2024 Annual Report

Remeha Group B.V.

Embracing change
a year of challenge and opportunity

BDR THERMEA GROUP

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About us

BDR Thermea Group (the name under which Remeha Group B.V. operates) brings a sustainable future closer through smart indoor climate solutions. At the heart of the energy transition, and with a long-standing reputation as a leader in the HVAC industry, we are recognised for our strong brands and innovative heating solutions. These allow people to reduce their carbon footprint while enjoying the comfort of heating and air-cooling systems at home, work or in other settings.

BDR Thermea Group was founded in 2009 as a group of three market-leading companies: Baxi, De Dietrich and Remeha. Our brand portfolio now includes other well-known brands such as Brötje, Chappée and Baymak. We serve customers worldwide and our products are manufactured at sixteen locations in eight countries.

The company is privately owned by a sole shareholder: 'BDR Thermea Shareholder'. Committed to safeguarding the continuity of the company, its board members take a long-term view of BDR Thermea Group and its employees. Our shareholder also oversees a non-profit organisation called the BDR Group Foundation. The foundation focuses on delivering social impact in the local communities where we operate, by empowering youths to lead impactful careers in engineering.

BDR Thermea Group is a structure-regime company to which the provisions of articles 268-274 of Book 2 of the Dutch Civil Code are applicable. The company's organisational structure is based on regional divisions (United Kingdom and Ireland, France, Germany, the Benelux, Turkey, Iberia, Italy, and International). We are headquartered in Apeldoorn, the Netherlands.

Our solutions

We provide end-users with a broad choice of technologies. Ranging from high-efficiency combi-boilers to innovative heat pump technology and connected services, our products meet and exceed the Energy-related Products (ErP) Directive regulations. They are installed, commissioned and serviced by an international network of professionals and made available through close partnerships with distributors.

BDR Thermea Group's heat generator portfolio includes electrical and gas heat pumps, high-efficiency gas boilers, combined heat and power (CHP) systems, and heat networks. Our tanks and tankless water heating systems can use electricity, gas and other energy sources. We offer solutions for both residential and commercial use, meeting the needs of single-family dwellings right through to high-rise office blocks.

Practicality and affordability are key to decarbonising the heating and cooling of homes, so we work with customers to develop solutions that are easy to install, easy to use and connectable. Our digital solutions improve the customer experience along the value chain.

Our mission and SDG commitment

BDR Thermea Group's mission is to bring a sustainable future closer through smart indoor climate solutions. As a responsible business partner and a leader in the energy transition, sustainability is integrated into our strategy and operations. We work diligently to reduce our emissions, both from our own operations and those emitted by our products. Across the company, we aim for zero harm in the workplace and base our targets for women in leadership on industry norms.

We are committed to the United Nations Global Compact principles and strive to uphold them in all our business practices. The UN Global Compact is a voluntary initiative that promotes responsible business practices based on 10 principles in the areas of human rights, labour, environment, and anti-corruption. By aligning with these principles, our company is demonstrating its commitment to operating in a responsible and sustainable manner.

Active contribution to the United Nations Sustainable Development Goals (SDGs) is part of our sustainability strategy. Embracing these goals fuels innovation, drives growth, and ensures long-term success.

As a company, BDR Thermea Group is committed to driving these specific SDGs:

- SDG 5: Gender Equality
- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, Innovation and Infrastructure
- SDG 12: Responsible Consumption and Production
- SDG 13: Climate Action.

Our SDGs

Our global portfolio of market-leading brands includes Baxi, De Dietrich, Remeha, Brötje, Chappée and Baymak. They are among the first choice for installers, with strong local presence and support.

BDR Thermea Group values

United in bringing the energy transition to life

Customer focus

One team

Sustainable future

BDR Thermea at a glance

6 key brands
and more than 800 trademarks

€2.0 billion
turnover in 2024

20Mn
installed base units

+300
years of strong heritage

>50
countries where we have a presence

6,800
employees in 2024

Since 1982
Owned by the BDR Thermea Shareholder

39,000
installers trained and reskilled annually

Our solutions

We develop smart solutions that save energy and make people's lives easier.

Message **from our CEO**

The theme of this year's Annual Report is Embracing change: a year of challenge and opportunity – and what a year it has been.

Tjarko Bouman
(Chief Executive Officer)

Starting as CEO of BDR Thermea Group in February 2024, I set out on the road right away, meeting our markets and gaining an understanding of where we stood. I saw first-hand the strength of our solutions and passion of our people — both essential assets in what would be a year of challenge, opportunity and strategic change.

It is with pride that I reflect on 2024. I'm delighted that we increased our market share in the residential and commercial segments during the year, following a two-year decline; a solid achievement, especially considering the market challenges we face.

We saw market demand decline overall for heat pumps as well as residential and commercial boilers in 2024. This was amidst a downturn in the economic environment, where consumers postponed home HVAC investment decisions due to uncertainty around the economy and future regulations. Governments debated and changed their policies on energy transition measures, the new build market remained slow, gas prices stabilised and were lower compared to previous years, and regulations in some countries became less strict about future boiler bans; all of which contributed to a 33 percent decline of the residential heat pump market in Western Europe. Competition also increased due to new entrants to the market, the growth of Asian players in Europe, and the consolidation of leading companies.

We remain upbeat despite the market for heat pumps going down, which is something we faced head-on in 2024 by responding to the driving recovery for gas boilers. While our transition from boilers to heat pumps began over a decade ago, the recent slowdown in the energy transition and evolving legislation have slowed that momentum. We acknowledge there is no quick fix to the energy transition. It requires persistence and long-term commitment. Clear and consistent policies should also empower consumers and help build confidence in the energy transition.

In 2024 we set our ambition towards 2030, with a clear focus on building on our key strengths and seizing opportunities to grow. I was proud to launch our Strategy 2030 in the autumn. It sets out the regions, customer segments, products and role in the value chain where we can generate higher margins and create more value for our customers. It defines where we will be by 2030 and how we will get there, together. Our long-term mission to support the energy transition and our values of customer focus, one team and sustainable future remain firm.

Looking back on a fast-paced and rewarding first year as CEO, various highlights stand out, which we share in this report. Many of these are connected to our new strategy and transformation journey, which are bringing focus to our business and strengthening our performance. Across the report you'll see some great examples of how we are working as a team to focus on what we're good at, to simplify our operations and to transform further. Others relate to the collective achievements of our people and teams across our Group. We welcomed new colleagues during the year, including our new Chief Financial Officer (CFO), Ronald Eikelenboom, who joined our Management Board in October 2024.

We are a key player in the energy transition. As such, we focus on being a sustainable corporation committed to the Ten Principles of the UN Global Compact. I believe it's the right thing to do. We have made good progress towards our ambitious UN Sustainable Development Goals (SDGs) in 2024, which you can read more about in the report.

On behalf of our Management Board, I would like to sincerely thank our teams, customers and suppliers for their trusted partnership, and our Shareholder and Supervisory Board for their continued support.

I am confident our new strategic direction will serve us well. It's a strong foundation on which to build as we move decisively together towards a sustainable future.

Tjarko Bouman
CEO, BDR Thermea Group (the name under which Remeha Group B.V. operates)

Apeldoorn, 20 March 2025

> " In my first year as CEO I have seen the strength of our solutions and passion of our people – both essential assets in what has been a year of challenge, opportunity and strategic change. "

Energy transition

We are at the heart of the energy transition with a long-standing reputation as a leader in the heating industry, recognised for our strong brands and innovative heating solutions.

Report of the **Management Board**

(From left to right) Ronald Eikelenboom (Chief Financial Officer), Tjarko Bouman (Chief Executive Officer), Peter Snel (Chief Technology Officer), Luigi La Morgia (Chief Operations Officer), Lúcia de Lima Veiga-Ermida Moretti (Chief Commercial Officer)

The year in review

Looking back on the year, BDR Thermea Group took steps to further professionalise its organisation and prepare for the future. While our sustainability and financial statements document our performance in detail, we have also included an introductory overview of our year in review: looking at our market environment, financial overview, strategy update and key product developments for 2024.

Market environment

As mentioned in the message from our CEO, the market environment in 2024 was challenging. Demand in the heating market declined overall. The new build market remained slow, gas prices stabilised, political shifts causes uncertainties and regulations in some countries became less strict about future boiler bans. This all contributed to a decline, particularly in the heat pump market and less so in the boiler market. We also faced increasing competition as Asian players grew in Europe, leading companies consolidated, and new players entered the market. This directly impacted sales.

Residential market

The aggregate Western European residential boiler market decreased by 8 percent in 2024 (or approximately 330,000 units), while the heat pump market declined by 33 percent in 2024 (or approximately 350,000 units). Concerning boilers, double-digit decline was seen in UK and Germany, while all other markets showed growth. The Netherlands showed the highest growth, with the market increasing by almost 29 percent following the lifting of the hybrid heat pump mandate originally set for 2026.

Concerning heat pumps, with the exception of 76 percent market growth in the UK, all other markets decreased substantially with Germany showing the strongest decline at 48 percent. France and Germany remain the two biggest heat pump markets, representing approximately 50 percent of the market in Western Europe. Exceptionally low demand in heat pumps across markets was the result of high stocks at channels, uncertain political and regulatory conditions and subsidy changes, gas and electricity price delta, low consumer confidence, and a slow new build market. The UK market growth, on the other hand, was driven by increased heat pump subsidies and a growing number of Air Source Heat Pump (ASHP) projects through developers.

Outside Western Europe, the Polish boiler market increased by 21 percent thanks to normalised channel stocks and lower gas prices. High stocks at channels carried over from 2023 contributed to a decline of 32 percent in the Turkish boiler market and 47 percent in the Polish heat pump market.

Commercial market
The aggregate commercial boiler market in Western Europe declined by 11 percent in 2024, with more mixed factors such as the transition from boilers to heat pumps/hybrids, uncertain and less attractive subsidies and tightening governmental budgets. Germany, the largest market for commercial boilers, declined the most at 27 percent due to a strong 2023 and postponement of projects due to political uncertainty. However, market demand has grown strongly in the Netherlands in this sector by 22 percent, driven by the new government's push for renovation and boiler replacement. In addition, there has been continuous growth in commercial heat pumps in Spain and Italy in commercial buildings and collective housing.

Financial performance

BDR Thermea Group achieved net sales of € 2.0 billion in 2024, which represented a 10.9 percent decrease in turnover compared to 2023. Our sales decline came from, among others, Germany (due to a pull-forward of demand in 2023 following anticipated new legislation), France and the Netherlands (with reduced heat pump subsidy schemes in both countries).

We delivered 1.2 million residential boilers to customers worldwide. This was 3 percent less volume than in 2023 following the overall boiler market slowdown, partly compensated by market share growth. Commercial boiler volumes increased by 4 percent compared to 2023. Our heat pump business declined by circa 50 percent compared to 2023, driven by the market decline as described in the market environment section above. Related to this, sales in hot water tanks and water heaters decreased by 21 percent. Growth was realised on other product families, including air conditioners (+25 percent), spares (+3 percent) and service income (+11 percent, growth both organic and via acquisitions).

Operational performance (EBITDA[1]) totalled € 139.7 million in 2024, which was € 98.4 million lower than in 2023. This decline was driven by lower sales and gross profit, investments in our strategy execution, combined with one-off inventory write-offs, partly compensated by ongoing cost reduction initiatives. This resulted in an EBITDA margin (% versus net sales) of 6.9 percent, which is lower than the 2023 level of 10.5 percent. Consequently, we reported a net loss of € 71.9 million in 2024, compared to € 30.4 million profit in 2023. We continued to generate operational cash flow. This totalled € 209.2 million in 2024, which was € 109.9 million higher than in 2023. The increase was largely driven by a lower outflow on working capital, and in particular by a reduction of our inventory levels.

The operating cash inflow, combined with a € 90.6 million cash outflow on investments including acquisitions, and decrease in EBITDA, resulted in an increase in the normalised leverage ratio to 1.78 at the end of 2024 (versus 1.68 in 2023). The current ratio decreased to 1.38 (versus 1.42 in 2023), while the solvency ratio decreased to 26.4 percent (versus 28.6 percent in 2023).

[1]Normalised for impact hyperinflation accounting in 2024 and 2023.

Strategy update

BDR Thermea Group constantly reviews its business processes and structure to respond to market forces and serve the needs of its customers and society. In autumn 2024 we unveiled our new Strategy 2030: Focus. Transform. Perform. to our employees. CEO Tjarko Bouman and members of the Management Board presented the strategy first to key leadership teams across the Group during a roadshow tour of France, Germany, Italy, the Netherlands, Spain, Turkey, UK & Ireland, Poland and the Czech Republic. Local teams were introduced to, and consulted on, the details of Strategy 2030 prior to its official launch to the entire company in early October. Strategy 2030 is a long-term transformation plan. It sets an ambitious path for the years leading up to 2030, defining where we want to be and how we envision success. It is built on the solid company values that form the foundation of everything we do: customer focus, one team, and sustainable future. Key themes focus on reducing complexity, increasing profitability, delivering more value for customers, and fostering a work environment where we collaborate and perform across our operations.

Ambitions to 2030
The strategy sets out three key ambitions:
- Be a leading player in both residential and commercial markets
- Offer connected heating & cooling HVAC solutions optimised for installation
- Grow in services

A Transformation Office was set up in late 2024 to guide, support and enable all parts of the business to deliver the transformation required to achieve BDR Thermea Group's strategic goals. This unit is the link between the Group Strategy 2030 vision and how each part of the business translates it into daily activities and decision-making. The Transformation Office is responsible for sharing a clear, consistent and relevant vision of our future company; providing tools and support to drive momentum on the ground; addressing challenges as they arise; helping ensure initiatives are in line with the strategy; reporting on progress; setting standards; ensuring quality control and approvals, and tracking costs and benefits.

Focus
Transform
Perform
STRATEGY 2030

2025 will involve delivering this strategic change at BDR Thermea Group. We will build upon our many achievements, explore new avenues and carefully review our activities to ensure they align with our new Strategy 2030 with a clear focus on increasing profitability, delivering more value for our customers and further enabling the energy transition.

Macro-economic developments adversely affecting the markets where BDR Thermea Group operates are expected to continue into 2025. While there is a current slowdown in the pace of the energy transition, the European heat pump market is still expected to grow in the coming years. The importance of reducing carbon emissions remains, and we are confident in the long-term market for sustainable HVAC solutions.

Key product developments

BDR Thermea Group successfully launched innovative products in 2024, including the Remeha Elga Ace All-in-One in early 2024. Similar to the Brötje Kit 65, it combines a heat pump and gas boiler in one casing, making it particularly suitable for smaller spaces. It makes installers' lives easier as it reduces installation time by up to 30 percent, true to the company's plug and play philosophy.

BDR Thermea Group also launched new solutions for commercial purposes in 2024, including the MB2C heat pump range, with a 20 to 40 kW capacity and ability to reach a flow temperature up to 60°C. Alongside the range, we launched two new controllers (Indoor Controller and CHVAC manager), designed to maximise the efficiency of our commercial heating/cooling/domestic hot water systems. These are suitable for both hybrids (heat pumps and boilers) or fully electric heat pumps. The heat pumps and controllers were designed for existing buildings to help reduce energy consumption, primarily apartment buildings, hotels, and schools which typically have low-efficiency installations.

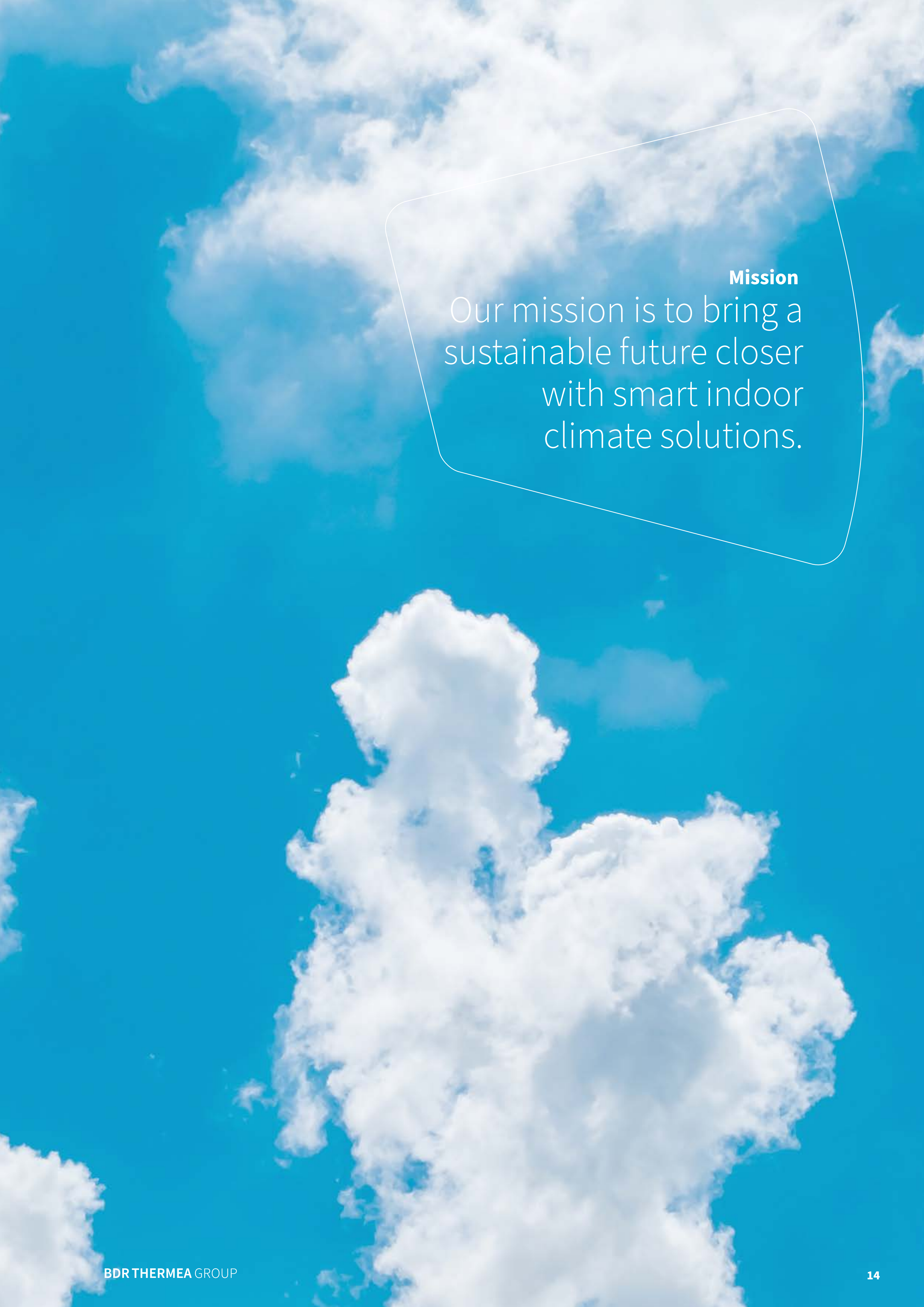
The first MB4C heat pumps in a pilot of this innovative new range were installed in 2024, including units of 20 and 30 kW and flow temperatures of up to 80°C. This solution uses the hydrocarbon-based R290 refrigerant, with a low global warming potential which also enables higher flow temperatures. The range has been designed to replace traditional boilers in existing or new heating and domestic hot water installations, increasing the overall efficiency of the building and eliminating contaminants released from gas combustion.

With these two commercial heat pump ranges, BDR Thermea Group offers the market complete solutions for improving installations in commercial buildings by tailoring systems adapted to customers' specific requirements.

Awards and achievements

BDR Thermea Group innovations were recognised externally in 2024:

- Remeha won the public choice award for its Elga Ace All-in-One hybrid solution at VSK 2024.
- De Dietrich was named The Best Brand of the Year in the 'Boilers and Heat Pumps' category of the Trophée Meilleure Marque 2024.
- In a joint Focus Money and Service Value survey, published in March 2024, Brötje was found to have the highest customer loyalty within the 'Building Technology Manufacturer' sector. A total of 1,646 companies or brands from over 100 industries were evaluated and the study drew from around 500,000 customer reviews.
- Business newspaper Handelsblatt asked around one million consumers which provider they would buy from or choose again. Brötje was ranked fourth in the energy and heat category. It also improved its loyalty values by 3.3 percent compared to the previous year, building on particularly high recommendation rates in 2021 and 2022.
- More than 5,000 participants in eight categories competed for best building technology products in the haustec.de poll - one of the largest in the field of building technology - and Kit 65 from Brötje came in at second place.
- Kit 65 impressed at the IFH/Intherm trade fair in Nuremberg at the end of April, with Brötje receiving third place in the 'heating' sector.
- Baymak won the Most Technological Boiler award 2024 for the second consecutive year at the 5th Tech Brands Turkey Awards. This award measures consumer perception of brands' technology in Turkey.
- BDR Thermea Group was ranked fifth in the category 'Company with the best reputation in the Netherlands for excellent execution for suppliers & services in the construction sector' by Management Team 500.
- Our Baxi UK team picked up the Large Business Employer of the Year award at the Lancashire Apprenticeship Awards 2024.



Mission

Our mission is to bring a sustainable future closer with smart indoor climate solutions.

Sustainability **statement**

General Disclosures

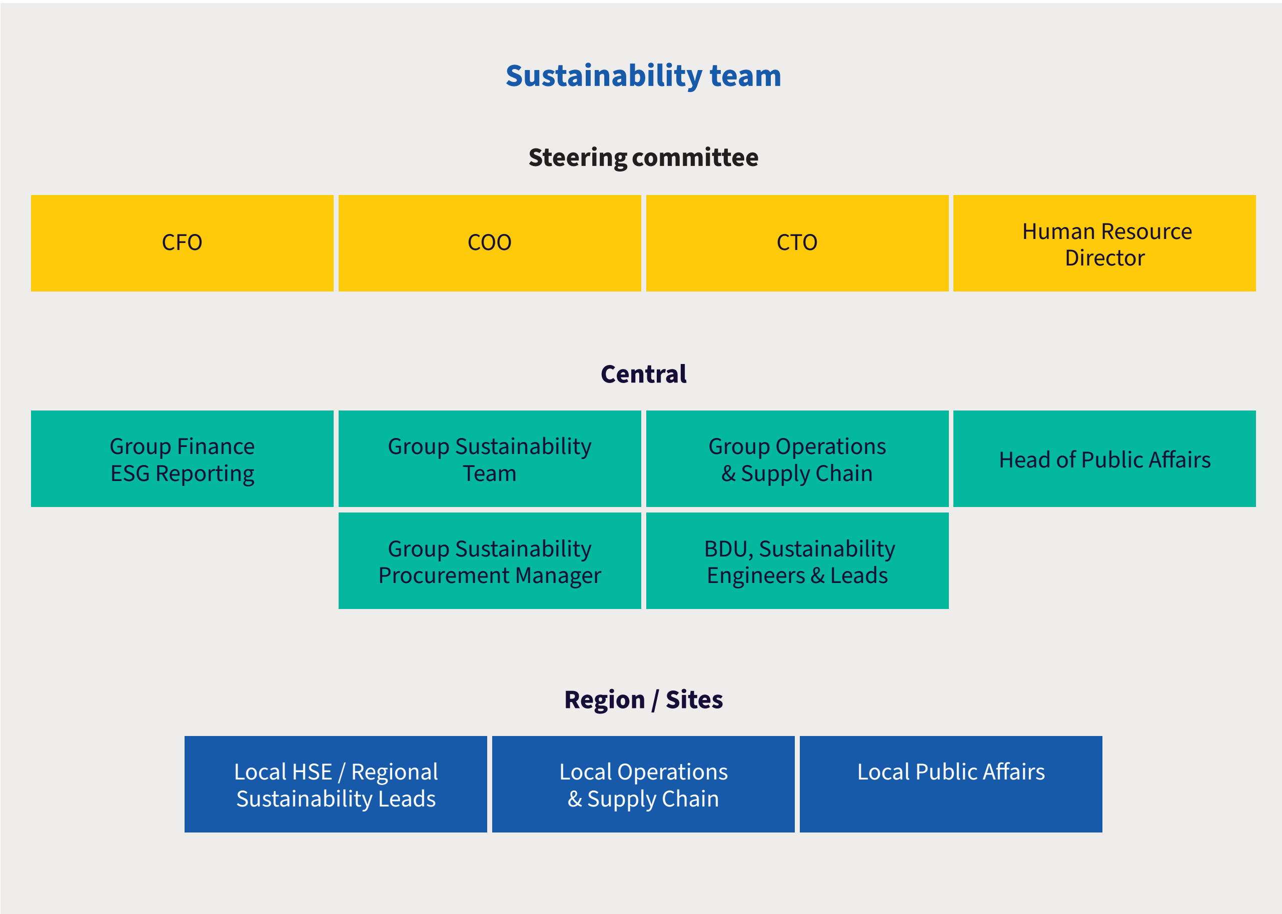
The role of our administrative, management and supervisory bodies

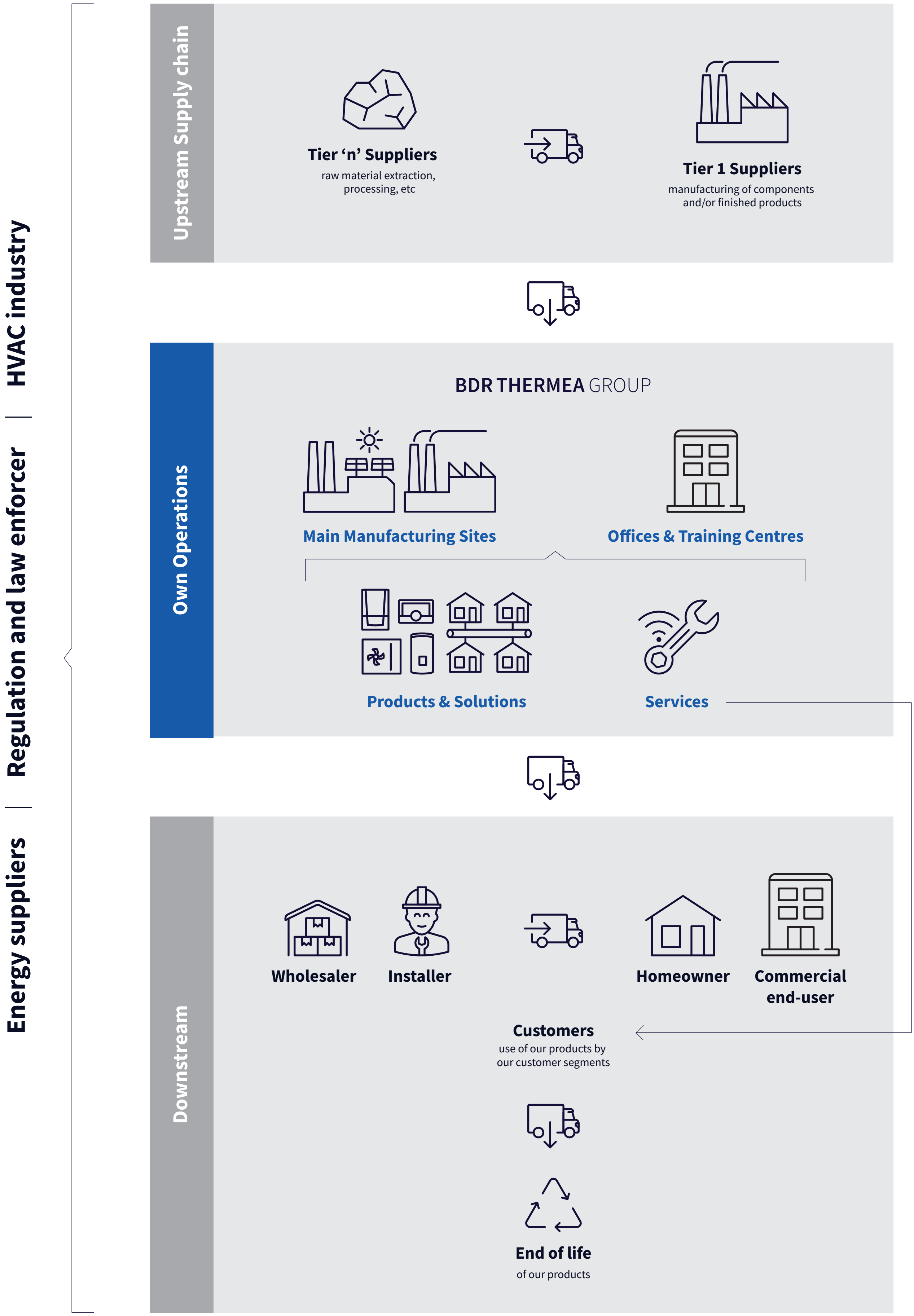
The Management Board is responsible for incorporating sustainability into the company strategy. The Audit Committee is kept up to date about developments in sustainability reporting. More information can be found in the Report of the Supervisory Board.

