pays particular attention to the healthiness and comfort of the environments.

Over the past 15 years, the company has completely renovated its real estate infrastructure



2005

NEW PRODUCTION PLANT

opening of the current 10,000 sq. m production plant.
In **2018** the plant was also fitted with an air conditioning system using heat pumps.

2017

NEW BUSINESS CENTRE

opening of the new 3,000 sq. m business centre.
In addition to offices, showrooms and meeting rooms, it is also equipped with an 80-seat auditorium.

2020

NEW LOGISTICS CENTRE

opening of the new 6,000 sq. m logistics centre

2022

NEW CAMPUS

GOAL: opening of the new Simonelli Group Campus.

All buildings are equipped with the most modern technology in terms of energy efficiency, healthiness of the spaces and comfort.

THE 2022 OBJECTIVE is the opening of the new Simonelli Group Campus, with an area of 1,000 sq. m set to host the RICH research laboratories. There will be ample space for training and business culture initiatives open to the local population. It will be equipped with the most modern infrastructures for making teaching (on coffee, roasting, sensory, green, technology, infusion systems, milk and water) into an engaging experience.

On the opposite page:
The auditorium (*above*) and the business centre.



FINANCIAL CAPITAL

From an economic and financial point of view too, pursuing sustainable growth in the long term is an essential condition for any entrepreneurial activity.

Simonelli Group has always paid heed to this goal, showing over the years a consolidated and constant growth trend, which has allowed it to generate both the resources necessary to reconstitute production factors as well as making new investments in technology, products, services, infrastructures, processes and company organization.

The protection of the economic-financial balance has enabled it to be increasingly competitive on the market and to create greater value for its customers and other stakeholders in the form of salaries, interest, taxes and dividends.



ECONOMIC RESULTS

2021 saw a record performance in terms of turnover and EBITDA of the company, with a rebound compared to 2020 that exceeded expectations leading revenues to break through the threshold of 100 million for the first time.

Compared to 2020, the sales growth rate was 52.5% while compared to 2019 it was 18%, the latter comparison being certainly more significant if we consider that the growth of 2019 on 2018 was 12%. In terms of gross operating income, the differences are even more marked, with the 2021 financial year increasing 2019 EBITDA by 25% and 2020 EBITDA by 63%.

With regard to production and value creation processes, the company adopts a purchasing policy that is attentive of increasing requirements and that aims to uphold quality standards throughout the supply chain of both products and services.

The company is engaged in a constant quest for efficiency, in design, in waste reduction and in processes.

PROFIT AND LOSS 2021, 2020 AND 2019

	2021		2020		2019	
REVENUE ITEMS	€	% compared to production value	€	% compared to production value	€	% compared to production value
Production value	105,174,681	100.0%	69,628,033	100.0%	87,442,010	100.0%
Sales revenues	103,034,395	98.0%	67,542,398	97.0%	87,276,750	99.8%
Changes in inventories, work in progress, semi-finished and finished products	1,617,142	1.5%	1,737,180	2.5%	-780,825	-0.9%
Other revenues and income	523,144	0.5%	348,455	0.5%	946,085	1.1%
Intermediate production costs	65,285,423	62.1%	43,560,815	62.6%	55,585,614	63.6%
Raw and subsidiary materials, consumables and supplies	37,464,974	35.6%	32,562,629	46.8%	43,019,921	49.2%
Services	24,778,690	23.6%	8,961,727	12.9%	10,158,077	11.6%
Leased assets	2,387,491	2.3%	1,700,895	2.4%	1,876,148	2.1%
Provision for risks and write-downs	338,935	0.3%	22,613	0.0%	386,478	0.4%
Various management costs	315,333	0.3%	312,951	0.4%	144,990	0.2%
Gross income from ordinary operations	39,889,258	37.9%	26,067,218	37.4%	31,856,396	36.4%
Accessory incomes	2,269,493	2.2%	1,023,290	1.5%	1,605,627	1.8%
Extraordinary incomes	-19,031	0.0%	861	0.0%	29,251	0.0%
Total gross income	42,139,720	40.1%	27,091,369	38.9%	33,491,274	38.3%
Labour cost	7,858,318	7.5%	6,238,844	9.0%	6,470,729	7.4%
EBITDA (Earnings before interest, taxes, depreciation and amortization)	34,281,402	32.6%	20,852,525	29.9%	27,020,545	30.9%
Amortization	6,160,928	5.9%	6,096,390	8.8%	5,988,696	6.8%
EBIT (Earnings before interest and taxes)	28,120,474	26.7%	14,756,135	21.2%	21,031,849	24.1%
Interest and other financial costs	297,037	0.3%	266,005	0.4%	150,964	0.2%
EBT (Earnings before taxes)	27,823,437	26.5%	14,490,130	20.8%	20,880,885	23.9%
Tax	5,913,540	5.6%	4,494,660	6.5%	6,234,729	7.1%
Net profit	21,909,897	20.8%	9,995,470	14.4%	14,646,156	16.7%

