

A large, stylized satellite image of Earth, showing swirling clouds and landmasses. The image is partially obscured by a white diagonal band that runs from the top right towards the bottom left, creating a sense of depth and movement. The colors are vibrant, with deep blues for the oceans and various shades of green and brown for the land.

HALF-YEAR REPORT 2022

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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 2022 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 2021, 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

(mln €)	For the six months ended June 30, 2022		For the six months ended June 30, 2021		Total change		Organic change
Net revenue	1,134.5	100.0%	914.5	100.0%	220.1	24.1%	13.5%
EBITDA adjusted	135.5	11.9%	125.3	13.7%	10.1	8.1%	
EBITDA	132.7	11.7%	117.8	12.9%	14.9	12.7%	6.4%
EBIT Adjusted	94.7	8.3%	89.4	9.8%	5.3	5.9%	
EBIT	88.6	7.8%	80.7	8.8%	7.9	9.7%	4.1%
PBT	86.1	7.6%	73.7	8.1%	12.3	16.7%	
Net profit adjusted	70.7	6.2%	65.6	7.2%	5.1	7.8%	
Net profit	66.3	5.8%	81.3	8.9%	-15.0	-18.4%	

Profitability ratios	For the six months ended June 30, 2022	For the six months ended June 30, 2021
Net capital employed (mln Eur)	969.4	659.6
ROE (Net profit / Net equity)	6.9%	16.4%
ROI adjusted (EBIT adjusted / Net capital employed)	9.8%	13.6%
ROI (EBIT / Net capital employed)	9.1%	12.2%
ROS adjusted (EBIT adjusted / Net revenue)	8.3%	9.8%
ROS (EBIT / Net revenue)	7.8%	8.8%
Earnings per shares – Basic (€)	0.20	0.25
Earnings per shares – Diluted (€)	0.20	0.25
Headcount – End of period	7,868	7,567
Free cash flow	-62.8	20.1
Net financial indebtedness adjusted (*)	4.0	164.6
Net equity	965.2	495.0

* Positive figures represent net debt.

3. Corporate bodies

Board of Directors

Paolo Merloni	Executive Chairman
Laurent Alexis Michel Henri Jacquemin	CEO
Sabrina Baggioni	
Roberto Guidetti	
Francesco Merloni	
Maria Francesca Merloni	
Lorenzo Pozza	
Ignazio Maria Rocco di Torrepadula	
Paolo Tanoni	
Andrea Silvestri	
Marinella Soldi	
Enrico Vita	

External auditor

Ernst&Young Accountants LLP

4. Directors' Report for the half-year period ending 30 June 2022

4.1 Reference Background and Investor information

Macroeconomic scenario

The Russia-Ukraine war has triggered a costly humanitarian crisis, impacting at the same time on global economies. Economic damage from the conflict will contribute to a slowdown in global growth in 2022 and add to inflation, with prices rapidly rising. Global growth is projected to slow from an estimated +6.1% in 2021 to +3.6% in 2022 and 2023. War induced commodity price increases and broadening price pressures led to 2022 inflation projections of 5.7% in advanced economies and 8.7% in emerging market and developing economies.

In this context, it is worth noting that Italy is expected to slow down from +6.6% in 2021 to +2.3% in 2022 and +1.7% in 2023, France from +7.0% to +2.9% and +1.4% respectively and Spain from +5.1% to +4.8% and +3.3% respectively.

In its April estimates, which are the latest available, the IMF anticipates a reduction for Germany from +2.8% in 2021 to +2.1% in 2022 and +2.7% in 2023, while United States would end up +5.7% to +3.7% and +2.3%.

Indonesia, Saudi Arabia, United Arab Emirates and Vietnam are the only economies expected to accelerate their growth in the coming years compared to 2021, standing at +3.7%, +3.2%, +2.3% and +2.6% respectively, and estimated to continue to grow in 2023 by +6.0%, +3.6%, +3.8% and +7.2% respectively.

Growth projections (GDP), annual percentage changes

	Actual	Projections	
	2021	2022	2023
World Output	6.1%	3.6%	3.6%
Belgium	6.3%	2.1%	1.4%
China	8.1%	4.4%	5.1%
France	7.0%	2.9%	1.4%
Germany	2.8%	2.1%	2.7%
India	8.9%	8.2%	6.9%
Indonesia	3.7%	5.4%	6.0%
Italy	6.6%	2.3%	1.7%
Mexico	4.8%	2.0%	2.5%
Poland	5.7%	3.7%	2.9%
Romania	5.9%	2.2%	3.4%
Russia	4.7%	-8.5%	-2.3%
Saudi Arabia	3.2%	7.6%	3.6%
South Africa	4.9%	1.9%	1.4%
Spain	5.1%	4.8%	3.3%
Switzerland	3.7%	2.2%	1.4%
Turkey	11.0%	2.7%	3.0%
United Arab Emirates	2.3%	4.2%	3.8%
United Kingdom	7.4%	3.7%	1.2%
United States	5.7%	3.7%	2.3%
Vietnam	2.6%	6.0%	7.2%

Source: IMF, World Economic Outlook, April 2022

Exchange rates

With few exceptions, during the second quarter of 2022 euro depreciated against almost all main currencies relevant to Ariston Group, recording an exchange rate at 30 June 2022 in line with the quarter average trend.

In comparison with the average exchange rates for the second quarter of 2021, the most significant appreciation was against the Turkish lira (+66.4%), while the greatest depreciation was against the Mexican peso (-11.6%), United States dollar (-11.7%) and Chinese yuan (-9.5%).

Considering the average for the first half of the year 2022 compared to 2021, the depreciation trend was less evident with only three currencies showing negative changes exceeding an 8.0% change.

Euro exchange rates against major currencies

	2022			2021			Δ		
	Avg. Q2	Avg. YTD	30/06/2022	Avg. Q2	Avg. YTD	30/06/2021	vs. Avg. Q2	vs. Avg. YTD	vs. 30/06
CHF	1.03	1.03	1.00	1.10	1.09	1.10	-6.4%	-5.7%	-9.3%
CNY	7.04	7.08	6.96	7.78	7.80	7.67	-9.5%	-9.2%	-9.3%
GBP	0.85	0.84	0.86	0.86	0.87	0.86	-1.6%	-3.0%	0.0%
RON	4.94	4.95	4.95	4.92	4.90	4.93	0.4%	0.9%	0.4%
USD	1.06	1.09	1.04	1.21	1.21	1.19	-11.7%	-9.3%	-12.6%
CAD	1.36	1.39	1.34	1.48	1.50	1.47	-8.2%	-7.5%	-8.8%
INR	82.22	83.32	82.11	88.98	88.41	88.32	-7.6%	-5.8%	-7.0%
TRY	16.85	16.26	17.32	10.13	9.52	10.32	66.4%	70.7%	67.8%
MXN	21.33	22.17	20.96	24.13	24.33	23.58	-11.6%	-8.9%	-11.1%
RUB	70.75	85.22	56.02	89.43	89.55	86.77	-20.9%	-4.8%	-35.4%
VND	24.57	25.06	24.17	27.78	27.78	27.36	-11.6%	-9.8%	-11.7%

Source: Source: ECB, Bloomberg

Raw materials

After strong inflationary trends that started in the last quarter 2020, at the end of the second quarter of 2022 the average monthly market prices for steel, aluminium and copper recorded an average decrease of 27%, 5% and 12% respectively, compared to the average price at the end of the second quarter of 2021.

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

	2022			2021			Δ		
	30.06.2022	Avg. Q2	Avg. YTD	30.06.2021	Avg. Q2	Avg. YTD	vs. Last Day	vs. Avg. Q2	vs. Avg. YTD
Steel [€/ton]	850	1,117	1,087	1,162	1,061	897	-27%	5%	21%
Polypropylene [€/ton]	2,163	2,275	2,160	2,020	1,968	1,746	7%	16%	24%
Copper [USD/ton]	8,243	9,534	9,763	9,385	9,700	9,092	-12%	-2%	7%
Polyurethane [€/ton]	2,826	2,794	2,756	2,865	2,857	2,627	-1%	-2%	5%
Aluminium [USD/ton]	2,397	2,880	3,078	2,523	2,400	2,246	-5%	20%	37%

Note: For steel, was considered the price of hot rolled steel for the European market; for copper and aluminium was considered the average daily "cash" prices, and for polyurethane the 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

Ariston Group completed the acquisition of Chromagen – a company headquartered in Israel with two subsidiaries in Australia and Spain, as well as a solid network of distributors across about 35 countries worldwide – through a transaction that, on an equity value basis, valued it at around 130 NIS million, paid in cash. Ariston Group acquired 100% of the shares and voting rights of the entity active in Israel, consolidating its presence in the market, plus the shares owned by Kibbutz Shaar Haamakim in Australia, thus entering a relevant market for hot water.

Ariston Group attended the 2022 AHR Expo in Las Vegas (USA) with a dedicated booth showcasing its heating and hot water products, including the new heat pump water heater for the North American market.

Ariston and Juventus joined forces in Africa signing a three-year regional partnership across the whole region, which represents the third step of a successful collaboration started in China (January 2021) and Indonesia (July 2021) and celebrates the two Italian brands' ambitions and common attitude through the claim "Challenges Deserve Champions".

February

Ariston Group participated to Expo 2020 Dubai hosting a two-day convention in the Italian Pavilion during the week dedicated to the excellence of Marche Region, to highlight the latest made in Italy cutting-edge sustainable solutions, outline the Group's success milestones and showcase the newest Ariston high-quality products – including renewable solutions and electric storage water heaters.

March

Ariston launched Nimbus NET R32, the new heat pump range designed to improve efficiency through the use of low GWP R32 refrigerant gas, while enabling top performances thanks to the innovative Energy Manager Technology and their connectivity features and bringing flexibility to the next level.

Ariston Net app renewed itself and released an updated feature, a new version of the Monthly Energy Report that via artificial intelligence allows for daily, monthly, and yearly consumption monitoring, while providing insights and advices on consumption behaviors, with the ultimate objective to foster energy awareness and sustainable heating habits.

Ariston Group released its 2021 Sustainability Report, measuring the Group's achievements against 2022 targets and starting to disclose its 2030 ESG engagements and commitments, shaped on the material topics that external and internal stakeholders helped identifying.

April

Ariston introduced the latest update to its Ariston NET pro platform, now featuring in its portfolio **Active Care** – a dedicated service that through artificial intelligence enables the service centers to predict a fault and intervene before it occurs, minimizing consequences while ensuring continuous comfort.

May

Ariston Group executed the final call option in regards of HTP Comfort Solution LLC, now named Ariston Thermo USA LLC. As a result, the Group owns the 100% of its shares.

June

Ariston Group's brand **ELCO** has been honored with internationally renowned **If Design Award** and **Red Dot Design Award**, assigned to both AEROTOP SG Electrical Heating Heat Pump and THALION S Thermally Driven Heat Pump.

Ariston Group's components brand **Thermowatt** participated to the 42nd edition of **Mostra Convegno Expocomfort 2022**, taking place at Fieramilano, introducing TMEC Wi-Fi, the latest SMART Wi-Fi solution designed to maximize comfort and energy efficiency.

Ariston Group started the **Decarbonization Project**, carried out with the support of the external consultant Schneider Electric. The project aims at reducing the Group's carbon emissions by 2030 and involves different steps: defining the carbon footprint baseline and the Group's ambitions, identifying the levers of decarbonisation, and setting the action plan on the basis of the previous activities outputs and Ariston Group business case. The strategy will be strengthened by engaging with the supply chain, in order to realize concrete and positive impacts, and with internal stakeholders, through educational sessions to spread awareness, to ensure it's grounded as effectively as possible.

4.3 Subsequent events

Ariston announces the release of **ONE+ NET Series**, its first range of condensing boilers certified to work with 20% hydrogen blend. Launching in July, the new 20% hydrogen-ready boilers represent a first important step in the Group's ongoing pledge to hydrogen for heating, supporting a multi-technology and multi-vector approach. Indeed, Ariston is also working on a 100% hydrogen boiler in order to contribute even further to a sustainable future for our planet.

In August, the new Ariston **Aures** range drops on the Vietnamese market to bring instant thermal comfort to the next level, favoring reliability and efficiency while prioritizing safety and distinguishing for peculiar design features.

4.4 Brand | Product performance

Market and business performance

First half of 2022 again showed complex trends. Some markets, especially in Asia, returned to more predictable outlooks after the slowdown caused by the Covid-19 emergency, while some significant phenomena continued to impact the industry: transition towards renewable solutions in Europe and North America impacting the product mix, outburst by the conflict in Ukraine influencing energy prices, and the more generalized shortage of components and materials disrupting supply chains worldwide.

More specifically, Hot Water segment stabilized to pre-Covid levels in mature markets, while returning to grow in line with increased penetration of the category in developing countries, especially in Asia-Pacific. Likewise, renewable solutions, and in particular heat pumps, performed strongly.

In the Heating segment, EU and government support schemes continued to be in place to support the energy transition, therefore hydronic heat pumps kept on leading the growth with high double-digit trends vs last year. Markets for high-efficiency boilers were instead stable to 2021 levels in Western Europe, while North America market overall grew, with sign of slowdown in the very last part of second quarter, within this context, Ariston Group continues to perform well.

Brand activities

Over the first six months of 2022, Ariston Group focused on three core areas: strengthening the Ariston brand after the 2021 refresh, defining the Group's brand strategy in North-America following the integration of the many acquisitions done between 2016-2017-2019, and refreshing our Group Brand Architecture.

Ariston brand refresh and strengthening. In 2021, we decided to update the Ariston brand positioning and visual identity to bring it closer to its values while remaining loyal to its heritage. In 2022, our focus has been to bring it to life at global level across all targets and channels. Our new payoff, "The home of sustainable comfort", clearly communicates a renewed focus on HOME and COMFORT as our dedication to developing sustainable solutions, as specialist in heating and water heating.

North-America post-integration brand strategy. 2022 marked the year when the full integration of NTI, HTP, Calorex and WHTC was completed, so that the Group started to review our brand strategy in North-America to fuel our growth in the next years with a clear development roadmap for each brand.

Group brand architecture. In January 2022, we launched a relevant review of our brand strategy at global level leveraging both on internal and external stakeholders' feedback. As a result, we developed a clear role, assets, objectives, and plan for each brand to provide stronger and more competitive offerings to all our customers and consumers.

Hot water technologies

Renewable solutions

In Western Europe, the first half of 2022 confirmed the trend of very strong growth for hot water heat pump solutions as seen in the last 12 months – fuelling robust growth also for Ariston Group.

Market demand for heat pumps is estimated to have grown also in Eastern Europe, where Ariston Group recorded solid sales. Though still rather small, the demand for heat pumps is estimated to be growing also in many key Asian markets of interest for Ariston Group.

Electric storage solutions

In 2022, the demand for electric storage water heaters decreased in the main European markets, a normal slow-down following the very high growth in 2021. Within this trend, Ariston Group's sales was very solid.

The trend in market demand was similar also in the main African and Middle Eastern geographies.

Asian emerging geographies showed instead opposite trends, considering that in 2021 the Covid-19 emergency was not yet under control and new lockdowns were imposed (i.e. Vietnam). Within this trend, Ariston Group's sales was very solid.

