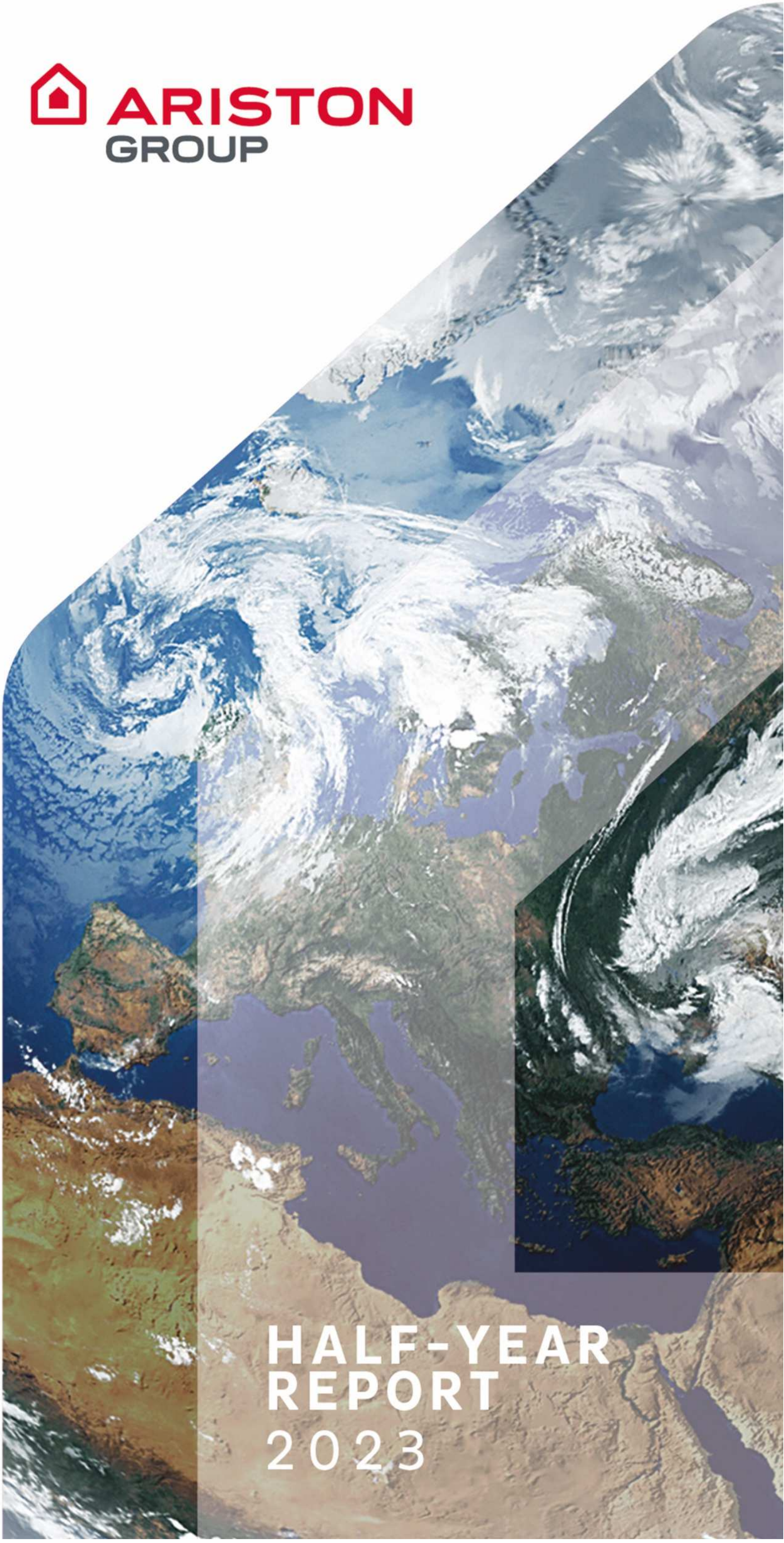
ARISTON GROUP



HALF-YEAR REPORT 2023

Index | Table of contents

Disclaimer

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

1. About this report

Note on presentation

The Half-Year Condensed Consolidated Financial Statements for the six months ended 30 June 2023 have been prepared in accordance with the International Accounting Standards (IAS) 34 – *Interim Financial Reporting*. The Half-Year Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS as endorsed by the European Union.

Information on the figures presented

All the figures in this Half-Year 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.
Certain totals in the tables included in this Half-Year Report may not match due to rounding.
The language of this Half-Year 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.

This Half-Year Report is unaudited.

2. Key Highlights

(€ million)	For the six months ended June 30, 2023		For the six months ended June 30, 2022		Total change	
Net revenue	1,525.6	100.0%	1,134.5	100.0%	391.0	34.5%
EBITDA adjusted	206.7	13.5%	135.5	11.9%	71.2	52.6%
EBITDA	202.2	13.3%	132.7	11.7%	69.5	52.4%
EBIT adjusted	153.3	10.1%	94.7	8.3%	58.6	61.9%
EBIT	146.1	9.6%	88.6	7.8%	57.5	64.9%
PBT	135.8	8.9%	86.1	7.6%	49.8	57.8%
Net profit adjusted	107.2	7.0%	70.7	6.2%	36.4	51.5%
Net profit	101.9	6.7%	66.3	5.8%	35.6	53.7%

Profitability ratios	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Net capital employed (mln Eur)	2,108.2	969.4
ROE (Net profit / Net equity)	7.0%	6.9%
ROI adjusted (EBIT adjusted / Net capital employed)	7.3%	9.8%
ROI (EBIT / Net capital employed)	6.9%	9.1%
ROS adjusted (EBIT adjusted / Net revenue)	10.1%	8.3%
ROS (EBIT / Net revenue)	9.6%	7.8%
Earnings per shares – Basic (€)	0.27	0.20
Earnings per shares – Diluted (€)	0.27	0.20
Headcount	10,692	7,970
Free cash flow	-38.8	-62.8
Net financial indebtedness adjusted (*)	658.2	4.0
Net equity	1,450.0	965.2

** Positive figures represent net debt.*

3. Corporate bodies

Board of Directors

Paolo Merloni	Executive Chairman
Laurent Alexis Michel Henri Jacquemin	CEO
Antonia Di Bella	
Roberto Guidetti	
Guido Krass	
Francesco Merloni	
Maria Francesca Merloni	
Lorenzo Pozza	
Ignazio Rocco di Torrepadula	
Marinella Soldi	
Enrico Vita	

External auditor

Ernst&Young Accountants LLP

4. Directors' Report for the half-year period ending 30 June 2023

4.1 Reference Background

Macroeconomic scenario

Two main phenomena are currently affecting the global economy. The Group noticed signals of a gradual recovery driven by the end of the pandemic, supply chain stability and the absence of a global escalation of the conflict in Ukraine; on the other hand, some turbulence and uncertainties are still present with high inflation rates, banking instability and global inflation growing at a substantial rate (with simultaneous tightening of monetary policies).
Based on the above, global growth is projected to slow down from an estimated +3.4% in 2022 to +2.8% in 2023 and 3.0% in 2024. Global inflation will decrease from 8.7% in 2022 to 7.0% this year and 4.9% in 2024.
While China posted a healthy rebound in Q1, its Q2 performance invites to a more cautious view on the magnitude of its 2023 growth potential. Advanced economies, especially the euro area and the United Kingdom, are growing very slowly. More specifically, Italy is expected to slow down from +3.7% in 2022 to +0.7% in 2023 and +0.8% in 2024, France from +2.6% to +0.7% and +1.3% respectively and Spain from +5.5% to +1.5% and +2.0% respectively. In its April estimates, which are the latest available, the IMF anticipates a reduction for Germany from +1.8% in 2022 to -0.1% in 2023 and +1.1% in 2024, while United States would end up respectively to +2.1% to +1.6% and +1.1%. Apart from China, according to IMF, Indonesia, India, Saudi Arabia, United Arab Emirates and Vietnam are the only economies expected to grow more than 3% in both 2023 and 2024.

Growth projections (GDP), annual percentage changes

	Actual	Projections	
	2022	2023	2024
World Output	3.4%	2.8%	3.0%
Belgium	3.1%	0.7%	1.1%
China	3.0%	5.2%	4.5%
France	2.6%	0.7%	1.3%
Germany	1.8%	-0.1%	1.1%
India	6.8%	5.9%	6.3%
Indonesia	5.3%	5.0%	5.1%
Italy	3.7%	0.7%	0.8%
Mexico	3.1%	1.8%	1.6%
Poland	4.9%	0.3%	2.4%
Romania	4.8%	2.4%	3.7%
Russia	-2.1%	0.7%	1.3%
Saudi Arabia	8.7%	3.1%	3.1%
South Africa	2.0%	0.1%	1.8%
Spain	5.5%	1.5%	2.0%
Switzerland	2.1%	0.8%	1.8%
Turkey	5.6%	2.7%	3.6%
United Arab Emirates	7.4%	3.5%	3.9%
United Kingdom	4.0%	-0.3%	1.0%
United States	2.1%	1.6%	1.1%
Vietnam	8.0%	5.8%	6.9%

Source: IMF, World Economic Outlook, April 2023

Exchange rates

With few exceptions, during the second quarter of 2023 the euro appreciated against almost all main currencies relevant to Ariston Group, recording a spot exchange rate at June 30th, 2023 in line with the quarter average trend.
In comparison with the average exchange rates for the second quarter of 2022, in 2023 the most significant appreciation was against the Turkish Lira (+36.1%), Russian Ruble (+25.2%), while the greatest depreciation was against the Mexican Peso (-9.8%) and the Swiss Franc (-4.8%).

Euro exchange rates against major currencies

	2023			2022			Δ		
	Avg. Q2	Avg. YTD	30/06/2023	Avg. Q2	Avg. YTD	30/06/2022	vs. Avg. Q2	vs. Avg. YTD	vs. 30/06
CHF	0.98	0.99	0.98	1.03	1.03	1.00	-4.8%	-4.5%	-1.7%
CNY	7.64	7.49	7.90	7.04	7.08	6.96	8.5%	5.7%	13.4%
GBP	0.87	0.88	0.86	0.85	0.84	0.86	2.5%	4.0%	0.0%
RON	4.95	4.93	4.96	4.94	4.95	4.95	0.1%	-0.2%	0.3%
USD	1.09	1.08	1.09	1.06	1.09	1.04	2.3%	-1.2%	4.6%
CAD	1.46	1.46	1.44	1.36	1.39	1.34	7.6%	4.8%	7.4%
INR	89.47	88.84	89.21	82.22	83.32	82.11	8.8%	6.6%	8.6%
TRY	22.93	21.57	28.32	16.85	16.26	17.32	36.1%	32.7%	63.5%
MXN	19.23	19.65	18.56	21.33	22.17	20.96	-9.8%	-11.4%	-11.5%
RUB	88.56	83.53	96.01	70.75	85.22	56.02	25.2%	-2.0%	71.4%
VND	25.57	25.43	25.62	24.57	25.06	24.17	4.1%	1.5%	6.0%

Source: Source: ECB, Bloomberg

Raw materials

After strong inflationary trends that started in the last quarter of 2020, at the end of the second quarter of 2023 the average monthly market prices for steel, aluminium and polyurethane recorded a decrease of 21%, 13% and 34% respectively, compared to the average price at the end of the second quarter of 2022.
Copper shows the same trend on the quarterly and YTD data (-11% respectively) but recorded a spot price at end of June 2023 similar to the one of 2022.

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

	2023			2022			Δ		
	30.06.2023	Avg. Q2	Avg. YTD	30.06.2022	Avg. Q2	Avg. YTD	vs. Last Day	vs. Avg. Q2	vs. Avg. YTD
Steel [€/ton]	674	778	770	850	1,117	1,087	-21%	-30%	-29%
Polypropylene [€/ton]	1,445	1,542	1,557	2,163	2,275	2,160	-33%	-32%	-28%
Copper [USD/ton]	8,210	8,471	8,691	8,243	9,534	9,763	0%	-11%	-11%
Polyurethane [€/ton]	1,853	1,968	2,101	2,826	2,794	2,756	-34%	-30%	-24%
Aluminium [USD/ton]	2,096	2,260	2,326	2,397	2,880	3,078	-13%	-22%	-24%

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

4.2 Significant business events of the year

January

Following the fulfillment of all condition precedents, Ariston Group completed the acquisition of 100% of share capital of CENTROTEC Climate Systems (now called Wolf-Brink) for € 625.8 million in cash, plus 41,416,667 Ariston Holding N.V. shares. The transaction, announced in September 2022, was the largest deal in the group's history and contributed to the increase of Ariston Group's ESG focus, also reinforcing its portfolio of brands and its mid-to high-end offer of climate solutions. Moreover, it further consolidated its positioning in Europe, with Germany becoming the first market.

Ariston launched its "One Team" platform in Romania. "One Team" is a digital ecosystem that caters to Ariston Professional Partners, offering informative content and tools to attract, engage, support and retain Installers, Planners and Service Centres.

February

Ariston Group participated to the annual convention promoted by Politecnico di Milano Osservatorio Internet of Things, joining the conversation on Smart Homes, and deepening the impact that the connectivity features of thermal comfort solutions have on energy saving and emissions reduction.

Ariston Group participated to 2023 AHR Expo taking place in Atlanta (USA) with a dedicated booth showcasing the new heat pump water heater for the North American market, together with its wider offer of heating and water heating solutions.

March

As part of the Company Report 2022, Ariston Group released its Sustainability Report 2022, tracking the group's ESG journey and reporting its annual ESG performances.

Ariston Group presented its ESG vision and goals to 2030 –its 100th Anniversary – in Road to 100, a manifesto of the group's commitment to sustainability, which aims at fully integrating sustainability in the corporate strategy by defining a strategic plan and ambitious objectives in the fields of Solutions, Operations, People & Communities, Customers, Governance, and identifying a roadmap of concrete supporting initiatives.

Ariston Group's global brand Wolf, ventilation brand Brink, and components brand Thermowatt participated to the ISH 2023 trade show in Frankfurt, presenting the latest innovations in heating and ventilation technology, and electric heating components for heating heat pumps.

Global brand Wolf released the new CHA 16/20 monobloc air/water heat pump, an extension of the product range already including CHA-07 and CHA-10, working with natural refrigerant R290 and perfectly suited for renovation requirements of both single-family homes and small multi-family buildings.

April

Global brand Ariston hosted an event in Singapore to showcase the new Andris, a full range of Wi-fi electric storage water heaters now equipped with voice control functions, and Aures 2.0, a new range of electric instant water heaters combining innovative technology with excellent design features.

In India, local leading water heating brand Racold launched Omnis and Altro ranges, featuring innovative technology, high quality and efficiency (rating 5 stars) as well as distinguishing design features.

May

With the release of Q1 2023 results, Ariston Group announced the succession in the Chief Executive Officer role, with the step-down of Laurent Jacquemin for personal reasons - effective from the Extraordinary General Meeting of Shareholders called for July 27, 2023 - and the indication of Maurizio Brusadelli as proposed successor.

In recognition of its commitment for the country, Ariston South Africa was awarded Business Enterprise of the Year at the 25th edition of the Business Excellence Awards, an event hosted in Johannesburg by Italian-SA Chamber of Trade and Industries to recognize business excellence and solidarity within the historical Italian-South African business community.

June

The new range of heat pump water heaters Nuos Plus with natural refrigerant R290 (Propane) was launched in Europe by global brand Ariston.

Ariston Group's global brand Elco was in the limelight at Red Dot Design Award 2023, as air-to-water heat pump AEROTOP SX was honored with the Red Dot for of its modern straightforwardness, perfectly combined with innovation technology and attention to sustainability.

In Spain, global brand Ariston hosted an event to celebrate the integration of Fleck brand into Ariston and introduced its new premium ranges, the DUO range and FLECK range, as well as the Velis Wi-fi series.

Following the launch in Romania in January, Ariston launched the "One Team" platform in France.

4.3 Subsequent events

Ariston Group inaugurated in Follina, Italy, the new Thermowatt Professional site – a plant of 10,000 square meters built to fulfill the customer demand in this segment, further strengthening ties with the territory.

Global brand Wolf hosted an event with all employees and their families to celebrate the 60th anniversary since its foundation and seal the 60 years of history that made of the manufacturer a leading expert for a healthy indoor environment.

Maurizio Brusadelli joined Ariston Group on July 10, 2023 as General Manager. The Extraordinary General Meeting held on July 27 appointed him as Executive Director, and lastly the Board of Directors appointed him as Chief Executive Officer on August 3, 2023.

4.4 Brand|Product performance

Market and business performance

The industry in the first half of 2023 was characterized by a continuing electrification trend and the transition towards renewable solutions in Europe and North America. At the same time, some ongoing discussions in Europe about a possible future ban of gas and oil boilers have also affected the industry dynamics.
In the Heating segment, regulation and government support schemes continued to influence the market dynamics: in some markets there has been a weakening of the supporting scheme (e.g., change of incentive mechanism in Italy with the switch from an immediate discount to a 10-yr tax deduction) while in other markets, notably Germany, the public debate on how regulation could further accelerate the transition toward renewable solutions. Demand for heat pumps continued to grow, though at a lower pace compared to the previous year. On the other hand, high-efficiency boilers demand declined.
Regarding the Hot Water segment, heat pump water heaters performed well in main European markets, with a growing interests in developing markets. Electric storage solutions market is also growing, mainly in Europe and North America.

Brand activities

Over the first six months of 2023, Ariston Group focused on two main streams of activities: to strengthen the Ariston brand positioning and to consolidate our Group Brand Architecture Strategy.

Ariston brand strengthening

After the Ariston brand positioning and visual identity refresh occurred in 2021, the Group focussed on bringing it to life at global level, across all targets and channels, by activating it consistently with the payoff "The home of sustainable comfort". To strengthen the Ariston brand identity as "the expert in heating and water heating", we continued to implement the brand strategy roadmap brand.

Group brand architecture consolidation

The Group continued to strongly focus on its brand strategy at global level, leveraging on both internal and external stakeholders' feedback. As a result, the Group activated and monitored across all markets all brands and in-field marketing activities to deliver and communicate the clear roles, assets, objectives, and plans defined for each brand, with the goal to provide stronger and more competitive offers to all customers and consumers.

Heating solutions and services

Renewable solutions

In both Western and Eastern Europe, the demand for heat pumps continued to growth in the first half of 2023 though at a lower pace compared to 2022. On the two extremes, German market strongly accelerated, while Italy experienced a contraction due to changes in incentives schemes.

Gas solutions

All across Europe, demand for gas systems decreased compared to 2022. Germany was an exception, as the public debate about a potential ban or restriction on gas solutions in 2024 accelerated the replacement market in the first half of 2023. North America registered a decrease in demand in the first half of the year, likely affected by the ongoing discussion potentially favouring renewable solutions in the future.

Domestic ventilation

In the first half of 2023, our key markets for central heat recovery ventilation systems - Germany and the Netherlands - showed a moderate growth. In this market environment, Ariston Group's domestic ventilation business with its main brands Brink and Wolf benefitted from the easing of 2022 supply constraints, leading to a positive performance in the first half of the year.