The extent of the Net Overall Added Value, including the amortization of multiannual factors, highlights the disposable wealth to remunerate the parties and support the strengthening and growth of the company.

In 2021, the company generated a net overall added value of 35,978,792 euros, which is 14,983,813 euros higher (+71%) than in 2020 and € 8,648,446 (+25.8%) higher than in 2019.

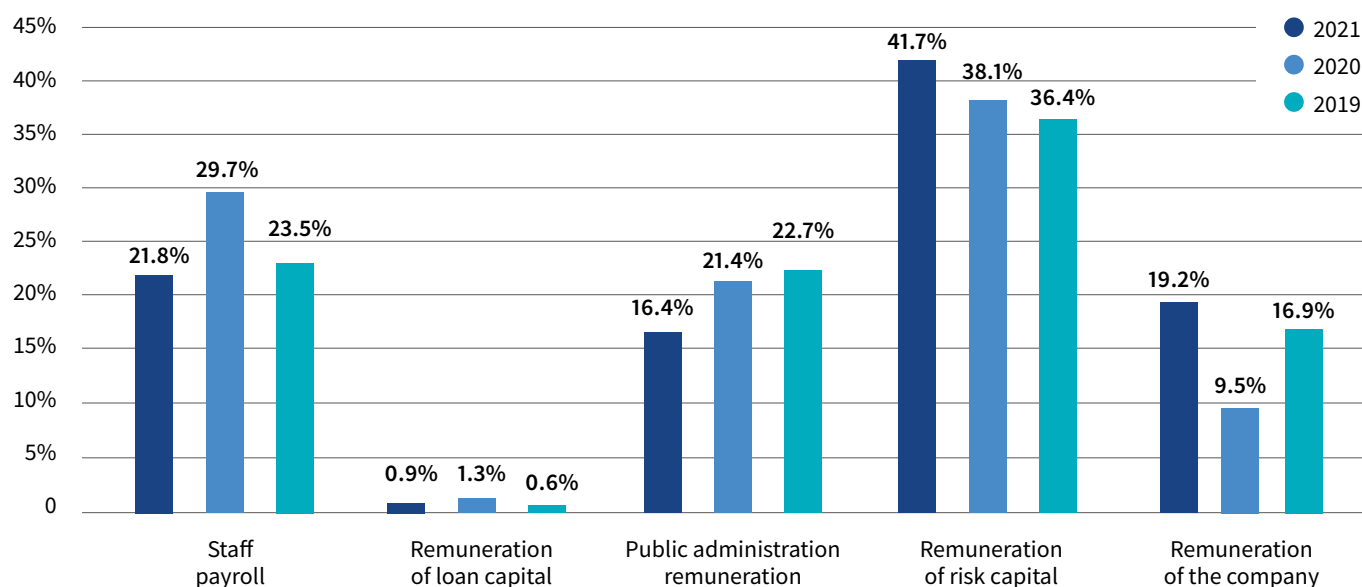
This underlines the careful policy implemented by the company to face the new scenario, by adapting its activities according to the changed conditions to preserve the high level of efficiency of business processes.

It can be seen that the net overall Added Value generated in 2021 was divided among the various stakeholders:

- 22% for employees;
- 1% for lenders;
- 16% for public administration;
- 42% for capital and risk remuneration;
- 19% for the company itself.