Finally, North America tank-type registered a swing, from a positive Q1 2022 to a slow-down in Q2 2022; in this context Ariston Group maintained its competitive position.

Gas solutions

In the first half of 2022, as a consequence of the Ukrainian conflict, all gas markets (excluding Africa and Asia-Pacific) saw a diminished interest for gas solutions. In this context Ariston Group's overall volumes are estimated to have moved in line with the market.

Heating solutions and services

Renewable solutions

In the first half of 2022, renewable technologies (hydronic heat pumps) kept seeing extremely strong growth in all European markets. Interest was fuelled by solid incentive schemes and building regulation schemes. Following the outburst of the conflict, European Commission and member states also introduced schemes to facilitate gas consumption reduction in buildings where hydronic heat pumps are not easily applicable – for example The Netherlands started strongly incentivizing the use of hybrid solution (gas boiler + heat pump). Within this context, sales for Ariston Group solutions was very strong.

Gas solutions

All across Western Europe, demand for gas systems stabilized compared to 2021, while in Eastern Europe it continued to register growth. Ariston Group's sales were very solid.

In North America instead, where market continued to grow and rebound from the low stock availability registered at the end of 2021.

In China, the overall market for boilers shrank as the government discontinued "coal-to-gas" incentives; nevertheless, the mix moved towards more environmentally-friendly products, with the market for condensing gas boilers growing faster than that for non-condensing boilers.

Burners

The European burner market suffered both on oil and gas, above all in UK and France. Nevertheless, the division sales remained solid. The Ukrainian conflict hit the Russian market, while China was still impacted by the "Zero Covid-19" policy. Trends were positive in Turkey, Kazakhstan and south America.

Components

In the first half of 2022, the Components division recorded an extremely solid revenue increase on heating elements and thermostats for water heating applications, with respect to the same period of the previous year. This growth is also driven by a revised pricing policy, as a result of the raw material cost increases of last year. Middle Eastern and European countries have driven the revenue growth.

Demand for electric heaters for professional and industrial applications registered a strong growth, mainly driven by catering sector, followed by laundry and comfort/refrigeration sectors.

Finally, demand for heaters for domestic appliances decreased, mainly as a result of a market slow-down due to lack of electronic components.

4.5 Group Financial Review

4.5.1 Net Revenue Performance

Overall performance on quarterly basis

	For the three months ended June 30, 2022		For the three months ended June 30, 2021	
Thermal Comfort	534.7	91.8%	423.9	90.5%
Components	25.8	4.4%	22.0	4.7%
Burners	21.9	3.8%	22.7	4.8%
Total Net Revenue	582.4	100.0%	468.6	100.0%

Overall performance on half-year basis

	For the six months ended June 30, 2022		For the six months ended June 30, 2021	
Thermal Comfort	1,042.4	91.9%	828.7	90.6%
Components	48.4	4.3%	42.2	4.6%
Burners	43.8	3.9%	43.6	4.8%
Total Net Revenue	1,134.5	100.0%	914.5	100.0%

Revenue by division

Thermal Comfort. Serves both the Group's two main business categories, Hot Water and Heating, and represents the Group's largest division, recording revenue for the first half 2022 of € 1,042.4 million, or 91.9% of total revenue, compared to the first half 2021 € 828.7 million, or 90.6%, up € 213.7 million or 25.8% (of which 17.8% organic). The Thermal Comfort division stood out for the steady growth of its European markets and all the key markets of the other geographical areas.

Components. Recorded net revenue of € 48.4 million for first half 2022, or 4.3% of total net revenue, compared to the first half 2021 € 42.2 million, or 4.6%, up € 6.2 million or 14.6%. The increase in revenue by € 6.2 million or 14.6% was driven by the Professional business and the price increase on Domestic business.

Burners. Recorded net revenue of € 43.8 million for the first half 2022, or 3.9% of total net revenue, compared to the first half 2021 € 43.6 million, or 4.8% of total revenue, up € 0.2 million or 0.5%. The substantial stability is due to the growth in some key markets such as Germany and OEM sales that balanced the reduction in some low profitable channel and in China due to Covid.

Net revenue by geographic area

Europe. Represents the Group's largest market, recording net revenue of € 740.4 million for first half 2022, or 65.3% of total revenue, compared to € 628.1 million, or 68.7%, in first half 2021, up € 112.3 million or 17.9% (of which 17.4% organic). The increase was mainly driven by the growth in renewable and high efficiency products (particularly remarkable in heating) in some relevant markets such as Poland, Italy, Romania and others eastern European markets.

Asia, Pacific & MEA. Represents the second largest market for the Group, recording net revenue of € 252.4 million for first half 2022, or 22.2% of total revenue, compared to € 164.8 million, or 18.0%, in first half 2021, up € 87.6 million or

53.1% (of which 15,3% organic). The organic increase was mainly driven by a good performance on water heater market in India, Vietnam and Indonesia.

Americas. Represents the Group's third largest market and reported revenue of € 141.8 million for first half 2022, or 12,5% of total net revenue, compared to € 121.6 million, or 13.3%, in first half 2021, up € 20.2 million, or 16.6% (of which 16,0% organic). The increase was mainly due to a good performance on the heating market (US and Canada) and to the price increase in the water heaters business, mainly in the US.

Perimeter variation

On 5 January, Ariston Group completed the acquisition of Chromagen group and is included in the Ariston Group's perimeter starting from January 2022.

The revenue increase related to the perimeter variation as at 30 June 2022 is equal to € 65.9 million.

Exchange rate effect

With few exceptions, during the second quarter of 2022 euro depreciated against almost all the main currencies relevant to Ariston Group, recording an exchange rate at 30 June 2022 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 2022 versus the half-year 2021 and the spot rates at 30 June 2022 versus 31 December 2021 for the Group's most important currencies, together with the percentage change.

	Average Exchange Rates			Spot Exchange Rates		
	H1 2022	H1 2021	Appreciation/ (devaluation) vs 2021	As at 30 June 2022	As at 31 December 2021	Appreciation/ (devaluation) vs 2021
Swiss Franc	1.032	1.095	5.8%	0.996	1.033	3.6%
Chinese Yuan Renminbi	7.076	7.775	9.0%	6.962	7.195	3.2%
GB Pound	0.842	0.867	3.0%	0.858	0.840	-2.1%
Hungarian Forint	373.213	357.635	-4.4%	397.040	369.190	-7.5%
Indonesian Rupiah	15,801.958	17,230.060	8.3%	15,552.000	16,100.420	3.4%
Indian Rupiah	83.463	88.389	5.6%	82.113	84.229	2.5%
Polish Zloty	4.633	4.535	-2.2%	4.690	4.597	-2.0%
US dollar	1.093	1.205	9.3%	1.039	1.133	8.3%
New Romanian leu	4.946	4.904	-0.9%	4.946	4.949	0.1%
Russian Rouble	80.620	89.258	9.7%	56.021	85.300	34.3%
Vietnamese Dong	24,987.934	27,748.949	9.9%	24,170.000	25,819.000	6.4%
South African Rand	16.832	17.450	3.5%	17.014	18.063	5.8%
Canadian dollar	1.385	1.504	7.9%	1.343	1.439	6.7%
Mexican Pesos	22.257	24.380	8.7%	20.964	23.144	9.4%
Israeli New Shekels	3.573	3.937	9.2%	3.639	3.516	-3.5%

4.5.2 Reclassified income statement

The table below shows the income statement (1) for the half-year 2022, with a comparison to the same period of the previous year, and a breakdown of the total change by organic growth, perimeter and exchange rate effects.

(€ mln)	For the six months ended June 30, 2022		For the six months ended June 30, 2021		total change	%	of which organic	%	of which perimeter	%	of which due to exchange rates and hyperinflation	%
NET REVENUE	1,134.5	100.0%	914.5	100.0%	220.0	24.1%	123.8	13.5%	65.9	7.2%	30.4	3.3%
Other revenue and income	24.5	2.2%	18.7	2.0%	5.8	30.9%						
Revenue and Income	1,159.0	102.2%	933.2	102.0%	225.9	24.2%						
Operating income (expense)	-1,070.4	-94.4%	-852.5	-93.2%	-218.0	25.6%						
OPERATING PROFIT (EBIT)	88.6	7.8%	80.7	8.8%	7.9	9.7%	3.3	4.1%	2.1	2.6%	2.4	3.0%
Adjustment on operating income (expense)	6.1	0.5%	8.7	1.0%	-2.6	-29.8%						
OPERATING PROFIT ADJUSTED (EBIT ADJUSTED)	94.7	8.3%	89.4	9.8%	5.3	5.9%						
Financial Income and Expense	-7.4	-0.7%	-5.0	-0.5%	-2.4	47.5%						
Profit (loss) on investments	4.9	0.4%	-2.0	-0.2%	6.9	-343.4%						
PROFIT BEFORE TAX	86.1	7.6%	73.7	8.1%	12.3	16.7%						
TAXES	19.8	1.7%	-7.5	-0.8%	27.3	-362.0%						
NET PROFIT	66.3	5.8%	81.3	8.9%	-15.0	-18.4%						
Net profit attributable to non-controlling Interests	-0.1	-0.0%	0.0	0.0%	-0.1							
Group Net profit	66.4	5.9%	81.3	8.9%	-14.9	-18.3%						
Tax effect of Adjustment on operating income (expense)	-1.7	-0.1%	-2.3	-0.3%	0.7	-28.2%						
Reversal of non-recurring taxation effect	0.0	0.0%	-22.0	-2.4%	22.0	100.0%						
Tax adjustments	-1.7	-0.1%	-24.3	-2.7%	22.7	-93.1%						
NET PROFIT ADJUSTED	70.7	6.2%	65.6	7.2%	5.1	7.8%						
Net profit attributable to non-controlling Interests	-0.1	-0.0%	0.0	0.0%	-0.1							
Group Net profit adjusted	70.8	6.2%	65.6	7.2%	5.2	7.9%						
Total depreciation and amortisation	44.1	3.9%	37.1	4.1%	7.1	19.1%						
EBITDA	132.7	11.7%	117.8	12.9%	14.9	12.7%	7.5	6.4%	3.7	3.1%	3.7	3.2%
EBITDA ADJUSTED	135.5	11.9%	125.3	13.7%	10.1	8.1%						

(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'

The table below shows the income statement (1) for the second quarter 2022, with a comparison to the same period of the previous year, and a breakdown of the total change by organic growth, perimeter and exchange rate effects.

(€ mln)	For the three months ended June 30, 2022		For the three months ended June 30, 2021		total change	%	of which organic	%	of which perimeter	%	of which due to exchange rates and hyperinflation	%
NET REVENUE	582.4	100.0%	468.6	100.0%	113.8	24.3%	69.8	14.9%	34.1	7.3%	9.9	2.1%
Other revenue and income	15.6	2.7%	11.3	2.4%	4.3	38.1%						
Revenue and Income	598.0	102.7%	479.9	102.4%	118.1	24.6%						
Operating income (expense)	556.0	95.5%	439.0	93.7%	117.0	26.7%						
OPERATING PROFIT (EBIT)	42.0	7.2%	40.9	8.7%	1.1	2.7%	-1.6	-4.0%	0.6	1.5%	2.1	5.2%
Adjustment on operating income (expense)	2.6	0.4%	5.2	1.1%	-2.6	-49.8%						
OPERATING PROFIT ADJUSTED (EBIT ADJUSTED)	44.6	7.7%	46.1	9.8%	-1.5	-3.2%						
Financial Income and Expense	-4.8	-0.8%	-1.5	-0.3%	-3.3	221.2%						
Profit (loss) on investments	4.7	0.8%	-2.0	-0.4%	6.7	-						
PROFIT BEFORE TAX	41.9	7.2%	37.4	8.0%	4.5	12.0%						
Total depreciation and amortisation	23.5	4.0%	18.6	4.0%	4.9	26.3%						
EBITDA	65.5	11.2%	59.5	12.7%	6.0	10.1%	3.4	5.7%	1.4	2.3%	1.2	2.0%
EBITDA ADJUSTED	65.3	11.2%	64.1	13.7%	1.3	2.0%						

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

Ariston Group ended half-year 2022 with € 1,134.5 million in consolidated Net revenue, up € 220.0 million and +24.1% from € 914.5 million in the half-year 2021. The increase arises from organic growth of the Group (+13.5%) and from a perimeter variation related to the business combination with Chromagen group concluded in January 2022.

Thermal Comfort division stood out for the strong growth spread among its European, Western and Eastern and MEA markets. It is worth noting the solid growth in renewable energy heat pump solutions.

During the first half-year 2022, the Burners division is in substantial stability, after the decline in 2020, whilst the Components division, which previously reported mixed performance across its different segments, decisively recovered with overall double-digit growth.

Operating profit, or EBIT, during the first half 2022, rose in absolute value driven by price, mix and volumes. The price increase offset in absolute value the headwind from inflationary trends in the cost of raw materials and logistics, also affected by component shortages and utilities cost increase, nevertheless the percentage of EBIT on net revenue shows a decrease compared to the first half-year 2021 equal to 1.0%.

EBITDA amounted to € 132.7 million, 11.7% as a percentage of net revenue, compared to € 117.8 million and 12.9% in 2021.

EBITDA adjusted totalled € 135.5 million, 11.9% as a percentage of net revenue, compared to € 125.3 million and 13.7% in 2021.

Adjustment on operating expenses related to EBITDA for the period amounted to € 2.8 million, compared to € 7.5 million in the prior year period. The decrease compared to the previous year is mainly due to reducing of the expenses multi-year and strategic restructuring programs.

EBIT adjusted was up in absolute terms but not in percentage of net revenue, amounting to € 94.7 million and 8.3%, respectively, compared to € 89.4 million and 9.8% in 2021.

EBIT for the period amounted to € 88.6 million, 7.8% as a percentage of net revenue, compared to € 80.7 million, 8.8% of net revenue, in 2021.

The adjusted components, relevant to EBIT only, amounted to € 6.1 million (€ 8.7 million in 2021) and included the amortization of intangibles arising from the 2019 acquisition of the Mexican Calorex Group and from the 2022 acquisition of the Israeli Chromagen group, totalling € 3.4 million in 2022 and € 1.2 in 2021.

Overall, the Group reported € -7.4 million in financial income and expenses, with a € -2.4 million increase of expenses compared to the same period of the prior year. This was driven largely by the negative effect of exchange rates totalling € 3.3 million at 30 June 2022, compared to the € 0.5 million recorded at 30 June 2021.

Therefore, the operations generated € 86.1 million in Profit Before Tax, 7.6% as a percentage of net revenue, compared to € 73.7 million and 8.1% in 2021.

Net profit is equal to € 66.3 million compared to € 81.3 million in 2021. The decrease is mainly due to income taxes impact equal to € 19.8 million in 2022, compared to € -7.5 million in 2021. At 30 June 2021 the income taxes had a positive effect due to the impact of deferred tax assets recognized in 2021 following the revaluation of tangible and intangible assets carried out in Italy for statutory and tax purposes pursuant to art. 110 of the Law Decree n. 104/2020, converted in the Law n. 126/2020.

