



**MINUTES**

of the

**ANNUAL GENERAL MEETING**

of

**ARISTON HOLDING N.V.**

**4 May 2023**

## Minutes of the annual general meeting of shareholders of ARISTON HOLDING N.V.

**Date: 4 MAY 2023**

**Time: 12.00 CEST**

The agenda of the annual general meeting of shareholders ("**AGM**") of Ariston Holding N.V. ("**Company**") includes the following items:

1. Opening
2. Annual Report 2022
  - a. Presentation of the annual report 2022 (*discussion*)
  - b. Remuneration report 2022 (*discussion and advisory vote*)
  - c. Adoption of annual accounts 2022 (*voting item*)
3. Dividend
  - a. Dividend policy (*discussion*)
  - b. Determination and distribution of dividend for 2022 (*voting item*)
4. Release from liability
  - a. Release from liability of the executive directors (*voting item*)
  - b. Release from liability of the non-executive directors (*voting item*)
5. Approval of the remuneration policy (*voting item*)
6. Approval of Long-Term Incentive Plan 2023 (*voting item*)
7. Authorisation of the Board as the competent body to acquire fully paid shares in the Company's capital (*voting item*)
8. Re-appointment of Ernst & Young Accountants LLP as independent external auditor entrusted with the audit of the annual accounts for the financial years 2023 and 2024 (*voting item*)
9. Closing

## Agenda item 1: Opening

Paolo Merloni, the Company's Executive Chair, opened the AGM at 12:02 CEST and welcomed all attendees on behalf of the Company's board of directors ("**Board**") and noted that the AGM was held physically as the Dutch law measures and recommendations relating to the coronavirus (COVID-19) are no longer applicable. Paolo Merloni informed the meeting that he will act as chair of the AGM ("**Chairman**") in accordance with article 25.1 of the Company's articles of association dated 19 December 2022 ("**Articles of Association**").

The Chairman informed the AGM that:

- a. except for the Chairman, the other executive and non-executive directors are not attending this meeting. They have been given the opportunity to advise on the subjects raised in this meeting;
- b. the external auditor, Mr. Gianluca Focaccia (Ernst & Young S.p.A., Italy) is also present;
- c. a notary of Houthoff Coöperatief U.A. was present in person to supervise the correct course of the voting procedure. For the purpose of drafting these minutes, the meeting has been recorded by a lawyer of Houthoff;
- d. Mrs. Marcella Zacchei, the Company's Secretary, acted as secretary of the meeting and Mr. Luca Mirabelli, the Company's Investor Relations Senior Director, and Riccardo Gini, Group Chief Financial Officer, were also present;
- e. the meeting has been held in English and the convocation for the meeting had been published on the Company's website on 23 March 2023;
- f. the shareholders not psychically present have been given the opportunity to exercise their voting rights by proxy and via the web procedure made available by Computershare S.p.A. on the Company's website until the voting cut-off time of 17:00 CEST on 27 April 2023;
- g. the total number of shares outstanding as at the record date (6 April 2023), amounted to 225,000,000 multiple voting shares, 125,505,005 ordinary shares and 22,095,194 non-listed ordinary shares with a total number of 1,588,219,173 voting rights. For the sake of clarity, as per the record date, the Company owned 1,500,000 ordinary shares without the right for the Company to cast any vote; and
- h. according to the registration list, one shareholder, Becon AG, representing 300 voting rights, equal to 0.00000189% of the total voting rights was registered for this AGM. This shareholder did however not show up. 1,541,087,110 voting instructions were submitted via proxy vote prior to the AGM, with which the quorum mentioned in article 27.1 of the Articles of Association was reached. The official voting results will be published on the Company's website after the AGM.

## **Agenda Item 2: Annual Report 2022**

The Chairman referred to the annual report 2022 published on the Company's website ("**Annual Report 2022**").

### **2.a The first part of this item is the presentation of the Annual Report 2022 (*discussion*)**

The Chairman briefly commented on the highlights of the Annual Report 2022:

#### **FY 2022 Net Revenue by division**

Total YoY growth was +19.7% for the entire year. About 7% of this was generated by the addition of Chromagen.

The overall increase was driven by pricing and mix, in the context of a volume decrease dominated by water-heating, also due to the missing production from two plants flooded in mid-September.

