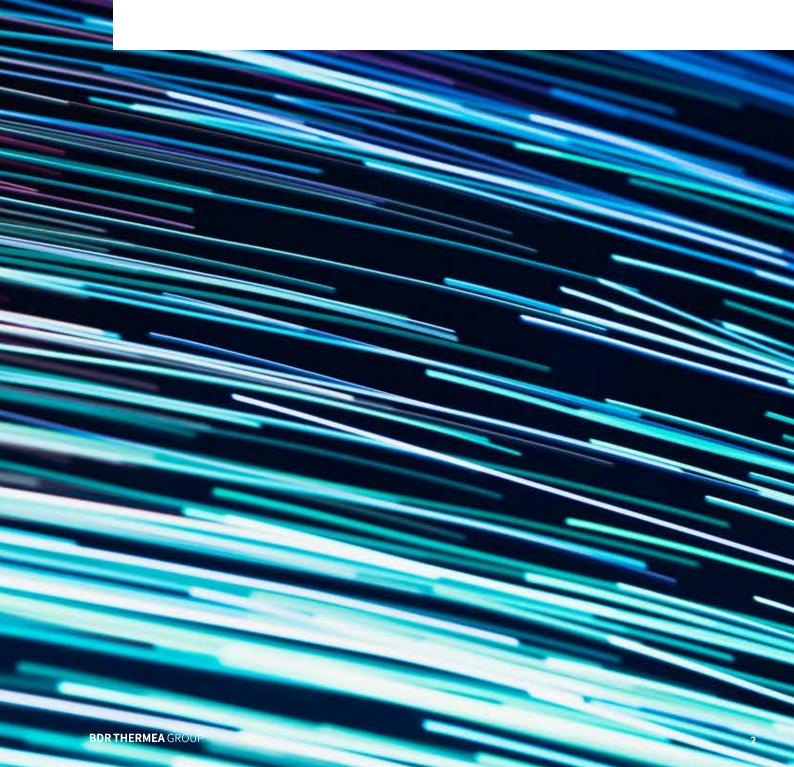
BDR THERMEA GROUP



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At a **glance**

BDR Thermea Group (the name under which Remeha Group B.V. operates) brings a sustainable future closer through smart indoor climate solutions. BDR Thermea Group is a leader in the energy transition, developing and supplying a range of smart, high-quality, innovative and efficient indoor climate solutions that allow people to reduce their carbon footprint while enjoying comfort in their homes, workplaces and leisure facilities.

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

Our heat generator portfolio includes electrical and gas heat pumps, high-efficiency gas boilers, combined heat and power (CHP) systems, and heat networks. We are at the forefront of developing ground-breaking hydrogen boilers. Our tanks and tankless water heating systems can use electricity, gas and other energy sources. We offer solutions for residential and commercial use, meeting the needs of one-family dwellings right through to high-rise office blocks.

We work to shape a sustainable future, continuously improving our business and innovating to bring the energy transition to life. We know that practicality and affordability are key to decarbonising heating and cooling of homes, so we work with our customers to develop solutions that are easy to install, easy to use and connectable.

BDR Thermea Group was founded in 2009 as a group of three marketleading companies: Baxi, De Dietrich and Remeha. It includes further well-known brands such as Brötje, Chappée and Baymak. We serve customers in more than 100 countries worldwide, working as one team across countries, business units and functions. Our products are manufactured in sixteen locations in eight countries.

In 2023, the Group achieved a turnover of € 2.3 billion and employed 7,100 people. 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 organisational structure of the Group is based on regional divisions (United Kingdom and Ireland, France, Germany, the Benelux, Turkey, Iberia, Italy, and International). The company has its corporate seat in Apeldoorn, the Netherlands.



BDR THERMEA GROUP At a glance

We have strong positions in Europe and China.

BDR Thermea Group is headquartered in Apeldoorn, the Netherlands.

focused Business Development Units

16
Manufacturing sites worldwide

7,100 employees

€ 2.3
billion



Our solutions

We develop smart solutions that save energy and make people's live easer

Message from the Management Board

Whether it be a global pandemic or a war on mainland Europe, the last few years have presented significant challenges to our business and to society at large. Nevertheless, BDR Thermea entered 2023 determined to make more headway in our 'Grow Together with Energy' strategy and to further enable the energy transition for our customers. While we remain firmly on track after hitting several milestones this year, we faced weaker markets for heating systems like others in our sector, amid an economic downturn and a slowdown in the construction of new homes. We experienced significant customer uncertainty, as many Governments debated and changed their policies and subsidies for the energy transition.



