



**ARISTON HOLDING N.V.**  
**EXPLANATORY REPORT OF THE BOARD OF DIRECTORS**  
**PURSUANT TO ARTICLES 114-BIS AND 125-TER ITALIAN CONSOLIDATED LAW ON**  
**FINANCIAL INTERMEDIATION AND ARTICLE 2:135, PARAGRAPH 5 DUTCH CIVIL**  
**CODE**

General Meeting of 28 April 2022

## **2022 PERFORMANCE SHARE UNIT PLAN OF THE COMPANY**

Dear Shareholders,

The Group Remuneration Policy includes the assignment of Performance Share Units (PSU) as part of the variable remuneration component. The Policy aims at providing incentives for the executive directors and selected employees to achieve growth results in the medium and long term and at ensuring executives alignment with the pursuit of the key objective of sustainable creation of value for shareholders.

Therefore, the Board of Directors, on the proposal of the Compensation and Talent Development Committee, and with the abstention of the Executive Directors, resolved to submit to approval this 2022 PSU plan, for employees, Executive Directors and/or collaborators of Ariston Group – who are selected within the Company's departments and its Subsidiaries and from among individuals whose roles are of strategic importance to achieving corporate objectives – in order to incentivise those individuals to enhance the value of the Company, with also a retention function.

The Units will be granted to Beneficiaries free of charge and on a personal basis, and cannot be transferred, except as otherwise indicated. The actual number of Units assigned to Beneficiaries will be determined, by weighing together:

- (i) Adjusted EBIT/net sales matrix (weighing 70% of the global performance targets);
- (ii) relative total shareholders return (TSR), measuring the performance of the ordinary shares *vis-à-vis* the shares of selected competitors (weighing 15% of the global performance target); and
- (iii) an environmental social governance (ESG) objective, measuring the percentage of renewables and high efficiency products sold, out of the total turnover generated from the sale of products (weighing 15% of the global performance target).

The period for assessing performance foresees a three-year vesting period and, only for Beneficiaries who are Executive Directors, a lock-up provision of two years on an amount equal to 30% of the Ordinary Shares accrued. The assignment of shares requires the contract of employment to continue, along with the effective provision of work, except as otherwise resolved by the Board of Directors. The Plan also provides for the adoption of claw back mechanism, including in the event that the achievement of the performance objectives is the result of wilful misconduct or if the reference regulations (whether corporate or legal) are breached by the Beneficiaries.

The maximum number of Units to be assigned under this Plan will be equal to a maximum amount of € 7,000,000.00, of which in particular € 1,900,000.00 for the Executive Directors of the Issuer, as resolved by the Board of Directors on 2 March 2022, on the proposal of the Compensation and Talent Development Committee.

In the following section of this report, the Board of Directors sets out all the details regarding the Plan (the key feature of which have just been explained), in accordance with Article 84-*bis* of the CONSOB regulation no. 11971/1999 (**Issuer's Regulation**) and in line with the indications given in the related Annex 3A – Scheme 7, with the aim of informing our shareholders and the market about the proposed adoption of this Plan.

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## **GLOSSARY**

For the purpose of this Plan the capitalized terms and expressions listed below have the meanings given immediately after them.

<b>Adhesion Form</b>	Indicates the form that the Company will send/sends to Beneficiaries for them to sign and return as a sign of their full and unconditional acceptance of the Plan and the related Rules.
<b>Adjusted EBIT Objective</b>	Indicates the Ariston Group's cumulative Adjusted EBIT at the end of the Performance Period, as reflected in the Company's financial statements as of 31 December 2024. This value is calculated excluding the Adjusted EBIT, valued at the time of acquisition, of companies that entered the Ariston Group's perimeter during the Performance Period, but including the change (increase or decrease) in the Adjusted EBIT of said companies calculated between the time of acquisition and the end of the Performance Period.
<b>Allocation Price</b>	Indicates the value equal to the arithmetic average of the official stock exchange closing price of the Ordinary Share during the 30 days preceding the assignment of the Units.
<b>Ariston Group</b>	Indicates the Company and the Subsidiaries, jointly.
<b>Beneficiaries</b>	Indicates the employees and/or the Executive Directors and/or collaborators of Ariston Group to whom Units have been assigned.
<b>Board of Directors</b>	Indicates the board of directors of the Company.
<b>Borsa Italiana</b>	Borsa Italiana S.p.A. with head office in Milan, Piazza degli Affari no. 6.
<b>Company or Issuer</b>	Indicates Ariston Holding N.V.
<b>Compensation and Talent Development Committee</b>	Indicates the Compensation and Talent Development Committee of the Company.
<b>Executive Directors</b>	Indicates the executive member of the Board of Directors.
<b>Group Remuneration Policy</b>	Indicates the group remuneration policy, available on Ariston website, <a href="http://www.aristongroup.com">www.aristongroup.com</a> Governance/Corporate-Regulation's section.
<b>Information Document</b>	Indicates this information document drawn up pursuant to Art. 84- <i>bis</i> of the Issuers' Regulation and consistently with the instructions contained in the Annex 3A, Scheme 7 of the Issuers' Regulation.

