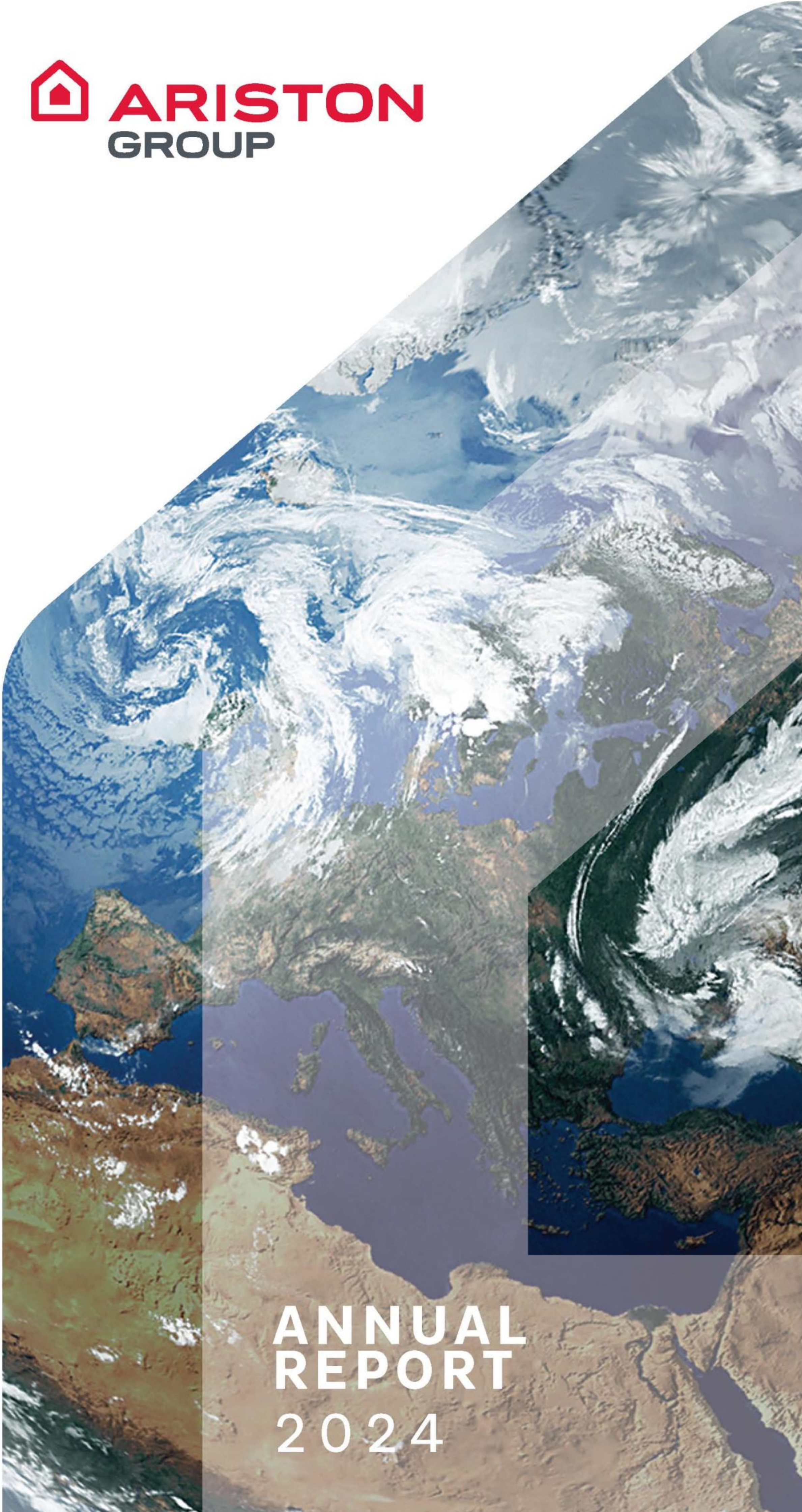
ARISTON GROUP



ANNUAL REPORT 2024

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Disclaimer

This document is only a 'pdf printed version' and is not the original annual financial report included in the 'ESEF compliant single report package' with the audited financial statements pursuant to article 361 of Book 2 of the Dutch Civil Code.
The latter, which includes the audited financial statements and the auditor's report thereto is included in the 'ESEF compliant single report package' which can be found on the Company's website https://www.aristongroup.com/en/investors/investor-relations/annual-interim-reports under 'Annual Report at 31 December 2024', 'ESEF compliant single report package'. In case of any discrepancies between this 'pdf printed version' and the 'ESEF compliant single report package', the single report package prevails.

This document was not made available to the public with a signed version, which is retained at the Group corporate office.

The Board report "*bestuursverslag*" consists of sections 2, 3, 4 and 5.

1. About this report

Note on presentation

The annual report at 31 December 2024 was prepared in accordance with the IFRS accounting standards as issued by the International Accounting Standards Board (IASB), as adopted by the European Union and with Section 2:362 (8) of the Dutch Civil Code (‘DCC’), pursuant to Part 9 of Book 2. The IFRS designation also includes the International Accounting Standards (‘IAS’) as well as all the interpretations of the International Financial Reporting Interpretations Committee (‘IFRIC’), formerly the Standard Interpretations Committee (‘SIC’).

Adaptation plan pursuant to Articles 15 and 18 of the Market Regulations

In accordance with Articles 15 and 18 of Consob Regulation 20249 of 28 December 2017 and subsequent amendments concerning ‘conditions for listing shares of companies that control companies established and governed by laws of non-EU countries’, the parent company Ariston Holding N.V. (the ‘Company’ or ‘Parent Company’ or ‘Ariston’ and together with its subsidiaries ‘Ariston Group’ or the ‘Group’) has identified its significant subsidiaries as defined in Article 15 (2) of the above-mentioned Regulation, and verified that the conditions set out in paragraphs b) and c) of Article 15 have been met.

Information on the figures presented

All the figures in this annual report are expressed in millions of euro to one decimal place, whereas the original data is recorded and consolidated by the Group in euro. Similarly, all percentages relating to changes between two periods or to percentages of net revenue or other indicators are always calculated using the original data in euro. The use of amounts expressed in millions of euro may therefore result in apparent discrepancies in both absolute amounts and data expressed as a percentage.
The language of this annual report is English. Certain legislative references and technical terms have been cited in their original language in order to give them their correct technical meaning under applicable law.

European Single Electronic Format requirements

Pursuant to article 4 of the Transparency Directive, starting from 2021 reporting period, the financial statements schema in the annual financial report is prepared in XHTML format, in compliance with the European Single Electronic Format (ESEF) as a company listed on a European Union regulated market. In addition, issuers preparing IFRS consolidated financial statements shall mark those up using Inline XBRL. Ariston Group manages ESEF by leveraging a dedicated outsourced IT software that allows compliance with the regulation.

2. Key Highlights

(Mln €)	2024		2023		Total Change	
Net revenue	2,632.7	100.0%	3,091.8	100.0%	-459.1	-14.8%
EBITDA adjusted[1]	276.3	10.5%	422.2	13.7%	-146.0	-34.6%
EBITDA[1]	203.0	7.7%	417.1	13.5%	-214.1	-51.3%
EBIT adjusted[1]	160.2	6.1%	314.2	10.2%	-154.0	-49.0%
EBIT	63.3	2.4%	285.7	9.2%	-222.4	-77.8%
PBT	13.8	0.5%	253.6	8.2%	-239.9	-94.6%
Group net profit adjusted[1]	89.0	3.4%	211.8	6.9%	-122.8	-58.0%
Group net profit	2.5	0.1%	191.2	6.2%	-188.7	-98.7%

Profitability Ratios	2024	2023
Net capital employed (mln €)	2,004.2	2,077.5
Earnings per shares – Basic €)	0.01	0.52
Earnings per shares – Diluted €)	0.01	0.51
Headcount	10,612	10,769
Free cash flow[2]	152.2	111.6
Net financial indebtedness adjusted[1] (*)	579.1	575.0
Net equity	1,425.1	1,502.5

** Negative figures represent net cash*

[1] *refer to paragraph 4.11 for the reconciliation of the APM*

[2] *refer to paragraph 4.11 for further information*

3. Corporate bodies

Board of Directors

Paolo Merloni	Executive Chair
Maurizio Brusadelli	CEO
Antonia Di Bella	
Katja Gerber	
Roberto Guidetti	
Laurent Jacquemin	
Guido Krass	
Maria Francesca Merloni	
Ignazio Rocco di Torrepadula	
Marinella Soldi	
Enrico Vita	

External auditor

EY Accountants B.V.

Shaping the Next Chapter of Our Evolution

Paolo Merloni
Ariston Group Executive Chair

Dear Shareholder,

2024 was a year unlike any other. In my 30 years with Ariston Group, I have never experienced such a complex and challenging environment. Following a period of steady and robust growth, market dynamics, particularly in Europe, shifted sharply. The expiration or reformulation of key government incentives, combined with an overstocked supply chain at the start of the year, shifts in consumer spending toward leisure, and reduced urgency around energy security, created a perfect storm. Rising interest rates further slowed housing investments, adding to the pressure.

This environment had a profound impact on the thermal comfort industry. The European heat pump market shrank by nearly 40%, with several major countries losing over half their volumes. Boilers proved more resilient, reaffirming their relevance, while water heating market saw a slight volume decline, with sharper value erosion due to a double-digit drop in heat pump water heaters.

As a result, in 2024, our revenues fell to € 2,633 million, a 12.7% like-for-like reduction, and our adjusted EBIT declined to € 160 million, with a 6.1% margin. Our performance was also affected by the deconsolidation of Ariston Thermo Rus LLC, following its placement under temporary Russian management, nonetheless, a strong financial discipline led to a 38% increase in cash generation, reaching € 152 million.

To reinforce our foundations, we launched Fit2Win, a cost efficiency initiative focused on immediate cost reductions and structural improvements to streamline decision-making, free up resources for strategic investments, and improve long-term profitability. While these measures required difficult but necessary efforts across the organization, they delivered € 80 million in efficiencies, strengthening our ability to navigate the current environment. Fit2Win will continue through 2025 to 2027, as we implement more complex and transformative actions to enhance agility, resilience, and long-term competitiveness.

At the same time, we remained committed to strengthening our industrial footprint. We reinforced regional capabilities with the acquisition of a major water heater factory in Egypt, enhancing our ability to serve Africa and the Middle East. We also began the construction of a new production plant in Serbia, focused on key accessories for thermal comfort solutions. In parallel, we invested in our existing manufacturing facilities worldwide, driving the evolution of our global operations: as Italy and Germany remain strategic hubs, we are revamping our historical sites, focusing on high-value-added production and pursuing operational excellence.

Despite the challenging year, we pushed forward with innovation. We achieved major advancements in the fields of connectivity and controls. We expanded Net Pro, our professional service platform, with AI-driven enhancements to improve efficiency and diagnostics. In heating, we launched our next-generation high-end heat pump platform and introduced our fifth-generation mainstream heat pump range. In water heating, we released the third generation of our Flat products, including Square models in Europe and a new heat pump water heater for Asia Pacific. We also enhanced our air handling unit portfolio with more compact, efficient models. Even in a difficult year, we remained committed to technology leadership in sustainable thermal comfort.

Sustainability remains a core priority, and, in 2024, we took further steps to strengthen our Environmental, Social, and Governance commitments. Improving our performance in key ratings, the results we achieved are reflected in the SBTi validation of our near-term emission reduction targets and the EcoVadis silver medal – milestones that are testament to our ability to integrate sustainability into core business operations.

None of this would have been possible without our people. The 10,000+ men and women of Ariston Group have once again shown resilience, talent, and dedication to our mission. This year, we introduced a new leadership model, developed by Maurizio, our CEO, and the Executive Team, to equip our organization for future challenges and opportunities. Destination 2030, our strategic plan, is in motion, shaping the next phase of our evolution.

Beyond business performance, 2024 was a deeply personal year for me. In October, my father, Francesco Merloni, Ariston Group's Honorary Chairman, passed away. His loss was profoundly felt – not just by my family, but by the thousands who worked alongside him. More than an entrepreneur, he was a visionary who combined global competitiveness with a strong commitment to social progress. His kindness, determination, and ethical leadership shaped this company in ways that will endure. His legacy lives on in all of us – those who worked with him for decades and those who are just beginning their journey with Ariston Group.

As we move forward, I remain confident in our strength and ability to emerge stronger. The past year tested us, but it also reinforced our resilience and commitment to the future. We continue to invest in our people, technology, and a sustainable long-term strategy. Guided by our vision – Sustainable Comfort for Everyone – we remain focused on delivering value for our shareholders while shaping the future of our industry.

Sincerely,
Paolo Merloni

4. Director's Report

4.1 Reference Background and Investor information

Macroeconomic scenario

After reaching 3.3% in 2023, in its latest estimates released in October 2024, the International Monetary Fund (IMF) projected global GDP growth at 3.2% in both 2024 and 2025. The IMF outlined that the global challenge of high inflation has been successfully addressed, even though price pressure persists in some countries. After peaking at 9.4% year on year in the third quarter of 2022, headline inflation rates are projected to reach 3.5% by the end of 2025, below the average level of 3.6% between 2000 and 2019. Moreover, despite a sharp tightening of monetary policy around the world, the global economy remained unusually resilient throughout the disinflationary process, avoiding a global recession.
Nonetheless, there are still several downside risks that dominate the current outlook: an escalation in regional conflicts, monetary policy remaining tight for too long, a deeper growth slowdown in China, and the continued proliferation of protectionist policies.
In this context, Italy's forecast is to move from 0.7% GDP growth in 2023 to 0.7% in 2024 and 0.8% in 2025, Germany is expected to shift from -0.3% to 0.0% and then +0.8% respectively, while France is forecasted flat at 1.1% (level of 2023) in both 2024 and 2025. Growth slowdown is mainly expected in Mexico (shifting from 3.2% in 2023 to 1.5% in 2024 and 1.3% in 2025), China (moving from 5.2% to 4.8% and 4.5% respectively) and India (moving from 8.2% to 7.0% and 6.5% respectively).

Growth projections (GDP), annual percentage changes

	Actual	Projections	
	2023	2024	2025
World Output	3.3%	3.2%	3.2%
Belgium	1.4%	1.1%	1.2%
China	5.2%	4.8%	4.5%
France	1.1%	1.1%	1.1%
Germany	-0.3%	0.0%	0.8%
India	8.2%	7.0%	6.5%
Indonesia	5.0%	5.0%	5.1%
Italy	0.7%	0.7%	0.8%
Mexico	3.2%	1.5%	1.3%
Poland	0.2%	3.0%	3.5%
Romania	2.1%	1.9%	3.3%
Saudi Arabia	-0.8%	1.5%	4.6%
South Africa	0.7%	1.1%	1.5%
Spain	2.7%	2.9%	2.1%
Switzerland	0.7%	1.3%	1.3%
United Arab Emirates	3.6%	4.0%	5.1%
United Kingdom	0.3%	1.1%	1.5%
United States	2.9%	2.8%	2.2%
Vietnam	5.0%	6.1%	6.1%

Source: IMF, World Economic Outlook, October 2024

Exchange rates

The Euro's depreciating trend against major currencies that began in 2022 reversed in 2024, with the exceptions of the Swiss Franc and Pound Sterling, at -2.0% and -2.7% average YTD respectively. Compared to Q4 2023 average exchange rates, the Euro experienced a depreciation also against the Chinese Yuan (-1.2%) and the US Dollar (-0.7%). Against the other currencies, the Euro registered an increase ranging from 0.1% to 13.5%.

Euro exchange rates against major currencies

	2024			2023			Δ		
	Avg. Q4	Avg. YTD	31.12.2024	Avg. Q4	Avg. YTD	31.12.2023	vs. Avg. Q4	vs. Avg. YTD	vs. 31.12
CHF	0.94	0.95	0.94	0.95	0.97	0.93	-1.9%	-2.0%	1.6%
CNY	7.68	7.79	7.58	7.77	7.66	7.85	-1.2%	1.7%	-3.4%
GBP	0.83	0.85	0.83	0.87	0.87	0.87	-4.0%	-2.7%	-4.6%
RON	4.98	4.97	4.97	4.97	4.95	4.98	0.1%	0.6%	0.0%
USD	1.07	1.08	1.04	1.08	1.08	1.11	-0.7%	0.1%	-6.0%
CAD	1.49	1.48	1.49	1.47	1.46	1.46	1.8%	1.6%	2.1%
VND	26,983	27,113	26,478	26,204	25,770	26,808	3.0%	5.2%	-1.2%
INR	90.18	90.56	88.93	89.54	89.31	91.90	0.7%	1.4%	-3.2%
MXN	21.44	19.83	21.55	18.89	19.18	18.72	13.5%	3.4%	15.1%

Source: ECB

Raw materials

The raw materials that are most relevant to the Ariston Group exhibited different trends in 2024. The price of Polypropylene, Copper and Aluminium increased compared to 2023 (respectively +3%, +8% and +8% on a YTD basis), while Steel and Polyurethane saw a decline in their average prices compared to 2023, decreasing by 12% and 3% YTD, respectively.

Average monthly market prices of main raw materials (per ton)

	2024			2023			Δ		
	31.12.2024	Avg. Q4	Avg. YTD	31.12.2023	Avg. Q4	Avg. YTD	vs. Last Day	vs. Avg. Q4	vs. Avg. YTD
Steel [€/ton]	565	557	629	696	653	714	-19%	-15%	-12%
Polypropylene [€/ton]	1,520	1,526	1,543	1,470	1,477	1,494	3%	3%	3%
Copper [USD/ton]	8,706	9,182	9,144	8,476	8,170	8,475	3%	12%	8%
Polyurethane [€/ton]	2,241	2,263	2,363	2,206	2,181	2,428	2%	4%	-3%
Aluminium [USD/ton]	2,516	2,573	2,419	2,335	2,191	2,249	8%	17%	8%

Note: For steel, the price of hot rolled steel for the European market was considered; for copper and aluminium, the average daily "cash" prices were considered; for polyurethane, the mix of isocyanate and polyol based on the Group's policies was considered.
Source: Metal Bulletin, ICIS LOR, LME

4.2 Significant business events in the year

January

Strategic global brand **Wolf** inaugurated its new **Campus in Hamburg**, Germany, as an addition to the existing facilities in Mainburg, Koblenz, Osnabrück, and Berlin, thus further expanding the brand's training offering to professionals.

The Ariston Group participated in the **AHR Expo** in Chicago, USA, showcasing the new water heating solutions from regional brands **HTP** and **American Standard**, as well as **NTI** heating equipment, which included the innovative air-to-water heat pump product line.

February

The Ariston Group was at **VSKbeurs** fair, in Utrecht, the Netherlands, introducing both ventilation solutions and the new configurator by the **Brink** brand, as well as displaying the latest innovations from the **Atag** brand, which featured, among others, the Atag Interion and the premium heat pump Atag Premion.

The Ariston Group completed the acquisition of a **manufacturing site in Egypt**, near Cairo, to produce a range of domestic water heating solutions that address local needs, thus consolidating its leadership in the hot water sector in North Africa and the Middle East.

The Ariston Group inaugurated its new **Shanghai offices**, reinforcing its commitment to the Chinese market by delivering high-efficiency heating solutions under the Ariston brand.

March

The Ariston Group hosted the 2024 edition of its annual **Group Management Meeting**, with top managers from across the world joining together at the headquarters in Italy to delve into discussions on global transformations, industry evolution, and the Group's future strategy.

Strategic global brand **Wolf** attended the **SHK+E** fair, in Essen, Germany, displaying its innovative heating technology offer, which included the CHA-monobloc heat pump, as well as its ventilation and air handling solutions.

Strategic global brand **Ariston** participated in the **REBUILD** 2024 fair, in Madrid, Spain, showcasing its comprehensive portfolio of solutions designed to seamlessly fit both new construction and renovation projects.

The Ariston Group participated in the 2024 edition of the **CMPX Show** fair, in Toronto, Canada, to introduce the latest heating technologies from regional brand **NTI**, which pioneered advanced hydronic heating products for both homeowners and businesses.

Collaborating with Capgemini, the Ariston Group opened new **Labs in Coimbatore**, India, enhancing its focus on electronics to consolidate SW and HW know-how, as well as to explore new technologies such as EDGE & Gen AI, power electronics, advanced HMI, and cybersecurity solutions.

April

Partnering with EcoVadis and in line with its ESG roadmap to 2030, the Ariston Group released both its **Code of Conduct for Suppliers** – which encompasses Environmental, Social and Governance areas and adheres to state-of-the-art global standards and guidelines – and its **Sustainable Procurement Policy** – defining a vision for Sustainable Procurement, outlining minimum requirements and preferred practices relevant to stakeholders in the supply chain, and identifying a clear supplier engagement procedure.

Strategic global brand **Elco** inaugurated its **Heat Pump Academy in Hechingen**, Germany, that – drawing upon over 40 years of expertise in heat pump development and relentless investment in innovation technology – enhances the brand's education and training program by offering to professionals an improved range of practical and theoretical educational resources.
The Ariston Group celebrated the **10th anniversary** of its production plant in **Bac Ninh**, Vietnam, with an event that relived the milestones achieved over a decade while reaffirming future commitments.

Strategic global brand **Wolf** was at the **IFH/Intherm** fair, in Nuremberg, Germany, to present its latest innovative heating technology, which included the CHA-monobloc heat pump, as well as its ventilation and air handling solutions.

Following publication of the news by Reuters, the Ariston Group retrieved presidential Decree no 294 signed by President Putin and published on the same date in the Official Russian Gazette. With the above-mentioned Decree, President Putin placed the subsidiary **Ariston Thermo Rus LLC** under the temporary management of JSC Gazprom Household systems, a subsidiary of the Gazprom group.

May

Strategic global brand **Elco** hosted the 2024 edition of **Elco Tech Days**, which took place in Heidelberg and Essen, Germany, to introduce new projects and sustainable solutions and engage in meaningful discussions with housing industry decisionmakers.

The Ariston Group was among the winners at the **M&A Award 2024**, organized by KPMG and Fineurop Soditic, in recognition of its strategic vision, drive for innovation, and entrepreneurial courage demonstrated in the Wolf-Brink acquisition, which was finalized in January 2023.

June

In China strategic global brand **Ariston** launched the 2024 edition of its annual **Design Award**, a competition engaging local designers in incorporating the brand's signature solutions into their projects.

Strategic global brand **Elco** introduced **AEROTOP SPK**, its new air-water heat pump working with propane, fulfilling all requirements connected with the EU F-Gas Regulation, and suitable for both new and existing buildings.

The Ariston Group's commitments to reduce absolute Scope 1 and 2 GHG emissions by 42% by 2030, from a 2021 base year, as well as to reduce Scope 3 GHG emissions from the use of products sold by 51.6% per million euro value added by 2030, from a 2021 base year, were validated as near-term science-based emission reduction targets by the **Science-Based Targets initiative**, which also stated that the Scope 1 and Scope 2 targets align with the Paris Agreement 1.5°C trajectory.

The Ariston Group production's site in **Osimo**, Italy, which received the WCM bronze medal in 2017, was awarded the **World Class Manufacturing silver medal**, as it stood out for the operational results achieved, people's skills and motivation, as well as its ability to collect and manage data.

July

As the plant in **Cerreto**, Italy, underwent renovations, the Ariston Group celebrated the inauguration of a new production line dedicated to the manufacturing of **Velis**, the iconic electric storage water heater by our strategic global brand Ariston.

The Ariston Group hosted the **groundbreaking ceremony** for its new **production facility in Niš**, Serbia, which will manufacture accessories for thermal comfort solutions, with production estimated to start at the end of 2025.

On the 32nd edition of the WORLD HRD Congress and World Leadership Congress, taking place in Mumbai, India, the Ariston Group was honored with the **Best Employer Brand Award in the state of Maharashtra**, as a testament to its dedication to delivering an excellent people experience.

August

Building on the conviction that feedback is key to enhancing our ability to exceed our customers' expectations, Ariston Group officially launched the **Customer Satisfaction Program**, leveraging both relational and transactional surveys to translate customers' opinion into action.

In Vietnam strategic global brand **Ariston** launched the new **Slim3** storage water heater through a series of events aimed at providing a firsthand look at the new technology, ahead of the product's official customer launch in September.

Strategic global brand **Ariston** attended **IndoBuildTech Expo** 2024, taking place in Jakarta, Indonesia, showcasing its renewable series and lineup of water heaters, as well as launching the new electric storage water heater range, Slim3, and the Kios air conditioning category.

September

The Ariston Group officially inaugurated its new **logistics center in Siegenburg**, Germany, which leverages an advanced warehouse management system and a new transport planning tool, to support the Mainburg facility and enhance service to customers.

The Ariston Group participated in the 2024 edition of **Expo Nacional Ferretera**, taking place in Guadalajara, Mexico, showcasing its **Calorex** range of high-quality, energy-efficient solutions and services designed for Mexican families.

Continuing to strengthen its presence and raise awareness on social media, the Ariston Group celebrated reaching **100,000 followers on LinkedIn**.

October

On 1 October, **Francesco Merloni**, the Ariston Group's Honorary Chairman, passed away at the age of 99, leaving an indelible mark on everyone at the Ariston Group, as well as through his entrepreneurial, political and social actions.

Strategic global brand **Ariston** hosted an **event in Morocco** to introduce the latest products designed to meet the growing demand for sustainable, high-efficiency home comfort solutions.

As a result of its dedication to integrating sustainability into its corporate strategy, the Ariston Group earned the **EcoVadis silver medal**, improving its overall performance by 19%, thus positioning in the 15% of companies that best address sustainability among those rated, also achieving a substantial 75% boost in the Sustainable Procurement category.

The Pro-klima brand was awarded the **Golden Kuna** plaque by the Croatian Chamber of Commerce, in the Zagreb County large enterprises category, in recognition of its exceptional business results and significant contributions to the local economy.

The Ariston Group launched its **new corporate website**, which was fully revamped to serve as an effective digital touchpoint for all stakeholders, aligning the Group's digital presence with its identity and industry positioning, enhancing the user experience through design and implementing Adobe Experience Manager technology.

November

Strategic global brands **Wolf** and **Elco** participated in **GET NORD**, taking place in Hamburg, Germany – as the former showcased its range of cutting-edge solutions for climate comfort by hosting the Wolf Forum, the latter displayed its new AEROTOP® SPK natural refrigerant heat pump, along with the design award-winning AEROTOP® SG heat pump, and highlighted its training and qualification programs.

In Belgium strategic global brand **Ariston** launched **Abyleos HOME+**, its new electric storage water heater featuring the built-in intelligent HOME+ system to advance energy independence and efficient use of renewable energy sources.

For the second consecutive year, Ariston Vietnam was recognized as **Best Place to Work in Vietnam**, an award organized by Vietnamese consulting firm ANPHABE.COM, under the patronage of the Vietnam Chamber of Commerce and Industry, which is a testament to the Group's dedication to people.

December

The Ariston Group celebrated the **50th anniversary** of its plant in **Arcevia**, Italy, dedicated to the production of Thermowatt-branded components and, to mark the occasion, Thermowatt retraced its history in a book highlighting the most significant events and gathering people's testimonies.

4.3 Subsequent events

In **February**, the Ariston Group participated in AHR Expo 2025 in Orlando, USA, to showcase its latest innovations from regional brands HTP, American Standard Water Heaters, and NTI, reaffirming its commitment to the North American market.

The Ariston Group was among the speakers at the 2025 edition of the Internet of Things Observatory, organized by Politecnico di Milano in Milan, Italy, to discuss the latest developments in the smart home industry and share updates on the Ariston Group's services.

Ariston Group announces the acquisition of a 100% stake of DDR Heating ("DDR"), a U.S.-based manufacturer specializing in tubular electric heaters for professional and industrial applications. This bolt-on acquisition marks an important milestone for Ariston Group's Components Division – Thermowatt, providing an entry point into the North American components market.

In **March**, strategic global brand Wolf was present at ISH in Frankfurt, Germany, showcasing the new CHA Monoblock 20/24 air/water heat pump, along with its compact home stations, new ventilation systems for apartment buildings, and air handling solutions. Visitors also had the opportunity to explore the brand's digital tools for product design and participate in the Wolf Campus, which featured training courses and seminars.

Ariston Group announced that on 26 **March** 2025, Presidential Decree No. 176 of the Russian Federation reinstated Ariston Holding N.V. into the possession and full management of the shares of its Russian subsidiary, Ariston Thermo Rus LLC. This follows the temporary transfer of the subsidiary to external management under Gazprom Bytovie Sistemy (a subsidiary of the Gazprom Group) as mandated by Presidential Decree No. 294, issued on April 26, 2024. The new decree formally nullifies Subparagraph "a" of Paragraph 1 of Decree No. 294, effectively restoring Ariston Group's full ownership and operational control over Ariston Thermo Rus LLC.

4.4 Brand|Product performance

Market and business performance

Following recent peaks, 2024 marked a transitional year for the thermal comfort industry, characterized by weak heating demand in key European markets. The exceptional growth of the past three years had been largely fueled by favorable incentive schemes, which led to significant demand anticipation. Consequently, in 2024, the European heating market underwent a significant normalization.
The heating heat pump (HHP) market experienced a sharp decline, while the boilers market also contracted, albeit to a lesser extent, showing signs of recovery in the second half of the year. Meanwhile, the European Energy Performance of Buildings Directive (EPBD), approved in April 2024, reaffirmed Europe's commitment to building decarbonization. The Directive set clear targets for all EU member states to achieve by 2030 and 2035, with a focus on reducing emissions from low-performing buildings.
The hot water market was partially impacted by the challenging global macroeconomic environment but demonstrated greater resilience. European markets remained largely stable, while growth was observed in Asia, the Middle East, and North America, with a slight decline in Africa.

Brand activities

In 2024, the Ariston Group continued to prioritize its brands as a key driver of value creation and growth, focusing on three core areas: brand portfolio management, the consolidation of its strategic brands (Ariston, Wolf, and Elco), and the execution of brand refresh initiatives for Racold and Calorex.

Brand Portfolio Management

Building on its history of portfolio expansion through acquisitions, the Ariston Group refined its brand strategy by establishing a comprehensive Group brand architecture. This framework clearly defined the role and positioning of each brand, enabling targeted investment prioritization and the alignment of offerings to meet customer and consumer needs more effectively, both globally and within individual markets. Additionally, the strategy introduced harmonization paths to enhance competitiveness and ensure a cohesive market presence.

Consolidation of Ariston, Wolf, and Elco

As part of its strengthened portfolio strategy, the Ariston Group focused on its three strategic brands—Ariston, Wolf, and Elco. Efforts were directed toward further developing their distinct market positioning and maximizing their individual and combined potential across product categories and operating models. This comprehensive positioning work proved especially significant in European markets where the three brands coexist and play critical competitive roles.

Refreshing Racold and Calorex

The Ariston Group executed brand refresh initiatives for Racold and Calorex to reinforce their leadership in India and Mexico, respectively. For Racold, the brand's new payoff, Your Comfort, Your Way, highlighted its commitment to meeting the diverse comfort needs of Indian families. Calorex underwent a modernization of its logo, payoff, and visual identity, aligning more closely with Ariston while retaining its unique essence. Both refreshes were supported by dedicated, multi-channel communication campaigns to enhance their impact and visibility.

Climate Comfort

Renewable solutions

After robust growth until 2022, the renewable solutions market experienced a slight downturn in 2023, followed by a significant decline in Europe in 2024. Despite continued governmental support in countries like France, Germany, Italy, and the Netherlands through revised incentive schemes, the increased complexity and opacity of these processes hindered accessibility. Additionally, destocking in key markets such as Germany and Italy, coupled with reduced gas prices, dampened demand for renewable technologies. This decline was further exacerbated by a slowdown in new construction across most countries. The UK emerged as a positive exception, bolstered by clear and enhanced incentive schemes introduced at the end of 2023.

Gas solutions

In 2024, the European boiler market experienced a slight decline, influenced by limited growth and a slower transition toward heating heat pumps, as well as stable gas prices. In the Americas, the market began to recover following a challenging 2023. In China, the phase-out of the "coal-to-gas" incentives was completed, with a continued shift toward high-efficiency products.

Domestic Ventilation

In 2024, the heat recovery ventilation market in Central Europe declined, primarily due to a downturn in the new construction sector.

Water Heating

Renewable solutions

In Europe, the heat pump water heaters market saw a significant decrease in 2024, driven by substantial drops in Germany—attributed to revised incentive schemes—and France. The Australian market also declined. Nevertheless, demand for this product category remained solid in other regions worldwide.

Electric storage solutions

In 2024, demand for electric storage water heaters in Europe remained stable, aligning with historic pre-COVID levels. Asian markets, particularly Vietnam and India, experienced positive trends. In North America, especially the U.S., the market grew, reflecting a progressive shift toward electrification.

Gas solutions

For the Ariston Group, North America—specifically the U.S. and Mexico—serves as the primary market for gas storage products. In 2024, the U.S. market experienced a slight decrease due to the electrification trend, while the Mexican market saw growth.

Burners

The burners market exhibited a generally negative trend, especially in high-capacity projects. This was somewhat offset by solid growth in some key residential oil burners market, notably in France and the UK, where volumes surpassed 2022 figures. China and other major non-European markets continued to show negative trends, with exceptions in Mexico, Kazakhstan, and North Africa.

Components

In the whole of 2024, the residential components business experienced a slowdown due to weak demand and high stock levels. Also, many key application verticals in the professional and industrial segment suffered from a decline especially over the first half of 2024 – with the second half showing some improvement, driven by a slight recovery among manufacturers. Heating elements for domestic white goods declined as well, mirroring the global major domestic appliances (MDA) trend.

4.5 New Products, Services, Research and Development

The Ariston Group is a global leader in sustainable thermal comfort providing to its customers worldwide a unique, extensive range of solutions for climate comfort, water heating, air handling, as well as components and burners. Its products and systems portfolio is complemented by a comprehensive suite of services.

In 2024, the Group continued to consolidate its global leadership through significant launches across the regions where it operates.

Climate Comfort

Heat Pump Systems and Solutions for the Residential Segment

Strategic global brand Ariston further expanded its product offering to meet every specific market need. In Spain, the brand introduced improved split units, allowing a greater height difference and distance between outdoor and indoor units (respectively of 30m and 40m) also for the bigger sizes (12kW and 15kW), to increase penetration in multi-family-building applications, including centralized systems up to 75kW thanks to Nimbus products with their cascading possibility. Additionally, in the UK, the brand launched its compact floor-standing indoor units, addressed to those customers in need of an in-built domestic hot water tank.

Strategic global brand Elco introduced AEROTOP® SPK, its first air-water heat pump working with natural refrigerant R290, which suits existing buildings with radiators thanks to flow temperatures up to 70°C and impresses with its signature high-quality design and elevated efficiency.

Strategic global brand Wolf launched its heat pump configurator, providing a quick and easy way to configure heat pumps by offering both practical heat pump planning and product and system suggestions. Additionally, the brand introduced the new CAT-2 heat interface unit, a solution for decentralized domestic hot water that is specially designed to work with heat pumps or hybrid systems, meeting the highest standards of hygiene, safety and reliability, and featuring an updated controller.

High-Efficiency Boilers for the Residential Segment

In North America, the NTI brand renewed its product range through the TRX and FTVN series II models, up to 199 MBH, featuring an advanced user interface with easy set-up wizard, as well as simpler wiring with an enhanced junction box, to improve the customer experience while adhering to the highest quality and durability standards. Additionally, the brand's residential fire tube offer was also enriched with Compass floor standing boilers, focusing on flexibility, convenient accessibility and optimal efficiency.

In China, strategic global brand Ariston launched the Cares One Cozy range, which guarantees instant warmth through the "Zero Cold Water" function and features a smart management system with three customizable comfort levels (30 mins, programming, self-learning).

Solutions for the Commercial Segment

Strategic global brand Elco further extended its air-water heat pump offer for commercial applications with the introduction of the AEROTOP® EVO PLUS range, which is silent and efficient and can be combined in cascades of up to 16 units, achieving a total power of over 1.4 MW.

Domestic Ventilation

The Brink brand expanded its ventilation offering with the Flair range and the Renovent Sky 300 unit, now featuring integrated enthalpy exchangers, to enhance energy efficiency by recovering thermal energy from both air and moisture. To streamline installation, the brand also introduced its configurator, an innovative online tool to design ventilation systems. In parallel, strategic global brand Wolf introduced its new domestic ventilation planner, providing installers with suitable product suggestions in just a few minutes.

Water Heating

Renewable Products

Strategic global brand Ariston introduced an enhanced version of the NUOS PRIMO HC range – operating with both external or ambient air, it features an ErP A+ Energy Class rating, is equipped with a photovoltaic connection to deliver higher efficiency performance and qualifies for incentives in key European target markets.
In Switzerland, the Domotec brand expanded its portfolio with a new 400L heat pump water heater for heavy domestic and light commercial applications – ModBus-ready, it features a large diameter for easy installation in spaces with low ceilings and integrates a photovoltaic connection.
In the USA, the American Standard brand broadened its core range (50, 65, and 80 gallons) with the introduction of a 40-gallon model. The brand also introduced a dedicated product for the builder channel, featuring Demand Response technology, JA13-compliant, and WiFi connectible through the Aqua Comfort Link mobile app.
In South Africa, strategic global brand Ariston launched the Kairos EVT solar tube range, leveraging heat pipe technology and available in multiple configurations – 100L (12 tubes), 150L (16 tubes), 200L (20 tubes), and 250L (25 tubes) – to adapt to all weather conditions.

Electric Products

In 2024, in Europe strategic global brand Ariston launched the third generation of Velis, which stands out for its brand-new design and extensive range, and which, in France, embeds Demand Response technology, to facilitate the grid balance by using electricity when produced from renewable resources. The brand also introduced the Ablyeos round water heaters range, with capacity ranging from 100L to 300L, which is characterized by the ease of maintenance and installation thanks to the patented "easy fix" and "easy handling" solutions, and which features ECO EVO functionality, Wi-Fi control, as well as Demand Response and Home Energy Management breakthrough technology. Furthermore, Ariston launched the Quadris squared water heaters range, the capacity of wich ranges from 100L to 150L and which features Wi-Fi and full electronic control functionalities. As regards Asia, strategic global brand Ariston introduced the new SLIM 3 platform, with a stylish and compact design and a capacity that ranges from 15L to 30L; among its functions, SLIM 3 incorporates innovative technologies such as "quick heating", decreasing the time for water heating compared to its predecessor by 15%. In Vietnam, the brand presented an improved version of the Aures single point products, which span Aures Premium, Aures Premium +, Aures Top, with a specific new model implementing the Rain Shower which was added in Q3.
Moving to the Americas, the Calorex brand launched its new water heater platform that guarantees enhanced performance and ease of installation, further reinforcing the brand's positioning in the Mexican market. Finally, in the Kingdom of Saudi Arabia, Ariston introduced the Aures Multi Point water heater, with power of 7kW.

Air Handling

Strategic global brand Wolf added the CSL-800 compact ventilation unit to its air handling portfolio, a solution designed for small volume flows of up to 800 m³/h that adapts to a wide range of single or multi-room situations, meets the highest hygiene requirements in accordance with VDI 6022 (German system requirements for planning), and is also fully Plug&Play, to facilitate the process from engineering to installation to commissioning. Additionally, the Brink brand launched the Elan 25 3.0 series, a new generation of air heaters designed for seamless integration with heat pumps, and – collaborating with Atag – introduced hybrid and all-electric climate control solutions for both new-build and renovation projects.

Services and Parts

Direct and Indirect Services

The Ariston Group adopts a Direct Service Model, providing after sales services with its own people in six countries: Switzerland, Germany, Austria, Belgium, Denmark and the Netherlands.

In 2024 the Group invested to further enhance its offer of premium, superior customer support, while maximizing the productivity of its field service force. Some highlights of the ongoing initiatives are:

- Further development of remote support, with the possibility to attempt remote solution of issues, or proactively identify installations that might have problems or run in a sub-optimal way.
- Better interaction with customers, including the option for them to self-reschedule the planned yearly maintenance visits.

- Continuous improvement of IT infrastructure and tools, including better and more automatic planning of field service visits.
- Experiments with the use of Gen AI to support the work of field service engineers.
- Upskilling and reskilling of field service engineers, to support the shift from fossil-fired to renewable energy-based heating generators.

The Ariston Group continued to focus also on digitalization, processes, and innovative tools, undertaking strategic reorganizations within the aftersales departments, all while prioritizing the satisfaction of every stakeholder along the value chain—wholesalers, distributors, service centers, installers, and end customers. Key initiatives performed include:

- Expert Service & CRM. The Group continued to invest in the new front-end for the authorized service centers Expert Service, now employed across six countries by over 3,000 B2B partners. As for CRM, the Group completed the go-live in South Africa and kicked-off the project in the UK. From the technical support perspective, Expert Fix – a tool working as fault tree navigator and technical documentation research platform – was launched across 68 markets, with the aim of replacing Quick Fix in 2025.
- Reporting. Data analysis and reporting was improved thanks to dashboards, KPIs, and georeferenced data.
- Technical Committees. The Group continued to engage with professional stakeholders such as Service Partners through its annual Technical Committees, held both online and on-site in key markets – including France, Italy, Poland, Romania, Spain, the Netherlands, Switzerland, Austria, Germany, Vietnam, the United States and Mexico – to gather in a structured manner stakeholders' input on potential product issues, product quality perceptions and opportunities to improve or create new products.
- Training. The Group invested in defining new Training Governance, with dedicated teams working on it, to offer customized training paths and harmonize the training offering across markets, ensuring that all local training teams have equal skills.
- Call Centers. Call centers serve as the primary communication channel with customers, including End Users, Service Partners, Dealers, Installers, and the Group worked to ensure an increasingly responsive and effective support experience during the whole product life cycle, leveraging voice calls, chats, emails and all the most advanced communication channels.
- Video Assistance. The Group developed a tool that improves the support to Service Partners onsite by facilitating communication with the Technical Contact Centre through interactive video calls.
- Service Marketing. Focusing on Service Marketing to increase awareness and enhance adoption of its services, the Group renewed the service section on the French and Italian Ariston brand websites.
- Tutoring. Strategic global brand Ariston extended its Tutoring service – a service based on product remote monitoring through the NetPRO platform – to Spain and France, further improving the customer experience during the repair phase.

Parts

In 2024, the Ariston Group achieved significant milestones in system integration and process harmonization, driving improvements in spare parts management globally. By leveraging advanced data analytics, the Group disseminated best practices across core markets and newly acquired regions, fostering customer centricity and efficiency worldwide.

Connected Home Services

The Ariston Group has continued to enhance its innovative services through its B2C app, B2B remote assistance platform and interoperability solutions, ultimately developing advanced Connectivity Services that leverage cutting-edge analytics and AI. The Group focused on various value-creation initiatives, including:

- Ariston NET. The app managing thermal comfort solutions, which is characterized by a user-friendly interface for easy control, prompt assistance and consumption optimization and which was updated with a feature for comparing energy usage with similar households.
- Ariston NET Pro Remote Assistance. A web platform utilizing AI technologies to empower professionals to deliver top-tier service to customers, ensuring effective and timely support while minimizing the need for physical interventions. Key features include the ability to remotely monitor and adjust system settings, receive real-time notifications regarding potential issues, proactively identify necessary spare parts and streamline the scheduling of maintenance activities. Leveraging AI technologies, it predicts potential faults, allowing Service Centers to proactively optimize their workload, thereby providing an added layer of reassurance to customers. Moreover, the platform aligns with the Group's vision for sustainable living, promoting energy efficiency in everyday use and being leveraged by professionals to become the end-user energy consultant.

- Ariston Net OPEN. A suite of solutions – continuously growing and evolving – designed to facilitate the integration of connected products and services into smart home ecosystems and multi-brand facility or maintenance management software systems.

Demand Response and Home Energy Management

Following the first Demand Response water heater presented in 2023 in France (Velis Evo Dry Wi-Fi DR), in 2024, Ariston Group launched the new "VELIS3 Wi-Fi FE" and Abyleos FE, the most advanced electric storage water heaters embedding Demand Response technology.
In line with its commitment to innovative energy efficient solutions, in 2024 the Ariston Group also enlarged its range of Home Energy Management products by introducing in Belgium Abyleos HOME+, an innovative electric storage water heater that adapts its heating phase to increase self-consumption from photovoltaic systems, working with Time of Use, and controlling the maximum power peak absorbed in the home.

Components

The Components Division focused on the development of new products and technologies, to stay at the forefront of emerging market trends:

- Flow heaters for HHP. In line with previous years efforts, the Thermowatt brand continued to expand its electric heaters range for HHP, reaching new markets and customers while fostering Group synergies.
- Enameled heating element. The Thermowatt brand developed a platform to produce enamelled heating elements across European plants, to better serve local markets, enhance product reliability, reduce limestone buildup, and ensure high performance.
- Plastic-free and anti-counterfeiting packaging. The Thermowatt brand introduced eco-friendly paper-based packaging, replacing plastic materials. In line with efforts in previous years, an NFC-enabled system was integrated into the new packaging to allow dealers to verify product authenticity through their smartphones.

Burners

The Burners Division focused on the development and upgrading of customized products, to capitalise on emerging opportunities. In particular:

- The Ecoflam brand developed gas and oil ranges suitable for OEM's customers in North America. The brand also upgraded its Duobloc TS range over 6 MW, in accordance with the Chinese market's demand for diathermic oil boilers.
- The Elco brand launched the Ultra Low Nox FIR range over 4 MW, featuring specific solutions for > 40 t/h boilers on the Chinese market. The brand also introduced a new, more competitive control cabinet for the EK-EVO range and upgraded the Dual Fuel Cubic range > 1400 kW.
- As regards Special Projects, the Burners Division designed products capable of meeting the increasing demand for solutions running alternative fuels such as biofuels, syngas, H2 or working in complex industrial applications.

4.6 Manufacturing & Supply Chain operations

The Ariston Group is a global leader in sustainable thermal comfort, with a direct presence in 40 countries, 28 plants across 16 countries, and 28 centers of excellence for research and development, effectively serving over 160 markets across five continents.

To further solidify its position in the international manufacturing landscape, in 2024 the Group undertook a series of initiatives to strengthen its operations.

Procurement

In 2024, material costs largely trended downward due to persistent overcapacity in the steel industry and high stock levels of raw materials across major supply chains. Volatility began to increase in the second half of the year, particularly in exchange rates, impacting material costs, especially in our Mexican operations. Meanwhile, the downward trend in input costs effectively came to a halt, with non-ferrous metals (aluminum and copper) reversing course. Additionally, the reduction in heating heat pump demand put stress on suppliers, and particularly on those who had invested to meet the projected high volumes that ultimately did not materialize. In this scenario, the Ariston Group capitalized on the trends by securing long-term deals and hedging against unfavorable rates. In parallel, the Group continued the execution of its long-term strategy, focusing on multi-sourcing and localization, as well as developing strategic relations with key partners. Furthermore, leveraging its continuous geographic expansion, the group consolidated its global supplier base also in Egypt and Serbia. And in the second part of 2024, the Ariston Group focused on its ESG program implementation, releasing both its Sustainable Procurement Policy and Code of Conduct for Suppliers, and engaging the first wave of strategic suppliers in its sustainability roadmap, in line with its ESG goal to 2030. Finally, in 2024, the Group was able to leverage its digital sourcing platforms across all major locations, while continuing to focus on digitalization to further explore the opportunities offered by AI and enhance data management.

Manufacturing

Throughout 2024, the Ariston Group production sites focussed on performance improvement, to ensure flexibility and cost competitiveness in the existing challenging market conditions. Beyond contingencies, the Group continued to shape its long-term future, executing the gradual shift towards renewable production, while adhering to the highest safety and quality standards. Additionally, in line with its commitment to operational excellence, continuous improvement, and people involvement, the Group further expanded the World Class Manufacturing methodology embraced since 2011, extending it to new sites. Among the achievements, a new production line for state-of-the art technologies was set up in the Group’s plant in Cerreto, Italy, and the manufacturing site in Osimo, Italy, achieved the WCM Silver Medal.

Supply Chain and Logistics

In 2024, global geopolitical tensions continued to significantly impact global supply chains and logistics. The Red Sea crisis significantly disrupted shipping operations, with shipping companies like Maersk facing threats to their vessels, thus pausing their operations or taking rerouting decisions that resulted in higher fuel costs and insurance premiums.
Besides navigating global disruptions, in 2024the Ariston Group focused on reducing stock levels. The goal was to balance the ability to meet the demand for renewable products while avoiding overstocking. The Group leveraged JIT inventory management for some product categories, improving in parallel Demand Planning for some countries. The Group maintained its investments in Digital Supply Chain and One Team – strategic initiatives aimed at enhancing visibility across extended supply chains, while improving the capability to manage disruptions at domestic, regional, and global level through technology. Finally, the Group continued to focus on the World Class Logistics program, starting from some key European warehouses, to improve the efficiency and quality of its global operations. In 2024, the main distribution hub for the Italian market was insourced, by discontinuing the 3PL operations within these warehouses – a critical step towards the introduction of a new approach, setting a clear development roadmap for the Primary Logistics warehouses and improving the overall quality of logistical operations.

Quality

In 2024, the Ariston Group progressed its Quality Roadmap – the set of long-term projects designed to drive a leap forward in quality. First and foremost, the Group introduced initiatives to enhance its Quality Culture, improving internal skills and capabilities, guiding appropriate behavior while limiting dysfunctional conduct, and fostering closer connections with customers by actively listening to them. From the design perspective, validation methods were streamlined across all platforms, strengthening testing protocols and investing in laboratories. Particularly, the Group equipped itself with new climatic chambers dedicated to HPWH products, new instruments for HHP products performance analysis, and advanced simulators for automatizing controls on electronic components. Additionally, from the operations side, the Group's focus was on core production processes, with manufacturing processes strengthened and standardized thanks to new equipment and advanced control devices, while a new system to closely monitor process parameters was designed and implemented. As regards suppliers, quality management was enhanced through new approaches for containment actions, lessons learned capitalization, and OEM supplies development. Customer service was also strengthened by extending the new Expert Fix App to 67 countries. Finally, new metrics and tools were implemented to further reinforce the Group's data-driven approach.

4.7 Human Resources

Workforce

As at 31 December 2024 the Group's workforce stood at 10,612 employees, reporting a decrease in headcount compared to December 2023 (-157 headcount). The workforce at 31 December 2024, net of variations due to acquisitions, stood at 10.301 (-468 headcount).The decrease, net of acquisition, compared to year-end 2023 is mainly attributable to i) synergies due to the integration of the Wolf-Brink acquisition, ii) workforce efficiencies implemented to optimize the global organization footprint and iii) workforce right-sizing in line with production volumes fluctuation and iv) the deconsolidation of Russia.

Various initiatives have been activated to rightsizing the organization, enhancing efficiency, and redefining the global operational footprint. These measures are designed to create a leaner, more agile structure, aligning overhead costs with business needs while ensuring long-term competitiveness and resilience.

People Attraction, Engagement and Inclusion

At the Ariston Group, attracting and retaining top talent is a cornerstone of our business strategy. We are committed to building a diverse and inclusive workforce that creates opportunities that drive both individual growth and collective success. Our comprehensive employer branding strategy, coupled with strategic partnerships with universities, technical schools, and high schools globally, ensures a steady flow of qualified candidates and strengthens our reputation as an employer, not only in Italy and Germany, the group's biggest countries, but also in other key countries such as France, Spain, UK, Serbia, Croatia, Canada, and Vietnam.

Through initiatives like career days, company presentations, talent acquisition insights, and factory tours, we connect with students from diverse backgrounds, especially from engineering, economics, and digital studies, fostering a strong pipeline for future talent.

Great effort is put into programs aimed at creating an environment where employees feel valued and empowered, contributing to higher employee retention and productivity, ultimately supporting our business growth. Various initiatives were introduced at local level to increase awareness on diversity and inclusion and to promote a culture that ensures equal opportunities for all employees and encourages diverse perspectives.

HR Digital Roadmap

A core element of the HR transformation initiative is the Digital Roadmap, which involves the digitalization of essential HR processes to enhance data quality and HR KPIs. Creating significant data analytics is essential for reporting and examining trends, along with generational changes.

This initiative covers the whole organization and seeks to effortlessly incorporate new acquisitions and existing HR procedures into a unified digital framework, ultimately aiming to understand, anticipate, and fulfill the aspirations and trends of all employees and potential candidates.

In 2024 we successfully implemented Success Factors Employee Central as our global tool for managing employees' data throughout their journey in the Company. This initiative enables the integration between recruiting, riring, and other administrative processes and improves the internal workflows and administrative activities, assuring a reliable data set. Additionally, by activating several enhancements of the existing modules which support the performance and learning processes, we are one step closer to a fully digitalized HR Experience.

The launch of the Core HR Analytics is an important milestone which gives the possibility to have one click away all relevant HR KPIs and enables the HR population to forecast and fulfil the requirements of its workforce.

Employees' skills development and growth: New Leadership Model and Mentoring Program launch

In line with the corporate objective of facilitating the leadership development of our workers while continuously creating a learning environment to help people grow professionally and further improve cooperation, in 2024 we focused on the design of the New Leadership Model.

The new Leadership Model, based on the five key behaviours of **SHAPE OUR FUTURE, DELIVER WITH EXCELLENCE, THINK AS OUR CUSTOMERS, ACT AS ONE TEAM, and UNLOCK THE BEST IN EVERYONE**, is a cornerstone of the Ariston Group's strategy to support growth and foster internal alignment around shared behaviors and ways of working. Developed through feedback from focus groups and senior management discussions, this model reflects the Company's values and vision. Significant initiatives were implemented during the reporting year, with more planned for the future.

These new behaviors are fundamental to nourishing our corporate culture, shaping our daily work experience, and allowing our people to feel engaged and valued in their roles.

Employee information and engagement have been encouraged on various occasions, both virtually and face-to-face. The first step, led by HR Business Partners and Executive Vice Presidents, provided all white-collar employees the opportunity to discover the model in detail. The second step included various sessions held by local HR Managers in smaller groups and local languages to ensure each person could understand, ask questions, and make suggestions. Furthermore, specific e-learning modules have been made available on the Group E-Learning platform in eight languages. This approach ensures that employees and leaders at all levels are equipped with the context and shared priorities to drive the Company's strategic goals.

Feedback from these training sessions has been very positive. Employees have expressed appreciation for the clarity and relevance of the new behaviors, noting that the sessions have helped them feel more connected to the Company's vision and better prepared to contribute to its success. The interactive format and the availability of resources in multiple languages have been particularly well-received, making the training accessible and engaging for everyone involved.

Moreover, in 2024 the Ariston Group continued the **Mentoring Program**, based on the concept that sharing knowledge within the Company helps people grow both personally and professionally. The program therefore serves as a catalyst for individual development in a journey in which experienced mentors guide mentees. It also envisages an approach to skills enhancement designed to help mentees navigate challenges and prepare for future opportunities. In terms of benefits, there are three ways in which mentorship helps with employee engagement: firstly, by providing opportunities for professional development, tapping into the knowledge of more senior employees; secondly, by giving employees a voice to speak with leadership, breaking down communication barriers; and finally, by building supportive working relationships and promoting a growth-focused mindset.

This initiative supports mentees throughout assignments by transferring essential organizational knowledge and exposing them to diverse communication styles and problem-solving skills. The pilot phase of the program engaged **10 mentors and 10 mentees in 2024**, carefully selected across geographies and functions, with a focus on gender balance. Feedback has been very positive both from mentors and mentees, therefore the activity will continue in 2025 with even more employees involved.

The program's training structure is at the heart of its success. Mentors undergo **four comprehensive training modules**, equipping them with core mentoring skills, conversational techniques and effective closing strategies. Regular group supervision is also included. Mentees, on the other hand, benefit from modules focussed on structuring conversations and setting goals.

4.8 Regulation

Policy and regulatory actions continued to feature very high on the agenda of most governments and regulators across the world, even during a record election year in which citizens representing about half of the global population headed to the polls, including in key geographies such as the European Union (with a new European Parliament being elected and European Commission being nominated), the United States, India, Mexico, Brazil, etc.

In the **European Union** the adoption of the remaining elements of the **Green Deal** package announced under the von der Leyen I Commission was finalized, with the aim to slash greenhouse gas emissions by 55% by 2030 and set Europe on a path to climate neutrality by 2050, potentially reshaping the thermal comfort sector. In particular, the following acts were officially agreed on and entered into force:

- Amended Energy Performance of Buildings Directive (Directive 2024/12751), with an increased ambition on renovating buildings, thereby slashing their primary energy consumption by 16% by 2030 and incorporating higher efficiency HVAC appliances such as heat pumps and hybrids.
- Amended Fluorinated Greenhouse Gases Regulation (Regulation 2024/573), which for the first time ever includes bans on refrigerants used in heat pumps, with the first one kicking in on 1 January 2025, for single split heat pumps that use refrigerants the global warming potential (GWP) of wich is greater than 750, thereby prompting the switch-over towards lower GWP alternatives.
- Amended Electricity Market Design package (Directive 2024/1711 and Regulation 2024/1747), which is set to allow smart and connected appliances such as heat pumps and electric storage water heaters to play a greater role in providing flexibility services (i.e. demand response) to the electricity system.
- New Ecodesign for Sustainable Products Regulation (Regulation 2024/1781), which aims to promote the durability, repairability, reusability, upgradability, and recyclability of products and that is likely to have an impact on the HVAC sector only at a later stage, circa 2030.
- New Net-Zero Industry Act (Regulation 2024/1735), which aims to strengthen the European manufacturing capacity of net-zero technologies – including heat pumps – and overcome barriers to scaling up manufacturing capacity in Europe.
- New Critical Raw Materials Act (Regulation 2024/1252), which aims to ensure the secure, diversified, affordable and sustainable supply of critical raw materials, including those contained in heating technologies, in particular heat pumps.

Within Europe, several Governments have adjusted incentive schemes with a view to making them more resilient and easier to apply for. This includes **Germany**, with the adoption of the revised Federal funding for efficient buildings (*Bundesförderung für effiziente Gebäude* managed by KfW); **France**, with the confirmation of the applicability of the incentive scheme (*MaPrimeRénov'* and *Certificats d'économie d'énergie*) to households whose energy class is F or G without the need to renovate the building shell; and the **United Kingdom**, bringing the incentive for air-source heat pumps to £7,500 and removing some regulatory measures hampering their deployment (e.g. property boundary limits).

Regulatory developments continue to advance worldwide, with several countries placing greater emphasis on product energy efficiency by introducing or updating product standards. In 2024, some countries officially adopted new standards, such as **Egypt**, while others, including **India** and the **United Arab Emirates** (UAE), started implementing measures to encourage the adoption of more efficient technologies. In the **United States**, at the end of 2024, the U.S. Administration issued a new rule aimed at phasing out non-condensing tankless products from the market by the end of December 2026. This measure follows similar initiatives introduced by the Department of Energy (DOE) in July 2024, which strengthens, starting in May 2029, the minimum efficiency standards for residential storage water heaters with a view to promote the adoption of heat pump technology for electric water heaters and drive significant technological advancements for gas-based products.

Finally, a new regulatory front emerged across several geographies on regulating PFAS (per- and polyfluoroalkyl substances also labelled as 'forever chemicals'). In the **United States**, the Environmental Protection Agency (EPA) finalized a rule requiring reporting and recordkeeping of PFAS used in products sold between 2011 and 2022. Comparable reporting requirements were also implemented in **Canada**, albeit the PFAS substances subject to reporting are fewer and the products in scope are only those manufactured in calendar year 2023. Meanwhile, the EU chemical agency ECHA is advancing its review of a proposed universal restriction on the use of PFAS which was proposed by authorities in Denmark, Germany, the Netherlands, Norway and Sweden in 2023.

4.9 Group Financial Review

4.9.1 Net Revenue Performance

	2024		2023	
Thermal Comfort	2,464.4	93.6%	2,910.5	94.1%
Burners	89.3	3.4%	92.9	3.0%
Components	79.1	3.0%	88.4	2.9%
Total Net Revenue	2,632.7	100.0%	3,091.8	100.0%

Revenue by business line

Thermal Comfort.
Serves the Group's three main business categories, Hot Water, Heating and Air Treatment, and represents the Group's largest division, recording revenue for 2024 of € 2,464.4 million, or 93.6% of total revenue, compared to € 2,910.5 million in 2023 (94.1%), down € 446.1 million or 15.3% (of which -13.1% organic and foreign exchange impact).
On 26 April 2024, the Ariston Group lost control of Ariston Thermo Rus LLC which is excluded from the Ariston Group's perimeter starting from May 2024. The revenue decrease related to the perimeter variation as at 31 December 2024 is equal to € 62.8 million.

Burners. Recorded net revenue of € 89.3 million for 2024, or 3.4% of total net revenue, compared to € 92.9 million in 2023, or 3.0% of total revenue, with a € 3.6 million or 3.9% decrease (of which -3.8% organic and foreign exchange impact). The lower turnover is essentially due to a strong market slowdown in Germany, the Netherlands and China, partially compensated by a recover in France.

Components. Recorded net revenue of € 79.1 million for 2024, or 3.0% of total net revenue, compared to € 88.4 million (2.9%) in 2023, down € 9.4 million or 10.6% (of which -10,4% organic and foreign exchange impact).
The decrease in revenue was driven by a slowdown in Domestic business due to a general stagnation in water heating markets with a slight increase in the professional business.

Net revenue by geographical area

At 31 December 2024 the net revenue by main country is detailed below:

Country	2024	2023
Netherlands (country of domicile)	111.2	132.5
Germany	511.7	811.7
Italy	279.7	310.6
Switzerland	197.3	203.7
Other countries	1,532.8	1,633.3
Total	2,632.7	3,091.8

Europe. This is the Group's largest market, recording net revenue of € 1,858.8 million for 2024, or 70.6% of total revenue, compared to € 2,281.4 million, or 73.8%, in 2023, down € 422.6 million or 18.5% (of which -16.5% organic and foreign exchange impact). The decrease was mainly driven by the strong renewable heating market slowdown in Germany, France, Italy and the Netherlands.
On 26 April 2024, the Ariston Group lost control of Ariston Thermo Rus LLC which is excluded from the Ariston Group's perimeter starting from May 2024. The revenue decrease related to the perimeter variation as at 31 December 2024 is equal to € 62.8 million, wich is included for € 57.2 million in the Europe perimeter (residual in Asia, Pacific & MEA).

Asia, Pacific & MEA. This is the second largest market for the Group, recording net revenue of € 504.3 million for 2024, or 19.2% of total revenue, compared to € 535.9 million, or 17.3%, in 2023, down € 31.6 million or 5.9% (of which -3.3%

organic and foreign exchange impact). The decrease was driven by Australia's negative water heating renewable market trend due to the revision of the government incentive scheme and to the Company's decision to exit the Chinese domestic water heating market, which began in Q2 2023.

Americas. This is the Group's third largest market and reported revenue of € 269.6 million for 2024, or 10.2% of total net revenue, compared to € 274.5 million, or 8.9%, in 2023, down € 5.0 million, or 1.8% (of which -0.0% organic and foreign exchange impact). The aligned performance was driven by strong results in the heating market, particularly in Canada, and in water heating, mainly in Mexico. These positive performances offset the impact of the decision to exit the Argentinian market, which began in Q3 2023.

4.9.2 Condensed income statement

The table below shows the income statement (1) for 2024, with a comparison with the previous year, and a breakdown of the total change by organic and perimeter growth, exchange rate effects and hyperinflation.

(in € million)	2024		2023		Total change	%	of which organic and perimeter	%	of which deconsolidation of Ariston Thermo Rus LLC	%	of which exchange rates and hyperinflation	%
NET REVENUE	2,632.7	100.0%	3,091.8	100.0%	-459.1	-14.8%	-384.4	-12.4%	-62.8	-2.0%	-11.9	-0.4%
Other revenue and income	47.5	1.8%	58.3	1.9%	-10.8	-18.5%						
Revenue and Income	2,680.1	101.8%	3,150.1	101.9%	-470.0	-14.9%						
Operating income (expense)	-2,616.8	99.4%	-2,864.4	-92.6%	247.6	-8.6%						
OPERATING PROFIT (EBIT)	63.3	2.4%	285.7	9.2%	-222.4	-77.8%	-173.9	-60.9%	-44.9	-15.7%	-3.6	-1.3%
Adjustment on operating income (expense)	96.9	3.7%	28.5	0.9%	68.4	ns						
OPERATING PROFIT ADJUSTED (EBIT ADJUSTED)	160.2	6.1%	314.2	10.2%	-154.0	-49.0%	-105.5	-33.6%	-44.9	-14.3%	-3.6	-1.1%
Financial Income and expense	-45.0	-1.7%	-30.8	-1.0%	-14.2	46.1%						
Profit (loss) on investments	-4.6	-0.2%	-1.3	-0.0%	-3.3	ns						
PROFIT BEFORE TAX	13.8	0.5%	253.6	8.2%	-239.9	-94.6%						
TAXES	-11.4	-0.4%	-62.4	-2.0%	51.0	-81.7%						
NET PROFIT	2.3	0.1%	191.2	6.2%	-188.9	-98.8%						
Net profit attributable to non-controlling Interests	-0.2	-0.0%	0.0	0.0%	-0.2	ns						
Group Net profit	2.5	0.1%	191.2	6.2%	-188.7	-98.7%						
Tax effect of adjustment on operating income (expense)	-17.3	-0.7%	-7.8	-0.3%	-9.5	ns						
Tax adjustments	-17.3	-0.7%	-7.8	-0.3%	-9.5	ns						
NET PROFIT ADJUSTED	88.8	3.4%	211.8	6.9%	-123.0	-58.1%						
Net profit attributable to non-controlling Interests	-0.2	-0.0%	0.0	0.0%	-0.2	ns						
Group Net profit adjusted	89.0	3.4%	211.8	6.9%	-122.8	-58.0%						
Total depreciation and amortization	139.7	5.3%	131.4	4.2%	8.3	6.3%						
EBITDA	203.0	7.7%	417.1	13.5%	-214.1	-51.3%	-164.3	-39.4%	-45.7	-11.0%	-4.2	-1.0%
EBITDA Adjusted	276.3	10.5%	422.2	13.7%	-146.0	-34.6%	-96.1	-22.8%	-45.7	-10.8%	-4.2	-1.0%

(1) For information on the definition of alternative performance measures, see the paragraph 'Definitions and reconciliation of the Alternative Performance Measures (APMs or non-GAAP measures) to GAAP measures'

The Ariston Group ended 2024 with € 2,632.7 million in consolidated Net revenue, down € 459.1 million and -14.8% from € 3,091.8 million in 2023. The decrease was mainly driven by the strong renewable heating market slowdown in Germany, France, Italy and the Netherlands. In addition, on 26 April 2024, the Ariston Group lost the control of Ariston Thermo Rus LLC which is excluded from the Ariston Group's perimeter starting from May 2024 that involved a revenue decrease equal to € 62.8 million.

EBITDA amounted to € 203.0 million compared to € 417.1 million in 2023. As a percentage of net revenue, EBITDA decreased from 13.5% in 2023 to 7.7% in 2024.

EBITDA adjusted totaled € 276.3 million in 2024, going down € 146.0 million compared with 2023. As a percentage of net revenue, it stood at 10.5%, lower than the 13.7% recorded in 2023.

The adjusted component reached € 73.3 million, an increase from € 5.1 million in 2023. This increase is primarily attributed to the deconsolidation of Ariston Thermo Rus LLC. Following the loss of control over the Russian entity, the Group wrote off a net book investment of € 35.7 million. Additionally, the rise in expenses for multi-year and strategic restructuring programs contributed to the differences compared to the previous year.

Operating profit, or EBIT for the period amounted to € 63.3 million, 2.4% as a percentage of net revenue, compared to € 285.7 million, 9.2% of net revenue, in 2023. EBIT decreased due to a combination of factors, including the deconsolidation of Ariston Thermo Rus LLC and a significant market downturn that primarily affected the renewable heating segment in Europe.

EBIT adjusted was down in absolute terms and as a percentage of net revenue, amounting to € 160.2 million and 6.1%, respectively, compared to € 314.2 million and 10.2% in 2023.
The adjusted components, relevant to EBIT only, amounted to € 96.9 million (€ 28.5 million in 2023) and were impacted for € 23.6 million in 2024 (€ 23.4 million in 2023) by the amortization of intangibles arising from the 2019 acquisition of the Mexican Calorex group, the acquisition of the Chromagen group in 2022, and the acquisition of Wolf-Brink in 2023.

The Group reported net financial expense of € 45.0 million, which represents a € 14.2 million increase compared to the same period of last year. The key factors contributing to this change were a € 7.1 million rise in net financial expenses and a € 7.1 million reversal of the Russia CTA reflected in the income statement.

Therefore, operations generated € 13.8 million in Profit Before Tax, 0.5% as a percentage of net revenue, compared to € 253.6 million and 8.2% in 2023.

Group Net profit reached € 2.5 million compared to € 191.2 million in 2023.

Group Net profit adjusted for the period amounted to € 89.0 million, 3.4% as a percentage of net revenue, compared to € 211.8 million, 6.9% of net revenue, in 2023.

4.9.3 Condensed statement of financial position

The table below shows the financial position in a condensed and reclassified format, highlighting the structure of net capital employed and financing sources.

	2024		2023		Total change	%	of which organic and perimeter	%	of which deconsolidation of Ariston Thermo Rus LLC	%	of which exchange rates and hyperinflation	%
Financial Position *(in € m.)*												
Trade receivables	338.9	16.9%	365.9	17.6%	-27.0	-7.4%	-27.1	-7.4%	2.3	0.6%	-2.2	-0.6%
Inventories	470.4	23.5%	619.0	29.8%	-148.6	-24.0%	-118.1	-19.1%	-26.0	-4.2%	-4.5	-0.7%
Trade payables	-474.0	-23.6%	-523.9	-25.2%	49.9	-9.5%	40.4	-7.7%	7.2	-1.4%	2.3	-0.4%
Net operating working capital	335.4	16.7%	461.0	22.2%	-125.6	-27.3%	-104.9	-22.8%	-16.5	-3.6%	-4.3	-0.9%
% on Net revenue	*12.7%*		*14.9%*									
Net fixed assets	2,149.8	107.3%	2,131.8	102.6%	18.0	0.8%	34.5	1.6%	-11.7	-0.5%	-4.8	-0.2%
Other non-current assets and liabilities	-250.7	-12.5%	-265.4	-12.8%	14.7	-5.5%	17.3	-6.5%	-2.3	0.9%	-0.3	0.1%
Other current assets and liabilities	-230.2	-11.5%	-249.9	-12.0%	19.7	-7.9%	16.1	-6.4%	0.5	-0.2%	3.1	-1.3%
Net capital employed	2,004.2	100.0%	2,077.5	100.0%	-73.4	-3.5%	-37.0	-1.8%	-30.0	-1.4%	-6.3	-0.3%
Net financial indebtedness adjusted	579.1	28.9%	575.0	27.7%	4.0	0.7%	-1.7	-0.3%	2.8	0.5%	3.0	0.5%
Net equity	1,425.1	71.1%	1,502.5	72.3%	-77.4	-5.2%	-35.3	-2.3%	-32.8	-2.2%	-9.3	-0.6%
of which attributable to non-controlling interests	*-0.7*	*0.0%*	*-0.1*	*0.0%*	*0.6*	*ns*	*0.6*	*ns*	*0.0*	*0.0%*	*0.0*	*4.6%*
Total financing sources	2,004.2	100.0%	2,077.5	100.0%	-73.4	-3.5%	-37.0	-1.8%	-30.0	-1.4%	-6.3	-0.3%

[1] *refer to paragraph 4.11 for the reconciliation of the APM*

Financial Position Ratios	2024	2023
DSO (Days Sales Outstanding - going back)	45.2	43.5
DPO (Days Payables Outstanding - going back)	89.0	91.0

In 2024, the Ariston Group reported € 2,004.2 million in **Net capital employed,** down from € 2,077.5 million in December 2023.

Net Operating Working Capital declined significantly in both absolute value and as a percentage of net revenue compared to December 2023. This reduction reflects the Group's continuous efforts to optimize working capital management, focusing on inventory, trade receivables, and trade payables.
The sharp decrease in inventory, achieved despite slowing demand in key markets, was driven by enhanced supply chain management practices. A coordinated monthly approach, involving markets, logistics, manufacturing, and procurement, enabled the Group to streamline stock levels efficiently.
Days Sales Outstanding (DSO) and Days Payable Outstanding (DPO) showed a slight deterioration purely attributable to the market mix.

Net financial indebtedness adjusted amounted to € 579.1 million as of December 2024 and remained stable compared to the previous period.

Net fixed assets totaled € 2,149.8 million as at December 2024, an increase from € 2,131.8 million in the previous year. Fixed asset investments made during the year amounted to € 115.8 million. Further, the year-end exchange rate resulted in a decline of € 4.8 million in the value of net fixed assets.

Other non-current assets and liabilities totalled € -250.7 million, compared to € -265.4 million in December 2023, showing a € 14.7 million difference compared with the previous year. The significant variation ensues mainly from a decrease in deferred tax liabilities and a decrease in the non-current provision.

Other current assets and liabilities totaled € -230.2 million, compared to € -249.9 million in December 2023, showing a € 19.7 million difference compared with the previous year. The change was caused by a series of factors such as a net decrease in VAT, net tax liabilities and employees' debt.

Net equity amounted to € 1,425.1 million, compared to € 1,502.5 million in the previous year. The overall € 77.4 million decrease was due for € 11.8 million to the variation in the buyback of treasury shares, € 18.9 million to the negative exchange rate effect on the translation of equity, and € 63.1 million to the dividend pay-out.

Reconciliation between amounts included in the "Condensed statement of financial position" and the "Consolidated statement of financial position"

The items included in the "Condensed statement of financial position" and listed below can serve to facilitate comparison with groups operating in the same sector and are defined as the algebraic sum of specific items contained in the financial statements:

Net fixed assets, calculated as the algebraic sum of:

- goodwill;
- intangible assets with a finite life;
- trademarks;
- right-of-use assets;
- property, plant and equipment.

Other non-current assets and liabilities, calculated as the algebraic sum of:

- investments in associates and joint ventures;
- deferred tax assets;
- other non-current assets;
- non-current tax receivables;
- deferred tax liabilities;

- non-current provisions for risks and charges;
- net employee defined benefit liabilities;
- other non-current liabilities;
- non-current tax payables.

Other current assets and liabilities, calculated as the algebraic sum of:

- other current assets;
- current tax receivables;
- assets held for sale;
- current tax payable;
- current provisions for risks and charges;
- other current liabilities.

Net capital employed, calculated as the algebraic sum of the items listed above and in particular:

- net operating working capital;
- net fixed assets;
- other non-current assets and liabilities;
- other current assets and liabilities.

Net financial indebtedness adjusted, refer to paragraph 4.11 for the reconciliation of the APM.

4.9.4 Net Operating Working Capital

Net operating working capital *(€ million)*	As at 31 December 2024	As at 31 December 2023	Total change	of which organic and perimeter	of which deconsolidation of Ariston Thermo Rus LLC	of which exchange rates and hyperinflation
Trade receivables	338.9	365.9	-27.0	-27.1	2.3	-2.2
Inventories	470.4	619.0	-148.6	-118.1	-26.0	-4.5
Trade payables	-474.0	-523.9	49.9	40.4	7.2	2.3
Net operating working capital	335.4	461.0	-125.6	-104.9	-16.5	-4.3
% on Net revenue	*12.7%*	*14.9%*				

[1] *refer to paragraph 4.11 for the reconciliation of the APM*

Net operating working capital totalled € 335.4 million, 12.7% as a percentage of net revenue, compared to € 461.0 million and 14.9% at the end of December 2023.
Thanks to the effective management of both trade receivables and Inventories, working capital remained at a sound level, in percentage terms, amid fluctuating market demand.

Trade receivables totalled € 338.9 million and 12.9% as a percentage of net revenue, compared to € 365.9 million and 11.8% in December 2023. DSO increased slightly from 43.5 to 45.2 days, maintaining stable collection efficiency.

Inventories totaled € 470.4 million, representing 17.9% of net revenue, indicating a significant decrease compared to the previous year. Through enhanced coordination among logistics, procurement, manufacturing, and market functions, Ariston Group has successfully optimized stock levels, ensuring a more agile, responsive, and cost-effective supply chain.

Trade payables decreased to € 474.0 million, 18.0% as a percentage of net revenue, compared to € 523.9 million and 16.9% in December 2023. Days Payable Outstanding saw a decrease, down to 89.0 from 91.0 days in December 2023. The company continues to focus on optimizing procurement terms and supplier agreements.

Organic and perimeter growth totaled € -104.9 million, the deconsolidation of Ariston Thermo Russia to € -16.5 million, while the exchange rate effect was negative for € 4.3 million.

4.9.5 Reclassified statement of Cash flows

The table below shows a simplified and reclassified version of the cash flow statement in the consolidated financial statements.

The main reclassification consists in the representation of the change in Net Financial Indebtedness adjusted at the end of the period as the result of the total net cash flow generated (or absorbed). Therefore, the cash flows relate to changes in Operating, Investing, and Financing activities, both current and non-current.

CASH FLOWS *(in € million)*	2024	2023
Net Financial Indebtedness adjusted at the beginning of the period	**-575.0**	**98.9**
EBITDA	203.0	417.1
Taxes paid	-51.2	-74.0
Provisions and other changes from operating activities	55.6	24.3
Changes in net operating working capital	99.2	-63.8
Cash flows from Operating activities	**306.5**	**303.5**
Capital expenditure	-115.8	-158.7
IFRS 16 leasing payment	-36.3	-32.7
Other changes	-2.3	-0.6
Free Cash flow	**152.2**	**111.6**
Cash flows from Financial investments activities	**-29.7**	**-651.3**
Cash flows from Other activities	**-104.2**	**-77.5**
Total Net Cash flow	**18.3**	**-617.2**
Non-cash items	**-22.3**	**-56.7**
Net financial position at the end of the period (*)	**-579.1**	**-575.0**

** Positive figures represent net cash.*

Net cash flow reflected cash flow generation of € 18.3 million, up on € 635.5 million in the same period of the previous year.

The acquisition of Wolf-Brink impacted Investing activities in the previous reporting period.

EBITDA decreased in the reporting period compared to the prior period as previously explained.

The decrease in taxes paid to € 22.8 million was consistent with the year-on-year business trend.

Provisions and other changes from operating activities resulted in cash generation of € 55.6 million, mainly driven by the positive net effect of VAT and the positive effect of suppliers' advances and deferred income/expense.

Net operating working capital, recording cash production of € 99.2 million, was the primary positive driver of cash generation. Refer to paragraph 4.9.4 Net Operating Working Capital for more details.

Free cash flow improved due to a better management of operating working capital, despite a decrease in EBITDA.

Financial investments activities included the cash outflow for the business acquisition in Egypt and the deconsolidation of Ariston Thermo Russia as of April 2024. The change in financial investments activities between 2023 and 2024 was primarily due to Wolf-Brink's business acquisition.

Other activities included € -63.1 million in dividends, € -11.8 million for the buyback of treasury shares, € 0.7 million in divestments, and € -30.0 million in financial and exchange charges absorbed.

Non-cash items include non-cash components with no impact on the Net Cash flows such as MTM and IFRS16 variation and the exchange rate effect on Net Financial Indebtedness.

4.9.6 Net financial indebtedness

The main differences between **Net Financial Indebtedness adjusted** and **Net Financial Indebtedness** imply the inclusion of the financial liabilities of the Put and Call option under gross debt and the exclusion of positive Mark To Market derivatives and escrow accounts from Financial Assets under **Net Financial Indebtedness**.

	Net Financial Indebtedness	2024	2023
	(€ million)		
A	Cash	350.8	451.2
B	Cash equivalents including current financial assets	0.0	0.0
C	Other current financial assets	6.4	10.1
D	**Liquidity (A+B+C)**	**357.1**	**461.3**
E	Current financial liabilities	-46.9	-75.7
F	Current portion of non-current financial liabilities	-101.3	-46.7
G	**Current Financial Indebtedness (E+F)**	**-148.2**	**-122.5**
H	**Net Current Financial Indebtedness (G-D)**	**208.9**	**338.9**
I	Non-current financial liabilities	-800.1	-942.1
J	Non-current financing (Debt instruments)	0.0	0.0
K	Non-current Trade and Other Payables	-11.5	-7.7
L	**Non-Current Financial Indebtedness (I+J+K)**	**-811.7**	**-949.8**
M	**Net Financial Indebtedness (H+L) (*)**	**-602.7**	**-610.9**

Reconciliation Net Financial Indebtedness (€ million)	2024	2023
Net Financial Indebtedness	**-602.7**	**-610.9**
Put and Call liability	11.7	10.9
Escrow	2.8	7.9
Positive MTM	9.1	17.1
Net Financial Indebtedness adjusted (*)	**-579.1**	**-575.0**

** Positive figures represent net cash.*

Net Financial Indebtedness adjusted (including lease liabilities) corresponded to a net cash position of € -579.1 million, compared to the € -575.0 million net cash at 31 December 2023.

As of 31 December 2024, liquidity amounted to € 350.8 million excluding back-up credit facilities. Ariston has an unused committed revolving credit facility totaling € 895 million.

In 2024, the Group did not undertake any new financing arrangement but took measures to optimize its debt by making partial repayments of its existing debt

As of 31 December 2024, long-term debt was € 801 million, with an average maturity exceeding 3-7 years. Of this debt, 64% is fixed or hedged and 36% carries a variable rate.

Short-term debt due to banks at the end of 2024 amounted to € 9.8 million. The used and unused credit lines (both committed and uncommitted) reached approximately € 2.2 billion, of which 41% already drawn.

4.9.7 Capital Expenditures

In 2024, the Ariston Group's capital expenditure totaled € 115.8 million, 4.4% as a percentage of net revenue, compared with € 158.7 million in 2023, with a decrease year-on-year, on the same perimeter, of 27.1%.

Investments include:

- Investments in physical assets and new products.
  In 2024, the Group initiated the construction of a new production plant in Serbia while continuing to focus on renovation and safety enhancements across multiple sites, including Genga, Centurion, Albacina, and Osimo, to boost operational efficiency.
  Significant investments were directed towards innovation in domestic water heating, particularly in the renewable energy segment, reinforcing the Group's commitment to sustainable solutions.
  Within the heating business, the Group expanded its investment in specialized laboratories for heat pump technology, equipping facilities in Albacina, Osimo, and Cambiago with cutting-edge testing and simulation equipment to enhance product quality and system performance.
  A substantial portion of expenditures was dedicated to customer-centric initiatives, including the development of a new visitor center in Mainburg, upgraded training facilities, and enhanced direct service equipment, further strengthening customer engagement and technical support.
- R&D investments.
  In renewable heating, the capitalized R&D costs relate to both future mainstream and high range HHP projects using the latest generation of refrigerant gas. In the Burners Division, development concerns customizing projects for relevant customers and projects to continuously reduce $C0_2$ emissions.

- Digital investments.
  Throughout 2024, the Group successfully implemented the ERP system in Kazakhstan and finalized its rollout in Egypt. Additionally, efforts continued toward developing and integrating advanced digital solutions across key areas, including HR, Finance, Logistics, and Product Lifecycle Management.
  To enhance the customer experience, the Group expanded the adoption of its customer relationship and installer management systems into new markets, ensuring a more seamless and connected service. Furthermore, significant investments were made to strengthen and enhance loyalty programs, reinforcing customer engagement and long-term brand commitment.
  Finally, the Group continue to invest in cyber security and disaster recovery.

Lastly, investments for the right-of-use of third-party assets were related to tangible assets at 31 December 2024. The yearly addition totaled € 45.9 million and was attributable to offices, buildings, plants and machinery, and vehicles, compared to € 37.6 million in 2023.

4.9.8 Company and Group net profit and net equity

Regarding information on the Company Ariston Holding N.V.'s and the Group's net profit and net equity, prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code and the IFRS accounting standards as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union ('IFRS-EU'), please refer to the paragraph 'Equity' in the Company's financial statements at 31 December 2024.

4.10 Full year 2024 conclusion and outlook

After three years of exceptional growth, 2024 was a year of transition for the global thermal comfort industry. Demand for heating solutions in Europe declined significantly, with the heating heat pump market contracting by nearly 40% on average. This downturn was primarily driven by adjustments to incentive schemes and elevated stock levels within distribution channels. Traditional heating solutions, however, experienced a less pronounced decline, highlighting their continued relevance.
The Ariston Group, with its balanced exposure to both climate comfort and water heating segments, demonstrated resilience amid challenging market conditions. The global hot water market exhibited positive trends, with growth recorded in Vietnam, India, and North America.
Despite the headwinds, the Ariston Group remained committed to its long-term vision of Sustainable Comfort for Everyone. Key accomplishments in 2024 included:

- continued investment in innovation, delivering significant advancements in the product roadmap.
- strategic expansion of its international footprint, exemplified by the acquisition of a manufacturing facility in Egypt and the commencement of construction on a new site in Serbia.

Sustainability milestones, such as receiving the EcoVadis Silver Medal, reinforcing its leadership in ESG performance.
To navigate the evolving market dynamics, the Group implemented efficiency initiatives aimed at optimizing its cost structure while maintaining investments critical for future growth.

While uncertainty persists in the 2025 market outlook, the industry's foundational drivers—such as building decarbonization, increased penetration of water heating solutions, and the growth of global building stock—remain robust and enduring.
The Ariston Group is poised to capitalize on these opportunities by:

- expanding its product portfolio: the Group will continue to deliver a broad range of high-efficiency and renewable technologies to address customer needs worldwide and support the energy transition in the building sector.
- advancing innovation and digitalization: by leveraging emerging technologies, the Group aims to enhance its offerings and streamline operations, reinforcing its position as an industry leader.
- focusing on customer satisfaction: strengthening relationships with its community of professionals will remain a priority, aligning with the Group's mission to be the preferred partner for its stakeholders.

Finally, the Group recognizes the critical role of its people in driving the next phase of its evolution. Guided by a new leadership model introduced in the second half of 2024, the Ariston Group will continue to empower its teams to deliver on its vision and mission, ensuring the highest levels of performance and value for its stakeholders.

4.11 Definition and reconciliation of the Alternative Performance Measures (APMs or non-GAAP measures) to GAAP measures

In addition to the standard financial reporting formats and indicators required under the IFRS, this document contains certain financial performance measures that are not defined in IFRS standards (non-GAAP measures).

The Group believes that these non-GAAP financial measures enhance the capacity to evaluate its financial performance and financial position and give management and investors pertinent and helpful information about performance. They also give Group comparative metrics that help management recognize operational patterns and decide how best to allocate resources going forward and for other operational decisions. The financial measures the Group uses may not be comparable to other similarly titled measures used by other companies, even though they are widely used in the industry in which the Group operates. They are also not meant to be a replacement for measures of financial performance or financial position as prepared in accordance with IFRS.

Financial measures used to measure Group operating performance

The Alternative Performance Measures used by the Group are the following:

- EBIT (Operating profit) adjusted: the operating result for the period net of the adjustment on operating income (expense)
- EBITDA: EBIT (operating profit) before depreciation and amortization of intangible and tangible fixed assets and leased assets.
- EBITDA adjusted: EBITDA as defined below, net of the adjustment on operating income (expense), less the amortization of purchase price allocation from Merger & Acquisition activity.
- Group net profit adjusted: the result for the period attributable to the Group before adjustment on operating income (expense), before the relevant taxation effect and before other positive/negative tax adjustments for the period.

  The adjustments impacting the APMs reported above relate to certain transactions or events identified by the Group as adjustment components for the operating result, such as:

  - capital gains (losses) on the disposal of businesses/buildings;
  - impairment on tangible and intangible assets;
  - strategic multi-year restructuring and reorganization program costs;
  - ancillary expenses associated with acquisitions/disposals of businesses/buildings or companies;
  - P&L impact of purchase price allocation from Merger & Acquisition activity (such as amortization);
  - tax adjustments: the tax effects of transactions or events identified by the Group as components adjusting the taxation for the period related to events covering a single period or financial year, such as:
    - tax effects of Adjustment on operating income (expense) positive/negative taxation effects associated with the adjustment on operating income (expense);
    - reversal of non-recurring positive/(negative) taxation effects.

For a detailed reconciliation of the items that had an impact on the alternative performance measures referred to above in the current and comparison years, see the appendix at the end of this section.

- Net operating working capital, calculated as the algebraic sum of:
  - trade receivables, which includes supplier debit balances;
  - inventories;
  - trade payables, which includes customer credit balances.

  For a detailed reconciliation of the net operating working capital, see the appendix at the end of this section.

- Net Financial Indebtedness adjusted: calculated as the algebraic sum of:

- Net Financial Indebtedness ;
- Put and call liability;
- Escrow accounts;
- Positive Mark to Market.

Full reconciliation with Net Financial Indebtedness is provided in paragraph 4.9.6.

- Days Sales Outstanding: Trade receivables net of advances going back to absorb gross revenue without VAT.

  Refer to paragraph 4.9.3 for further information.

- Days Payables Outstanding: Costs and capital expenditure (Capex) going back to cover accounts payable.

  Refer to paragraph 4.9.3 for further information.

- Free cash flow: cash flow that measures the Group's self-financing capacity on the basis of cash flows from Operating activities, capital expenditure, IFRS16 lease payments, and other changes.

  Refer to paragraph 4.9.5 for reconciliation and further information.

- Organic change: calculated by excluding both the impact of currency movement against the euro (expressed at monthly average exchange rates for the same period in the previous year) and the effects of business acquisitions and disposals.

  In order to mitigate the effect of hyperinflationary economies, organic change for countries having to adopt the hyperinflationary methodology laid down in IFRS only includes the component attributable to volumes sold in relation to net revenue, while the effects associated with hyperinflation, including price index variation and price increases, are treated as exchange rate effects.

  Specifically:

  - the exchange rate effects are calculated by converting the figures for the current period at the exchange rates applicable in the comparative period of the previous year. The exchange rate includes the effects associated with hyperinflationary economies;
  - the results attributable to businesses acquired during the current year are excluded from organic change for 12 months from the date on which the transaction is closed;
  - the results attributable to businesses acquired during the previous year are included in full in the figures for the previous year as from the closing date of the transaction, and are only included in the current period's organic change 12 months after their conclusion;
  - the results from business disposals during the previous year are wholly excluded from the figures for that year and, therefore, from organic change;
  - the results from business disposals during the current year are excluded from the figures for the previous year from their corresponding date of disposal or termination.

  The percentage organic change is the ratio of the absolute value of the organic change, calculated as described above, to the absolute value of the measure in question for the previous period under comparison.

  Refer to paragraphs 4.9.2 and 4.9.3 for further information.

Appendix of Alternative Performance Measures

In 2024, operating profit (EBIT), EBITDA and Group Net profit were adjusted to take into account the items shown in the table below.

		2024	2023
A	**EBIT (Operating profit)**	**63.3**	**285.7**
B	Adjustment on operating income (expense) on EBIT	-96.9	-28.5
C	**EBIT (Operating profit) adjusted (A-B)**	**160.2**	**314.2**
D	Depreciation and amortization	139.7	131.4
E	**EBITDA (A+D)**	**203.0**	**417.1**
F	Adjustment on operating income (expense) on EBITDA	-73.3	-5.1
G	**EBITDA adjusted (E-F)**	**276.3**	**422.2**
H	Financial income/(expenses)	-45.0	-30.8
I	Profit/(loss) on investments	-4.6	-1.3
J	Taxes	-11.4	-62.4
K	Net profit attributable to non-controlling Interests	-0.2	0.0
L	**Group Net profit (A+H+I+J-K)**	**2.5**	**191.2**
M	Adjustment on financial income/(expense)	-6.8	0.0
N	Tax adjustments	-17.3	-7.8
O	**Group Net profit adjusted (L-M+N-B)**	**89.0**	**211.8**

The adjustments are summarized in the table below:

For the Year ended 31 December 2024	EBITDA € million	EBIT € million	Group Net profit € million
GAAP measures (EBIT and Group Net profit) / APM (EBITDA)	203.0	63.3	2.5
Strategic multi-year restructuring and reorganization program costs	27.4	27.4	27.1
Ancillary expenses associated with acquisitions/disposals of business/building or companies	2.4	2.4	2.4
Deconsolidation impacts of Ariston Thermo Rus LLC (*)	37.9	37.9	45.0
Flash flood costs net of insurance reimbursement	0.6	0.6	0.6
P&L impact of purchase price allocation from Merger & Acquisition activity (such as amortization)	5.0	28.6	28.6
Tax adjustments (ie tax impact on the above adjustments)	-	-	-17.3
Total adjustments	73.3	96.9	86.4
Alternative Performance Measure adjusted	276.3	160.2	89.0

** For further details, please refer to Paragraph 6.3 - Basis of accounting preparation*

For the Year ended 31 December 2023	EBITDA € million	EBIT € million	Group Net profit € million
GAAP measures (EBIT and Group Net profit) / APM (EBITDA)	417.1	285.7	191.2
Capital gains (losses) on the disposal of business/building	0.4	0.4	0.4
Strategic multi-year restructuring and reorganization program costs	5.4	5.4	5.4
Ancillary expenses associated with acquisitions/disposals of business/building or companies	3.1	3.1	3.1
Impairment loss on goodwill, trademark and on tangible assets	1.1	1.1	1.1
Flash flood costs net of insurance reimbursement	-7.9	-7.9	-7.9
P&L impact of purchase price allocation from Merger & Acquisition activity (such as amortization)	3.0	26.4	26.4
Tax adjustments (ie tax impact on the above adjustments)	-	-	-7.8
Total adjustments	5.1	28.5	20.7
Alternative Performance Measure adjusted	422.2	314.2	211.8

As part of EBIT Adjusted for the year ended 31 December 2024, the strategic multi-year restructuring primarily reflects one-off restructuring initiatives and long-term workforce optimization efforts. A significant portion of these actions is dedicated to rightsizing the organization, enhancing efficiency, and redefining the global operational footprint. These measures are designed to create a leaner, more agile structure, aligning overhead costs with business needs while ensuring long-term competitiveness and resilience

The reconciliation of the net operating working capital is summarized in the table below:

	2024	2023
Trade receivables as reported	333.9	361.3
Supplier debit balances	5.0	4.6
Trade receivables in Net operating working capital	**338.9**	**365.9**
Trade payables as reported	-444.2	-463.7
Customer credit balances	-29.8	-60.2
Trade payables in Net operating working capital	**-474.0**	**-523.9**
Inventories	**470.4**	**619.0**
Net operating working capital	335.4	461.0

**Supplier debit balances are included in 'Other current assets' within the Consolidated statement of financial position*
***Customer credit balances are included in 'Other current liabilities' within the Consolidated statement of financial position*

4.12 Investor information

The Ariston Group has been listed on Euronext Milan, the Italian stock exchange, since 26 November 2021 with ticker symbol ARIS. Pursuant to applicable EU regulations, the Group's home member state is the Netherlands.
Therefore, regulated information is stored using the "1info SDIR" repository (www.1info.it) authorized by Italy's market authority CONSOB, as well as filed with the AFM (Dutch Authority for the Financial Markets).

The Group engages with the financial community through both one-on-one and group meetings with investors, facilitated by the Investor Relations team. On select occasions, the CEO and top management also participate, both virtually and in person.
By year-end, the Group was covered by eleven sell-side brokers, up from ten at the end of 2024.

Distribution proposal

The Board of Directors will propose to the general meeting to make an 8 eurocent payment to shareholders to the charge of the Company's reserves (the "Distribution Proposal").
The distribution, if approved by the general meeting, will be paid on 25 June 2025, with 24 June 2025 as the record date, and 23 June 2025 as the ex-date.
The Board resolved to convene the annual general meeting to be held on 3 June 2025.

5. Governance

Effective risk management, integrated into the governance system, is a key factor in protecting the Ariston Group's value over time. The Ariston Group's Internal Control System has therefore been gradually developed, drawing inspiration from, among other sources, the principles and best practice provisions laid down in the Dutch corporate governance code.

The Company is a Dutch public company with limited liability existing under the laws of the Netherlands. The Company's governance structure is guided by Dutch statutory requirements and the Dutch corporate governance code. The Dutch latter provides guidance for effective collaboration and management. Governance is about management and control, about responsibility and influence, and about supervision and accountability. The purpose of the Dutch corporate governance code is to facilitate – together with or in relation to other laws and regulations – a sound and transparent system of checks and balances within Dutch listed companies and, to that end, to regulate relations between the executive directors, non-executive directors and the general meeting/shareholders.

5.1 Risk management

5.1.1 Risk management framework

The Group, in compliance with the provisions of the Dutch corporate governance code and as per international best practices on internal risk management and control systems, adopts a Risk Management process aimed to assess, manage and monitor the risks that could affect the business and its operations.

The Group's Enterprise Risk Management (ERM) has been structured by taking the COSO ERM Framework (Committee of Sponsoring Organisations of the Treadway Commission) as a reference to build up the ERM Methodology and the related risk catalogue.

In accordance with ERM methodology, the risk events that could affect the achievement of the Group's strategic objectives are assessed in terms of the likelihood of their occurrence and their economic impact.
The risks are evaluated in terms of both "inherent risk", representing the risk in the absence of any intervention, and "residual risk", which considers the effectiveness of implemented mitigation actions.
Management is responsible for identifying the risks and defining and implementing appropriate mitigation action plans aimed at reducing the likelihood/impact of the risks faced by the Group, according to its risk appetite.

In order to ensure the adequacy of the risk management and internal control system, the Group has adopted the Internal Control System Framework composed of Three Levels of Defense, establishing clear roles and responsibilities for the different functions involved:

- First Line of Defense – Risk & control owners: responsible for achieving the business goals, embedding risk management and the internal control system into operational processes. Risk and control owners have the responsibility and accountability to identify, manage and monitor risks and opportunities, defining and implementing mitigation actions, working independently or with the support of the second line of defense functions;
- Second Line of Defense – Risk & control support: composed of functions that support and oversee the activities of the first line, providing systems, methods, tools and specialized information in order to increase risk awareness and its deployment across the entire organization;
- Third Line of Defense – Risk & control independent assurance: composed of the Internal Audit Department that ensures the monitoring and evaluation of the effectiveness and efficiency of the Internal Control and Risk Management System. Characterized by clear independence from the business and a high degree of autonomy, reporting directly to the Executive Chair of the Board and to the Audit Committee (composed of three independent non-executive directors).

Risk Transfer

As part of the Group's risk management approach, in order to minimize the uncertainty and the potential impacts deriving from specific risk events, the Group has decided to transfer, where feasible, the residual risk exposure to the insurance market. The Group has defined the insurance strategy based on its risk appetite, effectively balancing the risk coverage and the related insurance costs. The Group's insurance management is supported by a specialized broker with a network operating on an international scale. Through the Global Policies, every Group company is currently covered against the following key risks: all material damages and business interruption; public and product liability; marine cargo; directors' and officers' liability.

Continuous improvements in the Ariston Group's Risk Management System

The Group promotes the continuous improvement of the risk management system according to the evolution of strategies and changes that have occurred with the main risks and uncertainties. As we continue to evolve our Group ERM system, we are committed to identifying the best practices and to refining our methodologies and processes. As part of this effort, in line with CSRD requirements and the principle of double materiality, significant progress has been made, particularly in incorporating ESG impacts into our framework. This includes a detailed mapping of ESG impacts across the entire risk register and the expansion of our risk model to further integrate ESG risks, ensuring a comprehensive approach that addresses both financial and non-financial dimensions, including reputational risk metrics as well.

5.1.2 Risk appetite

The **Group Risk Appetite**, defined as the level of risk that the Group is willing to accept to achieve its objectives, is applied to business objectives, the Code of Ethics, corporate values, policies and applicable laws and regulations. As represented in the table below, the risk management and internal control system is composed of different risk categories, each with its specific risk appetite:

Risk Category	Category Description	Risk Appetite
Strategic	Risk related to the Group's business strategy that could affect its long-term positioning and performance.	The Group is willing to accept risks in a responsible way, in order to achieve its strategic objectives, taking into consideration stakeholders' interests.
Operational	Risk that may affect internal processes, people, systems and/or external resources that influence the Group's ability to pursue its strategy.	The Group works on mitigating operational risks by implementing standardized quality procedures and controls that extend to suppliers, production line performance and management of business continuity. Furthermore, suppliers are carefully selected and alternative sources are monitored.
Compliance	Risk of non-compliance with laws, regulations, local standards, the Code of Ethics, and internal policies and procedures.	The Group and our employees believe in acting with honesty, integrity and respect, including compliance with our Code of Ethics as well as with the laws and regulations applicable wherever we operate.
Financial	Risk relating to uncertainty of returns and potential financial losses due to financial performance.	The Group has a cautious approach to financial risks. Through debt capital market transactions, cash balances and bank credit line agreements, the Group tries to maintain a debt/capital structure profile that allows investing in long-term objectives and rewarding stakeholders.

5.1.3 Main risks and uncertainties to which the Group is exposed

The main risks and uncertainties to which the Group is exposed are reported below, classified according to the identified categories. The ERM model integrates Environmental, Social and Governance (ESG) risks, addressing the organization's challenges related to environmental impact, social responsibility, and governance practices.
As the Ariston Group, we face a variety of risks in our business. The risks and uncertainties described are not the only ones that we are exposed to. Additional risks and uncertainties that we are unaware of might also become important factors that affect us.

a) Strategic risks

The Group is exposed to changes in markets, end-user demand and preferences and the Group's success depends on its ability to develop and maintain product offerings that keep pace with these trends.

The markets in which the Group competes are characterized by frequent new product launches and enhancements, shifting end-user preferences and demand, as well as changing industry standards, public incentives and regulatory requirements. The Group's future success will depend on its ability to consistently address changes in end-user demand and develop product offerings that meet evolving customer preferences.
The Group is exposed to the risk of losing market share and revenues in a situation where the changes in end-user preferences and demand are faster than the Group's ability to adapt its product offerings. General regulatory uncertainty and/or the lack of clarity of governmental incentive schemes expose the Group to a sudden increase or decrease in demand causing the Company to have either insufficient or excessive inventory levels, or an inadequate mix of available

products. The consequences of reduced public incentives became evident in 2024 where the whole industry was affected by lower-than-expected demand, leading to an expectation of recovery in coming years. However, a degree of uncertainty persists, and demand remains vulnerable to fluctuations of local public incentive schemes, potentially dampening prospects in the medium term.

The Group is exposed to evolving market dynamics and competitive pressures where demand fluctuations and increased competition require careful management to protect margins and maintain market share.

The Group is exposed to aggressive competition from large Asiatic multi-category players which are fast at developing new products and invest significantly in marketing activities and digital campaigns. This competitive landscape can create challenges, particularly during periods of excess demand. However, the Group's established market leadership in the water heating sector and its strong positioning across other key heating segments (including Heating Heat Pumps) provide a solid foundation to navigate these dynamics and maintain its competitive edge over time. The Group's mitigation actions are focused on evolving its product portfolio, offering innovative solutions both with regard to digitalization and the sustainability of technologies. Furthermore, the Group listens to customers, technicians and end users in order to meet their needs and market demand. Additionally, the Group is engaged in reinforcing brand awareness, increasing the quantity and quality of marketing investments.

The recent slowdown in market demand, particularly in the heating heat pump segment in Germany, has led to overcapacity among manufacturers, leading to the risk of downward pressure on pricing especially in the entry-level segment of the market. While the Group generally operates in higher-end segments and does not directly compete in the entry-level segment most affected by this trend, the risk persists across the broader competitive landscape and could lead to price reductions, creating challenges for maintaining profitability. To address these risks, the Group has been focusing on enhancing its value proposition by offering integrated solutions, thereby maintaining pricing levels and creating additional value for customers. Efforts are also underway to engage in targeted sales campaigns, aimed at strengthening relationships with specific customer segments and increasing market penetration. At the same time, the Group is striving to enhance service efficiency and effectiveness by capturing synergies across its brands. This approach not only reinforces its competitive edge but also ensures that customers receive high-quality, reliable support, further solidifying the Group’s market position in a challenging landscape. These efforts underscore the Group’s proactive stance in mitigating risks while continuing to innovate and deliver value to its stakeholders.

The Group is exposed to social and geopolitical instability in the countries where it operates.

The Group's growth strategy focuses on continuous expansion within the Group's existing geographical areas, as well as entering new markets. The Group operates in emerging markets and in some countries where the political situation, geopolitical instability and corruption are higher than in other geographies.
The ongoing Russia-Ukraine conflict continues to generate volatility and uncertainty due to lack of availability of human resources in the conflict areas alongside the risks of an extension of the conflict, increasing import/export restrictions or business bans. In 2024, the situation escalated when, on 26 April, the Russian government, through Presidential Decree no. 294, placed Ariston Thermo Rus LLC under the temporary management of JSC Gazprom Household Systems, a subsidiary of the Gazprom Group. Consequently, Ariston Thermo Rus LLC was deconsolidated from the Group's accounts.
The conflict between Israel and Palestine that started in late 2023 escalated throughout 2024 with its expansion in the Middle East region forcing cargo ships to circumnavigate Africa instead of passing through the Suez Canal.
As the Group has industrial operations, sales and aftersales activities, the impact of this conflict could lead to a slowdown in local business operations. In addition, disruption related to the Suez Canal can impact logistics, resulting in increased costs and longer delivery time for goods imported from or exported to Asia. Despite the potential risks, the Group continues to operate in the region and no significant signs of slowdown have been registered.
Tensions in the Far East, particularly regarding Taiwan and the South China Sea, present a notable area of geopolitical uncertainty. Taiwan's critical role in the global supply chain, especially in the hi-tech and energy sectors, underscores the potential for widespread impacts should disruptions occur. Escalating tensions could lead to economic and trade challenges, with possible repercussions for industries dependent on Taiwan's semiconductor production.
The Group's success as a multinational business depends upon its ability to anticipate and effectively manage political, social and economic conditions and developments. The Group's mitigation actions are mainly focused on continuously monitoring the social and geographical environments in which it operates, in order to anticipate and minimise vulnerabilities, adopting prudent measures and enhancing the possibility to shift production to different locations.

Moreover, specific measures are in place to adjust inventory levels in countries where the geopolitical phenomena are uncertain and to adapt the MRP (Material Replenishment Planning), for example by bringing forward orders for those countries affected by the crisis.
In line with the Group’s values, the Group is committed to safeguarding its employees and their workplaces. Sustenance and support have been provided to the Group’s employees and their families in Ukraine, such as emergency help, transportation and pick-ups, accommodation, and economic support. Operations in the local market have been maintained but nonetheless the Group has limited its exposure, reducing investments.