Air handling

Despite the increasing cost of capital and a decline of new building projects, the market for air handling systems kept being solid in the first half of the year, as many projects started last year were brought to completion. Ariston Group's air handling business with its Brands Wolf, Pro-Klima and Ned Air has recorded a solid revenue increase.

Hot water technologies

Renewable solutions

Western Europe market for heat pump water heaters experienced a solid growth, with some markets like Germany and Belgium even doubling in size.

Electric storage solutions

In the largest European markets, demand grew YoY in the first half. A growth in demand is estimated also in India in H1 2023, while a very wide difference in market dynamics was registered across the most important remaining markets in Asia and MEA. In North America, after an initial market slowdown in the first quarter, the semester ended with a growth year over year.

<u>Gas solutions</u>

In the first half of 2023, the demand for gas product decreased YoY given the electrification trend both in Europe and in main Asian markets, while it was stable in USA.

Burners

The European burner market is suffering in terms of volumes both in gas and domestic oil, especially in France and UK due to the regulatory uncertainties. The contraction in residential range sales was balanced by a growth in medium and high capacity burners, driven by industrial boilers OEM and thanks to some important industrial projects in Germany and Italy. Positive trends were registered also in Turkey and South America.

Components

In the first half of 2023, the Components division recorded stable revenues with respect to the same period of the previous year. Demand for heating elements and thermostats for water heating applications reported a mild decrease, also driven by the evolution of raw material cost. Demand for electric heaters for professional and industrial applications registered a significant growth, mainly driven by the comfort, refrigeration, and industrial sectors. Finally, demand for heaters for domestic appliances increased, recovering from the previous year slowdown caused by the lack of electronic components.

4.5 Group Financial Review

4.5.1 Net Revenue Performance

Quarterly overall performance

	For the three months ended June 30, 2023		For the three months ended June 30, 2022	
Thermal Comfort	720.1	94.0%	534.7	91.8%
Components	24.7	3.2%	25.8	4.4%
Burners	21.1	2.7%	21.9	3.8%
Total Net Revenue	765.9	100.0%	582.4	100.0%

Half-year overall performance

	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
Thermal Comfort	1,433.8	94.0%	1,042.4	91.9%
Components	48.4	3.2%	48.4	4.3%
Burners	43.4	2.8%	43.8	3.9%
Total Net Revenue	1,525.6	100.0%	1,134.5	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 the first half 2023 of € 1,433.8 million, or 94.0% of total revenue, compared to the first half 2022 € 1,042.4 million, or 91.9%, up € 391.4 million or 37.5%. On the Ariston legacy perimeter the Thermal Comfort division performance was affected by the amended incentive scheme on heating products for the Italian market.

Components. Recorded net revenue of € 48.4 million for first half 2023, or 3.2% of total net revenue, compared to the first half 2022 € 48.4 million, or 4.3%. The substantial stability in revenue was driven by an increase on the Professional business and a small decrease on Domestic business due to customers' high stock levels.

Burners. Recorded net revenue of € 43.4 million for the first half 2023, or 2.8% of total net revenue, compared to the first half 2022 € 43.8 million, or 3.9% of total revenue, with a € 0.4 million or 0.9% decrease. The lower turnover is essentially due to a strong market slowdown in France partially compensated by a recover in Germany.

Net revenue by geographic area

Europe. Represents the Group's largest market, recording net revenue of € 1,147.7 million for first half 2023, or 75.2% of total revenue, compared to € 740.4 million, or 65.3%, in first half 2022, up € 407.3 million or 55.0%. The increase was mainly driven by the growth in renewable and high efficiency products (particularly remarkable in heating) in some relevant markets such as Germany, Switzerland and Belgium. The growth on these markets compensates the strong heating market slowdown in Italy due to the amended incentive schemes.

Asia, Pacific & MEA. Represents the second largest market for the Group, recording net revenue of € 255.2 million for first half 2023, or 16.7% of total revenue, compared to € 252.4 million, or 22.2%, in first half 2022, up € 2.8 million or

1.1%. The decrease was driven by negative effect of the currency exchange (mainly related to the Chinese Renminbi, Australian Dollar, Israeli Shekel and South African Rand).

Americas. Represents the Group's third largest market and reported revenue of € 122.6 million for first half 2023, or 8.0% of total net revenue, compared to € 141.8 million, or 12.5%, in first half 2022, with a decrease of € 19.1 million, or 13.5%. The decrease was due to a strong reduction on the US and Canadian heating market and a high level of stock in the US water heating customers. Furthermore, the Group decided to exit from the Argentinian market.

Perimeter variation

On 2 January, Ariston Group completed the acquisition of Wolf-Brink (previously announced as "Centrotec Climate Systems") and is included in the Ariston Group's perimeter starting from January 2023.
Ariston Holding N.V. purchased 100% of both ownership and voting rights of Wolf-Brink from its parent company, Centrotec SE, for € 625.8 million in cash and approximately 41.4 million Ariston's shares.

Exchange rate effect

With few exceptions, during the second quarter of 2023 euro appreciated against almost all main currencies relevant to Ariston Group, recording a spot exchange rate at June 30th, 2023 in line with the quarter average trend. The exchange rate effect includes the impact of applying the IFRS guidance on managing hyperinflation in Argentina to the conversion of all the profit or loss items expressed in Argentine Pesos into Euro at the spot exchange rate at the end of the period.

The table below shows the average exchange rates for the half-year 2023 versus the half-year 2022 and the spot rates at 30 June 2023 versus 31 December 2022 for the Group's most important currencies, together with the percentage change.

Currency	Average Exchange Rates			Spot Exchange Rates		
	H1 2023	H1 2022	appreciation/ (devaluation) vs 2022	As at 30 June 2023	As at 31 December 2022	appreciation/ (devaluation) vs 2022
Swiss Franc	0.979	1.032	5.1%	0.979	0.985	0.6%
Chinese Yuan Renminbi	7.898	7.076	-11.6%	7.898	7.358	-7.3%
GB Pound	0.858	0.842	-2.0%	0.858	0.887	3.2%
Hungarian Forint	371.930	373.213	0.3%	371.930	400.870	7.2%
Indonesian Rupiah	16,384.540	15,801.958	-3.7%	16,384.540	16,519.820	0.8%
Indian Rupiah	89.207	83.463	-6.9%	89.207	88.171	-1.2%
Polish Zloty	4.439	4.633	4.2%	4.439	4.681	5.2%
US Dollar	1.087	1.093	0.6%	1.087	1.067	-1.9%
New Romanian Leu	4.964	4.946	-0.4%	4.964	4.950	-0.3%
Russian Ruble	96.007	80.620	-19.1%	96.007	77.900	-23.2%
Vietnamese Dong	25,618.000	24,987.934	-2.5%	25,618.000	25,183.000	-1.7%
South African Rand	20.579	16.832	-22.3%	20.579	18.099	-13.7%
Canadian Dollar	1.442	1.385	-4.1%	1.442	1.444	0.2%
Mexican Peso	18.561	22.257	16.6%	18.561	20.856	11.0%
Israeli New Shekel	4.049	3.573	-13.3%	4.049	3.755	-7.8%

4.5.2 Reclassified income statement

The table below shows the income statement (1) for the half-year 2023, with a comparison to the same period of the previous year, and a breakdown of the total change by organic growth and perimeter, on one side, and exchange rate effects and hyperinflation on the other.

(€ million)	For the six months ended June 30, 2023		For the six months ended June 30, 2022		*Total change*	*%*	*of which organic and perimeter*	*%*	*of which due to exchange rates and hyperinflation*	*%*
NET REVENUE	1,525.6	100.0%	1,134.5	100.0%	391.0	34.5%	396.2	34.9%	-5.1	-0.5%
Other revenue and income	26.4	1.7%	24.5	2.2%	1.9	7.8%				
Revenue and Income	1,552.0	101.7%	1,159.0	102.2%	392.9	33.9%				
Operating income (expense)	-1,405.9	-92.2%	-1,070.4	-94.4%	-335.4	31.3%				
OPERATING PROFIT (EBIT)	146.1	9.6%	88.6	7.8%	57.5	64.9%	55.3	62.4%	2.2	2.5%
Adjustment on operating income (expense)	7.2	0.5%	6.1	0.5%	1.1	18.1%				
OPERATING PROFIT ADJUSTED (EBIT ADJUSTED)	153.3	10.1%	94.7	8.3%	58.6	61.9%	56.4	59.6%	2.2	2.3%
Financial Income and Expense	-9.7	-0.6%	-7.4	-0.7%	-2.2	30.0%				
Profit (loss) on investments	-0.6	0.0%	4.9	0.4%	-5.5	-112.0%				
PROFIT BEFORE TAX	135.8	8.9%	86.1	7.6%	49.8	57.8%				
TAXES	-34.0	-2.2%	-19.8	-1.7%	-14.2	71.8%				
NET PROFIT	101.9	6.7%	66.3	5.8%	35.6	53.7%				
Net profit attributable to non-controlling Interests	0.3	0.0%	-0.1	0.0%	0.4					
Group Net profit	101.6	6.7%	66.4	5.9%	35.2	53.0%				
Tax effect of Adjustment on operating income (expense)	-1.9	-0.1%	-1.7	-0.1%	-0.2	14.2%				
Reversal of non-recurring taxation effect	0.0	0.0%	0.0	0.0%	0.0	0.0%				
Tax adjustments	-1.9	-0.1%	-1.7	-0.1%	-0.2	14.2%				
NET PROFIT ADJUSTED	107.2	7.0%	70.7	6.2%	36.4	51.5%				
Net profit attributable to non-controlling Interests	0.3	0.0%	-0.1	-0.0%	0.4					
Group Net profit adjusted	106.9	7.0%	70.8	6.2%	36.0	50.9%				
Total depreciation and amortisation	56.1	3.7%	44.1	3.9%	12.0	27.2%				
EBITDA	202.2	13.3%	132.7	11.7%	69.5	52.4%	67.3	50.7%	2.2	1.6%
EBITDA ADJUSTED	206.7	13.5%	135.5	11.9%	71.2	52.6%	69.0	51.0%	2.2	1.6%

(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 table below shows the income statement (1) for the second quarter 2023, with a comparison to the same period of the previous year, and a breakdown of the total change by organic growth and perimeter on one side, and exchange rate effects and hyperinflation on the other.

(€ million)	For the three months ended June 30, 2023		For the three months ended June 30, 2022		*total change*	*%*	*of which organic and perimeter*	*%*	*of which due to exchange rates and hyperinflation*	*%*
NET REVENUE	765.9	100.0%	582.4	100.0%	183.5	31.5%	194.7	33.4%	-11.2	-1.9%
Other revenue and income	13.5	1.8%	15.6	2.7%	-2.0	-13.1%				
Revenue and Income	779.4	101.8%	598.0	102.7%	181.4	30.3%				
Operating income (expense)	-703.8	-91.9%	-556.0	-95.5%	-147.8	26.6%				
OPERATING PROFIT (EBIT)	75.7	9.9%	42.0	7.2%	33.7	80.1%	33.5	79.8%	0.1	0.3%
Adjustment on operating income (expense)	4.5	0.6%	2.6	0.4%	1.9	73.8%				
OPERATING PROFIT ADJUSTED (EBIT ADJUSTED)	80.2	10.5%	44.6	7.7%	35.6	79.8%	35.5	79.5%	0.1	0.3%
Financial Income and Expense	-2.4	-0.3%	-4.8	-0.8%	2.4	-50.1%				
Profit (loss) on investments	-0.2	0.0%	4.7	0.8%	-4.9	ns				
PROFIT BEFORE TAX	73.1	9.5%	41.9	7.2%	31.2	74.5%				
Total depreciation and amortisation	29.3	3.8%	23.5	4.0%	5.8	24.9%				
EBITDA	105.0	13.7%	65.5	11.2%	39.5	60.3%	39.5	60.3%	0.1	0.1%
EBITDA ADJUSTED	108.1	14.1%	65.3	11.2%	42.8	65.6%	42.8	65.5%	0.1	0.1%

(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"

Ariston Group ended half-year 2023 with € 1,525.6 million in consolidated Net revenue, up € 391.0 million or +34.5% from € 1,134.5 million in the half-year 2022. The increase arises from organic growth of the Group and from a perimeter variation related to the business combination with Wolf-Brink concluded in January 2023.

EBITDA amounted to € 202.2 million, 13.3% as a percentage of net revenue, compared to € 132.7 million and 11.7% in H1 2022.

EBITDA adjusted totalled € 206.7 million, 13.5% as a percentage of net revenue, compared to € 135.5 million and 11.9% in H1 2022.
Adjustment on operating expenses related to EBITDA for the period amounted to € 4.5 million, compared to € 2.8 million in the same period of the prior year. The increase compared to the previous year is mainly due to extraordinary expenses incurred by the Group for the maintenance and repairing of several damages at the manufacturing plants of Genga and Cerreto D'Esi due to the extraordinary flash floods occurred on 15 September 2022.

Operating profit, or EBIT, during the first half 2023, amounted to € 146.1 million, 9.6% as a percentage of net revenue, compared to € 88.6 million and 7.8% in 2022. The EBIT rose in absolute value and as a percentage thanks to the normalization of some cost items, the pricing initiatives carried out in 2022, positive market mix, along with a remarkable performance from Wolf-Brink.

EBIT adjusted was up in absolute terms and in percentage of net revenue too, amounting to € 153.3 million and 10.1%, respectively, compared to € 94.7 million and 8.3% in H1 2022.
Adjustments on EBIT amounted to €7.2 million (€6.1 million in H1 2022). In addition to those on EBITDA, they included the amortisation of intangibles from the 2019 acquisition of the Mexican Calorex group, the 2022 acquisition of the Israeli Chromagen group, and the acquisitions made by Wolf-Brink prior to the Ariston acquisition, totalling € 2.8 million in H1 2023 and € 2.3 in H1 2022.

Overall, the Group reported € -9.7 million in net financial income and expenses, with a € -2.3 million change compared to the same period of the prior year. The main components of the change were the positive effect of exchange rates totalling € 6.1 million at 30 June 2022 and a € 12.3 million increase in net financial expenses.

Therefore, operations generated € 135.8 million in Profit Before Tax, 8.9% as a percentage of net revenue, compared to € 86.1 million and 7.6% in 2022.

Net profit was equal to € 101.9 million compared to € 66.3 million in H1 2022.

The Group Net profit adjusted for the period amounted to € 106.9 million, 7.0% as a percentage of net revenue, compared to € 70.8 million, 6.2% of net revenue, in H1 2022.

4.5.3 Reclassified 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.

Financial position *(€ million)*	As at 30 June 2023		As at 31 December 2022		As at 30 June 2022		*Total Change June 2023 vs December 2022*	*%*	*of which organic and perimeter*	*%*	*Exchange rate and hyperinflation*	*%*
Trade receivables	367.5	17.4%	308.4	33.8%	300.1	31.0%	59.0	19.1%	60.8	19.7%	-1.8	-0.7%
Inventories	694.9	33.0%	476.8	52.2%	519.1	53.6%	218.1	45.7%	223.2	46.8%	-5.1	-1.1%
Trade payables	-533.3	-25.3%	-494.4	-54.1%	-496.3	-51.2%	-38.8	7.9%	-33.9	6.9%	-4.9	1.0%
Net operating working capital	529.1	25.1%	290.8	31.8%	322.9	33.3%	238.3	81.9%	250.1	86.0%	-11.8	-4.1%
% on Net last-twelve-months revenue	*16.9%*		*12.2%*		*14.2%*							
Net fixed assets	1,927.0	91.4%	847.8	92.8%	842.5	86.9%	1,079.3	127.3%	1,078.0	127.2%	1.2	0.1%
Other non-current assets and liabilities	-121.7	-5.8%	-55.2	-6.0%	-54.0	-5.6%	-66.5	120.6%	-66.9	121.3%	0.4	-0.7%
Other current assets and liabilities	-226.2	-10.7%	-170.1	-18.6%	-142.0	-14.7%	-56.1	33.0%	-60.1	35.3%	4.0	-2.3%
Net capital employed	2,108.2	100.0%	913.3	100.0%	969.4	100.0%	1,194.9	130.8%	1,201.1	131.5%	-6.3	-0.7%
Net financial indebtedness adjusted	658.2	31.2%	-98.9	-10.8%	4.0	0.4%	757.0	-765.6%	760.5	-769.1%	-3.4	3.5%
Net equity	1,450.0	68.8%	1,012.2	110.8%	965.2	99.6%	437.9	43.3%	440.7	43.5%	-2.8	-0.2%
of which attributable to non-controlling interests	*-0.3*	*0.0%*	*2.2*	*0.2%*	*2.1*	*0.2%*	*-2.5*	*ns*	*-2.3*	*ns*	*-0.1*	*-5.7%*
Total financing sources	2,108.2	100.0%	913.3	100.0%	969.4	100.0%	1,194.9	130.8%	1,201.2	131.5%	-6.3	-0.7%

Financial position ratios	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
Gearing (Net equity attributable to the Group / Net capital employed)	0.69	1.11	0.99
DSO (Days Sales Outstanding - going back)	41.2	44.8	43.2
DPO (Days Payables Outstanding - going back)	83.4	97.6	96.3

At the half-year point in 2023, Ariston Group reported € 2,108.2 million in Net capital employed, up from € 913.3 million in December 2022.

Net operating working capital, in comparison to December 2022, increased both in absolute terms and as a percentage. The increase was caused by seasonality, the perimeter variation linked to Wolf-Brink's business acquisition and an increase in inventories. The increase in heating finished products associated with the slowdown in some relevant markets was the primary cause of the higher level of stock.

Net financial indebtedness adjusted decrease by € 757.0 million compared to the previous year, as it was impacted by the cash out for the acquisition of Wolf-Brink.
The gearing ratio registered a decrease. The ratio was 0.69 at the end of June 2023, compared to 0.99 in June 2022.

Net fixed assets amounted to € 1,927.0 million, up from € 847.8 million in December 2022 mainly due to the upsurge in investment plans and for the perimeter variation related to Wolf-Brink. Meanwhile, the half-year-end exchange rate caused the value of Net Fixed Assets to increase by € 1.2 million.

Other non-current assets and liabilities totalled € 121.7 million, versus € 55.2 million in December 2022, down € 66.5 million compared with the previous year.

Other current assets and liabilities totalled € 226.2 million, versus € 170.1 million in December 2022, down € 56.1 million compared with the previous year. The change was mainly driven by the perimeter variation.

Net equity amounted to € 1,450.0 million, compared to € 1,012.2 million as at 31 December 2022. The overall € 437.9 million increase was mainly due to the Net profit of the half-year 2023 equal to € 101.9 million, less € 48.3 million dividend pay-out and an increase in "Share capital" (€ 0.4 million) and additional "Share premium reserve" (€ 398.2 million) made on 2 January 2023 relates to Share-based payment transaction used as partial payment method to finalize the total acquisition price of Wolf-Brink.