<b>Net Sales Objective</b>	Indicates Ariston Group's cumulative net sales at the end of the Performance Period, <i>i.e.</i> , the sum of revenues net of value added tax, minus any returns of goods or discounts. This value is calculated excluding the revenues, measured at the time of acquisition, of companies which entered Ariston Group's perimeter during the Performance Period, but including the change (increase or decrease) in the revenues of these companies, measured between the time of acquisition and the end of the Performance Period.
<b>Ordinary Shares</b>	Indicates Ariston ordinary shares, which are listed on Euronext Milan, a regulated market organized and managed by Borsa Italiana.
<b>Performance Objectives</b>	Indicates the Adjusted EBIT Objective, the Net Sales Objective, the TSR Objective and the Sustainability Objective.
<b>Performance Period</b>	Indicates the period between 1 January 2022 and 31 December 2024, in relation to which the Performance Objectives are set.
<b>Plan</b>	Indicates this 2022 performance share unit plan approved by the Board of Directors on 2 March 2022, after consultation with the Compensation and Talent Development Committee.
<b>Relationship</b>	Indicates the employment and/or directorship relationship between a Beneficiary and the Company or one of its Subsidiaries. If the same Beneficiary has an employment relationship and a directorship relationship, only the employment relationship will be taken into account for the purposes of this Plan.
<b>Rules</b>	Indicates the Plan's criteria, methods and implementation terms which will be approved by the Board of Directors in accordance with this Plan.
<b>Shareholders' Meeting</b>	Indicates the Company's shareholders' meeting called on 28 April 2022 to resolve, <i>inter alia</i> , on the approval of this Plan pursuant to Art. 114- <i>bis</i> of the Italian Consolidated Finance Act.
<b>Subsidiaries</b>	Indicates Ariston subsidiaries pursuant to Art. 2359, Paragraph 1 of the Italian Civil Code.
<b>Sustainability Objective</b>	Indicates the Company's performance regarding the environmental sustainability of Ariston Group's products in the Performance Period, measured as the percentage of sales generated by highly efficient and renewable products compared to total sales of the «thermal comfort division's

	products». This value is calculated on a fixed perimeter ( <i>i.e.</i> excluding any new acquisitions).
<b>TSR Objective</b>	Indicates the Company's total shareholder return compared to that of the companies in the peer group, with the comparison presented as a ranking from 1st to 11th place. <i>Total shareholder</i> return is measured at the end of the Performance Period on a total return basis and is thus equal to the percentage change in the total value of Ordinary Shares plus the dividends distributed to the Company's shareholders in the Performance Period.
<b>Unit</b>	Indicates all the units granted to Beneficiaries, made available free of charge and not transferable between living people. Each Unit will give Beneficiaries the right to one Ordinary Share at the terms and conditions set out in this Plan, and in accordance with the Rules.

## 1. THE BENEFICIARIES OF THE PLAN.

The Beneficiaries and the number of Units to be grant to them have not been finalised yet. In all likelihood, however, the beneficiaries will include the company's Executive Directors: the executive chairman, Paolo Merloni and the chief executive officer, Laurent Jacquemin.

Indeed, the final identification of the Beneficiaries will be performed by the following competent corporate bodies authorised to implement the Plan, as approved by the Issuer's general meeting:

- a. the Board of Directors, following consultation with the Compensation and Talent Development Committee, if the Beneficiary is an Issuer's director or carries out general management duties at the Issuer; or
- b. the Executive Directors of the Issuer, if the Beneficiary falls into any other category of Beneficiaries.