The Group faces the risk of non-compliance with environmental laws and regulations and its success partially depends on the ongoing market trend towards increased sustainability and government incentives.

The Group acknowledges the impact that its operations and its supply chain could generate on the environment and the need to address climate change. Therefore, it has strong ambitions and is continuing to invest to optimise the energy efficiency of its operations and products, focussing on electrification and renewable sourcing. As part of this strategy, critical suppliers have been engaged to contribute to sustainable development.
Furthermore, the Group is committed to improving the environmental impact of thermal comfort solutions, by selling innovative and more sustainable products.
The risks are related to current and expected trends that could change due to several factors that are outside the Group's control, including the modification or elimination of customer incentives or the regulations imposed, encompassing environmental protection, the traceability of materials, waste management and the promotion of a circular economy.
Adherence to these regulations may lead to increased costs associated with product innovation, new technology developments, liabilities, including fines and/or remediation obligations. Such implications have the potential to affect the Group's business, financial condition and/or results.
Starting from 2018, the Ariston Group has set the pathway and targets to fully incorporate sustainability into its strategy, including establishing a sustainability governance framework. This dedication has led to significant milestones, including the release of a Code of Conduct for Suppliers and a Sustainable Procurement Policy, which are mandatory for all suppliers and extend ESG principles across the entire supply chain. Additionally, the Group has implemented a structured due diligence process to evaluate suppliers' ESG-related risks, revealing that over 80% of suppliers assessed in the first wave exceeded both the Group's threshold and industry benchmarks. Comprehensive training programs for all procurement employees have further reinforced these efforts. In 2024, the Group's sustainability initiatives earned recognition with the prestigious Silver Medal from EcoVadis, a leading authority in business sustainability evaluations. These achievements highlight the Group's focus on risk mitigation through proactive monitoring of regulatory changes to anticipate future trends. Although the Group, as a company governed by Dutch law, is not currently subject to the requirements of the Corporate Sustainability Reporting Directive (CSRD), it has chosen to voluntarily disclose non-financial information as a testament to its commitment to transparency and accountability. This disclosure will be further detailed in the dedicated section focusing on sustainability themes. The Group is also committed to ensuring compliance with laws and regulations while actively working to reduce the environmental impact of its operations. To align with international and national goals for carbon neutrality and energy efficiency, the Group has defined a comprehensive decarbonization strategy and established a monitoring system to reduce both direct and indirect emissions. Investments in R&D, production capacity, and the development of critical skills and resources are central to this strategy, contributing significantly to the reduction of CO_2 emissions. Furthermore, the Group has developed a product lifecycle management strategy, ensuring best practices are applied throughout a product's entire journey from initial ideation and development to use and disposal. These efforts underscore the Group's commitment to sustainability as a core element of its business model.

The Group is exposed to risks relating to acquisitions, integration and divestments.

The expansion strategy of the Group includes achieving growth through acquisitions to strengthen the Group’s vision, competitive standing and role in the sector. However, there is the risk that the Group may not be able to successfully realize strategic acquisitions, for example due to competition from other potential buyers or difficulties experienced in executing such acquisitions. This could result also from challenges in obtaining necessary regulatory approvals or other factors, such as actual or potential legal disputes or political resistance.
Engaging in growth through acquisitions also exposes the Group to the risk of encountering challenges in effectively integrating newly acquired businesses. Moreover, there is the risk of losing key managerial positions, which could have significant implications for the continuity of operations and the realization of the expected synergies.

The current landscape shows increasingly concentrated businesses and frequent mergers and acquisitions. Consequently, the Group might need to seek bank loans or financing, potentially facing higher interest rates that could have impacts on the financial position.

The Group's mitigation actions are mainly focused on strengthening its acquisition strategy and M&A roadmap. The Company has set strict strategic and financial criteria for acquiring new businesses. Moreover, the Ariston Group's investment decisions are selective and focussed on businesses with a proven track record. In addition, accurate analysis is carried out to understand risks and potential synergies. The Company conducts broad-based due diligence of acquisitions with a clear understanding of SWOT analysis and red flags of target companies, using internal expertise and top external due diligence and legal professionals. For the post-merger and integration phases, the Company establishes dedicated teams and change management project offices aimed at aligning strategies, balancing business culture with processes to secure the achievement of objectives and synergies. For the most important acquisitions, retention and development programs have been set up to safeguard key managerial positions and mitigate the risk of losing key competences.

The Group's Treasury department, the Chief Financial Officer, the Audit Committee and the Board constantly and periodically monitor the Group's liquidity, debt, cash flows and net financial position.

b) Operational risks

Within the category of operational risks, we have incorporated environmental, cybersecurity and health and safety risks. These risks carry the potential to extend their impact beyond operational aspects, influencing legal and compliance perspectives as well. This highlights the interconnected nature of these risks and emphasizes the importance of addressing them comprehensively to ensure mitigation actions covering both operational and legal/compliance aspects.

The Group is exposed to protectionist policies, including regulatory changes, import tariffs, and certification requirements imposed by various countries to favor local industries and which may increase operational costs by focusing on prioritizing domestic production.

A global shift away from open markets toward protectionist policies has introduced new challenges, particularly in the AMEA region and developing countries, where localized production requirements are becoming more prevalent. The effects of such policies include potential one-off costs to obtain necessary certifications or recurring costs associated with adapting production processes to meet local requirements. Furthermore, import/export activities could face increased complexity due to tariffs and duties designed to support domestic industries, leading to higher costs and potential delays in supply chain operations. The recent debate on U.S. trade policies, including tariffs on key trading partners such as Mexico and Canada – which, at present, do not apply to our product categories – underscores the volatility of global trade regulations and the potential for short-term operational uncertainty. Nonetheless, we are proactively conducting pricing and operational risk scenario analyses to ensure readiness should these tariffs be extended to our product categories. In addition, such risk is mitigated by the Group's limited percentage of business exposure in countries considered most at risk from protectionist measures. Finally, the Group's well-diversified presence in over 40 countries and its extensive industrial footprint provide flexibility and agility in responding to market shifts. This diversification enables the Group to adapt effectively by reallocating resources or production capabilities, minimizing potential disruptions and ensuring resilience in the face of protectionist trends.

The Group depends on key raw materials and components to manufacture its products, including some produced by a limited number of suppliers; any shortages in such materials or components, increases in prices or supplier disruption would adversely impact the Group's sales and profit margins.

The Group is exposed to risks relating to the availability, quality and cost of raw materials, components and specific finished products. The market prices and availability of materials and utilities, crucial for the Group's operations, can experience significant fluctuations depending on market conditions, inflation, technological advancements and legislative changes.

While prices for components sourced from Asian markets had increased in previous years and utility and fuel costs were impacted by the Russia-Ukraine conflict, 2024 marked a period of transition. Although the prices of certain components declined, the costs of key raw materials and utilities remained high due to persistent global demand and supply chain disruptions. By the end of the year, signs of easing inflation began to emerge, with some commodity prices stabilizing and energy costs moderating. Overall, 2024 was characterized by a gradual reduction in inflationary pressures, but ongoing uncertainties highlighted the need for flexible strategies to navigate a still challenging economic landscape.

Furthermore, the Group faces risks associated with a potential shortage of suppliers, particularly for certain raw materials and components sourced from a single provider or a limited number of suppliers. While the Group does not perceive itself as materially dependent on any single supplier, it has implemented systems to mitigate the impact of supplier disruptions. The Group has identified secondary sources and established mechanisms of double sourcing without causing any disruption to its operations. These proactive measures are in place to safeguard against potential challenges in the supply chain and ensure business continuity.
The Group's other mitigation actions are focused on monitoring price fluctuations through specific KPIs, revising hedging policies and implementing energy saving projects at its European plants.
Additionally, the Group has established a bi-monthly steering committee with the CEO to review the main critical issues and the action plan from both a supply and planning perspective, and a weekly interaction between procurement and global operations to review each critical issue for each plant.

The Group may be unable to sufficiently protect the health and safety of its employees, in particular those located in its manufacturing facilities.

Operating in the industrial sector and managing several production plants, employees in the Group may be exposed to various workplace hazards, including those related to chemicals, ergonomics and physical conditions. These risks may cause harm or have adverse effects, leading to work-related accidents and illnesses.
Although the Group implements all necessary measures, as required by applicable laws, regulations and industry standards, to monitor and effectively manage such risks, including systematic assessments aimed at eliminating hazards and reducing the associated risks, it cannot provide an absolute assurance of complete risk elimination or the absence of accidents in its facilities.
The occurrence of workplace-related accidents or illnesses could cause interruptions or delays in production, with immediate effects on the site affected, with regard to its ability to supply products, and may expose the related legal entity to lawsuits, Group reputational damage, and increased costs and liabilities.
The Group's mitigation actions are primarily focussed on reducing the frequency and severity of accidents and on conducting activities to enhance control and management of risks, with strict adherence to current legislation. This includes a specific emphasis on strengthening the Group's Health, Safety and Environment (HSE) Management System in alignment with ISO requirements. The HSE function has deployed communication methodologies to disclose the HSE performance indicators. This initiative engages all the levels of the organization (bottom-up), creating awareness and commitment to continuous improvement.
At each site where the Group operates, roles and responsibilities have been assigned to corporate and local resources. The Corporate HSE function oversees and coordinates local resources, by providing policies and guidelines for the proper management of health, safety and environment, in compliance with global and local regulations. Furthermore, periodical HSE internal audits and risk assessment are performed to assess compliance, identify remediation actions or improvement opportunities. The HSE department is actively engaged in monitoring laws and regulatory trends in a proactive manner, enhancing its readiness to react to possible changes.

The Group is subject to extreme natural or weather events impacting the operational continuity and the risk of interruption of its production, development processes, supply chain and distribution network.

The Group is exposed to business interruption risk, which refers to the possibility of experiencing disruption in its operations, potentially causing a loss of revenues, increased expenses and reputational damage.
The business interruption could be caused by different factors, including natural disasters, fire, seismic events, landslides, power outages, raw material shortages and cyber-attacks.
While natural events can damage physical infrastructure, interrupt supply chains, and force businesses to temporarily and partially shut down, technological issues could disrupt business operations, compromise sensitive information and lead to downtime for the necessary system recovery.
Furthermore, if critical suppliers or subcontractors are exposed to significant disruptions in their operations, there is the risk they could be unable to provide the materials or components the Group needs to keep its operations running and satisfy customers’ requests.
The Group's mitigation actions are mainly focussed on defining and implementing a Business Continuity Program (BCP) to map, measure, monitor and verify business risks linked to continuity in operational activities. The Group is working with the support of a consultancy company, specialized in this specific subject. A Business Continuity Manager has been

formally nominated and the Crisis Management Team Lessons Learnt actively contributes to continuous improvement across all plants. The first objective of the BCP is to contain the impact through the creation of a set of emergency and recovery procedures in order to ensure greater standardization across plants, manage any emergencies, safeguard people's health and well-being, minimizing the actual or potential consequences of any incident.
Furthermore, the Group is committed to implementing a set of initiatives to prevent business disruption at corporate and plant level. These measures include switching production sites or products with similar technical characteristics, internal firewall installation to reduce malware diffusion and network redundancy, dual sourcing for critical suppliers and implementing power generators to ensure electricity back-up. While significant progress has been achieved in these ongoing projects, it is important to recognize that these initiatives require substantial time to fully implement and deliver their intended benefits. This timeline poses a challenge, especially as the severity and frequency of extreme weather events continue to escalate due to worsening climatic conditions. Despite these efforts, the evolving nature of climate-related risks underscores the necessity for sustained commitment, adaptability, and continuous improvements to safeguard the Group's resilience against these increasingly complex threats. By acknowledging these dynamics, the Group remains transparent about the challenges ahead, while reinforcing its determination to address them effectively.

The Group faces the risk related to the inability to attract and retain qualified personnel.

The Group’s success depends on the efforts and abilities of its management team and key employees to achieve the Group's goals and keep operations running. The Group believes that the growth and success of its business depends on its ability to attract highly skilled and qualified employees with specialist expertise in the industry.
The profile of technicians is also changing with the transition from fossil energy to renewable energy, together with the impact of digitalization, creating a new competence and expertise risk to be mitigated.
The Group's mitigation actions are mainly focussed on strengthening competencies through dedicated training, introducing specific recruiting programs, and developing employer branding initiatives.
Moreover, training to educate the external service technicians’ network on renewable products/energy has been conducted, and the Group has implemented an e-learning platform.

The Group depends on the efficient and uninterrupted operation of its information and communication technology and its ability to manage increasing cybersecurity risks successfully.

The Group, in managing the business and the related operations, including manufacturing, relies on computer and data processing systems and their associated infrastructure.
As for many other multinational companies, IT system architecture is exposed to cyber-security risk. Current cyber attackers are enhancing their effectiveness in executing cyber-attacks by adopting more organised and structured approaches. A common and damaging form of cyber-attack is through ransomware practices, consisting of locking and encrypting data, files, or systems and making them inaccessible or unusable until the attacker receives a ransom payment. Furthermore, external cyber-attackers could target third parties connected to our system, potentially causing impacts on and breaches of our IT infrastructure.
Failure to secure our IT system architecture exposes us to the risk of unauthorized access, disruption of the Group's operations, and potential dissemination of sensitive information and data. The latter scenario could result in potential consequences regarding compliance with data protection and privacy laws and regulations.
The Group's mitigation efforts are focused on addressing IT and cybersecurity risks and safeguarding against external threats through a proactive and reactive approach. Measures are implemented to monitor and analyze machine behaviors to actively avoid malicious actions and investigate suspicious ones. Furthermore, existing firewalls are continuously improved, monitored, and analyzed. In addition, countermeasures capable of protecting against non-compliant behavior with the Group’s cybersecurity approach when our workforce is connected outside the Group’s premises are in place.
Periodical training programs are provided to employees, phishing attack simulations are performed and related behavioral analyses are executed. Additionally, the Group enforces communication security measures, implements procedures to prevent data loss, and takes other actions, including monitoring externally available information about the company.
Within the wider Business Continuity Plan, a standardized Disaster Recovery approach has been implemented in order to recover data and infrastructure with predefined procedures and timing. The Disaster Recovery Plan is periodically tested.

c) Compliance Risks

A few risks have the potential to extend their impact beyond operational aspects, influencing legal and compliance perspectives as well. Specifically, environmental, cybersecurity and health and safety risks have been described as operational risks, even though they could generate legal and compliance repercussions.

The Group faces the risk of non-compliance with strict and evolving Laws, Regulations, Industry Standards and Codes.

The Group, in operating on a global scale across multiple countries, is subject to stringent and dynamic laws, regulations, and policies. Substantial alterations or advancements in regulatory requirements have the potential to significantly influence business operations, leading to adverse effects on both revenues and operating results.
Moreover, the Group may encounter challenges in accurately predicting the costs associated with compliance with legal requirements. Particularly, the Group may incur substantial expenditure in R&D investments for modifications to existing products or the development of new ones, as a response to new laws and regulations.
Failure to comply with laws and regulations could result in penalties, fines, potential legal liabilities and reputational damage.
The Group's mitigation efforts primarily consist of formulating strategies to ensure compliance with evolving regulations, to enhance testing procedures to ensure products legal compliance and explore the development of innovative solutions. The Company actively monitors the laws and regulatory trends in a proactive manner to boost its readiness to react to changes. In addition, the Internal Communication Department enhances awareness of the measures adopted by the Company to comply with legislative changes. Furthermore, training on compliance topics, as well as on legal and regulatory requirements, is provided to employees in order to align behavior with current legislation and internal procedures.

The Group is exposed to tax risk and changes in fiscal regulations.

The Group is subject to many different forms of taxation including, but not limited to, corporation tax, withholding tax, value added tax, property tax, social security and other payroll related taxes, and has obligations to file tax returns and pay tax across several different jurisdictions.
Significant alterations to tax regulations in any of the markets where the Group operates, may lead to an increase in tax rates and/or unforeseen tax exposure, introducing uncertainty that could reduce the net profitability of the Group.
In addition, in other instances there could be the risk of incorrect interpretations that could lead to fines, sanctions, interests, penalties and liabilities.
Although the Group considers itself in compliance with all relevant obligations, there is a risk that it may unintentionally fail to comply with applicable laws and regulations. The Group is subject to regular reviews and audits by tax authorities in jurisdictions around the world. Any adverse outcome could have a negative impact on the Company's effective tax rate, tax payments, financial position or results of operations. In addition, there are many transactions and calculations, including intragroup transactions, where the final tax determination is uncertain.
The Group's primary mitigation efforts are focussed on ensuring compliance with applicable laws and regulations in every jurisdiction and monitoring tax law trends in a proactive manner in order to boost its readiness to react to changes.
The Board has approved a Group tax strategy, expressing its commitment to comply with the tax laws of any jurisdiction and to maintain a fair attitude as a taxpayer. In addition, the Group maintains a transparent attitude towards the Tax Authorities in case of audits or reviews. The Group’s Tax Department is in charge of implementing effective tools for tax risk management and adopting transfer pricing management, properly allocating the profitability within Group companies. All potential risks and opportunities are continuously monitored and carefully dealt with by tax specialists from the main relevant areas. Looking ahead, the Group remains focused on strengthening its tax governance framework, including the ongoing implementation of second-level audit practices to assess the effectiveness of tax controls and frameworks. These initiatives are part of a broader effort to enhance compliance, transparency, and accountability across all operations, ensuring readiness for evolving regulatory requirements and fostering a proactive approach to tax risk management.

d) Financial risks

Currency exchange rate fluctuations may have a significant impact on the Group's revenues, cash flows and earnings.

The Group operates in numerous markets worldwide, holding assets, earning revenues, incurring liabilities, and paying expenses in various currencies besides the euro. The Group’s international operations face the risk of significant fluctuations in exchange rates that could have a negative impact on the Group’s activities and operating results.
Furthermore, several of the Group's subsidiaries report their results in currencies other than the euro, requiring the conversion into euro when preparing the consolidated financial statements. Any increase (or decrease) in the value of the euro against any foreign currency, serving as the functional currency for any of the Group's operating subsidiaries, may negatively influence the Group's financials.
The Group's response actions to mitigate the risk are mainly focussed on monitoring foreign exchange exposures and strengthening hedges. Whenever possible, the Company tries to create natural hedges, matching the currency profile of income and expenses and of assets and liabilities.

The Group faces credit risk concerning its outstanding trade receivables.

The Group may experience low trade receivables turnover and payment delays by certain customers. Payment terms, in particular due dates for payments by the Group's customers, may vary depending on the type of transaction and business division. The Group records revenues and the corresponding trade receivables when products are delivered to customers, and, with respect to certain products, when customer acceptance occurs following delivery. Payments received prior to product delivery, or customer acceptance, are usually recorded as unearned revenue.
The extended periods of time the Group's trade receivables remain outstanding may negatively affect the Group's cash flow and liquidity, consequently influencing the Group's business and results of operations.
The Group's mitigation actions are mainly focused on reducing the Group’s exposure by keeping track of actual cash flows on a short and long-term basis, including regular reviews of liquidity. Furthermore, the dedicated credit department supports the business by assessing customers’ credit risk profiles and recommending appropriate levels of exposure.

The Group is exposed to liquidity and market risks for commodity prices and interest rates.

In carrying out its business, the Group is exposed to financial risks associated with its operations, liquidity risk and fluctuations in interest rates. The Group manages all risks of this nature through skilled functions and continuous supervision, regularly mapping and reporting such risks and working with dedicated committees to define appropriate mitigation actions.
The Group's response actions that have a risk mitigation effect are mainly focused on constantly monitoring the main financial risks, in particular managing the level of liquidity to meet the needs for financial obligations and investments.
The Group pays attention to calibrating the debts according to its mid to long-term sustainability. Liquidity is monitored by the Group’s Treasury department, by the audit committee and by the Board.

5.1.4 Code of Ethics

The Group has adopted a Code of Ethics, representing the values promoted by the Group, setting out obligations and ethical responsibilities. Adherence to the Code of Ethics is compulsory for Directors, employees of the Company and its subsidiaries, as well as other individuals or third parties that act in the name and on behalf of the Company or its subsidiaries.
The Group promotes the adoption of the Code of Ethics as a best practice standard of business conduct by partners, suppliers, consultants, agents, dealers, and others with whom it has a long-term relationship. In fact, the Group’s contracts around the world include specific clauses relating to the recognition and upholding of the principles underlying the Code of Ethics, as well as compliance with local regulations, particularly those related to corruption, money laundering, terrorism, and other crimes giving rise to liability for legal persons.
The Group monitors the effectiveness of, and compliance with, the Code of Ethics in accordance with a whistleblowing management procedure. The Group Internal Audit, in the execution of its activities, takes into consideration the Code of Ethics’ values and obligations as part of the audit program.

5.2 Sustainability Statement 2024

Content Index

1. General information

The history of Ariston Group began in 1930, when Aristide Merloni founded in the Marche region, in central Italy, Industrie Merloni, a factory that produced weighting scales. Over the years, **the Company has grown considerably** through the organic opening of new markets and industrial sites across Eastern Europe, Asia, Africa and the Middle East, as well as through a strong inorganic expansion that has made the Group **one of the largest consolidating players in the sector**. It has a **track record of 18 acquisitions** including Atag and Heat Tech Geysers (2014) **in Europe**; NTI (2016), HTP (2017) and Calorex (2019), which led to the consolidation of the business in the **North American region**; Chromagen (2022) focused on renewable water heating solutions with a leading position in **Israel** and a solid foothold in **Australia**; and CENTROTEC Climate System (2023), in **Germany**, a pioneer in natural refrigerant heat pumps. Along its **internationalization process**, in November 2021, **the Company was listed on the Euronext Milan stock exchange**, closing the biggest IPO in over three years. Rebranded as Ariston Group since 2021, the Company is **one of the global leaders in the sustainable thermal comfort sector**. This leadership position has always been accompanied by a **far-sighted sustainability commitment**, already deeply rooted in the philosophy of its founder: *There is no value in the economic success of any industrial initiative, unless it is accompanied by a commitment to social progress.*

This vision represents the engine of Aristide's socially focused decision to structure the Company's production sites in the region with the following aims: **ensuring proximity between the workplace and workers' homes**, **enriching less fortunate communities through industrial development** and the densification of urban conglomerates and **enhancing human engagement** by limiting the number of employees per production facility. Such commitment led to the Company **receiving the "Social Responsibility" award in 1974**, sponsored by Vision magazine and the PA consulting firm, a prize intended for businesses that could anticipate and contribute to communities' needs, foster initiatives towards a progressive industrial ecosystem and improve relations with the surrounding environment. Another fundamental milestone in the Group's sustainable growth path dates back to 25 January 1979, when Merloni Finanziaria S.p.A. (the initial name of the Company) became the first Italian company to publish a Social Report. This publication marks a pivotal moment as, for the first time, non-financial assets were also taken into consideration when assessing the value of a company. Since then, Ariston Group has set the course for non-financial reporting after being the **first Italian company to publish a Social Report** in Italy, whilst being at the forefront of this fast-evolving area of sustainability in Europe. The document included the reports for 1975, 1976 and 1977 and was focused on both internal and external social aspects. Already ahead of its time, it addressed topics which today play an increasingly important role in terms of ESG reporting. In fact, in addition to the typical financial indicators, the Report included some **innovative social and environmental indicators** such as tax contribution, territorial improvement, regional development, employment dynamics, employee characteristics, training initiatives, safety and comfort (e.g. housing, canteen), environment (e.g. resources consumption), and applied research.

The Report was based on the Battelle Institute standards structure, goal of which was to **assess a company's social and sustainability performance** towards its employees, consumers, local communities, shareholders and other economic partners. By following these standards, Merloni Finanziaria S.p.A. was already measuring the number of employee training hours and accounting for the total **number of hours spent by employees on apprenticeships**. It was also reporting on the **consumption of non-renewable raw materials**, establishing an indicator which measured the proportion of recycled materials in its total raw material consumption. The Battelle Geneva Research Center, the Institute which published Industrie Merloni's Sustainability Report, selected the Company precisely because of its original industrial philosophy, a commitment to corporate social responsibility that has accompanied Ariston Group in its growth over the years, becoming a core element of its corporate identity. Today, the Company's core values remain deeply embedded in the **cultural and industrial legacy of its founder**: the Group firmly believes in **sustainable development** and strives to **constantly improve itself through innovation, education, teamwork and integrity**. This ultimately led to the definition of Ariston Group's purpose: "Sustainable Comfort for Everyone". A purpose that translates into the commitment to provide everyone, across the globe, with high quality Heating, Ventilation and Air Conditioning (HVAC) and water heating solutions, while preserving the environment. The Group is focused on **ensuring the greatest comfort at the lowest energy cost, providing worldwide access to the most efficient technologies**. To strengthen and renew its commitment, **in 2018 the Group defined its strategy and goals that would lead the Company to incorporate sustainability into its core strategy by 2022**. As a result, it laid out specific targets which are closely monitored each year, including establishing a sustainability governance framework.

In 2021, after launching an Initial Public Offering and being listed on the Euronext Milan stock exchange, the Group defined a **new ESG vision**, which was further developed in greater detail in 2022. The vision, which marks the path towards the Group's Centenary, is focused on three key topics: ***sustainable comfort, social progress and our planet's wellbeing***. It is also the starting point of the **ESG Strategic Plan to 2030**, which strengthens the Company's commitments, embedded in its DNA since its very foundation. A new phase has hence begun: the Group has embarked on a new journey and is thrilled to share these commitments with its stakeholders.

ESRS 2 - General Disclosures

BP-1 General basis for preparation of the sustainability statement

The Sustainability Statement refers to fiscal year 2024 (01.01.2024 - 31.12.2024) and was prepared on a consolidated basis, including the parent company Ariston Holding N.V. – hereinafter “Ariston Group” and its subsidiaries, in line with the scope of the consolidated financial statement. For entities under operational control (but not included in the scope of consolidation in the financial statements), an assessment was conducted to evaluate their impact, and it was concluded that they are not significant and, therefore, not reported.

The present document covers impacts, risks and opportunities (IROs) along the Group's value chain. More specifically:

- **upstream**, relevance was assessed at the sourcing level in light of the due diligence assessment the Company is currently carrying out;
- **downstream**, impacts, risks and opportunities (IROs) were mapped considering both the Group’s B2B professional partners and end-users of the Company’s solutions on one side, and products’ end-of life stage on the other.

Aside from end-users, in the future attention will also be paid to intermediaries such as installers and distributors through ad hoc assessments.

The information contained in the Sustainability Statement has been filtered to ensure the protection of the Company's competitive advantage. Also, the details related to CapEx and OpEx associated with specific actions, as well as the current financial effects on identified risks and opportunities, have been omitted as they are considered not significant in economic terms. However, they remain relevant in terms of their impact generation.

Unless otherwise stated no metric provided in this Sustainability Statement is validated by an external body other than the assurance provider.

BP-2 Disclosures in relation to specific circumstances

Time horizons

In compliance with ESRS 1, paragraph 6.4, short term corresponds to the period from the reporting period in question till 2025, whereas medium-term refers to the period from 2026 to 2030, and long term refers to the period beyond 2030. These time horizons align with Ariston Group's ESG Strategy "Road to 100" with 2030 being a particularly significant date for the Company as it marks the centenary since its foundation in 1930. The choice of selecting a medium-term set a clear and realistic roadmap to achieve long-term targets, increasing its accountability.

Estimation and uncertainty around metrics

Some of our quantitative metrics and monetary amounts are subject to a high level of measurement uncertainty. For those metrics and monetary amounts the sources of measurement uncertainty and assumptions, approximations and judgements made have been summarized below.

For Scope 1 and Scope 2 Ariston the **natural gas and electricity consumption** of the **non-production sites** (offices, plants and others) was estimated by calculating an electricity and natural gas consumption ratio (kWh/sqm) per site configuration type and multiplying it by the area of non-production sites. Estimated figures do not account for a significant portion of the overall dataset. The emission factors used for Scope 1 are DEFRA GWP AR 6 and for Scope 2 are IEA 2024 AR 6.

For some categories of Scope 3 GHG emissions where Ariston Group lacks primary data from upstream and downstream actors in the value chain, the Company has relied on indirect estimation methods. These include sector-average data, spend-based methods, and proxies to ensure coverage of material impacts. Specifically:

- **Upstream transportation and distribution emissions**: calculated using a spend-based method with proxy data for transportation modes and distances by business divisions
- **Waste generated in operations**: estimations were made based on spend data from standardized corporate material groups, using proxies for treatment methods
- **Employee commuting and business travel**: emissions were calculated using activity-based methods, but indirect data for some countries, such as employee surveys and estimated commuting patterns, served as a proxy for precise travel distances
- **Downstream transportation and distribution**: emissions were estimated with a combination of spend-based and activity-based data from the DEFRA 2024 and GLEC Framework.

- **Use of sold product category**: lifespan of each product category is estimated according to benchmarking on the main competitors which have adopted and released their methodology on Scope 3 emissions and use of sold product calculation. To calculate the emissions generated during the use phase of our products we focus on the following key elements: i) Amount of products sold during the year. This is based on the current year sales figures; ii) The thermal need (kWh/y) of a specific product. This is based on ErP regulation and calculated based on Energy Consumption (kWh/y) * Product Efficiency % (ŋs); iii) The life expectancy of a product. This is based on internal estimations and benchmarking on the main competitors. We are cautious in our expectation how long our products last, resulting in more often than not that we take the low range of life expectancy of a product. The **average lifespan in line with industry standards** for **Thermal Comfort**: Hot Water, Heating and Air Treatment including cooling systems are ranging from 8 to 15 years, while **Air Handling Units** (AHUs) 15 to 25 years due to lower thermal stress and stable operational cycles.
- For the **EU Taxonomy**, a few assumptions have been used to guarantee the effective KPI calculation.

  For turnover calculation from 3.5 Manufacture of Energy Efficient Equipment for Buildings: as products sold outside Europe do not feature a common energy efficiency classification, evaluations were conducted by analyzing specific technical functionalities: the similarities in terms of product features and technologies allowed the Group to attribute the corresponding European energy efficiency class globally. Additionally, for air handling units classified as non-domestic, the two highest classes were defined based on Eurovent classifications.

  For the activities related to 7.3 Installation, maintenance and repair of energy efficient equipment and 7.6 Installation, maintenance and repair of renewable energy technologies: specific criteria for heating heat pumps, compliant with Directive (EU) 2018/2001, require an estimated average seasonal performance factor (SPF) > 1.15 * 1/η. Moreover, to calculate direct services aligned turnover (provided exclusively through own employees) the Group takes into account the stock of maintenance contracts; in relation to CapEx and OpEX, to identify the related alignment amount, the same percentage identified on the turnover was applied.
- In the calculation of the **Gender Pay Gap** (GPG), the Gross Hourly Pay Level and all the other components both in cash and in kind are used as a standardized indicator to measure wage disparities between men and women. To ensure global comparability, it is assumed that a standard working day consists of 8 hours across all countries.
- With regards to Wolf Brink, Nedair, ProKlima (CENTROTEC Climate Systems companies) and Chromagen, pre-acquisition spending data used for different Scope 3 categories are estimated. Pre-acquisition data was collected to recalculate the baseline.
- Whenever changes to the 2024 perimeter, such as the Egypt plant acquisition and Russia deconsolidation, are considered, this is explicitly stated in the methodological approach description.

Where estimated, reported data is based on **benchmarks**, **internal estimates**, **historical trends** and **relevant literature** (e.g. BRG market reports) and the resulting level of accuracy is aligned with best market practices and benchmarks. The trends used are considered reliable, as they are based on both historical data and authoritative market studies, ensuring that the estimates reflect a high level of precision despite any potential data limitations.

To improve accuracy, the Company will **continue monitoring benchmarks closely** and **strengthen its data collection system**. Data owners will be equipped with **digital tools** that will substitute manual integration. Additionally, Ariston Group plans to implement specific tools for managing data that is currently not processed in the existing central systems in order to streamline extraction, storage, and analysis.

Changes in preparation and information stemming from other legislation

As this is the Company's first year of reporting in line with the ESRS, only data related to FY24 is presented, and therefore no comparable values will be provided in the Sustainability Statement, except for information related to the Transition Plan.

Ariston Group has incorporated the EU Taxonomy Disclosure mandated by the European Sustainability Reporting Standards (ESRS), pursuant with Article 8 of Regulation (EU) 2020/852 of the European Parliament and Council.

Incorporation by reference

Please see the ESRS Content Index in paragraph "IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement" for a list of the disclosure requirements and specific datapoints incorporated by reference.

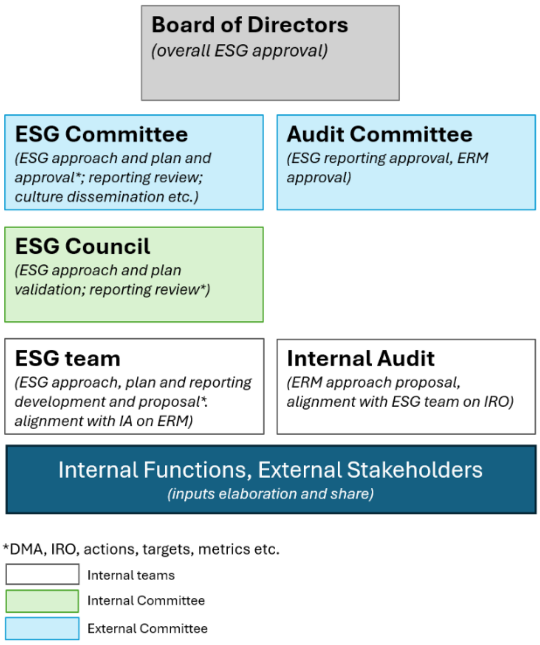
GOV-1 The role of the administrative, management and supervisory bodies

Composition and diversity

The information regarding the composition and diversity of the members of the undertaking's administrative, management and supervisory bodies, is reported in Section 5.3 Corporate Governance, paragraph Board, of the Annual Report.

Roles and responsibilities for sustainability Impact, Risks and Opportunities

The Company has a one-tier Board consisting of executive directors and non-executive directors. The executive directors are responsible for the day-to-day management of the Company. The Board holds ultimate responsibility for the **Company's strategy** and **management**, including **sustainability matters**. The ESG Committee has been assigned the operational task of **supervising the implementation of the sustainability plan**, while the Audit Committee is responsible for **overseeing the reporting activities**. The Board assesses the impact of the Company's and its affiliates' actions on people and the environment, carefully considering relevant stakeholder interests. It also develops a **vision for sustainable long-term value creation** and **formulates a strategy aligned with this vision**, setting **specific objectives** to achieve it. When developing the strategy, **attention is paid to opportunities and risks for the Company**, and to the **impact of the Company and its affiliated enterprises in the field of sustainability, including the effects on people and the environment**. In compliance with the provisions of the Dutch Corporate Governance Code and as per international best practices on internal risk management and control systems, the Groups deploys an **Enterprise Risk Management** (ERM) process aimed at assessing, managing and monitoring the risks that could affect the business and its operations. The ERM model **integrates Environmental, Social and Governance (ESG) risks**, which are among the most relevant risks that the Group faces. Adherence to evolving ESG regulations, thus increasing the level of requirements and market expectations, implies the engagement of a wide range of company functions in complex programs aimed to innovate products and develop new technologies, changing materials and packaging, reducing energy and resources consumption, as well as direct and indirect emissions.



The Board appoints the members of the ESG Committee, assigning them specific tasks. The mission of the ESG Committee is, among others, **assisting and advising the Board to monitor the performance as well as the key risks and opportunities that the Company faces in relation to environmental, social, and corporate governance ("ESG") matters**. In this respect the ESG Committee oversees the Company's conduct, performance and reporting on ESG matters, informs the Board and makes recommendations to the Board it deems appropriate on any area where action or improvement is needed, as well as on other matters which may be specifically delegated to the ESG Committee by the Board from time to time. The ESG Committee is charged with the following duties and responsibilities: **providing guidance to steer the strategy of the Company in terms of ESG vision and commitments**; **approving the Company's Double Materiality Assessment (DMA) along with the ESG plan targets, activities and key performance indicators; monitoring the ESG plan execution, target achievement and progress of actions, including areas of work required by ESG rating agencies**; **approving the Company's ESG communication plan and reporting methods related to ESG issues, such as "Declaration on non-financial issues"**; **promoting the dissemination of a culture of sustainability within the Company and its subsidiaries**. The ESG Committee reports to the Audit Committee as far as reporting activity. The **Audit Committee** prepares the Non-Executive Directors' decision-making on the supervision of the **integrity and quality of the Company's financial and sustainability reporting** and the effectiveness of the Company's internal risk management and control systems. It focuses among other things on the supervision of the Board with regard to relations with, and compliance with, recommendations and follow-up of comments by the internal audit function and the External Auditor. The Audit Committee reports to the Board on its deliberations and findings and this report includes **considerations concerning the Company's sustainability reporting.**

Aside from these bodies, the Group also set up the **ESG Council**, which also includes the Executive Chairman and CEO, and is a cross-functional roundtable between key Group Executive Committee members and the ESG Director to **discuss ESG challenges and to develop the strategy needed to overcome them**.

The responsibilities related to impacts, risks and opportunities (IROs) are featured in the ESG Committee Rules and Audit Committee Rules and are further clarified in the Sustainability Reporting Procedure.

With regards to management, the role of **identifying, monitoring, managing and overseeing impacts, risks and opportunities (IROs)** is delegated to the Directors of the various functions, who report to Executive Vice Presidents (EVPs). The EVPs report to the CEO and the Chairman, as a representative of the executive members of the Board.

The **ESG team** supports the process by gathering the information around IRO management through the **sharing of a specific methodology**; in addition to facilitating the identification of all aspects via interviews that encourage discussion, the team also manages the **consolidation of all information and its organization into a ranking** that includes the setting of a **threshold**. All assessments conducted within the IRO framework have been aligned with the ERM risk catalogue, to make sure the highest level of consistency is guaranteed in the Group risk management approach. Moreover, starting from 2024, the **ERM methodology has also been updated**, taking into account not only economic and reputational impacts but also **integrating the ESG impact**[1]. The ESG team provides regular updates on progress to the Audit Committee and the ESG Committee, ensuring a continuous flow of information across these bodies and IRO integration into the overall corporate governance framework.

Business risks are monitored at least monthly through management meetings during which results, opportunities, and risks are analyzed for all business segments and geographical areas where the group operates. The governance process involves a comprehensive mapping of existing tools, mechanisms and management protocols within the Company to address IROs. Each function is responsible for continuously monitoring whether these tools are adequate. These controls are integrated into the day-to-day operations of each function, where Directors and their teams ensure that mitigation plans are actively implemented. In case additional measures are needed, they are escalated and acted upon.

Based on the identified relevant impacts, risks and opportunities (IROs), the Directors and the ESG Team **establish targets that are validated by the ESG Council**. Subsequently, the **ESG Committee reviews and approves these targets and defines a way to monitor their achievement prior to presenting them to the Board**. Supervision of targets and their progress occurs during meetings with the ESG Team, which reports on the main outcomes of the KPIs. At the end of the year, the Committee evaluates the consistency between the estimated quantitative results and the targets set, as well as the ESG plan for the upcoming year.

Skills and expertise to oversee sustainability matters

The Company believes that a **diverse composition of the Board** contributes to effective management and supervision. Diversity in **expertise**, **experience**, **competencies**, **personal qualities**, **gender identity**, **nationality** or **other characteristics** result in different perspectives. When nominating new non-executive directors for appointment, the Board considers the Board profile. Each non-executive director must have the specific expertise required to perform his or her duties within the framework of the Board profile. **The Board profile sets out the desired expertise and background of the non-executive directors and the desired diverse composition as expressed by the Company's Diversity and Inclusion (D&I) policy**. Pursuant to the Board profile the non-executive directors shall have experience and competence in, among other things, **the field of sustainability and corporate social responsibility**.

The Board of Directors of Ariston Group is equipped with a diverse set of competencies that enable informed and strategic decision-making on sustainability matters. The presence of executives with backgrounds in engineering, corporate governance, finance, and industrial management ensures that sustainability is embedded within the Company’s strategic direction.

For instance, **Directors** with a background in mechanical engineering and extensive leadership experience in industrial and technological sectors bring a strong analytical and operational perspective that is crucial in assessing the environmental impact of the Group’s products and processes. Those with past roles in research and development and plant management are able to evaluate sustainability from an innovation-driven standpoint. Furthermore, Directors with extensive financial and investment experience play a key role in evaluating the financial implications of Ariston Group's sustainability strategies, ensuring that long-term ESG initiatives align with business performance and stakeholder expectations.

The **ESG Committee**, which includes **Roberto Guidetti**, **Marinella Soldi** and **Katja Gerber**, ensures that sustainability considerations are systematically assessed in the Company's decision-making process. Their diverse expertise in corporate governance and regulatory compliance strengthens the Board’s ability to oversee sustainability risks and opportunities effectively. Furthermore their expertise in organizational development and talent management ensures that sustainability principles are integrated into human capital strategies, fostering a corporate culture aligned with ESG goals.

The Board’s composition reflects a balance of technical, managerial, and financial competencies that allow it to assess sustainability not only as a regulatory requirement but also as a driver of business value. With expertise spanning supply chain management, innovation, and corporate finance, the Board is well-positioned to integrate sustainability into risk

[1] Consequently, the Risk Ranking will consider the highest of the three impacts

management frameworks, capital allocation, and strategic growth initiatives. This multidisciplinary approach ensures that Ariston Group remains resilient and forward-thinking in addressing environmental, social, and governance challenges.

Board members involved in specific ESG-related matters (part of the ESG Committee and/or Audit Committee) have had the opportunity to develop skills in sustainability through **specialized training courses**, by attending **events focused on these topics** and their **experience in corporations prioritizing the management of environmental impacts**. They also bring a heightened sensitivity to social aspects affecting stakeholders, expertise in non-financial risk management, and familiarity with diverse international corporate governance regulations through their roles in other large global organizations. For these reasons, the key individuals responsible for approving resolutions on impacts, risks, and opportunities are considered sufficiently prepared to make informed decisions.

Following their appointment, **directors follow an induction program**, whereby they receive training on the Company's business and culture, Code of Business Conduct, Code of Ethics, corruption and bribery and human rights. In addition, the Board conducts an **annual review each year** to identify any aspects about which the directors **require education or training**. To support the directors, training courses on a wide range of topics can be organized, including on sustainability matters. In 2024, training on the sustainability program and the CSRD project was held at the Board of Directors meeting on 18 December 2024.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Overall, **management and supervisory bodies are informed about material impacts, risks and opportunities (IROs) in multiple meetings** each year with both the ESG Committee and, as far as the reporting process is concerned, the Audit Committee. With the approval of the Sustainability Statement, the Audit Committee, the ESG Committee and the Board **validate the results and effectiveness of policies, actions, metrics and targets adopted to address IROs**.

In line with its long-term vision, management has embarked on a **strategic journey towards 2030**, which is focused on specific objectives aimed at ensuring the sustainability and growth of the Ariston Group over time. The plan was developed following an in-depth assessment of impacts and risks, allowing the Company to identify the most relevant priorities for its business, stakeholders and the environment. The resulting strategy **takes into account global environmental, social, and governance (ESG) challenges**, enabling the Group to adapt to market dynamics and seize sustainability-related opportunities.

The list of material impacts, risks and opportunities (IROs) addressed by administrative, management and supervisory bodies is reported in the table in ESRS 2 SBM-3.

GOV-3 Integration of sustainability-related performance in incentive schemes

For information on the integration of sustainability-related performance incentive schemes, please refer to Section 5.4 Remuneration Report, paragraph Short-term incentives (STI) and Long-term incentives (LTI).

Ariston Group's sustainability-related performance metrics are included in the Remuneration Policy.

GOV-4 Statement on due diligence

Ariston Group has conducted a **due diligence process to identify the points of view and the impacts, risks and opportunities (IROs) concerning both internal and external upstream stakeholders**. The approach varies depending on the stakeholder category, ensuring tailored methodologies for engagement and analysis. Following a risk-based approach, the Group intends to gradually **extend the due diligence process to the entire value chain**.

The table below maps the core elements of the Due Diligence, with reference to the relevant sections for further details.

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS IN THE SUSTAINABILITY STATEMENT
a) Embedding due diligence in governance, strategy and business model	GOV-2, GOV-3, SBM-3
b) Engaging with affected stakeholders in all key steps of the due diligence	GOV-2, SBM-2, IRO-1, S1-2, S4-2
c) Identifying and assessing adverse impacts	IRO-1, SBM-3
d) Taking actions to address those adverse impacts	E1-3, E3-2, E5-2, S1-4, S2-4, S4-4, G1-3
e) Tracking the effectiveness of these efforts and communicating	E1-4/5/6, E3-3, E5-3/4/5, S1-5/6/9/13/14/16/17, S2-5, S4-5, G1 MDR-T, G1-3/4

GOV-5 Risk management and internal controls over sustainability reporting

The sustainability reporting process, which is provided in the Sustainability Reporting Procedure, is subject to **risk assessments and internal controls**. The entire data flow, encompassing both quantitative and qualitative data, has been mapped from its extraction to aggregation and final validation. To do this, the Company has outlined **key steps and responsibilities based on each requested item of data, identifying specific owners and available tools**.

Specifically, the mapping of internal controls for sustainability reporting was carried out in three main phases. First, roles and responsibilities were defined to **ensure accountability**: **data owners** maintain data quality at the source, **Single Points of Contact (SPOCs)** guarantee communication and coordination, and **approvers** validate the final data to ensure compliance and integrity. Next, processes for managing qualitative, quantitative, and monetary data, including those required by the EU Taxonomy, were identified and standardized to **ensure consistent collection**, **processing**, and **validation**. Finally, the **tools used for data management were mapped,** including **software platforms**, **centralized repositories**, and **compliance-specific systems**, ensuring data quality, traceability, and auditability throughout the reporting process.

The prioritization of risk areas was assessed with a particular focus on **data requiring significant manual extraction** and processing, as well as those involving a **multiple-step elaboration process**.

To mitigate identified risks, such as errors from manual data entry and aggregation or difficulties in tracking changes, the Group implemented an **internal double-checking process** to ensure consistency and accuracy, particularly for quantitative data. Initially, data is reviewed by the data owner at the local level before being aggregated at the Group level by a single point of contact. An additional layer of oversight is applied at the approval stage, where data is reviewed again for completeness and integrity. These checks are complemented by the use of shared pre-filled templates, which facilitate automatic aggregation, and by the ESG Team, locking the files after the data delivery deadline, preventing unauthorized changes unless specifically approved. **An action plan has been established to continuously improve the sustainability reporting process and lower potential risks**: data collection and aggregation will be automated through the implementation of a platform shared by all data owners, allowing for even clearer assignment of roles and responsibilities and more robust data control thanks to a consistency check system; at the same time the data validation process will be strengthened.

The **Audit Committee oversees data management and controls sustainability reporting** as it receives periodic reports on the findings from the risk assessment and is presented with proposed mitigation actions. These updates are shared regularly during Audit Committee meetings to ensure that also the Board of Directors are informed of the relevant findings and progress.

SBM-1 Strategy, business model and value chain

Strategy

The key elements of the Group's strategy are detailed in Section 4.5, **New Products, Services, Research, and Development**, of the Annual Report. For information on products and services banned in certain markets, please refer to Section 4.8, **Regulation**.

Climate action is a cornerstone of Ariston Group's strategy, driving its commitment to significantly reduce value chain emissions. This is achieved by offering **high-efficiency and renewable technology-based solutions globally**. **Heat pumps** remain a leading technology for the future, despite the recent slowdown in government incentive schemes in markets such as Italy, France and Germany.

While **electrification is a major focus**, the Group employs a **multi-technology approach** to accelerate the energy transition. This includes leveraging innovative solutions such as: Hybrid systems; High-efficiency solutions; Hydrogen blending-ready technologies; Natural refrigerant gases; Home energy management systems; Demand response capabilities. Connectivity will also play an important role in advancing decarbonization efforts.

The Group's growth strategy focuses not only on reducing the environmental impact of its thermal comfort solutions but also on maintaining **strong engagement with key stakeholders**, including **employees, customers, and suppliers**. Engagement with suppliers is especially critical as part of the ongoing due diligence process.

An overview of the Company's Environmental, Social, and Governance (ESG) vision, along with its short-, medium- and long-term sustainability targets, is provided below. These targets have been updated to include new goals compared to FY2023 reporting. They are categorized by: Significant product and service groups; Customer segments; Geographical areas; Stakeholder relationships. The detailed breakdown of these goals will be addressed in subsequent sections.

Overview of 2030 targets

ESRS	Target	Target year	Products and services	Customers	Geographical areas	Stakeholders
E1	42% Scope-1 and Scope-2 absolute GHG emission reduction	2030	X			
	>51,6% Scope-3 GHG emission reduction per million-Euro value added (on 3.11 category, use of sold products)[2]	2030	X			
	>5 mln connectable products sold	2030	X			
	90% Heating gas condensing technologies' revenues from hydrogen-ready[3] solutions in Europe	2025	X		X	
	>60% revenues in Europe generated by renewable technologies vs. < 40% from fossil fuel products	2030	X		X	
	Launch of a representative Home Energy Management – ready product on electric storage water heaters, heat pump water heaters and heating heat pumps	2025	X			
	Confirm effort to shift heat pump water heaters to lower GWP refrigerants	2025	X			
	Green Energy procurement increase in key countries	2025			X	
E3	100% of assessed suppliers identified as critical for water usage are required to implement corrective actions	2025	X			
E5	Sustainable Packaging	2030	X	X		
	Zero waste to landfill by 2030	2030	X			
	At least 40% of the intervention fixed remotely thanks to the use of Telediagnosis, tutoring service and Over The Air process	2030	X	X		
	>85% products with a digitally advanced spare parts catalog	2030	X			
S1	Position the organisation as a winning organization with simplified and agile processes, widespread leadership, and a vibrant talent ecosystem	2030				X
	>60% of managerial positions filled through internal career progression	2025				X
	At least 30% female employees and at least 30% male employees in Ariston Group Management team	2030				X
S2	100% Strategic Suppliers aligned with our ESG journey	2030				X
	50% of strategic suppliers assessed on ESG performance	2025				X
	100% of strategic suppliers have accepted our Code of Conduct for Suppliers	2025				X
	>75% of products and services purchased from local suppliers	2025				X
S4	Deliver excellent, tailored solutions and services to B2B and B2C customers	2030		X		
	Every 2 years Quantitative Ariston Brand Equity B2C assessment	2025		X		
	Voice of Our Professionals (B2B) every 2 years	2025		X		
	+30% organic clicks on main Group brand websites	2030		X		
	>85 quality score per year in the cumulative GQE index[4]	2030		X		
	Follow the Quality Roadmap to effectively implement improvement initiatives in alignment with the Quality Strategy	2025	X	X		X
G1	Ongoing yearly commitment to meet high governance standards on sustainability	2030				
	At least 50% female directors and at least 50% male directors among the executive directors of the Board	2028				X
	At least 33% female directors and at least 33% male directors among the non-executive directors of the Board	2025				X
	100% of employees in risk field trained on Anti-Trust	Rolling				X

Overall, Ariston Group actively involved its key stakeholders in the process of setting targets as part of its Road to 100 strategy. This collaborative approach began with consultations across different levels of the organizations, including management teams and operational leaders, to align on the Company's sustainability vision. Internal stakeholders contributed by providing input on feasible and impactful objectives, ensuring alignment with both internal capabilities and external expectations. Through workshops and discussions, the Group identified specific performance indicators for each target, leveraging the expertise of managers and teams directly responsible for their implementation. The process also incorporated feedback from external stakeholders to ensure that the targets address the most important sustainability challenges while driving tangible results. This inclusive approach ensured that all targets were both ambitious and actionable, reflecting the shared commitment of Ariston and its stakeholders to sustainable progress. For more information, please see the dedicated document Road to 100 (available here).

[2] Economic intensity target, meaning Total CO_2 emissions/EBITDA. CO_2 Emissions from use of sold products covering at least 67% of total Scope 3 emissions.
[3] Certified to be 20% H2 ready. The perimeter considers also the Balkans, Switzerland, the United Kingdom, Israel, Norway and Ukraine, rather than EU. Russia is excluded.
[4] The Quality Excellence Index is a tool leveraged by the Ariston Group to assess the capability of the organisation to implement the Quality Roadmap. The Quality Roadmap is a plan of annual initiatives whose completion determines the attribution of a score, which will be accumulated year over year.

Business model and value chain

While the Group's business model is detailed in Section 4.5, **New Products, Services, Research, and Development**, and Section 4.6, **Manufacturing & Supply Chain Operations**, of the Annual Report, the table below provides a comprehensive overview of the **Company's value chain**. This includes key inputs, outputs, and the primary business actors involved at each stage.

▶ Category	▶ Phase	▶ Description (stakeholder description and business relation with the Group)
▶ Upstream	▶ Sourcing	▶ Production of raw materials, semi- and finished goods, and energy and other natural resources. Main purchasing categories for Ariston Group include steel, aluminum, copper, polypropylene, polyurethane, paper.
	▶ Inbound logistics	▶ Transport of raw materials, semi-finished components and finished goods to Arison Group's production sites and offices.
▶ Own operations	▶ Research & Development	▶ Development of new products and systems (e.g. software solutions) with a view to improving energy efficiency and steering consumer habits.
	▶ Manufacturing	▶ Manufacturing of products and systems carried out across the 28 production sites of the Group, globally.
▶ Downstream	▶ Outbound logistics	▶ Transport of assembled and finished products to be sold to customers (e.g. retail clients)
	▶ Wholesale	▶ Intermediaries and distributors who install products at the end-consumer.
	▶ Product use	▶ Usage of products and solutions by the end-customer within the residential and commercial sector.
	▶ After-sales	▶ Technical support, maintenance, repairs, spare parts, user training, software upgrades, customer support services.
	▶ End-of-life	▶ Product disposal once the product reaches the end of its lifespan.

Ariston Group's **primary inputs include raw materials, semi-finished goods, finished goods, energy, and other natural resources**. The Company rigorously evaluates and selects suppliers that best align with its operational needs while emphasizing geographical proximity to production centers to enhance efficiency and sustainability.

The Group's outputs span the entire value chain, including **wholesale distribution, product usage, after-sales services, and end-of-life management**. Key highlights include:

- **For End Users**: The Company prioritizes energy efficiency in product usage, providing clear and comprehensive information to ensure optimal functionality and reduced energy consumption.
- **For Professional Installers**: Ariston Group emphasizes proximity and support, streamlining installation processes to save time and improve performance. Transparency and communication are central to this effort, equipping installers with the resources and clarity needed to perform efficiently.

Transparency extends across the entire product lifecycle, with a dedicated focus on the end-of-life phase. Efforts are concentrated on responsible disposal or recycling of products to mitigate environmental impact.

By aligning product features with the needs of downstream stakeholders, Ariston Group reinforces its commitment to sustainability, delivering tangible benefits for customers, professional stakeholders, and the environment.

SBM-2 Interests and views of stakeholders

Ariston Group actively engages with stakeholders across its business activities and functions, leveraging dedicated channels to **gather insights and integrate them into strategic planning**. This collaborative approach ensures that **diverse perspectives are considered and aligned with the Company's objectives**.

In fiscal year 2024, the **core strategy outlined in the Road to 100 Plan** remained largely unchanged. However, it was refined to align more closely with the requirements of the Corporate Sustainability Reporting Directive (CSRD) and to address identified sustainability priorities.

The Company remains steadfast in **its commitment to continuous improvement in Environmental, Social, and Governance (ESG) performance** while adapting to the evolving expectations of external stakeholders.

Key stakeholders	How Ariston Group engages	How the outcome is taken into account
Affected stakeholders		
Suppliers	Sustainability Procurement Policy Due diligence program	Identification of suppliers strength and weaknesses in ESG performance help the Company outline impacts, risks and opportunities (IRO) in Double Materiality Assessment (DMA) (upstream); feedback about AG ESG request, pace and targets supports the improvement of alignment actions
Analysts, Investors and Shareholders	Quarterly presentations and conference calls, one-to-one or group conference calls, road shows or participation in conferences	Feedback about the Company's sustainability path, expectations and requests: they help the Group adjust the level of transparency and set targets and the level of effort on certain topics
Employees and workers who are non-employees	Meetings with unions and internal listening activities	Programs/tools development and/or adjustment, target setting to guarantee specific requests are addressed: training and professional growth, respect for cultural diversity, equal opportunities and meritocracy etc.
Customers (Installers, Distributors, Importers, Center of Technical Assistance, Wholesalers, Service Centers, End-consumers)	Technical Committees, Technical issue escalation	Potential product issues discussion, perceptions on product quality assessment led to the identification of ways to improve product lines or create new ones
	Process, Call Center, Website and social network, Voice of Customers program, Brand Health	Identification of areas that require prompt intervention and offer comparative insights in relation to where other competing brands stand help the Company improve service effectiveness and introduce innovative, cutting-edge and efficient technology
Local communities	Meetings with local communities near production sites	Identification of areas of concern help guide the implementation of AG specific projects with a focus on promoting value creation for the local area, respect for the environment and respect for local culture
Environment (silent)	Decarbonization Plan Integrated system management (ISO 14001)	International environmental issues have led the group to focus on its impacts, risks, and opportunities, and to identify an approach aimed at mitigating the former and optimizing the latter, by setting specific targets (GHG emissions reduction, circularity etc.)
Users of sustainability statements		
Banks and financial Institutions	Specific meetings	Feedback about the Company's sustainability path, expectations and requests: they help the Group adjust the level of transparency, set targets and level of effort on certain topics
Local, national and Supernational institutions	Category Associations meetings	Legislative compliance and the dialogue with other organizations in the same sector and adjacent sectors is helping the Group calibrate the level of effort and prioritize the most urgent issues
Media	PR agency sharing inputs from media	Feedback about the Company's sustainability path, expectations and requests: they help the Group adjust the level of transparency and effort on certain topics
Trade Unions and Trade Association	Periodical meetings at site level	Programs/tools development and/or adjustment, target setting to guarantee specific requests are addressed: training and professional growth, respect of workers' rights and labour contracts, health and safety concerns

Ariston Group has gathered inputs indirectly through **interviews with the key corporate functions** most impacted by sustainability considerations, including employees and customers. Additionally, the **Double Materiality Assessment (DMA)** directly involved **external experts** to provide feedback and validate its findings. These experts represented three key stakeholder categories: financial institutions, suppliers, and research institutions.

To ensure a well-informed process, the external stakeholders participated in **one-to-one interviews** after receiving a preparatory brief. Their feedback was subsequently shared with the Audit Committee, ESG Committee, and ESG Council for their review and consideration.

The administrative, management, and supervisory bodies are regularly updated on the views and interests of affected stakeholders regarding the Company's sustainability-related impacts. This is achieved through alignment meetings held with the ESG Committee and Audit Committee.

During these meetings, stakeholder feedback—particularly insights gathered through the materiality assessment process—is presented and discussed. This ensures that stakeholder perspectives are actively integrated into shaping Ariston Group's sustainability strategy and that their interests are reflected in the Company's approach to managing its impacts.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The table below outlines **Ariston Group's key impacts, risks and opportunities (IROs)**, specifying their concentration across the value chain, expected time horizons, and financial effects.

While the Group's core strategy and business model remain unchanged**, efforts to strengthen alignment and improve the management of material IROs have been prioritized**. The ESG Team collaborated with the **Enterprise Risk Management**

(ERM) team to identify common focus areas, ensuring integration within corporate risk management. Principal IROs have also been incorporated into the **2030 Strategic Plan by the Strategy Team**, while the ESG Committee approved a **2025 ESG Action Plan** that engages multiple functions to address these priorities effectively.

Ariston Group's value chain generates **both positive and negative effects on people and the environment**. These impacts, stemming directly from the Group's business model focused on producing and selling thermal comfort products, arise from both **direct activities** and **business relationships**.

Environmental challenges include **greenhouse gas emissions** associated with the **product lifecycle**, which contribute to climate change, and **high-water consumption** required by **upstream suppliers**. Social risks involve **potential health and safety issues** for workers in production plants and customers if quality checks or product information are insufficient.

On the **positive side**, the Group promotes **energy efficiency** and **product longevity** through digital tools such as the Ariston NET App and AI, which provide real-time notifications and remote technical assistance. **Workforce development programs** enhance employee skills, improving well-being and customer satisfaction.

Upstream, reliance on suppliers for raw materials and components generates resource consumption and human rights risks. These risks are monitored through a due diligence program that annually assesses the ESG performance of suppliers. **Downstream**, customer satisfaction and product resilience are improved through installer training programs, also targeting to ensure a positive user experience.

Ariston Group faces material risks that could impact its financial position. **Climate-related challenges**, including costs from extreme natural events and regulatory restrictions on fossil fuel-based products, could result in short- to medium-term expenses. **Regulatory compliance risks**, such as those related to conflict minerals and circular practices, may lead to increased procurement costs or liabilities, potentially affecting the financial statements. **Social risks** include reputational damage and costs associated with inadequate working conditions provided by suppliers, while **cybersecurity incidents** and **failure to meet ESG targets** could affect brand value and EBITDA.

The Group also identifies **several opportunities** with the potential to enhance financial performance. Regulatory changes and climate adaptation trends are **driving demand for energy-efficient** and **low-impact products**, unlocking new revenue streams and strengthening market positioning. **Circular initiatives** to reduce industrial waste generation offer cost savings and access to new markets. A **diverse** and **inclusive work culture** improves talent retention, reducing turnover costs; providing high-quality information on the correct and efficient use of products to end-users and installers—reducing energy consumption and enhancing durability—along with promoting lower-impact solutions strengthens brand reputation and drives sustainable growth.

Ariston Group addresses its impacts, risks, and opportunities through **a resilient strategy** that guarantees **operational** and **supply chain flexibility**, **invests in innovative and renewable technology solutions**, and **adapts infrastructure to manage physical risks**. The integration of physical risk analysis into the **Business Continuity Plan**, with measures to protect plant buildings from extreme weather events, strengthens operational readiness. **Stakeholder engagement** ensures alignment with market demands, customer needs, and ESG goals, reinforcing the Group's adaptability and long-term sustainability.

All identified impacts, risks and opportunities (IROs) are covered by the European Sustainability Reporting Standards (ESRS) Disclosure Requirements, with no additional entity-specific disclosures required.

	ESRS Topics	IROs	Impact	Description	Value chain	Time horizon
ENVIRONMENT	**E1 - Climate change** Mitigation Adaptation Energy	Negative impact	Actual	GHG emissions in the value chain, with scope 3 representing the highest proportion	Entire value chain	Long term
		Positive impact	Actual	Energy consumption decrease thanks to efficient technologies and solutions sales	Downstream	Medium term
		Risks	-	Change in demand for energy efficient products (due to the lack of State-incentives) and fossil fuel-based products (regulatory ban)	Company level and downstream	Medium and Long term
				Operational cost related to extreme natural events and adoption of energy efficiency measure	Company level	Medium and Long term
		Opportunities	-	Increased demand for efficient products	Entire value chain	Medium term
				Investment attractiveness to keep up with climate targets, thanks to the setting of SBTi goals and a higher % of alignment to the EU taxonomy	Entire value chain	Medium term
	E3 Water Consumption	Negative impact	Actual	High water consumption levels upstream	Upstream	Long term
	E5 Circular economy Inflows Outflows Waste	Negative impact	Actual	Use of non renewable raw materials with potential supply challenges	Upstream	Long term
				Inefficient waste disposal at industrial and consumer level	Entire value chain	Short, Medium and Long term
		Positive impact	Actual	Extension of products' lifetime through real-time assistance	Downstream	Short term
		Risks	-	Challenges in securing the availability of virgin resources and/or raw materials from no conflict zones	Upstream	Medium term
				Costs associated with enhancing circularity in both product design and disposal phases	Company level	Medium term
		Opportunities	-	Reduced industrial waste cost management	Entire value chain	Medium term
				Increased customer preference for more circular solutions	Entire value chain	Short term
SOCIAL	**S1 Own workforce** Working conditions Equal treatment and opportunities for all	Negative impact	Potential	Safety occurrences in the workplace	Company level	Short term
			Potential	Workplace concerns related to gender disparities	Company level	Medium term
			Actual	Presence of seasonal contracts	Company level	Medium term
		Positive impact	Actual	Skills enhancement thanks to upskilling and reskilling programs	Company level	Medium term
		Risks	-	Reduced attractiveness due to the use of temporary contracts	Company level	Short term
				Reputational risk related to gender disparities		
				Reputational damage due to lack of flexibility		
				Challenges in sourcing employees with the necessary skills		
		Opportunities		Talent retention and attraction due to the diverse and inclusive work environment and culture	Company level	Short term
	S2 Workers in the value chain Working conditions	Negative impact	Potential	Failure to respect human rights by upstream suppliers	Upstream	Long term
		Risks	-	Reputational damage related to suppliers that do not respect human rights	Upstream	Medium term
	S4 Consumers and end-users Information-related impacts for consumers and/or end-users Personal safety of consumers and/or end-users	Negative impact	Potential	Potential data mismanagement or loss	Downstream	Medium term
				Health and safety risks in product use		
		Positive impact	Actual	Improved customer satisfaction from adopting feedback collection mechanisms	Downstream	Medium term
			Potential	Improvement in installation, repair and maintenance of products thanks to training and information		
		Opportunities	-	Improved brand reputation through high-quality information and low-impact product portfolio	Downstream	Short term
		Risks	-	Reputational damage due to malfunctioning products and/or misleading ESG communication on product feature	Company level and downstream	Short term
GOVERNANCE	**G1 Business** conduct	Negative impact	Potential	Risk of corruption stemming from the Company's global presence	Company level	Short term
		Positive impact	Actual	Solid company culture expressed in its Code of Ethics and Policies	Company level	Short term
		Risks	-	Litigation risks from not protecting whistleblower anonymity	Company level	Short term
				Potential cybersecurity attacks		Medium term
				Reputational damage due to failure to meet targets set in Road to 100		Medium term

IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities

Ariston Group performed a Double Materiality Assessment (DMA) to identify the material impacts, risks and opportunities (IROs) on which to focus the reporting of the Sustainability Statement FY24. From a methodological standpoint, two dimensions were considered:

- **Impact materiality (inside-out perspective):** assessment of actual or potential, positive or negative impacts Ariston Group generates on people and/or the environment.
- **Financial materiality (outside-in perspective):** assessment of risks and/or opportunities that affect or may affect the Company's financial position.

The identification was conducted with the **Group's overall scope in mind, considering aggregated rather than country- or site-specific data**. While the perspective is global, a deep-dive was carried out into activities in Europe due to the fact that annual sales within this market correspond to 71% with a growing exposure to the Americas (9%) and Asia, Middle East and Africa (19%). Similarly, the DMA focuses mainly on climate comfort and water heating solutions since these represent 94% of the annual product sales compared to burners and components that account for a total of 6%.

IROs were evaluated within the **Company's operations as well as across the value chain over the short, medium or long-term**. **Upstream**, at this stage, attention was paid **to Ariston Group's suppliers** in light of the due diligence assessment, which is currently in progress. As a matter of fact, in line with the Sustainable Procurement Policy and the Suppliers Code of Conduct, the Company has integrated ESG evaluations in its Supplier Management Process – from supplier selection to onboarding, performance evaluation and improvement. The ultimate objective of this process is to enable the Group to understand suppliers' sustainability performance, identify and develop improvement plans. For further information on the process, please see ESRS Disclosure requirement S2-4, Supply chain Due Diligence.

Downstream relevance was assessed indirectly at the **consumer level** and at the **product's end-of life stage** thanks to the inputs provided by the Quality, Service and Marketing functions. Although there are no ad hoc processes in place to gather sustainability concerns from B2B and B2C customers, **listening activities are organized globally** – with a specific focus in Europe – **to discuss product quality, installation and other services**. This ensures that products, processes and policies integrate both stakeholders' point of view and legal requirements, which indirectly implement sustainability concerns.

Finally, **the assessment was carried out considering the list of sustainability matters covered in the topical ESRS**. Ariston Group found that its material topics and specific circumstances were sufficiently covered in that list. Overall, the Company did not identify entity-specific disclosures related to material IROs. Nevertheless, the double materiality assessment process required the Group to make key judgments and use thresholds and may also be impacted in time by sector-specific standards to be adopted. Therefore, the sustainability statement may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder (group) may consider important in its own particular assessment.

Please note that 2024 was the first year Ariston performed a Double Materiality Assessment. This is an ongoing process with affected stakeholders which might result in future improvements of this process

An overview of the DMA process

Phase	Purpose and outcome
Pre-assessment of sustainability matters	To assess non-applicable topics such as E2 Pollution and E4 Biodiversity by providing specific rationales.
Input gathering	To map key takeaways from the Company's sustainability context, peers, strategy, Risk Catalogue (ERM), preliminary due diligence findings, policies and regulatory developments.
Involvement of internal stakeholders	To draw up a long list of IROs several rounds of 1-1 interviews were organized with internal stakeholders based on the ESRS topic in question.
Alignment and integration with the ERM	To ensure coherence with the ERM, where possible, interviews with the IA function were carried out to ensure the link with the Risk Catalogue and qualitatively assess the financial effects of risks based on a % of EBITDA.
Valuation and threshold setting	To evaluate the significance and magnitude of IROs quali-quantitative scores were assigned and thresholds set based on internal discussion and validation (e.g. determined by the ESG Committee and approved by the Board).
Involvement of external stakeholders	To inform the DMA process through dialogue with a selected panel of stakeholders close to the Group, representing a financial institution, a supplier and a research institution. External stakeholder views were also integrated thanks to the 1-1 interviews with the main functions, which use specific engagement channels.
Selection of Disclosure Requirements and Datapoints	To guide the reporting process by mapping the material IROs to the mandatory Disclosure Requirements and identifying the main qualitative, quantitative and monetary datapoints to disclose for FY24.
Result sharing and validation	To inform the ESG Council and Audit Committee and to gain validation from the ESG Committee.

Impact materiality

The **main identified topic** featuring impacts across the whole value chain is the **emission of CO_2**. Although impacts have been identified both among suppliers and own operations, it is downstream where the most significant impact has been acknowledged: **the amount of emissions generated by products in use in 2024 correspond to around 79 million tCO_2e, representing 99% of the Group's GHG emissions**. As a matter of fact, buildings account for nearly one-third of the global final energy consumption and, in Europe, 63.5% of the total residential energy consumption stems from space heating[5].

Throughout its own operations, the Group also generates **negative and positive impacts in relation to its workforce** and **business conduct** while upstream a preliminary analysis reveals that, besides GHG emissions, **water consumption**, **materials use** and **waste** and **impacts on suppliers' workers** are priority concerns amongst the supplier base.

The due diligence process, the transition plan and the concerns raised by the financial institution engaged for feedback in the DMA process have been taken into account. Material impacts have been prioritized considering the severity (scale, scope, irremediability for negative impacts) and their likelihood (only for potential impacts) on a quantitative scale from 1-5, by setting the threshold to the ~50 percentile point.

Financial materiality

As regards risks and opportunities, Ariston Group has considered the interdependency with impacts particularly when the latter bring **reputational damage** or **opportunities alongside intervention costs**. The Group also assessed dependencies on **weather patterns** and **raw materials** for environmental topics and on **human resources** for social topics – mostly new hires with critical competencies, together with the **protection of human rights along the supply chain**.

To identify the score of each risk and opportunity, the following aspects have been taken into account:

- Likelihood of occurrence, defined also though an assessment on the historical data of certain events
- Potential magnitude of the financial effects, which was partially estimated based on the Enterprise Risk Management (ERM) analysis[6];
- Specific qualitative and quantitative scores

The threshold has been set in alignment with the evaluations carried out by the Enterprise Risk Management (ERM) framework to ensure a consistent and integrated risk assessment approach. Overall, a methodological alignment with the ERM was achieved, and from 2024 onwards, the contents have also been integrated. As a matter of fact, starting from 2024 the ERM includes a sub risk category specifically concerning "Sustainability, climate change and energy transition" and overall ESG risks and impacts related to the environment and people.

For further information on the decision-making process, internal control procedures, and the integration with the overall risk management and management process, please see ESRS 2 GOV-1.

No other input parameters have been used and **Ariston Group will review its DMA process on an annual basis** as it collects useful information from the due diligence process and as the sustainability context in which the Company operates continues to evolve.

IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

The information to be disclosed in relation to impacts, risks and opportunities has been mapped by the ESG Team together with internal functions and external stakeholders. Once compiled, the information has been verified and integrated where necessary by the ESG Team itself, and then proposed and validated with the ESG Committee and Audit Committee.

Here below is the **list of the Disclosure Requirements complied with in preparing the Sustainability Statement**, following the outcome of the DMA. For all material topics, all applicable data points will be reported, except for those subject to phase-in, voluntary reporting, or deemed not applicable.

[5] Eurostat, Energy consumption in households, June 2024.
[6] Given that the first year of reporting is subject to a phase-in, no quantitative financial estimates will be provided but the Company intends to establish an appropriate flow of financial data collection as soon as possible.

ARISTON GROUP

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Disclosures Requirements have been omitted for E2 Pollution, E4 Biodiversity and S3 Communities as these are not related to material IRO's.

- For **E2 Pollution**, Ariston Group's core business in thermal comfort solutions leads to **relatively low direct emissions of pollutants both in production processes and use of sold products phases** (e.g., air, water, or soil pollution). The Company's environmental impact, as well as that of its supply chain, is mainly tied to energy consumption rather than significant industrial pollutants.
- Regarding **E4 Biodiversity**, the Group's operations – primarily focused on manufacturing and technology development – **do not significantly interact with or disrupt sensitive ecosystems or biodiversity-rich areas**. The Company's facilities are typically located in industrial zones with limited exposure to biodiversity risks. Also, no specific impacts have been identified in the supply chain, while product interaction with natural habitats or ecosystems is minimal, and any indirect effects are not material at the global or local level.
- As for **S3 Communities**, the Group's activities – such as manufacturing and product distribution – **do not have a significant direct impact on local communities, as they are conducted within controlled industrial and commercial environments.** The Company's operations do not involve resource extraction or processes that heavily alter local communities. Nevertheless, while Ariston contributes to local economies through job creation and community involvement, the scale and nature of these impacts are not substantial enough to be considered material in terms of impacts, risks or opportunities.

For Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation, please refer to pag. 156 of the Sustainability Statement.

2. Environmental information

In alignment with global **decarbonization goals** and the **EU's ambition for carbon neutrality** and enhanced energy efficiency, the Group is continuously exploring new technological frontiers. Its research and development efforts focus on **leveraging heat pump technologies** and advancing **alternative fuel solutions** such as natural gas refrigerants, hydrogen, and biofuels. To achieve this across all product lines, the Company is investing in R&D, expanding the production capacity of the most efficient technologies, and developing the necessary skills to reduce its products' CO_2 emissions. This effort will significantly contribute to lowering Scope 3 emissions, where the greatest impact comes from product usage.

Taxonomy Regulation – Disclosures pursuant to Article 8 of Regulation 2020/852

The European Taxonomy (EU Regulation 2020/852)

On 18 June 2020, the European Parliament adopted EU Regulation 2020/852, or Taxonomy Regulation, which represents a European response to the current climate and environmental challenges. It contributes to the objectives of the European Green Deal by establishing a first classification system for sustainable economic activities, thus aiming to increase transparency and consistency in the classification of such activities and limiting the risk of greenwashing and fragmentation in relevant markets.

The Regulation sets out the **criteria for determining whether an economic activity can be considered environmentally sustainable** and establishes **six environmental objectives**: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, the protection and restoration of biodiversity and ecosystems.

The Delegated Acts identify the economic activities that are eligible for an environmental objective and the criteria to assess whether an economic activity makes a substantial contribution and does not significantly harm any of the other environmental objectives. Finally, the economic activities, to be considered as environmentally sustainable, need to be carried out in compliance with the Minimum Safeguards, namely OECD Guidelines, UN Guiding Principles on Business and Human Rights, and the International Bill of Human Rights. The Commission has adopted the following delegated acts:

- the Climate Delegated Act (2021/2139 EU, June 2021, 2023/2485 EU, June 2023) relating to the objectives of climate change mitigation and climate change adaptation (applicable since the first year of taxonomy reporting),
- the Environmental Delegated Act (2023/2486 EU, June 2023), relating to the other four environmental objectives, which came into force for Non-Financial Disclosures published after 1 January 2024.

In compliance with the regulatory obligations of the Disclosure Delegated Act (2021/2178 EU), for this fourth year of application, non-financial companies are required to check whether their economic activities could be considered eligible and aligned to all the environmental objectives (Climate Change Mitigation and Climate Change Adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems). Therefore, for this reporting year, Ariston Group is required to complete the analysis of the objectives outlined in the Environmental Delegated Act, assessing whether its related economic activities can be considered aligned.

The group's contribution to the environmental objectives

Ariston Group is one of the key players in the global thermal comfort market for domestic, commercial and industrial spaces. After the acquisition of CENTROTEC Climate Systems GmbH, the Group has further extended its presence in the market. The acquired Group is a pioneer in the development of new-generation heat pumps with natural refrigerants (R290), it successfully operates in air-handling, offering high-efficiency systems for flow control and air conditioning in commercial applications; it has a prominent position in domestic heat-recovery ventilation – a requirement for nearly-Zero-Emission Buildings.

The economic activities generating revenue for the Group can be broken down into:

- **Products**:
  - Burners
  - Components

- HVAC and water heating, which can be classified into water heating products (i.e. heat pumps, solar, electric storage & electric instant water heaters, gas storage & gas instant water heaters, cylinders, etc.), space heating products (i.e. boilers, heat pumps, hybrid systems, air conditioning, thermostats, direct services & parts), domestic heat-recovery ventilation, air handling.

- **Services**: specific services related to solutions installation, maintenance and repair of specific ranges of products listed above and described later on in this chapter.

The activities related to HVAC and water heating, including related services, were classified as "Taxonomy-eligible" or "eligible", whereas Burners and Components have been considered as "Taxonomy non-eligible", based on the fact that no perfect fit was identified with Annexes I and II of the Climate Delegated Act nor with Annexes I, II, III and IV of the Environmental Delegated Act.

To identify potential "Taxonomy-Eligible" activities, the Group has evaluated:

- **the list of activities outlined in the Climate Delegated Act for the first two environmental objectives of Climate Change Mitigation** (hereinafter "CCM") and **Climate Change Adaptation** (hereinafter "CCA"). Based on regulatory information, Ariston Group has conducted an analysis to determine "eligibility" activities by examining the technical screening criteria proposed by the Commission. The assessment was carried out by analyzing, for each identified activity, the requirements of the Substantial Contribution and Do No Significant Harm (hereinafter "DNSH") to verify which activities were compliant with the definitions of CCM or CCA objectives.

  The Group's analysis confirms that its economic activities contribute substantially to climate change mitigation (CCM) but not climate change adaptation (CCA). Since Ariston Group's products are classified as adapted rather than enabling activities, they do not directly support climate resilience or risk management. As a result, given their lack of contribution to the CCA objective, but instead their role in mitigating climate change by stabilizing greenhouse gas emissions, all climate mitigation solutions are reported under CCM activities.

- **the list of activities outlined in the Environmental Delegated Act for the last four objectives** (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems). The analysis led to the identification of certain potential activities related to the circular economy, the description of which includes certain economic activities carried out by the Group. While the Group's products within the HVAC and water heating category could broadly fall with the definition of "electrical and electronic equipment" dictated by Activity 1.2 (taking into consideration the Waste from Electrical and Electronic Equipment (WEEE) Directive as a reference point), the requirements outlined in the EU Taxonomy were found to emphasize specific features – such as those associated with white goods – that do not represent the characteristics of the Group's product portfolio. Consequently, no contribution to the Circular economy objective was identified and the Group has chosen to maintain its primary focus on Climate Change Mitigation, which is also the one the Company's activities are most related to.

The eligible activities resulting from the analysis are reported below:

Objective	Activity number	Activity	Description of the activity
CCM	3.5	Manufacture of energy efficiency equipment for buildings	Manufacture of: - Water heaters - Boilers - Heat pumps - Air conditioners - Solar thermal - Thermostats - Connectivity -Domestic heat-recovery ventilation - Air handling
	6.5	Transport by motorbikes, passenger cars and light commercial vehicles	Renting and leasing of vehicles of the Group falling under the scope of category M1 and N1 of Regulation (EC) No 715/2007 of the European Parliament and of the Council, or L (2- and 3-wheel vehicles and quadricycles)

	7.3	Installation, maintenance and repair of energy efficiency equipment	Individual renovation measures consisting in installation, maintenance or repair of boilers, water heaters, domestic heat recovery ventilation and air handling
	7.6	Installation, maintenance and repair of renewable energy technologies	Installation, maintenance and repair of heat pumps and solar thermal and relevant "after-services" activities
	8.2	Data-driven solutions for GHG emissions reductions	Development or use of ICT solutions that are aimed at collecting, transmitting, storing data and at its modelling and use where those activities are predominantly aimed at the provision of data and analytics enabling GHG emission reductions.

Moreover, the Group had identified the activity 7.5 "Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings". However, data from the installation of thermostats cannot be disaggregated from the value of the rest of the products sold (already included in activity 7.3) and such values represent a residual part of the total aggregated amount for the activity. Thus, the activity was not included in the analysis.

In terms of contribution to the climate change mitigation objective, all eligible activities are classified as possible enablers for other activities to become low-carbon or to lead to greenhouse gas reductions according to Article 10(1), point (i), of Regulation (EU) 2020/852.

As per last year, to identify how and to what extent the activities of the Group are associated with economic activities qualified as "aligned" to Climate Change Mitigation, Ariston Group has analyzed all the applicable technical screening criteria (TSC). Below are set out the steps of the analysis undertaken:

Substantial Contribution Criteria

As part of the **analysis of Ariston Group's activities**, two main categories have been identified: **products** and **services** (as previously reported). Consequently, the related economic activities 3.5, 7.3, and 7.6 have been identified and organized to align services with their respective products, ensuring greater coherence and integration:

- **Space heating, domestic hot water systems rated in the highest two populated classes of energy efficiency** in accordance with Regulation (EU) 2017/1369 of the European Parliament and of the Council and delegated acts adopted under that Regulation[7]. This first criterion applies to **all Ariston Group products identified as Taxonomy-eligible** and included in activity 3.5, namely water heaters, boilers, heat pumps, air conditioners, air handling and domestic heat recovery ventilation systems and solar thermal. It also covers the other Taxonomy-eligible activities identified with codes 7.3 and 7.6, which are related to the service of installing and maintaining of individual solutions and systems.
- **Cooling and ventilation systems are rated in the highest two populated classes of energy efficiency** in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that Regulation. This applies to activity 3.5.
- **Heat pumps** are compliant with the following criteria in accordance with Directive (EU) 2018/2001: Only heat pumps for which the estimated average seasonal performance factor (SPF) > 1.15 * 1/η shall be taken into account. This second criterion applies only to heating heat pumps (3.5) and to the related activity of installation maintenance and repair (7.6).

Regarding activities **6.5 Transport by motorbikes, passenger cars and light commercial vehicles** and **8.2 Data-driven solutions for GHG emissions reductions**, which are not part of the Group's core business and constitute a minor share of operations managed by external third parties, the Group analyzed the Substantial Contribution Criteria and mapped what was possible based on the currently available information. However, additional data from suppliers is required, which the Group does not have at this time. As a result, the Group cannot confirm alignment with the Substantial Contribution Criteria for these two economic activities.

[7] The analysis of these substantial contribution criteria was based on the segmentation of the main product families and service sold, which have been broken down into different clusters based on type, specific features, and geographical area of sales. For future analysis, the Group is considering the opportunity to leverage specific information related to the energy efficiency classes of products when they are publicly available on EPREL (EU Product Database for Energy Labelling) database.

Do Not Significant Harm (DNSH) Criteria

The Group has verified the compliance of its eligible activities to the Do Not Significant Harm (DNSH) requirements related to the Climate Change Mitigation objective (CCM) outlined in the Climate Delegated Act.

The identified activities include a general alignment with the DNSH Climate Change Adaptation. The DNSH criterion for Pollution prevention and control is applicable to both activities 7.3 and 3.5. The remaining aspects are considered N/A for service-related activities and apply exclusively to 3.5 for products.

Adaptation to climate change: Ariston Group has performed an Assessment of Natural Hazard Exposure to identify top-priority sites deserving of deeper investigations regarding their exposure to natural hazards. The assessment, conducted in 2024, was based on the previous Axa 2022 report, a seismic risk gap analysis and a flood parcel-based approach, which covered 20 sites across six countries, with a total portfolio value of EUR 1.9 billion. The evaluation led the Group to identify physical risks related to climate change and consequently define measures to enhance the resilience of its plants.

Ariston Group expanded its climate risk analysis in 2024, incorporating Intergovernmental Panel on Climate Change (IPCC) scenarios and assessing both current and future climate conditions. The comprehensive assessment evaluated physical risks, including extreme weather events and chronic risks such as water stress and rising temperatures. Factors such as asset location, vulnerability, and perceived risks were analyzed to determine risk levels and their potential impact on operations, assets, and supply chains. The assessment is proportional to the scale and lifespan of activities, ensuring alignment with market changes and sustainability goals. As part of its Double Materiality Analysis, Ariston Group also considered both physical and transition climate risks. For further content of the analysis please refer to E1 IRO-1.

The **physical risks analysis focused on the most significant assets** from an economic perspective and their exposure to natural risks. The factors considered in the physical risk analysis included location, vulnerability, the possibility of extreme climatic events, and the perceptions of process owners regarding their significance. Considering the climate physical risks identified, Ariston Group has **implemented actions to enhance resilience**, such as **improving infrastructure in plants**, including cooling systems to handle heat stress, **flood defense systems**, and better **building insulation** to combat extreme weather. These measures are part of the **Group's Business Continuity Plan** (BCP), and pave the way to define and implement, starting from the current year, an adaptation plan based on the actions mentioned above. Reviews, risk assessments and emergency response protocols developed to mitigate risks from natural events, raw material shortages, and cyberattacks will be done periodically in coming years.

For further information on the climate related risks analysis performed, please refer to the "IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities" and "SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model" sections of ESRS E1 chapter.

Sustainable use and protection of water and marine resources: The Group has in place clear internal procedures regulating and monitoring the **environmental impact assessment**. Indeed, according to these procedures: each plant has to assess the impact of its activity on water and put in place **control** and **mitigation plans** in case any **relevant impact is identified**. Although not all sites are ISO 14001 certified, a **single unified management system which applies to all sites without distinction has been designed and implemented**, following the principles of this certification. Also **World Class Methodology** contributes to measuring and assessing environmental performance, while the **HSE Policy**, which is shared with all stakeholders on the Corporate website, includes a water use and protection management plan. This centralized approach ensures that even non-certified sites adhere to the **same rigorous standards** as those certified under ISO 14001 and has developed a harmonized approach for assessing water aspects, which is based on:

- The separation of industrial, civil, and rainwater management.
- Sensitivity concerning discharge into a receiving water body with ecological status (water quality)
- Compliance with legal requirements based on plant authorization categories
- Stakeholder involvement reflecting community concern
- Extension representing the area affected by the impact
- Reversibility of the impact itself.

According to this assessment, Ariston Group is considered a **low water-related impact Company**. Nevertheless, it aims at reducing its consumption:

- by **improving** the production process,
- by **reusing water**, as an example in the tank sealing the quality control station, and, moreover, cooling processes have closed circuits

- by **reducing the use of tap water** by withdrawal from wells (around 83% of the water withdrawal is directly pumped from ground water that is not drinkable).

Transition to a circular economy: Ariston Group makes use of cutting-edge technologies to offer **energy-efficient products**, reduce **packaging** and provide **renewable solutions**, considering it a priority to innovate in order to minimize environmental impacts. The Company is working on implementing a **circular approach** which is based on a strategy that prioritizes **recycling over disposal** and encourages the **reuse of various materials in the manufacturing processes**. With regards to **product durability aspects**, the *New Product Development Procedure* focuses on extending product lifespan by focusing on the design and disposal phases, particularly **leveraging on the specification phase**. Additionally, it aligns with **consumer trends** that favor more circular solutions. The Procedure applies across all divisions within the Group and encompasses all product solutions. The process is led by the Business Unit (BU) Executive Vice Presidents (EVP), supported by the EVPs of the main functions involved (Quality, Operations, Sales, Procurement). For more content on the Procedure, please refer to ESRS E5 - Resource use and circular economy chapter**.** To **integrate circularity principles into product design** and address both customer expectations and environmental impact reduction goals, the Group is also committed to **strengthening circular product design** by expanding the use of **Life Cycle Assessments** (LCAs): recently, a specialized international software solution for the building sector was adopted. This advancement supports the Group's efforts to achieve international certifications (such as PEP Ecopassport®), expand the assessment to a wider range of solutions, and transparently communicate the environmental impact of its products throughout their lifecycle through the adoption of an **Environmental Product Declaration** (EPD).

At the same time, Ariston Group is also acting to increasingly **introduce secondary** and **recycled resources**. Upstream, the Company is increasingly sourcing **recycled steel**, currently standing at around 28%. Steel is one of the main primary input materials for the Group's thermal comfort solutions: it accounts for about 70% of the total weight of material used for manufacturing products and solutions. Moreover, as part of WOLF's commitment to sustainability, green steel is actively being incorporating particularly within the commercial Air Handling Unit (AHU) segment using the "book and claim" principle. For more information about this topic, please refer to the paragraph "E5-2 Actions and resources related to resource use and circular economy – Resource inflows: mapping and using renewable materials", ESRS E5 - Resource use and circular economy chapter.

Regarding **packaging**, the Group has officially formalized its commitment in the ***Sustainable Packaging Definition***, which outlines efforts to increase the share of recyclable packaging and recycled plastic, eliminate smaller packaging, and minimize or avoid plastic usage wherever possible.

The commitment to sustainability extends also to the **production processes**, which are designed to reduce and optimize consumption. On this, as regards **waste management**, a corporate goal for waste reduction and circularity is established annually. Waste reduction projects are prioritized based on the **5R methodology** by:

- **Refusing** non necessary packaging and assessing environmental impact of any change through a pre-project risk assessment
- **Reducing** waste production by considering byproducts as secondary products; this approach is exemplified by magnesium oxide, which is not classified as waste but as a secondary product to be used as raw material. This involves also designing high-quality products to extend their lifespan and designing efficient packaging to reduce damaged products in the supply chain.
- **Reusing** packaging of components in collaboration with suppliers, rework our own non-conforming product to reuse tanks and other metal components saving on production, selling wooden pallets for repair and reuse.
- **Recycling** metal, plastics, cartons, electrical components, etc.
- **Revalorize** by prioritizing incineration with energy recovery in disposal processes and continuously conducting technological monitoring to discover new treatment methods for non-recyclable components such as polyurethane foam, ensuring the energy efficiency of our boilers.

Assessments and **data availability** are considered essential by the Group to implement actions aimed at continuous improvement. For this reason, a process is underway to **implement software and tools that enable the collection**, **analysis**, and **in-depth examination of specific information** related to material usage. The availability of the data is enabling the Company to **identify circular opportunities** and **raise awareness in terms of resource consumption**, with a potential to be further implemented into different areas of the business. As a matter of fact, the Group is broadening its comprehension of the materials of products sold and distributed in its markets. Further deep dives on **material traceability** extend to other substances as well (e.g. substances of very high concern) as the Group is compliant with the REACH, ROHS and POP directives. For further discussion on the topic, please refer to the ESRS E5 - Resource use and circular economy chapter.

Pollution prevention and control: As regards harmful substances used in the processes, Ariston Group **verifies the presence of the listed substances of the aforementioned Regulation** and it is compliant with the REACH, ROHS and POPs directives. Furthermore, it ensures that **workers perform their roles in a safe and healthy environment**. All work-related risks are mapped and carefully monitored. Through its **Sustainable Procurement Policy** and **Supplier Code of Conduct**, Ariston Group acknowledges the importance of readily available data and compliance documentation from its suppliers. These requirements are **formally accepted by suppliers** and represent a strategic target set by the Group—further details can be found in Chapter ESRS S2. Furthermore, to ensure completeness of the analysis, the Group has conducted an assessment with an independent chemical agency to check the **feasibility of sustainable alternatives on specific exemptions granted by the European Commission** which the Group has long relied on. The first findings indicate that, even when possible alternatives exist in a wider context, they **do not necessarily ensure the same technical performance** and **quality** as the currently used exempted substances. Additionally, these alternatives are often **not sustainable from an economic, social, or environmental perspective**. Last but not least, it has not been demonstrated that these alternatives are **effective in the Group's specific applications**. Even though further investigations and in-depth analyses may be conducted in the future to ensure continuous improvement in monitoring the Group's environmental impacts, the current outputs are aligned with the EU Commission's position on the continued use of these materials.

Protection and restoration of biodiversity and ecosystems: With regards to the objective and the main actions pursued aimed at preserving biodiversity and ecosystems, as previously mentioned, Ariston Group is ISO 14001 certified in a large number of plants. However, even in sites not certified under ISO 14001, the Group applies a single, unified environmental management system, ensuring consistent environmental practices across all locations. This system guarantees adherence to environmental policies and procedures worldwide. Moreover, to ensure continuous improvement, the Company has decided to design its management systems in accordance with the international standards ISO 14001:2015 and ISO 45001:2018 and to measure and assess, also according to the World Class Methodology (WCM) WCM methodology, its safety, health, and environmental performance. Significant environmental aspects identified at a plant level must guide the **definition of environmental targets**, considering applicable requirements and improvement opportunities. These targets should align with company policy, be measurable where possible, and be regularly monitored, communicated, and updated. They must also specify resources, responsible individuals, timelines, and monitoring methods.

While in the EU compliance with EIA (Environmental Impact Assessment, Directive 2011/92/EU) is needed, outside the EU the Group has developed a **standard to assess environmental aspects and impacts, including the impact on biodiversity**, which guarantees a consistent approach to environmental management worldwide. The assessment is performed on the following risks impacting biodiversity: **air emission** (VOC, NOx, dust and non-listed substances), **water discharge**, **releases to soil**, **noise**, **light** and **electromagnetic emissions**. According to this assessment and the geographic location of its facilities outside of any protected area according to IUCN Protected Area Management categories, Ariston Group is considered as **not impacting biodiversity**.

In conclusion, the review of the DNSH criteria for CCM activities 3.5, 7.3, and 7.6—representing the Group’s core business—confirms that **Ariston Group does not cause significant harm to the other environmental objectives**. However, for activities 6.5 and 8.2, which are not part of the Group’s core business and represent a minority of operations provided by external third parties, the Group is currently unable to conduct the necessary due diligence on suppliers at the Group level to ensure their full compliance with DNSH requirements as well.

Minimum Safeguards

Ariston Group observes the principle of “do not significant harm” of the SFDR under Article 2(17), by **addressing the gender pay gap** and **gender diversity in governance bodies**. For more information, please refer to ESRS 2 chapter – GOV-1 The role of the administrative, management and supervisory bodies paragraph and ESRS S1 chapter - S1-16 Remuneration metrics paragraph.

Ariston Group is committed to **respecting the fundamental human rights of all its stakeholders across the value chain**: in its operations, across the supply chain and in the communities where the Company operates. The Group’s commitment refers to the internationally recognized human rights defined in the **International Bill of Human Rights**, the **ILO’s Declaration on the Fundamental Principles and Rights at Work** and the **Convention on the Rights of the Child**. The Human Rights commitment has been consolidated in a **due diligence process**, conducted in 2022 - aligned with the UN Guiding Principles on Business and human rights - aimed at identifying and assessing potential risks and impacts related to human rights. This process enabled Ariston Group to identify its **salient human rights**, ensuring full alignment of its guiding principles with the **OECD Guidelines for Multinational Enterprises**. For further information, please refer to ESRS S1 – Own workforce chapter and ESRS S2 – Workers in the value chain chapter.

In 2024, the Group laid the foundations for **further developing Human Rights assessments across its operations**. Therefore, in 2025, the involvement of Human Resources and Internal Audit functions will be crucial in advancing the monitoring and management of this topic. The goal is to **ensure effectiveness** and **compliance** while implementing specific measures as needed.

Based on the evaluation conducted for the Minimum Safeguard requirements, the Group demonstrates that it complies with article 18 of the 2020/852 Regulation (EU). And in particular, it respects fundamental Human Rights, gender equality, anticorruption and fair business conduct.

Calculation methodology 2024

For 2024, Ariston Group performed for the fourth year the analysis to determine the **percentage of eligibility and alignment of the economic activities identified**. The values provided for Turnover, CapEx and OpEx reflect a conservative approach to the interpretation of the Regulation in force and were elaborated also taking into consideration the available information and requirements set out for the previously mentioned objective.

The Group adopted the new formats introduced by the updated templates outlined in Appendix V, which amended the Disclosure Delegated Act 2021/2178. Firstly, the first section (A1) shows the alignment to the CCM in continuity with previous years, which is explained later on in this paragraph.

Products analysis:

- For products sold in the EU, a first check was conducted on the **highest two populated classes of energy efficiency in the EPREL portal**[8]. However, this only reflects the European market and is not entirely accurate or reliable, as the tool is not designed for analyses related to the EU Taxonomy. Furthermore, the **data uploaded by different companies is not verified** by third-party entities, and the **interpretation of various categories is often unclear and inconsistent**. Therefore, the true guiding criterion for identifying the highest and most populated energy efficiency classes is the **analysis of the Group product portfolio**, as it accurately **reflects market conditions**.
- Since **items sold outside Europe** lack a common energy efficiency classification, a standardized approach was needed to **ensure consistency across all products**. To achieve this, evaluations and extrapolations were carried out by **analyzing specific technical functionalities**. The similarities in product features and technologies enabled the Group to **assign the corresponding European energy efficiency class globally**. Moreover, for non-residential Air Handling Units, the Group selected **products according to Eurovent**[9] classification taking the highest two populated classes.
- First, an eligibility analysis was conducted, followed by an alignment analysis. **All products identified in the eligibility phase were also assessed during alignment**, as they both apply to products considered energy efficient. As a result, eligibility and alignment coincide.
- All investments in **plant production** align with activity 3.5, as they support the **continued production of the listed products**, classified as CapEx A.

Methodology refinement with respect to previous year:

- For **cylinders/tanks**, last year's evaluation was based on their intended use. This year's refined approach consists of directly assessing the **energy class of the cylinder**, leading to a more precise classification.
- For **instantaneous technologies**, the reporting of energy classes for non-EU markets was refined by considering technology type, product specifications, and a benchmark analysis. This refinement resulted in an **expanded perimeter of aligned products**, improving the accuracy of the reported figures.
- A more stringent selection was applied to **accessories**, focusing the analysis on those that **contribute to energy efficiency** (such as thermal regulation) and **elements essential for the proper installation** of highly efficient products.

[8] Data base platform where EU manufacturers must register their solutions before energy-related products covered by energy labelling are placed on the EU market.
[9] Eurovent is the European Industry Association for Indoor Climate, Process Cooling, and Food Cold Chain Technologies. https://www.eurovent.eu/

Service-related economic activities:

- The scope is limited to what has been defined as **direct service**, meaning services provided directly by Group employees rather than through a network or third-party service centers. The Group takes into account the stock of **maintenance contracts for the products identified as aligned with the criteria of activity 3.5**: only those registered in the Company's systems were selected and included in the reporting. Similarly to the approach described above for products, an eligibility analysis was conducted first for service-related activities, followed by an alignment analysis. The result was the same: all activities identified during the eligibility phase were confirmed as aligned, ensuring that eligibility coincides with alignment.

Additional economic activities:

Two other economic activities—6.5 Transport by motorbikes, passenger cars and light commercial vehicles and 8.2 Data-driven solutions for GHG emissions reductions—have been identified as additional vs 2023. For them the Group will account only for CapEx, as they do not generate Turnover or OpEx. Besides, these two economic activities are instrumental and **are not related to the core business of the Group**.

All intercompany transactions have been excluded from the reporting to eliminate the risk of double counting and ensure that only economic activities generating revenue outside the Group are considered for EU Taxonomy alignment. Double counting is avoided by **clearly defining the perimeter of each economic activity** and ensuring that no overlaps occur between reported values. Specifically, each activity is assessed within its defined boundary, ensuring that the same expenditure or revenue is not accounted for multiple times across different activities.

Products – alignment methodology

The results of the three KPIs related to products are generated from economic activity 3.5, which is the manufacture of energy efficiency equipment for buildings. The products related to this activity are **water heaters**, **boilers**, **heating heat pumps**, **heat pump water heaters**, **air conditioners**, **solar thermal**, **domestic heat-recovery ventilation**, **air handling, thermostats** and **connectivity**.

KPI for Turnover: The numerator was determined starting from an analysis of **all the Group solutions to identify Taxonomy-aligned products** according to the technical screening criteria (TSC): renewable energy technologies have been fully included in the Turnover calculation, while for water heating, space heating and air ventilation solutions, only the two highest classes of energy efficiency have been taken into consideration. These products have been identified as eligible under the Taxonomy, and the subsequent analysis confirmed that they are also aligned. Therefore, eligibility matches with alignment. As the denominator of the KPI, 2024 consolidated net turnover was used (see Note 1.1 - Revenue and Income) The net turnover is defined as the amount derived from the sale of products and the provision of services after deducting sales rebates and value-added taxes directly linked to the turnover.

KPI for CapEx: The numerator includes the total amount of CapEx associated with Taxonomy-aligned products, such as **research and development activities** aimed at reducing costs and improving product quality, all the **laboratories**, all the **assets inside the research labs** and all the **plants and properties that improved the manufacturing process** of such products. The denominator includes additions to tangible and intangible assets during the financial year considered before depreciation, amortization and any restatements, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes (see sub-paragraph 4.9.7 Capital Expenditures). The denominator also covers additions to tangible and intangible assets resulting from **business combinations**. Please refer to the "Intangible assets" table and "Property, plant and equipment" table present in paragraph 6.6.2 – Statement of financial position, Note 2.1 – Intangible Assets and Note 2.2 - Property, plant and equipment.

KPI for OpEx. The numerator includes the total amount of operating expenditures, such as **non-capitalized R&D costs** and **maintenance** and **repair expenditures**. As in the methodology used for calculating CapEx, **each type of costs has been linked to the corresponding product family classified as Taxonomy-aligned**.

The denominator contains direct non-capitalized costs that relate to research and development, **building renovation measures**, **short-term leases**, **maintenance** and **repair**, and any other direct expenditures relating to the **day-to-day servicing of property, plant and equipment assets** by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

Services - alignment methodology

The results of the three KPIs related to service are generated from the following activities:

- Activity 7.3 - Installation, maintenance and repair of energy efficiency equipment
- Activity 7.6 - Installation, maintenance and repair of renewable energy technologies

KPI for Turnover: The numerator of the turnover is calculated from the **service of installation**, **maintenance** and **repair** on products previously identified as Taxonomy-aligned. In the calculation of Turnover, **also Spare Parts are included**. As denominator of the KPI, 2024 consolidated net revenue was used.

KPI for CapEX:

The numerator is composed as follows:

- CapEx related to the Group's products: classified as CapEx A, it is both eligible and aligned with the Taxonomy and is associated with activities 7.3 and 7.6. The numerator covers the **total amount of CapEx related to the services of installation, maintenance and repair of products previously identified as Taxonomy-aligned**. In this calculation, the CapEx from the installation of Spare Parts has not been considered as it falls within the scope of the CapEx of finished products.
- CapEx related to **vehicles**: associated with activity 6.5 of Annex I of the Climate Delegated Act ("Transport by motorbikes, passenger cars, and light commercial vehicles"). This CapEx is considered eligible but not aligned, due to the lack of a monitored supplier assessment, which affects compliance with the DNSH criteria.
- CapEx related to **information and communication technology** (ICT): associated with activity 8.2 of Annex I of the Climate Delegated Act ("Data-driven solutions for GHG emissions reductions "). This CapEx is also considered eligible but not aligned, as it does not meet first and foremost the Substantial Contribution Criteria (SCC).

The denominator contains **additions to tangible and intangible assets during the financial year considered before depreciation, amortization and any restatements**, including those resulting from revaluations and impairments, for the relevant financial year and excluding fair value changes. The denominator also includes increases in tangible and intangible assets resulting from **business combinations**.

KPI for OpEX: The numerator calculation of OpEx includes **car rental**, **fuel**, **non-capitalized R&D costs** related to the services of installation, maintenance and repair of each product category previously identified as Taxonomy-aligned. In this calculation, the OpEx from the installation of Spare Parts has not been considered as it falls within the scope of the OpEx of finished products.

The denominator contains direct non-capitalized **costs that relate to research and development**, **building renovation measures**, **short-term leases**, **maintenance and repair**, and any other direct expenditures relating to the day-to-day servicing of property, plant and equipment assets by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets.

Due to the impossibility to calculate the eligible and aligned portion for activities 3.5, 7.3, and 7.6 in a precise manner, the Group has determined the total amount of CapEx and OpEx by using the proportion of turnover considered aligned.

KPIs Templates

This section contains the templates for the three KPIs (Turnover, CapEx and OpEx) from the Commission Delegated Regulation (EU) 2021/2178.The Group carried out analysis on the eligibility of all its economic activities for the 6 Objectives. However, because of the considerations made in the paragraph "The Group's contribution to the environmental objectives", the following templates provide an overview of the quantitative analyses performed with respect to the eligibility and alignment of the Group's economic activities to the "Climate Change Mitigation" objective.

Turnover

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ('Do No Significantly Harm')									
Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of turnover, year 2024(4)	Climate change mitigation (5)	Climate changeadaptation (6)	Water and marine resources(7)	Circular economy(8)	Pollution (9)	Biodiversity andecosystems (10)	Climate change mitigation (11)	Climate changeadaptation (12)	Water and marine resources(13)	Circular economy(14)	Pollution (15)	Biodiversity andecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
Manufacturing of energy efficiency equipment for buildings	CCM 3.5	1,506,545,014	57%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	62%	E	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	184,563,977	7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	55,187,719	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,746,296,711	66%	66%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	69%		
Of which enabling		1,746,296,711	66%	66%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	69%	E	
Of which transitional		0	0%							Y	Y	Y	Y	Y	Y	Y	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		1,746,296,711	66%	66%	0%	0%	0%	0%	0%								69%		

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

Turnover of Taxonomy- non-eligible activities	886,367,057	34%
TOTAL	2,632,663,768	100%

Aligned turnover for 2024 slightly decreased due to the previously mentioned **methodological changes** (tanks, accessories and instant technologies) and a **shift in the product mix**, with a significant drop in sales of high-efficiency products (such as heating heat pumps) driven by major regulatory changes. Turnover from installation, maintenance, and repair activities **has remained largely stable**, with a slight increase, thanks to the fact that maintenance is performed on an already installed product base and is therefore not tied to the sales of the reporting year.