The **Group Net profit adjusted** for the period amounted to € 70.8 million, 6.2% as a percentage of net revenue, compared to € 65.6 million, 7.2% of net revenue, in 2021.

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 (mln €)	As at 30 June 2022		As at 31 December 2021		As at 30 June 2021		Total Change June 22 vs De- cember 2021	of which organic	of which perime- ter	Exchange rate and hyperinfla- tion
Trade receivables	300.1	31.0%	248.3	35.8%	243.0	36.8%	51.8	13.0	34.0	4.8
Inventories	519.1	53.6%	382.0	55.1%	347.3	52.6%	137.1	93.3	23.9	19.9
Trade payables	-496.3	-51.2%	-486.2	-70.1%	-420.1	-63.7%	-10.2	22.5	-23.0	-9.7
Net operating working capital	322.9	33.3%	144.1	20.8%	170.3	25.8%	178.8	128.8	35.0	15.0
% on last-twelve-months revenue	14.2%		7.3%		9.1%					
Net fixed assets	842.5	86.9%	780.2	112.5%	728.5	110.4%	62.2	11.1	22.2	28.9
Other non-current assets and liabilities	-44.5	-4.6%	-54.5	-7.9%	-47.6	-7.2%	10.0	10.5	1.1	-1.6
Other current assets and liabilities	-151.5	-15.6%	-176.5	-25.5%	-194.2	-29.4%	25.0	13.8	-2.2	13.3
Net capital employed	969.4	100.0%	693.3	100.0%	659.6	100.0%	276.0	164.2	56.2	55.6
Net financial indebtedness adjusted	4.0	0.4%	-184.8	-26.7%	164.6	25.0%	188.9	128.7	48.0	12.2
Net equity	965.2	99.6%	878.1	126.7%	495.0	75.0%	87.1	35.5	8.1	43.5
of which attributable to non-controlling interests	2.1	0.2%	-0.2	0.0%	0.0	0.0%	2.3	-0.1	2.4	0.0
Total financing sources	969.4	100.0%	693.3	100.0%	659.6	100.0%	276.0	164.2	56.2	55.6

Financial position ratios	As at 30 June 2022	As at 31 December 2021	As at 30 June 2021
Gearing (Net equity attributable to the Group / Net capital employed)	0.99	1.27	0.75
DSO (Days Sales Outstanding - going back)	43.2	41.3	42.2
DPO (Days Payables Outstanding - going back)	96.3	96.7	101.4

In half-year 2022, Ariston Group reported € 969.4 million in **Net capital employed**, up from € 276.0 million in December 2021.

Net operating working capital increased both in absolute and percentage value compared to December 2021. The increase is due to the very solid business growth, seasonality and the perimeter variation related to the business acquisition of Chromagen group with an impact of € 35.0 million as at 30 June 2022. The operating working capital is affected by the significant variation of inventories with an increase of finished products and merchandise for € 89.9 million and raw materials for € 38.5 million. The increase is due to a series of factors such as the need to cover higher sales, to limit the negative effects of material shortage and supply chain disruptions.

Net financial indebtedness adjusted decrease by € 188.9 million compared to the previous year, as it was impacted by the cash out for the acquisition of Chromagen group and for the perimeter variation which led a decline of the net financial indebtedness adjusted for € 48.0 million.

The gearing ratio registered a small decrease. The ratio is 0.99 in June 2022, compared to 1.27 in June 2021.

Net fixed assets amounted to € 842.5 million, up from € 780.2 million in December 2021 mainly due to the upsurge in investment plans and for the perimeter variation equal to € 22.2 million related to Chromagen group. Meanwhile, the year-end exchange rate caused the value of Net Fixed Assets to increase by € 28.9 million.

Other non-current assets and liabilities totalled € 44.5 million, versus € 54.5 million in December 2021, down € 10.0 million compared with the previous year.

Other current assets and liabilities totalled € 151.5 million, versus € 176.5 million in December 2021, down € 25.0 million compared with the previous year. The change was mainly driven by the call option related to the North American subsidiary HTP Comfort Solutions LLC (now named Ariston Thermo USA LLC).

Net equity amounted to € 965.2 million, compared to € 878.1 million in the previous year. The overall € 87.1 million increase was mainly due to the Net profit of the half-year 2022 equal to € 66.3 million, € 43.5 million positive exchange rate effect for translation of equity, € 7.0 million remeasurement reserve increase (IAS 19) and less € 46.4 million dividend pay-out.

4.5.4 Net Operating Working Capital

Net operating working capital (€ million)	As at 30 June 2022	As at 31 December 2021	As at 30 June 2021	Total Change June 22 vs December 2021	of which organic	of which perimeter	Exchange rate and hyperinflation
Trade receivables	300.1	248.3	243.0	51.9	13.0	34.0	4.8
Inventories	519.1	382.0	347.3	137.1	93.2	23.9	19.9
Trade payables	-496.3	-486.2	-420.1	-10.2	22.5	-23.0	-9.7
Net working capital	322.9	144.1	170.3	178.8	128.8	35.0	15.0
% of Net last-twelve-months revenue	14.2%	7.3%	9.1%				

Net operating working capital totalled € 322.9 million, 14.2% as a percentage of net *last-twelve-months* revenue, compared to € 144.1 million and 7.3% at the end of December 2021.

The management of working capital, even in a period that saw strong restocking — necessary to ensure the availability of products amid challenging events and times, with high demand and constraints on the availability of raw materials — remained at very sound level, in percentage terms, as a result of the strong focus on both trade receivables and trade payables, also thanks to the positive trend in revenue.

Trade receivables totalled € 300.1 million and 13.2% as a percentage of net *last-twelve-months* revenue, compared to € 248.3 million and 12.5% in December 2021, with Days Sales Outstanding at 43.2 and 41.3, respectively.

Inventories amounted to € 519.1 million and 22.9%, compared to 19.2% in December 2021.

Trade payables increased to € 496.3 million, 21.9% as a percentage of net *last-twelve-months* revenue, compared to € 486.2 million and 24.5% in December 2021. Days Payable Outstanding remains nearly identical, down only to 96.3 from 96.7 in December 2021 as a result of the careful management of procurement contracts and the relevant terms and conditions.

Organic change growth totalled € 128.8 million, while the exchange rate effect 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, 2022	For the six months ended June 30, 2021
Net financial position at the beginning of the period	184.8	-143.6
EBITDA	132.7	117.8
Taxes paid	-27.5	-24.0
Provisions and other changes from operating activities	-19.3	0.0
Changes in net operating working capital	-134.3	-41.8
Cash flows from Operating activities	-48.4	51.9
Capital expenditure	-19.3	-18.7
IFRS 16 leasing payment	-12.0	-10.6
Other changes	17.0	-2.4
Free Cash flow	-62.8	20.1
Cash flows from Financial investments activities	-75.7	-4.7
Cash flows from Other activities	-50.4	-36.4
Total Net Cash flow	-188.9	-20.9
Net financial position at the end of the period	-4.0	-164.6

Net cash flow reflected a cash flow absorption of € -188.9 million, a worsening compared to € -20.9 million in the same period of the previous year.

The acquisition of Chromagen group impacted Financing activities in the reporting period.

The **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 € 27.5 million was consistent with the year-on-year growth of business.

For the first half-year 2022, provisions and other changes from operating activities resulted in a cash absorption of € 19.3 million mainly driven by the cash out for employees liabilities and the net effect of accruals and utilization of provisions for the period.

Net operating working capital recorded a cash absorption of € 134.3 million, included Chromagen group effects from acquisition date amounted to € 6.8 million, mainly driven by the net revenue growth and the supply policy carried out by the Group.

Other changes were mainly driven by the positive MTM impact.

Free Cash flow was mainly affected by the cash flow absorption related to changes in net operating working capital.

Financial investments activities included the cash outflow for the business acquisition and the Call options: the relevant disclosure is available in the Ariston Group's consolidated report.

Other activities included € -46.4 million in dividends, € -0.1 million in divestments, € 0.4 million related to the Italian 'Ecobonus' programme, € 12.2 million in exchange rate effects concerning the net financial position, and € -6.3 million in financial and exchange charges absorbed.

4.5.6 Net financial indebtedness

The ESMA 32-382-1138 guideline entered into force in March 2021.

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**.

	As at 30 June 2022	As at 31 December 2021	As at 30 June 2021
Net Financial Indebtedness			
(€ million)			
A Cash	514.4	689.3	369.3
B Cash equivalents including the current financial assets	0.6	0.4	0.3
C Other current financial assets	9.9	4.5	6.7
D Liquidity (A+B+C)	524.9	694.2	376.3
E Current financial liabilities	-65.1	-71.1	-115.7
F Current portion of non-current financial liabilities	-24.7	-23.1	-20.0
G Current Financial Indebtedness (E+F)	-89.8	-94.2	-135.6
H Net Current Financial Indebtedness (G-D)	435.1	599.9	240.7
I Non current financial liabilities	-462.3	-446.4	-439.5
J Non current financing (Debt instruments)	0.0	0.0	0.0
K Non current Trade and Other Payables	-3.4	-4.5	-4.2
L Non-Current Financial Indebtedness (I+J+K)	-465.7	-450.9	-443.8
M Total Financial Indebtedness (H+L) (*)	-30.6	149.0	-203.1

	As at 30 June 2022	As at 31 December 2021	As at 30 June 2021
Reconciliation Net Financial Indebtedness (€ million)			
Net Financial Indebtedness	-30.6	149.0	-203.1
Put and Call liability	4.0	29.5	30.6
Escrow	2.2	5.5	5.3
Positive MTM	20.3	0.8	2.7
Net Financial Indebtedness adjusted (*)	-4.0	184.8	-164.6

Net Financial Indebtedness (including lease liabilities) totalled € -30.6 million, compared to a net financial position of € 149.0 as at 31 December 2021.

The € 179.6 million decrease reflecting the impact of seasonal factors on working capital, for Chromagen acquisition and for the last Put and Call option payment of HTP Comfort Solutions LLC, now known as Ariston Thermo USA LLC.

At 30 June 2022, liquidity amounted as “Cash and cash equivalents” to € 515.0 million excluding back-up credit facilities. Ariston has an unused committed revolving credit facility for € 530.0 million.

At 30 June 2022, the Long term debt amounted to € 406.8 million excluding lease liability under IFRS 16, with average maturity of around 3,7 years, and of which 77% is hedged and 23% is at a variable rate, consistently with the Group policy.

The short term debt due to bank at 30 June 2022 amounted to € 30.0 million essentially due to drawdown of lines of credit and € 13,7 million due to the latest acquisition of Chromagen. The used and unused credit lines (both committed and uncommitted) totalled approximately € 1.35 billion, of which approximately 35% was drawn.

4.5.7 Capital Expenditures

In the half-year of 2022, Ariston Group's capital expenditure totalled € 19.3 million, 1.7% as a percentage of net revenue, compared with € 18.7 million in first half 2021, up 3.2% increase year-on-year.

Investments include:

- Investments in physical assets for a total of € 12.8 million.
The main project during the first half-year was related to the starting of new footprint in the Cerreto site for the production of top range electric water heaters. Furthermore, the Group continues to invest on renovation and safety upgrades of plants at various sites in order to improve their efficiency (Genga, Cerreto, Osimo, Arcevia, Resana, Namur), the rationalization of the footprint (Hanoi, Lichtenvoorde) and the increase in production capacity to meet growing market demand (Albacina, Follina).
The Group made investments into new products in the field of domestic water heating: Velis 3.0, new electrical products for the South Africa and India.
On the heating business the Group invested to strongly 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).
Finally, part of the spending was dedicated to commercial areas (training room, office renovation) and direct service equipment.
- R&D investments: € 3.7 million
The Group capitalized water heating projects related to the development of new products: new domestic water pump for the US, and new water heating pump for European markets. In environmental heating, the capitalized R&D costs relate to both mainstream and high range HHP projects using the latest generation of refrigerant gas. In the Burners Division, development concerns low environmental impact burners allowing to reduce CO₂ emissions.
- ICT investments € 2.9 million.
During first half of 2022, the Group continued implementing the ERP system in new areas: USA and Canada. Furthermore, Group continue to work on new evolved systems for Finance, product life cycle management, and digital management of the supply chain.
In the commercial area, the adoption of Group systems in the "customer relation" and installer management area is progressively extended to new countries and continuously developed to meet counterparts' expectations.

Lastly, investments for the right-of-use of third-party assets were related to tangible assets at 30 June 2022. The half-yearly addition totalled € 13.8 million and was attributable to offices, buildings, plants and machinery, and vehicles, compared to € 4.4 million in the half-year 2021.

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

In order to mitigate the effect of hyperinflationary economies, organic change for countries having to adopt the hyperinflationary methodology laid down in IFRS only includes the component attributable to volumes sold in relation to net 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 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.

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.

Net fixed assets, calculated as the algebraic sum of:

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

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

- investments in associates and joint ventures;
- deferred tax assets;
- other non-current assets;
- non-current tax receivables;
- deferred tax liabilities;
- non-current provisions for risks and charges;
- net employee defined benefit liabilities;
- other non-current liabilities;
- non-current tax payables.

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

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

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

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

Net financial indebtedness adjusted

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 2022, 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, 2022	For the six months ended June 30, 2021
Group Net profit	66.4	81.3
Adjustment on operating income (expense)	-6.1	-8.7
Tax adjustments	-1.7	-24.3
- Tax effect of Adjustment on operating income (expense)	-1.7	-2.3
- Reversal of non-recurring taxation effect	0.0	-22.0
Group Net profit adjusted	70.8	65.6
EBITDA	132.7	117.8
Adjustment on operating income (expense) on EBITDA	-2.8	-7.5
EBITDA adjusted	135.5	125.3
EBIT	88.6	80.7
Adjustment on operating income (expense) on EBIT	-6.1	-8.7
EBIT adjusted	94.7	89.4

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 Group picked The Netherlands as its home member state.

Therefore, regulated information is stored using the “1info SDIR” repository (www.1info.it) authorized by Italy’s market authority CONSOB, as well as filed with the AFM (Dutch Authority for the Financial Markets).

The Group 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.

Dividend

On 28 April 2022, the Annual General Meeting – approving a proposal from the Board of Directors – resolved the distribution of a dividend of € 0.140 per share for the year 2021, gross of withholding taxes, which resulted in a pay-out ratio equal to 34.01%.

The dividend was paid on 25 May 2022, with an ex-coupon date of 23 May 2022 in accordance with the Italian Stock Exchange calendar, and a record date of 24 May 2022.