For the purposes of identifying the Beneficiaries, the competent corporate bodies shall take into account the importance of the position held by each Beneficiary in the Group as well as selected talent, and the Issuer's interest in scaling long-term incentives as part of its strategy.

The competent corporate bodies shall, in any case, observe any quantitative limits approved by the Issuer's general meeting, specifically: for a maximum number of Units equal to the ratio between € 7,000,000.00 and the Allocation Price, of which in particular: (i) for the Executive Directors of the Issuer: a maximum number of options resulting from the ratio between € 1,900,000.00 and the Allocation Price, and (ii) with respect to all other Beneficiaries: for a maximum number of Units resulting from the ratio between € 5,100,000.00 and the Allocation Price.

Please note that the Allocation Price of the Units is based on the arithmetic average of the official stock market closing prices in the 30 days preceding the assignment of the Units neutralizing, in this manner, the effect of any sudden increases or decreases in the price of the Ordinary Shares close to the assignment date. Moreover, the Units have a medium to long term Performance Period, which makes short-term fluctuations in the price of the Ordinary Shares less relevant.

Beneficiaries may belong to one of three categories in the Ariston Group: employees, Executive Directors, and/or collaborators. The competent corporate bodies may assign Units under this Plan until the deadline of 31 December 2022.

The Units assigned are governed by the same regulations regardless of the category to which each Beneficiary belongs.

The information relating to the effective recipients of the Units will be disclosed to the public upon implementation of the Plan in accordance with all applicable legal provisions and regulations.

## **2. REASONS JUSTIFYING THE ADOPTION OF THE PLAN.**

This Plan is a tool for achieving growth results in the medium and long term and align Beneficiaries' interests with the pursuit of the priority objective of sustainable creation of value for shareholders.

For the purposes of determining the number of Units that can be assigned to each Beneficiary, the competent corporate body considers the importance of the position held by each Beneficiary in Ariston Group, and the Issuer's interest in scaling long-term incentives as part of its strategy.

The established timeframe – a three year period – was determined to prevent short-term strategy from compromising the effectiveness of the management incentive scheme, such as effects on the achievement of certain targets.

The plan is developed over a period of time deemed appropriate for the achievement of the objectives of incentive and retention and is prepared in accordance with the Group Remuneration Policy.

## **3. PERFORMANCE INDICATORS OF THE PLAN.**

The vesting of Units and the corresponding granting of Ordinary Shares are subject to verification by the Board of Directors of the degree to which one or more Performance Objectives have been achieved by the end of the Performance Period; the Plan provides the assignment, free of charge, of Units to the Beneficiaries that permit their subsequent conversion into Ordinary Shares under the conditions established in this Plan and in accordance with the Rules.

The Performance Objectives are: (i) the Adjusted EBIT Objective; (ii) the Net Sales Objective; (iii) the TSR Objective; and (iv) the Sustainability Objective. These Performance Objectives are communicated to the Beneficiaries through the Adhesion Form and are disclosed to the market through publication of the Company's remuneration report and/or the annual report.

Each Performance Objective has an incentive payout curve that links the Ordinary Shares that can be granted with the degree of achievement of the Performance Objective, based on the following performance levels:

- (i) a minimum performance threshold, below which no Ordinary Shares are granted;
- (ii) a target performance threshold, the reaching of which will result in the granting of 100% of the Ordinary Shares that can be granted based on the given Performance Objective; and
- (iii) a maximum performance threshold, the reaching or exceeding of which will result in the granting of up to 150% of the Ordinary Shares that can be granted based on the given Performance Objective.

The actual number of Units that will vest – and thus the number of Ordinary Shares that will be granted to each Beneficiary – will be the number resulting from the weighted average of the results pertaining to the Adjusted EBIT Objective and Net Sales Objective (70% combined weight), the TSR Objective (15% weight) and the Sustainability Objective (15% weight), each calculated in accordance with their performance level and shall be determined by the Board of Directors, having obtained the opinion of the Compensation and Talent Development Committee, based on the level of achievement of the Performance Objectives as set out in the consolidated financial statements of the Group, approved by the Shareholders' Meeting of the Company and, as to the results relating to the TSR Objective, having regard to the calculations provided by the financial management of the Company or by any external company appointed to certify the results achieved, in any event taking into account that in the pursuit of the Performance Objectives the Group shall avoid excessive debt.