CapEx

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ('Do No Significantly Harm')									
Economic activities (1)	Code(s) (2)	CapEx (3)	Proportion of CapEx, 2024 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacturing of energy efficiency equipment for buildings	CCM 3.5	69,189,320	37%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	72%	E	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	416,603	0.2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.05%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	547,844	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.01%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		70,153,767	38%	38%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	72%		
Of which enabling		70,153,767	38%	38%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	72%	E	
Of which transitional		0	0%							Y	Y	Y	Y	Y	Y	Y	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	2,110,146	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
Data-driven solutions for GHG emission reductions	CCM 8.2	1,568,526	0.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3,678,672	2%	2%	0%	0%	0%	0%	0%								0%		
A. CapEx of Taxonomy- eligible activities (A.1+A.2)		73,832,439	40%	40%	0%	0%	0%	0%	0%								72%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy- non- eligible activities		112,367,561	60%																
TOTAL		186,200,000	100%																

Aligned CapEx saw a significant reduction due to the impact of the scope change. While in 2023, the acquisition of CENTROTEC Climate System resulted in an exceptional business combination effect, positively impacting both the numerator and denominator (given the nature of the business acquired, which closely aligns with EU Taxonomy criteria), in 2024, positive effects on the numerator, as the technologies produced still have characteristics that prevent their inclusion in the alignment despite the Company's future plans to enhance product technologies for the Egyptian plant.

OpEx

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria ('Do No Significantly Harm')									
Economic activities (1)	Code(s) (2)	OpEx (3)	Proportion of OpEx, 2024 (4)	Climate change mitigation (5)	Climate changeadaptation (6)	Water and marine resources(7)	Circular economy(8)	Pollution (9)	Biodiversity andecosystems (10)	Climate change mitigation (11)	Climate changeadaptation (12)	Water and marine resources(13)	Circular economy(14)	Pollution (15)	Biodiversity andecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
Text		EUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
Manufacturing of energy efficiency equipment for buildings	CCM 3.5	**52,614,969**	**25%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	21%	E	
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	**58,940,620**	**28%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	27%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	**19,808,537**	**9%**	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	6%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		131,364,126	**62%**	**62%**	**0%**	**0%**	**0%**	**0%**	**0%**	Y	Y	Y	Y	Y	Y	Y	**54%**		
Of which enabling		131,364,126	62%	**62%**	**0%**	**0%**	**0%**	**0%**	**0%**	Y	Y	Y	Y	Y	Y	Y	54%	E	
Of which transitional		0	0%							Y	Y	Y	Y	Y	Y	Y	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0%	0%	0%	0%	0%	0%	0%								0%		
B. OpEx of Taxonomy-eligible activities (A.1+A.2)		131,364,126	62%	69%	0%	0%	0%	0%	0%								54%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non- eligible activities		81,466,631	38%																
TOTAL		212,830,757	100%																

Aligned OpEx increased thanks to additional investment on renewable technologies and, for a minor part, to updates in the calculation methodology. Based on detailed analysis, the perimeter of instantaneous technologies that meet substantial contribution criteria has been enlarged. With reference to the disclosure pursuant to Article 8, paragraphs 6 and 7 of Delegated Regulation (EU) 2021/2178, which requires the use of the templates provided in Annex XII for the reporting of activities related to nuclear energy and fossil gas, no eligible and/or aligned activities have been identified in these areas, as follows:

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

GOV-3 Integration of sustainability-related performance in incentive schemes

For information regarding the integration of sustainability-related performance in incentive schemes, please refer to Section 5.4 Remuneration Report, Long-term incentive (LTI).

E1-1 Transition plan for climate change mitigation

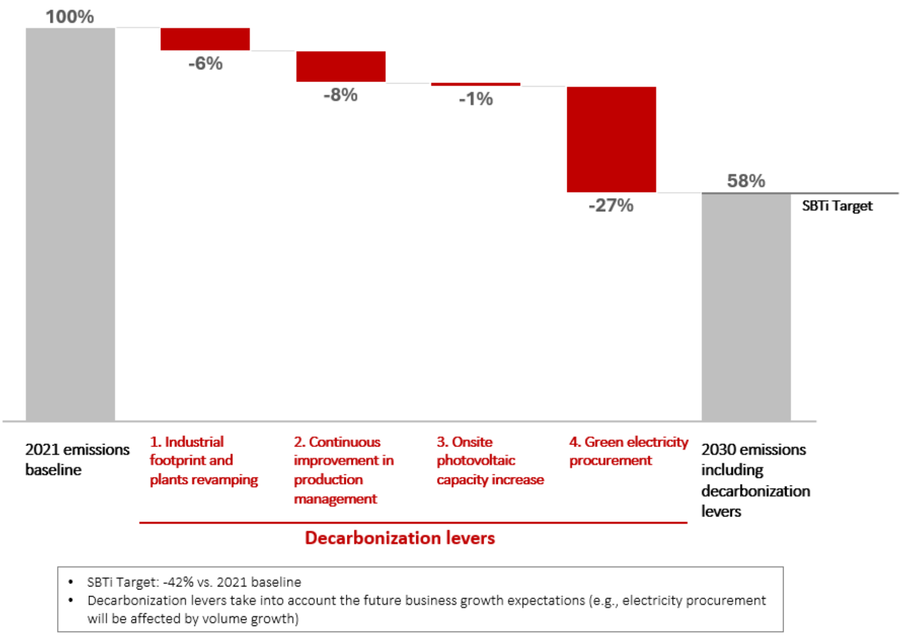
Acknowledging the need to address emissions beyond its **direct control** (Scope 1 and 2), Ariston Group has set **specific**, **measurable**, **science-based targets to reduce emissions across its entire value chain** (Scope 3). As a player operating in a sector that significantly impacts on GHG emissions and as an entity included in the EU Paris-aligned benchmarks, the Group has defined a **Transition Plan to reduce Scope 1 and Scope 2 absolute emissions by 42% and Scope 3 GHG emissions from the use of sold products by 51.6% per million-euro value added by 2030**, considering 2021 as the base year. Such targets were validated by the Science Based Targets initiative (SBTi), after being identified to align with the 1.5°C trajectory. By implementing its decarbonization strategy, Ariston Group aims to significantly cut GHG emissions, with a strong focus on downstream Scope 3 emissions, which represent the largest share of its footprint. The Transition Plan has been approved by the ESG Committee and the Board of Directors. For any further information about targets, please refer to **E1-4 Targets related to climate change mitigation and adaptation.**

Decarbonization levers for reducing Scope 1 and 2 emissions

Scope 1 encompasses **fuel consumption**, **refrigerant leaks** and **fugitive emissions** stemming from the Group's production plants and non-production facilities. Scope 2 entails **electricity consumption in plants**, **laboratories**, **warehouses** and **offices**. Four decarbonization levers, along with the respective key actions that are further described in E1-3, have been identified to reduce Scope 1 and 2 emissions.

	1. Industrial footprint and plants revamping: by allocating production to the most efficient as well as competitive sites and technological investments across production facilities in order to lower energy consumption.
	2. Continuous improvement in production management: by boosting energy efficiency in production processes through the installation of new machineries, the replacement of outdated equipment and the implementation of heat recovery systems.
	3. Onsite photovoltaic capacity increase: by installing additional PV roof panels for self-production and consumption of renewable energy. These initiatives are ongoing in Cerreto and Osimo with other opportunities currently being scouted.
	4. Green electricity procurement: by adopting renewable energy sources for electricity purchases across production sites, verified through Energy Attribute Certificates (EACs), as can be seen in China and Mexico, and Power Purchase Agreements (PPA).

Below is an overview of the contribution of each decarbonization lever identified in order to reach the Scope 1 and 2 emissions reduction target to 2030.



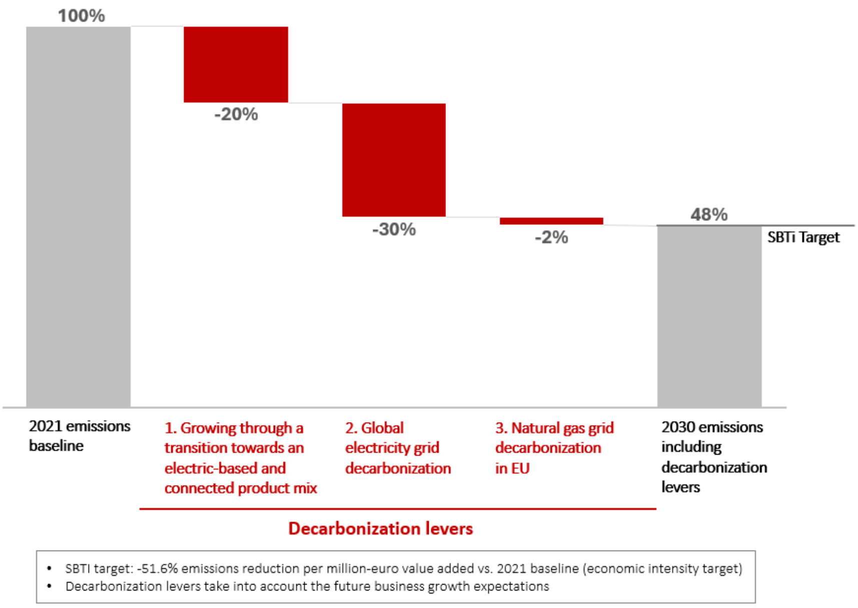
Decarbonization levers for reducing Scope 3 emissions

Scope 3, instead, accounts for indirect upstream and downstream emissions ranging from **purchased goods and services**, **transport and distribution**, **waste**, **business travel**, the **use of sold products** and **product disposal**. For years, the Group's corporate strategy has been centred on the development of increasingly efficient solutions that leverage renewable technologies, as this category accounts for 99% of the Group's emissions. Its products play a key role in advancing the energy transition not only in the EU in line with its Climate Law, but also outside the EU, where steps are being taken towards a low-carbon economy.

The Group has identified three decarbonization levers to reduce Scope 3 emissions in "Use of Sold Products" category. Two of these levers depend on **future scenario evolution** and predictions are closely linked to the Group's ability to develop a **product mix that maximizes their improvement**.

	1. Growing through a transition towards an electric-based and connected product mix: by increasing units sold, reducing overall GHG intensity with a higher share of electric products, and leveraging connectivity to enhance energy efficiency.
	2. Global electricity grid decarbonization: by benefitting from the scenario of an average global reduction in CO_2 intensity from electricity generation, if the Group continues to increase the share of electric products[10].
	3. Natural gas grid decarbonization in Europe: by considering the scenario in which biomethane is expected to be present in the European natural gas grid, impacting the boiler and gas burner product categories.

Below is an overview of the Group's progress towards the implementation of the Scope 3 emissions reduction target to 2030, based on each lever.



The Company may face **potential locked-in GHG emissions**, particularly due to the fuel-consuming products in its current product mix. Since initiating its decarbonisation strategy in 2021, Ariston Group has acknowledged its pivotal role in the economy's decarbonisation and has begun implementing measures to **achieve a less GHG-intensive product mix** to mitigate any potential transition risks associated with the locked-in GHG emissions from its sold products. To this end, the Group is actively enhancing the **energy efficiency of its products through connectivity**, **transitioning** to products compatible with **biofuels** and **hydrogen** and increasing the **share of electric products in its portfolio**. As outlined in the previous paragraph, the Company is well-positioned to meet its Scope 3 target by 2030, largely due to improvements in its product mix and the anticipated decarbonisation of the electricity grid.

The **Group's corporate strategy** has thus been developed by **fully integrating the ESG 2030 vision** stated here above: one of the main **drivers of the industrial strategic plan** is, in fact, also represented by the identified decarbonization levers which are the foundation of the Company's Transition Plan. From a financial planning standpoint, this Plan is based upon **careful projections** and **investment analyses** leading up to 2030, which have taken into consideration production volumes, the projected industrial footprint as well as a greater share of electric products within its mix. These latter have naturally also considered **market evolution** and **scenario predictions** geared towards the energy transition. The Transition Plan is

[10] BNEF, New Energy Outlook 2024: Economic transition scenario, 2024.

fully embedded in and aligned with the Group's overall business strategy and financial planning also through an **assessment of climate-related financial impacts**. Management has conducted an analysis of **how climate change affects cash flow forecasts used in impairment assessments**, estimating the **financial implications of key climate-related actions**. This includes evaluating the **impact of the transitional risks**, investing in the **development of highly energy-efficient products**, allocating **capital to manufacturing improvements**, and enhancing **supply chain sustainability** as well as procurement practices. **Turnover projections** account for the potential impact of legal restrictions banning certain technologies, the suspension of incentives in specific markets, and regulatory changes at a global level – according to the current regulation framework as of February 2025. Additionally, **capital expenditures** factored into cash flow projections incorporate **investments aimed at expanding production capacity for efficient solutions**, leveraging renewable technologies, optimizing processes, and improving the energy efficiency of plants—such as machinery revamping, the adoption of Energy Attribute Certificates (EACs) and Power Purchase Agreements (PPAs).

For more information about Scope 1, 2 and 3 targets and progress, please also refer to **E1-4 Targets related to climate change mitigation and adaptation** section; to deep dive actions implemented during 2024, please refer to **E1-3 Actions and resources in relation to climate change policy.**

IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Climate related IROs

Ariston Group's process for identifying and assessing climate-related impacts, risks, and opportunities (IROs) is centered on **addressing greenhouse gas (GHG) emissions, particularly Scope 1, 2, and 3 emissions**. This effort was initiated with the **2021 baseline calculation** of emissions and the establishment of science-based targets. The analysis revealed that the **most significant climate-related impact arises from Scope 3 emissions**, primarily linked to the use of sold products. Additionally, energy consumption at production facilities was recognized as a key factor, monitored through the Group-wide Environmental Management System, which is aligned with ISO 14001 standards. Emissions are calculated annually to maintain an accurate and up-to-date understanding of climate-related impacts, risks, and opportunities. The baseline is also recalculated if significant changes in the scope have occurred. Through this process, no significant changes have been identified in the GHG Protocol categories that most affect the Group's operations.

A benchmark analysis of industry peers provided comparative insights into IROs and targets. Further, the Double Materiality Analysis (DMA) included interviews that identified **impacts**, **risks** and **opportunities**, such as the positive climate impact of improved energy efficiency enabled by product connectivity features.

Dedicated assessments also highlighted additional physical and transition-related climate risks and opportunities, ensuring a comprehensive approach to understanding and addressing the Group's material climate impacts. Screened activities and main impacts can be seen in E-1 IRO-1.

Climate related physical risks analysis

Physical risks associated with climate change can arise from **extreme events** (e.g. floods, storms, fires) or **progressive phenomena** (e.g., sea level rise). These risks negatively impact economic activities, incurring economic and financial costs as the frequency and severity of such events increase.

Physical risks are categorized into two types:

- **Acute risks**: Severe and sudden disruptions, such as storms or floods.
- **Chronic risks**: Gradual and long-lasting changes, such as rising temperatures or sea levels.

Both acute and chronic risks have implications for business operations, including impacts on infrastructure, supply chains, and employees.

To evaluate these risks, Ariston Group conducted an analysis of its most economically significant and exposed assets. The assessment, conducted in 2024, was based on the previous **Axa 2022 report**, which provided a multi-peril preliminary analysis of **natural hazards and exposures**. This was complemented by a seismic risk gap analysis and a flood parcel-based approach. The evaluation encompassed 20 sites, with a total portfolio value of EUR 1.9 billion, spanning six countries. The evaluation led the Group to identify physical risks related to climate change and consequently define measures to enhance the resilience of its plants. Ariston Group expanded its climate risk analysis in 2024, incorporating Intergovernmental Panel on Climate Change (IPCC) scenarios and assessing both current and future climate conditions, and expanding the analysis on **22 plants**.

Ariston Group's assessment of physical risks related to climate change focused on various factors influencing the assets, such as their **location**, **vulnerability**, and the **possibility of extreme climatic events**, as well as the process owners' perceptions of greater significance. The risk prioritization for analysis was performed in relation to both the current climate situation and potential medium- and long-term climate changes.

The physical risk analysis was carried out for **3 climate scenarios**, each one of them with different expected impacts.

SCENARIO	EXAMPLE OF IMPACTS
1.5 °C (IPCC RCP2.6)	• Risks for health, livelihoods, food security, water supply, human security, and economic growth • 3-14% of assessed terrestrial species risk extinction • Coral reefs decline by a further 70-90% • Many low-altitude and small glaciers lose much of their mass or disappear
2.6 °C (IPCC RCP4.5)	• Changes in food availability and diet quality, with an increase in food-related diseases and undernourished people • High vulnerability and high warming • Decreased water availability for irrigation • Climate change risks to cities, settlements and key infrastructure increase dramatically • Forests, coral reefs, areas in Arctic regions face major mutations, with a significant impact on sea levels
3.4 °C (IPCC RCP6)	• Extensive negative impacts, some most likely irreversible, and additional threats to human and natural systems difficult to estimate. • 10-times increased risk of extinction of endemic species in biodiversity hotspots • Direct damage due to flooding increases exponentially • Approximately 10% of the global land surface faces extreme temperatures (affecting over 2.1 billion people) • Water scarcity (for about 4 billion people) • 50% increase in global area burned with more frequent fires

Risks are influenced by two interacting variables: exposure and vulnerability. Specifically:

- **Exposure** determines how **susceptible an asset is to various hazards**. Exposure may be low, medium, or high, depending on the geographical location.
- **Vulnerability** concerns the asset's **ability to withstand impacts**. It can be low, medium, or high, depending on the resilience of the asset, which depends on the design, setting, management and/or adopted protection measures.

As a result of the assessment, **five levels of risk were identified**: non-existent or very low, low, medium, high, and very high. Among chronic risks, **energy shortages** have been evaluated as potentially significant across all climate scenarios, posing challenges to operations, public safety, and cost management.

Under the 3.4°C climate scenario, several acute and chronic risks are expected to intensify over time: i/ Acute risks: **Extreme rainfall, flooding, lightning,** and **drought**; ii/ Chronic risks: **Water stress**, **rising temperatures** and **solar radiation,** and **energy shortage**.

Some of these risks are categorized as "high" or "very high," indicating their potential to disrupt the Group's operations. These risks could impact physical assets, supply chains, and operational expenses, thereby posing significant challenges to the continuity and efficiency of business activities.

Climate related transition risks analysis

Transition risks and opportunities are associated with the **shift to a greener**, **low-carbon economy**, which requires companies to adapt to new realities, often involving policy and legal, technological, market, and reputational challenges and opportunities. The Transition risks analysis was done considering the whole Group and its business activities, with a **specific focus on the EU**.

To identify these transition risks and opportunities, Ariston Group relied on inputs from its Enterprise Risk Management (ERM) framework and from its internal Public & Regulatory Affairs function, which **monitors upcoming regulations in the markets** where the Group operates. Additional insights were drawn from the Consumer Insight function (Customer and Consumer Behavior reports), Marketing Intelligent team (market trend evolution), and benchmarking with industry peers.

The initial step involved compiling a longlist of risks and opportunities across the categories recognized by the Taskforce on Climate Related Financial Disclosure guidelines (TCFD), specifically: policy and legal, technology, market, and reputation. **Three timeframes were considered**: **short-term** corresponding to the reporting period in question, whereas **medium** and **long-term time horizons** are considered respectively to 2029 (>1 and <5 years) and 2060 (>5 years), aligned with expected assets lifetime. Each identified transition risk and opportunity was then **associated with a specific climate scenario** and time horizon, applying a **relevance-based criterion**. This approach ensured that each risk or opportunity was analyzed within the scenario and timeframe where it is most likely to occur.

The three climate scenarios considered in the transition risk analysis are:

SCENARIO	EXAMPLE OF IMPACTS
<2°C (IEA Low carbon)	• Governments will meet, in full and on time, all the climate-related commitments that they have announced, including longer term net zero emissions targets and pledges • Most significant transition Impacts from an orderly transition • Energy sources: mostly renewables & low-carbon fuels
2°C (IEA Disorderly transition)	• Inefficient climate action from limited collaboration through regional rivalry (policies localized vs global), • Increasing competition • Emissions do not reach net zero • Most significant transition impacts from a disorderly transition • Energy sources: regional differences in fossil fuels and renewables
4°C (IEA High Carbon)	• Continued trajectory of slow and limited ambition climate policy • Emissions do not reach net zero • Most significant impacts from physical risks • Energy sources: mostly fossil fuels

Finally, each risk was associated with a score resulting from the **magnitude**, which is the impact of the event on the business and probability, and the **likelihood**, the probability of the event occurring on their respective time horizon.

The complexities of navigating a **low-carbon economy** (<2°C) and/or a **disorderly transition scenario** (2°C) delineate both risks and opportunities. Markets, driven by the rapid evolution of regulations, could present, on one hand, a decline in sales of **fossil fuel-based products**, which may be gradually phased out; on the other hand, they could lead to a shift towards an increase in sales of **technologies that leverage renewable energy sources**, such as heating heat pumps. From a **reputational** and investor standpoint, the growing pressure to **commit to international initiatives like the Science-Based Targets initiative** (SBTi), coupled with **rising operational** and **production costs** in high-emission processes due to the EU Emissions Trading System (ETS), and the need to **innovate toward more efficient products**, may correspond to a risk. At the same time, **opportunity** lies in **increasing investment attractiveness** through the adoption of a climate change mitigation plan and a climate adaptation strategy, along with aligning CapEx and OpEx with the EU Taxonomy. Finally, customer demand could face a decline due to economic uncertainties, while market share could be acquired through the development of renewable, hybrid and high-efficiency solutions.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

As part of Ariston's commitment to shaping a sustainable future, climate-related risks and opportunities are inherently connected to its business model and strategy. The Company continuously integrates the **assessment of climate resilience into its operations**, evaluating both transition and physical risks and opportunities. This approach ensures that the business remains aligned with the rapid changes in the market and **adapts to climate change**, while pursuing growth characterized by environmental respect and innovation.

As a matter of fact, as part of the Double Materiality Analysis, Ariston Group has identified climate-related risks, encompassing both physical and transition aspects. For more information regarding the outputs of the assessment, please refer to the paragraph here below.

Resilience analysis

The resilience analysis, which was conducted in 2024, covers all the Group's assets, with a specific focus on EU business due to the rapidly evolving regulatory framework. The only exclusions of the analysis pertain to the scope of the physical risk analysis (please see IRO-1 Climate related physical risks analysis), for which further development and assessments will be done in the upcoming years.

By evaluating both physical risks—primarily linked to potential extreme weather events—and transition risks arising from regulatory changes and shifting market demands, Ariston Group has gained a comprehensive understanding of its vulnerabilities and opportunities. For further information about physical and transition risks and opportunities, please refer to **IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities.**

Opportunities. Opportunities identified include increasing turnover through higher value-added solutions, such as **renewable** and/or **high-efficiency technologies** (hybrid systems and smart energy management solutions), driven by the green transition. This transition also enhances **investment attractiveness** through the adoption of a climate change mitigation plan and a climate adaptation strategy, along with aligning CapEx and OpEx with the EU Taxonomy.

Physical Risks. The analysis reveals that Ariston Group's assets are structurally quite **resilient**, particularly under scenarios[11] with **moderate temperature increases** (2.6 °C – IPCC). Key risks identified in **high temperature increase scenarios** include energy shortages, water scarcity, and rising temperatures. The latter two could impact the daily activities of the

[11] For an explanation of the scenarios used, please see the scenarios used for Climate related physical and transition risks analysis (IRO-1).

workforce. Extreme rainfall and flooding might also pose threats to operational continuity but are limited to specific areas and plants.

Transition Risks. On the transition front, the Group might face evolving regulations and market dynamics that will need to be addressed. **Fossil fuel-based product sales** could decrease due to their phase-out, driven by the transition to more renewable technologies, while the **need to invest in decarbonization initiatives** might generate some challenges; also, high-emission processes under the EU Emission Trading System could become **economically less competitive** due to the additional costs of purchasing emission allowances. Last but not least, customer demand might decline due to economic uncertainties.

To capitalize on the opportunities available to the Company while simultaneously addressing the associated risks, Ariston Group employs a multi-faceted strategy, focusing on **bolstering operational** and **supply chain resilience**, investing in **adaptive infrastructure**, and leveraging advanced risk management frameworks. Heat pumps continue to be a key technology for the future, despite recent slowdowns in government incentive schemes in markets like Italy and France. Alongside electrification, the Group pursues a **multi-technology approach**, leveraging innovations such as hybrid systems, high-efficiency solutions, hydrogen-blending-ready products, natural refrigerant gases, home energy management, and demand response technologies to accelerate the energy transition.

The inclusion of **physical risk** analysis for plants within the Business Continuity Plan (BCP) project will enable the Company to focus on **intervention measures for plant buildings**, ensuring they are prepared to face challenges related to potential extreme weather events. Some actions were already implemented in 2024, while others are planned to be gradually introduced in the coming years.

The Group's growth and risk mitigation strategy focuses also on **maintaining strong engagement with key stakeholders**—employees, customers, and suppliers. Employees ensure the Company's skills remain aligned with market demands, customers provide essential feedback to adapt offerings to their needs, and suppliers are selected based on their stability and alignment with the Group's ESG goals.

The analysis highlights numerous best practices already implemented to ensure business continuity. However, the findings will be incorporated into the Group's strategic plan, with a commitment to **regular revisions** and **further expansion** of resilience assessments.

For more information on the methodology for the identification, assessment and results of the physical and transition risks analysis and the use of the scenario analysis please see IRO-1 20b and c.

E1-2 Policies related to climate change mitigation and adaptation

In relation to climate change mitigation, climate change adaptation and energy efficiency, the Company has adopted the following Group-level policies and programs to address the negative impact on climate change related to GHG emissions, mostly coming from the value chain.

Climate Change Adaptation

Business Continuity Program (BCP)

In order to mitigate the climate change adaptation risks of higher costs from **extreme natural events** impacting business continuity and in line with the Dutch corporate governance code, which requires a company's management to be responsible for the operational continuity of its business, Ariston Group has significantly expanded on this commitment to further enhance its strategic and business risk management and control systems. The BCP serves as a pivotal tool for the **annual identification, measurement, monitoring, and verification of risks to the Company's operational continuity**. The BCP program provides an annual review and maintenance of the BCPs made in each plant. These risks range from extreme natural events to raw material shortages, and cyberattacks. The BCP equips the Group for various disruptions and **outlines precise procedures for responding**, **recovering**, and **restoring activities post interruption**. Prior to such implementation, each plant managed its Operational Continuity Plan (OCP) independently, conducting risk assessments and establishing emergency plans for supply chain continuity. Therefore, the BCP documentation provides alternative solutions, serving as a comprehensive guide tailored to each plant.

BCP conducts a holistic risk assessment which includes also a physical risk assessment based on scenarios for certain plants with the highest exposure and economic value. Attached to the BCP manual, the Group includes Annex S for the plants under consideration, showing the impact of climate change risks on business continuity. This annex includes a mitigation action chapter that provides suggestions on how to mitigate risks. However, these topics will be gradually evaluated and potentially prioritized for implementation in the coming years.

Climate Change Mitigation

Safety, Health and Environmental Policy (Group HSE Policy)

In order to address negative impacts deriving from Scope 1, 2 and 3 emissions, within its operations and downstream, the Group HSE Policy outlines the **Company's commitment to mitigate climate change by reducing its Scope 1, 2 and 3 emissions by 2030**. With this purpose in mind, the Group continues raising the **efficiency of its operations globally** in terms of plants and processes, by also increasing the use of renewable energy sources, as well as designing new and **improving existing energy efficient solutions** to lower downstream impacts.

With this purpose in mind, the Group continues raising the efficiency of the way it operates across countries (plants and processes), designing and offering high efficiency solutions that increasingly rely on renewable sources of energy, and improving the energy efficiency of the installed park.

The Group HSE Policy applies to all activities within the Company's operations across all countries of the Group and is grounded upon the **ISO 14001 certified Environmental Management System** (EMS) and the **World Class Methodology** (WCM) which makes it possible to monitor and maximize energy efficiency performance at the operational level. The EMS is structured according to a cyclical sequence of planning, implementation, monitoring and review phases and provides all levels of the organization with harmonized tools and guidelines to pursue the objectives expressed by the Group's HSE Policy and ensure legislative compliance. In 2024, ISO 14001:2018 covers 35% of the Group sites[12]. This percentage is calculated based on full-time equivalent (FTE) per site relative to the total number of employees.

While approved by the Group's CEO, Executive Vice Presidents are responsible for defining roles and responsibilities and ensuring **full alignment between the Policy and the Company's strategic direction**. The Policy is reviewed annually to ensure it aligns with the evolving needs and expectations arising from external contexts and stakeholders. This process involves consulting managerial and non-managerial workers, as well as their representatives on various aspects of the HSE system. These include the HSE Group Policy, significant environmental and OH&S impacts, legal compliance obligations, and the roles and responsibilities necessary for achieving conformity. Additionally, input is sought on objectives, plans, and the implications of non-conformance, as well as on any changes to the system, including resource allocation and emergency preparedness.

Ariston Group adheres to the highest standards, fulfilling the needs and expectations of all interested parties and ensuring the safety and health of employees, customers, contractors and suppliers, key business partners and the communities it operates in. Awareness is further promoted on the Policy itself, in accordance with the internal HSE Communication Management Procedure. This Policy is **shared with all stakeholders**, and **suppliers** are required to sign a **declaration of commitment**.

The Group HSE Policy is available internally on the WeARe platform and publicly in the "Download" section of the corporate website (www.aristongroup.com).

Sustainable Procurement Policy

The Sustainable Procurement Policy defines the **Group's commitment to sustainable sourcing** and outlines how it will **integrate sustainability criteria into the procurement process**. Overall, it aims to address GHG emissions across the value chain, particularly Scope 3, while also mitigating the increase in operational costs associated with energy efficiency measures.

The Policy applies to **all suppliers upstream the value chain** and is fully embedded in the Group's Supplier Management Process. The ultimate objective is that of involving its suppliers in The Group's sustainability journey. The Head of Procurement, who reports to the Chief Operating Officer, is the most senior level accountable for the implementation of the Policy.

In general, suppliers must operate in the spirit of the following third-party systems: the **ISO 14001** on environmental management systems, **ISO 9001** on quality management systems and **ISO 45001** on health and safety management systems. The Policy sets **minimum mandatory environmental**, **social** and **governance requirements** as well as **preferred practices** which suppliers are encouraged to adopt in business with Ariston Group. To ensure that such principles are observed the Policy relies on a structured ESG evaluation process which is conducted through certification requests and a third-party assessment run through EcoVadis. This analysis is based on (i) an initial mapping via the EcoVadis IQ tool to gauge a complete view of the risk exposure across the entire supplier base, (ii) a deep dive on selected suppliers and (iii) engagement actions with who those who need to be brought into compliance. This process makes it possible to map ESG related risks in the supply chain and depends on **open dialogue** and **collaboration between the Group and its suppliers**.

With regards to **climate**, such assessments include evaluating suppliers on **energy consumption** and **GHG emissions**. In proportion to the size and breadth of their business activities, suppliers are required to monitor and minimize energy

[12] Percentage calculated taking into account the FTE working in plants covered by ISO 45001 on the total FTE working in plants.

consumption as well as maintaining readily available data on their Scope 1 and Scope 2 emissions. In terms of preferred practices, it is highly valued if suppliers have clear GHG emission reduction targets alongside certified energy management systems and policies.

The Sustainable Procurement Policy **applies to all suppliers**, both strategic and non-strategic, encompassing a wide range of sizes and capabilities. Its requirements are therefore designed to account for these differences, ensuring a fair and inclusive approach.

The Sustainable Procurement Policy is communicated to those suppliers who have so far been included in the ESG evaluation process and is managed by the responsible buyer. For these suppliers, completing and sharing the EcoVadis assessment is mandatory. The Policy is fully aligned with the Code of Conduct for Suppliers which is handed to suppliers who must countersign it. Both documents are made available in the "Download" section of the corporate website (www.aristongroup.com).

E1-3 Actions and resources in relation to climate change policy

As part of the Transition Plan – highlighted in the Group HSE Policy – and the Business Continuity Plan, Ariston Group has undertaken **several initiatives aimed at reducing its negative impacts on climate change** while mitigating regulatory risks and potential costs arising out of extreme weather events. These actions relate to fiscal year 2024 while others look at the future, hence spanning across 2025 and 2026. All actions are defined by the Company in accordance with the Policy's guidance, which serves as a framework to shape activities over time.

Climate change adaptation

In light of the climate physical risks identified, Ariston Group has implemented few measures across a number of plants in its own operations to **increase their resilience to climate change**. Actions have also been implemented in plants where a full assessment of physical risks has not yet been completed. Considering risks from a temperature increase, Osimo and Mainburg saw the **installation of advanced cooling systems to reduce heat stress** and maintain comfort during periods of extreme heat. In Mainburg and Cerreto a **flood protection defense system** has been put in place to safeguard facilities against inundation and rising water levels. Further infrastructure upgrades were carried out in Mainburg, Wuxi and Hanoi mostly focused on **renovating** and **maintaining building roofs to guarantee better insulation** as well as to **increase resilience against heavy rainfalls**. Better insulation of buildings has also been guaranteed in Chartres. Overall, these actions support the business continuity objectives outlined and expected by the BCP, which is a mandatory requirement for listed companies.

Mitigating Scope 1 and 2 emissions

Overall, actions related to renewable energy generation and self-consumption, purchase of renewable energy certificates and product mix improvements allow for an overall reduction of 21,063,389 tCO_2e[13].

Energy Efficiency and Consumption Reduction

During 2024, in all the company's European plants checks were carried out to **identify compressed air leaks** in order to improve energy efficiency and reduce consumption. Several production sites have undertaken projects to **enhance energy efficiency** and **cut energy consumption**. For example, **new compressors** with variable control systems were installed, while coolers are replacing the dry chillers to reduce the energy consumption associated with air handling. Additionally, in Mainburg (Germany), the **lighting system** was upgraded from halogen to LED, resulting in significant energy savings.

In Albacina (Italy), energy-saving activities included **optimizing machine loads for washing machines** (reducing consumption by 1100 kW/day) and dividing lighting between production areas and corridors, as well as **switching off unnecessary refrigeration units**.

In Chartres (France), energy-saving activities included the **installation of a new compressor**, **new lighting systems** and **new metering systems** have also been installed. An extraordinary maintenance operation was carried out in the plant for the **furnace**, which included a **review of the insulation**. In Centurion (South Africa), the Company implemented a **compressed air usage reduction program** by installing leak detectors and automatic shutoff systems, which not only saves energy but also reduces maintenance costs. An electric furnace was also replaced, resulting in a decrease in energy consumption.

In Saint John (Canada), **new cooling systems** were installed to lower energy costs associated with industrial cooling. Additionally, in Hanoi (Vietnam), using **smaller compressors during the night** helps save energy.

In Genga (Italy), projects were implemented to reduce natural gas consumption, including **heat recovery** from the enamelling furnaces. Additionally, **optimization of heat exchangers** for cogeneration systems was implemented. Both of these

[13] Calculated by multiplying the renewable energy consumption of the facility by the country-specific MB emission factor that would have applied if the facility had not consumed renewable electricity

contributed to energy savings and a reduction in CO_2 emissions. In Namur (Belgium), optimization of gas consumption was achieved by delaying the start-up of the furnace on Sundays, reducing overall energy demand.

Increase of renewable energy use

In 2024, the **Cerreto** site (Italy) added a 666 kWp (kilowatt peak) **photovoltaic system to its rooftop**, which is expected to enable the plant to **produce a substantial portion of its energy on-site**, minimizing reliance on the grid and on non-renewable sources. With approximately up to 700 MWh of energy consumed on-site per year and an additional yearly 100 MWh fed back into the grid, these efforts are expected to result in a significant reduction of Scope 2 emissions.

A new renewable energy initiative is underway also at the **Osimo** (Italy) plant with the **construction of a solar park designed to boost on-site generation and self-consumption of clean energy**. Set for completion in 2025, the project will install an approximately 1000 kWp (kilowatt peak) photovoltaic system, which will reduce grid dependency while delivering significant environmental and economic benefits.

Throughout the year, the Group's plants in China and Mexico confirmed their **efforts by purchasing Energy Attribute Certificates (EACs)**, which prove the renewable sources of the electricity they consume. In China, there was an expansion in coverage: while in 2023 only part of the production was covered, starting from 2024 both the Thermal Comfort and Components division plants of Wuxi sourced 100% of their electricity from renewable energy.

Mitigating upstream scope 3 emissions

In order to mitigate the upstream negative impacts on climate change, Ariston Group has established a Corrective Action Plan (CAP) for suppliers that do not meet the standards set through the EcoVadis platform. For more information, please see E3-2.

Within the **Corrective Action Plan**, The Group places a strong focus on climate change, recognizing that energy consumption and greenhouse gas (GHG) emissions are key drivers of environmental impact. **Suppliers are urged to take concrete steps to reduce their carbon footprint by implementing measures to control energy use and limit emissions**, ensuring that these efforts are supported by proper documentation.

Suppliers are specifically asked to provide evidence of actions aimed at minimizing energy consumption and GHG emissions. Examples include the adoption of energy-efficient technologies, use of renewable energy sources, and practices that promote carbon reduction. However, gaps are frequently identified where suppliers declare these measures but fail to provide detailed, supporting documentation or data on their effectiveness. In such cases, Ariston Group requests a corrective action plan to address these deficiencies.

Mitigating downstream scope 3 emissions

The evolution of the Company's **product mix towards an electrified portfolio**, leveraging **renewable technologies** and **low-GWP refrigerant gases,** along with the enhancement of connectivity services that enable end users to optimize product usage and reduce energy consumption, ensures that the Company remains on track to achieve its emission reduction targets related to the use of sold products and to accelerate the transition.

Heat pump technologies and low impact natural refrigerant gases

With heat pump technologies representing an important lever to achieve the energy transition and building decarbonization, the Group is looking to strengthen and expand its heat pump portfolio, continuously rolling out new solutions on markets and working to deploy natural gas refrigerants with an even lower impact.

Ariston next-generation heating heat pump. Built on Pacman 4 Monobloc architecture, Ariston is working on next-generation heating heat pumps which feature a complete redesign of the outdoor unit while accommodating domestic capacity range. The impending ban on hydrofluorocarbon (HFC) refrigerants, expected in 2027, and the Energy Related Products (ErP) Directive raise the need to develop solutions with lower global warming potential (GWP). The next generation of heating heat pumps will be a significant step toward this goal, as they are equipped with natural refrigerant R290, also known as propane. R290 has an exceptionally much lower Global Warming Potential (GWP) compared to R32 (its predecessor): 0.02 versus 675. The next generation heat pump is expected to launch with service training sessions, targeting key markets in the EU.

Elco Heat Pumps R290. As part of its plan to launch a new line of heat pumps available in four sizes, with capacities ranging from 7 up to 20 kW, in 2024 Elco launched the first two models: the SPK 07 (up to 7 kW) and the SPK 10 (up to 10 kW10kW). Both models use R290, a natural refrigerant, and are designed for use in both new constructions and renovation projects.

Wolf CHA-20/24. Wolf will soon be introducing its CHA-20/24 heat pump accommodating up to 20 kW in capacity (deep outdoor temperature). Aside from having a high-power output, it is suited for the renovation requirements of big single family homes and small multi-family buildings. With cascades (up to five heat pumps) there are also big multi-family buildings (100kW) that can be covered. The use of the refrigerant R290 allows higher flow temperatures, making it fit for existing buildings with radiators.

Wolf Heat Interface Unit CAT-2. In 2024, WOLF launched the second generation of its Heat Interface Unit (HIU) CAT-2, the first one developed and assembled in-house at WOLF. A Heat Interface Unit (HIU) is a device installed in each apartment of a multi-family house or larger complexes to provides the energy for the heating circuit and domestic hot water. The HIUs are connected to the central heating system of the building. Designed as a renewable-ready solution, the HIU CAT-2 is optimized for central heat pump systems such as CHA or hybrid systems, providing a sustainable and efficient solution for multi-family homes. The unit enables individual heating control for each apartment, optimizing energy use and supporting the transition to low-carbon heating systems, enhancing energy efficiency and sustainability in residential buildings.

Ariston PRIMOS. Ariston is launching a new Heat Pump Water Heater (HPWH) in Australia which marks a significant reduction in environmental impact by using propane, in place of R134A, enabling a GWP reduction from 1430 to 0.02. Production started in Q3 2024, with the market launch scheduled for January 2025.

Ariston & Chaffoteaux Heat Pump Water Heater Split Inverter R513A. The Group is transitioning its entire EU range of split heat pump water heaters from R134A (GWP 1430) to R513A, a refrigerant with a lower GWP of 573. This conversion includes the adaptation of the existing 150-200-250L capacities by the end of 2024 and the introduction of inverter technology also to a new smaller capacity 120L, planned for launch in Q1 2025. The transition will comply with the new GWP requirements of the F-Gas regulation in 2025.

Alternative fuels and hydrogen solutions. In parallel, the Company is focusing on hybrid solutions by expanding and investing in fossil fuel boilers compatibility for hydrogen.

Ariston hybrid boilers. The Company is strengthening its hybrid solutions by offering to integrate renewable products in existing installations, where all-electric solutions are not applicable. Hybrid boilers in fact combine a traditional boiler with a renewable system, such as a heat pump. This initiative considers the potential impacts of the ErP Directive and focuses on evolving current hybrid offerings to optimize costs and streamline installation. It aims to accelerate the adoption of hybrid systems, offering flexible, sustainable alternatives to traditional energy sources.

ATAG hybrid wall-hung boiler platform. ATAG launched a new premium hybrid wall-hung boiler platform, designed to facilitate the transition to cleaner energy sources and reduce carbon emissions during use. Its compact and modular design facilitates easier installation, particularly for replacing outdated methane systems with more sustainable fuels. Initiated in Q1 2023, sales are projected to begin by Q4 2025 in key European markets.

Hydrogen conversion kit. The Group is developing a hydrogen conversion kit to transform its current domestic wall-hung boiler high-efficiency product range from natural gas to 100% hydrogen. This innovative kit will be applicable for a large part of the current and future product range without impacting mass production processes or product designs, facilitating a seamless transition toward sustainable energy. This development represents a significant step toward future-proofing heating solutions, reducing carbon emissions, and supporting a smoother transition for consumers in line with Europe's decarbonization targets.

Wolf oil boilers fit for renewable fuel blends. The updated Wolf Oil-Boilers COB-2 B30 are designed to accommodate renewable fuel blends, marking the first boilers capable of using up to 30% biofuel. Additionally, the Wolf Gas-Boilers CGB-2 (up to 55 kW) have been approved for operation with a 30% vol. hydrogen blend. Both products have already been launched on the German market.

Wolf CSL-800 small air handling unit. A small air handling unit (AHU) is a compact device used to exchange stale air for fresh outside air in an energy-efficient heat recovery manner within a building or space. It is part of the heating, ventilation, and air conditioning (HVAC) system and is responsible both for air exchange as well as conditioning the air by filtering, heating, cooling, and sometimes humidifying or dehumidifying it before distributing it into different rooms. The Wolf CSL small air handling unit is a key innovation in energy-efficient building solutions. Launched with a capacity of up to 800 m^3/h, this compact and versatile unit offers high-efficiency heat recovery of over 90%, significantly reducing energy consumption and lowering carbon emissions. Its flexible installation options – floor-standing, wall-mounted, or ceiling-mounted – make it suitable for a variety of building configurations, offering optimal comfort and efficiency.

Demand Response and Home Energy Management

Ariston Group is committed to **supporting the energy transition** by promoting the adoption of **renewable energy sources** and **driving the electrification of consumption**. By placing the consumer at the center, Ariston empowers its customers to actively contribute to **the stability of the electric grid** through Demand Response technology and **optimize energy flows within households** thanks to advanced Home Energy Management features.

Demand Response is an innovative solution that balances electricity consumption and production by adapting the usage profile of small-scale flexible distributed energy resources. The consumption of these resources can be deferred without compromising consumers' comfort or needs. Thermal comfort products equipped with Demand Response technology are a prime example of devices capable of **providing flexibility to the electric grid**, as they can **act as thermal batteries, effectively storing energy**.

Following the launch of its first Demand Response electric storage water heater in France in 2023 (Velis Evo Dry Wi-Fi DR), Ariston expanded its range in 2024 with the introduction of the **VELIS3 Wi-Fi FE** and **Abyleos FE**, the most advanced electric storage water heaters designed to enhance grid stability. Thanks to its continuous commitment to sustainability and innovation, in December 2024, Ariston began **providing flexibility services to the national grid in France**.

Home Energy Management is another advanced technology that enables customers to **optimize energy consumption within their households**, reducing energy costs. In 2024, Ariston further expanded its portfolio of Home Energy Management solutions by introducing the **Abyleos HOME+** in Belgium. This new electric storage water heater is designed to adapt its heating phases to **maximize self-consumption from photovoltaic systems**, operate efficiently with **Time-of-Use tariffs**, and **manage peak power consumption** in the household.

Connectivity-enabled solutions - Ariston Net. Ariston Group's goal to simplify users' lives through a portfolio of increasingly connected products continues to be at the forefront of its business strategy. Connectivity and related functionalities, which **leverage the power of data**, have a positive impact on users, providing the **opportunity to manage their thermal comfort via a user-friendly interface for easy control**, receive quick assistance and **save on energy** and costs while making more sustainable choices. In fact the Ariston Net app provides users with the **ability to monitor energy usage** and empowers them to **adapt energy friendly behavior**. Every month, they receive by email a **personalized report detailing their energy consumption** as well as CO_2 and equivalent trees saved. This information makes it possible to optimize energy usage, resulting in potential savings of up to 25%. Additionally, users benefit from **tailored tips** and **advice** to help decrease their environmental impact. 2024 saw the **improvement of Energy Reports** with greater precision in savings calculations and the delivery of more meaningful, personalized feedback.

E1-4 Targets related to climate change mitigation and adaptation

Ariston Group has set numerous targets to address impacts and risks as well as seize the opportunities arising from ongoing transformations, outlining a path toward tangible and measurable sustainability goals. These targets are an integral part of the Company's ESG strategy, named Road to 100, reflecting its commitment to achieving medium and long-term goals with precision and accountability.

In relation to Climate Change, Ariston Group has set **in addition to GHG emissions reduction targets**, also other climate-related objectives, including the development of **connectable products**, the **expansion of energy-efficient product offerings**, and a commitment to **green energy procurement** to support the transition to a low-carbon economy.

Emissions reduction

As mentioned in the Transition Plan, in order to mitigate negative impacts arising from the generation of GHG emissions along the value chain, especially Scope 3, Ariston Group has committed to **reduce globally its Scope 1 and 2 GHG absolute emissions by 42% by 2030**, while for Scope 3 emissions, the 2030 target is to achieve **at least a 51.6% reduction in emissions per million-Euro value added** (economic intensity target). Overall, the targets are strongly related to the achievements set by the HSE Policy and the Sustainable Procurement Policy.

Target	Target Year	Baseline	Base year	2024 Progress	Scope
42% Scope 1 and 2 absolute GHG emission reduction	2030	Scope 1 and 2 GHG emissions amounted to a total of 105,418 tCO_2e	2021	-21% total Scope 1 and 2 emissions ($83{,}590\ tCO_2e$ actual value) -16% Scope 1 emissions -26% Scope 2 emissions	Whole Group
51.6% Scope 3 GHG emission reduction per million-Euro value added[14]	2030	Scope 3 economic intensity value: 215 tCO_2e/k€ Absolute emissions in 3.11 Use of sold products, 70% coverage: 71,467 mln tCO_2e	2021	+29% economic intensity value: 277 tCO_2e/k€ -21% absolute emissions in 3.11 Use of sold products, 71% coverage (56,278 mln tCO_2e)	Whole value chain

Emissions reduction targets were initially set based on **internal workshops** involving the functions responsible for the various categories included in the GHG protocol, focusing on Scope 1, 2, and 3. These workshops aimed not only to **define the baseline** but also to determine the **level of ambition** the Company could aim for, in alignment with the Group's strategic vision. Near-term targets **aligned with SBTi** criteria were assessed with the support of external consultants, through a series of activities and calculations to verify their feasibility. For instance, **emissions projections** were defined based on future sales and production activities, and a **precise Scope 3 boundary** was defined to determine which product categories

14 Economic intensity, meaning Emissions / EBITDA. Emissions from use of sold products covering at least 67% of total Scope 3 emissions.

could be included in the 67% of "use of sold products" emissions, the minimum coverage threshold set by SBTi (finally a 70% coverage was submitted). After all the verifications were completed, the SBTi-aligned targets were validated by both the ESG Council and the ESG Committee, and a **submission was made to SBTi for official validation**, which was successfully obtained in March 2024. Pathways used by the SBTi aim to steer voluntary climate action and contribute to achieving the 1.5°C objective of the Paris Agreement and the Sustainable Development Goals (SDGs); since July 2022, the SBTi has required near-term targets covering scope 1 and 2 emissions to be aligned with 1.5°C pathways and scope 3 targets to be aligned with well-below 2°C pathways. Ariston Group's near-term science-based targets have been set using the SBTi cross-sector decarbonization pathway. The SBTi cross-sector decarbonization pathway reflects the main GHG emissions from energy supply, transport, industry, and buildings sectors and informs the rate of emissions reductions needed in the near-term to reach net-zero CO_2 emissions at the global level by 2050.

For the purposes of setting GHG inventory organizational boundaries, the Group has adopted the **Operational Control Approach**. Under this approach, it accounts for all emissions from operations over which it or one of its subsidiaries has direct control and where it can influence the decisions that affect GHG emissions. This includes all owned or leased facilities and vehicles operated by the Group. This approach is consistent with the WRI/WBCSD GHG Protocol and general sustainability reporting protocols and guidance.

Ariston Group GHG inventory includes **100% Scope 1 and 2 GHG emissions and 100% of Scope 3 GHG emissions** and covers the **seven greenhouse gas families required by the GHG Protocol Corporate Standard**: Carbon Dioxide (CO_2), Perfluorocarbons (PFCs), Methane (CH_4), Sulphur Hexafluoride (SF_6), Nitrous Oxide (N_2O), Nitrogen Trifluoride (NF_3) and Hydrofluorocarbons (HFCs). Global GHG emissions are expressed in tCO_2e using the most recent Global Warming Potentials published by the Intergovernmental Panel on Climate Change (IPPC) in its Assessment Reports.

The target boundary for Scope 1 and 2 includes 100% of the market-based GHG emissions from the baseline. Within this boundary, Scope 1 (S1) accounts for 53% of the total, while Scope 2 (S2) represents 47% of AG's Scope 1 and 2 GHG emissions. **For the Scope 3 target boundary, Ariston Group includes 71% of the GHG emissions from the baseline**. The main category is 3.11 Use of sold products, which represent 99% of total Scope 3 emissions.

To ensure the **consistency of these targets with its GHG inventory boundaries**, the Group has designed a base year **recalculation policy**, according to which the base year and targeted values will be **recalculated in case of significant changes that lead to an aggregate impact of 5% or more on its baseline**, including:

- Significant changes in **company structure and activities** (acquisitions, divestitures, mergers, insourcing or outsourcing, shifts in goods or service offerings).
- **Methodological changes**. These include updated emission factors, improved data access or updated calculation methods.
- **Significant errors**: in case Ariston Group finds significant errors or several cumulative errors in the base year calculation, this will also result in a recalculation.

Ariston Group has aligned with both GHG Protocol and SBTi by selecting 2021 as its base year for Scope 1, 2, and 3 science-based targets. This decision was made for the following reasons:

- It reflects Ariston Group's **business-as-usual scenario**.
- The emissions data for Scope 1, Scope 2, and Scope 3 in 2021 are **accurate** and **verifiable**.
- It marks the **starting point of Ariston's decarbonization strategy**.

In accordance with the Group base year recalculation policy, GHG Protocol and SBTi requirements, **the baseline was recalculated in 2024 due to inorganic expansion within the Company**, which exceeded the 5% threshold outlined in the Policy. **Target coverage and reduction ambitions for Scope 1 and 2 and Scope 3 have remained unchanged**, while 2030 target absolute values have been updated accordingly. The base year recalculation has not significantly impacted the Group's progress toward its targets, as the Company's GHG emission profile has remained largely unchanged. For any further information about the methodology and assumptions, please refer to **ESRS 2, BP-2 Disclosures in relation to specific circumstances, Estimation and uncertainty around metrics.**

In 2021 Ariston Group's Scope 1 and 2 emissions amounted to 105,418 tCO_2e (Scope 1: 54,687 tCO_2e; Scope 2 MB: 50,731 tCO_2e). With regard to Scope 3, emissions amounted to 102,122,546 tCO_2 e. The base year target boundary accounts for 100% of Scope 1 and 2, and 71% for Scope 3 (71,467 tCO_2e; 215 tCO_2e/k€). As previously said, such baseline values have been recalculated in order to consider the impact of inorganic expansion (mainly due to the recent acquisitions).

In terms of progress, Ariston Group achieved a **16% reduction in Scope 1 emissions** and a **26% reduction in Scope 2 emissions by 2024**, **compared to the 2021 baseline**, through the implementation of energy efficiency measures that lowered fuel consumption and the increased adoption of renewable energy. Notably, Scope 3 emissions, particularly in the

"3.11 Use of Sold Products" category (target coverage), underwent an **absolute reduction of approximately 22% compared to the 2021** baseline and **5% compared to 2023**. This decrease is driven by the evolution of the product mix, featuring innovations such as low-GWP refrigerants, which reduce GHG emissions from heat pump usage. Nevertheless, when analysing the **economic intensity target**, the trend differs as EBITDA experienced a significant contraction in 2024 compared to 2021. While in 2023, the reduction in economic intensity (tCO_2e/k€) reached 32% versus 2021, the shift in the 2024 scenario led to a **29% increase in the KPI** compared to the 2021 baseline, going from 215 tCO_2e/k€ in 2021 to 277 tCO_2e/k€ in 2024. Despite this, all considerations made in defining the 2030 decarbonization plan point to a future where the evolution of the product mix, along with the Group's overall growth trajectory and other identified levers, will lead to the **achievement of the 2030 target**.

The Group also progressively improved the calculation methodology in 2022 and 2023 of several categories from its baseline year. Targets and projections are monitored on a yearly basis to **align with the Company's vision**, which in turn **considers future developments such as changes in sales volumes**, **shifts in customer preferences** and **demand**, **regulatory factors**, and the **adoption of new technologies**. A yearly review and assessment are conducted on Scope 1, 2 and 3 targets, aligning with the frequency of its greenhouse gas (GHG) inventory calculations. Each year, a comprehensive analysis is performed to **evaluate the impact of the mitigation measures implemented during the reporting year**, identifying significant changes, and analyzing underlying drivers. This analysis also assesses **how well the Company is progressing toward achieving its targets**. The findings are presented to the ESG Council for discussion and to the ESG Committee for validation, and are used to inform the Company's strategic direction. Additionally, the Group continuously monitors the latest Science Based Targets initiative (SBTi) requirements to ensure the ongoing validity of its science-based targets.

For more information around expected decarbonisation levers and their overall quantitative contributions to achieve the GHG emission reduction targets please see E1-1.

Connectable products

In order to continue generating positive impacts through the selling of efficient technologies and solutions, the Group has set an absolute target of increasing its offer of connectable products. As a matter of fact, Connected Home Services represent a key tool for better understanding our customers' needs and providing increasingly tailored solutions. These services enable easy and remote monitoring of energy consumption while offering a range of inputs and tools to drive continuous improvements in the efficient use of the products, ultimately contributing to the reduction of energy consumption. The target is strongly related to the achievements outlined in the HSE Policy and the Sustainable Procurement Policy, as it directly contributes to the attainment of Scope 3 decarbonization objectives.

Target	Target year	Interim Target (2025)	Baseline	Base year	2024 Progress	Scope
>5 mln connectable products sold	2030	>2 mln connectable products sold	Connectivity feature launch, few units sold	2015	1.7 mln	Whole Group

The target was defined through internal workshop with specific teams, all belonging to the Business Unit. It takes into consideration the Company's ambition, market demand projections (developed by the Market Intelligence team), and the Group's growth trends over recent years for these types of products. It also considers the wider context of sustainable development, incorporating key regulatory aspects and consumer behavior trends, particularly within the EU region.

The actual value is monitored and reviewed on an annual basis by analyzing sales reports. Each year, roadmaps are defined to improve and expand connectivity services, which contribute to the broader adoption of the service itself. Currently, the progress is in line with the plan.

Energy Efficient products offering

Since the Company's primary impact on GHG emissions stems from the use phase of the products sold, a major area of work is on expanding the range of energy efficiency solutions offered. Specific goals have been set to increase the sales of products leveraging renewable and high efficient technologies, as well as alternative fuels. Additionally, the Company is focused on introducing Home Energy Management systems and Demand Response solutions to drive further progress. These targets are strongly related to the achievements outlined in the HSE Policy and the Sustainable Procurement Policy, as they directly contribute to the attainment of Scope 3 decarbonization objectives.

Target	Target year	Baseline	Base year	2024 Progress	Scope
>90% Heating gas condensing technologies' revenues from hydrogen-ready solutions in Europe[15] *(Restated)*	2025	29%	2022	90%	Whole Group
>60% revenues in Europe generated by renewable technologies vs. < 40% from fossil fuel products[16]	2030 *(Restated)*	46% from renewables vs. 54% from fossil fuels	2022	Renewables: 35% Fossil: 65%	Whole Group
Launch of a representative Home Energy Management – ready product on electric storage water heaters, heat pump water heaters and heating heat pumps	2025	Launch of Demand Response electric storage water heater in France: Velis Evo Dry Wi-Fi DR	2023	• Launch of Abyleos HOME+ (ESWH) in Belgium. • Introduction of a review for a specific HHP platform (PCM4) to improve self-consumption.	Whole Group
Confirm effort to shift heat pump water heaters to lower GWP refrigerants	2025	NUOS PLUS R290: first propane platform designed for the EU market	2023	The Group is transitioning its entire EU range of split heat pump water heaters from R134A (GWP 1430) to R513A.	Whole Group

The first target highlights the company's ability to **evolve gas condensing boilers into products capable of operating with a hydrogen blend**. Only products that have been **certified by a third-party entity** for this functionality can be included in the calculation, and their turnover constitutes the numerator. Only products sold in the EU area (including the Balkans, Switzerland, the United Kingdom, Israel, Norway, and Ukraine) are considered, and their total turnover constitutes the denominator.

Also the second target reflects the Group's ability to evolve its **product portfolio towards energy transition technologies**, measuring the related turnover trend. The perimeter remains the same as the previous target and includes both domestic and commercial heating, as well as water heating products. **Renewable technologies** cover heat pumps for space heating and cooling (including air-to-air heat pumps), water heating, and solar water heaters. **Fossil products** include boilers and gas water heaters (both storage and instantaneous), while electric water heaters, burners, accessories, and cylinders are excluded. The KPI percentage is calculated as the **share of renewable technologies** in the total of renewable and fossil products sold within the defined scope.

Targets were defined by considering the Company's ambition, expected market demand evolution (identified by the Market Intelligence team, and the Group's growth trends over recent years for these types of products. They also consider the wider context of sustainable development, incorporating key regulatory aspects and consumer behavior trends, particularly within the EU region. The starting point is the recognition that the **development of specific products and technologies plays a crucial role in reducing emissions from the use of sold products**. The main efforts are **focused on Europe**, where regulatory framework is expected to be more evolving with the regards the transition to more sustainable solutions and where the Group conducts most of its business, leading to a greater overall impact. The use of revenues metrics or the launch of new products/projects in these markets is in line with these assumptions.

The progress for each target is **monitored and reviewed on an annual basis** by analyzing sales reports and, specifically for qualitative targets, all the actions that have been implemented during the reporting period and their respective coverage. The released values are not validated by external bodies other than the auditors of the Sustainability Statement.

In 2024, a **review of the specific European targets was conducted** in light of changes in the **regulatory context**, including the **reduction of incentives** for certain high-efficiency technologies. Regarding the specific target related to the **percentage of revenues in Europe generated by renewable technologies versus fossil fuel products**, it was decided to extend the timeline for its achievement until 2030 due to market conditions having evolved since the target was initially set. For the same reason, the target related to **heating gas condensing technologies' revenues from hydrogen-ready solutions in Europe** has been reviewed, leading to a downward adjustment of the 2025 threshold, aligning it more closely with the current regional developments. Anyway, the company will continue to assess opportunities beyond 2025.

[15] Certified to be 20% H2 ready. The perimeter considers the Balkans, Switzerland, the United Kingdom, Israel, Norway and Ukraine. Russia is excluded.
[16] The perimeter considered refers to revenues generated in Europe by the Thermal Comfort division (Including the Balkans, Switzerland, the United Kingdom, Israel, Norway and Ukraine. Excluding Russia), for both domestic and commercial heating and for water heating products as specified in the Delegated Acts of the EU Taxonomy. Renewable technologies refer to heat pumps for space heating and cooling, and for water heating, solar water heaters. Fossil products include boilers and gas water heaters (both storage and instantaneous). A change in the model calculation has been implemented vs 2022 to include air-to-air heat pumps, previously considered as out of scope. Electric water heaters, burners, accessories and cylinders are excluded from the calculation. The KPI percentage is calculated as the weight of renewable technologies on the sum of renewable technologies and fossil products.

Green energy procurement

In order to reduce operational costs through the adoption of energy efficiency measures, the Company has set a target to increase Energy Attribute Certificates procurement in key countries. This target is measured as the percentage of total energy consumption covered by Green Energy certificates in the countries with the highest energy usage. Overall, the target supports the objectives outlined in the Sustainable Procurement Policy.

Target	Target year	Baseline	Base year	2024 Progress	Scope
Green Energy procurement increase in key countries	2025	100% Renewable energy with Energy Attribute Certificates (EACs) in: - China (Thermal Comfort only) - Mexico	2023	100% Renewable energy with Energy Attribute Certificates (EACs) in: - China (Thermal Comfort + Thermowatt) - Mexico	Whole Group

The mapping of energy consumption across the Group's plants globally, along with the assessment on the availability of Energy Attribute Certificates in each country, served as the basis for identifying where the purchase of EACs would be most impactful and efficient, supporting the Group's decarbonisation path. The plants with the highest energy consumption are identified through invoice analysis and emissions assessment. Each year, a strategy is developed for purchasing EACs and/or establishing Power Purchase Agreements (PPAs) that include the supply of certified renewable energy. The actual value for each target is monitored and reviewed on an annual basis; progress is currently in line with what had been initially planned.

E1-5 Energy consumption and mix

	U.o.M.	2023	2024
37. Total energy consumption	MWh	324,114	297,429
		2023	2024
37a. Energy consumption from fossil fuel sources	U.o.M.	218,414	265,047
paragraph 38 If high impact sector (as defined in Commission Delegated Regulation (EU) 2022/1288) [17]			
a. Coal and coal products	MWh		-
b. Crude oil and petroleum products	MWh		53,640
c. Natural Gas	MWh		144,362
d. Other fossil sources	MWh		439
e. Purchased or acquired:			
Electricity from fossil fuels	MWh		66,606
Heat from fossil fuels	MWh		-
Steam from fossil fuels	MWh		-
Cooling from fossil fuels	MWh		-
% of fossil sources in total consumption	%	N/A	89%
		2023	2024
37b. Energy consumption from nuclear sources	U.o.M.	N/A	9,074
Nuclear	MWh		9,074
% of nuclear sources in total consumption	%	N/A	3%
		2023	2024
37c. Energy consumption from renewable sources	U.o.M.	21,079	23,308
i. Fuel consumption from renewable sources (*biomass, biofuels, biogas, …*)	MWh		226
ii. Consumption of purchased or acquired:			
Electricity from renewable sources	MWh		20,784
Heat from renewable sources	MWh		-
Steam from renewable sources	MWh		-
Cooling from renewable sources	MWh		-
iii. Self-generated non-fuel renewable energy	MWh		2,298
% of renewable sources in total consumption	%	N/A	8%
		2023	2024
39. Production of non-renewable energy	U.o.M.	N/A	5,224
Cogeneration (natural gas)	MWh		5,224
39. Production of renewable energy	U.o.M.	N/A	3,556
Solar energy	MWh		3,556
		2023	2024
40. Energy intensity	U.o.M.	-	-

[17] As defined by Commission Delegated Regulation (EU) 2022/1288, Ariston Group primarily operates in the manufacturing sector for heating and climate control equipment, which falls under Section C of the NACE classification. Specifically, it is classified under C.27.51 – "Manufacture of domestic appliances" and C.28.25 – "Manufacture of air treatment equipment".

Total energy consumption associated with activities in high climate impact sectors	MWh	324,114	297,429
Net revenue from high climate impact sectors	MEur	3091.8	2633
Energy intensity	MWh/MEur	104.83	112.96

For production facilities, data is extracted from invoices documenting plant consumption. Self-generated non-fuel renewable energy is measured with meters. For non-production facilities, invoices from representative sites are used and extrapolated for the rest. Since nuclear energy consumption data is not provided by the energy provider, estimates are based on the country's energy mix, indicating its share in the supply. For further information about methodologies, please refer to **E1-4 Targets related to climate change mitigation and adaptation,** ***Emissions reduction*** paragraph.

For the reconciliation of net revenue from high climate impact sectors, please see Annual Report, 2. Key Highlights – Net Revenue.

E1-6 Gross scope 1,2,3 and total emissions

	U.o.M.	Baseline 2021	2023	2024	Δ 2024 vs 2021
48a. Gross Scope 1 GHG emissions		54,687	48,369	46,114	-16%

	U.o.M.	Baseline 2021	2023	2024	Δ 2024 vs 2021
Biogenic emissions of CO_2 from combustion	tCO_2e	801	588	833	4%
Biogenic emissions of CO_2 from bio-degradation of biomass	tCO_2e	-	-	-	-

	U.o.M.	Baseline 2021	2023	2024	Δ 2024 vs 2021
48b. Percentage of Scope 1 GHG emissions from regulated emission trading schemes	%	0	0	0	-

	U.o.M.	Baseline 2021	2023	2024	Δ 2024 vs 2021
49a. Gross location-based Scope 2 GHG emissions		41,905	41,135	37,555	-10%

	U.o.M.	Baseline 2021	2023	2024	Δ 2024 vs 2021
49b. Gross market-based Scope 2 GHG emissions		50,731	43,290	37,476	-26%

	U.o.M.	Baseline 2021	2023	2024	Δ 2024 vs 2021
Biogenic emissions of CO_2 from combustion	tCO_2e	-	-	-	-
Bio-degradation of biomass	tCO_2e	-	-	-	-

	U.o.M.	Baseline 2021	2023	2024	Δ 2024 vs 2021
51. Indirect GHG emissions (Scope 3)		102,122,546	83,828,813	79,345,164	-22%
Purchased goods and services	tCO_2e	680,547	595,846	373,971	-45%
Capital goods	tCO_2e	15,300	15,914	11,992	-22%
Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	tCO_2e	22,492	18,884	16,586	-26%
Upstream transportation and distribution	tCO_2e	136,142	103,565	71,261	-48%
Waste generated in operations	tCO_2e	1,714	1,521	1,135	-34%
Business travel	tCO_2e	3,906	7,370	6,115	57%
Employee commuting	tCO_2e	8,130	9,355	9,375	15%
Upstream leased assets	tCO_2e	-	-	-	-
Downstream transportation	tCO_2e	22,457	21,413	18,540	-17%
Processing of sold products	tCO_2e	-	-	-	-
Use of sold products	tCO_2e	101,172,331	83,003,076	78,791,802	-22%
End-of-life treatment of sold products	tCO_2e	59,525	51,869	44,386	-25%
Downstream leased assets	tCO_2e	-	-	-	-
Franchises	tCO_2e	-	-	-	-
Investments	tCO_2e	-	-	-	-

	U.o.M.	Baseline 2021	2023	2024	Δ 2024 vs 2021
Biogenic emissions of CO_2 from combustion	tCO_2e	0	0	0	-
Bio-degradation of biomass	tCO_2e	0	0	0	-

	U.o.M.	Baseline 2021	2023	2024	Δ 2024 vs 2021
52.a Total GHG emissions (location-based)	tCO_2e	102,219,139	83,918,317	79,428,833	-22%
52.b Total GHG emissions (market-based)	tCO_2e	102,227,965	83,920,472	79,428,754	-22%

	U.o.M.	Baseline 2021	2023	2024	Δ 2024 vs 2021
Total GHG emissions (location-based) ratio per net revenue	tCO_2e/MEur	51,444	27,149	30,178	-
Total GHG emissions (market-based) ratio per net revenue	tCO_2e/MEur	51,448	27,150	30,178	-
Net revenue	M Eur	1,987	3,091	2,632	-

Base year	Baseline	2030 Target	2030 absolute value
2021	Scope 1 and 2 GHG emissions amounted to a total of 105,418 tCO_2e	42% Scope 1 and 2 absolute GHG emission reduction	61.143 tCO_2e
2021	Scope 3 economic intensity value: 215 tCO_2e/k€ Absolute emissions in 3.11 Use of sold products, 70% coverage: 71,467 mln tCO_2e	51.6% Scope 3 GHG emission reduction per million-Euro value added[18]	*For confidentiality reasons regarding financial KPIs (EBITDA), the value of absolute emissions will not be disclosed.*

Base year has been recalculated taking into account the integration of acquisitions occurred after 2021 (Chromagen, CENTROTEC Climate Systems, Egypt plant) and the deconsolidation of Russia. For further information about methodologies, please refer to **E1-4 Targets related to climate change mitigation and adaptation, *Emissions reduction*** paragraph. For the reconciliation of net revenue from high climate impact sectors, please see Annual Report, 2. Key Highlights – Net Revenue.

ESRS E3 – Water resources

Water usage is a critical global issue, closely linked to climate change, particularly in relation to drought and resource scarcity. For the Group, the efficient and sustainable use of water resources is a key priority, even though its most significant impacts are generated in other areas, such as greenhouse gas emissions, energy consumption and waste management. Currently, the primary focus is on addressing the impacts created by upstream partners within the value chain.

IRO-1 Description of the processes to identify and assess material water resources-related impacts, risks and opportunities

IROs related to water resources have been assessed across the entire value chain with inputs stemming from the suppliers' due diligence processes and interviews with relevant corporate functions. In the Company's production processes, water is used sparingly, primarily for specific activities such as testing and degreasing, and only in a limited number of plants. While no material IROs have been identified downstream or within the Company's operations, upstream analysis of the Group's supplier base—conducted using the EcoVadis IQ Tool and further confirmed by the EcoVadis Rating on a selected panel of suppliers—reveals a negative impact on water management. This is particularly notable among suppliers in water-intensive sectors, such as steel production, where many lack specific policies or measures to address water resource management, underscoring the potential for negative impacts within the upstream value chain. Results in fact indicate that suppliers need to improve their water management systems by monitoring water consumption and establishing policies on water usage. This is particularly significant considering that some of the Company's main suppliers belong to manufacturing sectors that rely heavily on water for the production of materials such as steel, aluminum and copper.

Consultations with the supplier base have been carried out as part of the due diligence process, which includes collecting information through the EcoVadis platform and engaging in discussions between buyers and representatives of companies within the Group's supplier network. For more information on the process to identify and assess material IROs, please see ESRS 2 IRO-1 and IRO-2.

E3-1 Policies related to water resources

Sustainable Procurement Policy

The Sustainable Procurement Policy outlines the Group's commitment to reduce material water consumption along the upstream value chain. To date, no specific improvement requests regarding water management have been directed at suppliers operating in specific areas. However, two levels of requirements have been defined based on the size and potential impact of partner companies, categorized as follows:

- Water Minimum Requirements:
  - Suppliers are expected to commit to improving the efficiency of water use in their operations.
  - Suppliers are expected to reduce water discharge and increase the amount of treated water returned to the ecosystem.
- Preferred Practices:
  - Suppliers should monitor where and how water is drawn, consumed, and discharged, as well as the related impacts.

18 Economic intensity, meaning Emissions / EBITDA. Emissions from use of sold products covering at least 67% of total Scope 3 emissions.

- Suppliers should maintain accessible data on their water interactions, including withdrawal, discharge, and consumption.

Similarly, the Code of Conduct for Suppliers mandates suppliers to implement actions to ensure any water or waste discharge that may represent harm to humans or the environment shall be managed, monitored, quantified and treated before being released into the environment. This Policy relies on the principles set forth by the HSE Group Policy, in compliance with the ISO 14001 Standard. While the HSE Policy defines a corporate approach based on operating in a responsible manner that respects the environment, avoiding the commission of offences, including involuntary ones, against the environment, ISO 14001 emphasizes effective water management as part of an Environmental Management System (EMS). Its principles include identifying and evaluating water-related impacts, optimizing water use, reducing waste and pollution, ensuring legal compliance, and promoting continuous improvement through monitoring and goal setting. The standard encourages organizations to adopt sustainable practices that minimize their water footprint and protect water resources.

For more information regarding the Sustainable Procurement Policy and the HSE Group Policy, please refer to ESRS E1-2.

E3-2 Actions and resources related to water resources

In order to mitigate the negative impacts on water management identified in the upstream phase, Ariston Group has established a Corrective Action Plan (CAP) for suppliers that do not meet the standards set through the EcoVadis platform. The CAP is a collaborative feature of the platform that enables the creation of a detailed improvement plan. It facilitates communication between buyers and suppliers on corrective actions while allowing suppliers to share both planned and completed programs, making them visible to all requesting companies. The main objective is to monitor and enhance the supplier’s performance in key areas such as Environment, Labor & Human Rights, Ethics and Sustainable Procurement: the platform highlights both strengths and improvement areas in each section.

To request a CAP, the team reviews the results of the EcoVadis assessment, focusing on specific areas of improvement for each supplier. Once the intervention areas are identified, a formal CAP request is sent, including a due date for implementation – typically a year from the request date. If necessary, a personalized message can be added to provide further guidance. Suppliers receive an email notification and can access the request on their EcoVadis platform, where they also find an “Improvement Letter” with specific suggestions for each area to be improved, along with additional supporting documentation to put in place any actions that can help them improve. In order for Ariston Group to monitor progress, it is essential for the supplier to formally accept the request to enable progress tracking.

Ariston Group can monitor a supplier's progress directly on the platform, tracking updates on its sustainability profile. Each improvement request is visible in the CAP tab of the supplier’s scorecard, and the Group can send reminders or add details through a chat function. Progress can be monitored for individual suppliers or on a broader scale, with the option to activate email notifications to receive periodic updates and ensure suppliers are moving towards completing the improvement goals. Within the Corrective Action Plans, suppliers are requested to present specific actions to improve water management, such as reducing consumption, treating and reusing wastewater, and adopting technologies to optimize water use.

The Company has decided to implement actions and allocate related resources aimed at improving water management among strategic suppliers in a general manner. As of today, no specific actions have been defined in relation to areas at water risk where suppliers operate. The in-depth assessment of supplier performance on this topic, planned for coming years, will help define more specific and targeted actions focused on geographic areas which are particularly sensitive to this issue.

Overall, all actions are defined by the Company in accordance with the Policy’s guidance, which serves as a framework to shape activities over time.

E3-3 Target related to water resources

To address the high-water consumption levels upstream, in 2024 Ariston Group set a relative target to ensure that by 2025, all suppliers identified as critical for water usage are required to implement corrective actions, as required by the EcoVadis assessment. The target contributes to the achievement of the objectives set out by the Sustainable Procurement Policy.

Supplier’s Corrective Action Plan

Target	Target year	Baseline	Base year	Scope
100% of assessed suppliers identified as critical for water usage are required to implement corrective actions	2025	100%	2024	Upstream suppliers

All suppliers participating in the EcoVadis assessment are analyzed to identify those with the **greatest negative environmental impact in terms of water management**. At the same time, the measures already in place to improve water management are evaluated to assess their level of maturity. Based on this analysis, the Group selects the suppliers that **need to implement a more structured strategy to mitigate water usage impacts** (corrective action plan) and uses the EcoVadis platform to request improvements in this regard. The KPI percentage is calculated as the proportion of suppliers to whom the Group has requested a corrective action plan, relative to the total number of suppliers identified as needing one. The measurement of the metric is not validated by an external body other than the auditors of the Sustainability Statement but it is formally tracked on the EcoVadis platform.

To define the target, considerations were made regarding the identified impact and the findings from the first wave of due diligence conducted on a significant portion of the supply chain. Specific meetings and discussions were held with the main functions involved (Procurement and ESG teams) to analyze the results of the first step in the due diligence and set the goal accordingly. After identifying the specific impacts related to supplier performance on water management, the Group requested improvements to 100% of its assessed partners. During 2025, following the update of the EcoVadis assessment (which is performed on an annual basis), the Group will be able to identify the progress of its partners in implementing corrective actions.

ESRS E5 - Resource use and circular economy

Ariston Group acknowledges the importance of **increasingly implementing circular initiatives in products and processes**, which are essential for promoting a more productive use of resources. Given the broad and complex nature of this area, the Company has decided to focus on specific work areas: starting with **more efficient data management**, essential for mapping the current situation, the company has chosen to begin evaluating **potential improvements in the use of certain materials** (including packaging), in **product design** and **waste management**.

IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

In order to identify material IROs related to resource use and the circular economy, Ariston Group has started to screen its activities across the value chain by leveraging **internal consultations with functions** which have access to communication channels with **external stakeholders** (i.e. customers, recyclers) and with its **supplier base** (thanks to the due diligence process and interactions with the procurement function). The environmental impact of waste (especially end of life product treatment) has been addressed through **discussions with recyclers**, who provide visibility, data, and processes on how the **disposal of the Group's solutions is currently managed** and how **it can be improved** through specific initiatives.

Consultations with local communities have not been carried out, as the Group's impacts on communities are currently deemed non-material. Moreover, the management of materials and resources used in the production processes is typically **highly regulated and monitored by institutions**, making specific interactions with communities not considered essential. Nevertheless, **dialogues and engagement are undertaken when new production facilities are opened** or when **significant changes are implemented** in the management of our activities. They take various forms and may also address specific topics related to circularity, depending on the nature of the project.

In its operations and downstream, IROs have been mapped also thanks to the **ISO certified Environmental Management System**[19].

The Group recognizes that **the use of non-renewable raw materials** (such as steel, aluminium, copper, polypropylene, and polyurethane), combined with **inefficient waste disposal practices** at both industrial and consumer levels can have **negative environmental impacts**. The former contributes to the continued consumption of resources that may be at risk of depletion in the future, while the latter can lead to increased landfill waste. Moreover, the Group acknowledges the importance of addressing these issues in the upstream phase, working with suppliers to reduce resource consumption and improve waste management practices across the entire supply chain.

On the **positive side**, **the integration of circular principles into the Group's business practices** also generates beneficial impact: by reducing waste generated during production processes and from end-of-life products, Ariston Group is helping **conserve valuable resources** and **improve energy efficiency**. Additionally, certain features of connected products can further enhance their **durability**. **AI-enabled functionalities**, along with **remote technical assistance** and **preventive maintenance**, ensure timely repairs, preventing irreparable damage and reducing the need for product replacement.

Implementing a circular approach might also present both **risks** and **opportunities**. On the one hand, the Group could face some **challenges in securing the availability of virgin resources** and ensuring that **raw materials are sourced from conflict-free zones**. Additionally, there are **costs associated with adopting circular practices**, particularly in the areas of product design and disposal, and **possible fees due to non-compliance with recycling practices**. On the other hand, integrating circular principles into product design and packaging allows the Group to **meet the growing market demand for sustainable solutions**, **attracting more customers** and **fostering business growth**. Moreover, optimizing waste management and resource usage can lead to **cost savings**, enhancing the Group's sustainability performance and strengthening its **competitive position in the market**.

For more information concerning the process to identify and assess material IROs, please see ESRS 2 IRO-1 and IRO-2.

E5-1 Policies related to resource use and circular economy

With regards to resource use and circularity, the Group adopts a number of policies and instruments to address impacts as well as risks along its value chain.

Sustainability Procurement Policy

The **Sustainable Procurement Policy** addresses key environmental challenges related to circularity, including the use of non-renewable raw materials, inefficient industrial waste disposal, and the management of conflict minerals:

[19] Aside from the HSE functions, representatives from the heating and water heating business units were involved.

For **non-renewable raw materials**, suppliers are required to provide data on material composition, include recycled content, and ensure recyclability. **Packaging** should minimize the use of plastic and progressively increase the percentage of recycled plastic to at least 35% by 2030, with third-party certifications to validate recycled content. Suppliers are also encouraged to conduct **Life-Cycle Assessments** (LCA) and collaborate with Ariston Group to promote recycling, reuse, and remanufacturing practices, advancing a circular approach.

For **waste management**, suppliers must take steps to minimize landfill waste and properly treat any potentially harmful discharges before releasing them into the environment. Proactive measures to prevent waste generation are encouraged, including adopting the **5R methodology** (Reject, Reduce, Recycle, Reuse, Revalorize). Suppliers are also expected to aim for **zero waste to landfill** through improved processes and traceability systems, particularly for e-waste.

When it comes to **Conflict Minerals**, suppliers are required to **identify and trace the origin of the materials they provide**, ensuring compliance with ethical sourcing practices; they are also encouraged to actively engage their own supply chains to promote and provide evidence of a responsible business approach.

The Group fosters proactive collaboration with suppliers to **rethink systems towards recycling, repair, reuse,** and **remanufacturing practices**. This includes the search for new materials and solutions that enhance the recyclability of products and packaging, achieved by facilitating working groups between the Group's R&D team and the supplier, which allows them to share needs and expertise.

For more information regarding the Sustainable Procurement Policy, please see ESRS E1-2.

New Product Development Procedure

The **New Product Development Procedure** focuses on **extending product lifetime through durability**, while also enhancing both design and disposal phases. Furthermore, it aligns with consumer trends favoring more circular solutions. Ensuring product durability is a central focus throughout the product development process, particularly during the specification phase[20]. The New Product Development Procedure applies across **all divisions within the Group** and encompasses all product solutions. The process is led by the Business Unit (BU) Executive Vice Presidents (EVP), supported by the EVPs of the main functions involved (Quality, Operations, Sales, Procurement).

During the specification phase, it is crucial to clearly define the requirements for the **availability and content of key information**, including technical data, training manuals, and documentation for the product, accessories, and spare parts packages. Ensuring **proper maintenance through standardized components** and the **availability of replacement parts** is key to extending product lifespan, enabling repairs rather than replacements.

Additionally, Plant Logistics plays a critical role in **managing the obsolescence of raw materials** (RM) and producing the RM Phase-out report. An accurate **Phase In-Phase Out** (PIPO) process ensures a seamless transition between new and obsolete products, minimizing the risk of accumulating finished goods by carefully planning the introduction of new codes and the de-stocking of old ones.

Alongside technical considerations**, customer needs are incorporated through insights gathered from Markets, Marketing Intelligence and consumer feedback**, validated through field tests conducted in real-world conditions. These tests assess whether the product meets its technical specifications for **performance**, **reliability**, and **quality**. Together, these steps ensure the development of high-quality, durable, and repairable products, which not only support sustainability but also reduce resource consumption over the product's lifecycle.

Ariston Group applies recognized international standards, such as **ISO 9001**, to the **products** and the **testing facilities**. Furthermore, each product is tested according to local requirements, including function, installation, and safety standards, both internally and in third-party labs.

Group HSE Policy

The **Group HSE Policy** manages the **outflows of resources in production processes**, mitigating negative impacts related to inefficient waste disposal at the industrial level.

As a matter of fact, Ariston has decided to design its **management systems in accordance with the international standard ISO 14001:2015** in order to improve its HSE performance and manage its environmental impacts in a systematic manner. The Policy codifies a certified HSE Management System which applies to HSE aspects related to any activities, products and services that the Group determines it can either control or influence considering a life cycle perspective. The Policy **addresses key environmental challenges related to circularity**, including the use of non-renewable raw materials and inefficient industrial waste disposal.

20 The specification phase in product development is where detailed requirements and technical specifications for the product are defined. It involves collaboration among teams to translate customer and market needs into clear technical parameters, such as functionality, quality standards, materials, costs, and regulatory requirements.

The Group HSE Policy builds upon a waste management strategy **focused on preventing waste generation** and **reducing resource consumption**, following the 5R methodology – Reject, Reduce, Recycle, Reuse, Revalorize. Through this Policy, Ariston Group also endorses the **World Class Methodology** (WCM), a program to create a structured and replicable production system, which builds upon the key principle of **minimizing waste** and, ultimately, **avoiding waste to landfill**. Thanks to the application of the WCM method, the Group consistently reduces all types of waste and losses.

For more information regarding the Group HSE Policy, please see ESRS E1-2.

Waste Disposal Management Procedure

Ariston Group defined a **Waste Disposal Management Procedure**, outlining the various stages of waste management and mandatory internal controls to **mitigate potential negative impacts linked to waste**. The Procedure also defines the interventions and responsibilities of the Group and plants to **ensure compliance with waste disposal regulations** and **partnerships with selected recycling companies**. This includes, for example, the identification of waste origin and the assignment of the correct Waste Code (e.g. the European Waste Code - EWC) to the waste produced, ensuring compliance with classification standards; the management of waste depots (dedicated areas) and the maintenance of specific registers; and the handling of waste and hazardous substances, following dedicated procedures.

All of the Group's production sites, parts and services warehouses, finished goods warehouses and laboratories are included in its scope with the Plant Manager acting as the most senior level accountable for its implementation under Top Management's supervision. The Procedure adheres to key EU legislation, such as Directive 2008/98/EC on waste and subsequent amendments including Regulation (EU) 1357/2014. These establish waste classification, management, and disposal practices, ensuring the Company operates in compliance with European environmental laws, ensuring harmonization also among plants outside of the EU.

In the Waste Disposal Management Procedure, key stakeholders' interests are considered by involving:

- **Internal stakeholders**: roles are assigned to the Plant/Site Manager, HSE Coordinator and Procurement, ensuring efficient operations and legal compliance;
- **External stakeholders**: the interests of suppliers and waste disposal providers are addressed through certification requirements and tender processes that ensure compliance and cost-effectiveness;
- **Regulatory authorities**: the policy complies with national and EU laws (Directive 2008/98/EC), meeting environmental regulatory standards.

The document is made available through **internal communication** and is **accessible on the Company Intranet**.

E5-2 Actions and resources related to resource use and circular economy

In this section, actions dedicated to promoting sustainable resource use and advancing circular economy principles are presented. These initiatives are implemented to **deploy higher rates of use of secondary raw materials**, to retain products' value by **enhancing durability** through service solutions and connectivity and, finally, to **reduce waste**. Even though overall actions are not connected to Policy objectives, all actions are defined by the Company in accordance with the Policy's guidance, which serves as a framework to shape activities over time.

Resource inflow: mapping and using renewable materials

Despite the complexity of the Group's products, the **main materials inflows** can be summarized under the following categories: **Metals** (including steel, aluminium, copper, iron, and brass) and **Polymeric materials**, which cover elastomers, polyfoam, expanded polypropylene/polypropylene (EPP/PP), and polyurethane. Regarding metals, in most cases (whether mixed or pure), production waste is recovered by recyclers or by Group suppliers who manage to reintegrate it into their own manufacturing processes. The same approach applies to metals which have been processed and molded.

Based on the significance of material inflow usage, which varies among those materials mentioned above, Ariston Group has decided to **focus on the areas with the greatest impact**. Below are some projects that have been implemented to improve the level of circularity in the business approach.

Steel. Considering the dependency on virgin raw materials, Ariston Group is acting to **increasingly introduce secondary and recycled resources**. Upstream, the Company is increasingly sourcing **recycled steel**, currently standing at around 28%. Steel is one of the main primary input material for the Group's thermal comfort solutions: it accounts for about 70% of the total weight of material used for manufacturing primary products.

As part of the Group's commitment to sustainability, in 2024 **WOLF brand** started to actively incorporate **green steel into its product offerings**, within the commercial **Air Handling Unit** (AHU) segment. The "Green Steel" booking option means that a "Low Emission Steel" is used in the manufacturing process of the galvanized steel components of the AHU a customer has ordered according to a so-called "*Book&Claim process*". The "Low Emission Steel" used is a steel certified in accordance with "Responsible Steel" (https://www.responsiblesteel.org/), which is produced from at least 75% recycled scrap in an electric arc furnace using electricity from 100% renewable energy sources[21].

For technical production reasons, it cannot be guaranteed that every AHU ordered and delivered will be manufactured with "Green Steel". According to WOLF's "*Book&Claim procedure*", the calculated proportion of "Green Steel" that has been booked by each customer and which is not used for the AHU ordered and delivered will therefore be balanced elsewhere in the production of AHUs within six months from receipt of the order confirmation[22]. The CO_2 rating of the Green Steel option ordered for each AHU can be found in the section "*Art. No. Green Steel*" section of each individual offer customized to the customer-specific configuration and requirements.

This integration not only helps minimise operational complexity but also positions WOLF as a market leader in green AHU solutions.

Plastic. In order to **increase the amount of plastic recycled material** in production processes, the Group has started an assessment to understand the current supply situation and identify opportunities to explore in the coming years. A specific focus has been given to the management of **packaging plastics**, for which further details are provided in the following paragraph.

Packaging. In 2024, Ariston Group undertook numerous initiatives to **enhance packaging sustainability**, aiming not only to meet regulatory requirements across European markets but also to advance its own vision for sustainable packaging. This year proved pivotal for **assessing supplier readiness and capabilities**, as Ariston Group recognizes that achieving sustainable packaging solutions is a **collaborative effort**. Working closely with partners, the Company focused on **analyzing solutions that retain essential packaging functionality while incorporating more sustainable features**, such as increased use of recycled materials.

To deepen its understanding of current packaging materials, Ariston Group launched a **comprehensive assessment** of major suppliers. This initiative aims to confirm whether **fiber-based components are sustainably sourced** and **derived from biological materials**, and whether the **plastics used contain recycled content**. Conducted across the Group's primary suppliers, this assessment is essential for enhancing transparency and understanding Ariston Group's materials "as is" state. Knowing the origins and composition of its materials enables the Company to make decisions that support circularity, reducing waste and conserving resources. The output of this assessment allowed the Group to focus on fiber-based components (cartons and pallets) and mapping whether these are sustainably sourced, with specific certifications. In Mexico, one of Ariston Group's key suppliers, which provides a significant portion of the Company's carton box supply, recognized its commitment to sustainable sourcing by **rewarding Ariston Group for exclusively purchasing responsibly sourced materials**. Additionally, the collection and management of data on packaging materials are equally useful for addressing the needs of markets where an Extended Producer Responsibility (EPR) system is in place. In fact, the availability of such data helps the Company not only **ensure the traceability of packaging materials** but also to generate the necessary reports for managing the payment of related fees.

In terms of new solutions development, the Company collaborated with suppliers to **explore alternatives to EPS** (expanded polystyrene) in its packaging. Due to the weight, size, and exposure to humidity of its products, a fully carton-based solution provides challenges in maintaining quality and protecting the product. At the same time, changes across primary, secondary, and tertiary levels have also been investigated. Specifically, to reduce its plastic footprint, Ariston Group is evaluating to replace:

- **virgin plastic with plastic containing at least 30% recycled content**, using only PP, PET, or LDPE/HDPE (e.g., for the extensible film);
- other packaging components such as **adhesive tape** and **pluriball** with solutions based on paper raw materials
- **plastic bags with bioplastic alternatives** like polylactide (PLA) or paper

While the path towards solutions that align with regulatory standards and its Sustainable Packaging Definition has been identified thanks to the fruitful collaboration among R&D, Procurement and Manufacturing functions with external partners, more time will be needed to find suitable and scalable options. In the coming years, the internal development of increasingly precise skills and the identification of reliable partners for researching more environmentally friendly solutions will lead to the **creation of a plan** that will enable the implementation of an approach aligned with the set objectives.

Products: actions fostering circularity

Increasing circular product design. Beyond approaching packaging, the Group is dedicated to **enhancing circular product design** by expanding the implementation of **Life Cycle Assessments** (LCAs) to both encompass a broader range of solutions, and to transparently communicate the environmental impact of its products throughout their lifecycle, thanks to the adoption of an **Environmental Product Declaration** (EPD).

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[21] Further technical details of the "Green Steel" used by WOLF can be found in the supplier's data sheet. Further explanations can also be found in WOLF's FAQs on Green Steel, section "Lieferantendokument" (www.wolf.eu/gsfaq).

[22] Further details on our "Book&Claim procedure" can be found in the explanations in the FAQs, section "How does the Book&Claim procedure work?" (www.wolf.eu/gsfaq).

As early as 2017, Ariston Group began working towards the **PEP ecopassport**®: the PEP (Product Environmental Profile), registered under the PEP ecopassport® Program, is a type III environmental declaration that meets the ISO 14025 Standard and is based on the LCA methodology.

Recently, the Group selected a specialized international software solution focused on the building sector, which will enable faster LCA processes. This advancement supports the Group's pursuit of achieving PEP Ecopassport® certifications, establishes a foundation for **embedding circularity principles into product design,** and sets the basis to address both customer expectations and environmental impact reduction goals.

Heating heat pumps training: **outdoor units.** In 2024, Ariston Group continued a specialized **training program in Italy** focused **on braze-welding of refrigerant circuits**, specifically designed for technicians who will repair or replace individual components within the circuits, such as the 4-way valve, expansion valve, and compressor. This initiative has already brought a significant **reduction in entire outdoor units (ODU) replacement**, preventing unnecessary waste, directly supporting circular economy principles. By focusing on the **replacement of single components rather than entire units**, Ariston Group reduces material waste and extends product lifecycles, thereby minimizing environmental impact.

The training is structured into a theoretical section, followed by hands-on practice in braze-welding using exclusively Group products, ensuring each participating technician works with authentic parts. Each training room is equipped with one Ariston Group product per participant to enable realistic practice and provides dedicated braze-welding tools and safety devices, fully compliant with local regulations. This approach not only **enhances the professional skills of technicians** but also reinforces Company's commitment to high service quality and broadens the range of training content offered to support technicians in **making sustainable repairs**. Following the success in Italy, the program is set to launch in Spain and France in 2025, with consideration for expansion into other European countries.

Natural refrigerants. For over two years, WOLF has worked to develop an **innovative recycling system for the flammable refrigerants R290** (propane) **and R32**, which became fully operational in early 2024. This project represents a significant shift in refrigerant management, **eliminating the previous practice of burning off refrigerants** - a process that was both time-consuming and hazardous. The aim of the project was to create a recycling concept for R290/R32 after adaptation by the Heat Pumps boost, while also **promoting refrigeration certificate training** and additional training for handling flammable refrigerants.

Through this initiative, R290 and R32 can now be processed and recycled at TEGA, a company specialized in the production, packaging, and distribution of technical gases, in the same manner as conventional refrigerants. The project, launched in Germany, underwent its implementation and roll-out phase in 2022, followed by a pilot phase in 2023, and is now fully functional, marking a concrete step forward in circular refrigerant management.

As part of this initiative, **additional service technicians were trained as refrigeration technicians**, increasing the current number of this specific profile in the heating sector. Furthermore, 18 refrigeration technicians received additional training in flammable refrigerants and will be integrated into future refrigeration training programs. A qualification matrix was developed to assess the HP knowledge level of all service technicians, and a concept for equipping new refrigeration technicians with basic refrigeration tools and the procurement of refrigerants and technical gases was developed and implemented.

Service and training: a strong lever for products durability

WOLF's Retrofit Service. Wolf's Service Department provides a key opportunity to significantly enhance HVAC system performance and extend the lifespan of equipment through the **replacement of outdated fans with modern, energy-efficient EC drive technology.**

This action plays a key role in supporting circular economy principles by reducing the need for premature replacements. Furthermore, **optimizing heating and cooling coils**, **regularly replacing filters**, and **adjusting control strategies** are additional steps that complement the modernization process, by maximizing product efficiency.

OTA Updating Service. Ariston Group is actively advancing its commitment to the circular economy through the **Over-the-Air** (OTA) **Updating Service**. By implementing OTA updates, Ariston Group expects to improve product performance and customer experience while minimizing environmental impact. This **wirelessly distributed method of updating devices** will enable timely software enhancements and patches **without the need for physical service visits**, reducing CO_2 emissions by allowing technicians to work remotely, thereby minimizing the environmental impact.

Tutoring service & warranty extension

The Company offers **Tutoring Services for Ariston Group Service Centers** to **maximize the benefits of connectivity** and **enhance customer support**. This approach has led to increased First Time Fix Rates and overall service operation efficiency, resulting in higher end-user satisfaction. In 2024, 33% of service orders were closed remotely through platforms like NET Pro or via phone calls while a proactive monitoring strategy enabled the opening of more than 250 service orders preventively, **reducing the defect rate of monitored products due to timely remote interventions**. This emphasis on preventive maintenance not only **enhances product reliability** but also reinforces the Company's commitment to sustainability as it **avoids unnecessary travel** and the associated CO_2 emission.

Looking ahead, the tutoring is set to expand into Poland and Romania in 2025. Furthermore, Ariston Group plans to evaluate the offering of Tutoring activation during the warranty period, alongside commissioning set up assessments for heating heat pump (HHP) and hybrid (HYB) systems. The ongoing **development of new connectivity features**, including predictive and automated monitoring capabilities, will further enhance Tutoring services, supporting the Company's mission to integrate sustainable practices into its operations and contribute positively to the circular economy.

AI-driven Predictive Maintenance. Our Group is spearheading a transformative approach to maintenance through the launch of pilots for **AI-driven predictive maintenance, harnessing advanced algorithms and data science to enhance service efficiency and customer satisfaction**. By leveraging these technologies, the Group aims to **identify potential issues before they arise**, enabling proactive notifications to customers and minimizing unexpected disruptions. The first pilot is running in the Netherlands, with the ATAG brand. ATAG is offering AI-driven Predictive Maintenance as a key feature of Remote Monitoring Digital-Only Contracts, providing installers with tailored support and oversight for their systems.

AI-driven Predictive Maintenance pilots have recently been rolled out also in Switzerland and Denmark, with the idea to provide our End User Customers with a powerful add-on to their premium Maintenance Contracts.

Plants: waste management optimisation

5R approach. Within the production process, waste can be categorized into two primary groups: first, **packaging waste from raw materials**, encompassing items such as cartons, plastic bags and wooden pallets; second, the **manufacturing scraps generated by the production process**, including metal cutting scraps, non-conforming work in progress or finished goods. According to the 5R methodology, waste reduction is prioritized by:

- **Refusing** the use of any unnecessary materials;
- **Reducing** waste production by recovering waste as by-products, designing high-quality products with longer lives and efficient packaging;
- **Recycling** metal, plastics, cartons, electrical components, etc.;
- **Reusing** packaging in partnership with suppliers, reworking non-conforming products to reuse tanks and other metal components, selling wooden pallets for repair and reuse;
- **Revalorizing** waste through energy recovery and assessing available technology to treat non-recyclable materials such as polyurethane foam which maintains the energy efficiency of the Group's products.

In 2024, Ariston Group industrial sites implemented several key actions to **reduce waste production and optimize disposal processes**, achieving measurable outcomes. These actions focused on the reduction of wooden, metal, plastic, and hazardous waste.

To address wooden waste, **several plants prioritized wooden pallet reuse**. The Saltillo Plant in Mexico achieved a reduction of 79 tons of wooden waste, the Chartres Plant in France reduced by 54 tons, the Namur Plant in Belgium reduced by 25 tons, and the Hanoi Plant in Vietnam reduced by 3 tons. **Efforts to reduce metal waste** included the Ariston Wuxi Plant in China investing in a metal reuse machine, enabling the reuse of scrap metal and a reduction of 35 tons. The Hanoi Plant in Vietnam reused 14 tons of metal scrap to produce hooks and hanging brackets. In Italy, the Cerreto Plant recycled 5 tons of copper by separating it from mixed metals, while the Osimo Plant achieved a combined reduction of 2.5 tons of metal and wood waste (2 tons of metal and 0.5 tons of wood). **To minimize plastic waste**, the Mainburg Plant in Germany installed water fountains to filter tap water, eliminating the use of 200,000 plastic bottles and saving 100 tons of plastic waste. Similarly, the Cerreto Plant in Italy saved 1.5 tons of plastic waste, which accounted for 1.8% of the total waste at the site. **For hazardous waste**, the Svilajnac Plant in Serbia installed an oil separator, reducing hazardous wastewater production by 21 m^3. This innovation allowed for 97% of the initial emulsion (21.3 m^3) to be safely discharged into the sewer, leaving only 0.660 m^3 of oil waste.

These actions, implemented during the reporting year, demonstrate a commitment to sustainability and contribute directly to waste reduction objectives.

Monitoring circularity in supplier's practices

In order to mitigate the negative impacts on circularity identified in the upstream phase, **Ariston Group has established a Corrective Action Plan (CAP) for suppliers that do not meet the standards set through the EcoVadis platform**. For more information please see E3-2.

In the Corrective Action Plan, the **circular economy is a key area of focus for Ariston Group**, emphasizing the importance of sustainable resource use and waste management throughout the supply chain. **Suppliers are encouraged to adopt circular practices that minimize waste**, **enhance resource efficiency**, and **promote the lifecycle sustainability of products**.

Suppliers are specifically requested to provide evidence of actions related to waste management, handling of hazardous materials, and strategies to reduce the environmental impact of products and packaging at the end of their life. Examples of such actions include implementing recycling programs, using eco-friendly materials, and designing products with a focus on reuse and recyclability. However, it is often observed that suppliers lack sufficient information or documentation to support these circular economy initiatives. When such gaps are identified, Ariston Group requires corrective actions to address these areas. These requests aim to **align suppliers with Ariston Group's commitment to the circular economy**, fostering responsible use of materials and reducing waste, which in turn contributes to a more sustainable supply chain.

E5-3 Targets related to resource use and circular economy

Ariston Group is aware of the importance of a circular approach as an enabler towards reducing its environmental footprint. The Group has hence committed to short and long-term targets relating to its process and products, which will contribute to the transition towards a circular economy and resource efficiency.

To address the identified IROs related to the use of non-renewable raw materials, inefficient waste disposal, challenges in securing the availability of virgin raw materials, and increasing customer demand for circular solutions, Ariston Group has established specific targets. These include sustainable packaging, waste reduction, improving product lifespan (e.g. first-time fix rate, enhancing the availability and use of spare parts, and increasing the extra warranty rate).

For the involvement of stakeholders, please see ESRS 2 SBM-1

Overall, targets relate to resource inflows and resource outflows, including waste, products and materials. For more information please see individual targets below.

Sustainable Packaging[23]

Driven by the constantly evolving regulatory landscape, increasing customer demands, and the ambition to minimize the environmental impact of its packaging, Ariston Group is actively exploring alternative solutions that represent more sustainable procurement practices. This commitment is exemplified by the release of the Sustainable Packaging Initiative.

As a matter of fact, to mitigate the negative impacts related to the use of non-renewable raw materials with potential supply challenges, address risks in securing the availability of virgin resources, and seize opportunities presented by the growing preference for circular solutions, Ariston Group has set a Sustainable Packaging target by 2030, in line with the commitments defined by the Sustainable Packaging Definition, which includes:

- Using packaging only when absolutely necessary.
- Eliminating smaller packaging likely to become litter.
- Designing packaging adapted to the size and volume of the product.
- Ensuring all packaging is 100% recyclable[24].
- Avoiding plastic whenever possible and including over 35% recycled plastic when used.
- Excluding any hazardous substances.
- Including clear information on the material content of the packaging.

Overall, the target increases circular material use rate, and the reduction of primary raw material and waste management. Moreover, in relation to the waste hierarchy, the target relates to prevention, minimization and recycling.

Target	Target year	Baseline	Base year	2024 Progress	Scope
Achieve the levels of the required Sustainable Packaging Definition	2030	Packaging mainly made of: - Cardboard - EPS - Other kind of plastic	2021	- Cardboard: assessment on recycled content integration - EPS: assessment on replacement with cardboard in 11 plants - Recycled plastic: 0,.42%	Whole Group

To define the target, an analysis of the **current packaging situation** at the Group level was conducted in collaboration with an external consulting firm specializing in circularity projects. This analysis identified the **primary materials** currently used in the Company's packaging. Several brainstorming sessions were held, including **benchmarking against key peers** in the Group and analyzing **major regulations and directives** currently in place (or under discussion) mainly within the EU, but

[23] The target has no relationship with Policy objectives.
[24] The definition of "recyclable" will be aligned with the one issued under the Packaging and Packaging Waste Regulation (still WIP) and, as such, will primarily apply to the EU (further considerations to be made for non-EU countries).

also in non-EU markets. At the same time, **awareness meetings with internal functions** (R&D, Procurement, Product Managers, and Manufacturing) were organized to raise understanding of the environmental impact of packaging, opportunities for material improvement, alternative materials available on the market, and ongoing regulatory discussions. These activities led to the identification of **key focus areas** where the Company needs to work to reduce the impact of its packaging, aligning with market trends, regulatory aspects, such as the **Packaging and Packaging Waste Regulation (PPWR)** in the EU and the **Expanded Polystyrene (EPS) ban in France**, and **specific customer requests**. The postponement of the EPS ban in France, which was decided to harmonize regulations at the EU level under the Packaging and Packaging Waste Regulation (PPWR) framework (avoiding early national bans), provided the Company with more time to **continue testing alternative solutions** to this controversial material which, although not recyclable in all markets, ensures a very high level of product protection during storage and transport. The progress against the Sustainable Packaging Definition is **monitored on an annual basis**, and currently, the initial outputs are qualitative, as **analyses,** that require a longer-term **testing phase** by both the Group and its partners, **are ongoing**.

Waste management

In line with the overall objectives set out by the Waste Management Procedure, and to mitigate the negative impacts caused by inefficient waste disposal at industrial and consumer levels and the costs associated with enhancing circularity in both product design and disposal phases, while also seizing the opportunities presented by reduced industrial waste cost management, Ariston Group has set the ambitious target to reach and maintain its **Zero Waste to Landfill by 2030** (**self-certification**) across the manufacturing sites worldwide by 2030, reinforcing the long-standing commitment to sustainable operations.

This commitment aligns with the **UL ECVP 2799 Zero Waste to Landfill standard**, a globally recognized certification that evaluates waste management practices and diversion efforts. The standard defines **three levels of Zero Waste to Landfill achievement** based on **diversion rates**:

- **Silver**: Minimum **90%** diversion from landfill.
- **Gold**: Minimum **95%** diversion from landfill.
- **Platinum**: **100%** diversion from landfill, meaning no waste is sent to landfills.