Our sustainability organisation is grouped into three levels, working as one team: our sustainability steering committee (steerco), central teams and regions/sites. Our four-member sustainability steerco advises on BDR Thermea's sustainability performance and efforts, providing guidance when necessary.

Statement on due diligence

Our due diligence approach encompasses risk management processes, risk screening, audits, improvement measures, and environmental certifications. Through human rights and environmental due diligence and related risk management, we address our value chain and business operations. This approach is guided by our Supplier Code of Conduct, Ethical Code of Conduct, commitment to the UN Global Compact, environmental certifications, and compliance processes. More detailed information on these aspects can be found in the relevant chapters.





Energy suppliers
Regulation and law enforcer
HVAC industry
Upstream Supply chain
Tier 'n' Suppliers
raw material extraction, processing, etc
Tier 1 Suppliers
manufacturing of components and/or finished products
Own Operations
BDR THERMEA GROUP
Main Manufacturing Sites
Offices & Training Centres
Products & Solutions
Services
Downstream
Wholesaler
Installer
Homeowner
Commercial end-user
Customers
use of our products by our customer segments
End of life
of our products

Our business model and value chain

Our value chain involves many players and business activities. We have divided it into four sections: upstream/supply chain, own operations, downstream and external influences.

Our upstream/supply chain
Our upstream/supply chain consists of multiple tiers of suppliers. From our tier 1, also known as direct suppliers, we receive both components and finished products. These tier 1 suppliers depend, in turn, on their suppliers for the delivery of their goods and/or materials. Depending on the technology and nature of the required components, the original manufacturers may be located in Europe or other regions such as Asia (see Governance chapter).

Our own operations
We manufacture heating and cooling products and solutions at various sites across Europe and Asia. We also have local offices and training centres, which offer services such as installation, maintenance and repair of our products and solutions. With a total of 6,800 employees spread across our business, from manufacturing to services and offices, we drive our mission to be a leader in the energy transition (see Social chapter).

Our downstream
Our downstream activities include selling products and solutions, as well as providing the services for their installation, upkeep or repair. This covers our customer segments (for more information see stakeholder analysis) as well as the end-of-life treatment of our products and solutions (see chapter on resource use). We see great potential and interest from our end-customers to contribute to the energy transition and a more sustainable way of living (see chapter on climate change).

External influences
Looking into external factors that influence our value chain, we have identified three main areas: energy suppliers, regulations and the HVAC industry. Energy suppliers impact our operations through the availability and costs of energy resources (for more information see chapter on climate change). Regulations shape our compliance requirements and operational standards (for more information see our ESG chapters) while the HVAC industry influences market trends, technological advancement and competitive dynamics (for more information see chapter on governance).

For the description of our business model please refer to our strategy section in the Report of the Management Board.

Our stakeholders

Our stakeholder engagement aligns with our mission of bringing a sustainable future closer through smart indoor climate solutions. The first step is understanding our impact on key stakeholders at BDR Thermea Group and recognising their needs. By doing so, we can collaboratively develop smart solutions. In 2025, we aim to increase our transparency on human rights and the environmental impacts in our supply chain, especially in light of the Corporate Sustainability Due Diligence Directive (CSDDD).

Our management in the regions is responsible for engaging local stakeholders, particularly customer segments in their markets. Our local teams lead in gathering insights and distributing them across the organisation. This approach helps us to integrate stakeholder feedback into actions, targets, policies and disclosure requirements on a consolidated level. Some initiatives are centrally led, such as global employee and customer satisfaction surveys providing insights into strengths and possible improvement areas (more information can be found in ‘Our people’ and ‘Our customers’).

The following table provides a non-restrictive overview of our stakeholder engagement in 2024 from a Group level, which was also used as input for our double materiality analysis (see page 19).

Key Players	Form of dialogue	Result 2024
Top tier 1 suppliers	Interviews, supplier platforms (Ecovadis), supplier websites	› Development of decarbonisation supplier engagement programme, including scope 3 upstream supplier-specific data › Development of pilot projects on returnable packaging
Employees	Employee surveys, quarterly townhall meetings, internal communication platforms with daily updates, team meetings, topic deep dives, roadshow	› Supplier satisfaction score › Engaged & informed employees
Customers	Interviews, Net Promoter Score, customer surveys, customer experience & training centres, collaboration on projects, local initiatives & events, social media	› Trained & informed customers › Customer Net Promoter Score › Project collaboration & developments › EPDs

During our double materiality assessment (DMA), which started in 2023 and finished in 2024, we identified our stakeholders based on their interests and potential influence in relation to our business. We have various stakeholder groups, including our employees, customers, tier 1 suppliers and branch organisation, EHI. Other stakeholders include regulatory bodies and law enforcers and makers, the HVAC industry (i.e. competitors, leaders and same branch), and the wider community. In 2025, we will continue to engage and communicate with our stakeholders along our entire value chain, guided by our key impacts, risks and opportunities (IROs) identified in our DMA.

Stakeholder Analysis Results

Level of interest

Subject

- Unions
- Universities
- Competitors - same branch

Key players

- BDR Thermea Shareholder
- Banks / lenders / insurance
- Supervisory Board
- Management Board / GLT
- Employees
- European Works Council
- Residential Customers (Wholesaler, Homeowner, Small Businesses Installer)
- Commercial Customers (Utility company, Specifier, Commercial end-user, Contractor, Wholesaler, Property developer, Public sector, Installer)
- Top direct suppliers (Tier 1)
- Competitors - industry leaders
- Branch organisations – EHI
- Direct environment
- Indirect environment (pollution)

Crowd

- Indirect suppliers
- Temp agencies
- Tax authorities & customs
- Media - local media
- City Council
- Community members
- Outsourcing partner / contractor

Context setters

- Media - trade magazines
- Competitors - industry leaders
- Legislation and regulations
- Health & Safety (inspections)
- Law enforcement

Level of influence

Stakeholders under ‘key players’ are considered in our DMA.

Our double materiality assessment process

As well as helping us identify our key stakeholders, the double materiality assessment also highlighted the sustainability topics most relevant to BDR Thermea, in preparation for CSRD compliance, supported by external consultants. A cross-functional DMA team, along with a steering committee, guided the process. In 2024, we applied a structured approach, to assess IROs across our value chain. The final results were validated by our Management Board and Audit Committee.

To ensure a comprehensive scope, we compiled a longlist of potential sustainability matters, based on sector standards (GRI, SASB), industry trends, and internal risk assessments, ensuring alignment with ESRS. This approach allowed us to integrate both existing priorities and emerging topics relevant to BDR Thermea. To narrow this down to a shortlist of potentially relevant topics, we engaged with our stakeholders across the value chain through interviews, surveys and desk research. This helped us assess our IROs across the value chain, incorporating both positive and negative effects. Internal reviews further refined our findings through product lifecycle assessments, technical specifications, and risk analyses. See the table below with IROs identified for our material topics.

Topic	Boundary	Main risks & opportunities	Main impact
Climate change	Downstream	O: Expand and shift business from gas boilers to heat pumps & hybrids	The negative impact of our business and value chain on global warming (scope 1, 2 & 3 GHG emissions)
	Entire value chain	TR: Slowing down / Hinderance of the transition towards a net zero economy (decarbonisation)	
	Own operations	TR: Fluctuations in energy demand & costs	
Resource use & circular economy	Downstream	O: Redesign with care for business & environment - services & spares	Negative impact on the environment (apart from the GHG emissions in the usage of products) lies in end-of-life treatment of products & packaging
	Upstream	TR: Resource scarcity of key components due to supply chain disruptions	Negative impact on the environment through production of predominantly metal-based heating & cooling products
	Own operations	-	Negative impact on the environment by waste sent to disposal at manufacturing sites
Our own people	Own operations	TR: Loss of healthy & motivated team around our sites & business	Positive impact on the wellbeing of our own people, including physical health & safety and emotional resilience
		TR: Risk of not attracting & retaining talent	Positive impact on diversity, equality and inclusion
		O: Employer of choice with clear & appealing values	Negative impact on training & development
Responsibility towards our customers	Downstream	TR: Shortage of skilled service engineers and installers for product portfolio	Positive impact on product quality, health & safety
		O: Customer engagement and satisfaction	Positive impact on customer wellbeing by providing a comfortable environment
Business conduct & value	Up & Downstream	O: Responsible business partner	Positive impact on business integrity & ethics
	Own operations	TR: Internal information management	

O = opportunity; TR = transitional risk

Following the European Financial Reporting Advisory Group (EFRAG's) methodology, we assessed impacts based on scale, scope, likelihood, and financial relevance. Negative impacts were prioritised based on severity and probability, while risks and opportunities were classified as transition or physical risks. We ensured a robust and representative assessment through multiple feedback rounds with internal teams. Each IRO was scored between 1-5. Additionally, we also noted the occurrence of IROs in our value chain. The materiality threshold, aligned with financial benchmarks and external guidance, determined which topics were material.

Of the 10 sector-agnostic sustainability matters, five were deemed material (see graph and table below): climate change, resource use, circular economy, workforce, and responsible business conduct. Biodiversity, pollution, and water consumption fell below the threshold but remain on our watch list, particularly regarding supply chain impacts. We anticipate gaining deeper insights in future assessments as our suppliers further develop their own sustainability strategies.

The butterfly graph below provides a high-level overview, integrating our two assessments (impact and risk/opportunity) on a scale of 1 to 5. It represents the average of scores, though individual impacts, risks, or opportunities may score higher than the overall average shown.

Results of our Double Materiality Assessment

ESRS	Material Topic	Sub-topics	Page
E1	Climate change	› Climate change adaptation › Climate change mitigation › Energy	25
E5	Resource use & circular economy	› Resource inflows › Resource outflows › Waste	32
S1	Our own people	› Working conditions › Equal treatment and opportunities for all	40
S4	Responsibility towards customers	› Personal safety › Customer engagement	44
G1	Business conduct & values	› Corporate culture › Protection of whistleblowers › Supplier relationships › Political engagement › Corruption and bribery	45

Environment

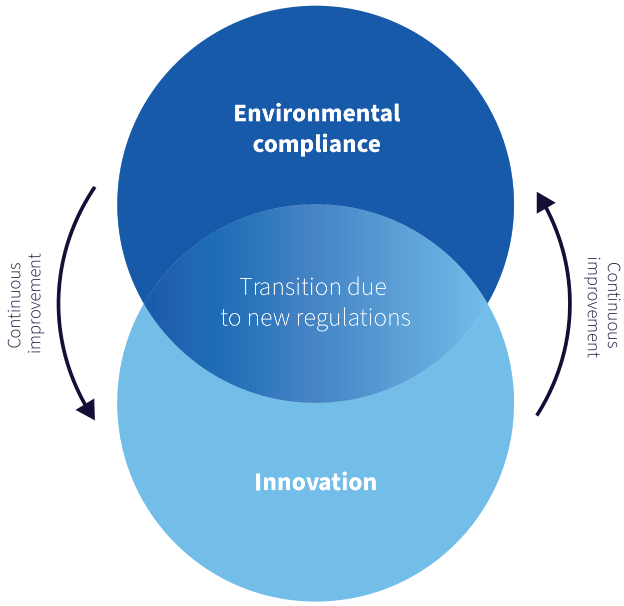
This chapter presents our 2024 Environmental reporting. Each section provides insights into the IROs, along with the corresponding strategies, actions, and results.

Our strategy

BDR Thermea Group's environmental strategy focuses on our material topics of climate change and resource use & circular economy as identified in our first double materiality assessment (DMA) (see 'Our double materiality assessment process' under 'General Disclosures'). However, we also recognise that sustainability regulations have rapidly evolved in recent years and, though we have tried to anticipate key changes, the regulatory landscape has developed faster than we expected. We need to meet new regulatory requirements and will continue to move towards innovation in our two aforementioned material focus areas.

Consequently, the company's 2024-2030 environmental approach is about compliance, and transitioning from compliance towards innovation. Every year we also develop an environmental programme which entails our projects and key actions for that year, aligned with our environmental strategy.

Environmental approach 2024-2030

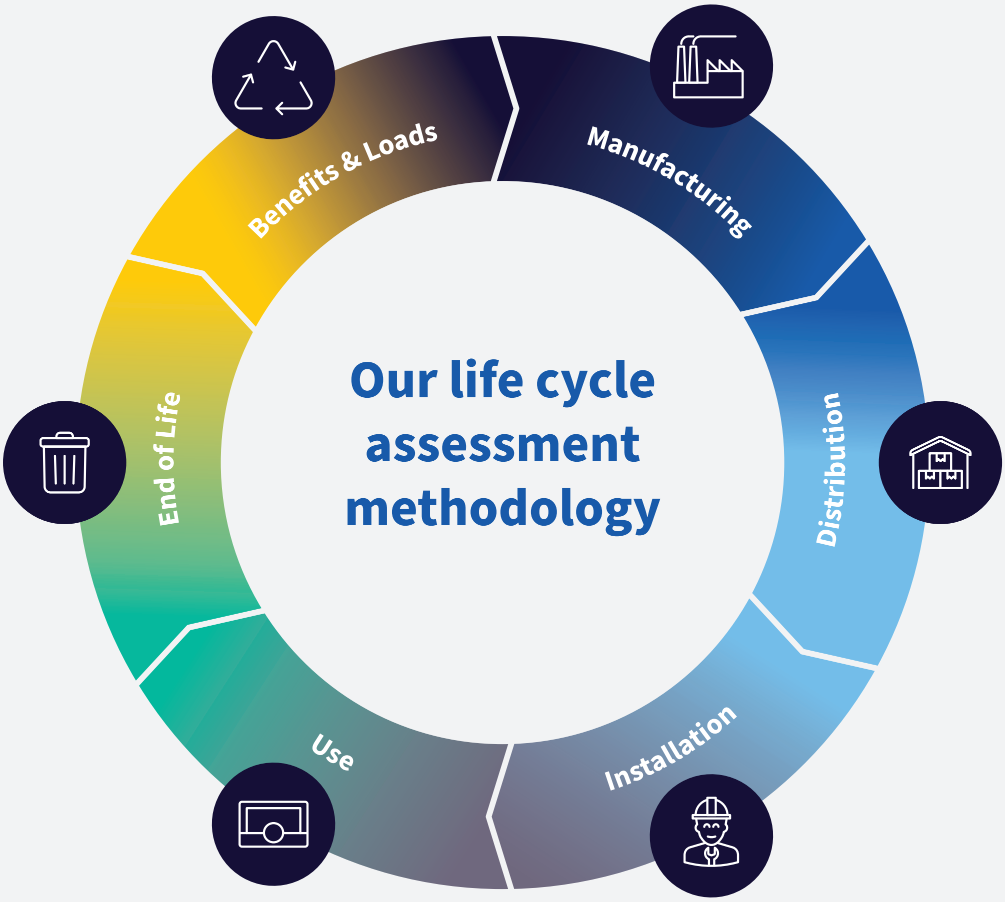


Environmental due diligence: management system
As part of our due diligence in our own operations, we have a Group-wide operational target to have our eight sites certified in ISO 9001 (Quality), 14001 (Environmental), 45001 (OHAS) and 50001 (Energy) in 2026. These management systems enable us to continuously improve our identification and mitigation of environmental risks. In 2024, four of our eight sites are certified in all four management systems.

	ISO 9001	ISO 14001	ISO 45001	ISO 50001
Baymak Turkey	Y	Y	Y	Y
BDR China	Y	Y	Y	Y
Baxi Italy	Y	Y	Y	Y
Brötje Germany	Y	Y	Y	Y
BDR France	Y	Y	N	N
Baxi Spain	Y	Y	N	N
Baxi UK	Y	Y	Y	N
Remeha Netherlands	Y	N	N	N

In 2024 we published 18 EPDs. In total, we have 61 available EPDs, making us the second highest producer of EPDs in the heating, ventilation and air conditioning equipment category in the PEP database at the end of 2024.

Through our first DMA, we also identified improvement areas in our overall due diligence process across our entire value chain and will be working on continuous improvement in the years ahead.
For our environmental innovations in 2024, please see the chapters 'Climate change and resource use & circular economy'.



To understand and assess our impacts, we began in 2019 using a cradle-to-grave approach in our LCAs, EPDs and PEPs, following relevant ISO and EN standards (e.g. EN 15978 and ISO 14025 and ISO 14040).

Climate change

In 2024, climate change intensified, with global temperatures reaching a record-breaking 1.54°C above pre-industrial levels. Extreme weather events have become more frequent and severe, highlighting the urgent need for concerted global action to reduce greenhouse gas (GHG) emissions. This urgency is reflected in the agreement among world leaders to limit global warming to 1.5°C above pre-industrial levels.

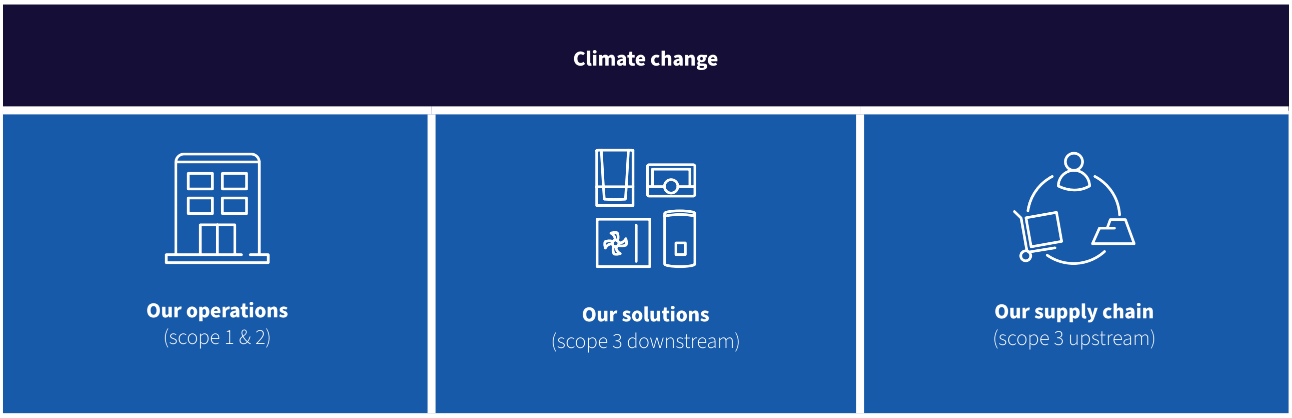
Our climate change approach

Our approach to tackling climate change started in 2019 and is now confirmed by our double materiality assessment, which identifies the impacts, risks and opportunities related to our operations, products and supply chain. This assessment is central to our strategy and guides our efforts across three key areas: our operations, the energy use of our products, and our supply chain.

Operations: reducing energy consumption and GHG emissions
At our manufacturing sites, energy is used for production, R&D testing, and various services, including offices and sales visits. In 2024, this resulted in energy consumption of 126,798 MWh, leading to 24,860 tCO_2-eq of emissions. These emissions are influenced by fluctuating energy prices, but they also present opportunities to improve energy efficiency and reduce costs. Since 2021, we've focused on reducing energy use and GHG emissions in line with our 2030 operational targets. By improving energy efficiency at our production sites and innovating in manufacturing, we aim to reduce our emissions by 55 percent by 2030 (vs. 2019).

Through operational excellence and World Class Manufacturing, we can reduce our GHG emissions by increasing our energy efficiency, innovating in manufacturing, purchasing green electricity while generating our own renewable electricity and electrifying our vehicle fleet.

For 2024, we set a target to reduce energy consumption and GHG emissions per unit produced by 5 percent. We achieved progress through initiatives like our energy community, where we share best practices on energy efficiency, and the installation of additional energy meters to identify local hotspots. Our commitment to the ongoing ISO 50001 certification at all our manufacturing sites by 2026 allows us to continue improving our energy management.

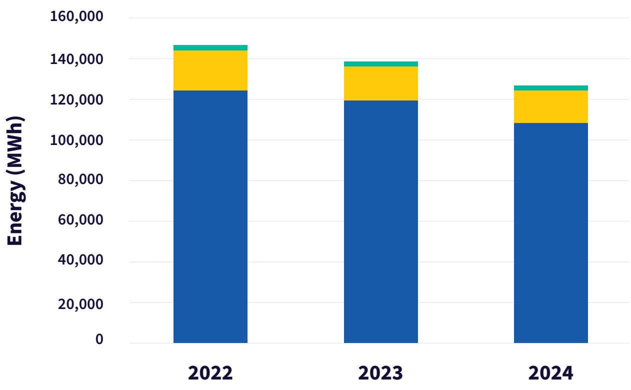


Results & performance 2024

Our various energy-related actions resulted in an overall 4.6 percent increase in efficiency in the manufacturing of our products. This translates into an absolute reduction in energy of 8.6 percent compared to 2023. We also generated 2,274 MWh of renewable energy through our photovoltaic (PV) solar panels in 2024 from which we used 1,867 MWh ourselves.

	2022	2023	2024
Energy consumption from fossil sources (MWh)	125383	120022	109462
Energy consumption from renewable sources (MWh)	19648	16901	15469
Self-generated renewable energy consumption (MWh)	1910	1808	1867
Total energy consumption (MWh)	146941	138732	126798
Delta to previous year (%)		-5.6%	-8.6%
Share of renewable sources in total energy consumption (%)	15%	13%	14%

Total energy consumption



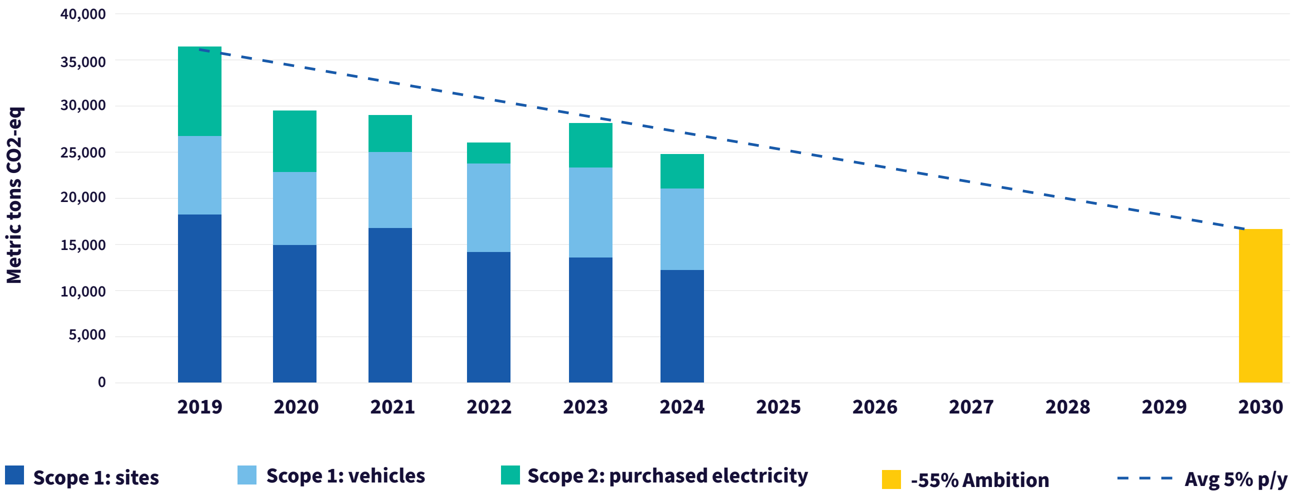
The actions in energy efficiency and switch in energy sources resulted in a reduction of the total scope 1 and 2 GHG emissions per unit that we manufactured in 2024. The reduction compared to last year was 3.6 percent.

Result	2022	2023	2024
Total scope 1 & 2 GHG emissions per unit manufactured (tCO2eq/unit)*	10.7	13.3	12.8
Delta to previous year (%)		24.4%	-3.6%

Our total GHG emissions for scope 1 and 2 in 2024 were 24,860 metric tons of CO2-eq, which resulted in an absolute reduction of 31.5 percent compared to our 2019 baseline. This means that we are on track to achieve our 55 percent scope 1 and 2 reduction target by 2030.

Compared to 2023, this accounts for a decrease of 12.1 percent in carbon emissions. In the scope, we included all regions' manufacturing, warehouses, laboratories, offices (including service & training centres) and vehicles. As of 2020 the mergers and acquisitions have been added, without adjusting the baseline of 2019. Due to the continuous improvement of data gathering and reporting, the historical figures, including baseline, have been updated.

Total scope 1 & 2 GHG emissions



GHG emissions (metric tons CO2eq)	2019	2020	2021	2022	2023	2024
Scope 1	26,606	22,959	24,703	23,816	23,682	21,085
Scope 2 (market based)	9,690	6,638	4,008	2,622	4,588	3,776
Total scope 1 & 2	36,296	29,597	28,711	26,438	28,270	24,860
Delta to baseline 2019 (%)		-18%	-21%	-27%	-22%	-31.5%

Products and solutions: enabling the energy transition

Our solutions rely on energy to provide our consumers with the comfort of heating, cooling and hot water inside homes and buildings. The type of energy the products use determines how much greenhouse gas they emit. This means the use of our products and solutions during their lifetime account for a significant portion of our emissions. In 2024, the emissions from the use of our products represented approximately 99 percent of our total carbon footprint (scope 3 downstream). To put this into perspective, about 35 percent of GHG emissions in the European Union come from energy used in buildings, and 78 percent of this is for heating and hot water.

We aim to support and contribute to the EU objective of achieving a decarbonised, zero- emission building stock by 2050. Our focus on replacing old, inefficient products with energy-efficient solutions is key to reaching these goals. We're also working on setting specific targets for the carbon footprint of our products, using data to measure and improve their impact. This aligns with the European Heating Industry's (EHI) vision on reducing GHG emissions, as explained in more detail in the decarbonisation pathways calculated by an EHI study on reaching carbon neutrality by 2050. (source: New guidehouse study | decarbonisation pathways for the building sector | EHI).

We continue to support the transition to a low-carbon future by promoting products like heat pumps, hybrids, and heat interface units, which have a lower carbon impact compared to traditional boilers. However, we face challenges such as fluctuating electricity costs, changing regulations, and market competition, which may slow down the decarbonisation of the built environment. These challenges also present opportunities for innovation, as we work to make our solutions more efficient and accessible.

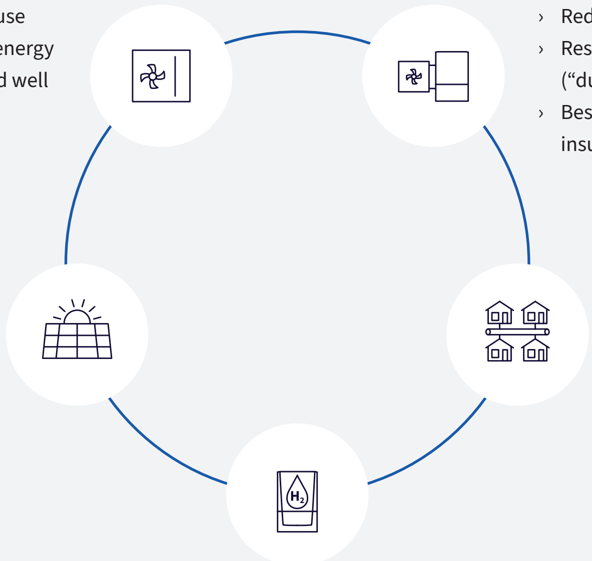
As the availability of skilled trainers is important for our business, we are training installers to work with heat pumps and hybrids. This enables us to have more installers available to install heat pumps in a safe and correct way, helping to accelerate the energy transition and save energy and costs for our customers (for more information, see Our customers).