Each Performance Objective will be relevant for Unit vesting purposes as shown in the following tables:

- a. Adjusted EBIT Objective and Net Sales Objective (70% weight) – calculated on a continuous, non-discretionary basis and expressed as a percentage of the targets set forth in the Company's business plan approved on 5 August 2021;

		2022-2024 NET SALES												
		Mio€	6,040	6,145	6,250	6,355	6,460	6,565	6,670	6,775	6,880	6,985	7,090	
		ME	as % of the objective	92,0%	93,6%	95,2%	96,8%	98,4%	100,0%	101,6%	103,2%	104,8%	106,4%	108,0%
2022-2024 TOTAL EBIT ADJUSTED	642,6	90,0%	50,0%	55,0%	60,0%	65,0%	70,0%	75,0%	80,0%	85,0%	90,0%	95,0%	100,0%	
	656,9	92,0%	55,0%	60,0%	65,0%	70,0%	75,0%	80,0%	85,0%	90,0%	95,0%	100,0%	105,0%	
	671,2	94,0%	60,0%	65,0%	70,0%	75,0%	80,0%	85,0%	90,0%	95,0%	100,0%	105,0%	110,0%	
	685,4	96,0%	65,0%	70,0%	75,0%	80,0%	85,0%	90,0%	95,0%	100,0%	105,0%	110,0%	115,0%	
	699,7	98,0%	70,0%	75,0%	80,0%	85,0%	90,0%	95,0%	100,0%	105,0%	110,0%	115,0%	120,0%	
	714,0	100,0%	75,0%	80,0%	85,0%	90,0%	95,0%	100,0%	105,0%	110,0%	115,0%	120,0%	125,0%	
	728,3	102,0%	80,0%	85,0%	90,0%	95,0%	100,0%	105,0%	110,0%	115,0%	120,0%	125,0%	130,0%	
	742,6	104,0%	85,0%	90,0%	95,0%	100,0%	105,0%	110,0%	115,0%	120,0%	125,0%	130,0%	135,0%	
	756,8	106,0%	90,0%	95,0%	100,0%	105,0%	110,0%	115,0%	120,0%	125,0%	130,0%	135,0%	140,0%	
	771,1	108,0%	95,0%	100,0%	105,0%	110,0%	115,0%	120,0%	125,0%	130,0%	135,0%	140,0%	145,0%	
785,4	110,0%	100,0%	105,0%	110,0%	115,0%	120,0%	125,0%	130,0%	135,0%	140,0%	145,0%	150,0%		

- b. TSR Objective (15% weight)

Company rank compared to the Peer Group	Percentage of Units that vest (out of 15% of the total)
11	0%
10–9	50%
8–7	75%
6–5	100%
4–3	125%
1–2	150%

- c. Sustainability Objective (15% weight) – calculated on a continuous, non-discrete basis

Percentage of sales generated	Percentage of Units that vest (out of 15% of the total)
Less than 74%	0%

74%	50%
76%	100%
greater or equal 77,5%	150%

The Ordinary Shares – the number of which will correspond to the related Units vested – will be granted to each Beneficiary through special notice from the Company by the end of May 2025 or at the soonest possible date. The Shares will be granted free of charge; Beneficiaries will thus not have to pay any consideration to the Company for them.

With reference to this Information Document, please note that:

- this Plan is subject to the *malus* and claw back provisions laid down in Article 2:135 (6) and (8) of the Dutch Civil Code;
- the approval of this Plan was not influenced by tax or accounting considerations and will be implemented, in the Issuer's interests, in compliance with tax and accounting provisions in force from time to time; and that
- this Plan will not benefit from the support of the *Fondo speciale per l'incentivazione della partecipazione di lavoratori nelle imprese* (the Italian fund to promote employee shareholding).