The **diversion rate** is calculated as the proportion of **landfilled and incinerated waste (without energy recovery) relative to total waste generated**.

To sustain and strengthen its environmental performance, the Group is committed to **continuously optimizing waste reduction strategies**, enhancing material reuse and recycling, and integrating newly acquired sites into the Zero Waste to Landfill framework. By upholding and striving beyond UL ECVP 2799 Gold status, Ariston Group waste management practices remain transparent, effective, and aligned with global sustainability standards - driving long-term environmental responsibility across all operations.

Target	Target year	Baseline	Base year	Scope
Zero waste to landfill by 2030	2030	95% diversion from landfill	2024 *(Restated)*	Whole Group

The Group has established **2024 as the new baseline**, reflecting significant improvements in both **methodological approach**—such as the integration of newly acquired entities—and **data availability** through an expanded reporting scope. However, data from the Israel and Egypt plants remain excluded, as it is not yet fully available.

The **2022 baseline is not directly comparable with 2024 figures**, as it was based on waste registers from the six main European production plants: Arcevia, Cerreto D'Esi, Chartres, Genga, Namur, and Osimo. As a result, any comparison with past figures would be misleading and inconsistent.

Having reached a 95% landfill diversion rate in 2024, the Group's goal is to maintain or improve this level in the coming years

Continuous investment in plant efficiency and waste reduction will be done, working closely with recyclers and sustainability partners to develop innovative solutions for waste elimination, contributing to the circular economy.

The target was defined through collaborative sessions where the HSE and ESG teams analyzed the **current waste management practices**, the objectives of **various procedures governing HSE activities**, the Company's broader ambitions, the **best practices from peers** and the current regulations that are guiding companies towards an approach which emphasize a more sustainable waste management (reduction, recovery etc.), such as the **Waste Framework Directive**, the **Landfill Directive** and the **Circular Economy Action Plan**. This process resulted in the formalization of a 2030 target that is fully aligned with the existing approach in this area, seamlessly integrated into the daily activities of the teams involved. The target is **monitored on an annual basis**.

Interventions managed remotely via Telediagnosis, tutoring service and Over The Air process

To continue leveraging the positive impacts generated by the extension of products' lifetime through real-time assistance, Ariston Group has set a target to achieve at least 40% of the intervention fixed remotely thanks to the use of Telediagnosis, tutoring service and Over The Air process by 2030.

Target	Target year	Baseline	Base year	Scope
At least 40% of the intervention fixed remotely thanks to the use of Telediagnosis, tutoring service and Over The Air process	2030	28%	2024	Whole Group

The target applies to connected products with **remote diagnostic features**, allowing for monitoring and repairs from a distance, with a focus on Ariston products. It was defined based on **input from installers** and **end-consumers gathered through various engagement activities** (previously mentioned), ensuring alignment with their expectations. Additionally, an analysis of **market trends**, **best practices from peer companies**, and **EU regulations** on repairability—such as the Right to Repair Directive and the Eco-design Directive—helped shape the 2030 objective.

Monitoring will be conducted in the coming years by **assessing the repair performance of the intervention management system**. This target underscores the Group's commitment to **improving product repairability**, reducing reliance on primary raw materials, and **minimizing waste**, while also supporting the New Product Development Procedure. As this is the first year of reporting, no progress or trend data is available yet.

Spare parts information availability

To mitigate the negative impacts of inefficient waste disposal and capitalize on opportunities associated with reduced industrial waste cost management, Ariston Group has set a target that measures the **availability of a comprehensive and digitally advanced spare parts catalog for the products sold**. This approach guarantees a service with an enhanced focus on repairability.

Overall, the target emphasizes the repairability of products, the minimization of primary raw materials, and the increase in the use of circular materials. It contributes to the achievement of the objectives set out by the New Product Development Procedure.

Target	Target year	Baseline	Base year	Scope
>85% products with a digitally advanced spare parts catalog	2030	83%	2024	Whole Group

The progress calculation is based on the sum of Ariston products sold (in units) associated with a digitally advanced spare parts catalog, divided by the total sum of Ariston products sold (in units). The measurement of the metric is not validated by an external body other than the auditors of the Sustainability Statement.

The target was defined during **meetings between the teams responsible for Service, Spare Parts, and ESG**, with the aim of solidifying the Company's commitment to **providing clear, complete, easy to access, and functional information for the proper maintenance of the Group's products**. The considerations were based on **input from installers**, **market trend analysis**, **best practices from peer companies**, and the regulatory framework related to repairability, particularly at the EU level (such as the Right to Repair Directive and provisions under the Eco-design Directive). These elements provided a comprehensive framework that set the foundation for defining the 2030 objective. The target will be monitored on a yearly basis over the coming years by analyzing the **technical information stored, improved and updated in the Company system**. Since this is the first year it is being reported, it is not possible to provide further information on progress and trends.

E5-4 Resource inflows

Ariston Group's resource inflows include a variety of materials used in its operations. The **primary materials** include **steel**, **covered steel**, and **stainless steel**. In the below table the list of the other material categories.

	U.o.M.	2023	2024
31a. Overall total weight of products and technical and biological materials used	t	**245,052**	**244,893**
Steel	t		156,302
Covered Steel	t		21,147
Stainless Steel	t		7,199
Plastic	t		11,280
Aluminum	t		9,081
Carton	t		8,915
Pallet	t		7,121
Polyurethane	t		6,636
Brass	t		4,554
Copper	t		4,303
Enamel	t		3,095
Magnesium	t		2,497
EPS	t		719
Paint	t		687
Gas	t		567
Glass	t		529
Paper	t		264

	U.o.M.	2023	2024
31b. % of biological materials sustainably sourced	%	-	0,22%
Total biological material used sustainably sourced	t	N/A	542

	U.o.M.	2024	
		Weight	%
31c. Total weight of secondary materials		**55,734**	-
Secondary components	t	N/A	-
Reused	t		-
Recycled	t		-
Secondary intermediary products	t	N/A	-
Reused	t		-
Recycled	t		-
Secondary materials used to manufacture products and services (including packaging)	t		-
Reused	t		-
Recycled	t	55,734	23%

To determine the total biological materials used sustainably sourced, the Group engaged with main suppliers to determine which materials are sustainably sourced. Suppliers were asked to provide information on the **certification schemes applicable to their materials, such as FSC, PEFC**, or other recognized international standards. The analysis focused on main suppliers contributing to the **packaging** of the Group's products, as **packaging represents a significant portion of the biological materials used**. The percentage of certified material identified through this engagement was subsequently applied to the total weight of fiber-based materials purchased, in order to calculate the overall coverage of sustainably sourced biological materials.

To determine the total weight reported under 31.c, the Group's analysis concentrated on the **materials used to manufacture its products**. Specifically, the reported weight refers primarily to **recycled steel**, as steel is the main input material in the Group's production processes. During 2024, the analysis scope was expanded to include **recycled plastic**, covering both **packaging** and **products components**, as plastic is the second most used material in the Group's solutions. Secondary components and Secondary intermediary products data are not applicable. The methodology remained consistent: the Group engaged with key suppliers to identify the percentage of recycled content in both steel and plastic. The reported recycled content was then calculated by applying the weighted average recycled content to the total volume of steel and plastic purchased, respectively.

E5-5 Resource outflows

Ariston Group's approach, both in operations management and product design, embraces **circular principles**. The Group follows the **5R methodology** (Reject, Reduce, Recycle, Reuse, Revalorise) to minimize **production waste**, with the goal of achieving **Zero Waste to Landfill by 2030**. Products such as boilers, heat pumps, and Air Handling Units (AHUs) are designed to **meet industry lifespan standards**. **Circular practices** include initiatives like WOLF Retrofit Service **remanufacturing**, the **reuse of packaging**, and the **integration of recycled materials**, such as steel. Additionally, **digital tools**, including OTA updates, AI-driven predictive maintenance, and remote diagnostics, enhance **product durability** while **minimizing environmental impact**. The company ensures compliance with the **Right to Repair Directive** by maintaining **spare part availability** and offering **technician training**. Together, these efforts contribute to extended product lifespans and reduced waste generation.

Ariston Group's **heating** and **water heating systems**, both **domestic** and **commercial**, have an **average lifespan in line with industry standards**, ranging from 10 to 15 years, while **Air Handling Units** (AHUs) can last up to 25 years due to lower thermal stress and stable operational cycles. Ariston Group products are designed for high **repairability**. However, as there is currently no internationally recognized **repairability rating system** aligned with ESRS criteria, no further information can be provided.

According to data provided by a leading WEEE consortium in the EU, the Group's end-of-life products are primarily recycled into iron, aluminum, copper, and plastic. The recycling rate for the identified different types of waste ranges from 80% to 90%, energy recovery accounts for 5% to 15%, while disposal remains around 5%.

However, since there is no standardized global recycling process, these percentages should be considered as approximations. The same applies to **packaging**: while carton boxes are nearly 100% recyclable, there is no single scenario providing solid information regarding the recyclability of **EPS** and different kind of **plastics**.

	U.o.M.	2023	2024
37a. Total waste generated	t	29,397	23,879
b. Diverted from disposal	t		20,654
of which hazardous	t		335
(i) Prepared for reuse	t		1
(ii) Recycled	t		334
(iii) Other recovery operations	t		0
of which non-hazardous	t		20,319
(i) Prepared for reuse	t		184
(ii) Recycled	t		20,135
(iii) Other recovery operations	t		0
c. Directed to disposal	t		3,225
of which hazardous	t		882
(i) Incineration	t		505
(ii) Landfill	t		377
(iii) Other disposal operations	t		0
of which non-hazardous	t		2,342
(i) Incineration	t		1,619
(ii) Landfill	t		723
(iii) Other disposal operations	t		0
37d. Total waste non recycled	t		3,410
			14%

	U.o.M	2024
39. Total amount of hazardous waste and radioactive waste generated	t	1,217
Hazardous waste	t	1,217
Radioactive waste	t	0

Based on the company's analysis of the **waste registers from European plants**, Ariston Group has identified a range of waste streams that are directly relevant to its sector and activities. Each plant exhibits waste streams that are largely dictated by its **specific production processes** and **local operational conditions**. Commonly observed streams include:

- **Process Residues** and **By-products**: Generated during production, these residues reflect the diverse operational methods across the plants.
- **Packaging** and **Material Handling Waste**: Stemming from both raw material reception and product dispatch, this waste stream highlights the significant role of logistics in our operations.
- **End-of-Life** and **Decommissioned Materials**: As part of our continuous process optimization, older or obsolete materials are regularly identified for recovery or recycling.

The following observations can be made:

- Metals: A consistent presence of both ferrous and non-ferrous metals has been detected, which underscores opportunities for recycling and resource recovery.
- Plastics and Polymers: Various types of plastics, originating from both production processes and packaging, are prevalent across the registers.
- Biomass Components: In some instances, organic materials form part of the waste stream, which may be repurposed through energy recovery or composting.

Waste data collection follows the Waste Framework Directive at a global level, as the EU EWC codes form the basis for waste categorization in plants outside Europe as well. However, methodological adjustments made during 2024 allow for comparability between 2023 and 2024 only for the 37a. Total waste generated data. These adjustments primarily involve the reclassification of certain CER codes into different disposal categories, ensuring a more accurate representation of waste treatment methods.

3. Social information

ESRS S1 – Own workforce

Ariston Group's values are the guiding principles that permeate its culture and guide its sustainable evolution. They define its **ethical standards** and drive effective action by steering the Group's decision-making. One of the main values is "**People come first**": the Company strongly believes that **its growth and success depend on the ability to attract, develop, and retain a highly skilled, talented and diverse workforce**.

SBM-2 Interests and views of stakeholders

The Company's workforce includes both **employees** and **non-employees**, such as **self-employed individuals** and **temporary** or **permanent workers** supplied by third-party employment agencies. **Blue-collar employees and leased staff**, including both temporary and permanent workers, operate primarily at **production sites** and are **impacted by operations**. **White-collar employees** mainly work across **offices** and include **administrative, managerial as well as executive roles**. Overall, risks are assessed within the framework of the ERM system, encompassing both blue-collar and white-collar contexts.

The HR team at Ariston Group plays a crucial role in integrating the interests, views and rights of its workforce into the Company's strategy and business model, ensuring that the voices and concerns of white- and blue-collar employees are continuously heard and valued. HR leaders gather feedback from both **formal settings**, such as **performance reviews**, and **informal interactions**, maintaining open lines of communication across the organisation. Additionally, they gather valuable insights from **union meetings**, **conversations with employee representatives**, and **WCM (World Class Manufacturing) tools**, such as structured (mainly physical) platforms where employees can submit ideas on different topics (i.e. process improvements, cost-saving measures, or safety enhancements): these interactions offer a comprehensive understanding of workforce priorities and concerns. Furthermore, the Company ensures strict adherence to the **Human Rights Policy**, through repeated assessments. The latest assessment that mapped and identified the Group's approach and potential risks, impacts, and opportunities was carried out between 2022 and 2023. The assessment involved **data collection through questionnaires in potentially high-risk countries** and **interviews with selected plants**. The process did not identify any significant issues, and it will periodically be repeated starting in 2025.

HR representatives also play an active role in **critical strategic discussions**, including the **ERM**, where they help address, employee-related risks, and the **Group Strategic Plan**, where they assess resource requirements and people-related initiatives for achieving the long-term goals. They contribute to the development of budget and business cases, ensuring **alignment with the Company's overall strategic objectives** while also considering the actual and **potential impacts on the workforce** and the **challenges the Company might face in people management**.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Through the listening and engagement activities mentioned above, the Group identifies, monitors, and integrates impacts, risks, and opportunities related to its workforce into the overall business strategy. To achieve this, the **Human Resources representatives are constantly involved in discussions that lead to the definition of the company approach and plans**, not only to ensure that resources are allocated in alignment with the achievement of specific objectives, but also to pursue the goal of being a **winning organization with simplified and agile processes, wide-spread leadership and a vibrant talent ecosystem.**

Being a manufacturing player in the climate comfort industry, with 28 production sites across the world, the Group acknowledges that **potential negative impacts may affect blue collar workers** due to the occurrence of **physical injuries**. **To a lesser degree, also the** use of **seasonal contracts could represent a potential negative impact**. At white collar level, some internal concerns may arise regarding **diversity**.

On the other side, **actual positive impacts** are related to **upskilling and reskilling programs** which guarantee the specific skillsets development needed for the Group activities, enabling the workforce to stay abreast of rapidly evolving market and regulatory dynamics. These impacts refer both to white and blue collar workers.

In this context, the Company operates within a framework where various **challenges** and **opportunities** may arise. Among the challenges, it is clear that an unsustainable working environment may contribute to higher turnover rates and reduced attractiveness as an employer, potentially complicating the recruitment of skilled talent, along with reputational risks linked to gender disparities and lack of access to workplace flexibility. On the contrary, Ariston Group's **ability to foster a diverse workforce, cultivate an inclusive work environment**, and **develop an environment that nurture talents** not only drives innovation and stronger performance but also leads to talent retention and attraction, presenting **significant opportunities**.

It is worth noting that the identified material **negative impacts** are not classified as widespread or systemic but are instead tied to **localized, context-specific factors**. For example, reliance on temporary contracts for blue-collar workers varies on the basis of market demand and production volume needs across countries. These contracts are necessary to implement the required flexibility in the business activities and are guaranteed in the full respect of national labor laws. Finally, safety occurrences in the workplace and concerns related to diversity are mitigated by a common approach across the entire Group, while some differing sensitivities and cultural perspectives tend to be localized to specific contexts. On the other side, the **material positive impacts related to upskilling and reskilling programs involve the entire workforce across white- and blue-collar workers.**

With regards to **material impacts that may arise from transition plans for reducing negative impacts on the environment** and achieving greener and climate neutral operations, the Group expects the product mix to gradually evolve in two directions. On the one hand, **certain technologies may be replaced by others already available in the product portfolio**. For instance, Ariston Group's highly flexible production facilities can accommodate such shifts, such as transitioning from gas boiler production to heat pump manufacturing in the same factory. On the other hand, **technologies might evolve towards greener configurations**. For example, in the long term, gas boilers could potentially be adapted to run on hydrogen, requiring the production of similar solutions with enhanced technology. The Group's goal is to **gradually develop programs that enhance flexibility** and that allow **employees to build skills** and embrace new opportunities in line with market needs.

No specific group of employees has been identified as particularly exposed to the risks and opportunities resulting from the Group's impacts and dependencies. Overall, female employees are the ones most at risk of gender disparity.

S1-1 Policies related to own workforce

In relation to its own workforce as a whole, the Group has a number of Group-level policies in place aimed at guaranteeing a **secure and diverse work environment**, supporting career growth and enhancing employee competencies. The policies outlined below also serve as tools to mitigate identified IROs. Overall, all actions are defined by the Company in accordance with the Policy's guidance, which serves as a framework to shape activities over time.

Code of Ethics

Ariston Group has established a **Code of Ethics that embodies the core values promoted by the Group**, setting out the ethical obligations and responsibilities of all stakeholders (upstream and in their own operations). Ariston Group's Code of Ethics serves as a fundamental tool for addressing and **managing issues related to discrimination**, - both during recruitment and career advancement -, as well as **health and safety in the workplace**. It underscores the Group's commitment to fostering a work **environment based on respect**, **fairness**, and **collaboration**, explicitly rejecting any form of discrimination or harassment, whether based on gender, ethnicity, religion, political beliefs, or other personal and social conditions. The Code ensures that all employees are granted **equal opportunities**, and that professional growth is evaluated solely on merit and alignment with the required profiles, following transparent and verifiable processes.

Additionally, the document provides comprehensive guidelines to protect employees' health and safety, emphasizing the creation of **secure**, **dignified**, and **healthy workplaces in full compliance with national and international standards**. It promotes proactive **risk prevention measures**, focusing on minimizing hazards at the source, adapting work to human needs, and prioritizing collective safety measures over individual protections. Through these principles, Ariston Group aims to safeguard not only the physical well-being of its employees but also their moral and psychological integrity, creating a workplace where mutual respect and the dignity of every individual are at the core of all interactions and practices.

For more information on the Code of Ethics, please see ESRS G1 and the "Code of Ethics" section of the Annual Report.

Human Rights Policy

This Policy sets out the commitment and responsibilities concerning all Human Rights endorsed by Ariston Group's subsidiaries when carrying out their business and other activities. The whole Group is committed to **respecting the fundamental Human Rights of all stakeholders across its value chain**: in its operations, across the global supply chain, and in the communities worldwide where the company operates. The commitment has been consolidated in a due diligence process – aligned with the UN Guiding Principles on Business and Human Rights – aimed at identifying and assessing potential risks and impacts related to human rights. This process enabled the Group to identify the rights that may be affected through the Company's activities or business relationships:

- Right to just and favorable working conditions;
- Right to an adequate standard of living;
- Right to equal opportunities;

- Right to health and safety;
- Right to freedom from bribery and corruption;
- Right to privacy;
- Right to freedom of thought, opinion and expression;
- Right to freedom of association and collective bargain.

Moreover, the Policy **explicitly addresses and prohibits human trafficking**, **forced** or **compulsory labor** and **child labor**. In case a violation occurs, employees can engage their manager, Human Resources and Internal Audit Manager, or use the **Whistleblowing Reporting System**. The latter is intended to enable internal and external stakeholders to **raise concerns and/or report any case of suspected misconduct, malpractice, or breach** of Ariston Group's Code of Ethics and Human Rights Policy, or any other wrongdoings, providing remedy for any identified impacts.

The Company's commitment aligns with internationally recognized Human Rights, as defined in the International Bill of Human Rights, the International Labour Organization's (ILO) Declaration on the Fundamental Principles and Rights at Work, and the Convention on the Rights of the Child. The Group's approach to respecting Human Rights is guided by the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The principles outlined in the Human Rights Policy are supported by the Code of Ethics and **the Policy is available internally on the weARe platform** and **publicly in the "Download" section of the corporate website** (www.aristongroup.com).

Any violation of this Policy by Ariston Group employees may result in **disciplinary measures** up to and including **termination of employment**. If Ariston Group becomes aware of any **violation of this Policy in the supply chain**, it is committed to using its leverage to mitigate the adverse impact, engaging in a discussion with the supplier to establish a **remediation plan**. If this is not sufficient to mitigate the supplier's adverse impact, Ariston Group will **end the relationship**. This Policy was approved by the ESG Committee on 20 February 2023. Directors are responsible for the implementation of the Human Rights Policy and its communication both internally and externally. The ESG Team monitors and evaluates the effectiveness of the actions taken to address human rights risks and impacts.

Diversity and Inclusion Policy (D&I Policy)

The D&I Policy aims to **create an environment of inclusion and acceptance within the Company** in which each person is treated equally **without discrimination**. Differences in skills, experience, education, background, nationality, gender and other characteristics of people are important and enable both the Board and the Company as a whole to look at issues and **solve problems in different ways**, to **respond differently to challenges**, and to **take more robust decisions**. More specifically, the Policy helps mitigate potential negative impacts that might arise around disparities while highlighting the opportunity to increase talent retention and attraction due the creation of a diverse and inclusive work environment and culture.

The scope of the policy **covers the entire Group**; while targets are specifically addressed to certain groups within the Company, namely the Executive Directors (Board of Directors), Non-Executive Directors (Board of Directors), and the Management Team. The Chief People Officer is accountable for overseeing the implementation and compliance with the D&I Policy.

No specific Policy commitments related to the inclusion or positive action for people from groups at particular risk of vulnerability in its own workforce have been explicitly identified.

To guarantee the effective implementation of the Policy, **any nominations for appointment to the Board include reporting on compliance with the D&I Policy** or substantiate any departures from it. The Board periodically reviews its size and composition to **ensure sufficient diversity is maintained**. It provides an annual report in the Corporate Governance Statement, included in the Annual Report, detailing the process followed for Board appointments, if any have occurred. Additionally, within ten months of the financial year end, the Company reports to the Dutch Social and Economic Council (Sociaal Economische Raad) on the gender composition of its Executive Directors, Non-Executive Directors, and Management. This report also outlines the **diversity targets**, the **plan to achieve them** and, where targets have not been met, the **reasons for any shortfalls**.

The Policy is made accessible to stakeholders in the "Investors & Governance" section on the **corporate website** (www.aristongroup.com) and to **employees on the Intranet**.

For more information, please see the Diversity Policy in the Annual Report.

Discrimination

Policies aimed at the elimination of discrimination, including harassment, promoting equal opportunities and other ways to advance diversity and inclusion are the **Human Rights Policy** (please see above), the Code of Ethics (please refer to the paragraph above and G1), the **Whistleblowing Privacy Policy** (please see G1) and the **Diversity and Inclusion Policy** (please see below and the Annual Report). However, these policies do not cover commitments related to specific groups at particular risk of vulnerability as they apply to all employees. The **Whistleblowing System** and the overall selection process ensures that **discrimination is prevented**, **mitigated** and **acted upon once detected**. Moreover, to ensure an inclusive approach, specific KPIs and objectives have been introduced for **recruitment processes** and **people development**, with a particular focus on promoting diversity and preventing any form of gender discrimination.

Workplace accident prevention and management

In order to mitigate potential negative impacts on its workforce, the **HSE (Health, Safety, Environment) Policy aims to provide safe and healthy working conditions for the prevention of work-related injuries and illnesses for all employees**. The Policy relies on the belief that all injuries, safety incidents, occupational illnesses, and environmental incidents are preventable by eliminating hazards, reducing occupational health and safety risks, and complying with all applicable legal requirements.

Applicable to all activities within the Company's operations all over the world, it is **grounded upon the ISO 45001 certified occupational health and safety (OH&S) management system**. In 2024, 30% of plants were covered by this certification[25]. The Group also leverages a specific Training Management Procedure, to ensure full understanding of significant environmental aspects and OH&S risks related to work activities. For more information on the HSE Policy, please refer to ESRS E1.

Training Management Procedure

With a view to fostering positive impacts on employee skills development and mitigate the risk of the difficulty in sourcing critical competencies, the **Training Management Procedure** is set in place. Although no specific policy has been outlined, this procedure reflects the Company's commitment. Designed to provide a comprehensive framework, it outlines the **key steps of the training management process**, including the **collection of training needs** and the **definition of annual training plans**. This procedure, which also states the tools used and the roles involved at each stage, is designed to apply across all Group companies, markets and plants, ensuring a **unified approach to training**. Accountability for its implementation lies with the Chief People Officer, who works collaboratively to uphold the outlined standards.

Aligned with ISO 9001 requirements for quality management in training processes and in compliance with Legislative Decree 231/2001, the procedure integrates the internal stakeholders' interests by identifying training needs based on **valuable input from directors, managers and HR professionals**. This collaborative approach not only enhances the effectiveness of training initiatives but also fosters a culture of continuous improvement.

Moreover, the procedure includes **feedback mechanisms** that allow adjustments to be made based on participants' responses, thereby enriching the learning experience and ensuring alignment with individual employee development goals. The document is accessible to all functions involved in planning and delivering training activities, including local HR teams, directors and line managers.

Smart Working Policy

The **"WeAreSmart" Smart Working Policy** was established to **foster workplace flexibility** while maintaining high performance standards, addressing the challenges in hiring talents linked to the inability of workers to access adaptable work arrangements. The Policy's primary objectives include **improving work-life balance**, **enhancing operational efficiency**, and **mitigating risks such as employee dissatisfaction or turnover**. It applies Group-wide, covering eligible employees across all geographies, with up to two days of remote work per week, while excluding roles such as blue-collar workers, temporary staff, and employees in production-related roles.

The most senior accountable level for implementing the Policy is the Group Organization & Change Management Senior Director, supported by HR and line managers, who ensure its alignment with operational needs. The Policy respects national regulations and integrates third-party standards, such as local labor laws, **ensuring compliance** and **worker protection**. It also **incorporates stakeholder input**, particularly from employees and line managers to balance business needs with individual preferences.

To ensure transparency, the Policy is **made available to all employees via internal communication platforms** and includes **training sessions** to equip participants with the necessary technological skills and tools. Monitoring mechanisms, such as employee engagement surveys and performance reviews are in place to evaluate the Policy's effectiveness and identify improvement areas.

[25] Data calculated taking into account the HC working in sites covered by the certification on total HC

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

Ariston Group is committed to engaging with its workforce and workers' representatives, recognizing the critical role that effective communication and collaboration play in achieving sustainable business practices and fostering a positive workplace culture. The Group employs a structured approach to **ensure that all employees are actively involved in processes that influence their work environment and well-being**.

Engagement occurs both directly with the undertaking's workforce and **with workers' representatives**. For white-collar employees, engagement is facilitated through **weARe**, the global Intranet that serves as a common hub for **sharing business information with employees worldwide** and fostering **a common corporate culture**. The platform facilitates effective information exchange, including regular news on cross-functional initiatives and meetings with the communication teams. The approach focuses on "**two-way communication**," achieved both top-down through corporate news and bottom-up via the Viva Engage platform, the corporate social network. These efforts ensure bilateral communication and simplify the dissemination of messages at the local level. Engagement is ensured also during the **annual performance review process**, as well as through **other meetings aimed at promoting a culture of continuous feedback**. In countries where **trade unions** are present, engagement with blue-collar employees includes **collaboration with their representatives**, as required by local regulations. However, regardless of the presence of trade unions, all plant workers have the opportunity to **actively participate through the World Class Manufacturing (WCM) program**. This program invites them to **share insights**, suggestions, and perspectives on specific topics, which are communicated internally within the factories. **Regular meetings with production line managers** are also held, providing a forum to discuss challenges and solutions to potential issues. For blue-collar employees, the frequency of meetings with union representatives is set by local regulations, with the possibility of increased frequency based on specific needs. Continuous feedback sessions are encouraged to take place as frequently as possible.

In addition, the Group has undertaken initiatives to enhance employee engagement in specific regions. A **People Satisfaction Survey** was launched in **Indonesia** and **Vietnam** to gather employee feedback on workplace environment, organizational structure, well-being, growth opportunities, and leadership relationships. The results were summarized and presented along with an action plan at the end of 2024.

Overall, the most senior role within the undertaking that has operational responsibility for ensuring that this engagement happens and that the results inform the undertaking's approach is the Chief People Officer.

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

Ariston Group provides effective processes to address negative impacts on people in its workforce and creates a **supportive environment where employees feel safe to raise concerns**. The Company itself has established a framework for communication and remediation, which includes specific channels for employees to voice their issues and have them addressed by means of investigations and corrective actions.

Whistleblowing System

Through the Whistleblowing Policy[26] and Procedure employees are granted effective channels established by Ariston Group to **confidentially report unethical behavior and wrongdoing thanks to a robust system of protection against retaliation and discriminatory acts**. Employees may raise concerns in relation to violations of business ethics as defined in the Code of Ethics, breaches of any workforce-related policies and (sexual) harassment, intimidation, aggression or any discriminatory behaviour. Unethical behavior also includes potential human rights violations.

In order to support the availability of such channels, a **whistleblowing communication campaign**, for both white and blue-collar employees was launched at the beginning of 2024 on a global scale. Primary objectives of the campaign included **enhancing awareness** and **safeguarding whistleblowers from retaliatory or discriminatory practices**. The campaign also aimed to promote a culture of openness and accountability, encouraging employees to report wrongdoings through the whistleblowing platform with confidence.

Ariston Group established different ways for the confidential reporting as well as the receipt, retention and investigation of those reports. Grievances can be raised in **writing through the dedicated platform within the corporate website** and in the **global Intranet**, or **via e-mail through dedicated mailboxes**, or by means of a **conversation in person**. In addition, Company managers, Legal & Compliance, Internal Auditing personnel and Human Resources representatives are required to have an "open door" policy for reporting compliance concerns and raising questions.

[26] For more information on the Whistleblowing Policy please refer to G1-1.

The Company conducts comprehensive investigation where the report provides sufficient and objective information. In connection with all such investigations, confidentiality is fully maintained. A **Whistleblowing Internal Committee** has been appointed with the responsibility to **oversee investigations to ensure they are thorough and accurate**; findings are communicated to appropriate parties for consideration of whether corrective actions and/or disciplining are warranted. Material cases are also reported to the Compliance Committee, Audit Committee and Supervisory Board (pursuant to Italian Decree 231/2001) under the confidentiality and whistleblowers protection principles. Overall, the Whistleblowing Privacy Policy safeguards from retaliation individuals who leverage the whistleblowing system, including workers' representatives, by **protecting their personal data** – hence providing an additional layer of protection.

The effectiveness of the channels is measured by monitoring their usage: the number of reports made on the platform, along with the level of coverage and geographic origin, is tracked. An increase in both indicators demonstrates greater awareness of the tool and the opportunity to share concerns through a secure channel.

Union Collaboration

Ariston Group also maintains an ongoing relationship with trade unions. This partnership provides a **structured way for employees to communicate their concerns to management**, ensuring that issues are brought to the attention of decision-makers. This collaboration not only enhances the ability to address negative impacts but also **empowers employees by giving them a collective voice**. Typically, collaborations with trade unions are regulated at the national level and involve the participation of third-party entities (unions) that protect workers' rights and support them in transparent sharing, discussing and resolving of issues and/or conflicts. Employees are primarily covered by trade unions in countries where it is mandated by law. **Employees can submit their complaints, which are then communicated to union representatives, who discuss them with the Company's management, assessing their nature and level of urgency**. If the issue can be resolved internally, the correct measures to address the conflicts are identified and implemented. If not, external authorities or arbitration may be involved. After achieving resolution, all parties involved are informed and, if necessary, the case may be monitored to ensure that no further issues arise.

The presence of **dedicated notice boards** within facilities in countries that support union participation ensures that all **workers are aware of these organizations** and can freely choose to join them.

For further information about specific policies in place to protect individuals who join unions against retaliation, please see the "Human Rights Policy" section and ESRS G1 and the "Code of Ethics" below section (also described in G1)

S1-4 Actions taken related to own workforce

Overall, to **demonstrate to external stakeholders its commitment to the proper management of people and safety**, the Group undergoes specific **Sedex audits and self-assessments**. In 2020, Ariston Group became a part of the Sedex network, a platform in Europe dedicated to gathering and analyzing data related to the implementation of ethical principles throughout supply chains. Sedex offers an online platform, as well as tools and services, to assist companies in conducting their operations responsibly and sustainably. The Group achieved **Sedex's "Supplier" membership** for ethical trade service providers, which entails completing a periodic self-assessment questionnaire for the main production sites and undergoing Sedex Members Ethical Trade Audit (SMETA), for facilities located in countries potentially at risk.

The Group also aims to guarantee that **its own practices do not cause or contribute to material negative impacts on its own workforce.** In relation to **Procurement**, it has set ethical standards for suppliers through the Code of Conduct for Suppliers and the Sustainable Procurement Policy, which ensure fair labour practices, safe working conditions, and environmental responsibility. The first one reduces the risk of the implementation of unethical practices while the latter mainly guarantees that the purchased materials are not dangerous for the workers' health. When talking about the **Sales area**, the Code of Ethics governs the rights, duties and general responsibilities accepted expressly by Group Companies when interacting with others in the performance of their activities. Therefore, it protects employees from the risk of being involved in unethical practices. Moreover, all employees who have been identified as potentially at risk in performing their duties undergo training on antitrust and trade compliance. Regarding **Data Use**: specific policies have been defined to safeguard employee data privacy and handle data transparently and responsibly; at the same time, the Group delivers trainings to raise awareness around phishing and other hacking practices, making sure all the Company data is not exposed to the risk of breach.

Last but not least, within the ERM framework a risk assessment is conducted on a yearly basis to **identify the most relevant areas the Group needs to focus on**. The assessment clearly includes evaluation on its own workforce, which takes into account industry and regulatory trends, feedback from employees, and specific events that have occurred in the past year. For each identified impacts or risk, a **specific mitigation plan** is outlined.

Against this background and in relation to its workforce, the **Group has adopted several initiatives** aimed at managing identified impacts, risks and opportunities, which are specified in the following paragraphs.

Secure employment

Providing secure employment to its employees is a key priority for the business. While the majority of employees have permanent employment contracts, the business also engages temporary workers in response to specific production needs. While the nature of such contracts – which are nevertheless fully compliant with labor laws, - may have a potential impact on workers' economic security, the Group implements mitigation actions, which are implemented on a continuous rolling basis. This way the Group seeks to enhance its attractiveness as an employer, ensuring the recruitment of the most qualified and competent candidates.

Supplementary Agreements. The **supplementary agreement** ratified by the Group in April 2024, covering the Genga, Cerreto d'Esi, Conce, Albacina, Osimo and Arcevia production sites in Italy integrates the provisions of national collective labour agreements (CCNL) to **provide further favourable working conditions** such as on-site consultations and employee engagement, productivity bonuses, tax relief measures, additional economic incentives, as well as improvements in corporate dining facilities. Through this commitment, the Group foster a motivating work environment.

Plant Synergies. Leveraging the **proximity of sites in the Ancona province**, production capabilities were efficiently **reallocated across plants to meet demand**, ensuring **essential skills were available whenever and wherever needed**. The proximity of plants therefore facilitates continuity of work to temporary employees while supporting quick adjustments to changes in market requirements. A similar scheme may be adopted in the Netherlands, where flexibility is facilitated by the reduced distance between plants.

Training activities for permanent and temporary workers. For more information about the development opportunities provided to workers, including temporary employees, please refer to paragraph **WCM People Development and Global Pillar Call**. Overall, by investing in training to enhance employees' skills, Ariston Group not only **strengthens their loyalty to the Company** but also **creates new opportunities for workers**, ensuring they remain aligned with the evolving demands of the labour market.

The effectiveness of all these initiatives is tracked by **gathering qualitative feedback from employees through informal meeting held by HR**. The feedback collection process follows the same channels established by the company for other topics, including meetings with HR, WCM tools, discussions with line managers, and trade unions (where applicable). All employees have access to these channels, which are promoted on plant noticeboards. Their feedback is integrated into the development of future plans, provided that the needs expressed are aligned with the Company's approach.

Health and Safety: ensuring a safe working environment

To **enhance workplace safety** and **minimize incidents**, the Group's Health and Safety efforts focused on two main priorities: improving machine safety both within and beyond Europe – particularly for machinery predating the Machinery Directive (2006/42/EC) – and reducing ergonomic risks to promote safer working conditions. The HSE approach at the Group level is driven by continuous improvement. Each year, activities are planned with the specific aim of strengthening workers' health and safety, taking into account the outcomes of the annual assessment.

On the one hand, **significant upgrades were implemented to improve machinery** to mitigate potential hazards. Key projects included the revamping of presses where laser safety was enhanced and additional safeguarding measures to effectively mitigate machinery-related risks. **Further engineering controls** were implemented, such as installing wheel locks on various trucks to prevent unintended movements, thereby mitigating the risk of falls from height when trucks move unexpectedly during loading or unloading operations. Additionally, test benches were upgraded with **advanced sensors and protective covers**, designed to reduce exposure to electrical risks or hazardous gases, depending on whether electrical or gas products are being tested. **Critical platforms were also renewed** to ensure safer operations across the facility.

On the other hand, to further address ergonomic risks, several initiatives were implemented to **reduce physical strain** and **improve working conditions**. Anti-fatigue mats were introduced to minimize the impact of long-time standing on operator while adjustable tables and flexible lifting devices were installed for tasks requiring heavy lifting or repetitive motion. The layout and handling of equipment were also optimized, including improvements in material transport units to facilitate safer workflows. Specific projects, such as ergonomic countermeasures on coil departments and lifting platforms for assembly work, directly targeted the reduction of musculoskeletal risks for employees.

Additionally, **investments in infrastructure improvements**, including roof repairs, floor renewals, and enhanced fume extraction systems, contributed to creating a safer and healthier environment. Enhanced safety systems, such as fire prevention upgrades, CCTV installations, and risk mitigations for hazardous areas, ensured that all facilities operated under strict safety standards. These combined efforts reflect the Group's ongoing commitment to worker safety, machine reliability, and ergonomic excellence, aligning with health and safety requirements and employee well-being. In fact, despite the scope expansion and the integration of new acquisitions, the number of accidents saw a reduction vs 2023, showing that the Company's focus is not only on achieving harmonization in terms of the HSE approach at the Group level but also on boosting continuous improvement. For further information, please refer to the specific quantitative data point featured in this chapter.

For information regarding the mitigation of negative impacts on its own workforce arising from transition risks, please see S1 SBM-3.

People skills development

The Group's success depends on the efforts and abilities of its management team and employees to achieve goals and keep operations running. **Providing the tools and support to positively impact people's skills and careers** is a stepping-stone to foster innovation and enhance productivity. Overall, initiatives are implemented on a continuous rolling basis.

New Leadership Model. The new Leadership Model is part of Ariston Group strategy to **support growth** and foster internal alignment around **shared behaviors** and **ways of working**. This Model has been developed through a feedback collection process involving focus groups and discussions with senior management, with the aim of reflecting the Company's values and vision. Several significant initiatives have been implemented during the reporting year, with additional key actions planned for the future. Ariston Group has initiated a phased rollout, adopting a cascading training approach led by HR Business Partners (HRBPs), local HR managers, and Executive Vice Presidents (EVPs), which **engage with the entire employee population**. The model will also be **integrated into performance management**, **recruitment** and **development processes** to promote a culture aligned with Ariston Group's strategic goals, including customer centricity, sustainability, diversity, and teamwork.

The scope of these initiatives spans the entire Ariston Group, covering employees at all levels. The objective is to ensure that these **new form of behaviors are adopted and adapted locally**, with the involvement of local managers and HR teams. While the initiative primarily impacts employees, external customers are also expected to benefit from the enhanced cohesion and improved customer service resulting from a more aligned organization.

The implementation timeline was divided into several phases: the training for HR Business Partners was completed in July 2024, followed by EVP training in September 2024. In October, HRBPs and EVPs cascaded the training to all employees under their responsibility. In November, local HR training was conducted, and during November and December, local HR teams cascaded the training to local employees in their respective languages through banded sessions, delivered either online or face-to-face. Throughout 2025, **the new model will be fully embedded into the main HR processes** (such as performance and recruitment) and supported by **e-learning** and a **global communication campaign**, aiming to ensure that this behaviors is deeply ingrained in organizational processes and culture. At the end of this launch cycle, training on these specific topics will remain targeted at new hires.

WOLF Germany Leadership training programs. Wolf offers two core leadership development programs tailored to its leaders: the Leadership Program, designed for all leaders within the organization, and the New Leaders Program, specifically developed for individuals stepping into a leadership role for the first time or individuals new to the organization joining in a leadership role. In both programs all training sessions are evaluated by participants who provide feedback via a form. This feedback is then shared with both the HR function and the trainers, allowing for continuous program refinement.

The **Leadership Program** was launched in 2018 and operates in cycles. It currently **consists of four distinct modules**, individually designed to the organizational needs of Wolf Germany and run as **in-person training sessions**. The program is structured to ensure all leaders complete all modules, which **address key topics such as management guidelines**, **feedback** and **motivation**. In 2024, the fourth module titled "Leading Through Change and Successfully Leveraging Team Diversity" was introduced: it is very practical training aimed to **support leaders in managing change situations** and to **learn how to leverage team diversity**. Seven sessions of this module were conducted, engaging 51 participants, which represent 32% of the leadership team. The program is set to continue through 2025. Leaders find these annual in-person, cross-functional, and multi-level training sessions particularly valuable for the hands-on exercises and the opportunities they provide for networking and peer exchange.

The **New Leaders Program** begins within the **first eight weeks of a new leader's tenure** and extends over a 24-month period. During this time, each participant follows a **personalized development plan** and participate in the Leadership Program modules described above.

Learning Management Platform (LMS). The Learning Management System, also known as the MyLearning platform, is an important **tool for harnessing workers skills through upskilling and reskilling programs**. This functional platform accelerates learning by making it faster, more productive, cost-effective and trackable. MyLearning empowers users to **take charge of their learning journeys** by providing access to a **wide array of educational materials**, enabling training **participation from anywhere at any time**, and experimenting across different training modalities. For administrators, MyLearning simplifies the creation of training courses, the uploading of content, participant assignment, notification management, training record-keeping and data extraction for analysis. Furthermore, the development of a knowledge hub enhances the learning experience by offering a user-friendly, repository for both internally and externally developed company materials. This hub supports the delivery of **blended or fully digital courses**, promotes continuous learning without geographical constraints, addresses language issues, and fosters community creation through peer-to-peer knowledge exchange and tailored training paths.

Upskilling programs for white collars	Objectives	Hours per edition
Global Leadership Program	To activate, support, and strengthen practices associated with the competences of Ariston Group Leadership Model	3
Presentation effectiveness	To refine and improve the style, structure, content and delivery of presentations, through the application of effective techniques, practice and live feedback.	22
Leading people for growth	To support recently assigned managers on leading teams and the achievement of the results through effective people management skills.	20
Mentoring program	Pilot edition involving 10 pairs of mentor and mentees of different seniority and background with specific training for. The bonds formed during this journey have not only enhanced individual skills but have also strengthened our cross-cultural collaboration.	20 per person
CIRCULAR ECONOMY AND SUSTAINABILITY STRATEGIES	To learn how to manage and lead a sustainable business by incorporating circular economy principles into the strategies to support sustainable growth.	30
BLUE OCEAN STRATEGY	To assess the market, explore the strategic formulation foundation and implementation of the blue ocean strategy, and develop ideas to penetrate an uncontested market space.	40
DEVELOPING LEADERSHIP COMPETENCIES	To promote leadership competencies that improve personal and organizational effectiveness, to support the acquisition of the requisite mindset and frameworks to spearhead change and spark positive organizational transformation	60
Online Certificate in Business Essentials	To provide the key tools and perspectives to understand the evolving strategic agenda of a company and then leverage that understanding to identify concrete opportunities to elaborate the strategy, drive organizational alignment, and ultimately enhance financial performance	100

WCM People Development and Global Pillar Call. Since 2011, Ariston Group has implemented the World Class Manufacturing (WCM) methodology, a program to create a structured and replicable production system model. Amongst other pillars, the framework emphasizes the "**People Development**" pillar, targeting the development and empowerment of the workforce **across production sites**. The program aims to establish a comprehensive HR mapping process to support the professional growth and development of key individuals. Main initiatives include a plan focused on job rotations to reduce turnover and targeted actions to enhance the working environment. Additionally, the program seeks to **involve young graduates in corporate training** to foster a pipeline of future talent and integrate fresh perspectives into the organization.

Another standout action within this WCM pillar is the **Global Pillar Call**, a structured system of **regular, global meetings designed to share best practices among all People Development Pillar Leaders across plants**. Held every two months, these one-hour sessions facilitate the exchange of ideas and strategies that bolster development practices and address common challenges.

The effectiveness of such initiatives is well-supported in the industry. According to research, companies that invest in consistent skill development and peer-learning environments tend to see **higher employee engagement**, greater **efficiency in operations**, and an agile workforce more adept at meeting organizational goals. Ariston Group's commitment to continuous improvement within its plants is not only an investment in operational efficiency but also fosters a proactive, knowledgeable and empowered workforce.

Sourcing of critical competencies: collaboration with Universities and Schools

Fostering a diverse and inclusive work environment is key to attracting and retaining top talent. By building a culture where everyone feels valued and empowered, the Company creates opportunities that drive both individual growth and collective success. Ariston Group **partners with universities and technical schools to continuously attract qualified talent and source critical competencies**. In Italy, these collaborations include **Career Days at the main universities**, such as Polytechnic University of the Marche, Polytechnic University of Milan, University of Rome Tor Vergata, University of Perugia, and University of Bologna. These are instrumental for connecting with students from engineering to economics and digital backgrounds.

High schools and especially Technical High Schools (ITS) also play a significant role, with programs like "Maestri del Lavoro" and "Progetto Alternanza Scuola-Lavoro", providing students with real-world exposure through **company presentations**, **talent acquisition insights, and factory tours in the Marche region**, as well as **internships** with ITS in Marche, Umbria, and Veneto. These initiatives not only enhance students' practical experience but also serve as a pipeline for attracting and nurturing essential competencies within the industry.

Ariston Group's foreign affiliates have developed strategic partnerships with universities and institutions across multiple countries, further supporting the sourcing of critical competencies and enhancing talent attraction globally:

- In **Germany**, Wolf engages in educational and recruitment events, such as the inauguration of a new campus in Hamburg and the WOLF Business Academy, Girls' Day. ELCO Heating Solutions attends education fairs to strengthen connections with potential recruits.

- In **France**, experts share guidelines and materials to strengthen partnerships with local universities and organize plant visits, further enhancing Ariston's visibility and appeal to emerging talent in these regions.
- In **Spain**, Ariston collaborates with the University of Burgos on the "Air Conditioning Applying Heat Pump, Aero-thermal Energy" program which promotes advanced knowledge in sustainable HVAC technologies.
- In the **UK**, Loughborough University, in partnership with ASHRAE, provides Ariston with access to cutting-edge research and specialized talent in the HVAC field.
- In **Serbia**, Ariston participates in the Job Fair in Svilajnac to directly engage with local talent.
- **Croatia** sees Ariston hosting an event at the University of Zagreb, Faculty of Mechanical Engineering and Naval Architecture, where students learn about the engineering roles involved in ventilation machinery production;
- **Vietnam** hosts Italian Design Day 2024, organized in collaboration with Hanoi University of Civil Engineering, focusing on Italian design principles in engineering.
- In **Canada**, Ariston engages with local talent at job fairs, enhancing its presence in North America.

These international initiatives position Ariston Group as a globally attractive employer dedicated to nurturing and attracting the essential skills for its growth and innovation trajectory.

Growing awareness on D&I

To pursue material opportunities related to talent retention and attraction through the creation of a diverse and inclusive work environment and culture, Ariston Group is implementing the following initiatives.

Diversity program. During 2024 the Group outlined a program to develop an awareness campaign focused on Diversity, Equity, and Inclusion (DEI) to foster a culture of inclusion and appreciation for diversity. This program, which will start in 2025, aims to **build a shared understanding of DEI topics across all organizational levels**, create a cohesive Group DEI narrative, and promote initiatives aligned with the Road to 100 objectives. Furthermore, the campaign will ensure that DEI initiatives are effectively communicated to external stakeholders. Scheduled to kick off in Q1 2025, this initiative is designed to mitigate potential gender disparities and boost all the related opportunities.

Perspectives program at WOLF GmbH, Germany. In 2024 different activities at WOLF were merged under one framework the Perspectives program, an initiative aimed at promoting the professional advancement of women within the company.

One central part of the program is the **network of female leaders**: whenever a woman is promoted to a leadership position, she will join this network and receive support through the specially designed initiatives. A key highlight in 2024 was **half-day off-site resilience training**, whilst other activities such as regular lunches encourage further networking and sharing ideas. Another central part of the program is the **yearly network evening for women**, which took place in June for the second time with 52 women participating. During this evening, dedicated discussion tables were held on important topics such as taking over responsibility and leadership, bringing in innovative ideas, combining parenting and careers as well as featuring special guests and established female leaders. On that evening the Perspectives program was officially launched, including also a third central part of the program, a specific **mentoring offer for women with the ambition to growth**. Overall, the initiative is implemented on a rolling basis.

Change management. The "Bridge Change Management" is a cultural transformation project initiated to facilitate an **inclusive integration of recently acquired companies** – Wolf, Brink, ProKlima, and Ned Air. This initiative is part of the overall transformation plan for 2024, aiming to build a **cohesive corporate culture** through two fundamental pillars: the change management process for integration, on the one hand, and a rethinking of a leadership model, on the other.

In the initial phase of Analysis and Awareness (Sept. '23 - Jan. '24) the goal was to thoroughly **understand the different organizational cultures of companies the involved**. Discussion groups and information-gathering activities were conducted to identify the values, practices, and perceptions of employees in each entity. Based on this information, a cultural analysis was carried out to identify commonalities and differences between the corporate cultures, laying the groundwork for harmonious integration. Workshops were organized to raise awareness among leaders and stakeholders, exploring work areas together and envisioning what an integrated framework might look like. The initial results of the focus groups were shared with functional leaders to align on early insights and prepare for the next step.

The **Solution Design Phase by Function** (Feb. '24 - June '24) focused on **defining a clear and specific integration pathway for each business function**, in line with the Group's cultural transformation objectives. Each function, including Procurement, Manufacturing, Business Units and Finance, collaborated to clarify the "success vision" and establish concrete integration goals. The results of the focus groups were shared with leaders and their respective teams to ensure full alignment on objectives. Workshops were organized to create a shared vision of how to work, defining each team's goals for 2024 and fostering a cohesive and collaborative work environment. Additionally, through team-building activities, members of various teams had the opportunity to build stronger relationships, laying the foundation for a collaborative culture.

The final **Dissemination and Implementation phase** (July '24 – Nov. '24) aimed at **implementing the new operating methods and leadership model in daily workflows**. Leaders conducted dissemination sessions to widely communicate the new processes, values, and leadership model within their teams with the goal of ensuring that the changes are integrated into the new leadership model so that the cultural transformation is consistent across the Group. As teams begin to work with the new operating methods, integration becomes an integral part of the daily routine, facilitating a gradual transition. Finally, follow-up sessions were planned to evaluate the impact of the changes, celebrate results achieved, and outline the next steps to keep the integration process alive.

Through this structured pathway, Ariston Group aims to build a One Team culture in line with the Group's values and strategic objectives, promoting collaboration and supporting cohesive and sustainable growth for all business entities.

Work life balance

As part of its commitment to addressing the needs of its workforce, Ariston Group has implemented a **smart working strategy across the entire Group**. This initiative provides employees with the flexibility to work remotely for up to two days per week, fostering inclusivity, work-life balance, and productivity.

The expected outcomes of this initiative include increased employee satisfaction, improved talent retention, and a strengthened corporate reputation, particularly among employees, investors, and customers who view workplace flexibility as a marker of progressive governance. The Group has also implemented mechanisms to monitor the effectiveness of the initiative, such as tracking employee engagement metrics, workforce retention rates, and overall productivity levels. This data allows the Company to continuously refine its approach and address any emerging challenges.

S1-5 Targets in relation to own workforce

Ariston Group is committed to developing a meaningful and comprehensive people experience to foster each employee's sense of belonging and increase engagement as One – cohesive - Team. As part of its Road to 100, the Company has set ambitious long-term targets that encompass all employees.

To set its objectives for the Road to 100, Ariston Group engaged extensively with internal and external stakeholders. For more information, please see **SBM-1 Strategy, business model and value chain**.

The targets were set during workshops that involved **key representatives from the HR function across various areas** including people development and learning, organization and change management, talent acquisition, employer branding, and internal communication, ensuring a comprehensive perspective on the **company's needs**, **ambitions**, and **strategic approach**. During these meetings, input from **trend analyses**, **best practices from peers**, and key topics related to **directives** and **regulations on workforce management** a with particular focus on EU-level regulations, such as the EU Directive on Work-Life Balance and the European Pillar of Social Rights, were discussed.

Regarding the tracking of performance and identifying improvements, the HR team plays a crucial role in monitoring the progress of these targets. They have access to the main platforms for collecting and managing workforce data. Each year, based on the results, the team, in collaboration with the ESG team, reviews and plans targeted activities to improve KPIs, ensuring continuous improvement and alignment with strategic goals.

Employee experience and engagement

During 2024 the 2030 target presented in the Road to 100 plan "To be a certified world class employer that builds a sustainable working environment document" was rephrased as the Company has decided to focus on the core objective rather than on the recognition itself. In order to address gender disparities, enhance employee skills, attract and retain talent and promote a diverse, inclusive workplace, Ariston Group has adopted an absolute qualitative target that aims to position the organization as a **winning organization with simplified and agile processes**, **widespread leadership**, and a **vibrant talent ecosystem**. It is certainly more concrete and effective to formalize as the goal highlights the fundamental elements of a sustainable work environment, rather than relying on a formal element like certification. Therefore, 2023, the year in which the original target was defined, will be considered as the baseline. Progress is monitored on an annual basis, and the **Company's ability to streamline processes, improve the leadership model,** and **further strengthen its talent pool** is measured through the implementation of specific projects. For example, regarding the implementation of significantly simplified processes, specific activities have been outlined with regards to performance management, talent review, and STI (Short Term Incentives). The STI plan has been redesigned with the purpose to strengthen the importance of collaboration in achieving Company's results and to reward contributions to the Company's overall results by achieving regional, country, or function-specific targets, also recognizing the individual achievements through a multiplier effect linked to the individual performance. With regards to performance management, in 2023 the simplification journey started with the implementation of a leaner model to enhance efficiency, and effectiveness was introduced. A key milestone was the update of the leadership model, transitioning to a streamlined framework with five core behaviors (vs nine in the previous model). This refined approach focuses on essential leadership traits, making it easier for leaders to assess and develop employees without undue complexity. Additionally, steps within the system were simplified to reduce administrative efforts, allowing managers and employees to focus more on meaningful development conversations, enriched by insights from co-assessors and matrix managers. Looking ahead, in 2025, the Company will integrate Wolf-Brink legacy employees into a unified performance management process, ensuring consistency across the entire Group.

Simultaneously, the talent review process—formerly known as the “mapping process”—started its evolution towards a more targeted and impactful approach. There is now a stronger emphasis on succession planning for key positions, ensuring that high-potential talent is identified and nurtured for future leadership roles. The process has also become more collaborative and cross-departmental, fostering a broader and more inclusive approach to talent identification. Additionally, projects have been launched to provide greater visibility and exposure for talent within the organization, enhancing engagement and a sense of belonging. This includes establishing more direct communication channels to ensure that employees feel recognized and valued.

Target	Target Year	Baseline	Base year	2024 Progress	Scope of the target
Position the organisation as a **winning organization with simplified and agile processes**, **widespread leadership**, and a **vibrant talent ecosystem** *(Restated)*	2030	- Performance evaluation process based on a system characterized by an individualistic approach and a proliferation of personal objectives - Leadership Model featuring 9 behaviour *(Restated)*	2023	Simplification of: - STI (Short Term Incentive): foster collaboration, digital tool enhancement - Leadership model featuring a 5 streamlined behaviors framework Talent review: focus on succession planning for key position and talent visibility.	Whole Group

As for the methodology used to define the target, please refer to the introductory paragraph; also, it is worth highlighting the various internal cross-functional discussions centered around the Group’s strategic plan for 2030, which included conversations on workforce management and the broader ambitions of the Group.

Overall, the target contributes to the achievement of the values embedded in Ariston Group's Code of Ethics, serving as a practical embodiment of its principles. By pursuing this objective, the organisation demonstrates its commitment to fostering a work environment that prioritises inclusivity, fairness, and respect for all employees.

Internal career programs

To enhance workforce capabilities through upskilling and reskilling programs and fostering talent retention, Ariston Group has set the relative target of ensuring that over 60% of employees managing teams are promoted through internal career progression.

Overall, the target is strongly linked to the Code of Ethics principles and the Training Management Procedure goals.

Target	Target year	Baseline	Base year	2024 Progress	Scope of the target
Over 60% of managerial positions are filled through internal career progression	2025	59% of managerial positions are filled through internal career progression	2022	2024: 73% (incl. CENTORTEC Climate Systems) 2023: 78% (excl. CENTORTEC Climate Systems)	Whole Group

As for the methodology used to define the target, please refer to the introductory paragraph; the threshold has been set based on achieving the right balance between leveraging internal competencies and the added value brought by integrating external resources. The pool considered includes individuals holding managerial positions across the Group, both in Corporate teams and local teams.

The target is monitored annually, based on the analysis of data from internal systems that track the career development of individuals within the defined scope. It is calculated as the percentage of individuals in managerial positions who have had promotions or lateral movements during the year, relative to the total number of managerial positions that became available during the fiscal year. The measurement of the metric is not validated by an external body other than the auditors of the Sustainability Statement. Due to the CENTROTEC Climate Systems acquisition in 2023, the scope was enlarged to include the new acquired companies. 2024 progress includes the new acquired companies, therefore it is not comparable with 2020 baseline It is in line with what had been initially planned, and the change in the trend from 2023 to 2024 can be linked to the fact that the Group aims to maintain a balanced managerial fill rate ratio between internal and external hires. As relying too heavily on internal candidates may limit fresh perspectives and specialized skills that external candidates can bring, the 2023 increase to almost 80% internal fill rate, was normalized to 73% in 2024.This balance ensures the Group can harness the strengths of both internal promotions and external hires, fostering innovation while maintaining continuity and a strong internal culture.

Diversity and Inclusion

To mitigate reputational risks linked to gender disparities, address potential workplace challenges arising from these disparities, and strengthen talent retention and attraction by promoting a diverse and inclusive work environment and culture, Ariston Group has adopted the **relative target of achieving a balanced representation in its management team**, with at least 30% female employees and at least 30% male employees.

The target is adopted in line with the **Group's Diversity and Inclusion Policy**, built on the **Dutch Corporate Governance Code** and reflected in the Group's **Code of Ethics**. At the same time, it aligns with Ariston Group's broader endorsement of diversity as a key value, as the Group acknowledges that the **integration of diverse backgrounds**, **skills**, and **cultures** is seen as a **significant opportunity to enhance the Company's human capital**.

Target	Target year	Baseline	Base year	2024 Progress	Scope of the target
At least 30% female employees and at least 30% male employees in Ariston Group Management team	2030	24% female 76% male	2022	21% female 79% male (updated perimeter)	Whole Group

As for the methodology used to define the target, please refer to the introductory paragraph. It is **monitored on a yearly basis**, starting from the official **employees HR platform** and **data base**. The definition of "Management team" was established in line with the company's internal organization and refers to **employees managing teams of people**. Following the acquisition of CENTROTEC Climate Systems in 2022, it was necessary to align this definition within the acquired companies to standardize the characteristics of individuals considered within the scope. This alignment facilitated **harmonization and integration into the calculation**. The scope has changed also following the **deconsolidation of Russia**, which has led to a decrease in 2024 progress outcome. As a result of these changes, there is no full comparability between the baseline and the 2024 actual data, although there are **no significant alterations in the company's performance** in relation to achieving the target. The trend can still be considered consistent.

S1-6 Characteristics of the undertaking's employees

	2023	2024	
		Headcount	
50a. Employees by country		n.	%
GERMANY		2,602	24.5%
ITALY		1,967	18.5%
OTHER		6,043	56.9%
Total employees (HC)	10,769	10,612	100%

2023 total employees: 10,769, calculated in headcount. The country-specific breakdown was not released in the past, making comparability between 2023 and 2024 possible only at the total level.

	2024											
	Number of employees				Number of permanent employees				Number of temporary employees			
50b, 51, 52 Employee head count by gender and country	Male	Female	Other*	Total	Male	Female	Other*	Total	Male	Female	Other*	Total
	8,360	2,252	0	10,612	7,871	2,076	0	9,947	489	176	0	665
GERMANY	2,138	464	0	2,602	1,992	430	0	2,422	146	34	0	180
ITALY	1,554	413	0	1,967	1,550	409	0	1,959	4	4	0	8
OTHER	4,668	1,375	0	6,043	4,329	1,237	0	5,566	339	138	0	477

The above tables illustrate the workforce headcount by country with more than 50 employees, representing at least 10% of the total Ariston Group employees. Remaining countries are included in the "OTHER" category.

	2023				2024			
	Male	Female	Other*	Total	Male	Female	Other*	Total
Total number of leaves	1,294	417	0	1,711	1,275	424	0	1,699
Turnover rate	15.2%	18.3%	-	16.0%	15.3%	18.8%	-	16.0%

The Employee Turnover Rate is calculated by dividing the total number of employees who left the company during 2024 by the number of employees at 31.12.2024.

2023 total employees	
Male	Female
79%	21%

In 2023, the gender distribution was calculated based on the total number of employees without distinguishing between permanent and temporary contracts. As a result, the 2023 available data is less granular compared to 2024.

The numbers are in head count at 31.12.2024. Lease staff and internships are out of the HC. For the cross-reference of the information reported above to the most representative number in the financial statements, please see Annual Report, 2. Key Highlights - Profitability Ratios – Headcount.

Ariston Group does not employ non-guaranteed hours employees.

S1-9 Diversity metrics

		2024	
66a. Gender distribution at top management	U.o.M.	n.	%
Total Top Management		**121**	**100%**
Male	Headcount	105	87%
Female	Headcount	16	13%

Managerial positions are defined as **roles classified within Bands A to D**, in accordance with **Ariston Group's Job Banding system**, which is based on Mercer's job evaluation methodology. The CEO and Executive Chairman are excluded from the count. As methodology has slightly changed from 2023, data **are not comparable** therefore not disclosed.

		2023	2024	
66b. Distribution of employees by age group	U.o.M.	%	n.	%
< 30 years	Headcount	14%	1,390	13%
30 - 50	Headcount	57%	5,939	56%
> 50	Headcount	29%	3,283	31%
Total employees		**100%**	**10,612**	**100%**

S1-13 Training and skills development metrics

		2024		
83a. Employees that participated in regular performance and career development reviews	U.o.M.	Female	Male	Tot
Employees evaluated	Headcount	1,429	3,740	5,169
% Total employee evaluated		**63%**	**45%**	**49%**

In 2024, each employee participated in one performance review, in line with the company's annual review plan. The number of reviews conducted is fully aligned with the target set by management, ensuring a structured and consistent evaluation process across the organization. In order to disclose the information on the percentage of employees that participated in regular performance and career development reviews broken down by gender, data for the numerator have been extracted by the official HR platform used for Performance and Career development; in the denominator the Group used the employee headcount figures provided in Disclosure Requirement S1-6.

As a result of the change in perimeter due to acquisitions, the available data for 2023 cannot be compared with that of 2024.

		2023			2024		
83b. Average number of training hours per employee	U.o.M.	Female	Male	Tot	Female	Male	Tot
Hours of training provided	Hours				21,592	89,851	111,443
Total employees	Headcount				2,252	8,360	10,612
Total hours per employee		**8.0**	**11.9**	**9.9**	**9.6**	**10.7**	**10.5**

Training hours data was collected from the Group's official training platform, which was supplemented with documentation provided by local HR teams regarding lower-relevance activities, mainly conducted in person. For employees whose gender was reported as N/A in the training database, Ariston Group's HR team estimated their gender distribution by weighting it according to the gender breakdown of the total employee population.

S1-14 Health and Safety metrics

		2024
88a. Health and safety management system	U.o.M.	
Employees covered by the health and safety management system	Headcount	3,692
Total employees	Headcount	10,612
% of employees covered by health and safety management system	%	**35%**

		2024
88a. Health and safety management system	U.o.M.	
Employees covered by the health and safety management system	Headcount	3,692
Total employees of production sites	Headcount	3,758
% of employees covered by health and safety management system	%	**98%**

The first percentage appears lower because the numerator includes only employees working in production sites, while the denominator considers all Group employees, including those in production sites, offices, laboratories, and commercial facilities. This approach aligns with ESRS data reporting requirements what regards denominator where all the Group employees are included.

In the second calculation of workers covered by the Health and Safety Management System, both the numerator and denominator include only employees working in production sites, who are exposed to higher health and safety risks. In this case, the coverage rate reaches 98%, demonstrating a strong commitment to implementing the health and safety management system in the most critical areas.

		2024
88c. Accidents	U.o.M.	
Work-related accidents	Headcount	45
Number of hours worked	Hours	9,828,342
Rate	Rate	**4.58**

The incidents reported align with the definition of work-related accidents as outlined in the Standard requirements. To compute the rate of work-related injuries the Group followed the methodology of the Standard, by dividing the respective number of cases by the number of total hours worked by people in its own workforce and multiplied by 1,000,000. Currently, workplace incident data presented in this report refers exclusively to production plants, as these sites are characterized by a higher risk profile. This approach aligns with our current data collection methodology and central reporting process. However, we are committed to progressively expanding our reporting in the coming years to include all incidents across the entire Group, including those occurring in low-risk facilities.

Overall in 2024 there were no fatalities. As a result of the change in perimeter due to acquisitions, the available data for 2023 cannot be compared with that of 2024. The information **encompasses both the company's employees and contractors operating at the Group's sites.**

S1-16 Remuneration metrics

	2024		
97a. Gender Pay Gap*	Female	Male	Wage gap
Employees average gross hourly pay	21	24	**14%**

	2024		
97.b Annual total remuneration ratio** (K in €)	Highest paid	Median***	Ratio
Annual total compensation	4,700	42.5	**110.6**

* The company does not have detailed information for 385 people; therefore, we estimated the average salaries to the calculation of the pay gap ratio based on the information available from external sources, considering the estimation to give the indicators on the total population the pay gap ratio is 14% and the remuneration ratio is 109.

** In this table we represent the ratio without considering the estimated population for which the group does not have the data (385). For the ratio with the inclusion of the total population please refer to the statement above

*** For all of the organization's employees excluding the highest-paid individual

Achieving pay equity is a fundamental component of the Company's commitment to sustainability. The remuneration philosophy of the Group is oriented to **avoid any discrimination while combining the principle of "equal pay for equal job"** with a focus on **meritocracy**. To sustain this commitment, Ariston Group is investing in **pay-analytics capabilities**, which will provide a platform for objective insights and in-depth analysis.
For what concerns the **gender-based pay gap**, the current value, calculated in compliance with CSRD criteria is **14%** (7% if the calculation is made by taking into consideration the median total remuneration by gender instead of the average). Such ratio, being the **pure average of total remuneration**, does not take into consideration the **differences on labor market**, **local salary levels, type of Job and responsibilities** and **impact of the gender-balance in the managerial positions**.

The calculation was made on 10,227 headcounts of the Group, due to on-going integration of the total headcounts of the Group in the Global HR System. Calculation improvements will be implemented during the upcoming year.

S1-17 Incidents, complaints and severe human rights issues

103. Discrimination incidents	2024
a. The total number of incidents of discrimination, including harassment, reported in the reporting period	18
b. Complaints filed through channels for raising concerns (including grievance mechanisms)	7

103c. Fines, penalties, and compensation	2024
Fines	0 €
Penalties	0 €
Compensation	0 €
Total amount of fines, penalties, and compensation for damages	**0€**

Data in table 103a refers to confirmed whistleblowing reports related to harassment and discrimination while data in table 103b represents unconfirmed whistleblowing reports received through the whistleblowing platform/official email.

In 2024, the Group recorded 18 whistleblowing reports, confirming the **effectiveness** of the **awareness campaign**, which has strengthened **knowledge of the tool** and **trust in the reporting process**. The volume of reports saw a **temporary increase in 2024** due to a **specific contingent situation** within a particular context driven by few organizational changes combined with increased expectation with regards to operational efficiency and quality. All reports were seriously investigated and led to the **definition of corrective**, **disciplinary**, and **training action plans**, in collaboration with local, regional and Group HR functions and line management. Transparency in the process and the absence of retaliation against whistleblowers have helped foster a **climate of trust and accountability**. As a result, **at the end of 2024, the number of reports related to harassment and discrimination had stabilized**, and no further actions were deemed necessary. Additionally, none of the reports filed in 2024 resulted in sanctions or penalties issued by Authorities.

104a. Severe human rights incidents (e.g. forced labour, human trafficking or child labour)	2024
Total amount of severe human rights incidents, of which	0
cases of non-respect of the UN Guiding Principles on Business and Human Rights	0
cases of non-respect of the ILO Declaration on Fundamental Principles and Rights at Work	0
cases of non-respect of the OECD Guidelines for Multinational Enterprises	0

104b. Fines, penalties, and compensation	2024
Total amount of fines, penalties, and compensation for severe damages	0 €
Fines	0
Penalties	0
Compensation	0

No severe human rights incidents have been reported, nor related fines, penalties nor compensation.

ESRS S2 – Workers in the value chain

The success of the Company's strategy depends on **strong supplier relationships** which are distributed worldwide due to the global dimension of the business. Therefore, the Group places great importance not only on its own employees but also on the **working conditions of workers along the value chain**. The belief is that ESG objectives should extend beyond the organization's boundaries, encompassing the companies that collaborate and contribute to enabling business operations. As part of its ESG efforts, the Group takes into consideration the **environmental, social and ethical performance of the supply chain**. To this end, a strong focus is placed on **engaging the supplier base on ESG-related aspects**. Tools and plans are being developed to foster relationship management driven by sustainability. These include assessments, improvement initiatives, and monitoring plans designed to engage and support the supplier base throughout the ESG journey.

SBM-2 Interests and views of stakeholders

Ariston Group actively gathers insights on **labor conditions**, including **fair treatment**, **workplace safety**, and **access to fair pay** among its suppliers' workforces thanks to the **due diligence assessment through the EcoVadis platform**. EcoVadis is a global sustainability rating platform that assesses companies' environmental, social, and ethical performance. It provides businesses with a **standardized evaluation based on international sustainability standards**, covering areas such as environmental impact, labor and human rights, ethics, and sustainable procurement. Companies receive a **scorecard with insights and benchmarks to help improve their corporate social responsibility** (CSR) **practices** and meet stakeholder expectations. The Group uses the insights gathered through the platform to identify risks related to potential human rights breaches and opportunities for improving workers' well-being. Findings from EcoVadis assessments inform Ariston Group's decisions and strategy around supplier relationships.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

During the Impacts, Risks and Opportunities IRO's assessment phase, the company identified impacts and risks mainly related to **upstream suppliers**.

From the perspective of **potential negative impacts**, upstream suppliers may **fail to respect human rights**, while reputational damage linked to partners that **do not uphold the correct people-related standards** (i.e. child labor, forced labor, health and safety etc.) could pose significant risks to the Company, including potential audit costs and challenges to business continuity.

Suppliers' human rights impacts (and related risks) are linked to the **global size of the Group**, which requires a **wide network of partners spanning diverse regions**, **sectors**, and **sizes**. Indeed, as it operates globally with a network of 28 production sites across 16 countries, the Group recognizes the importance of monitoring potential risk areas for workers within its value chain, particularly in regions where labor practices may not fully align with international standards. Potential risk areas in Ariston Group's value chain include upstream value chain workers, involved in **sourcing from China**, where concerns related to **forced labor** have been highlighted in global supply chain assessments, and **working conditions in raw material sourcing**, particularly in industries such as **metallurgy and electronic components** used in heating systems. Given its reliance on **steel, copper, aluminum, and electronic components**, the Company acknowledges the potential exposure to labor rights violations in regions where these materials are extracted or processed, including **China, Southeast Asia, and certain parts of South America and Africa**.

Also **Health and safety**, along with overall working conditions, represent **potential negative impacts (and risks)** due to the fact that many of the partners operate in the **manufacturing sector**.

These conditions are assessed through the **EcoVadis IQ tool**, which helps Ariston Group identify potential misalignments with its own Human Rights Policy. The tool is in fact based on internationally recognized criteria, frameworks, and guidelines and **identifies areas and sectors potentially at higher risk of breaches** concerning human rights compliance. It pinpoints high-risk areas, which are then cross-referenced with the specific characteristics of the Group's suppliers through the **EcoVadis Rating system** to determine whether the potential risk is present in practice. Finally the capability of the tool to check isolated or atypical events through the **monitoring of public documentation and news** lead to a deeper contextual understanding, which helps the Group address and prioritize potential challenges more effectively. The due diligence program highlights the weaknesses of the companies Ariston Group collaborates with. In these cases, the Company appoints a dedicated individual responsible for conducting onsite audits, which are held if any concerns are raised. So far the analysis conducted on a selected yet significant panel of suppliers shows that potential negative impacts (and related risks) are **not widespread or systemic,** as they are limited to specific geographical areas or linked to specific situations: i.e. countries with a higher concentration of suppliers scoring lower on Labor and Human Rights in China, representing in any case a small portion of the total cluster.

The only value chain workers identified as potentially impacted are those employed by entities in the **Group's upstream value chain**. While Ariston Group has not found specific worker groups at **greater risk**, it acknowledges that impacts may vary across supply chain segments. For instance, workers in **certain regions** or **sectors** may face harsher conditions due to **local regulations**, **industry standards**, or **cultural practices**. Additionally, in countries with **weaker labor laws**, risks related to **workplace safety** and **fair wages** may be higher.

To identify, manage, and monitor these impacts and risks, Ariston Group has undertaken **due diligence and human rights assessments**. The results of these programs enable the Group to: assess whether new risks should be integrated into the Enterprise Risk Management (ERM) framework; define a targeted approach to enhancing partnerships where ESG principles serve as a common denominator, also promoting knowledge-sharing and collaboration to achieve shared objectives; and require suppliers with identified gaps to strengthen and consolidate their ESG performance to ensure continuity in relationships.

Moreover, through its Policies, such as the Human Rights Policy and the Sustainable Procurement Policy, Ariston Group sets minimum standards for fair remuneration and working hours and prohibits child and forced labor. These **standards are mandatory for all suppliers to uphold for their employees**, ensuring dignified working conditions across the board.

S2-1 Policies related to value chain workers

The **principles of legality, dignity and equality expressed in the Code of Ethics** and **Corporate values**, as well as the choice of partners with proven reliability in managing local workers and suppliers are the foundations on which the Group manages potential negative impacts and related risks. Ariston Group is aware that **respect of human rights needs specific oversight and management tools**, especially in regions with complex socio-political contexts, in which workers' rights and relationships between business partners are not always disciplined by regulations equivalent to EU standards.

In relation to the well-being and fair treatment of value chain workers, the Company has adopted several Group-level policies which aim to **promote ethical working conditions**, uphold human rights, and promote safe, equitable, and inclusive environments along the entire value chain, while supporting the development of competencies and fair labour practices among suppliers and business partners.

Human Rights Policy

Ariston Group is committed to **respecting the fundamental Human Rights of all stakeholders across its value chain**: in its operations, along the supply chain and in the communities where the Company operates. Its Policy and the related mitigation strategies take into consideration the **diverse cultures and behaviors of the different countries** in which the Group operates, though always considering as a first priority the respect of **Human Rights**, **Company Values** and the **Law**. The **Human Rights Policy** is addressed to all corporate bodies and their members, employees, temporary workers, consultants and collaborators of every kind, including workers in the supply chain. The document, along with the public commitment of Ariston Group, also aims at **creating a reference framework for all its stakeholders who are invited to respect and promote human rights**.

Against this background, the Group requires its **suppliers to comply with human rights obligations** when performing their business activities and as a basis for a long-term partnership. In particular, the Company does not establish working relationships with any companies that fail to meet the requirements set forth in the Policy or violate its principles, including those that employ compulsory, forced or child labour or that engage in, facilitate or promote human trafficking.

Overall, Ariston Group's commitment refers to internationally recognized Human Rights defined in the *International Bill of Human Rights*, the *ILO's Declaration on the Fundamental Principles and Rights at Work* and the *Convention on the Rights of the Child,* and it's approach to meeting its responsibility to respect Human Rights is based on the *UN Guiding Principles of Business and Human Rights* and the *OECD Guidelines for Multinational Enterprises*.

If Ariston Group becomes aware of **any violation of this Policy in the supply chain**, it is committed to using its leverage to mitigate the adverse impact, engaging in a discussion with the supplier to establish a remediation plan. If this is not sufficient to mitigate the supplier's adverse impact, Ariston Group will end the relationship. For more information on the Human Right Policy (i.e. scope, most senior level in the Group that is accountable for the implementation of the policy, reference to third-party standards, document availability) please see ESRS S1-1.

Sustainable Procurement Policy

To prevent reputational damage and costs from **inadequate working conditions applied by suppliers**, and to mitigate human rights violations impacting workers upstream, Ariston Group has introduced its **Sustainable Procurement Policy**. The Policy strengthens the application of the principles outlined in its Human Rights Policy to all suppliers and individuals under its purview. Suppliers must adhere to the key aspects of this Policy, which include the:

- prohibition of child labor, forced labour, and discrimination;
- ensuring freedom of assembly, association, and collective bargaining;

- providing fair remuneration and respecting working hours;
- maintaining health and safety standards at work;
- upholding the right to privacy and freedom of thought, opinion, and expression.

Furthermore, suppliers are required to have **mechanisms in place for employees to voice concerns** and r**eport violations freely**. Compliance with national, regional, and local laws and regulations regarding health, safety, and disaster prevention is also mandatory. Suppliers must clearly communicate procedures and practices to ensure a **healthy and safe working environment**, providing the necessary equipment for such conditions. Preferred practices include advocating for a written Health and Safety policy, communicating it to all employees, and including information on how to handle hazardous substances. Obtaining ISO 45001 certification or similar relevant certifications is encouraged.

Suppliers are also encouraged to **promote diversity within their operations**, support employee development through **specific learning programs** and **career paths**, **contribute to local community development**, and raise awareness of sustainable practices. Additionally, suppliers are expected to have a Human Rights Policy that outlines the main principles for ensuring a sustainable working environment and a grievance mechanism. These requirements fully align with the **Code of Conduct for Suppliers**, which must be signed and observed by suppliers. For more information on the Sustainable Procurement Policy (i.e. scope, most senior level in the Group that is accountable for the implementation of the policy, reference to third-party standards, document availability) please see ESRS E1-2.

Code of Conduct for Suppliers

The Ariston Group's **Code of Conduct for Suppliers** outlines a comprehensive approach to sustainability. Its general objectives include promoting environmental stewardship, fostering social responsibility, and ensuring ethical governance across its value chain. Applying to all suppliers and their respective supply chains across global operations, the Policy plays a critical role in preventing the potential negative impacts of failure to respect human rights by upstream suppliers.

Accountability for implementing the Code's requirements is a **shared responsibility between Ariston Group and its suppliers**, reinforcing collaboration to uphold these standards. The Policy also **aligns with key international frameworks**, including the United Nations Global Compact, the UN Universal Declaration of Human Rights, the UN Principles of Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the 1989 International Labour Organization Declaration on Fundamental Principles and Rights at Work, ISO 14001 for Environmental Management Systems, ISO 45001 for Occupational Health and Safety Management Systems, and the Supply Chain Due Diligence Act (LkSG).

By addressing human rights, labor standards, and environmental impacts, the Policy reflects a clear consideration of stakeholder interests. It explicitly prohibits practices such as child and forced labor, while actively promoting freedom of assembly and anti-discrimination, further ensuring an ethical and sustainable approach across all operations. The most senior level that is accountable for the implementation of the Policy in the undertaking is the Chief Operation Officer; the Policy is available on the corporate website.

S2-2 Process for engaging with value chain workers about impacts

The perspectives of value chain workers are taken into account through EcoVadis assessments, which indirectly identify their point of view through credible proxies. **Buyers organize specific touchpoints** to update supplier representatives on the EcoVadis program's implementation, including a general overview about Ariston Group's goals and the introduction of the Sustainable Procurement Policy and Code of Conduct for Suppliers. During these sessions, **feedback from suppliers is collected** (i.e. a pre-existing Code of Conduct in the supplier company). This activity is done before the launch of the EcoVadis survey, which is a rolling activity.

After receiving the scorecard that evaluates the ESG performance of the companies involved in the process, the Group thoroughly analyses **different areas of strength and weakness** and **identifies an action plan to mitigate impacts and risks**. All issues related to human rights are considered essential in the evaluation. For more information on the Corrective Action Plans (CAPs), please see S2-4. The assessment, which started in 2024, will be done on a yearly basis; the **effectiveness of the engagement will be measured in the upcoming years** though the analysis of the companies' performance improvement.

The most senior role within the Group that has operational responsibility for ensuring that this engagement happens and that the results inform the company approach is the Chief Procurement Officer.

At the moment, Ariston Group has partial visibility on workers in the supply chain; so far, employees who might be particularly vulnerable or marginalized have not been identified. However, further progress in obtaining and enhancing this information is expected by 2028. This could lead to adhering to Global Framework Agreements or agreements with global union federations that uphold workers' human rights, which are currently not in place.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

If a company in the supply chain is found **wanting or at risk in the area of human rights** (due to a specific occurrence or a proven incident), or if the supplier becomes aware of a breach of the Ariston Group's Code of Conduct, **a specific report by the supplier is required**; this document will notify the breach immediately and provide all the necessary information. The supplier will have to **take action to put an immediate end to the breach**. If an immediate cessation of the violation is not possible, Ariston Group and the supplier shall take immediate **remedial action**, which will be **defined according to the nature of the breach**.

To monitor that processes to provide or enable remedy in the event of material negative impacts are available and effective in their implementation and outcomes, **Ariston Group has formalized that it is entitled to inspect the business premises and records**, on its own or through an independent auditing company on its behalf. The Group has established and trained a specific role capable of conducting these audits at suppliers' facilities, whenever proven incidents demonstrate the supplier's shortcomings in managing them.

With regards to the channels for value chain workers to raise concerts:

- Suppliers' representatives are **informed about the possibility to raise concerns directly through meeting with the Group's buyers**, as specified in the company's Code of Conduct and explained during the communication campaign to inform suppliers Companies about the EcoVadis program and the Code of Conduct's implementation.
- the Company's **whistleblowing platform** extends its channels and remedies also to workers within the supply chain who can turn to the Group to voice their concerns. Through this channel, reported issues are addressed thorough investigations and corrective actions, ensuring that all workers in the value chain are supported and that their rights and well-being are safeguarded. For more information on the Whistleblowing Platform please refer to S1-3 (including how the Group ensures the effectiveness of the Whistleblowing channel).

No specific actions to assess that people in its own workforce are aware of these processes are in place as both the Code of Conduct and the Whistleblowing Platform and Policy are **publicly available on the Corporate Website** and therefore easily accessible. For more information on the safeguarding of individuals against retaliation, please see G1-1, Whistleblowing System.

S2-4 Actions related to value chain workers to manage impacts, risks and opportunities

In order to mitigate potential negative impacts – and related risks – on workers in the value chain, Ariston Group has launched a comprehensive and ongoing **due diligence assessment aimed at mapping negative externalities on the environment and human rights across the supply chain**. The main function coordinating this project is Procurement, together with the ESG team. Actions have already been initiated and will continue to be implemented over the coming years to address the identified issues and ensure continuous improvement. Overall, all actions are defined by the Company in accordance with the Policy's guidance, which serves as a framework to shape activities over time.

Supply chain due diligence. In line with the Sustainable Procurement Policy and the Suppliers Code of Conduct, the Company has integrated an **ESG evaluation in its Supplier Management Process** – from supplier selection to onboarding, performance evaluation and improvement. This program, which is already in place, will be gradually extended over the coming years, aiming to integrate partners across the entire value chain through a risk-based approach. The ultimate objective of this process is to enable Ariston Group to **understand suppliers' sustainability performance** and actively involve them in improvement plans. The ESG performance of suppliers is assessed through:

- **Certification request**, which may be asked of suppliers in order to confirm compliance with current and/or upcoming regulations that concern Ariston Group;
- The **Vendor Portal assessment**, which all suppliers must complete, and which includes questions related to ESG criteria. If suppliers are deemed to be at risk, Ariston Group initiates further engagement through an assessment conducted by a third party;
- **Third-Party platform assessment**, for which the Company has partnered with EcoVadis, a non-financial rating platform that has developed a methodology for assessing the sustainability performance of suppliers. The assessment process includes an initial mapping phase of the Group's entire supply base through EcoVadis IQ and a subsequent dedicated assessment through the EcoVadis Platform. **EcoVadis IQ provides a complete view of the risk exposure of suppliers' industry and country according to specific criteria** and the analysis of public doc-

umentation. This supports the Group to prioritize the suppliers to be involved in a deeper assessment. Aggregated identified risk areas are then re-assessed through the lens of the **EcoVadis Rating assessment** to check whether or not the suppliers are aware, are managing the issue, and are acting on it. Suppliers selected for the EcoVadis Rating assessment are **contacted by their reference buyers and invited to register on the EcoVadis platform** where they are called on to **complete the questionnaire** and **obtain an EcoVadis Scorecard**. The latter provides an independent ESG performance assessment of a company's Sustainability Management System, on a scale from 0 to 100, where over or equal to 45/100 is considered sufficient in that risks are limited. Should a supplier not meet the minimum score of 45/100, Ariston Group will work with the supplier to develop time-bound corrective action plans, offering support to help them meet ESG requirements. If these efforts are unsuccessful, and/or the supplier is unwillingly to comply with the minimum requirement level, Ariston Group might reconsider its relationship with that supplier, up to and including relationship termination.

Sustainability assessments are carried out in the following areas:

- **Environment**: Energy Consumption & GHGs; Water; Biodiversity; Air Pollution; Materials, Chemicals, & Waste; Products; Product End-of-Life; Customer Health & Safety; Environmental Services & Advocacy;
- **Labour** practices and human rights: Employee Health & Safety; Working Conditions; Social Dialogue; Career Management & Training; Child Labor, Forced Labor & Human Trafficking; Diversity, Equity & Inclusion; External Stakeholder Human Rights;
- **Ethics**: Corruption; Anticompetitive Practices; Responsible Information Management;
- **Sustainable Procurement**: Supplier Environmental Practices; Supplier Social Practices.

In order to mitigate the negative impacts on workers in the value chain, in 2024 Ariston Group established a **Corrective Action Plan (CAP) for suppliers that do not meet the standards** set through the EcoVadis platform. For more information please see E3-2.

In the Corrective Action Plan, protecting workers in the value chain is a high-priority focus for Ariston Group. This area addresses crucial issues such as employee health and safety, prevention of child labor, forced labor, human trafficking, and overall working conditions. **Suppliers are expected to implement measures that uphold workers' rights and safety throughout their operations and to provide evidence of actions taken to safeguard the welfare of their workforce**. This includes documented policies or practices that promote safe working environments, measures to prevent exploitation and trafficking and steps to ensure fair and humane working conditions. Gaps are identified where suppliers fail to offer comprehensive information or supporting documentation on these critical issues. In such cases, corrective actions are required to ensure compliance with both labor and human rights standards and the Group's commitment to ethical practices.

German Due Diligence Framework. In compliance with the German Supply Chain Act (LkSG), WOLF had already started to implement **specific due diligence obligations**, in order to establish a risk management system aimed at identifying potential risks of human rights violations and environmental damage in the supply chain. Thereafter it established a **complaints system in line with the Group's whistleblowing platform** and implemented a **risk management system** for ongoing monitoring. A **Declaration of Principles** was made public: a document which promotes human rights and environmental standards across its operations and supply chain, with clear expectations for employees and suppliers. This Declaration then **converged into the Code of Conduct**, which suppliers are required to follow. The publication of the Human Rights Policy and the Code of Conduct has provided a more comprehensive overview of the Group's expectations regarding human rights issues. In 2024 WOLF appointed a **Human Rights Officer**, updated purchasing contracts, published a **Human Rights Manual**, and carried out its supplier risk analysis. The Human Rights Manual defines the minimum requirements, responsibilities and processes for implementing these standards, ensuring that WOLF is aligned with them.

For information about actions taken by the Group in relation to its own purchasing practices and specific material negative impacts, please refer to the "Supply Chain Due Diligence" section. Additional initiatives and criteria will be discussed in the coming years, taking into account the Group's approach to the supply chain and the due diligence program with EcoVadis, with the aim of aligning compliance with the Company's ESG objectives. The goal is to enhance engagement with key partners and establish a shared path toward achieving ESG targets, ensuring increased coverage as the program continues to expand.

The effectiveness of these actions and initiatives is measured by the **level of participation and the resulting ratings**. However, **improvements in performance** – and consequently in the scorecards – **can only be assessed starting from next year**. At that time, all suppliers involved this year will undergo a reassessment, having received guidance on their improvement plans in the interim. Also, the Group ensures processes to provide or enable remedy in the event of material negative impacts (occurrence of human rights incidents to workers along the value chain) as described in **S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns.**

To support **capacity-building and foster engagement across the value chain**, Ariston leverages the **EcoVadis Academy**, a platform designed to enhance sustainability knowledge and practices among partners. According to the most recent data, during the first year of the due diligence program, 14% of partners with access to the EcoVadis Academy started at least one course, while 18% successfully completed at least one. This initiative demonstrates the organization's commitment to equipping its value chain partners with the **tools and knowledge necessary to advance sustainability performance and align with shared objectives**.

No particular pressure nor negative impacts on value chain workers were identified in relation to the Group's procurement, sales and data use practices. The Group will keep on monitoring these areas to ensure no specific issues are raised. Moreover, only one safety related incident connected to the Group's upstream value chain has been reported, while no severe human rights issues and incidents in the upstream and downstream value chain have been recorded.

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Overall, to address human rights violations by upstream suppliers and mitigate potential reputational risks, Ariston Group has set specific targets to **ensure supplier compliance with its sustainability criteria**, such as ESG criteria and Business Conduct. Additionally, to ensure greater assurance in the management of human rights, the Group has set a target for **sourcing from local suppliers**.

In defining these targets, Ariston Group relied on supplier performance evaluations conducted through the EcoVadis assessment platform. To address identified gaps, suppliers are required to develop and implement Corrective Action Plans (CAPs). The progress and effectiveness of these CAPs are also reviewed annually by the Procurement and ESG teams, ensuring a continuous improvement cycle that aligns supplier practices with the Group's sustainability objectives.

The target-setting process has actively involved stakeholders. For further details, please refer to **SBM-1 Strategy, business model and value chain**.

The targets were set during workshops that involved key representatives from the **Procurement team**, the **ESG team**, and the **EcoVadis team**, which supports the Company on its path toward sustainable procurement. Thanks to the participation of EcoVadis and the preliminary work done during the workshops by the Group teams, it was possible to outline the **Company's needs** and **ambitions**, taking into account various inputs from **benchmarks of peer companies**, where policies, codes of conduct, etc., were analyzed, along with targets set in this direction. Key topics related to **directives** and **regulations** on supply chain management, with particular focus on EU-level regulations, such as the EU Directive on Corporate Sustainability Due Diligence and the German Supply Chain Due Diligence Act (LkSG), were also discussed.

Regarding the tracking of performance and identifying improvements, the Procurement team plays a crucial role in monitoring the progress of these targets. They have access to the **main platforms for collecting and managing data**, such as the **EcoVadis** platform for tracking ESG performance and supplier engagement, as well as the **Supplier Portal**, which categorizes key partner information globally. Each year, based on the results, the team, in collaboration with the ESG team and EcoVadis, reviews and plans targeted activities to improve KPIs, ensuring continuous improvement and alignment with strategic goals.

Overall, all targets related to workers in the upstream value chain are directly aligned with the objectives outlined in the **Sustainable Procurement Policy**, which aims to ensure and strengthen the adoption of responsible labor practices upstream in the supply chain.

Supplier's ESG Journey

Target	Target year	Baseline	Base year	Scope of the target
100% Strategic Suppliers aligned with Ariston Group ESG journey	2030	First year EcoVadis assessment completed on 65% of strategic suppliers Second and third wave planned for 2025	2024	Upstream

On one hand, the 2030 target envisions that **100% of Strategic Suppliers will be aligned with Ariston Group's ESG journey**, demonstrating strong performance across all areas deemed material by the Company. To achieve this, it is essential to begin with a **thorough assessment of their ESG performance**. Additionally, their acceptance of the principles outlined in the Group's Code of Business conduct will be key.

Target	Target year	Baseline	Base year	Scope of the target
50% of strategic suppliers assessed on ESG performance	2025	65% of strategic suppliers assessed on ESG performance	2024	Upstream
100% of strategic suppliers have accepted our Code of Conduct for Suppliers	2025	76% of strategic suppliers accepted our Code of Conduct for Suppliers	2024	Upstream

For these reasons, as interim milestones, two 2025 targets have been set. The first focuses on the **assessment coverage of key suppliers through the EcoVadis platform**, which serves as a starting point to gain visibility into supplier performance and establish **control over performance improvements**. The progress on the target is calculated as the percentage of suppliers who have completed the EcoVadis questionnaire on the platform, within the group of suppliers selected for the assessment. This data is easily trackable and directly extractable from the reference platform, therefore it is not validated by an external body other than the auditors of the Sustainability Statement. Improvement plans are shared with suppliers to **address identified gaps and drive progress**. Year by year, suppliers are required to implement targeted actions to align their commitments with the Group's sustainability objectives.

The second target focuses on the **acceptance of the Group's Code of Conduct by suppliers**, representing another crucial step in ensuring shared objectives. It represents the percentage of strategic suppliers who have accepted the code of conduct, out of the total number of suppliers to whom the document has been submitted. The acceptance is trackable on the official Group's platform; therefore, it is not validated by an external body other than the auditors of the Sustainability Statement.

Together, these milestones underline the importance of collaboration and accountability in driving ESG performance improvements while reinforcing the Group's commitment to a sustainable and responsible supply chain. In the coming years, **additional targets and KPIs will be established** to measure the improvement in suppliers' ESG performance, integrating the initial outputs of the monitoring activity with the Company's expectations.

Sourcing from local suppliers

Taregt	Target year	Baseline	Base year	2024 Progress	Scope of the target
>75% of products and services purchased from local suppliers *(Restated)*	2030 *(Restated)*	72% of products and services purchased from local suppliers	2022	68%	Whole Group

The Group monitors the target on an annual basis, verifying the **percentage of the procurement budget spending allocated to local suppliers**. These are suppliers who provide goods and services in the same country as the Group's legal entity they are supplying. Compared to the 2022 baseline, there has been a **change in scope** due to the integration of the Group's acquisitions, such as CENTROTEC Climate Systems. Moreover, the **deconsolidation of Russia** which had higher incidence of spending with local suppliers on a spending volume that was quite significant for the Group has generated a reduction. As a result, the progress as of 2024 is **not directly comparable to the baseline**. Furthermore, following **significant changes in international trade** and given the **instability** and **uncertainty** characterizing the approach in **certain geographical areas**, the Group has decided to adjust its target while reaffirming its ambition to rely on a supply chain based on local collaborations. Therefore, it has been decided to update the threshold from 80% to 75% and extend the timeline, **shifting the target achievement from 2025 to 2030**. The threshold was defined also taking into consideration the need to balance strong local connections and economic integration with partners, and diversify the supplier base, reduce business continuity risks.

ESRS S4 – Consumers and end users

Meeting its **customers' needs** will remain central to the Group's strategy in the years ahead. Alongside creating value by offering **high-quality products** and guaranteeing **excellent service**, it continuously strives to strengthen its connection with customers. This connection is built on dialogue, which drives the Group to actively listen to its end-users and professional intermediaries, enabling it to deliver even better tailored services.

SBM-2 Interests and views of stakeholders

All Company functions are involved in the Group's Strategic Plans and have access to information and data collected through **channels used to stay in contact with their customers**. These channels, which will be detailed in the following chapter, allow for the **collection of first-hand feedback from external stakeholders who purchase and use the Company's products**.

The functions tasked with integrating this information into the Group Strategic plan include Quality, Service Marketing, and Connected Services, with the goal of addressing the needs, demands, and concerns of consumers and end users.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Downstream the value chain, Ariston Group operates with both **B2B and B2C customers**: a network of **professionals** on the one hand, which includes **service technicians** and **installers**, and **end-users** of the Company's solutions on the other. Consumers and end-users are those who purchase the Group's solutions and services for personal use. They can purchase products or services from retailers, businesses, or online platforms. Installers at the same time can be considered as customers as they purchase products for resale and play an essential role in their installation, maintenance and repair. Both are dependent on accurate and accessible product related information and may be vulnerable to health and privacy impacts.

Potential material negative **health and safety implications may arise if high-quality information and adequate quality checks are not consistently provided**. Privacy may be impacted in the case of **potential data mismanagement or loss**. These instances are not considered to be systemic or widespread but may **relate to individual incidents** that could arise from potential defects or from cybersecurity breaches.

Material positive impacts, on the other hand, can be generated on **customer satisfaction thanks to mechanisms for collecting their feedback and on product longevity through information and training provided to installers**. One key aspect of this commitment consists in proactively listening to its end-users to **increase proximity** and refine products and services to better meet their needs and preferences. Ariston Group also places great emphasis on providing **comprehensive information** and **training** to installers to ensure that these professionals are well-equipped with the knowledge and skills necessary to properly install and maintain all products. By enhancing the capabilities of installers, the Company not only contributes to the longevity and reliability of its products but also guarantees that end-users experience optimal performance from their heating systems.

Ariston Group faces both significant **opportunities** and **material risks** related to its impacts and ESG actions on consumers (both installers and retailers) and end-users. On the opportunity side, the Company's commitment to **providing clear, high-quality information enhances its brand reputation and image**. This transparency fosters **customer trust** and **loyalty** and contributes to **strengthening its market position**. Conversely, the Group is aware of the risks associated with litigation expenses and reputational damage stemming from **non-conforming** or **malfunctioning products**. If quality issues arise, the Company could face legal challenges, resulting in financial costs and loss of consumer trust (reputational harm).

Risks and opportunities apply to all customers, both installers and retailers as well as the end-users. The Company has not identified any sub-group with particular characteristics who may be at greater risk of harm. People who use connected products could be more exposed to the potential risk of data breaches. Children are generally less exposed to risks related to products, as their interaction with them is extremely limited and there are no specific solutions intended for or accessible to children in the Group's product mix.

The identification of impacts, risks, and opportunities is crucial in defining the Company's strategy. In fact, during the development of the Master Plan, actions and plans are outlined to continuously improve relationships with customers and end users. These efforts aim to ensure ongoing engagement to meet their needs and provide support throughout the entire product lifecycle.

S4-1 Policies related to consumers and end-users

The Group has implemented an approach that includes a company-wide policy and a procedure aimed at ensuring a **responsible and transparent approach towards customers and end-users**. These measures mitigate health and safety impacts by ensuring high-quality information and adequate checks to prevent data mismanagement. At the same time, they enhance customer satisfaction through feedback mechanisms and training for installers, thus extending product longevity. The policies outlined below also serve as tools to mitigate identified IROs.

Quality Policy

The **Quality Policy** is designed to manage a wide range of impacts and risks. With the objective of **maximizing customer satisfaction**, it is based on an organization-wide awareness of customer expectations and requirements. This ensures the fulfilment of customers' needs, whether directly expressed or mandated by statutory and regulatory requirements.

The Policy provides a framework for **establishing and reviewing Quality goals and targets** and is committed to the **continuous improvement** of the Quality System's effectiveness. It is supported by outputs generated through Six Sigma methodologies and approaches, as well as WCM (World Class Manufacturing), WCL (World Class Logistics), WCE (World Class Engineering), HSE (Health, Safety, and Environment), and CRM (Customer Relationship Management). All these elements contribute to **delivering clear and high-quality information that benefits consumers in their daily interactions with the Company's products** and ensures the introduction of **safe** and **durable products to the market**.

The document focuses on achieving quality as a strategic priority, **positioning quality at the core of Group's mission** to deliver the best-in-class products and highest services by exceeding customer expectations. It also establishes a **Quality Management System** (QMS) certified to **ISO 9001 standards**, ensuring full alignment with the organization's mission and strategic direction, with the aim of meeting all applicable customer needs and statutory and regulatory requirements while continuously improving the effectiveness of its Quality System. The guidelines for the Quality Management System (QMS) are described in the **Group Quality Manual**, which emphasizes the importance of risk-based thinking and process improvement as core aspects of the QMS, aiming to reduce deviations and optimise outcomes. The Manual details a structured **Plan-Do-Check-Act (PDCA) cycle** for monitoring QMS performance, **establishing KPIs** and **audit mechanisms** for quality assurance and feedback, with internal and external audits regularly reviewed by management to guide improvements. These processes ensure the **QMS remains effective**, aligning operational practices with the Group's quality targets and fostering ongoing enhancement of product and service standards.

Additionally, the Quality Policy provides a **structured framework for establishing and reviewing quality goals and targets**, ensuring that it is effectively communicated and understood across all functions and geographies. The outlined working methodology is visible and shared also outside the Group and **involves suppliers** as they are part of the integrated supply chain.

Overall, the **Quality Policy is available to all Group employees** and it is communicated through a specific email and/or displayed on the bulletin board and is accessible to interested parties directly (if they have access to the Intranet) or indirectly (by sending a request to Group Quality). Finally, the Policy is approved by the CEO.

Although the Quality Policy does not explicitly reference the United Nations (UN) Guiding Principles on Business and Human Rights, the Group's conduct and approach are firmly rooted in this framework, ensuring full alignment with human rights standards. This alignment is reflected in the company's commitment to maintaining high standards of product safety, reliability, and sustainability. Through robust due diligence processes, the Group identifies, prevents, and mitigates potential adverse impacts on consumers' health and safety while continuously enhancing product quality. The policy reinforces a strong dedication to protecting the health and safety of consumers and end-users, underscoring the Group's broader commitment to fundamental rights across its operations.

In 2024 zero cases of non-repetition of the UN Guiding Principles involving consumers and end-users occurred. For more information on engagement and measures to provide and/or enable remedies, please see the Product Liability Claims Management Procedure (S4-3).

Data Protection by Design & by Default (Group Procedure)

The Data Protection by Design & by Default Group Procedure is designed to mitigate risks related to **consumer data mismanagemen**t and **loss in the context of product use**, ensuring that personal information is safeguarded through proactive and integrated protection measures at every stage of data handling.

Ariston Group adheres to a *Privacy by Design* approach, **embedding data protection principles into the design or significant modification of any product, service, or activity**. This commitment is reinforced by implementing technical and organizational measures throughout the project lifecycle. For each new or significantly altered product, service, activity, or project, the Project Lead (i.e., the person responsible for defining the offering), supported by the Data Protection Leader and Data Processing Owner, is responsible for assessing and addressing any privacy implications of the initiative. To further uphold a *Privacy by Default* standard, Ariston Group ensures that personal data processing adheres to key principles:

- Data Minimization, by which only the data necessary for the specified purpose is processed;
- Purpose Limitation, meaning that data is processed exclusively for clear, defined purposes, avoiding any additional use without explicit consent.

In alignment with Article 25 of the GDPR, this procedure applies to all European Legal Entities within Ariston Group. It covers situations such as the development of new IT systems, services, products, or processes involving personal data, the establishment of organizational policies, processes, or strategies with privacy implications, the initiation of new data-sharing practices, and the use of personal data for new purposes. As an internal operational procedure for the Group, external sharing of this document is not required.

S4-2 Processes for engaging with consumers and end-users about impacts

Aware that effective communication and collaboration are essential in understanding and addressing the impacts of Ariston Group's products and services, the Company continuously engages with professionals and consumers. In order to seize the opportunity to improve brand reputation and carefully communicate the Group's commitments to sustainability on the basis of specific data and evidence, the **Digital Marketing Strategy and Execution Plan**, which operates within the broader framework of the Group's overall Marketing Strategy, **defines digital marketing assets**, **activities** and **KPIs that are deployed to connect and influence B2B and B2C stakeholders across the digital environment**, in line with the Group brands' architecture, strategy and positioning. The Digital Marketing Procedure ensures alignment with the Group's digital strategy, promotes best practices, and focuses on key performance indicators. Key functions involved are the Digital Marketing team, Brand Marketing team, ICT, Regional Marketing teams and markets. The procedure specifically applies to the Thermal Comfort division in specific markets.

Group Marketing holds the highest level of accountability for implementing this procedure, in particular the Digital Marketing team that needs to work in close coordination with the Brand Marketing & Communication team. The procedure is approved by the Group's CEO.

This plan adheres to specific standards for digital marketing effectiveness and refers to internal corporate guidelines. The Plan is only available internally.

Channels for B2B engagement

Brand Equity Assessment. In order to fulfil Ariston Group's ambition of becoming the partner of choice for professionals such as installers, service centers, and planners, the Group monitors feedback from these stakeholders to drive continuous improvement. A key tool in supporting this vision is the Brand Equity Assessment, which is **part of the Company's "Voice of Professionals" program** and is carried out every two years. The primary objective of the assessment is to **measure brand perception among professionals** regarding Ariston Brand's strengths and weaknesses while assessing their customer experience.

The study relies on a survey distributed to a representative panel of over 250 installers and service centers in Switzerland, which work with Ariston brands as well as other industry brands in key markets. The research scope includes several specific areas:

- **Brand Funnels**: evaluating brand preference and usage across various product types and identifying the key factors influencing brand selection, including product features;
- **Customer Satisfaction and Net Promoter Score (NPS)**: measuring customer loyalty by calculating the difference between "promoters" and "detractors" and assessing the overall customer journey experience;
- **Brand Perception**: determining the strengths and weaknesses of Ariston Group's brands in comparison to competitors, with a focus on relationships with sales representatives, both pre- and post-sales support, and connectivity features.

Once the total insights are gathered, an analysis is conducted to identify if any of those are aimed at or directed towards vulnerable categories such as children or elderly people. These are then taken into account during product development.

The function and the most senior role within the Group that has operational responsibility for ensuring this engagement happens and that the results inform their approach are Central Marketing and the Chief Marketing Officer.

The effectiveness of this engagement is measured through the capacity of the Group to integrate the main inputs into other processes, such as those for brand positioning and product development (e.g. selection of certain materials, specific features in terms of design etc.).