Heat pumps

- High efficiency
- No GHG emissions at point of use
- Possible to run on renewable energy
- Best solution for new build and well insulated homes

Hybrids

- High efficiency
- Reduce up to 70% of natural gas
- Resilience to grid imbalance ("dunkelflaute")
- Best of both worlds for poorly insulated, older homes



Solar thermal

- Converts energy from the sun into hot water
- Reducing energy use from fossil sources with renewable energy

Heat networks (heat interfaces)

- Reuse of waste heat
- Possibility to use low carbon or renewable energy sources
- Solution for high-density areas

Hydrogen

- Possibility to run on 100% renewable energy
- No GHG emissions at point of use

First commercial hybrid system with 100% hydrogen boiler in the Netherlands

In 2024, we successfully installed the first commercial hybrid system featuring a 100 percent hydrogen boiler in a pilot project at an office building in Apeldoorn, the Netherlands. This innovative system provides sustainable heating with the first hydrogen boiler designed for the utility market. For the first time, a commercial building in the Netherlands is being heated with green hydrogen.

The system features a hydrogen-powered Quinta Ace boiler, working alongside a commercial MB2C heat pump and two additional Quinta Ace boilers running on green propane. All components are managed by the new MiTerra Plus hybrid cascade controller, enabling the system to operate on renewable energy.

This project showcases how hydrogen can comfortably heat business premises, reinforcing its role in sustainable system solutions.
The technical service provider behind this system is committed to the energy transition. Recognising the importance of training employees on hydrogen, they chose to make their business more sustainable with this technology. BDR Thermea is proud to support them in accelerating the energy transition.

Commercial hybrid system with 100% hydrogen boiler

Results and performance 2024

In 2024, we set a goal for 36.5 percent of our sales to come from products that support the energy transition, but due to disappointing market demand and regulatory decisions, we achieved only 26.2 percent. Despite this, we've made progress by developing new commercial heat pumps designed to improve efficiency in existing buildings, helping to reduce energy consumption and carbon footprints.

Our new commercial heat pumps and controllers introduced in 2024 are designed to maximise the efficiency of heating, cooling and hot water. This is an ideal solution for existing buildings replacing traditional low-efficiency installations and helping to reduce the energy consumption and carbon footprint of apartment buildings, hotels, schools and other buildings as a result.

Share of net sales from products supporting energy transition (%)

2019	2020	2021	2022	2023	2024
15.8%	17.9%	20.6%	22.9%	30.8%	26.2%

Remeha office
Emsdetten

Upgrading to efficient hybrid heating solutions: Remeha's Emsdetten office transformation

At the Remeha office in Emsdetten (Germany), we replaced the old gas boiler system with a modern hybrid solution. It combines two Remeha Effenca heat pumps, an Azorra Ace thermodynamic water heater, two Remeha Quinta Ace boilers and a 1,000-litre buffer tank — all managed via the new hybrid cascade controller and two control units.

The Remeha Solution Selling team designed the system, calculating a 130 kW heating load (in accordance with DIN 12831) and 234,000 kWh annual demand. Comparing three options — 100 percent gas, 100 percent heat pump, and a hybrid gas-heat pump system — over 10 years, the hybrid system proved the most cost-effective. It also reduces gas consumption, and GHG emissions, by over 30 percent, supporting our own scope 1 & 2 reduction goals. This project will contribute to our objective to reduce our own GHG emissions of scope 1 & 2 (see chapter 'our operations').

The two outdoor heat pump units now serve as an open-air training facility. Customers and service technicians receive hands-on training from Remeha instructors on installing, commissioning and maintaining the systems. The first training session has already been completed.

Highlighting savings through our product innovation

One of our achievements in 2024 was the introduction of a special meter designed for solar thermal systems. This meter measures the amount of hot water generated by the system, enabling users to track energy savings and convert them into GHG emissions reductions (source: Energía Solar BAXI | Solar Meter).

All our efforts resulted in 82.4 megatons of CO2-eq from the use of our sold products and solutions. This amount includes the energy consumed during the total lifecycle (17-22 years) by 1.5 million of heat- and hot water-generating products that were sold in more than 15 countries. We took into account the different efficiencies of the different products, different energy sources and their emission factors and the average energy consumption of the country where it was sold.
Due to lower-than-expected sales of heat pumps and hybrids, the amount of GHG emissions slightly decreased compared to 2023.

Scope 3 GHG emissions - use of sold products (MtCO2eq)

2019	2020	2021	2022	2023	2024
89.6	82.5	100.1	92.3	84.3	82.4

Supply chain: reducing upstream emissions

The materials and components we purchase for our products, primarily metal-based components, are a significant source of GHG emissions in our supply chain. In 2024, we focused on assessing these emissions and developing a spend-based model to identify high-impact areas. We plan to collaborate with key suppliers, particularly those in the metal industry, to reduce emissions and improve sustainability. Transportation also plays a large role in our supply chain emissions, and in the coming year, we'll gather more data to reduce the impact of logistics. Additionally, this data can be used to disclose information for the Carbon Border Adjustment Mechanism (CBAM), alongside calculating our own carbon footprint.

Mitigation projects financed through carbon credits

Since 2021, for all the greenhouse gases emitted in our own operations, we finance GHG emission reduction projects by purchasing an equal number of carbon credits. Where immediate action isn't possible within our own operations, we believe it's essential to take climate action elsewhere in our upstream value chain to mitigate global GHG emissions as quickly as possible. In 2024, we purchased 25,300 tCO2e of carbon credits from a gold-standard certified landfill gas project in Kocaeli, Turkey.

In terms of waste management, Turkey is developing a landfill policy that meets the EU's strict standards. The result is greater levels of controlled waste dumping and recycling. This project ensures that landfills catering for non-recyclable materials are fitted with special equipment that turns waste into energy by capturing methane. This power is fed into the local electricity grid. The reduction of GHG emissions is achieved in two ways: avoiding electricity generated with fossil-fuel energy sources by power plants, while preventing the release of methane (with a much higher global warming potential) into the atmosphere.

The project is not only focused on lowering GHG emissions: it also improves the region's waste management practices and air quality, while creating jobs for engineers, construction firms, sales experts and utilities.

Resource use & circular economy

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

The urgency to address resource depletion is becoming more and more apparent, with global material usage growing by an average of more than 2.3 percent per year while global resource consumption is predicted to increase by 60 percent in 2060, compared to 2020. This increasing strain on natural resources, such as metals, and growing amount of waste highlights the need for a shift towards a circular economy: rethinking product design, promoting reuse and recycling, and encouraging efficiency across the value chain.

By embracing circular economy principles, BDR Thermea aims to bring a sustainable future closer by driving innovative solutions and practices, in our own operations and across our value chain.

Our approach to resource use & circular economy
Our resource use & circular economy approach is built on three pillars, which summarise the key focus areas identified in our DMA: waste in our operations, packaging in our value chain and products and materials throughout our value chain. Of course, compliance forms the foundation of all three building blocks, with innovations driving the topics beyond what is expected of us from a regulatory perspective. In some pillars, such as waste in our operations, we are further along in exploring how we can reduce our negative impact beyond regulatory expectations, while in other topics, such as packaging, we are currently anticipating compliance requirements once the Packaging & Packaging Waste Directive comes into force. This approach also reflects the dynamic landscape behind current sustainability efforts.

Resource use & circular economy		
Waste in our operations	Packaging in our value chain	Products & materials in our value chain

Waste in our operations
As a manufacturer of products, we also produce operational waste. We already separate our waste into waste streams and are moving from waste disposal towards waste recovery. In 2024, we recovered 92 percent of our total operational waste, enabling us to continue the mitigation of our negative impact.

Our first step was to focus on the waste in our own operations by implementing smart waste management at all our manufacturing sites. We measure our mitigation performance according to the waste hierarchy at our eight sites. Consequently, each site works according to its own waste reduction plans and manages these locally through their HSEQ (Health, Safety, Environment and Quality) departments.

Towards the end of 2024, our existing waste expert team transformed into a greater waste expert community to share knowledge on best practices to contribute to World Class Manufacturing management.

To facilitate the reduction of waste sent to disposal, our operational teams will be working on receiving a ‘zero waste to landfill’ certification for our main sites by 2030, which also includes waste sent to incineration without energy recovery. By 2035, we aim to have 100 percent of our operational waste fully recovered (recycled or reused) – this is still under investigation.

In 2024, we remained at 99.2 percent of our total waste in operations being diverted from landfill compared to 2023. Here we see that the materials, chemicals, oils and other waste are the biggest waste streams going to landfill for our eight sites.

The data for 2024 shows an overall decline for our top two waste streams (i.e. metal and paper/cardboard) from 2023 to 2024.

This indicates that various initiatives explored and implemented by our sites continue to be successful in reducing waste, such as returnable packaging with suppliers, projects to reuse cardboard as a protective material for our spare parts, as well as reusing metal scraps to reduce paper/cardboard and metal waste streams.

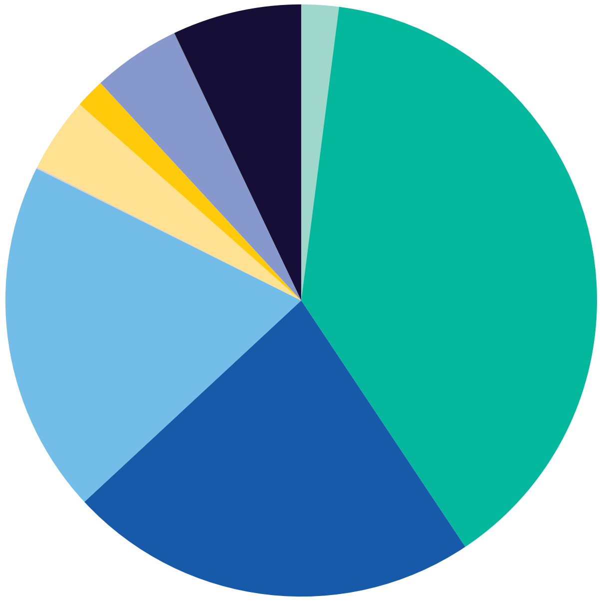
We continue to divide between hazardous and non-hazardous waste and the type of disposal and recovery operations. The ratio between hazardous and non-hazardous waste remained consistent with 2023. In 2024, our sites continued to implement their approaches to climbing up the waste ladder. These include, for example, implementing reusable wood pallets and working together with local waste management companies.

Our recycling efforts have increased concerning the total waste recycled in comparison to 2023, with an 86.3 percent recycling rate. Waste sent to landfill stayed constant to last year at 0.8% of total waste.

In 2025, we will focus on gaining the ‘zero waste to landfill’ certification and additional waste-reduction initiatives across our manufacturing operations. World Class Manufacturing will also support this reduction.

Our largest waste streams in operations

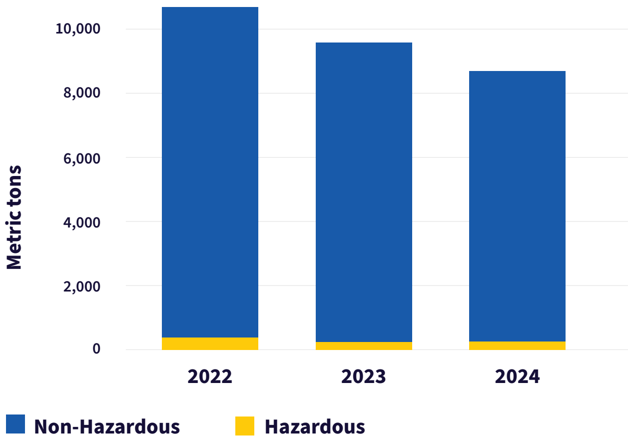
Electrical and electronic equipment	2%
Metals	39%
Paper and cardboard	22%
Wood	19%
Glass	0%
Chemicals and oils	4%
Plastics	2%
Mixed packaging	5%
Batteries	0%
Other waste	7%



Scope: 8 main regions included.

Ratio hazardous/non-hazardous

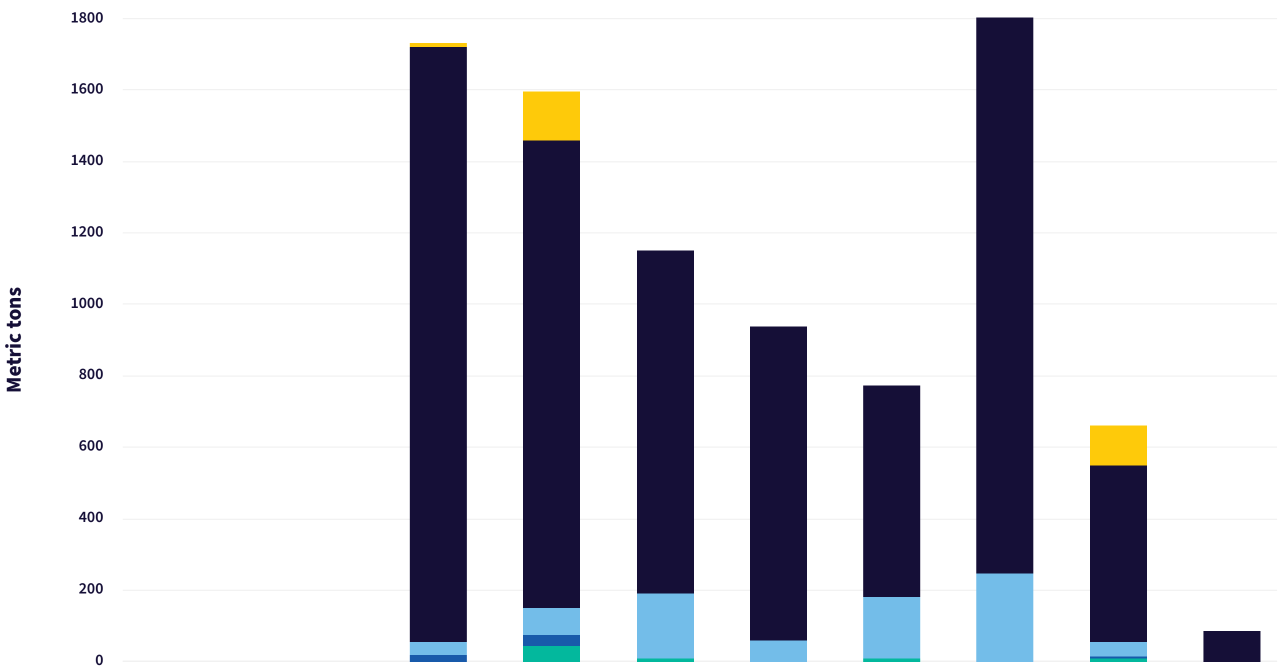
The ratio of hazardous/non-hazardous waste remained stable (3:97) compared to 2023.



Scope: 8 main regions included.

Waste from own operations (metric tons)	2019	2020	2021	2022	2023	2024
Prepared for reuse	N/A	N/A	N/A	433	418	258
Recycled	N/A	N/A	N/A	9140	8192	7532
Other recovery operation	8697	8495	9912	0	0	0
Incinerated (with energy recovery)	N/A	N/A	N/A	1017	858	813
Incinerated (without energy recovery)	N/A	N/A	N/A	69	90	55
Other disposal operation	1174	978	1009	0	0	0
Landfill	N/A	N/A	N/A	139	73	67
Total	**9,871**	**9,472**	**10,921**	**10,777**	**9,631**	**8,725**

2024 Performance on waste ladder per region



	UK & Ireland	France	Germany	Benelux	Iberia	Italy	Turkey	China
Prepared for re-use	10	134	0	0	0	0	113	0
Recycled	1666	1309	962	875	590	1555	492	82
Incinerated w. energy rec.	38	78	179	60	171	245	42	0
Incinerated w/o energy rec.	17	29	2	0	0	0	7	0
Landfilled	0	44	8	0	9	0	6	0

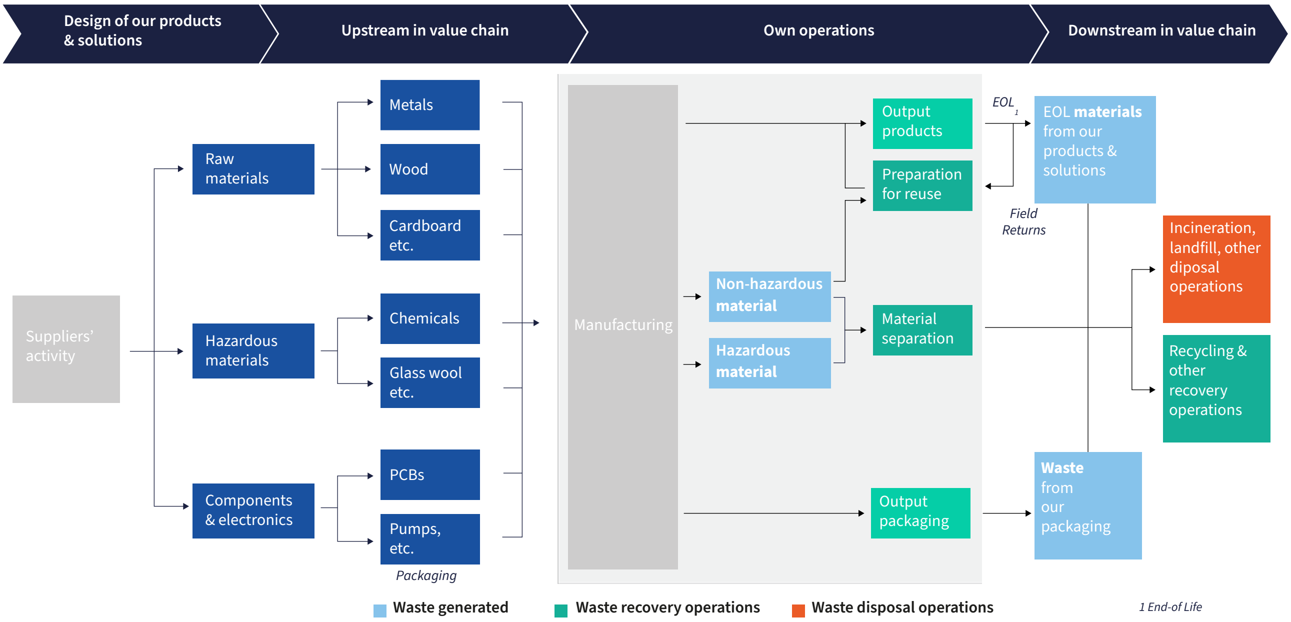
Scope: 8 main regions included.

Note: due to the continuous improvement of data gathering and reporting, the historical figures, including baseline, have been updated.

Removing filter cake from UK landfill

In 2024, the Health, Safety, Environment and Quality (HSEQ) team of Preston began working with a local hazardous waste company to divert filter cake waste from landfills.

Filter cake is a byproduct of the UK's cylinder pickling process, where acid rinse removes impurities from stainless-steel cylinders. The resulting high chromium filter cake is classified as hazardous waste. Until 2024, our UK site landfilled it due to limited disposal options. Working with a waste broker, the team found a solution to now treat and incinerate the waste without energy recovery. In the coming years, we will continue to explore new technologies with our local value chain to improve waste recovery.



Packaging in our value chain

Our second pillar under resource use & circularity is packaging, driven by evolving regulations such as the potential Expanded Polystyrene (EPS) ban in France by 2025, the Packaging & Packaging Waste Directive, deforestation and eco-design laws, as well as the strong commitment of our sustainability community in our operations and of our different external stakeholders.

In some markets our customers are keen on reducing packaging waste. Consequently, having run different local initiatives since 2021, we have developed a pathway towards more aligned sustainable decisions around our packaging improvements. We have continued to work on parallel projects throughout the company to improve our packaging, which has resulted in new packaging solutions for selected products.

Packaging actions

Mushroom-based packaging for our radiators
In Germany we successfully replaced the EPS packaging for some of our radiators with a mushroom-based packaging alternative which came onto the market in early 2024. This packaging is made from mycelium and local agricultural waste such as hemp fibres and can also naturally decompose. Now, we are monitoring and learning from this experience to potentially explore similar solutions for other products in the future.

Cardboard/pulp packaging alternatives across our business
In 2024, various R&D teams across our business continued to explore cardboard and/or pulp protection as a replacement for EPS, for both product and spares packaging. For example, Q-Advanced has incorporated cardboard protection solutions and other product ranges, and is exploring substituting EPS wedges with pulp alternatives as well as transitioning from virgin to recycled plastic wrap.

Packaging developments beyond material choices
Throughout 2024 our team in Apeldoorn continued to focus on enhancing packaging efficiency for our Q-Advanced commercial boiler. The redesigned front cover allowed for a 20 percent reduction in cardboard packaging weight, enabling the potential transportation of twice the number of boilers per truck. Additionally, the Q-Advanced is now packed in a non-branded box, saving storage space at the production line and reducing ink usage, while the design eliminates the need for glue. Lastly, dry testing has enabled the removal of PE protection caps, which will be implemented in the near future. This project also contributed to spreading awareness across R&D departments around packaging improvements beyond material choices.

Fortes Energy Systems - reducing packaging waste
Fortes Energy Systems was acquired by our organisation in 2023 and specialises in heat and cold networks. Fortes is strongly driven by its local Dutch market and strives to keep its packaging simple and only use packaging when necessary. This also includes providing documentation in QR-code form and reusing own carton waste via a paper press.

Products & materials in our value chain

Our third pillar for resource use & circular economy focuses on our products and materials, driven mainly by our impacts, risks and opportunities (see introduction) as well as the evolving regulatory landscape (e.g. Critical Raw Materials Act, Eco-design, CSDDD). Our LCAs (DDTH-00016-V01.01) show us that metals account for around 60-80 percent of our product weight and therefore make up our biggest material impact. Consequently, in 2024, our eco-design working group and representatives from our different business units continued to explore how we can reduce the environmental impact of our products from a design perspective.

Our LCAs provide us with preliminary insights into the different types of materials used, consisting predominantly of metals (such as steel, aluminum and copper) followed by plastics. The weight and recycled content of these material types is product- and supplier-specific, which provides a challenge for quantifying our exact metal inflows, recycled content and outflows. Below is an example of a breakdown of materials from one of our boiler categories.

B-Basic Boiler

	Metals (kg)	Plastic (kg)	Other (kg)	
Total (kg)	22,826	7,011	3,706	33,543
Ratio	68.05%	20.90%	11.05%	100%

Resource inflows

Our R&D teams are investigating transitioning from 100 percent virgin materials to incorporating recycled content in key product components. For this, they are currently working with our suppliers to explore such innovations, which must also meet our product quality and aesthetics standards.

Resource outflows

We have also partnered with local universities in Spain and the Netherlands to explore applications of eco-design principles across our product portfolio. Working with universities helps us raise awareness and increase dialogue around the dilemmas of circularity in our business and products, involving the teams responsible.

For the durability of our products, we follow the products' reference lifetime and each specific product group provided in the product-specific rules (PSRs). Here the average lifetime is assumed to be 17 years for an individual boiler or heat pump and 22 years for a collective of boilers and/or heat pumps. The challenge involves the lack of standardisation of such rules across different countries. We hope to contribute to finding ways to standardise the rules, such as the PEP rules, across Europe.

The expected durability of the products placed on the market, in relation to the industry average for each product group (years):

Disclaimer: Non-exhaustive list of product categories	
Heat pumps	17 or 22
Hybrids	17 or 22
Hydrogen boilers	17 or 22
Thermal solar collectors	25
Ventilation in-/excluding heat recovery	17
Electric/thermal water heaters	17
Biomass boilers	17 or 22
Gas boilers	17 or 22
Oil boilers	17 or 22
Radiators	50
Storage tanks	22-25

www.pep-ecopassport.org//create-a-pep/produce-a-lca/

VSK reusable material

One team

We care about all our people. The diversity of our talent and collective ambition help us learn and grow.

Social

Our social responsibility at BDR Thermea Group manifests itself in a variety of internal and external programmes and initiatives that aim to support anyone who engages with us.

The results of our double materiality assessment confirmed the two material topics under ‘Social’ are 1) our own people, and 2) our customers. In the following chapter, we explore the impacts, risks and opportunities related to both of these. Regarding the BDR Thermea Group workforce this includes, among other things, health and safety, hiring and retaining fit-for-future talent, implementing new HR systems, making progress on diversity, equity and inclusion, and seeking employee feedback. Concerning customers, this includes, among other things, introducing uniform approaches to engage with customers and supporting installers to prepare for the energy transition.

Our people

The foundation of our approach to our own people is led and supported by our first DMA (see ‘Our double materiality assessment’ under ‘General Disclosures’ for the methodology, assumptions and tools applied), where we have identified the main impacts, risks, and opportunities.

Own operations

BDR Therma Group ensures a safe and secure working environment for its global employees, whether they work at manufacturing sites, offices, training centres or elsewhere. We prioritise their physical, mental and emotional wellbeing by, for example, implementing strict health & safety protocols, ensuring support systems are in place, providing recognition programmes, while also ensuring fairness and equal compensation and opportunities.

As a global organisation, we recognise that diversity, equality and inclusion (DE&I) impact employee wellbeing as well as our operational effectiveness. As such, DE&I is promoted across the organisation through our policies, practices, culture, operations, and business relationships.

The implementation of Strategy 2030 will involve various change processes across the company. Training and development play a critical role in maintaining a competent and motivated workforce. Looking ahead, we are committed to improving our programmes to better support our employees.

We recognise the risk in not attracting and retaining talent, especially in areas such as the energy transition and digitalisation, both crucial for maintaining our competitiveness. However, we also see the opportunity to become an employer of choice by fostering an inclusive and innovative culture aligned with the energy transition. This should enhance morale and prepare our people for evolving market demands.

HR vision and mission

The BDR Thermea Group HR vision is to ensure employees feel safe, heard and included. We foster an environment where we empower, enable and engage with our people, and seek to truly live our culture and values. Our HR mission is to strive to be an employer of choice and be recognised as a ‘great place to work’.

Working at BDR Thermea Group means being part of an international, innovative and fast-moving community; a place where colleagues can learn, develop and grow.

Our HR team works to deliver solutions that enable and support our people to actively contribute to the business and its growth. We have been working to evolve our people function and create one global HR team, supported by the appropriate technology, processes and solutions.

Specific areas of focus for 2024 have included leadership development, implementing our Employee Listening Programme (including bi-annual surveys), embedding a new performance management system to evaluate performance and potential; and strengthening our talent and change management capabilities.

Strengthening total rewards

In 2024, with a focus on building on the basics, BDR Thermea Group strengthened its total rewards in a number of different ways, such as:

- implementing a global job framework
- introducing a new global performance management process
- designing a new long-term incentive plan to retain top talent
- introducing a new global car and mobility policy, and
- improving the employee experience with a focus on employee-centric communications.

Job Architecture Programme
This year, a global job framework was introduced: a foundation for effective workforce management and development. It has taken transparency and consistency across BDR Thermea Group to the next level, paving the way for transparent career paths and competency building. The framework was created as part of a multi-year Job Architecture Programme, providing a critical foundation for many people-related processes, supporting our mission to be an employer of choice and to be recognised as a 'great place to work'. Managers were trained to understand and explain the value of the programme.

Positions across all functions, BDUs and regions are now aligned, and 2,000 different job titles have been reduced to 180 global reference job profiles. Every BDR Thermea Group employee has been matched to a global reference job profile that aligns with at least 60 percent of the purpose, core responsibility and nature of their job.

Diversity, Equity & Inclusion

There are many aspects of DE&I that matter to BDR Thermea Group, including, but not limited to, gender, age, ethnic background, sexual orientation, disability, and education. Fostering and maintaining a diverse, equitable and inclusive workplace is key to helping our people offer their best, most authentic contribution. It is also integral to the company's strategic priorities and ambition to become an employer of choice.