While these challenges are set to persist in 2024, we recognise that we are in the midst of the energy transition, whereby any transition is faced with challenges underway. Our organisation is experienced at moving in tune with the market. The progress we made on our 4H categories (heat pumps, hybrids, hydrogen and heat networks) in 2023 has positioned us well for the future.

The trajectory towards sustainable energy carriers remains clear and steadfast. It is in that certainty that we opened new heat pump production lines in Apeldoorn and Bassano del Grappa, and scaled up our existing lines in Mertzwiller and Vilafranca del Penedès. We also broke ground on our new factory in Vranov nad Topl'ou, Slovakia, which gives us more flexibility in producing heat pumps and hot water tanks.

In 2023, we expanded our portfolio of energy transition solutions with multiple additions to our Group. Holland Warmte, Eurevia and several service companies in Spain, Italy and France all joined us, and we strengthened our strategic partnership with G.I. Holding. No one organisation can accomplish the energy transition alone, so tie-ups like these are essential for long-term success. And we can be confident in our long-term prospects. Our brands are well known and highly valued, and we have close relationships with our installers, confirmed by our strong net promoter score of 55. We remain focused on our customers and support them on their path into a sustainable future.

Innovation remains a cornerstone of our business, and this year we have launched new heat pump and hybrid heat pump solutions. Brötje's KIT65 is a perfect example. It's an interface that makes new gas condensing boilers hybrid-capable simply, quickly and cost-effectively and prepares them for the integration of a heat pump.

As an organisation we are constantly looking for ways to improve. Our 2023 Employee Survey, which registered an 83 percent response rate, gave us a valuable insight into how employees feel about their work at BDR Thermea. This feedback is being discussed across the company, so we can find and implement impactful solutions that will help make our organisation an even greater place to work.

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.

Every year presents different, unexpected obstacles, but the hard work of BDR Thermea employees remains a constant. The Management Board wishes to sincerely thank all our teams, as well as our customers and suppliers for their trusted partnership, our shareholder, Stichting Aandelen Remeha (SAR), and the Supervisory Board for their continued support.

We express our gratitude to Bertrand Schmitt, who stepped down as CEO on 31 December 2023, for his leadership over the last seven years. In that time, BDR Thermea entered a new phase of growth and innovation, as a provider of sustainable heating solutions and services – whilst facing significant global challenges, like the COVID-19 crisis, building on our values Customer Focus, Sustainable Future and One Team.

We very much welcome Tjarko Bouman, as our new CEO to drive further growth of the company and become a leader in the energy transition.

BDR Thermea is fortunate to have so many committed partners on our journey of bringing a sustainable future closer. As we enter 2024, we look forward to continuing to grow together with energy.

Management Board BDR Thermea Group



Report of the Management Board

Mission

BDR Thermea Group brings a sustainable future closer through smart indoor climate solutions

At BDR Thermea Group, we provide end-users with a broad choice of technologies that allow them to reduce their environmental footprint while enjoying comfort in their homes, workplaces and leisure facilities. Our digital solutions improve the customer experience along the value chain.

Strategy

The shift to renewables presents opportunities as it becomes ever more significant for politicians, policymakers, businesses and consumers. Increasingly aware end-users want to make their homes part of the energy transition, so they need guidance and tools to help them to make the right choices. Installers, who are in short supply across Europe, require tools and training so they can work with maximum efficiency and reskill for the energy transition. Remote customer interaction is accelerating as installers and end-users become more tech-savvy and demand strong support and smooth online services. Geopolitical shifts make it important for us to grow outside our traditional European markets.

Our 'Grow Together with Energy 2021-2026' plan sets out our ambitious strategic path for the coming years. It is built on our company values: Customer focus, One team, and Sustainable future.

Mission & Ambitions to 2026

Our mission – to bring a sustainable future closer through smart indoor climate solutions – is the basis for the following ambitions. This is where we want our company to be in 2026:

- 1. We are a leader in the energy transition.
- 2. We are our customers' first choice.
- We care for the health and safety of our people and business partners.
- 4. We are the employer of choice.
- 5. We achieve sustainable profitable growth of our company.

In line with our refreshed strategic priorities, we focused our strategic initiatives into six strategic projects.