#### **4. METHODS AND IMPLEMENTATION CLAUSES OF THE PLAN, DURATION AND CONDITION FOR THE ALLOCATION OF ORDINARY SHARES.**

On proposal of the Compensation and Talent Development Committee of 17 February 2022, the Board of Directors on 2 March 2022 resolved, with the abstention of the interested Executive Directors, to submit the Plan to the approval of the Shareholders' Meeting.

The Shareholders' Meeting will be called to resolve not only the approval of the Plan, but also to grant the Board of Directors all powers necessary or advisable to execute the Plan, in particular (merely by way of example but not limited to) all powers for identifying the Beneficiaries and for determining the number of Units to assign to each one of them, for making the assignments to the Beneficiaries, and for carrying out every action, fulfilment, formality and communication necessary or expedient for the management and/or implementation of this Plan.

It is proposed to grant the Board of Directors with all powers necessary or expedient to execute the Plan, in particular all powers for identifying the Beneficiaries and for determining the number of Units to assign to each one of them, for making the assignments to the Beneficiaries, and for carrying out every action, fulfilment, formality and communication necessary or expedient for the management and/or implementation of the this Plan, with powers to delegate its own powers, duties and responsibilities regarding the execution and application of the such Plan to the Executive Directors, also separately from each other, it being understood that every decision regarding and/or pertaining to the assignment of the Units to the Beneficiaries, who are also Executive Directors, shall remain the sole responsibility of the Board of Directors. The Compensation and Talent Development Committee will perform advisory and proposal-making functions for implementing the Plan pursuant to the Group Remuneration Policies.



It is also proposed to grant the Board of Directors with the power to introduce any amendment or supplement to the Plan it deems useful or necessary to better pursue the objectives of the same Plan regarding the interests of the Issuer, adopting the most expedient methods.

The Plan includes the free assignment to the Beneficiaries of Units that give the right to receive, again for nil consideration, the Ordinary Shares in the ratio of 1 Ordinary Share every 1 Unit accrued. The Issuer's competent corporate bodies may acquire and/or issue the Ordinary Shares to serve the Plan in accordance with applicable legislation and regulations. It is within the discretionary powers of the Board of Directors to decide whether to acquire the Ordinary Shares on the market when the Units are assigned or to enter into derivatives contracts to hedge the risk of price fluctuations, or to raise the capital to serve the Units by another means (e.g., a capital increase).

In the absence of specific delegation of powers and notwithstanding the ordinary administration of the Plan, each director who is not a member of the Compensation and Talent Development Committee contributes to the implementation of the Plan only in his capacity as a member of the Issuer's management body. If a conflict of interest arises, the general provisions and procedures governing transactions in the event of conflicts of interest shall apply. None of the non-executive members of Board of Directors will be a Beneficiary of Units under the this Plan; thus none of the members of the Issuer's Compensation and Talent Development Committee will be a Beneficiary of Units under this Plan.

#### **5. LIMITS TO THE TRANSFER OF THE UNITS AND THE ORDINARY SHARES GRANTED.**

The Units are personal, non-transferable, and they cannot be pledged or given as a guarantee to the Company, to the Subsidiaries or to third parties. In general the Units cannot be the subject matter of any type of contract, including derivative contracts.

The assignment of the Units during the validity of the Plan shall give no right or expectation to the assignment of Units over the years to come, nor to maintaining the existing relationship between the Beneficiaries and the Issuer, or the Subsidiaries, which will continue to be regulated following the applicable rules in effect of the current laws.

The Units can be converted into Ordinary Shares only by the Beneficiaries, unless otherwise provided for in the case of death or disability of the Beneficiary.

No restrictions apply to Beneficiaries in transferring the Ordinary Shares assigned after the accrued Units are converted, except for Executive Directors who will be required to continuously hold, for a period of two years following the Performance Period a number of Ordinary Shares equal to 30% of those allocated under this Plan.

Any attempt to sell, assign, encumber or transfer the Units, and any hedging operations on the Units by a Beneficiary before the granting of the Ordinary Shares, will be invalid and in any case ineffective against the Issuer and will automatically lead to that Beneficiary's loss of his/her Units.

Beneficiary's right to Ordinary Shares is intrinsically and functionally linked to the continuation of the Beneficiary's Relationship with the Company or its Subsidiaries. Therefore, if the Beneficiary's Relationship terminates before the conversion of the Units into Ordinary Shares, all Units granted to the Beneficiary will be permanently cancelled, with the Beneficiary's consequent loss of the right to Ordinary Shares. This unless the Board of Directors decides otherwise in a more favourable way for the Beneficiary.