Gender diversity policy
In line with Section 2:276 par. 2 and 3 of the Dutch Civil Code, the Supervisory Board (SB) has adopted the following gender diversity policy for the composition of the company's SB and Management Board (MB). The SB will nominate SB candidates for appointment to the shareholder in accordance with this policy and will apply it when searching for new MB members.

The MB will also apply this policy to the Group Leadership Team (GLT). For the purposes of this policy, the GLT consists of the managing directors of countries, BDU directors and Group functional directors. The criteria in this policy aim to ensure that the SB, the MB and the GLT have sufficient gender diversity. Regarding the above, BDR Thermea Group seeks to fill vacancies based on merit, by considering candidates that bring a diversity of, among other aspects, age, gender, and educational and professional backgrounds.

For 2023 and 2024:
› The SB adopted the target that the SB and the MB comprise at least 35 percent male and at least 35 percent female members.
› The MB adopted the target for the GLT to consist of at least 25 percent female and at least 25 percent male members.
› The aim for hiring processes is to have two final candidates of both genders and, in cases of equal qualification, for preference to be given to the gender that is not yet at the targeted level. The results and gaps versus the targets will be reviewed annually.

Results
The results of the year under review show the following compositions apply:
› The Supervisory Board started the year with two female and three male members and ended the year with the same composition. The 2024 target was therefore met.
› The Management Board started the year with three male and two female members and ended the year with four male members and one female member. The 2024 target was therefore not met.
› The Group Leadership Team (excluding Management Board) started the year with 16 male and four female members, and ended the year with 17 male and five female members, therefore not meeting the target.

KPI % of women in senior management

2024	25.2%
2023	27.8%

We are working to further improve succession planning at all levels of the organisation with internal (female) talent going forward.

Embedding culture, values and DE&I
Our values of customer focus, one team, and sustainable future define us as a company. They guide our behaviour and decision-making, shape our culture and are enablers for our strategic projects. We continued efforts to ensure everyone working at BDR Thermea Group feels included, engaged and lives our values every day, guided by our global diversity, equity and inclusion policy.

2024 highlights
› **594** colleagues participated in our online diversity awareness programme
› We commemorated International Women's Day in **all** our operating companies
› **49** Global Values Week sessions took place across the business
› Global Change Framework online training offered in **8** different languages

Equity focus

At BDR Thermea Group, equity means actively creating an environment where every employee has equal opportunities to thrive, grow, and contribute to their fullest potential, regardless of their background, identity, or circumstances. Our commitment to equity is rooted in the belief that diverse perspectives and experiences are essential to driving innovation and achieving our mission of leading the global shift towards sustainable energy solutions.

Equity at BDR Thermea encompasses:

1. equal access to career development opportunities, training, and resources
2. transparent and unbiased promotion and advancement processes
3. inclusive decision-making that considers diverse viewpoints
4. ongoing evaluation and improvement of our policies and practices to ensure they support equity
5. fair compensation and benefits that reflect the value each employee brings to our company.

Our approach is proactive and dynamic. We do not wait for issues to arise or regulations to change; instead, we constantly seek ways to enhance our equity practices.

Importance of equity to our values and culture

At BDR Thermea Group, equity is not a policy; it is a fundamental expression of our core values and essential component of our organisational culture. Our commitment to equity aligns seamlessly with our three key values:

- **Customer focus**
  By monitoring fair and equitable career development opportunities and compensation for all our employees, we empower them to deliver exceptional service to our customers.

- **One team**
  Equity reinforces our ‘one team’ philosophy by fostering a sense of unity and shared purpose across our global workforce. It demonstrates that we value each team member’s contribution equally, regardless of their background or position.

- **Sustainable future**
  Our commitment to equity is an integral part of our broader sustainability goals. Just as we strive to develop sustainable energy solutions, we also aim to create a sustainable work environment where all employees can thrive.

Our equity initiatives are closely tied to our Diversity, Equity & Inclusion (DE&I) efforts and remain a continued focus of our work in 2025.

Listening to our people

Our global employee engagement surveys benefit from high participation rates, allowing us to identify areas for improvement and priorities, which we back up with rigorous efforts to follow up and action plan. In 2024, activity focused on supporting colleagues to truly live our values and to strengthen communications with, and better enable, our people managers. Employee engagement improved via enablement of people managers, rigorous follow up and action planning.

Our commitment to equity and continued efforts to create an inclusive and fair workplace are reflected in the experiences shared by our employees. For example, female employees shared they feel a strong sense of equity across a number of areas, including:
› freedom of opinions
› recognition
› rewards
› inclusiveness
› health and wellbeing
› 'one team' culture

We monitor employee engagement, seek feedback, and refine our practices to ensure all employees, regardless of gender or any other characteristic, experience the same high level of equity across all aspects of their work life with us. We continue to listen to our employees on a regular basis to make BDR Thermea an even more attractive place to work and to achieve our ambition of becoming an employer of choice.

Health & Safety

At BDR Thermea, safety matters and we are committed to achieving zero harm, ensuring that every employee goes home safely at the end of each workday. This goal can only be reached through a unified approach, encompassing equipment safety, reporting tools, procedures, training, and, most importantly, the fostering of a shared responsibility for safety.

This year, the company analysed Lost Time Incidents (LTI) and Lost Time Incident Rate (LTIR) to better understand root causes of incidents that caused employees to miss work, identify areas for improvement, and reduce, and work to prevent, such incidents.

Although we reduced the number of LTIs compared to the previous year, 38 colleagues were regrettably injured in work accidents in 2024, which is above our goal of 33.

KPI: Lost Time Injuries (LTI)

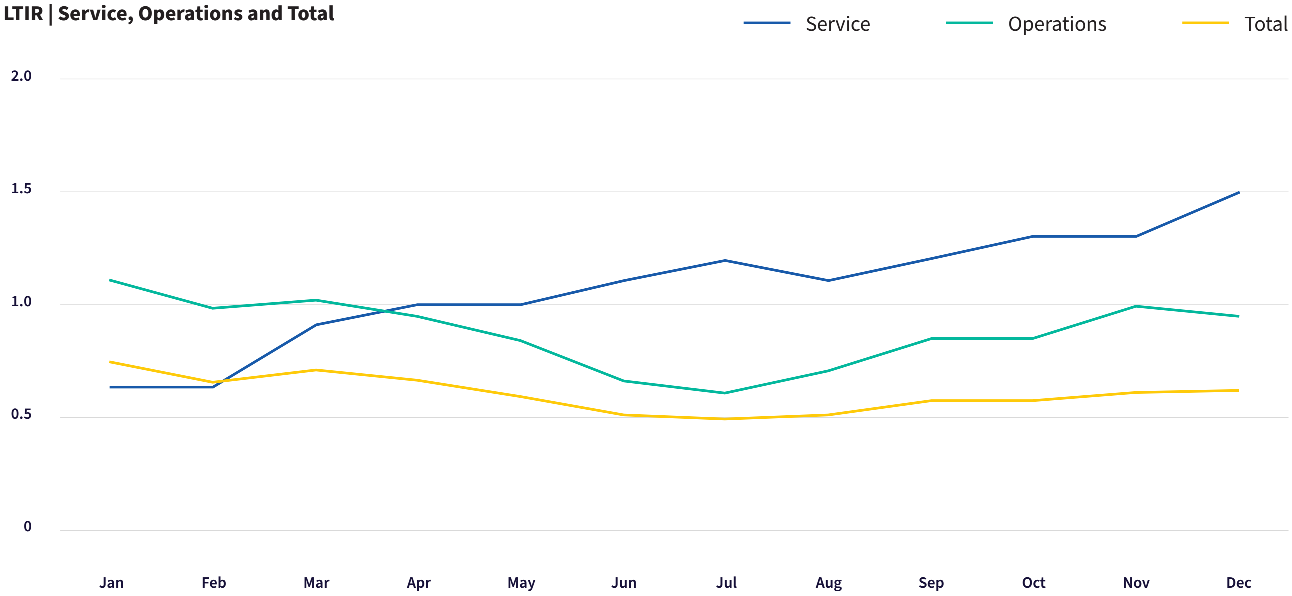
LTI 2022 FY	LTI 2023 FY	LTI 2024 FY	LTI target 2024
48	50	38	33

KPI: Lost Time Injury Rate (LTIR)

LTIR 2022 FY	LTIR 2023 FY	LTIR 2024 FY	LTIR target 2024
0.8	0.8	0.6	0.6

Lost Time Injury Rate (LTIR): represents the number of LTIs relative to 100 employees working 50 weeks or approximately one year.

LTIR | Service, Operations and Total



42 percent of lost time incidents happened in our service department, 37 percent in manufacturing and 21 percent during logistics operations.

Action taken in 2024
950 dedicated BDR Thermea technicians complete over 3,000 jobs every day, travelling more than 100,000km to ensure our products work well for customers. Technician safety is crucial, and this year we produced a series of videos to help them spot and stop hazards they may face while working, further reinforcing our #SafetyFirst mindset. Service and Health & Safety teams have collaborated across countries to create these videos, which share optimal safety practices, and emphasise the importance of working as one team. We encourage our people to use and share these resources with colleagues.

Driving our Strategy 2030 forward

Supporting the successful delivery of BDR Thermea's Strategy 2030 will be key in the year ahead; ensuring we have the right people in the right places, with the right skillset to support, lead and manage transformation.

Continuing to foster our values-driven culture will be key, as will listening to our people through BDR Thermea's Employee Listening Programme, taking the next important steps in our Global Job Architecture programme, investing in leadership development, achieving a unified talent strategy and further streamlining our processes, cultivating a culture of excellence that directly supports our business growth goals.

Our customers

The foundation of our approach to responsibility towards customers is led and supported by our first DMA (see 'Our double materiality assessment process' under 'General Disclosures' for the methodology, assumptions, and tools applied), through which we have identified the main impacts, risks, and opportunities.

Own operations and downstream
BDR Thermea Group takes responsibility for ensuring the quality, safety and environmental impact of its products, from production to installation.

Our customers range from project developers to individual homeowners and we serve a range of customers in the commercial and residential segments. We are committed to helping them move to more sustainable heating solutions. They need to have realistic, affordable and accessible options that suit their specific circumstances and budgets.

Customer insights

Each customer journey is unique and understanding these is crucial to ensuring that customers remain central to everything we do, and that we continue to develop and improve our offering.

To gain a better understanding of our customers' perspectives, in 2022 we began a relational Net Promoter Score (rNPS) Installer programme in 13 countries. The results enable BDR Thermea Group to measure how loyal customers are to the company's brands and calculate the value of that loyalty. We ask installers to share details about their day-to-day work, including how many products they install, and if they are just installing or undertaking maintenance too. We also check competition on priority products and see which brand an installer may favour.

In 2024, we conducted our third NPS survey and our overall score was consistent with previous years – 54 – again surpassing our target of 50.

Our overall rNPS score

2022	2023	2024
54	55	54

Governance

As BDR Thermea undergoes organisational change and adapts to developing sector trends, good governance is vital to ensuring the company remains stable and successful in the short, medium and long term. Our double materiality assessment showed us that ‘business conduct & values’ is a material topic under Governance, and in the following chapter, we expand on how we seek to act responsibly and ethically, such as through our Code of Conduct and Whistleblowing Policy. We also explain how we engage with policymakers and industry associations.

Being a responsible business partner is reflected in everything we do. The foundation of our approach to ‘business conduct and corporate culture’ is guided and supported by our DMA (see ‘Our double materiality assessment process’ under ‘General Disclosures’ for the methodology, assumptions, and tools applied), through which we have identified the main impacts, risks, and opportunities. Governance also incorporates our approach to managing risk and compliance, with key focus areas such as strategic risk, operational risk and compliance risk, among others.

Business conduct and corporate culture: our strategy

At BDR Thermea, our approach to business conduct and corporate culture encompasses ethics, integrity, whistleblower protection, and regulatory compliance. These principles are fundamental to who we are. They reflect our core values and play a critical role in safeguarding us from financial risks such as fines, legal liabilities, and reputational damage. By handling these responsibilities with care, we uphold trust and transparency, which are key to mitigating risks and promoting ethical behaviour in every aspect of our operations.

Code of Conduct

Acting ethically and with real integrity is essential to achieving our objectives. Our Global Code of Conduct outlines what we expect from everyone working for and with BDR Thermea Group, emphasising our values and responsibilities to our people, partners, and shareholders. It reflects our commitment to the UN Global Compact “10 Principles” and includes an ethical decision-making model and guidance on individual conduct in the areas of human rights, ethics, labour, and environment. The Code also explains the process for raising concerns through our Whistleblowing Policy.

BDR Thermea Group’s strategy for upholding business conduct is grounded in the principles outlined in its Global Code of Conduct. This comprehensive framework ensures ethical behaviour and fosters a positive corporate culture across the Group. The Code reinforces our commitment to transparency, accountability, and a safe workplace, guiding actions and interactions at every level.

To support this framework, the company has implemented targeted policies, processes, and governance structures to address critical issues such as undesirable behaviour, labour disputes, complaints, whistleblowing, corruption, bribery, and organisational misconduct. Key measures include:

- Dedicated committees and secure channels for raising concerns.
- A culture of openness where everyone feels encouraged to speak up.
- Swift and appropriate responses to all reports.

BDR Thermea Group has an opportunity to continue to strengthen its role as a responsible business partner by fostering ethical relationships and business practises within its value chain. As such, in the coming years, we will continue to enhance the transparency of our value chain activities as well as reinforce our commitment to building a strong ethical foundation in our business relationships. Together, these efforts underscore our strategic commitment to ethical business practices, fostering trust within our organisation and with external stakeholders.

Whistleblowing Policy

Our Code of Conduct explains the process for raising concerns through our Whistleblowing Policy. This policy enables employees and others to submit anonymous reports. This process ensures the best possible protection of the legitimate interests of those involved while providing a clear and secure pathway for reporting potential wrongdoing. Reports can be made via a secure reporting portal, which allows the company to assess and address misconduct promptly, minimising harm and preventing further issues. By reporting suspected misconduct, individuals contribute to maintaining ethical standards and may help prevent harm to others.

Political engagement

Since 20 August 2024, BDR Thermea has been registered in the EU Transparency Register under registration number 462815293102-33. This registration ensures that all relevant information regarding the company's lobbying activities is publicly accessible online and that its representatives adhere to the EU Code of Conduct when engaging with EU institutions.

As disclosed in the EU Transparency Register, BDR Thermea Group's Head of Government Relations is responsible for managing the company's EU relations. BDR Thermea Group has not made any financial or in-kind political contributions, either directly or indirectly. Our lobbying efforts primarily focus on two key areas: energy and the environment. Examples of significant EU legislative policies we engage with include the Energy Performance of Buildings Directive, Ecodesign and Energy Labelling regulations, the F-Gas Regulation, and others. These lobbying activities are conducted either directly with EU policymakers or through industry associations to which BDR Thermea belongs, such as, among others, EHI (European Heating Industry) and EHPA (European Heat Pump Association). The positions we advocate in our lobbying activities align closely with the company's mission to bring a sustainable future closer through smart indoor solutions. We are deeply committed to advancing the energy transition and believe that all technologies should have a role in achieving this goal.

Responsible procurement

BDR Thermea Group's Procurement function is dedicated to fostering strategic, long-term relationships with Tier-1 suppliers while minimising the number of tail suppliers. We manage over 250 main commodities for both direct and indirect purchasing, ensuring a diverse range of components and services. BDR Thermea prioritises the highest spend categories to establish a preferred supplier list which serves as a framework for our buyers.

Consequently, we have streamlined our focus to 92 suppliers, covering 26 main commodities, for prioritised business development. Inclusion in this preferred supplier list requires – among other things – having a group contract (Master Supply Agreement) signed, and complying with requirements from EcoVadis, our CSR rating partner. This underlines BDR Thermea's commitment to challenging our supply base and achieving mutual benefits. For suppliers struggling to meet our criteria, we implement corrective action plans on EcoVadis to guide them towards better performance. EcoVadis assesses the performance of our primary suppliers across four key themes: Environment, Ethics, Labour/Human Rights, and Sustainable Procurement.

In 2024, the company also developed a new Sustainable Procurement strategic plan outlining the roadmap for the next three years. This plan aims to:

› reduce greenhouse gas emissions and waste
› ensure compliance with various ESG regulations
› enhance sourcing processes and strategies.

Additionally, BDR Thermea Group has a supplier risk system in place which classifies each supplier into a risk profile. This assessment is used to develop contingency action plans to mitigate risks associated with our supply chain, such as material shortages or supply chain disruptions.

Risk management and compliance

BDR Thermea's efforts around governance include how the company manages risks and compliance. While accepting a certain level of risk is required to achieve strategic objectives and financial targets, BDR Thermea Group manages risks prudently. This prudent attitude is determined by our strategy, values, Code of Conduct, global policies, and procedures.

Our risk management activities in 2024 aligned with the execution of our strategy. The risk appetite statement is adopted by management at different levels of the company.

BDR Thermea Group focuses on promoting and maintaining compliance with national/international regulations, standards, and internal rules, and reducing the risk of fraudulent activities. Our compliance programme is guided by our Code of Conduct. Through compliance we aim to safeguard the integrity of our organisation, protect the Management Board and employees, and avoid legal and regulatory penalties, material financial loss and reputational damage to the company.

As part of BDR Thermea Group's compliance programme, mandatory training on 'Business Ethics and Conduct' will be implemented in 2025. The training will include fraud awareness. Fraud risks are taken into consideration in our risk identification processes and internal controls. As an internationally operating company, we have unfortunately experienced some fraud incidents. Although the financial impact of these fraud incidents is limited, we have investigated them rigorously and taken disciplinary action where necessary. We have zero tolerance for fraudulent or dishonest activities.

Our approach to managing risk and compliance

The Management Board is ultimately responsible for risk management and compliance within the company and is accountable for this to the Supervisory Board. The Management Board is supported by the Group Risk and Compliance Manager. The Supervisory Board, through the Internal Audit Committee, regularly discusses management control with Management Board members, including the main risks to the company and the results of operational audits.

BDR Thermea Group uses the ‘three lines of defence’ model to implement and monitor its management control system:

1. **First line of defence**
   Line management is responsible for managing both strategic and operational risks within their own processes that could potentially threaten company objectives.

2. **Second line of defence**
   The second line is formed by departments that support and advise the first line. To strengthen the second-line function, we have continued to work closely with local SPOCs (single points of contact) in the local markets.

3. **Third line of defence**
   Internal Audit assesses how effectively the risk management and control system operates by means of operational audits, and reports its findings to the Audit Committee of the Supervisory Board.

Risk categories

The company categorises risks into the following key areas:

› Strategic
› Operational
› Health & safety (More detail can be found in ‘Social’)
› Financial compliance & regulatory
› Information security
› Sustainability (More detail can be found in ‘Environment’ and ‘Social’)

Strategic risks
At BDR Thermea Group, we are at the heart of the energy transition with a long-standing reputation as leader in the heating industry, recognised for our strong brands and innovative heating solutions. To successfully deliver on our new Strategy 2030, introduced in late 2024, we look to manage associated risks, such as a shortage of talent or adequately embedding new ways of working.

Operational risks
Disruption in our supply chain could mean that we are unable to execute our strategic plans, resulting in increased costs and/or increased inventory levels. Additionally, failure to effectively execute our goals of simplifying our organisation and manufacturing model could result in a reduced speed of decision-making and delivery, reduced clarity on accountability and higher costs.

Health and Safety risks
BDR Thermea Group emphasises a culture of safety to minimise health and safety risks. This safety culture is a key element in our strategy. It includes many different aspects, like improving skills and knowledge, training, and introducing procedures and standards. We will lead by example, showing commitment to grow in our safety awareness from all layers of our organisation, starting at the top.

Financial risks

Currency and interest risks
BDR Thermea Group’s non-euro operations constituted approximately 48 percent (2023: 42 percent) of consolidated net revenue in 2024. Currencies that have the largest impact on our consolidated income statement and balance sheet include the Turkish lira, the British pound and the Polish zloty.

As we report in euros, our operating results and other items in our Group income statement can be affected by movements versus the euro in the currencies of non-euro countries where we operate. We do not hedge the currency exposure of expected non-euro results or operating cash flow.

Currency movements can also affect the value of our assets, liabilities, equity and related balance sheet ratios. Translation differences in equity are not hedged, but the impact of possible currency movements on assets is mitigated by financing through debt in corresponding non-euro currencies.

BDR Thermea Group also has currency risk exposure on trading transactions as, in several cases, components and products are purchased and sold in different currencies.

The Group’s exposure to the risk of changes in market interest rates relates primarily to our non-current portion of external borrowings with floating interest rates. BDR Thermea Group aims to have part of the non-current portion of external borrowings at fixed interest rates, mainly by using interest rate swaps. At the end of 2024, none of our net external debt was structured as debt at fixed interest rates.

We monitor interest rate developments, to enable the Group to act if needed. An increase or decrease of 0.1 percent in market interest rates would result in a decrease or increase in profit before tax of approximately €0.6 million on an annual basis. On top of the interbank offered rates, we pay an interest spread determined by the level of total net debt divided by EBITDA.

For a description of the financial instruments and risk management, please refer to the relevant paragraph in the Notes to the consolidated financial statements.

Risks related to pension plans
BDR Thermea Group is involved in a number of defined benefit pension plans, the largest of which covers the majority of our employees in the United Kingdom, which at year-end 2024 showed a funding

surplus. Our pension plan assets principally consist of long-term debt instruments, equity instruments and investment funds. Future market developments may affect assets of our defined benefit pension plans and the plans' compliance with mandatory coverage ratios, causing higher pension charges, pension premiums and contributions payable. In addition, defined benefit pension plans are sensitive to interest rates, price inflation and other actuarial risks. Future adverse developments in these areas may require us to make significant contributions.

Risks related to debt financing
In certain circumstances, the impact of BDR Thermea Group's operational gearing could possibly lead to a default situation in our financial facilities, as declining EBITDA might lead to a situation where the related covenant ratios can no longer be met. This could potentially result in BDR Thermea Group having to repay debt before its originally scheduled maturity.

We manage this risk by targeting our key covenant ratios, such as net financial debt divided by EBITDA, as well as the interest cover ratio, to remain at levels that allow for reasonable levels of adverse fluctuations in the components of these covenant ratios.

Financial reporting and position risks
We are averse to any risk that could jeopardise the integrity of our financial statements. Besides employing trained professionals, we have effective control frameworks in place to minimise the risk of material misstatements and errors in our financial statements.

Compliance and regulatory risks
We continue to monitor potential adverse changes in regulations or further scrutiny by regulatory authorities. We strive to comply with all applicable laws and regulations wherever we do business. We have zero tolerance for fraudulent or dishonest activities.

Information security risks
An external attack (i.e., malware, ransomware or vulnerability hack) could cause widespread service disruptions, or corrupt and extract data, leading to a breach of confidential customer and/or commercial data or long-term outages. BDR Thermea Group has not been adversely affected in this area. We continue to invest in monitoring and raising awareness among employees.

Risk management tools

BDR Thermea Group uses several tools to identify and manage its risks:

1. **Top10 Risk Analysis (Top10)**
   The Top10 annually analyses the most important opportunities and risks associated with our strategic objectives. Transcending business units and local entities, the Top10 looks at risks on the medium- to long term and is an integral part of BDR Thermea Group's strategic plan.

2. **Entity Risk Analysis (ERA)**
   The most relevant risks for local entities are specified in the ERA. As well as corporate risks, this analysis consists of risks that apply to the individual local entities on the short- to medium term. This is an integral part of the local entities business plans.

3. **Operational risks & strategic risks**
   Climate risks are taken into consideration in our risk identification processes. Our planned assessment of climate and environmental risks has been postponed to 2025 in accordance with our CSRD journey timeline.

In operational, health & safety and compliance risks, we focus on prevention through correctly applying internal management controls. To manage these risks, we have adequate existing management processes and are continually looking to improve further. Regarding strategic risks, we focus on decision-making and strategic positioning with optimum resilience.

Internal Audit

The mission of Group Internal Audit is to provide independent assurance to the Supervisory Board and Management Board regarding the effectiveness of the company's system of internal controls. In doing so, Internal Audit aims to improve the company's operations through its systematic, transparent and risk-based approach to evaluating the effectiveness of control processes, risk management and compliance.

Internal Audit obtains its authority from the Supervisory Board and maintains its independence and objectivity by reporting to the Chair of the BDR Thermea Group Audit Committee, with a dual reporting line to the Chief Financial Officer.
Internal Audit accomplishes its mission through:
› Developing and executing a risk-based audit plan, which is subject to approval by the Audit Committee.
› Performing an independent assessment of the adequacy and effectiveness of controls over a given process.
› Agreeing relevant management actions to improve internal controls, risk management and governance.
› Reporting the results of its work to management and supplying a summary to the Audit Committee.
› Maintaining a competent audit team that is well trained, experienced and has sound business understanding.
› Applying a rigorous quality assurance process to all its work and deliverables.

In control statement

The Management Board is responsible for designing, implementing and operating the Group's risk management and internal control systems. These comprise our Code of Conduct, policies, processes, tasks, values, behaviours and other aspects of the Group. Taken together, these help us to achieve our objectives and prevent or ensure early identification of potential material errors and losses and misrepresentation of circumstances.

Our risk management and internal control systems are designed to mitigate risks and make our corporate processes more reliable. While these systems significantly contribute to achieving our corporate objectives and compliance with laws and regulations, they cannot guarantee absolute assurance against material errors, losses, fraud, or legal breaches.

Given the constraints outlined above, our risk management and internal control systems provide a high level of assurance that our financial reporting is free from material misstatements. We have observed no evidence to suggest that these systems were ineffective in 2024, nor do we have any current concerns regarding their performance in 2025. The above-mentioned risk management and internal control systems also provide insight into the extent to which strategic and operational objectives are achieved, and laws and regulations are complied with.

Outlook 2025

Although there has been a temporary slow-down in the pace of the energy transition in recent years, the longer-term challenge and importance of reducing carbon emissions remain invariably big. The energy transition is expected to gather speed again in the long run, with the European heat pump market expected to show the first signs of recovery in 2025. The aggregate boiler market is expected to stabilise in 2025, after two consecutive years of decline.

BDR Thermea Group expects to take advantage of its complete portfolio to satisfy market demand and to grow sales in 2025. We expect to see the first results of our 'Focus. Perform. Transform.' strategy. We will start production at our new factory in Vranov nad Topl'ou, Slovakia, which gives us more flexibility in producing heat pumps and hot water tanks. We will focus on driving progress on several other projects that improve our cost competitiveness and optimise our assets.

We continue to invest in new products, services and the rollout of our IT roadmaps in the countries where we operate. Connectivity of our products and digital tools will allow us to better serve our customers and improve the energy performance of our offering.

Overall, we expect to grow operating profit and operating cash flow, allowing us to invest in our company and in our strategy.

Sustainability will be of crucial importance to BDR Thermea Group's strategy and business operations, contributing to the acceleration of the energy transition.

The number of employees at BDR Thermea Group is expected to remain stable in 2025.

As we enter 2025, we look forward to further implementing our strategy and to enabling the energy transition, together with our customers.

Apeldoorn, 20 March 2025

Tjarko Bouman (Chief Executive Officer)
Ronald Eikelenboom (Chief Financial Officer)
Peter Snel (Chief Technology Officer)
Lúcia de Lima Veiga-Ermida Moretti (Chief Commercial Officer)
Luigi La Morgia (Chief Operations Officer)

Report of the **Supervisory Board**

The Supervisory Board hereby presents the Annual Report 2024, as prepared by the Management Board, incorporating the financial statements signed by the Management Board and Supervisory Board. The financial statements have been audited by PricewaterhouseCoopers Accountants N.V. and were discussed by the independent auditor with the Management Board and subsequently with the Audit Committee and Supervisory Board. The unqualified independent auditor's report is included in the 'Other information' section of this Annual Report.