5. Ariston Holding N.V. Half-Year Condensed Consolidated Financial Statements at 30 June 2022

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Ariston Holding N.V. – Half-Year Condensed Consolidated Financial Statements at 30 June 2022

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Half-Year Consolidated income statement

(Unaudited)

(in million €)		notes	For the six months ended June 30, 2022		For the six months ended June 30, 2021	
REVENUE AND INCOME						
Net revenue	1.1		1,134.5	100.0%	914.5	100.0%
Other revenue and income	1.1		24.5	2.2%	18.7	2.0%
Revenue and Income	1.1		1,159.0	102.2%	933.2	102.0%
OPERATING EXPENSES						
Change in inventories	1.2		-118.1	-10.4%	-77.8	-8.5%
Raw materials, consumables and goods for resale	1.2		650.4	57.3%	482.5	52.8%
Services	1.3		234.9	20.7%	178.4	19.5%
Personnel	1.4		231.7	20.4%	208.6	22.8%
Amortisation	2.1/2.2		44.1	3.9%	37.1	4.1%
Provisions	1.5		7.5	0.7%	9.3	1.0%
Write-downs			0.0	0.0%	0.0	0.0%
Other operating expenses	1.6		19.9	1.8%	14.5	1.6%
Operating expenses			1,070.4	94.4%	852.5	93.2%
OPERATING PROFIT	1.7		88.6	7.8%	80.7	8.8%
FINANCIAL INCOME AND EXPENSE						
Financial Income	1.8		3.0	0.3%	1.5	0.2%
Financial Expense	1.9		-7.1	-0.6%	-6.0	-0.7%
Exchange rate gains/losses	1.10		-3.3	-0.3%	-0.5	-0.1%
Financial Income and Expense			-7.4	-0.7%	-5.0	-0.5%
PROFIT (LOSS) ON INVESTMENTS						
Profit (loss) on investments	1.11		4.9	0.4%	-2.0	-0.2%
PROFIT BEFORE TAX			86.1	7.6%	73.7	8.1%
TAXES						
			19.8	1.7%	-7.5	-0.8%
				23.0%		-10.2%
PROFIT (LOSS) FROM CONTINUING OPERATIONS			66.3	5.8%	81.3	8.9%
NET PROFIT			66.3	5.8%	81.3	8.9%
Net profit attributable to non-controlling Interests			-0.1	-0.1%	0.0	0.0%
Net profit attributable to the Group			66.4	5.9%	81.3	8.9%
Basic earnings per share (€)			0.20		0.25	
Diluted earnings per share (€)			0.20		0.25	

Half-Year Consolidated statement of other comprehensive income

(Unaudited)

(in million €)		notes	For the six months ended June 30, 2022	For the six months ended June 30, 2021
NET PROFIT		3.1	66.3	81.3
<i>Items that will not be reclassified to the income statement</i>				
	Actuarial gains (losses) (*)	3.1	7.0	2.6
<i>Sub-total of items that will not be reclassified to the income statement</i>			7.0	2.6
<i>Items that may be reclassified to the income statement</i>				
	Gains (losses) from the translation of financial statements	3.1	43.5	14.4
	Net gains (losses) under cash flow hedge reserve (*)	3.1	10.2	-0.6
<i>Sub-total of items that may be reclassified to the income statement</i>			53.7	13.8
Total other gains (losses) net of taxes			60.6	16.4
NET PROFIT			126.9	97.6
Attributable to:				
	- Group		126.9	97.6
	- Non-controlling Interests		0.0	0.0

(*) Tax effect included

Half-Year Consolidated statement of financial position

(Unaudited)

(in million €)		notes	At June 30, 2022	At December 31, 2021
Assets				
NON-CURRENT ASSETS				
Intangible assets				
	Goodwill	2.1	319.0	294.8
	Other intangible assets	2.1	129.0	113.0
	Total intangible assets	2.1	448.1	407.8
Property, plant and equipment				
	Land and buildings excluding ROU		128.9	121.4
	Land and buildings ROU		50.2	40.5
	Land and buildings	2.2	179.1	161.9
	Plant and machinery excluding ROU		109.5	103.2
	Plant and machinery ROU		1.3	1.3
	Plant and machinery	2.2	110.7	104.5
	Other property, plant and equipment excluding ROU		80.6	87.8
	Other property, plant and equipment ROU		24.0	18.2
	Other property, plant and equipment	2.2	104.6	106.0
	Total property, plant and equipment	2.2	394.4	372.4
Investments in associates & Joint ventures			2.4	2.4
Deferred tax assets			104.0	102.4
Financial assets			5.3	5.2
Non-current financial assets			2.2	0.0
Other non-current assets			7.6	6.4
Non-current tax receivables			1.2	1.2
Total non-current assets			965.2	897.8
CURRENT ASSETS				
Inventories		2.3	519.1	382.0
Trade receivables		2.4	300.1	248.3
Tax receivables			38.2	29.8
Current financial assets		3.3	30.2	10.8
Other current assets		2.5	58.4	56.4
Cash and cash equivalents		2.6	515.0	689.7
Total current assets			1,461.1	1,417.0
ASSETS HELD FOR SALE			1.3	2.3
TOTAL ASSETS			2,427.5	2,317.0

Half-Year Consolidated statement of financial position

(Unaudited)

(in million €)		notes	At June 30, 2022	At December 31, 2021
Liabilities and Equity				
NET EQUITY				
Share capital	3.1	46.1	46.0	
Share premium reserve	3.1	313.3	293.7	
Retained earnings and other reserves	3.1	537.3	402.0	
Net profit attributable to the Group	3.1	66.4	136.5	
Net equity attributable to the Group	3.1	963.1	878.3	
Non-controlling interests and reserves		2.2	0.0	
Net profit attributable to non-controlling interests		-0.1	-0.2	
Net equity attributable to non-controlling interests		2.1	-0.2	
Net equity	3.1	965.2	878.1	
NON-CURRENT LIABILITIES				
Deferred tax liabilities		60.3	50.8	
Non current provisions	3.2	58.3	56.9	
Post employment benefits		40.8	51.7	
Non current financing	3.3	462.3	446.4	
Other non current liabilities	3.4	4.4	4.9	
Non current tax liabilities		1.3	7.8	
Total non current liabilities		627.3	618.5	
CURRENT LIABILITIES				
Trade payables	3.5	496.3	477.2	
Tax payables		50.2	45.1	
Current provisions	3.6	34.5	33.5	
Current financial liabilities	3.7	64.5	46.1	
Current loans	3.3	24.7	23.1	
Other current liabilities	3.8	164.8	195.4	
Total current liabilities		835.0	820.4	
LIABILITIES HELD FOR SALE			0.0	0.0
TOTAL LIABILITIES AND NET EQUITY			2,427.5	2,317.0

Half-Year Consolidated statement of cash flows

(Unaudited)

(in million €)

STATEMENT OF CASH FLOWS		notes	For the six months ended June 30, 2022	For the six months ended June 30, 2021
CASH FLOW FROM OPERATING ACTIVITIES				
1	NET PROFIT	3.1	66.3	81.3
2	- Taxes	1.12	19.8	-7.5
3	- Income and expense from financing and investment activities	1.8/1.11	2.5	7.0
4	- Amortisation excluding ROU	2.1/2.2	31.3	26.8
5	- Amortisation ROU	2.2	12.8	10.2
6	- Provisions	1.5	7.5	9.3
7	- Other adjustments		0.0	0.0
8	= GROSS OPERATING CASH FLOW (+1+2+3+4+5+6+7)		140.3	127.0
9	- Change in trade receivables	2.3	-19.5	-9.0
10	- Change in inventories	2.3	-93.8	-77.8
11	- Change in trade payables	3.5	-21.0	45.0
12	- Change in other short-term assets/liabilities		-16.1	-2.1
13	- Change in provisions		-10.8	-7.2
14	- Tax paid		-27.5	-24.0
15	= NET OPERATING CASH FLOW (+8+9+10+11+12+13+14)		-48.4	51.9
CASH FLOW FROM INVESTMENT ACTIVITIES				
16	- Investments in intangible assets	2.1	-7.2	-5.6
17	- Investments in property, plant and equipment	2.2	-12.2	-13.1
18	- Investments in financial assets		-53.0	-4.7
19	- Change in the scope of consolidation		-1.9	0.0
20	- Value of tangible and intangible assets sold	2.1/2.2	-0.1	1.6
21	= CASH FLOW FROM INVESTMENT ACTIVITIES (+16+17+18+19+20)		-74.3	-21.8
CASH FLOW FROM FINANCING ACTIVITIES				
22	- Financial income/expense collected/paid		-0.8	-1.5
23	- Financial expense pursuant to IFRS16		-0.9	-0.7
24	- Other inflows (outflows) of cash classified as financing activities	1.10	-5.6	-2.6
25	- Increase/decrease in short-term financial payables	3.3	5.2	46.2
26	- New loans	3.3	8.2	202.5
27	- Loans repayment	3.3	-16.8	-319.1
28	- Dividends	3.1	-46.4	-48.3
29	- Capital and reserves increase/distribution		0.0	0.0
30	- Proceeds from issue of ordinary shares		0.0	0.0
31	- Buyback/sale of treasury shares		0.0	0.0
32	= CASH FLOW FROM FINANCING ACTIVITIES (22+ / +31)		-57.1	-123.4
33	= CASH FLOW FROM CONTINUING OPERATIONS (15+21+32)		-179.8	-93.3
34	= CASH FLOW FROM DISCONTINUED OPERATIONS		0.0	0.0
35	= TOTAL CASH FLOW (33+34)		-179.8	-93.3
36	Effect of changes in exchange rates		13.2	6.3
37	= TOTAL MOVEMENT IN CASH AND CASH EQUIVALENTS (+35+36)		-166.6	-87.0
38	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		655.5	430.7
39	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (+37+38)		488.9	343.7

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 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	66.4	127.0	-0.1	126.9
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

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 2020	3.1	41.8	-13.5	-82.3	8.4	0.0	-1.1	-30.5	427.0	96.7	446.5	0.0	446.5
Consolidated profit allocation									96.7	-96.7	0.0	0.0	0.0
Payment of dividends	3.1								-48.3		-48.3	0.0	-48.3
Other changes		3.9	13.5	82.3	-8.4				-92.1		-0.8	0.0	-0.8
Comprehensive income (loss)							-0.6	2.6	14.4	81.3	97.6	0.0	97.6
Balances as at 30 June 2021	3.1	45.8	0.0	0.0	0.0	0.0	-1.8	-28.0	397.7	81.3	495.0	0.0	495.0

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.

For purposes of its business operations in Italy, the Company has established a secondary seat with a permanent representative office, within the meaning of article 2508 of the Italian Civil Code.

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 2022, voting rights are as follows: Merloni Holding S.p.A. 73.94% and Amaranta S.r.l. 18.67% (equating to 74.60% of the share capital) meanwhile the market is entitled for the 7.39%.

The issued share capital of the Company is held by Merloni Holding S.p.A. for 65.65%, Amaranta S.r.l. for 8.95% and market for 25.40%.

The Half-Year Condensed Consolidated Financial Statements of Ariston Group for the period ending 30 June 2022 were approved on 3 August 2022 by the Board of Directors of the Parent Company and recognized it 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 Chromagen, a company headquartered in Israel with two subsidiaries in Australia and Spain, as well as a solid network of distributors across about 35 countries worldwide.

3. Basis of accounting preparation

The Half-Year Condensed Consolidated Financial Statements for the six months ended 30 June 2022 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 recognized at fair value and except in cases in which the IFRS allow a different valuation criterion to be used. The carrying amount of assets and liabilities subject to fair value hedging transactions, which would otherwise be recorded at cost, has been adjusted to take account of the changes in fair value attributable to the risk being hedged.

The 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 2021, 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 2021, the perimeter is changed due to the following transaction:

- On 5 January, Ariston Group completed the acquisition of Chromagen group. Refer to Note 2.1.1 – Business combinations and acquisition of non-controlling interests for further details.
Chromagen group is included in the Ariston Group's perimeter starting from January 2022.

During the half-year period, Ariston Group closed the Put and Call options related to Ariston Thermo USA LLC, Gas-tech-Energi A/S and Kesselheld GmbH. Refer to paragraph 3.4 – Other non current liabilities and 3.8 – Other current liabilities for further details.

The tables list of the companies included in the basis of consolidation at 30 June 2022 is presented in "List of companies at 30 June 2022".

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 2021, except for the adoption of new standards effective as of 1 January 2022. 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 2022, 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 2022

As from January 1, 2022 the following amendments of accounting standards have become applicable to the Group:

- *Reference to the Conceptual Framework – Amendments to IFRS 3.*

The amendments replace a reference to a previous version of the IASB's *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements. The amendments add an exception to the recognition principle of IFRS 3 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or IFRIC 21 *Levies*, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

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

- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16.*

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

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

- *IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for IAS 39 *Financial Instruments: Recognition and Measurement*.

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

- *IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter.*

The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

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

- *IAS 41 Agriculture – Taxation in fair value measurements.*

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

These amendments had no impact on the Half-Year Condensed Consolidated Financial Statements of the Group as it did not have assets in scope of IAS 41 as at the reporting date.

- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37.*

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

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

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.

- 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 are effective on or after January 1, 2023. The amendments are not expected to have a material impact on 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 are effective on or after January 1, 2023. The amendments are not expected to have a material impact on 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 are effective on or after January 1, 2023. The amendments are not expected to have a material impact on 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.

The new standard and amendments are effective on or after January 1, 2023. This accounting standard does not apply to the Group.

5. Disclosure to the Financial Statements

During the half-year ending 30 June 2022 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.

5.1 Income statement

Note 1.1 – Revenue and Income

During the first half 2022, the Group recorded revenue of € 1,134.5 million, compared to € 914.5 million in the previous year, with an increase of € 220.0 million (+24.1%).

The increase arises from organic growth of the Group (+13.5%) and from a perimeter variation related to the business combination with Chromagen group concluded in January 2022. The Revenue item can be broken down as follows:

Revenue and Income (in € million)	30.06.2022	30.06.2021
Revenue from sales	1,059.3	842.7
Revenue from services	68.0	65.8
Other revenue	7.2	5.9
Net revenue	1,134.5	914.5
Other revenue and income	24.5	18.7
Total	1,159.0	933.2

“Other revenue and income” totalled € 24.5 million at 30 June 2022 and € 18.7 million at 30 June 2021 and 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.

At 30 June 2022, they totalled € 24.5 million, an increase of € 5.8 million compared to the same period of previous year, mainly due to Ecobonus mechanism.

Segment information

The Company operates in three divisions within a unique segment unit reporting: Thermal Comfort (TC), Burners (BUR), and Components (COM). These have been identified as operating segments.

Revenue by division

Thermal Comfort. Serves both the Group's two main business line categories, Hot Water and Heating, and represents the Group's largest division, recording revenue for the first half 2022 of € 1,042.4 million, or 91.9% of total revenue, compared to the first half 2021 € 828.7 million, or 90.6%, up € 213.7 million or 25.8% (of which 17.8% organic). The Thermal Comfort division stood out for the steady growth of its European markets and all the key markets of the other geographical areas.

Components. Recorded net revenue of € 48.4 million for first half 2022, or 4.3% of total net revenue, compared to the first half 2021 € 42.2 million, or 4.6%, up € 6.2 million or 14.6%. The increase in revenue by € 6.2 million or 14.6% was driven by the Professional business and the price increase on Domestic business.

Burners. Recorded net revenue of € 43.8 million for the first half 2022, or 3.9% of total net revenue, compared to the first half 2021 € 43.6 million, or 4.8% of total revenue, up € 0.2 million or 0.5%. The substantial stability is due to the growth in some key markets such as Germany and OEM sales that balanced the reduction in some low profitable channel and in China due to Covid.