Regional action plans

A major strength of our company is customer intimacy and our ability to adapt to local market conditions. Regional teams and their engagement are therefore crucial to our Group strategy: they translate the strategic priorities into local action plans, such as marketing campaigns, sales programmes, product launches and cost programmes.

General and financial performance 2023

Market environment

In 2023, market demand declined, or growth was lower than expected, as consumers postponed investment decisions on whether to go for gas or electric due to uncertainty around the economy and future regulations. Moreover, continuing mild weather did not support replacement demand. The overall decline came after major swings in demand in the preceding years: there was an initial decline due to the Covid pandemic and a strong demand increase afterwards, resulting in worldwide supply chain disruptions. Then came highly fluctuating energy prices following the war in Ukraine and geopolitical instability.

The aggregate Western European residential boiler market decreased by 12 percent in 2023. Double-digit decline was seen in most of our markets. Besides the above-mentioned general developments, country-specific developments further contributed to this decline. The UK market shrunk by 11 percent (exceptionally low demand was the result of higher costs of living and low consumer confidence). A more than 20 percent decrease in market demand was seen in Italy (largely due to changes in the Eco- and Superbonus incentive schemes in February 2023), France, the Netherlands and Spain. The positive exception was in Germany, where the market increased by almost 40 percent following anticipating new regulations on natural gas boilers.

Outside Western Europe, the market also decreased by circa 40 percent in both Poland and the Czech Republic. On the other hand, market growth was seen in Turkey and China (as it recovered from a 2022 disrupted again by the Covid pandemic).

The aggregate commercial boiler market in Western Europe increased by 5 percent in 2023, with a more mixed picture than the residential boiler market. Market demand increased in Italy, Germany and the United Kingdom, but there was double-digit decline in France and Spain, and 4 percent decrease in the Netherlands.

The overall heat pump market in Western Europe decreased by 3 percent in 2023, stabilising around 1.1 million units after year-on-year growth of 51 percent in 2022. However, the developments are different across our individual core countries. The German and Dutch markets both increased by circa 50 percent, supported by increased product availability, legislation and continued government incentive programmes promoting low carbon heating solutions (particularly hybrid solutions in the Netherlands). The heat pump market in Germany grew to 335,000 units, surpassing France as the biggest heat pump market in Europe. The market in France declined by 14 percent. In Italy, the market declined by 55 percent, following the aforementioned changes in incentive schemes. The heat pump market in Spain decreased by 6 percent.

Financial performance

BDR Thermea Group achieved net sales of € 2.3 billion in 2023, which represented a 3 percent increase in turnover compared to 2022. Our sales growth came mainly in Germany (in heat pumps and in boilers hitting peak demand), the Netherlands (via our successful hybrid heat pump solution, and heat interface units following the acquisition of Fortes Energy Systems) and in Turkey. On the other hand, sales decreased in France, Italy and Poland, among others, resulting from lower market demand.

We delivered 1.3 million residential boilers to customers worldwide. This was 9 percent less volume than in 2022 following the overall boiler market slowdown. Commercial boiler volumes decreased by 10 percent compared to 2022. Our heat pump business grew by 20 percent compared to 2022. This was supported by market growth in Germany and the Netherlands and the expansion of our market position in the Netherlands, Spain and Italy.

Most other product families grew in sales, including hot water tanks and water heaters (+12 percent), air conditioners (+22 percent), spares (+6 percent) and service income (+23 percent, growth both organic and via acquisitions). Sales decreased for radiators (-17 percent) and solar panels (-32 percent) due to decreasing demand.

Operational performance (EBITDA)¹ totalled € 238 million in 2023, which was € 7 million higher than in 2022. This improvement was driven by sales, gross margin increases and ongoing cost reduction initiatives. The total was partly offset by increasing purchase costs, investments in our strategy execution, the strengthening of the R&D organisation, and indirect cost increases in other areas.

This resulted in an EBITDA margin (% versus net sales)¹ of 10.5 percent, which was in line with the 2022 level of 10.5 percent.

We achieved a net profit of € 30.4 million in 2023, compared to € 64.6 million in 2022. The higher operational performance (EBITDA) was significantly offset by increased depreciation and interest costs.

We continued to generate operational cash flow. This totalled € 100 million in 2023, which was € 73 million higher than in 2022. 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 € 156 million cash outflow on investments including acquisitions, resulting in an increase in the leverage ratio (net financial debt/EBITDA¹) to 1.68 at the end of 2023 (versus 1.12 in 2022). The current ratio increased to 1.42 (versus 1.39 in 2022), while the solvency ratio decreased to 28.6 percent (versus 29.7 percent in 2022).