4.5.4 Net Operating Working Capital

Net operating working capital (€ million)	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022	*Total Change June 2023 vs December 2022*	*of which organic and perimeter*	*Exchange rate and hyperinflation*
Trade receivables	367.5	308.4	300.1	59.0	60.8	-1.8
Inventories	694.9	476.8	519.1	218.1	223.2	-5.1
Trade payables	-533.3	-494.4	-496.3	-38.8	-33.9	-4.9
Net working capital	529.1	290.8	322.9	238.3	250.1	-11.8
% of Net last-twelve-months revenue	*16.9%*	*12.2%*	*14.2%*			

Net operating working capital totalled € 529.1 million, 16.9% as a percentage of net last-twelve-months revenue, compared to € 290.8 million and 12.2% at the end of December 2022.
Thanks to the effective management of both trade receivables and trade payables, working capital remained at a good sound level, in percentage terms, even during a period of strong demand fluctuation from end customers.

Trade receivables totalled € 367.5 million and 11.7% as a percentage of net last-twelve-months revenue, compared to € 308.4 million and 13.0% in December 2022, with Days Sales Outstanding at 41.2 and 44.8, respectively.

Inventories amounted to € 694.9 million and 22.2%, compared to 20.0% in December 2022.

Trade payables increased to € 533.3 million, 17.0% as a percentage of net last-twelve-months revenue, compared to € 494.4 million and 20.8% in December 2022. Days Payable Outstanding shows a decrease, down to just 83.4 from 97.6 in December 2022. The decrease is due to the perimeter variation of Wolf-Brink. At unchanged perimeter, at June 2022, DPO shows a small increase, up to 98.6 from 97.6. Ariston Group commits to a careful management of procurement contracts and relevant terms and conditions.

The exchange rate effect on Net Operating Working Capital was a positive € 15.0 million.

4.5.5 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 the Net financial position 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 (€ million)	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Net financial position at the beginning of the period	98.9	184.8
EBITDA	202.2	132.7
Taxes paid	-31.5	-27.5
Provisions and other changes from operating activities	-7.3	-19.3
Changes in net operating working capital	-152.7	-134.3
Cash flows from Operating activities	10.8	-48.4
Capital expenditure	-30.5	-19.3
IFRS 16 leasing payment	-15.4	-12.0
Other changes	-3.7	17.0
Free Cash flow	-38.8	-62.9
Cash flows from Financial investments activities	-647.6	-75.6
Cash flows from Other activities	-70.6	-50.4
Total Net Cash flow	-757.0	-188.9
Net financial position at the end of the period (*)	-658.2	-4.0

** Positive figures represent net cash*

Net cash flow reflected a cash flow absorption of € -757.0 million, compared to € -188.9 million in the same period of the previous year.

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

EBITDA growth in the reporting period compared with the previous period was the primary positive driver of cash generation.

The increase in taxes paid to € 31.5 million was consistent with the year-on-year growth of business.

For the first half-year 2023, provisions and other changes from operating activities resulted in a cash absorption of € 7.3 million mainly driven by the cash out for employees liabilities and the net effect of VAT.

Net operating working capital recorded a cash absorption of € 152.7 million, included Wolf-Brink effects from acquisition date amounted to € 49.8 million.

Other changes were mainly driven by the positive MTM impact.

Free Cash flow overall improved year-over-year because of higher EBITDA, though still affected by the changes in net operating working capital.

Financial investments activities included the cash outflow for the business acquisition. The delta between 2023 and 2022 on financial investments activities was due to the acquisition of Wolf-Brink.

Other activities included € -48.3 million in dividends, € 0.2 million in divestments, € 0.3 million related to the Italian 'Ecobonus' programme, € -3.4 million in exchange rate effects concerning the net financial position, and € -9.1 million in financial and exchange charges absorbed.

4.5.6 Net financial indebtedness

This section provides details of the composition of the Group's net financial indebtedness prepared according to ESMA 32-382-1138.

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

	Net Financial Indebtedness (€ million)	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
A	Cash	225.5	999.2	514.4
B	Cash equivalents including the current financial assets	0.1	0.1	0.6
C	Other current financial assets	8.5	12.3	9.9
D	**Liquidity** (A+B+C)	**234.0**	**1,011.6**	**524.9**
E	Current financial liabilities	-63.6	-53.5	-65.1
F	Current portion of non-current financial liabilities	-33.7	-32.7	-24.7
G	**Current Financial Indebtedness** (E+F)	**-97.3**	**-86.2**	**-89.8**
H	**Net Current Financial Indebtedness** (G-D)	**136.8**	**925.4**	**435.1**
I	Non-current financial liabilities	-833.6	-865.2	-462.3
J	Non-current financing (Debt instruments)	0.0	0.0	0.0
K	Non-current Trade and Other Payables	-6.5	0.0	-3.4
L	**Non-Current Financial Indebtedness** (I+J+K)	**-840.1**	**-865.2**	**-465.7**
M	**Total Financial Indebtedness** (H+L) (*)	**-703.3**	**60.2**	**-30.6**

Reconciliation Net Financial Indebtedness *(€ million)*	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
Net Financial Indebtedness	-703.3	60.2	-30.6
Put and Call liability	10.8	3.8	4.0
Escrow	2.3	0.0	2.2
Positive MTM	32.1	34.8	20.3
Net Financial Indebtedness adjusted (*)	-658.2	98.9	-4.0

**Positive figures represent net cash.*

Net Financial Indebtedness (including lease liabilities) totalled € -703.3 million, compared to a net financial position of € 60.2 as at 31 December 2022.

The € 763.5 million decrease reflects the impact of seasonal factors on working capital and the Wolf-Brink acquisition.

At 30 June 2023, liquidity amounted as "Cash and cash equivalents" to € 225.5 million excluding back-up credit facilities. Ariston has unused committed revolving credit facilities for € 530.0 million.

At 30 June 2023, long-term debt amounted to € 785 million excluding lease liability under IFRS 16, with an average maturity of around 4 years, of which 59% is fixed or hedged and 41% is at a variable rate, consistently with the Group policy.

Short-term debt due to bank at 30 June 2023 amounted to € 22.2 million essentially due to drawdown of lines of credit. The used and unused credit lines (both committed and uncommitted) totalled approximately € 1.68 billion, of which approximately 50% was drawn.

4.5.7 Capital Expenditures

In the first half of 2023, Ariston Group's capital expenditure totalled € 39.7 million, 2.6% as a percentage of net revenue, compared with € 19.3 million in first half 2022 (or 1.7% on net revenue).

Investments include:

- Investments in physical assets for a total of € 31.1 million
  The primary project during the first half of the year was the expansion of the Cerreto site for the manufacturing of premium electric water heaters (production is expected to begin in Q3 2023). In order to meet the expanding markets' demand for renewable systems, the Group is also continuing to invest in Albacina, Wuxi, and primarily Mainburg to increase the production capacity. The Group continues to concentrate on the renovation and safety upgrades of plants at various sites (Genga, Cerreto, Centurion, Arcevia, Resana, Chartres) in order to improve their level of efficiency.
  The Group made investments into new products in the field of domestic water heating. Furthermore, the Group invested to upgrade the water heating laboratories (Fabriano, Wuxi, Saltillo) to improve the product development and testing.
  On the heating business the Group continued to reinforce various laboratories dedicated to heating heat pump to equip them with state-of-the-art equipment for testing products to improve the quality tests and the heating system simulation (Albacina, Osimo, Cambiago).
  A relevant investment is related to the build-up of a new customer & training center in Mainburg, started this year.

- R&D investments: € 0.9 million (in the intangible assets category)
  In renewable heating, the capitalised 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.

- ICT investments: € 5.4 million
  During first half of 2023, the Group completed the ERP system implementation in Canada. Furthermore, Group continue to work on new advanced systems for Finance, product life cycle management, and digital management of the supply chain. To enhance customer experience, the adoption of Group systems in the "customer relation" and "installer management" areas was gradually extended to new countries. Furthermore, the Group invested to improve the connectivity infrastructure.

Lastly, investments for the right-of-use of third-party assets were related to tangible assets at 30 June 2023. The half-yearly addition totalled € 16.6 million and was attributable to offices, buildings, plants and machinery, and vehicles, compared to € 13.8 million in the half-year 2022.

4.6 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 IFRS, this document contains certain financial performance measures that are not defined in IFRS standards (non-GAAP measures).

These measures, which are described below, are used to analyse the Group's business performance in the 'Key Highlights' and 'Report on operations' sections and comply with the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority ('ESMA') in its communication ESMA/2015/1415.

The Alternative Performance Measures (APMs) listed below should be used to supplement the information required under IFRS, helping readers of half-year financial statements better understand the Group's financial and economic performance. They are applied to Group planning and reporting, and some are used for incentive purposes.

Financial measures used to measure Group operating performance

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

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 sales, 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 monthly exchange rates applicable in the comparative period of the previous year. The exchange rate includes the effects associated with hyperinflationary economies.

The perimeter effect represents:

- 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.

Adjustment on operating income (expense): relates 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 programme costs;
- ancillary expenses associated with acquisitions/disposals of businesses/buildings or companies;
- amortization of purchase price allocation from Merger & Acquisition activity.

These items are deducted from, or added to, the following measures: EBIT (Operating result), EBITDA, except the amortization of purchase price allocation from Merger & Acquisition activity, profit before tax, and the Group's net result for the period.
In the financial year 2021, the Group considered the expenses related to the IPO process for the part posted in the Income statement and the costs related to the application of Italian Law 104/2020 in adjusting operating income.

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.

EBIT (Operating profit): calculated as the difference between net revenue and income and operating expenses.

EBIT (Operating profit) adjusted: the operating result for the period net of the adjustment on operating income (expense) mentioned above.

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.

Tax adjustments: include 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 taxation effect
  non-recurring positive/(negative) taxation effects.

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.

Basic and diluted earnings per share (basic/diluted EPS): basic/diluted earnings per share (EPS).

ROE (return on equity): the ratio of the net result to equity at the end of the period.

ROI adjusted: the ratio of EBIT (operating profit) adjusted to net capital employed at the end of the period (see the definition of net capital employed below).

ROI (return on investment): the ratio of EBIT (operating profit) for the period to net capital employed at the end of the period (see the definition of net capital employed below).

ROS adjusted: the ratio of EBIT (operating profit) adjusted to net revenue and income for the period.

ROS (return on sales): the ratio of EBIT (operating profit) to net revenue and income for the period.

Net last-twelve-months revenue: calculated as the sum of the total net revenue from the past 12 months of the reference period.

Reclassified statement of financial position

The items included in the statement of financial position are defined below as the algebraic sum of specific items contained in the financial statements:

Net operating working capital, calculated as the algebraic sum of:

- trade receivables;
- inventories;
- trade payables, which includes customer credit balances.

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, which does not include customer credit balances.

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

Net financial indebtedness is calculated as the algebraic sum of:

- cash;
- cash equivalents including current financial assets;
- other current financial assets;
- current financial liabilities;
- current portion of non-current financial liabilities;
- non-current financial liabilities;
- non-current financing (debt instruments);
- non-current trade and other payables.

It considers escrow, positive MTM, and put and call liabilities.

Gearing: the ratio of equity to net capital employed.

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

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

Capital expenditure (CapEx): this item includes cash flows from the purchase of intangible and tangible fixed assets.

Reclassified statement of cash flows: This item shows cash flow generation, excluding investments in marketable securities. The total cash flow generated (or used) in the period thus corresponds to the change in net financial indebtedness adjusted.

Cash flows from Operating activities: It includes EBITDA, taxes paid, provisions, and other changes from operating activities and changes in net operating working capital.

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.

Appendix of Alternative Performance Measures

For the six months ended 30 June 2023, EBITDA, the operating profit (EBIT), and Group Net profit were adjusted to take into account the items shown in the table below.

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Group Net profit	101.6	66.4
Adjustment on operating income (expense)	**-7.2**	**-6.1**
Tax adjustments	**-1.9**	**-1.7**
- Tax effect of Adjustment on operating income (expense)	-1.9	-1.7
Group Net profit adjusted	**106.9**	**70.8**
EBITDA	**202.2**	**132.7**
Adjustment on operating income (expense) on EBITDA	-4.5	-2.8
EBITDA adjusted	206.7	135.5
EBIT	**146.1**	**88.6**
Adjustment on operating income (expense) on EBIT	-7.2	-6.1
EBIT adjusted	153.3	94.7

4.7 Investor information

Ariston Group got listed on Euronext Milan, the Italian stock exchange, on 26 November 2021, with ticker symbol ARIS and an offer price of € 10.25 per share.
The IPO was the biggest of the year in the Italian market; it was structured as a € 300 million capital increase coupled with the net sale of 52,925,000 ordinary shares by the founding family after the end of the stabilization period, with a partial exercise of the over-allotment option.
Pursuant to applicable EU regulations, the Netherlands are the home member state of Ariston Holding N.V.
Therefore, regulated information is stored using the "1info SDIR" repository (www.1info.it) authorised by Italy's market authority CONSOB, as well as filed with the AFM (Dutch Authority for the Financial Markets).
The Group interacts with the financial community through both one-to-one and group meetings with investors and financial analysts, with the participation of the Investor Relations function - along with members of top management on select occasions - on digital platforms and in person.

Change in share count

On 2 January 2023, Ariston Group closed the acquisition of Wolf-Brink (previously announced as "Centrotec Climate Systems"). The payment, besides a cash component, involved the issue of 19,321,473 new Ordinary shares, and 22,095,194 shares of a new class denominated "Non-listed Ordinary". "Non-listed ordinary" shares have the same economic and voting rights as Ordinary shares, and can be converted to Ordinary upon request from their holders after one year.

Further information about the three classes of shares (Ordinary, Non-listed ordinary, Multiple-vote) can be found in the Company's articles of association, available from the corporate website in the "Governance" section. An updated table with the currently outstanding shares of all three classes (Ordinary, Non-Listed Ordinary, Multiple-vote), with updated information about voting rights and own shares held in the company treasury, is available at the same location.

Dividend

On 4 May 2023, the Annual General Meeting – approving a proposal from the Board of Directors – resolved the distribution of a dividend of € 0.13 per share for the year 2022, gross of withholding taxes, which resulted in a pay-out ratio equal to 34.47%.

The dividend was paid on 24 May 2023, with an ex-coupon date of 22 May 2023 in accordance with the Italian Stock Exchange calendar, and a record date of 23 May 2023.

5. Ariston Holding N.V. Half-Year Condensed Consolidated Financial Statements at 30 June 2023

INDEX – Half-Year Condensed Consolidated Financial Statements

Half-Year Consolidated income statement

(Unaudited)

(in million €)	notes	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
REVENUE AND INCOME					
Net revenue	1.1	1,525.6	100.0%	1,134.5	100.0%
Other revenue and income	1.1	26.4	1.7%	24.5	2.2%
Revenue and Income	1.1	1,552.0	101.7%	1,159.0	102.2%
OPERATING EXPENSES					
Change in inventories	1.2	-117.6	-7.7%	-118.1	-10.4%
Raw materials, consumables and goods for resale	1.2	797.6	52.3%	650.4	57.3%
Services	1.3	271.7	17.8%	225.9	19.9%
Personnel	1.4	341.7	22.4%	231.7	20.4%
Amortisation	2.1/2.2	56.1	3.7%	44.1	3.9%
Provisions	1.5	24.8	1.6%	16.5	1.5%
Write-downs		1.0	0.1%	0.0	0.0%
Other operating expenses		30.6	2.0%	19.9	1.8%
Operating expenses		1,405.9	92.2%	1,070.4	94.4%
OPERATING PROFIT	1.6	146.1	9.6%	88.6	7.8%
FINANCIAL INCOME AND EXPENSE					
Financial income	1.7	6.9	0.5%	3.0	0.3%
Financial expense	1.8	-19.4	-1.3%	-7.1	-0.6%
Exchange rate gains/losses	1.9	2.9	0.2%	-3.3	-0.3%
Financial Income and Expense		-9.7	-0.6%	-7.4	-0.7%
PROFIT (LOSS) ON INVESTMENTS					
Profit (loss) on investments	1.10	-0.6	0.0%	4.9	0.4%
PROFIT BEFORE TAX		135.8	8.9%	86.1	7.6%
TAXES		34.0	2.2%	19.8	1.7%
			25.0%		23.0%
PROFIT (LOSS) FROM CONTINUING OPERATIONS		101.9	6.7%	66.3	5.8%
NET PROFIT		101.9	6.7%	66.3	5.8%
Net profit attributable to non-controlling Interests		0.3	0.0%	-0.1	0.0%
Net profit attributable to the Group		101.6	6.7%	66.4	5.9%
Basic earnings per share (€)	1.11	0.27		0.20	
Diluted earnings per share (€)	1.11	0.27		0.20	

Half-Year Consolidated statement of other comprehensive income

(Unaudited)

(in million €)	notes	For the six months ended June 30, 2023	For the six months ended June 30, 2022
NET PROFIT	3.1	101.9	66.3
Items that will not be reclassified to the income statement			
Actuarial gains (losses) (*)	3.1	-2.1	7.0
Sub-total of items that will not be reclassified to the income statement		*-2.1*	*7.0*
Items that may be reclassified to the income statement			
Gains (losses) from the translation of financial statements	3.1	-2.8	43.5
Net gains (losses) under cash flow hedge reserve (*)	3.1	-6.0	10.2
Sub-total of Items that may be reclassified to the income statement		*-8.9*	*53.7*
Total other gains (losses) net of taxes		-11.0	60.6
NET PROFIT		90.9	126.9
Attributable to:			
- Group		90.9	126.9
- Non-controlling Interests		0.0	0.0

(*) *Tax effect included*

Half-Year Consolidated statement of financial position

(Unaudited)

(in million €)	notes	At June 30, 2023	At December 31, 2022
Assets			
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	2.1	1,254.3	312.7
Other intangible assets	2.1	168.3	129.9
Total intangible assets	2.1	1,422.6	442.6
Property, plant and equipment			
Land and buildings excluding ROU		*162.4*	*125.9*
Land and buildings ROU		*54.6*	*47.4*
Land and buildings	2.2	217.0	173.3
Plant and machinery excluding ROU		*121.8*	*109.2*
Plant and machinery ROU		*1.4*	*1.6*
Plant and machinery	2.2	123.2	110.8
Other property, plant and equipment excluding ROU		*139.8*	*99.3*
Other property, plant and equipment ROU		*24.5*	*21.8*
Other property, plant and equipment	2.2	164.2	121.1
Total property, plant and equipment	2.2	504.4	405.1
Investments in associates & Joint ventures		0.2	2.4
Deferred tax assets		104.5	101.2
Financial assets		5.2	6.1
Other non-current assets		8.4	7.0
Non-current tax receivables		1.3	2.1
Total non-current assets		2,046.5	966.4
CURRENT ASSETS			
Inventories	2.3	694.9	476.8
Trade receivables	2.4	367.5	308.4
Tax receivables		34.3	28.4
Current financial assets		42.9	47.1
Other current assets	2.5	103.4	50.8
Cash and cash equivalents	2.6	225.5	999.3
Total current assets		1,468.5	1,910.8
ASSETS HELD FOR SALE		0.3	1.3
TOTAL ASSETS		3,515.3	2,878.5