DISTRIBUTION OF ADDED VALUE

	2021		2020		2019	
	€	%	€	%	€	%
Total net income	35,978,792	100.00%	20,994,979	100.00%	27,502,578	100.00%
Staff payroll (direct and indirect compensation for work)	7,858,318	21.84%	6,238,844	29.72%	6,470,729	23.53%
Remuneration of loan capital (interest and other charges)	297,037	0.83%	266,005	1.27%	150,964	0.55%
Public administration remuneration (tax)	5,913,540	16.44%	4,494,660	21.41%	6,234,729	22.67%
Net result for remuneration of risk capital and the company itself	21,909,897	60.90%	9,995,470	47.61%	14,646,156	53.25%
Remuneration of risk capital	15,000,000	41.69%	8,000,000	38.10%	10,000,000	36.36%
Remuneration of the company	6,909,897	19.21%	1,995,470	9.50%	4,646,156	16.89%



DETERMINATION OF NET OVERALL ADDED VALUE

	2021		2020		2019	
	€	%	€	%	€	%
Value of production	105,174,681	100.00%	69,628,033	100.00%	87,442,010	100.00%
Sales revenues	103,034,395	97.97%	67,542,398	97.00%	87,276,750	99.81%
Changes in inventories, work in progress, semi-finished and finished products	1,617,142	1.54%	-1,737,180	2.49%	-780,825	-0.89%
Other revenues and income	523,144	0.50%	348,455	0.50%	946,085	1.08%
Intermediate production costs	65,285,423	62.07%	43,560,815	62.56%	55,585,614	63.57%
Raw and subsidiary materials, consumables, and supplies	37,464,974	35.62%	32,562,629	46.77%	43,019,921	49.20%
Services	24,778,690	23.56%	8,961,727	12.87%	10,158,077	11.62%
Leased assets	2,387,491	2.27%	1,700,895	2.44%	1,876,148	2.15%
Provision for risks and write-downs	338,935	0.32%	22,613	0.03%	386,478	0.44%
Various management costs	315,333	0.30%	312,951	0.45%	144,990	0.17%
Gross income from ordinary operations	39,889,258	37.93%	26,067,218	37.44%	31,856,396	36.43%
Accessory incomes	2,269,493	2.16%	1,023,290	1.47%	1,605,627	1.84%
Extraordinary incomes	-19031	-0.02%	861	0.00%	29,251	0.03%
Total gross income	42,139,720	40.07%	27,091,369	38.91%	33,491,274	38.30%
Ammortization	6,160,928	5.86%	6,096,390	8.76%	5,988,696	6.85%
Amortization of intangible fixed assets	5,471,115	5.20%	5,385,904	7.74%	5,297,812	6.06%
Amortization of tangible fixed assets	689,813	0.66%	710,486	1.02%	690,884	0.79%
Total net income	35,978,792	34.21%	20,994,979	30.15%	27,502,578	31.45%

BALANCE SHEET

From a financial point of view, the Company saw its Shareholders' Equity grow by € 13,909,898.

Capital and investment at 31 December 2021 reached € 166 million, meaning that 69% was covered by Internal Resources.

There was a marked reduction in Consolidated Liabilities deriving from repayment of loans. At the same

time, there was a balance in Net Working Capital, where current liabilities covered the level of inventories and credits, with a very secure level of immediate equity.

The growth in turnover was financed in a balanced way, mainly through a mix of internal resources followed by short-term debt, whilst constantly monitoring the situation of loans to customers.