Technical Committees. Ariston Group actively engages with industry professionals through its annual Technical Committees, **held both on-site in key markets**, including France, Italy, Romania, Spain, the Netherlands, Vietnam, the United States and Mexico. Technical Committees provide a **structured platform for direct engagement**, where Ariston gathers valuable input from professionals on **potential product issues, product quality perceptions,** and **opportunities for improving** or **creating new products**.

The function and the most senior role within the Group that has operational responsibility for ensuring this engagement happens and that the results inform their approach are Service and the Chief Quality and Parts & Services Officer.

The effectiveness of this engagement is measured through the capacity of the Group to integrate main inputs into other processes, such as the product development and quality standard implementation.

The category of installers typically does not include individuals who can be considered vulnerable due to the nature of the work performed.

Channels for B2C engagement

Brand Health Assessment. Ariston Group conducts a biannual Brand Health Assessment to **gauge the health and impact of its brand**, focusing on consumers' perception in terms of key metrics: meaningfulness, salience, and differentiation. "Meaningfulness" reflects the brand's emotional appeal and its perceived relevance to customers, fostering loyalty and deeper brand affinity. "Salience" evaluates how readily the brand comes to mind during purchasing decisions, while "differentiation" measures the brand's unique positioning against competitors. The most recent survey, conducted in 2024, involved a representative sample of more than **7000 consumers from diverse markets** – Italy, Spain, France, Germany, Poland, Romania, Indonesia, Vietnam, Mexico, China and Australia - providing insights that allow Ariston to tailor strategies to customer expectations across varying regions and cultural contexts. No vulnerable categories were identified. This approach strengthens brand presence globally, ensuring Ariston remains top-of-mind and distinct in competitive markets. The results obtained will be incorporated into the upcoming marketing plans for all markets, enabling the Group **to identify both regional perception differences within each country** and the **key areas of focus** (whether to drive awareness, consideration, or adoption). For the Australian market, the Group has supported the refinement of its positioning strategy in preparation for the 2025 launch, pinpointing specific areas where it can establish a strong presence.

In other markets, Ariston Group has observed the current strength of generalist brands, prompting a strategic decision to effectively balance marketing activities towards B2C and B2B taking into consideration where a competitive edge is hold. Accordingly, workshops have been organized with four markets—Italy, France, Spain, and Poland—to develop an action plan based on the 2023 B2B research and this latest study. These plans are scheduled to come into effect from January 2025.

The function and the most senior role within the Group that has operational responsibility for ensuring this engagement happens is Central Marketing and Chief Marketing Officer. The effectiveness of this engagement is measured through the capacity of the Group to integrate main inputs into other processes, such as the brand positioning and product development.

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Ariston Group provides effective processes to address negative impacts on consumers and end-users. The Company has established a framework for communication and remediation, including **specific channels for customers to voice their issues**, which are addressed through investigations and corrective actions. **For B2B partners**, the Company works constantly to create **periodic sharing moments throughout the year**, which are promoted through specific communications that ensure their participation in these events. During these events, the tools that can be used to enable constant and rapid communication with the Company to manage negative impacts are highlighted. **For B2C customers**, there are corporate channels communicated on both the Group's and the brand's websites, such as forms and email addresses, following a shared approach and framework. **Specific engagement related to tracking and monitoring issues raised varies depending on the business model**: in the case of Direct Service, the Company maintains direct contact with the end customer and provides updates on the management of the issues raised through channels such as email and phone. In the case of Indirect Service, which involves the participation of Service Centers, the latter handle the relationship with the end customer and the resolution of the reported issues. Updates on the status of problem resolution are therefore managed by the Service Centers themselves through the channels they make available.

With the goal of providing increasingly better communication tools for customers and end-consumers, the Company periodically reviews its approach with a focus on continuous improvement in managing the customer experience. This includes establishing **cross-functional working groups between the teams that manage service and marketing**.

Technical Assistance Centers as a B2B channel

The Technical Assistance Centers are a key element in Ariston Group's system for handling complaints, serving as a **direct channel for technical professionals**, such as technicians and installers, **to report issues regarding products and services**. This feedback loop between the Group and its professional network supports continuous product improvement and reinforces customer service by listening closely to real-world challenges.

The Company enhances this connection through support tools like the "**Connections" program** and the **Expert app**, which simplify product registration and allow professionals to track installations. These tools **strengthen interaction with the Service Center network**, facilitating quick exchanges of essential information to resolve issues effectively, ultimately enhancing the end-user experience and the perceived value of the brand.

According to the process established, each **complaint is analyzed,** and **containment actions are adopted** to solve any issue and to guarantee a continuous improvement process. Different levels of escalation and delegation of authority have been set up to address the issue, according to gravity and urgency, to the right stakeholders.

The effectiveness of this channel is measured through the number of cases solved after the reported issue, which are tracked through a specific process that visualizes the different steps followed to achieve the solution.

B2C support through dedicated Call Centers

Ariston Group's call centres serve as the primary channel for managing complaints and inquiries from end consumers, ensuring a responsive and accessible support experience. These centers provide customers with a direct line to voice concerns, ask questions, and receive assistance on product usage or issues. By maintaining a robust framework for customer interaction, the Group strengthens its commitment to service quality and customer satisfaction, aligning with its goal of creating a positive and supportive experience for all users.

Among the more than 300,000 incoming calls managed in its European call center in 2024, the average response rate was 96%, with a 17 second average wait time.

The call centers are **equipped to handle a wide range of queries**, from technical troubleshooting to warranty claims, supported by skilled agents who aim to resolve issues efficiently and enhance the overall brand experience. This approach is part of the Group's broader customer service strategy, which prioritizes accessibility and responsiveness as cornerstones of brand loyalty and satisfaction.

QR Codes for Service Feedback and technical information

WOLF has introduced a streamlined **Service Feedback system using QR codes**, distributed following every service contact to **encourage immediate and convenient feedback from customers**. The feedback, which is given by the customer (B2C or B2B), is evaluated within the service organization and reported regularly. In some cases, **it escalates an interaction**: for example when the customer wants to be contacted or the feedback needs a direct follow-up-action e.g. due to some complaint.

Additionally, **QR codes are embedded on spare parts** across the Company, although not yet implemented in all regions. These QR codes provide dynamic, **multilingual information** tailored to professional needs, including essential details such as material numbers, SKU descriptions in 14 languages, complete substitution chains, and production lot numbers. They also contain a direct link to a dedicated corporate page offering recycling and disposal regulations for packaging related to spare parts, with is currently available for Italy and France. The aim is to expand this information to other countries in 2025. A further link also connects users to the Professional Team for visual verification of spare parts.

Corrective and preventive measures management

To prevent health and safety implications related to products, Ariston Group implements a Corrective and preventive measures management procedure, that serves as a comprehensive procedural guide within a corporate quality assurance framework. It outlines the **process for managing product non-conformities**, focusing on both **corrective** and **preventive actions to address internal quality issues and external customer claims**.

This procedure also prevents the risk of costs and reputational damage arising out from non-conforming products: its key objectives include identifying non-conformities, analyzing root causes, planning and executing corrective/preventive actions, and verifying their effectiveness to prevent recurrence. The procedure also covers crisis management protocols, particularly for serious issues affecting safety, involving roles such as the Crisis Committee and Quality Assurance teams. Additionally, problems are tracked and monitored with the new quality ticket tool.

The procedure integrates the **"Lesson Learned" process**, a reflective component aimed at continual improvement by documenting insights from project successes and areas for development. The document stipulates a systematic approach to corrective and preventive action management, including data collection, problem notification, solution development, action tracking, and performance monitoring, fostering a robust **quality improvement culture across all departments**.

The Company's general approach to providing or contributing to remedies in cases where it has identified a material negative impact on consumers and/or end-users is guided by two key procedures: "**Product Potential Safety, Epidemic (with properties damages) and Normative Risk Management**" and "**Field Action Management**." These documents outline fundamental concepts and principles tied to the Crisis Committee Management, **ensuring a structured response to identified risks**.

The first procedure addresses cases involving "Potential Safety" risks for end-users, normative non-conformities, and "Epidemic" **issues that may affect consumer properties**. It follows a "stage & gate" approach, consisting of:

- Crisis Committee Start Gate "0": Initiates the process with a Project Leader (PL) assembling a team to explore potential actions to mitigate the identified risk.

- Crisis Committee GO Gate "2": The Company commits to proceed with a selected remediation plan, including all necessary activities to manage the risk effectively.
- Crisis Committee Closure Gate "6": Marks the formal closure of the specific crisis scenario.

At each stage, specific deliverables are defined, and decision-making follows a RAPID framework to ensure well-informed choices.

The second document, "Field Action Management," focuses on **managing identified field actions to reduce or contain risks related to product defects that impact the business**. This procedure applies to cases that do not involve "Potential Safety" risks, normative non-conformities, or epidemic issues affecting user properties, as the previous procedure handles these scenarios. It also adopts a "stage & gate" methodology. The procedure is linked to the management of cost allocations from market issues to central functions, specifically due to epidemic incidents. Additional objectives include enhancing market focus on Quality Key Performance Indicators (KPIs) for prompt reaction to critical quality issues and raising awareness within involved functions involved about the impact of quality problems.

This structured approach ensures that the Company can effectively assess and address potential safety risks, normative non-conformities, and product defects, while continuously evaluating the effectiveness of the remedies provided thanks to the organization of update meetings and monitoring activities that are held untill the end of the specific crisis.

The Head of Quality is the main person accountable for the activation, execution and coordination of these procedures, which have also been approved by the Group's CEO. The two documents are also linked to the "Product Liability Claims Management", which outlines the handling of product liability claims involving third parties, based on protocols informed by ISO 90001 standards for quality and risk management.

Data Breach Management

To deal with the potential data mismanagement or loss, Ariston Group defines, through the Data Breach Management and in line with GDPR requirements, **how to manage and respond to Personal Data Breaches, including necessary steps to assess the risk to individuals whose personal data might be affected by the breach** and to determine whether it is necessary to notify the competent supervisory authority or communicate the breach to the affected data subjects. It is a structured process that includes the detection, the analysis, the response and the review and lessons learned of the breaches.

Key roles include the **Data Protection Committee**, which defines the strategy and oversees notifications; the **Data Protection Staff**, who assess breach severity and coordinate responses; **Data Protection Leaders**, who report and support in analysis; and **Data Processing Owners**, who assist from breach detection through resolution. The process involves detection by staff or third parties, reporting to a dedicated email or IT Helpdesk, and rapid assessment by the Data Protection Staff. Responses are implemented to limit impact, and high-severity breaches are notified to authorities and data subjects within 72 hours, detailing the breach's nature, consequences, and corrective actions. After each breach, a review phase identifies lessons learned and updates preventive measures.

Guaranteeing high-quality products

To mitigate or remediate potential negative impacts related to customers' health and safety as well as related risks, the Group has implemented the following initiatives.

Quality and Improvement Management Process. The Group's quality management approach is a structured system that combines **proactive and reactive measures to uphold exceptional standards in product and process quality**, ultimately fostering customer satisfaction and brand reliability. The process begins with a comprehensive risk assessment that enables the Group to identify potential issues that may impact product performance or customer experience. Based on these assessments, **preventive actions** are implemented across products and processes. This proactive stage involves structured control and validation plans, which are particularly crucial during new product launches to ensure products meet or exceed quality expectations before they reach the market.

In addition to proactive measures, the Group is equally committed to a **responsive, structured approach when non-conformities are identified**. This reactive process begins with **detailed documentation of each issue**, followed by containment actions to minimize further impacts. Root causes are then addressed through corrective actions, which prevent recurrence and help close the feedback loop with a 'lessons learned' approach. By **capturing insights from every incident**, Ariston Group continuously refines its processes, reducing the likelihood of future issues and lowering costs associated with product defects in the field.

Central to Ariston Group's quality improvement process is the Key Activity Indicator (KAI) that focuses on reducing the CL12 metric - representing the rate of defects reported by customers under warranty. This process includes analyzing CL12 metrics to uncover root causes and design targeted products and process improvements.

The improvement actions carried out throughout the year are **designed to achieve substantial, long-term reductions in defect rates**. This is reflected in projected market impact percentages. By systematically addressing these identified issues in production, the Group not only enhances product reliability and customer satisfaction but also reinforces its commitment to quality standards and continuous improvement.

S4-4 Actions on material impacts on consumers and end- users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users and effectiveness of those actions

To pursue material opportunities related to improved brand reputation and image—driven by the provision of clear, high-quality information that benefits consumers, along with increased customer trust, brand loyalty, and market positioning through the promotion of lower-impact products—and to achieve the policy and procedure objectives regarding the management of topics such as product and data security, as well as the durability of its solutions, Ariston Group has implemented the following actions. Overall, all actions are defined by the Company in accordance with Policy guidance, which serves as a framework to shape activities over time.

The professional client base

Technical Committees. Ariston Group fosters continuous dialogue and **collaboration with industry professionals** through its annual Technical Committees, held on-site across key markets, including France, Italy, Romania, Spain, Portugal, the Netherlands, Vietnam, Switzerland, Austria, Germany, United States and Mexico. Technical Committees serve as **dedicated listening sessions**, where the Group engages directly with professionals to discuss and collect potential product issues, assessing perceptions on product quality and identifying ways to improve product lines or create new ones. In 2024, five committee meetings were held in four countries across Europe, **focusing specifically on early-stage evaluations of specific heating and water heating products**. Additionally, **sessions on High-Performance Heat Pumps** were organized, with insights into the **R290 refrigerant's effectiveness** and its **practical application**. This input is instrumental in guiding product development and ensuring that the Group's offerings align closely with industry needs and advancements, ultimately enhancing product reliability and customer satisfaction. In general, a total of 177 Service Partners attended, resulting in 606 pieces of feedback: 35% provided specific suggestions for product improvements. Notably, 80% of the feedback collected in 2024 has already been implemented.

World Class Service. In 2025, the Group will implement the World Class Service (WCS) framework. Achieving world class customer service requires a combination of **understanding customer needs**, **investing in training**, **using advanced technology**, **actively seeking feedback**, and **continuously striving for improvement**. This customer-centric approach not only expands the Company's service offerings especially across the EU but also directly supports its quality objectives: by delivering high-standard and consistent service throughout the Group, WCS will play a critical role in ensuring customer satisfaction and in managing potential issues effectively. The framework sets a benchmark for quality across the Group's service channels, enabling it to proactively address customer needs and potential challenges. This **commitment to excellence** was a focal point during the June 2024 Service Meeting in Eastern Western Europe, where 60 top-performing European service centers collaborated to fine-tune the WCS model in alignment with industry standards for quality and sustainable practices.

Heat Pump Academy. In June 2024, Elco launched the Heat Pump Academy, a significant addition to its training program aimed at **enhancing expertise in heat pump technology**. Located in Hechingen, the Academy features state-of-the-art facilities, including seven test benches dedicated to various systems, such as air/water, brine/water, and water/water heat pumps, as well as hybrid solutions, with a combined output of 300 kW. This innovative initiative not only provides comprehensive theoretical training but also hands-on experience, empowering participants to **deepen their understanding and practical skills in modern heating solutions**.

ARISTON NET Pro. The Ariston Group NET PRO webapp empowers professionals to deliver top-tier service to customers, ensuring effective and timely support. The webapp, already available in the market, goes beyond conventional solutions by **fostering operational efficiency through the remote monitoring of installed systems**. Leveraging AI technologies, the platform **predicts potential faults, allowing Service Centers to proactively optimize their workload**, thereby providing an **added layer of reassurance to customers**. Key features include the ability to remotely monitor and adjust system settings, receive real-time notifications regarding potential issues, proactively identify necessary spare parts and streamline the scheduling of maintenance activities. Additionally, it makes it possible to have defective products sorted by priority thanks to AI powered auto-checks to improve internal efficiency monitoring and specific PDF Report generation to sustain the «ATAG Comfort Connect +» constant monitoring promise to customers. Moreover, the platform aligns with the Company vision for sustainable living, **promoting energy efficiency in everyday use** and **extending beyond mere error management**, as it can be leveraged by **professionals to become the end-user energy consultant**. In fact, it enables remote optimization of product efficiency, all while avoiding onsite visits.

By offering these advanced functionalities, the platform empowers professionals to continuously improve the service they provide and enhance energy efficiency without compromising on comfort, ultimately leading to high levels of customer satisfaction. It will be continuously reviewed and updated to keep pace with the needs of these specific stakeholders.

The end customers

To leverage actual positive impacts on customer satisfaction resulting from mechanisms to collect customer feedback, Ariston Group has implemented the following actions.

Customer Satisfaction Program. The Customer Satisfaction Program is an initiative designed to gather and analyze customer feedback to enhance the quality of products and services. Unlike standard market research, this program is ongoing and **tailored to specific customer interactions**, **allowing real-time monitoring of satisfaction** and prompt actions to build closer, personalized relationships with customers. Three key metrics guide the program: **Net Promoter Score (NPS)**, which measures the likelihood of customers recommending Ariston to others; **Customer Satisfaction (CSAT)**, which evaluates overall satisfaction with products and services; and **Customer Effort Score (CES)**, which assesses the ease of interaction with the Company. The program's key targets are installers, planners, end users and service centers and it follows a standardized flow that begins with extracting contacts from the CRM based on survey-specific criteria, followed by dispatching the survey via email, SMS, or QR code for live events. Results are collected in real time on a dynamic dashboard, which provides easy access to updated data, with filtering options and a system for closing the loop on interactions. The program is managed by the Customer Satisfaction team (Marketing), along with the ICT Digital team, who handle IT infrastructure.

The most recent methodology of the **Customer Satisfaction Program** makes it possible to **engage multiple stakeholders simultaneously** and remains continuously active both through relational surveys done once or twice per year and event-based feedback related to specific moments of interaction between the brand and targets (transactional surveys). It offers a **dashboard** for easy, real-time access to data after the survey and enables closing the feedback loop on an individual level, providing an opportunity to build closer relationships.

Due to the different approaches, the Group cannot disclose other information regarding the progress of actions disclosed prior periods. Italy will serve as the pilot country in 2024, with a rollout planned for other countries in 2025. This approach is intended to foster closer connections with customers, better understand their needs, and provide real-time feedback.

Ariston NET. Ariston NET is a smart app, specifically designed to **engage customers in managing their thermal comfort solutions easily and remotely by controlling heating and hot water temperatures**, setting a schedule, changing the operation mode and receiving real time notifications in case of system failures. Moreover, with the AI-powered functions of smart scheduling, geofencing and optimum start the benefits of smart comfort are even greater. In fact, the app’s smart functions for heating solutions use artificial intelligence to provide **comfort that combines a consumer’s habits and their home’s thermal characteristics in an automatic and customized way while optimizing consumption**. In fact, the app, along with its connectivity features, enables the company to stay close to its customers by increasing awareness of energy consumption related to their usage. It provides insights through energy reports and offers suggestions on how to optimize consumption, ensuring that heating and hot water systems are used efficiently and only when necessary. The app is already available on the market and will be continuously reviewed and updated to keep pace with the needs of these specific stakeholders.

Quality Strategy and Roadmap

Ariston Group has defined a Quality Strategy, aligning its vision and mission with the Group’s core values. Whilst the Group’s **Quality Vision** states that “We want our customers to be our best promoters”, the **Quality Mission** affirms that “We care about customers over time as our outmost priority, providing products and systems designed to fulfil their expectations of comfort and efficiency with best-in-class services”. To pursue this mission as well as to address potential negative impacts and risks of unsafe product usage, the Company defined a forward-looking strategy on:

1. **Products and systems**: in order to be close to markets and customers with a comprehensive portfolio that meets end-users’ needs, the development of a specific approach to define **accurate solution specifications** from the very beginning is key, as well as the deployment of dedicated practices for new technologies. Technical competencies and test protocols are continuously being enhanced with a focus on their harmonization. An updated New Product Introduction (NPI) process was defined and deployed within the organization.
2. **Services**: ensuring sustained service excellence requires **ongoing customer support** with a focus on technical product knowledge and its entire lifecycle. Collaboration between the back-end and front-end operations is imperative in order to enhance responsiveness and maintain a customer-centric approach.
3. **Customer care**: Ariston Group’s ambition is rooted in its commitment to ensuring long-term satisfaction throughout the **entire customer journey**. This involves maintaining a high level of service quality and a well-rounded product mix, while also preserving the installed customer base.

4. **Mindset and awareness**: quality has always been an integral part of the Group's culture, but maintaining a constant level of improvement requires **raising awareness on quality issues**, providing it the attention it deserves and using internal resources. Together with HR, the Quality department launched the Quality Journey initiative, designed to harmonize and enhance the Company's quality culture and cascading it to all business levels.
5. **Drive by data**: a decision-making process based on solid data and IT system architecture is necessary to achieve a high-quality standard. The Group is working on developing a new data platform to ensure an improved, **global and easy access to the full quality KPI set**. Moreover, the growing number of connected products and consequently the access to a large amount of live data from the field is enabling it to leverage data science and AI techniques.

S4-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

To address and mitigate the identified IROs such as potential data mismanagement or loss, health and safety risks in product use, and reputational damage due to malfunctioning products or misleading ESG communication, while capitalizing on opportunities such as improving customer satisfaction, product maintenance and brand reputation, Ariston Group has implemented measurable, outcome-oriented, absolute and time-bound targets, across its B2B and B2C customer segments.

The stakeholder engagement process has been essential for setting targets, incorporating input from internal teams, external professionals, and customers to ensure targets align with the needs and expectations of Ariston Group's diverse customer base. This comprehensive approach not only enhances product and service quality but also fosters a sustainable, customer-centric future for the company. For further information, please see **SBM-1 Strategy, business model and value chain**

All targets reported below, which are mainly qualitative, were defined through a series of **meetings involving the key functions** (marketing, service, and quality). These meetings began with a preliminary **brainstorming phase**, supported by **insights gathered from previous customer listening, support, and engagement activities**, as well as **benchmarking**. Additionally, external consulting firms specializing in these areas provided in-depth analysis on **market trends** and potential future opportunities for the sector, and the **regulatory framework** (primarily EU) related to service delivery for customers and product quality and safety. For instance, the EU's Right to Repair Directive and the Regulation (EU) 2023/988 on general product safety, which ensures that products placed on the EU market do not endanger the health and safety of consumers. By consolidating these elements, an approach, specific targets, and a comprehensive plan were established to engage the entire Group across multiple fronts and channels. Targets are **monitored on an annual basis**, and the inputs gathered from the various activities implemented by the Company form the foundation of a continuous improvement process. These inputs are analyzed and systematically **integrated into processes to ensure ongoing refinement**, with the ultimate goal of maximizing customer and end-user proximity and satisfaction.

Excellent service delivery

To enhance installation, repair, and maintenance services through comprehensive training and information, while reinforcing Ariston Group's brand reputation by providing **high-quality information and promoting a low-impact product** portfolio, the Company has embraced the target of **delivering excellent, tailored solutions and services to both B2B and B2C customers by 2030**. In this context, the Group is committed to **prioritizing customer needs** by delivering high-quality products and services and aims to strengthen customer proximity through dialogue by actively listening to both end-customers and professional intermediaries to provide more tailored services.

Target	Target year	Baseline	Base year	2024 Progress	Scope of the target
Deliver excellent, tailored solutions and services to B2B and B2C customers	2030	Comprehensive enhancement of B2B and B2C tools across all levels: listening, engagement and support	2022	Technical Committees (at international level) World Class Service (set up) Heat Pump Academy Ariston NET Pro update Customer Satisfaction Program Ariston NET update	Whole Group

The progress is in line with what had been initially planned, as it outlines a broad and diverse **range of activities that have been implemented for both B2B and B2C customers**.

B2C and B2B Brand Equity

To further strengthen brand equity and customer loyalty, the Group aims to conduct a B2C Brand Equity and B2B Voice of Our Professionals assessment, every two years on a rotation basis.

The **B2C Brand Equity assessment** evaluates how the Ariston brand is perceived by **end-users**, measuring aspects such as **brand recognition, trust, and the emotional connection** customers have with the brand. This assessment provides valuable insights into customer preferences and expectations, allowing the Group to refine its communication strategies and product offerings to better align with market demands.

The **B2B Voice of Our Professionals assessment**, on the other hand, gathers feedback directly from **business partners**, **installers**, and **professionals** who interact with Ariston products and services. This evaluation aims to understand their experience with the brand, from product reliability to the quality of support and training provided.

Target	Target year	Baseline	Base year	2024 Progress	Scope of the target
Every 2 years Quantitative Ariston Brand Equity B2C assessment	2025	The assessment was completed	2022	The assessment was completed	Whole Group
Voice of Our Professionals (B2B) every 2 years	2025	Voice of Our Professionals (B2B) program was kicked off in 2023	2023	Voice of Our Professionals (B2B) program planned for 2025	Whole Group

The progress is in line with what had been initially planned, as it reflects the Company's commitment to carrying out **listening** and **engagement activities every two years**, depending on the relevant stakeholder (B2B and B2C customers).

To demonstrate the Group's commitment to providing its B2B and B2C customers with the appropriate tools for listening, support, and engagement, a key target has been defined related to the **implementation and use of digital platforms**. The target is related to the interaction of users with the main Group's brands websites (Calorex, Racold, Elco, Wolf and Ariston top 7 countries are included).

Target	Target year	Baseline	Base year	Scope of the target
+30% organic clicks on main Group brand websites *(Restated)*	2030	Over 5.7 mln organic clicks *(Restated)*	2024	Whole Group

The expansion of the brand scope following new acquisitions and the market evolution has required to update the perimeter of the analysis and target: +30% organic clicks by 2030 vs. 2024 baseline. The targets are monitored annually by the Digital Marketing team starting from the activities implemented during the fiscal year and extracting reports and dashboards from the digital platforms within the scope.

Quality Roadmap

In alignment with the targets set out in the Company's Quality Policy and the Quality Roadmap, and to address health and safety risks in product use, enhance brand reputation through high-quality information, and mitigate the risk of reputational damage due to malfunctioning products or misleading ESG communication, Ariston Group has adopted a series of quality-focused objectives.

Target	Target year	Baseline	Base year	2024 Progress	Scope of the target
>85 quality score per year in the cumulative GQE index[27]	2030	82	2022	95,4	Whole Group
Follow the Quality Roadmap to effectively implement improvement initiatives in alignment with the Quality Strategy *(Restated)*	2027 *(Restated)*	Quality Roadmap definition, with a holistic approach at Group level	2022	1. Products and Systems: • Enhancement and harmonization of validation test protocols • Standardization of key manufacturing process controls • Development and strengthening of the Supplier Quality Management approach 2. Services: • Roll out of the Expert mobile App on key markets • Planning of a new CRM system implementation 3. Customer Care: • "Voice of Customer" program launched in Italy for measuring customer experience 4. Mindset and Awareness: • Continuous improvement of quality culture with a focus on lessons learned capitalization • Development of quality training programs • Tackling dysfunctional behaviors 5. Data-Driven Initiatives: • Consolidation of a new Quality data platform • Development of tools for analyzing the cost of poor quality	Whole Group

With regards to the first 2030 target: the Quality Excellence Index is a tool leveraged by Ariston Group to assess the capability of the organization to implement the Quality Roadmap. The Quality Roadmap is a plan of **annual initiatives whose completion determines the attribution of a score**, which will be accumulated year over year. The indicator calculates the portion of activities implemented during the reference fiscal year compared to those planned in the Quality Roadmap for the same year. The measurement of the metric is not validated by an external body other than the auditors of the Sustainability Statement.

As for the second 2030 target, which features an important milestone: in 2024, it was decided to **merge the two mid-term initiatives related to the definition of the Quality Roadmap with a holistic approach at Group level**, and the definition of the Quality Mission. Both are closely interconnected, with all related activities falling within the same scope. This has resulted in a broader initiative that will guide the Company beyond 2025, **extending through to 2027**, and encompasses the following principle: Following the Quality Roadmap to effectively implement improvement initiatives in alignment with the Quality Strategy.

Both are progressing in line with what had been initially planned, as they demonstrate a **gradual advancement in translating the Quality Mission into a concrete strategy**, driven by continuous improvement actions that enable the Group to increasingly focus on the areas outlined in the Quality Strategy itself.

[27] The Quality Excellence Index is a tool leveraged by the Ariston Group to assess the capability of the organisation to implement the Quality Roadmap. The Quality Roadmap is a plan of annual initiatives whose completion determines the attribution of a score, which will be accumulated year over year.

4. Governance information

ESRS G1 – Business conduct

To strengthen its environmental, social, and governance responsibilities, the Group follows the path of an increasingly structured and solid **sustainable governance framework**. While long-term attention will be directed toward consolidating an external stakeholder engagement strategy, in the short term, it is committed to continuing the development of **policies, strategies,** and **tools related to diversity, remuneration, risk management, tax strategy,** and **business conduct**.

GOV-1 The role of the administrative, management and supervisory bodies

The Audit Committee periodically discusses the effectiveness of the design and operation of the **internal risk management** and **control systems**, which identify and manage the risk associated with the Company's strategy and activities, **including business conduct**, together with the Board. The Group rules related to **business conduct are further addressed in various company procedures** such as the Antitrust Policy and Guidelines, the Code of Ethics, as well as the management of relationships with suppliers, which are clearly defined at the administrative level.

All Non-Executive Directors follow an **induction program geared to their role**. The induction program covers, in any event, general financial, social and legal affairs, financial and sustainability reporting by the Company, any specific aspects that are unique to the Company and its business activities, the company culture and the responsibilities of a Non-Executive Director.

For more information on role and expertise of the administrative, management and supervisory bodies related to business conduct please see ESRS2 GOV-1 and the "Code of Ethics" section below.

ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

The assessment of IROs related to business conduct was conducted considering the Group's value chain. The identification process incorporated **insights from the Enterprise Risk Management** (ERM) process, **interviews with key corporate functions** and **evaluations from EcoVadis** regarding upstream activities.

This evaluation has highlighted **Ariston Group's robust corporate culture**, which plays a positive impact in promoting transparency, accountability and ethical conduct both internally and externally. This culture, as articulated in the Company's Code of Ethics, fosters integrity and helps mitigate risks associated with unethical behaviors.

While no such instances have been reported, the Company's extensive global presence across multiple countries may heighten the **risk of incidents of corruption** taking place. This risk is, however, mitigated through specific policies and dedicated training. Additionally, the Group acknowledges the potential costs and reputational damage related to **cyber security**, which is globally considered as one of the most severe risks over the short term.

G1-1 Business conduct policies and corporate culture

The Group's business conduct and corporate culture policies are designed to address the risks and impacts outlined, such as potential corruption in a global context, litigation risks related to whistleblower protection, cybersecurity threats, and reputational concerns. These policies also reinforce the Company's commitment to maintaining a strong ethical culture.

Corporate Culture

Ariston Group is dedicated to delivering sustainable thermal comfort to everyone, combining innovation, energy efficiency, and renewable solutions to create healthier living conditions in every corner of the world, while respecting the environment. The Group operates with **core values** that **shape its culture** and **decisions**. These include **integrity**, promoting fairness and respect; a **focus on people**, celebrating diversity and fostering talent; **excellence**, driven by innovation and continuous improvement; a **customer-first mindset**, ensuring satisfaction and quality; and a deep commitment to **sustainability**, advancing energy-efficient solutions for a better future.

This all stems from the founder **Aristide Merloni's philosophy**, that emphasizes quality, social responsibility, and innovation, building a legacy of creating local opportunities and pioneering sustainable practices **since 1930**. Ariston Group continues to uphold this vision, balancing progress with environmental stewardship. Overall, the **core values** underpinning the Group's corporate culture, firmly established over time, **deeply shape and influence every area and project within the organization**: from policies to codes of conduct, from the ESG 2030 plan to the leadership model.

The Group **promotes its culture both internally and externally** using various platforms, including its Intranet, internal campaigns supported by printed materials placed in all facilities, the corporate website, and LinkedIn.

Code of Ethics

Ariston Group has established a **Code of Ethics that embodies the core values promoted by the Group**, setting out ethical obligations and responsibilities of internal and external stakeholders. It addresses potential impacts and risks by fostering integrity across the Company's global operations to mitigate corruption, **reinforcing a solid corporate culture grounded in ethical principles**, and safeguarding whistleblower anonymity to reduce litigation risks.

Considerations given to the interests of key stakeholders in setting the Code include whistleblowing reports, which provide visibility into specific needs related to both internal and external stakeholders. These insights led to a clearer definition of the document. Additionally, the changing context and increasing awareness of issues related to D&I, harassment, and similar topics are monitored and taken into account to identify potential needs to better clarify, expand, or further elaborate on certain aspects, even though these had already been included in the Code previously.

The Code is deemed to be an **integral part of both current and future employment contracts**, as well as **contracts with external partners**. For internal stakeholders, it is **available both on the Intranet and the Company website**, from which it can be downloaded. Specific communication campaigns, training activities, and refresher courses are also held periodically, with their frequency depending on budget availability and any amendments made to the document.

The Group promotes the adoption of the Code of Ethics as a **best practice standard of business conduct by partners**, suppliers, consultants, agents, dealers, and others with whom it has a long-term relationship. In fact, contracts across the Group's global operations incorporate **specific clauses that require the recognition and upholding of the principles underlying the Code of Ethics**. These clauses also emphasize compliance with local regulations, particularly those related to corruption, money laundering, terrorism, and other crimes giving rise to liability for legal persons. Also, with the aim of operating in the market in adherence to competition rules based on merit, propriety, and fair trading, it also requires collaborators to engage in commercial practices that fully comply with European and Italian antitrust legislation and objectives.

The most senior role for the implementation of the Code of Ethics, including its drafting and preparation, is the Chief People Officer. As for its application, the Audit Committee, which is responsible for internal audit, oversees its adherence and ensures it is being followed. Adherence with the Code of Ethics is compulsory for Directors, employees of the Company and its subsidiaries, as well as any individuals or third parties that act on behalf of the Company or its subsidiaries. The adherence to and the effectiveness of the Code of Ethics are also monitored through the analysis of reports received via the Whistleblowing platform.

For more information around its content and scope please refer to the “Code of Ethics” section of the Annual Report.

Functions most at risk in respect to corruption and bribery

As it is sensitive to protecting its position, image, shareholder and stakeholder expectations, as well as the work of its employees, the Company has decided to adopt the **Organization and Management Model**. Ariston Group believes that the adoption, maintenance, and regular updating of the Model, together with the implementation of the Code of Ethics, provide a valuable tool for raising awareness among all employees and collaborators. This ensures that **actions are carried out with integrity and transparency, in line with the ethical values guiding the Company's mission**, and helps **prevent the risk of illegal activities**, particularly those covered by the Model. The Board of Directors is responsible for the continuous updating and implementation of the Organization and Management Model within the Company's organizational structure, therefore it is always informed and trained on the relevant matters that refer to the Model.

To identify the functions within the undertaking that are most at risk in respect of corruption and bribery, the Company carried out a risk assessment as part of the adoption of the Organization and Management Model pursuant to Legislative Decree No. 231/2001 and its subsequent updates.

The risk assessment pointed out that the **areas of the business activity most at risk are those which engage in relationships with public entities** (i.e. management of inspections by public authorities, relations with public authority representatives, management of customs obligations, management of grants/financing/subsidies) and the **functions involved in these activities** (i.e. the departments involved in relations with public officials, such as Accounting & Administration, Tax, HSE, HR&O, Plant Directors, Supply Chain & Operations, as well as the Legal & Corporate Affairs function). 100% of functions-at-risk are covered by training program.

In addition to the Code of Ethics, the most relevant control measures adopted by the Company to mitigate corruption risks are:

- the adoption of specific formalized company procedures;
- the definition of a list of public officials with whom the functions maintain regular relations, and the names of those “responsible for the contacts”;
- the traceability and monitoring of relations, through the recording of the relationship in a special register managed by the contact person and reporting to the Supervisory Board (Organismo di Vigilanza);

- the intervention of individuals with appropriate powers, such as those who sign applications for public funding;
- the financial reporting of all funding received.

Corporate programs aimed at providing services free of charge (management of donations) also present corruption risks, also in relations with private parties. The functions most involved in these activities are Treasury, the Chairman, and the Board of Directors. To limit the risk, the Company has adopted specific procedures for the traceability of payments and the definition of approval levels and set donation limits. Activities that could facilitate or support corrupt practices, such as creating a "fund" for potentially corrupt future activities or providing a non-monetary benefit to a public or private individual are also at risk.

The risk assessment identified the **following activities and functions**:

- **Management of financial flows**, by the Treasury, CFO, Accounting & Administration, Shared Services Center, Credits, and Plant Directors. Among the most important control measures adopted are: procedures for tracking Company financial flows with identification of authorized individuals for access to resources, through the definition of approval levels within the software used for managing company processes and post-audit by Internal Audit and the Supervisory Body (Organismo di Vigilanza);

- **Recruitment, hiring, and management of personnel**, by HR&O with the involvement of the CEO and the Chairman. Corruption risks are mitigated through transparency in recruitment processes and the use of objective and documentable criteria for hiring (i.e. hiring candidates strictly following the Company's standard procedures for recruitment and the formalization of the candidate evaluation process in appropriate documentation, which is archived);

- **Sales and selection of agents by Sales and Marketing**, with involvement of the CEO and Legal & Corporate Affairs, for the contractual part. Sales and the relevant functions carry out checks on the actual delivery of supplies and/or the provision of services;

- **Purchasing of goods and services** (including consulting) by Procurement, Shared Services Center, Legal & Corporate Affairs for the contractual part, and the relevant functions/departments, for the operational part. Among the most important risk mitigation measures are: the adoption of transparent and well-documented selection and purchase procedures, requiring — depending on the purchase value — the selection of suppliers through a competitive process, except for pre-determined, justified, and authorized exceptions. Moreover, the approval of purchase decisions is by multiple people, according to the approval thresholds set in the management system. Another measure taken is to subject all suppliers to a qualification process defined by a specific procedure, based on pre-established criteria (ethical, commercial, and financial reliability, historical track record) and including them in the supplier database. Finally, periodic internal audits on compliance with company procedures by Internal Audit and the Supervisory Board (Organismo di Vigilanza).

Organization and Management Model

Ariston Group has adopted the Organization and Management Model required of Italian companies under Legislative Decree 231/2001 to **prevent the commission of crimes and unethical conduct**. Ariston Holding N.V.'s Organization and Management Model was updated by the Board at the meeting held on 16 December 2022. This version incorporates the organizational, regulatory, and corporate structural changes that occurred since the previous version in a consistent and harmonized manner. The model thus illustrates the **general rules of conduct that all recipients must follow to prevent the commission of the updated list of crimes provided by Legislative Decree 231/2001**, including all the crime descriptions included up to the date of adoption, since the Board decided to keep the Company fully compliant with Legislative Decree 231/2001, in terms of both the aspects of the Organization Model and the appointment of the Supervisory Board, also after the redomicile of the Company in the Netherlands. Online **training on the 231 model** was provided to white-collar employees in 2024, meaning that almost all the relevant target population completed the training at the Group level-Italian perimeter through 2022, 2023 and 2024; for blue-collar employees dedicated sessions have been organized. The Supervisory Board appointed compliant to Italian Decree 231/2001, through 2023 monitored that the Organisation and Management Model is effectively implemented and updated and supervised its suitability to prevents crimes.

Antitrust Policy

To address the risk of corruption associated with the Company's global presence, the Group has established the Antitrust Policy, **ensuring that its business operates in full compliance with competition rules** and **their core principles of merit**, **fairness**, and **integrity**. The Group requires all employees worldwide to maintain conduct that is fully consistent with the provisions of national and international antitrust laws and regulations, in compliance with the Group's Code of Conduct and the **Antitrust Vademecum** which form an integral part of the Group's Code of Ethics. The Group's organisational model makes it possible to promptly **verify compliance with the relevant EU regulations**. Since 2018, the Group has performed a thorough assessment and refreshed its antitrust program, including a **dedicated manual** and **guidelines**, and offers **online training to all employees** in order to raise awareness about applicable laws and the relevant principles. This training is assigned based on specific criteria: it is mandatory for employees belonging to certain job categories, such as sales force or marketing management, regardless of their banding, or for employees within specific bands irrespective of their job category. The program is limited to the EU perimeter. The training is conducted every two years, with the most recent campaign held in 2023 and the next update planned for 2025. Additionally, all new hires are required to complete the training within 60 days of joining the Company, ensuring a consistent understanding of antitrust principles across the organization.

In 2023, the Group launched and performed an **overall assessment of its antitrust compliance program**, with the aim of strengthening people's awareness and knowledge of antitrust rules, **identifying the main points to focus on** and spreading an **antitrust compliance culture** within the Group; the Antitrust Vademecum and Antitrust Manual were updated accordingly and made available on the Group's website. The online training tool was also updated to ensure employees' understanding of the rules, legal provisions, and awareness of correct behavior in compliance with competition regulations and is available to all Group employees. Awareness campaigns and training sessions are conducted every two years. As a result, an update will be launched in 2025. Training is also assigned to all new hires upon joining the company, with a completion deadline of 60 days.

All the antitrust documents have been **translated into all the main languages** of the Group and made available on the website for worldwide consultation. Finally, the Group has indicated the Antitrust Manager as the person responsible for the correct implementation of the Program.

Whistleblowing System

The Whistleblowing System provides employees with **effective channels to confidentially report unethical behavior and wrongdoing**, safeguarding them against retaliation and discriminatory acts. It covers concerns related to business ethics violations as defined in the Code of Ethics, breaches of workforce-related policies, sexual harassment, intimidation, aggression, and discriminatory behavior, as well as potential human rights violations. Its objectives include enhancing awareness, promoting a culture of openness and accountability, and encouraging employees to report wrongdoings with confidence.

All these principles and the Company's commitment are expressed in the **Whistleblowing Policy**.

Channels for whistleblower reporting include **written reports** (submitted through the official Group website and the dedicated whistleblowing platform or mailboxes), **oral reports** (available through telephone or voice-messaging systems on the whistleblowing platform) and **in-person meetings** (offered upon the whistleblower's request, within a reasonable timeframe). Managers, Legal & Compliance, Internal Auditing personnel, and Human Resources representatives are required to maintain an "open door" policy for reporting compliance concerns. For further information, please see the Whistleblowing System section in the Annual Report.

The Policy applies to the directors, officers and employees of the Group, as well as to those acting for or on its behalf. A **Whistleblowing Internal Committee** has been appointed **to oversee Policy implementation** and **investigations** conducted by the Company, ensuring they are thorough and accurate. The findings from these investigations are communicated to appropriate parties for consideration of any necessary corrective actions and/or disciplinary measures. Material cases are also reported to the Compliance Committee Audit Committee and Supervisory Boards (in the case of whistleblowing related to Italian companies) in accordance with confidentiality and whistleblower protection principles.

This Policy is aligned with EU Directive 2019/1937 on whistleblower protection and Legislative Decree 231/2001 for Italian entities. Therefore it **safeguards whistleblowers**, including workers' representatives, from retaliation by **protecting their personal data**, thus reflecting consideration of stakeholders' interests. It explicitly considers the interests of various stakeholders, including employees, management and external partners. For further information about these aspects, please refer to Privacy Policy paragraph.

The Policy is **implemented globally** and is **accessible to all employees**, including both white- and blue-collar workers and **external stakeholders** through a **dedicated platform** and the **Company website** and **global Intranet**, where a specific and easily visible section reflects the Ariston Group's commitment to fostering a transparent and accountable organizational culture while ensuring easy access for everyone.

In 2023, the Group conducted **a communication campaign** to raise awareness about whistleblowing, directing employees to the **WeAre platform** and providing access to the relevant policy and procedure. Additionally, specific initiatives have been launched at site level, supported by **posters and graphics** across Company facilities. Although no e-learning modules were assigned specifically for whistleblowing, internal discussions are currently underway to explore potential enhancements or a revamp of the whistleblowing communication strategy to ensure continued engagement and compliance across the organization. The effectiveness of the Policy is monitored through the tracking of report numbers, geographic origin, and platform usage, which help measure awareness and the accessibility of the channels.

Privacy Policy. The Policy addresses key aspects of whistleblowing management and aligns with relevant regulations. It focuses on the **processing of personal data for handling reports of unethical behavior**, including violations of business ethics outlined in the Code of Ethics. It ensures confidentiality throughout the reporting and investigative processes, **allowing reports to be submitted either anonymously or by name,** in either written or oral form. Investigative activities are conducted to verify the facts and take appropriate measures, with confidentiality guaranteed **also after the conclusion of procedures**.

The scope of the Policy **covers all jurisdictions under the GDPR**, excluding Russia and China, which follow alternative channels. The Policy explicitly excludes unrelated reports (e.g., complaints or suggestions) and specifies that such reports will be promptly deleted.

Accountability for the implementation of the Policy resides with Ariston Holding N.V. as the data controller, with oversight provided by designated personnel, including the Internal Whistleblowing Committee and authorized members of the Supervisory Board, Compliance Committee, and Audit Committee. This Policy adheres to Regulation (EU) 2016/679 (GDPR) and other relevant laws.

Stakeholder interests are addressed by ensuring strict confidentiality and protection for whistleblowers and accused individuals, preventing misuse or retaliation. The Policy, along with the "Ariston Whistleblowing Procedure," is accessible via the corporate website and intranet, ensuring its **availability to all relevant stakeholders**.

Cybersecurity and Data management Policies

The Group has decided to establish policies for mitigating potential risks related to cyberattacks and data breaches. The definition of the Policy considers the increasingly challenging context in which all internal and external stakeholders operate, raising the stakes and **complexity of data management responsibilities** for all the Group's collaborators, and therefore takes their interests into account.

Group IT Policy. The document outlines the **guidelines and rules for managing and using IT resources to preserve the security of the Company's assets and information**. The purpose of this document is to provide employees with instructions to mitigate potential risks such as **violations of copyright**, and **industrial property regulations**, **threats to information**, and **online system security**, consequently affecting individuals' rights and the Company's image. It highlights specific instructions regarding the management, use, and transportation of the hardware, related devices, and software that are integral parts of the Company's assets. Inheriting the Group's legal compliance need, to **protect personal data in compliance with applicable laws and regulations**, such as the GDPR and the Directive on the Protection of Trade Secrets, the document underlines the appropriate technical, organizational, and employee **security posture measures**, including any technical and behavioural countermeasures required to mitigate identified risks. Monitoring is implied through preventive measures, ex-post verification, and disciplinary actions for non-compliance. The Policy is distributed on the **company Intranet** and **applies to all employees globally**, whereas the Head of Group ICT is responsible for its implementation within the Group ICT scope.

Ariston Group, with a clear understanding of its operational context, identifies both its specific needs and the measures required to safeguard its stakeholders. This approach ensures that the IT Policy is designed to balance the organization's objectives with the protection of stakeholder interests, addressing key priorities such as data security, operational efficiency, and compliance with relevant standards.

Group Endpoint Security Policy. The document sets out the principles adopted by the whole Group **governing the use of all Company devices or Endpoint** – whether managed by the Group ICT or any other corporate functions – **with access to Company information and applications**. More specifically, the Policy addresses security issues related to corporate assets and stored data, and mitigates risks related to potential cybersecurity attacks. **It applies to all employees, contractors, and third parties** who may have access or exposure to Company data. The purpose is to ensure that employees are fully aware of the necessary security measures to **protect corporate endpoints and information**, whether in a secure office environment or any other location; to describe the required controls for minimizing information security risks affecting endpoints; to **harmonize company-wide countermeasures suitable for protecting against and responding to malware infections** and **other threats**, and to promote the adoption of all appropriate countermeasures. Owners who use Endpoint are responsible for its safekeeping and must protect it from the possibility of loss or theft, unauthorized use, or tampering. The Head of Group ICT distributes the Policy to all recipients and is responsible for the implementation within the Group ICT Scope.

MDR-A Actions and resources in relation to material sustainability matters

In relation to business conduct, the Group has adopted several initiatives aimed at managing identified IROs. Overall, all actions are defined by the Company in accordance with the Policy's guidance, which serves as a framework to shape activities over time.

Moody's Compliance Catalyst Suite

To mitigate potential compliance risks stemming from the Company's presence globally and related to potential unethical practices adopted by business partners, during 2024 the Group implemented the two cloud solutions provided by

Moody's Analytics, "Client Review" and "Compliance Catalyst". These solutions are powerful **data-driven tools designed to effectively analyze, assess, and monitor suppliers** and **customers** in order to ensure that the Company's commercial operations are **compliant with the applicable laws** and **the regulations in the field of export control** and **international economic sanctions**.

These platforms include information on adverse media, sanctions, watchlists, and PEPs (Politically Exposed Persons), i.e., individuals with political or influential positions. This allows the Group to **combine its data with counterparty data** (employees, clients, suppliers) for more enhanced due diligence. Moreover, it provides a wide range of information, including company formation dates, contact details, classification codes, summary financial data, direct shareholders, subsidiaries, controlling shareholders, and beneficial ownership identification. An "audit trail" feature **records all user activities during the analysis**, serving as documented proof of the checks carried out. In addition, both the solutions provide a function that makes it possible to continuously monitor the Company's counterparties in order to be **immediately alerted if a critical event affects them** and to **detect any changes in their risk profile**.

Antitrust and anti-bribery training

In order to achieve the objectives, set out by the Antitrust Policy, the Group has implemented **specific training** on the topic. The Group also revised its Trade Compliance Manual to include enhanced procedures for screening clients, employees, and suppliers, which aim to mitigate risks of trade compliance breaches. Training is provided to all users of the Manual at Group level, mainly to those employees with a specific job category (e.g., salesforce, marketing management) regardless of their band, or alternatively, based on their banding level (covering roles from CEO to Senior Manager), independent of the job category. Activities focus on the new controls over divergent payers and improved protective measures, further demonstrating Ariston Group's commitment to global compliance standards.

The training is conducted every two years, with the last campaign held in 2023, meaning an update will need to be launched in 2025. Additionally, all new hires receive the training upon joining the company, with a completion deadline of 60 days. For further information about the specific target on training and progress against it, please refer to **MDR-T Tracking effectiveness of policies and actions through targets.**

Group Information, Communication Technology (ICT)

In 2024, the Company focused on strengthening the scope, boundaries, and responsibilities of the Group ICT function to **handle ICT accountability across all legal entities belonging to Ariston Group**. Establishing clear governance across the Group to define the responsibilities and approach of the ICT function is essential not only for **maintaining efficient operations** and **driving innovation** but also for **ensuring data security** and **mitigating potential cybersecurity risks**.

To clarify roles and responsibilities, during the year, the Group worked on implementing a comprehensive ICT Policy framework by providing **structure, standardization,** and **consistency across the business**, contributing to the ability to remain competitive and resilient in a rapidly changing technological landscape. The framework includes a roadmap of key ICT policies and procedures focused on those processes relevant for security and compliance (such as Access Management Policy, Project Management Procedures, Change Management Procedures etc.).

In October 2024, the Group ICT Scope of Applicability and IT Accountability Procedure was made available to all employees to ensure the clarification of companies that were previously out of scope and provide a **uniform IT implementation and security approach at the Company-wide level**. This procedure aimed at clarifying the **ICT Group's responsibilities over the Company's technology infrastructure**, including networks, systems, hardware, and software, while ensuring data security, compliance with regulations, and business continuity. This includes overseeing ICT platforms related to various business areas, including Supply Chain, Manufacturing, Procurement, Sales, HR, and Finance. The ICT function is outlined also as responsible for implementing the global ICT architecture, including cloud computing, emerging technologies, and data management. It designs and enforces global cyber defense protocols, while IT Governance, Risk & Compliance (IT GRC) ensures policies and procedures are followed, and ICT risks are managed.

MDR-T Tracking effectiveness of policies and actions through targets

Ariston Group has established a set of targets that reflect the commitment to mitigating key risks, including corruption, whistleblowing, cybersecurity threats, and reputational damage, all while fostering a strong company culture through its Code of Ethics and Policies.

To define the targets for the Road to 100, Ariston Group conducted thorough consultations with both internal and external stakeholders: they were defined during a series of multiple meetings with the functions responsible for governance. These meetings enabled the identification of key development areas by aligning the **Group's ambitions** with the **results of ESG ratings** (and the resulting feedback from financial market analysts), **insights gathered from investors** during previous engagements, and information provided by external consulting firms on **benchmarks**, **best practices** and **regulatory frameworks** (mainly in the EU, such as ISO/IEC 27001, Pillar Two, Cooperative Compliance Program, Corporate Sustainability Reporting Directive, Whistleblowing Directive EU 2019/1937 and GDPR EU 2016/679). A qualitative target for 2030 has been defined, focusing on the commitment to continuous improvement, guided by the principle of meeting high governance standards on sustainability. Additionally, specific quantitative goals have been set to support and reinforce the achievement of the 2030 target. For more information, please see **SBM-1 Strategy, business model and value chain**.

Governance standards

To mitigate risks such as corruption, litigation from inadequate whistleblower protection, and reputational damage, Ariston Group has set an absolute target of ongoing yearly commitment to meeting high governance standards on sustainability. The target is in line with the Whistleblowing Policy objectives, ensuring transparency, accountability, and a robust framework for addressing ethical concerns within the organization.

Target	Target Year	Baseline	Base year	2024 Progress	Scope of the target
Ongoing yearly commitment to meet high governance standards on sustainability	2030	Tax strategy, cybersecurity and data management systems were adopted. Additionally the risk management framework was enhanced, a whistleblowing platform implemented and a Diversity Policy adopted.	2023	Cybersecurity was strengthened; Ariston SpA submitted the request to join the "Cooperative Compliance" program; integration of ESG risks into ERM and first alignment in terms of methodology took place; whistleblowing platform was enhanced	Whole Group

The target has been defined based on the **consideration that high governance standards correspond to a continuous improvement process**, driven both by the implementation of enhancements to existing processes and the adoption of **new practices**, also based on **benchmarking** with other companies. As of today, there is no standard that can be considered perfect; therefore, continuous improvement itself constitutes the standard and applies to various areas of governance. The measurement of the steps taken toward achieving the target is carried out through analysis of the projects implemented during the reporting year.

Female representation in leadership

In line with the Code of Ethics and the Dutch Corporate Code, Ariston Group aims to foster a solid company culture rooted in **ethics** and **inclusivity**, while also mitigating the risk of reputational damage from failing to achieve diversity goals through the implementation of targets aimed at ensuring gender balance at the leadership level. Specifically, targets include achieving a minimum of 50% female and 50% male representation among the executive directors of the Board, as well as ensuring that at least one-third of both female and male directors are represented among the non-executive directors of the Board. Methodologies and assumptions are in line with the Dutch Corporate Code's approach.

Target	Target year	Baseline	Base year	2024 Progress	Scope of the target
At least 50% female directors and at least 50% male directors among the executive directors of the Board	2028	0% female directors and 100% male directors among the executive directors of the Board	2023	0% female directors and 100% male directors among the executive directors of the Board	Whole Group

Target	Target year	Baseline	Base year	2024 Progress	Scope of the target
At least 33% female directors and at least 33% male directors among the non-executive directors of the Board	2025	30% female directors and 70% male directors among the non-executive directors of the Board	2022	33% female directors and 67% male directors among the non-executive directors of the Board	Whole Group

Trainings

In order to address risks of corruption, targets related to training activities have been set, which express the commitment to achieve 100% of employees in risk fields trained on Antitrust. The target is to be considered rolling on a yearly basis.

Target	Target year	Baseline	Base year	2024 Progress	Scope of the target
100% of employees in risk fields trained on Antit-Trust	Rolling	71%	2024	N/A	Whole Group

The starting point to define the target was the consideration that functions identified as at risk (based on the specific assessment) must undergo training. How individuals within these functions are analyzed to determine the need for training is explained in the paragraph **Functions most at risk in respect to corruption and bribery.** In the calculation of the actual figure, only active employees who were invited to the training are taken into account. The Group considers it anyway essential to achieve the 100% target therefore those who are unable to complete the activity within the corresponding year are invited to **join the training sessions scheduled for the following year**. The target is monitored annually and reviewed if any additional relevant needs arise.

G1-3 Prevention and detection of corruption and bribery

The Whistleblowing Policy provides mechanisms for reporting unethical behavior, including corruption and bribery. The Company has established confidential channels, such as a dedicated web platform and voice messaging systems, to report possible violations. Investigations are overseen by the Whistleblowing Internal Committee, which ensures accuracy, objectivity, and adherence to confidentiality principles. The procedure includes preliminary assessments, detailed investigations, and potential sanctions or remedial actions.

The Whistleblowing Internal Committee, which includes key executives such as the Head of Internal Audit and Group HR&O Director, oversees investigations. If a member of Internal Audit or HR&O is implicated, they are excluded from the process. Investigations are conducted by dedicated teams or external consultants, ensuring independence from the implicated management chain. Additionally, investigation outcomes are documented and reported to the Whistleblowing Internal Committee and, in Italy, to the Surveillance Body as per Legislative Decree 231/2001. Significant cases may involve additional reporting to the Compliance Committee. Decisions are documented in Committee memos and include remedial plans or sanctions where necessary.

For further information, please see the section Whistleblowing Policy and G1 MDR-A Antitrust and anti-bribery training.

G1-4 Incidents of corruption or bribery

24a - Convictions and fines	U.o.M.	2023	2024
Total number of convictions for violation of anti-corruption and anti- bribery laws	n	0	0
Total amount of fines	€	0 €	0 €

No incidents related to incidents of corruption or bribery nor related fines have been reported during the reporting period. Corruption cases are monitored not only within company operations but also across the entire value chain where company employees are directly involved.

Appendix B: List of datapoints in cross-cutting and topical standards that derive from other EU legislation

Disclosure Requirement and related datapoint (*)	SFDR reference	Pillar 3 reference/ EU Climate Law reference	Benchmark Regulation reference	Chapter	Paragraph title in the 2024 Sustainability Statements
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #n. 1 of Annex 1	-	Commission Delegated Regulation (EU) 2020/1816 Annex II	1. General information	GOV-1 The role of the administrative, management and supervisory bodies
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	-	-	Delegated Regulation (EU) 2020/1816, Annex II	1. General information	GOV-1 The role of the administrative, management and supervisory bodies
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #n. 3 of Annex 1	-	-	1. General information	GOV-4 Statement on due diligence
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	-	Regulation (EU) 2021/1119, Article 2(1)	-	2. Environmental information	E1-1 Transition plan for climate change mitigation
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #n. 2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6	2. Environmental information	E1-4 Targets related to climate change mitigation and adaptation
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #n. 1 and Indicator n. 5 Table #2 of Annex 1	-	-	2. Environmental information	E1-5 Energy consumption and mix
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #n. 1 of Annex 1	-	-	2. Environmental information	E1-5 Energy consumption and mix
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #n. 1 of Annex 1	-	-	2. Environmental information	E1-5 Energy consumption and mix
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #n. 1 of Annex 1	Article 449a; Regulation (EU) No 575/ 2013; implementing ting Regulation (EU) 2022/ 2453 Template 1	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8 (1)	2. Environmental information	E1-6 Gross scope 1,2,3 and total emissions
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #n. 1 of Annex 1	Article 449a Regulation (EU) No 575/ 2013; Commission Implementing Regulation (EU) 2022/ 2453 Template 3	Delegated Regulation (EU) 2020/1818, Article 8(1)	2. Environmental information	E1-6 Gross scope 1,2,3 and total emissions
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #n. 2 of Annex 1	-	-	2. Environmental information	E3-1 Policies related to water resources
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1	-	-	2. Environmental information	E3-1 Policies related to water resources
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #n. 2 of Annex 1	-	-	2. Environmental information	E5-5 Resource outflows

Disclosure Requirement and related datapoint (*)	SFDR reference	Pillar 3 reference/ EU Climate Law reference	Benchmark Regulation reference	Chapter	Paragraph title in the 2024 Sustainability Statements
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #n. 1 of Annex 1	-	-	2. Environmental information	E5-5 Resource outflows
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #n. 3 and Indicator number 11 Table #n. 1 of Annex I	-	-	3. Social information	S1-1 Policies related to own workforce
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	-	-	Delegated Regulation (EU) 2020/1816, Annex II	3. Social information	S1-1 Policies related to own workforce
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #n. 3 of Annex I	-	-	3. Social information	S1-1 Policies related to own workforce
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #n. 3 of Annex I	-	-	3. Social information	S1-1 Policies related to own workforce
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #n. 3 of Annex I	-	-	3. Social information	S1-3 Processes to remediate negative impacts and channels for own workforce toraise concerns
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #n. 3 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II	3. Social information	S1-14 Health and Safety metrics
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #n. 3 of Annex I	-	-	3. Social information	S1-14 Health and Safety metrics
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #n. 1 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II	3. Social information	S1-16 Remuneration metrics
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #n. 3 of Annex I	-	-	3. Social information	S1-17 Incidents, complaints and severe human rights issues
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator number 10 Table #n. 1 and Indicator n. 14 Table #n. 3 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)	3. Social information	S1-17 Incidents, complaints and severe human rights issues
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #n. 3 of Annex I	-	-	3. Social information	S2-1 Policies related to value chain workers
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #n. 3 and Indicator n. 11 Table #1 of Annex 1	-	-	3. Social information	S2-1 Policies related to value chain workers
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #n. 3 of Annex 1	-	-	3. Social information	S2-1 Policies related to value chain workers
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #n. 1 of Annex 1	-	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	3. Social information	S2-1 Policies related to value chain workers
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	-	-	Delegated Regulation (EU) 2020/1816, Annex II	3. Social information	S2-1 Policies related to value chain workers
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #n. 3 of Annex 1	-	-	3. Social information	S2-4 Actions related to value chain workers to manage impacts, risks and opportunities
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #n. 3 and Indicator number 11 Table #n. 1 of Annex 1	-	-	3. Social information	S4-1 Policies related to consumers and end-users
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #n. 1 of Annex 1	-	Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)	3. Social information	S4-1 Policies related to consumers and end-users
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #n. 3 of Annex 1	-	-	3. Social information	S4-4 Actions on material impacts on consumers and end- user
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #n. 3 of Annex 1	-	-	4. Governance information	G1-1 Business conduct policies and corporate culture
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #n. 3 of Annex 1	-	-	4. Governance information	G1-1 Business conduct policies and corporate culture
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #n. 3 of Annex 1 Delegated	-	Delegated Regulation (EU) 2020/1816, Annex II)	4. Governance information	G1-4 Incidents of corruption or bribery
ESRS G1-4 Standards of anticorruption and antibribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1	-	-	4. Governance information	G1-4 Incidents of corruption or bribery

(*) Other data points listed in ESRS 2 Appendix B, which are not included in the table above, are considered either not material or not relevant.

5.3 Corporate Governance

Introduction

The Company is a Dutch public company with limited liability existing under the laws of the Netherlands.

The Company has adopted, except as set out below, the best practice provisions of the Dutch corporate governance code, which contains principles and best practice provisions for listed companies which regulate relations between, *inter alia*, the Board and its committees and the relationship with the general meeting of the Company.

In this governance report the Company addresses its overall corporate governance and discloses any departure from the best practice provisions of the Dutch corporate governance code and the reasons for such departures.

The Netherlands is the Company's home member state for the purposes of the EU Transparency Directive (Directive 2004/109/EC, as amended).

Board

Composition and powers

The Company maintains a one-tier Board consisting of executive directors and non-executive directors. The executive directors are responsible for the day-to-day management of the Company. The non-executive directors supervise and advise the executive directors. The Board as a whole is responsible for the strategy and the management of the Company.

The articles of association provide that directors can be appointed for a maximum period of four years ending at the end of the annual general meeting which is held in the fourth year after the calendar year in which the director was appointed. Directors may be reappointed.

The term of several directors expired in 2024. On 6 May 2024, the general meeting re-appointed Paolo Merloni as executive director and Roberto Guidetti, Francesca Merloni, Ignazio Rocco di Torrepadula, Marinella Soldi and Enrico Vita as non-executive directors. Paolo Merloni has been re-appointed for a term ending immediately after the annual general meeting to be held in 2028, Francesca Merloni has been re-appointed for a term ending immediately after the annual general meeting to be held in 2026, while Roberto Guidetti, Ignazio Rocco di Torrepadula, Marinella Soldi and Enrico Vita have been re-appointed for a term ending immediately after the annual general meeting to be held in 2027. The general meeting also appointed a new non-executive director, Katja Gerber, for a term ending immediately after the annual general meeting to be held in 2026. Lorenzo Pozza and Francesco Merloni were not available for reappointment. Francesco Merloni was appointed as Honorary President of the Company.

As at 31 December 2024, the Board comprised the following directors:

Name	Year of birth	Nationality	Gender	Position	Committees	First appointment	End of term
Paolo Merloni	1968	Italian	M	Executive director (Executive Chair)	A*	10 June 2021	2028
Maurizio Brusadelli	1968	Italian	M	Executive director (Chief Executive Officer)		27 July 2023	2026
Antonia Di Bella	1965	Italian	F	Non-executive director (*independent*)	C*	2 January 2023	2025
Katja Gerber	1983	Swiss	F	Non-executive director (*independent*)	D	6 May 2024	2026
Roberto Guidetti	1963	Italian	M	Non-executive director (*independent*)	B*, D*	10 June 2021	2027

Name	Year of birth	Nationality	Gender	Position	Committees	First appointment	End of term
Laurent Jacquemin	1969	Belgian	M	Non-executive director	C	27 July 2023	2026
Guido Krass	1957	German	M	Non-executive director	A	2 January 2023	2025
Maria Francesca Merloni	1963	Italian	F	Non-executive director		10 June 2021	2026
Ignazio Rocco di Torrepadula	1962	Italian	M	Non-executive director (*independent*)	B, C	10 June 2021	2027
Marinella Soldi	1966	Italian	F	Non-executive director (Lead Non-Executive Director) (*independent*)	B, D	10 June 2021	2027
Enrico Vita	1969	Italian	M	Non-executive director (*independent*)	A	10 June 2021	2027

* Committee chair
A = Strategic committee
B = Compensation and talent development committee
C = Audit committee
D = ESG committee

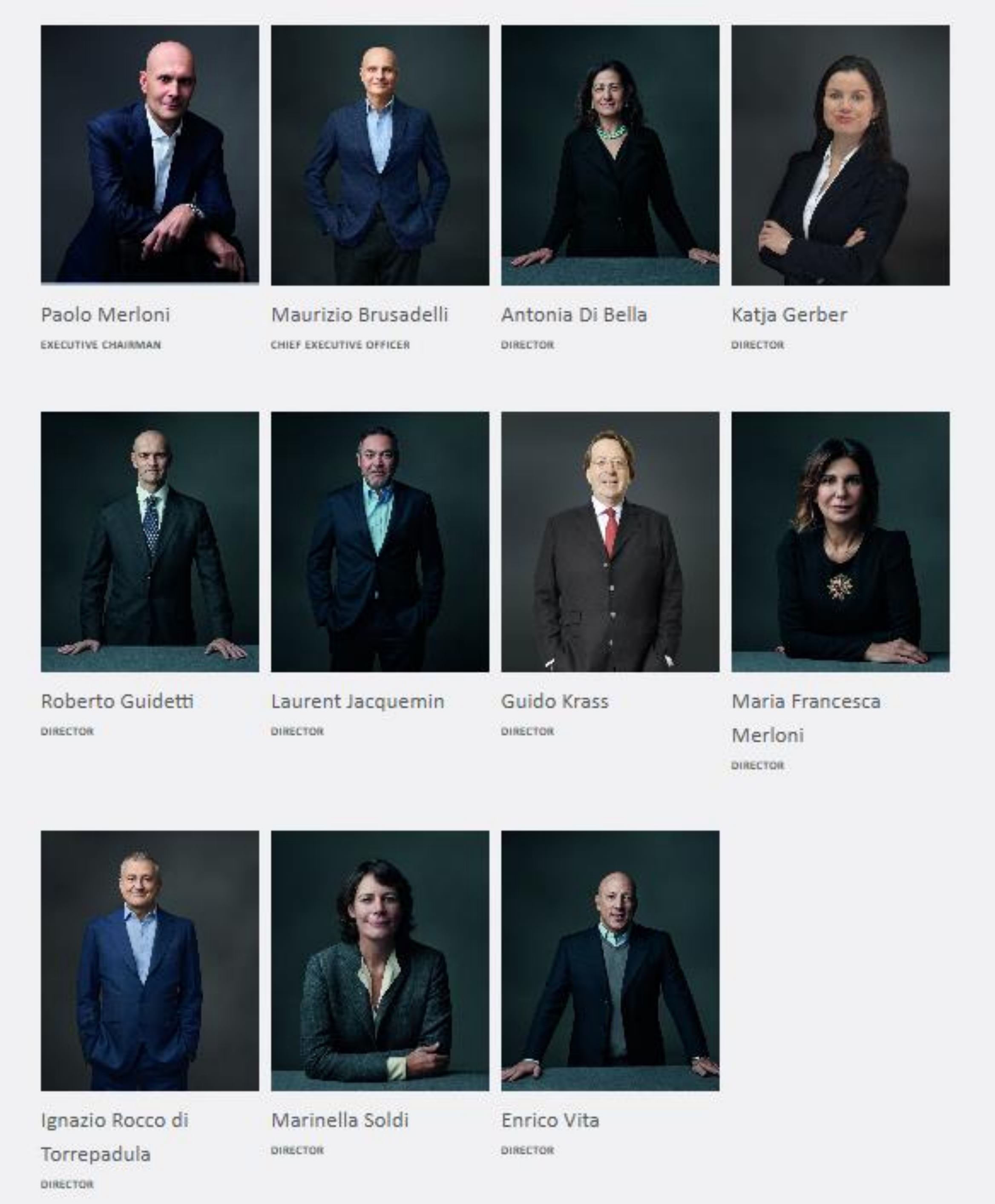

Figure 1: Board

Biographies of directors

Since 2011, Paolo Merloni has been the Executive Chair of the Ariston Group. Paolo Merloni is Executive Chair of Merloni Holding and a member of the Board of EHI (Association of the European Heating Industry). He is also a member of the Italian board of the international non-profit network Endeavor Global. In 2020 he was appointed as Cavaliere del Lavoro by the Italian President Sergio Mattarella. Paolo Merloni’s career began in McKinsey & Company, first in Madrid and then in the Milan office. In 1995 he joined the Ariston Group to hold several key positions over time, including Director for Central and Eastern Europe, Director of Italy and Vice-President with delegation to the Heating System Division. In 2004 he was appointed CEO of the Ariston Group. Paolo Merloni graduated with the highest marks and honors at Bocconi University in Milan in 1992, with a degree in Business Administration. In 2022, he received the Honorary Degree in Energy Engineering from Politecnico di Milano, recognizing his role as a leader in the energy sector and as an innovator for the energy transition. He was born in 1968 and is married with three children.

Mr. Maurizio Brusadelli was appointed as executive director by the general meeting on 27 July 2023 and as Chief Executive Officer by the Board on 3 August 2023. He joined the Group after a 30-year career at Mondelēz International, one of the world's largest snack companies. He started in 1993 in Italy at Kraft Foods, covering different positions in marketing, sales and trade marketing. After being the Marketing Director for Italy, he moved to Zurich in 2006 as Category Director, Philadelphia Europe. In 2009 he moved to Spain as Vice President and Managing Director Iberia. In 2010 he became President Gum and Candy Category for Europe, and was appointed President of the UK, Ireland and Nordics operations in 2012. In 2014 he relocated to Singapore, to take on the role of President of Markets and Sales and Biscuits, and since 2016 served as Mondelēz International Executive Vice-President and President Asia-Pacific, Middle East and Africa. Maurizio holds a degree in Business and Economics from Bocconi University, Milan and is a chartered accountant. He is married and father to two sons. Having lived and worked in Italy, Switzerland, Spain, the UK and Singapore, he is fluent in Italian, English and Spanish.

Mrs. Antonia Di Bella has been an independent non-executive director since 2 January 2023. Antonia is a professional with solid experience in Corporate Governance, Compliance, Accounting and Audit in complex and regulated environments. She is a Chartered Accountant and a Certified Auditor. In January 2024, she was appointed Chairwoman of BNP Paribas Cardif Vita S.p.A.. She is independent non-executive director of Interpump Group S.p.A. and statutory auditor of Italmobiliare S.p.A., both listed on the Milan Stock Exchange. She spent her professional career first in the KPMG network, dealing with auditing the financial reports of insurance and reinsurance companies and of firms operating in the manufacturing sector and, between October 2007 and July 2015, she was the head of the insurance sector at Mazars S.p.A.. Antonia is a Lecturer in "Accounting and Management in Insurance", at University Cattolica of Milan, as well as a member of the Steering Committee at MIRM, Master in Insurance Risk Management in Trieste.

Mrs. Katja Gerber has been an independent non-executive director since 6 May 2024. Katja started her career at Boston Consulting Group in Switzerland, and she was Key Account Manager at Google, Product Lead, Innovation Labs at Apple and joined HP Inc. in 2014. At HP, she held positions with increasing responsibility in both the United States and Switzerland, also serving as Senior Vice President and Global Head of Digital Direct and as Senior Vice President and Global Head Mergers & Acquisitions Go-to-Market.

Mr. Roberto Guidetti has been an independent non-executive director since 10 June 2021. Since 2013, Roberto has been Group CEO and Director of Vitasoy International Holdings ltd., a food and beverage company listed on the Hong Kong Stock Exchange. In March 2023, he became independent non-executive Director of the Board at Givaudan S.A., a flagrance and flavor company listed on the Swiss Stock Exchange. Over his career, he has held positions in marketing and general management for the Procter & Gamble Company in Europe and China. He then served in the Coca-Cola Company in China, becoming Vice President for the Mainland China franchise, responsible for the operations of the company, managing the joint ventures with Swire, COFCO and Bottling Investment Group.

Mr. Laurent Jacquemin has been a non-executive director since 27 July 2023, after having been CEO of the Ariston Group, with thirty years of broad international experience. Laurent has been with the Group since 1991, holding various executive roles and increasingly important positions in the commercial, marketing and sales areas, in relevant regions including Europe and Asia. He became CEO in 2017, resigning from the position in 2023. Since January 2025 he has been CEO of humanitarian services at the Belgium Red Cross.

Mr. Guido Krass has been a non-executive director since 2 January 2023. Since 1990, Guido has been the Chairman – as founder and majority owner – of CENTROTEC SE, a company focused on energy-efficient building technologies that founded and acquired a portfolio of sustainable manufacturing companies in Germany and neighboring European countries. He also founded Pari Group, with a focus on global real estate and technology investments. In 2017, he co-founded the Milan-based One Ocean Foundation, which aims to develop solutions to ocean issues through ocean literacy, blue economy-related projects, and scientific research programs. At the beginning of his career, he worked in real estate development and private equity in Houston, Texas, and Munich, Germany.

Mrs. Maria Francesca Merloni has had an extensive career working in advertising for large manufacturing companies. As founder and artistic director of the Poiesis Festival in Fabriano, Italy, she was awarded the UNESCO "Ombra della Sera" Prize in 2013 for her cultural, social and humanitarian work. Mrs. Merloni became a member of the board of Ariston Thermo Holding S.p.A. in 2008.

Mr. Ignazio Rocco di Torrepadula has been an independent non-executive director since 10 June 2021. Ignazio is the founder and CEO of Credimi S.p.A., a digital lending platform for SMEs. He is also Senior Advisor at Tikehau Capital, a pan-European Asset Management group, focusing on Private Markets. He is a director of ReVo Insurance, a leading insurtech provider of specialty lines for SMEs. He has more than 25 years of experience in the financial services sector, having worked with The Boston Consulting Group, where he led the Financial Institutions' practice in Central Europe, and formerly in the corporate banking and investment banking industries.

Mrs. Marinella Soldi is the independent lead non-executive director, appointed on 10 June 2021. Marinella is currently an independent director of Nexi S.p.A, non-executive Independent Director of the BBC – British Broadcasting Corporation – main board and of BBC Commercial Ltd. She was Chairwoman of RAI SpA 2021-2024. In her career she has held managerial posts at MTV Networks Europe and Discovery Networks International. She started her career as a consultant in McKinsey & Company.

Mr. Enrico Vita has been an independent non-executive director since 10 June 2021. Since 2014, Enrico has been working in the Amplifon Group, where he joined as Executive Vice-President EMEA, to be appointed as Group Chief Executive Officer in October 2015. During his career, he worked at the Italian manufacturing company Indesit, holding positions with increasing responsibility both in Italy and abroad and also serving as Chief Operating Officer with responsibility for commercial, marketing and consumer after-sales services.

Appointment, suspension and dismissal of directors

The directors are appointed by the general meeting pursuant to a binding nomination by the Board. The general meeting may at all times overrule the binding nature of such a nomination by a resolution adopted by a majority of at least half of the votes cast in the general meeting, provided that this majority represents more than half of the issued share capital of the Company. If a nomination has not been duly made, the general meeting shall be free to appoint the directors at its discretion. A resolution of the general meeting to appoint a director in accordance with a nomination by the Board shall be adopted by an absolute majority of the votes cast.

The articles of association provide that a director may be suspended or dismissed by the general meeting at any time. In addition, an executive director may be suspended by the Board at any time. A resolution of the Board to suspend the Executive Chair must be adopted with a majority of two-thirds of the votes cast in a meeting where all directors, other than the Executive Chair, are present or represented. A resolution of the general meeting to suspend or dismiss a director, other than on the proposal of the Board, requires a majority of the votes cast representing more than half of the issued share capital of the Company.

Board rules

The Board has adopted rules with respect to the holding of meetings and the decision-taking process of the Board and other matters concerning the Board, its committees and the directors.

The Board rules provide that Board meetings shall generally be held at the office of the Company in Italy but may also take place elsewhere. No meetings of the Board will take place in the Netherlands. In addition, Board meetings may be held by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously. However, no director will participate in a meeting of the Board (including a meeting by conference call, video conference or by any other means of communication) whilst being in the Netherlands.

Where unanimity cannot be reached, all Board resolutions are adopted by an absolute majority of the votes cast. At a meeting, the Board may only pass resolutions if the majority of the directors are present or represented. A director may only be represented by another director authorized in writing. Each director shall have one vote.

Board resolutions may at all times be adopted outside of a meeting, in writing or otherwise, provided that the proposal concerned is submitted to all directors then in office and none of them objects to this manner of adopting resolutions.

Indemnification

Under Dutch law, indemnification provisions may be included in the company's articles of association. Under the articles of association, to the extent permissible by the rules and regulations applicable to the Company, the Company is required to reimburse current and former directors for (i) the reasonable costs of conducting a defense against claims for damages or of conducting defense in other legal proceedings, (ii) any damages payable by them and (iii) the reasonable costs of appearing in other legal proceedings in which they are involved as current or former directors, except proceedings primarily aimed at pursuing a claim on their own behalf, based on acts or failures to act in the exercise of their duties or any other duties currently or previously performed by them at the Company's request, if and only if and to the extent the relevant costs and damages are not reimbursed on account of said other duties.

There shall, however, be no entitlement to reimbursement and any person concerned will have to repay the reimbursed amount if and to the extent that: (i) a Dutch court, or in the case of arbitration, an arbitrator, has established in a final and conclusive decision that the act or failure to act of the person concerned may be characterized as willful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct, unless Dutch law provides otherwise or this would, in view of the circumstances of the case, be unacceptable according to standards of reasonableness and fairness; (ii) the costs or damages directly relate to or arise from legal proceedings between a current or former director and the Company or its Group; or (iii) the costs or financial loss of the person concerned are covered by insurance and the insurer has paid out the costs or financial loss.

Conflicts of interest

Dutch law provides that a director may not participate in the adoption of resolutions (including deliberations in respect of these) if he/she has a direct or indirect personal interest conflicting with the interests of the Company, which shall be determined outside the presence of the director concerned. A conflict of interest exists in any event if in the situation at hand the director is deemed to be unable to serve the interests of the Company and the business connected with it with the required level of integrity and objectivity. Pursuant to the articles of association and the Board rules, any director shall immediately report any (potential) conflict of interest to the other directors.

In addition, the Company endorses the principles and provisions of the Dutch corporate governance code that address conflicts of interest between the Company and one or more directors. To this effect, provisions have been included in the Board rules covering best practice provisions 2.7.1. through 2.7.6 of the Dutch corporate governance code, which were adhered to in light of the conflicts of interest described hereafter.

If a director does not comply with the provisions on conflict of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and such director may be held liable towards the Company. As a general rule, the existence of a (potential) conflict of interest does not affect the authority to represent the Company. Furthermore, as a general rule, agreements and transactions entered into by the Company cannot be annulled on the grounds that a decision of its Board was adopted with the participation of the conflicted director. However, under certain circumstances, a company may annul such an agreement or transaction if the counterparty misused the relevant conflict of interest.

During the year under review, no conflict of interest occurred with respect to the Company and its directors. The Group entered into several related party transactions with companies related to the Executive Chair, which were reviewed and approved by the Board, and considered to be entered into on arm's length terms, upon the proposal of the independent non-executive directors.

Related party transactions

The Company has a related party transactions policy providing for procedures for directors to notify a potential related party transaction, which is available on the Company's website. The purpose of the related party transactions' legal framework is to provide adequate protection for the interests of the Company, its subsidiaries and its stakeholders.

In 2024 all directors were asked to fill out a questionnaire to report on all related party transactions they were aware of. All directors filled out this questionnaire. The details following from this questionnaire were included in a report on related party transactions.

During the period, the general counsel prepared three reports on related party transactions. These reports contained, with regard to the transactions entered into by the Ariston Group, a list of the parties involved and the details of ongoing related party transactions. There reports were discussed with, and approved by, the non-executive directors and discussed by the Board. No Code Related Party Transactions (as defined in the related party transactions policy) were entered into in the relevant period.

Board committees

The Board has four committees that discuss specific issues and prepare items on which the full Board takes decisions. The chair of each committee reports on the main points of discussion and the resulting recommendations are discussed at the subsequent Board meeting. The four committees are:

- the audit committee;
- the compensation and talent development committee, which acts as both the remuneration committee and the selection and appointment committee;
- the strategic committee; and
- the environmental, social and governance (ESG) committee.

The audit committee and the compensation and talent development committee consist of non-executive directors. The strategic committee and the ESG committee each consist of three executive and non-executive directors and Andrea Guerra, Chief Executive Officer of Prada S.p.A., is also a member of the strategic committee.

Since the composition of the Board changed in 2024, the Board reviewed the composition of the various committees and changed the composition of the audit committee and the ESG committee as per the date following the annual general meeting held in 2024, i.e. on 7 May 2024.

Audit committee

- Antonia Di Bella (chair)
- Ignazio Rocco di Torrepadula
- Laurent Jacquemin

The audit committee is charged in particular with: (i) the monitoring of the financial-accounting process and preparation of proposals to safeguard the integrity of said process; (ii) the monitoring of the efficiency of the internal management system, the internal audit system and the risk management system with respect to financial and sustainability reporting; (iii) the monitoring of the statutory audit of the annual accounts and consolidated accounts, and in particular the process of such audit (taking into account the review of the AFM in accordance with Section 26 of EU Regulation 537/2014); (iv) the review and monitoring of the independence of the external auditor, with a special focus on other services provided to the Company, in accordance with the Company's external auditor independence policy; and (v) the adoption of a procedure for the selection of the external auditor and the nomination for appointment of the external auditor with respect to the statutory audit of the annual accounts and consolidated accounts.

Since the composition of the Board changed in 2024, the Board changed the composition of the audit committee as well on 7 May 2024. Since then, Lorenzo Pozza is no longer an executive director and member of the audit committee and Laurent Jacquemin joined the audit committee. All members of the audit committee are independent within the meaning of the Dutch Corporate Governance Code and are all financial experts.

Unless decided otherwise by the audit committee, the chief financial officer, the head of the internal audit and the external auditor shall attend the audit committee meetings. The audit committee shall decide whether and, if so, when the chief executive officer shall attend audit committee meetings. The audit committee shall meet with the independent auditor at least once a year outside the presence of the executive directors.

In 2024, the audit committee met 10 times. At these meetings several matters were discussed. The main issues were related to:

- audit committee planning, meeting memoranda and reporting to Board;
- internal audit activities, results and planning, including the whistleblowing findings report;
- ERM activities, results of 2024 risk monitoring and 2024 risk assessment approach;
- monitoring sustainability reporting, including the ESG and CSRD reporting process;
- the performance and independence of the external auditors through the analysis of audit approaches, plans and results, ratio between additional services over audit fees;
- monitoring the situation after the Russian Federation President Decree dated 26 April 2024 as far as legal, accounting and trade compliance rules consequences;
- the financial reporting process and periodical updates with regard to the new Finance model, the financial and economic situation of the Ariston Group, the impairment test methodology and the results according to its application;
- the tax strategy and the related tax control framework; and

- ICT and cyber security risks in the SOD (segregation on duty) project related to SAP user profiles.

Compensation and talent development committee
- Roberto Guidetti (chair)
- Ignazio Rocco di Torrepadula
- Marinella Soldi

The compensation and talent development committee is charged in particular with: (i) the preparation of the remuneration policy for the Board; (ii) the preparation of proposals for the remuneration of the directors; (iii) the preparation of the remuneration report on the execution of the remuneration policy during the respective year; (iv) the preparation of the selection criteria and appointment procedures for directors; (v) periodically assessing the functioning of the individual directors and reporting on this to the non-executive directors; (vi) drawing up a plan for the succession of directors; and (vii) proposing appointments and reappointments of directors. This committee, moreover, is charged with supporting the Board in identifying incentive mechanisms for management and making strategic decisions relating to the organization of the Ariston Group. The Board has combined the functions and the responsibilities of the remuneration committee and the selection and appointment committee in the compensation and talent development committee. The Company feels that there would be no benefits for the Company, given its size and its organizational structure, in splitting the compensation and talent development committee as prescribed under the Dutch corporate governance code.

All members of the compensation and talent development committee are independent within the meaning of the Dutch corporate governance code.

In 2024 the compensation and talent development committee met 4 times (of which one as an extraordinary committee). At these meetings several matters were discussed, including:
- planning of topics for the compensation and talent development committee;
- training requirements for executive and non-executive directors;
- changes to the Board composition and changes to the Board committees as a result thereof;
- succession planning and talent development;
- organizational evolution;
- 2021 long-term incentive plan vesting;
- 2024 long-term incentive plan;
- short-term incentive scheme and executive directors’ remuneration:
    a. 2023: review of performance against targets;
    b. 2024 STI: proposal of targets and ranges;
    c. executive directors’ remuneration 2024;
- HR roadmap;
- new leadership model;
- diversity roadmap; and
- changes to the remuneration policy.

Strategic committee
- Paolo Merloni (chair)
- Guido Krass
- Andrea Guerra (Chief Executive Officer of Prada S.p.A.)
- Enrico Vita

The Strategic Committee of the Board of Directors is responsible for advising the Board on key business decisions, including external growth opportunities (both integrative and transformative).

In 2024, the committee convened twice, in June and October. Key topics discussed included:

Market Landscape: An assessment of the evolving market scenario, with a focus on the European HVAC sector.

Strategic Ambition: Review and alignment on the Group's mid-term ambition and strategy, encapsulated in the "Destination 2030" project.

Profitability Initiatives: Evaluation of the short- and mid-term actions under the "Fit2Win" program, aimed at recovering and enhancing bottom-line profitability.

M&A Strategy: Analysis of the Group's mergers and acquisitions strategy and opportunities for potential growth.

These discussions served to guide and support the Board in steering the Group toward sustainable growth and enhanced profitability

ESG committee

- Roberto Guidetti (chair)
- Marinella Soldi
- Katja Gerber

The ESG committee is charged in particular with supporting the Board as regards: (i) providing guidance to steer the strategy of the Ariston Group in terms of its ESG vision and commitments; (ii) approving the Ariston Group's Double Materiality Assessment, along with the ESG plan (targets, actions and KPIs) the Ariston Group commits to engage on to deliver against the material topics; (iii) monitoring the ESG plan execution, target achievement and progress of actions, including areas of work required by ESG rating agencies; (iv) approving the Ariston Group's ESG communication plan and ensuring the consistent implementation of reporting methods related to ESG issues ; (v) promoting the dissemination of a culture of sustainability in the Ariston Group; (vi) supervising the activities of listening, dialogue and involvement of stakeholders.

As a result of the resolution about appointment and re-appointment of Directors taken by the 2024 AGM, the composition of the ESG committee changed on 7 May 2024. Since then, the members of the audit committee are Roberto Guidetti (chair), Marinella Soldi and Katja Gerber (members). All members of the audit committee are independent within the meaning of the Dutch Corporate Governance Code.

During 2024, the ESG committee met twice, together with the ESG function, to discuss several topics which included:

- the implementation of the Corporate Sustainability Reporting Directive for the FY2024, the Double Materiality Assessment (DMA)
  approval and the development of specific tools to improve the data management;
- priority initiatives, resourcing plan, governance and budget for the 2024 activities related to the 2030 ESG plan implementation;
- the evolution of the rating agencies score;
- the growing regulatory framework.

Also, a specific focus on the decarbonization strategy was included in the agenda, as per the Group’s target approval received by Science Based Target Initiative (SBTi). The ESG committee updated the full Board on these matters and the Board discussed the long-term strategy, the implementation thereof and the principal risks on several occasions. For further details on the Company's approach to sustainable long-term value creation, the Company's ESG strategy and objectives and the principal risks related thereto, please see chapter "ESRS 2 – General Disclosure".

Attendance at meetings

During 2024, there were six meetings of the Board. On 6 May 2024, the general meeting re-appointed Paolo Merloni as executive director and Roberto Guidetti, Francesca Merloni, Ignazio Rocco di Torrepadula, Marinella Soldi and Enrico Vita as non-executive directors. The general meeting also appointed a new non-executive director, Katja Gerber.

An overview of the attendance of the individual directors per meeting of the Board and its committees set out against the total number of such meetings is set out below:

Name	Board	In %	Audit committee	In %	Compensation and talent development committee	In %	Strategic committee	In %	ESG committee	In %
Paolo Merloni	6/6	100%					2/2	100%		
Maurizio Brusadelli	6/6	100%								
Antonia Di Bella	6/6	100%	10/10	100%						
Katja Gerber	5/5	100%								
Roberto Guidetti	5/6	83.33%			4/4	100%			2/2	100%
Laurent Jacquemin	6/6	100%	6/6	100%					1/2	50%
Guido Krass	5/5	100%					2/2	100%		
Francesco Merloni (expired 6 May 2024)	1/1	100%								
Maria Francesca Merloni	6/6	100%								
Lorenzo Pozza (expired 6 May 2024)	1/1	100%	4/4	100%						
Ignazio Rocco di Torrepadula	5/5	100%	10/10	100%	4/4	100%				
Marinella Soldi	6/6	100%			4/4	100%			1/2	50%
Enrico Vita	5/6	83.33%%					2/2	100%		

Independence of the non-executive directors

Each non-executive director owes a duty to the Company to properly perform their duties and to act in the Company's corporate interest. Under Dutch law, the Company's corporate interest extends to the interests of all its stakeholders, including its shareholders, creditors and employees. Pursuant to best practice provisions 2.1.7 and 2.1.8 of the Dutch corporate governance code, at most one non-executive director does not have to meet the independence criteria as set out in the Dutch corporate governance code.

In addition, for each shareholder, or group of affiliated shareholders, who directly or indirectly holds more than 10% of the shares in the Company, there is at most one non-executive director who may be affiliated with or representing the shareholder. In total, the majority of the non-executive directors should be independent. The non-executive directors have determined that six of the nine non-executive directors qualify as independent in accordance with the Dutch corporate governance code.

The Company deviates from best practice provision 2.1.7(i) which provides that at most one non-executive director does not have to meet the independence criteria as set out in best practice provision 2.1.8, sections i. to v. inclusive, of the Dutch corporate governance code. On 31 December 2024, two non-executive directors were not independent in accordance with best practice provision 2.1.8, sections i. to v. inclusive: Maria Francesca Merloni for being a relative by blood within the second decree of the Executive Chair Paolo Merloni, and Laurent Jacquemin for having been an executive director of the Company in the five years prior to his appointment as non-executive director.

Diversity policy

The Company recognizes the benefits of having a diverse Board and sees diversity at Board level as an important element in maintaining a competitive advantage.

Pursuant to the Dutch Act on gender diversity, the Company has to set appropriate and ambitious gender diversity target figures for the executive directors and non-executive directors within the Board and senior management and draw up a plan to achieve these targets. In this context, 'appropriate' means that the targets depend on the number of executive directors and non-executive directors within the Board and management, and on the existing ratio between men and women. The targets for the Board can differ from the targets for management. In this context 'ambitious' means that the targets should aim to make the male-female ratio more balanced than the existing composition. In addition, the Company has to report on this to the Dutch Social and Economic Council (*Sociaal Economische Raad*) on an annual basis, within ten months after the end of the financial year.

Pursuant to the Dutch corporate governance code, companies should also set specific, appropriate and ambitious targets for other diversity and inclusion aspects of relevance to the company beyond gender.

On 7 November 2023 the Board resolved to adopt, upon proposal of the compensation and talent development committee, an updated diversity and inclusion (D&I) policy of the Board and management. This policy, starting from the analysis of the current composition of the Board and management, defines the guidelines by which the Company will maintain an adequate level of diversity of the Board and management (for this purpose defined as employees managing teams of people), addresses the concrete targets relating to diversity within the Company and the commitment to report annually on the results achieved.

The Company strongly believes that a diverse company is a stronger company as it makes the organization future-proof and creates a better position on the market.

This is why the Company started preparing in 2023 for organizational engagement and enrolment through a first set of concrete action items (the introduction of targets in the main HR processes) to instill a sense of urgency in steering behavior. In 2024, this was further supplemented by a refinement of the roadmap supporting the cultural transformation.

The roadmap includes the need to (i) build a common ground of knowledge on DEI topics involving every level of the organization, (ii) create and disseminate a Group DEI narrative, and (iii) promotes DEI initiatives aligned to Road to 100 strategic objectives worldwide.

The targets proposed by the compensation and talent development committee and approved by the Board on 6 November 2024 are the following:
- the executive directors of the Board should comprise at least 50% female directors and at least 50% male directors by the end of 2028;
- the non-executive directors of the Board should comprise at least 33% female directors and at least 33% male directors by the end of 2025;
- management should consist of at least 30% female employees and at least 30% male employees by the end of 2030; and
- creating and fostering a working environment that respects and appreciates all ways of thinking, where everyone feels welcomed, respected and valued, and specifically striving towards having a due and fair representation of different ages and nationalities within the non-executive directors, management, and in general within the Company.

The composition as at 31 December 2024 was no (0%) women and two (100%) men for the executive directors, four (44%) women and five (56%) men for the non-executive directors and 289 (21%) women and 1072 (79%) men for management, including Wolf &Brink, which was excluded last year (as acquired in 2023). On the same perimeter basis, the 2023 percentage would have been the same as this year (21% women and 79% men).

The mandate of two non-executive directors is scheduled to expire at the annual general meeting to be held in 2025. The compensation and talent development committee will prepare the nomination of new directors whilst taking into account the diversity, experience, independence, knowledge and skills to allow the Board as a whole to be effective.

The Company recognizes that differences in skills, experience, education, background, nationality, gender and other characteristics of people are important and enable both the Board and the Company as a whole to look at issues and to solve problems in different ways, to respond differently to challenges, and to take more robust decisions. Pursuant to the diversity policy, the Board is committed to ensuring diversity in skills, experience, education, background, nationality, gender and other characteristics of directors, when selecting new candidates for the Board. At the same time, the Board will seek to retain the right balance of requisite expertise, experience, diversity and affinity with the nature and culture of the business of the Company.

Diversity of the Board and its committees

The tables below show the gender and age group of the members of the Board, the executive directors, the non-executive directors and the committees as at 31 December 2024.

	Gender			
	Male	Numbers	Female	Numbers
Board	64%	7	36%	4
Executive directors	100%	2	0%	0
Non-executive directors	56%	5	44%	4
Audit committee	67%	2	33%	1
Compensation and talent development committee	67%	2	33%	1
Strategic committee	100%	4	0%	0
ESG committee	33%	1	67%	2

	Age group		
	<30	30-50	>50
Board	0%	9%	91%
Executive directors	0%	0%	100%
Non-executive directors	0%	11%	89%
Audit committee	0%	0%	100%
Compensation and talent development committee	0%	0%	100%
Strategic committee	0%	0%	100%
ESG committee	0%	0%	100%

The Aristide Merloni Foundation

In 2024, the Aristide Merloni Foundation continued its longstanding commitment to promoting culture, education, and research on economic development models.

Education Initiatives

The Foundation reaffirmed its support for the local Technical Secondary School Merloni Miliani in Fabriano, Italy, continuing its Cyber Security training program and providing scholarships to students of IIS Merloni-Miliani. This aligns with the Foundation's institutional commitment to fostering talent and strengthening ties with the local community.

Research and Thought Leadership

As part of its research activities, the Foundation hosted a lecture at the Faculty of Economics of the Polytechnic University of Marche, delivered by Professor Ron Boschma, a renowned expert in Regional Economics from Utrecht University. Additionally, awards were presented to young graduates whose research and theses focused on local development topics.

On 9 April 2024, during the conference "Technology, Talents, Territory", held at the Perugia Foundation headquarters, the Foundation, in collaboration with the Polytechnic University of Marche, unveiled the ranking of the top 500 companies in the HAMU territory (Abruzzo, Marche, Umbria). The conference explored the impact of Artificial Intelligence and its potential applications in the manufacturing industry.

Tribute to Francesco Merloni

This year was marked by the passing of Mr. Francesco Merloni. To honor his legacy, the Foundation published and promoted a commemorative book featuring his inspirational speeches, photographs, and articles.

Engagement in European Policy and Economic Research

In collaboration with HAMU, the Foundation initiated discussions with local economic stakeholders to contribute to the report "Much More Than a Market", curated by Enrico Letta. This report, presented to the European Commission in April 2024, outlines strategic recommendations for strengthening European technological infrastructure and addressing the investment gap in research and innovation compared to global competitors.

Cultural and Scientific Contributions

The Foundation participated in the XIII Festival of Science, held in Fabriano on 12-13 April 2024. This year's theme, "The Mediterranean", explored the region's historical role as a cradle of science and philosophy and examined contemporary challenges for change.

The annual meeting of the Foundation's Scientific Committee took place in Portonovo on 18-19 July, where experts discussed key issues including the Single Market, Defense, Competitiveness, and Research & Innovation.

Share capital and general meeting

Share capital

The articles of association of the Company were amended on 6 May 2024. The authorized share capital of the Company comprises 600,000,000 ordinary shares and 50,000,000 non-listed ordinary shares, each with a nominal value of €0.01, and 420,000,000 multiple voting shares, each with a nominal value of €0.20. See section “Disclosures pursuant to decree article 10 EU-Directive on takeovers” for further details on the Company’s issued share capital as at 31 December 2024.

Meetings of shareholders

At least one annual general meeting shall be held every year within six months after the close of the financial year. Additional general meetings will be held as often as the Board considers such to be necessary and within three months after the Board has considered it to be likely that the Company’s equity has decreased to an amount equal to or lower than one-half of its paid-up and called-up share capital, in order to discuss any requisite measures.

Shareholders representing alone or in aggregate at least 10% of the issued and outstanding share capital may request that a general meeting be convened. If no general meeting has been held within eight weeks of the shareholders making this request, the shareholders making the request may, upon their request, be authorized by the district court in summary proceedings to convene a general meeting.

General meetings must be held in the Netherlands in Amsterdam, Rotterdam, The Hague, or Haarlemmermeer (including Schiphol Airport).

All convocations of the general meetings and all announcements, notifications and communications to shareholders shall be made available on the Company corporate website. Notice of a general meeting must be given by at least 42 days prior to the day of the meeting. The notice convening any general meeting must include, among other items, the subjects to be dealt with, the venue and time of the general meeting, the requirements for admittance to the general meeting, the address of the Company’s website, and such other information as may be required by Dutch law.

The agenda for the annual general meeting shall list which items are up for discussion and which items are to be voted on. In addition, the agenda shall include such items as have been included therein by the Board or the shareholders. Some items must be dealt with as separate agenda items, such as the adoption of the annual accounts, the discussion of any substantial change in the corporate governance structure of the Company and the allocation of the profits, insofar as these are at the disposal of the general meeting. If the agenda of the general meeting contains the item of granting discharge to the directors concerning the performance of their duties in the financial year in question, the matter of the discharge must be mentioned on the agenda as separate items for the executive directors and the non-executive directors respectively.

Shareholders holding at least 3% of the Company’s issued and outstanding share capital may request, by a motivated request, that an item is added to the agenda. Such requests must be made in writing, must either be substantiated or include a proposal for a resolution, and must be received by the Executive Chair at least 60 days before the day of the general meeting. No resolutions may be adopted on items other than those that have been included in the agenda (unless the resolution is adopted unanimously during a meeting where the entire issued capital of the Company is present or represented).

Pursuant to the Dutch corporate governance code, if one or more shareholders intend to request that an item be put on the agenda for a general meeting that may result in a change in the Company’s strategy, for example as a result of a proposed dismissal of one or more executive directors or non-executive directors, the Board may invoke a reasonable response time that does not exceed 180 days from the moment the Board is informed by one or more shareholders of their intention to put an item on the agenda to the day of the general meeting at which the item is to be dealt with. The relevant shareholder(s) should respect the response time invoked by the Board. The Board shall use the response time for further deliberation and constructive consultation, in any event with the relevant shareholder(s) and shall explore alternatives. At the end of the invoked response time, the Board shall report on the outcome of such deliberation and consultation to the general meeting. The response time may only be invoked once for any given general meeting and shall not apply to an item in respect of which the response time has previously been invoked, or to a general meeting where a shareholder holds at least three quarters of the issued capital as a consequence of a successful public offer.

Voting rights and adoption of resolutions

The articles of association of the Company were amended on 6 May 2024, whereby the voting cap was amended. At general meetings, each ordinary share and non-listed ordinary share confers a right to cast one vote and each multiple voting share confers the right to cast 20 votes. Pursuant to the amended articles of association, so long as the total number of ordinary shares and non-listed ordinary shares issued and outstanding is lower than two times the total number of multiple voting shares issued and outstanding, a shareholder casting a number of votes exceeding the total number of ordinary shares and non-listed ordinary shares issued and outstanding at the record date for the relevant general meeting may never cast a number of votes on its shares exceeding:

- five times the total number of multiple voting shares held by the relevant shareholder at the record date for the relevant general meeting so long as the total number of ordinary shares and non-listed ordinary shares issued and outstanding is lower than the total number of multiple voting shares issued and outstanding, in each case at the record date for the relevant general meeting; or
- eight times the total number of multiple voting shares held by the relevant shareholder at the record date for the relevant general meeting so long as the total number of ordinary shares and non-listed ordinary shares issued and outstanding is equal to or greater than the total number of multiple voting shares issued and outstanding, in each case at the record date for the relevant general meeting.

Pursuant to Dutch law, as a general rule, no votes may be cast at a general meeting in respect of shares which are held by the Company. Resolutions of the general meeting are passed by an absolute majority of the votes cast at the general meeting, except where Dutch law or the articles of association prescribe a greater majority. The voting rights attached to the shares may only be amended by amendment to the articles of association. The general meeting may pass a resolution to amend the articles of association, but only on a proposal of the Board. Furthermore, a resolution to amend a provision relating to the multiple voting shares and/or the rights and/or obligations of the (meeting of) holders of multiple voting shares is subject to the prior approval of the meeting of holders of multiple voting shares.

Profit rights

Each issued and outstanding share ranks equally with, and will be eligible for any dividends that may be declared on, all other shares, and will be equally entitled to the profits and (other) reserves of the company, except for the entitlement to the conversion reserve and the liquidation distribution. All profit distributions and repayment of capital will be made in such a way that on each share the same amount or value is distributed.

Issuance of shares

The Board is the competent body to issue shares for a period of five years from 19 December 2022 and this authorization can be withdrawn by the general meeting. This competence concerns all non-issued shares of the Company's authorized capital from time to time.

After this five-year period, resolutions to issue shares shall be adopted by the general meeting or, if the general meeting designated the Board to do so, by the Board. A resolution of the general meeting to issue shares or to designate the Board as the competent body to issue shares, can only take place at the proposal of the Board and can only be adopted with an absolute majority of the votes cast. The foregoing also applies to the granting of rights to subscribe for shares, such as options, but does not apply to the issue of shares to a person exercising a previously acquired right to subscribe for shares.

An authorization by the general meeting to designate the Board can be made each time for a maximum of five years and can be extended each time for a maximum period of five years. An authorization by the general meeting to designate the Board must specify the number of shares of each class concerned which may be issued pursuant to a resolution of the Board (which may be expressed as a percentage of the issued capital). The general meeting is not authorized to resolve on the issuance of shares or the granting of rights to subscribe for shares to the extent it has authorized the Board as the competent body for this purpose. A resolution of the general meeting to designate the Board cannot be withdrawn, unless otherwise provided in the authorization. The Company may not subscribe for its own shares on issue.

Pre-emptive rights

Upon the issue of ordinary shares, non-listed ordinary shares and multiple voting shares or the granting of rights to subscribe for ordinary shares, non-listed ordinary shares and multiple voting shares, each holder of shares shall have a pre-emptive right in respect of the shares to be issued, in proportion to the aggregate amount of the shares held by them (relative to the entire issued share capital) with the understanding that a holder of ordinary shares may only subscribe to acquire ordinary shares, a holder of non-listed ordinary shares may only subscribe to acquire non-listed ordinary shares and a holder of multiple voting shares may only subscribe to acquire multiple voting shares. No pre-emptive rights exist in respect of shares issued to a person exercising a previously acquired right to subscribe for shares.

In respect of an issuance of only ordinary shares or the granting of rights to subscribe for ordinary shares, each holder of shares will have a right of pre-emption proportionate to the aggregate amount of their shares (relative to the entire issued share capital), subject to the relevant limitations prescribed by Dutch law and the other provisions pursuant to the articles of association.

In respect of an issuance of only non-listed ordinary shares or the granting of rights to subscribe for ordinary shares, each holder of non-listed ordinary shares will have a right of pre-emption proportionate to the aggregate amount of their non-listed ordinary shares, subject to the relevant limitations prescribed by Dutch law and the other provisions pursuant to the articles of association.

In respect of an issuance of only multiple voting shares, each holder of multiple voting shares will have a right of pre-emption proportionate to the aggregate amount of their multiple voting shares, subject to the relevant limitations prescribed by Dutch law and the other provisions pursuant to the articles of association.