Half-Year Consolidated statement of financial position

(Unaudited)

(in million €)	notes	At June 30, 2023	At December 31, 2022
Liabilities and Equity			
NET EQUITY			
Share capital	3.1	46.5	46.1
Share premium reserve	3.1	711.3	313.3
Retained earnings and other reserves	3.1	591.0	510.3
Net profit attributable to the Group	3.1	101.6	140.3
Net equity attributable to the Group	3.1	**1,450.3**	**1,010.0**
Non-controlling interests and reserves		-0.6	2.1
Net profit attributable to non-controlling interests		0.3	0.1
Net equity attributable to non-controlling interests		**-0.3**	**2.2**
Net equity	3.1	**1,450.0**	**1,012.2**
NON-CURRENT LIABILITIES			
Deferred tax liabilities		67.6	61.8
Non-current provisions	3.2	69.9	59.6
Post employment benefits		84.0	38.6
Non-current financing	3.3	833.6	865.2
Other non-current liabilities	3.4	17.9	12.0
Non-current tax liabilities		1.8	1.8
Total non-current liabilities		**1,074.8**	**1,038.9**
CURRENT LIABILITIES			
Trade payables	3.5	523.9	481.4
Tax payables		73.8	53.0
Current provisions	3.6	54.4	36.2
Current financial liabilities	3.7	59.2	49.7
Current loans	3.3	33.7	32.7
Other current liabilities	3.8	245.4	174.5
Total current liabilities		**990.4**	**827.4**
LIABILITIES HELD FOR SALE		0.0	0.0
TOTAL LIABILITIES AND NET EQUITY		3,515.3	2,878.5

Half-Year Consolidated statement of cash flows

(Unaudited)

(in million €)		notes	For the six months ended June 30, 2023	For the six months ended June 30, 2022
	STATEMENT OF CASH FLOWS			
	CASH FLOW FROM OPERATING ACTIVITIES			
1	NET PROFIT	3.1	101.9	66.3
2	- Taxes		34.0	19.8
3	- Income and expense from financing and investment activities	1.7/1.10	10.3	2.5
4	- Amortisation excluding ROU	2.1/2.2	47.2	31.3
5	- Amortisation ROU	2.2	8.9	12.8
6	- Provisions	1.5	24.8	16.5
7	- Other adjustments		1.0	0.0
8	= GROSS OPERATING CASH FLOW (+1+2+3+4+5+6+7)		**228.0**	**149.2**
9	- Change in trade receivables	2.4	-16.1	-19.5
10	- Change in inventories	2.3	-116.6	-93.8
11	- Change in trade payables	3.5	-20.0	-21.0
12	- Change in other short-term assets/liabilities		-15.81	-16.1
13	- Change in provisions		-17.20	-19.7
14	- Tax paid		-31.5	-27.5
15	= NET OPERATING CASH FLOW (+8+9+10+11+12+13+14)		**10.8**	**-48.4**
	CASH FLOW FROM INVESTMENT ACTIVITIES			
16	- Investments in intangible assets	2.1	-11.2	-7.2
17	- Investments in property, plant and equipment	2.2	-19.3	-12.2
18	- Business combinations	2.1.1	-626.9	-52.0
19	- Investments in financial assets		-1.4	-0.9
20	- Change in the scope of consolidation		80.3	-1.9
21	- Value of tangible and intangible assets sold	2.1/2.2	0.2	-0.1
22	= CASH FLOW FROM INVESTMENT ACTIVITIES (+16+17+18+19+20+21)		**-578.4**	**-74.3**
	CASH FLOW FROM FINANCING ACTIVITIES			
23	- Financial expense paid		-14.5	-2.4
24	- Financial income collected		3.9	1.5
25	- Financial expense pursuant to IFRS16		-1.2	-0.9
26	- Other inflows (outflows) of cash classified as financing activities	1.9	1.8	-5.6
27	- Increase/decrease in short-term financial payables	3.3	5.0	5.2
28	- New loans	3.3	174.1	8.2
29	- Loans repayment	3.3	-318.8	-16.8
30	- Dividends	3.1	-48.3	-46.4
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		0.0	0.0
34	= CASH FLOW FROM FINANCING ACTIVITIES (23+ / +33)		**-197.9**	**-57.1**
35	= CASH FLOW FROM CONTINUING OPERATIONS (15+22+34)		**-765.5**	**-179.8**
36	= CASH FLOW FROM DISCONTINUED OPERATIONS		**0.0**	**0.0**
37	= TOTAL CASH FLOW (35+36)		**-765.5**	**-179.8**
38	*Effect of changes in exchange rates*		-5.5	13.2
39	= TOTAL MOVEMENT IN CASH AND CASH EQUIVALENTS (+37+38)		**-771.0**	**-166.6**
40	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		977.5	655.5
41	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (+39+40)		206.5	488.9

Half-Year Consolidated statement of changes in shareholders' equity

(Unaudited)

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**	**-18.6**	**479.0**	**140.3**	**1,010.0**	**2.2**	**1,012.2**
Changes in ownership interests	2.1.1								2.8		**2.8**	-2.8	**0.0**
Business combinations	2.1.1	0.4		398.2							**398.6**		**398.6**
Consolidated profit allocation									140.3	-140.3	**0.0**		**0.0**
Payment of dividends	3.1								-48.3		**-48.3**		**-48.3**
Share-based payaments	3.1		6.4			-4.8			1.4		**3.0**		**3.0**
Other changes	3.1			-0.3	13.3			-9.8	-9.5		**-6.3**		**-6.3**
Comprehensive income (loss)							-6.0	-2.1	-2.8		**-11.0**		**-11.0**
Net profit										101.6	**101.6**	0.3	**101.9**
Balances as at 30 June 2023	**3.1**	**46.5**	**-6.2**	**711.3**	**41.6**	**6.6**	**16.7**	**-30.6**	**562.8**	**101.6**	**1,450.3**	**-0.3**	**1,450.0**

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 2021	**3.1**	**46.0**	**0.0**	**293.7**	**28.3**	**24.4**	**-0.9**	**-26.6**	**376.8**	**136.5**	**878.3**	**-0.2**	**878.1**
Changes in ownership interests											0.0	2.4	2.4
Consolidated profit allocation									136.5	-136.5	0.0		0.0
Payment of dividends	3.1								-46.4		-46.4		-46.4
Other changes		0.0		19.6	-0.3	-16.5			1.3		4.1		4.1
Comprehensive income (loss)							10.2	7.0	43.5		**60.6**		**60.6**
Net profit										66.4	**66.4**	-0.1	**66.3**
Balances as at 30 June 2022	**3.1**	**46.1**	**0.0**	**313.3**	**27.9**	**7.9**	**9.3**	**-19.6**	**511.7**	**66.4**	**963.1**	**2.1**	**965.2**

Notes to the Half-Year Condensed Consolidated Financial Statements

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, Milano 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 a cutting-edge technology serving market all around the world.
At 30 June 2023, voting rights were distributed as follows: Merloni Holding S.p.A. 73.57% and Amaranta S.r.l. 18.58% while the market was entitled to the remaining 7.85%. Treasury shares have no voting rights. Shares outstanding were held by Merloni Holding S.p.A. for 58.35%, by Amaranta S.r.l. for 7.96%, by the market for 33.49% and for 0.20% by Ariston Holding N.V. (Treasury shares). The Half-Year Condensed Consolidated Financial Statements of Ariston Group for the period ending 30 June 2023 were approved on 3 August 2023 by the Board of Directors of the Parent Company and authorised for issue.
The Half-Year Condensed 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 euro million) 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 change in value), classifying the financial flows according to their origins, from operating activities, investments or financing.

The Half-Year Condensed 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.

2. Significant events of the year

Significant events during the half-year relating to corporate actions, acquisitions agreements and other significant events impacting the results are reported in a dedicated section in the Director's report of this Half-Year Report. The main event is the completion of the acquisition of Wolf-Brink, a group headquartered in Germany with a solid market positioning in Germany and the Netherlands, and a significant presence in other European markets. Manufacturing is located in Germany, the Netherlands and Croatia.

3. Basis of accounting preparation

The Half-Year Condensed Consolidated Financial Statements for the six months ended 30 June 2023 have been prepared in compliance with IAS 34 - *Interim Financial Reporting*.
The Half-Year Condensed Consolidated 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 statement of financial position items, such as financial instruments, that, under the IFRS, must be recognised 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 preparation of the Half-Year Condensed Consolidated Financial Statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities as well as the disclosure of contingent liabilities. If in the future such estimates and assumptions, which are based on management's best judgment at the date of these Half-Year Condensed Consolidated Financial Statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. Reference should be made to the section "Significant accounting judgements, estimates and assumptions" in the Group's annual consolidated financial statements for a detailed description of the more significant valuation procedures used by the Group.
Moreover, in accordance with IAS 34, certain valuation procedures, in particular those of a more complex nature regarding matters such as any impairment of non-current assets, are only carried out in full during the preparation of the annual consolidated financial statements, when all the related information necessary is available, other than in the event that there are indications of impairment, in which case an immediate assessment is required.

The Half-Year Condensed Consolidated Financial Statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS as endorsed by the European Union.

ii. Principles of consolidation

The Half-Year Condensed Consolidated Financial Statements include the financial statements of the Parent Company and of the Italian and foreign subsidiaries.
These accounting statements, based on the same financial year as the Parent Company and drawn up for the purposes of consolidation, have been prepared in accordance with the international accounting standards adopted by the Group. Joint ventures and associates are consolidated applying the equity method.

iii. Form and content

In accordance with the format selected by the Ariston Group, the statement of income statement has been classified by nature, and the statement of financial position is based on a distinction between current and non-current assets and liabilities.
We consider that this format will provide a more meaningful representation of the items that have contributed to the Group's results and its assets and financial position.

iv. Basis of consolidation

Compared to 31 December 2022, the perimeter is changed due to the following transaction:

- On 2 January, Ariston Group completed the acquisition of Wolf-Brink (previously announced as "Centrotec Climate Systems"). Refer to 'Note 2.1.1 – Business combinations' for further details.
  Wolf-Brink is included in the Ariston Group's perimeter starting from the acquisition date.

- In January 2023, the Spanish subsidiary 'Chromagen Espana S.L.' merged by incorporation into 'Ariston Iberica SL' with retroactive accounting effects as from 1 January 2023.

- In January 2023, the Dutch subsidiary 'ATAG Verwarming Nederland B.V.' merged by incorporation into 'ATAG Heating B.V.' with retroactive accounting effects as from 1 January 2023.

- In April 2023, a French entity, named 'Instachauf Société Par Actions Simplifiée', was established. The 100% shares are owned by Ariston Holding N.V.

- In April 2023, a Greek entity, named 'Ariston Group Greece P.C.', was established. The 100% shares are owned by the Dutch subsidiary ATAG Heating B.V.

- In May 2023, the Swiss subsidiary 'Ariston Thermo Parts & Service SA' merged by incorporation into 'Elcotherm AG' with retroactive accounting effects as from 1 January 2023.

- On 31 May, Ariston Group signed a Put and Call option agreement for the acquisition of the 49% of 'Chromagen Australia Pty LTD'. Ariston Group already owned the 51% of the shares of Chromagen Australia, acquired in 2022.

- On 14 June, Ariston Group acquired the 100% of shares of the Greek entity 'MTG Service Single Member'. The acquisition was performed by the Greek entity 'Ariston Group Greece P.C.'. The acquisition agreement sets forth a mechanism for a subsequent adjustment of the purchase price (earn-out) based on the results 2022. Refer to 'Note 2.1.1 – Business combinations' for further details. 'MTG Service Single Member' is included in the Ariston Group's perimeter starting from the acquisition date.

- In June 2023, a Serbian entity, named 'Ariston Climate Solutions d.o.o.', was established. The 100% shares are owned by the Dutch subsidiary ATAG Heating B.V.

- On June 2023, the Bahrain entity 'Ariston Thermo MEA SPC has been liquidated and ceased to exist. The entity was put in liquidation on 14 June 2022.

The table "List of companies at 30 June 2023" at the end of this document reports all entities included in the basis of consolidation at 30 June 2023.

4. Changes in accounting standards

The accounting policies adopted in the preparation of the Half-Year Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. 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 2023, but do not have an impact on the Half-Year Condensed Consolidated Financial Statements of the Group.

a. *Summary of the new accounting standards adopted by the Group from 1 January 2023*

As from January 1, 2023 the following amendments of accounting standards have become applicable to the Group:

- *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*
  The IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current by clarifying:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

  These amendments had no impact on the Half-Year Condensed Consolidated Financial Statements of the Group.

- *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*
  In February 2021 the IASB issued amendments to IAS 1 *Presentation of Financial Statements* and IFRS *Practice Statement 2: Disclosure of Accounting policies* which require companies to disclose their material accounting policy information rather than their significant accounting policies and provide guidance on how to apply the concept of materiality to accounting policy disclosures.

  These amendments had no impact on the Half-Year Condensed Consolidated Financial Statements of the Group.

- *Definition of Accounting Estimates - Amendments to IAS 8*

  In February 2021 the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* which clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

  These amendments had no impact on the Half-Year Condensed Consolidated Financial Statements of the Group.

- *IFRS 17 - Insurance Contracts*

  In May 2017 the IASB issued IFRS 17 *Insurance Contracts*, which establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued as well as guidance relating to reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020 the IASB issued amendments to IFRS 17 aimed at helping companies implement IFRS 17 and make it easier for companies to explain their financial performance.

  These amendments had no impact on the Half-Year Condensed Consolidated Financial Statements of the Group.

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

  In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations.

  These amendments had no impact on the Half-Year Condensed Consolidated Financial Statements of the Group.

- *International Tax Reform - Pillar two model rules - Amendments to IAS 12*

  On 23 May 2023, the IASB published the Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules ("the Amendments"). The Amendments give companies temporary relief from accounting for deferred taxes arising from the OECD's international tax reform. The Amendments introduce:

  - a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules.;
  - targeted disclosure requirements to help users better understand a company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect

  The disclosures will be provided in the Group’s consolidated financial statements as at 31 December 2023.

b. *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 Half-Year Condensed Consolidated Financial Statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

- *Lease Liability in a Sale and Leaseback – Amendments to IFRS 16*

  In September 2022, the International Accounting Standards Board (IASB) has issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback 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 it does not recognise 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 recognising in 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. The amendments are not expected to have a material impact on the Group.

- *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 with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

  The new amendments are effective on or after 1 January 2024. The amendments are not expected to have a material impact on 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, that ask 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 breakup 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 amendments are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

5. Disclosure to the Financial Statements

During the half-year ending 30 June 2023 certain reclassifications on consolidated accounts were recorded for a better representation of the business transactions within the nature accounts lines and therefore the comparative Financial Statements. These reclassifications impacted the "Services" and "Provisions" accounts.

5.1 Income statement

Note 1.1 – Revenue and Income

During the first half 2023, the Group recorded revenue of € 1,525.6 million, compared to € 1.134.5 million in the previous year, with an increase of € 391.0 million (+34.5%).

The increase arises from organic growth of the Group and from a perimeter variation related to the business combination with Wolf-Brink concluded in January 2023. The Revenue item can be broken down as follows:

Revenue and Income *(in € million)*	30.06.2023	30.06.2022
Revenue from sales	1,435.5	1,059.3
Revenue from services	82.6	68.0
Other revenue	7.5	7.2
Net revenue	1,525.6	1,134.5
Other revenue and income	26.4	24.5
Total	1,552.0	1,159.0

"Other revenue and income" totalled € 26.4 million at 30 June 2023 and € 24.5 million at 30 June 2022, basically in line with previous period. It 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.
They include income related to no longer due payables, the gains on the disposal of fixed assets and other income.

Segment information
For management purposes, the Group is organised 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 what provides the principle IFRS 8 – Operating Segments.

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 the first half 2023 of € 1,433.8 million, or 94.0% of total revenue, compared to the first half 2022 € 1,042.4 million, or 91.9%, up € 391.4 million or 37.5%.

Components. Recorded net revenue of € 48.4 million for first half 2023, or 3.2% of total net revenue, compared to the first half 2022 € 48.4 million, or 4.3%, up € 0.1 million or 0.1%. The substantial stability in revenue was driven by an increase on the Professional business and a small decrease on Domestic business due to customers' high stock levels.

Burners. Recorded net revenue of € 43.4 million for the first half 2023, or 2.8% of total net revenue, compared to the first half 2022 € 43.8 million, or 3.9% of total revenue, with a € 0.4 million or 0.9% decrease. The lower turnover is essentially due to a strong market slowdown in France partially compensated by a recover in Germany.

Net revenue by geographic area

Europe. Represents the Group's largest market, recording net revenue of € 1,147.7 million for first half 2023, or 75.2% of total revenue, compared to € 740.4 million, or 65.3%, in first half 2022, up € 407.3 million or 55.0%. The increase was mainly driven by the growth in renewable and high efficiency products (particularly remarkable in heating) in some relevant markets such as Germany, Switzerland and Belgium. The growth on these markets compensates the heating market slowdown in Italy due to the amended incentive schemes.

Asia, Pacific & MEA. Represents the second largest market for the Group, recording net revenue of € 255.2 million for first half 2023, or 16.7% of total revenue, compared to € 252.4 million, or 22.2%, in first half 2022, up € 2.8 million or 1.1%. The decrease was driven by negative effect of the local currencies (mainly Chinese Renminbi, Australian Dollar, Israeli Shekel and South African Rand).

Americas. Represents the Group's third largest market and reported revenue of € 122.6 million for first half 2023, or 8.0% of total net revenue, compared to € 141.8 million, or 12.5%, in first half 2022, with a decrease of € 19.1 million, or 13.5%. The decrease was due to a strong reduction on the US and Canadian heating market and a high level of stock in the US water heating customers. Furthermore, the Group decided to exit from the Argentinian market.

Note 1.2 – Raw materials, consumables and goods for resale

At 30 June 2023, the "Purchase cost of raw materials, consumables and goods for resale" amounted to € 797.6 million, increased by € 147.3 million compared with the same period of the previous year.
The trend in purchases and the change in inventories highlight a decrease in the average percentage of raw materials consumed to revenue, from 46.9% in June 2022 to 44.6% in June 2023.

Note 1.3 – Services

Costs for "Services" amounted to € 271.7 million versus € 225.9 million at June 2022, increased by € 45.7 million, and can be detailed as follows:

Services *(in € million)*	30.06.2023	30.06.2022
Logistics and transport	80.4	78.4
Sub-contracted work and maintenance	55.1	32.6
Advertising and promotion	24.9	21.5
Utilities	19.7	14.6
Consulting services	18.1	13.4
Rental and lease expenses	15.1	10.0
Bonuses and commissions	14.6	16.3
Travel expenses	12.7	6.3
Technical support	7.4	10.5
Insurance	6.8	4.4
Interoffice services	6.2	6.8
Directors and Statutory Auditors' Fees	3.9	3.7
Other services	6.9	7.5
Total	271.7	225.9

The service fee increases and the Group's continued expansion in the various Climate Solutions sectors had an impact on the variable costs related to sales and production during the first half of 2023. The increases were primarily seen in "Sub-contracted work and maintenance" (an increase of € 22.5 million), "Advertising and promotion" (an increase of € 3.4 million), and "Utilities" (an increase of € 5.1 million).