ASSETS AND LIABILITIES 2021, 2020 AND 2019

	2021		2020		2019	
ASSETS	€	%	€	%	€	%
Net intangible fixed assets	27,073,014	16.28%	32,023,666	23.63%	36,942,104	27.79%
Net tangible assets	1,849,493	1.11%	2,028,733	1.50%	2,290,516	1.72%
Financial assets and credits beyond the year	55,066,463	33.11%	17,303,475	12.77%	18,524,647	13.94%
Consolidated assets	83,988,970	50.50%	51,355,874	37.90%	57,757,268	43.45%
Warehouse stock	19,867,578	11.95%	13,965,302	10.31%	10,393,525	7.82%
Trade and other receivables	24,524,895	14.75%	18,728,337	13.82%	23,220,729	17.47%
Ready cash	37,917,318	22.80%	51,457,287	37.97%	41,547,520	31.26%
Current assets	82,309,791	49.50%	84,150,926	62.10%	75,161,774	56.55%
INVESTED CAPITAL	166,298,761	100.00%	135,506,800	100.00%	132,919,042	100.00%
Net assets	114,403,243	68.79%	100,493,345	74.16%	100,497,876	75.61%
Consolidated liabilities	6,759,544	4.06%	11,363,295	8.39%	1,906,529	1.43%
Current liabilities	45,135,974	27.14%	23,650,160	17.45%	30,514,637	22.96%
OWN AND THIRD PARTY RESOURCES	166,298,761	100.00%	135,506,800	100.00%	132,919,042	100.00%

	2021	2020	2019
Net Financial Position (NFP)	64,268,854	44,618,165	40,428,049
Liquidity and financial investments	89,383,962	65,160,943	54,055,397
Bank debts	-25,115,108	-20,542,778	-13,627,347



Acquisitions for the year

During the 2021 financial year, the Company made investments in intangible and tangible assets in the following categories.

Be reminded that in October 2020, the “Microsoft Navision” information / ERP system was implemented, which provided better data integration and guaranteed better flow in operational processes.

ASSETS	ACQUISITIONS FOR THE YEAR
Intangible	520,463
Industrial rights and patents	312,879
Trademarks and similar rights	36,194
Other multi-year expenses	171,390
Materials	514,646
Plant and machinery	138,588
Industrial equipment and commercial	376,058

2021 DATA

28,367,862 € Generated cash flow.

34,281,402 € EBITDA.

103,034,395 € Total turnover.

33.3% EBITDA/sales.

636,015 € Average turnover per employee.

21,909,897 € Profit for the year.

ACKNOWLEDGEMENTS

Impresa Champion – ItalyPost

In 2021, Simonelli Group was included among the 1,000 Italian companies, selected by the ItalyPost Study Centre and which performed best between 2014 and 2020. The 800 Champions (20-120 million turnover category) were selected from the Aida-Bureau Van Dijk databases and the Infocamere Business Register, relating to companies with a 2018 turnover of between 20 and 120 million and with reference to the last six financial statements filed (2012-2018).

The analysis was carried out by a team of expert analysts from Corporate Finance of Special Affairs Srl, an independent financial advisory company.

The rating was assigned by Modefinance, an independent rating agency.



Industrial Excellence Award 2021

Simonelli Group was the recipient of the Italian Industrial Excellence Award 2021, the reference recognition for the promotion of excellence in the industrial and service sectors, and it was one of the finalists at European level along with important names such as Henkel, Nobilia and TMG Automotive.

Why Simonelli Group won the Industrial Excellence Award Italia 2021

The SDA Bocconi School of Management, academic partner of the Industrial Excellence Award since 2016, selected Simonelli Group as a company that was able to represent the Italian entrepreneurial fabric, characterized by the presence of small and medium-sized enterprises.

“The company, which is not located in the industrial centers of northern Italy, but has its headquarters and production plant in a small town in the Marche region – said Prof. Alberto Grando, SDA Professor of Production and Technology, L. Bocconi University and academic co-director of the award for Italy – is an important example of how market analysis and the strategy adopted since the seventies have allowed this enterprise to grow and create a strong positioning starting from foreign countries (in Italy, in those years, there was in fact already a high level of competition, with many players were already well-structured, ed). Now the company has a strong international presence and is a reference point for research and technological innovation, environmental sustainability and design. The efficient and effective management of processes, investment in people and careful organization have led to significant growth in revenues (from 19 million euros in 2009 to 115 million euros in 2021). The profitability and customer retention values have been remarkable even now during the COVID pandemic”.