The Management Board will present the 2024 financial statements to the Annual General Meeting. The Supervisory Board proposes that the General Meeting adopts these financial statements as well as the appropriation of the result over 2024 included therein and grants discharge from liability to the members of the Management Board and to the members of the Supervisory Board for the performance of their duties.

Composition of the Supervisory Board

In the year under review, the Supervisory Board had five members: Mr M.J.C. de Jong (Chairman), Mrs J.W. van der Vlist-Verdel, Mr N.G.H. Lange, Mr J.A. Fischer and Mrs C.C.J.M. Fluit.

Composition of the Management Board

In the year under review, the Management Board consisted of four members until 1 February 2024: Mrs Wielinga (Chief Financial Officer), Mr Snel (Chief Technology Officer), Mrs de Lima Veiga-Ermida Moretti (Chief Commercial Officer) and Mr La Morgia (Chief Operational Officer). Mr Tjarko Bouman joined the MB on 1 February 2024 as Chief Executive Officer and as a fifth member. On 24 April 2024 Mrs Wielinga stepped down. We express our gratitude for her service and dedication. On 1 October 2024 Mr Ronald Eikelenboom joined the MB as Chief Financial Officer, thus completing the MB.

Gender diversity

Gender diversity has been, and will continue to be, explicitly considered in the selection of new Supervisory Board and Management Board members. In the Report of the Management Board, a separate paragraph is dedicated to this subject.

Supervision

In the fulfilment of its task, the Supervisory Board safeguards the interests of the company, taking into consideration the fair interest of all stakeholders concerned. In 2024, the Supervisory Board held 11 meetings with the Management Board. On regular occasions, country, business or functional managers were invited to discuss pending business matters. Generally, at the beginning or end of these meetings, or separately, the Supervisory Board met alone, to discuss its composition and functioning, as well as other company matters such as the performance of the Management Board.

The Supervisory Board meeting was combined on one occasion with a visit to one of the major sites.

The Supervisory Board Chairman regularly held informal talks with the Management Board, especially with the Chief Executive Officer. During their joint meetings, the Supervisory Board and Management Board specifically discussed the Group Strategy 2030. Information on this is included in the Strategy update section of the Report of the Management Board.

Particular attention was paid to market developments. In 2024, the market demand for boilers in Western Europe declined contrary to what was expected. Consumers postponed home HVAC investment decisions due to uncertainty around the economy and future regulations, in part due to the multiple elections that took place in the year under review at a national and European level. The commercial market was down by several factors, including less attractive subsidies and tightening governmental budgets. The overall heat pump market in Western Europe decreased by 33 percent in 2024, around 350,000 units, largely due to changing government policies. The developments are different across our individual core countries. These trends had a negative influence on the Company's total performance.

Also on the agenda were the energy transition, ESG and the progress on CSRD, financing, market developments, the supply chain, operating performance, financial performance including results, competitiveness, mergers and acquisitions, partnerships, changes in regulations, innovation in products, services and systems, major capital investments and internal organisation, including human resources matters. Other subjects discussed were the corporate governance and risk exposure of the business, internal risk management, and risk and control systems.

The Supervisory Board discussed the functioning of the Supervisory Board, also in relation to governance, notably the interaction with the Management Board and the relationship with the Shareholder.

Corporate governance

The ultimate holding company of the Group is Remeha Group B.V., a private limited company ("the Company").

Since 1982, the Company has been fully-owned by BDR Thermea Shareholder Foundation. As sole shareholder, its board members take a long-term view of the company and its employees, with the main objective to safeguard the continuity of BDR Thermea Group as an international company with strong roots in the Netherlands.

Since the Company does not have a works council, the works council of Remeha B.V. is the competent works council for the above-mentioned purposes. For the Group, a European works council is in place.

The Company is a structure regime company (structuurvennootschap) and has a two-tier board.

The Management Board is charged with the management of the Company, subject to the restrictions contained in the articles of association of the Company. The Management Board is accountable to the Supervisory Board and the Shareholder for how it manages the Company. The Company has drawn up rules for the Management Board. Members of the Management Board are appointed by the Supervisory Board. Before the Supervisory Board appoints a new member, it notifies the Shareholder and the Works Council of its intention to do so. Currently the Management Board consists of five members.

The Management Board shall require the prior approval of the Supervisory Board for certain important resolutions, concerning among other things:
› the issue of shares in the Company;
› entry into long-term co-operations;
› acquisition of a participating interest in the capital of another company;
› major investments;
› a proposal to amend the articles of association of the Company.

The Supervisory Board supervises the policies pursued by the Management Board and the general course of affairs in the Company and business enterprise connected with it. The Supervisory Board also assists the Management Board by providing advice. The Supervisory Board shall be guided by the interests of the Company and all the key stakeholders of the business enterprise connected with it. The Supervisory Board has set up three separate committees: an Audit Committee, a Remuneration Committee and a Selection and Nomination Committee. The Supervisory Board has adopted a set of rules that govern decision-making by, and the functioning of, the Board. The Board has also drawn up rules for the committees. Members of the Supervisory Board are appointed by the Shareholder based on nominations by the Supervisory Board. The nominations are drawn up by the Supervisory Board after the Shareholder and the Works Council have been notified of the vacancy and have been given the opportunity to recommend individuals for nomination. One supervisory director is recommended by the Works Council on the basis of its enhanced right of recommendation. Currently the Supervisory Board consists of five members.

The main powers of the Company's Shareholder are as follows:
› the issuance of shares;
› the appointment of members of the Supervisory Board (upon the recommendation of the Supervisory Board, with the Works Council's enhanced right to nominate, if applicable);
› a vote of no confidence in the Supervisory Board;
› adoption of the annual accounts, including the appropriation of profit;
› the discharge of the Management Board and Supervisory Board;
› the appointment of the external accountant;
› the Management Board needs approval from the General Meeting for decisions regarding an important change of the identity or the character of the Company or its business;
› the adoption of the remuneration of the members of the Supervisory Board;
› amendment of the articles of association;
› dissolution of the Company;
› major acquisitions as prescribed by law.

Both the Management Board as a whole and the Supervisory Board as a whole have sufficient experience in the sectors, products and geographic locations of the Group.
The company's corporate governance policies were not changed in 2024.

Sustainability

The Management Board is responsible for sustainability topics, which are in the remit of the CFO. The sustainability manager reports into the CFO. The Supervisory Board, notably the Audit Committee, is consulted on major sustainability-related topics.

The Management Board and Supervisory Board are composed in such a way to ensure that sufficient expertise on sustainability is available. In addition, extensive external advice is being taken, especially in relation to becoming compliant with the relevant regulations on sustainability, including CSRD.

In the year under review, there was substantial effort put into developing further improvement actions on ESG, including the preparation on CSRD reporting, as further explained in the Sustainability statement section.

Supervisory Board committees

The Supervisory Board, while retaining overall responsibility, has formed three committees with the following composition at the end of the year under review:

- The Audit Committee, consisting of Mr Lange (chair), Mrs Van der Vlist-Verdel and Mr Fischer;
- The People and Remuneration Committee, consisting of Mrs Van der Vlist-Verdel (chair), Mr De Jong and Mrs Fluit;
- The Selection and Nomination Committee, consisting of Mr De Jong (chair), Mr Fischer and Mrs Fluit.

The main role of the committees is to analyse and prepare subjects within their respective areas of expertise and to report and make recommendations to the full Supervisory Board.

Audit Committee
The Audit Committee met four times in the presence of the Chief Financial Officer, the Group Finance and Control Director (or substitute), the Group Internal Audit, Risk and Compliance Director and the Group's independent auditor. The Audit Committee was kept updated on the progress of audit activities and the audit plan for 2024 was discussed and approved. Other topics on the agenda of the Audit Committee were the risk profile and the internal risk and control management, the financial performance including the annual results, IT security and cyber activities and the process of getting ready for the CSRD. The Audit Committee discussed the performance and independence of the external auditor.

Selection and Nomination Committee
The Selection and Nomination Committee met on a regular basis. The Committee regularly discussed the current and future composition of the Supervisory Board and the Management Board and the selection process for new members. The search and selection for a new Chief Financial Officer was successfully completed with the appointment of Mr Eikelenboom, effective 1 October 2024.

People and Remuneration Committee
The People and Remuneration Committee met on a regular basis. It discussed the structure, targets and achievements of the short-term and long-term incentive plans as well as the remuneration packages for Management Board members, organisational developments, diversity and inclusion, employee motivation, management development and succession planning.

Remuneration policy

The primary objective of the remuneration policy is to motivate, attract and retain qualified and experienced management. Remuneration is constructed so that it reflects strategic and financial objectives and is performance-oriented, with a good balance between short- and long-term results and objectives.

The remuneration package of the Management Board members consists of the following components:

- a fixed base salary;
- a short-term annual incentive expressed as a percentage of the annual base salary;
- a long-term incentive plan;
- pension contributions (where appropriate);
- other secondary benefits: a company car (where appropriate), health and travel insurance, devices and an expense allowance.

The level of remuneration is reviewed every two years and is aligned with external comparable benchmark data. The policy should ensure that competitiveness with the external market is maintained. The remuneration policy for senior management is determined annually by the Management Board. The basic principles of remuneration and the remuneration package are, in general, the same as those for the Management Board itself.

Appreciation

The Supervisory Board would like to express its appreciation to the Management Board and all employees of the Group for the action taken on redefining the strategy until 2030, helping us to remain strong as a key player in the energy transition, and for their dedication and success in 2024 under continuing challenging circumstances.

Apeldoorn, 20 March 2025

Mr M.J.C. de Jong
Chair

Mrs J.W. van der Vlist-Verdel

Mr N.G.H. Lange

Mr J.A. Fischer

Mrs C.C.J.M Fluit

2024 Consolidated financial statements

Remeha Group B.V.

Consolidated balance sheet as of 31 December 2024

Before appropriation of result / In thousands of €	Notes	31.12.2024	31.12.2023
Fixed assets			
Intangible fixed assets	1	571,105	618,745
Property, plant and equipment	2	241,576	228,935
Financial fixed assets	3	68,491	61,853
Retirement benefit assets	8	68,280	56,464
		949,452	**965,997**
Current assets			
Inventories	4	331,296	441,488
Receivables	5	382,738	416,954
Cash		215,745	181,345
		929,779	*1,039,787*
Current liabilities	6	*(656,961)*	*(733,732)*
Current assets less current liabilities		**272,818**	**306,055**
Total assets less current liabilities		**1,222,270**	**1,272,052**
Long-term liabilities	7	(564,150)	(528,677)
Provisions	8	(160,661)	(167,566)
Group equity			
Shareholders' equity	9	(495,577)	(573,998)
Non-controlling interest	10	(1,882)	(1,811)
		(1,222,270)	**(1,272,052)**

Consolidated income statement for the year ended 31 December 2024

In thousands of €	Notes	2024	2023
Net turnover	11	2,023,420	2,270,495
Cost of sales		(1,344,462)	(1,457,202)
Gross margin		**678,958**	813,293
Selling expenses		(318,462)	(356,489)
Administrative expenses		(393,314)	(380,669)
Total expenses	12-15	**(711,776)**	(737,158)
Net margin		**(32,818)**	76,135
Other operating income	16	1,166	1,158
Operating result		**(31,652)**	77,293
Result on sale associated companies	17	(6)	1,303
Portion of revaluation gain released to income statement	18	183	183
Financial income and expense	19	(19,866)	(20,715)
Result before tax		**(51,341)**	58,064
Tax on result	20	(19,179)	(27,109)
Share in result of associated companies	21	(534)	202
Result after tax		**(71,054)**	31,157
Minority interests	10	(859)	(713)
Net result after tax		**(71,913)**	**30,444**

Consolidated cash flow statement for the year ended 31 December 2024

According to the indirect method / In thousands of €	Notes	2024	2023
Operating result		**(31,652)**	77,293
Adjusted for:			
- Depreciation	14	32,382	30,666
- Amortisation	14	105,117	108,360
- Impairments	14	8,251	(1,230)
- Impact hyperinflation accounting		16,989	13,929
- Increase / (decrease) in provisions		(26,590)	(11,958)
- (Gain) / loss on disposal of property, plant and equipment		(91)	11
Changes in working capital:			
- Inventories		108,043	15,032
- Trade receivables		20,578	(24,446)
- Other current assets		7,692	(61)
- Trade payables		31,223	(63,781)
- Other current liabilities		(39,230)	2,999
		128,306	(70,257)
Operating cash flow		**232,712**	146,814
Income taxes paid		(23,470)	(47,428)
Net cash from operating activities		**209,242**	99,386
Purchase of intangible fixed assets	22	(30,252)	(45,104)
Disposals of intangible fixed assets		66	34
Purchase of property, plant and equipment	23	(51,275)	(57,978)
Disposals of property, plant and equipment		214	290
Acquisitions of subsidiaries and associates	24	(9,653)	(53,315)
Disposals of group entities		(6)	1,382
Changes in long-term receivables		264	(48)
Net cash from / (used in) investing activities		**(90,642)**	(154,739)
Increase / (decrease) in long-term debt		(36,616)	92,566
Increase / (decrease) in bank overdraft		(22)	0
Increase / (decrease) in other non current liabilities		(3,628)	(8,473)
Payments of obligations under finance lease		12	(6)
Interest and similar charges paid		(43,692)	(29,887)
Dividend to shareholder		0	(29,090)
Dividend to minority interest	10	(381)	(445)
Net cash from / (used in) financing activities		**(84,327)**	24,665
Net increase / (decrease) in cash		34,273	(30,688)
Change in cash			
At 1 January		**181,345**	215,900
Net increase / (decrease) in cash		34,273	(30,688)
Exchange rate and translation differences		127	(3,867)
At 31 December		**215,745**	181,345

Statement of changes in equity of the legal entity for the year ended 31 December 2024

In thousands of €	2024	2023
Transactions with shareholder		
Dividend paid to shareholder	0	(29,090)
Total result of the legal entity		
Consolidated net result accruing to the legal entity	(71,913)	30,444
Translation differences foreign Group companies	2,172	(23,271)
Direct equity movements of the legal entity as part of the Group equity		
Gross amount of remeasurement of defined benefit plans	*(11,386)*	*11,029*
Income tax on remeasurement of defined benefit plans	*2,889*	*(2,648)*
Total amount of the direct equity movements of the legal entity as part of the Group equity	(8,497)	*8,381*
Portion of revaluation gain released to income statement	(183)	(183)
Total change in equity of the legal entity	**(78,421)**	**(13,719)**

Notes to the consolidated financial statements

General

Activities

Remeha Group B.V. ('the Company') is a private limited liability company, incorporated and domiciled at Kanaal Zuid 106, NL-7332 BD Apeldoorn, the Netherlands. The Company is registered on the commercial register of the Dutch Chamber of Commerce under number 08011462. The sole shareholder of Remeha Group B.V. is BDR Thermea Shareholder Foundation.

The principal activity of the Company and its subsidiaries ('the Group') is the manufacturing, marketing, selling and distribution of residential and commercial heating, ventilation and air conditioning products. Most of the trading takes place within the European Union.

Group structure

At 31 December 2024 the Company held, directly or through intermediate holding companies, 100% (except when stated otherwise) of the issued share capital of the operating companies listed below. All these companies are included in the consolidated figures. As permitted by articles 379 and 414 of Book 2 of the Dutch Civil Code, only principal operating companies have been shown below, together with the country of incorporation.
A list of all subsidiaries and associated companies is filed at the Chamber of Commerce.

Belgium
Remeha N.V./S.A.

Denmark
Fortes Energy Systems A/S

France
BDR Thermea France S.A.S.
CICE S.A. (proportionally consolidated; 22.294%)
ETS Treillard S.A.S.
Eurevia S.A.S. (80%)
Cazenave S.A.S.
Bonnet Chauffage Maintenance S.A.S.

Germany
August Brötje GmbH
August Brötje Raumheizsysteme GmbH
Brötje Heizung Kundendienst GmbH
SenerTec Kraft-Wärme-Energiesysteme GmbH
Baxi Innotech GmbH
Remeha GmbH

Great Britain
Baxi Heating UK Limited

Ireland
BDR Thermea Ireland Limited

Italy
Baxi SpA
Dallan S.r.l. (51%)
Gruppo Bravo S.r.l. (90%)
Eurogas S.r.l. (60%)
Tecnoservice Bettero S.r.l. (51%)
Furlan S.r.l. (88%)
A.T.C. Gas S.r.l. (51%)
Agenzia ITR S.r.l. (51%)
Agenzia Valbormida S.r.l. (70%)
Skopgas S.r.l. (51%)
G.M. S.r.l. (51%)

Netherlands
BDR Thermea Group B.V.
Remeha B.V.
Fortes Import Installatie Agenturen B.V.
Holland Warmte "Warmte- en Ventilatietechniek" B.V.

Spain
Baxi Climatización S.L.U.
Baxi, Sistemas y Servicios de Climatización S.L.U.
De Dietrich Thermique Iberia S.L.U.
Fabrisolia S.L.U.
Hiplus Aire Acondicionado, S.L.U.
Tecnosos Galicia S.L.U.
Roigsat Manteniments S.L.U.
Inserma Central del Clima S.L.U.
Asistencia Técnica Betiko S.L.U.

Portugal
Baxi - Sistemas de Aquecimento, Unipessoal LDA

Turkey
Baymak Makina Sanayi ve Ticaret A.Ş.

Poland
BDR Thermea Poland Sp. z o.o.

Romania
BDR Thermea Romania S.R.L.

Russia
BDR Thermea Rus LLC

China
BDR Thermea HVAC (Zhejiang) Co. Ltd.
BDR Thermea Heating Equipment (Shanghai) Co. Ltd.
BDR Thermea HVAC Co. Ltd.

Czech Republic
BDR Thermea (Czech Republic) s.r.o.

Slovakia
BDR Thermea (Slovakia) s.r.o.
BDR Thermea Kosice s. r. o. (currently BDR Thermea Vranov s. r. o.)

Notes to the consolidated financial statements

Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Entities which can control the Company are also considered to be a related party. The latter applies to BDR Thermea Shareholder Foundation, the Netherlands, the sole shareholder of Remeha Group B.V. In addition, statutory directors, other key management of the Company or the ultimate parent and close relatives are regarded as related parties. Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Article 402, Book 2 of the Dutch Civil Code

Since the income statement for 2024 of Remeha Group B.V. is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Article 402, Book 2 of the Dutch Civil Code.

Consolidation principles

The consolidated financial statements include the financial statements of Remeha Group B.V. and its subsidiaries as at 31 December of each year. Subsidiaries are those companies over which the Company has control, defined as the power to govern the financial and operating policies so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, until the date of disposal when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All balances, transactions, income and expenses between Group companies are eliminated.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet.

Acquisition and divestment of subsidiaries
Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, until the date of disposal when such control ceases. At the date of acquisition, the identifiable assets and (contingent) liabilities of a subsidiary are measured at their fair values. The cost of acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the combinations.
Any excess of the cost of acquisition over the net fair value of the identifiable assets and liabilities acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the net fair value of the identifiable assets and liabilities acquired (i.e. negative goodwill) is recognised as accrued income in the balance sheet. The interest of minority shareholders is stated at the minority's proportion of the net fair value of the assets and liabilities recognised.

Accounting judgments and estimates

In the process of applying the Group's accounting policies, management has made accounting judgments and estimates which affect the reported amounts. The actual outcome may differ from these amounts. When necessary for the understanding, as required by article 362.1 of Book 2 of the Dutch Civil Code, the nature of these accounting judgments and estimates are included in the following notes.

General accounting principles for the preparation of the consolidated financial statements

General

The financial statements have been prepared in accordance with the provisions of Part 9 of Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

The financial statements are prepared in thousands of euros, rounded to the nearest thousand.

The principles of valuation are based on the historical cost convention. Assets and liabilities are valued according to the cost model, unless stated otherwise.

Income and expenses are accounted on an accrual basis. Profit is only recognised when realised on balance sheet date. Losses originating before the end of the financial year are taken into account, if they have become known before preparation of the financial statements.
In the balance sheet, income statement and the cash flow statement, references are made to the notes.

Notes to the consolidated financial statements

Going concern

The financial statements have been prepared on a going concern basis.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year.

Translation of foreign currency

Functional currency
The presentation and functional currency of the Group is the euro. Each entity in the Group determines its own functional currency based on the primary economic environment in which it operates.

Transactions, receivables and payables
Transactions during the year denominated in foreign currencies are translated into respective local functional currencies at exchange rates approximating those prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into respective local currencies at the exchange rates prevailing at the balance sheet date. Exchange differences arising are charged or credited to the income statement, unless hedge accounting is applied. Exchange differences resulting from the settlement of transactions on borrowings, as well as from the conversion of these monetary balance sheet items, are included in financial income and expense. Exchange differences resulting from the settlement of other transactions and conversion of other monetary balance sheet items are included in administrative expenses. Non-monetary assets and liabilities (measured in terms of historical cost) remain translated at the exchange rate at the dates of the initial transactions.

Group companies
On consolidation, the income statements of foreign entities are translated into euros at average exchange rates prevailing in the financial year, except for foreign operations in hyperinflationary economies. The balance sheets of foreign entities and the net investments in foreign entities in the Company accounts are translated into euros at the exchange rates prevailing at the balance sheet date. Exchange differences arising on translation are credited or charged to a foreign currency translation reserve in equity. Goodwill and other intangible assets recognised at the moment of the acquisition of foreign entities are translated at historical rates.

Financial reporting in hyperinflationary economies
In Turkey, cumulative inflation rates over a three-year period exceeded 100% as at April 2022, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by RJ 122.312 of the Dutch Accounting Standards Board. This standard requires that the results of the company's Turkish operations are reported as if these were highly inflationary as of 1 January 2022.

Under this requirement, non-monetary assets and liabilities stated at historical cost, equity and income statements of subsidiaries operating in hyperinflationary economies are restated for changes in the general purchasing power of the local currency, applying a general price index. These re-measured accounts are used for conversion into euro at the period closing exchange rate. As a result, the balance sheet and net results of subsidiaries operating in hyperinflation economies are stated in terms of the measuring unit current at the end of the reporting period.

Consequently, the company applied hyperinflation accounting for its Turkish subsidiary for the first time in the December 2022 financial statements, with effect as of 1 January 2022. The rules are applied as follows:

- Non-monetary assets and liabilities stated at historical cost (e.g. property, plant and equipment, intangible assets, etc.) and the equity of Baymak were restated using an inflation index (the Consumer Price Index, as published by TUIK, the Turkish Statistical Institute). The hyperinflation accounting impacts resulting from changes in the general purchasing power from 1 January 2022 are reported in the income statement in a dedicated account for hyperinflation monetary adjustments in the 'Financial income and expense' line (see also Note 19 Financial income and expense).
- The income statement is adjusted at the end of each reporting period using the change in the general price index. It is converted at the closing exchange rate of the year (rather than the year-to-date average rate which is used for non-hyperinflationary economies), thereby restating the year-to-date income statement account for both inflation index and currency conversion.

The 2024 results, restated for purchasing power, were translated at the December 2024 closing rate of TRY 36.7429 per euro (2023: results at TRY 32.5739 per euro).

Business combinations

Acquisition costs incurred, prior to the take-over decision, are recognised in the income statement. Costs incurred hereafter, until the date of the official take-over, are considered to be part of the acquisition cost and are capitalised.

Cost price hedge accounting

The Group applies hedge accounting based on individual documentation per individual hedge relationship.

The Group records how the hedge relations suit the risk management goals, the hedge strategy and the expectation in respect of the hedge's effectiveness. The effective part of financial derivatives that have been allocated for cost price hedge accounting is valued at cost and the ineffective part is valued at fair value. Regarding the ineffective part the difference between the cost price and the fair value is recognised in the income statement.

In applying cost price hedge accounting, the initial recognition of, and the accounting policies for, the hedging instrument are dependent on the hedged item, which has the following implications:

- if the hedged item is recognised at cost in the balance sheet, the derivative instrument is also stated at cost;
- as long as the hedged item is not yet recognised in the balance sheet, the hedging instrument is not remeasured. This applies, for instance, to hedging currency risks on future transactions.

If the hedged item qualifies as a monetary item denominated in a foreign currency, the derivative instrument, where it has currency elements, is also stated at the spot rate at the balance sheet date.

If the derivative instrument has currency elements, the difference between the spot rate on the date the derivative instrument is contracted and the forward rate at which it will be settled is spread over the maturity of the derivative instrument.

The Group shall discontinue prospectively the cost price hedge accounting if:

- the hedging instrument expires or is sold, terminated or exercised;
- the hedge no longer meets the criteria for hedge accounting.

The Group uses cost price hedge accounting for its forward exchange contracts intended for future purchases in pounds sterling and for the derivative to purchase the shares of an investment. Where appropriate, the gain or loss relating to the ineffective portion of the change in value of forward exchange contracts is recognised in the income statement within administrative expenses.

Principles of valuation of assets and liabilities

Intangible fixed assets

General
Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset (or of the cash-generating unit to which the asset belongs) is higher than its realisable value. Regarding the determination as to whether an intangible fixed asset is subject to impairment, please refer to the paragraph on impairment of fixed assets below.

Goodwill
Goodwill represents the excess of the cost of the acquisition over the net fair value of the Group's share of the identifiable assets and (contingent) liabilities of the acquired subsidiary at the date of acquisition. Goodwill is recognised as an asset at cost and is subsequently measured at cost less any accumulated amortisation and impairment losses. Amortisation is based on the estimated economic life of the asset, with a maximum of 20 years. The economic lifetime of goodwill on acquired companies is determined per individual acquisition, based on the specific market, clients, products, facilities and organisation. The goodwill relates mainly to acquired strategic market positions within a relatively stable industry. Therefore, so far, the amortisation period of goodwill is 20 years.

When impairment indicators exist, testing for impairment takes place. Any impairment is recognised immediately in the income statement and is not subsequently reversed. On disposal of a subsidiary, the directly attributable amount of goodwill is included in the determination of the profit or loss on disposal. When the fair value of the Group's share of identifiable assets and liabilities exceeds the cost of acquisition (so-called 'negative goodwill'), the excess is recognised as accrued income in the balance sheet.

The cost of acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the combinations. No goodwill will be generated in acquisition transactions whereby payment in newly issued shares of the Company has been agreed, as in such cases the newly issued shares are valued at the fair value of the assets and liabilities of the acquired company.

Brand names
Brand names are carried at cost less accumulated amortisation and accumulated impairment losses if any. Intangible assets acquired in a business combination are identified and recognised separately from goodwill when they satisfy the definition of an intangible asset

and their fair values can be measured reliably. This valuation is performed in accordance with industry standard practice. The cost of such intangible assets is their fair value on the date of acquisition. Subsequently, the assets are amortised on a straight-line basis over their estimated useful lives, currently not exceeding 20 years.

Research and development costs
Research costs are recognised in the income statement. Expenditure in respect of development projects is capitalised if the project in all probability is likely to be commercially and technically successful (this is likely when it is probable that economic benefits will arise) and costs can be reliably determined. Only externally procured development costs are capitalised.

A legal reserve has been recognised within equity with regard to the recognised development costs for the capitalised amount.
Amortisation of capitalised development costs is calculated over the estimated economic life of the asset of five years from the start of commercialisation.

Other intangible assets
Software is carried at cost less accumulated amortisation and accumulated impairment losses if any. Expenditures concerning procured software licenses and the development of software are capitalised as intangible assets and amortised on a straight-line basis over their estimated useful lives. As far as internally generated software is concerned, only staff expenditures directly related to programming and testing of in-house developed software qualifies for capitalisation. Expenditures for research, implementation, training and data migration are expensed when incurred.
Expenditure in connection with maintenance of computer software is recognised in the income statement.

Amortisation and impairment
Amortisation is calculated using the straight-line method to write off the cost of individual assets to their residual values over their estimated useful lives. The amortisation periods of intangible assets besides goodwill are reviewed at least at each financial year-end. Changes in the expected useful life are accounted for by changing the amortisation period and treated as accounting estimates.
Annually, management will analyse whether or not impairment indicators exist. Based upon identified indicators an impairment test will be performed and, if needed, the impairment results will be recognised.