Exceptions to these pre-emptive rights include: (i) the issue of shares against a contribution in kind other than in cash, (ii) the issue of shares to employees of the Company or of a Group company (*groepsmaatschappij*) pursuant to an employee share scheme or as an employee benefit, and (iii) the issue of shares to persons exercising a previously granted right to subscribe for shares.

The Board will be the competent body to restrict or exclude pre-emptive rights for a period of five years from 19 December 2022. After this five-year period, pre-emptive rights relating to shares may be restricted or excluded by the general meeting or, if the general meeting designated the Board to do so, by the Board.

An authorization by the general meeting to designate the Board can be made each time for a maximum of five years and can be extended each time for a maximum period of five years. Unless otherwise provided in the authorization, it may not be withdrawn. A resolution of the general meeting to restrict or exclude pre-emptive rights or designate the Board as the competent body to restrict or exclude pre-emptive rights requires a majority of not less than two-thirds of the votes cast, if less than 50% of the issued share capital of the Company is represented at the meeting.

A resolution of the Board (or, if applicable, the general meeting) to restrict or exclude the pre-emptive rights relating to multiple voting shares will be subject to the approval of the meeting of holders of multiple voting shares granted by resolution adopted with more than 50% of the votes in the meeting of holders of multiple voting shares.

Major shareholders

As at 31 December 2024, the voting rights attached to the issued shares in the capital of the Company held by Merloni Holding S.p.A. represented 79.58%, by Amaranta S.r.l. represented 10.85% and by CENTROTEC SE represented 3.33%. The market was entitled to 6.24% of the voting rights. As at 31 December 2024, the Company held 4,553,709 shares in its own capital. Pursuant to Dutch law, as a general rule, no votes may be cast at a general meeting in respect of shares which are held by the Company.

As at 31 December 2024, the number of shares held by Merloni Holding S.p.A. represented 58.87%, held by CENTROTEC SE represented 11.12%, held by Amaranta S.r.l. represented 7.96% and held by the market represented 20.83% of the total number of issued shares.

For the foreseeable future, as a result of the multiple voting shares and the concentration of ownership, Merloni Holding S.p.A. will continue to be able to control or substantially influence matters requiring approval by the general meeting, including the appointment and dismissal of directors, directors' remuneration, dividend distributions, the amendment of the articles of association, capital increases and mergers and consolidations, even where Merloni Holding S.p.A. holds less than 50% of the ordinary shares.

Merloni Holding S.p.A. is controlled by Paolo Merloni, who is the Executive Chair of the Company, and Amaranta S.r.l. is controlled by Maria Francesca Merloni, who is a non-executive director of the Company. Paolo Merloni and Maria Francesca Merloni are siblings. CENTROTEC SE is controlled by Guido Krass, who is a non-executive director of the Company.

As directors, Paolo Merloni, Maria Francesca Merloni and Guido Krass owe a fiduciary duty to the Company's stakeholders and they must act in a manner that they reasonably believe to be in the best interests of the Company's stakeholders. As shareholders, Paolo Merloni, Maria Francesca Merloni and Guido Krass are entitled to direct the vote of their shares in their own interests, which may not always be in the interests of the Company's stakeholders generally.

The articles of association do not provide for any specific provisions beyond those required by applicable law and regulation to ensure that control by the major or controlling shareholders is not abused.

Compliance with the Dutch corporate governance code

The Dutch corporate governance code applies to the Company as the Company has its seat in the Netherlands and its ordinary shares are listed on Euronext Milan.

The Dutch corporate governance code is based on a 'comply or explain' (*pas toe of leg uit*) principle. Accordingly, companies are required to disclose in their board report whether or not they are complying with the various best practice provisions of the Dutch corporate governance code that are addressed to the directors. If a company deviates from a best practice provision in the Dutch corporate code, the reason for such deviation must be properly explained in its directors' report.

As at 31 December 2024, the Company complies with the principles of the Dutch corporate governance code, except for the following:

- Best practice provision 2.1.7 (independent directors): the Company deviates from best practice provision 2.1.7(i) which provides that at most one non-executive director does not have to meet the independence criteria as set out in the Dutch corporate governance code. In 2024, two non-executive directors were not independent: Maria Francesca Merloni for being a relative by blood within the second decree of the Executive Chair Paolo Merloni, and Laurent Jacquemin for having been an executive director of the Company in the five years prior to his appointment as non-executive director. It is believed, however, that the involvement of Maria Francesca Merloni proves the commitment of the Merloni family to participate in the Company with a spirit of homogeneity and compactness, in order to ensure continuity of control over the Company. It is believed that Laurent Jacquemin's deep knowledge of the Company makes him a most valuable non-executive director.
- Best practice provisions 2.2.6 (evaluation by the supervisory board) and 2.2.7 (evaluation of the management board): the Company did not comply with best practice provisions 2.2.6 and 2.2.7 in 2024, which provide that the Board should evaluate its own function, the functioning of the various committees of the Board and of the individual Board members at least once per year. As of 2025, the Board intends to conduct an annual assessment process and shall report on this in the governance report for 2025.
- Best practice provision 2.3.2 (establishment of committees): the Company does not comply with best practice provision 2.3.2, which provides that if the Board consists of more than four members, it shall appoint an audit committee, a remuneration committee and a selection and appointment committee. The Board has combined the functions and the responsibilities of the remuneration committee and the selection and appointment committee in one committee, the compensation and talent development committee. The Company feels that there would be no benefits for the Company, given its size and organizational structure, in splitting the compensation and talent development committee as prescribed under the Dutch corporate governance code.
- Principle 2.3.7 of the Dutch corporate governance code (vice-chairman of the Board): the Company does not comply with best practice provision 2.3.7, which provides that the vice-chairman of the Board should deputize for the chair when the occasion arises. Pursuant to the articles of association, the Board may designate one or more of the non-executive directors as vice-chair of the Board. However, so far, the Company feels that there would be no benefits for the Company, given its size and organizational structure, in such an appointment.
- Best practice provision 3.2.3 (severance payments): the Company does not comply with best practice provision 3.2.3, which provides that the remuneration of executive directors in the event of dismissal should not exceed one year's salary (the 'fixed' remuneration component). The employment agreement of the Executive Chair provides for the standard indemnity upon termination of the relationship as set out in the applicable collective bargaining agreement, the pay-out on which depends on the duration of the employment agreement and could be more than one year's salary. The management agreement of the chief executive officer provides that, upon termination by the Company and existing certain conditions, the chief executive officer is entitled to a one-off severance equal to an amount of up

to two years of their remuneration as manager (net of any amount paid as non-compete obligation consideration). The Company wishes to respect the terms and conditions of the aforementioned agreements, since these agreements were entered into by the Company before the initial public offering of the Company.

Disclosures pursuant to decree article 10 EU-Directive on takeovers

In accordance with the Dutch Takeover Directive (Article 10) Decree (*Besluit artikel overnamerichtlijn*, the "Decree"), the Company makes the following disclosures:

a) At 31 December 2024, the issued share capital of the Company consisted of 125,505,005 ordinary shares and 22,095,194 non-listed ordinary shares with a nominal value of € 0.01 each, jointly representing 3.18% of the aggregate issued share capital, and 225,000,000 multiple voting shares with a nominal value of € 0.20 each, representing 96.82% of the aggregate issued share capital.

   For information on the rights attached to ordinary shares, non-listed ordinary shares and multiple voting shares, reference is made to the articles of association which can be found on the Company's website. To summarize, the rights attaching to ordinary shares, non-listed ordinary shares and multiple voting shares comprise pre-emptive rights upon the issue of shares, the right to attend the general meetings of the Company and to speak and vote at such meetings and to resolve on and the entitlement to the distribution of such amount of the Company's profit as remains after allocation to the reserves. Ordinary shares, non-listed ordinary shares and multiple voting shares rank *pari passu* and will have equal rights and obligations with respect to all matters, including profit distributions, with the exceptions as set out in the articles of association, including the entitlement to voting rights as set out in article 26.1 of the articles of association, the conversion reserve and the liquidation distribution referred to in article 36.3 of the articles of association.

b) The Company has imposed no limitations on the transfer of ordinary shares and non-listed ordinary shares. Article 16 of the articles of association provides for transfer restrictions for multiple voting shares (right of first refusal). If a holder of multiple voting shares intends to transfer to any third party (be it a shareholder or not) one or more multiple voting shares, the other holders of multiple voting shares shall have the right, in accordance with the procedure outlined in article 16 of the articles of association, to exercise a right of first refusal.

c) For information on participations in the capital of the Company for which a disclosure obligation exists under Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), please see "Major shareholders" in this Corporate Governance report. There you will find a list of shareholders who are known to the Company to have holdings of 3% or more at the stated date.

d) No special control rights or other rights accrue to shares in the capital of the Company other than that a multiple voting share confers the right to cast 20 votes, subject to a voting threshold, all in accordance with the terms and conditions as set out in article 26.1 of the articles of association. Reference is made to "Share capital and general meeting", subparagraph "Voting rights and adoption of resolutions" in this Corporate Governance report.

e) A mechanism for verifying compliance with a scheme allowing employees to subscribe for or to acquire shares in the capital of the Company or a subsidiary if the employees do not arrange for such verification directly is not applicable to the Company.

f) No restrictions apply to voting rights attached to the shares in the capital of the Company, nor are there any deadlines for exercising voting rights other than the restriction of the number of votes that may be cast on multiple voting shares as set out in article 26.1 of the articles of association describing the voting cap and further explained in "Share capital and general meeting", subparagraph "Voting rights and adoption of resolutions" in this Corporate Governance report. Except by virtue of the different voting rights attached to the ordinary shares and non-listed ordinary shares (one vote per share) and the multiple voting shares (20 votes per share, subject to the application of a voting threshold), none of the shareholders will have any voting rights different from any other shareholders.

g) The Company is not aware of the existence of any agreements with shareholders of the Company which may result in restrictions on the transfer of shares or limitation or voting rights, other than (a) a shareholders' agreement between Merloni Holding S.p.A. and Amaranta S.r.l entered into on 26 October 2021 and (b) lock-up provisions included in the agreement for the sale and purchase of CENTROTEC Climate Systems GmbH entered into between CENTROTEC SE and Ariston Holding N.V. on 15 September 2022.

The shareholders' agreement provides as follows:

(i) Merloni Holding S.p.A. shall procure that one person indicated by Amaranta S.r.l. is appointed as director so long as Amaranta S.r.l. holds at least 7% of issued share capital of the Company;

(ii) should Merloni Holding S.p.A.:
   a. decide to sell a number of multiple voting shares so that it loses control over the Company, then Amaranta S.r.l. will be entitled to tag its multiple voting shares to the sale of multiple voting shares held by Merloni Holding S.p.A.;
   b. receive an offer for the entirety of the outstanding multiple voting shares, then Merloni Holding S.p.A. will be entitled to drag along the multiple voting shares held by Amaranta S.r.l.;

(iii) Merloni Holding S.p.A. shall be entitled to acquire from Amaranta S.r.l. 6,000,000 multiple voting shares in exchange for the same amount of ordinary shares by virtue of a call option; and

(iv) each of Merloni Holding S.p.A. and Amaranta S.r.l. shall inform the other party in case it wishes to convert its multiple voting shares into ordinary shares.

Pursuant to the lock-up provisions included in the sale and purchase agreement, CENTROTEC SE may not transfer more than 20,708,332 ordinary shares until 2 January 2025.

h) The rules governing the appointment and dismissal of directors are stated in the articles of association. All directors are appointed by the general meeting. The Board nominates a candidate for each vacant seat. A nomination by the Board will be binding as described above under "Board" in this Corporate Governance report. Directors are appointed for a period of time to be determined by the general meeting, ending not sooner than immediately after the general meeting held in the first year after the year of their appointment and not later than immediately after the general meeting held in the fourth year after the year of their appointment.

i) The articles of association allow the Company to cooperate in the issuance of registered depositary receipts for shares, but only pursuant to a resolution to that effect by the Board. No depositary receipts have been issued for shares in its capital with the cooperation of the Company.

The general meeting may at any time dismiss or suspend any director. If the Board proposes the dismissal of a director to the general meeting, the general meeting can resolve upon such dismissal by a resolution adopted by an absolute majority of the votes cast.

If the Board has not made a proposal for the dismissal of a director, the general meeting can only resolve upon the dismissal of the director by a resolution adopted by an absolute majority of the votes cast, representing more than half of the issued capital of the Company. Executive directors may at all times also be suspended by the Board. A resolution of the Board to suspend the Executive Chair must be adopted with a majority of two thirds of the votes cast in a meeting where all directors, other than the Executive Chair, are present or represented. If either the Board or the general meeting has resolved upon a suspension of a director, the general meeting shall within three months after the suspension has taken effect, resolve either to dismiss the director with due observance of the provisions in the articles of association, or to terminate or continue the suspension, failing which the suspension shall lapse. A resolution to continue the suspension may be adopted only once and in such an event the suspension may be continued for a maximum period of three months commencing on the day that the general meeting adopted the resolution to continue the suspension. If the general meeting has not decided to terminate or to continue the suspension within the required period, the suspension shall lapse.

The rules governing an amendment of the articles of association are included in article 35 of the articles of association and require a resolution of the general meeting, but only on a proposal by the Board. The prior approval of the meeting of holders of multiple voting shares is required for an amendment of a provision relating to the multiple voting shares and/or the rights and/or the obligations of the (meeting of) holders of multiple voting shares.

j) The general powers of the Board are stated in article 18 of the articles of association. Pursuant to article 21.1 of the articles of association, the general authority to represent the Company is vested in the Board and the Executive Chair. The Board has granted specific representation powers to Maurizio Brusadelli, in his capacity as Chief Executive Officer of the Company.

According to article 7.1 of the articles of association, the Board will be the competent corporate body to issue the shares for a period of five years with effect from 19 December 2022. The Board is also authorized to limit or exclude pre-emptive rights of shareholders on any issue of shares or granting rights to subscribe for shares, for the same term. After the five-year term, shares may be issued pursuant to a resolution of the general meeting unless the Board is designated to do so by the general meeting. Such designation can be made each time for a maximum period of five years and can be extended each time for a maximum period of five years. A designation must determine the number of shares of each class concerned which may be issued pursuant to a resolution of the Board. The resolution of the general meeting to designate the Board as the body authorized to issue shares cannot be withdrawn by the general meeting, unless otherwise provided in the authorization. The body resolving to issue shares must determine the issue price and the other conditions of issuance in the resolution to issue. After the five-year term, pre-emptive rights may be restricted or excluded by a resolution of the general meeting. The general meeting may designate this competence to the Board for a period not exceeding five years, provided that the general meeting has also authorized the Board to issue shares. Unless otherwise stipulated at its grant, this authorization cannot be withdrawn.

The Company is entitled to acquire fully paid-up shares in its capital. The terms and conditions for the acquisition of shares by the Company in its capital are set out in article 10 of the articles of association.

k) The Company is not a party to any significant agreements which will take effect, will be altered or will be terminated upon a change of control of the Company as a result of a public offer within the meaning of section 5:70 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), except for certain of the loan agreements entered into by the Company which contain clauses that, as is customary for financing agreements of similar type, may require early repayment or termination in the event of a change of control of the Company.

   The Company did not enter into any agreement with a director or employee of the Company providing for a payment upon the termination of employment as a result of a public offer within the meaning of section 5:70 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht)*.

Statements by the Board

Ariston's consolidated and company financial statements for 2024 have been prepared in accordance with the IFRS as adopted by the EU and with Part 9, Book 2 of the Dutch Civil Code.

In accordance with best practice 1.4.3 of the Dutch corporate governance code and based on the assessment performed, the Board believes that, as at 31 December 2024, the Group's and the Company's internal control over financial reporting is considered effective and that:

a) the Board report provides sufficient insights into any material weaknesses in the effectiveness of the internal risk management and control systems (reference is made to section 5.1 "Risk management");
b) the internal risk management and control systems are designed to provide reasonable assurance that the financial reporting does not contain any material inaccuracies (reference is made to section 5.1 "Risk management");
c) based on the current state of affairs, it is justified that the financial statements are prepared on a going concern basis (reference is made to paragraph 3.i. of the "Notes to the consolidated financial statements"); and
d) the Board report states those material risks and uncertainties that are relevant to the expectation of the Company's continuity for the period of twelve months after the preparation of this annual report (section 5.1.3 "Main risks and uncertainties to which the Group is exposed").

As required by section 5:25c paragraph 2(c) of the Dutch Financial Supervision Act, the Board declares that, to the best of its knowledge:

a. the financial statements provide a true and fair view of the assets, liabilities, financial positions and profit or loss for the year of the Company and its subsidiaries;
b. the Board report provides a fair view of the position at the balance sheet date and developments during the year under review of the Company and its subsidiaries, together with a description of the principal risks and uncertainties that the Company and the Group face.

Paolo Merloni
Executive Chair

Maurizio Brusadelli
Chief Executive Officer

Antonia Di Bella
Non-executive director

Katja Gerber
Non-executive director

Roberto Guidetti
Non-executive director

Laurent Jacquemin
Non-executive director

Guido Krass
Non-executive director

Maria Francesca Merloni
Non-executive director

Ignazio Rocco di Torrepadula
Non-executive director

Marinella Soldi
Lead non-executive director

Enrico Vita
Non-executive director

5.4 Remuneration report

Introduction

This remuneration report summarizes the guidelines and the principles followed by the Company in order to define and implement the remuneration policy. In addition, this remuneration report provides the remuneration paid to executive directors and non-executive directors for the year ended 31 December 2024.

The remuneration of the executive directors comprises base remuneration (fixed remuneration, Board and committee fees, and benefits and perquisites) and variable incentives (short-term and long-term) and the remuneration of non-executive directors comprises an annual fixed fee.

The remuneration policy for the directors was amended in 2024 to reflect the changes to the Company's long-term incentive plan 2024 whereby the Board (with the abstention of the executive directors), having obtained the opinion of the compensation and talent development committee, at its sole discretion may adjust, downwards or upwards, the amount of performance shares that will vest if, in the reasonable opinion of the Board, the vesting of the performance shares insufficiently reflect the Ariston Group's overall performance during the performance period considering the external context. In addition, the remuneration policy was amended to reflect the non-compete agreement of the CEO more clearly and to make certain general clarifications. The new remuneration policy was adopted by the general meeting on 6 May 2024. Any references to the remuneration policy in this section are to the new remuneration policy.

The remuneration policy aims to contribute to the Group's business strategy and is expected to enable the Company to achieve its business objectives. The non-executive directors are responsible for the implementation and monitoring of the remuneration policy.

In accordance with Dutch law, the remuneration policy will be submitted to the general meeting at least every four years, as well as each time in case of amendments to the it. Pursuant to the Company's articles of association, the resolution of the general meeting to adopt and amend the remuneration policy requires an absolute majority of the votes cast.

The remuneration report for 2023 was submitted to the annual general meeting held in May 2024. 97.69% of the votes were in favor of the remuneration report and 2.31% against.

Feedback received from investors on the previous version of the remuneration policy and the remuneration report for 2023 confirmed as an area of concern the lack of an explicit quantitative indication of thresholds and targets, on which the variable compensation was calculated. The Board, after careful consideration, confirmed that the competitive risks associated with exposing the Company’s expectations – which in time would result in offering an insight on how the Company’s budgets are prepared – would outweigh the advantages of transparency towards shareholders, and ultimately hurt their economic interest.

Remuneration of the executive directors

The objective of the remuneration policy for the executive directors is to attract, reward and retain the necessary leadership talent, in order to support the execution of the Group's strategic objectives and sustainability goals, whilst for the non-executive directors the remuneration policy aims at rewarding them appropriately for their work based on market-competitive fee levels.

The authority to establish the remuneration of the executive directors is vested with the non-executive directors, with due observance of the remuneration policy and applicable legal provisions. Even though the Company is not in principle in favor of making exceptions to the principles underlying the remuneration policy, the non-executives directors shall be allowed to temporarily derogate from the remuneration policy in exceptional circumstances as defined by the Dutch Civil Code, such as, for example, the need to attract and/or retain (in a competitive market) key managerial competences or the need to provide incentives to key managers with respect to specific industrial objectives that, under contingent conditions, are of particular importance.

Remuneration principles

The remuneration policy is built on the following six principles:

- **Align short and long-term strategy:** through the variable incentives for executive directors, the Company aims to align the short-term yearly objectives with the long-term goals of the Group. This is reflected in the grant of long-term variable incentives, taking into account a three-year vesting period and lock-up obligations. Such alignment is consistent with long-term sustainability objectives.
- **Pay for performance:** the remuneration must reinforce the performance driven culture by rewarding top performers. It must also ensure, through the variable incentives, the alignment between executive directors' remuneration on the one hand and the annual business plan and sustainable value creation by the Group on the other.
- **Differentiating by experience and responsibility**: the remuneration aligns with the responsibilities, experience, competence and performance of individual directors. In addition, in determining the remuneration policy and any individual remuneration, the employment conditions of the Group are taken into account.
- **Simple and transparent**: this principle is reflected through the remuneration policy being based on simple and customary mechanisms. The Company is transparent in relation to the remuneration that is awarded to directors. Furthermore, the level of achievement of the financial targets can be verified in publicly disclosed and easily accessible performance results.
- **Risk prudence**: the remuneration structure aims to avoid incentives that encourage unnecessary or excessive risks that could threaten the Group's value.
- **Compliance**: the remuneration policy complies with applicable laws and regulations. The Group adopts the highest standards of corporate governance.

The remuneration philosophy of the Group is therefore to pay for performance, to be market driven, and to be fair and objective.

Market perspective

Although the Group pursues its remuneration policies independently and such policies are not benchmarked against a group of peers, market perspective is one of the factors that the non-executive directors take into account when determining adequate remuneration levels to attract and retain skilled leaders. The Company believes that the periodical review of the remuneration policies adopted by companies of comparable size and economic performance may be a useful tool to understand its competitive positioning on the labor market and attractiveness for high-quality human capital, which the Company deems a key driver for growth, innovation and development. Such monitoring of market practices is performed with the support of a subject-matter expert and international advisory firms that periodically provide salary references and market trends on remuneration practices. In 2024 the Company was supported by Mercer.

The Remuneration Policy, even if defined based on the Company's specific strategies and long-term objectives, is nonetheless in line with companies of comparable size and economic performance. In this regard, on a regular basis the Company performs an analysis of the market competitiveness of executive directors' fixed and variable remuneration through the support of international and subject-matter expert advisory firms.

Remuneration components of the executive directors

The remuneration policy relating to executive directors constitutes the key strategic component to attract and retain human capital in today's tight market.

In line with the fundamental objective of achieving the most effective reconciliation of 'profitability' and 'sustainability' in the long term, executive directors' remuneration is aimed at supporting managerial growth strategies oriented towards sustainable long term value creation: long term is key in the Group's reference market (i.e. sustainable comfort solutions for the hot water and space heating market) where R&D projects requiring significant investment in terms of time and cost, are to be pursued with continuity and in the long run to be successful. The remuneration policy aims, therefore, not only at the adequate remuneration of the executive directors, but also at their adequate retention, as it is considered, in principle, an important element, consistent with the fundamental objective of maximum sustainable profitability in the long term.

The remuneration policy for executive directors consists of:

(i) base remuneration
- fixed remuneration (executive directors' fee, base salary and non-compete agreement)
- Board and committee fees
- benefits and perquisites

(ii) variable incentives
- short-term incentive ("STI")
- long-term incentive ("LTI")

Component	Purpose	Terms and conditions
Executive directors' fixed remuneration	Compensate for the individual's experience, skills, duties, responsibilities and the contribution of the individual within the Company. Non-compete agreement protects the interest of the Company.	Fixed remuneration is: 1. internally consistent 2. externally competitive 3. reviewed periodically
Board and committee fees	Compensate for the contribution required by the office.	The remuneration consists solely of a fixed fee as member of the Board and an additional fee in case of participation in committees.
Benefits and Perquisites	Provide value to the professional working life in relation to status, role complexity and grading.	Benefits include health insurance, disability and life insurance, a directors' and officers' liability insurance (D&O), mobility allowance or travel expenses when appropriate, representation costs and employee benefit plans as offered at any given point.
STI	Ensure executive directors' alignment with focus on the annual business plan as set by the Board.	The STI is conditional on the achievement of the following performance targets: 1. Adjusted EBIT (60%) 2. Turnover* (20%) 3. Group Quality Index (20%)
LTI	Achieve growth results in medium and long term and align executive directors' interests with the pursuit of the priority objective of sustainable creation of value for shareholders.	The LTI is conditional on the achievement of the following performance targets: 1. Adjusted EBIT/Net Sales* matrix (70%) 2. Relative TSR (15%) 3. Sustainability objective (15%)

** The terms Turnover, Net Revenue and Net Sales are to be considered equivalent.*

Simulated scenarios of the possible outcomes of the variable incentive components and their effect on the remuneration of the executive directors are conducted in accordance with the Dutch corporate governance code.

Base remuneration

The purpose of the fixed remuneration is to compensate the executive directors for their individual experience, skills, duties, responsibilities and their contribution to the Company. Such compensation of each executive director is a fixed cash compensation paid on a monthly basis, which includes holiday allowance and other local statutory requirements per country.

In addition, in consideration of their strategic and key role, the chief executive officer is entitled to a non-compete agreement.

The Company ensures that the fixed remuneration is: (i) internally consistent (i.e. in line with the role), (ii) externally competitive and (iii) reviewed periodically. Each year the compensation and talent development committee reviews the fixed remuneration and decides whether circumstances justify adjustments.

All executive directors are beneficiaries of a directors and officers' liability insurance policy ("D&O") at market conditions for this type of coverage. The insurance policy covers losses resulting from claims made against the executive directors for wrongful acts committed in their respective functions and for which they have been recognized accountable. Executive directors are also entitled to other benefits such as health insurance, disability and life insurance, mobility allowance or travel expenses, representation costs and to participate in whatever all-employee benefits plans may be offered at any given point.

Additional benefits and perquisites may be offered to the executive directors in case of a relocation or an international assignment, such as relocation support, storage costs, expatriation allowance, housing support, reimbursement of flight costs, reimbursement of costs for temporary living arrangements and other benefits which reflect local market practice, all in accordance with the applicable mobility policy.

Neither the Company nor any of its subsidiaries shall grant personal loans, guarantees or the like to executive directors except within the framework of its usual business operations, on conditions which apply to all employees and with the prior approval of the Board. No remission of loans to the executive directors shall be granted.

Various factors may be considered when determining any annual base remuneration changes, including, but not limited to, business performance, personal performance, the scope and nature of the role, salary increases of the Group's global workforce, relevant market benchmark data and local economic indicators, such as inflation and cost-of-living changes, to ensure that the remuneration is fair, sensible and market competitive. The actual annual base remuneration and any annual increases will be disclosed in the annual report.

Short-term incentive

The short-term incentive ("STI") aims to ensure that the executive directors, and other selected eligible employees, are well incentivized to achieve the Group's quantitative performance targets in the short term. The purpose of the STI is to ensure executive alignment with and focus on the annual business plan as set by the Board. At the beginning of each year, the compensation and talent development committee proposes to the Board (i) the target amount of the bonus for each executive director and (ii) the performance ranges, based on the Group business plan, whereby the pay-out is equal to 100% of the target amount if the targets as per the business plan are met, while the pay-out will be equal to 50% or 150% of the target amount depending on whether the actual performance is, respectively, at minimum level (threshold) or at maximum level. Linear interpolation applies between minimum (threshold) and target and between target and maximum performance level.

At the beginning of the following year, the compensation and talent development committee reviews the performances against the targets, based on the financial records of the Group as audited by the external auditor.

There are three performance indicators as follows:
(i) Target A identifies the Group Adjusted EBIT (60% of the total performance scorecard);
(ii) Target B identifies the Group Turnover (20% of the total performance scorecard); and
(iii) Target C identifies the Group Quality Index (20% of the total performance scorecard).

Target C is designed to push the quality of the product, as sustainable quality contributes to the Group performance in the long run and is calculated as a weighted combination of a set of single KPIs measuring the quality of the product over its lifecycle: from manufacturing to parts supply, product development and after sales (warranty spending). Accordingly, a portion of the short-term incentive contributes to the Group's strategy, the long-term interests of the Group and its sustainability.

The short-term incentive of the executive directors is based on financial and economic performance measures and, therefore, without directly taking into account specific qualitative performance objectives that are non-financial and/or related to corporate social responsibility. This choice is based on the consideration that socially responsible behavior, which the Group is inspired by with the utmost commitment and rigor, should in any case be reflected, in the long term, in the financial results of the Company and the Group. If the short-term incentive targets are met, the short-term incentive is paid the year following the relevant performance period once the predetermined performance objectives are verified.

The STI pay-out will be nil if: (i) total result of the performance scorecard is below the threshold level; or (ii) net profit of the year as reported in the consolidated financial statements is equal to zero, or a net loss for the period is reported.

Long-term incentive

LTI Plan

Executive directors are eligible for grants under the Company's long-term incentive plan ("LTIP"), as amended from time to time, and as approved by the general meeting. LTIP aims at providing incentives for the executive directors – and other selected eligible Group employees identified according to the banding model adopted by the Company – to achieve growth results in the medium and long term and at ensuring executive alignment with the pursuit of the key objective of sustainable long-term value creation for the Company and all its stakeholders.

The long-term incentive awards under the LTIP are made available annually (rolling grants) in the form of performance share units of the Company (PSU).

Usually at the beginning of each year, the compensation and talent development committee proposes to the Board: (i) the size of the grant for each executive director, with a maximum value at target not exceeding 150% of the base remuneration; and (ii) the target pay-out opportunity, for each executive director set at 50% for the threshold achievement, at 100% for target achievement and at 150% maximum in case of over-performance.

The number of PSUs to be granted to the executive directors is determined by dividing the individual grant value by the average closing price of the Company's shares on the 30 days before the grant.

The PSUs are conditional on: (i) a three-year vesting period, (ii) continuous engagement and (iii) performance assessment. The number of PSUs that vest after three years is dependent on the achievement of selected targets.

There are three performance targets as follows:

(i) Adjusted EBIT/net sales matrix (70% of the total performance scorecard);

(ii) relative total shareholders return ("TSR"), measuring the performance of the ordinary shares of the Company vis-à-vis the shares of selected competitors (15% of the total performance scorecard);

(iii) a sustainability objective, measuring the Scope 4 CO_2 emissions avoided at the end of the performance period, from a 2020 baseline, thanks to the renewable and high-efficiency products the Group sells with respect to the efficiency of the installed park in the regions where it operates (15% of the total performance scorecard).

Considering the sensitivity of the three-year plan on Adjusted EBIT and net sales, the specific targets will not be disclosed to avoid providing information that could offer an advantage to competitors.

The relative TSR is measured against a peer group of 11 companies selected based on sector proximity, group size and listing on the relevant stock market. For LTI 2024 the peer group is composed by A.O. Smith Corporation, Beijer Ref, Carel Industries, Carrier, Daikin, Lennox, Munters Group, Nibe, Systemair, Trane and Zehnder. As regards the measurement of the TSR for the Company and the companies of the peer group, it is calculated as the average closing price of the shares in the three months period preceding the beginning and the end of the performance period to sterilize any possible volatility on the market.

The time frame for assessing performance foresees a three-year vesting period with annual grants and a lock-up provision of two years on an amount equal to 30% of the ordinary shares (net of sell to cover) accrued for the executive directors. As a result, the LTIP is clearly linked to the long-term interests of the Company, in line with best market practices.

Scenario analysis

When formulating the remuneration policy and before determining the individual remuneration of the executive directors, the non-executive directors conduct analyses of the possible results of the variable remuneration components and the way in which this affects the remuneration of the executive directors.

The non-executive directors believe the remuneration policy is effective in terms of establishing a correlation between the Company's strategic goals and the chosen performance targets, as the main key performance targets of the LTIP (i.e. Adjusted EBIT/net sales matrix, TSR and a sustainability objective), which represent a significant part of the executive directors' remuneration package, support both the Company's strategy and sustainable long-term value creation for the Company and its stakeholders.

While the three performance targets act as independent indicators, in the event that all three long-term threshold performance targets are not achieved, there will be no variable pay vesting or pay-out for executive directors for the relevant period. The Board (with the abstention of the executive directors), having obtained the opinion of the compensation and talent development committee, may, at its sole discretion, adjust, downwards or upwards, the amount of performance shares that will vest if, in the reasonable opinion of the Board, the vesting of the performance shares insufficiently reflects the Group's overall performance during the performance period considering the external context.

Severance

The management agreement of the Chief Executive Officer, Mr. Maurizio Brusadelli, provides for, upon termination by the Company and certain conditions being met, the payment of a one-off severance equal to an amount of up to two years of his (i) fixed remuneration and (ii) the STI target amount.

The employment agreement of the Executive Chair provides for the standard indemnity upon termination of the relationship as set out in the applicable collective bargaining agreement.

Right to reclaim variable remuneration

In accordance with Dutch law and in line with best market practices, the non-executive directors may adjust the outcome of the variable compensation of the executive directors if the pay-out would, in their view, be unacceptable based on criteria of reasonableness and fairness (a 'malus'). The Company can also claim back variable payments (in whole or in part) if the pay-out was based on incorrect information about the achievement of the targets ('claw back').

2024 remuneration of the executive directors

The remuneration of the executive directors is in accordance with the remuneration policy. There are no loans, advances or guarantees provided by the Company or any undertaking belonging to the same group of the Company to or on behalf of an executive director.

The following table summarizes the remuneration received by the executive directors for the years ended 31 December 2024 and 2023:

Director, Position, Year		**Base remuneration**			**Variable incentive**		**Extraordinary items**	**Pension expense**	**Total remuneration**	**Proportion of fixed and variable remuneration**
		Fixed Remuneration	Fees	Benefits and perquisites	Short-term incentive	Long-term incentive				
Paolo Merloni *Executive Chair*	2024	1,100	73	66	0	455(1)	-	50	1,744	74% fixed 26% variable
	2023	1,100	80	61	541	981(2)	-	50	2,813	46% fixed 54% variable
Maurizio Brusadelli *Chief Executive Officer* (3)	2024	1,900	50	94	0	0	2,800(3)	39	4,883	100% fixed
	2023	913	21	41	406	0	-	19	1,399	not applicable(4)

Notes:
- *Fixed remuneration represents for the Executive Chair the base salary and the executive director fee. For the chief executive officer the fixed remuneration represents base salary, executive director fee and non-compete agreement.*
- *Fees represent the Board fee and the committee membership fees.*
- *The short-term incentive represents the incentive to be paid for performance results achieved in 2024.*
- *The long-term incentive value is calculated as follows: (i) for 2024, the LTI is valued referring to the share price on 30 December 2024 at close of trade (€ 3.45) and (ii) for 2023, the LTI is valued referring to the share price on 29 December 2023 at close of trade (€ 6.26) (and it refers to the vesting of the 2020 converted LTI phantom stock option plan).*

(1) *LTI accrued value based on IFRS2 expenses is € 1,437 thousand.*
(2) *LTI accrued value based on IFRS2 expenses is € 1,607 thousand.*
(3) *The chief executive officer received the payment of a one-off amounting to € 2,800 thousand as foreseen by his terms of engagement.*
(4) *Not applicable due to unavailability of full year data.*

Short-term incentive

To determine the executive directors' short-term remuneration, the compensation and talent development committee selected and proposed to the Board the following metrics as performed by the executive directors in 2024:

KPI 2024	Weight	Bandwidth pay-out level		
		Minimum	On-target	Maximum
Group Adjusted EBIT *(€ million)*	60%			
Group Turnover *(€ million)*	20%			
Group Quality Index	20%			

The pay-out level of the 2024 short-term incentive reflects the Company performance results approved by the Board on 5 March 2025.

Long-term incentive

In 2024 the LTIP 2021 vested. The compensation and talent development committee has proposed to the Board to recognize the following level of achievement:

KPI	Weight	Bandwidth pay-out level		
		Minimum	On-target	Maximum
Adjusted EBIT/Net sales matrix	70%			
Relative TSR	15%			
Sustainability Objective	15%			

In 2024, the compensation and talent development committee also proposed to the Board the grant of a new LTIP covering the performance years 2024-2026, in line with the remuneration policy.

The table below provides an overview of the outstanding LTI in 2024. It also provides an overview of (i) the number of PSUs of the LTIP 2021 that vested during 2024 and (ii) the new PSUs granted under the LTIP 2024, each as resolved by the Board on 5 March 2024.

Director, position	Main conditions of performance share plans				Information regarding 2024					
					Opening balance	During the year		Closing balance		
	Plan	Performance period	Vesting start date	Vesting end date	PSUs on 1 January 2024(1)	PSUs awarded	PSUs vested/ shares received	PSUs vested/ shares received	PSUs awarded and unvested	Unexercised shares
Paolo Merloni *Executive Chair*	2021	2021-2023	31.03.2021	31.03.2024	112,000	0	131,824	131,824	0	131,824
	2022	2022-2024	28.04.2022	31.03.2025	104,948	0	0	0	104,948	0
	2023	2023-2025	04.05.2023	30.03.2026	110,741	0	0	0	110,741	0
	2024	2024-2026	06.05.2024	31.03.2027	0	218,124(2)	0	0	218,124	0
Maurizio Brusadelli *Chief Executive Officer*	2023	2023-2025	03.08.2023	30.03.2026	208,776	0	0	0	208,776	0
	2024	2024-2026	06.05.2024	31.03.2027	0	376,760 (2)	0	0	376,760	0

(1) Unvested PSUs.

(2) The number of PSUs granted to the executive directors, as resolved by the Board on 5 March 2024 on the proposal of the compensation and talent development committee, is determined by dividing the individual grant value by the average closing price of the Company's shares on the 30 trading days before the award. Specifically, for LTIP 2024 the average closing price on the 30 trading days before the grant was € 5.043.

The table below provides an overview of the ordinary shares held by the executive directors as of 31 December 2024.

Executive director	Number of ordinary shares
Paolo Merloni	517,053
Maurizio Brusadelli	80,000

Change of remuneration of executive directors and Company performance

The following table shows a comparison of the fixed remuneration over the last five years of the executive directors who served as executive director in 2024.

Annual change	2020	2021	2022	2023	2024
Executive directors' fixed remuneration *(in € thousand)*					
Paolo Merloni *Executive Chair*	995	1,003	1,118	1,241	1,239
Maurizio Brusadelli *Chief Executive Officer* (1)	N.A.	N.A.	N.A.	974	2,044
Executive directors' total remuneration *(in € thousand)*					
Paolo Merloni *Executive Chair*	N.A.	2,879	3,523	2,813	1,744
Maurizio Brusadelli *Chief Executive Officer*	N.A.	N.A.	N.A.	1,399	4,883
Company performance *(in € million)*					
EBIT	149	171	194	285	63
EBITDA	227	247	283	417	203
EBIT Adjusted	164	203	223	314	160
EBITDA Adjusted	239	277	305	422	276
Average remuneration on a full-time equivalent basis of employees(1)					
Employees of the Group	N.A	54	59	65	63
Internal pay ratio Chief Executive Officer (3)					
Chief Executive Officer vs employees of the Group	N.A.(2)	40	44	N.A.(3)	105

(1) The population composition changes across the years in terms of FTE, mix and countries.

(2) Not available as the Company was not listed in 2020.

(3) In 2023 there is no relevant full year data for the CEO remuneration.

Internal pay ratio of the chief executive officer based on fixed remuneration

In accordance with Dutch law and the Dutch corporate governance code, the internal pay ratio is an important factor in determining the remuneration policy. The Dutch corporate governance code was amended on 20 December 2022 and entered into force as for the financial year beginning on or after 1 January 2023. Pursuant to the new version of the Dutch corporate governance code 'pay ratios' is understood to mean the ratio between (a) the total annual remuneration of the chief executive officer and (b) the average annual remuneration of the employees of the company and the group companies whose financial data the company consolidates, where: (i) the total annual remuneration of the chief executive officer includes all remuneration components (such as fixed remuneration, variable remuneration in cash (bonus), the share-based part of the remuneration, social security contributions, pension, expense allowance, etc.), as included in the (consolidated) financial statements; (ii) the average annual remuneration of the employees is determined by dividing the total wage costs in the financial year (as included in the (consolidated) financial statements) by the average number of FTEs during the financial year; and (iii) the value of the share-based remuneration is determined at the time of assignment, in line with the applicable rules under the applied reporting requirements. The Company has elected to follow this methodology from 2022. The 2024 pay ratio of the chief executive officer versus the employees of the Group is 105. This number is significantly impacted by the one-off amount paid to the chief executive officer as foreseen by his terms of engagement. The 2024 pay ratio of the chief executive officer excluding this one-off payment is 61.

Compliance with the remuneration policy and application of performance criteria

For the Board's 2024 remuneration, all the criteria, rules and procedures defined in the remuneration policy have been implemented with no deviations or derogations.

Director, position	Description of the performance criteria and type of applicable remuneration	Relative weighting of the performance criteria	Actual award outcome
Paolo Merloni *Executive Chair*	Short-term incentive: Group Adjusted EBIT (*EUR million*)	60%	
	Short-term incentive: Group Net Revenue (*EUR million*)	20%	
	Short-term incentive: Group Quality Index	20%	
	Long-term incentive: Adjusted EBIT objective and Net revenue objective	70%	(a) [●] available in 2027 (b) [●] available in 2027
	Long-term incentive: TSR objective	15%	(a) [●] available in 2027 (b) [●] available in 2027
	Long-term incentive: Sustainability objective	15%	(a) [●] available in 2027 (b) [●] available in 2027
Maurizio Brusadelli *Chief Executive Officer*	Short-term incentive: Group Adjusted EBIT (*EUR million*)	60%	
	Short-term incentive: Group Net Revenue (*EUR million*)	20%	
	Short-term incentive: Group Quality Index	20%	
	Long-term incentive: Adjusted EBIT objective and Net Revenue objective	70%	(a) [●] available in 2027 (b) [●] available in 2027
	Long-term incentive: TSR objective	15%	(a) [●] available in 2027 (b) [●] available in 2027
	Long-term incentive: Sustainability objective	15%	(a) [●] available in 2027 (b) [●] available in 2027

Remuneration of non-executive directors

The remuneration of non-executive directors aims to reward the non-executive directors for utilizing their skills and competences to the maximum extent possible to execute the tasks delegated to them. The general meeting determines the remuneration upon proposals of the Board, which periodically sends these proposals to the general meeting.

Remuneration components for non-executive directors

The remuneration of the non-executive directors reflects the size of the Group, as well as the responsibilities of the role and the time spent. Since the nature of the responsibilities of the non-executive directors is to act as independent bodies, the remuneration is not tied to the performance of the Group. Therefore, the remuneration of non-executive directors includes fixed compensation only. The annual fixed fee for non-executive directors is € 50,000. The chair and the members of the Board's committees are provided with a supplementary committee fee for these additional responsibilities as set out in the table below:

Committee	Chair	Member
Compensation and talent development committee	€ 20,000	€ 10,000
Audit committee	€ 20,000	€ 10,000
Strategic committee	€ 20,000	€ 10,000
ESG committee	€ 20,000	€ 10,000

The non-executive directors (i) shall not be eligible to participate in any benefits programs offered by the Company, (ii) will not be entitled to any severance pay, and (iii) are not eligible to participate in a pension scheme or other pension related benefits. The non-executive directors will, however, be reimbursed for all reasonable business expenses incurred in the course of performing their duties. Furthermore, the non-executive directors are beneficiaries of the D&O insurance policy of the executive directors.

2024 remuneration of the non-executive directors

The remuneration of the non-executive directors is in accordance with the remuneration policy. There are no loans, advances or guarantees provided by the Company or any undertaking belonging to the same group of the Company to the non-executive directors.

The following table summarizes the remuneration received by the non-executive directors for the years ended 31 December 2024 and 2023.

Non-executive director *(in € thousand)*	Fee 2024	Supplementary committee fee 2024	Remuneration 2024	Remuneration 2023
Laurent Jacquemin(1)(2)	50	10	60	50
Marinella Soldi	50	20	70	70
Antonia Di Bella(2)	50	17	67	60
Guido Krass	50	10	60	60
Roberto Guidetti	50	40	90	90
Maria Francesca Merloni	50	-	50	50
Ignazio Rocco di Torrepadula	50	20	70	70
Enrico Vita	50	10	60	60
Katja Gerber(4)	33	7	40	-
Francesco Merloni(5)	17	-	17	50
Lorenzo Pozza(5)	17	7	23	70

(1) Laurent Jacquemin was Chief Executive Officer up to 27 July 2023 and non-executive director since 27 July 2023.

(2) On March 2024 the 2021 LTIP vested and Laurent Jacquemin received 131,824 ordinary shares (LTI accrued value based on IFRS2 expenses is € 1,437 thousand) as foreseen by his retention packaged approved on 3 May 2023 by the Board.

(3) Member of Audit Committee up to 6 May 2024 and chairman of Audit Committee since 7 May 2024.

(4) Since 7 May 2024.

(5) Up to 6 May 2024.

The following table shows a comparison of the remuneration over the last five years of non-executive directors who served as non-executive directors in 2024:

Non-executive director *(in € thousand)*	**2020**	**2021**	**2022**	**2023**	**2024**
Laurent Jacquemin	50(1)	48(1)	50(1)	50(1)	60
Marinella Soldi	74	67	70	70	70
Antonia Di Bella(2)	-	-	-	60	67
Guido Krass	-	-	-	60	60
Roberto Guidetti	59	71	90	90	90
Maria Francesca Merloni	50	48	50	50	50
Ignazio Rocco di Torrepadula	-	38	60	70	70
Enrico Vita	53	52	60	60	60
Katja Gerber(3)	-	-	-	-	40
Francesco Merloni(4)	50	48	50	50	17
Lorenzo Pozza(4)	-	38	70	70	23

(1) Fees received during his period as CEO ended on 27 July 2023.
(2) Member of Audit Committee up to 6 May 2024 and chairman of Audit Committee since 7 May 2024.
(3) Since 7 May 2024.
(4) Up to 6 May 2024.

6. Ariston Holding N.V. Consolidated Financial Statements at 31 December 2024

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6. Ariston Holding N.V. Consolidated Financial Statements at 31 December 2024

Consolidated income statement for the year ended 31 December 2024

(in € million)	notes	2024		2023	
REVENUE AND INCOME					
Net revenue	1.1	2,632.7	100.0%	3,091.8	100.0%
Other revenue and income	1.1	47.5	1.8%	58.3	1.9%
Revenue and Income	1.1	**2,680.1**	**101.8%**	**3,150.1**	**101.9%**
OPERATING EXPENSES					
Change in inventories	1.2	121.7	4.6%	-36.0	-1.2%
Purchase of raw materials, consumables and goods for re-sale	1.2	1,103.5	41.9%	1,475.8	47.7%
Services	1.3	461.5	17.5%	517.3	16.7%
Personnel	1.4	667.4	25.4%	674.6	21.8%
Depreciation and amortization	2.1/2.2	139.7	5.3%	131.4	4.3%
Additions and release of provisions	1.5	49.2	1.9%	67.8	2.2%
Write-downs of Intangible Assets and PPE		5.1	0.2%	1.1	0.0%
Other operating expenses	1.6	68.8	2.6%	32.5	1.1%
Operating expenses		**2,616.8**	**99.4%**	**2,864.4**	**92.6%**
OPERATING PROFIT (EBIT)	1.7	63.3	2.4%	285.7	9.2%
FINANCIAL INCOME AND EXPENSE					
Financial income	1.8	9.4	0.4%	11.6	0.4%
Financial expense	1.9	-48.8	-1.9%	-44.0	-1.4%
Exchange rate gains/losses	1.10	-5.5	-0.2%	1.5	0.0%
Financial Income and Expense		**-45.0**	**-1.7%**	**-30.8**	**-1.0%**
PROFIT (LOSS) ON INVESTMENTS					
Profit (loss) on investments	1.11	-4.6	-0.2%	-1.3	0.0%
PROFIT BEFORE TAX		13.7	0.5%	253.6	8.2%
TAXES	1.12	11.4	0.4%	62.4	2.0%
			83.1%		24.6%
PROFIT (LOSS) FROM CONTINUING OPERATIONS		2.3	0.1%	191.2	6.2%
NET PROFIT		2.3	0.1%	191.2	6.2%
Net profit attributable to non-controlling Interests		-0.2	0.0%	0.0	0.0%
Net profit attributable to the Group		2.5	0.1%	191.2	6.2%
Basic earnings per share (€)	1.13	0.01		0.52	
Diluted earnings per share (€)	1.13	0.01		0.51	

Consolidated statement of other comprehensive income for the year ended 31 December 2024

(in € million)	notes	2024	2023
NET PROFIT	3.1	2.3	191.2
Items that will not be reclassified to the income statement			
Actuarial gains (losses) (*)	3.1	0.4	-5.2
Sub-total of items that will not be reclassified to the income statement		***0.4***	***-5.2***
Items that may be reclassified to the income statement			
Gains (losses) from the translation of financial statements	3.1	-11.8	-8.5
Net gains (losses) under cash flow hedge reserve (*)	3.1	-2.8	-24.4
Sub-total of Items that may be reclassified to the income statement		***-14.6***	***-32.9***
Total other gains (losses) net of taxes		-14.3	-38.1
TOTAL COMPREHENSIVE INCOME		-11.9	153.1
Attributable to:			
- Group		-11.7	153.1
- Non-controlling Interests		-0.2	0.0

(*) Tax effect included

Consolidated statement of financial position as at 31 December 2024

(in € million)	notes	2024	2023
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	2.1	897.8	894.1
Other intangible assets	2.1	603.4	618.3
Total intangible assets	**2.1**	**1,501.2**	**1,512.4**
Property, plant and equipment			
Land and buildings excluding ROU		*203.0*	*197.4*
Land and buildings ROU		*60.9*	*56.3*
Land and buildings	2.2	264.0	253.7
Plant and machinery excluding ROU		*158.1*	*136.3*
Plant and machinery ROU		*1.1*	*1.4*
Plant and machinery	2.2	159.2	137.7
Other property, plant and equipment excluding ROU		*187.1*	*198.6*
Other property, plant and equipment ROU		*38.2*	*29.5*
Other property, plant and equipment	2.2	225.3	228.1
Total property, plant and equipment	**2.2**	**648.5**	**619.4**
Investments in associates & Joint ventures	2.3	5.1	6.0
Deferred tax assets	2.4	122.1	114.6
Financial assets	2.5	5.1	4.4
Other non-current assets	2.6	7.0	7.8
Non-current tax receivables	2.7	1.0	1.4
Total non-current assets		**2,290.2**	**2,266.0**
CURRENT ASSETS			
Inventories	2.8	470.4	619.0
Trade receivables	2.9	333.9	361.3
Tax receivables	2.10	39.9	47.8
Current financial assets	2.11	18.4	35.1
Other current assets	2.12	62.8	87.4
Cash and cash equivalents	2.13	350.8	451.2
Total current assets		**1,276.1**	**1,601.8**
ASSETS HELD FOR SALE	2.14	0.3	0.3
TOTAL ASSETS		3,566.5	3,868.0

Consolidated statement of financial position as at 31 December 2024

(in € million)	notes	2024	2023
LIABILITIES AND EQUITY			
NET EQUITY			
Share capital	3.1	46.5	46.5
Share premium reserve	3.1	711.3	711.3
Retained earnings and other reserves	3.1	665.4	553.6
Net profit attributable to the Group	3.1	2.5	191.2
Net equity attributable to the Group	3.1	1,425.8	1,502.6
Non-controlling interests and reserves		-0.5	-0.1
Net profit attributable to non-controlling interests		-0.2	0.0
Net equity attributable to non-controlling interests		-0.7	-0.1
Net equity	3.1	1,425.1	1,502.5
NON-CURRENT LIABILITIES			
Deferred tax liabilities	3.2	208.7	214.3
Non-current provisions	3.3	69.6	73.8
Post employment benefits	3.4	85.0	87.2
Non-current financing	3.5	800.1	942.1
Other non-current liabilities	3.6	24.0	20.5
Non-current tax liabilities	3.7	3.9	3.9
Total non-current liabilities		1,191.2	1,341.5
CURRENT LIABILITIES			
Trade payables	3.8	444.2	463.7
Tax payables	3.9	53.4	83.9
Current provisions	3.10	62.8	68.9
Current financial liabilities	3.11	46.8	72.5
Current loans	3.12	101.3	46.7
Other current liabilities	3.13	241.9	288.2
Total current liabilities		950.2	1,024.0
LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS HELD FOR SALE	3.14	0.0	0.0
TOTAL LIABILITIES AND NET EQUITY		3,566.5	3,868.0

Consolidated statement of cash flows for the year ended 31 December 2024

	(in € million)	notes	2024	2023
	CASH FLOW FROM OPERATING ACTIVITIES			
1	NET PROFIT	3.1	2.3	191.2
2	- Taxes	1.12	11.4	62.4
3	- Income and expense from financing and investment activities	From 1.8 to 1.11	49.5	32.1
4	- Depreciation and amortization excluding ROU	2.1/2.2	107.0	101.6
5	- Depreciation ROU	2.2	32.6	29.8
6	- Provisions	1.5	49.2	67.8
7	- Other adjustments		5.1	1.1
8	= GROSS OPERATING CASH FLOW (+1+2+3+4+5+6+7)		**257.3**	**486.0**
9	- Change in trade receivables	2.9	23.6	-5.3
10	- Change in inventories	2.8	119.0	-32.3
11	- Change in trade payables	3.9	-43.4	-26.2
12	- Change in other short-term assets/liabilities		58.5	-0.4
13	- Change in provisions		-57.3	-44.3
14	- Tax paid		-51.2	-74.0
15	= NET OPERATING CASH FLOW (+9+10+11+12+13+14)		**306.5**	**303.5**
	CASH FLOW FROM INVESTMENT ACTIVITIES			
16	- Investments in intangible assets	2.1	-33.7	-30.2
17	- Investments in property, plant and equipment (PPE)	2.2	-82.1	-128.4
18	- Business combinations	2.1.1	-22.0	-547.0
19	- Investments in financial assets		-4.9	-4.9
20	- Change in the scope of consolidation		-3.5	0.0
21	- Proceeds from sale of intangible assets and PPE	2.1/2.2	4.7	0.7
22	- Interest received		6.8	8.9
23	= CASH FLOW FROM INVESTMENT ACTIVITIES (+16+17+18+19+20+21+22)		**-134.6**	**-701.0**
	CASH FLOW FROM FINANCING ACTIVITIES			
24	- Financial expense paid		-37.6	-30.3
25	- Financial expense pursuant to IFRS16		-3.6	-2.9
26	- Other inflows (outflows) of cash classified as financing activities	1.10	0.8	-0.5
27	- Increase/decrease in short-term financial payables	3.5	-47.7	14.5
28	- New loans	3.5	2.3	388.6
29	- Loans repayment	3.5	-103.5	-444.7
30	- Dividends	3.1	-63.1	-48.3
31	- Capital and reserves increase/distribution		0.0	0.0
32	- Proceeds from issue of ordinary shares		0.0	0.0
33	- Buyback/sale of treasury shares	3.1	-11.8	-8.7
34	= CASH FLOW FROM FINANCING ACTIVITIES (24+ / +33)		**-264.3**	**-132.3**
35	= CASH FLOW FROM CONTINUING OPERATIONS (16+23+34)		**-92.4**	**-529.7**
36	= CASH FLOW FROM DISCONTINUED OPERATIONS		**0.0**	**0.0**
37	= TOTAL CASH FLOW (35+36)		**-92.4**	**-529.7**
38	*Effect of changes in exchange rates*		**-2.4**	**-7.8**
39	= TOTAL MOVEMENT IN CASH AND CASH EQUIVALENTS (+37+38)		**-94.8**	**-537.5**
40	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		440.0	977.5
41	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (+39+40)		345.2	440.0

Consolidated statement of changes in shareholders' equity for the year ended 31 December 2024

CHANGES IN NET EQUITY *(in € million)*	Notes	Share capital	Treasury shares	Share premium reserve	Legal reserve	Stock-based incentive plans reserve	Reserve for gains/losses in equity	Actuarial gains (losses)	Retained earnings (losses) and other reserves	Net profit	Net equity attributable to the Group	Net equity attributable to non controlling interest	Net Equity
Balances as at 31 December 2023	3.1	46.5	-14.8	711.3	30.8	9.0	-1.6	-23.9	554.1	191.2	1,502.6	-0.1	1,502.5
Net profit										2.5	2.5	-0.2	2.3
Other comprehensive income (loss)							-2.8	0.4	-11.8		-14.3		-14.3
Total comprehensive income							*-2.8*	*0.4*	*-11.8*	*2.5*	*-11.7*	*-0.2*	*-11.9*
Consolidated profit allocation									191.2	-191.2	0.0		0.0
Payment of dividends	3.1								-63.1		-63.1		-63.1
Share-based payments	3.1		4.5			-5.0			2.9		2.5		2.5
Acquisition of treasury shares	3.1		-11.8								-11.8		-11.8
Other changes	3.1				6.2				1.1		7.3	-0.5	6.8
Balances as at 31 December 2024	3.1	46.5	-22.1	711.3	37.0	4.0	-4.4	-23.5	674.5	2.5	1,425.8	-0.7	1,425.1

CHANGES IN NET EQUITY *(in € million)*	Notes	Share capital	Treasury shares	Share premium reserve	Legal reserve	Stock-based incentive plans reserve	Reserve for gains/losses in equity	Actuarial gains (losses)	Retained earnings (losses) and other reserves	Net profit	Net equity attributable to the Group	Net equity attributable to non controlling interest	Net Equity
Balances as at 31 December 2022	3.1	46.1	-12.5	313.3	28.3	11.4	22.8	-18.7	479.0	140.3	1,010.0	2.2	1,012.2
Net profit										191.2	191.2	0.0	191.2
Other comprehensive income (loss)							-24.4	-5.2	-8.5		-38.1		-38.1
Total comprehensive income							*-24.4*	*-5.2*	*-8.5*	*191.2*	*153.1*	*0.0*	*153.1*
Changes in ownership interests									2.3		2.3	-2.3	0.0
Business combinations		0.4		398.2							398.6		398.6
Consolidated profit allocation	3.1								140.3	-140.3	0.0		0.0
Payment of dividends									-48.3		-48.3		-48.3
Share-based payments			6.4			-2.4			1.4		5.4		5.4
Acquisition of treasury shares			-8.7								-8.7		-8.7
Other changes				-0.2	2.5				-12.1		-9.8	-0.1	-9.9
Balances as at 31 December 2023	3.1	46.5	-14.8	711.3	30.8	9.0	-1.6	-23.9	554.1	191.2	1,502.6	-0.1	1,502.5

6.1 Corporate information

Ariston Holding N.V. (hereafter also the "Parent Company") is a Company listed in Euronext Milan, Italy, having its statutory seat in the Netherlands and enrolled in the Chamber of Commerce – KVK – of Amsterdam (CCI no. 83078738, RSIN no. 862717589, Establishment no. 000049275437, VAT Code: 01527100422, Fiscal Code 00760810572), with a secondary office in Via Broletto 44, Milan I-20121.
The major business operations of the Group and of the Ariston Holding N.V. are in Italy and for that reason the Company has established a secondary seat with a permanent representative office, within the meaning of article 2508 of the Italian Civil Code.
The Parent Company's primary purpose is to be a holding company and, with it, the management and coordination of a series of business processes for all the subsidiaries of the Group (hereinafter the "subsidiaries"). The Group, with its subsidiaries, is active in the business of the production and distribution of hot water and space heating and service solutions with cutting-edge technology serving markets all around the world.
At 31 December 2024, voting rights are as follows (not including 1.22% of treasury shares): Merloni Holding S.p.A. 79.58%, Amaranta S.r.l. 10.85% (equating to 66.83% of the share capital), CENTROTEC SE 3.33% while the market is entitled for 6.24%.
The issued share capital of the Company is held by Merloni Holding S.p.A. for 58.87%, Amaranta S.r.l. for 7.96%, the market for 20.83%, Centrotec SE for 11.12% and for 1.22% Ariston Holding (treasury shares).
The consolidated financial statements of the Ariston Group for the year ending 31 December 2024 were approved on 9 April 2025 by the Board of the Parent Company and recognized for issue.
The consolidated financial statements comprise the following: income statement, statement of other comprehensive income, statement of financial position, statement of cash flows, statement of changes equity (in millions of Euro) and these notes to the financial statements.

The statement of cash flows has been prepared using the "indirect method" and shows the changes that occurred, during the period, in the "short-term financial position" which measures the cash and cash equivalents (short-term and high liquidity financial investments promptly convertible and not subject to the risk of a change in value), classifying the financial flows according to their origins, from operating activities, investments or financing.

These financial statements have been prepared in euro, the currency used in most of the Group's transactions. Transactions with foreign companies are included in the consolidated financial statements in compliance with the standards described hereafter.

6.2 Significant events of the year

Significant events during the year relating to corporate actions, acquisition agreements and other significant events impacting the results are reported in a dedicated section in the Directors’ report of this annual report. The main events are the completion of the acquisition of a production site in Egypt from Universal Group and the loss of control of Ariston Thermo Rus LLC.

On 22 February 2024, the Ariston Group with its Egyptian subsidiary ‘Ariston Group Water Heating Solutions Egypt’ entered into an agreement to acquire fixed assets from the Egyptian entity 'Universal for Home and Electrical Appliances'. The investment further reinforces the Group’s positioning in the global hot water sector, a business that is constantly expanding and in which the Ariston brand is among the key players. The decision to invest in Egypt, a country with an important manufacturing backbone, is in line with the Group's strategy to optimize supply chain efficiency and speed by serving local markets through a network of centrally managed production sites located in different geographies, to increase the resilience of the industrial footprint, foster effectiveness and maximize the impact on costs and logistics.

On 26 April 2024, following publication of the news by Reuters, the Company retrieved Presidential Decree no 294 signed by President Putin and published on the same date in the Official Russian Gazette. With the above-mentioned Decree, President Putin placed the subsidiary Ariston Thermo Rus LLC under the temporary management of JSC Gazprom Household Systems, a subsidiary of the Gazprom group. For further information about the impacts in this Consolidated Financial Statements, please refer to paragraph ‘3. Basis of accounting preparation’.

6.3 Basis of accounting preparation

The consolidated financial statements have been prepared in compliance with the FRS accounting standards (as adopted by the EU), which include all International Accounting Standards in force as well as all interpretations provided by the IFRS Interpretations Committee previously known as International Financial Reporting Interpretations Committee ("IFRIC") and in accordance with Part 9 Book 2 of the Dutch Civil Code.
The Parent Company prepares separate financial statements in compliance with the "accounting standards" under Section 2:362 (8) of the Dutch Civil Code, pursuant to Part 9 of Book 2. These accounting policies are applied in the consolidated IFRS financial statements and in the separate financial statements.
The financial statements were prepared based on the going concern principle, on the cost basis and taking any value adjustments into account where appropriate, this is with the exception of the statement of financial position items, such as financial instruments, which, under the IFRS, must be recognized at fair value and except in cases in which the IFRS allow a different valuation criterion to be used. The carrying amount of assets and liabilities subject to fair value hedging transactions, which would otherwise be recorded at cost, has been adjusted to take account of the changes in fair value attributable to the risk being hedged.
The recognized financial statements provide comparative information in respect of the previous period.

i. Going concern

The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgment that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the date of signing the Company's consolidated financial statements.

In compliance with IAS 38 and IAS 36, on a yearly basis, the Group verifies the recoverable value of intangible assets with an indefinite life, the values were tested at aggregate level based on the values allocated to the three cash-generating units (CGUs), identified as the lowest level at which the goodwill is monitored by the Group and is considered appropriate, given the synergies and efficiencies obtained.
The Group continues to demonstrate a solid financial position across a variety of economic and financial metrics, which safeguards our operations. The Group is thoughtfully reassessing our investment strategies and believes that there are no significant concerns that could impact its ongoing stability.

ii. Segment reporting

For management purposes, the Group is organized into 3 business divisions (representing the three CGUs - Thermal Comfort, Burners and Components), however from a segment reporting perspective, the Group discloses a unique reportable segment, in accordance with IFRS 8 – Operating Segments.
In assessing performance, management reviews financial information on an integrated basis for the Group as a whole, substantially in the form of, and on the same basis as, the Group's IFRS Financial Statements.
The information required as per IFRS 8.31-34 has been disclosed in the Section '6. Disclosure to the Financial Statements'.

iii. Principles and basis of consolidation

The consolidated financial statements include the financial statements of the Parent Company and of the Italian and foreign subsidiaries.
For the purposes of preparing the IFRS-compliant consolidated financial statements, all consolidated companies have prepared a specific reporting package, at the same reference date, based on the IFRS standards that the Group has adopted and which are described below, entailing the reclassification and/or rectification of their accounting data prepared for disclosure purposes on a local level.
The consolidated financial statements reflect the financial position and economic result of the Parent Company and of its subsidiaries, both directly and indirectly controlled. In particular, the consolidated entities are those under the control of Ariston Holding N.V. either through a direct or indirect equity ownership, with the majority of voting rights at the general meeting, or through the exercise of a dominant influence over the financial and operating policies of the companies/entities, thus obtaining the related benefits, even without regard to equity ownership.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the significant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including: the contractual arrangement(s) with the other vote holders of the investee; rights arising from other contractual arrangements and the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
All subsidiaries are consolidated from the date when the Group acquired their control. The entities are excluded from the consolidation area from the date when the Group ceases or loses control of them.
The Income statement and each component of the OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.
When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.
All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Compared to 31 December 2023, the scope of consolidation changed due to the following transactions:

- In January 2024, the Israeli subsidiary 'Atmor Industries Ltd.' merged by incorporation into 'Chromagen Israel Ltd.' with retroactive accounting effects as from 1 January 2024.

- In March 2024, the Chinese subsidiary named 'Atmor (Dongguan) Electronic Technology Co' ceased to exist. The entity was put into liquidation on 26 April 2023. Financial consequences are not material.

- On 26 April 2024, following publication of the news by Reuters, the Company retrieved Presidential Decree no 294 signed by President Putin and published on the same date in the Official Russian Gazette. With the above-mentioned Decree, President Putin placed the subsidiary Ariston Thermo Rus LLC under the temporary management of JSC Gazprom Household Systems, a subsidiary of the Gazprom group.
  Ariston Thermo Rus LLC is a subsidiary of Ariston Holding N.V. which holds the 100% of the Ariston Thermo Rus LLC share capital. Until April 2024, Ariston Group consolidated the assets, liabilities, equity, income, expenses and cash flows of Ariston Thermo Rus LLC, in accordance with IFRS 10.
  As a result of the inability to control the Company, the Ariston Group has concluded that starting from 26 April 2024, it no longer controls its legal entity and will deconsolidate it. The loss of control results in the derecognition of the assets, the liabilities and the CTA amounts in OCI, with the resulting difference being recognized in the Income Statement.
  As a consequence of the above considerations, below are the impacts on the Ariston consolidated figures at 31 December 2024:
  - Deconsolidation of Ariston Thermo Russia net assets for € 34.5 million;
  - Recycling in Income Statement of the CTA reserve for a negative impact equal to € 7.1 million;
  - Loss on EBIT coming from the deconsolidation for € 37.9 million, broken down as follows:
    - € 35.7 million classified under 'Other operating expenses';
    - € 2.2 million classified under 'Additions and release of provisions'.

- In August 2024, the German subsidiary 'Elco International GmbH' merged by incorporation into 'Ariston Deutschland GmbH' with retroactive accounting effects as from 1 January 2024.

- In September 2024, the Mexican subsidiary 'ATM1 HR, S.A. de C.V.' merged by incorporation into 'Caletandores De America S.A. de C.V.' with accounting effects as from 1 October 2024.

- In November 2024, the Greek subsidiary 'MTG Service Single Member P.C.' merged by incorporation into 'Ariston Group Greece Single Member P.C.' with accounting effects as from 23 November 2024.

- In December 2024, the Italian subsidiary 'Wolf Italia S.r.l.' merged by incorporation into 'Ariston S.p.A.' with retroactive accounting effects as from 1 January 2024.

- In December 2024, the Dutch subsidiaries 'Air Install B.V.' and 'ComfortExpert B.V.' merged by incorporation into 'Air Install Group B.V.' with retroactive accounting effects as from 1 January 2024.

- In December 2024, the Dutch subsidiaries 'Innosource B.V.' and 'Holmak HeatX B.V.' merged by incorporation into 'Brink Climate System B.V.' with retroactive accounting effects as from 1 January 2024.

For further details on transactions that occurred in the year, reference should be made to the following section 'Principles and basis of consolidation'.

The list of the companies included in the basis of consolidation at 31 December 2024 is presented in the 'List of companies at 31 December 2024'.

Subsidiaries

A subsidiary is a company where the financial and operating policies are determined by the Parent Company which aims to benefit from their activities.
The economic result of the subsidiaries, whether acquired or transferred during the period, are included in the consolidated income statement from the actual acquisition date to the actual transfer date.

The share of non-controlling interests in the net assets of the consolidated subsidiaries is identified separately from the equity attributable to owners of the Parent. This share is determined based on their percentage of interest held:

a. in the fair values of the assets and liabilities recognized at the date of the business combination. As regards the symmetric put and call contracts connected to the new acquisitions, they have been represented by recognizing under financial liabilities in the statement of financial position the fair value of the payable arising from the purchase and sale options signed at the moment of the acquisition on all the shares held by the minority shareholders, and without the recognition of the residual equity attributable to non-controlling interests (see the subsequent section: "Business combinations");
b. in the changes in equity after that date. Subsequently, the losses attributable to non-controlling interests exceeding the equity attributable to them, are recognized under non-controlling interests.

Associates and joint ventures

The consolidated financial statements include the portion of associates' economic results attributable to the Group. Associates are companies over which the Group has a significant influence, in terms of financial and operating policies, although not holding control or joint control. The portion of these companies' economic results attributable to the Group is recognized according to the equity method, from the date when the significant influence starts until it ceases to exist. If the portion of losses of an associate attributable to the Group exceeds the carrying value of the investment recognized in the financial statements, the amount of this investment is waived and the portion of exceeding losses is not recognized, except and to the extent of the obligations assumed by the Group.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost.
The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date.
The income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in the OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.
The aggregate of the Group's share of the income statement of an associate and a joint venture is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.
The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss in 'Share of profit of an associate and a joint venture' in the income statement.
Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the income statement.

Transactions excluded from the consolidation process

All significant intra-group balances and transactions arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

Consolidation of foreign companies

All assets and liabilities of foreign companies in a functional currency other than the euro, falling within the consolidation area, are converted using the exchange rates in effect at the reference date of the financial statements (current exchange rate method). Income and expenses are converted at the average exchange rate for the period. Should it be possible to identify the specific exchange rate for individual transactions, these items are converted at the related spot rate.
The differences in the exchange rates on assets and liabilities of foreign companies in currencies other than the euro arising from application of this method are recognized in the OCI and under equity until the shareholding is transferred.
Goodwill and adjustments to the fair values generated by the acquisition of a foreign company, are recognised in their currency and converted using the exchange rate at the end of the reporting period.
The following table contains the exchange rates against the euro applied in the translation of financial statements expressed in another currency: (exchange rate = euro/currency).

Currency		2024 Average exch. Rate	2024 Exch. Rate at 31.12	2023 Average exch. Rate	2023 Exch. Rate at 31.12
Emirati Dirham	AED	3,98	3,82	3,99	4,06
Argentine Peso	ARS	1.070,81	1.070,81	892,92	892,92
Canadian Dollar	CAD	1,48	1,49	1,46	1,46
Swiss Franc	CHF	0,95	0,94	0,97	0,93
Chinese Renminbi	CNY	7,77	7,58	7,67	7,85
Czech Koruna	CZK	25,12	25,19	23,82	24,72
Danish Crown	DKK	7,46	7,46	7,45	7,45
Egyptian Pound	EGP	50,04	52,82	33,51	34,16
Pound Sterling	GBP	0,85	0,83	0,87	0,87
Hungarian Forint	HUF	395,54	411,35	381,94	382,80
Indonesian Rupiah	IDR	17.131,48	16.820,88	16.457,03	17.079,71
Indian Rupiah	INR	90,60	88,93	89,40	91,90
Kazakhstani Tenge	KZT	509,93	544,98	494,22	502,48
Morocco Dirham	MAD	10,77	10,51	10,97	10,93
Mexican Peso	MXN	20,01	21,55	19,13	18,72
Nigerian Naira	NGN	1.669,72	1.674,32	986,20	1.180,75
Polish Zloty	PLN	4,31	4,28	4,55	4,34
Romanian New Leu	RON	4,97	4,97	4,95	4,98
Singapore Dollar	SGD	1,44	1,42	1,45	1,46
Tunisian Dinar	TND	3,37	3,31	3,36	3,39
Ukrainian Hryvnia	UAH	43,59	43,69	39,74	42,00
US Dollar	USD	1,08	1,04	1,08	1,11
Vietnam Dong	VND	27.107,79	26.478,00	25.922,98	26.808,00
Israeli New Shekel	ILS	3,99	3,79	4,00	4,00
Serbian Dinar	RSD	117,08	116,80	117,25	116,98
Australian Dollar	AUD	1,64	1,68	1,63	1,63
South African Rand	ZAR	19,80	19,62	19,99	20,35

The exchange rate used for the translation of the Nigerian naira into the presentation currency is that at which future cash flows would be realized, in accordance with IAS 21.

Hyperinflation

If a subsidiary operates in a hyperinflationary economy, the related economic and financial results are adjusted in accordance with the method established by the IFRS, before being translated into the functional currency of the Group. The economic and financial data are restated in local currency, taking into account the current purchasing power of the currency on the financial statement date.

Argentina and Turkey fulfiled the conditions which determine the presence of hyperinflation in accordance with the IFRS accounting standards. Consequently, as of 1 July 2018, all the companies operating in Argentina and as of 30 June 2022 all companies operating in Turkey have been required to apply IAS 29 *Financial Reporting in Hyperinflationary Economies* in preparing the financial reports.
With reference to the Group, the consolidated financial results at 31 December 2024 include the effects from the application of the aforementioned accounting standard as in the prior year.
In accordance with the provisions of IAS 29, the remeasurement of the values in the financial statements overall requires the application of specific procedures and a measurement process which the Group had already started in 2018 for Argentina and of 2022 for Turkey. In particular:

- in relation to the income statement, costs and revenue were restated applying the change in the general consumer price index, in order to reflect the fall in purchasing power experienced by the local currency at 31 December 2024. For the purposes of the translation into euro of the income statement thus restated, the spot exchange rate at 31 December 2024 was consistently applied rather than the average exchange rate for the period;
- as regards the statement of financial position, the monetary elements were not restated, since they are already expressed in the current unit of measurement at the end date of the period; the non-monetary assets and liabilities

were instead restated to reflect the fall in purchasing power of the local currency that occurred from the date on which the assets and liabilities were initially recorded, at the end of the period.

Business combinations

Business combinations are accounted for using the acquisition method.
The Group verifies that a business combination falls within the definition of the IFRS guidance hence only if it is an integrated set of activities and assets that, with the input and process, contribute to the output creation.
The cost of acquisition is calculated as the sum of payments transferred as part of a business combination, measured at fair value, on the acquisition date and at the value of the portion of the shareholders' equity relating to non-controlling interests, measured at fair value of the net interest recognized for the acquired entity.
Ancillary costs related to the transactions are recorded in the income statement at the time they are incurred. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.
The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.
When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.
Should the business combination be done in instalments, the interest previously held by the Group in the acquired business is revealed at fair value on the date control is acquired, and any resulting gains or losses are recognized in the income statement.
Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration, classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the income statement in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is remeasured at fair value at each reporting date with changes in fair value recognized in the income statement.
Any changes in the fair value of the net assets acquired, occurring once further information is available during the measurement period – 12 months from the acquisition date – are included retrospectively in goodwill.
Goodwill acquired in business combinations is initially measured at cost, as the excess of the sum of payments transferred, the value of the portion of shareholders' equity relating to non-controlling interests and the fair value of any interest previously held in the acquired business over the Group's portion of the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company. If the value of the net assets acquired and liabilities assumed on the acquisition date exceeds the sum of the transferred payments, the value of the non-controlling interests' portion of shareholders' equity and the fair value of any interest previously held in the acquired business, this excess value is accounted for in profit and loss as income from the transaction.
After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Accounting treatment of the Put and Call Agreement for the non-controlling interest in Chromagen Australia

On 31 May 2023, the Group entered into an agreement with the non-controlling interests for the acquisition of the remaining shares. The Group applies the full recognition of the Non-Controlling Interest (NCI). This includes recognizing the amount payable, along with any subsequent changes to the carrying amount of the financial liability. These changes result from remeasuring the present value of the amount payable when the NCI put option is exercised. The effects of these changes are recorded in the profit or loss attributable to the owners of the parent company. The agreement establishes both a call option, granting the Group the right to purchase the shares, and a put option, affording the Minority the right to sell the shares. The present value of this amount is equal to € 11.4 million and it is classified under non-current. The exercise date is set within 2 months following the approval of the Financial Statement for the FY 2025.

Accounting treatment of the MTG Service Single Member reps & warranties

On 14 June 2023, the Ariston Group acquired 100% of the shares and voting rights of MTG Service Single Member that operates in Greece.
The agreement set forth representation and warranty clauses to cover the Ariston Group against previous undisclosed liabilities not known at the date of the agreement. The Ariston Group withheld from the Purchase Price an amount to cover those risks which will be paid to the seller as per the agreement.
The present value of this amount is equal to € 0.2 million and it is classified under non-current liabilities given that the expiry date is in 2026. In November 2024, the Greek subsidiary 'MTG Service Single Member P.C.' merged by incorporation into 'Ariston Group Greece Single Member P.C.'. The liability was transferred to the surviving entity.

Accounting treatment of the Stenkilde VVS earn-out

During the 2023, the Group signed an Asset Purchase Agreement about a customer list with Stenkilde which foresees a future payment based on the performance of the assets acquired.
The payment is scheduled annually for the next five years.

The following table summarizes the fair value of the financial liabilities described above:

Company	Type	% Ownership	Execution Date	Local Currency	€
Chromagen Australia	Put and Call	49%	2026	18.8 AUD	11.4
MTG Service Single Member	Reps and Warranties	n.a.	2026	0.2 EUR	0.2
Financial liabilities related to Investments in Subsidiaries					***11.6***
Stenkilde VVS	Earn-out	n.a.	From 2024 to 2028	1.0 DKK	0.2
Financial liabilities to third parties					***0.2***

6.4 Material accounting policies

i. Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on a current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

ii. Fair value measurement

The Group measures financial instruments such as derivatives and non-financial assets at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability, the principal or the most advantageous market accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its best use or by selling it to another market participant that would use the asset in its best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing their categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

iii. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the income statement in the period in which the expenditure is incurred.
The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category that is consistent with the function of the intangible assets.
Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.
An intangible asset is derecognized upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement.

Goodwill

Goodwill arising from the acquisition of a subsidiary reflects the excess of the acquisition cost over the percentage attributable to the Group, of the fair value of the subsidiary’s identifiable assets, liabilities and potential liabilities at the acquisition date (IAS 36). Goodwill is recognized as an asset and undergoes an impairment test on an annual basis, or more frequently if there are events or changes in the circumstances that may result in impairment losses.
For this purpose, the goodwill, if any, resulting at the acquisition date is allocated to each of the cash generating units (CGU), which are expected to benefit from the synergy effects deriving from the acquisition. Any loss in value is identified through valuations that are based on the capacity of each unit to produce financial flows capable of recovering the part of goodwill allocated to it, according to the methods described hereinafter, in the section “Impairment of assets”. If the value recoverable by the cash generating unit is below the attributed carrying value, the related impairment loss is recognized. This impairment loss is not restored if the reasons that have generated it cease to exist.
If control is lost in a subsidiary, the portion of goodwill attributable to it at the date of the sale is included in the calculation of the gain or loss on disposal.

Other intangible assets

Other intangible assets, whether purchased or internally produced, are recognized under assets in compliance with IAS 38 *Intangible Assets*, if it is likely that the use of the assets will generate future economic benefits and when the cost of the asset can be accurately measured.

These assets (such as concessions, licenses, trademarks and software) with a definite useful life are recognized at purchase or production cost and amortized on a straight-line basis over their estimated useful life. Any impairment losses, and any restatement, are based on the same methods described in the section “Impairment of assets”.

Intangible assets with an indefinite useful life are not amortized but are subject to evaluation in order to identify any impairment loss, yearly or more frequently, at any time there is an indication that the asset may have been impaired.

Research costs are recognized in the income statement for the period in which they are incurred.
Internally generated intangible assets deriving from the development of the Group’s products are recognized under assets, only if all of the following conditions are met:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale

- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to reliably measure the expenditure during development

The capitalized development costs include only the expense incurred which may be attributed directly to the development process.
These intangible assets with definite useful life are amortized on a straight-line basis over the respective useful life of the product, which is normally 5 years. Any impairment losses, and any restatement, are based on the same methods described in the section “Impairment of assets”. If the internally generated assets cannot be recognized in the financial statements, the development costs are recognized in the income statement for the period in which they are incurred.

The other intangible assets recognized following the acquisition of a company are recognized separately from the goodwill, if their current value can be accurately measured.

Here below are the principles applied by the Group for intangible assets (IAS 38.118) (a) (b):

	Licenses	Trademarks	Development costs	Software
Useful life	Definite (5 years)	Indefinite	Definite (5 years)	Definite (4 years)
Amortization method used	Amortized on a straight-line basis over the period of the license itself	No amortization	Amortized on a straight-line basis over the period of expected future sales resulting from the related project	Amortized on a straight-line basis over the period of the usage of the software itself
Internally generated or purchased	Purchased	Purchased	Internally generated/Purchased	Purchased

The residual other intangible assets mainly include purchased customer list with an average useful life of 20 years, amortized on a straight-line basis over the period of the expected future sales from the customer relationship.

iv. Property, plant and equipment

Property, plant and equipment are recognized at cost, net of accumulated depreciation and impairment losses, if any. Construction in progress is stated at cost, net of accumulated impairment losses, if any.
The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.
Assets with components of a significant value and with a different useful life are recognized separately when depreciated.
Under IAS 16 Property, Plant and Equipment an entity has a policy choice for the measurement of property, plant and equipment after initial recognition. An entity may choose either the cost model or the revaluation model for entire classes of property, plant and equipment. The Group has elected to use the cost model for all class of assets.
The depreciation is calculated on a straight-line basis, according to the cost of the asset net of all residual values, on its estimated useful economic-technical life through the use of depreciation rates that accurately represent it. If significant parts of these tangible assets have a different useful life, they will be stated separately. The depreciation will be based on the following percentage rates:

Buildings and light constructions	from 1.8 to 3.0
Plant and machinery	from 6.0 to 15.5
Industrial and commercial equipment	from 10.0 to 25.0
Cars and internal transport vehicles	from 20.0 to 25.0
Furniture, office equipment, data processing systems	from 12.0 to 20.0

The Group reviews the estimated residual values and expected useful lives of assets at least annually.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Land with no construction or annexed to residential and industrial buildings, is not depreciated since it has an unlimited useful life.

An item of property, plant and equipment and any significant part initially recognised is derecognized upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal.

Gains and losses arising from the sale or disposal of assets are calculated as the difference between revenue from sales and the net carrying value of the asset, and are recognized in the income statement for the year.

v. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
The rights of use relating to leases are recognized in a single accounting model to recognize the lease. In accordance with this model, the entity recognizes: (1) assets and liabilities for all leases with a duration of over twelve months; (2) separately in the income statement, the amortization/depreciation of the recognized asset and the interest on the financial payable recorded.

More specifically, in order to determine the value of the assets with "right of use", the value of the related discounted liabilities, any payments made to the lessor before signing the contract, net of the incentives received, the initial direct costs incurred by the lessee as well as the provisions for removal and dismantling, if any, are taken into account.

Lease agreements in place within the Group include offices, warehouses, plants, machinery and vehicles and low value assets belonging to third parties.
Lease terms generally range from 1-10 years but may contains option to extend them. Lease terms may also contain a wide range of different conditions.
Falling under the IFRS 16 guidelines, the rights of use are valued at cost, net of accumulated amortization and impairment losses and are adjusted after any remeasurement of the lease liabilities. The value assigned to the rights of use corresponds to the amount of the lease liabilities recognized, plus initial direct costs incurred, lease payments settled on the start date of the agreement or previously, and restoration costs, net of any lease incentives received.
The value of the liability, discounted to its present value, as determined above, increases the right of use of the underlying asset, and a dedicated liability is created as a contra-entry. The rights of use are amortized on a straight-line basis over its estimated useful life or the term of the agreement, whichever is the shorter. The financial liability for leases is recognized on the start date of the agreement at a total value equal to the present value of the lease payments to be made during the term of the agreement, discounted to present value using incremental borrowing rates (IBR) when the implicit interest rate in the lease agreement cannot easily be determined. Variable lease payments which are not linked to an index or rate continue to be charged to the income statement as costs for the period.
After the start date, the amount recorded for the liabilities relating to lease contracts increases to reflect the accrual of interest and reduces to reflect the payments made. Each lease payment is divided into a repayment of the capital portion of the liability and a financial cost. The financial cost is charged to the income statement over the term of the agreement to reflect a constant interest rate on the remaining debt portion of the liability for each period.
The term of the lease is calculated taking into account the non-cancellable period of the lease together with the periods covered by an option to extend the agreement if it is reasonably certain that it will be exercised, or any period covered by an option to terminate the lease contract, if it is reasonably certain it will not be exercised. The Group assesses whether it is reasonably certain that it will exercise the options to extend or will terminate the agreements, taking into account all the relevant factors that create a financial incentive for such decisions.

On the basis of practical expedients, recognition of exemptions for low-value and short-term leases, equal to € 33.4 million for 2024 (€ 30.2 million for 2023), was not considered and € 4.2 million for 2024 (€ 5.5 million for 2023) out of scope IFRS 16, which comprise mainly tolls and rent contracts for IT equipment.

The agreements are either included or excluded from the application of the standard based on detailed analysis carried out for each agreement and in line with the rules laid down by IFRS standards.

Financial liabilities relating to IFRS 16 leases are initially measured at the present value of the lease payments still to be paid.
With respect to some of its leases, the Group has the option to extend or terminate them. The Group applies judgement when assessing whether it is reasonably certain to exercise renewal options. That said, the Group considers all relevant factors that may create an economic incentive to exercise the options to renew or terminate the lease. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances which are within its control and affect whether it can exercise (or not exercise) an option to renew or

terminate the lease (e.g. investments in leasehold improvements or specific material changes to the leased asset). In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.
The exercise price for the underlying asset, in the presence of purchase options, and/or the contractual value of the penalties, in the case of early termination of the lease, are included in the value of the financial liability only if their exercise is reasonably certain.
Following initial recognition, financial liabilities relating to IFRS 16 leases are valued using the amortized cost method.
The discount rate at which the lease payments that are still to be paid are discounted is called the lessee's incremental borrowing rate and is equal to the interest rate the lessee would have paid if they had borrowed money to the value of the right of use, with payment terms similar to the contractual duration of the lease in a similar economic environment.
Management estimated the discount rate by individual country, on the basis of the contractual duration and the total amount of the current "lease portfolios with similar characteristics".

vi. Impairment of assets

At each reporting date, the Group reviews the carrying value of its tangible and intangible assets to verify whether there is any indication that they were subject to an impairment loss. If there are indications of impairment, the Group estimates the recoverable amount of the assets to calculate the related impairment loss. If it is not possible to estimate individually the recoverable amount of an asset, the Group estimates the recoverable value of the cash generating unit to which the asset belongs.
Intangible assets with an indefinite useful life, including goodwill, are assessed on an annual basis or more frequently if there is an indication of possible impairment losses.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In calculating the value in use, the estimated future cash flows are discounted to their current value using a discount rate that reflects the current market values relating to money and the risks associated with the asset.
If the recoverable amount of an asset (or of the CGU) is estimated to be lower than its carrying value, it is reduced to the lower recoverable amount. Impairment losses are immediately recognized in the income statement.

If an impairment no longer has a reason to exist, the carrying value of the asset (or of the CGU), excluding the goodwill, is increased to the new amount resulting from the estimate of its recoverable value, but not above the net carrying value that the asset would have had if the impairment loss had not occurred. The difference is recognized in the income statement.

vii. Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying value and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.
Non-current assets (and disposal groups) are classified as held for sale when the Group expects that their carrying value will be recovered through sale rather than used in its operating activities. This condition is met only when the sale is highly probable, the asset (or group of assets) is held for immediate sale in its current condition, and management has committed to the sale, which should occur within 12 months from the date of classification of this item.
Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.
Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.
Financial activities related to ceased or discontinued operations, net of tax effects, are recognized under one single item in the consolidated income statement, including the comparative data of the relevant period.

viii. Investments in associates

Investments in associates are recognized according to the equity method, starting from the date of the significant influence by the Group up to the time when this influence ceases to exist, as described in the previous paragraph 'Basis of accounting preparation'.

ix. Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.
In line with IFRS 9, financial assets, which are represented by debt instruments (trade receivables, financial receivables, etc.), are classified on the basis of the business model (the way the Group manages financial assets in order to generate cash flows) and the contractual characteristics of the cash flows (the so-called SPPI test, "solely payment of principal and interest"), in one of the following categories:

- amortized cost, for the financial assets held with the aim of receiving the contractual cash flows which pass the SPPI test, since the cash flows represent solely payment of principal and interest; this category includes trade receivables, other operational receivables included in other current and non-current assets, and financial receivables included in other current and non-current financial assets;
- fair value through shareholders' equity (FVOCI), for financial assets held with the aim of collecting cash flows, both contractual, which represent solely payments of principal and interest, and from sales. The changes in fair value subsequent to initial recognition are offset under OCI and are recycled to the income statement upon derecognition;
- Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the Income statement. This category mainly includes derivative instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.
With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section (e) Revenue from contracts with customers.

The Group envisages, as per the provisions of the new IFRS 9, the treatment of non-strategic investments and investment funds shares at FVTPL; while other investments, which are considered strategic, are treated individually and, at the moment, are all valued at FVOCI.

Contingent consideration classified as an asset (or liability) that is a financial instrument and within the scope of IFRS 9 *Financial Instruments*, is measured at fair value with the changes in fair value recognized in the income statement in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognized in the income statement.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

- Financial assets at amortized cost (debt instruments)
  Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the income statement when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost include trade receivables, a loan to an associate and a loan to a director included under other non-current financial assets. Trade receivables originate in the ordinary course of business and are held within a business model with the objective to hold the receivables in order to collect

contractual cash flows that meet the 'solely payments of principal and interest' criterion under IFRS 9, therefore they are measured at amortized cost using the effective interest rate method. The Group applies the amortized cost only for trade receivables with maturities greater than one year and are discounted to present value.

- Financial assets at fair value through OCI (debt instruments)
  For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the income statement and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to the income statement. The Group's debt instruments at fair value through OCI include investments in quoted debt instruments included under other non-current financial assets.
- Financial assets designated at fair value through OCI (equity instruments)
  Upon initial recognition, the Group can elect to irrevocably classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to the income statement. Dividends are recognized as other income in the income statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to irrevocably classify its non-listed equity investments under this category.
- Financial assets at fair value through profit or loss
  Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the income statement. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognized as other income in the income statement when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired

Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has substantially transferred all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions – refer to sub-paragraph 'xxi. - Significant accounting judgements, estimates and assumptions'
- Trade receivables, including contract assets as described below

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

- Financial liabilities at fair value through profit or loss
  Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities as at fair value through profit or loss also include derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition and only if the criteria in IFRS 9 are satisfied.

- Financial liabilities at amortized cost (loans and borrowings)
  This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the income statement. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

Derivatives

The Group uses financial derivative instruments mainly to hedge its exposure to exchange rate risk, interest rate risk and commodity price fluctuation risk.
With reference to the classification of hedging transactions, the provisions of IFRS 9 require that:

- there is an economic relationship between the hedged item and the hedging instrument, such as to offset the related changes in value;
- this ability to offset is not undermined by the counterparty's credit risk level;
- a ratio between the hedged object and the hedging instrument (the so-called hedge ratio) is defined, in line with the derivatives risk management objectives, as part of the established derivatives risk management strategy, rebalancing where necessary.

Changes in the derivatives risk management objectives, the termination of the above conditions to classify hedging transactions or rebalancing lead to the future, total or partial, discontinuation of the hedge.

Financial instruments are recognized according to hedge accounting rules when:

- at the beginning of the hedging, the formal designation and documentation of the hedging exist;
- the hedging is assumed to be effective;
- the effectiveness can be accurately measured and the hedging itself is highly effective during the relevant periods.

The Group applies the cash flow hedge (IFRS 9), if the hedging relationship of changes in the cash flows originating from an asset or liability or a future transaction (hedged underlying element), which is deemed as likely to occur and could have an impact on other comprehensive income and equity (cash flow hedge reserve), is formally documented.
Changes in the value of the derivatives designated as fair value hedges and that are qualified as such, are recognized in the income statement, consistent with the changes in the fair value of the hedged assets and liabilities. If the derivative, even if created with non-speculative intent, does not meet all the formal requirements necessary to be designated in hedge accounting, the changes in fair value are recognized in the income statement, under the same line of the changes in the hedged item.

x. Inventories

Inventories are recognized at the lesser value between purchase and production cost, according to the weighted average cost method and their net realizable value.
Cost includes direct materials and direct labor general production costs and other costs incurred to bring inventories to their current location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.
Lastly, some obsolete stock provisions are calculated for materials, finished goods and spare parts that are considered obsolete or slow moving, taking into account their expected future use and realizable value.

xi. Cash and cash equivalents

Cash and cash equivalents are recognized at their nominal value and include numeric values, i.e. those values that meet the requirement of on demand or very short-term availability, positive outcome and no costs of disposal with a maturity of three months or less, which are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. This item also includes the collection and payment instruments that have been subject to an account recording at the servicing financial institution as at the closing date of the period notwithstanding any subsequent different accounting records.

xii. Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the Income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any gain or loss resulting from subsequent sales is recognized in equity.

xiii. Provisions for risks and charges

General

The Group recognizes provisions for risks and charges when it has a present obligation, either legal or constructive, toward third parties arising from a past event, and it is likely that it will be necessary to use the resources of the Group to meet the obligation, and when it is possible to make an accurate estimate of the amount of the obligation itself.
When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Changes in estimates are reflected in the income statement of the period when the change has occurred.
Disclosures about provisions follow IAS 37 (paragraph 92) which regulates and limits these indications when they might prejudice the company's position in any disputes.

Uncertain tax position

IFRIC23 'Uncertainty over Income Tax Treatments' to clarify the accounting for uncertainties in income tax is applied. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

In the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, that it has used or plans to use in its income tax filling.

If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings.

If the entity concludes that it is not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The decision should be based on which method provides better predictions of the resolution of the uncertainty.

In case facts and circumstances changes, the entity shall reassess its judgements and estimates.

Warranty provisions

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognized when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually.

Restructuring provisions

Restructuring provisions are recognized only when the Group has a constructive obligation, which is when: (i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and (ii) the employees affected have been notified of the plan's main features.

xiv. Employment benefits

Group companies provide post-employment benefits to staff, both directly and by contributing to external funds.
The procedures for providing these benefits vary depending on the legal, fiscal and economic conditions in each country in which the Group operates.
Employee benefits are accounted under IAS 19 and IFRS 2.
Group companies provide post-employment benefits through defined contribution and/or defined benefit plans.

Post-employment benefits

i. Defined benefit plans

The Group's obligations and the annual cost reported in the income statement are determined by independent actuaries using the projected unit credit method.
The net cumulative value of actuarial gains and losses is recorded directly in the statement of other comprehensive income and is not subsequently recognized in the income statement. The costs associated with an increase in the present value of the obligation, as the time for payment of the benefits draws nearer, are included under financial expenses. Service costs are posted to the income statement.
The liability recognized represents the present value of the defined benefit obligation, less the present value of plan assets. If an amendment to the plan changes the benefits accruing from past service, the costs arising from past service

are recognized in the income statement at the time the change to the plan is made. The same treatment is applied if there is a change to the plan that reduces the number of employees or that amends the terms and conditions of the plan (the treatment is the same, regardless of whether the final result is a profit or a loss).

For defined benefit plans, remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit/contribution liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit/contribution liability), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the income statement in subsequent periods.
Past service costs are recognized in the income statement on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit/contribution liability or asset. The Group recognizes the following changes in the net defined benefit/contribution obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in the consolidated income statement (by nature):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

ii. Defined contribution plans

Since the Group fulfils its obligations by paying contributions to a separate entity (a fund), with no further obligations, the company records its contributions to the fund in respect of employees' service, without making any actuarial calculation.
Where these contributions have already been paid at the reporting date, no liabilities are recorded in the financial statements.

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.
That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the income statement for a period represents the movement in cumulative expense recognized at the beginning and end of that period. Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.
No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled

by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

xv. Grants

Government grants, obtained against investments, are recognized in the income statement when the conditions for recognition are met (i.e. when there is reasonable certainty of recognition) as deferred income, over the period required to relate them to their respective costs.
When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.
When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to the income statement over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

xvi. Revenue and income

Revenue is recognized when control of the goods and services has been transferred and the Group's performance obligations to its customers have been satisfied. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring goods or providing services. The timing of when the Group transfers the goods or services to the customer may differ from the timing of the customer's payment. Revenues are stated net of discounts, allowances, settlement discounts and rebates.
The Ariston Group typically provides warranties for general repairs of defects that existed at the time of sale, as required by law. Contractual warranties required by law do not represent a separate performance obligation and the cost of such warranties is recognized at the time of the transfer of control of the related good.
The Group also provides extended warranty. These service-type warranties are sold either separately or bundled together with the sale of products and represent a separate performance obligation, in accordance with accounting principle IFRS 15. The revenue from extended warranties is generally recognized over the time, on the basis of the period in which the service is provided.
Ariston Group revenue streams are described in the following table.

Revenue stream	Revenue stream description	% Revenues 2024	% Revenues 2023
Professional	Customers are mainly installers, medium-large distributors and professionals in the field of Thermal Comfort. Standard T&Cs apply and the main performance obligation is characterized by the sale of finished products including variable considerations too. The Group acts as principal.	65%	79%
DIY (Do it yourself)	Customers are large retailers. The main performance obligation is characterized by the sale of finished products and the variable considerations are significant. T&Cs are decided by the customer by means of annual framework agreements. The Group acts as principal.	6%	5%
Business-to-business (B2B)	The main performance obligation is characterized by the sale of components, burners and heating only for specific projects: e.g. for institutions (schools, hospitals, etc.). The Group acts as principal.	14%	6%
Service	**Indirect service**: maintenance and repair services offered through Technical Support to the end customer. **Direct service**: maintenance and repair services offered directly to the end customer. **Spare Parts**: Related to Service activities (in PL reported as Net Revenue from Sales). The Group acts as principal.	15%	10%
Total		**100%**	**100%**

Assets and liabilities arising from rights of return

Right of return assets

A right-of-return asset is recognized for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods and any potential decreases in value. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is recognized for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Regarding the use of significant assumptions, refer to sub-paragraph '*Revenue recognition'* included in the paragraph '*Significant assumptions'*.

xvii. Taxes

Current income tax

Current taxes are based on the taxable income for the year. The taxable income is different from the profit/loss recognized in the income statement since it excludes positive and negative items which are taxable or deductible in other years and it also excludes items that will never be taxable or deductible.
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.
Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred taxes are those that the Group expects to settle or recover based on the temporary differences between the carrying value of assets and liabilities and their corresponding tax values used for calculating taxable income. They are recognized using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, whereas deferred tax assets are recognized only if it is probable that there will be future taxable income against which deductible temporary differences can be used. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- if the temporary differences derive from goodwill or the initial recognition (not in business combinations) of other assets or liabilities in transactions that do not affect the profit (loss) for the year or the taxable income;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying value of deferred tax assets is reviewed at each reporting date and impaired, if it is no longer probable that sufficient taxable income exists that can enable recovery of all or part of the assets.
In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.
Deferred taxes are calculated at the tax rate that is expected to be applied when the asset is realized or the liability extinguished. Deferred taxes are recognized directly in the income statement, except for those related to items recognised directly under equity, in which case the deferred taxes are also recognized under equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

xviii. Earnings per share

The basic earnings per share are calculated by dividing the portion of profit/loss attributable to the Group by the weighted average of the outstanding shares of the year.
The diluted earnings per share are calculated by taking into account, both as regards the portion of profit/loss attributable to the Group and the above-mentioned weighted average, the impact deriving from the total subscription/conversion of all potential shares that may be issued through the exercise of outstanding options.

xix. Dividends

Dividends are recognized as changes in equity in the year when the Group's unconditional right to receive payment arises, that is when the general meeting approves the distribution of dividends.

xx. Transactions in a foreign currency

Should a company in the Group have a monetary item to be received or to be paid in regard to another foreign subsidiary, for which settlement is not planned nor is it likely that it may occur in the foreseeable future and is substantially part of the entity's net investment in this foreign operation, it is recognised in accordance with the provisions of IAS 21 (paragraphs 32 and 33). This envisages the treatment of the related differences in exchange rates be recognized under the items of the statement of comprehensive income in the consolidated financial statements which include this foreign operation.

xxi. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. The Group includes the renewal period as part of the lease term for leases of plant and machinery with a shorter non-cancellable period. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

When the carrying amount of property, plant and equipment, intangible assets, right-of-use assets, goodwill and investments in associates/joint ventures exceeds its recoverable amount, which is the higher of the fair value less costs of disposal and the value in use, the assets are impaired. Such impairments are carried out in accordance with the provisions of IAS 36, as described in greater detail in note 2.1. In order to determine the recoverable amount, the Group generally adopts the value in use criterion. Value in use is based on the estimated future cash flows generated by the asset, discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and of the specific risks of the asset. Future cash flows used to determine value in use are based on the most recent business plan, approved by the management, containing forecasts for volumes, revenue and operating costs, which are based on certain assumptions on the market trends and macro-economic scenario.
Regarding climate-related matters, the expected future cash flows incorporate certain climate-related risks to pursue the Group's global sustainability strategy. For further details about climate change, please refer to the following note 'Climate Change'. These projections cover the next three years. For subsequent years, the assumption is perpetual income. Nevertheless, possible changes in the underlying assumptions on which the calculation of such amounts is based could generate different recoverable amounts. The analysis of each group of non-financial assets is unique and requires management to use estimates and assumptions considered prudent and reasonable in the specific circumstances.

Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Group's historical, observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. The assessment of the correlation between historical, observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and in forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in 'Credit Risk' included in section '6.4 - Other information'.

Taxes

Income taxes include all taxes based upon the taxable profits of the Group. Taxes on income are recognized in the income statement except to the extent they relate to items recognized directly in equity or in other comprehensive income, in which case the related tax effects are recognized directly in equity or in other comprehensive income. Deferred taxes are calculated on temporary differences between the tax base of an asset or liability and the carrying amounts in the Consolidated Financial Statements. Deferred tax assets relating to the carry-forward of unused tax losses are recognized to the extent it is probable future profits will be available against which they can be utilized. Current and deferred income tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and where there is a legally enforceable right of offset. Deferred tax assets and liabilities are measured at the enacted or substantively enacted tax rates of the relevant tax jurisdictions that are expected to apply to taxable income during the period or periods in which the temporary differences reverse. Other taxes not based on taxable profits, such as property taxes and taxes on capital, are included in operating expenses. Further disclosures are in 'Note 1.12 – Taxes' and in 'Notes 2.4 – Deferred tax assets and liabilities'.

Defined benefit plans (pension benefits)

The cost of defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those with excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further disclosure is in 'Note 3.4 – Post-employment benefits'.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on listed prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. When the contingent consideration meets the definition of a financial liability, it is subsequently remeasured to fair value at each reporting date. The determination of the fair value is based on discounted cash flows. The key assumptions take into consideration the probability of meeting each performance target and the discount factor. Further disclosure is in 'Financial Instruments' included in section '6.4 - Other information'.

Development costs

The Group capitalizes costs for product development projects. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. Further disclosure is in 'Note 2.1 – Intangible assets'.

Revenue recognition - Estimating variable consideration for returns and volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and volume rebates.
The Group has developed a statistical model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to the historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analyzed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will likely to be entitled to a rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.
The Group applied the statistical model for estimating expected volume rebates for contracts. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group. Further disclosure is in 'Note 3.13 – Other current liabilities'.

Leases - Estimating the incremental borrowing rate

The Incremental Borrowing Rate (IBR) is defined as the interest rate the lessee would incur to borrow under a secured loan with terms similar to those of the lease, with a similar security and in a similar economic environment. This interest rate is identified through the Bloomberg database by applying the following relevant criteria to enhance the comparability:

- The credit rating;
- The term of the loan;
- The currency of denomination;
- The geographies (depending on the cases, countries or regions);
- The industry of the borrowing entity.

In order to obtain statistically significant samples of comparable transactions, a flexibility in the above criteria shall be preserved and specific adjustments can be made to account for particular comparability factors. When the base rate is negative, a zero floor to the base rate is applied.

For more information on leases, please see notes 2.2 and 3.5.

Contingent liabilities

The Group triggers provisions once pending or threatened disputes or legal proceedings are considered as a probable event, for which there could be an outflow of funds with the amount reasonably estimated. If an outflow of funds becomes possible but the amount cannot be estimated, the matter is disclosed in the notes to the Consolidated Financial Statements. The Group could be subject to legal and tax proceedings from various jurisdictions and for complex issues therefore eventually monitoring the status of pending legal proceedings by consulting with experts on a regular basis. Due to the uncertainty inherent in such matters, it is difficult to predict the outflow of funds that could result from such disputes with any certainty.

Climate change

Global climate change is resulting, and is expected to continue to result, in natural disasters and extreme weather, such as drought, wildfires, storms, sea-level rise, flooding, heat waves and cold waves, occurring more frequently or with greater intensity. Such extreme events are driving changes in market dynamics, stakeholder expectations, local, national and international climate change policies and regulations.
In the climate change context, the Ariston Group is moving towards anticipating structural changes driven by regulations and the market. Our goal is to continue designing and offering highly energy efficient solutions, which increasingly rely on renewable sources of energy, while improving the efficiency of the installed park. The Group can act as a principal in the context of decarbonization as an enabler of climate change mitigation.
To achieve this across all our product lines, we are channelling investments in R&D, production capacity and the necessary skills and resources needed to contribute to the transition, which will lead to a significant avoidance of CO2 emissions. The Group's efforts in boosting highly efficient products and solutions that rely on renewable technology will also contribute to the reduction of Scope 3 emissions, whose greatest impact is generated by the use of sold products.