Net revenue by geographic area

Europe. Represents the Group's largest market, recording net revenue of € 740.4 million for first half 2022, or 65.3% of total revenue, compared to € 628.1 million, or 68.7%, in first half 2021, up € 112.3 million or 17.9% (of which 17.4% organic). The increase was mainly driven by the growth in renewable and high efficiency products (particularly remarkable in heating) in some relevant markets such as Poland, Italy, Romania and others eastern European markets.

Asia, Pacific & MEA. Represents the second largest market for the Group, recording net revenue of € 252.4 million for first half 2022, or 22.2% of total revenue, compared to € 164.8 million, or 18.0%, in first half 2021, up € 87.6 million or 53.1% (of which 15,3% organic). The organic increase was mainly driven by a good performance on water heater market in India, Vietnam and Indonesia.

Americas. Represents the Group's third largest market and reported revenue of € 141.8 million for first half 2022, or 12,5% of total net revenue, compared to € 121.6 million, or 13.3%, in first half 2021, up € 20.2 million, or 16.6% (of which 16,0% organic). The increase was mainly due to a good performance on the heating market (US and Canada) and to the price increase in the water heaters business, mainly in the US.

Note 1.2 – Raw materials, consumables and goods for resale

At 30 June 2022, the “Purchase cost of raw materials, consumables and goods for resale” amounted to € 650.4 million, increased by € 167.9 million compared with the same period of the previous year.

The trend in purchases and the change in inventories highlight an increase in the average percentage of raw materials consumed to revenue, a percentage which, from 44.3% in June 2021, to 46.9%, largely due to a significant increase in prices, starting from second half of 2021, for the most relevant raw materials (steel, copper, polypropylene) used up by Ariston Group.

Note 1.3 – Services

“Costs for services” amounted to € 234.9 million versus € 178.4 million at June 2021, increased by € 56.5 million, and can be detailed as follows:

Services (in € million)	30.06.2022	30.06.2021
Logistics and transport	78.4	55.9
Sub-contracted work and maintenance	32.6	29.8
Advertising and promotion	21.5	15.7
Bonuses and commissions	16.3	13.0
Consulting services	13.1	11.7
Technical support	19.7	9.3
Utilities	14.6	12.5
Rental and lease expenses	10.0	8.6
Interoffice services	6.8	5.2
Travel expenses	6.3	4.4
Insurance	4.4	3.4
Directors and Statutory Auditors' Fees	3.7	1.9
Other services	7.5	7.2
Total	234.9	178.4

During the half-year 2022, the service fees increase and the Group's ongoing growth in the various sectors of Climate Solutions impacted the variable costs connected to sales and production, with an increase mainly in “Logistic and transport” (both effect volume and prices) of € 22.5 million, “Sub-contracted work and maintenance” (due to higher

volumes manufactured) of € 2.8 million, “Advertising and promotion” of €5.8 million and “Bonuses and commissions” (the latter two components respectively for volume manufactured and sales) of € 3.3 million.

Note 1.4 – Personnel

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

Personnel	30.06.2022	30.06.2021
(in € million)		
Wages and salaries	183.9	164.5
Social security costs	38.9	35.9
Provision for Employees severance indemnity	3.0	2.9
Provision for retirement benefits and other funds	-0.8	-0.5
Other personnel costs	6.7	5.7
Total	231.7	208.6

In June 2022, “Personnel” amounted to € 231.7 million, increased by € 23.1 million compared with the same period of the previous year, due to the normal trend of salary inflation (fixed and variable components) in the various countries where the Group operates, also following the organisational changes.

“Wages and salaries” totalled € 183.9 million at 30 June 2022 and € 164.5 million at 30 June 2021.

“Provision for Employees severance indemnity” and “Provision for retirement benefits and other funds” include the net impact of accruals and releases for the period.

The Group’s workforce at 30 June 2022 is equal to 7,868 and it is registered an increase both with respect to the Group’s workforce at 31 December 2021 (7,746) and at 30 June 2021 (7,567).

The headcount by category of employee as follow:

Headcount	30.06.2022	30.06.2021	Average	Delta
(number of people)				
Managers and white collars	3,954	3,663	3,809	291
Blue collars	3,914	3,904	3,909	10
Total	7,868	7,567	7,718	301

Chromagen group acquisition added 331 employees to Ariston Group’s headcount.

Note 1.5 – Provisions

During 2022, “Provisions” were recognised for € 7.5 million versus € 9.3 million in the same period of 2021. In detail, the provisions as follow:

Provisions	30.06.2022	30.06.2021
(in € million)		
Product warranty provision	5.4	3.7
Provision for installation	1.7	1.6
Bad debt provision	1.9	0.8
Provision for restructuring	-0.2	3.5
Provision for legal disputes	-0.3	-0.1
Other provisions	-0.9	-0.2
Total	7.5	9.3

The total amount is basically in line with the same period of the previous year.
As a percentage of net revenue, provisions amounted to 0.7% compared to 1.0% in 2021.

For further details about movements of the period, refer to Note 2.5 for Bad Debt Provision and Note 3.2 for Non-Current and Current Provisions.

Note 1.6 – Other operating expenses

“Other operating expenses” amounted to € 19.9 million, versus € 14.5 million of the same period of the previous year, and can be detailed as follows:

Other operating expenses (in € million)	30.06.2022	30.06.2021
Non periodic losses	8.0	5.2
Non-income tax and other levies	5.7	3.2
Concession rights and other	1.5	1.6
Office supplies and printing	0.8	1.0
Subsidies and contributions	0.4	0.3
Losses on receivables	0.3	0.8
Losses on assets	0.1	0.2
Other operating expenses	3.1	2.2
Total	19.9	14.5

This item includes all ordinary operating expenses that cannot be recognised under other items and in the “Non periodic losses” the difference between accruals made in previous periods and costs actually incurred.

Other operating expenses increased € by 0.9 million compared with same period of previous year, mostly due to a change in their composition.

Note 1.7 – Operating profit

In June 2021 “Operating profit”, amounted to € 88.6 million compared to € 80.7 million as at June 2021. The increase is explained by the above detailed variances.

Note 1.8 – Financial income

“Financial income” had a balance of € 3.0 million at the end June 2022 higher compared to the value of € 1.5 million at 30 June 2021. The item can be detailed as follows:

Financial income (in € million)	30.06.2022	30.06.2021
State Green Programmes	1.7	0.4
Interest Income from bank	0.9	1.0
Employee benefits	0.3	0.1
Other financial income	0.1	0.0
Total	3.0	1.5

The year-on-year change was largely attributable to the item linked to the “State Green Programs”, of which the company started to participate on December 2020 in support of the main installers. The other items making up the total were largely unchanged.

Note 1.9 – Financial expense

This item shows a balance of € 7.1 million at the end June 2022 versus a balance of € 6.0 million at 30 June 2021. The item can be detailed as follows:

Financial expense (in million €)	30.06.2022	30.06.2021
Interest and other expenses due to bank	4.0	3.0
Put and Call	1.2	0.9
Leases	0.9	0.7
Employee benefits	0.7	0.3
Other financial expense	0.4	1.1
Total	7.1	6.0

Compared to the previous year, “Financial Expenses” was up of € 1.1 million, mostly due to the item “Employee benefits” as result of the change in the average actuarial rate as per IAS 19 of the Swiss associate.

The other expenses on MLT of 30 June 2022 were reclassified from “Other financial expense” to “Interest and Other expenses due to bank” in line with the method applied on December 2021.

Note 1.10 – Exchange rate gains/losses

“Exchange rate gains/losses” show an overall negative balance of € 3.3 million which can be broken down as follows:

Exchange rate gains/losses (in euro million)	30.06.2022	30.06.2021
Exchange rate gains	16.3	8.3
Exchange rate losses	-21.4	-11.0
Unrealised exchange rate gains	9.6	4.0
Unrealised exchange rate losses	-7.8	-1.9
Total	-3.3	-0.5

“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 negative affected by revaluation of the US dollar and Mexican pesos.

Note 1.11 – Profit (loss) on investments

The item “Profit (loss) on investments” was positive for € 4.9 million, up by € 6.9 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.

As at June 2022, the amount equal to € 4.9 million is mainly due to the Put and Call option execution of HTP Comfort Solutions LLC, now known as Ariston Thermo USA LLC. Refer to paragraph 3.8 for further explanations.

Basic and diluted earnings per share

Basic earnings per share at 30 June 2022 amounted to € 0.20 and are calculated by dividing the net profit for the half-year attributable to the ordinary shareholders of the Parent Company, of € 66.4 million, by the number of total shares – ordinary and multiple voting – outstanding during the period, that is 330,262,126.9.

As required by the paragraphs 26 and 64 of IAS 33, during the second semester of the previous year the number of ordinary shares outstanding increased as a result of a reorganization of the Group's corporate structure and the calculation of basic and diluted earnings per share for June 2021 had been adjusted retrospectively, based on the new number of shares.

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. They amounted to € 0.20 and are calculated by dividing the net profit for the half-year attributable to the ordinary shareholders of the Parent Company, of € 66.4 million, by the number of total shares that is 330,995,185.9.

Atypical or unusual transactions

During the half-year 2022, Ariston Group did not occur any atypical or unusual transactions.

5.2 Statement of financial position - Assets

Note 2.1 – Intangible assets

At 30 June 2022, “Intangible assets” amounted to € 448.1 million, increased by a net € 40.3 million compared to 31 December 2021, net of the amortisation expense for the period of € 11.6 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 31.12.2021	294.8	212.2	-99.2	113.0	507.0	-99.2	407.8
Perimeter variation	12.5	13.3	-2.2	11.1	25.8	-2.2	23.6
Increases	0.0	7.2	0.0	7.2	7.2	0.0	7.2
Decreases	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation	0.0	0.0	-11.6	-11.6	0.0	-11.6	-11.6
Exchange rate effect	11.7	4.9	-2.0	2.9	16.6	-2.0	14.6
Other	0.0	4.1	2.4	6.5	4.1	2.4	6.5
Total changes	24.2	29.5	-13.4	16.1	53.7	-13.4	40.3
As at 30.06.2022	319.0	241.7	-112.6	129.0	560.7	-112.6	448.1

The net total amount of the goodwill was € 319.0 million, versus € 294.8 million at 2021 year-end, and shows a change largely due to:

- Goodwill arising from the business combination with Chromagen. The total is equal to € 12.5 million. Refer to Note 2.1.1 – Business combinations and acquisition of non-controlling interests for further details.
- The changes in exchange rates, positive for € 11.7 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 2021.

As of 30 June 2022, 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 €)	30.06.2022	31.12.2021
Concessions, licenses, trademarks	44.8	43.8
Intangible assets in progress	15.1	19.3
Development costs	17.5	18.7
Software	20.3	16.5
Other	31.4	14.6
Total	129.0	113.0

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 31.12.2021	68.0	-49.3	18.7	48.8	-32.3	16.5	95.4	-17.7	77.7	212.2	-99.2	113.0
Perimeter variation	0.0	0.0	0.0	0.1	-0.1	0.0	13.2	-2.1	11.1	13.3	-2.2	11.1
Increases	0.4	0.0	0.4	0.3	0.0	0.3	6.4	0.0	6.4	7.2	0.0	7.2
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
Amortisation	0.0	-3.4	-3.4	0.0	-4.0	-4.0	0.0	-4.2	-4.2	0.0	-11.6	-11.6
Exchange rate effect	0.4	-0.4	0.1	0.8	-0.7	0.2	3.6	-1.0	2.6	4.9	-2.0	2.9
Other	3.0	-1.4	1.6	4.4	3.0	7.4	-3.3	0.7	-2.5	4.1	2.4	6.5
Total changes	3.9	-5.1	-1.2	5.6	-1.8	3.8	20.0	-6.5	13.5	29.5	-13.4	16.1
As at 30.06.2022	71.9	-54.4	17.5	54.4	-34.1	20.3	115.4	-24.2	91.2	241.7	-112.6	129.0

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 € 16.1 million and was primarily due to the perimeter variation related to Chromagen business combination, investments for the period and exchange rate effect not fully offset by € 11.6 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 € 3.7 million (€ 3.1 million in June 2021) out of a total of € 17.5 million (€ 18.7 million in 2021) 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 an evidence of the commitment to promote a more efficient and renewable product portfolio, these investments have been capitalized. 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 and acquisition of non-controlling interests

As mentioned in note 4.2 - Significant business events of the year, Ariston Group completed the acquisition of Chromagen group comprehensive of the total net assets and liabilities of the legal entities in Israel and Spain and the 51% of the Australian one.

On the date that these Half-Year Condensed Consolidated Financial Statements were approved, based on the process of recognising and restating the information necessary for allocating the purchase prices of the various transactions at the fair value of the respective net assets acquired, the Group performed the purchase price allocation with the support of independent external expert and it will be finalized within 12 months of the closing date in compliance with applicable accounting standards. Details of the cost of the acquisition at the fair value of the consideration paid, the net assets acquired and goodwill obtained are summarized 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, 5 January 2022.

Value at acquisition date	Book value at acquisition date	Provisional fair value at 30 June 2022
ASSETS		
Non-current assets		
Goodwill	6.9	0.0
Other intangible assets	0.1	0.1
Lands and buildings	9.4	9.4
Plant and machinery	2.4	2.4
Other tangible assets	1.8	1.8
Deferred tax assets	0.6	0.6
Financial fixed assets	0.2	0.2
Other non current assets	1.4	1.4
Total non-current assets	22.8	15.9
Current assets		
Inventories	23.7	22.6
Trade receivables	26.6	26.5
Tax receivables	0.2	0.2
Current financial assets	0.3	0.3
Other current assets	1.8	1.8
Cash and cash equivalents	1.1	1.1
Total current assets	53.7	52.5
TOTAL ASSETS	76.5	68.4
LIABILITIES		
Non-current liabilities		
Non current provisions	0.7	0.7
Post employment benefits	0.0	0.0
Non current financing	15.0	15.0
Other non current liabilities	0.4	0.4
Total non-current liabilities	16.1	16.1
Current liabilities		
Trade payables	21.1	21.1
Tax liabilities	1.3	1.3
Current provisions	0.6	0.5
Current financial liabilities	15.4	15.4
Current financing	2.9	2.9
Other current liabilities	4.2	4.2
Total current liabilities	45.5	45.4
Total Liabilities	61.6	61.5
NET EQUITY ACQUIRED	14.9	6.9
Net equity attributable to the Group	9.0	4.5
Net equity attributable to non-controlling interests	5.9	2.4
TOTAL LIABILITIES AND EQUITY	76.5	68.4

Total cost, of which:	a	25.8
Price paid in cash, excluding ancillary costs		23.9
Present value of future payments		2.0
Net financial position acquired, of which:	b	(31.7)
Cash, cash equivalent and financial assets		1.6
Financial debt acquired		(33.3)
Enterprise Value (a-b)		57.5

Purchase price to be allocated	25.8
Price paid in cash, excluding ancillary costs	23.9
Present value of future payments	2.0
Allocation to:	
Net assets acquired	8.9
Goodwill generated by acquisition	12.5

With the acquisition, Ariston Group further strengthens its competitive position in the renewable energy segment, acquiring a player with a leading position in Israel and a solid footprint in Australia. Goodwill is not tax-deductible based on the relevant local regulations.