#### **FY 2022 Net Revenue by area**

Looking at revenue by area, Americas posted a positive YoY comparison although entirely due to the exchange rates, largely influenced by a strong de-stocking of water-heaters operated by distributors in the second half of the year.

Asia/Pacific, Middle East and Africa registered an overall increase but an organic decrease from prior year. The main causes here were the situation in China, especially with the lower demand from the construction sector, and the missing production of water-heaters from the flooded plants meant to serve the markets in the Middle East.

Overall, exchange rates had a positive 3.9% effect in the year.

Net profit increased 2.9% despite the lack of the favorable fiscal one-off of 2021, which was worth 8 million euro.

Net working capital as a percentage of sales was higher than the previous year. The increase in NWC was both a decision to protect business continuity, and a consequence of inflation, price adjustments and currency exchange. Also the mix played a role as the cost per unit of a heating heat pump is higher than the cost per unit of other legacy products.

#### **FY 2022 Condensed Income Statement**

Going down through the income statement the financial indicator of choice, EBIT Adjusted, reached 222.6 million at the end of the year, representing 9.4% of revenue.

This yearly performance incorporates the following adverse effects: 1) the time lag between cost and price increases; 2) the extra cost of energy of the second part of the year; 3) an increase in Selling, General & Administrative expenses; 4) some Opex to continue investing on digital initiatives; 5) some dilution from Chromagen (the margin on sales was 9.7% considering the original perimeter).

As to adjustments, the largest component comes from the direct damage generated by the floods occurred in September, worth 10.8 million euro (already net of a 5-million-euro payment in account by the insurance company). We expect the entire amount to be recovered later this year.

The costs related to Ariston's multi-year restructuring program amounted to 6.9 million euro in the period.

The rest of adjustments on EBITDA refer to M&A-related expenses and the write-down of some Ukrainian assets. Adjustments for EBIT also include the purchase price amortization on acquired companies.

Profit before tax grew by 8.7% compared to last year, while net profit registered a more modest increase of 2.9%, because of the anomaly of the previous year's tax rate, which benefitted from a one-off worth 8 million euro.

### **Total Net Financial Indebtedness according to ESMA 32-382-1138 guidelines**

Lastly the Chairman commented on net financial indebtedness, calculated according to the ESMA guidelines.

The Group closed the year with 60M net cash, thanks to a strong generation in the last quarter.

The very high amount of liquidity and long-term debt at the end of the year reflected the upcoming payment, two days later, of 635 million euro for the acquisition of Centrotec Climate Systems. In fact, some of the Revolving Credit Facilities available at the end of December had been drawn down to fulfill the payment on January 2<sup>nd</sup> this year.

About half of long-term debt was fixed-rate or hedged, with about 90% of maturities concentrated between 2025 and 2027.

The Chairman added that the Group can still count on a significant additional amount available on committed credit lines, ready to finance organic and inorganic growth opportunities.

### **2.b The second part of this agenda item is the remuneration report 2022 (*discussion and advisory vote*)**

The Chairman continued with sub-item 2.b, concerning the remuneration report for the Board for 2022 ("**Remuneration Report 2022**") and noted that this was a discussion and advisory vote item. The Chairman noted that the Remuneration Report 2022 is contained in the relevant section of the Annual Report 2022. The details about the remuneration of the Company's directors were described in the remuneration report 2021.

The Chairman explained that the Remuneration Report 2022 is included in the Annual Report 2022 and complies with the remuneration policy approved by the general meeting of the Company on 11 November 2021. The Remuneration Report 2022 gave an overview of how the remuneration policy has been implemented in 2022. The Remuneration Report 2022 has been prepared in line with the legal disclosure requirements contained in the Dutch Civil Code implementing the European Shareholders Rights Directive. For further details, please refer to the "*Remuneration Report*" section of the Annual Report 2022.

The Chairman further stated with respect to the composition of the Board in 2022 that the Company continued to be managed by the following directors in office: Paolo Merloni and Laurent Jacquemin as executive directors and Ignazio Rocco di Torrepadula, Enrico Vita, Roberto Guidetti, Maria Francesca Merloni, Marinella Soldi, Francesco Merloni, Lorenzo Poza, Paolo Tanoni, Sabrina Baggioni and Andrea Silvestri as non-executive directors. On 3 November 2022, Sabrina Baggioni resigned as non-executive director of the Company to take on the role of Chief Digital and Marketing Officer for the Group. Although not relating to the financial year 2022, on 2 January 2023 as part of the acquisition of CENTROTEC Climate System GmbH ("**Transaction**"), Paolo Tanoni and Andrea Silvestri resigned as non-executive directors and Antonia Di Bella and Guido Krass joined the Board as non-executive directors.