In applying the Accounting Standards, the Group has summarized the impacts arising from climate change topic by topic, providing the approach used by the Group.

Account	Approach
Estimates and judgments concerning climate change	Management performed analysis on the impact of climate change on cash flow forecasts used in impairment assessment, estimating the financial impacts of the main following climate change actions: (i) analysis of transitional risks; (ii) highly energy efficiency products development; (iii) manufacturing investments; and (iv) supply chain and sustainable procurement. In particular, turnover projections considered assumptions on the impact from ban of certain technologies (legal restrictions), suspension of incentives in specific markets and regulatory changes at global level. Moreover, capex used to estimate cash flow projections included considerations over the increase of production capacity of efficient solutions and products leveraging on renewable technology, processes improvement and enhancement of the energy efficiency of plants (machinery revamping, EAC's etc.).
Sustainable investment	The Ariston Group is directing significant investments towards heat pumps, working hard to open new markets and supporting their mass roll-out, also considering the higher purchase price with respect to other solutions and the different features in existing buildings. With regards to electric heat pumps, which rely on an electrically-driven vapor compression cycle, transporting heat through refrigerant gases from the source to the sink, the Group is looking to replace currently used refrigerant gases with natural ones that have a much lower Global Warming Potential (GWP). These include propane, a group of liquefied petroleum gases, the suitability of which is still being researched with products likely to be released in upcoming years. Further, the Wolf-Brink business combination has contributed to the increase of the Ariston Group's ESG focus, reinforcing its portfolio of brands and its mid- to high-end offer of climate solutions.

6.5 Changes in accounting standards

The accounting policies adopted in the preparation of the Consolidated Financial Statements as of 31 December 2024 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.
Several amendments apply for the first time in 2024, but do not have an impact on the Consolidated Financial Statements of the Group.

i. Summary of the new accounting standards adopted by the Group from 1 January 2024

As from 1 January 2024 the following amendments of accounting standards have become applicable to the Group:

- *Lease Liability in a Sale and Leaseback – Amendments to IFRS 16*
  In September 2022, the International Accounting Standards Board (IASB) issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and lease-back transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

  Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in the income statement any gain or loss relating to the partial or full termination of a lease.

  The new amendments are effective on or after 1 January 2024 and they had no impact on the Consolidated Financial Statements of the Group given that the Group does not have Sale and Leaseback transactions.

- *Classification of debt with covenants – Amendments to IAS 1*
  In October 2022, the International Accounting Standards Board (IASB) issued amendments to 'IAS 1 — Presentation of Financial Statements: Non-current Liabilities with Covenants', that clarify how conditions which an entity must comply with within twelve months after the reporting period affect the classification of a liability.

  The new amendments are effective on or after 1 January 2024 and they had no impact on the Consolidated Financial Statements of the Group.

- *Supplier finance arrangements – Amendments to IAS 7 and IFRS 7*
  On 25 May 2023, the IASB issued Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) to add disclosure requirements, and 'signposts' within existing disclosure requirements, which require entities to provide qualitative and quantitative information about supplier finance arrangements. The amendments are intended to enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk.

  The amendments require an entity to disclose the following for its supplier finance arrangements:

  - the terms and conditions of the arrangements
  - the carrying amounts and associated line items of financial liabilities in the statement of financial position that are part of a supplier finance arrangement, with a breakdown of the amounts for which the suppliers have already received payment from the finance providers
  - ranges of payment due dates; and
  - liquidity risk information.

  The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's Consolidated Financial Statements.

ii. Accounting standards, amendments and interpretations issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's Consolidated Financial Statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- *Lack of Exchangeability – Amendments to IAS 21*

  On 15 August 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21). The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when there is no exchangeability, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

  The new amendments are effective on 1 January 2025. The Group is evaluating the potential impact from the adoption of these amendments.

- *Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures*

  Issued on 31 May 2024, the amendments clarify that a financial liability is derecognized on the 'settlement date' and introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date. Other clarifications include the classification of financial assets with ESG linked features via additional guidance on the assessment of contingent features. Clarifications have been made to non-recourse loans and contractually linked instruments. Additional disclosures are introduced for financial instruments with contingent features and equity instruments classified at fair value through OCI.

  The amendments are effective for annual periods starting on or after 1 January 2026. The Group is evaluating the potential impact from the adoption of these amendments.

- *IFRS 18 - Presentation and Disclosure in Financial Statements*

  In April 2024, the IASB issued IFRS 18 — Presentation and Disclosure in Financial Statements, which introduces new concepts relating to: (i) the structure of the statement of profit or loss, (ii) required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (management-defined performance measures), and (iii) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

  The standard is effective on or after 1 January 2027. The Group is evaluating the potential impact from the adoption of this standard.

- *IFRS 19 - Subsidiaries without Public Accountability: Disclosures*

  In May 2024, the IASB issued IFRS 19 — Subsidiaries without Public Accountability: Disclosures, which permits eligible subsidiaries to use IFRS accounting standards with reduced disclosures better suited to the needs of the users of their financial statements, as well as to keep only one set of accounting records to meet the needs of both their parent company and the users of their financial statements.

  The standard is effective on or after 1 January 2027 and earlier application is permitted. The standard will have no impact on the Group's Consolidated Financial Statements.

- *Contracts Referencing Nature-dependent Electricity - Amendments to IFRS 9 and IFRS 7*

  On 18 December 2024 the IASB issued amendments to improve the reporting by companies of the financial effects of nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs).

  Nature-dependent electricity contracts assist companies to secure their electricity supply from wind and solar power sources. Since the amount of electricity generated under these contracts may vary based on uncontrollable factors related to weather conditions, current accounting requirements may not adequately capture how these contracts affect a company's performance. In response, the IASB has made targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to improve the disclosure of these contracts in the financial statements. The amendments include:

- Clarifying the application of the 'own-use' requirements;
- Permitting hedge accounting if these contracts are used as hedging instruments; and
- Adding new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application of the amendments is permitted. The Group is evaluating the potential impact from the adoption of this standard

6.6 Disclosure to the Financial Statements

This section details the results and performance for the period ended 31 December 2024.

6.6.1 Income statement

Note 1.1 – Revenue and Income

During 2024, the Group recorded revenue of € 2,632.7 million, compared to € 3,091.8 million in the previous year, with a decrease of € 459.1 million (-14.8%).

The decrease arises mainly from the strong renewable heating market slowdown in Germany, France, Italy and the Netherlands. In addition, the perimeter variation linked to the loss of control of Ariston Thermo Rus LLC had an impact of € -62.8 million on revenue.

The Revenue item can be broken down as follows:

Revenue and Income *(in € million)*	31.12.2024	31.12.2023
Revenue from sales	2,435.9	2,903.2
Revenue from services	182.5	174.2
Other revenue	14.2	14.4
Net revenue	**2,632.7**	**3,091.8**
Other revenue and income	47.5	58.3
Total	2,680.1	3,150.1

'Other revenue and income' is represented by items that do not directly refer to the production activities of the Group but are all the same connected to the core business and included income related to no longer due payables, the gains on the disposal of fixed assets, and other income.
At 31 December 2024, they totaled €47.5 million, a decrease of €10.8 million compared to the same period in the previous year. This decline is mainly due to the insurance reimbursement received in 2023, related to the extraordinary flash floods that occurred on 15 September 2022, in the Marche region of Italy.

Revenue by business line

Thermal Comfort.
Serves the Group's three main business categories, Hot Water, Heating and Air Treatment, and represents the Group's largest division, recording revenue for 2024 of € 2,464.4 million, or 93.6% of total revenue, compared to € 2,910.5 million in 2023 (94.1%), down € 446.1 million or 15.3% (of which -13.1% organic and foreign exchange impact).
On 26 April 2024, the Ariston Group lost the control of Ariston Thermo Rus LLC which is excluded from the Ariston Group's perimeter starting from May 2024. The revenue decrease related to the perimeter variation as at 31 December 2024 is equal to € 62.8 million.

Burners. Recorded net revenue of € 89.3 million for 2024, or 3.4% of total net revenue, compared to 2023 € 92.9 million, or 3.0% of total revenue, with a € 3.6 million or 3.9% decrease (of which -3.8% organic and foreign exchange impact). The lower turnover is essentially due to a strong market slowdown in Germany, the Netherlands and China partially compensated by a recover in France.

Components. Recorded net revenue of € 79.1 million for 2024, or 3.0% of total net revenue, compared to € 88.4 million (2.9%) in 2023, down € 9.4 million or 10.6% (of which -10,4% organic and foreign exchange impact).
The decrease in revenue was driven by a slowdown in Domestic business due to a general stagnation in the water heating markets with a slight increase in the professional business.

Net revenue by geographic area

At 31 December 2024, net revenue by main country is detailed below:

Country	2024	2023
Netherlands (country of domicile)	111.2	132.5
Germany	511.7	811.7
Italy	279.7	310.6
Switzerland	197.3	203.7
Other countries	1,532.8	1,633.3
Total	2,632.7	3,091.8

Europe. This is the Group's largest market, recording net revenue of € 1,858.8 million for 2024, or 70.6% of total revenue, compared to € 2,281.4 million, or 73.8%, in 2023, down € 422.6 million or 18.5% (of which -16.5% organic and foreign exchange impact). The decrease was mainly driven by the strong renewable heating market slowdown in Germany, France, Italy and the Netherlands.
On 26 April 2024, the Ariston Group lost the control of Ariston Thermo Rus LLC which is excluded from the Ariston Group's perimeter starting from May 2024. The revenue decrease related to the perimeter variation as at 31 December 2024 is equal to € 62.8 million included for € 57.2 million in the Europe perimeter (residual in Asia, Pacific & MEA).

Asia, Pacific & MEA. This is the second largest market for the Group, recording net revenue of € 504.3 million for 2024, or 19.2% of total revenue, compared to € 535.9 million, or 17.3%, in 2023, down € 31.6 million or 5.9% (of which -3.3% organic and foreign exchange impact). The decrease was driven by Australia's negative water heating renewable market trend due to the government incentive scheme revision and by the Company's decision to exit the Chinese domestic water heating market, which began in Q2 2023.

Americas. This is the Group's third largest market and reported revenue of € 269.6 million for 2024, or 10.2% of total net revenue, compared to € 274.5 million, or 8.9%, in 2023, down € 5.0 million, or 1.8% (of which -0.0% organic and foreign exchange impact). The aligned performance was driven by strong results in the heating market, particularly in Canada, and in water heating, mainly in Mexico. These positive performances offset the impact of the decision to exit the Argentinian market, which began in Q3 2023.

Note 1.2 – Purchase of raw materials, consumables and goods for resale

At 31 December 2024, the purchase cost of 'Raw materials, consumables, and goods for resale' amounted to € 1,103.5 million, a decrease of € 372.2 million compared to the same period in the previous year.
As a percentage of net revenue, the trend in purchases and changes in inventories remained stable at 46.5%, consistent with 2023, indicating a steady absorption of raw material costs.

Note 1.3 – Services

'Services' amounted to € 461.5 million as at 31 December 2024, compared to € 517.3 million in December 2023, reflecting a decrease of € 55.8 million. The details are as follows:

Services *(in € million)*	31.12.2024	31.12.2023
Logistics and transport	131.7	149.7
Sub-contracted work and maintenance	94.1	103.0
Rental and lease expenses	37.6	35.7
Consulting services	36.5	37.9
Advertising and promotion	36.3	47.6
Utilities	32.9	36.6
Travel expenses	26.4	29.0
Bonuses and commissions	25.8	27.8
Insurance	14.4	13.7
Facilities management services	11.3	10.8
Directors and Statutory Auditors' Fees	7.6	7.7
Technical support	-6.2	4.4
Other services	13.2	13.4
Total	461.5	517.3

The cost of services fee decreased in absolute terms due to the contraction of revenues during 2024.

As a percentage of net revenue, they stood at 17.5%, greater than the 16.7% recorded in 2023. Services showed reductions in almost all items, however the following reported the main variations:

- A decrease of € 18.0 million in logistics and transportation costs, attributed to a reduction in the volume of goods shipped due to declining sales.
- A reduction of € 11.3 million in advertising and promotional expenses achieved through cost optimization.
- A decrease of € 8.9 million in subcontracted work and maintenance costs, reflecting a decline in production volumes.

Note 1.4 – Personnel

A breakdown of personnel costs by nature is shown in the table below:

Personnel *(in € million)*	31.12.2024	31.12.2023
Wages and salaries	524.7	535.3
Social security costs	117.3	116.3
Provision for Employees severance indemnity	10.7	9.1
Provision for retirement benefits and other funds	2.0	-0.9
Other personnel costs	12.6	14.8
Total	667.4	674.6

At December 2024, personnel-related costs amounted to € 667.4 million, down by € 7.2 million compared to the previous year, primarily due to a market slowdowns leading to fewer workers needed.

'Wages and salaries' totaled € 524.7 million as at 31 December 2024, compared to € 535.3 million as at 31 December 2023.

'Provision for Employees severance indemnity' and 'Provision for retirement benefits and other funds' include the net impact of accruals and releases for the period.

At 31 December 2024, the Group's workforce decreased from 10,769 at 31 December 2023 to 10,612.

The headcount by category of employee was as follows:

Headcount *(number of people)*	31.12.2024	31.12.2023	Average	Delta
Managers and white collars	5,661	5,837	5,749	-176
Blue collars	4,951	4,932	4,942	19
Total	10,612	10,769	10,691	-157

At 31 December 2024, the number of employees was 10,612 (10,769 as at 31 December 2023), of whom 1,955 (1,976 in 2023) were based in Italy, 8,079 (8,159 in 2023) were based worldwide, and 578 (634 in 2023) were based in the Netherlands. The workforce at 31 December 2024, net of variations due to acquisitions, stood at 10.301 (-468 headcount).The decrease, net of acquisition, compared to year-end 2023 is mainly attributable to i) synergies due to the integration of Wolf-Brink acquisition, ii) workforce efficiencies implemented to optimize the global organization footprint and iii) workforce rightsizing in line with production volumes fluctuation and iv) the deconsolidation of Russia. Various initiatives have been activated to rightsizing the organization, enhancing efficiency, and redefining the global operational footprint. These measures are designed to create a leaner, more agile structure, aligning overhead costs with business needs while ensuring long-term competitiveness and resilience.

Note 1.5 – Additions and release of provisions

During 2024, 'Additions and release of provisions' were recognized for € 49.2 million versus € 67.8 million in 2023. In detail:

Provisions *(in € millions)*	31.12.2024	31.12.2023
Product warranty provision	36.9	50.3
Provision for restructuring	5.7	-1.6
Bad debt provision	3.0	3.7
Provision for installation	1.9	2.1
Provision for legal disputes	0.9	2.1
Other provisions	0.7	11.3
Total	49.2	67.8

The decrease is mainly due to the product warranty provision and other provisions partially compensated by the increase in the provision for restructuring.
As a percentage of net revenue, provisions amounted to 1.9% compared to 2.2% in 2023.
The decrease in the warranty provision is primarily due to lower production volumes, which resulted in lower accruals throughout the year. The increase in the restructuring provision is linked to planned reorganizations within the Group, implemented to optimize the global organization footprint and workforce right-sizing in line with the fluctuation in production volumes.
For further details about movements in the period, refer to 'Note 2.9 – Trade Receivables' for 'Bad Debt provision' and 'Note 3.3 - Non-Current Provisions'.

Note 1.6 – Other operating expenses

'Other operating expenses' amounted to € 68.8 million, versus € 32.5 million in the previous year, and can be detailed as follows:

Other operating expenses *(in € million)*	31.12.2024	31.12.2023
Non-income tax and other levies	9.8	11.5
Concession rights and other	3.8	4.1
Losses on receivables	1.4	0.9
Losses on assets	0.5	0.3
Other operating expenses	53.3	15.7
Total	68.8	32.5

This item includes all ordinary operating expenses that cannot be recognized under other items.
The category of 'Other operating expenses' primarily includes costs related to office supplies, printing, subsidies, and contributions. For the year 2024, this category also reflects a € 35.7 million derecognition of the investment in Ariston Thermo Rus LLC, following the loss of control in April 2024. For more details, please refer to the subparagraph 'iii. Principles and Basis of Consolidation', which is included in the section '6.3 - Basis of Accounting Preparation'.

Note 1.7 – Operating profit

In December 2024 'Operating profit' amounted to € 63.3 million compared to € 285.7 million as of December 2023. The decrease is explained by the above detailed variances.

Note 1.8 – Financial income

In 2024, 'Financial income' amounted to € 9.4 million, showing a slight decrease compared to the previous year when the same item amounted to € 11.6 million. The item is as follows:

Financial income *(in € million)*	31.12.2024	31.12.2023
Interest Income from bank	6.2	6.2
Employee benefits	2.6	3.7
State Green Programmes	0.2	1.1
Other financial income	0.4	0.6
Total	9.4	11.6

The year-on-year change can mainly be attributed to the 'Employee benefits' category and the 'State Green Programmes' line. The other components contributing to the overall total remained relatively stable compared to previous year.

Note 1.9 – Financial expense

'Financial expense' totaled € 48.8 million at the end of December 2024, compared to € 44.0 million realized in 2023. The breakdown of this line item is detailed as follows:

Financial expense *(in € million)*	31.12.2024	31.12.2023
Interest and other expenses due to bank	37.6	32.9
Employee benefits	5.4	7.0
Leases	3.6	2.9
Business Combinations	1.7	1.0
Other financial expense	0.6	0.3
Total	48.8	44.0

Compared to the previous year, 'Financial Expense' increased by € 4.8 million, primarily due to 'Interest and other expenses due to bank' which reflects the increase in the average stock of debt during the year, resulting from the additional debt raised in 2023. This increase is only partially offset by the current reduction in the interest rate.

Note 1.10 – Exchange rate gains/losses

'Exchange rate gains/losses' showed a negative result of € 5.5 million, which can be broken down as follows:

Exchange rate gains/losses *(in € million)*	31.12.2024	31.12.2023
Exchange rate gains	5.8	16.1
Exchange rate losses	-5.0	-16.6
Unrealized exchange rate gains	5.9	3.0
Unrealized exchange rate losses	-12.2	-1.0
Total	-5.5	1.5

'Exchange rate gains/losses' include the monetary adjustments on the accounting entries that are recognized at the conclusion of the reporting period; 'Unrealized exchange rate gains' and 'Unrealized exchange rate losses' include the monetary changes that are not yet realized because they refer to financial transactions that remain open at the end of the reporting period.

The result for the period relating to realized and unrealized exchange differences on financial transactions were negatively impacted by the release of the translation reserve due to the deconsolidation of the Russian subsidiary.

Note 1.11 – Profit (loss) on investments

The item 'Profit (loss) on investments' was negative for € 4.6 million, down by € 3.3 million compared with the previous year, mainly due to the remeasuring of the value of obligations relating to Put and Call options connected to Chromagen Australia, with the recognition in the income statement of any valuation differences. Additionally, the item reflects the decreased value of the investment in the joint venture Dutch company Haas Heating B.V.

Note 1.12 – Taxes

Tax expense (income) and the related profit before tax for the years ended as at 31 December 2024 and 2023 consisted of the following:

Taxes *(in € million)*	2024	2023	Delta
Profit before taxes	**13.8**	**253.6**	**-239.8**
Current taxes	21.9	72.3	-50.4
Deferred taxes	-10.5	-9.9	-0.6
Total taxes	11.4	62.4	-51.0

The 2024 total taxes of € 11.4 million show a significant decrease in comparison to the 2023 taxes of € 62.4 million, equal to € 51.0 million, mainly deriving from the decrease in the profit before taxes. The reduction in the profit before taxes mainly comes from the business results but it also includes the impact of the Russian deconsolidation, for wich the assets and net equity write-off amounts to € 42.8 million. The aforementioned Russian deconsolidation did not have an impact on the tax line apart from the positive effect deriving from the reversal of the deferred tax liabilities on the Russian undistributed earnings accrued in previous years, for an amount equal to € 1.7 million based on IAS 12.40.

Ariston Holding N.V. is incorporated in the Netherlands but is a tax resident of Italy. The reconciliation of the differences between the theoretical income taxes at the parent local rate and the total income taxes is presented based on the Italian local corporation income tax rate in force in 2024 of 24%. For 2024, the tax rate based on the financial statement data is equal to 83.1%. However, the financial statement tax rate does not consider that the profit before taxes is negatively impacted by the Russian deconsolidation without any effect on the tax line. Therefore, in order to have a meaningful reconciliation, an adjustment to the profit before taxes reported in the consolidated financial statements is made in order to neutralize the Russian deconsolidation effect. With the adjustment, the tax rate is equal to 20.1%. Without considering the € 1.7 million positive impact of the Russian deconsolidation on the tax line related to the undistributed earnings, the tax rate would have been 23.2%. The reconciliation of Ariston's income tax expense for the year ended at 31 December 2024 is reported in the following table:

Effective tax rate reconciliation *(in € million)*	2024	%
Profit before taxes from Financial Statements	**13.8**	
Deconsolidation impacts of Ariston Thermo Rus without tax implications	**42.8**	
Profit before taxes adjusted	**56.6**	
Taxes at nominal Tax Rate	**13.6**	**24.0%**
Foreign income at different tax rate	-3.3	-5.7%
Deferred taxes not recognized and written down	8.4	14.8%
Italian IRAP	3.1	5.6%
Recognition or use of previously unrecognized DTA	-0.2	-0.4%
Permanent differences	0.7	1.3%
Italian revaluation	-5.8	-10.2%
Prior year taxes	-4.0	-7.1%
Russia deconsolidation DTL	-1.7	-3.0%
Other	0.5	0.9%
Effective tax charge	11.4	20.1%

For comparative purposes, here below is shown a reconciliation of Ariston's income tax expense for the year ended as at 31 December 2023. In the 2023 reconciliation, no adjustment on the profit before taxes is made:

Effective tax rate reconciliation *(in € million)*	2023	%
Profit before taxes from Financial Statements	253.6	
Taxes at nominal Tax Rate	60.9	24.0%
Foreign income at different tax rate	0.7	0.3%
Deferred taxes not recognized and written down	7.9	3.3%
Italian IRAP	5.9	2.3%
Recognition or use of previously unrecognized DTA	-5.9	-2.3%
Permanent differences	-1.3	-0.5%
Italian revaluation	-4.7	-1.8%
Prior year taxes	-1.2	-0.5%
Other	0.0	-0.2%
Effective tax charge	62.4	24.6%

Overall, the 2024 adjusted tax rate of 20.1% is lower than the 2023 tax rate of 24.6% and the reduction is mainly caused by structural changes, such as the reduction in profitability in high tax countries such as Germany and Italy. This is reflected in the Foreign income at different tax rate line that shows the difference between the Italian nominal tax rate (24%) and the foreign entities' nominal tax rate. In addition, also prior year taxes improved mainly as a consequence of the closure of the 2019 patent box ruling in Italy that positively impacted for € 3.2 million.
The deferred taxes not recognized and written down derive from the realization of tax losses in countries where a deferred tax asset has not been recognized, mainly in the United States and Belgium. The negative impact has been partially offset by the use of losses carried forward with unrecognized deferred taxes, mainly in France.
As in the previous years, the 2024 effective tax rate is positively impacted by the on-going net benefit deriving from the revaluation of tangible and intangible assets carried out in 2021 for both Local GAAP and tax purposes in Italy. In addition to the initial positive impact of the revaluation accrued in the 2021 financial statements and equal to the expected tax benefit for the first five-year business plan, in the 2024 financial statements the expected benefit for the additional year of the new five-year business plan period has been recognized as positively impacting the tax rate.

Pillar Two

The OECD Pillar Two initiative aims to ensure that multinational corporations pay a minimum effective tax rate of 15 percent on a jurisdictional basis. The implementation of the Global Minimum Tax, provided for in Directive No. 2022/2523 of 15 December 2022 (implementing the OECD/G20 Pillar Two proposal), is effective in Italy as from 1 January 2024 and was implemented with Legislative Decree No. 209 of 27 December 2023. The Italian legislation related to Pillar Two applies to Ariston Holding NV being a Duch company tax resident in Italy. Many other countries have initiated domestic legislative procedures to enact the related tax legislation as well.
Given the complexity of the rules outlined in the above legislation, for the first three tax periods (for the Ariston Group - financial years 2024 to 2026) the possibility of applying a simplified regime has been provided for (so-called "Transitional Country by Country Safe Harbors"). This simplified regime is primarily based on the application of three tests (De Minimis test, Simplified Effective Tax Rate test and Routine Profits test) for each jurisdiction. Passing at least one of these tests allows the non-application of Pillar Two's more detailed rules and the reduction of compliance burdens. The analysis performed based on the September 2024 results and confirmed by the preliminary analysis based on the December 2024 results show that the 2024 impact of Pillar Two for the Group is immaterial since the vast majority of the countries in which the Group operates fall within the Transitional Country By Country Safe Harbors. There are only two jurisdictions which fall within a Pillar Two full calculation method, i.e. Hungary and UAE, for which specific provisions have been accrued.

Note 1.13 – Basic and diluted earnings per share

Basic earnings per share are determined as the ratio of the Group's portion of net profits for the year to the weighted average number of ordinary shares outstanding during the year. The Group's treasury shares are included in this calculation for 2024. Diluted earnings per share are determined taking the potential effect resulting from options allocated to beneficiaries of dilutive stock option plans into account in the calculation of the number of outstanding shares.

Basic earnings per share at 31 December 2024 amounted to € 0.01 and are calculated by dividing the net profit for the year attributable to the ordinary shareholders of the Parent Company, of € 2.5 million, by the number of total shares – ordinary and multiple voting – outstanding during the period, which is 369,769,513.

Diluted earnings per share amounted to € 0.01 and are calculated by dividing the net profit for the year attributable to the ordinary shareholders of the Parent Company, of € 2.5 million, by the number of total shares and potential shares to be issued for the LTI plan which totaled 370,179,060.

Basic and diluted earnings per share are calculated as shown in the table below.

		2024	2023
Net profit attributable to ordinary shareholders	€ million	2.5	191.2
Weighted average of ordinary and multiple voting shares outstanding	number	369,769,513	371,032,052
Basic earnings per share	**€**	**0.01**	**0.52**
Net profit attributable to ordinary shares outstanding net of dilution	€ million	2.5	191.2
Weighted average of ordinary and multiple voting shares outstanding	number	369,769,513	371,032,052
Potential shares to be issued for LTI plan	number	409,547	854,006
Weighted average of ordinary and multiple voting shares outstanding adjusted for dilution	number	370,179,060	371,886,058
Diluted earnings per share	**€**	**0.01**	**0.51**

Atypical or unusual transactions

During the year 2024, the Ariston Group did not undertake any atypical or unusual transactions.

6.6.2 Statement of financial position - Assets

Note 2.1 – Intangible assets

At 31 December 2024, 'Intangible assets' amounted to € 1,501.2 million, a decrease of € 11.1 million compared to 31 December 2023, after accounting for the amortization expense of € 47.1 million for the period, along with other changes.

The amortization expense for the period is recognised under the appropriate item in the income statement.

Changes during the period are shown in the table below:

Intangible assets *(in € million)*	Goodwill	Other intangible assets	Total
Cost net of accumulated impairment losses	894.1	780.2	1,674.3
Accumulated amortization		-161.8	-161.8
As at 31.12.2023	**894.1**	**618.3**	**1,512.4**
Perimeter variation	2.6	0.0	2.6
Increases	0.0	33.7	33.7
Decreases	0.0	-0.1	-0.1
Remeasurements and Impairment	0.0	-0.5	-0.5
Amortisation	0.0	-47.1	-47.1
Exchange rate effect	0.6	-1.8	-1.2
Other	0.5	1.1	1.6
Total changes	3.7	-14.8	-11.1
Cost net of accumulated impairment losses	897.8	801.7	1,699.5
Accumulated amortization		-198.1	-198.1
As at 31.12.2024	**897.8**	**603.4**	**1,501.2**

Changes during the prior period are shown in the table below:

Intangible assets *(in € million)*	Goodwill	Other intangible assets	Total
Cost net of accumulated impairment losses	312.7	254.0	566.7
Accumulated amortization		-124.0	-124.0
As at 31.12.2022	**312.7**	**130.0**	**442.7**
Perimeter variation	588.9	491.1	1,080.1
Increases	0.0	30.2	30.2
Decreases	0.0	-0.1	-0.1
Remeasurements and Impairment	0.0	-1.1	-1.1
Amortisation	0.0	-45.0	-45.0
Exchange rate effect	2.8	2.2	5.0
Other	-10.4	11.1	0.8
Total changes	581.4	488.4	1,069.8
Cost net of accumulated impairment losses	894.1	780.2	1,674.3
Accumulated amortization		-161.8	-161.8
As at 31.12.2023	**894.1**	**618.3**	**1,512.4**

The total amount of goodwill was € 897.8 million, showing an increase from € 894.1 million at the end of 2023, which is consistent with the prior period. The changes are primarily due to the following factors:

- Goodwill resulting from the acquisition of the Egyptian plant from Universal for Home and Electrical Appliances S.A.E. Refer to 'Note 2.1.1 – Business combinations' for further details.
- The changes in exchange rates, positive for € 0.6 million.

The total amount of goodwill recognised in the statement of financial position is not amortized but is subject at least annually to an impairment test (together with the other intangible assets with indefinite useful lives) to assess its recoverability, as envisaged by IAS 36.
Therefore, the goodwill has been allocated to the cash generating units (CGU) from which future economic benefits related to the acquisition are expected.
Consequently, at 31 December 2024, the impairment test was carried out as described in the subparagraph 'Impairment Test'.

The item 'Other intangible assets' can be detailed as follows:

Other intangible assets *(in € million)*	31.12.2024	31.12.2023
Concessions, licenses, trademarks	235.5	238.3
Development costs	45.3	48.4
Software	34.4	27.7
Other	288.3	304.0
Total	603.4	618.3

Details of and changes in 'Other intangible assets' during the year are as follow:

Other intangible assets *(in € million)*	Development costs	Software	Concessions, licenses, trademarks	Other	Total
Cost net of accumulated impairment losses	112.0	76.6	246.0	345.7	780.2
Accumulated amortization	-63.5	-48.9	-7.8	-41.8	-161.8
As at 31.12.2023	**48.4**	**27.7**	**238.2**	**304.0**	**618.3**
Perimeter variation	0.0	0.0	0.0	0.0	0.0
Increases	3.4	4.2	0.0	26.1	33.7
Decreases	0.0	-0.1	0.0	0.0	-0.1
Remeasurements and impairment	-0.2	-0.1	0.0	-0.2	-0.5
Amortization	-12.2	-14.6	-1.3	-19.0	-47.1
Exchange rate effect	0.0	-0.1	-1.5	-0.2	-1.8
Other	5.8	17.4	0.0	-22.2	1.1
Total changes	-3.2	6.7	-2.8	-15.5	-14.8
Cost net of accumulated impairment losses	117.9	87.9	243.7	352.2	801.7
Accumulated amortization	-72.5	-53.6	-8.3	-63.9	-198.1
As at 31.12.2024	**45.3**	**34.4**	**235.5**	**288.3**	**603.4**

Details of and changes in 'Other intangible assets' during the prior year are the following:

Other intangible assets *(in € million)*	Development costs	Software	Concessions, licenses, trademarks	Other	Total
Cost net of accumulated impairment losses	75.1	55.4	55.1	68.4	254.0
Accumulated amortization	-57.6	-37.8	-5.9	-22.7	-124.0
As at 31.12.2022	**17.5**	**17.5**	**49.2**	**45.8**	**130.0**
Perimeter variation	27.8	5.6	184.9	272.9	491.1
Increases	3.3	2.0	1.0	23.8	30.2
Decreases	0.0	0.0	0.0	-0.1	-0.1
Remeasurements and impairment	0.0	0.0	-1.0	-0.1	-1.1
Amortisation	-11.4	-13.1	-1.3	-19.3	-45.0
Exchange rate effect	0.0	0.1	1.2	0.9	2.2
Other	11.2	15.6	4.3	-20.1	11.1
Total changes	30.9	10.2	189.1	258.1	488.4
Cost net of accumulated impairment losses	112.0	76.6	246.0	345.7	780.2
Accumulated amortization	-63.5	-48.9	-7.8	-41.8	-161.8
As at 31.12.2023	**48.4**	**27.7**	**238.2**	**304.0**	**618.3**

Other intangible assets have a definite useful life and are consequently amortized as necessary.

The change in 'Other' from the beginning of the period was € -15.5 million. This decrease was primarily attributed to the capitalization of intangible assets in progress into other categories, and the amortization for the year not fully offset by investments made during the period. Additionally, starting in 2023, following the acquisition of Wolf-Brink, customer lists have been recognized in this category, with a net value of € 235.9 million as at 31 December 2024 (€ 249.0 million as at 31 December 2023).

'Development costs' refer to products for which the return on investments occurs within a five-year period, on average. The capitalized costs for the period (including reclassified amounts from the intangible asset in progress in the 'Other' category), attributable only to product development projects, amounted to € 17.4 million (€ 9.5 million in 2023) out of a total of € 45.3 million (€ 48.4 million in 2023) reported in the financial statements. The amount of 'Development costs' internally generated is equal to € 17.9 million, while the rest was acquired through business combinations (mainly Wolf-Brink for € 27.4 million).

The Group evaluated the development costs related to products based on the criteria outlined in the Climate Delegated Act only for objective mitigation of climate change. As evidence of the commitment to promote a more efficient and renewable product portfolio, these investments have been capitalized. The impairment of the previously capitalized development costs was charged to the income statement if the related product revenues do not meet the level of future economic benefits..

To determine the loss in value of capitalized development costs, in addition to the assessment of the economic return from each development project, the Group arranged to allocate them to the Net capital employed of the related CGUs and assesses their recoverability together with the related tangible assets, determining their value in use with the discounted cash flow method.

'Concessions, licenses, trademarks' decreased for € 2.8 million and was primarily due to the amortization of some assets and the exchange rate effect. Trademarks have an indefinite useful life and are subject to impairment testing. For further details, please refer to the next sub-paragraph 'Impairment Test'.

Impairment test

In accordance with IAS 36 - Impairment of Assets, goodwill and intangible assets with indefinite useful lives (Trademarks) are not amortized and are tested for impairment annually or more frequently if facts or circumstances indicate that the asset may be impaired.
Goodwill and intangible assets with indefinite useful lives are allocated to CGUs within the unique operating segment. The impairment test is performed by comparing the carrying and recoverable amount of each CGU to which goodwill has been allocated. The recoverable amount of a CGU is the higher of its fair value less costs of disposal and its value-in-use.

The balance of goodwill and intangible assets with indefinite useful lives recognised by the Company primarily relates to the CGU Thermal Comfort (€ 1,110.3 million in 2023 and € 1,114.4 million in 2023), while other goodwill balances relate to the CGUs Burners (€ 12.5 million in 2024 equal to 2023) and Components (€ 5.5 million in 2024 equal to 2023).

In line with previous years, the Group applied the long-term business plan, which includes the latest available financials from the 3-year plan 2025 - 2027 which are approved by the Board, as the base for the impairment test.

The estimate of the recoverable amount for the purposes of performing the annual impairment test for each of the CGUs is determined using value-in-use and was based on the following assumptions:

- the expected future cash flows covering the period from 1 January 2025 through 31 December 2027. These expected cash flows reflect the current expectations regarding economic conditions and market trends as well as the Company's initiatives for the period covered by the projections. Regarding climate-related matters, the expected cash flows incorporated certain climate-related risks to pursue the Group's global sustainability strategy. These cash flows relate to the respective CGUs in their current condition when preparing the financial statements and exclude the estimated cash flows that might arise from restructuring plans or other structural changes. Volumes and sales mix used to estimate the future cash flow are based on assumptions that are considered reasonable and sustainable and represent the best estimate of expected conditions regarding market trends and the segment for the respective CGU over the period considered. The expected future cash flows include a terminal period to estimate the future result beyond the time period explicitly considered which incorporates a long-term growth rate assumption of 1.68%. The growth rate is determined by weighting the GDP growth rate at constant prices for the market in which the Group operates, to the revenues obtained in such markets. This GDP growth rate has been obtained from an authoritative international source (IMF, October 2024 release);
- the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU that are not reflected in the estimated future cash flows;
- pre-tax cash flows are discounted using a pre-tax discount rate which reflects the current market assessment of the time value of money for the period being considered, and the risks specific to those cash flows under consideration. The pre-tax Weighted Average Cost of Capital ("WACC") discount rate applied for each CGU is equal to:
  - TCO for 9.95%;
  - BUR for 10.70%;
  - COM for 11.57%.

As part of the impairment test, additional stress tests are performed to assess the Group's capacity to resist any further market shock. The stress tests included:

- a reduction of 5%, 10% and 15% in EBITDA and Capex over the entire test period and for all markets and brands;
- increase of WACC by +1% and decrease of growth rate by -1%.

Each stress test is performed on a stand-alone basis. Any reasonable possible change in the key assumptions reported above would not cause any impairment loss.

Further, the headroom breakeven point is calculated through both the WACC percentage increase and the cash flow percentage decrease (in order to make it nil); for the reporting period the results are, within the planned horizon:

- WACC percentage increase on a weighted average of more than 19%;
- Cash Flow percentage decrease: Thermal Comfort 16.0% (34.0% in 2023), Burners 49.7% (46.3% in 2023), Components 71.4% (80.5% in 2023).

Assumptions related to the impairment plan

Below is a summary of the main assumptions used within the impairment test for each CGU:

2024	Thermal Comfort (TCO)	Burners (BUR)	Components (COM)
Net invested capital (€/000)	1,924.5	46.1	33.5
of which Goodwill and Other intangible assets with indefinite useful lives (€/000)	*1,110.3*	*12.5*	*5.5*
Growth rate (%)	1.72%	0.98%	0.91%
WACC (%)	9.95%	10.70%	11.57%

2023	Thermal Comfort (TCO)	Burners (BUR)	Components (COM)
Net invested capital (€/000)	2,505.0	54.0	33.8
of which Goodwill and Other intangible assets with indefinite useful lives (€/000)	*1,114.4*	*12.5*	*5.5*
Growth rate (%)	1.80%	1.18%	1.21%
WACC (%)	10.64%	11.36%	11.26%

Impairment test results

The values estimated as described in the above paragraph are determined to be in excess of the carrying amount for each CGU to which goodwill is allocated. As such, no impairment charges were recognized for goodwill and intangible assets with indefinite useful lives for the year ended 31 December 2024.

Note 2.1.1 – Business combinations

Egyptian plant acquisition from Universal for Home and Electrical Appliances S.A.E.

As mentioned in paragraph '2 - Significant events in the year', on 22 February 2024 the Ariston Group completed the acquisition from Universal for Home and Electrical Appliances (the "Seller") of a production site located on the 6th of October industrial park, near Cairo, and with a total area of 40,000 square meters and approximately 316 employees (hereinafter the "transaction" and the "business acquired"). This facility is aimed to produce a range of domestic water heating solutions developed to serve the needs of many African and Middle Eastern markets. The transaction consideration (paid fully in cash) amounted to USD 28 million (€ 26.0 million).
Further, in the context of the acquisition, on 24 March 2024 the parties entered into an 'Original equipment manufacturing agreement' (OEM) under which Universal is committed to purchase (and Ariston is committed to sell) the Universal range products manufactured by Ariston Egypt. This agreement is in force for one year and it shall be automatically renewed on an annual basis.
The transaction was accounted for in accordance with IFRS 3 by applying the acquisition method, since this acquisition meets the criteria set forth by the IFRS 3 principle (i.e., Ariston has acquired inputs and processes that, when combined, contribute to the creation of an output). The IFRS 3 acquisition method of accounting applies the fair value concepts defined in IFRS 13 - Fair Value Measurement and requires, among other things, the assets acquired and the liabilities assumed in a business combination to be recognized by the acquirer at their fair values as of the acquisition date.
Based on the above, the Group performed the purchase price allocation and it was finalized in a period not exceeding 12 months from the closing date, in compliance with the applicable accounting standards.
The book value and the fair value of the identifiable assets and liabilities of the business acquired as at the date of acquisition were the followings:

(in million €)	Book value at the acquisition date		Fair value at the acquisition date
ASSETS			
Non-current assets			
Lands and buildings	1.2		18.5
Plant and machinery	2.1		3.4
Total non-current assets	**3.3**		**21.9**
Current assets			
Inventories	1.4		1.5
Total current assets	**1.4**		**1.5**
TOTAL ASSETS	**4.9**		**23.4**
NET EQUITY ACQUIRED	**4.9**	A	**23.4**
Total consideration		B	**26.0**
Goodwill arising on acquisition (C=B-A)		C	**2.6**

The fair value of buildings, lands and machinery and equipment has been determined using the cost approach (Depreciated Replacement Cost method), while the book value of inventories (fully related to raw materials, which are measured at the lower of cost and net realizable value and which have a high turnover) is considered to approximate fair value. No intangible assets have been identified.

Further, based on the Egyptian local regulation, no temporary differences arise from the business combination since the fair values of the assets acquired are fully deductible. As such, no deferred taxes have been recognized as part of the purchase price accounting.

Based on the results of the purchase price allocation process, the residual goodwill amounts to € 2.6 million and represents the excess of the purchase price paid over of the fair value of the net assets acquired.
The above mentioned goodwill has been separately recognized by Ariston given it represents the future economic benefits considered arising from the business combination, as well as synergies expected from the integration of the acquired business, together with the pre-existing Egyptian entity. The emerging goodwill has been allocated to the Thermal Comfort CGU and is tax-deductible based on the relevant local regulations.

Note 2.2 – Property, plant and equipment

At 31 December 2024, 'Property, plant and equipment' amounted to € 648.5 million, up by a net € 29.2 million compared to 31 December 2023.
The depreciation expense for the period is recognized under the appropriate item in the income statement and amounted to € 92.5 million.

Details of and changes in 'Property, plant and equipment' during the year are as follows:

Property, plant and equipment *(in € million)*	Land and buildings	Plant and machinery	Other property, plant and equipment	Total
Cost net of accumulated impairment losses	431.6	485.0	497.8	1,414.4
Accumulated depreciation	-177.9	-347.3	-269.7	-795.0
As at 31.12.2023	**253.7**	**137.7**	**228.1**	**619.4**
Perimeter variation	12.8	0.3	-2.8	10.3
Increases	26.3	10.4	91.3	128.0
of which for right of use	21.6	0.0	24.3	45.9
Decreases	0.2	-0.2	0.0	0.0
Remeasurements and Impairment	-1.0	-1.7	-1.9	-4.6
Depreciation	-27.9	-23.1	-41.5	-92.5
of which for right of use	-17.2	-0.3	-15.2	-32.7
Exchange rate effect	-1.9	-0.9	-0.9	-3.7
Other	1.8	36.8	-46.9	-8.3
Total changes	10.3	21.6	-2.7	29.2
Cost net of accumulated impairment losses	458.7	487.4	511.3	1,457.5
Accumulated depreciation	-194.8	-328.2	-286.0	-809.0
As at 31.12.2024	**264.0**	**159.2**	**225.3**	**648.5**

Details of and changes in 'Property, plant and equipment' during the prior year are as follows:

Property, plant and equipment *(in € million)*	Land and buildings	Plant and machinery	Other property, plant and equipment	Total
Cost net of accumulated impairment losses	336.3	444.6	371.1	1,152.2
Accumulated depreciation	-163.0	-333.8	-250.1	-746.9
As at 31.12.2022	**173.3**	**110.8**	**121.1**	**405.1**
Perimeter variation	64.2	18.7	53.6	136.6
Increases	37.9	11.3	116.8	166.0
of which for right of use	*21.4*	*0.0*	*16.2*	*37.6*
Decreases	0.2	-0.1	0.2	0.3
Remeasurements and Impairment	0.0	0.0	-0.1	-0.1
Depreciation	-26.1	-21.3	-39.0	-86.4
of which for right of use	*-16.1*	*-0.3*	*-13.4*	*-29.8*
Exchange rate effect	0.1	-0.9	-0.5	-1.3
Other	4.0	19.1	-23.9	-0.7
Total changes	80.3	26.9	107.1	214.4
Cost net of accumulated impairment losses	431.6	485.0	497.8	1,414.4
Accumulated depreciation	-177.9	-347.3	-269.7	-795.0
As at 31.12.2023	**253.7**	**137.7**	**228.1**	**619.4**

The net increase was largely attributable to the capital expenditure for the period, totalling € 128.0 million, only partly offset by € 92.5 million for depreciation.

In accordance with IFRS 16, below are the carrying amounts of right-of-use assets and the relevant changes during the period:

Right of use assets *(in € million)*	Land and buildings	Plant and machinery	Other property, plant and equipment	Total
Cost net of accumulated impairment losses	98.8	2.4	55.1	156.2
Accumulated depreciation	-42.6	-1.0	-25.5	-69.1
As at 31.12.2023	**56.3**	**1.4**	**29.5**	**87.2**
Perimeter variation	-0.6	0.0	-0.1	-0.7
Increases	21.6	0.0	24.3	45.9
Depreciation	-17.2	-0.3	-15.2	-32.7
Exchange rate effect	0.4	0.0	-0.1	0.3
Other	0.5	0.0	-0.3	0.2
Total changes	4.7	-0.2	8.6	13.1
Cost net of accumulated impairment losses	112.5	2.1	66.7	181.3
Accumulated depreciation	-51.7	-1.0	-28.4	-81.1
As at 31.12.2024	**60.9**	**1.1**	**38.2**	**100.2**

Below are the carrying amounts of right-of-use assets and the relevant changes during the prior period:

Right of use assets *(in € million)*	Land and buildings	Plant and machinery	Other property, plant and equipment	Total
Cost net of accumulated impairment losses	85.0	2.4	42.2	129.7
Accumulated depreciation	-37.7	-0.9	-20.4	-58.9
As at 31.12.2022	**47.3**	**1.5**	**21.8**	**70.7**
Perimeter variation	4.0	0.0	5.0	9.0
Increases	21.4	0.0	16.2	37.6
Depreciation	-16.1	-0.3	-13.4	-29.8
Exchange rate effect	-0.4	0.0	0.4	-0.1
Other	-0.1	0.2	-0.4	-0.4
Total changes	8.9	0.0	7.7	16.4
Cost net of accumulated impairment losses	98.8	2.4	55.1	156.2
Accumulated depreciation	-42.6	-1.0	-25.5	-69.1
As at 31.12.2023	**56.3**	**1.4**	**29.5**	**87.2**

In order to recognize any impairment loss to tangible assets, in the presence of impairment indicators, the Group attributes these assets to the Net invested capital of the related CGUs and assesses their recoverability by determining their value in use with the discounted cash flow method.

The item 'Other property, plant and equipment' amounted to € 225.3 million, down by € 2.7 million compared with 31 December 2023.

The breakdown is detailed below:

Other property, plant and equipment *(in € million)*	31.12.2024	31.12.2023
Assets under construction	91.6	106.6
Industrial and commercial equipment	76.7	70.1
Vehicles & transportation equipment	39.1	28.8
Furniture and office equipment	12.0	13.8
EDP machinery	2.9	3.3
Other	3.0	5.5
Total	225.3	228.1

Note 2.2.1 – Information on tangible and intangible assets by main country

At 31 December 2024 the information on tangible and intangible assets (excluding goodwill) by main country is detailed below:

Country	31.12.2024	31.12.2023
Netherlands (country of domicile)	87.3	90.1
Germany	563.5	561.6
Italy	306.1	301.3
Switzerland	53.7	52.2
Other countries	241.4	232.4
Total	1,251.9	1,237.7

Note 2.3 – Investments in associates & Joint ventures

Associates

In October 2024, the Ariston Group acquired 24.75% of the UK company Cinergi Ltd. The investment was around € 1.5 million. The company designs and installs both gas and electric energy solutions. The Group's interest in Cinergi Ltd is accounted for using the equity method in the consolidated financial statements.

Joint ventures

From June 2021 the Ariston Group holds 24.5% of the shares of the Dutch company Haas Heating B.V. which was acquired by the Group through ATAG Heating B.V.

As at 31 December 2024 the Group decided to fully devalue the investment by € 2.4 million, since management assessed the carrying amount no longer recoverable, also in light of actual performance.

Notes 2.4 – Deferred tax assets and liabilities

The net deferred taxes show a negative net balance of € 86.5 million in comparison with a negative net balance of deferred taxes of € 99.7 million of 2023, with an overall variation of € 13.1 million.

The components of deferred tax assets and liabilities at 31 December 2024 are as follows:

Deferred tax assets *(in € million)*	31.12.2023	P&L	Equity	Translation differences and others	31.12.2024
Brand and patents	20.4	-0.1	0.0	1.4	21.7
Research and development	7.8	0.1	0.0	0.1	8.0
Tangible assets and leasing	15.7	-1.1	0.0	6.5	21.1
Provisions for risks	28.2	-4.6	3.5	-1.7	25.4
Inventory & Bad Debt	17.7	1.4	0.0	0.1	19.2
Hedging	2.3	0.0	-1.0	1.1	2.4
Tax timing differences	6.0	3.0	0.0	-0.8	8.2
Tax losses	9.7	-2.3	0.0	0.0	7.4
Other	6.9	3.9	0.0	-2.0	8.8
Total	114.6	0.3	2.5	4.7	122.1

Deferred tax liabilities *(in € million)*	31.12.2023	P&L	Equity	Translation differences and others	31.12.2024
Brand and intellectual property	-143.5	4.2	0.0	4.2	-135.1
Tangible assets and leasing	-26.9	-5.0	0.0	-3.6	-35.5
Inventory	-3.3	1.4	0.0	-0.8	-2.7
Taxes on undistributed profits	-24.6	4.6	0.0	0.0	-20.0
Hedging and exchange gain or loss	-4.6	1.2	1.7	-1.1	-2.8
Tax timing differences	-8.5	-0.9	0.0	0.6	-8.8
Other	-2.8	4.7	0.0	-5.6	-3.7
Total	-214.3	10.2	1.7	-6.3	-208.7

As comparative data, the components of deferred tax assets and liabilities at 31 December 2023 were as follows:

Deferred tax assets (in € million)	31.12.2022	P&L	Equity	Translation differences and others	Acquisitions	31.12.2023
Brand and patents	20.5	-0.1	0.0	0.0	0.0	20.4
Research and development	7.8	0.0	0.0	0.0	0.0	7.8
Tangible assets and leasing	12.9	-2.7	0.0	5.2	0.2	15.7
Provisions for risks	30.5	-3.0	0.0	0.6	0.1	28.2
Inventory	14.0	2.8	0.8	-0.1	0.0	17.6
Hedging	1.3	-2.3	3.4	0.0	0.0	2.3
Tax timing differences	7.4	-3.9	0.0	0.2	2.4	6.0
Tax losses	4.1	5.8	0.0	-0.2	0.0	9.7
Other	2.7	-0.6	0.0	4.7	0.0	6.9
Total	101.2	-4.0	4.2	10.4	2.7	114.6

Deferred tax liabilities (in € million)	31.12.2022	P&L	Equity	Translation differences and others	Acquisitions	31.12.2023
Brand and intellectual property	-11.6	0.0	0.0	2.9	-133.8	-142.5
Tangible assets and leasing	-7.2	0.7	0.0	-6.9	-13.6	-26.9
Inventory	-1.5	1.3	0.0	-0.7	-2.4	-3.3
Taxes on undistributed profits	-16.8	-3.0	0.0	0.0	-4.8	-24.6
Hedging and exchange gain or loss	-11.0	2.0	4.3	0.0	0.0	-4.6
Tax timing differences	-6.9	2.2	0.0	-3.8	0.0	-8.5
Other	-6.8	10.7	0.5	-4.9	-3.3	-3.8
Total	-61.8	13.9	4.8	-13.3	-158.0	-214.3

One of the main reasons of the reduction of the deferred tax liabilities derives from the reduction of those pertaining to undistributed earnings. Starting from 2021, a deferred tax liability on the undistributed earnings in Ariston subsidiaries is recorded equal to the expected tax burden on the remittance of earnings from those jurisdictions. The amount of the deferred tax liabilities on undistributed earnings recorded in 2024 is equal to € 20 million, a decrease of € 4.5 million in respect to the previous year. Part of this decrease, € 1.7 million, relates to the deconsolidation of the Russian subsidiary considering that Ariston Holding NV will no longer be entitled to receive distribution from the Russian subsidiary. The remaining part, equal to €2.8 million, derives from the combined effect of a significant reduction in the profits realized in 2024 together with the distribution of retained earnings carried out during 2024.

The decision to recognize deferred tax assets is made for each legal entity in the Group by critically assessing whether the conditions exist for the future recoverability of such assets on the basis of actual results, as well as updated plans.

Ariston recognizes in its consolidated statement of financial position the amount of deferred tax assets less the deferred tax liabilities of the individual consolidated legal entities, where these may be offset.

Note 2.5 – Financial assets

‘Financial assets’ amounted to € 5.1 million at 31 December 2024, up by € 0.7 million compared to December 2023. This item mainly consists of the value of “Other investments” held for the medium/long term, measured at fair value, since they are largely classified as “Financial instruments at fair value through profit or loss (FVTPL)”.

Note 2.6 – Other non-current assets

‘Other non-current assets’ includes primarily the security deposits due beyond the year and other assets with a financial impact spreading beyond one year.
At 31 December 2024, the ‘Other non-current assets’ amounted to € 7.0 million, down compared with € 7.8 million in 2023.

Note 2.7 – Non-current tax receivables

As at 31 December 2024, 'Non-current tax receivables' amounted to €1.0 million, slightly down from € 1.4 million in the same period of 2023. This item includes receivables from tax authorities payable to the Group.

Note 2.8 – Inventories

Below is the composition of ‘Inventories’ at 31 December 2024 and at 31 December 2023, net of the obsolete stock provision.

Inventories *(in € million)*	31.12.2024	31.12.2023
Raw materials	175.6	204.6
Work in progress and semi-finished goods	31.9	40.5
Finished goods and goods for resale	263.0	373.9
Total	470.4	619.0

As at 31 December 2024, the gross value of inventories was € 553.7 million, down from € 686.5 million on 31 December 2023. Meanwhile, the provision amounted to € 83.3 million, up from € 67.5 million in the previous year.

As at 31 December 2024, inventories totaled € 470.4 million, a decrease of € 148.6 million compared to 31 December 2023. This change is mainly attributed to the following factors:

- Perimeter variation equal to € -26.0 million for the deconsolidation of Ariston Thermo Russia;
- Organic change of € -118.1 million, primarily resulting from efficient stock level optimization and improved supply chain management;
- Negative exchange rate effect of € 4.5 million.

Inventories are recognized at the lesser value between purchase and production cost, according to the weighted average cost method and their net realizable value which includes costs necessary to sell inventories and, based on that, they did not have a material impact for the Group.

The provision for obsolete or slow-moving stock increased compared to the previous year, both in percentage terms and in absolute value. In 2024, the provision amounted to 17.7% of the total inventory, up from 10.9% the year before. Additionally, the absolute variation in the provision was € 15.8 million.
The obsolescence risk is measured taking into account stock rotation, calculated monthly as the ratio of inventories to consumption over the last twelve months for raw materials (forty-eight months for spare parts with a life cycle defined as “inactive”), and the product life cycle. In the obsolescence risk, the Group has considered for materials and products in stock the technological obsolescence which can arise from climate change and the energy transition. On the basis of

the parameters mentioned above, impairment percentages are applied which increase in proportion to the estimated risk.

The change in the obsolete stock provision was as follows:

Obsolete stock provision (in € million)	Raw materials	Work in progress and semi-finished goods	Finished goods and goods for resale	Total
As at 31.12.2023	**16.6**	**2.9**	**48.1**	**67.5**
Perimeter variation	**-0.4**	**0.0**	**-0.9**	**-1.3**
Increases	9.5	1.3	22.9	33.6
Decreases	1.2	-0.1	3.2	4.4
Releases	-4.6	-0.8	-14.7	-20.1
Exchange rate effect	0.1	0.0	-0.2	-0.1
Other	0.7	-0.5	-1.0	-0.7
Total changes	6.5	-0.1	9.4	15.7
As at 31.12.2024	**23.1**	**2.8**	**57.4**	**83.3**

The recognition of inventories according to the weighted average cost method does not show any significant differences compared with a valuation at current costs.

Note 2.9 – Trade receivables

Trade receivables amounted to € 333.9 million, net of a bad debt provision of € 22.1 million.
Compared with 31 December 2023, the net balance shows a € 27.4 million decrease in absolute values. This reduction is driven by a slowdown in sales volumes. Nevertheless, the country mix effect played a crucial role in partially mitigating this impact though geographical sales diversification.
The percentage of trade receivables as a share of turnover for the last 12 months was 12.9%, compared to 11.8% recorded on 31 December 2023.
The bad debt provision of € 22.2 million shows a net increase by € 0.9 million compared with 31 December 2023. This increase is mainly attributable to the deconsolidation of Russian company following Presidential Decree No. 294 signed by the Russian President. As a result, the Group has made an accrual for bad debt related to open receivables that became third-party receivables after the deconsolidation.

At 31 December 2024, the provision was deemed to be appropriate for the estimated losses from unsecured or disputed receivables.

Following are the changes in the bad debt provision:

Bad debt provision (in € million)	Short-term	Medium/long-term	Total
As at 31.12.2023	**17.1**	**4.1**	**21.2**
Increases	13.7	0.3	14.0
Decreases	-0.4	-1.3	-1.7
Releases	-11.1	0.1	-11.0
Other	-1.6	1.2	-0.4
Total changes	0.6	0.3	0.9
As at 31.12.2024	**17.7**	**4.4**	**22.1**

The item ‘Other’ includes primarily the reclassifications made for the period to ensure the correct recognition of receivables subject to special valuation, such as those in legal proceedings or in litigation.

Please refer to paragraph ‘Credit Risk’ for further details on ageing and the related Bad Debt Provision.

Note 2.10 – Tax receivables

The item ‘Tax receivables’ includes primarily the amounts due to Group companies from the taxation authorities in several countries where the Group operates. At 31 December 2024, the item amounted to € 39.9 million, compared to € 47.8 million in 2023, primarily due to:

Tax receivables *(in € million)*	31.12.2024	31.12.2023
Tax receivable for taxes paid in excess	26.4	26.1
Tax receivables towards Merloni Holding	8.7	16.3
Other short term tax receivables	4.7	5.4
Total	39.9	47.8

Ariston Holding N.V. is incorporated in the Netherlands but is a tax resident of Italy and is controlled by Merloni Holding S.p.A. Ariston Holding N.V. and its Italian subsidiaries have adopted the national tax consolidation scheme. At 31 December 2024, the individual Italian companies' income tax receivables and payables were recorded from or to, respectively, Merloni Holding S.p.A. These amounts are included in the ‘Tax receivables’ from the controlling shareholder for the tax consolidation. The decrease amounts to € 7.6 million and mainly derives from the reduced taxable base for tax consolidation purposes at the level of the Ariston Group.

Note 2.11 – Current financial assets

As of 31 December, 2024, ‘Current financial assets’ amounted to € 18.4 million, a decrease from € 35.1 million reported at the end of 2023.

The item is preliminary attributed to:

- ‘Short-term financial receivables’, mainly security deposits amounting to € 2.8 million as of 31 December 2024 (€ 7.9 million as of 31 December 2023);
- ‘Financial derivative assets’ of € 9.1 million (€ 17.1 million as of 31 December 2023) arising from the fair value measurement of derivative financial instruments. The fair value of financial derivatives included hedges on commodities for € 0.5 million, on interest rates for € 8.0 million and on foreign exchange for € 0.6 million.
  The value of closed derivatives not yet collected was € 4.0 million (€ 4.9 million as at 31 December 2023).

Note 2.12 – Other current assets

At 31 December 2024, 'Other current assets' amounted to € 62.8 million, compared to € 87.4 million at 31 December 2023:

Other current assets *(in € million)*	31.12.2024	31.12.2023
Indirect tax receivables	37.6	52.9
Prepaid expenses	11.3	12.3
Advances to suppliers	5.6	10.4
Supplier debit balance	5.1	4.5
Credits from government	0.9	0.9
Receivables from employees	0.8	0.9
Other receivables	1.4	5.5
Total	62.8	87.4

The decline in 'Other current assets' primarily reflects indirect tax receivables and advances to suppliers related to business operations.

Note 2.13 – Cash and cash equivalents

'Cash and cash equivalents', amounting to € 350.8 million as at the end of December 2024, primarily consist of bank and postal deposits, as detailed in the following table:

Cash and cash equivalents *(in € million)*	31.12.2024	31.12.2023
Bank and postal deposits	289.8	385.6
Short-Term Investments	60.7	63.7
Cash on hand	0.2	1.9
Total	350.8	451.2

The amount reported under 'Bank and postal deposits' primarily consists of credit balances on current accounts and reflects a decrease of € 95.8 million compared to 31 December 2023. The other components show only minor variations compared to the previous year.

The reconciliation between Cash & Cash Equivalents and the Consolidated statement of cash flows is provided below:

Table of Reconciliation between Cash & Cash Equivalent and the Consolidated statement of cash flows *(in € million)*	31.12.2024	31.12.2023
Cash and cash equivalents *(as included in the Consolidated statement of financial position)*	350.8	451.2
Short-term bank notes or similar tradable instruments and others	0.2	3.3
Bank overdrafts	-0.2	-1.0
Notes payable	-5.5	-13.5
Cash and cash equivalents *(as included in the Consolidated statement of cash flows)*	345.2	440.0

For the purpose of the 'Consolidated Statement of Cash flows', the Group included within 'Cash and cash equivalents' the financial instruments reported above in the table (bank overdrafts, short-term bank notes and notes payable) since these instruments are readily convertible and repayable on demand. In particular, short-term bank notes and notes payable are similar to bank overdrafts and are used primarily in China to settle commercial transactions, with the net balance of these notes fluctuating throughout the year.

Note 2.14 – Assets held for sale

At 31 December 2024, 'Assets Held for Sale' amounted to € 0.3 million, unchanged from the previous year. This item includes the assets held for sale by the Romanian subsidiary, which are recognized in accordance with IFRS 5 at the lower of their net book value or fair value (net of sale costs).

6.6.3 Statement of financial position – Liabilities and equity

Note 3.1 – Equity

At 31 December 2024, the fully paid up share capital of Ariston Holding N.V. was € 46,476,001.99, comprising 125,505,005 ordinary shares and 22,095,194 non-listed ordinary shares with a nominal value of € 0.01 each, and 225,000,000 multiple voting shares with a nominal value of € 0.20 each. The capital structure as at 31 December 2024 for ordinary shares, non-listed ordinary shares and multiple voting shares is reported below.

Shareholders	Ordinary shares(1)	Non-listed ordinary shares(2)	% of total ordinary shares and non-listed ordinary shares	Multiple voting shares(3)	Total number of shares(6)	% of total shares
Merloni Holding S.p.A.	21,366,514		14.48%	198,000,000	219,366,514	58.87%
Amaranta S.r.l.	2,649,000		1.79%	27,000,000	29,649,000	7.96%
Treasury shares	4,553,709		3.09%		4,553,709	1.22%
Centrotec SE(4)	19,321,473	22,095,194	28.06%		41,416,667	11.12%
Other shareholders	77,614,309(5)		52.58%		77,614,309	20.83%
Total	**125,505,005**	**22,095,194**	**100.00%**	**225,000,000**	**372,600,199**	**100.00%**

Notes:

(1) Ordinary shares are listed, freely transferable and each of them confers the right to cast one vote.

(2) Non-listed ordinary shares are not listed, freely transferable (subject to lock-up provisions, see (4) below) and each of them confers the right to cast one vote.

(3) Multiple voting shares confer economic rights equal to the ordinary shares, are not listed and confer the right to cast twenty votes, subject to a voting threshold. See 'Share capital and general meeting', sub-paragraph 'Voting rights and adoption of resolutions' in the Governance report. If a holder of multiple voting shares intends to transfer to any third party (be it a shareholder or not) one or more multiple voting shares, the other holders of multiple voting shares shall have the right, in accordance with the procedure outlined in article 16 of the articles of association, to exercise a right of first refusal.

(4) Pursuant to the lock-up provisions included in the agreement for the sale and purchase of CENTROTEC Climate Systems GmbH entered into between CENTROTEC SE and Ariston Holding N.V. on 15 September 2022, CENTROTEC SE may not transfer more than 20,708,332 ordinary shares and non-listed ordinary shares until 2 January 2025.

(5) Including 517,053 ordinary shares held by Paolo Merloni.

(6) Each issued and outstanding share ranks equally with, and will be eligible for any dividends that may be declared on, all other shares, and will be equally entitled to the profits and (other) reserves of the Company, except for the entitlement to the conversion reserve (included into the 'Retained earnings/(losses) and other reserves' in the Statement of Changes in Equity) and the liquidation distribution. All profit distributions and repayment of capital will be made in such a way that on each share the same amount or value is distributed.

At 31 December 2024, the total consolidated equity amounted to € 1,425.1 million, down from € 1,502.5 million on 31 December 2023.

The overall change is the result of the sum of positive and negative items, such as:

- the Group net profit for the period, amounting to € 2.5 million;
- the decrease in the 'Retained Earnings and other reserves' for the dividends paid in May 2024 for a total amount equal to € 63.1 million;
- the financial statements conversion reserve in Group currency, used to recognize differences in exchange rates deriving from the translation of the financial statements of foreign subsidiaries not included in the Euro area, had a negative impact of € 18.9 million (included into the 'Retained earnings/(losses) and other reserves' in the Statement of Changes in Equity);
- in August 2024, the Company started a treasury share buyback program to serve the Group's LTI plans with a number of Ariston shares to be acquired equal to 3,000,000. The treasury share buyback program ended on 30 September 2024. The total amount of treasury shares at 31 December 2024 was equal to € 22.1 million (4,553,709 Ordinary shares);

- the positive impact of € 7.1 million is due to the recycling of the CTA reserve (included into the 'Retained earnings(losses) and other reserves' in the Statement of Changes in Equity), which is related to the deconsolidation of Ariston Thermo Rus LLC;
- the decrease of the 'Reserve for gains/losses' in equity and the 'Actuarial gains (losses)' for a total amount equal to € 2.4 million due to the net negative impact of Mark-to-Market in cash flow hedge accounting and the positive change due to the remeasurement of the pension provision;
- the 'Stock-based incentive plans reserve', during the year, increased for € 2.4 million due to the expense of LTI plans for 2024 and decreased for € 7.3 million following the assignment of shares for LTI plans for 2021. As at 31 December 2024 the reserve was equal to € 4.0 million (€ 9.0 million as at 31 December 2023) and it is related to long-term incentive plans for 2022-2024:
  - 2022: € 0.9 million
  - 2023: € 2.2 million
  - 2024: € 0.9 million

  For further details, refer to 'Note 3.1.1 - Stock-based incentive plans payments'.

Dividends paid

The table below shows the dividends approved and paid during the year and in the previous years:

DIVIDENDS to the parents *(in € thousand)*	**2024**	**2023**	**2022**
Dividends paid during the period	63,078	48,342	46,366

As at the reporting date, there were no dividends approved by the general meeting yet to be paid.

Note 3.1.1 – Stock-based incentive plans payments

2024 remuneration of the executive directors

The remuneration of the executive directors is in accordance with the remuneration policy. There are no loans, advances or guarantees provided by the Company or any undertaking belonging to the same group of the Company to or on behalf of an executive director.

The following table summarizes the remuneration received by the executive directors for the years ended 31 December 2024 and 2023:

Director, Position, Year *(€ thousand)*		**Base remuneration**			**Variable incentive**		**Extraordinary items**	**Pension expense**	**Total remuneration**	**Proportion of fixed and variable remuneration**
		Fixed Remuneration	Fees	Benefits and perquisites	Short-term incentive	Long-term incentive				
Paolo Merloni *Executive Chair*	2024	1,100	73	66	0	455[(1)]	-	50	1,744	74% fixed 26% variable
	2023	1,100	80	61	541	981[(2)]	-	50	2,813	46% fixed 54% variable
Maurizio Brusadelli *Chief Executive Officer* [(3)]	2024	1,900	50	94	0	0	2,800[(3)]	39	4,883	100% fixed
	2023	913	21	41	406	0	-	19	1,399	not applicable[(4)]

Notes:

- *Fixed remuneration represents for the Executive Chair the base salary and the executive director fee. For the Chief Executive Officer the fixed remuneration represents base salary, executive director fee and non-compete agreement.*
- *Fees represent the Board fee and the committee membership fees.*
- *The short-term incentive represents the incentive to be paid for performance results achieved in 2024.*
- *The long-term incentive value is calculated as follows: (i) for 2024, the LTI is valued referring to the share price on 30 December 2024 at close of trade (€ 3.45) and (ii) for 2023, the LTI is valued referring to the share price on 29 December 2023 at close of trade (€ 6.26) (and it refers to the vesting of the 2020 converted LTI phantom stock option plan).*

(5) *LTI accrued value based on IFRS2 expenses is € 1,437 thousand.*
(6) *LTI accrued value based on IFRS2 expenses is € 1,607 thousand.*
(7) *The Chief Executive Officer received the payment of a one-off amount of € 2,800 thousand as foreseen by his terms of engagement.*
(8) *Not applicable due to unavailability of full year data.*

The table below provides the remuneration received by the executive directors in 2023 as comparative data:

Director, Position, Year (€ thousand)		Base remuneration			Variable incentive		Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
		Fixed Remunerations	Fees	Benefits and perquisites	Short-term incentive	Long-term incentive*				
Paolo Merloni *Executive Chair*	2023	1,100	80	61	541	981(1)	-	50	2,813	46% fixed 54% variable
	2022	1,000	80	38	666	1,696(2)	-	43	3,523	33% fixed 67% variable
Maurizio Brusadelli *Chief Executive Officer* (3)	2023	913(4)	21	41	406	0	-	19	1,399	not applicable
Laurent Jacquemin *Chief Executive Officer* (5)	2023	583	50	37	0	981(1)	1,000 (6)	-	2,652	not applicable
	2022	900	50	79	555	1,017(7)	-	-	2,601	40% fixed 60% variable

(1) LTI accrued value based on IFRS2 expenses is € 1,607 thousand.
(2) LTI accrued value based on IFRS2 expenses is € 1,807 thousand.
(3) Since 3 August 2023.
(4) Maurizio Brusadelli's fixed remuneration consists of (i) € 400,000 per annum for his position as general manager, (ii) € 800,000 per annum for his position as executive director, and (iii) € 700,000 per annum for his non-compete consideration.
(5) As until 27 July 2023.
(6) On 3 May 2023 the Board, at the proposal of the compensation & talent development committee, approved a retention package to incentivise Laurent Jacquemin to stay as non-executive director in case of his early resignation as chief executive officer, considering his 30+ years in the Company, his profound knowledge of the business and his vision for the long term plans for the Group. This retention package includes the payment of a € 1 million lump sum, the continuation of his rights under the 2021 LTIP and maintenance of benefits for a value of € 35,000.
(7) LTI accrued value based on IFRS2 expenses is € 1,084 thousand.

Long-term incentive

In 2024, the compensation and talent development committee also proposed to the Board the grant of a new LTIP covering the performance years 2024-2026, in line with the remuneration policy.

The table below provides an overview of the outstanding LTI in 2024. It also provides an overview of (i) the number of PSUs of the LTIP 2021 that vested during 2024 and (ii) the new PSUs granted under the LTIP 2024, each as resolved by the Board on 5 March 2024.

Director, Position (unit)	Main conditions of performance share plans				Information regarding 2024					
					Opening balance	During the year		Closing balance		
	Plan	Performance period	Vesting start date	Vesting end date	PSUs on 1 January 2024(1)	PSUs awarded	PSUs vested/ shares received	PSUs vested/ shares received	PSUs awarded and unvested	Unexercised shares
Paolo Merloni *Executive Chair*	2021	2021-2023	31.03.2021	31.03.2024	112,000	0	131,824	131,824	0	131,824
	2022	2022-2024	28.04.2022	31.03.2025	104,948	0	0	0	104,948	0
	2023	2023-2025	04.05.2023	30.03.2026	110,741	0	0	0	110,741	0
	2024	2024-2026	06.05.2024	31.03.2027	0	218,124(2)	0	0	218,124	0
Maurizio Brusadelli *Chief Executive Officer*	2023	2023-2025	03.08.2023	30.03.2026	208,776	0	0	0	208,776	0
	2024	2024-2026	06.05.2024	31.03.2027	0	376,760 (2)	0	0	376,760	0

(3) Unvested PSUs.
(4) The number of PSUs granted to the executive directors, as resolved by the Board on 5 March 2024 on the proposal of the compensation and talent development committee, is determined by dividing the individual grant value by the average closing price of the Company's shares on the 30 trading days before the award. Specifically, for LTIP 2024 the average closing price on the 30 trading days before the grant was € 5.043.

The table below provides an overview of the outstanding LTI for 2023 as comparative data:

Director, Position *(unit)*	**Main conditions of performance share plans**				**Information regarding 2023**					
					Opening balance	**During the year**		**Closing balance**		
	Plan	**Performance period**	**Vesting start date**	**Vesting end date**	**Performance shares on 1 January 2023**(1)	**Performance shares awarded**	**Performance shares vested**	**Shares vested**	**Share awarded and unvested**	**Unexercised shares**
Paolo Merloni *Executive Chair*	2020	2020-2022	31.03.2020	31.03.2023	156,737	0	156,737	156,737	0	156,737
	2021	2021-2023	31.03.2021	31.03.2024	112,000	0	0	0	112,000	0
	2022	2022-2024	28.04.2022	31.03.2025	104,948	0	0	0	104,948	0
	2023	2023-2025	04.05.2023	30.03.2026	0	110,741(2)	0	0	110,741	0
Maurizio Brusadelli *Chief Executive Officer* (3)	2023	2023-2025	03.08.2023	30.03.2026	0	208,776(4)	0	0	208,776(	0
Laurent Jacquemin *Chief Executive Officer* (5)	2020	2020-2022	31.03.2020	31.03.2023	156,737	0	156,737	156,737	0	156,737
	2021	2021-2023	31.03.2021	31.03.2024	112,000	0	0	0	112,000	0
	2022	2022-2024	28.04.2022	31.03.2025	94,453	0	0	0	94,453	0
	2023	2023-2025	04.05.2023	30.03.2026	0	0(6)	0	0	0	0

(1) Unvested share units.
(2) The number of PSUs to be granted to the executive chair, as resolved by the Board on 2 March 2023 on the proposal of the compensation and talent development committee, is determined by dividing the individual award by the average closing price of the Company's shares on the 30 trading days before the award. Specifically, for 2023 the average closing price on 3the 0 trading days before the award was € 9.9331.
(3) Since 3 August 2023.
(4) The number of PSUs to be granted to the chief executive officer, as resolved by the Board on 3 August 2023 on the proposal of the compensation and talent development committee, is determined by dividing the individual award by the average closing price of the Company's shares on the 30 trading days before the grant. Specifically, the average closing price on the 30 trading days before the award was € 9.1007.
(5) As until 27 July 2023.
(6) Following the communication by the former chief executive officer to the Board of 3 May 2023 about his decision to step down and resign as CEO and executive director of the Company, no LTIP 2023 has been awarded.

The table below provides an overview of the ordinary shares held by the executive directors as of 31 December 2024.

Executive director	**Number of ordinary shares**
Paolo Merloni	517,053
Maurizio Brusadelli	80,000

Change of remuneration of executive directors and Company performance

The following table shows a comparison of the fixed remuneration over the last five years of the executive directors who served in 2024.

Annual change	2020	2021	2022	2023	2024
Executive directors' fixed remuneration *(in € thousand)*					
Paolo Merloni *Executive Chair*	995	1,003	1,118	1,241	1,239
Maurizio Brusadelli *Chief Executive Officer* (1)	N.A.	N.A.	N.A.	974	2,044
Executive directors' total remuneration *(in € thousand)*					
Paolo Merloni *Executive Chair*	N.A.	2,879	3,523	2,813	1,744
Maurizio Brusadelli *Chief Executive Officer*	N.A.	N.A.	N.A.	1,399	4,883
Company performance *(in € million)*					
EBIT	149	171	194	285	63
EBITDA	227	247	283	417	203
EBIT Adjusted	164	203	223	314	160
EBITDA Adjusted	239	277	305	422	276
Average remuneration on a full-time equivalent basis of employees(1) *(in € thousand)*					
Employees of the Group	N.A	54	59	65	65
Internal pay ratio Chief Executive Officer (3)					
Chief Executive Officer vs employees of the Group	N.A.(2)	40	44	N.A.(3)	103

(4) The population composition changes across the years in terms of FTE, mix and countries.
(5) Not available as the Company was not listed in 2020.
(6) In 2023 there is no relevant full year data for the CEO remuneration.

Internal pay ratio of the chief executive officer based on fixed remuneration

In accordance with Dutch law and the Dutch corporate governance code, the internal pay ratio is an important factor in determining the remuneration policy. The Dutch corporate governance code was amended on 20 December 2022 and entered into force as for the financial year beginning on or after 1 January 2023. Pursuant to the new version of the Dutch corporate governance code 'pay ratios' is understood to mean the ratio between (a) the total annual remuneration of the chief executive officer and (b) the average annual remuneration of the employees of the company and the group companies whose financial data the company consolidates, where: (i) the total annual remuneration of the chief executive officer includes all remuneration components (such as fixed remuneration, variable remuneration in cash (bonus), the share-based part of the remuneration, social security contributions, pension, expense allowance, etc.), as included in the (consolidated) financial statements; (ii) the average annual remuneration of the employees is determined by dividing the total wage costs in the financial year (as included in the (consolidated) financial statements) by the average number of FTEs during the financial year; and (iii) the value of the share-based remuneration is determined at the time of assignment, in line with the applicable rules under the applied reporting requirements. The Company has elected to follow this methodology from 2022. The 2024 pay ratio of the Chief Executive Officer versus the employees of the Group is 103. This number is significantly impacted by the one-off amount paid to the Chief Executive Officer as foreseen by his terms of engagement. The 2024 pay ratio of the Chief Executive Officer excluding this one-off payment is 60.

2024 remuneration of the non-executive directors

The remuneration of the non-executive directors is in accordance with the remuneration policy. There are no loans, advances or guarantees provided by the Company or any undertaking belonging to the same group of the Company to the non-executive directors.

The following table summarizes the remuneration received by the non-executive directors for the years ended 31 December 2024 and 2023.

Non-executive director *(in € thousand)*	Fee 2024	Supplementary committee fee 2024	Remuneration 2024	Remuneration 2023
Laurent Jacquemin(1)(2)	50	10	60	50
Marinella Soldi	50	20	70	70
Antonia Di Bella(2)	50	17	67	60
Guido Krass	50	10	60	60
Roberto Guidetti	50	40	90	90
Maria Francesca Merloni	50	-	50	50
Ignazio Rocco di Torrepadula	50	20	70	70
Enrico Vita	50	10	60	60
Katja Gerber(4)	33	7	40	-
Francesco Merloni(5)	17	-	17	50
Lorenzo Pozza(5)	17	7	24	70

(6) Laurent Jacquemin was Chief Executive Officer up to 27 July 2023 and non-executive director since 27 July 2023.
(7) In March 2024 the 2021 LTIP vested and Laurent Jacquemin received 131,824 ordinary shares (LTI accrued value based on IFRS2 expenses is € 1,437 thousand) as foreseen by his retention package approved on 3 May 2023 by the Board.
(8) Member of Audit Committee up to 6 May 2024 and Chairman of Audit Committee since 7 May 2024.
(9) Since 7 May 2024.
(10) Up to 6 May 2024.

The following table shows a comparison of the remuneration over the last five years of non-executive directors who served as non-executive directors in 2024:

Non-executive director *(in € thousand)*	2020	2021	2022	2023	2024
Laurent Jacquemin	50(1)	48(1)	50(1)	50(1)	60
Marinella Soldi	74	67	70	70	70
Antonia Di Bella(2)	-	-	-	60	67
Guido Krass	-	-	-	60	60
Roberto Guidetti	59	71	90	90	90
Maria Francesca Merloni	50	48	50	50	50
Ignazio Rocco di Torrepadula	-	38	60	70	70
Enrico Vita	53	52	60	60	60
Katja Gerber(3)	-	-	-	-	40
Francesco Merloni(4)	50	48	50	50	17
Lorenzo Pozza(4)	-	38	70	70	23

(1) Fees received during his period as CEO ended on 27 July 2023.
(2) Member of Audit Committee up to 6 May 2024 and Chairman of Audit Committee since 7 May 2024.
(3) Since 7 May 2024.
(4) Up to 6 May 2024.

Notes 3.2 – Deferred tax liabilities

Comments on ‘Deferred tax liabilities’ are included in ‘Note 2.4 - Deferred tax assets and liabilities’, to which reference should be made.

Note 3.3 – Non-current provisions

‘Current and non-current provisions’ totalled € 132.4 million, down by € 10.3 million compared with the previous year. The following table shows the composition of this item and the changes occurring during the year:

Non-current and current provisions *(in € millions)*	Agent supplementary indemnity provision	Product warranty provision	First installation provisions	Other Provi-sion	Total
As at 31.12.2023	3.0	100.9	7.5	31.3	142.6
of which:					
- Current	0.0	46.7	2.6	19.6	68.9
- Non Current	3.0	54.2	4.9	11.7	73.8
Perimeter variation	0.0	-1.4	0.0	-0.2	-1.5
Increases	0.3	39.6	1.9	9.4	51.2
Decreases	-0.5	-42.6	-2.8	-9.1	-55.0
Releases	0.0	-2.7	0.0	-2.0	-4.7
Other	0.0	1.1	0.4	-1.9	-0.4
Total changes	-0.2	-6.0	-0.4	-3.7	-10.3
As at 31.12.2024	2.8	94.9	7.1	27.6	132.4
of which:					
- Current	0.0	43.9	2.0	16.9	62.8
- non Current	2.8	51.0	5.1	10.7	69.6

Details of and changes in ‘other provisions’ are the following:

Other provisions *(in € millions)*	Legal Dispute Provision	Restructuring Provision	Other Provision	Total
As at 31.12.2023	7.9	0.2	23.3	31.3
of which:				
- Current	7.3	0.2	12.2	19.6
- Non Current	0.6	0.0	11.1	11.7
Perimeter variation	0.0	0.0	-0.2	-0.2
Increases	2.0	5.1	2.3	9.4
Decreases	-1.2	-1.9	-5.9	-9.1
Releases	-1.0	0.6	-1.6	-2.0
Other	0.0	-0.6	-1.2	-1.9
Total changes	-0.3	3.2	-6.6	-3.7
As at 31.12.2024	7.6	3.4	16.7	27.6
of which:				
- Current	7.2	3.4	6.3	16.9
- non Current	0.3	0.0	10.4	10.7

‘Current provisions for risks and charges’ amounted to € 62.8 million versus € 68.9 million at 31 December 2023, whereas ‘Non-current provisions for risks and charges’ amounted to € 69.6 million versus € 73.8 million in the previous year.

More specifically, the ‘Agent supplementary indemnity provision’ recognizes the accruals for covering indemnities that may be due to agents on their employment termination. The provision shows a limited decrease of € 0.2 million compared to the previous year.

The ‘Product warranty provision’ represents estimated costs to be borne for technical support of products sold under warranty.
The method used to determine this provision is based on historical/statistical data concerning warranty work performed, the costs incurred for such work and products sold on the market which are still under warranty at the evaluation date.
The provision had a net € 6.0 million decrease mainly due to the normal course of business for the warranty on manufactured and sold products.

The ‘First installation provision’ represents the estimated expense that the Group must bear for interventions on products. This has not substantially changed compared with December 2023.

The item ‘Other provisions’ includes estimated future charges for corporate restructuring, pending legal disputes and other risks that it was deemed necessary to cover with appropriate provisions which were estimated based on the available information.

The item ‘Other’ includes the effect of exchange rates for the period and reclassifications.

Note 3.4 – Post-employment benefits

The majority of Group employees are eligible for benefits through pension plans in the case of retirement and resignation. Those plans are either defined contribution plans or defined benefit plans based on pensionable remuneration and length of service. The Group manages its pension plans by geographic area and the major plans, classified as defined benefit plans under IAS 19, are located in Switzerland, Germany and Italy.

In Switzerland, according to IAS 19 the projected unit credit cost method was applied for the calculation of the defined benefit obligation and normal cost as at 31 December 2024. The main Pensionskasse conducted, in collaboration with an independent consultancy for institutional investors, an asset/liability analysis to derive a suitable investment strategy. The study thoroughly evaluated the liabilities of the scheme. The suitability of asset classes and the optimization of the strategic asset allocation has been carried out on the basis of simulations of the funded status. As a result the board of trustees decided on a strategic asset allocation which: contains several asset classes, is diversified globally and mimics the economic properties of the liabilities. With the exception of Swiss real estate investments, the ELCO Pensionskasse only invests in publicly traded assets. The largest share of assets is invested in Swiss Franc bonds. Other asset classes are foreign currency bonds, global equity and Swiss real estate. Alternative assets are not considered. The use of derivatives is limited to hedging currency risk and to fine tune bond and equity investments. All investments are made in institutional investment funds designed for Swiss pension schemes.
For the other Asset strategy, the arrangement is part of the Swiss Life pension funds (“BVG-Sammelstiftung Swiss Life” / “Sammelstiftung Zusatzvorsorge Swiss Life”). Hence the affiliated company has no influence on the asset strategy and the asset management. The responsibility lies fully with the board of trustees of the Swiss Life pension funds, in particular in relation to collaboration with an independent consultancy for institutional investors, performing asset liability analysis, the implementation policy, deviations from the strategic asset allocation, tactical asset allocation, and so on.

In Germany, the pension funds are regulated in a Pension System based on three pillars.
The "first pillar" (state and obligatory pension insurance contributions) is a defined contribution pension plan, established by the social pension insurance, based on the pay-as-you-go principle and related to the income limit. It covers employees in the public and private sector and some categories of self-employed workers and is mainly financed through social security contributions paid by workers and employers in equal measure and by taxes.
The "second pillar" (company pension schemes) is represented by voluntary supplementary pensions on a pay-as-you-go basis, and thus with defined benefits falling on both the worker and the company.
The "third pillar" is a voluntary, private savings plan in funds or insurance companies which is encouraged through tax incentives and subsidies.

Pension provisions are recognized in accordance with IAS 19 Employee Benefits using the projected unit credit method, taking into account, among other things, estimated future pension and salary increases. The expense from the accrued interest on pension provisions is reported in the financial result under interest expenses. The defined benefit obligation (DBO) in accordance with IAS 19 guidelines is used as a measure of the accrued obligation. The present value of the defined benefit obligation (DBO) to be determined on the reporting date corresponds to the present value of the benefits earned on the reporting date, taking into account biometric assumptions (e.g. mortality, probability of disability, fluctuation) and economic assumptions (e.g. wage and salary increases, pension increases), where relevant in each case. For each expected benefit, that part is deemed to have been earned on the reference date which corresponds to the ratio of the length of service achieved on the reference date to the length of service achievable at the start of the respective benefit. For vested beneficiaries and pensioners, the DBO corresponds to the present value of all future benefits. Financing takes place internally via the scheduled accumulation of pension provisions. There are no separate assets that fulfil the requirements of IAS 19.8 for plan assets (unfunded plan).
The companies pay annual contributions to the pension insurance association. In accordance with applicable regulations the insurance association is responsible for statutory insolvency protection for company pension schemes.

In Italy, Trattamento di fine rapporto or “TFR” relates to the amounts that employees are entitled to receive when they leave the company and is calculated based on the period of employment and the taxable earnings of each employee. Under certain conditions the entitlement may be partially advanced to an employee during the employee’s working life. The Italian legislation regarding this scheme was amended by Law 296 of 27 December 2006 and subsequent decrees and regulations issued in the first part of 2007. Under these amendments, companies with at least 50 employees are obliged to transfer the TFR to the “Treasury fund” managed by the Italian state-owned social security body (“INPS”) or to supplementary pension funds. Prior to the amendments, accruing TFR for employees of all Italian companies could be managed by the company itself. Consequently, the Italian companies’ obligation to INPS and the contributions to supplementary pension funds take the form, under IAS 19 revised, of “Defined contribution plans” whereas the amounts recorded in the provision for employee severance pay retain the nature of “Defined benefit plans”. Accordingly, the provision for employee severance indemnity in Italy consists of the residual obligation for TFR until 31 December 2006. This is an unfunded defined benefit plan as the benefits have already been almost entirely earned, with the sole exception of future revaluations. Since 2007 the scheme has been classified as a defined contribution plan, and the Group recognizes the associated cost, being the required contributions to the pension funds, over the period in which the employee renders service.

Summary of the reconciliations for the DBO and plan assets

The following tables contain the reconciliations for the DBO and plan assets:

	31.12.2024			31.12.2023		
	Switzerland	Others	Total	Switzerland	Others	Total
Change in obligations during the year						
BEGINNING OF THE PERIOD	-223.7	-92.3	-316.0	-184.6	-42.6	-227.2
Current service	-4.6	-2.8	-7.4	-3.4	-2.8	-6.2
Past service	0.0	0.0	0.0	0.1	0.0	0.1
Financial expense	-2.4	-3.0	-5.4	-4.5	-3.3	-7.8
Other pension cost	0.0	-0.1	-0.1	0.0	0.0	0.0
Curtailment, settlement, plan amendment	0.0	0.1	0.1	0.0	0.0	0.0
Total impact recognized in PL	*-7.0*	*-5.9*	*-12.9*	*-7.7*	*-6.1*	*-13.8*
Gains (losses) resulting from experience	*-2.2*	*-0.7*	*-2.9*	*-2.2*	*0.9*	*-1.3*
Act. gains/losses resulting from changes in demographic assumptions	*0.9*	*0.0*	*0.9*	*0.2*	*-0.0*	*0.2*
Act. gains/losses resulting from changes in financial assumptions	*-3.4*	*1.2*	*-2.2*	*-23.9*	*-3.1*	*-27.0*
Total impact recognized in OCI	*-4.7*	*0.5*	*-4.2*	*-25.9*	*-2.2*	*-28.1*
Perimeter variation	0.0	0.0	0.0	0.0	-47.9	-47.9
Foreign exchange gains (losses)	3.5	0.3	3.9	-11.6	-0.4	-12.0
Paid benefits	10.0	7.3	17.2	11.1	6.8	17.8
Minor changes	-5.4	0.1	-5.3	-4.9	-0.0	-4.9
Total other changes	*8.1*	*7.7*	*15.8*	*-5.4*	*-41.5*	*-46.9*
END OF THE PERIOD	-227.3	-90.0	-317.3	-223.7	-92.3	-316.0

Change in plan assets during the year	31.12.2024 Switzerland	31.12.2024 Others	31.12.2024 Total	31.12.2023 Switzerland	31.12.2023 Others	31.12.2023 Total
BEGINNING OF THE PERIOD	237.3	7.6	244.9	207.3	4.4	211.7
Financial income on plan assets	2.4	0.2	2.6	4.6	0.2	4.8
Curtailment, settlement, plan amendment	0.0	0.0	0.0	0.0	0.0	0.0
Total impact recognized in PL	*2.4*	*0.2*	*2.6*	*4.6*	*0.2*	*4.8*
Actuarial gains (losses) from plan assets	12.3	-0.1	12.2	12.3	0.0	12.3
Total impact recognized in OCI	*12.3*	*-0.1*	*12.2*	*12.3*	*-0.0*	*12.3*
Perimeter variation	0.0	0.0	0.0	0.0	2.9	2.9
Company's contributions	6.3	0.2	6.4	6.1	0.3	6.5
Employees' contributions	5.0	0.2	5.2	4.9	0.1	5.0
Foreign exchange gains (Losses)	-3.6	0.0	-3.6	13.4	0.0	13.4
Payments	-10.0	-0.1	-10.1	-11.1	-0.1	-11.2
Minor changes	0.8	-0.1	0.7	-0.3	-0.2	-0.5
Total other changes	*-1.5*	*0.1*	*-1.4*	*13.0*	*3.0*	*16.0*
END OF THE PERIOD	250.5	7.8	258.3	237.3	7.6	244.9

Employee Benefits	31.12.2024 Switzerland	31.12.2024 Others	31.12.2024 Total	31.12.2023 Switzerland	31.12.2023 Others	31.12.2023 Total
Current value of defined benefit plans	-227.3	-90.0	-317.3	-223.7	-92.3	-316.0
Fair value on plan assets	250.5	7.8	258.3	237.3	7.6	244.9
Total	23.3	-82.2	-59.0	13.6	-84.7	-71.1
Unrecognized plan assets	-25.4	0.0	-25.4	-15.6	0.0	-15.6
of which: effect of Asset Ceiling in OCI	*9.8*	*0.0*	*9.8*	*8.8*	*0.0*	*8.8*
Total	-2.1	-82.2	-84.4	-1.9	-84.7	-86.8
of which: Post-employee benefits	*-2.7*	*-82.2*	*-85.0*	*-2.5*	*-84.7*	*-87.2*
Other non-current assets	*0.6*	*0.0*	*0.6*	*0.6*	*0.0*	*0.6*

Assumptions

The weighted averages of the assumptions used to calculate the DBO as at 31 December were as follows:

Assumptions used	Switzerland 31.12.2024	Switzerland 31.12.2023	Other 31.12.2024	Other 31.12.2023
Discount rate	1.0%	1.3%	3.5%	4.3%
Inflation rate	1.0%	2.0%	1.8%	2.2%
Future salary rises	1.0%	2.0%	3.0%	3.2%
Future pension rises	0.0%	0.0%	1.5%	2.0%

Sensitivity analysis

A quantitative sensitivity analysis of the significant assumptions used at 31 December 2024 is provided below. Specifically, it shows the effects on the final net obligation arising from a positive or negative percentage change in the key assumptions used.

	Switzerland		Other		Total	
	0.50%	-0.50%	0.50%	-0.50%	0.50%	-0.50%
Discount rate	-6.0%	6.8%	-5.2%	5.7%	-5.8%	6.5%
Future salary	0.9%	-0.8%	0.9%	-0.2%	0.7%	-0.6%
Future pension	3.6%	0.0%	3.9%	-3.6%	3.7%	-1.0%
Future inflation rate	0.0%	0.0%	1.3%	-1.2%	0.4%	-0.3%

The sensitivity analysis shown above is based on a method involving extrapolation of the impact on the net obligation for defined benefit plans of reasonable changes to the key assumptions made at the end of the financial year.

Future cash flows

The following payments are the expected contributions that will be made in future years to provide for the obligations of the defined benefit plans.

	Switzerland	Other	Total
Within 12 months	-11.8	-6.0	-17.7
From 1 to 5 years	-65.6	-27.1	-92.7
From 5 to 10 years	-66.2	-27.4	-93.6
Total	**-143.5**	**-60.5**	**-204.0**
Average plan duration (years)	13.2	8.9	12.2

Note 3.5 – Non-current financing and current loans

As at 31 December 2024, 'Non-current financing and current loans' amounted to € 901.4 million versus € 988.8 million in the previous year, and was as follows:

	31.12.2024				31.12.2023			
	< 1 year	< 5 years	> 5 years	Total	< 1 year	< 5 years	> 5 years	Total
Fair value of Current and Non-current Financing	101.3	713.6	86.6	**901.4**	46.7	492.3	449.8	**988.8**

'Current financial liabilities' for loans increased by € 54.6 million compared to the previous year, primarily due to the regular maturing of medium- and long-term debt. Meanwhile, 'Non-Current financing' as of 31 December 2024, decreased by € 141.9 million, mainly due to repayments made in 2024.

In accordance with IFRS 16, the carrying amounts of financial liabilities arising from right-of-use assets, broken down by maturity at 31 December 2024, are presented below:

Expiry dates 31.12.2024 *(in € million)*	**0-12 months**	**2-5 years**	**>5 years**	**Total**
Financial payables				
- non-current loans		64.3	7.3	71.6
- current loans	30.9			30.9
Financial payables	**30.9**	**64.3**	**7.3**	**102.5**

Net financial indebtedness

The reconciliation with the Net Financial Indebtedness adjusted is set out below.

	Net Financial Indebtedness	2024	2023
	(€ million)		
A	Cash	350.8	451.2
B	Cash equivalents including current financial assets	0.0	0.0
C	Other current financial assets	6.4	10.1
D	**Liquidity (A+B+C)**	**357.1**	**461.3**
E	Current financial liabilities	-46.9	-75.7
F	Current portion of non-current financial liabilities	-101.3	-46.7
G	**Current Financial Indebtedness (E+F)**	**-148.2**	**-122.5**
H	**Net Current Financial Indebtedness (G-D)**	**208.9**	**338.9**
I	Non-current financial liabilities	-800.1	-942.1
J	Non-current financing (Debt instruments)	0.0	0.0
K	Non-current Trade and Other Payables	-11.5	-7.7
L	**Non-Current Financial Indebtedness (I+J+K)**	**-811.7**	**-949.8**
M	**Total Financial Indebtedness (H+L)**	**-602.7**	**-610.9**
O	Group Net Financial Indebtedness	-579.1	-575.0
P	**Δ M-O**	**-23.6**	**-35.9**

At 31 December 2024, the Group recorded adjusted negative Net Financial Indebtedness of € -579.1 million, compared to a negative balance of € -575.0 million at 31 December 2023.

A reconciliation of the changes in financial assets and liabilities used in financing activities indicated in the cash flow statement and the balances shown on the financial statements is provided below:

	Non-current financing	Current financial liabilities	Current loans	Current financial assets	Total Net impact
31.12.2023	942.1	72.5	46.7	-35.1	1,026.2
Increase/decrease in short-term financial payables (1)	0.0	-14.4	-35.6	2.3	-47.7
New loans (1)	2.3	0.0	0.0	0.0	2.3
Loans repayment (1)	-103.5	0.0	0.0	0.0	-103.5
New lease contracts	45.9	0.0	0.0	0.0	45.9
Reclassification	-86.5	0.0	86.3	0.0	-0.2
Exchange rate effects	0.4	0.4	-0.0	0.2	1.1
Perimeter variation	-0.6	0.0	-0.1	0.0	-0.7
Net variation MTM	0.0	-4.1	0.0	7.9	3.8
Other movements	0.0	-7.6	4.1	6.2	2.8
31.12.2024	800.1	46.8	101.3	-18.4	929.9

(1): Included in the Cash flow Statement.

Note 3.6 – Other non-current liabilities

'Other non-current liabilities' amounted to € 24.0 million versus € 20.5 million in the previous year. These liabilities are represented primarily by debts to be extinguished beyond the year and non-current contractual liabilities. For the disclosure about contractual liabilities, refer to 'Note 3.13 – Other current liabilities'.

'Other non-current liabilities' largely reflected the fair value of the debt resulting from the measurement of the individual obligations associated with Put and Call options on non-controlling interests in the recently acquired entities, primarily the newly Put and Call option agreement signed in May 2023 for the acquisition of the remaining 49% of the shares of the subsidiary Chromagen Australia. The option as at December 2024 is equal to € 11.2 million and will expire in 2026.

Note 3.7 – Non-current tax liabilities

'Non-current tax liabilities' amounted to € 3.9 million as at 31 December 2024, the same closing balance as the previous year.

Note 3.8 – Trade payables

'Trade payables' at 31 December 2024 amounted to € 444.2 million, showing a decrease of € 19.5 million, compared with 31 December 2023. They are not subject to interest and their carrying value is believed to be close to the fair value at the end of the reporting period.

Trade payables in terms of the average number of days for payment amounted to 89.0 days in 2024 and 91.0 days in 2023

The reduction of trade payables is linked to careful management of procurement contracts and relevant terms and conditions.

Note 3.9 – Tax payables

'Tax payables' amounted to € 53.4 million versus € 83.9 million in 2023.

Tax payables *(in € million)*	31.12.2024	31.12.2023
Income tax payables	33.9	54.6
Tax payables towards Merloni Holding	8.3	17.5
Other tax payables	11.1	11.8
Total	53.4	83.9

This item includes the income tax payables related to Italian and foreign companies. The decrease in tax payables in 2024 is mainly reflected in the business activities of the Group.

Ariston Holding N.V. is incorporated in the Netherlands but is a tax resident of Italy and is controlled by Merloni Holding S.p.A. Ariston Holding N.V. and its Italian subsidiaries have adopted the national tax consolidation scheme. At 31 December 2024, the individual Italian companies' income tax receivables and payables were recorded from or to, respectively, Merloni Holding S.p.A.. These amounts are included in the 'Tax payables' due to the controlling shareholder for tax consolidation.

Note 3.10 – Current provisions

This item amounts to € 62.8 million and is described in 'Note 3.3 - Non-current provisions for risks and charges', to which reference should be made.

Note 3.11 – Current financial liabilities

At 31 December 2024, 'Current financial liabilities' amounted to € 46.8 million versus € 72.5 million in the previous year.

Liabilities are as follows:

Current financial liabilities *(in € million)*	31.12.2024	31.12.2023
Financial derivative liabilities	16.9	23.9
Short-term debt due to bank	10.0	18.1
Financial notes payables	5.5	13.5
Other current financial liabilities	14.3	17.0
Total	46.8	72.5

As of 31 December 2024, 'Financial derivative liabilities' totaled €16.9 million, which includes the negative fair value and the derivatives that have been closed but not yet settled. The Group does not have any collateral.
The fair value of financial derivatives included hedges on foreign exchange for € 4.5 million (€ 9.7 million as at 31 December 2023), on interest rates for € 9.5 (€8.5 million as at 31 December 2023), and on commodities for € 0.9 million (€ 0.9 million as at 31 December 2023).
As of the reporting date, negative accruals to financial derivatives that have been closed but not yet settled amounted to € 2.0 million. The change in commodity, foreign exchange and interest rate hedges was offset by the changes in the value of the underlying hedged items. The fair value measurement of the derivative instruments has a direct contra-entry in the equity reserve related to the cash flow hedge for a total of € 2.8 million. For a more detailed explanation of hedging instruments, please refer to the section on financial risk management instruments.

Short-term debt due to banks showed a € 8.1 million decrease as result of a lower draw-down of short-term lines. Short-term uncommitted credit lines amounted to approximately € 462.0 million and consisted almost entirely of current account credit lines and advances utilised for € 90.0 million at the reporting date (€ 51.8 million as at 31 December 2023).

'Financial notes payable' amounted to € 5.5 million (€13.5 million as at 31 December 2023) and consisted of short-term debt for bank notes or similar tradable instruments issued, held by subsidiaries in China, and used in commercial transactions with customers and suppliers in order to settle supply agreements.

The item 'Other current financial liabilities' amounted to € 14.3 million (€ 17.0 million as at 31 December 2023) and mainly consisted of interest accrual on medium/long-term loans.

Note 3.12 – Current loans

The balance of 'Current loans' amounted to € 101.3 million versus € 46.7 million as of 31 December 2023.
The item primarily consists of the short-term portion of medium/long-term bank loans, with detailed information provided in 'Note 3.5 - Non-current financing and current loans'.

Note 3.13 – Other current liabilities

'Other current liabilities' amounted to € 241.9 million, down by € 46.3 million on € 288.2 million at 31 December 2023.

Other current liabilities *(in € million)*	31.12.2024	31.12.2023
Current payables due to personnel	63.8	73.9
Contract liabilities	72.7	67.2
Indirect tax payables	31.6	38.3
Current payables for social security contributions	21.0	22.3
Customers' credit balances	29.8	60.1
Advances from customers	8.7	10.5
Deferred income	12.3	8.1
Short- term put/call debts	0.1	3.2
Other current payables	1.7	4.5
Total	241.9	288.2

In accordance with IFRS 15, performance obligations to customers at contract level are presented as contract liabilities.

Contract liabilities include:

- Rights of Return
- After-sales service, which include Service maintenance contracts and Service type warranties
- Loyalty program

	31.12.2024				31.12.2023			
	Up to 1 year	From 1 to 5 years	Over 5 years	Total	Up to 1 year	From 1 to 5 years	Over 5 years	Total
Right of returns	2.6	0.0	0.0	**2.6**	2.5	0.0	0.0	**2.5**
After-sales services	49.6	9.3	1.4	**60.3**	47.0	4.2	7.2	**58.3**
Loyalty program	20.6	0.0	0.0	**20.6**	17.8	0.0	0.0	**17.8**
Total	72.7	9.3	1.4	83.6	67.2	4.2	7.2	78.6

The table below presents the opening and closing balances of contract liabilities as well as movements during the years:

	Right of returns	After-sales services	Loyalty program	Total
Opening Balance 01.01.2024	2.5	58.3	17.8	78.6
Perimeter variation	0.0	0.0	0.0	0.0
Increase recognized	0.0	112.3	16.4	128.7
Paid to/settled with customer			0.0	0.0
Revenue recognized	0.0	-101.9	-8.9	-110.7
Contracts cancelled	0.0	-3.7	0.0	-3.7
Net variation invoicing	0.0	-2.9	0.0	-2.9
Pay out	0.0	0.0	-6.3	-6.3
Other changes to contract balances	0.1	-1.7	1.6	-0.1
Closing balance 31.12.2024	2.6	60.4	20.6	83.6

'Current payables due to personnel' include the amounts accrued by personnel and not yet disbursed. The decrease is primarily due to workforce efficiencies implemented to optimize the global organization footprint and workforce right-sizing in line with the fluctuation in production volumes .

The item 'Indirect tax payables' includes the VAT payables due to tax authorities. The € 6.7 million decrease was linked to the business operations.

'Current payables for social security contributions' included all relationships that the Company is required to maintain with social security and insurance entities for its employees and workers with atypical contracts (*parasubordinati*). It has not substantially changed compared with December 2023.

The item 'Advances from customers' shows all advances received from customers for supplies not yet delivered. It was down by € 1.8 million compared to 31 December 2023.

'Deferred income' included adjustments of costs and revenues for the year in order to comply with the competence principle and the accrual principle (accruals and deferred income, also relating to financial liabilities).

The 'Short-term put/call debts' arises from purchase agreements that are to be settled in the near future. The item showed a decrease of € 3.1 million mainly due to the payment made by the Ariston Group in January 2024 for Reps and Warranties related to the Chromagen group acquisition.

Note 3.14 – Liabilities held for sale

There are no 'Liabilities held for sale'.

6.6.4 Other disclosures

COMMITMENTS

Commitments

At 31 December 2024, there were no other commitments to be mentioned except for the ones concerning the call and put options entered into as part of the recent acquisitions and already accounted for as 'Other liabilities'.

Guarantees issued

The sureties issued in favor of third parties amounted to € 0.6 million.
Third-party assets in deposit accounts amounted to € 11.6 million.
No collateral guarantees are issued by the Group.