Note 1.4 – Personnel

A breakdown of personnel costs by nature is shown in the table below:

Personnel *(in € million)*	30.06.2023	30.06.2022
Wages and salaries	271.9	183.9
Social security costs	58.8	38.9
Provision for Employees severance indemnity	4.7	3.0
Provision for retirement benefits and other funds	-0.8	-0.8
Other personnel costs	7.0	6.7
Total	341.7	231.7

Because of the usual trend of salary inflation (fixed and variable components) in the various countries where the Group operates, as well as because of the organisational changes and the purchase of Wolf-Brink in January 2023, "Personnel" in June 2023 was € 341.7 million, up € 109.9 million from the same period of the previous year.

"Wages and salaries" totalled € 271.9 million at 30 June 2023 and € 183.9 million at 30 June 2022.

"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 June 2023, the Group's workforce increased from 7,970 at June 2022 (restated owing to a different calculation method used in past disclosures) to 10,692.

The headcount by category of employee as follow:

Headcount (number of people)	**30.06.2023**	**30.06.2022**	**Average**	**Delta**
Managers and white collars	5,696	4,017	4,857	1,679
Blue collars	4,996	3,953	4,475	1,043
Total	**10,692**	**7,970**	**9,331**	**2,722**

The Wolf-Brink acquisition added 2,813 employees to Ariston Group's headcount.

Note 1.5 – Provisions

During 2023, "Provisions" were recognised for € 24.8 million versus € 16.5 million in the same period of 2022. In detail, provisions were split as follow:

Provisions *(in € million)*	30.06.2023	30.06.2022
Product warranty provision	22.4	14.3
Bad debt provision	2.1	1.9
Provision for installation	1.5	1.7
Provision for legal disputes	0.1	-0.3
Provision for restructuring	-1.6	-0.2
Other provisions	0.4	-0.9
Total	24.8	16.5

The increase is mainly due to the warranty provision while the other items are basically in line with the same period of the previous year.
As a percentage of net revenue, provisions amounted to 1.6% compared to 1.5% in 2022.
For further details about movements of the period, refer to 'Note 2.4 – Trade receivables' for Bad Debt Provision and 'Note 3.2 - Non-Current Provisions'.

Note 1.6 – Operating profit

In June 2023 "Operating profit", amounted to € 146.1 million compared to € 88.6 million as at June 2022. The increase is explained by the variances exposed so far.

Note 1.7 – Financial income

"Financial income" had a balance of € 6.9 million at the end June 2023, higher than the € 3.0 million registered at 30 June 2022. The item can be detailed as follows:

Financial income *(in € million)*	30.06.2023	30.06.2022
Interest Income from bank	2.7	0.9
Employee benefits	1.8	0.3
State Green Programmes	1.1	1.7
Other financial income	1.3	0.1
Total	6.9	3.0

The year-on-year change was largely attributable to the item linked to the "Interest Income from bank", as result of the hike in interest rate in the European countries. The other items making up the total were largely unchanged.

Note 1.8 – Financial expense

This item shows a balance of € 19.4 million at the end June 2023 versus a balance of € 7.1 million at 30 June 2022. The item can be detailed as follows:

Financial expense *(in € million)*	30.06.2023	30.06.2022
Interest and other expenses due to bank	14.3	4.0
Employee benefits	3.4	0.7
Leases	1.2	0.9
Put and Call	0.4	1.2
Other financial expense	0.1	0.4
Total	19.4	7.1

Compared to the previous year, "Financial Expenses" was up by € 12.3 million, mostly due to the item "Interest and other expenses due to bank" as result of the increase in principal debt amount and the increase in interest reference rates. The increase in the line "Employee Benefits" is resulting from the change in the average actuarial rate as per IAS 19 for the Swiss Subsidiary.

Note 1.9 – Exchange rate gains/losses

"Exchange rate gains/losses" show an overall positive balance of € 2.9 million which can be broken down as follows:

Exchange rate gains/losses *(in € million)*	30.06.2023	30.06.2022
Exchange rate gains	3.7	16.3
Exchange rate losses	-1.9	-21.4
Unrealised exchange rate gains	3.0	9.6
Unrealised exchange rate losses	-2.0	-7.8
Total	2.9	-3.3

"Exchange rate gains and losses" include the monetary changes on the accounting entries that were realised at the end of the reporting period; "Unrealised exchange rate gains and losses" include the monetary changes that are not yet realised because they refer to transactions that were not closed at the end of the reporting period.

The result for the period relating to realised and unrealised exchange differences was mostly positive affected mainly by the devaluation of Euro versus Mexican Peso.

Note 1.10 – Profit (loss) on investments

The item "Profit (loss) on investments" was negative for € -0.6 million, down by € 5.5 million compared with the previous year, mainly due to the remeasuring of the value of obligations relating to Put and Call options connected to acquisitions, with the recognition in the income statement of any valuation differences.

The variation between June 2023 and June 2022 is mainly due to the Put and Call option of HTP Comfort Solutions LLC (now known as Ariston Thermo USA LLC) executed in May 2022. As at June 2022 the Put and Call option of HTP Comfort Solutions LLC was equal to € 4.7 million.

Note 1.11 – 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 the half-year 2023. 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 30 June 2023 amounted to € 0.27 and are calculated by dividing the net profit for the year attributable to the shareholders of the Parent Company, of € 101.6 million, by the weighted average number of total shares outstanding during the period – ordinary, non-listed ordinary, and multiple voting – that is 371,396,783.

Diluted earnings per share amounted to € 0.27 and are calculated by dividing the net profit for the year attributable to the shareholders of the Parent Company, of € 101.6 million, by the weighted average number of total shares after potential dilution, equal to 372,090,024.

Basic and diluted earnings per share are calculated as shown in the table below.

		For the six months ended 30 June 2023	For the six months ended 30 June 2022
Net profit attributable to ordinary shareholders	€ million	101.6	66.4
Weighted average of ordinary shares outstanding	Number	371,396,783	330,262,127
Basic earnings per share	**€**	**0.27**	**0.20**
Net profit attributable to ordinary shares outstanding net of dilution	€ million	101.6	66.4
Weighted average of ordinary shares outstanding	Number	371,396,783	330,262,127
Potential shares to be issued for LTI plan	Number	689,841	733,059
Weighted average of ordinary shares outstanding net of dilution	Number	372,086,624	330,995,186
Diluted earnings per share	**€**	**0.27**	**0.20**

Atypical or unusual transactions

During the half-year 2023, Ariston Group did not execute any atypical or unusual transactions.

5.2 Statement of financial position - Assets

Note 2.1 – Intangible assets

At 30 June 2023, "Intangible assets" amounted to € 1,422.6 million, increased by a net € 980.0 million compared to 31 December 2022, net of the amortisation expense for the period of € 15.1 million, in addition to other changes.

The amortisation 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	Goodwill	Other int. Assets			Total		
(in € million)	Net value	Gross	Prov.	Net	Gross	Prov.	Net
As at 31.12.2022	**312.7**	**257.7**	**-127.8**	**129.9**	**566.6**	**-124.0**	**442.6**
Perimeter variation	939.3	112.9	-71.6	41.3	1,052.1	-71.6	980.6
Increases	0.0	10.6	0.0	10.6	10.6	0.0	10.6
Decreases	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Remeasurements and Impairment	0.0	-1.0	0.0	-1.0	-1.0	0.0	-1.0
Amortisation	0.0	0.0	-15.1	-15.1	0.0	-15.1	-15.1
Exchange rate effect	1.9	2.4	-0.6	1.8	4.2	-0.6	3.6
Other	0.5	-0.3	1.1	0.8	0.3	1.1	1.3
Total changes	941.7	124.6	-86.2	38.3	1,066.2	-86.2	980.0
As at 30.06.2023	**1,254.3**	**382.3**	**-214.0**	**168.3**	**1,632.9**	**-210.2**	**1,422.6**

The net total amount of the goodwill was € 1,254.3 million, versus € 312.7 million at 2022 year-end, and shows a change largely due to:

- Goodwill arising from the business combination with Wolf-Brink, amounted to € 802.4 million. Refer to 'Note 2.1.1 – Business combinations' for further details.
- The changes in exchange rates, positive for € 1.9 million.

Intangible assets with an indefinite life are represented by goodwill and trademarks. The Group expects to obtain positive cash flow from these assets for an indefinite period of time. Goodwill and trademarks with an indefinite life are not amortised and the Group performed its annual impairment test at least one a year (namely in December) and when circumstances indicated that the carrying value may be impaired. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the note 2.1 - 'Intangible assets' (paragraph 6.2 - Statement of financial position – Assets) of the annual consolidated financial statements for the year ended 31 December 2022.
As of 30 June 2023, the Group has not identified any external or internal factors that may have triggered a substantial and negative impact on the recoverability of its goodwill and trademarks values.

The item "Other intangible assets" can be detailed as follows:

Other intangible assets *(in € million)*	30.06.2023	31.12.2022
Concessions, licenses, trademarks	62.5	49.2
Software	31.9	17.5
Development costs	27.2	17.5
Intangible assets in progress	24.7	23.7
Other	21.9	22.1
Total	168.3	129.9

Details of and changes in “Other intangible assets” are the following:

Other intangible assets	Development costs			Software			Other Intangible Assets			Total		
(in € million)	Gross	Prov.	Net	Gross	Prov.	Net	Gross	Prov.	Net	Gross	Prov.	Net
As at 31.12.2022	75.1	-57.6	17.5	55.4	-37.8	17.5	127.2	-32.4	95.0	257.7	-127.8	129.9
Perimeter variation	46.5	-35.6	10.9	31.6	-26.0	5.5	34.8	-9.9	24.9	112.9	-71.6	41.3
Increases	0.9	0.0	0.9	0.5	0.0	0.5	9.2	0.0	9.2	10.6	0.0	10.6
Decreases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Remeasurements and Impairment	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	0.0	-1.0	-1.0	0.0	-1.0
Amortisation	0.0	-4.8	-4.8	0.0	-6.5	-6.5	0.0	-3.7	-3.7	0.0	-15.1	-15.1
Exchange rate effect	-0.4	0.3	-0.1	0.1	0.0	0.1	2.7	-0.9	1.7	2.4	-0.6	1.8
Other	2.4	0.4	2.8	14.8	0.0	14.8	-17.5	0.6	-16.8	-0.3	1.1	0.8
Total changes	49.5	-39.7	9.8	47.0	-32.6	14.5	28.1	-13.9	14.2	124.6	-86.2	38.3
As at 30.06.2023	124.6	-97.3	27.2	102.4	-70.4	31.9	155.4	-46.3	109.2	382.3	-214.0	168.3

Since the trademarks have an indefinite useful life, it is subject to impairment test at least annually.

The change in “Other intangible assets” from the start of the period amounted to € 14.2 million and was primarily due to the perimeter variation related to Wolf-Brink business combination, investments for the period and exchange rate effect not fully offset by € 3.7 million in amortisation for the period.
The other intangible assets have a definite useful life and are consequently amortised as necessary.

Development costs refer to products for which the return on investments occurs within a five-year period, on average. The capitalised costs for the period, attributable only to product development projects, amounted to € 3.2 million (€ 3.7 million in June 2022) out of a total of € 27.2 million (€ 17.5 million in 2022) reported in the financial statements.

The Group evaluated the development costs related to products based on the criteria outlined in the Climate Delegated Act only for the objective mitigation to climate change. As evidence of the commitment to promote a more efficient and renewable product portfolio, these investments have been capitalised. The Group impaired the depreciation charged to income statement against the products’ sales.

In order to determine the loss in value of capitalised development costs, in addition to the assessment of the economic return from each development projects, the Group arranged to allocate them to the Net invested capital 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.

Note 2.1.1 – Business combinations

As mentioned in paragraph ‘2 - Significant events of the year’, Ariston Group completed the acquisition of Wolf-Brink comprehensive of the total net assets and liabilities of the legal entities belonging to the Wolf-Brink group.

On the date that these Half-Year Condensed Consolidated Financial Statements were approved, the Group is still in the process of recognising and reworking the information for allocating the purchase price at the fair value of the net assets acquired. The above analysis will be carried out within 12 months of the closing date with the support of independent external experts. Details of the cost of the acquisition at the fair value of the consideration paid, the net assets acquired and goodwill obtained are summarised in the table below. The values shown here are explained in the following notes to the financial statements, where they are highlighted as changes in the basis of consolidation for the purposes of the financial statements.
All the values are expressed in Euros, converted using the exchange rate at the closing date, 2 January 2023.

Value at acquisition date	Book value at acquisition date	Fair value at acquisition date
ASSETS		
Non-current assets		
Goodwill	135.3	135.3
Other intangible assets	41.3	41.3
Lands and buildings	42.6	42.6
Plant and machinery	9.5	9.5
Other tangible assets	43.8	43.8
Investments	0.2	0.2
Deferred tax assets	2.7	2.7
Financial fixed assets	0.1	0.1
Other non current assets	0.3	0.3
Long term tax receivables		
Total non-current assets	**275.8**	**275.8**
Current assets		
Inventories	107.2	105.9
Trade receivables	53.7	52.9
Tax receivables	1.4	1.4
Current financial assets	1.0	1.0
Other current assets	11.8	11.8
Cash and cash equivalents	79.1	79.1
Total current assets	**254.1**	**252.1**
TOTAL ASSETS	**529.9**	**527.9**
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	9.4	9.4
Non current provisions	5.0	14.1
Post employement benefits	44.6	44.6
Non current financing	101.2	101.2
Other non current liabilities	0.0	0.0
Non current tax liabilities		
Total non-current liabilities	**160.2**	**169.2**
Current liabilities		
Trade payables	34.5	34.5
Tax liabilities	18.6	18.6
Current provisions	9.3	9.3
Current financial liabilities	2.1	2.1
Current financing	4.9	4.9
Other current liabilities	67.2	67.2
Liabilities directly associated with assets held for sale		
Total current liabilities	**136.6**	**136.6**
Total Liabilities	**296.8**	**305.8**
Share Capital	0.0	0.0
Retained earnings and other reserves	233.1	222.0
NET EQUITY ACQUIRED	**233.1**	**222.0**
Group Equity	233.1	222.0
TOTAL LIABILITIES AND EQUITY	**529.9**	**527.9**

Total cost, of which:	a	**1,024.5**
Price paid in cash, excluding ancillary costs		625.8
Shares assigned to the Seller		398.6
Net financial position acquired, of which:	b	**(28.1)**
Cash, cash equivalent and financial assets		80.3
Financial debt acquired		(108.4)
Enterprise Value (a-b)		**1,052.6**

Purchase price to be allocated	**1,024.5**
Price paid in cash, excluding ancillary costs	625.8
Shares assigned to the Seller	398.6
Allocation to:	
Net assets acquired	222.0
Goodwill generated by acquisition	802.4

With the acquisition, Ariston Group further increases its ESG focus, also reinforcing its portfolio of brands and its mid- to high-end offer of climate solutions, and further consolidating its positioning in Europe, with Germany becoming the first market.
The Group separately recognised Goodwill arising from the Wolf-Brink acquisition (€ 802.4 million) given that it represents the future economic benefits considered arising from the business combination performed by the Group. Goodwill is not tax-deductible based on the relevant local regulations.

As mentioned in paragraph "3.iv. Basis of consolidation", in June 2023 Ariston Group acquired the 100% of shares of the Greek entity 'MTG Service Single Member'. The total consideration amounts to € 1.8 million consisted of the following:

- the price paid for the 100% of the capital of the company totalled € 1.8 million;
- the acquisition agreement sets forth a mechanism for a subsequent adjustment of the purchase price (earn-out). The amount is equal to € 0.7 million.

On the date that these Half-Year Condensed Consolidated Financial Statements were approved, the Group is still in the process of recognising and reworking the information for allocating the purchase price at the fair value of the net assets acquired. The Group separately recognised Goodwill arising from the Greek entity acquisition (€ 1.6 million) given that it represents the future economic benefits considered arising from the business combination undertaken by the Group. Goodwill is not tax-deductible based on the relevant local regulations.

Note 2.2 – Property, plant and equipment

At 30 June 2023, "Property, plant and equipment" amounted to € 504.4 million, up by a net € 99.3 million compared to 31 December 2022.
The depreciation expense for the period is recognised under the appropriate item in the income statement and amounted to € 41.0 million.

Details of and changes in property, plant and equipment are the following:

Property, plant and equipment	Land and buildings			Plant and machinery			Other property, plant and equip.			Total		
(in € million)	Gross	Prov.	Net	Gross	Prov.	Net	Gross	Prov.	Net	Gross	Prov.	Net
As at 31.12.2022	336.3	-163.0	173.3	444.6	-333.8	110.8	371.1	-250.1	121.1	1,152.2	-746.9	405.1
Perimeter variation	112.9	-70.4	42.6	41.7	-32.2	9.5	137.6	-93.8	43.8	292.2	-196.4	95.8
Increases	12.5	0.0	12.5	2.5	0.0	2.5	31.6	0.0	31.6	46.6	0.0	46.6
of which for right of use	*11.5*	*0.0*	*11.5*	*0.0*	*0.0*	*0.0*	*5.1*	*0.0*	*5.1*	*16.6*	*0.0*	*16.6*
Decreases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Remeasurements and Impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	-12.4	-12.4	0.0	-9.7	-9.7	0.0	-18.9	-18.9	0.0	-41.0	-41.0
of which for right of use	*0.0*	*-7.9*	*-7.9*	*0.0*	*-0.2*	*-0.2*	*0.0*	*-7.1*	*-7.1*	*0.0*	*-15.2*	*-15.2*
Exchange rate effect	-3.0	1.7	-1.3	-4.1	3.5	-0.6	-1.7	1.2	-0.5	-8.8	6.4	-2.4
Other	-2.2	4.6	2.4	9.2	1.5	10.7	-20.4	7.5	-12.9	-13.5	13.6	0.3
Total changes	120.2	-76.5	43.7	49.3	-37.0	12.4	147.1	-104.0	43.2	316.6	-217.4	99.3
As at 30.06.2023	456.5	-239.5	217.0	494.0	-370.8	123.2	518.3	-354.0	164.2	1,468.7	-964.3	504.4

The net increase was largely attributable to the perimeter variation related to Wolf-Brink business combination. The capital expenditure for the period, totalling € 46.6 million, is nearly offset by € 41.0 million depreciation.