The composition of the Board committees also changed at the start of the financial year 2023 as a result of the Transaction and is now as follows:

- Mr. Ignazio Rocco di Torrepadula, Ms. Marinella Soldi and Mr. Roberto Guidetti are members of the compensation and talent development committee with Mr. Roberto Guidetti as chair.
- Mr. Enrico Vita, Mr. Paolo Merloni, Mr. Andrea Guerra, not a member of the Board, and Mr. Guido Krass are members of the strategic committee with Mr. Paolo Merloni as chair.
- Mr. Lorenzo Pozza, Mr. Ignazio Rocco di Torrepadula and Ms. Antonia Di Bella are members of the audit committee with Mr. Lorenzo Pozza as chair.

The Chairman explained that shareholders could either vote in favour of, or against, a positive advice with respect to the Remuneration Report 2022. Any votes "against" would qualify as a negative advice. The results of the voting would be regarded as an advisory, non-binding, vote with respect to the Remuneration Report 2022 and the Company will explain how this vote in this meeting will be taken into account for the remuneration report 2023.

The Chairman announced the voting results which were the following:

In favour:	1,501,448,126	97.43%
Against:	39,638,984	2.57%
Abstain:	0	-

After the announcement, the Chairman informed the meeting that a majority of the advisory votes cast were in favour of the Remuneration Report 2022.

### 2.c Adoption of the annual accounts 2022 (*voting item*)

The Chairman moved to the final sub-item 2.c concerning the adoption of the Company's annual accounts for 2022, which is a voting item. The annual accounts for 2022 have been drawn up by the Board and audited by Ernst & Young Accountants LLP, the Netherlands, who have issued an unqualified opinion. Mr. Gianluca Focaccia will present the key elements of the audit and answer any questions.

The Chairman gave the meeting the opportunity to ask questions on this item and concluded that there were no questions. The Chairman proceeded to the voting.

The Chairman announced the voting results which were the following:

In favour:	1,541,036,148	100%
Against:	0	0
Abstain:	50,962	-

The Chairman informed the meeting that the Company's annual accounts for 2022 were adopted and proceeded with the next agenda item.

### **Agenda Item 3: Dividend**

The Chairman moved to the third agenda item dividend.

#### **3.a Dividend policy (*discussion*)**

The first sub item concerns the Company's dividend policy, which is a discussion item.

The Chairman pointed out to the meeting that the dividend policy is in line with the Company's current strategy. The dividend policy is determined by the Board and is available on the Company's website. To the extent possible and provided that the Company's operational and financial objectives have been met, the Company is targeting a dividend pay-out ratio of approximately 33% of the group's net profit attributable to shareholders in the immediately preceding financial year.

The Chairman proceeded with the next agenda item.

#### **3.b Determination and distribution of dividend (*voting item*)**

The Chairman noted that the second sub item concerns the determination and distribution of dividend, which is a voting item.

It is proposed:

- to distribute a dividend of €0.13 in cash per share outstanding. According to article 32.3 of the Articles of Association, the shareholders will share in the (profit) distribution in proportion to the aggregate number of the shares (either ordinary shares, non-listed shares and/or multiple voting shares) held by each of them, on the basis of the shares issued and outstanding as per 23 May 2023, except for own shares held by the Company. The total dividend is €48.3 million; and
- to pay the dividend on 24 May 2023 (the outstanding shares will be quoted ex-dividend from 22 May 2023 in accordance with the Italian Stock Exchange calendar and the record date for the dividend would be on 23 May 2023).

The Chairman gave the meeting the opportunity to ask questions on this item and concluded that there were no questions. The Chairman proceeded to the voting.

The Chairman announced the voting results:

In favour:	1,541,087,110	100%
Against:	0	0
Abstain:	0	-

The Chairman informed the meeting that the resolution had been adopted and proceeded with the next agenda item.

#### **Agenda Item 4: Release from liability (voting item)**

The Chairman explained that this agenda item is a standard item in an annual general meeting in the Netherlands. A release from liability granted to the directors means a release from actual or potential liability. The release of liability does not cover facts that were not disclosed to the general meeting prior to the adoption of the annual accounts 2022. In addition, the principles of reasonableness and fairness may prevent reliance on a discharge under certain circumstances.