From the acquisition date dated 5 January 2022, Chromagen contributed to Ariston Group's results in the amount of € 65.9 million to net revenue and € 3.7 million to EBITDA before non-recurring items.

Note 2.2 – Property, plant and equipment

At 30 June 2022, “Property, plant and equipment” amounted to € 394.4 million, up by a net € 22.0 million compared to 31 December 2021.

The depreciation expense for the period is recognised under the appropriate item in the income statement and amounted to € 32.5 million.

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

Property, plant and equipment (in million €)	Land and buildings			Plant and machinery			Other property, plant and equip.			Total		
	Gross	Prov.	Net	Gross	Prov.	Net	Gross	Prov.	Net	Gross	Prov.	Net
As at 31.12.2021	309.9	-147.9	161.9	413.1	-308.6	104.5	347.9	-241.9	106.0	1,070.8	-698.4	372.4
Perimeter variation	14.7	-5.4	9.3	11.8	-9.4	2.4	4.5	-2.7	1.8	31.0	-17.5	13.5
Increases	7.6	0.0	7.6	1.8	0.0	1.8	16.7	0.0	16.7	26.1	0.0	26.1
<i>of which for right of use</i>	<i>8.4</i>	<i>0.0</i>	<i>8.4</i>	<i>0.1</i>	<i>0.0</i>	<i>0.1</i>	<i>5.3</i>	<i>0.0</i>	<i>5.3</i>	<i>13.8</i>	<i>0.0</i>	<i>13.8</i>
Decreases	-0.8	0.8	0.0	0.0	0.0	0.0	-10.8	10.8	0.0	-11.7	11.6	0.0
Revaluations /Write-downs	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	-10.6	-10.6	0.0	-8.5	-8.5	0.0	-13.4	-13.4	0.0	-32.5	-32.5
<i>of which for right of use</i>	<i>0.0</i>	<i>-7.1</i>	<i>-7.1</i>	<i>0.0</i>	<i>-0.1</i>	<i>-0.1</i>	<i>0.0</i>	<i>-5.6</i>	<i>-5.6</i>	<i>0.0</i>	<i>-12.8</i>	<i>-12.8</i>
Exchange rate effect	10.9	-4.2	6.7	12.7	-9.2	3.5	8.4	-4.4	4.1	32.0	-17.7	14.3
Other	0.2	3.8	4.1	5.8	1.2	7.0	-13.4	2.9	-10.6	-7.3	7.9	0.6
Total changes	32.6	-15.5	17.2	32.0	-25.8	6.2	5.4	-6.8	-1.4	70.1	-48.1	22.0
As at 30.06.2022	342.4	-163.5	179.1	445.1	-334.4	110.7	353.2	-248.7	104.6	1,140.9	-746.5	394.4

The net increase was largely attributable to the perimeter variation and exchange rate for a total increase equal to € 27.8 million. The capital expenditure for the period, totalling € 26.1 million is more than offset by € 32.5 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 (in million €)	Land and buildings			Plant and machinery			Other property plant and equip.			Total		
	Gross	Prov.	Net	Gross	Prov.	Net	Gross	Prov.	Net	Gross	Prov.	Net
As at 31.12.2021	73.6	-33.1	40.5	1.9	-0.6	1.3	52.4	-34.2	18.2	127.9	-67.9	60.0
Perimeter variation	10.6	-3.1	7.5	0.0	0.0	0.0	1.4	-0.5	0.9	12.0	-3.6	8.3
Increases	8.4	0.0	8.4	0.1	0.0	0.1	5.3	0.0	5.3	13.8	0.0	13.8
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
Revaluations/Write-downs	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	-7.1	-7.1	0.0	-0.1	-0.1	0.0	-5.6	-5.6	0.0	-12.8	-12.8
Exchange rate effect	2.1	-1.1	1.0	0.0	0.0	0.0	0.4	-0.1	0.3	2.6	-1.3	1.3
Other	-4.3	4.3	0.0	-0.1	0.1	0.0	-2.2	2.2	0.0	-6.5	6.5	0.0
Total changes	16.8	-7.1	9.7	0.1	-0.1	0.0	5.0	-4.1	0.9	21.8	-11.2	10.6
As at 30.06.2022	90.4	-40.2	50.2	1.9	-0.7	1.3	57.4	-38.3	19.1	149.7	-79.1	70.6

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 € 104.6 million, down by € 1.4 million compared with 31 December 2021.

The breakdown is detailed below:

Other property, plant and equipment (in million €)	30.06.2022	31.12.2021
Industrial and commercial equipment	46.6	45.4
Assets under construction	26.7	31.0
Vehicles & transportation equipment	20.1	18.9
EDP machinery	3.4	3.3
Furniture and office equipment	3.7	3.2
Other	4.1	4.1
Total	104.6	106.0

Note 2.3 – Inventories

Following is the composition of “Inventories” at 30 June 2022 and at 31 December 2021, net of the obsolete stock provision.

Inventories (in € million)	30.06.2022	30.06.2021
Raw materials	164.1	125.6
Work in progress and semi-finished goods	22.0	13.4
Finished goods and goods for resale	332.9	243.0
Total	519.1	382.0

Gross value of inventories, at 30 June 2022, amounted to € 563.1 million (€ 422.4 million at 31 December 2021), whereas the provision amounted to € 44.0 million (€ 40.4 million at 31 December 2021).

Inventories totalled € 519.1 million at 30 June 2022, up by € 137.1 million on 31 December 2021. This change is essentially attributable to several factors, as summarised below:

- Organic increases of € 93.3 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 € 23.9 million;
- Positive exchange rate effect of € 19.9 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.

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 31.12.2021	10.1	1.8	28.5	40.4
Increases/ Release	1.2	0.7	3.0	4.9
Decreases	-1.7	-0.4	-1.3	-3.4
Exchange rate effect	0.3	0.0	0.7	1.1
Other	-0.6	0.0	1.6	1.0
Total changes	-0.7	0.3	3.9	3.6
As at 30.06.2022	9.5	2.1	32.4	44.0

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 € 300.1 million, net of a bad debt provision of € 21.8 million.

Compared with 31 December 2021, the net balance shows a € 51.8 million increase in absolute values. This increase is partly the result of the acquisition of Chromagen in early 2022 and partly attributable to the strong growth in turnover, specifically in the markets with higher days outstanding sales, partially compensated by the strong collection performance and reduction in payment terms.

The percentage of trade receivables on the turnover of the last 12 months was equal to 13.2% compared with 12.5% recorded at 31 December 2021.

The bad debt provision of € 21.8 million shows a net increase by € 2.8 million compared with 31 December 2021. The increase is partly attributable to the receipt of funds from the acquisition and partly attributable to balance the higher risk arising from the current geo-political situation. 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 2022, 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 31.12.2021	13.0	6.0	19.0
Increases	2.0	0.4	2.4
Decreases	-0.5	-0.3	-0.8
Release	-0.5	-0.1	-0.5
Exchange rate effect	0.2	0.1	0.4
Other	0.9	0.4	1.3
Total changes	2.2	0.6	2.8
As at 30.06.2022	15.2	6.6	21.8

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.

Refer to paragraph “Credit Risk” within the Note 5.4 – Other information for further details on ageing and the related Bad Debt Provision.

Note 2.5 – Other current assets

“Other current assets” amounted to € 58.4 million versus € 56.4 million at 30 June 2022. The main items are:

Other current assets (in € million)	30.06.2022	31.12.2021
Indirect tax receivables	29.7	29.2
Prepaid expenses	12.8	7.1
Advances to suppliers	8.0	6.5
Receivables from employees	1.4	0.6
State Green Programmes	0.6	8.3
Other receivables	5.9	4.6
Total	58.4	56.4

During the period, the “Other current assets” did not record significant variations compared to the previous period ending at 31 December 2021.

The significant decrease of the “State Green Programmes” equal to € 7.7 million is due to the transfer to banks of the receivables during the half year 2022, while at 31 December 2021, these receivables had not been transferred to banks. The transfer is a consequence of the regulatory changes occurred in the last months of 2022 that determined a lag of practice management process.

Note 2.6 – Cash and cash equivalents

“Cash and cash equivalents”, amounting to € 515.0 million as at the end of June 2022, are represented almost entirely by bank and postal account deposits, as shown in the following table:

Cash and cash equivalents (in € million)	30.06.2022	31.12.2021
Bank and postal deposits	486.8	653.3
Short Term Investments	28.0	30.9
Cash on hand	0.2	5.5
Total	515.0	689.7

The item “Bank and postal deposits” is primarily represented by credit balances on current accounts and compared to 31 December 2021 was decreased of € 166.5 million mainly due from Chromagen acquisition.

The “Short Term Investment” was down € 2.9 million, mainly due for partial closure of some deposits in USD and CNY.

The amount of “Cash on hand” with a predetermined use is not significant.

5.3 Statement of financial position – Liabilities and equity

Note 3.1 – Equity

At 30 June 2022, the share capital of Ariston Holding N.V. was € 46.1 million, fully paid-up, comprising 106,183,532 ordinary shares. During the first six months of 2022, Ariston Holding NV approved two capital increases related to the phantom stock options incentive plan. The first capital increase dated 4 March 2022 was due for the LTI Plan 2016-2018 and the second capital increase dated 5 May 2022 was due for the LTI Plan 2019. The changes in the capital structure during the half-year and the movements in ordinary and special voting shares is reported below.

Shareholders	Ordinary Shares (1)	% of Ordinary Shares	Special Voting Shares A (2)	Ordinary Shares and Special Voting Shares A	% Ordinary Shares and Special Voting Shares A
Merloni Holding S.p.a	19,426,000	18.29%	198,000,000	217,426,000	65.65%
Amaranta S.r.l.	2,649,000	2.49%	27,000,000	29,649,000	8.95%
Other shareholders	84,108,532	79.21%		84,108,532	25.40%
Total	106,183,532	100.00%	225,000,000	331,183,532	100.00%

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

(2) Special Voting Shares confer economic rights, are not listed and are not transferable.

The total consolidated equity at 30 June 2022 amounted to € 965.2 million, up compared with € 878.1 million at 31 December 2021.

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

- the increase of “Non-controlling interest and reserves” related to the perimeter variation for the acquisition of Chromagen Australia for the 51%;
- the increase in the Group net profit for the period, amounting to € 66.4 million
- the decrease in the “Retained Earnings and other reserves” for the dividends paid in May 2022 for a total amount equal to € 46.4 million;
- the increase of the “Reserve for gains/losses” in equity and the “Actuarial gains (losses)” for a total amount equal to € 17.2 million due to the positive MTM in cash flow hedge accounting and per the positive change due to the remeasurement of the pension provision.

The “Reserve for the adjustment to fair value of financial assets”, which was positive at € 0.6 million, included the fair value measurement at 1 January 2018 recognised under equity of financial assets classified as financial instruments at fair value through profit or loss (FVTPL).

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

DIVIDENDS to the parents (in thousand €)	06.2022	12.2021	12.2020
Dividends paid during the period	46,366	48,268	128,621(*)

(*) including € 28.4 million in regular dividends authorised upon the approval of the 2019 financial statements and € 100.2 million in special dividends.

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

		For the six months ended 30 June 2022	For the six months ended 30 June 2021
Net profit attributable to ordinary shareholders	€ million	66.4	81.3
Weighted average of ordinary shares outstanding	number	330,262,126.9	330,262,126.9
Basic earnings per share	€	0.20	0.25
Net profit attributable to ordinary shares outstanding net of dilution	€ million	66.4	81.3
Weighted average of ordinary shares outstanding	number	330,262,126.9	330,262,126.9
Weighted average of shares from the potential exercise of stock options with dilutive effect	number	733,058.9	733,058.9
Weighted average of ordinary shares outstanding net of dilution	number	330,995,185.9	330,995,185.9
Diluted earnings per share	€	0.20	0.25

Note 3.2 – Non-current provisions

Current and non-current “Provisions for risks and charges” totalled € 92.9 million, up by € 2.5 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 31.12.2021	2.9	57.0	7.0	23.5	90.4
of which:					
Current	0.0	15.9	2.3	15.3	33.5
Non-current	2.9	41.1	4.7	8.1	56.9
Perimeter variation	0.0	1.2	0.0	0.0	1.2
Increases	0.4	7.6	1.7	0.3	10.1
Decreases	-0.5	-3.2	-1.8	-3.1	-8.7
Releases	-0.2	-2.2	0.0	-1.8	-4.1
Other	0.1	2.7	0.2	1.2	4.1
Total changes	-0.2	6.0	0.1	-3.4	2.5
As at 30.06.2022	2.7	63.0	7.1	20.1	92.9
of which:					
Current	0.0	21.0	1.8	11.7	34.5
Non-current	2.7	42.0	5.3	8.4	58.3

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 31.12.2021	6.9	2.0	14.6	23.5
of which:				
Current	5.7	1.4	8.3	15.3
Non-current	1.3	0.6	6.3	8.1
Increases	0.1	0.0	0.3	0.3
Decreases	-0.9	-0.9	-1.4	-3.1
Releases	-0.4	-0.2	-1.2	-1.8
Other	0.0	0.2	0.9	1.2
Total changes	-1.1	-0.9	-1.4	-3.4
As at 30.06.2022	5.8	1.1	13.2	20.1
of which:				
Current	5.4	0.5	5.9	11.7
Non-current	0.4	0.7	7.3	8.4

“Current provisions for risks and charges” amounted to € 34.5 million versus € 33.5 million at 31 December 2021, whereas “Non-current provisions for risks and charges” amounted to € 58.3 million versus € 56.9 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 shows a limited decrease of € 0.2 million compared to the previous year.

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 € 6.0 million increase mainly due to increases and decreases recognised in the period related to normal management activities of the warranty on manufactured and sold products.

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 2021.

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 net decrease in the period was mainly due to the “Other risk provision”. In particular, decreases for the period are to be attributed largely to expenses occurred during the period that were previously provisioned in previous period.

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.

	As at 30 June 2022	As at 31 December 2021	As at 30 June 2021
Net Financial Indebtedness			
(€ million)			
A Cash	514.4	689.3	369.3
B Cash equivalents including the current financial assets	0.6	0.4	0.3
C Other current financial assets	9.9	4.5	6.7
D Liquidity (A+B+C)	524.9	694.2	376.3
E Current financial liabilities	-65.1	-71.1	-115.7
F Current portion of non-current financial liabilities	-24.7	-23.1	-20.0
G Current Financial Indebtedness (E+F)	-89.8	-94.2	-135.6
H Net Current Financial Indebtedness (G-D)	435.1	599.9	240.7
I Non current financial liabilities	-462.3	-446.4	-439.5
J Non current financing (Debt instruments)	0.0	0.0	0.0
K Non current Trade and Other Payables	-3.4	-4.5	-4.2
L Non-Current Financial Indebtedness (I+J+K)	-465.7	-450.9	-443.8
M Total Financial Indebtedness (H+L) (*)	-30.6	149.0	-203.1
N Group Net Financial Indebtedness	-4.0	184.8	-164.6
Δ M-N	-26.6	-35.8	-38.5
(*) 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 2022, the Group recorded a negative Net Financial Indebtedness adjusted of € 4.0 million compared with a positive balance of € 184.8 million at 31 December 2021.