The estimated useful economic life for each intangible asset category is:

Goodwill	20 years
Brand names	20 years
Development costs	5 years
Other	5 - 10 years

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses if any. Property, plant and equipment not for operational use are carried at the lower of net book value or estimated net recoverable amount.

Depreciation is calculated using the straight-line method to write off the cost of individual assets to their residual values over their estimated useful lives as follows:

Buildings	20 - 50 years
Plant and machinery	3 - 10 years
Other fixed assets	3 - 10 years

Leasehold improvements expected useful life or, where shorter, the term of related lease.

Depreciation is provided from the date an asset comes into use. Land and assets under construction are not depreciated.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each financial year-end.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is immediately recognised in the income statement.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. This includes costs of major maintenance, which is recognised in the carrying amount of the related asset. Ongoing minor repairs and maintenance are expensed as incurred.

Financial fixed assets

Participations
Participations (associates), over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements. With regard to participations in which there is insufficient data for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of an associate based on the net asset value is negative, it will be stated at nil. If and insofar as the Group can be held fully or partially liable for the debts of the associate, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Newly acquired associates are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the associate has changed since the previous financial statements as a result of the net result achieved by the associate is recognised in the income statement.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the realisable value (see also 'Impairment of fixed assets' below). An impairment loss is recognised and charged to the income statement.

Joint ventures
Joint ventures are companies over which the Group has joint control and in which such control has been set forth in an agreement and in which strategic decisions on the financial and operational policy are taken on the basis of unanimity. Joint ventures are proportionally consolidated.

Amounts due from associates
The receivables from associates, included under financial fixed assets, are initially valued at the fair value less transaction cost (if material). Subsequently these receivables are carried at amortised cost. For determining the value, any impairment is taken into account.

Other financial fixed assets
Other financial fixed assets consist of receivables, deposits and loans with fixed or determinable payments that are not quoted in an active market. The other financial fixed assets are initially measured at fair value and subsequently carried at amortised cost, less impairment losses if any recorded by means of an allowance account. Gains and losses are recognised in income when the loans, deposits and receivables are derecognised or impaired.

Current portion of receivables
The current part of receivables, classified under financial fixed assets, is reported in the balance sheet under current receivables.

Deferred tax assets and liabilities

Deferred taxes are recorded, at nominal value, for all temporary differences arising between the carrying values of assets and liabilities for financial purposes and the corresponding tax bases, except for those differences related to investments in subsidiaries and associates where their reversal will not take place in the foreseeable future. Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also included in equity.

Deferred tax assets, including those relating to the carry-forward of unused tax losses, are recognised to the extent it is probable that future taxable profits will be available against which the unused tax losses or deductible temporary differences can be utilised. The carrying amount is reviewed at each balance sheet date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the assets are realised or the liabilities settled, based on tax rates and laws that are enacted or substantively enacted at the balance sheet date.

The principal temporary differences arise from depreciation on property, plant and equipment, valuation of the brand names, pension provisions, provisions for doubtful debts, provisions for obsolete stock, provisions for restructuring and other (the temporary difference arises when provision expenses are only deductible for tax purposes when the actual expenses are incurred).

Inventories

Inventories of raw materials and consumables are stated at the lower of cost and net realisable value. The valuation of inventories of raw materials and consumables is based on weighted average purchase prices.

Inventories of semi-finished (work in progress) and finished goods are stated at the lower of cost of manufacture and net realisable value. This lower net realisable value is determined by individual assessment of the inventories, taking into account obsolescence of inventories. Cost of manufacturing includes direct materials used, based on the weighted average purchase prices for the financial year, direct wages, machine costs and other direct costs of manufacture together with attributable overhead. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Receivables

Upon initial recognition the trade and other receivables are included at fair value and then valued at amortised cost, which equals the face value, less an allowance for uncollectible amounts, if there is objective evidence that the Group will not be able to collect the receivables. These allowances are determined by individual assessment of the receivables.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at banks and deposits. If cash equivalents are not freely disposable, then this has been taken into account upon valuation. Current account liabilities at banks are recognised under bank overdrafts forming part of current liabilities.

Cash and cash equivalents are carried at nominal value.

Current liabilities

Other current liabilities are carried at fair value and subsequently at amortised cost.

Long-term liabilities

Upon initial measurement long-term liabilities are carried at fair value including premiums or discounts and transaction costs and subsequently at amortised cost.

Provisions

Provisions are recognised for actual (legal or constructive) obligations, existing at the balance sheet date and arising from past events, for which it is probable that an outflow of resources embodying economic benefits will be required, which can be reasonably estimated. As the time value of money is not material, the provisions are measured at the undiscounted face value of the expenditures that are expected to be necessary for settling the related obligations, with the exception of the provision for pension liabilities, indemnity schemes and jubilee benefits which are valued at discounted value as determined by actuarial calculations. The provision for reorganisation is valued at discounted value if, and when, the time value of money is material.

Provision for pensions

The Company makes use of the option available in guideline RJ 271.101 of the Dutch Accounting Standards Board to classify, value and disclose information on its provisions for pension liabilities in accordance with IAS 19 (2011) (EU – IFRS).

The Company and its subsidiaries maintain pension plans covering the majority of their employees. These plans are financed through contributions to pension providers such as insurance companies, industry pension funds, and separately administered trust funds. Pension plans include both defined benefit plans and defined contribution plans. Funding policies vary according to local practice and regulations, from fully funded arrangements to unfunded plans. Payments to defined contribution plans are charged as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed plans are dealt with as payments to defined contribution plans.

For those subsidiaries that maintain a defined benefit plan with the industry-wide pension fund, the pension plan is accounted for as though it was a defined contribution plan. In the event of a deficit at the industry-wide pension fund, the Company has no obligation to pay supplementary contributions, other than higher future contributions.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations carried out at each year-end for the material plans. The established commitment is reduced by the fair value of the plan assets. The discount rate is the return as per balance sheet date of high-quality corporate bonds whose term approximates the term of the Group commitments. Actuarial gains and losses are recognised immediately through equity. Past service cost is recognised immediately in the income statement.

Provision for deferred tax liabilities

For income taxes payable in the future, resulting from taxable temporary differences between the valuation principles in the annual report and the valuation for taxation purposes of the balance sheet items, a provision has been formed for the aggregate of these differences multiplied by the tax rates that are expected to apply in the year when the liabilities are settled, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. We refer to the paragraph on deferred tax assets and liabilities above.

Provision for warranties
Some of the Company's subsidiaries provide warranties on products and services sold. Provision is made for the estimated costs arising under these warranties upon the date of sale of the relevant products.

Restructuring provision
Provisions for the costs relating to the restructuring of operations are recognised when effectively or legally a commitment for the Group has arisen.

Other provisions
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.
The commitments for jubilee arrangements are calculated in the same manner as with defined benefit plans. Actuarial gains and losses are recognised immediately through equity.

Non-controlling interests

Non-controlling interests in Group companies are carried at the value of the net interests in the net asset value of the Group companies concerned.

Where losses attributable to the minority in a consolidated subsidiary exceed the non-controlling interest in the subsidiary's equity, the excess, and any further losses applicable to the minority, are allocated against the majority interest except to the extent that the minority has a binding obligation, and is able, to make an additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

Leasing

Financial leasing
The Company leases some of its property, plant and equipment, whereby it retains substantially all the risks and rewards of ownership of these assets. These assets are recognised on the balance sheet upon commencement of the lease contract at the lower of the fair value of the asset or the discounted value of the minimum lease payments. The lease instalments to be paid are divided into a repayment and an interest portion, using the annuity method. The liabilities under the lease, excluding the interest payments, are included under long-term or short-term debt (depending on maturity). The interest component is included in the income statement for the duration of the contract on the basis of a fixed interest percentage of the average remaining redemption component. The assets are depreciated over the remaining economic life or, if shorter, the duration of the contract.

Operational leasing
The Company also has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of, nor incurred by, the Company. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis in the income statement for the duration of the contract.

Impairment of fixed assets

At each balance sheet date, the Company assesses whether there are indications that property, plant and equipment, intangible assets or financial fixed assets may be impaired. If such indications exist, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the asset/cash-generating unit to which the asset belongs is determined.

Impairment occurs when the carrying amount of the asset is higher than the realisable value; the realisable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

The realisable value is initially based on a binding sale agreement; if there is no such agreement, the realisable value is determined based on the active market, whereby usually the prevailing bid price is taken as market price. For the determination of the value in use, an estimate is made of the future net cash flows in the event of continued use of the asset / cash-generating unit; these cash flows are discounted.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its realisable value, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately (impairment losses of goodwill are not reversed).

Principles for the determination of the result

General

The result represents the difference between the recognised revenues, the costs, and other charges for the year. The results on transactions are recognised in the year they are realised. Losses will be recognised if they are foreseeable at balance sheet date.

Revenue recognition

General
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue, as well as the costs incurred or to be incurred with respect to the transaction, can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, rebates, value added taxes and other sales-related taxes. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Net turnover
Revenues from the sale of goods are recognised when the significant risks and rewards of ownership have passed to the buyer and when the Group retains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold. Revenue from services is recognised in proportion to the services rendered, based on the cost incurred in respect of services performed up to that moment, in proportion to the estimated costs of the aggregate services to be performed.

Costs

Costs are recognised using the historical cost convention and are allocated to the same period in which the related revenue is recognised. Costs that are not related directly to revenues are recognised in the period they occur.

Cost of sales

Cost of sales includes the direct and indirect attributable costs of producing the goods and services sold. It also includes movements in the inventory provisions.

Selling and administrative expenses

Selling and administrative expenses consist primarily of (indirect) personnel expenses, depreciation, selling expenses, administrative expenses, research costs and non-capitalised development costs as well as amortisation of capitalised development costs, and are offset against received subsidies. In addition, the contribution to or release from the provision for doubtful debts and other provisions are included in this.

Employee costs

General
Employee costs (wages, salaries, social security contributions etc.) are not presented as a separate item in the income statement. These costs are included in other components of the income statement, i.e. cost of sales and selling and administrative expenses. For a specification reference is made to Note 12 of the consolidated financial statements.

Short-term employee costs
Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

Pensions
We refer to the note on provision for pensions in the valuation principles for assets and liabilities.

Share-based payments
The Group issues cash-settled share-based payments to certain employees and management. Based on an employee's performance and level of responsibility, stock appreciation rights (SARs) are granted. These SARs span a period of five years and can only be exercised after the first three years. To the extent that the exercise price of the SARs at the moment of granting is lower than the intrinsic value of the related shares the related costs are recognised directly in the income statement under 'wages and salaries'. On every balance sheet date and on the settlement date, the intrinsic value of the SARs is determined. Any change in the intrinsic value is recorded in the income statement.

Amortisation of intangible fixed assets and depreciation of property, plant and equipment

Amortisation and depreciation costs are not presented as a separate item in the income statement. These costs have been recognised in the income statement as part of administrative expenses. For a specification, reference is made to Note 14.

Using the straight-line method intangible assets, including goodwill, are amortised and property, plant and equipment are depreciated over their estimated useful lives as from the moment they are ready for use. Land and investment property are not depreciated.

Future depreciation and amortisation are adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in administrative expenses.

Government subsidies

Operating subsidies are recorded as income in the income statement in the year in which the subsidised costs were incurred or income was lost or when there was a subsidised operating deficit. Income is recognised when it is probable that it will be received.

Subsidies related to investments in tangible fixed assets are deducted from the asset to which they relate and recorded in the income statement as part of the depreciation costs.

Financial income and expense

General
Net financing costs comprise interest payable on borrowings, interest received on funds invested, amortisation of debt financing costs, exchange differences on borrowings as well as dividend income.

Interest income and expense
Interest income and expense are accrued on a time basis, taking into account the effective interest rate for the relating assets and liabilities. The treatment of interest expenses for loans received takes account of any transaction costs.

Debt financing costs
The costs related to obtaining financing for the Group are capitalised and amortised over the agreed term of the related debt.

Exchange differences
Exchange differences resulting from the settlement of borrowings, as well as from the conversion of these monetary balance sheet items are recognised.

Dividends
Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Taxation

Taxes on income are accrued in the same period as the revenues and expenses to which they relate.

Taxes on income are calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs.

Current tax receivables and payables for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used are those that are enacted or substantively enacted by the balance sheet date. For deferred tax assets and liabilities, please refer to the paragraph above.

Share in result of associated companies

Where significant influence is exercised over participations, the Group's share in the participations' results is included in the consolidated income statement. This result is determined on the basis of the accounting principles applied by the Group.

Where no significant influence is exercised, the dividend income is accounted for in the income statement as financial income, when declared and due.

Principles for preparation of the consolidated cash flow statement

The consolidated statement of cash flows is prepared using the indirect method, in which the movements in liquidity are determined on the basis of the operational results as shown in the consolidated income statement.

Cash and cash equivalents in the consolidated statement of cash flows comprise cash at banks and in hand.

Cash flows in foreign currencies are translated at an average rate. Exchange rate differences concerning cash and cash equivalents are shown separately in the cash flow statement.

Income taxes are included in cash from operating activities.

The purchase consideration paid for acquired Group companies is recognised as cash used in investing activities. Any cash and cash equivalents in the acquired Group companies are deducted from the purchase consideration. Interest and dividends paid are included in cash from financing activities.

Transactions that do not result in exchange of cash and cash equivalents, such as financial lease, are not presented in the cash flow statement. The payment of lease terms on account of the financial lease contract is considered as payment in cash from financing activities as far as it concerns redemptions and as interest paid in cash from financing activities as far as it concerns interest.

Financial instruments and risk management

The Group's principal financial instruments comprise bank loans, overdrafts, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

From time to time the Group also enters into derivative transactions, principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's trading activities and its sources of finance. Throughout the reporting year, it has been the Group's policy that no speculative trading in financial instruments shall be undertaken. The Group's accounting policies in relation to derivatives are:

- Unrealised results on the financial instruments present as of balance sheet date or related to commitments or transactions entered into on balance sheet date, are recognised in the income statement at the moment the underlying positions they relate to are realised.
- Interest surcharges or discounts in connection with swaps that serve to hedge interest risks on debts, are accounted for as adjustments of the effective interest of the underlying debt.

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates, credit risk and liquidity risk. These financial risks are not exceptional or different in nature from those customary in the industry. The Group's financial risk factors, control measures and the residual risk are described below.

Currency risk

Operating in international markets involves exposures to movements in currency exchange rates. As Remeha Group's reporting currency is the euro, any movements in foreign currency exchange rates against the euro can impact its results. For 2024 (compared to 2023) the sales were mainly generated in the following countries: 55% (61%) in Eurozone countries, 19% (17%) in the United Kingdom, 9% (7%) in Turkey and 17% (15%) in other countries. Given its foreign operations, currency fluctuation may impact Remeha Group's financial results.

Remeha Group does not hedge the translation exposure of net income in foreign operations. Changes in currency exchange rates that would have the largest impact on translating international operating profit into the euro include the British pound and the Turkish lira.

The Group mainly operates in the European Union. The currency risk on transaction exposure within the Group mainly concerns limited positions in British pounds and Turkish lira. On the basis of risk analysis, the management decides whether or not some of these currency risks need to be hedged. Forward exchange contracts may be used for this purpose.

Currency translation risks on investments in foreign participating interests are regularly assessed.

Interest rate risk

Remeha Group is exposed to interest rate risks as the Group has various interest-bearing non-current and current liabilities (including borrowings) on its balance sheet. Remeha Group continually reviews the use of interest rate swaps to manage its net exposure to interest rate changes. Interest rates remained at the same level throughout 2023 and started to decrease at the end of 2024 and are expected to slightly decrease in the short term.

Credit risk

The Group does not have any significant concentrations of credit risk. Sales are made to customers that meet the Group's credit rating policy. Goods are sold and services are provided subject to payment due dates mostly ranging between 30 and 90 days. A different payment period may apply to major supplies, in which case additional securities are demanded, including guarantees.
The Group continually monitors its positions with, and the credit quality of, the financial institutions that are counterparties to its treasury transactions and does not anticipate non-performance by these counterparties. The Group enters into treasury transactions primarily, but not exclusively, with financial institutions that are major providers of bank credit to the Group. Treasury transactions consist of interest rate swaps and foreign exchange deals.

Liquidity risk

Liquidity risks can occur if the performance of the operations stagnates and fewer payments (and prepayments) are received, or if investments in property, plant and equipment or working capital would have a large effect on the available financing resources and / or operational cash flow. This liquidity risk is controlled by maintaining adequate levels of cash and unutilised credit lines with banks.

A liquidity buffer in the form of available credit lines, and where necessary cash, is maintained to guarantee the solvency and flexibility of Remeha Group at all times. The Group's objective is to maintain continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. The Group's policy is that committed funding facilities are available to finance 100% of Remeha Group's expected funding requirements.

In April 2023, Remeha Group secured a new facility. This facility is an agreement with seven banks, for a total amount of € 650 million in the form of a multicurrency revolving credit facility, which can be used to borrow funds or for guarantees / letters of credit. The facility agreement has a maturity of five years with the option to extend the facility agreement with one year or two years.

In order to ensure the availability of the revolving credit facility, Remeha Group pays a commitment fee of 35% of the applicable margin. The margin is the interest cost that Remeha Group pays over the Interbank rate (Euribor, SONIA or the benchmark rate for any other currency) and is dependent on the ratio net financial debt (borrowings minus cash) to EBITDA.

Business combinations

Information about acquisitions

In 2024, the Group acquired shares in the following entities:

- Agenzia ITR S.r.l., (51% of the shares acquired), an agency in Italy, effective 11 June 2024;
- Asistencia Técnica Betiko S.L. (100% of the shares acquired), a service company in Spain, effective 13 June 2024;
- Agenzia Valbormida S.r.l., (70% of the shares acquired), an agency in Italy, effective 13 June 2024;
- Skopgas S.r.l., (51% of the shares acquired), a service company in Italy, effective 25 June 2024;
- Furlan S.r.l. (37% of the shares acquired, which makes the total shareholding 88%), a service company in Italy, effective 16 October 2024;
- G.M. S.r.l. (51% of the shares acquired), a service company in Italy, effective 31 October 2024.

The total goodwill amounted to € 10.5 million and is based on purchase price allocations for the subsidiaries and associated companies. The fair value of net assets acquired amounted to € 0.7 million. The purchase consideration was € 11.2 million. An amount of some € 3.4 million of the total consideration was deferred at the moment of acquisition.

In the statement of cash flows, an amount of € 7.8 million relates to the considerations paid in respect of the aforementioned 2024 acquisitions in subsidiaries and associated companies, € 0.8 million to cash available in the acquired companies and € 2.6 million relates to the considerations paid in respect of acquisitions made in preceding years.

Notes to the specific items of the consolidated balance sheet

1. Intangible fixed assets

A summary of the movements of intangible fixed assets is provided below:

In thousands of €	Development costs	Brands	Goodwill	Other	Software under construction	Total
Historic costs	172,498	320,793	867,866	238,055	0	1,599,212
Accumulated amortisation and impairments	(95,302)	(228,236)	(533,287)	(123,642)	0	(980,467)
Book value as of 1 January 2024	**77,196**	**92,557**	**334,579**	**114,413**	**0**	**618,745**
Book value as of 1 January 2024	77,196	92,557	334,579	114,413	0	618,745
Investments	18,259	2	10,505	12,157	(166)	40,757
	95,455	92,559	345,084	126,570	(166)	659,502
Disposals	(8)	0	(50)	(9)	0	(67)
Amortisation	(16,266)	(15,483)	(41,844)	(31,524)	0	(105,117)
Effect of movement in foreign exchange rates	0	0	(18)	(171)	4	(185)
Effect of hyperinflation adjustments	0	0	64	3,743	0	3,807
Reclassifications	(21)	(1)	0	13,189	368	13,535
Impairment loss	0	0	0	(370)	0	(370)
Book value as of 31 December 2024	**79,160**	**77,075**	**303,236**	**111,428**	**206**	**571,105**
Historic costs	165,934	310,774	877,242	262,683	206	1,616,839
Accumulated amortisation and impairments	(86,774)	(233,699)	(574,006)	(151,255)	0	(1,045,734)
Book value as of 31 December 2024	**79,160**	**77,075**	**303,236**	**111,428**	**206**	**571,105**

Notes to the specific items of the consolidated balance sheet

Development costs

The investments in development costs relate to innovation projects which are commercially operational or will become commercially operational in the coming years. These costs are amortised in five-year periods from the moment the products become commercially operational.

Brands

The capitalised brands relate mainly to the fair value recognition of the brands acquired in the 2009 Baxi and the 2011 Baymak acquisitions.

Goodwill

The investment in goodwill of € 10,505,000 mainly relates to:

- An adjustment to the investment in goodwill of Fortes Import Installatie Agenturen B.V. and its subsidiary Fortes Energy Systems A/S (acquired in 2022), which was partly contingent on future events;
- Agenzia ITR S.r.l., (51% of the shares acquired), an agency in Italy, effective 11 June 2024;
- Asistencia Técnica Betiko S.L. (100% of the shares acquired), a service company in Spain, effective 13 June 2024;
- Agenzia Valbormida S.r.l., (70% of the shares acquired), an agency in Italy, effective 13 June 2024;
- Skopgas S.r.l., (51% of the shares acquired), a service company in Italy, effective 25 June 2024;
- Furlan S.r.l. (37% of the shares acquired, which makes the total shareholding 88%), a service company in Italy, effective 16 October 2024;
- G.M. S.r.l. (51% of the shares acquired), a service company in Italy, effective 31 October 2024.

Other

The other intangible assets relate mainly to externally procured software. This includes capitalised expenditure for the development of a SAP S/4HANA ERP system as part of our ‘Nexus’ project, which aims to create one standard global way of working supported by the right IT systems for several main companies of the Group.

The 2024 investment also includes an amount of € 7,375,000 (2023: € 2,572,000) relating to internally generated software investments, which relate mainly to capitalised expenditures for the ongoing development of a SAP S/4HANA ERP system as part of our ‘Nexus’ project. In 2024 the amortisation of the internally generated software was € 5,371,000 (2023: € 2,015,000). There was no need for impairment in 2024 (2023: € 0). The book value of internally generated software at 31 December 2024 amounts to € 13,387,000 (in 2023 € 10,975,000).

There were no other indications that required impairment tests to be carried out. Based on the annual review, no significant changes were necessary to the estimated useful lives of intangible fixed assets.

Notes to the specific items of the consolidated balance sheet

2. Property, plant and equipment

The movements in property, plant and equipment are as follows:

In thousands of €	Land and buildings	Plant and machinery	Other PPE	Under construction	Total
Historic costs	170,520	376,690	84,122	50,486	681,818
Accumulated depreciation and impairments	(88,133)	(296,884)	(67,866)	0	(452,883)
Book value as of 1 January 2024	**82,387**	**79,806**	**16,256**	**50,486**	**228,935**
Book value as of 1 January 2024	82,387	79,806	16,256	50,486	228,935
Additions through acquisitions	7	203	102	0	312
Investments	1,881	7,062	5,171	37,162	51,276
	84,275	87,071	21,529	87,648	280,523
Disposals	(9)	(616)	517	(15)	(123)
Reversal of impairment/(impairment loss)	(5,115)	(1,839)	(691)	0	(7,645)
Reclassifications	14,318	8,890	133	(36,876)	(13,535)
Depreciation charge for the year	(6,350)	(19,315)	(6,717)	0	(32,382)
Effect of hyperinflation adjustments	7,801	8,690	485	0	16,976
Effect of movement in foreign exchange rates	(1,233)	(906)	(351)	252	(2,238)
Book value as of 31 December 2024	**93,687**	**81,975**	**14,905**	**51,009**	**241,576**
Historic costs	212,403	381,282	86,084	51,009	730,778
Accumulated depreciation and impairments	(118,716)	(299,307)	(71,179)	0	(489,202)
Book value as of 31 December 2024	**93,687**	**81,975**	**14,905**	**51,009**	**241,576**

The majority of the investments made during 2024 relate to manufacturing equipment following new product development. There were no other indications which require impairment tests to be carried out. Based on the annual review, no significant changes were necessary to the estimated useful lives of property, plant and equipment.

Other property, plant and equipment include € 1,127,000 (2023: € 993,000) for assets not in operational use. Most of these assets were acquired in exchange for outstanding trade receivables and are held for sale. These assets are carried at the lower of net book value or estimated net recoverable amount.

Under construction mostly contains projects in France, United Kingdom, Italy, Spain, Slovakia and Germany. The assets will be reclassed to the correct classification upon completion.

The carrying amount of the Group's property, plant and equipment held under finance leases, which are held without legal title, can be split as follows:

- Land and buildings
  € 2,115,000 (2023: € 2,121,000)

3. Financial fixed assets

In thousands of €	31.12.2024	31.12.2023
Deferred tax assets	62,202	54,603
Investments in associated companies	5,074	5,528
Other participations	24	21
Other receivables	1,191	1,701
	68,491	**61,853**

Deferred tax assets

The movement in the deferred tax asset was as follows:

In thousands of €	2024	2023
Book value as of 1 January	54,603	43,706
Additions through acquisitions	2	0
Effect of movement in foreign exchange rates	(1,589)	(4,781)
(Charged) / credited to income statement	9,444	15,041
Effect of hyperinflation adjustments	124	(51)
(Charged) / credited to equity	(382)	688
Book value as of 31 December	**62,202**	**54,603**

Deferred tax assets are valued at nominal value and relate mainly to timing differences on amortisation of intangible assets, depreciation of property, plant and equipment, pension provisions, provisions for doubtful debts, provisions for obsolete stock, provisions for restructuring and other, and for tax losses carried forward.
It is expected that from this amount, € 25.4 million will be realised within one year.

At the balance sheet date, the Group has unused tax losses available to offset against future taxable income. A deferred tax asset of € 24.3 million (2023: € 20.3 million) is recognised in respect of such losses as, based on the forecasts for the entities concerned, future profits are expected to be available to offset the losses within the foreseeable future.

No deferred tax asset is recognised in respect of the remaining losses of € 132.6 million (2023: € 60.2 million) which can be carried over indefinitely, which could be valued at € 33.8 million (2023: € 15.0 million). Realisation of carry forward losses is subject to the availability of future taxable income, expiration of losses and legislative changes.

Under interest deduction limitation rules, an amount of € 26.5 million of interest is deferred. The corresponding deferred tax asset of € 6.8 million has not been recognised as realisation of the deferred tax is subject to the availability of future interest limitation overhead, taxable income, expiration of losses and legislative changes.

Notes to the specific items of the consolidated balance sheet

Other financial fixed assets

A summary of the movements in the other financial fixed assets is provided below:

In thousands of €	Investments in associated companies	Other participations	Other receivables	Total
Book value as of 1 January 2024	5,528	21	1,701	7,250
Additions through acquisitions	0	3	0	3
Effect of movement in foreign exchange rates	0	0	(19)	(19)
Impairment charge	0	0	(236)	(236)
Additions / (repayments)	80	0	(255)	(175)
Share in result of associated companies	(534)	0	0	(534)
Book value as of 31 December 2024	**5,074**	**24**	**1,191**	**6,289**

In 2023 the Group purchased 25% of the shares of G.I. Industrial Holding SpA, a heat pump manufacturing company in Italy, and its subsidiaries included in the Investments in associated companies. The Group has a call- and the seller a put-option to purchase the remaining part of the shares of this investment at the same basis as the purchase of the first 25% of the shares. This derivative is valued at cost. The value of the option is equal to the value of 2023. The first time the option can be executed is in 2025.

The Group holds some small participations in industry-related Italian consortiums. The main investment (€ 20,000) is in ECODOM (Consorzio Italiano Recupero e Riciclaggio Elettrodomestici), a not-for-profit private consortium established as a Compliance Scheme by the leading producers of large household appliances, extractor hoods and water-heaters operating on the Italian market to manage Waste Electrical and Electronic Equipment (WEEE).