If a Beneficiary's relationship terminates after the termination of the Performance Period but before the conversion of the Units into Ordinary Shares, because of dismissal, revocation or

non-renewal by the Company for just cause, disciplinary reasons, or any other serious reasons foreseen in the local legislation as cause or disciplinary reason, all Units granted to that Beneficiary will be permanently cancelled, with the Beneficiary's consequent loss of the right to Shares. This unless the Board of Directors decides otherwise in a more favourable way for the Beneficiary.

In all cases of termination of the Relationship other than those referred to the paragraph above, the Beneficiary concerned (or his/her heirs) will retain the right to the Ordinary Shares.

It is understood that: (i) the natural expiry of an Executive Director's term of office followed by the immediate and uninterrupted renewal of the directorship will not be considered termination of the Relationship; and (ii) a Beneficiary subject to disciplinary action will have his/her right to the Ordinary Shares suspended from the moment a disciplinary letter is sent/delivered to him/her until he/she receives a notice from the Company or Subsidiary whereby the disciplinary penalty is applied or that states that it does not intend to apply any disciplinary penalties.

If a Relationship is transferred from the Company or a Subsidiary to another Ariston Group company, or if a Relationship is terminated and a new Relationship is simultaneously entered into within the Group, the Beneficiary will retain, *mutatis mutandis*, all rights granted to him/her under these Rules.

With reference to this Information Document, please note that:

- except for what is stated in the paragraphs above, there are no other causes for cancellation of the Plan;
- no "redemption" clauses are provided by the Company for the Units covered by the Plan and for the Ordinary Shares stemming from their conversion, without prejudice to what is provided above with reference to the claw back;
- the Issuer's expected liability shall be calculated with reference to the actual dates on which the Units are assigned, according to the Black-Scholes method; and
- any dilutive effects from the implementation of the Plan will depend on whether the Issuer has chosen to raise capital through purchases on the market or through a capital increase. Notwithstanding the Regulation authorising the Issuer to implement the Plan through either the purchase of Shares that have already been issued or via a capital increase; in the event of a capital increase, the Issuer expects a *de minimis* dilution.

## **6. EXTRAORDINARY TRANSACTIONS.**

In any of the cases listed below, the Board of Directors may amend or supplement the Plan, independently and without the Company shareholders' approval, in any way it considers necessary or appropriate to avoid changing, within the limits allowed by the legislation applicable from time to time, the Plan's substantive and economic content and in the spirit of maintaining alignment between the Beneficiaries' interests and Shareholders' interests, with the common aim of creating sustainable value, including in consideration of other stakeholders' interests: (i) extraordinary transactions that involve the Company's share capital and that are not expressly governed by the Rules such as: mergers; spin-offs; reductions in share capital due to losses through the cancellation of shares; reductions in the nominal value of shares due to losses; increases in the Company's share capital, whether free of charge or for cash, offered with or without pre-emption rights to shareholders, and which may also be paid for through contributions in kind; distribution of extraordinary dividends to shareholders; and reverse stock splits or share splits; (ii) events that are of an extraordinary or non-recurring

nature or unrelated to the typical activity of the Company or Ariston Group such as those events that (x) are considered particularly significant, or (y) are not currently envisaged in the business plans, and (z) entail a significant change to the Group's composition; (iii) significant changes in the macroeconomic or competitive landscape due to extraordinary events of significant impact that fall outside the scope of management's action; and (iv) any legislative or regulatory changes or other events that could affect the Units, Ordinary Shares, Ariston Group or Plan.

For example, the Board of Directors may amend – by supplementing or reducing, as the case may be – the following: (i) the definition, maximum number and/or features of the Units granted to Beneficiaries and/or Shares governed by the Plan, with account taken of the number of Company treasury shares from time to time and/or the number of new ordinary Company shares resulting from any capital increases approved to service the Plan or any further incentive plans and Units granted under the Plan or under any further incentive plans, including share-based plans; (ii) the conditions for granting of the Shares; and (iii) the Performance Objectives, including the companies in the peer group.

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