##### **4.a Release from liability of the executive directors (voting item)**

Under agenda item 4.a, the general meeting was requested to release each executive director from liability in respect of the exercise of his duties in the financial year 2022, to the extent that such exercise is apparent from the Annual Report 2022 or from information otherwise disclosed to the general meeting.

The Chairman gave the meeting the opportunity to ask questions on this item and concluded that there were no questions. The Chairman proceeded to the voting.

The Chairman announced the voting results:

In favour:	1,540,709,983	99.98%
Against:	236,753	0.02%
Abstain:	140,374	-

The Chairman informed the meeting that the resolution had been adopted and proceeded with the next agenda item.

##### **4.b Release from liability of the non-executive directors (voting item)**

Under agenda item 4.b, the meeting was requested to release each non-executive director from liability in respect of the exercise of his or her duties in the financial year 2022, to the extent that such exercise is apparent from the Annual Report 2022 or from information otherwise disclosed to the general meeting.

The Chairman gave the meeting the opportunity to ask questions on this item and concluded that there were no questions. The Chairman proceeded to the voting.

The Chairman announced the voting results:

In favour:	1,538,347,989	99.83%
Against:	2,598,747	0.17%
Abstain:	140,374	-

The Chairman informed the meeting that the resolution had been adopted and proceeded with the next agenda item.

#### **Agenda Item 5: Approval of the remuneration policy (voting item)**

The Chairman proposed to the meeting to approve an amendment to the existing remuneration policy. The amendments relate to the targets under the short-term incentive plan (the **STI Plan**) and the long-term incentive plan (the **LTI Plan**).

The Chairman noted that with respect to the STI Plan, the Remuneration Policy currently requires that the short term incentive targets are based on three performance indicators: (i) Target A identifies the Group Adjusted EBIT, weighting 60% of the global performance target; (ii) Target B identifies the Group turnover, weighting 20% of the global performance target; and (iii) Target C identifies the product replacement rate (measuring the ratio between annual warranty intervention and replacement and annual sales), weighting 20% of the global performance target. The Chairman noted that in 2022, a new group quality index (the GQI) for Target C was tested, which is ready to be fully introduced in 2023.

The Chairman explained that as such a modification of the Remuneration Policy is needed to replace the quality indicator of Target C calculated as product replacement rate with this new GQI, calculated as a weighted combination of a set of single KPI's measuring the quality of the product along its lifecycle: from product development to supplier and from manufacturing to after sales (warranty spending).

The Chairman noted that with respect to the LTI Plan, the Remuneration Policy currently requires that the long-term incentive targets are based on three performance indicators: (i) Adjusted EBIT/net sales matrix, weighting 70% of the global performance target; (ii) relative total shareholders return (measuring the performance of the Company's shares vis-à-vis the shares of selected competitors) weighting 15% of the global performance target; and (iii) an environmental social governance (ESG) objective, measuring the % renewables and high efficiency products sold out of the total turnover generated from the sale of products of the Thermal Comfort Division, weighing 15% of the global performance target.

The Chairman explained that in line with the definition of the Company's decarbonization strategy within its ESG Road-to-100 strategy, it is proposed to replace the ESG related objective with a new target of Scope 4 CO2 emissions avoided by 2025, from a 2020 baseline, thanks to the renewable and high efficiency products the Company sells with respect to the

efficiency of the installed parks in the regions in which it operates. This target represents the Company's strong commitment to climate sustainability.

The Chairman also highlighted the feedback received from investors on the Remuneration Policy and remuneration report 2021 and stated that two items have been identified and explained why this did not result in an amendment to the existing Remuneration Policy:

- I. the awarding of a discretionary bonus to the CEO in the course of 2021. The Company believes that this was flagged by mistake, as this was mentioned in the remuneration report but pertained to the time when the Company was still 100% private; and
- II. the lack of an explicit quantitative indication of thresholds and targets, on which the variable compensation was calculated. The Company, after careful consideration, determined that the competitive risks associated with exposing the Company's expectations – which in time would result in offering an insight on how the Company's budgets are prepared – would outweigh the advantages of transparency towards shareholders, and ultimately hurt their economic interest.

The Chairman gave the meeting the opportunity to ask questions on this item and concluded that there were no questions. The Chairman proceeded to the voting.