The other receivables mainly relate to long-term deposits for rental contracts and utilities.

4. Inventories

In thousands of €	31.12.2024	31.12.2023
Raw materials and consumables	139,040	190,311
Work in progress	3,060	3,697
Finished goods for resale	189,196	247,480
	331,296	**441,488**
Inventories have been stated net of a provision, to reduce cost to estimated net realisable value, of	(80,053)	(38,390)

The amount of write-down of inventories to net realisable value recognised as an expense is € 47.4 million (2023: € 9.9 million). These inventory value adjustments are charged to cost of sales.
The increased write-down related to both raw materials and consumables is € 19.4 million (2023: € 5.5 million) and regarding finished goods €28.0 million (2023: € 4.4 million).
The increased write-down of the inventories was mainly driven by changes in market circumstances and heat pump legislation.

Notes to the specific items of the consolidated balance sheet

5. Receivables

In thousands of €	31.12.2024	31.12.2023
Trade receivables	303,473	327,024
Other receivables	42,016	38,038
Prepayments and accrued income	37,249	51,892
	382,738	**416,954**
Trade receivables have been stated net of an allowance for doubtful debts, of	(21,733)	(25,158)

The fair value of the receivables approximates the carrying amount due to their short-term character and the fact that an allowance for doubtful receivables is recognised, where necessary.

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse geographical areas. The allowance for doubtful debts was, at € 21.7 million, lower than in 2023 (€ 25.2 million). The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties that are related entities. All trade receivables are due within one year.

Other receivables

Other receivables are non-interest bearing and due within one year.

Prepayments and accrued income

Prepayments and accrued income are non-interest bearing and due within one year.

Notes to the specific items of the consolidated balance sheet

6. Current liabilities

In thousands of €	31.12.2024	31.12.2023
Current portion of long-term liabilities	532	567
Current portion of capitalised debt transaction costs	(695)	(697)
Bank loans	24,000	93,000
Trade payables	334,232	302,513
Taxes and social security charges	49,819	55,168
Other liabilities	32,947	34,128
Accruals and deferred income	216,126	249,053
	656,961	**733,732**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

Bank loans

Bank loans represent the current portion of the amounts drawn on the € 650 million revolving credit facility, which is part of the Facilities Agreement signed in April 2023. This revolving credit facility attracts interest at rates of between 1.25% and 2.25% above Euribor (for euro loans), SONIA (for British pounds loans) or the benchmark rate for any other currency of drawing depending on the leverage of the Group. The total amount drawn (current portion and long-term part), which is an amount of € 540 million (2023: € 575 million), was drawn in euro.

Trade payables

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

Taxes and social securities

This relates mainly to value added tax and similar sales tax payables, as well as to other taxes and social security payables.

Other liabilities

Other liabilities consist of current tax liabilities of € 3.2 million (2023: € 5.8 million) and other payables of € 29.2 million (2023: € 28.3 million). In 2024 other payables include deferred acquisition payments of € 4.0 million (2023: € 2.6 million).

Accruals and deferred income

This refers mainly to accruals for invoices, bonus and rebate payables and interest payables. The decrease in comparison to 2023 is mainly due to lower bonus accruals and a lower interest payable.

7. Long-term liabilities

	31.12.2024		31.12.2023	
In thousands of €	Total	Term > 5 years	Total	Term > 5 years
Amounts due to shareholder	22,279	22,279	20,253	20,253
Bank loans	520,274	687	486,142	205
Finance lease obligations	2,165	2,077	2,073	1,988
Other long-term liabilities	21,044	2,016	22,516	2,046
Capitalised debt transaction costs	(1,612)	0	(2,307)	0
	564,150	**27,059**	**528,677**	**24,492**

In thousands of €	Amounts due to share-holder	Bank loans	Finance lease obligations	Other long-term liabilities	Capitalised debt transac-tion costs	Total
Book value as of 1 January	20,253	486,142	2,073	22,516	(2,307)	528,677
Effect of movement in foreign exchange rates	0	0	96	(3)	0	93
Impact of acquisitions	0	173	0	0	0	173
Additions	0	34,994	0	2,660	0	19,654
Repayments	0	(526)	(4)	4,638	0	4,108
Interest costs	2,026	0	0	0	0	2,026
Charged / (credited) to income statement	0	0	0	(37)	697	660
Reclassification to short-term liabilities	0	(509)	0	(8,730)	(2)	(9,241)
Book value as of 31 December	**22,279**	**520,274**	**2,165**	**21,044**	**(1,612)**	**546,150**

Notes to the specific items of the consolidated balance sheet

Amounts due to shareholder

The amount due to the shareholder is a shareholder loan of € 22,279,000 (2023: € 20,253,000) from BDR Thermea Shareholder Foundation to Remeha Group B.V. The loan, which was provided in 2010, has a 51-year term and is repayable earlier only upon the bankruptcy, insolvency or liquidation of Remeha Group B.V. The loan is subordinated to all Remeha Group B.V. creditors, but senior to the ordinary equity. The interest on the loan is 10% which will accrue each year.

Bank loans

Bank loans mainly represent the long-term part of the amounts drawn on the € 650 million revolving credit facility, which is part of the Facilities Agreement originally signed in April 2023 (refer to Note 6 for further details). An amount of € 4,274,000 (2023: € 4,142,000) relates to other bank loans.

Finance lease obligations

The finance lease obligations mainly relate to the lease of properties in the United Kingdom and France. The average interest is around 8%.

Other long-term liabilities

The other long-term liabilities relate mainly to the share-based payments as well as the legal obligation in France to share part of the results with employees (the so-called ‘Participation des salariés’). Of the total other long-term liabilities € 19.0 million (2023: € 20.5 million) is due within five years. In 2024 other long-term liabilities include deferred acquisition payments of € 18.6 million (2023: € 19.2 million).

8. Provisions

In thousands of €	31.12.2024	31.12.2023
Pension	27,148	27,227
Deferred tax liabilities	53,545	53,692
Warranty	62,846	68,550
Reorganisation	5,205	5,893
Other provisions	11,917	12,204
	160,661	**167,566**

Pension

The movement in the provision for pension is as follows:

In thousands of €	2024	2023
Book value as of 1 January	27,227	25,777
Effect of movement in foreign exchange rates	(3,057)	(421)
Impact of acquisitions	588	135
Charged / (credited) to equity	12,808	(11,949)
Charged / (credited) to income statement	(689)	1,091
Employer contributions	(21,545)	(20,726)
Transfer to retirement benefit asset	11,816	33,320
Book value as of 31 December	**27,148**	**27,227**

Notes to the specific items of the consolidated balance sheet

Defined contribution plans
Most of our employees in the Netherlands (891 FTEs in 2024, 881 FTEs in 2023) participate in a multi-employer industry pension plan (PME), which is based on average pay. This multi-employer plan covers approximately 1,500 companies and approximately 183,000 contributing members. Our contribution to the multi-employer plan is less than 0.5% of the total contribution to the plan (based on the plan's Annual Report 2023). The plan monitors its risks on a global basis, not by company or employee, and is subject to regulation by Dutch governmental authorities. By law (the Dutch Pension Act) the plan must be monitored against specific criteria, including the coverage ratio of the plan's assets to its obligations. The coverage ratio is an average of the last 12 months coverage ratio, which is calculated by dividing the fund's capital by the total sum of its pension liabilities at the end of each month and is based on actual market interest rates. The coverage ratio per 31 December 2024 of 112.9% (2023: 113.3%) is above the legally required level of 104.4% (2023: 104.3%). A recovery plan is in place, which intends to improve this coverage ratio to 120%. However, we have no obligation whatsoever to pay off any deficits the pension fund may incur, nor do we have any claim to potential surpluses.

In 2025 the pension premium percentage due to PME will remain stable at 27.98%. Our expected contribution will be some € 9.3 million. Therefore, the pension scheme is recognised as if it were a defined contribution plan.

Defined benefit plans
The provision for pensions relates to defined benefit plans of the German companies, of Baxi Group Ltd and Baxi Heating UK Ltd in the United Kingdom, and (post) retirement obligations of the companies in Italy, France, Ireland and Spain. The defined benefit is based on average pay.

The main assumptions for the actuarial calculations of the defined benefit plans of the major companies outside the United Kingdom are as follows:

Valuation as per:	31.12.2024	31.12.2023
Discount rate	3.5%-3.6%	3.1%-3.6%
Expected salary increase	3.0%-3.6%	3.0%-3.6%
Expected inflation	1.85%-2.0%	2.0%-2.2%

In the United Kingdom the Group operates two defined benefit pension schemes, the Baxi Group Pension Scheme and the Newmond Pension Plan for certain residual liabilities. The defined benefit schemes in the United Kingdom are funded by the payment of contributions to separately administered trust funds. Liabilities and future funding rates of the plans are assessed in accordance with the advice of independent qualified actuaries using the projected unit method.

The Baxi Group Pension Scheme has been closed to new entrants, and hence the average age of the members of the schemes will rise in the future. This means that, under the projected unit method of calculation, the current service cost (as a percentage of pensionable payroll for active members) will increase as the members of the scheme approach retirement. The Newmond Pension Plan has no active members and therefore there will be no further accrual of benefits to members.

The principal actuarial assumptions at the balance sheet date used for the defined benefit pension schemes in the United Kingdom are:

Valuation as per:	31.12.2024	31.12.2023
Discount rate	5.53%	4.79%
Expected salary increase	n/a	n/a
Expected indexation	3.02%	2.94%
Expected inflation	3.18%	3.10%
Mortality	S3PA CMI 2023	S3PA CMI 2022

To develop the expected return on plan assets assumption, the Company considered the current level of expected returns on risk free investments (primarily Government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected return on assets assumption for the portfolio.

The weighted average assumptions for the whole Group do not differ from the assumptions provided above due to the relative size of these schemes and other schemes.

The amount recognised in the balance sheet in respect of the Group's defined benefit retirement plans is as follows:

In thousands of €	31.12.2024	31.12.2023
Present value of wholly or partly funded obligations	450,479	466,946
Fair value of plan assets	(518,682)	(523,241)
Deficit (surplus) for funded plans	**(68,203)**	**(56,295)**
Present value of wholly unfunded obligations	27,071	27,058
Net liability / (asset)	**(41,132)**	**(29,237)**
Net liability recognised	**27,148**	**27,227**
Net asset recognised	**(68,280)**	**(56,464)**

In accordance with IAS 19.64 the capitalisation of a defined benefit asset is limited to the asset ceiling. As no future economic benefits are available for the Group, the asset ceiling of the plans concerned is nil. The difference between the amount in excess of the balance sheet limit at the end of the year and the amount in excess of the balance sheet at the beginning of the year is recognised as an income or expense in the income statement.

Amounts recognised in the income statement in respect of the defined benefit plans are as follows:

In thousands of €	2024	2023
Current service cost	1,951	2,173
Interest expense on defined benefit obligations	22,972	24,091
Interest income on plan assets	(25,325)	(24,757)
Curtailment gain	(287)	(416)
Total expense / (income)	**(689)**	**1,091**

The current service costs are included as pension costs in the income statement. The net of interest expense on defined benefit obligations and interest income on plan assets are included in the income statement as interest expenses.

The actuarial loss of € 11.4 million (2023: gain of € 11.9 million) on the defined benefit plans was recognised directly in equity.

Changes in the present value of the defined benefit obligations were as follows:

In thousands of €	2024	2023
Opening defined benefit obligations	494,009	494,497
Current service cost	1,951	2,173
Interest cost	22,972	24,091
Benefits paid	(29,734)	(28,572)
Actuarial (gain) / losses	(33,917)	(6,738)
Plan curtailments	(287)	(416)
Expected employee contributions	4	4
Impact from acquisitions	588	135
Reclassifications	96	189
Effect of movement in foreign exchange rates	21,868	8,641
Closing defined benefit obligations	**477,550**	**494,004**
Of which:	**31.12.2024**	**31.12.2023**
Present value of wholly or partly funded obligations	450,479	466,946
Present value of wholly unfunded obligations	27,071	27,058
	477,550	**494,004**

Changes in the fair value of plan assets were as follows:

In thousands of €	2024	2023
Fair value of plan assets at beginning of the year	523,246	491,864
Expected return on plan assets	25,325	24,757
Actuarial gain / (loss) on plan assets	(46,725)	5,211
Employer contributions	21,545	20,726
Plan participant's contributions	4	4
Benefits paid from plan	(29,734)	(28,572)
Reclassifications	96	189
Effect of movement in foreign exchange rates	24,925	9,062
Fair value of plan assets at closing of the year	**518,682**	**523,241**

The composition of the plan assets is as follows:

In thousands of €	31.12.2024	31.12.2023
Debt instruments	433,567	430,651
Investment funds	75,708	83,755
Equity instruments	2,000	4,757
Real estate	53	51
Cash and cash equivalents	7,354	4,027
	518,682	**523,241**

The assets are invested in a variety of different classes in order to maintain a balance between risk and return as follows:

- Debt instruments, equity instruments and investment funds which mainly have quoted market prices;
- Real estate property which is mainly in private and commercial property funds which have quoted market prices and directly held property investments;
- Cash and cash equivalents which are mainly invested with financial institutions with a credit rating no lower than A.

The plan assets do not include any of the Group's own financial instruments nor any property occupied by or other assets used by the Group.

Expected cash flows
The Group expects to contribute approximately € 7.7 million to its defined benefit plans in 2025.

Sensitivity analysis

The measurement of the net defined benefit obligation is particularly sensitive to changes in the discount rate, inflation rate and expected mortality assumptions. The following table summarises the impact of a change in those assumptions on the present value of the main defined benefit obligations (the Baxi Group Pension Scheme and the Newmond Pension Plan, which constitute together some 93% of the total obligation).

In thousands of €	2024	2023
Discount rates		
0.5% increase (2022: 0.25% increase)	(22,544)	(25,196)
0.5% decrease (2022: 0.25% decrease)	24,473	27,727
Expected inflation rate		
0.25% increase	5,787	6,673
0.25% decrease	(6,269)	(6,788)
Expected life increase		
1 year increase	13,502	15,071

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as in the prior year.

Risks

There are mainly three categories of risks related to defined benefit obligations and pension plans. The first category relates to risks affecting the actual pension payments. Increased longevity and inflation of salary and pensions are the principal risks that may increase the future pension payments and, hence, increase the pension obligation. The second category relates to investment return. Pension plan assets are invested in a variety of financial instruments and are exposed to market fluctuations. Poor investment return may reduce the value of investments and render them insufficient to cover future pension payments. The final category relates to measurement and affects the accounting for pensions. The discount rate used for measuring the present value of the obligation may fluctuate which impacts the valuation of the defined benefit obligation. The discount rate also impacts the size of the interest income and expense that is reported in the financial income and expenses and the service cost. When determining the discount rate, the Group uses AA-rated corporate bond indexes which match the duration of the pension obligations. Expected inflation and mortality assumptions are based on local conditions in each country and changes in those assumptions may also affect the measured obligation and therefore the accounting entries.

Deferred tax liabilities

The movement in the deferred tax liabilities is as follows:

In thousands of €	2024	2023
Book value as of 1 January	53,692	45,728
Effect of movement in foreign exchange rates	(284)	(4,436)
Charged / (credited) to income statement	(338)	5,735
Effect of hyperinflation adjustments	3,746	3,327
Charged / (credited) to equity	(3,271)	3,338
Book value as of 31 December	**53,545**	**53,692**

The deferred tax liabilities are mainly recognised for the taxable temporary differences between the tax base and the accounting base of the capitalised brands and the retirement benefit assets. The provision for deferred tax liabilities has a predominantly long-term nature.

Warranty

The movement in the provision for warranty is as follows:

In thousands of €	2024	2023
Book value as of 1 January	68,550	68,223
Effect of movement in foreign exchange rates	(162)	(2,826)
Utilised	(36,771)	(34,905)
Provision made during the year	34,524	37,089
Provision reversed during the year	(3,447)	0
Effect of hyperinflation adjustments	429	969
Reclassifications	(277)	0
Book value as of 31 December	**62,846**	**68,550**

The warranty provision represents management's best estimate of the Group's contractual and constructive liability under warranties granted on its products, based on past experience, the level of sales, warranty periods granted on individual products and industry averages for defective products.

Some € 29.2 million of the provision is expected to be utilised in the coming year. The remainder is expected to be utilised mainly during the next two years thereafter.

Reorganisation

The movement in the provision for reorganisation is as follows:

In thousands of €	2024	2023
Effect of movement in foreign exchange rates	110	68
Utilised	(5,407)	(1,523)
Interest due to passage of time	0	61
Provision made during the year	4,554	2,583
Reclassifications	55	0
Book value as of 31 December	**5,205**	**5,893**

This provision will mainly cover costs relating to the reorganisation of the Group and includes amounts for exiting surplus properties and rationalisation of the operations. The utilisation during the year mainly relates to reorganisation expenses paid in the United Kingdom and Belgium.

Some € 2.8 million of the provision is expected to be utilised in the coming year. The remainder is expected to be utilised mainly during the next five years thereafter.

Other provisions

The movements in the other provisions are as follows:

In thousands of €	2024	2023
Book value as of 1 January	12,204	9,833
Additions through acquisitions	0	36
Effect of movement in foreign exchange rates	(531)	(1,782)
Utilised	(634)	(546)
Interest due to passage of time	1,188	589
Provision made during the year	2,210	3,186
Provision reversed during the year	(1,320)	(30)
Charged / (credited) to equity	(1,422)	918
Reclassifications	222	0
Book value as of 31 December	**11,917**	**12,204**

The other provisions relate mainly to jubilee benefits and various claims. Some € 2.5 million of these provisions are expected to be utilised in the coming year. The remainder of the other provisions has a predominantly long-term nature.

Notes to the specific items of the consolidated balance sheet

9. Shareholders' equity

Reference is made to the note on shareholders' equity in the Company's financial statements.

10. Non-controlling interest

This relates to shares held by minority shareholders in the following companies:

- 49% Dallan S.r.l. (Italy);
- 10% Gruppo Bravo S.r.l. (Italy);
- 40% Eurogas S.r.l. (Italy);
- 49% Tecnoservice Bettero S.r.l. (Italy);
- 49% ATC Gas S.r.l. (Italy);
- 12% Furlan S.r.l. (Italy)
- 49% Agenzia ITR S.r.l (Italy);
- 30% Agenzia Valbormida S.r.l. (Italy);
- 49% Skopgas S.r.l. (Italy);
- 49% G.M. S.r.l. (Italy);
- 20% Eurevia SAS (France).

Movements in the non-controlling interest can be broken down as follows:

In thousands of €	2024	2023
Book value as of 1 January	1,811	606
Other movements	(554)	(264)
Dividend	(381)	(445)
Additions through acquisitions	148	1,201
Result for the financial year	858	713
Book value as of 31 December	**1,882**	**1,811**

Notes to the specific items of the consolidated balance sheet

Financial instruments

The Group's policy is to fund its operations mainly through the use of equity and debt instruments. At 31 December 2024 the Group had the following debt instruments:

- € 22,279,000 of shareholders' loan, maturing in 2060;
- € 540,000,000 of a multicurrency revolving credit facility. Under the existing revolving credit facility this loan will be renewed in 2025;
- € 4,785,000 of other bank loans;
- € 2,186,000 of finance lease obligations, maturing between 2025 and 2070;
- € 214,430,000 of cash; and
- € 1,315,000 of restricted cash.

The fair value of these financial instruments approximates the carrying amount.

In April 2023 Remeha Group agreed a facility. This facility is now an agreement with seven banks and is for a total amount of € 650 million, in the form of a multicurrency revolving credit facility, which can be used to borrow funds or for guarantees / letters of credit. The facility agreement has a maturity of five years with the option to extend the facility agreement with one year or two years. For 2024 normalised covenant targets have been agreed. As of year-end 2024 all the normalised loan covenants are met and the loan is not subject to early repayment in 2025.

The cash at banks and in hand is at the Company's free disposal, with the exception of € 1.3 million on an escrow account regarding the purchase of two service companies in Spain.

Interest rate risk
The Group reviews its interest rate exposure and interest hedge instruments are applied as deemed appropriate to obtain a desired risk profile in fixed and variable interest positions.

As at 31 December 2024 and 31 December 2023 there were no outstanding interest swaps.
Maturity analysis of financial liabilities

Foreign exchange risk
The currency policy is aimed at protecting the operating margin, interest cover and leverage of the Group. Currency forward contracts are entered into to manage the currency risks where no natural hedge across the Group exists. At the 2024 balance sheet date no hedge has been put in place for 2025 (in 2023 no hedge was in place for 2024).

There were no ineffective parts of the hedge relationships in 2024.

Credit risk
The Group regularly reviews its operations to ensure there is no significant concentration of credit risk.
The Group policy requires Group companies to carry out appropriate credit checks on potential customers prior to trading, and to regularly review existing customers. Group companies must operate within set credit limits.

Liquidity risk
The Group maintains a mixture of medium-term committed facilities to ensure a sufficient level of funds is available for its business operations.

Other price risk
The group has a derivative to cover future price movements of the purchase price of an investment. The value of the derivative is the cost price of the option, which is zero. The first time the option can be executed is in 2025.

Interest rate analysis
The syndicated revolving credit facility drawings are at floating Euribor rate (for euro loans), SONIA (for British pounds loans) or the benchmark rate for any other currency of drawing plus the banks' margin (which can range from 1.25% to 2.25% dependent on the Group's leverage).

The interest rates on the previous and current revolving credit facilities during the year were between 0.8% and 1.725% above the benchmark rates dependent on the currency of drawing.

(Shareholders' loan not included)

As of 31 December 2024	*Payments due by period*				
In thousands of €	**Total**	**Less than one year**	**One to two years**	**Two to five years**	**After five years**
Syndicated revolving credit facility[1]	540,000	24,000	65,000	451,000	0
Bank loans	4,785	511	2,132	1,455	687
Finance lease obligations	2,186	21	18	70	2,077
Total loans	**546,971**	**24,532**	**67,150**	**452,525**	**2,764**

1 Under the existing revolving credit facility this loan will be rolled over in 2025.

As of 31 December 2023	*Payments due by period*				
In thousands of €	**Total**	**Less than one year**	**One to two years**	**Two to five years**	**After five years**
Syndicated revolving credit facility[2]	575,000	93,000	65,000	417,000	0
Bank loans	4,706	564	2,122	1,815	205
Finance lease obligations	2,076	3	18	67	1,988
Total loans	**581,782**	**93,567**	**67,140**	**418,882**	**2,193**

2 Under the existing revolving credit facility this loan was rolled over in 2024.

Contingent assets and liabilities

The Group has entered into commitments to lease motor vehicles and rent buildings, offices and other equipment.

The total commitments for future minimum lease payments under non-cancellable operating leases at 31 December amount to:

In thousands of €	31.12.2024	31.12.2023
Due within 1 year	26,437	20,008
Due within 1-2 years	19,975	16,343
Due within 2-5 years	26,076	21,576
Due after 5 years	26,829	4,950
	99,317	**62,877**

During 2024 an amount of € 20 million (2023: € 17 million) was recognised in the income statement for operating leases.

Remeha Group has entered into capital commitments for the aggregate amount of € 15.9 million (2023: € 28 million).

Remeha Group B.V. is a guarantor with limited recourse of loans provided by various bankers to different subsidiaries. Claims are limited to the proceeds realised on the security granted by it, regardless of whether the banks are fully repaid or not.

Remeha Group B.V. is liable to purchase the shares of an investment if the current shareholder exercises its option to sell its shares. The first possibility is in 2025.

Remeha Group B.V. and its subsidiaries are regularly involved in lawsuits, claims, investigations, and proceedings, either as claimant, defendant or target, in the ordinary course of its business. Based on currently available information and legal opinions, we believe that the outcome of these legal actions will either have no significant adverse effect on the financial position of the Company or that any possible adverse effects are adequately reflected in provisions.

Transactions with related parties

In 2024 and 2023 there were no transactions with related parties under unusual market conditions.

Notes to the specific items of the consolidated income statement

11. Net turnover

Remeha Group B.V. is only active in the heating, ventilation and air conditioning business and sells primarily goods:

In thousands of €	2024	2023
Sale of goods	1,902,372	2,162,868
Services	121,048	107,627
	2,023,420	**2,270,495**

A summary of sales per region is included below:

In thousands of €	2024	2023
North Western Europe	761,474	1,012,902
United Kingdom & Ireland	384,781	393,765
Southern Europe	354,935	362,381
Eastern Europe	277,977	265,781
Asia Pacific	226,633	216,216
Rest of the world	17,620	19,450
	2,023,420	**2,270,495**

12. Salaries and social security charges

In thousands of €	2024	2023
Wages and salaries	351,072	336,523
Social security charges	82,945	78,807
Pension costs	16,092	14,887
	450,109	**430,217**

The Group issues cash-settled share-based payments to certain employees and management. Based on an employee's performance and level of responsibility, stock appreciation rights (SARs) are granted. These SARs span a period of five years and can only be exercised after the first three years. The holders of the SARs will receive a payment which consists partly of the positive difference between the fair value of the SARs at the date of exercise and the exercise price and is partly based on some extended performance targets.

As at 31 December 2024 the outstanding SARs can be specified as follows:

	Number of SARs	Exercise price EUR	First vesting date	Last vesting date
SARs 2021	212	1,210.76	31 Dec. 2023	31 Dec. 2025
SARs 2022	3,893	1,522.89	31 Dec. 2024	31 Dec. 2026
SARs 2023	3,026	1,424.40	31 Dec. 2025	31 Dec. 2027
SARs 2024	29,294	1,347.97	31 Dec. 2026	31 Dec. 2028

In 2024 this resulted in a payment to some of the participating employees of in total € 2.7 million (2023: € 8.9 million).

In the cost of wages and salaries, a loss of € 37,000 (2023: € 465,000 loss) is included for share-based compensation.

Notes to the specific items of the consolidated income statement

13. Personnel

The average number of employees (excluding temporary workers) of the Group during the year, converted to full-time equivalents and broken down by country, was as follows:

In average full-time equivalent per country	2024	2023
France	1,451	1,484
United Kingdom	1,227	1,280
The Netherlands	891	881
Germany	762	765
Italy	779	744
Iberia	650	651
Turkey	514	573
Other countries	531	559
	6,805	**6,937**

The average number of employees (excluding temporary workers) of proportionally consolidated companies was 466 (2023: 378).

The headcount of the Group, excluding temporary workers, was at year-end 6,813 (2023: 7,107).

The average number of employees (excluding temporary workers) of the Group during the year, converted to full-time equivalents and broken down by function, was as follows:

In average full-time equivalent per function	2024	2023
Direct production	1,507	1,628
Indirect production	592	600
Service engineers	970	928
Marketing, Sales & Distribution	2,128	2,234
Research & Development	535	533
General	1,064	1,002
Other	1,073	1,014
	6,805	**6,937**

Notes to the specific items of the consolidated income statement

14. Amortisation/depreciation of intangible fixed assets and property, plant and equipment

In thousands of €	2024	2023
Amortisation of intangible fixed assets	105,117	108,360
Net impairment of intangible fixed assets	370	258
Depreciation of property, plant and equipment	32,381	30,666
Net (reversal of) impairment of property, plant and equipment	7,644	(1,488)
	145,512	**137,796**

15. Other operating expenses

Research and development costs
Research and development costs charged against the result for the financial year, including amortisation of capitalised costs, amounted to € 64,753,000 (2023: € 70,699,000).

Non-operating items
The 2024 operating expenses include non-operating items amounting to a loss of € 8,896,000. This mainly relates to restructuring expenses amounting to € 9,267,000, in France, Germany, United Kingdom and the Netherlands.