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:

	31.12.2021	Increase/decrease in short-term financial payables (1)	New loans (1)	Loans repayment (1)	New lease contracts	Reclassification	Exchange rate effects	Perimeter variation	Other movements	30.06.2022
Non-current loans	446.4	0.0	8.2	-16.8	13.9	-5.3	0.8	15.0	0.0	462.3
Current financial liabilities	46.1	12.3	0.0	0.0	0.0	0.0	0.7	15.3	-9.9	64.5
Current loans	23.1	-7.1	0.0	0.0	0.0	5.3	0.5	2.9	0.0	24.7
Total	515.6	5.2	8.2	-16.8	13.9	0.0	2.0	33.3	-9.9	551.5

(1): Included in the Cash flows Statement

Note 3.4 – Other non-current liabilities

“Other non-current liabilities” amounted to € 4.4 million versus € 4.9 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 acquired Chromagen group and the Dutch entity Haas Heating B.V. acquired in 2021.

During the half-year, the “Other non-current liabilities” did not record a significant variation but some transactions took place into the account.

In June 2022, Ariston Group paid the remaining liability related to the representations and warranties foreseen in Sales and Purchase Agreement for the acquisition of the Danish entity Gastech-Energi A/S after the Danish Court Decision. The amount paid during the 2022 is equal to € 1.0 million. The payment of the liability has generated a positive impact in Income Statement for € 1.4 million which compensate the Group for the fine imposed by the Danish Court.

The shares of Gastech-Energi A/S owned by Ariston Group are now equal to 100%.

As at 31 December 2021 the liability was classified in non-current liabilities because it was not possible to reliably determine when the Danish Court would have issued the judgement.

In June 2022, Ariston Group paid the remaining liability, related to acquisition of the German company Kesselheld GmbH, to the sellers after agreement between the parties. The liability has not been paid for the total amount because the parties compensated the tax risks, arising before the Ariston Group acquisition, as stated in the agreement executed by the parties. The amount was already paid in an Escrow Account at the acquisition date and therefore in June 2022 there has not been a cash out for Ariston Group. The event described above has generated a positive impact in Income Statement for € 0.3 million.

As at 31 December 2021 the liability was classified in non-current liabilities because the expiration of the execution was in 2023, as stated in the Share Purchase Agreement, but the parties agreed to anticipate the agreement closing in June 2022.

In January 2022, Ariston Group completed the acquisition of Chromagen group. From the Asset Purchase Agreement is stated a representation and warranties clause covered by an escrow account (€ 2.2 million) as guarantee for the seller. The present value of the outstanding amount that will be paid to the seller is considered as financial liabilities.

Note 3.5 – Trade payables

“Trade payables” at 30 June 2022 amounted to € 496.3 million showing an increase of € 19.1 million, compared with 31 December 2021. 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 the average number of days for payment, amounted to 96 days in June 2022 and 97 days in December 2021.

Note 3.6 – Current provisions

This item amounts to € 34.5 million and is described in the note 3.3 - “Non-current provisions for risks and charges”, to which reference should be made.

Note 3.7 – Current financial liabilities

At 30 June 2022, “Current financial liabilities” amounted to € 64.5 million versus € 46.1 million at 31 December 2021.

Liabilities are the following:

Current financial liabilities (in million €)	30.06.2022	31.12.2021
Short term debt due to bank	30.0	22.8
Financial derivative liabilities	13.3	7.4
Other current financial liabilities	21.2	15.8
Total	64.5	46.1

Payables due to banks for short-term loans showed a total equal to € 30.0 million, increased essentially for drawdown on 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 € 403 million and are represented almost entirely by current account credit lines and advances, utilized on 30 June 2022 for € 60.5 million.

At 30 June 2022, “Financial derivative liabilities” amounted to € 13.3 million and includes the negative fair value financial derivatives instruments.

The fair value of financial derivatives included hedge on interest rates for € 0.03 million, on exchange rate for € 11.4 million and for raw material € 1.9 million. Positive fair value financial derivatives instrument amounted to € 20.2 million are classified in “Current financial assets” of which for interest rate € 17.7 million, for exchange rate € 2.4 million and for raw material € 0.1 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 liabilities linked to financial instrument is related to financial derivatives closed but not already paid amounted to € 1.0 million.

The item “Other current financial liabilities” amounted to € 21.2 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 € 164.8 million, down by € 30.6 million with the € 195.4 million at 31 December 2021.

Other current liabilities (in million €)	30.06.2022	31.12.2021
Deferred income	58.9	49.3
Current payables due to personnel	46.1	50.9
Indirect tax payables	26.7	20.2
Current payables for social security contributions	14.8	17.9
Other current payables	8.6	6.1
Advances from customers	8.5	7.2
Short term put/call debts	0.6	25.1
Long term employees incentive scheme (current)	0.5	2.2
Customers credit balance	0.0	9.0
State Green Programmes	0.0	7.5
Total	164.8	195.4

“Deferred income” included adjustments of costs and revenues for the year in order to comply with the competence principle and the accrual principle (accruals and deferred income, also relating to financial liabilities).

Into the Deferred income’s cluster is included contract liabilities for service contracts with a balance of € 48.9 million for the half-year ended 30 June 2022 and € 35.6 million for the year ended 2021 with an increase of € 13.3 million.

“Current payables due to personnel” included the amounts accrued by personnel and not yet disbursed. It was decreased by € 4.8 million with 31 December 2021.

The “Short term put/call debts” arises from purchase agreements that are to be settled in the near future. The item showed a decrease, discussed below, of € 24.5 million.

In May 2022, the Group exercised the Put and Call option for HTP Comfort Solutions LLC, now known as Ariston Thermo USA LLC. Starting from 31 May 2022, the Ariston Thermo USA LLC’s shares owned by Ariston Group are now equal to 100%. The amount paid during the 2022 is equal to \$ 23.4 million (€ 21.9 million). The liability related to the earn out has been not paid to the seller after agreed between the parties. This event has generated a positive financial impact in Income Statement for € 4.7 million.

The item “Indirect tax payables” includes the VAT payables to tax authorities. The € 6.5 million increase was linked to the operative business.

“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 down by € 3.1 million with 31 December 2021.

The “State Green Programmes” includes the amounts due and not paid to the entities that sold Ariston Group companies tax credits relating to energy efficiency or energy saving projects falling within the scope of Article 14 of Italian Decree-Law no. 63/2013 and Article 16 bis of Italian Presidential Decree 917 of 1986 (“Ecobonus Projects”), carried out by using products purchased from a reseller and provided to the latter by the Group's companies. The significant decrease of the “State Green Programmes” equal to € 7.5 million is due to the payments to the counterparts after the transfer to banks of the receivables during the half year 2022 while at 31 December 2021 as mentioned in the paragraph 2.6 – Other current assets.

The item “Advances from customers” shows all advances received from customers for supplies not yet delivered. It was up by € 1.3 million with 31 December 2021.

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.

5.4 Other information

COMMITMENTS AND RISKS

The Group reported the following potential liabilities as at the end of the reporting period:

Guarantees issued

The sureties issued in favour of third parties amounted to € 0.6 million.

Third-party assets in deposit accounts amounted to € 15.0 million.

No collateral guarantees are issued by the Group.

Commitments

The commitments outstanding at 30 June 2022, 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 2022, 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".

Legal disputes

Provisions recognised in the financial statements are deemed as fair in reference to the legal disputes that may have potential critical outcomes for the Group, also in terms of the significance of such outcomes.

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 2022:

30.06.2022 (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 & receiva- bles	Fin. liabili- ties at amortised cost	Total	Level 1	Level 2	Level 3	Total
Measured at :		Fair value	Fair value	Fair value	Amorti- sed cost	Amorti- sed cost					
Financial assets											
Cash and cash equivalents	2.6	0.0	0.0	0.0	515.0	0.0	515.0	0.0	0.0	0.0	0.0
Trade receivables	2.4	0.0	0.0	0.0	300.1	0.0	300.1	0.0	0.0	0.0	0.0
Current financial assets	3.3	0.6	19.8	0.0	9.9	0.0	30.2	0.0	19.8	0.0	19.8
Financial assets	3.3	0.0	0.0	0.0	5.3	0.0	5.3	0.0	0.0	0.0	0.0
Non-current financial assets	3.3	0.0	0.0	2.2	0.0	0.0	2.2	0.0	0.0	0.0	0.0
Assets held for sale		1.3	0.0	0.0	0.0	0.0	1.3	0.0	0.0	1.3	1.3
Total		1.8	19.8	2.2	830.3	0.0	854.1	0.0	19.8	1.3	21.0
Financial liabilities											
Trade payables	3.5	0.0	0.0	0.0	0.0	496.3	496.3	0.0	0.0	0.0	0.0
Current financial liabilities	3.7	5.5	7.8	0.0	0.0	51.1	64.5	0.0	7.8	0.0	7.8
Current financing	3.3	0.0	0.0	0.0	0.0	24.7	24.7	0.0	0.0	0.0	0.0
Non-current financial liabilities	3.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-current loans	3.3	0.0	0.0	0.0	0.0	462.3	462.3	0.0	0.0	0.0	0.0
Total		5.5	7.8	0.0	0.0	1,034.5	1,047.8	0.0	7.8	0.0	7.8
Financial instruments balance		-3.7	12.0	2.2	830.3	-1,034.5	-193.7	0.0	12.0	1.3	13.2

The financial instruments of the Group, recognised in the financial statements with a similar breakdown at 31 December 2021, are shown in the table below:

31.12.2021 (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	Amor- tised cost	Amor- tised cost					
Financial assets											
Cash and cash equivalents	2.6	0	0	0	689.7	0	689.7	0	0	0	0
Trade receivables	2.4	0	0	0	248.3	0	248.3	0	0	0	0
Current financial assets	3.3	0	0.8	0	9.0	1.0	10.8	0	0.8	0	0.8
Financial assets	3.3	0	0	0	5.2	0	5.2	0	0	0	0
Non-current financial assets	3.3	0	0	0	0	0	0	0	0	0	0
Assets held for sale		2.3	0	0	0	0	2.3	0	0	2.3	2.3
Total		2.3	0.8	0	952.1	1.0	956.2	0	0.8	2.3	3.1
Financial liabilities											
Trade payables	3.5	0	0	0	0	477.2	477.2	0	0	0	0
Current financial liabilities	3.7	0	2.5	0	0	43.6	46.1	0	2.5	0	2.5
Current financing	3.3	0	0	0	0	23.1	23.1	0	0	0	0
Non-current financial liabilities	3.3	0	0	0	0	0	0	0	0	0	0
Non-current loans	3.3	0	0	0	0	446.4	446.4	0	0	0	0
Total		0	2.5	0	0	990.3	992.8	0	2.5	0	2.5
Financial instruments balance		2.3	-1.7	0	952.1	-989.3	-36.6	0	-1.7	2.3	0.6

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, at the end of the reporting period, of the derivative financial instruments used to hedge the purchase of commodities, which were negative for € -1.8 million, of those used to hedge exchange rates, which were negative for € -8.9 million, and of those used to hedge interest rates, which were positive for € 17.7 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 insured receivables, at 30 June 2022, was 58.0% 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.

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 2022 was € 125.3 million. The Group has not identified any concentration risk on customers and on its trade receivables except for customers based in specific countries impacted by current geo-political situation, for which in any case recovery plans are in place

The table below summarises the types of instruments protecting against credit risk used by the Group:

Type (in million €)	30.06.2022	%	31.12.2021	%
Receivables under insurance policies	168.9	56.0%	156.6	63.0%
Other	5.9	2.0%	9.6	4.0%
<i>Total insured receivables</i>	174.8	58.0%	166.2	67.0%
<i>Non-insured receivables</i>	125.3	42.0%	82.1	33.0%
Total receivables	300.1	100.0%	248.3	100.0%

"Other" mainly includes receivables insured through letters of credit and bank guarantees.

Overdue financial assets

The instrument used for the classification and monitoring of credit is ageing, according to which the accounts payables are divided by their expiry dates, starting from the most recent (1-30 days) to the oldest (beyond 120 days).

The amount of receivables past-due within 60 days is € 23.7 million (versus € 14.2 million at December 2021) whereas the amount of receivables past-due beyond 60 days is € 10.7 million (versus € 8.0 million at December 2021).

For the purposes of representing trade receivables for issued invoices by past-due ranges, the following table is provided:

Overdue ageing (in million €)	30.06.2022	%	31.12.2021	%
Overdue 0-30	18.7	6.0%	14.2	6.0%
Overdue 31-60	5.0	2.0%	5.4	2.0%
Overdue 61-120	5.0	2.0%	1.8	1.0%
Due after 120 and legal	14.1	4.0%	12.0	4.0%

The credit policy defines the depreciation grid for statistical part differentiating percentage by aging and country risk class where trade receivable amount is allocated.

The current (not overdue) receivables amounted to 270.1 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 € 1.5 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		30.06.2022	31.12.2021
Total receivables	Gross	321.9	267.3
	Provision	21.8	19.0
	Net	300.1	248.3
Receivables impaired on a specific basis	Gross	7.5	6.7
	Provision	6.6	6.0
	Net	0.9	0.7
Receivables impaired on a simplified ECLs	Gross	314.4	260.6
	Provision	15.2	13.0
	Net	299.2	247.6

LIQUIDITY RISK

At 30 June 2022, 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 € 1,045 million.

As at 30 June 2022, the Group's overall bank credit lines, including the used and unused credit lines (both committed and uncommitted) totalled approximately €1,256 billion, of which approximately 37% was drawn.

The primary sources of liquidity for its business 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 2022 (in million €)	< 1 month	2-6 months	6-12 months	1-5 years	> 5 years	Total
Trade payables	113.3	382.5	0.1	0.4		496.3
Financial payables						
- Current financial liabilities	24.1	21.2	19.2			64.5
- Current loans		3.3	21.9			25.2
- Non-current financial liabilities						
- Non-current loans		3.0	3.2	482.2		488.5
Total financial payables	24.1	27.5	44.4	482.2	0.0	578.1
Expiry dates	137.4	410.1	44.5	482.6	0.0	1,074.5

The details for the expiry dates of financial and trade payables at 31 December 2021 are shown in the table below:

Expiry dates 2021 (in million €)	< 1 month	2-6 months	6-12 months	1-5 years	> 5 years	Total
Trade payables	120.0	355.8	0.3	1.1		477.2
Financial payables						
- Current financial liabilities	24.2	20.8	1.0			46.1
- Current loans		2.0	21.1			23.2
- Non-current financial liabilities						
- Non-current loans		2.4	2.4	257.1	207.8	469.6
Total financial payables	24.2	25.2	24.5	257.1	207.8	538.8
Expiry dates	144.2	381.0	24.8	258.2	207.8	1,016.0

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, Rouble, 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:

<i>(in million €)</i>	Notional amount in Currency	Notional amount in €
CHF	272.3	273.4
GBP	19.9	23.1
CAD	3.0	2.2
CNY	-597.5	-85.9
USD	78.8	75.6

At the same date, the fair value of the foreign exchange derivatives was overall negative, standing at € 8.9 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:

<i>(in million €)</i>	Effect on profit before tax	Effect on equity
30.06.2022		
Foreign currency revaluation	1.0	1.0
Foreign currency devaluation	-1.0	-1.0

Commodity price fluctuation risk

Profit and losses are affected by the performance of prices of raw materials, in particular as regards 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 for copper, silver, aluminium, still and nickel, the Group provided, through the parent company Ariston Holding N.V., 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 partly hedged purchases also for the years 2022 and 2023.