“The Industrial Excellence Award is a great initiative for those companies and managers who want more than the status quo, but always look beyond their boundaries and their comfort zone to always achieve excellence” – specified Francesco Gallmann, Senior Lecturer of the Production and Technology Unit of SDA Bocconi and academic co-director of the award for Italy.

“Simonelli Group is an example: a customer-oriented and extremely flexible production process able to respond quickly to demand even in the pandemic period in which, contrary to all expectations, the company presented a series of improvements in energy consumption, CO₂ emissions, quality, flexibility and digitalization of its products and services”.

Since 1995, the Industrial Excellence Award (IEA) has been a benchmark for management quality for European competitiveness in the industrial and service sectors.

This competition focuses on Digital Strategy Innovation and Top-down & Bottom-up Deployment, i.e., how organizations align distributed activities and knowledge to achieve common strategic goals.

In the past, the IEA has recognised the best practices of Lean Management (1st year) and Supply Chain Integration (2nd year).

More recently the focus has shifted towards a waterfall strategy and employee engagement for operational excellence (3rd year) and in the latest year, on top-down and bottom-up operational strategies and the use of digitalization to transform the value chain. In past years the IEA has been won by ABB, John Deere, Continental, BMW, Volkswagen, Bentley, Vestel, Infineon, Hello Fresh, Grifols and Henkel.

The IEA is supported by thirteen major business schools: AESE Business School, Lisbon, Portugal; Cambridge Judge Business School, Cambridge, UK; ETH Zurich, Switzerland; HEC Paris, France; IESE Business School, Barcelona, Spain; IMD, Lausanne, Switzerland; Koç University Graduate School of Business, Istanbul, Turkey; LCL, Luxembourg; Rotterdam School of Management, Netherlands; SCA Bocconi, Milan, Italy; TU Eindhoven, Netherlands; Vlerick Business School, Ghent, Belgium; and WU Vienna, Austria. These business schools represent and manage the IEA in their own countries.

Industrial Excellence Award 2021 Winner Italy

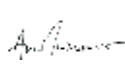
SIMONELLI GROUP Belforte del Chienti



January 27, 2022


Luk Van Wassenhove
INSEAD


Francesco Gallmann
SDA Bocconi
awarded by


Arnd Huchzermeier
WHU



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Sustainability Award

Simonelli Group was considered among the 100 most sustainable Italian companies by the commissioners of the Sustainability Award.

This initiative is promoted by Credit Suisse, the Kon Group agency, and it avails itself of the scientific support of Altis of the Catholic University of Milan and its media partner is Forbes magazine.

This is an important recognition reserved for those Italian companies that have distinguished themselves in facing the challenges of the climate emergency, transforming it into an opportunity to express innovation and activate the best energies in the country.



Best Performance Award – SDA Bocconi

In 2021, Simonelli Group was among the five Italian finalists of the Best Performance Award, the award that SDA Bocconi School of Management confers on the best Italian companies that stand out for their excellence in creating economic, technological, human, social and environmental value, operating in a sustainable way.

The performance of over 600 companies was monitored and then 15 finalist enterprises were selected, including Simonelli Group.



APPENDIX

GRI Content Index



GRI CONTENT INDEX

The following table serves as a link between the contents of this Integrated Report and the information of the *GRI Sustainability Reporting Standards*.

GRI STANDARD	DESCRIPTION	PAGE	RELEVANT TOPIC FOR SIMONELLI GROUP
GRI 102: General information 2016	GRI 101: 2016 REPORTING PRINCIPLES		
	General information		
	102-1 Organization name	5	
	102-2 Activities, brands, products and services	5-9	
	102-3 Location of head office	7	
	102-4 Location of activities	7	
	102-5 Ownership and legal form	10	
	102-6 Markets served	8, 9	
	102-7 Size of organization	5,8,9	
	102-8 Information about employees and other workers	21-28	
	102-9 Supply chain	37, 38	
	102-10 Significant changes to the organization and its supply chain	-	
	102-11 Precautionary principle	14-16	
	102-12 External initiatives	25-27, 30, 33, 35-37,39-43, 46, 48, 52	
	102-13 Membership of associations	43	
GRI 102: General information 2016	Strategy		
	102-14 Statement by a senior executive	1	
	102-15 Key impacts, risks and opportunities	14-16	
	Ethics and integrity		
	102-16 Values, principles, standards and norms of conduct	9, 11, 12	
	Governance		
	102-18 Governance structure	11	
	102-19 Delegation of authority	29	
	102-20 Executive responsibility for economic, environmental, and social issues	29	
	102-32 Role of the highest governance body in sustainability reporting	CEO	
	Stakeholder engagement		
	102-40 List of stakeholder groups	13	
	102-43 How stakeholders are involved	17, 18	
	Accounting		
	102-46 Report content definition and theme perimeters	4	
	102-47 List of material topics	3, 14-18	
	102-48 Review of information	3, 13	
	102-49 Changes in reporting	3, 14-18	
	102-50 Reporting period	4	