In accordance with the standard IFRS 16, below are the carrying amounts of right-of-use assets and the relevant changes during the period:

Right of use assets	Land and buildings			Plant and machinery			Other property plant and equip.			Total		
(in € million)	Gross	Prov.	Net	Gross	Prov.	Net	Gross	Prov.	Net	Gross	Prov.	Net
As at 31.12.2022	85.0	-37.6	47.4	2.4	-0.9	1.6	42.2	-20.4	21.8	129.7	-58.9	70.8
Perimeter variation	8.8	-4.8	4.0	0.0	0.0	0.0	12.6	-7.6	5.0	21.4	-12.5	9.0
Increases	11.5	0.0	11.5	0.0	0.0	0.0	5.1	0.0	5.1	16.6	0.0	16.6
Decreases	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Remeasurements and Impairment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	-7.9	-7.9	0.0	-0.2	-0.2	0.0	-7.1	-7.1	0.0	-15.2	-15.2
Exchange rate effect	-0.8	0.1	-0.7	0.0	0.0	0.0	0.0	0.0	0.0	-0.8	0.1	-0.7
Other	-1.6	1.8	0.2	0.0	0.0	0.0	-2.3	2.0	-0.3	-3.9	3.9	-0.1
Total changes	17.9	-10.8	7.2	0.0	-0.1	-0.2	15.4	-12.8	2.7	33.3	-23.6	9.6
As at 30.06.2023	103.0	-48.4	54.6	2.4	-1.0	1.4	57.6	-33.2	24.5	162.9	-82.5	80.4

In order to recognise any impairment loss of 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 flows method.

The item "Other property, plant and equipment "amounted to € 164.2 million, up by € 43.1 million compared with 31 December 2022.

The breakdown is detailed below:

Other property, plant and equipment *(in € million)*	30.06.2023	31.12.2022
Assets under construction	62.8	44.5
Industrial and commercial equipment	47.8	46.8
Vehicles & transportation equipment	23.7	19.0
Furniture and office equipment	5.1	3.5
EDP machinery	3.4	3.3
Other	21.5	4.0
Total	164.2	121.1

Note 2.3 – Inventories

The following table outlines the composition of "Inventories" at 30 June 2023 and at 31 December 2022, net of the obsolete stock provision.

Inventories *(in € million)*	30.06.2023	31.12.2022
Raw materials	216.1	158.1
Work in progress and semi-finished goods	49.7	20.4
Finished goods and goods for resale	429.1	298.2
Total	694.9	476.8

Gross value of inventories, at 30 June 2023, amounted to € 757.4 million (€ 525.6 million at 31 December 2022), whereas the provision amounted to € 62.5 million (€ 48.8 million at 31 December 2022).

Inventories totalled € 694.9 million at 30 June 2023, up by € 218.1 million on 31 December 2022. This change is essentially attributable to several factors, as summarised below:

- Organic increases of € 112.0 million mainly driven by the finished goods and goods for resale stocking necessary to maintain a sound product availability to Customers, in line with the Group's strategic guidelines, and the increase of raw materials weighted average price;
- Perimeter variation equal to € 122.7 million;
- Negative exchange rate effect of € 5.1 million.

Inventories are recognised at the lesser value between purchase and production cost, according to the weighted average cost method and their net realisable value which includes cost necessary to sell inventories and based on that the Group did not have a material impact.

The provision set up for obsolete or slow-moving stock is substantially in line with previous year considering without taking into account the perimeter variation.
The obsolescence risk is measured taking into account the stock rotation, calculated monthly as the ratio of inventories to consumption over the last twelve months for raw material (forty-eight months for spare parts with life cycle defined "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 changes. 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 31.12.2022	11.4	1.9	35.6	48.8
Perimeter variation	5.0	0.4	5.7	11.1
Increases	11.0	1.4	12.4	24.9
Decreases	-4.7	-0.1	-3.7	-8.4
Release	-5.1	-0.9	-6.8	-12.8
Exchange rate effect	0.0	0.0	0.1	0.2
Other	-0.7	0.5	-1.2	-1.4
Total changes	5.6	1.4	6.6	13.6
As at 30.06.2023	17.0	3.3	42.2	62.5

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 2.4 – Trade receivables

Trade receivables amounted to € 367.5 million, net of a bad debt provision of € 20.9 million.
Compared with 31 December 2022, the net balance shows a € 59.1 million increase in absolute values. This increase is mainly due to the result of the acquisition of Wolf-Brink in early 2023, partially compensated by the strong collection performance of the Group.
The percentage of trade receivables on the turnover of the last 12 months was equal to 11.7% compared with 13.0% recorded at 31 December 2022.

The bad debt provision of € 20.9 million shows a net increase by € 3.9 million compared with 31 December 2022. The increase is mainly attributable to the acquisition of Wolf-Brink. For Trade Receivables, the Group applies a simplified approach in the calculation of expected losses. The Group Policy defines a percentage of statistical devaluation based on the division of trade receivables into clusters of ageing and country risk. For companies with a credit insurance contract, percentages applied on the category insured customers is reduced by approximately half of it. Specific fund is provided for legal and specific devaluation by single clients' situation and their economic environment.

At 30 June 2023, the provision was deemed to be appropriate for the estimated losses from unsecured or in-litigation receivables.

Following are the changes in the bad debt provision:

Bad debt provision *(in € million)*	Short term	Medium/ long-term	Total
As at 31.12.2022	12.3	4.7	17.0
Perimeter variation	2.4	0.0	2.4
Increases	2.5	0.3	2.8
Decreases	-0.2	-0.4	-0.6
Release	-0.2	-0.5	-0.7
Exchange rate effect	-0.2	0.0	-0.2
Other	0.3	-0.1	0.2
Total changes	4.7	-0.8	3.9
As at 30.06.2023	17.0	3.9	20.9

The item "Other" includes primarily the reclassifications made for the period in order 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 2.5 – Other current assets

"Other current assets" amounted to € 103.4 million versus € 50.8 million at 31 December 2022. The main items are:

Other current assets *(in € million)*	30.06.2023	31.12.2022
Indirect tax receivables	63.3	25.0
Prepaid expenses	19.8	8.8
Advances to suppliers	10.8	8.2
Receivables from employees	1.9	1.2
Credits from government	1.0	3.8
State Green Programmes	0.9	1.2
Other receivables	5.8	2.5
Total	103.4	50.8

The increase of "Other current assets" is mainly related to indirect tax receivables and prepaid expenses. The increase reasons are a mixed effect of perimeter variation and business activity.

Note 2.6 – Cash and cash equivalents

"Cash and cash equivalents", amounting to € 225.5 million as at the end of June 2023, are almost entirely made up by bank and postal account deposits, as shown in the following table:

Cash and cash equivalents *(in € million)*	30.06.2023	31.12.2022
Bank and postal deposits	218.4	961.2
Short Term Investments	4.0	38.0
Cash on hand	3.2	0.2
Total	225.5	999.3

The item "Bank and postal deposits" is primarily made up by credit balances on current accounts and compared to 31 December 2022 it decreased by € 742.8 million mainly due to Wolf-Brink acquisition.
The "Short Term Investment" was down € 34 million, mainly due to partial closure of some deposits in EUR and USD.
The amount of "Cash on hand" with a predefined use is not significant.

The reconciliation among Cash & Cash Equivalent and Consolidated statement of cash flows is provided below:

Table of Reconciliation among Cash & Cash Equivalent and Consolidated statement of cash flows *(in € million)*	30.06.2023	30.06.2022
Cash and cash equivalents (as included in the Consolidated statement of financial position)	225.5	515.0
Short-term bank notes or similar tradable instruments and others	3.6	2.4
Bank overdrafts	-7.6	-9.8
Notes payable	-15.1	-18.7
Cash and cash equivalents (as included in the Consolidated statement of cash flows)	206.5	488.9

5.3 Statement of financial position – Liabilities and equity

Note 3.1 – Equity

At 30 June 2023, the share capital of Ariston Holding N.V. was € 46.5 million, fully paid-up, comprising 125,505,005 ordinary shares, 22,095,194 non-listed ordinary shares, and 225,000,000 multiple voting shares. The capital structure as at 30 June 2023 for all three classes of shares is reported below.

Shareholders	Ordinary Shares (1)	Non-listed Ordinary Shares (2)	% of (Ordinary + non-listed Ordinary) Shares	Multiple Voting Shares (3)	Total shares	% on total shares outstanding
Merloni Holding SpA	19,426,000		13.16%	198,000,000	217,426,000	58.35%
Amaranta Srl	2,649,000		1.79%	27,000,000	29,649,000	7.96%
Treasury shares	737,346		0.50%		737,346	0.20%
Other shareholders	102,692,659	22,095,194	84.54%		124.787.853	33.49%
Total	125,505,005	22,095,194	100.00%	225,000,000	372,600,199	100.00%

(1) Ordinary shares are listed, freely transferable and each of them confers the right to cast one vote.

(2) Non-listed ordinary shares can be converted to ordinary (listed) shares one year after the issuance, upon request from the holders.

(3)Multiple Voting Shares confer the same economic rights of the other classes, are not listed and are not transferable.

The total consolidated equity at 30 June 2023 amounted to € 1,450.0 million, up compared with € 1,012.2 million at 31 December 2022.

The overall change is the result of the algebraic sum of items of opposite signs, such as:

- the increase in the Group net profit for the period, amounting to € 101.6 million;
- the increase in "Share capital" (€ 0.4 million) and additional "Share premium reserve" (€ 398.2 million) made on 2 January 2023 relates to Share-based payment transaction used as partial payment method to finalize the total acquisition price of Wolf-Brink;
- the decrease in the "Retained Earnings and other reserves" for the dividends paid in May 2023 for a total amount equal to € 48.3 million;
- the financial statements conversion reserve into the Group currency, used to recognise the 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 € 2.8 million;
- the decrease of the "Reserve for gains/losses" in equity and the "Actuarial gains (losses)" for a total amount equal to € 8.2 million due to the negative MTM in cash flow hedge accounting and per the negative change due to the remeasurement of the pension provision. The remeasurement reserve shows an additional decrease in other changes due to the perimeter variation following the Wolf-Brink acquisition;
- Ariston Group has, from 2021, equity incentive plans under which a combination of performance share units ("PSUs"), which each represent the right to receive one Ariston common share, have been awarded to the Executive Directors and Non-Executive Directors. The "Stock-based incentive plans reserve", during the year, decreases for € 4.8 million. The decrease includes the increase of the reserve for the expense of LTI plans for the year 2023 for € 3.0 million and decrease for € 7.8 million following the assignment of shares for 2020 LTI plan. As at 30 June 2023 the reserve was equal to € 6.6 million (€ 11.4 million as at 31 December 2022) and it is related to long-term incentive plans of 2021-2023:
  - 2021: € 4.7 million
  - 2022: € 1.7 million
  - 2023: € 0.2 million

Dividends paid

The table below shows the dividends approved and paid during the year and in the previous years:

Dividends to shareholders of parent company *(in thousand €)*	H1 2023	2022	2021
Dividends paid during the period	48,342	46,366	48,268

Note 3.2 – Non-current provisions

Current and non-current "Provisions for risks and charges" totalled € 124.3 million, up by € 28.5 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 € million)*	Agent supplementary indemnity provision	Product warranty provision	First installation provisions	Other provisions	Total
As at 31.12.2022	2.8	65.1	7.5	20.4	95.8
of which:					
Current	0.0	21.2	2.4	12.7	36.2
Non-current	2.8	43.9	5.1	7.8	59.6
Perimeter variation	0.2	21.1	0.0	1.7	23.1
Increases	0.4	23.3	1.5	1.2	26.3
Decreases	-0.5	-14.5	-1.8	-0.4	-17.2
Releases	-0.1	-0.9	0.0	-2.4	-3.3
Other	0.0	-0.1	-0.3	0.0	-0.4
Total changes	0.0	29.0	-0.7	0.2	28.5
As at 30.06.2023	2.8	94.1	6.8	20.6	124.4
of which:					
Current	0.0	41.4	1.9	11.1	54.4
Non-current	2.8	52.7	4.9	9.5	69.9

Details of and changes in "other provisions" are the following:

Other provisions *(in € million)*	Legal disputes provision	Restructuring provision	Other risk provision	Total
As at 31.12.2022	5.5	1.9	13.0	20.4
of which:				
Current	5.1	1.9	5.7	12.7
Non-current	0.5	0.0	7.3	7.8
Perimeter variation	0.4	0.0	1.4	1.7
Increases	0.1	0.0	1.1	1.2
Decreases	0.0	0.0	-0.3	-0.4
Releases	0.0	-1.6	-0.7	-2.4
Other	-0.1	0.0	0.1	0.0
Total changes	0.4	-1.6	1.4	0.2
As at 30.06.2023	5.9	0.3	14.4	20.6
of which:				
Current	5.5	0.3	5.4	11.1
Non-current	0.5	0.0	9.0	9.5

"Current provisions for risks and charges" amounted to € 54.4 million versus € 36.2 million at 31 December 2022, whereas "Non-current provisions for risks and charges" amounted to € 69.9 million versus € 59.6 million in the previous year.

More specifically, the "Agent supplementary indemnity provision" recognises the accruals for covering indemnities that may be due to agents at their employment termination. The provision remains stable in absolute value, showing a decrease offset by the increase of the period and the perimeter variation.

The "Product warranty provision", which represents estimated costs to be borne for technical support of sold products under warranty, is appropriate in order to hedge the related risk.
The method used to determine this provision is based on historical/statistical data concerning warranty work performed, 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 € 29.0 million increase mainly due to the normal management activities of the warranty on manufactured and sold products and for the perimeter variation of Wolf-Brink for € 21.1 million.

The "First installation provision" represents the estimated expense that the Group must bear for interventions of this type on the products. This has not substantially changed compared with December 2022.

The item "Other risk provision" 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 provision has not substantially changes compared with December 2022.
The item "Other" includes the effect of exchange rates for the period and reclassifications.

Note 3.3 – Net financial indebtedness

The reconciliation with the Net Financial Indebtedness adjusted is set out below.

	Net Financial Indebtedness *(€ million)*	As at 30 June 2023	As at 31 December 2022	As at 30 June 2022
A	Cash	225.5	999.2	514.4
B	Cash equivalents including the current financial assets	0.1	0.1	0.6
C	Other current financial assets	8.5	12.3	9.9
D	**Liquidity** (A+B+C)	**234.0**	**1,011.6**	**524.9**
E	Current financial liabilities	-63.6	-53.5	-65.1
F	Current portion of non-current financial liabilities	-33.7	-32.7	-24.7
G	**Current Financial Indebtedness** (E+F)	**-97.3**	**-86.2**	**-89.8**
H	**Net Current Financial Indebtedness** (G-D)	**136.8**	**925.4**	**435.1**
I	Non-current financial liabilities	-833.6	-865.2	-462.3
J	Non-current financing (Debt instruments)	0.0	0.0	0.0
K	Non-current Trade and Other Payables	-6.5	0.0	-3.4
L	**Non-Current Financial Indebtedness** (I+J+K)	**-840.1**	**-865.2**	**-465.7**
M	**Total Financial Indebtedness** (H+L) (*)	**-703.3**	**60.2**	**-30.6**
N	Group Net Financial Indebtedness	-658.2	98.9	-4.0
	Δ M-N	**-45.2**	**-38.6**	**-26.6**
	(*) ESMA 32-382-1138 guideline			

In preparing the statement of Net Financial Indebtedness, which is a non-IFRS measure, the Group considered the provisions set out in Consob Communication DEM/6064293 of 28 July 2006 and ESMA Guidelines issued in May 2021, with the exception that it included non-current financial assets consisting of financial receivables and excluded outstanding debts associated with purchases of equity interest and positive MTM on derivatives.

At 30 June 2023, the Group recorded a negative Net Financial Indebtedness adjusted of € 658.2 million compared with a positive balance of € 98.9 million at 31 December 2022.

A reconciliation of the changes in financial 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
31.12.2022	865.2	49.7	32.7	-47.1	900.4
Increase/decrease in short-term financial payables (1)	0.0	9.6	-7.3	2.8	5.0
New loans (1)	174.1	0.0	0.0	0.0	174.1
Loans repayment (1)	-318.8	0.0	0.0	0.0	-318.8
New lease contracts	16.6	0.0	0.0	0.0	16.6
Reclassification	-3.5	0.0	3.5	0.0	0.0
Exchange rate effects	-0.9	-2.3	-0.1	0.3	-3.0
Perimeter variation	101.2	2.1	5.0	-1.0	107.3
Net variation positive MTM	0.0	0.0	0.0	2.7	2.7
Other movements	-0.3	0.1	0.1	-0.6	-0.7
30.06.2023	833.6	59.2	33.7	-42.9	883.6

(1): Included in the Cash flow Statement

Note 3.4 – Other non-current liabilities

"Other non-current liabilities" amounted to € 17.9 million versus € 12.0 million of the previous year. These liabilities are represented primarily by debts to be extinguished beyond the year.

"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 June 2023 is equal to € 6.9 million.

"Other non-current liabilities" include non-current contract liabilities which amount to € 10.3 million at June 2023, with a decrease of € 1.2 million compared to December 2022.

Note 3.5 – Trade payables

"Trade payables" at 30 June 2023 amounted to € 523.9 million showing an increase of € 42.5 million, compared with 31 December 2022. They are not subject to interests 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 average number of days for payment, amounted to 83 days in June 2023 and 98 days in December 2022.

Note 3.6 – Current provisions

This item amounts to € 54.4 million and is described in the 'Note 3.2 - Non-current provisions' for risks and charges, to which reference should be made.

Note 3.7 – Current financial liabilities

At 30 June 2023, "Current financial liabilities" amounted to € 59.2 million versus € 49.7 million at 31 December 2022. Liabilities are the following:

Current financial liabilities (in € million)	30.06.2023	31.12.2022
Short term debt due to bank	22.2	21.6
Financial derivative liabilities	12.3	10.5
Other current financial liabilities	24.7	17.6
Total	59.2	49.7

Payables due to banks for short-term loans amount to €22.2 million, the increase from December 2022 is due essentially to the drawdown of short-term lines and lines of credit denominated in foreign currency used to manage exchange rate risk at the consolidated level.
Short-term uncommitted credit lines amounted to approximately € 363.9 million and are made up almost entirely by current account credit lines and advances, utilised on 30 June 2023 for € 46.0 million.

At 30 June 2023, "Financial derivate liabilities" amounted to € 12.3 million included the negative fair value of financial derivatives and amounts due under derivatives contracts that were closed but not yet paid.
The fair value of financial derivatives included hedges on foreign exchange for € 9.0 million and on commodities for € 1.6 million.
The negative accruals to financial derivatives closed but not yet paid at the reporting date amounted to € 1.7 million.
The change in commodity, foreign exchange and interest rates hedges was offset by the change in the underlying hedged item. For a more detailed explanation of hedging instruments, see section on the instruments for financial risk management.

The item "Other current financial liabilities" amounted to € 24.7 million consist primarily 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.

Note 3.8 – Other current liabilities

"Other current liabilities" amounted to € 245.4 million, up by € 70.9 million with respect to the € 174.5 million at 31 December 2022.

Other current liabilities (in € million)	30.06.2023	31.12.2022
Current payables due to personnel	66.7	51.7
Contract liabilities	61.7	41.9
Indirect tax payables	55.5	29.2
Current payables for social security contributions	22.0	19.1
Advances from customers	13.0	5.6
Customers credit balance	9.4	13.1
Deferred income	5.8	4.8
Short term put/call debts	4.3	3.8
Long term employees incentive scheme (current)	0.2	0.3
State Green Programmes	0.0	0.0
Other current payables	6.7	5.1
Total	245.4	174.5

"Current payables due to personnel" included the amounts accrued by personnel and not yet disbursed. It increased by € 15.0 million with respect to 31 December 2022.