Taking into account the non-operating expenses, the following reconciliation between the operating result and EBITDA can be made:

In thousands of €	2024	2023
EBIT	(22,756)	86,233
Non-operating items	(8,897)	(8,940)
Operating result	(31,653)	77,293
Add back depreciation, amortisation and impairments	145,512	137,796
Non-operating items	8,897	8,940
EBITDA	**122,756**	**224,029**
Elimination of hyperinflation adjustments	16,989	14,032
EBITDA excluding hyperinflation adjustments	**139,745**	**238,061**

Notes to the specific items of the consolidated income statement

Audit fees
Also included in operating expenses are the following amounts invoiced by the independent Group auditor:

2024 In thousands of €	Pricewater-houseCoo-pers Accountants N.V.	Other Pricewater-house-Coopers Accountants N.V. network	Total Pricewater-house-Coopers Accountants N.V. network
Type of service:			
Fees for statutory audit of annual accounts	285	1,122	1,407
Fees for other assurance services	0	112	112
Tax advisory services	0	206	206
Other non audit services	27	19	46
	312	**1,459**	**1,771**

The fees above relate to work performed at the Company and at Group companies (included in the consolidation) by the Group's audit firm and the (international) network to which the independent Group auditor belongs, as intended in article 1.1 of the Dutch Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties').

These fees relate to the audit of the 2024 financial statements, regardless of whether the work was performed during the financial year.

The audit fees in 2023 were as follows:

2023 In thousands of €	Pricewater-houseCoo-pers Accountants N.V.	Other Pricewater-house-Coopers Accountants N.V. network	Total Pricewater-house-Coopers Accountants N.V. network
Type of service:			
Fees for statutory audit of annual accounts	290	1,072	1,362
Fees for other assurance services	0	95	95
Tax advisory services	0	241	241
Other non audit services	38	29	67
	328	**1,437**	**1,765**

Exchange differences
Exchange differences resulting from the settlement of other transactions than settlement of borrowings and conversion of other monetary balance sheet items than borrowings included in administrative expenses amount to € 5,090,000 profit (2023: € 244,000 profit).

Notes to the specific items of the consolidated income statement

16. Other operating income

The other operating income in 2024 consists of a € 0.8 million compensation received from a supplier (2023: € 1.0 million) and royalty and commission income of € 336,000 (2023: € 669,000).

17. Result on sale of associated companies

The 2024 loss of € 6,000 and the 2023 profit of € 1,303,000 mainly relate to the sale in 2021 of the 100% participation of ECR International Inc.

18. Portion of revaluation gain released to income statement

A revaluation reserve has arisen on the revaluation of various assets of Baymak Makina Sanayi ve Ticaret A.Ş. and Inmak Dis Ticaret A.Ş. in Turkey. When the remaining 50% of the shares in these companies were acquired in 2012, differences between the fair value and the original carrying amount of identifiable assets and liabilities were recorded for 100%. For the 50% that was already owned by the Group, a reserve was formed to account for the one-time revaluation gain. Upon depreciation of the underlying items, the related amount is released from this reserve to the income statement.

19. Financial income and expense

In thousands of €	**2024**	**2023**
Interest income and similar income	6,022	2,571
Interest expenses and similar charges	(50,372)	(37,888)
Net exchange gain / (loss) on borrowings	(1,541)	(1,678)
Gain / (loss) on the net monetary position	26,025	16,280
	(19,866)	**(20,715)**

Included in interest expenses are:

- € 1,165,000 profit (2023: € 77,000) net interest expenses relating to the interest cost on defined benefit obligations and expected return on plan assets;
- € 2,026,000 (2023: € 1,841,000) interest expenses relating to the loan of the shareholder BDR Thermea Shareholder Foundation;
- € 985,000 (2023: € 1,606,000) amortised costs relating to the facility agreement and the amortised costs in 2023 also related to the former facility agreement.

The net exchange loss on borrowings of € 1,541,000 (2023: € 1,678,000 loss) mainly relates the results realised on British pounds borrowings in the Netherlands.

In Turkey, cumulative inflation rates over a three-year period exceeded 100% as at April 2022, thereby triggering the requirement to transition to hyperinflation accounting as prescribed by RJ 122.312 of the Dutch Accounting Standards Board. Consequently, the company applied hyperinflation accounting for its Turkish subsidiary for the first time in the December 2022 financial statements. Non-monetary assets and liabilities stated at historical cost (e.g. property, plant and equipment, intangible assets, etc.) and equity of Baymak were restated using an inflation index. The hyperinflation accounting impacts resulting from changes in the general purchasing power from 1 January 2024, amounting to a gain of € 26.0 million (2023: € 16.3 million), are reported on 'Gain / (loss) on the net monetary position'.

Notes to the specific items of the consolidated income statement

20. Tax on result

The Group's tax (income) / expenses consist of the following:

In thousands of €	2024	2023
Current taxes	28,961	36,415
Deferred taxes	(9,782)	(9,306)
	19,179	**27,109**

The difference between the Group's overall expected tax rate (the weighted average statutory tax rate based on the result before tax of each subsidiary) and the effective tax rate arises due to the following:

	2024		2023	
In thousands of €	%	€	%	€
Result before tax		**(51,342)**		**58,064**
Expected tax (income) / expense	30.5%	(15,645)	23.9%	13,894
Tax losses not recognised during the year	-43.3%	22,155	6.0%	3,499
Dutch innovation box	0.0%	0	0.2%	93
Utilisation of tax losses	0.2%	(108)	0.0%	0
Items not deductible for tax purposes	-31.5%	16,188	25.5%	14,813
Adjustments related to prior years	-8.9%	4,588	1.6%	940
Other items	15.6%	(7,999)	-10.5%	(6,130)
Tax charge in the income statement	**-37.4%**	**19,179**	**46.7%**	**27,109**

Remeha Group's operating activities are subject to income taxes in various countries with statutory tax rates up to 31.6%. The expected tax rate for the Group has changed compared to last year due to changes in some of these tax rates and due to changes in the relative weighting of results of operating companies as a consequence of different operating company results as compared to the prior year.

The other items mainly relates to Turkey, where since 2023 hyperinflation accounting is applied in the tax assessment, creating a tax impact of € 1.0 million profit.

The Group falls within the scope of the Minimum Tax Act 2024 (Pillar 2), which came into effect in the Netherlands, Belgium, UK, Ireland, Germany, Czech Republic, France, Italy, Turkey, Denmark, Spain, Portugal and Romania. The Group has assessed its exposure to the Pillar Two legislation based on the 2024 financials, based upon which it is concluded that in the various countries either the safe harbour rules will apply or the impact will be limited. The Group applied the mandatory exemption in paragraph 102a concerning the recognition of deferred tax assets and liabilities related to Pillar 2 income taxes.

21. Share in result of associated companies

The share in result of associated companies of € 534,000 loss (2023: € 202,000 profit) relates to the profit on the investment in G.I. Industrial Holding SpA.

Notes to the specific items of the consolidated cash flow statement

22. Purchase of intangible fixed assets

Under the cash outflow for ‘Purchase of intangible fixed assets’ only those investments are presented for which cash and cash equivalents were spent. The cash outflow for ‘Purchase of intangible fixed assets’ (€ -30,252,000 in 2024 and € -45,104,000 in 2023) relates mainly to externally procured software. This includes capitalised expenditure for the development of a SAP S/4HANA ERP system as part of the ‘Nexus’ project, which aims to create one standard global way of working supported by the right IT systems for several main companies of the Group.

The 2024 cash outflow includes also an amount of € -7,375,000 (2023: € -2,572,000) relating to internally generated software investments, which relate mainly to capitalised expenditures for the ongoing development of a SAP S/4HANA ERP system as part of the ‘Nexus’ project.

23. Purchase of property, plant and equipment

Under the cash outflow for ‘Purchase of property, plant and equipment’ only those investments are presented for which cash and cash equivalents were spent. In 2024 and 2023 no investments were financed via a finance lease obligation.

The cash outflow for ‘Purchase of property, plant and equipment’ made during 2024 of € -51,275,000 relates mainly to investments in France, the United Kingdom, the Netherlands, Italy, Slovakia and Spain.

24. Acquisition of subsidiaries

The cash outflow of € 9.6 million in 2024 for the acquisition of subsidiaries relates mainly to the acquisition of:

- Fortes Import Installatie Agenturen B.V. and its subsidiary Fortes Energy Systems A/S (acquired in 2022), which was partly contingent on future events;
- Agenzia ITR S.r.l., (51% of the shares acquired), an agency in Italy, effective 11 June 2024;
- Asistencia Técnica Betiko S.L. (100% of the shares acquired), a service company in Spain, effective 13 June 2024;
- Agenzia Valbormida S.r.l., (70% of the shares acquired), an agency in Italy, effective 13 June 2024;
- Skopgas S.r.l., (51% of the shares acquired), a service company in Italy, effective 25 June 2024;
- Furlan S.r.l. (37% of the shares acquired, which makes the total shareholding 88%), a service company in Italy, effective 16 October 2024;
- G.M. S.r.l. (51% of the shares acquired), a service company in Italy, effective 31 October 2024.

The cash outflow includes an amount of € 9.6 million relating to the considerations paid in respect of the aforementioned 2024 acquisitions, € 0.8 million to cash available in the acquired companies and € 4.0 million relating to deferred acquisition payments in respect of acquisitions made in the preceding years.

Subsequent events

Subsequent events were evaluated up to 20 March 2025, which is the date the financial statements were approved.
There are no events to report.

2024 Company financial statements

Remeha Group B.V.

Company balance sheet as of 31 December 2024

Before appropriation of result

In thousands of €	Notes	31.12.2024	31.12.2023
Fixed assets			
Intangible fixed assets	1	23,319	25,926
Financial fixed assets	2	504,426	690,268
		527,745	**716,194**
Current assets		0	0
Current liabilities	3	**(9,889)**	**(121,943)**
Current assets less current liabilities		(9,889)	(121,943)
Total assets less current liabilities		**517,856**	**594,251**
Long-term liabilities	4	(22,279)	(20,253)
Shareholder's equity	5	(495,577)	(573,998)
		(517,856)	**(594,251)**

Company income statement for the year ended 31 December 2024

In thousands of €	2024	2023
Result of participations after tax	(80,502)	22,253
Other income and expense after tax	8,589	8,191
Net result after tax	**(71,913)**	**30,444**

Notes to the Company financial statements

General accounting principles for the preparation of the financial statements

The Company's financial statements have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code and the accounting principles generally accepted in the Netherlands.
In accordance with article 402 of Part 9, Book 2 of the Dutch Civil Code, an abbreviated version of the income statement of the Company is presented.

The principles of valuation and determination of result for the Company's financial statements and the consolidated financial statements are the same. For the principles of valuation of assets and liabilities and determination of result, as well as for the notes to the specific assets and liabilities and the results, reference is made to the Notes to the consolidated financial statements, if not presented otherwise hereafter.

Notes to the specific items of the balance sheet

1. Intangible fixed assets

In thousands of €	**Goodwill**
Historic costs	52,040
Accumulated amortisation / impairment losses	(26,114)
Book value as of 1 January 2024	**25,926**
Book value as of 1 January 2024	25,926
Amortisation	(2,607)
Book value as of 31 December 2024	**23,319**
Historic costs	52,040
Accumulated amortisation / impairment losses	(28,721)
Book value as of 31 December 2024	**23,319**

Notes to the specific items of the balance sheet

2. Financial fixed assets

In thousands of €	Participations in Group companies	Receivables	Total
Carrying amount as of 1 January 2024	203,242	487,026	690,268
Movements:			
Additions/Repayments	407,458	(487,026)	(79,568)
Effect of movements in foreign exchange rates	2,172	0	2,172
Dividends received	(19,447)	0	(19,447)
Share in results for the year	(80,502)	0	(80,502)
Share in direct equity movements	(8,497)	0	(8,497)
Carrying amount as of 31 December 2024	**504,426**	**0**	**504,426**

The receivables from Group companies relate to a loan to BDR Thermea Group B.V., which bears interest based on the Interbank rate (Euribor) plus a margin. The interest rates on the loan were between 5.16% and 5.42% during the year. The loan was converted in a capital contribution during 2024.

3. Current liabilities

In thousands of €	31.12.2024	31.12.2023
Payables to group companies	0	112,225
Taxes payable	9,889	9,718
	9,889	**121,943**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

The payables to Group companies relate to a loan to Remeha B.V., which bears interest based on the Interbank rate (Euribor) plus a margin. The interest rates on the loan were between 5.37% and 5.42% during the year. Nothing has been agreed in respect of repayments and securities.

Notes to the specific items of the balance sheet

4. Long-term liabilities

In thousands of €	Amounts due to shareholder
Book value as of 1 January 2024	20,253
Interest costs	2,026
Book value as of 31 December 2024	**22,279**

The long-term liability is a shareholders' loan of € 22,279,000 (2023: € 20,279,000) from BDR Thermea Shareholder Foundation to Remeha Group B.V. The loan, which was provided in 2010, has a 51-year term and is repayable earlier only upon the bankruptcy, insolvency or liquidation of Remeha Group B.V.

The loan is subordinated to all Remeha Group B.V. creditors, but senior to the ordinary equity. The interest on the loan is 10% which will accrue each year.

Notes to the specific items of the balance sheet

5. Shareholders' equity

The authorised share capital amounts to € 5 million, divided into five million ordinary shares of € 1 each. Of these, one million and one thousand are issued and paid up. A summary of the movements in the shareholders' equity for 2024 is given below:

In thousands of €	Issued share capital	Share premium	Legal and other reserves	Retained earnings	Result for the financial year	Total
Book value as of 1 January 2024	1,001	20,062	(82,236)	604,727	30,444	573,998
Allocation result 2023	0	0	0	30,444	(30,444)	0
Net result 2024	0	0	0	0	(71,913)	(71,913)
Effect of movements in foreign exchange rates	0	0	2,172	0	0	2,172
Transfer from retained earnings	0	0	1,965	(1,965)	0	0
Net profit credited directly to equity	0	0	0	(8,497)	0	(8,497)
Portion of revaluation gain released to income statement	0	0	(183)	0	0	(183)
Book value as of 31 December 2024	**1,001**	**20,062**	**(78,282)**	**624,709**	**(71,913)**	**495,577**

The movements in the shareholders' equity for 2023 were as follows:

In thousands of €	Issued share capital	Share premium	Legal and other reserves	Retained earnings	Result for the financial year	Total
Book value as of 1 January 2023	1,001	20,062	(82,236)	567,662	64,645	587,717
Dividend to shareholder	0	0	0	(29,090)	0	(29,090)
Allocation result 2022	0	0	0	30,444	(64,645)	0
Net result 2023	0	0	0	0	30,444	30,444
Effect of movements in foreign exchange rates	0	0	(23,271)	0	0	(23,271)
Transfer from retained earnings	0	0	6,871	(6,871)	0	0
Net profit credited directly to equity	0	0	0	8,381	0	8,381
Portion of revaluation gain released to income statement	0	0	(183)	0	0	(183)
Book value as of 31 December 2023	**1,001**	**20,062**	**(82,236)**	**604,727**	**30,444**	**573,998**

Notes to the specific items of the balance sheet

Legal and other reserves

In thousands of €	Revaluation reserve	Reserve capitalised Development costs	Foreign currency translation reserve	Total
Book value as of 1 January 2024	1,339	77,196	(160,771)	(82,236)
Effect of movements in foreign exchange rates	0	0	2,172	2,172
Transfer from retained earnings	0	1,965	0	1,965
Portion of revaluation gain released to income statement	(183)	0	0	(183)
Book value as of 31 December 2024	**1,156**	**79,161**	**(158,599)**	**(78,282)**

Revaluation reserve
The revaluation reserve has arisen on the revaluation of various assets of Baymak in Turkey. With the increase in shareholding to 100% in Baymak in May 2012, differences between the fair value and the original carrying amount of identifiable assets and liabilities were recorded for 100%. For the 50% that was already owned by the Group, a reserve is formed to account for the one-time revaluation gain. Upon depreciation of the underlying items, the related amount is released from this reserve to the income statement.

Reserve capitalised Development costs
A legal reserve is maintained in respect of the capitalised Development costs.

Guaranteed capital

The guaranteed capital of the Company consists of:

In thousands of €	31.12.2024	31.12.2023
Shareholders' equity	495,577	573,998
Subordinated shareholder's loan	22,279	20,253
	517,856	**594,251**

Proposed appropriation of result for the financial year 2024

The Management Board, having obtained the approval of the Supervisory Board, proposes to the shareholder that the result for the financial year 2024 amounting to a loss of € 71,913,000 should be deducted from the retained earnings.

This proposal has not been recorded in the financial statements 2024.

Average number of employees

During 2024, 0 employees were employed on a full-time basis (2023: 0). Of these employees, 0 were employed outside the Netherlands (2023: 0).

Contingent assets and liabilities

Remeha Group B.V. is head of a fiscal unity for corporate income tax and VAT purposes, and for that reason it is jointly and severally liable for the tax liabilities of the whole fiscal unity. The fiscal unity consists further of BDR Thermea Group B.V., De Heus Remeha B.V., Baxi B.V., Remeha B.V., Fortes Import Installatie Agenturen B.V., Holland Warmte “Warmte- en Ventilatietechniek” B.V., Holland warmte verhuur B.V. and C.V.- Hal B.V. Several other fiscal units are applicable within the Group. The legal entity has guaranteed liabilities of Dutch consolidated Group companies, as meant in article 403 of Book 2 of the Dutch Civil Code. The legal entity is therefore jointly and severally liable for the liabilities arising from the legal acts of those Group companies.

Other information

Remuneration of (former) directors and supervisory directors

For the remuneration of (former) directors of the legal entity an amount of € 4,514,000 (2023: € 3,685,000) was charged to the income statement of the Company and its subsidiaries or Group companies.

In 2024 an amount of € 408,000 (2023: € 387,200) was charged to the income statement of the Company and its subsidiaries or Group companies for the remuneration of supervisory directors of the Company.

Signing of the financial statements
Apeldoorn, 20 March 2025

Management Board
Mr T. Bouman, Chairman
Mr R.P. Eikelenboom
Mr P.J. Snel
Mrs L. de Lima Veiga-Ermida Moretti
Mr L. La Morgia

Supervisory Board
Mr M.J.C. de Jong, Chairman
Mrs J.W. van der Vlist-Verdel
Mr N.G.H. Lange
Mr J.A. Fischer
Mrs C.C.J.M. Fluit

Other information

Independent auditor's report

Reference is made to the independent auditor's report as included hereinafter.

Articles of association provision on the appropriation of profit

Article 26 of the Company's Articles of Association reads as follows:

1. The distributable profits shall be at the disposal of the General Meeting for distribution of dividends or in order to be added to the reserves or for such other purposes within the Company's objects as the meeting shall decide.
   In calculating the amount of profit to be distributed in respect of each share, only the amount of the mandatory payments towards the nominal amount of the shares shall be taken into account.
2. The Company may make distributions to shareholders and other persons entitled to distributable profits only to the extent that the shareholders' equity exceeds the reserves that must be maintained by law.
   In calculating the appropriation of profits, the shares held by the Company in its own share capital shall not be taken into account.
   A resolution to make a distribution shall not take effect as long as the Management Board has not given its approval. The Management Board may only withhold such approval if it knows or should reasonably foresee that, following the distribution, the Company will be unable to continue paying its due and payable debts.
3. Distribution of profits shall take place after the adoption of the Annual Accounts which show that the distribution is permitted.
4. Subject to the provisions of the second paragraph, the General Meeting may resolve to distribute one or more interim dividends and / or other interim distributions.
5. Unless the Management Board determines otherwise, distributions shall be payable immediately following approval by the Management Board of the resolution to make the relevant distribution.
6. Dividends shall be payable immediately after they have been declared, unless the General Meeting provides otherwise.
7. The claim for payment of dividends shall lapse on the expiry of a period of five years.

Appropriation of result for the financial year 2023

The annual report 2023 was adopted in the General Meeting held on 16 April 2024. The General Meeting has determined the appropriation of result in accordance with the proposal being made to that end.

To: the general meeting and the Supervisory Board of Remeha Group B.V.

Report on the audit of the financial statements 2024

Our opinion
In our opinion, the financial statements of Remeha Group B.V. (‘the Company’) give a true and fair view of the financial position of the Company and the Group (the Company together with its subsidiaries) as at 31 December 2024, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited
We have audited the accompanying financial statements 2024 of Remeha Group B.V., Apeldoorn. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:
- the consolidated and company balance sheet as at 31 December 2024;
- the consolidated and company income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion
We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section ‘Our responsibilities for the audit of the financial statements’ of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of Remeha Group B.V. in accordance with the ‘Wet toezicht accountantsorganisaties’ (Wta, Audit firms supervision act), the ‘Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten’ (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Dutch Code of Ethics).

Information in support of our opinion
We designed our audit procedures with respect to fraud and going concern and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide separate opinions or conclusions on these matters.

Audit approach fraud risks
We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Remeha Group B.V. and its environment and the components of the internal control system. This included the Management Board’s risk assessment process, the Management Board’s process for responding to the risks of fraud and monitoring the internal control system and how the Supervisory Board exercised oversight, as well as the outcomes. We refer to section ‘Risk management and compliance’ of the management report for management’s fraud risk assessment. No separate fraud risk assessment is available. However, the assessment of fraud is part of the overall risk management process, which is implemented by the company.

We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct, delegation of authority, whistleblower procedures, the global anti-bribery and anti-corruption policy, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We asked members of the Management Board as well as the internal audit department, the legal department, local management and the Supervisory Board whether they are aware of any actual or suspected fraud. This did not result in signals of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

Identified fraud risks	Our audit work and observations
The risk of management override of controls Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. That is why, in all our audits, we pay attention to the risk of management override of controls in: • the appropriateness of journal entries and other adjustments made in the preparation of the financial statements; • estimates; • significant transactions, if any, outside the normal course of business for the entity.	We evaluated the design and implementation of the internal control system in the processes of generating and processing journal entries, making estimates, and monitoring projects. We also paid specific attention to the access safeguards in the IT system and the possibility that these lead to violations of segregation of duties. We performed substantive audit procedures to address this risk. We selected journal entries based on risk criteria and conducted specific audit procedures for these entries. These procedures include, among others, inspection of the entries to source documentation. We also paid particular attention to consolidation and elimination entries, focusing on testing entries that affect revenue and results in the relevant fiscal year. We did not identify any significant transactions outside the normal course of business. We also performed specific audit procedures related to important estimates of management, including the valuation of intangible assets, deferred tax assets, defined benefit obligation, warranty accrual and other estimates. We specifically paid attention to the inherent risk of bias of management in estimates. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.
The risk of fraudulent financial reporting due to overstating the revenue As part of our risk assessment and based on a presumption that there are risks of fraud in revenue recognition. Management receives bonuses, of which the size partly depends on the financial results achieved. In this context, management has been given specific targets for growth in turnover and results. This could lead to pressure on management to overstate revenue by recognising fictitious turnover.	We evaluated the design and implementation of the internal control system in the processes related to revenue reporting. We performed our audit procedures in a mix of controls and substantive procedures. We performed data analyses to identify potential notable revenue entries in the fiscal year and performed specific substantive audit procedures on these entries, including determining whether these entries are based on deliveries that actually took place in the financial year. We tested, on a sample basis, the delivered performance and transaction prices of the revenue transactions based on sales agreements, delivery documents, sales invoices and cash receipts. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the existence and occurrence of the revenue reporting.
Risk of bribery and corruption because of using sales agents The company uses sales agents in several countries. These agents assist in the effective operational running of sales in the respective territories. As transactions involving sales agents are more susceptible to the risk of bribery and corruption, we paid particular attention to these transactions.	We evaluated the design and implementation of the internal control system and assessed the effectiveness of relevant controls in the processes related to entering into contracts with agents and the monitoring and reviewing of the work performed by agents. Amongst others, we evaluated the Global Anti-Bribery and Anti-Corruption Policy in place. We have reviewed the contracts with agents and analysed the commissions paid to these agents. On a sample base, we determined whether: • contracts have been signed by an appropriate official; • the agreed commission is calculated correctly and paid correctly to a bank account held by the agent; • the agreed commission is proportionate to the work performed by the agent based on a benchmark of the commission percentage used in the industry and at the company. Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to using sales agents.

We incorporated an element of unpredictability in our audit and we reviewed lawyer's letters. During the audit, we remained alert to indications of fraud. Furthermore, we considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance with laws and regulations.

Audit approach going concern
The Management Board prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least 12 months from the date of preparation of the financial statements.

Our procedures to evaluate the Management Board's going-concern assessment included, amongst others:

- considering whether the Management Board identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going-concern risks);
- considering whether the Management Board's going-concern assessment included all relevant information of which we were aware as a result of our audit and inquiring with the management board regarding the Management Board's most important assumptions underlying its going-concern assessment.;
- evaluating the Management Board's current budget including cash flows for at least 12 months from the date of preparation of the financial statements taking into account current developments in the industry such as the energy transition and all relevant information of which we were aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- performing inquiries of the Management Board as to its knowledge of going-concern risks beyond the period of the Management Board's assessment.

Based on our procedures performed, we concluded that the Management Board's use of the going-concern basis of accounting is appropriate, and based on the audit evidence obtained, that no material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.

Report on the other information included in the Annual Report

The Annual Report contains other information. This includes all information in the annual report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Management Board should prepare the financial statements using the going-concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. The Management Board should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, and is not a guarantee that an audit conducted in accordance with the Dutch Standards on Auditing will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Zwolle, 20 March 2025
PricewaterhouseCoopers Accountants N.V.

F. van der Ploeg RA

Appendix to our auditor’s report on the financial statements 2024 of Remeha Group B.V.

In addition to what is included in our auditor’s report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor’s responsibilities for the audit of the financial statements
We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Concluding on the appropriateness of the Management Board’s use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Appendices

About this report

Preparation for CSRD

As we prepare to implement the Corporate Sustainability Reporting Directive (CSRD) throughout the coming years, this year's Sustainability statement is organised as follows:

- General Disclosures: covering the role of our administrative, management and supervisory bodies, statement on due diligence, insights into our business model and value chain, our stakeholders and our double materiality assessment process.
- Environmental Disclosures: detailing our approach to climate change, resource use and circular economy.
- Social Disclosures: addressing our people and customers.
- Governance Disclosures: outlining our business conduct and values.

Time horizons

The reporting period both for the sustainability and financial statements is that of the most recent reporting year, which ran from 1 January 2024 to 31 December 2024.

Scope and process for data collection

In 2024 the scope, data collection process and reporting of the non-financials was established to be the same as the financials. See the Financial statements for more details. The non-financials have not been audited.

Value chain estimations

When metrics include upstream and/or downstream value chain data estimated using indirect sources, such as sector-average data or other proxies, it is clearly indicated in the text.

Sources of estimation and outcome uncertainty

The preparation of the non-financials may require estimates and assumptions. Amounts recognised in this report may be based on factors that are by default associated with uncertainty. Actual results may therefore differ from estimates. We clearly indicate where this is the case through the text. Estimates and underlying assumptions are updated and reviewed on an ongoing basis.

Changes in preparation or presentation versus prior periods

In 2024, the preparation and presentation of the sustainability statement was revised to reflect a new format designed to align with the forthcoming CSRD requirements. Consequently, the statement now aims to adhere to the current ESRS standards outlined by the CSRD, where feasible. The content has been adjusted to conform to these standards, establishing a reporting framework in preparation for the mandatory disclosures. This means that several new metrics have been incorporated this year compared to the previous period.

Reporting adjustments related to prior periods

Reporting adjustments from prior periods, adjustments to methodologies, and any other applicable changes are reflected in the reporting period it relates to. When such adjustments occur, they are clearly indicated through the text.

Comfort

Our customers' needs drive our innovations. We create practical, efficient and reliable products and services to ensure comfort and peace of mind.

Smart thermal comfort solutions with near zero carbon footprint for buildings owners and users.

Colofon

Publication
BDR Thermea Group B.V.

Address
Kanaal Zuid 106
7332 BD Apeldoorn
The Netherlands

Mailing address
P.O. Box 484
7300 AL Apeldoorn
The Netherlands

Website
www.bdrthermeagroup.com

Layout
Tripp creatieve communicatie
www.tripp.nl