The Chairman announced the voting results:

In favour:	1,536,091,737	99.68%
Against:	4,995,373	0.32%
Abstain:	0	-

The Chairman informed the meeting that the resolution had been adopted and proceeded with the next agenda item.

#### **Agenda Item 6: Approval of Long-Term Incentive Plan 2023 (voting item)**

The Chairman proposed to the meeting to approve the implementation of a Long-Term Incentive Plan 2023. In accordance with Article 114-bis of the Italian Consolidated Law on Financial Intermediation, the Company drafted an information document under article 84-bis of the Regulation no. 11971 approved by CONSOB with resolution of 14th May 1999, as subsequently amended and supplemented (the "**LTI Information Document**").

The purpose of the Long-Term Incentive Plan 2023 is to reward employees of the Ariston Group for their active participation in the Ariston Group performance. The Long-Term Incentive Plan 2023 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 long-term value for shareholders. The eligible employees will be awarded with a right to receive a number of ordinary shares in the capital of the Company, subject to their continued employment during a vesting period, as further explained in the LTI Information Document. The LTI Information Document is available on the Company's website.

The Chairman gave the meeting the opportunity to ask questions on this item and concluded that there were no questions. The Chairman proceeded to the voting.

The Chairman announced the voting results:

In favour:	1,539,137,109	99.87%
Against:	1,950,001	0.13%
Abstain:	0	-

The Chairman informed the meeting that the resolution had been adopted and proceeded with the next agenda item.

**Agenda item 7: Authorisation of the Board as the competent body to acquire fully paid shares in the Company's capital (voting item)**

The Chairman proposed to the meeting to authorise the Board, in order to react in a timely manner when needed, for a period of 18 months starting as of 4 May 2023, as the competent body to acquire:

- a) fully paid-up ordinary shares (*gewone aandelen*) in the capital of the Company ("**Ordinary Shares**") to a maximum of 10% of the issued capital of the Company as immediately after 4 May 2023, either through a purchase on a stock exchange or otherwise, for a price, excluding expenses, not lower than the nominal value of the shares and not higher than an amount equal to 10% above the average closing price of the Ordinary Shares on Euronext Milan, a regulated market organised and managed by Borsa Italiana S.p.A., over a period of five days preceding the day of the repurchase; and
- b) such number of Ordinary Shares to be acquired by the Company as a result of the conversion of multiple voting shares into Ordinary Shares in accordance with the conversion provisions in the Articles of Association for a price equal to the nominal value,

provided that the Company will not hold more Ordinary Shares in its own capital than a maximum of 50% of the issued capital of the Company.

The Chairman gave the meeting the opportunity to ask questions on this item and concluded that there were no questions. The Chairman proceeded to the voting.

The Chairman announced the voting results:

In favour:	1,540,452,583	99.96%
Against:	630,055	0.04%
Abstain:	4,472	-

The Chairman informed the meeting that the resolution had been adopted and proceeded with the next agenda item.

**Agenda Item 8: Re-appointment of Ernst & Young Accountants LLP as independent external auditor entrusted with the audit of the annual accounts for the financial years 2023 and 2024 (voting item)**

The Chairman moved to agenda item 8 which concerns the re-appointment of Ernst & Young Accountants LLP as the independent auditor of the Company.

Pursuant to article 30.1 of the Articles of Association, the Company's general meeting is required to appoint the external auditor.

At the annual meeting of shareholders of the Company held on 28 April 2022, Ernst & Young Accountants LLP was appointed to audit the annual accounts for the financial year 2022 and has succeeded in the mandate which was in force with Ernst & Young S.p.A. as regards the auditing of the annual report. Therefore, under this agenda item, the Board proposes to re-appoint EY to audit the Company's annual accounts for the financial years 2023 and 2024.

The Chairman gave the meeting the opportunity to ask questions on this item and concluded that there were no questions. The Chairman proceeded to the voting.

The Chairman announced the voting results:

In favour:	1,541,087,110	100%
Against:	0	0
Abstain:	0	-

The Chairman informed the meeting that the resolution had been adopted and proceeded with the next agenda item.

**8. Agenda item 9: Closing**

The Chairman stated that there were no further items to discuss or to resolve on and noted that the voting results would be published on the Company's website after the meeting.

The Chairman thanked everyone for attending the AGM and closed the meeting.