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

The amount of current contract liabilities as at 30 June 2023 is equal to € 61.7 million, up to € 19.8 million, mainly due to the perimeter variation (€ 12.8 million) and the normal business course of the Group.

The item “Indirect tax payables” includes the VAT payables to tax authorities. The € 26.3 million increase is linked to the dynamic of operations and to the perimeter variation.
“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 was up by € 2.9 million compared to 31 December 2022.

The item “Advances from customers” shows all advances received from customers for supplies not yet delivered. It was up by € 7.4 million compared to 31 December 2022.

The “Short term put/call debts” arises from purchase agreements that are to be settled in the near future. The item showed an increase, discussed below, of € 0.5 million.
In June 2023, Ariston Group acquired the 100% of shares of the Greek entity ‘MTG Service Single Member’. The acquisition agreement sets forth a mechanism for a subsequent adjustment of the purchase price (earn-out) based on the results 2022 that, on the date that these Half-Year Condensed Consolidated Financial Statements, have not been yet approved. The amount of the liability is equal to € 0.7 million.

The item “Long term employees incentive scheme” reflects the obligation under a three-year long-term incentive plan (LTI), to be awarded to the group of senior managers. The reduction is due to the reclassification in equity, according to IFRS 2 principle, being most of incentive schemes shifted to a share-based plan. The account has not substantially changed compared with December 2022.

5.4 Other information

COMMITMENTS

Commitments

The commitments outstanding at 30 June 2023, equal to € 0.1 million, referred to the equivalent value of the payments (USD 0.1 million) of additional shares in an ''Investment company in risk capital (SICAR) provision'' specializing in interventions in sectors in which the Group operates, to be carried out when they will be called up by the fund managers for the established commitment.
At 30 June 2023, there were no other commitments to be mentioned except for the ones concerning the Put and Call options entered into as part of the recent acquisitions and already accounted for as “Other liabilities”.

Guarantees issued

Sureties issued in favour of third parties amounted to € 0.6 million.
Third-party assets in deposit accounts amounted to € 16.5 million.
No collateral guarantees are issued by the Group.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Below are the Group's financial instruments recognised by category and level of confidence of their fair value measurements at 30 June 2023:

30.06.2023 *(in million €)*	Note	Carrying value per type						Fair value			
		Fin. instr. at fair value through P&L	Fin. instr. at fair value through OCI	Available for sale	Loans & receivables	Fin. liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
Measured at :		Fair value	Fair value	Fair value	Amortised cost	Amortised cost					
Financial assets											
Cash and cash equivalents	2.6	0.0	0.0	0.0	225.5	0.0	225.5	0.0	0.0	0.0	0.0
Trade receivables	2.4	0.0	0.0	0.0	367.5	0.0	367.5	0.0	0.0	0.0	0.0
Current financial assets		0.7	31.4	0.0	10.8	0.0	42.9	0.0	32.1	0.0	32.1
Financial assets	2.5	0.0	0.0	0.0	5.2	0.0	5.2	0.0	0.0	0.0	0.0
Total		0.7	31.4	0.0	609.0	0.0	641.1	0.0	32.1	0.0	32.1
Financial liabilities											
Trade payables	3.5	0.0	0.0	0.0	0.0	523.9	523.9	0.0	0.0	0.0	0.0
Current financial liabilities	3.7	1.4	9.2	0.0	0.0	48.6	59.2	0.0	9.2	0.0	9.2
Current financing	3.3	0.0	0.0	0.0	0.0	33.7	33.7	0.0	0.0	0.0	0.0
Non-current loans	3.6	0.0	0.0	0.0	0.0	833.6	833.6	0.0	0.0	0.0	0.0
Total		1.4	9.2	0.0	0.0	1,439.8	1,450.4	0.0	9.2	0.0	9.2
Financial instruments balance		-0.7	22.2	0.0	609.0	-1,439.8	-809.3	0.0	22.9	0.0	22.9

The financial instruments of the Group, recognised in the financial statements with a similar breakdown at 31 December 2022, are shown in the table below:

31.12.2022 *(in € million)*	**Note**	**Carrying value per type**						**Fair value**			
		Fin. instr. at fair value through P&L	**Fin. instr. at fair value through OCI**	**Available for sale**	**Loans & receivables (*)**	**Fin. liabilities at amortised cost (*)**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Measured at :		**Fair value**	**Fair value**	**Fair value**	**Amortised cost**	**Amortised cost**					
Financial assets											
Cash and cash equivalents	**2.13**	0.0	0.0	0.0	999.3	0.0	999.3	0.0	0.0	0.0	0.0
Trade receivables	**2.9**	0.0	0.0	0.0	308.4	0.0	308.4	0.0	0.0	0.0	0.0
Current financial assets	**2.11**	0.0	34.8	0.0	10.2	2.0	47.1	0.0	34.8	0.0	34.8
Financial assets	**2.5**	0.0	0.0	0.0	6.1	0.0	6.1	0.0	0.0	0.0	0.0
Total		**0.0**	**34.8**	**0.0**	**1,324.0**	**2.0**	**1,360.8**	**0.0**	**34.8**	**0.0**	**34.8**
Financial liabilities											
Trade payables	**3.8**	0.0	0.0	0.0	0.0	481.4	481.4	0.0	0.0	0.0	0.0
Current financial liabilities	**3.11**	0.0	4.8	0.0	0.0	44.8	49.7	0.0	4.8	0.0	4.8
Current loans	**3.12**	0.0	0.0	0.0	0.0	32.7	32.7	0.0	0.0	0.0	0.0
Non-current financing	**3.5**	0.0	0.0	0.0	0.0	865.2	865.2	0.0	0.0	0.0	0.0
Total		**0.0**	**4.8**	**0.0**	**0.0**	**1,424.0**	**1,428.8**	**0.0**	**4.8**	**0.0**	**4.8**
Financial instruments balance		**0.0**	**30.0**	**0.0**	**1,324.0**	**-1,422.0**	**-68.0**	**0.0**	**30.0**	**0.0**	**30.0**

Notes:
Level 1: quoted prices in an active market for the asset or liability being measured.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices).
Level 3: unobservable inputs for the asset or liability.

As the above table shows, at the reporting date, there were no differences between the carrying amounts of financial instruments and the corresponding fair value. In particular, among the non-current financial assets, obligations are mainly stated at fair value.
Current and non-current loans are at both fixed and floating rates and are recognised at their amortised cost.
As already described at point 3.7 - "Current financial liabilities" include the fair values of derivative financial instruments used to hedge the purchase of commodities (negative for € -1.4 million), exchange rates, (negative for € -7.3 million), and interest rates (positive for € 30.0 million).
For details on these transactions, see section "Hedging instruments".
The Group is exposed to operations-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.

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

Risk management policies

The portion of secured receivables, at 30 June 2023, was 66.6% of the total exposure.

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.

For trade receivables, the Group uses the "12-month ECL" methodology to determine the life-time of the expected losses associated with the probability of default over the next 12 months, using a forward-looking approach. The calculation of the expected credit loss, which is made on the residual life of the receivables at the date of their recognition in the financial statements and the subsequent reporting dates, considers a 12-month time horizon, since at the closing date of the period there was no significant increase in credit risk.
In particular, the Group applies an approach, defined as a "provision matrix", based on the division of trade receivables into clusters on the basis of type (ordinary/legal), ageing (past-due ranges) and country rating. For the purposes of determining expected losses, the Group applies a definition of the default threshold for ordinary receivables of 120 days past due and 100% for receivables which have moved to legal default, since this is considered an effective indication of the threshold beyond which the receivable is considered unrecoverable. The calculation of the probability of default is therefore based on the effective number of days the payment is overdue. In the same perimeter, for a percentage of 26% in terms of newly recalculated bad debt fund, the Group is applying a new impairment criteria based on its historical loss rates and the probability of default (PD) obtained from external sources.

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 30 June 2023 was € 122.7 million. The Group has not identified any concentration risk on customers and on its trade receivables.
The table below summarises the types of instruments protecting against credit risk used by the Group

Type *(in million €)*	30.06.2023	%	31.12.2022	%
Receivables under insurance policies	196.0	53.3%	192.4	62.4%
Other financial means of securing	48.8	13.3%	5.7	1.9%
Total secured receivables	244.8	66.6%	198.1	64.2%
Non-secured receivables	122.7	33.4%	110.3	35.8%
Total receivables	367.5	100.0%	308.4	100.0%

"Other" mainly includes receivables insured through letters of credit, bank guarantees and different methods of covering the default risk through a system introduced by the acquisition of Wolf-Brink called Central Payment Regulation System.

Overdue financial assets

The criterion used for the classification and monitoring of credit is age starting from the most recent (1-30 days) to the oldest (beyond 120 days).
The amount of receivables past-due within 60 days is € 28.3 million (versus € 26.0 million at December 2022) whereas the amount of receivables past-due beyond 60 days is € 22.3 million (versus € 16.2 million at December 2022). The increase in overdue amounts is attributable to the expansion of the Group perimeter resulting from the acquisition of Wolf-Brink.
For the purposes of representing trade receivables for issued invoices by past-due ranges, the following table is provided:

Overdue ageing *(in million €)*	30.06.2023	%	31.12.2022	%
Overdue 0-30	22.4	6.1%	19.3	5.1%
Overdue 31-60	5.9	1.6%	6.7	2.2%
Overdue 61-120	6.3	1.7%	3.9	1.2%
Due after 120 and legal	16.0	4.4%	12.3	4.0%

The credit policy defines a standard depreciation grid, differentiating percentage by age and country risk class where trade receivable amount is located.
The current (not overdue) receivables amounted to € 316.8 million. Also these amounts are allocated to their country risk class and subject to depreciation according to assigned percentage of devaluation. The related provision for bad debt amounted to € 2.1 million.
For Companies with a credit insurance contract, percentages applied on the category insured customers will be lower by 60% up to overdue below 180 days, while over 180 days the percentages remain the same.

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 historic analyses in relation to the ageing of the receivables, in some cases up to customer level, and the risk grade of each individual country, market and type of customer. Here below the percentage used for the simplified IFRS 9 (ECL).

Depreciation grid

Trade receivables aging	Country risk A	Country risk B	Country risk C	Country risk D
Overdue > 360 days	70%	80%	90%	100%
Overdue 271- 360	50%	60%	70%	90%
Overdue 181- 270	35%	40%	50%	70%
Overdue 121-180	20%	25%	35%	50%
Overdue 91-120	12.5%	15%	20%	30%
Overdue 61-90	7.5%	10%	12.5%	20%
Overdue 1-60	2.5%	5%	7.5%	10%
Overdue 0-30	1.25%	1.5%	2.5%	5%
Current (not overdue)	0.5%	0.75%	1%	1.5%

Following is the summary of the specific and simplified ECLs assessments used to determine the bad debt provision:

Analysis of bad debt provision		30.06.2023	31.12.2022
Total receivables	Gross	388.4	325.4
	Provision	20.9	17.0
	Net	367.5	308.4
Receivables impaired on a specific basis	Gross	4.5	5.2
	Provision	4.0	4.7
	Net	0.5	0.5
Receivables impaired on a simplified ECLs	Gross	383.9	320.2
	Provision	16.9	12.3
	Net	367.0	307.9

LIQUIDITY RISK

At 30 June 2023, the Group's "Overall available liquidity", defined as the sum of cash and cash equivalents and the unused portion of committed lines of credit only (equal to € 530 million at June month-end) amounted to approximately € 755.5 million.

As at 30 June 2023, the Group's overall bank credit lines, including the used and unused credit lines (both committed and uncommitted) totalled approximately €1,679 billion, of which approximately 50% was drawn.

The primary sources of liquidity comprise cash generated from operations and bank financing.

The Group periodically assesses its financial needs, in order to act in a timely manner to find the necessary additional resources and implements actions in response to its findings. The Group seeks to maintain an adequate composition 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 the non-discounted cash flows, including financial charges, as at the next closest date when the Group may be asked for the payment.

Expiry dates 2023 *(in € million)*	**< 1 month**	**2-6 months**	**6-12 months**	**1-5 years**	**> 5 years**	**Total**
Trade payables	**131.9**	**391.4**	**0.1**	**0.5**		**523.9**
Financial payables						
- Current financial liabilities	15.2	25.8	18.3			**59.3**
- Current loans		6.8	5.0			**11.8**
- Non-current financial liabilities						**0.0**
- Non-current loans	4.9	4.0	7.5	630.0	193.2	**839.6**
Total financial payables	**20.2**	**36.6**	**30.8**	**630.0**	**193.2**	**910.8**
Expiry dates	**152.1**	**428.0**	**30.8**	**630.5**	**193.2**	**1,434.6**

The details for the expiry dates of financial and trade payables at 31 December 2022 are shown in the table below:

Expiry dates 2022 *(in € million)*	**< 1 month**	**2-6 months**	**6-12 months**	**1-5 years**	**> 5 years**	**Total**
Trade payables	**121.1**	**359.9**	**0.0**	**0.4**		**481.4**
Financial payables						
- Current financial liabilities	10.7	18.0	20.9			**49.6**
- Current loans		4.1	28.6			**32.7**
- Non-current financial liabilities						**0.0**
- Non-current loans		5.4	5.0	736.4	169.9	**916.7**
Total financial payables	**10.7**	**27.5**	**54.5**	**736.4**	**169.9**	**999.0**
Expiry dates	**131.8**	**387.4**	**54.5**	**736.8**	**169.9**	**1,480.4**

MARKET RISK

The Group is exposed to several market risks and, in particular, to the possibility that fluctuation in exchange rates, interest rates and commodity prices may affect the value of assets, liabilities and the expected cash flows.
The risk management policies applied to interest rates, exchange rates and commodities, are centrally defined to minimise the above risks in a structured and proactive manner in the advancement of the Group's objectives.
The three types of market risk can be characterised as described here 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, Renminbi, Swiss Franc and several other currencies for lower amounts.

The economic risk is hedged through average rate forward financial instruments, i.e. hedging agreements against the volatility that characterises the currency markets, using as a reference the monthly average exchange rates, and that allow the Group to achieve the goals set forth in its risk management policy. In order to pursue these goals, the Group entered into derivatives hedging a set proportion of net exposure in currencies other than the Group's currency. At each reporting date, the exposure is presented in the financial statements using hedge accounting, which requires to recognise 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, which came into force as from 1 January 2018.

In order to minimise the exposure to the transaction risk, the Group uses derivative forward instruments which allow for a protection against revaluations/write-downs at the due date of the credit and debit positions of a financial and commercial nature.

The Group does not hedge the translation risk except for any distribution of intergroup dividends.

As at the reporting date, the notional amount of forward currency contracts (sale and purchase) entered into by the Group, can be summarised as follows:

(in million)	Notional amount in Currency	Notional amount in €
CHF	295.4	301.8
GBP	23.6	27.5
CNY	-944.3	-119.6
USD	51.2	47.2
MXN	151.0	8.1
CAD	18.0	12.5
ILS	12.3	3.0

At the same date, the fair value of the foreign exchange derivatives was overall negative, standing at € 7.3 million.

In relation to exchange rate risk, the Group undertook sensitivity analysis to determine any impact on the final profit before tax from potential fluctuations in exchange rates between the euro and the currencies to which the Group is exposed. The hypothesised 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:

(in million €)	Effect on profit before tax	Effect on equity
30.06.2023		
Foreign currency revaluation	0.4	0.4
Foreign currency devaluation	-0.4	-0.4

Commodity price fluctuation risk

Profit and losses are affected by the performance of prices of raw materials, in particular non-ferrous metals such as copper, nickel and aluminium, 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 prices of copper, silver, aluminium, steel and nickel, the Group, through the parent company Ariston Holding N.V., provided for the necessary hedging measures in line with the procedures already adopted in the previous years aimed at reducing the impact of price volatility in purchases over the next years.
Thus, the Group partially hedged purchases also for the years 2023, 2024, 2025 and 2026.
The Group hedged price risk with forward and average forward financial instruments in order to achieve the goals set out in its risk management policy. In pursuing said goals, 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 to recognise 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, which came into force as from 1 January 2018.

When these instruments no longer qualify for hedge accounting, they are recognised as trading instruments.

At the reporting date, the notional amount of forward commodity contracts entered into by the Group, can be summarised as follows:

Commodity	Financial instruments	Quantity/ton	Total price *(in million €)*
Copper	Forward	2,164	17.1
Nickel	Average Forward	45	1.0
Silver	Average Forward	1.85	1.2
Aluminium	Forward	1,375	3.4
Steel	Average Forward	3,300	2.7

At the same date, the fair value measurement of the derivatives on commodities showed a net negative amount of € 1.4 million.
Derivatives contracts entered into and closed during the year realised a positive result amounting to approximately € 0.3 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 loans of the Group.
The amount of variable rate debt exposure of the Group, represents the main element of risk for the negative impact from an increase in the 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, while taking into account the maturity profile and short-term market outlook, including for the purpose of containing funding costs.
The Group had, at 30 June 2023 and for hedging purposes, interest rate swap (IRS) transactions for a total notional amount of € 416.8 million.
As of 30 June 2023, 59% of bank financing was fixed or hedged and 41% at a variable rate, consistently 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 spread, assuming a generalised +/- 50 basis point change in interest rates, amounted to + € 1.5 million and € -1.5 million, respectively, at the end of June 2023. There were no material impacts on the Group’s net profit and equity.

HEDGING INSTRUMENTS

In summary, at 30 June 2023, the following financial hedging instruments are in place:

- against exchange rates – Swiss Franc, British Pound Sterling, US Dollar, Mexican Peso, Chinese Renminbi, Canadian Dollar and Israeli Shekel.
- against commodities – copper, nickel, silver, aluminium and steel.
- against interest rates – medium-long term floating rate loans

The hedging instruments applied to exchange rates were set up in order to reduce the economic and transactional risk of the Group, and they meet all the formal requirements set forth in the IAS/IFRSs and are therefore recognised in hedging accounting.

The following table shows the details of hedging instruments in use at 30 June 2023. Amounts are expressed in million euro.