GRI STANDARD	DESCRIPTION		PAGE	RELEVANT TOPIC FOR SIMONELLI GROUP
	102-51	Latest report date	4	
	102-53	Contacts for requesting information about the report	4	
	102-55	GRI Content Index		
	102-56	External Assurance	Report has not been subject to external assurance.	
GRI 200 ECONOMIC SERIES				
Topic: Economic performances				
GRI 201: Economic performance 2016	201-1	Economic value directly generated and distributed	50	Cogeneration growth with the community Economic and financial sustainability
Topic: Procurement practices				
GRI 204: Procurement practices 2016	204-1	Proportion of expenditure going to local suppliers	50	Cogeneration growth with the community
Topic: Anti-Corruption				
GRI 205: Anti-corruption 2016	205-3	Proven corruption and action taken	In 2021, no fines or non-monetary penalties were recorded for non-compliance with laws and regulations	Cogeneration growth with the community
GRI 300 ENVIRONMENT SERIES				
Topic: Materials				
GRI 301: Materials 2016	301-1	Materials used by weight or volume	45	Respect for the environment Climate change
Topic: Energy				
GRI 302: Energy 2016	302-1	Energy consumption within the organization	44	Natural Resource Management Climate change
	302-4	Reduced energy consumption	44, 45	Natural Resource Management Climate change
	302-5	Reduction of energy requirements for products and services	44, 45, 46	Respect for the environment Climate change
Topic: Water				
GRI 303: Water and waste-water 2018	303-5	Water consumption	47	Climate change
Topic: Emissions				
GRI 305: Emissions 2016	305-1	Direct GHG emissions (Scope 1)	46	Climate change
	305-2	Indirect GHG emissions from energy consumption (Scope 2)	46	Climate change
	305-3	Other indirect GHG emissions (Scope 3)	47	Climate change
Topic: Discharges and waste				
	306-5	Waste destined for disposal	47	Climate change

GRI STANDARD	DESCRIPTION		PAGE	RELEVANT TOPIC FOR SIMONELLI GROUP
Topic: Compliance with environmental standards				
GRI 307: Environmental compliance 2016	307-1	Non-compliance with environmental laws and regulations	In 2021, no fines or non-monetary penalties were recorded for non-compliance with environmental laws and regulations.	Respect for the environment Climate change Natural Resource Management
GRI 400 SOCIAL SERIES				
Topic: Employment				
GRI 401: Employment 2016	401-1	New hirings and turnover	22	Empower People
Topic: Health and safety at work				
GRI 403: Occupational Health and Safety 2018	403-5	Occupational safety and health training of workers	26	Protection and safety of people
	403-6	Promotion of workers' health	26, 27	Protection and safety of people
	403-9	Accidents at work	28	Protection and safety of people
Topic: Training and education				
GRI 404: Training and education 2016	404-2	Employee Skills Refresher Programs and Transition Assistance Programs	25	Empower People
Topic: Socio-economic performance				
GRI 419: Socio-economic compliance 2016	419-1	Non-compliance with social and economic laws and regulations	In 2021 there were no occurrences of non-compliance with social and economic laws and regulations context.	Empower People Cogeneration growth with the community
Other material topics				Supply Chain critical issues Technological evolution Dynamism and turbulence of the reference context

APPROVAL

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