The Group hedged price risk with forward and average forward financial instruments that allow it 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.

As 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	1,820	15.9
Nichel	Average Forward	23	0.5
Silver	Average Forward	2.5	1.6
Aluminium	Forward	515	1.4
Steel	Average Forward	600	0.7

At the same date, the fair value measurement of the derivatives on commodities showed a net negative amount of € 1.8 million.

Derivatives contracts entered into and closed during the year resulted in positive items amounting to approximately € 0,7 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, not hedged against interest rate risk, 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 2022 and for hedging purposes, interest rate swap (IRS) transactions for a total notional amount of € 311,8 million.

At 30 June 2022, 77% of bank financing is hedged and 23% is 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 + € 0,461 million and € -0,461 million, respectively, at the end of June 2022. There were no material impacts on the Group's net profit and equity.

HEDGING INSTRUMENTS

In summary, at 30 June 2022, the following financial hedging instruments are in place:

- against exchange rates – Swiss franc, British pound sterling, US dollar and Chinese renminbi, Canadian dollar.
- 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 2022. The amounts are expressed in million euro:

Hedging instruments 30.06.2022 (in million €)	Nature of risk covered	Fair value 30.06.2022	Non-current financial assets	Current financial assets	Non-current financial liabilities	Current financial liabilities	Total
Interest Rate Swap	Interest rate	17.7		17.7			17.7
Average Forward	FX	-4.0				-4.0	-4.0
Forward	FX	-4.9				-4.9	-4.9
Forward	Commodity	-1.7				-1.7	-1.7
Average Forward	Commodity	-0.1				-0.1	-1.0
Total		7.0		17.7		-10.7	7.0

The following table shows the details of hedging instruments in use at 31 December 2021. The amounts are expressed in million euro:

Hedging instruments 31.12.2021 (in million €)	Nature of risk covered	Fair value 31.12.2021	Non-current financial assets	Current financial assets	Non-current financial liabilities	Current financial liabilities	Total
Interest Rate Swap	Interest rate	-1.2				-1.2	-1.2
Average Forward	FX	-1.2		-1.2			-1.2
Forward	Commodity	0.8				0.8	0.8
Average Forward	Commodity	-0.1				-0.1	-0.1
Total		-1.7		-1.2		-0.5	-1.7

RELATED PARTY DISCLOSURES

At 30 June 2022 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 2022, 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 2022, the Company and its Italian subsidiaries had a net receivable position from Merloni Holding S.p.A. for € 1.7 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 2022, 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:

(in million €)	30.06.2022				31.12.2021			
	Receivables	Payables	Revenue	Costs	Receivables	Payables	Revenue	Costs
Fondazione A. Merloni	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.5
Janus Immobili per l'industria	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
Merloni Holding S.p.A.	18.7	17.0	0.0	0.0	13.8	10.5	0.0	0.0
Novapower S.r.l.	0.0	0.3	0.0	0.1	0.0	0.4	0.0	0.3
Novacapital S.r.l.	0.0	0.1	0.0	0.1	0.0	0.2	0.0	0.2
Nova Re S.r.l.	1.6	0.1	0.1	0.1	1.6	0.0	1.2	0.0
Total	20.2	17.8	0.2	0.6	15.4	11.1	1.2	1.5

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 the companies of the Group. These transactions are regulated by market conditions and based on the characteristics of the services provided.

The main transactions with related parties concern Nova Re S.r.l., consisting of recharge of costs related to the structural investments done on the Follina plant.

EVENTS AFTER THE REPORTING PERIOD

Ariston Group is strictly monitoring the situation between Russia and Ukraine but after the reporting period no significant events have been registered.

6. Responsibility statement on the consolidated half-year financial statements at 30 June 2022

We have prepared the consolidated financial statements of Ariston Holding N.V. for the six months ended 30 June 2022, 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 2022, and of the result of our consolidated operations for the six months ended 30 June 2022.
2. The consolidated half-year financial statements for the six months ended 30 June 2022 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 2022

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	46,054,237	TC	parent company				
2	AR1 S.r.l.	Italy	EUR	200,000	TC	100.00	Ariston S.p.A.		100.00	
3	Ariston Sales Mexico S.A. de C.V.	Mexico	MXN	302,188,920	TC	100.00	Calentadores de America S.A. de C.V. Ariston Thermo USA Holding LLC		99.99 0.01	
4	Ariston Thermo Argentina S.r.l.	Argentina	ARS	16,705,269	TC	100.00	Ariston Holding N.V. Thermowatt S.p.A.		99.63 0.37	
5	Ariston Thermo Benelux S.A.	Belgium	EUR	66,000,000	TC	100.00	Ariston Holding N.V.	100.00		
6	Ariston Thermo (China) Co., Ltd	China	CNY	145,885,010	TC	100.00	Ariston Holding N.V.	100.00		
7	Ariston Thermo Croatia Ltd	Croatia	HRK	800,000	TC	100.00	Ariston Holding N.V.	100.00		
8	Ariston Thermo CZ sro	Czech Republic	CZK	30,000,000	TC	100.00	Ariston Holding N.V.	100.00		
9	Ariston Thermo Deutschland GmbH	Germany	EUR	255,700	TC	100.00	Elco International GmbH		100.00	
10	Ariston Thermo Egypt LLC	Egypt	EGP	10,900,000	TC	100.00	Ariston Holding N.V.	100.00		
11	Ariston Thermo ES.p.a.na sl Sociedad Unipersonal	Spain	EUR	800,000	TC	100.00	Ariston Holding N.V.	100.00		
12	Ariston Thermo France sas	France	EUR	54,682,110	TC	100.00	Ariston Holding N.V. Elco International GmbH	99.99	0.01	
13	Ariston Thermo Gulf Water Heating LLC	UAE	AED	400,000	TC	100.00	Ariston Holding N.V. Third parties	49.00		51.00
14	Ariston Thermo Heating Tech.Nigeria Ltd	Nigeria	NGN	10,000,000	TC	100.00	Ariston Holding N.V.	100.00		
15	Ariston Thermo Holding USA LLC	USA	USD	63,037,687	TC	100.00	Elcotherm AG		100.00	
16	Ariston Thermo Hungária kft	Hungary	HUF	131,000,000	TC	100.00	Ariston Holding N.V.	100.00		
17	Ariston Thermo India Private Ltd	India	INR	220,000,000	TC	100.00	Ariston Holding N.V. Ariston S.p.A.	99.99	0.01	
18	Ariston Thermo Industrial Vietnam Ltd	Vietnam	VND	41,600,000,000	TC	100.00	Ariston Holding N.V.	100.00		
19	Ariston Thermo Isitma ve Sogutma Sistemleri Ithalat, Ihracat ve Dagitim Ltd. Sti.	Turkey	TRY	66,157,500	TC	100.00	Ariston Holding N.V.	100.00		
20	Ariston Thermo Kazakhstan LLP	Kazakhstan	KZT	212,100	TC	100.00	Ariston Holding N.V.	100.00		
21	Ariston Thermo Maroc sa	Morocco	MAD	3,000,000	TC	100.00	Ariston Holding N.V.	100.00		
22	Ariston Thermo MEA WLL	Bahrain	USD	2,526,596	TC	100.00	Elcotherm AG		100.00	
23	Ariston Thermo Mexico S.A. de C.V	Mexico	MXN	2,350,000,000	TC	100.00	Elcotherm AG Ariston Thermo Holding USA LLC		99.99 0.01	
24	Ariston Thermo Parts & Services S.A.	Switzerland	EUR	940.551	TC	100.00	Elcotherm AG		100.00	
25	Ariston Thermo Polska Sp. z o.o.	Poland	PLN	12,000,000	TC	100.00	Ariston Holding N.V.	100.00		
26	Ariston Thermo Pte Ltd	Singapore	SGD	100,000	TC	100.00	Ariston Holding N.V.	100.00		
27	Ariston Thermo Romania S.r.l.	Romania	RON	29,041,740	TC	100.00	Ariston Holding N.V.	100.00		
28	Ariston Thermo Rus LLC	Russia	RUB	1,403,787,727	TC	100.00	Ariston Holding N.V.	100.00		
29	Ariston S.p.A.	Italy	EUR	30,100,000	TC	100.00	Ariston Holding N.V.	100.00		
30	Ariston Thermo South Africa (Pty) Ltd	South Africa	ZAR	100	TC	100.00	Ariston Holding N.V.	100.00		
31	Ariston Thermo Tunisie SA	Tunisia	EUR	500,000	TC	100.00	Elcotherm AG Third parties		66.70	33.30
32	Ariston Thermo UK Ltd	UK	GBP	7,500,000	TC	100.00	Ariston Holding N.V.	100.00		
33	Ariston Thermo Ukraine LLC	Hungary	UAH	38,705,762	TC	100.00	Ariston Holding N.V.	100.00		
34	Ariston Thermo USA LLC	USA	USD	10,275,184	TC	100.00	Ariston Thermo USA Holding LLC		100.00	
35	Ariston Thermo Vietnam Ltd	Vietnam	VND	31,471,000,000	TC	100.00	Ariston Holding N.V.	100.00		
36	Atag Construction B.V.	Netherlands	EUR	1	TC	100.00	Atag Verwarming Nederland B.V.		100.00	
37	Atag Electronics B.V.	Netherlands	EUR	1	TC	100.00	Atag Verwarming Nederland B.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
39	Atag Heating B.V.	Netherlands	EUR	10,000	TC	100.00	Ariston Thermo Benelux S.A.		100.00	
40	Atag Heizungstechnik GmbH	Germany	EUR	512,000	TC	100.00	Atag Heating B.V.		100.00	
41	Atag Verwarming België B.V.BA	Belgium	EUR	18,600	TC	100.00	Atag Heating B.V.		100.00	
42	Atag Verwarming Nederland B.V.	Netherlands	EUR	18,000	TC	100.00	Atag Heating B.V.		100.00	
43	ATM1 HR S.A. de C.V.	Mexico	MXN	50,000	TC	100.00	Ariston Thermo USA Holding LLC NTI Boilers INC.		99.99 0.01	
44	Atmor (Dongguan) Electronic Technology Co. Ltd	China	USD	1,000,000	TC	100.00	Atmor Electronic Technology Company Ltd		100.00	
45	Atmor Electronic Technology Company Ltd	Hong Kong	HKD	10,000	TC	100.00	Atmor Industries LTD		100.00	
46	Atmor Industries Ltd	Israel	USD	1,790,409	TC	100.00	Elcotherm AG		100.00	
47	BCE S.r.l.	Italy	EUR	10,400	BUR	100.00	Ecoflam Bruciatori S.p.A.		100.00	
48	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 Ariston Thermo USA Holding LLC		99.99 0.01	
49	Chromagen Australia PTY LTD	Australia	AUD	10,358,995	TC	100.00	Elcotherm AG Third parties		51.00	49.00
50	Chromagen Espana S.L.U	Spain	EUR	180.304	TC	100.00	Ariston Thermo Espana SL		100.00	
51	Chromagen Shaar Haamakim Ltd	Israel	ILS	10.901	TC	100.00	Elcotherm AG		100.00	
52	Cuenod sas	France	EUR	15,422,390	BUR	100.00	STV France sas		100.00	
53	Domotec AG	Switzerland	CHF	50,000	TC	100.00	Elcotherm AG		100.00	
54	Ecoflam Bruciatori S.p.A.	Italy	EUR	3,690,000	BUR	100.00	Ariston Holding N.V.	100.00		
55	Elco Austria GmbH	Austria	EUR	35,000	TC	100.00	Elcotherm AG		100.00	
56	Elco B.V.	Netherlands	EUR	2,046,004	TC	100.00	Elco Burners B.V.		100.00	
57	Elco Belgium N.V./S.A.	Belgium	EUR	1,300,000	TC	100.00	Ariston Thermo Benelux S.A. Elco B.V.		99.99 0.01	
58	Elco Burners B.V.	Netherlands	EUR	22.734	BUR	100.00	Ariston Thermo Benelux S.A.		100.00	
59	Elco Burners GmbH	Germany	EUR	25,000	BUR	100.00	Elco International GmbH		100.00	
60	Elco GmbH	Germany	EUR	50,000	TC	100.00	Elco International GmbH		100.00	
61	Elco Heating Solutions Limited	UK	GBP	3,001,750	TC	100.00	Ariston Thermo UK Ltd		100.00	
62	Elco International GmbH	Germany	EUR	8,691,962	TC	100.00	Ariston Holding N.V.	100.00		
63	Elco Italia S.p.A.	Italy	EUR	3,500,000	TC	100.00	Ariston S.p.A.		100.00	
64	Elcotherm AG	Switzerland	CHF	1,000,000	TC	100.00	Ariston Holding N.V.	100.00		
65	Gastech-Energi A/S	Denmark	DKK	7,554,935	TC	100.00	Ariston Holding N.V.	100.00		
66	Ingrado S.r.l.	Italy	EUR	10,000	TC	100.00	Ariston Holding N.V.	100.00		
67	Kesselheld GmbH	Germany	EUR	83,333	TC	100.00	Elco International GmbH		100.00	
68	NTI Boilers Inc	Canada	CAD	43,000,000	TC	100.00	Ariston Holding N.V.	100.00		
69	NTI-USA Inc	USA	USD	100	TC	100.00	NTI Boilers Inc		100.00	
70	PT Ariston Thermo Indonesia	Indonesia	IDR	16,260,750,000	TC	100.00	Ariston Holding N.V.	100.00		
71	Racold Thermo Private Ltd	India	INR	262,134,750	TC	100.00	Ariston Holding N.V. Ariston S.p.A.	99.99	0.01	

N°	Company	Registered office	Curr.	Share capital	Business unit (*)	Group's controlling interest	Investing companies	Direct controlling interest	Subsidiaries' controlling interest	Minority interest
72	S.H.E. d.o.o. Svilajnac	Serbia	RSD	35,432,220	COM	100.00	Thermowatt S.p.A.		100.00	
73	SPM Innovation sas	France	EUR	750,020	BUR	100.00	Ariston Holding N.V.	100.00		
74	STV France sas	France	EUR	9,730,123	TC	100.00	Ariston Thermo France sas		100.00	
75	Thermowatt Professional S.r.l.	Italy	EUR	100,000	COM	100.00	Thermowatt S.p.A.		100.00	
76	Thermowatt (Wuxi) Electric Co., Ltd	China	CNY	82,769,200	COM	100.00	Ariston Thermo (China) Co., Ltd Ariston Holding N.V.	30.00	70.00	
77	Thermowatt S.p.A.	Italy	EUR	7,700,000	COM	100.00	Ariston Holding N.V.	100.00		

(*) Refers to the main division

LIST OF COMPANIES NOT INCLUDED IN THE SCOPE OF CONSOLIDATION

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.