FINANCIAL INSTRUMENTS

Below are the Group's financial instruments recognized by category and the level of confidence of their fair value measurements at 31 December 2024:

31.12.2024 *(in € million)*	Note	Carrying value per type				
		Fin. instr. at fair value through P&L	Fin. instr. at fair value through OCI	Loans & receivables (*)	Fin. liabilities at amortised cost (*)	Total
Measured at:		Fair value	Fair value	Amortized cost	Amortised cost	
Financial assets						
Cash and cash equivalents	2.13	0.0	0.0	350.8	0.0	350.8
Trade receivables	2.9	0.0	0.0	333.9	0.0	333.9
Current financial assets	2.11	0.0	9.2	9.2	0.0	18.4
Financial assets	2.5	2.1	2.2	0.8	0.0	5.1
Total		2.1	11.4	694.7	0.0	708.2
Financial liabilities						
Trade payables	3.8	0.0	0.0	0.0	444.2	444.2
Current financial liabilities	3.11	0.0	15.0	0.0	31.8	46.8
Current loans	3.12	0.0	0.0	0.0	101.3	101.3
Non-current financing	3.5	0.0	0.0	0.0	800.1	800.1
Total		0.0	15.0	0.0	1,377.4	1,392.4
Financial instruments balance		2.1	-3.6	694.7	-1,377.4	-684.2

(*) For such categories the carrying amount approximates the fair value

The financial instruments of the Group, recognized in the financial statements with a similar breakdown at 31 December 2023, are shown in the table below:

31.12.2023 *(in€ million)*	Note	Carrying value per type				
		Fin. instr. at fair value through P&L	Fin. instr. at fair value through OCI	Loans & receivables (*)	Fin. liabilities at amortised cost (*)	Total
Measured at:		Fair value	Fair value	Amortized cost	Amortised cost	
Financial assets						
Cash and cash equivalents	2.13	0.0	0.0	451.2	0.0	451.2
Trade receivables	2.9	0.0	0.0	361.3	0.0	361.3
Current financial assets	2.11	0.0	17.1	18.0	0.0	35.1
Financial assets	2.5	2.4	1.1	0.8	0.0	4.4
Total		2.4	18.2	831.3	0.0	852.0
Financial liabilities						
Trade payables	3.8	0.0	0.0	0.0	459.2	459.2
Current financial liabilities	3.11	0.0	19.1	0.0	53.4	72.5
Current loans	3.12	0.0	0.0	0.0	46.7	46.7
Non-current financing	3.5	0.0	0.0	0.0	942.1	942.1
Total		0.0	19.1	0.0	1,501.4	1,520.5
Financial instruments balance		2.4	-0.9	831.3	-1,501.4	-668.5

(*) For such categories the carrying amount approximates the fair value

As shown in the table above, at the reporting date, there were no differences between the carrying amounts of financial instruments and the corresponding fair value.
Current and non-current loans are at both fixed and floating rates and are recognized at their amortized cost.
Current financial assets/liabilities include the fair value, at the end of the reporting period, of the derivative financial instruments used to hedge the purchase of commodities (negative for € 0.4 million), exchange rates (negative for € 3.9

million) and interest rates (negative for € 1.5 million). This has been already described in 'Note 3.11 – Current financial liabilities' and in 'Note 2.11 – Current financial assets'.
For details on these transactions, please refer to the section 'Hedging instruments'.
The Group is exposed to operations with related financial risks, including credit risk, liquidity risk and market risk, and constantly monitors them.
The following section provides qualitative and quantitative information about the impact of these risks on the Group.

Financial instruments at fair value through OCI include the fair value of derivatives mainly on interest rates, exchange rates and commodities for which the Group has applied 'Cash flow hedging' (IFRS 9 - Hedge Accounting).

CREDIT RISK

Credit risk is the Group's exposure to potential losses from failure by commercial counterparties to fulfil obligations they have entered into. Failure to collect or late collection of trade receivables could impact negatively on the Group's economic results and financial equilibrium.
The Group's policy for managing credit risk from commercial activities envisages the preliminary assessment of counterparties' creditworthiness, the management of credit limits and the adoption of risk mitigation instruments, such as the acquisition of bank guarantees, letters of credit and the external transfer of part of the insolvency risk through a global program of credit insurance.
The portion of secured receivables, at 31 December 2024, was 59.8% of the total exposure versus 63.7% at 31 December 2023.

In order to mitigate credit risk, the Group has also adopted a policy which defines the strategic guidelines and operating rules for an effective system to control each company's credit.
In addition, the policy defines the means for estimating expected losses, in accordance with the means set out hereafter and taking account of the mitigating factor represented by the aforementioned instruments for insured credit.

In accordance with IFRS9 and the impairment requirement based on Expected Credit Losses ("ECL"), the Group applies, for trade receivables, the simplified approach using a provision matrix.
In particular, the Group applies a Policy based on the division of trade receivables into clusters on the basis of type (ordinary/legal), ageing (past-due ranges) and country rating and applying the relevant historical loss rates to the balance outstanding and then adjusting for forward-looking factors determined by the counterparty Probability of Default (PD) at one year obtained from external resources.

As regards the write-off criteria, these are clearly based on the specific statutory and tax rules in force in the various countries where the Group companies are present.

Maximum risk exposure

The maximum exposure to risk, net of guarantees, at 31 December 2024 was € 134.1 million versus € 131.1 million at 31 December 2023. The Group has not identified any concentration risk on customers and on its trade receivables as the Group has a very diversified customer risk portfolio without any significant increase in a risky customer share. The Group seeks to mitigate the credit risk by depositing its liquidity in leading bank and corporate counterparties selected according to their credit quality. All receivables on book have a credit risk rating of minimum.
The table below summarises the types of instruments protecting against credit risk used by the Group:

Type *(in € million)*	31.12.2024	%	31.12.2023	%
Receivables under insurance policies	181.6	54.4%	211.5	58.5%
Other financial means of securing receivables	18.0	5.4%	18.7	5.2%
Total secured receivables	199.5	59.8%	230.2	63.7%
Non-secured receivables	134.3	40.2%	131.1	36.3%
Total receivables	333.9	100.0%	361.3	100.0%

'Other' mainly includes receivables insured through letters of credit and bank guarantees and different methods of covering the default risk though a system introduced by the acquisition of Wolf-Brink called the Central Payment Regulator System.

Overdue financial assets

The instrument used for the classification and monitoring of credit is ageing, according to which the accounts receivables are divided by their expiry dates, starting from the most recent (1-30 days) to the oldest (beyond 120 days).
The amount of receivables past-due within 60 days is € 27.7 million (versus € 24.3 million at December 2023) whereas the amount of receivables past-due beyond 60 days is € 16.3 million (versus € 20.2 million at December 2023).
For the purposes of representing trade receivables for issued invoices by past-due ranges, the following table is provided:

Overdue ageing (in € million)	31.12.2024	%	31.12.2023	%
Overdue 0-30	20.4	6.1%	17.6	4.9%
Overdue 31-60	7.3	2.2%	6.7	1.9%
Overdue 61-120	2.9	0.9%	7.9	2.2%
Due after 120 and legal	13.4	4.0%	12.3	3.4%

The credit policy defines the depreciation grid for the statistical part, differentiating percentages by ageing and country risk class where the trade receivable amount is allocated.
The current (not overdue) receivables amounted to € 289.6 million. Also these amounts are allocated to their country risk class and subject to depreciation according to the assigned devaluation percentage. The related provision for bad debt amounted to € 3.9 million.
Companies with a credit insurance contract, as well as credits covered by other forms of guarantee, are not subject to impairment up to overdue below 180 days, while over 180 days the percentages remain the same.

As at 31 December 2024 there was no significant financing component identified for trade receivables.

Method used to calculate the bad debt provision

The allocation for the provision is made on the basis of both analytical and generic assessments, as set out below:

Specific write-off: the receivables in litigation or past-due for longer than one year or transferred to an external collection agency are subject to a specific impairment loss according to the progress of their recovery and the information provided by the attorneys.
Simplified IFRS 9 model: for receivables that are past-due within the year, assessments are applied based on historical loss rates in relation to the ageing of receivables and the risk grade of each individual country, adjusting them through a forward-looking component identified as Probability of Default of the single counterparty at one year. Here below are the percentages used for the simplified IFRS 9 (ECL).

Depreciation grid

Trade receivables ageing	Country risk A	Country risk B	Country risk C	Country risk D
Overdue > 360 days	54.8%	68.2%	51.6%	36.3%
Overdue 271- 360	39.2%	55.7%	27.1%	27.3%
Overdue 181- 270	24.6%	39.4%	9.8%	20.3%
Overdue 121-180	14.9%	23.4%	3.7%	12.4%
Overdue 91-120	10.1%	15.1%	1.3%	8.0%
Overdue 61-90	5.7%	8.9%	0.7%	3.5%
Overdue 31-60	2.0%	3.4%	0.3%	1.2%
Overdue 0-30	0.4%	0.5%	0.1%	0.4%
Current (not overdue)	0.1%	0.1%	0.0%	0.2%

The Group has established an internal model for defining country-risk classes. The model starts from OECD and Coface country ratings, adjusting them according to Ariston companies past credit experience in performance, business relations and control of the market. This makes it possible to classify all the countries where the Ariston Group operates into four risk categories from A (low risk) to D (high risk) which result in the application of different impairment measures according to the level of risk assigned.

Following is the summary of the specific and simplified ECLs assessments used to determine the bad debt provision:

Analysis of bad debt provision		31.12.2024	31.12.2023
Total receivables	Gross	356.1	382.5
	Provision	22.2	21.2
	Net	333.9	361.3
Receivables impaired on a specific basis	Gross	5.0	4.2
	Provision	4.4	4.1
	Net	0.6	0.1
Receivables impaired on simplified ECLs	Gross	351.0	378.3
	Provision	17.7	17.1
	Net	333.3	361.2

LIQUIDITY RISK

As at 31 December 2024, the Group's "Overall available liquidity", defined as the sum of cash and cash equivalents and the unused portion of committed credit lines (equal to € 895 million at December month-end) amounted to approximately € 1,246 million.
As of 31 December2024 the Group's overall bank credit lines, including the used and unused credit lines (both committed and uncommitted) totaled approximately €2.2 billion, of which approximately 41% was drawn.
Cash generated from operations and bank financing are the primary sources of liquidity.
The Group periodically assesses its financial needs, in order to act promptly and implement the necessary actions to find additional resources when needed. The Group seeks to maintain an adequate mix of resources in terms of maturities, financial instruments and available amounts.

The following table shows the contractual expiry dates for the financial liabilities other than derivatives. These figures are based on non-discounted cash flows, including financial charges, as at the next closest date when the Group may be asked for the payment.

Expiry dates 2024 *(in € million)*	< 1 month	2-6 months	6-12 months	1-5 years	> 5 years	Total
Trade payables	**88.1**	**355.6**	**0.4**	**0.1**		**444.2**
Financial payables						
- Current financial liabilities	2.2	35.4	10.4			**48.0**
- Current loans			101.3			**101.3**
- Non-current financial liabilities						**0.0**
- Non-current loans	8.8	4.3	12.6	794.8	99.0	**919.6**
Total financial payables	**11.0**	**39.7**	**124.4**	**794.8**	**99.0**	**1,068.9**
Expiry dates	99.1	395.3	124.8	794.9	99.0	1,513.1

The details for the expiry dates of financial and trade payables as at 31 December 2023 are shown in the table below:

Expiry dates 2023 *(in € million)*	< 1 month	2-6 months	6-12 months	1-5 years	> 5 years	Total
Trade payables	**146.2**	**313.4**	**3.6**	**0.5**		**463.7**
Financial payables						
- Current financial liabilities	6.0	50.5	16.6			**73.1**
- Current loans			46.6			**46.6**
- Non-current financial liabilities						**0.0**
- Non-current loans	10.0	6.7	15.1	592.9	475.6	**1,100.3**
Total financial payables	**16.0**	**57.2**	**78.3**	**592.9**	**475.6**	**1,220.0**
Expiry dates	162.2	370.6	81.9	593.4	475.6	1,683.7

MARKET RISK

The Group is exposed to various market risks, particularly the potential impact of fluctuations in exchange rates, interest rates, and commodity prices on the value of assets, liabilities, and expected cash flows. Market risk management policies related to interest rates, exchange rates, and commodities are centrally defined to mitigate these risks in a structured and proactive manner, supporting the Group's objectives. The three types of market risk are outlined below.

Exchange rate risk

The international context where the Group operates exposes the Group to the risk that changes in exchange rates may affect its financial results.

The exposure to exchange rate risk determines:

a) impacts on the operating result due to the different valuation of income and expense in another currency compared to the time when the price conditions were agreed upon (economic risk);

b) impacts on the operating result due to the translation of trade or financial receivables/payables denominated in another currency (transaction risk);
c) impacts on the consolidated financial statements due to the translation of assets and liabilities held by companies that prepare their financial statements in a currency other than the euro (translation risk).

The most significant exposure in other currencies of the Group concerns the exchange rate of the euro against the US dollar, Chinese renminbi, Swiss franc and several other currencies for lower amounts.

Economic risk is hedged using average rate forward financial instruments, which are hedging agreements utilized to mitigate the volatility in currency markets. These instruments reference monthly average exchange rates and enable the Group to meet the objectives outlined in its market risk management policy. To achieve these goals, the Group hedges a defined portion of its net exposure in currencies other than its functional currency using derivatives. At each reporting date, the exposure is reflected in the financial statements through hedge accounting, which requires the recognition of derivatives at their fair value on the statement of financial position. The Group believes it is appropriate to use hedge accounting, as the hedging relationship meets the effectiveness criteria under IFRS 9

To minimize exposure to the transaction risk, the Group uses derivative forward instruments which provide protection against revaluations/write-downs of credit and debit positions of both a financial and commercial nature.

The Group does not hedge the translation risk except for any distribution of intergroup dividends.

At the reporting date, the notional amount of forward currency contracts (sale and purchase) entered into by the Group, can be summarized as follows:

(in € million)	Notional amount in Currency	Notional amount in €
CHF	132.3	140.5
GBP	13.2	15.9
CNY	353.9	46.7
USD	27.3	26.2

At the same date, the fair value of the foreign exchange derivatives was negative overall, standing at € 3.9 million.

In relation to exchange rate risk, the Group performed sensitivity analysis to measure how exchange rate fluctuations against the euro may affect pre-tax profitability. The sensitivity analysis was performed on the currencies to which the Group is exposed. The hypothezised scenario envisages a general variation in exchange rates of 2% and the following table shows the sensitivity, while keeping all the other variables fixed, in terms of the profit before tax and equity, gross of the tax effect. The biggest exposures are CHF and CNY, in the sensitivity analysis the two exposures tend to offset each other as they are on the opposite side.

(in € million)	Effect on profit before tax	Effect on equity
	31.12.2024	
Foreign currency revaluation	1.5	1.5
Foreign currency devaluation	-1.5	-1.5

Commodity price fluctuation risk

Profit and loss are affected by the performance of the prices of raw materials, in particular as regards non-ferrous metals such as copper, nickel, silver, steel and aluminum, as well as precious metals like silver, which represent one of the primary components of the majority of products traded by the Group.

For hedging purposes against the risk of fluctuating copper, silver, and nickel prices, the Group, through its parent company Ariston Holding N.V., has implemented the necessary hedging measures in accordance with procedures adopted in previous years, aimed at reducing the impact of price volatility on future purchases.

Thus, the Group partially hedged purchases also for the years 2025 and 2026.

In order to achieve the goals set out in the market risk management policy, the Group entered into derivatives, hedging a set proportion of raw material purchases. At each reporting date, the exposure is presented in the financial statements using hedge accounting, which requires recognizing derivatives at their fair value in the statement of financial position.

The Group considered it possible to use hedge accounting since the hedging relationship is effective in accordance with IFRS 9.

When these instruments no longer qualify for hedge accounting, they are recognized as trading instruments.

At the reporting date, the notional amount of forward commodity contracts entered into by the Group, can be summarized as follows:

Commodity	Financial instruments	Quantity/ton	Total price *(in € million)*
Copper	Forward	1,030.0	8.7
Nickel	Average Forward	46.0	0.8
Silver	Average Forward	1.55	1.2
Steel	Average Forward	4,200	3.7
Aluminum	Forward	320.0	0.8

The fair value measurement of the derivatives on commodities showed a net negative amount of € 0.4 million.
Derivatives contracts entered into and closed during the year realized a positive result amounting to approximately € 0.2 million which impacted the purchase cost of commodities.

Interest rate risk

Interest rate risk refers to the possible impact on the income statement deriving from fluctuations in the interest rates applied to the Group's loans.
The amount of the Group's variable rate debt exposure, not hedged against interest rate risk, represents the main element of risk for the negative impact from an increase in market interest rates. The interest rate risk to which the Group is exposed originates primarily from bank financing.
The Group's policy for managing this risk seeks to strike a balance between fixed and variable rate debts, taking into account the maturity profile, the short-term market outlook, with the purpose of containing funding costs.
As of 31 December 2024, the Group had, for hedging purposes, interest rate swap (IRS) transactions for a total notional amount of € 535.5 million.
At the same date, 64% of bank financing was hedged or fixed and 36% was at a variable rate, consistent with the Group policy.

The sensitivity analysis of interest rate risk is conducted under the delta margin approach and is aimed at measuring how a given change in interest rates would affect financial expense associated with variable rate debt over the next 12 months. The sensitivity of the interest rate spread, assuming a generalized +/- 50 basis point change in interest rates, amounted to € +1.5 million and € -1.5 million, respectively, at the end of December 2024.

HEDGING INSTRUMENTS

In summary, at 31 December 2024, the following financial hedging instruments are in place:

- against exchange rates – Swiss franc, British pound sterling, US dollar and Chinese renminbi with maturities up to 2 years;
- against commodities – copper, nickel, silver, aluminum and steel with maturities up to 2 years;
- against interest rates – medium/long-term floating rate loans with maturities up to 7 years.

The hedging instruments applied to exchange rates were set up in order to reduce the Group's economic and transactional risk, and they meet all the formal requirements set out in the IAS/IFRSs and are therefore recognized in hedge accounting.

The following table shows the details of hedging instruments in use as of 31 December 2024. The high volatility on IRS price curve in 2024 generated the biggest change in values compared to the previous years. The amounts are expressed in millions of euro:

Hedging instruments 31.12.2024 *(in € million)*	Nature of risk covered	Fair value 31.12.2024	Non-current financial assets	Current financial assets	Non-current financial liabilities	Current financial liabilities	Total
Interest Rate Swap	Interest rate	-1.5	-	8.0	-	-9.4	-1.5
Average Forward	FX	-3.9	-	0.6		-4.5	-3.9
Forward	Commodity	0.1	-	0.4	-	-0.3	0.1
Average Forward	Commodity	-0.5	-	0.2	-	-0.6	-0.5
Hedging instruments		-5.8	-	9.1	-	-14.9	-5.8

The following table shows the details of hedging instruments in use as of 31 December 2023 The amounts are expressed in millions of euro:

Hedging instruments 31.12.2023 *(in € million)*	Nature of risk covered	Fair value 31.12.2023	Non-current financial assets	Current financial assets	Non-current financial liabilities	Current financial liabilities	Total
Interest Rate Swap	Interest rate	8.0	-	16.5	-	-8.5	8.0
Average Forward	FX	-9.3	-	0.4		-9.7	-9.3
Forward	Commodity	-0.5	-	0.2	-	-0.7	-0.5
Average Forward	Commodity	-0.2	-	-	-	-0.2	-0.2
Hedging instruments		-2.0	-	17.1	-	-19.1	-2.0

RELATED PARTY DISCLOSURES

At 31 December 2024 Ariston Holding N.V., controlled by Merloni Holding S.p.A., and its Italian subsidiaries, adopted the national tax consolidation scheme. At 31 December 2024, the income tax receivables and payables of the individual Italian companies were recorded from or to, respectively, Merloni Holding S.p.A. At 31 December 2024, the Company and its Italian subsidiaries had a receivable position from Merloni Holding S.p.A. for € 0.3 million. All tax receivables and payables are non-interest-bearing.
All transactions with related parties were carried out in the Group's interest.

Based on the transactions carried out by the Ariston Group during 2024, related parties are mainly represented by:

- companies directly and/or indirectly related to the majority shareholder of Ariston Holding N.V.;
- directors and/or companies related to the same.

The following table shows the figures of the main transactions with related parties:

	31.12.2024				31.12.2023			
(in € million)	Receivables	Payables	Revenue	Costs	Receivables	Payables	Revenue	Costs
Merloni Holding S.p.A.	8.8	8.5	0.1	0.1	16.4	28.1	0.1	0.1
Novapower S.r.l.	0.1	0.7	0.1	0.3	0.0	0.2	0.0	0.3
Fondazione A. Merloni	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
Nova Re S.r.l.	0.0	0.2	0.0	0.3	0.0	0.1	0.0	0.3
Novacapital S.r.l.	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0
Centrotec Building Technology	0.0	0.0	0.0	0.1	0.1	1.7	0.3	5.0
Centrotec Immobilien GmbH	0.0	0.1	0.0	1.8	0.0	0.0	0.0	0.1
Centrotec SE	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.7
Centrotherm Gas Flue Technologies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
Centrotherm Systemtechnik GmbH	0.0	0.1	0.0	2.2	0.0	0.1	0.0	3.8
CS Wismar GmbH	0.0	0.0	0.0	0.9	0.0	0.0	0.0	2.2
Hardpark Fürth GmbH	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
XCNT GmbH	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Ubbink BV	0.0	0.1	0.1	0.4	0.0	0.1	0.4	2.5
Ubbink NV-SA	0.0	0.0	0.8	0.6	0.1	0.0	3.7	0.1
Ubbink UK Ltd.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
Total	9.1	9.7	1.2	7.0	16.7	30.4	4.8	16.2

As regards transactions with related parties, it should be noted that they are not to be qualified as atypical or unusual but should be included in the normal course of operations carried out by Group companies. These transactions are regulated by market conditions and based on the characteristics of the services provided. Transactions carried out by the Group with these related parties are primarily of a commercial nature, except for Merloni Holding S.p.A. where transactions mainly consisted in the relationship for the national tax consolidation.
In addition, members of the Ariston Board and executives with strategic responsibilities and their families are also considered related parties. No transactions occurred with them during the year.

About the key management personnel compensation, please refer to 'Note 3.1.1 - Stock-based incentive plans payments'.

REMUNERATION PAID TO THE PARENT COMPANY'S BOARD OF DIRECTORS

Fees attributable to the year and represented by remuneration to Directors of the Parent Company, at 31 December 2024, are summarized as follow:

Office *(in € million)*	Year	Fixed remuneration Base salary	Fees	Variable remuneration Short-term incentive	Extraordinary item
Directors	2024	3.0	0.7	0.0	2.8
Total		3.0	0.7	0.0	2.8

Notes:
- *Base salary does not include Benefits and Perks*
- *Variable remuneration does not include the Long-term incentive*
- *Fixed remuneration represents for the Executive Chair the base salary and the executive director fee. For the Chief Executive Officer the fixed remuneration represents base salary, executive director fee and non-compete agreement.*
- *Fees represent the Board fee and the committee membership fees.*
- *The short-term incentive represents the incentive to be paid for performance results achieved in 2024.*
- *Extraordinary items represent the one-off payment to the Chief Executive Officer as foreseen by his terms of engagement.*

Both the remuneration of the executive directors and the non-executive directors have been included in 'Note 3.1.1 – Stock-based incentive plan payments'.

AUDIT FEES

The fees for services provided by the Company's independent auditors to the Company and its subsidiaries are broken down as follows:

Audit fee *(in € million)*	31.12.2024	31.12.2023
Audit fees	1.9	2.3
Other non-audit services	0.6	0.0
Total	2.5	2.3

The fees for audit services provided in 2024 by EY Accountants B.V. are equal to € 0.2 million (€ 0.2 million in 2023).

EVENTS AFTER THE REPORTING PERIOD

Ariston Group announces the acquisition of a 100% stake of DDR Heating ("DDR"), a U.S.-based manufacturer specializing in tubular electric heaters for professional and industrial applications. This bolt-on acquisition marks an important milestone for Ariston Group's Components Division – Thermowatt, providing an entry point into the North American components market.

Given the complex international landscape, drafting an economic and financial scenario remains challenging. Key factors include geopolitical tensions in the Middle East, the ongoing war in Ukraine, and evolving global trade policies. Changes in trade regulations may introduce short-term uncertainties, but the Group's diversified presence helps mitigate potential impacts. A detailed overview of the risks faced by the Group and the mitigation strategies in place is provided in Section '5.1 – Risk Management'.

Ariston Group announced that on 26 March 2025, Presidential Decree No. 176 of the Russian Federation reinstated Ariston Holding N.V. into the possession and full management of the shares of its Russian subsidiary, Ariston Thermo Rus LLC. This follows the temporary transfer of the subsidiary to external management under Gazprom Bytovie Sistemy (a subsidiary of the Gazprom Group) as mandated by Presidential Decree No. 294, issued on April 26, 2024. The new decree formally nullifies Subparagraph "a" of Paragraph 1 of Decree No. 294, effectively restoring Ariston Group's full ownership and operational control over Ariston Thermo Rus LLC.

LIST OF COMPANIES AT 31 DECEMBER 2024

N°	Company	Registered office	Curr.	Share capital	Business unit (*)	Investing companies	Direct interest	Subsidiaries' interest	Minority interest
1	Ariston Holding N.V.	Netherlands	EUR	46,476,002	TC				
2	Air Install Group B.V.	Netherlands	EUR	18,154	TC	Brink Climate Systems B.V.		100.00	
3	AR1 S.r.l.	Italy	EUR	200,000	TC	Ariston S.p.A.		100.00	
4	Ariston Benelux S.A./N.V.	Belgium	EUR	15,000,000	TC	Ariston Holding N.V.	100.00		
5	Ariston Climate Solutions d.o.o. Niš.	Serbia	RSD	11,740,000	TC	ATAG Heating B.V.		100.00	
6	Ariston Climate Solutions Mexico S.A. de C.V.	Mexico	MXN	2,027,800,000	TC	Elcotherm AG Atag Heating B.V.		99.99 0.01	
7	Ariston Climate Systems GmbH	Germany	EUR	25,000	TC	Ariston Holding N.V.	100.00		
8	Ariston Croatia d.o.o.	Croatia	EUR	110,000	TC	Ariston Holding N.V.	100.00		
9	Ariston CZ S.r.o.	Czech Republic	CZK	30,000,000	TC	Ariston Holding N.V.	100.00		
10	Ariston Deutschland GmbH	Germany	EUR	8,691,962	TC	Ariston Holding N.V.	100.00		
11	Ariston Egypt LLC	Egypt	EGP	10,900,000	TC	Ariston Group Water Heating Solutions Egypt LLC Ariston Holding N.V.	 0.01	99.99	
12	Ariston France S.a.s.	France	EUR	54,682,110	TC	Ariston Holding N.V. Ariston Deutschland GmbH	99.99	 0.01	
13	Ariston Group Greece P.C.	Greece	EUR	2,500,000	TC	ATAG Heating B.V.		100.00	
14	Ariston Group India Private Limited	India	INR	457,500,000	TC	Ariston Holding N.V. Ariston S.p.A.	99.99	 0.01	
15	Ariston Group Water Heating Solutions Egypt LLC	Egypt	EGP	438,595,000	TC	ATAG Heating B.V. Ariston Holding N.V.	 0.01	99.99	
16	Ariston Gulf Water Heating LLC	UAE	AED	400,000	TC	Ariston Holding N.V.	100.00		
17	Ariston Heating Solutions (China) Co. Ltd.	China	CNY	145,885,010	TC	Ariston Holding N.V.	100.00		
18	Ariston Heating Technology Nigeria Ltd.	Nigeria	NGN	100,000,000	TC	Ariston Holding N.V.	100.00		
19	Ariston Holding USA LLC	USA	USD	98,037,666	TC	Elcotherm AG		100.00	
20	Ariston Hungária Kft.	Hungary	HUF	131,000,000	TC	Ariston Holding N.V.	100.00		
21	Ariston Iberica S.L.	Spain	EUR	800,000	TC	Ariston Holding N.V.	100.00		
22	Ariston Industrial Vietnam Co. Ltd.	Vietnam	VND	41,600,000,000	TC	Ariston Holding N.V.	100.00		
23	Ariston Kazakhstan LLP	Kazakhstan	KZT	212,100	TC	Ariston Holding N.V.	100.00		
24	Ariston Maroc SA	Morocco	MAD	3,000,000	TC	Ariston Holding N.V.	100.00		
25	Ariston Polska Sp. zo.o.	Poland	PLN	12,000,000	TC	Ariston Holding N.V.	100.00		
26	Ariston Pte Ltd.	Singapore	SGD	100,000	TC	Ariston Holding N.V.	100.00		
27	Ariston S.p.A.	Italy	EUR	30,100,000	TC	Ariston Holding N.V.	100.00		
28	Ariston Sales Mexico S.A. de C.V.	Mexico	MXN	132,238,920	TC	Ariston Climate Solutions Mexico S.A. de C.V. ATAG Heating B.V. Calentadores de America S.A. de C.V.		0.07 0.01 99.92	
29	Ariston South Africa (Pty) Ltd.	South Africa	ZAR	100	TC	Ariston Holding N.V.	100.00		
30	Ariston Thermo Argentina S.r.l.	Argentina	ARS	50,000,000	TC	Ariston Holding N.V. Thermowatt S.p.A.	99.66	 0.34	
31	Ariston Thermo Romania S.r.l.	Romania	RON	29,041,740	TC	Ariston Holding N.V.	100.00		
32	Ariston Thermo Rus LLC (1)	Russia	RUB	1,403,787,727	TC	Ariston Holding N.V.	100.00		
33	Ariston Thermo Tunisie SA	Tunisia	EUR	500,000	TC	Elcotherm AG Third parties		66.70	 33.30
34	Ariston U.K. Ltd.	UK	GBP	7,500,000	TC	Ariston Holding N.V.	100.00		
35	Ariston Ukraine LLC	Ukraine	UAH	38,705,753	TC	Ariston Holding N.V.	100.00		
36	Ariston USA LLC	USA	USD	10,275,184	TC	Ariston Holding USA LLC		100.00	
37	Ariston Vietnam CO. Ltd.	Vietnam	VND	31,471,000,000	TC	Ariston Holding N.V.	100.00		
38	Atag Electronics B.V.	Netherlands	EUR	1	TC	Atag Heating B.V.		100.00	
39	Atag Engineering B.V.	Netherlands	EUR	1	TC	Atag Heating B.V.		100.00	
40	Atag Heating B.V.	Netherlands	EUR	10,000	TC	Ariston Holding N.V.	100.00		
41	Atag Heizungstechnik GmbH	Germany	EUR	512,000	TC	Atag Heating B.V.		100.00	
42	Atag Verwarming Belgie B.V.BA	Belgium	EUR	18,600	TC	Atag Heating B.V.		100.00	
43	Atmor Electronic Technology Company Ltd.	Hong Kong	HKD	10,000	TC	Ariston IL Ltd		100.00	

44	BCE S.r.l.	Italy	EUR	10,400	BUR	Ecoflam Bruciatori S.p.A.		100.00	
45	Brink Climate Systems B.V.	Netherlands	EUR	20,004	TC	Ariston Climate Systems GmbH		100.00	
46	Brink Climate Systems Deutschland GmbH	Germany	EUR	450,000	TC	Wolf GmbH		100.00	
47	Brink Climate Systems France S.a.s.	France	EUR	10,000	TC	Brink Climate Systems B.V.		100.00	
48	Calentadores de America S.A. de C.V.	Mexico	MXN	958,143,637	TC	Ariston Climate Solutions Mexico S.A. de C.V. Atag Heating B.V.		99.99 0.01	
49	Chromagen Australia PTY Ltd.	Australia	AUD	10,358,995	TC	Elcotherm AG Third parties		51.00	49.00
50	Ariston IL Ltd	Israel	ILS	13,322	TC	Elcotherm AG		100.00	
51	Cuenod S.a.s.	France	EUR	15,422,390	BUR	Ariston France sas		100.00	
52	Domotec AG	Switzerland	CHF	50,000	TC	Elcotherm AG		100.00	
53	Ecoflam Bruciatori S.p.A.	Italy	EUR	3,690,000	BUR	Ariston Holding N.V.	100.00		
54	Elco Austria GmbH	Austria	EUR	35,000	TC	Elcotherm AG		100.00	
55	Elco B.V.	Netherlands	EUR	2,046,004	TC	Elco Burners B.V.		100.00	
56	Elco Belgium S.A./N.V.	Belgium	EUR	4,650,000	TC	Ariston Benelux S.A./N.V. Elco B.V.		99.99 0.01	
57	Elco Burners B.V.	Netherlands	EUR	22,734	BUR	Atag Heating B.V.		100.00	
58	Elco Burners GmbH	Germany	EUR	25,000	BUR	Ariston Deutschland GmbH		100.00	
59	Elco GmbH	Germany	EUR	50,000	TC	Ariston Deutschland GmbH		100.00	
60	Elco Heating Solutions Ltd.	UK	GPB	3,001,750	TC	Ariston U.K. Ltd.		100.00	
61	Elco Italia S.p.A.	Italy	EUR	3,500,000	TC	Ariston S.p.A.		100.00	
62	Elcotherm AG	Switzerland	CHF	1,000,000	TC	Ariston Holding N.V.	100.00		
63	Gastech-Energi A/S	Denmark	DKK	7,554,935	TC	Ariston Holding N.V.	100.00		
64	Holmak export import D.o.o.e.l.	Macedonia	MKD	816,651	TC	Brink Climate Systems B.V.		100.00	
65	Ingrado S.r.l.	Italy	EUR	10,000	TC	Ariston Holding N.V.	100.00		
66	Instachauf S.a.s.	France	EUR	200,000	TC	Ariston Holding N.V.	100.00		
67	Ned Air B.V.	Netherlands	EUR	54,000	TC	Ariston Climate System GmbH		100.00	
68	NTI Boilers Inc.	Canada	CAD	43,000,000	TC	Ariston Holding N.V.	100.00		
69	NTI USA Inc.	USA	USD	1	TC	NTI Boilers Inc.		100.00	
70	Pro-Klima D.o.o.	Croatia	EUR	1,208,786	TC	Wolf GmbH		100.00	
71	PT Ariston Group Indonesia Ltd.	Indonesia	IDR	16,260,750,000	TC	Ariston Holding N.V. Ariston Pte Ltd.	99,93	0.07	
72	Racold Thermo Private Ltd.	India	INR	262,134,750	TC	Ariston Holding N.V. Ariston S.p.A.	99.99	0.01	
73	S.H.E. d.o.o. Svilajnac	Serbia	RSD	35,432,220	COM	Thermowatt S.p.A.		100.00	
74	SPM Innovation S.a.s.	France	EUR	750,020	BUR	Ariston Holding N.V.	100.00		
75	Tasfiye Halinde Ariston Thermo Isıtma ve Soğutma Sistemleri İthalat ve İhracat ve Dağıtım Ltd.Şti.	Türkiye	TRY	66,157,500	TC	Ariston Holding N.V.	100.00		
76	Thermowatt (Wuxi) Electric Co. Ltd.	China	CNY	82,769,200	COM	Ariston Heating Solutions (China) Co. Ltd. Ariston Holding N.V.	30.00	70.00	
77	Thermowatt Professional S.r.l.	Italy	EUR	100,000	COM	Thermowatt S.p.A.		100.00	
78	Thermowatt S.p.A.	Italy	EUR	7,700,000	COM	Ariston Holding N.V.	100.00		
79	WOLF Energiesparsysteme O.O.O.	Russia	RUB	113,200,000	TC	Wolf GmbH Wolf Power Systems		99.00 1.00	
80	Wolf Energiesystemen B.V.	Netherlands	EUR	150,000	TC	Wolf GmbH		100.00	
81	Wolf France S.a.s.	France	EUR	1,040,000	TC	Wolf GmbH		100.00	
82	Wolf GmbH	Germany	EUR	20,000,000	TC	Ariston Climate Systems GmbH		100.00	
83	Wolf HVAC HK Ltd.	Hong Kong	HKD	10,000	TC	Wolf GmbH		100.00	
84	Wolf HVAC Systems (Shang-hai) Co. Ltd.	China	CNY	14,512,361	TC	Wolf GmbH		100.00	
85	Wolf Iberica Climatization Y Calefacion SA	Spain	EUR	1,181,315.74	TC	Wolf GmbH		100.00	
86	Wolf Power Systems GmbH	Germany	EUR	500,000	TC	Wolf Power Systems Holding Wolf GmbH		89.00 11.00	
87	Wolf Power Systems Holding GmbH	Germany	EUR	83,333	TC	Ariston Deutschland GmbH		100.00	
88	Wolf Technika Grzewcza Sp.zo.o.	Poland	PLN	3,189,000	TC	Ariston Polska Sp.z.o.o.		100.00	

The participation shares in this table are the ones relevant for determining the Consolidated financial statements. The companies acquired with the put/call contracts to be exercised on the remaining shares of the share capital were fully consolidated, together with the acquisition agreement based on the provisions set forth in IFRS3 (see the specific treatment of the individual put/call options in the notes).

All companies summarized in the table above are consolidated using the line by line method.

(1) Ariston Thermo Rus LLC was consolidated until April 2024. Starting from May, after the loss of control of the entity, the Ariston Group no longer considers the Russian entity within its perimeter

(*) Refers to the main Division.

LIST OF COMPANIES NOT INCLUDED IN THE SCOPE OF CONSOLIDATION

No.	Company	Registered office	Curr.	Share capital	Business unit (*)	Investing companies	Group's interest
1	Joint venture "Ariston Thermo - UTG LLC" (**)	Uzbekistan	EUR	1,000,000	TC	Ariston Holding N.V.	51.00
2	Haas Heating B.V.	Netherlands	EUR	100	TC	Atag Heating B.V.	24.50
3	Thermal Earth Ltd	UK	GBP	81	TC	Ariston U.K. Ltd.	30.00
4	Cinergi Ltd	UK	GBP	100	TC	Ariston U.K. Ltd.	24.75

(**) The company was not included in the scope of consolidation because of its limited area of operation and significance.

7. Ariston Holding N.V. Company-only Financial Statements at 31 December 2024

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Ariston Holding N.V. – Company-only Financial Statements at 31 December 2024

Company-only primary statements

7. Ariston Holding N.V. – Company-only Financial Statements at 31 December 2024

Ariston Holding N.V. Income Statement for the year ended 31 December 2024

(in € million)	notes	2024	2023
NET TURNOVER	1.1	10.6	8.8
Total operating income	1.1	10.6	8.8
Costs of work contracted out and other external costs	1.2	24.6	18.6
Wages and salaries	1.3	8.0	7.4
Social security charges	1.4	2.1	1.8
Amortization of intangible fixed assets and depreciation of tangible fixed assets		0.5	0.5
Other operating expenses	1.5	1.7	2.2
Total operating expenses		36.9	30.5
Income from fixed asset investments	1.6	2.5	1.2
Other interest income and similar income	1.7	23.1	14.8
Interest expense and similar expenses	1.8	58.6	53.0
RESULTS BEFORE TAX		-59.3	-58.7
Taxes (expenses)/benefit	1.9	11.2	13.0
Share in profit/(loss) of participation	1.10	50.6	236.9
NET RESULT AFTER TAX		2.5	191.2

The accompanying notes are an integral part of the Company Financial Statements.

Ariston Holding N.V. Statement of Financial position as at 31 December 2024

(before appropriation of results)

(in € million) ASSETS	notes	2024	2023
FIXED ASSETS			
Intangible fixed assets			
Goodwill	2.1	0.5	0.5
Other intangible assets	2.1	0.0	0.1
Total intangible fixed assets	**2.1**	**0.5**	**0.6**
Tangible fixed assets			
Land and buildings	2.2	1.4	1.6
Other fixed operating assets	2.2	0.4	0.2
Total tangible fixed assets	**2.2**	**1.8**	**1.8**
Financial fixed assets			
Interests in Group companies	2.3	2,056.7	2,242.1
Other participations	2.3	4.2	3.6
Accounts receivable from participations and other participating interests	2.3	41.5	32.5
Total financial fixed assets	**2.3**	**2,102.4**	**2,278.2**
CURRENT ASSETS			
Accounts receivable			
Shareholders and participating interests	2.4	228.1	215.3
Other accounts receivable	2.4	26.9	43.1
Prepayments and accrued income	2.4	2.2	3.2
Total accounts receivable	**2.4**	**257.2**	**261.6**
Cash	2.5	71.7	167.0
TOTAL ASSETS		2,433.6	2,709.1

Ariston Holding N.V. Statement of Financial position as at 31 December 2024

(before appropriation of results)

(in € million) LIABILITIES AND EQUITY	notes	2024	2023
EQUITY			
Called-up share capital	3.1	46.5	46.5
Share premium	3.1	711.3	711.3
Revaluation reserve	3.1	8.2	8.2
Legal and statutory reserves	3.1		
Legal reserves	3.1	37.0	30.8
Reserves required under the articles of association	3.1	35.3	25.3
Other reserves	3.1	167.1	181.7
Retained earnings	3.1	417.9	307.8
Profit/loss for the period	3.1	2.5	191.2
Total equity	3.1	1,425.8	1,502.6
PROVISIONS			
Pensions	3.2	0.2	0.2
Taxes	3.2	18.3	21.1
Other	3.2	11.2	13.6
Total provisions	3.2	29.7	34.9
LONG-TERM DEBT			
Debts to lending institutions	3.3	593.0	692.4
Other liabilities	3.3	1.8	1.9
Total long-term debt	3.3	594.9	694.3
CURRENT LIABILITIES			
Debts to lending institutions	3.4	70.0	0.0
Trade creditors	3.5	7.7	4.4
Amounts due to shareholders and participating interests	3.6	273.0	430.1
Taxes and social security contributions	3.7	1.5	1.5
Other liabilities	3.8	31.1	41.2
Total current liabilities		383.3	477.3
TOTAL LIABILITIES AND EQUITY		2,433.6	2,709.1

The accompanying notes are an integral part of the Company Financial Statements.

Ariston Holding N.V. Notes to the Company Financial Statements

7.1 Corporate information

Ariston Holding N.V. (hereafter also the "Company") is a Company listed on Euronext Milan, Italy, having its statutory seat in the Netherlands and enrolled in the Chamber of Commerce - KVK - of Amsterdam (CCI no. 83078738, RSIN no. 862717589, Establishment no. 000049275437, VAT Code: 01527100422, Fiscal Code 00760810572), with a secondary office in Via Broletto 44, Milan I-20121.
For purposes of its business operations in Italy, the Company has established a secondary seat with a permanent representative office, within the meaning of article 2508 of the Italian Civil Code.
At 31 December 2024, the share capital of the Company was represented by 125,505,005 ordinary shares and 22,095,194 non-listed ordinary shares of € 0.01 each, and by 225,000,000 multiple vote shares of € 0.20 each.
At the same date the issued share capital of the Company was held by Merloni Holding S.p.A. for 58.87%, CENTROTEC SE for 11.12%, Amaranta S.r.l. for 7.96%, the market for 20.83%, and Ariston Holding N.V. (Treasury Shares) for 1.22%. Due to the presence of multiple vote shares, and not including Treasury Shares, Merloni Holding S.p.A was entitled for 79.58% of voting rights, Amaranta S.r.l. for 10.85%, CENTROTEC SE for 3.33% and the market for the residual 6.24%.

The company financial statements comprise the following: income statement, statement of financial position and these notes to the financial statements.

7.2 Principal activities

Ariston Holding N.V.'s primary purpose is to be a holding company and, with it, the management and coordination of a series of business processes for all the subsidiaries of the Group. The Group, with its subsidiaries, is active in the global thermal comfort market for domestic, commercial and industrial spaces. After the acquisition of CENTROTEC Climate Systems GmbH, the Group has further extended its leadership in the market. The acquired Group is a pioneer in the development of new-generation heat pumps with natural refrigerants, it successfully operates in air-handling, offering high-efficiency systems for flow control and air conditioning in commercial applications; it features a prominent position in domestic heat-recovery ventilation – a requirement for nearly-Zero-Emission Buildings.

The Group, with its subsidiaries, also offers specific services related to its solutions installation and maintenance.

The economic activities of the Group can be broken down into three main sectors:

- Thermal comfort, which can be classified into water heating products, space heating products, domestic heat-recovery ventilation, air handling and combined heat and power
- Burners
- Components

For a detail of Group revenues by business line and geographical area and of business events which occurred in the year, please refer to sections *Group Financial Review* and *Significant business events in the year* included in this Annual Report.

7.3 Accounting policies

Basis of preparation

The 2024 Company Financial Statements represent the separate financial statements of Ariston Holding N.V. and have been prepared in accordance with the legal requirements of Title 9, Book 2 of the Netherlands Civil Code (NCC). In particular, according to Section 2:362 (8) NCC, it is allowed to prepare the consolidated financial statements in accordance with the standards adopted by International Accounting Standards Board and approved by the European Commission and to use in the separate financial statements the same policies for recognition and measurement as those used in the consolidated accounts.
The accounting policies are described in a specific section, *Basis of accounting preparation*, of the Consolidated Financial Statements included in this Annual Report, while the application of Combination 3 enables keeping the equity according to the company financial statements equal to the equity according to the consolidated financial statements, since the subsidiaries are accounted for using the equity method in the company financial statements of Ariston Holding N.V.

Format of the financial statements

Given the activities carried out by Ariston Holding N.V., the presentation of the Company Income Statement is based on the nature of revenues and expenses.
Ariston Holding N.V. financial statements are prepared in euro, which is also the Company's functional currency, representing the currency in which the main transactions of the Company are denominated.
The Statements of Income and of Financial Position and the Notes to the Financial Statements are expressed in millions of euro to one decimal place, except where otherwise stated, whereas the original data is recorded in euro. The use of amounts expressed in millions of euro may therefore result in apparent discrepancies in both absolute amounts and data expressed as a percentage.
As parent company, Ariston Holding N.V. has also prepared consolidated financial statements for the Ariston Group for the year ended on 31 December 2024.

7.4 2024 Financial Year Overview

Regarding the Ariston Group overview for the year ended on 31 December 2024, please refer to the section *Full year 2024 conclusion and outlook* included in this Annual Report.

7.5 Composition and principal changes

Note 1.1 – Operating income

The following table summarizes operating income:

Operating income *(in € million)*	31.12.2024	31.12.2023
Net turnover:		
- Revenues from services	10.6	8.8
Total Net turnover	10.6	8.8
Total Operating Income	10.6	8.8

Revenues from services, mainly consisting of services rendered to the subsidiaries of the Ariston Group, registered an increase of € 1.8 million from 2023.

Note 1.2 – Costs of work contracted out and other external costs

Costs of work contracted out and other external costs during the year ended 31 December 2024 were € 24.6 million (€ 18.6 million at 31 December 2023), consisting of consulting costs, costs for legal and financial services, in addition to Directors' fees (including components from related LTI plans), and Statutory Auditors' fees.
The increase in 2024 was mainly due to intercompany recharges and assurance costs.

Note 1.3 – Wages and salaries

Wages and salaries during the year ended 31 December 2024 totaled € 8.0 million (€ 7.4 million at 31 December 2023), including components from related LTI plans. The average number of employees in 2024 was 69.7 (60.8 at 31 December 2023), based in Italy (all wholly outside the Netherlands).

	31.12.2024	Average 2024	31.12.2023	Average 2023
Executives	19	18.6	16	16.9
Managers	21	21.3	17	15.2
White collars	31	29.8	30	27.8
Blue collars	0	0.0	1	1.0
Total	71	69.7	64	60.8

Note 1.4 – Social security charges

Social security charges during the year ended 31 December 2024 were € 2.1 million (€ 1.8 million at 31 December 2023).

Note 1.5 – Other operating expenses

Other operating expenses include provisions for employee severance indemnity, other personnel costs, non-deductible VAT and non-periodic losses.

Note 1.6 – Income from fixed asset investments

Income from fixed asset investments relates to financial income from subsidiaries. At 31 December 2024, income from fixed asset investments was € 2.5 million (€ 1.2 million at 31 December 2023), with an increase of € 1.3 million.

Income from fixed asset investments *(in € million)*	31.12.2024	31.12.2023
Interest income long-term loans granted to subsidiaries	2.5	1.2
Total	2.5	1.2

Note 1.7 – Other interest income and similar income

The following table summarizes Other interest income and similar income:

Other interest income and similar income *(in € million)*	31.12.2024	31.12.2023
Exchange rate gains	10.0	8.2
Interest income from banks	1.8	2.1
Interest income short-term loans granted to subsidiaries	4.5	1.8
Interest income from cash pooling	6.3	1.7
Other income	0.4	1.0
Total	23.1	14.8

As of 31 December 2024, exchange rate gains amounted to € 10.0 million (€ 8.2 million at 31 December 2023). These gains include both monetary changes from accounting entries realized at the end of the reporting period ("Realized exchange rate gains") and monetary changes that have not yet been realized, as they pertain to transactions that were not completed by the end of the reporting period ("Unrealized exchange rate gains"). The results for the period relating to realized and unrealized exchange differences were primarily influenced by the US dollar. Exchange rate gains include € 6.4 million of realized gains on foreign currency forward contracts closed during the year and related to transactions entered into to manage foreign currency fluctuations.

Interest income from bank was € 1.8 million as of 31 December 2024 (€ 2.1 million at 31 December 2023), reflecting a decrease of € 0.3 million due to a reduction in liquidity investments. Other financial income includes gains on derivatives on commodities for Group purposes.

Note 1.8 – Interest expense and similar expenses

The following table summarizes Interest expense and similar expenses:

Interest expense and similar expenses *(in € million)*	31.12.2024	31.12.2023
Interest and other expenses due to banks	31.8	26.2
Exchange rate losses	12.7	16.6
Interest due to subsidiaries	13.3	10.1
Other financial expense	0.8	0.1
Total	58.6	53.0

Interest and other expenses due to banks of € 31.8 million (€ 26.2 million at 31 December 2023) include gains and losses on derivatives on interest rates for Group purposes. The increase of € 5.6 million from 31 December 2023 was mainly due to interest due to banks reflecting the impact of the increase in the average stock of debt during the year, resulting from the additional debt raised in 2023. This effect is only partially offset by the progressive reduction in the interest rate.

As of 31 December 2024, exchange rate losses amounted to € 12.7 million (€ 16.6 million at 31 December 2023).

Exchange rate losses include both the monetary changes on the accounting entries that were realized at the end of the reporting period ("Realized exchange rate losses") and the monetary changes that were not yet realized because they referred to transactions that were not closed at the end of the reporting period ("Unrealized exchange rate losses"). The result for the period relating to realized and unrealized exchange rate losses was mostly affected by the Swiss franc and Mexican pesos. Exchange rate losses include € 11.6 million of realized losses on foreign currency forward contracts closed during the year and related to transactions entered into to manage foreign currency fluctuations.

Interest due to subsidiaries of € 13.3 million (€ 10.1 million at 31 December 2023) includes for € 11.9 million cash pooling interests and for € 1.4 million interests related to loans received from NTI Boilers Inc., Calentadores de America S.A. de C.V.and Tasfiye Halinde Ariston Thermo Isıtma ve Soğutma Sistemleri İthalat ve İhracat ve Dağıtım Ltd.Şti., and cash pooling interests.

Note 1.9 – Taxes (expenses)/benefit

The following table summarizes Taxes (expenses)/benefit:

Taxes (expenses)/benefit *(in € million)*	31.12.2024	31.12.2023
Fiscal benefit from consolidated taxation	7.9	15.8
Corporation tax expense	-0.0	-1.2
Tax (expense)/benefit current year	**7.9**	**14.6**
Tax (expense)/benefit previous years	-0.9	2.4
Total tax (expense)/benefit	**7.0**	**17.0**
Deferred tax (expense)/benefit	4.3	-4.0
Total	11.2	13.0

In 2024 income taxes were a benefit of € 7.0 million (a benefit of € 17.0 million at 31 December 2023) and refer for € 7.9 million to income within the Ariston Group consolidation scheme in Italy, partially offset for € 0.9 million by previous years' income tax expenses.

Deferred taxes were income of € 4.3 million (an expense of € 4.0 million at 31 December 2023), mainly due to the release of deferred tax liabilities on undistributed earnings and to the accrual of deferred tax assets on tax losses.

Ariston Holding N.V. is incorporated in the Netherlands but is a tax resident of Italy. The reconciliation of the differences between the theoretical income taxes and the total income taxes is presented based on the Italian local corporation income tax rate in force in 2024 of 24%. A reconciliation of Ariston Holding N.V.'s income tax expense for the year ended as at 31 December 2024 is as follows:

(in € million)	31.12.2024	%
Taxes at nominal Tax Rate	**14.2**	**24.0%**
Permanent differences	-3.3	-5.5%
Prior year taxes	-0.9	-1.6%
Deferred taxes on undistributed earnings	1.2	2.0%
Effective Tax Charge	11.2	18.9%

For comparative purposes, here below is a reconciliation of Ariston Holding N.V.'s income tax expense for the year ended as at 31 December 2023:

(in € million)	31.12.2023	%
Taxes at nominal Tax Rate	14.1	24.0%
DTA write down	-0.8	-1.4%
Withholding taxes on dividends	-0.9	-1.5%
Permanent differences	-0.4	-0.8%
Italian ACE	1.8	3.0%
Prior year taxes	2.4	4.1%
Deferred taxes on undistributed earnings	-2.8	-4.8%
Other	-0.3	-0.5%
Effective Tax Charge	13.0	22.1%

Note 1.10 – Share in profit/(loss) of participations

The following table summarizes the Share in profit/(loss) of participations:

Share in profit/(loss) of participations *(in € million)*	31.12.2024	31.12.2023
Result of interests in Group companies	50.9	238.5
Result of other participations	-0.3	-1.5
Total	50.6	236.9

The Share in profit of participations relates to the valuation of the Company's share in the total equity of subsidiaries and associates.

In particular, the result of interests in Group companies of € 50.9 million is given for € 51.0 million from the share in profit of participations and for € 0.1 million by negative changes in values of the provision for interest in participating companies. The result of interests in Group companies is negatively impacted by a € 42.8 million devaluation of the investment in Ariston Thermo Rus LLC, following the loss of control in April 2024, of which € 35.7 million related to the net book investment value at the beginning of the year and € 7.1 million related to additional loss for related translation reserve adjustment.
For more details, please refer to the subparagraph *iii. Principles and Basis of Consolidation*, which is included in the section *6.3 – Basis of Accounting Preparation* of this Annual Report.

Note 2.1 – Intangible fixed assets

At 31 December 2024 the carrying amount of intangible fixed assets was € 0.5 million (€ 0.6 million at 31 December 2023) and related primarily to goodwill (€ 0.5 million) for the portion which continues to be classified in intangible fixed assets due to the absence of a related participating interest, since it referred to the acquisition of a legal entity incorporated in 2009.

With reference to other intangible assets, the amortisation expense for the period is recognised under the appropriate item in the income statement.

Note 2.2 – Tangible fixed assets

At 31 December 2024 the carrying amount of tangible fixed assets was € 1.8 million (€ 1.8 million at 31 December 2023), out of which € 1.6 million (€ 1.7 million at 31 December 2023) related to right-of-use assets, in accordance with IFRS16.

The gross value of tangible fixed assets was € 3.1 million (€ 2.7 million at 31 December 2023) and related to accumulated depreciation of € 1.3 million (€ 0.9 million at 31 December 2023).

Depreciation for the period (€ 0.4 million) is recognised under the appropriate item in the income statement.

Details of changes in tangible fixed assets during the year are as follows:

Tangible Assets *(in € million)*	Land and buildings	Other fixed operating assets	Total
Cost net of accumulated impairment losses	2.3	0.4	2.7
Accumulated depreciation	-0.8	-0.2	-0.9
As at 31.12.2023	**1.6**	**0.2**	**1.8**
Increases	0.1	0.3	0.4
Decreases	0.0	-0.0	-0.0
Depreciation	-0.3	-0.1	-0.4
Reclassification	0.0	-0.0	0.0
Total changes	-0.2	0.2	-0.0
Cost net of accumulated impairment losses	2.4	0.7	3.1
Accumulated depreciation	-1.1	-0.2	-1.3
As at 31.12.2024	**1.4**	**0.4**	**1.8**

Details of changes in tangible fixed assets during the prior year are as follows:

Tangible Assets *(in € million)*	Land and buildings	Other fixed operating assets	Total
Cost net of accumulated impairment losses	2.4	0.7	3.1
Accumulated depreciation	-0.8	-0.3	-1.1
As at 31.12.2022	**1.6**	**0.4**	**2.0**
Increases	0.3	0.1	0.4
Decreases	0.0	-0.2	-0.2
Depreciation	-0.4	-0.1	-0.5
Reclassification	0.0	0.0	0.0
Total changes	-0.0	-0.2	-0.2
Cost net of accumulated impairment losses	2.3	0.4	2.7
Accumulated depreciation	-0.8	-0.2	-0.9
As at 31.12.2023	**1.6**	**0.2**	**1.8**

Note 2.3 – Financial fixed assets

The following table summarizes the composition of financial fixed assets:

Financial fixed assets *(in € million)*	31.12.2024	31.12.2023	Change
Interests in Group companies	2,056.7	2,242.1	-185.4
Other participations	4.2	3.6	0.6
Accounts receivable from participations and other participating interests	41.5	32.5	9.0
Total	2,102.4	2,278.2	-175.8

Interests in Group companies were subject to the following changes during 2024 and 2023:

Interests in Group companies *(in € million)*	2024	2023	Change
Balance at beginning of year	2,242.1	1,049.0	1,193.2
Capital injection into subsidiaries	14.3	37.1	-22.8
Purchase of participations	0.0	1,091.5	-1,091.5
Net contributions made to subsidiaries	0.0	0.5	-0.5
Stock-based incentive plans	-0.5	-0.9	0.4
Dividends received from subsidiaries	-241.5	-151.4	-89.5
Share in profit/(loss) of participations	51.0	241.6	-190.6
Cumulative translation adjustments and other OCI	-6.5	-25.1	18.6
Reclassification to Provision for interest in Group companies	-2.3	0.0	-2.3
Balance at end of year	2,056.7	2,242.1	-185.4

The decrease in Interests in Group companies in 2024 mainly related to the dividends received from subsidiaries of € 241.5 million, only partially offset by the share in profit of participations of € 51.0 million and the capital injection into subsidiaries of € 14.3 million. For more details about deconsolidation of Ariston Thermo Rus LLC please refer to the sub-paragraph *iii. Principles and Basis of Consolidation*, which is included in the section *6.3 – Basis of Accounting Preparation* of this Annual Report.

The increase in Interests in Group companies in 2023 primarily related to the purchase of participations of € 1,091.5 million (CENTROTEC Climate Systems GmbH for € 1,024.5 million and Atag Heating B.V. for € 67.0 million), the share in profit of participations of € 241.6 million and the capital injection into subsidiaries of € 37.1 million, partially offset by dividends received from subsidiaries of € 151.4 million and cumulative translation adjustments and other OCI movements of € 25.1 million.

Other participations were subject to the following changes during 2024 and 2023:

Other participations *(in € million)*	2024	2023	Change
Balance at beginning of year	3.6	5.1	-1.5
Capital injection into participations	1.0	0.0	1.0
Share in profit/(loss) of participations	-0.3	-1.5	1.2
Balance at end of year	4.2	3.6	0.6

The increase in Other participations mainly related to the capital injection (share capital increase) of € 1.0 million into Thermovault B.V.

Accounts receivable from participations and other participating interests related to long-term financial loans of € 41.5 million (€ 32.5 million at 31 December 2023), consisting of:

- two loans granted to Ariston Egypt LLC for a total amount of € 7.2 million, expiring in 2028;
- a revolving credit facility granted to Ariston Group Water Heating Solutions Egypt LLC of USD 27.0 million corresponding to € 25.9 million, expiring in 2029;
- a loan granted to Ariston IL Ltd of ILS 24.6 million corresponding to € 6.5 million, expiring in 2027;
- a loan granted to Chromagen Australia Pty Ltd. of AUD 3.1 million corresponding to € 1.9 million, expiring in 2028.

Related interest rates are defined in accordance with the Group transfer pricing policy of benchmarking the loans against comparable financial transactions between independent parties on the credit market and applying relevant criteria to enhance the comparability, such as tenor, currency of denomination, the geographies, the industry of the borrowing entity, and the credit rating.

Below the changes during the reporting period:

(in € million)	At 1 January 2024	Additions	Repayments	Translation differences	Reclass. to current assets	At 31 December 2024
Long-term Financial Loans	**32.5**	29.6	-19.2	2.2	-3.7	**41.5**

Note 2.4 – Accounts receivable

At 31 December 2024 accounts receivable were € 257.2 million (€ 261.6 million at 31 December 2023), with a decrease of € 4.4 million mainly related to a combination of an increase in shareholders and participating interests for € 12.7 million, primarily related to an increase in financial receivables of € 19.3 million and in credits for cash pooling of € 4.6 million, only partially offset by a decrease in other credits for € 3.3 million and tax receivables for € 7.4 million.

The following table summarizes the composition:

Accounts receivable *(in € million)*	31.12.2024	31.12.2023	Change
Shareholders and participating interests	228.1	215.3	12.8
Other accounts receivable	26.9	43.1	-16.2
Prepayments and accrued income	2.2	3.2	-1.0
Total	257.2	261.6	-4.4

Shareholders and participating interests include: trade receivables for € 20.0 million (€ 19.1 million at 31 December 2023); corporate tax receivables from Merloni Holding S.p.A. for the domestic tax consolidation scheme of € 8.4 million (€ 15.8 million at 31 December 2023), other credits for € 1.8 million (€ 5.0 million at 31 December 2023), and financial receivables of € 197.9 million (€ 174.0 million at 31 December 2023) consisting of:

- loans granted to participating interests of € 55.1 million, consisting of:
  - a loan granted to Ariston France S.a.s. of € 14.5 million;
  - a revolving credit facility granted to Ariston USA LLC of USD 13.0 million corresponding to € 12.5 million;
  - a loan granted to Atag Heating B.V. of € 10.8 million;
  - a revolving credit facility granted to Ariston Climate Solutions d.o.o. Niš. of € 6.5 million;
  - two loans granted to PT Ariston Group Indonesia Ltd. of USD 3.0 million and USD 1.0 million corresponding to € 2.9 million and € 1.0 million;
  - a loan granted to Ariston U.K. Ltd. of GBP 2.0 million corresponding to € 2.4 million;
  - a loan granted to Ariston Thermo Tunisie SA of € 2.0 million;
  - a loan granted to Ariston South Africa (Pty) Ltd. of ZAR 30.0 million corresponding to € 1.5 million, expiring in 2025;
  - a loan granted to Ingrado S.r.l. of € 1.0 million;

- credits for cash pooling of € 140.9 million;

- credits for derivative financial instruments of € 1.9 million.

Interest rates related to intercompany loans are defined in accordance with the Group transfer pricing policy of benchmarking loans against comparable financial transactions between independent parties on the credit market and applying relevant criteria to enhance the comparability, such as tenor, currency of denomination, the geographies, the industry of the borrowing entity, and the credit rating.

Below are the changes in loans granted to participating interests in the reporting period:

(in € million)	At 1 January 2024	Additions	Repayments	Translation differences	Reclass. from not-current assets	At 31 December 2024
Shareholders and participating interests – Loans	**35.4**	21.6	-6.4	0.9	3.7	**55.1**

Other accounts receivable mainly relate to:

- deferred tax assets of € 4.5 million (€ 2.5 million at 31 December 2023);
- derivative financial instruments mark-to-market of € 9.1 million (€ 17.0 million at 31 December 2023), including hedges on commodities for € 0.5 million, interest rates for € 8.0 million, and foreign exchanges for € 0.6 million;
- VAT credit for the Group consolidation scheme of € 1.7 million (€ 8.4 million at 31 December 2023).

Note 2.5 – Cash

As of 31 December 2024, Cash amounted to € 71.7 million (€ 167.0 million as at 31 December 2023), primarily consisting of amounts held in euros. The carrying amount of Cash is considered to be in line with its fair value.

The credit risk associated with Cash is deemed limited, as the counterparties are leading national and international banks.

Note 3.1 – Equity

Changes in Shareholders' equity during 2024 and 2023 were as follows:

(in € million)	Share Capital	Share Premium	Treasury Shares	Revaluation Reserve	Legal Reserves	Statutory Reserves	Legal Reserves: Other	Cum. Translation Adj	Stock-based incentive plans reserve	OCI and Other Reserves	Retained Earnings	Profit/Loss for the period	Total Equity
At 31 December 2022	46.1	313.3	-12.5	8.2	25.3	15.3	23.6	-13.9	11.4	223.0	229.9	140.3	1,010.0
Allocation of prior year result											140.3	-140.3	0.0
Net profit for the year												191.2	191.2
Business combinations	0.4	398.0											398.4
Current period change in translation adjustments and OCI, net of taxes							-24.4	24.4		-45.3			-45.3
Dividends											-48.3		-48.3
Legal reserve					5.5						-5.5		0.0
Share-based payments			6.4						-2.4		1.4		5.4
Acquisition of treasury shares			-8.7										-8.7
Conversion reserve multiple voting shares						10.0					-10.0		0.0
Other changes							0.7			-0.7			0.0
At 31 December 2023	46.5	711.3	-14.8	8.2	30.8	25.3	0.0	10.5	9.0	177.0	307.8	191.2	1,502.6
Allocation of prior year result											191.2	-191.2	0.0
Net profit for the year												2.5	2.5
Business combinations													0.0
Current period change in translation adjustments and OCI, net of taxes								-12.5		5.6			-6.9
Dividends											-63.1		-63.1
Legal reserve					6.2						-6.2		0.0
Share-based payments			4.5						-5.1		2.9		2.4
Acquisition of treasury shares			-11.8										-11.8
Conversion reserve multiple voting shares						10.0					-10.0		0.0
Other changes										4.7	-4.7		0.0
At 31 December 2024	46.5	711.3	-22.1	8.2	37.0	35.3	0.0	-2.0	4.0	187.3	417.9	2.5	1,425.8

Shareholders' equity decreased by € 76.8 million in 2024, primarily due to dividends paid to shareholders for € 63.1 million and changes in translation adjustments of € 12.5 million, only partially offset by net profit for the year of € 2.5 million.

Shareholders' equity increased by € 492.7 million in 2023, primarily due to the share premium reserve increase of € 398.0 million and profit for the year of € 191.2 million, net of dividends paid to Shareholders for € 48.3 million.

Share capital

At 31 December 2024 the share capital of Ariston Holding N.V. was € 46.5 million, fully paid-up, and represented by 125,505,005 ordinary shares and 22,095,194 non-listed ordinary shares with a nominal value of € 0.01 each, and 225,000,000 multiple voting shares with a nominal value of € 0.20 each.

Share premium reserve

On 2 January 2023 the share premium reserve was increased by € 398.0 million, in relation to a share-based payment transaction used as a partial payment method to finalize the total acquisition price of CENTROTEC Climate Systems GmbH.

Treasury shares reserve

In May 2024 Ariston Holding N.V. transferred 683,637 treasury shares to the beneficiaries of the 2021 vested restricted share units long-term incentive plan for an amount equal to € 4.5 million.
In August 2024 Ariston Holding N.V. started a treasury share buyback program to serve the Group's LTI plans, with a number of shares to be acquired equal to 3,000,000. The program ended on 30 September 2024 and the total amount of treasury shares at 31 December 2024 was equal to € 22.1 million.

Legal reserves

Pursuant to Dutch law, limitations exist relating to the distribution of shareholders' equity up to at least the total amount of the legal reserve.

At 31 December 2024, legal reserves amounted to € 37.0 million (€ 30.8 million at 31 December 2023), mainly related to capitalized development expenditures recognised by subsidiaries.

Statutory reserves

At 31 December 2024, statutory reserves amounted to € 35.3 million (€ 25.3 million at 31 December 2023), with an increase of € 10.0 million due to the amount allocated and added in the year to the Conversion Reserve (reference is made to article 31 of the Company's articles of association), the Company having established a policy on reservations for the benefit of the Conversion Reserve.

Stock-based incentive plans reserve

The Ariston Group adopted stock-based incentive plans under which a combination of restricted share units and, since the 2021 plans, performance share units ("PSUs"), each representing the right to receive one Ariston Holding N.V. ordinary share, have been awarded to the executive directors and a selected number of managers. In 2024 the related stock-based incentive plan reserve increased by € 2.4 million for the competence for the year and decreased by € 7.5 million following the assignment of shares executed for the 2021 LTI plan.

At 31 December 2024, the stock-based incentive plans reserve amounted to € 4.0 million (€ 9.0 million at 31 December 2023), and referred to the following plans:

- 2022: € 0.8 million;
- 2023: € 2.2 million;
- 2024: € 0.9 million.

Settlement of the conversion of performance share units (2022 plan) will take place in the first half of 2025.

Note 3.2 – Provisions

At 31 December 2024, provisions were € 29.7 million (€ 34.9 million at 31 December 2023).
The following table summarizes the composition:

Provisions *(in € million)*	31.12.2024	31.12.2023	Change
Provision for employee severance indemnity	0.2	0.2	0.0
Deferred tax liabilities	18.3	21.1	-2.9
Provision for interest in participating companies	10.9	13.0	-2.1
Provision for risk	0.4	0.6	-0.2
Total	29.7	34.9	-5.2

The following table shows the changes which occurred during the year:

Provisions *(in € million)*	Provision for employee severance indemnity	Deferred tax liabilities	Provision for interest in participating companies	Provision for risk	Total
As at 31.12.2023	**0.2**	**21.1**	**13.0**	**0.6**	**34.9**
Increases	0.5	1.2	0.6	0.0	2.4
Decreases	-0.5	-5.2	-0.5	-0.2	-6.5
Other	-0.0	1.1	-2.3	0.0	-1.2
Total changes	0.0	-2.9	-2.1	-0.2	-5.2
As at 31.12.2024	**0.2**	**18.3**	**10.9**	**0.4**	**29.7**

Please refer to the consolidated financial statements for related terms and conditions.

Provision for interest in participating companies of € 10.9 million is mainly related to participations in Ariston France S.a.s. (€ 10.2 million), Instachauf S.a.s. (€ 0.4 million), and Ariston South Africa (Pty) Ltd. (€ 0.3 million).

Note 3.3 – Long-term debt

At 31 December 2024, long-term debt was € 594.9 million (€ 694.3 million at 31 December 2023), primarily composed of debts to lending institutions for € 593.0 million (€ 692.4 million at 31 December 2023).

Compared to 31 December 2023, the decrease in total long-term debt was essentially attributable to repayments made in 2024.

Below are the details:

(in € million)	At 1 January 2024	Additions	Repayments	Reclassification	Other movements	At 31 December 2024
Debts to lending institutions	**692.4**	0.0	-30.0	-70.0	0.5	**593.0**
Other liabilities	**1.9**	0.5	-0.5	0.0	-0.1	**1.8**
Total	694.3	0.5	-30.5	-70.0	0.4	594.9

Below is the composition as at 31 December 2024 of debts to lending institutions:

(in € million)	Long-term debt	In 1-5 years	Over 5 years
Debts to lending institutions	593.0	583.1	9.9
Total	593.0	583.1	9.9

Other non-current liabilities of € 1.8 million (€ 1.9 million at 31 December 2023) are mainly related to a long-term financial lease to a shareholder and participating interest.

Note 3.4 – Debts to lending institutions

At 31 December 2024, current debts to lending institutions were € 70.0 million (€ 0.0 million at 31 December 2023).

Compared to 31 December 2023, the increase in total debt for loans was mainly attributable to reclassifications from long-term debt due to the natural amortization schedule of the existing debt.

Below are the changes during the reporting period:

(in € million)	At 1 January 2024	Additions	Repayments	Reclassification	Other movements	At 31 December 2024
Debts to lending institutions	**0.0**	0.0	0.0	70.0	0.0	**70.0**
Total	0.0	0.0	0.0	70.0	0.0	70.0

Note 3.5 – Trade creditors

At 31 December 2024, trade creditors were € 7.7 million (€ 4.4 million at 31 December 2023).

Trade creditors are due within one year and their carrying amount at the reporting date is deemed to approximate their fair value.

Note 3.6 – Amounts due to shareholders and participating interests

Amounts due to shareholders and participating interests of € 273.0 million (€ 430.1 million at 31 December 2023) are summarized in the table below:

Amounts due to shareholders and participating interests *(in € million)*	31.12.2024	31.12.2023	Change
Cash pooling liabilities:			
- *Wolf GmbH*	110.4	159.9	-49.5
- *ELCO GmbH*	33.2	27.5	5.6
- *Thermowatt S.p.A.*	18.3	22.4	-4.1
- *Ariston S.p.A.*	15.4	59.6	-44.2
- *Ariston Deutschland GmbH*	10.7	6.5	4.2
- *ELCO Austria GmbH*	10.3	9.5	0.9
- *Ariston Iberica S.L.*	9.9	5.2	4.7
- *Elco Italia S.p.A.*	8.7	10.5	-1.8
- *Ariston Benelux S.A./N.V.*	7.9	22.2	-14.4
- *Cuenod S.a.s.*	7.2	6.0	1.2
- *Ecoflam Bruciatori S.p.A.*	5.6	5.6	-0.1
- *Atag Heating B.V.*	3.0	0.0	3.0
- *Brink Climate Systems B.V.*	2.9	0.0	2.9
- *Wolf France S.a.s.*	2.1	2.0	0.1
- *AR1 S.r.l.*	1.9	1.4	0.5
- *Elco Burners B.V.*	0.7	0.8	-0.0
- *Wolf Energiesystemen B.V.*	0.4	0.4	0.0
- *Wolf Iberica Climatization Y Calefacion SA*	0.4	0.4	0.0
- *Elco B.V.*	0.0	2.2	-2.2
- *Elco International GmbH*	0.0	42.4	-42.4
Cash pooling liabilities	249.1	384.6	-135.5
Current derivative financial Instruments	2.4	4.1	-1.7
Current financial loans:			
- *Calentadores de America S.A. de C.V.*	7.0	8.1	-1.1
- *Tasfiye Halinde Ariston Thermo Isıtma ve Soğutma Sistemleri İthalat ve İhracat ve Dağıtım Ltd.Şti.*	1.7	1.7	0.0
- *NTI Boilers Inc*	0.0	8.9	-8.9
Current financial loans	8.7	18.6	-9.9
Trade creditors	8.0	5.7	2.2
Other debits:			
- *Consolidated VAT*	4.9	1.0	3.9
- *Other*	0.0	16.0	-16.0
Other debits	4.9	17.1	-12.2
Total	273.0	430.1	-157.1

At 31 December 2024, Cash pooling liabilities consisted of € 249.1 million in overdrafts as part of the Ariston Group's centralized treasury management, with a decrease of € 135.5 million from 31 December 2023.
Current financial loans were composed of the loan granted by Calentadores de America S.A. de C.V.of MXN 151.0 million corresponding to € 7.1 million, and a loan granted by Tasfiye Halinde Ariston Thermo Isıtma ve Soğutma Sistemleri İthalat ve İhracat ve Dağıtım Ltd.Şti. of € 1.7 million.

Related interest rates are defined in accordance with the Group transfer pricing policy of benchmarking the loans against comparable financial transactions between independent parties on the credit market and applying relevant criteria to enhance the comparability, such as tenor, currency of denomination, the geographies, the industry of the borrowing entity, and the credit rating.

Current derivative financial instruments of € 2.4 million were related to the recharge of commodities and interest rate hedging instruments.

Note 3.7 – Taxes and social security contributions

Taxes and social security contributions of € 1.5 million were related to short-term social security payables for € 0.9 million and short-term other tax debts for € 0.6 million.

Note 3.8 – Other liabilities

The following table summarizes Other liabilities:

Other liabilities *(in € million)*	31.12.2024	31.12.2023	Change
Derivative financial instruments	16.9	23.9	-7.0
Other financial debts	12.6	14.3	-1.7
Other debts	0.5	1.7	-1.1
Current debts with employees	1.0	1.3	-0.3
Total	31.1	41.2	-10.1

Current derivative financial Instruments of € 16.9 million were related for € 14.9 million to derivative financial instruments with negative fair value at 31 December 2024. It related for € 13.1 million to hedging contracts and for € 1.9 million to non-hedging contracts (signed by Ariston Holding N.V. as parent company in the interest of the subsidiaries, with subsequent recharge of the results of these hedges to the participating companies). The remaining amount of derivative financial instruments of € 2.0 million referred to financial derivatives closed but not yet paid.

For the accounting treatment of derivatives financial instruments, please refer to section *Derivatives* included in this Annual Report.

Other liabilities are all due within one year and their carrying amount is deemed to approximate the related fair value

Commitments and risks

The Company reported the following potential liabilities as at the end of the reporting period:

Guarantees issued

At 31 December 2024, guarantees issued were € 120.3 million (€ 116.5 million at 31 December 2023), wholly provided on behalf of Group companies, related:

- for € 99.5 million to parent guarantees issued for credit lines and term loans granted by lending institutions;
- for € 19.6 million to other guarantees
- for € 1.2 million to other parent guarantees.

The main guarantees outstanding at 31 December 2024, were as follows:

Group companies *(in € million)*	2024	2023	Change
Ariston S.p.A.	76.2	77.0	-0.8
Ariston Climate Solutions d.o.o. Niš.	15.8	8.0	7.8
Ariston Thermo Romania S.r.l.	6.5	6.5	0.0
Ariston Group India Private Limited	4.5	4.4	0.1
Ariston Vietnam CO. Ltd.	4.0	4.0	0.0
Wolf HVAC Systems (Shanghai) Co. Ltd.	3.6	3.6	0.0
Ariston Ukraine LLC	2.5	2.5	0.0
S.H.E. d.o.o. Svilajnac	2.0	1.4	0.5
Ariston U.K. Ltd.	1.6	2.2	-0.7
Ariston CZ S.r.o.	1.5	1.5	0.0
Ariston Hungária Kft.	1.5	1.5	0.0
Wolf Technika Grzewcza Sp.zo.o.	0.4	0.4	0.0
BCE S.r.l.	0.1	0.5	-0.4
Elco Italia S.p.A.	0.1	0.1	0.0
Ariston Polska Sp. zo.o.	0.0	2.0	-2.0
Atmor Industries Ltd.	0.0	0.5	-0.5
Ariston Pte Ltd	0.0	0.3	-0.3
Total	120.3	116.5	3.8

The increase of € 3.8 million as compared to 31 December 2023 was mainly due to the guarantees on behalf of Ariston Climate Solutions d.o.o. Niš. which saw an increase of € 7.8 million, mainly related to an increase in other guarantees.

Please refer to the consolidated financial statements for related terms and conditions.

Commitments

At 31 December 2024, there were no commitments to be mentioned.

Audit fees

The fees for services provided by the Company’s independent auditors to the Company are broken down as follows:

Audit fees *(in € million)*	31.12.2024	31.12.2023	Change
Audit fees	0.3	0.5	-0.2
Other non-audit services	0.4	0.0	0.4
Total	0.6	0.5	0.1

The fees for audit services provided in 2024 by EY Accountants B.V. are equal to € 0.2 million (€ 0.2 million in 2023).

Board remuneration

Detailed information on Board compensation is included in the *Remuneration Report* section of this report.

Distribution proposal

Distribution to the charge of the Company's reserves will be determined in accordance with article 32 of the Articles of Association of Ariston Holding N.V.
The total amount of distribution will vary according to the number of shares entitled, and this amount will be defined when the distribution is actually paid on the basis of the shares outstanding at the coupon detachment date (therefore excluding the Company’s own shares in the portfolio at that date).

In view of the above, it is proposed to:

- approve the 2024 Financial Statements for the year ended 31 December 2024 and
- to allocate the profits realized during the 2024 financial year of € 2,520,125 to increase other reserves;
- to distribute € 29.4 million (for information purposes, based on the 368,046,490 shares entitled) as payment to shareholders to the charge of the Company's available reserves in the ratio of 8 eurocent per each outstanding share, gross of withholding taxes;
- to pay the above distribution on 25 June 2025, with 24 June 2025 as the record date, and 23 June 2025 as the ex-date.

The Board resolved to convene the annual general meeting to be held on 3 June 2025.

Subsequent events

Regarding subsequent events evaluated by the Group, please refer to the section *Subsequent events* included in this Annual Report.

9 April 2025

The Board
Paolo Merloni
Maurizio Brusadelli
Antonia Di Bella
Katja Gerber
Roberto Guidetti
Laurent Jacquemin
Guido Krass
Maria Francesca Merloni
Ignazio Rocco di Torrepadula
Marinella Soldi
Enrico Vita

Other information

Additional information on Dutch corporate governance

Independent Auditor’s Report

The report of the Company’s independent auditor, EY Accountants B.V., is set forth following this Annual Report.

Distributions to the charge of the Company's reserves

Distributions to the charge of the Company's reserves will be determined in accordance with article 32 of the articles of association of the Company. The relevant provisions of the Articles of Association read as follows:

Appropriation of profits
Article 32

32.1. The Board may decide that the profits realised during a financial year are fully or partially appropriated to increase or form reserves.

32.2. The profits of the Company remaining after application of Article 32.1 shall be put at the disposal of the General Meeting. The Board shall make a proposal for that purpose. A proposal to pay a dividend shall be dealt with as a separate agenda item at the General Meeting.

32.3. The Shareholders will share in the (profit) distribution in proportion to the aggregate number of the Shares (either Ordinary Shares, Non-Listed Ordinary Shares and/or Multiple Voting Shares) held by each of them.

32.4. The Company's policy on reserves and dividends shall be determined and can be amended by the Board.

32.5. The Company may distribute profits to Shareholders and other persons eligible to receive any share of the distributable profits only insofar as the Company's shareholders' equity, reduced by the amount of the distribution, will not be smaller than the paid-up and claimed part of the Company's shareholders’ capital, increased by the reserves which must be maintained under these Articles and by Dutch law.

32.6. Profits will be distributed after confirmation of the Annual Accounts, evidencing this to be permissible.

32.7. The Company may only make interim (profit) distributions to the extent that the provisions as set out in Article 32.5 have been complied with as evidenced by an interim specification of assets and liabilities. Such interim specification of assets and liabilities will relate to the position of the equity of the Company at the earliest as at the first day of the third month prior to the month in which the resolution providing for payment is announced. It will be drawn up with due observance of valuation methods deemed acceptable under generally accepted standards. The specification of assets and liabilities will include the amounts to be allocated to the reserves in accordance with Dutch law or these Articles. It shall be signed by the Directors; if the signature of one or several of them is missing, the reason thereof shall be stated. The Company shall file the specification of assets and liabilities with the office of the Dutch trade register within eight days after the resolution to make payment available is announced.

32.8. With due observance of the provisions of Article 32.5, the General Meeting, on a proposal of the Board, may adopt resolutions for distributions to the charge of the Company's reserves that do not need to be kept pursuant to these Articles or Dutch law.

Disclosures pursuant to decree article 10 EU-Directive on takeovers

In accordance with the Dutch Takeover Directive (Article 10) Decree (*Besluit artikel overnamerichtlijn*, the “Decree”), the Company makes the following disclosures:

I) At 31 December 2024, the issued share capital of the Company consisted of 125,505,005 ordinary shares and 22,095,194 non-listed ordinary shares with a nominal value of € 0.01 each, jointly representing 3.18% of the aggregate issued share capital, and 225,000,000 multiple voting shares with a nominal value of € 0.20 each, representing 96.82% of the aggregate issued share capital.

For information on the rights attached to ordinary shares, non-listed ordinary shares and multiple voting shares, reference is made to the articles of association which can be found on the Company's website. To summarize, the rights attaching to ordinary shares, non-listed ordinary shares and multiple voting shares comprise pre-emptive rights upon the issue of shares, the right to attend the general meetings of the Company and to speak and vote at such meetings and to resolve on and the entitlement to the distribution of such amount of the Company's profit as remains after allocation to the reserves. Ordinary shares, non-listed ordinary shares and multiple voting shares rank *pari passu* and will have equal rights and obligations with respect to all matters, including profit distributions, with the exceptions as set out in the articles of association, including the entitlement to voting rights as set out in article 26.1 of the articles of association, the conversion reserve and the liquidation distribution referred to in article 36.3 of the articles of association.

m) The Company has imposed no limitations on the transfer of ordinary shares and non-listed ordinary shares. Article 16 of the articles of association provides for transfer restrictions for multiple voting shares (right of first refusal). If a holder of multiple voting shares intends to transfer to any third party (be it a shareholder or not) one or more multiple voting shares, the other holders of multiple voting shares shall have the right, in accordance with the procedure outlined in article 16 of the articles of association, to exercise a right of first refusal.

n) For information on participations in the capital of the Company for which a disclosure obligation exists under Sections 5:34, 5:35 and 5:43 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), please see "Major shareholders" in this Corporate Governance report. There you will find a list of shareholders who are known to the Company to have holdings of 3% or more at the stated date.

o) No special control rights or other rights accrue to shares in the capital of the Company other than that a multiple voting share confers the right to cast 20 votes, subject to a voting threshold, all in accordance with the terms and conditions as set out in article 26.1 of the articles of association. Reference is made to "Share capital and general meeting", subparagraph "Voting rights and adoption of resolutions" in this Corporate Governance report.

p) A mechanism for verifying compliance with a scheme allowing employees to subscribe for or to acquire shares in the capital of the Company or a subsidiary if the employees do not arrange for such verification directly is not applicable to the Company.

q) No restrictions apply to voting rights attached to the shares in the capital of the Company, nor are there any deadlines for exercising voting rights other than the restriction of the number of votes that may be cast on multiple voting shares as set out in article 26.1 of the articles of association describing the voting cap and further explained in "Share capital and general meeting", subparagraph "Voting rights and adoption of resolutions" in this Corporate Governance report. Except by virtue of the different voting rights attached to the ordinary shares and non-listed ordinary shares (one vote per share) and the multiple voting shares (20 votes per share, subject to the application of a voting threshold), none of the shareholders will have any voting rights different from any other shareholders.

r) The Company is not aware of the existence of any agreements with shareholders of the Company which may result in restrictions on the transfer of shares or limitation or voting rights, other than (a) a shareholders' agreement between Merloni Holding S.p.A. and Amaranta S.r.l entered into on 26 October 2021 and (b) lock-up provisions included in the agreement for the sale and purchase of CENTROTEC Climate Systems GmbH entered into between CENTROTEC SE and Ariston Holding N.V. on 15 September 2022.

The shareholders' agreement provides as follows:

(v) Merloni Holding S.p.A. shall procure that one person indicated by Amaranta S.r.l. is appointed as director so long as Amaranta S.r.l. holds at least 7% of issued share capital of the Company;

(vi) should Merloni Holding S.p.A.:

   c. decide to sell a number of multiple voting shares so that it loses control over the Company, then Amaranta S.r.l. will be entitled to tag its multiple voting shares to the sale of multiple voting shares held by Merloni Holding S.p.A.;

   d. receive an offer for the entirety of the outstanding multiple voting shares, then Merloni Holding S.p.A. will be entitled to drag along the multiple voting shares held by Amaranta S.r.l.;

(vii) Merloni Holding S.p.A. shall be entitled to acquire from Amaranta S.r.l. 6,000,000 multiple voting shares in exchange for the same amount of ordinary shares by virtue of a call option; and

(viii) each of Merloni Holding S.p.A. and Amaranta S.r.l. shall inform the other party in case it wishes to convert its multiple voting shares into ordinary shares.

Pursuant to the lock-up provisions included in the sale and purchase agreement, CENTROTEC SE may not transfer more than 20,708,332 ordinary shares until 2 January 2025.

s) The rules governing the appointment and dismissal of directors are stated in the articles of association. All directors are appointed by the general meeting. The Board nominates a candidate for each vacant seat. A nomination by the Board will be binding as described above under "Board" in this Corporate Governance report. Directors are appointed for a period of time to be determined by the general meeting, ending not sooner than immediately after the general meeting held in the first year after the year of their appointment and not later than immediately after the general meeting held in the fourth year after the year of their appointment.

t) The articles of association allow the Company to cooperate in the issuance of registered depositary receipts for shares, but only pursuant to a resolution to that effect by the Board. No depositary receipts have been issued for shares in its capital with the cooperation of the Company.

The general meeting may at any time dismiss or suspend any director. If the Board proposes the dismissal of a director to the general meeting, the general meeting can resolve upon such dismissal by a resolution adopted by an absolute majority of the votes cast.

If the Board has not made a proposal for the dismissal of a director, the general meeting can only resolve upon the dismissal of the director by a resolution adopted by an absolute majority of the votes cast, representing more than half of the issued capital of the Company. Executive directors may at all times also be suspended by the Board. A resolution of the Board to suspend the Executive Chair must be adopted with a majority of two thirds of the votes cast in a meeting where all directors, other than the Executive Chair, are present or represented. If either the Board or the general meeting has resolved upon a suspension of a director, the general meeting shall within three months after the suspension has taken effect, resolve either to dismiss the director with due observance of the provisions in the articles of association, or to terminate or continue the suspension, failing which the suspension shall lapse. A resolution to continue the suspension may be adopted only once and in such an event the suspension may be continued for a maximum period of three months commencing on the day that the general meeting adopted the resolution to continue the suspension. If the general meeting has not decided to terminate or to continue the suspension within the required period, the suspension shall lapse.

The rules governing an amendment of the articles of association are included in article 35 of the articles of association and require a resolution of the general meeting, but only on a proposal by the Board. The prior approval of the meeting of holders of multiple voting shares is required for an amendment of a provision relating to the multiple voting shares and/or the rights and/or the obligations of the (meeting of) holders of multiple voting shares.

u) The general powers of the Board are stated in article 18 of the articles of association. Pursuant to article 21.1 of the articles of association, the general authority to represent the Company is vested in the Board and the Executive Chair. The Board has granted specific representation powers to Maurizio Brusadelli, in his capacity as Chief Executive Officer of the Company.

According to article 7.1 of the articles of association, the Board will be the competent corporate body to issue the shares for a period of five years with effect from 19 December 2022. The Board is also authorized to limit or exclude pre-emptive rights of shareholders on any issue of shares or granting rights to subscribe for shares, for the same term. After the five-year term, shares may be issued pursuant to a resolution of the general meeting unless the Board is designated to do so by the general meeting. Such designation can be made each time for a maximum period of five years and can be extended each time for a maximum period of five years. A designation must determine the number of shares of each class concerned which may be issued pursuant to a resolution of the Board. The resolution of the general meeting to designate the Board as the body authorized to issue shares cannot be withdrawn by the general meeting, unless otherwise provided in the authorization. The body resolving to issue shares must determine the issue price and the other conditions of issuance in the resolution to issue. After the five-year term, pre-emptive rights may be restricted or excluded by a resolution of the general meeting. The general meeting may designate this competence to the Board for a period not exceeding five years, provided that the general meeting has also authorized the Board to issue shares. Unless otherwise stipulated at its grant, this authorization cannot be withdrawn.

The Company is entitled to acquire fully paid-up shares in its capital. The terms and conditions for the acquisition of shares by the Company in its capital are set out in article 10 of the articles of association.

v) The Company is not a party to any significant agreements which will take effect, will be altered or will be terminated upon a change of control of the Company as a result of a public offer within the meaning of section 5:70 of the Dutch

Financial Supervision Act (*Wet op het financieel toezicht*), except for certain of the loan agreements entered into by the Company which contain clauses that, as is customary for financing agreements of similar type, may require early repayment or termination in the event of a change of control of the Company.

The Company did not enter into any agreement with a director or employee of the Company providing for a payment upon the termination of employment as a result of a public offer within the meaning of section 5:70 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht)*.

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8. Other Information

Independent auditor's report

To: the shareholders and the board of directors of Ariston Holding N.V.

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the accompanying financial statements 2024 of Ariston Holding N.V. based in Amsterdam, the Netherlands. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Ariston Holding N.V. as at 31 December 2024 and of its result and its cash flows for 2024 in accordance with IFRS Accounting Standards as adopted in the European Union (IFRS Accounting Standards) and with Part 9 of Book 2 of the Dutch Civil Code
- The company financial statements give a true and fair view of the financial position of Ariston Holding N.V. as at 31 December 2024 and of its result for 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2024
- The following statements for 2024: the consolidated income statement, the consolidated statements of other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in shareholders' equity
- The notes comprising material accounting policy information and other explanatory information

The company financial statements comprise:

- The company statement of financial position as at 31 December 2024
- The company income statement for 2024
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Ariston Holding N.V. (the company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for professional accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Ariston Holding N.V. and its subsidiaries are a global group primarily active in the business of the production and distribution of thermal comfort and water and space heating solutions. The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€18 million (2023: €23 million)
Benchmark applied	Approximately 0.70% of revenues
Explanation	Given that the Group is active in a listed environment for a couple of years, made a significant growth due to an acquisition in the current year and combined with the available communication towards the financial markets and other stakeholders, we have identified that the Group highlights performance primarily in terms of revenues for showing growth. Next to profitability, investors also focus on volumes and future growth of revenues of the Group. Accordingly, we conclude that revenues as a measurement basis remain appropriate, as it is considered an important and stable indicator for the users of the financial statements. We determined materiality consistent with prior financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the audit committee that misstatements in excess of €0.9 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Ariston Holding N.V. is at the head of a group of entities. The financial information of this group is included in the financial statements.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision, review and evaluation of the audit work performed for purposes of the group audit. We bear the full responsibility for the auditor's report.

Based on our understanding of the group and its environment, the applicable financial framework and the group's system of internal control, we identified and assessed risks of material misstatement of the financial statements and the significant accounts and disclosures. Based on this risk assessment, we determined the nature, timing and extent of audit work performed, including the entities or business units within the group (components) at which to perform audit work. For this determination we considered the nature of the relevant events and conditions underlying the identified risks of material misstatements for the financial statements, the association of these risks to components and the materiality or financial size of the components relative to the group.

We have worked closely together with our regional component team in Italy, in performing audit work in respect of our audit approach related to fraud risks and non-compliance with laws and regulations; and in directing, supervising, reviewing or coordinating the work of 28 component teams. We communicated the audit work to be performed and identified risks through instructions for component auditors as well as requesting component auditors to communicate matters related to the financial information of the component that is relevant to identifying and assessing risks.

This resulted in a coverage of 80% of revenue, 80% of EBIT and 83% of total assets.
For other components, we performed analytical procedures to corroborate that our risk assessment and scoping remained appropriate throughout the audit.

We performed site visits to meet with management in Italy, observe the operations, discuss the group risk assessment and the risks of material misstatements. We reviewed and evaluated the adequacy of the deliverables from component auditors and reviewed key working papers for selected components to address the risks of material misstatement. We held planning meetings, key meetings required based on circumstances and we attended closing meetings with management and the regional component team in Italian component. During these meetings and calls, amongst others, the planning, procedures performed based on risk assessments, findings and observations were discussed and any further work deemed necessary by the primary or component team was then performed. By performing the audit work mentioned above at the entities or business units within the group, together with additional work at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the heating industry. We included specialists in the areas of IT audit, forensics, sustainability, treasury and income tax and have made use of our own experts in the areas of valuations and actuaries.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as CO2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets (stranded assets) and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO2 footprint.

Management summarized Ariston Holding N.V.'s commitments and obligations and reported in section 5.2 Sustainability statement 2024 of the annual report how the company is addressing climate-related and environmental risks. As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and the company's commitments and (constructive) obligations, are taken into account in estimates and significant assumptions, especially in the area of impairment of goodwill, as well as in the design of relevant internal control measures. Furthermore, we read the board report and considered whether there is any material inconsistency between the non-financial information in section 5. Governance and section 5.2 Sustainability statement 2024 and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 December 2024.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control as well as the outcomes.
We refer to Section 5.1 Risk management of the Governance report for management's risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all organizations. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 4 subsection xxi to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

The following fraud risk identified required significant attention during our audit.

Presumed risks of fraud in revenue recognition	
Fraud risk	We presumed that there are risks of fraud in revenue recognition. We evaluated that revenues from the divisions Thermal Comfort, Burners and Components in particular give rise to such risks. These three divisions consist of four revenue streams, being Professional, DYI (Do it yourself), Business-to-Business and Service.

Presumed risks of fraud in revenue recognition

Our audit approach	We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter: Risk of improper Revenue Recognition.

We considered available information and made enquiries of relevant executives, directors, legal, compliance, human resources, regional directors and the audit committee.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of directors, reading minutes, inspection of compliance reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and we have been informed by management that there was no correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section Going concern in Note 3 subsection i to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism.
We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the audit committee. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matter Improper accounting related to Centrotec acquisition and underlying Purchase Price Accounting which was included in our last year's auditor's report, is not considered a key audit matter for this year as this business combination was a one off transaction.

Risk of improper revenue recognition

Risk	Revenue is one of the key indicators of the company's performance and considered a focus of the users of the financial statements.

Risk of improper revenue recognition	
	We considered the following aspects as part of our assessment of the fraud risk in regard to the three divisions Thermal Comfort (TC), Burners (BUR) and Components (COM): • High volume of sales transactions • Different revenue streams • The year-end bonuses arrangements (YEBs) • The management adjustments on cut-off at year-end • Other manual journal entries As mentioned in the section Our audit response related to fraud risks above, we identified a fraud risk for inappropriate revenue recognition as a result of manual journal entries recorded at or near period end in order to achieve its targets. Given the focus of users of the financial statements and the identified fraud risks, we consider improper revenue recognition a key audit matter. Financial statement disclosures related to revenue recognition are reported in Note 4 subsection xxi and subsection xvi and Note 6.1 subsection 1.1.
Our audit approach	The procedures designed to address the matter in our audit included, amongst others: • We have obtained an understanding of the significant classes of transactions impacting revenue (including the manual journals thereof) and performed walkthroughs of each in order to confirm our understanding of revenue streams • We have verified if a consistent revenue recognition methodology (IFRS 15) with prior year was applied • We have performed analytical review procedures and performed a test of details as to revenue recorded near or close to period-end • We have performed a test of details for a sample of year-end bonus contracts to verify the proper application of the contract conditions in issuing related credit memos • We have performed tests of manual journal entries recorded to verify appropriate business rationale, and proper authorization and documentation of approval • We have audited manual journal entries made by people who are entitled to the management bonus scheme (MBO) and/or long term incentive plan (LTI) to verify appropriate business rationale and documentation of approval Lastly, we assessed the adequacy, included in Note 4 subsection xvi and subsection xxi and Note 6.1 subsection 1.1 of the disclosures in the explanatory notes to the consolidated financial statements.
Key observations	Based on the audit procedures performed, we did not identify inappropriate manual journal entries made nor any material misstatements in the revenue reported.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor’s report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements

- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report (excluding the sustainability statement) and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The board of directors is responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the general meeting as auditor of Ariston Holding N.V. on 28 May 2021, as of the audit for the year 2021 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

Ariston Holding N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in the XHTML format, including the (partially) marked-up consolidated financial statements as included in the reporting package by Ariston Holding N.V.,
complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, ”Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument” (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the entity’s financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
  - Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF

Shape the future with confidence

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Non-Executive Directors are charged with the supervision on the integrity and quality of financial reporting. The audit committee assists the board of directors in fulfilling its oversights responsibilities and reviews the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.
We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.
Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 9 April 2025

EY Accountants B.V.

signed by A.M. Buijs

Limited assurance report of the independent auditor on the sustainability statement

To: the shareholders and the board of directors of Ariston Holding N.V.

Our conclusion

We have performed a limited assurance engagement on the consolidated sustainability statement for 2024 of Ariston Holding N.V. based in Amsterdam, the Netherlands (hereinafter: Ariston) in section "Sustainability Statement 2024" of the accompanying board report including the information incorporated in the sustainability statement by reference (hereinafter: the sustainability statement).

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability statement is not, in all material respects:

- Prepared in accordance with the European Sustainability Reporting Standards (ESRS) as adopted by the European Commission and compliant with the double materiality assessment process carried out by Ariston to identify the information reported pursuant to the ESRS
  And
- Compliant with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

Our conclusion has been formed on the basis of the matters outlined in this limited assurance report.

Basis for our conclusion

We have performed our limited assurance engagement on the sustainability statement in accordance with Dutch law, including Dutch Standard 3810N, "Assurance-opdrachten inzake duurzaamheidsverslaggeving" (Assurance engagements relating to sustainability reporting), which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance engagements other than audits or reviews of historical financial information".

Our assurance engagement was aimed to obtain a limited level of assurance that the sustainability statement is free from material misstatements. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.
Our responsibilities in this regard are further described in the section "Our responsibilities for the limited assurance engagement on the sustainability statement" of our report.

We are independent of Ariston in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement and we are not involved in the preparation of the sustainability statement, as doing so may compromise our independence. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants). The ViO and VGBA are at least as demanding as the International code of ethics for professional accountants (including International independence standards) of the International Ethics Standards Board for Accountants (the IESBA Code) as relevant to limited assurance engagements on sustainability statements of public interest entities in the European Union.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of matter

The sustainability statement has been prepared in a context of new sustainability reporting standards, requiring entity-specific interpretations and addressing inherent measurement or evaluation uncertainties. In this context, we want to emphasize the following matters:

Emphasis on the most significant uncertainties affecting the quantitative metrics and monetary amounts

We draw attention to section "BP-2 Disclosures in relation to specific circumstances" paragraph "Estimation and uncertainty around metrics" in the sustainability statement that identifies the quantitative metrics and monetary amounts that are subject to a high level of measurement uncertainty and discloses information about the sources of measurement uncertainty and the assumptions, approximations and judgements Ariston has made in measuring these in compliance with the ESRS.

The comparability of sustainability information between entities and over time may be affected by the lack of historical sustainability information in accordance with the ESRS and by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques, especially in the initial years.

Emphasis on the double materiality assessment process

We draw attention to section "IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities" in the sustainability statement. This disclosure explains future improvements in the ongoing due diligence and double materiality assessment process, including robust engagement with affected stakeholders. Due diligence is an on-going practice that responds to and may trigger changes in the company's strategy, business model, activities, business relationships, operating, sourcing and selling contexts. The double materiality assessment process requires Ariston to make key judgments and use thresholds and may also be impacted in time by sector-specific standards to be adopted.

Therefore, the sustainability statement may not include every impact, risk and opportunity or additional entity-specific disclosure that each individual stakeholder (group) may consider important in its own particular assessment.

Our conclusion is not modified in respect of these matters.

Comparative information not assured

Sustainability information for reporting years before 2024 included in the sustainability statement, has not been part of this limited assurance engagement. Consequently, we do not provide any assurance on the comparative information and thereto related disclosures in the sustainability statement for reporting years before 2024.

Our conclusion is not modified in respect of this matter.

Limitation to the scope of our assurance engagement

In reporting forward-looking information in accordance with the ESRS, management describes the underlying assumptions and methods of producing the information, as well as other factors that provide evidence that it reflects the actual plans or decisions made by the company (actions). Forward-looking information relates to events and actions that have not yet occurred and may never occur. The actual outcome is likely to be different since anticipated events frequently do not occur as expected. We do not provide assurance on the achievability of forward-looking information.
Our conclusion is not modified in respect of this matter.

Responsibilities of management and the audit committee for the sustainability statement

Management is responsible for the preparation of the sustainability statement in accordance with the ESRS, including the double materiality assessment process carried out by Ariston as the basis for the sustainability statement and disclosure of material impacts, risks and opportunities in accordance with the ESRS. As part of the preparation of the sustainability statement, management is responsible for compliance with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation).

Management is also responsible for selecting and applying additional entity-specific disclosures to enable users to understand the company's sustainability-related impacts, risks or opportunities and for determining that these additional entity-specific disclosures are suitable in the circumstances and in accordance with the ESRS.

Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability statement that is free from material misstatement, whether due to fraud or error.

The audit committee is responsible for overseeing the sustainability reporting process including the double materiality assessment process carried out by Ariston.

Our responsibilities for the limited assurance engagement on the sustainability statement

Our responsibility is to plan and perform the limited assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

We apply the applicable quality management requirements pursuant to the Nadere voorschriften kwaliteitsmanagement (NVKM, regulations for quality management) and the International Standard on Quality Management (ISQM) 1, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our limited assurance engagement included amongst others:

- Performing inquiries and an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, the characteristics of Ariston, its activities and the value chain and its key intangible resources in order to assess the double materiality assessment process carried out by the company as the basis for the sustainability statement and disclosure of all material sustainability-related impacts, risks and opportunities in accordance with the ESRS
- Obtaining through inquiries a general understanding of the internal control environment, the company's processes for gathering and reporting entity-related and value chain information, the information systems and the company's risk assessment process relevant to the preparation of the sustainability statement and for identifying the company's activities, determining eligible and aligned economic activities and prepare the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- Assessing the double materiality assessment process carried out by Ariston and identifying and assessing areas of the sustainability statement, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), where misleading or unbalanced information or material misstatements, whether due to fraud or error, are likely to arise (selected disclosures). Designing and performing further assurance procedures aimed at assessing that the sustainability statement is free from material misstatements responsive to this risk analysis
- Considering whether the description of the double materiality assessment process in the sustainability statement made by management appears consistent with the process carried out by Ariston
- Performing analytical review procedures on quantitative information in the sustainability statement, including consideration of data and trends
- Assessing whether Ariston's methods for developing estimates are appropriate and have been consistently applied for selected disclosures. We considered data and trends, however our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate management's estimates
- Analyzing, on a limited sample basis, relevant internal and external documentation available to Ariston (including publicly available information or information from actors throughout its value chain) for selected disclosures
- Reading the other information in the annual report to identify material inconsistencies, if any, with the sustainability statement
- Considering whether the disclosures provided to address the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) for each of the environmental objectives, reconcile with the underlying records of Ariston and are consistent or coherent with the sustainability statement, appear reasonable, in particular whether the eligible economic activities meet the cumulative conditions to qualify as aligned and whether the technical screening criteria are met, and whether the key performance indicators disclosures have been defined and calculated in accordance with the Taxonomy reference framework, and comply with the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation), including the format in which the activities are presented
- Considering the overall presentation, structure and fundamental qualitative characteristics of information (relevance and faithful representation: complete, neutral and accurate) reported in the sustainability statement, including the reporting requirements provided for in Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

- Considering, based on our limited assurance procedures and evaluation of the evidence obtained, whether the sustainability statement as a whole, is free from material misstatements and prepared in accordance with the ESRS

Communication

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the assurance engagement and significant findings that we identify during our assurance engagement.

Rotterdam, 9 April 2025

EY Accountants B.V.

Signed by A.M. Buijs

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