Hedging instruments 30.06.2023 *(in € million)*	Nature of risk covered	Fair value 30.06.2023	Non-current financial assets	Current financial assets	Non-current financial liabilities	Current financial liabilities	Total
Interest Rate Swap	Interest rate	30.1		30.1			30.1
Average Forward	FX	-0.7		-0.7		-1.4	-0.7
Forward	FX	-6.6		1.0		-7.6	-6.6
Forward	Commodity	-1.5		0.0		-1.5	-1.5
Average Forward	Commodity	-0.1		0.3		-0.2	0.1
Total		21.4		32.1		-10.7	21,4

The following table shows the details of hedging instruments in use at 31 December 2022. The amounts are expressed in million euro:

Hedging instruments 31.12.2022 *(in € million)*	**Nature of risk covered**	**Fair value 31.12.2022**	**Non-current financial assets**	**Current financial assets**	**Non-current financial liabilities**	**Current financial liabilities**	**Total**
Interest Rate Swap	Interest rate	32.5		32.5			32.5
Average Forward	FX	-2.0		1.5		-3.5	-2.0
Forward	Commodity	-1.1		0.2		-1.3	-1.1
Average Forward	Commodity	0.5		0.5		0.0	0.5
Hedging instruments		**30.0**		**34.8**		**-4.8**	**30.0**

RELATED PARTY DISCLOSURES

At 30 June 2023 Ariston Holding N.V., controlled by Merloni Holding S.p.A., and its Italian subsidiaries, have adopted the national tax consolidation scheme. At 30 June 2023, the income tax receivables and payables of the individual Italian companies were recorded from or to, respectively, Merloni Holding S.p.A. At 30 June 2023, the Company and its Italian subsidiaries had a net payable position from Merloni Holding S.p.A. for € 3.2 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 Ariston Group during the half-year 2023, 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:

	30.06.2023				30.06.2022			
(in million €)	Receivables	Payables	Revenue	Costs	Receivables	Payables	Revenue	Costs
Merloni Holding S.p.A.	8.4	11.6	0.0	0.0	18.7	17.0	0.0	0.0
Centrotherm Systemtechnik GmbH	-	3.8	-	-	n/a	n/a	n/a	n/a
Ubbink B.V.	0.6	1.1	2.2	-	n/a	n/a	n/a	n/a
CS Wismar GmbH	-	1.3	-	-	n/a	n/a	n/a	n/a
Centrotec Immobilien GmbH	-	0.5	-	0.1	n/a	n/a	n/a	n/a
XCNT GmbH	-	0.2	-	0.2	n/a	n/a	n/a	n/a
Novapower S.r.l.	0.0	0.2	0.0	0.2	0.0	0.3	0.0	0.1
Centroplast Engineering Plastics GmbH	-	0.0	-	0.2	n/a	n/a	n/a	n/a
Fondazione A. Merloni	-	-	-	0.2	-	0.2	-	0.2
Centrotec Building Technology	0.1	-	0.1	-	n/a	n/a	n/a	n/a
Hardpark Fürth GmbH	-	0.1	-	0.0	n/a	n/a	n/a	n/a
Nova Re S.r.l.	-	-	-	0.1	1.6	0.1	0.1	0.1
Novacapital S.r.l.	0.0	-	0.0	-	0.0	0.1	0.0	0.1
Total	9.1	18.8	2.5	1.0	20.2	17.8	0.2	0.6

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.

The main transactions with related parties concern Merloni Holding S.p.A., consisting in the relationship for national tax consolidation.

In addition, members of the Ariston Board of Directors and executives with strategic responsibilities and their families are also considered related parties.

EVENTS AFTER THE REPORTING PERIOD

Maurizio Brusadelli was appointed as the new CEO by the Board of Directors meeting of August 3, 2023.

There are no further events after the reporting date to be mentioned in this report.

6. Responsibility statement on the consolidated half-year financial statements at 30 June 2023

We have prepared the consolidated financial statements of Ariston Holding N.V. for the six months ended 30 June 2023, and the undertakings included in the consolidation taken as a whole, in accordance with EU-IFRS and additional Dutch disclosure requirements for half-year financial statements.

To the best of our knowledge:

1. The consolidated half-year financial statements give a true and fair view of the assets, liabilities, financial position as at 30 June 2023, and of the result of our consolidated operations for the six months ended 30 June 2023.
2. The consolidated half-year financial statements for the six months ended 30 June 2023 give a fair view of the information required pursuant to section 5:25d, paragraphs 8 and 9 of the Dutch Financial Supervision Act (Wet op het financieel toezicht).

On behalf of the Board
Paolo Merloni
Laurent Jacquemin

LIST OF COMPANIES AT 30 JUNE 2023

N°	Company	Registered office	Curr.	Share capital	Business unit (*)	Group's controlling interest	Investing companies	Direct controlling interest	Subsidiaries' controlling interest	Minority interest
1	Ariston Holding N.V.	Netherlands	EUR	46,476,002	TC	parent company				
2	Air Install B.V.	Netherlands	EUR	10,000	TC	100.00	Air Install Group B.V.		100.00	
3	Air Install Group B.V.	Netherlands	EUR	18,154	TC	100.00	Brink Climate Systems B.V.		100.00	
4	AR1 S.r.l.	Italy	EUR	200,000	TC	100.00	Ariston S.p.A.		100.00	
5	Ariston Benelux S.A./N.V.	Belgium	EUR	15,000,000	TC	100.00	Ariston Holding N.V.	100.00		
6	Ariston Climate Solutions D.o.o. Svilajnac	Serbia	RSD	11,740,000	TC	100.00	ATAG Heating B.V.		100.00	
7	Ariston Climate Systems GmbH	Germany	EUR	25,000	TC	100.00	Ariston Holding N.V.	100.00		
8	Ariston Deutschland GmbH	Germany	EUR	255,700	TC	100.00	Elco International GmbH		100.00	
9	Ariston Egypt LLC	Egypt	EGP	10,900,000	TC	100.00	Ariston Holding N.V.	99.99		
							Ariston S.p.A.		0.01	
10	Ariston France S.a.s.	France	EUR	54,682,110	TC	100.00	Ariston Holding N.V.	99.99		
							Elco International GmbH		0.01	
11	Ariston Group Greece P.C.	Greece	EUR	2,500,000	TC	100.00	ATAG Heating B.V.		100.00	
12	Ariston Heating Technology Nigeria Ltd.	Nigeria	NGN	10,000,000	TC	100.00	Ariston Holding N.V.	100.00		
13	Ariston Holding Egypt LLC	Egypt	EGP	100,000	TC	100.00	ATAG Heating B.V.		99.00	
							Ariston Holding N.V.	0.01		
14	Ariston Hungária Kft.	Hungary	HUF	131,000,000	TC	100.00	Ariston Holding N.V.	100.00		
15	Ariston Iberica S.L.	Spain	EUR	800,000	TC	100.00	Ariston Holding N.V.	100.00		
16	Ariston Kazakhstan LLP	Kazakhstan	KZT	212,100	TC	100.00	Ariston Holding N.V.	100.00		
17	Ariston Polska Sp. zo.o.	Poland	PLN	12,000,000	TC	100.00	Ariston Holding N.V.	100.00		
18	Ariston Pte Ltd.	Singapore	SGD	100,000	TC	100.00	Ariston Holding N.V.	100.00		
19	Ariston S.p.A.	Italy	EUR	30,100,000	TC	100.00	Ariston Holding N.V.	100.00		
20	Ariston Sales Mexico S.A. de C.V.	Mexico	MXN	302,188,920	TC	100.00	Ariston Thermo Mexico S.A. de C.V		0.03	
							Calentadores de America S.A. de C.V.		99.97	
21	Ariston South Africa (Pty) Ltd.	South Africa	ZAR	100	TC	100.00	Ariston Holding N.V.	100.00		
22	Ariston Heating Solutions (China) Co. Ltd.	China	CNY	145,885,010	TC	100.00	Ariston Holding N.V.	100.00		
23	Ariston Thermo Argentina S.r.l.	Argentina	ARS	16,705,269	TC	100.00	Ariston Holding N.V.		99.63	
							Thermowatt S.p.A.		0.37	
24	Ariston Croatia d.o.o.	Croatia	EUR	110,000	TC	100.00	Ariston Holding N.V.	100.00		
25	Ariston CZ sro	Czech Republic	CZK	30,000,000	TC	100.00	Ariston Holding N.V.	100.00		
26	Ariston Thermo Gulf Water Heating LLC	UAE	AED	400,000	TC	100.00	Ariston Holding N.V.	49.00		
							Third parties			51.00
27	Ariston Thermo Holding USA LLC	USA	USD	77,037,666	TC	100.00	Elcotherm AG		100.00	
28	Ariston Group India Private Limited	India	INR	220,000,000	TC	100.00	Ariston Holding N.V.	99.99		
							Ariston S.p.A.		0.01	
29	Ariston Industrial Vietnam Co. Ltd.	Vietnam	VND	41,600,000,000	TC	100.00	Ariston Holding N.V.	100.00		
30	Ariston Thermo Isitma ve Sogutma Sistemleri Ithalat, Ihracat ve Dagitim Ltd Sirketi	Turkey	TRY	66,157,500	TC	100.00	Ariston Holding N.V.	100.00		
31	Ariston Thermo Maroc SA	Morocco	MAD	3,000,000	TC	100.00	Ariston Holding N.V.	100.00		
32	Ariston Climate Solutions Mexico S.A. de C.V.	Mexico	MXN	2,350,000,000	TC	100.00	Elcotherm AG		99.99	
							Ariston Thermo Holding USA LLC		0.01	
33	Ariston Thermo Romania S.r.l.	Romania	RON	29,041,740	TC	100.00	Ariston Holding N.V.	100.00		
34	Ariston Thermo Rus LLC	Russia	RUB	1,403,787,727	TC	100.00	Ariston Holding N.V.	100.00		
35	Ariston Thermo Tunisie SA	Tunisia	EUR	500,000	TC	66.70	Elcotherm AG		66.70	

N°	Company	Registered office	Curr.	Share capital	Business unit (*)	Group's controlling interest	Investing companies	Direct controlling interest	Subsidiaries' controlling interest	Minority interest
							Third parties			33.30
36	Ariston U.K. Ltd.	UK	GBP	7,500,000	TC	100.00	Ariston Holding N.V.	100.00		
37	Ariston Thermo USA LLC	USA	USD	10,275,184	TC	100.00	Ariston Thermo Holding USA LLC		100.00	
38	Ariston Vietnam CO. Ltd.	Vietnam	VND	31,471,000,000	TC	100.00	Ariston Holding N.V.	100.00		
39	Ariston Ukraine LLC	Ukraine	UAH	38,705,753	TC	100.00	Ariston Holding N.V.	100.00		
40	Atag Construction B.V.	Netherlands	EUR	1	TC	100.00	Atag Verwarming Nederland B.V.		100.00	
41	Atag Electronics B.V.	Netherlands	EUR	1	TC	100.00	Atag Verwarming Nederland B.V.		100.00	
42	Atag Engineering B.V.	Netherlands	EUR	1	TC	100.00	Atag Verwarming Nederland B.V.		100.00	
43	Atag Heating B.V.	Netherlands	EUR	10,000	TC	100.00	Ariston Benelux S.A.		100.00	
44	Atag Heizungstechnik GmbH	Germany	EUR	512,000	TC	100.00	Atag Heating B.V.		100.00	
45	Atag Verwarming Belgie B.V.BA	Belgium	EUR	18,600	TC	100.00	Atag Heating B.V.		100.00	
46	ATM1 HR S.A. de C.V.	Mexico	MXN	50,000	TC	100.00	Atag Heating B.V.		99.99	
							Elcotherm AG		0.01	
47	Atmor (Dongguan) Electronic Technology Co. Ltd.	China	USD	1,000,000	TC	100.00	Atmor Electronic Technology Company Ltd		100.00	
48	Atmor Electronic Technology Company Ltd.	Hong Kong	HKD	10,000	TC	100.00	Atmor Industries LTD		100.00	
49	Atmor Industries Ltd.	Israel	USD	1,790,409	TC	100.00	Elcotherm AG		100.00	
50	BCE S.r.l.	Italy	EUR	10,400	BUR	100.00	Ecoflam Bruciatori S.p.A.		100.00	
51	Brink Climate Systems B.V.	Netherlands	EUR	20,004	TC	100.00	Ariston Climate Systems GmbH		100.00	
52	Brink Climate Systems Deutschland GmbH	Germany	EUR	450,000	TC	100.00	Brink Climate Systems B.V.		100.00	
53	Brink Climate Systems France S.a.s.	France	EUR	10,000	TC	100.00	Brink Climate Systems B.V.		100.00	
54	Calentadores de America S.A. de C.V.	Mexico	MXN	1,226,593,637	TC	100.00	Ariston Thermo Mexico S.A. de C.V		99.99	
							Atag Heating B.V.		0.01	
55	Chromagen Australia PTY Ltd.	Australia	AUD	10,358,995	TC	100.00	Elcotherm AG		51.00	
							Third parties			49.00
56	Chromagen Israel Ltd.	Israel	ILS	10,901	TC	100.00	Elcotherm AG		100.00	
57	ComfortExpert B.V.	Netherlands	EUR	10,000	TC	100.00	Air Install Group B.V.		100.00	
58	Cuenod S.a.s.	France	EUR	15,422,390	BUR	100.00	Ariston France sas		100.00	
59	Domotec AG	Switzerland	CHF	50,000	TC	100.00	Elcotherm AG		100.00	
60	Ecoflam Bruciatori S.p.A.	Italy	EUR	3,690,000	BUR	100.00	Ariston Holding N.V.	100.00		
61	Elco Austria GmbH	Austria	EUR	35,000	TC	100.00	Elcotherm AG		100.00	
62	Elco B.V.	Netherlands	EUR	2,046,004	TC	100.00	Elco Burners B.V.		100.00	
63	Elco Belgium S.A./N.V.	Belgium	EUR	2,650,000	TC	100.00	Ariston Benelux S.A.		99.99	
							Elco B.V.		0.01	
64	Elco Burners B.V.	Netherlands	EUR	22,734	BUR	100.00	Atag Heating B.V.		100.00	
65	Elco Burners GmbH	Germany	EUR	25,000	BUR	100.00	Elco International GmbH		100.00	
66	Elco GmbH	Germany	EUR	50,000	TC	100.00	Elco International GmbH		100.00	
67	Elco Heating Solutions Limited	UK	GBP	3,001,750	TC	100.00	Ariston Themo UK Ltd		100.00	
68	Elco International GmbH	Germany	EUR	8,691,962	TC	100.00	Ariston Holding N.V.	100.00		
69	Elco Italia S.p.A.	Italy	EUR	3,500,000	TC	100.00	Ariston S.p.A.		100.00	
70	Elcotherm AG	Switzerland	CHF	1,000,000	TC	100.00	Ariston Holding N.V.	100.00		
71	Gastech-Energi A/S	Denmark	DKK	7,554,935	TC	100.00	Ariston Holding N.V.	100.00		
72	Holmak export import D.o.o.e.l.	Macedonia	MKD	816,651	TC	100.00	Holmak HeatX B.V.		100.00	
73	Holmak HeatX B.V.	Netherlands	EUR	38,500	TC	100.00	Brink Climate Systems B.V.		100.00	
74	Ingrado S.r.l.	Italy	EUR	10,000	TC	100.00	Ariston Holding N.V.	100.00		

N°	Company	Registered office	Curr.	Share capital	Business unit (*)	Group's controlling interest	Investing companies	Direct controlling interest	Subsidiaries' controlling interest	Minority interest
75	Innosource B.V.	Netherlands	EUR	18,000	TC	100.00	Holmak HeatBX B.V.		100.00	
76	Instachauf S.a.s.	France	EUR	200,000	TC	100.00	Ariston Holding N.V.	100.00		
77	Wolf Power Systems Holding GmbH	Germany	EUR	83,333	TC	100.00	Elco International GmbH		100.00	
78	MTG Service Single Member	Greece	EUR	10,000	TC	100.00	Ariston Group Greece P.C.		100.00	
79	Ned Air B.V.	Netherlands	EUR	54,000	TC	100.00	Ariston Climate System GmbH		100.00	
80	NTI Boilers Inc.	Canada	CAD	43,000,000	TC	100.00	Ariston Holding N.V.	100.00		
81	NTI USA Inc	USA	USD	100	TC	100.00	NTI Boilers Inc		100.00	
82	Pro-Klima D.o.o.	Croatia	EUR	1,208,786	TC	100.00	Wolf GmbH		100.00	
83	PT Ariston Group Indonesia Ltd.	Indonesia	IDR	16,260,750,000	TC	100.00	Ariston Holding N.V.	99.99		
							Ariston Pte Ltd.		0.01	
84	Racold Thermo Private Ltd.	India	INR	262,134,750	TC	100.00	Ariston Holding N.V.	99.99		
							Ariston S.p.A.		0.01	
85	S.H.E. d.o.o. Svilajnac	Serbia	RSD	35,432,220	COM	100.00	Thermowatt S.p.A.		100.00	
86	SPM Innovation S.a.s.	France	EUR	750,020	BUR	100.00	Ariston Holding N.V.	100.00		
87	Thermowatt (Wuxi) Electric Co. Ltd.	China	CNY	82,769,200	COM	100.00	Ariston Thermo (China) Co., Ltd		70.00	
							Ariston Holding N.V.	30.00		
88	Thermowatt Professional S.r.l.	Italy	EUR	100,000	COM	100.00	Thermowatt S.p.A.		100.00	
89	Thermowatt S.p.A.	Italy	EUR	7,700,000	COM	100.00	Ariston Holding N.V.	100.00		
90	Wolf Energiesystemen B.V.	Netherlands	EUR	150,000	TC	100.00	Wolf GmbH		100.00	
91	WOLF Energiesparsysteme O.O.O.	Russia	RUB	113,200,000	TC	100.00	Wolf GmbH		99.00	
							Wolf Power Systems			1.00
92	Wolf France S.a.s.	France	EUR	1,040,000	TC	100.00	Wolf GmbH		100.00	
93	Wolf GmbH	Germany	EUR	20,000,000	TC	100.00	Ariston Climate Systems GmbH		100.00	
94	Wolf HVAC HK Ltd.	Hong Kong	HKD	10,000	TC	100.00	Wolf GmbH		100.00	
95	Wolf HVAC Systems (Shanghai) Co. Ltd.	China	CNY	14,512,361	TC	100.00	Wolf GmbH		100.00	
96	Wolf Iberica Climatization Y Calefacion SA	Spain	EUR	1,181,315.74	TC	100.00	Wolf GmbH		100.00	
97	Wolf Italia S.r.l.	Italy	EUR	100,000	TC	100.00	Wolf GmbH		100.00	
98	Wolf Power Systems GmbH	Germany	EUR	500,000	TC	100.00	Wolf Power Systems Holding		89.00	
							Wolf GmbH			11.00
99	Wolf Technika Grzewcza Sp.zo.o.	Poland	PLN	3,189,000	TC	100.00	Wolf GmbH		100.00	

The participation shares in this table are the ones relevant for determining the Consolidated financial statements in the column "Group's Controlling interest". 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).
(*) Refers to the main division

LIST OF COMPANIES NOT INCLUDED IN THE SCOPE OF CONSOLIDATION AT 30 JUNE 2023

N°	Company	Registered office	Curr.	Share capital	Business unit (*)	Group's controlling interest	Investing companies	Direct controlling interest	Subsidiaries' controlling interest	Minority interest
1	Joint venture "Ariston Thermo - UTG LLC" (**)	Uzbekistan	EUR	1,000,000	TC	51.00	Ariston Holding N.V.	51.00		49.00
2	Haas Heating B.V.	Netherlands	EUR	100	TC	24.50	Atag Heating B.V.	24.50		

(**) The company was not included in the scope of consolidation because of its limited area of operation and little significance.

aristongroup.com
2023 | ENGLISH EDITION