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1. Normalised for impact hyperinflation accounting in 2023 and 2022.



ESG Performance

ESG governance

We strive to implement sustainability into our business. As such, we developed an ESG program with different workstreams focusing on high-impact topics such as our carbon and environmental impact, health, safety, diversity, and responsible procurement, underpinned by our commitment to implementing the UN Global Compact principles throughout our business.

Our 2025 vision We are a responsible business partner and a leader in the energy transition, by integrating sustainability in our strategy and our business, bringing a sustainable future closer



 $^{^{\}rm 1}$ Compared to baseline year 2019, $^{\rm 2}$ Emissions per average unit sold, $^{\rm 3}$ From own operations

Our ESG governance is in line with our business governance. Our sustainability team became fully operational in January 2023. In addition, there are dedicated sustainability roles within Group Procurement. A Group HSE manager is responsible for ensuring all management systems for safety and environmental compliance are working effectively.

Dedicated sustainability leads are appointed in all our operating companies and BDUs to coordinate the implementation of the ESG framework on a local level, drive and share best practices and align with the central team. We have also created working groups that sit within our competence centres which focus on product sustainability, particularly eco-design and product packaging.

To show our commitment and ensure continuous improvement and monitoring at the highest management level, the Management Board receives updates on progress quarterly. Please note that all the non-financial/ESG information included in this report is unaudited by PwC. Furthermore, we have a Sustainability Steering Team, consisting of our Chief Financial Officer (the sustainability sponsor on the Management Board), Chief Technology Officer, Chief Operational Officer, the Group Finance and Control Director and the Sustainability Manager. Our Group HR (Human Resources) Director joins the team when our own workforce is on the agenda (see Our People chapter), and our Chief Commercial officer will drive the sales KPIs related to scope 3 greenhouse gas emissions in the use-phase of our products as of February 2024.

BDR THERMEA GROUP

Our business impact on climate change

Contribution to the energy transition

The HVAC industry is one of the important players in the energy transition, as buildings account for approximately 40 percent of the energy consumption in the EU and around 30 percent globally. In particular, heating, cooling and hot water are responsible for around 80 percent of energy used in EU households (Energy Performance of Buildings Directive²). To support the EU's energy and climate goals, the Energy Performance of Buildings Directive aims to fully decarbonise the building stock by 2050. As an active member of the European Heating Industry (EHI), we support its 2030-2050 vision, which outlines a path towards carbon-neutral buildings by 2050.

Our approach and ambition

Our greatest opportunity to reduce emissions is through our products, which explains our focus on scope 3 indirect emissions. Their impact on climate change is significant and accounts for an estimated 99 percent of our total carbon footprint. Of this total, an estimated 98 percent of the indirect emissions are generated in our products' use phase (also known as the downstream emissions) with around 1 percent allocated to our global supply chain (upstream).

Our ambition is to reduce our products' use-phase emissions by 30 percent per average unit sold by 2030 through our 4H categories, focusing on hybrids, heat pumps, hydrogen boilers and heat networks. This ambition is still under review as we are working on the validation of the use-phase emissions of our products and monitoring potential external developments in the renewable and green energy sector. Meanwhile, we are focusing on increasing the sales of the products that support the energy transition by their potential to run on renewable energy and decarbonise the built environment.

Heat networks and hybrids are both important in decarbonising the heating of buildings. Hybrids are particularly useful for reducing carbon emissions quickly in less-insulated existing buildings and can reduce gas use by up to 70 percent. In the future, renewable gases such as green hydrogen can be used.

Our achievements in 2023

In 2023, we launched the 100 percent hydrogen boiler pilot project in Spain. The Viamed San José Hospital in Murcia, Spain, worked with Baxi to install its first 100 percent hydrogen boiler, which will save around 20 tonnes of CO2 annually. The electrolysis process used to produce hydrogen creates oxygen as a byproduct,

which will be used for medical purposes within the hospital. This achievement marks an important milestone in piloting hydrogen as a sustainable heating solution.

In Levenmouth, Scotland, we are contributing to the H100 Fife national research project led by SGN to deliver 150 pieces of 100 percent hydrogen boilers, creating the world's first 100 percent hydrogen-to-homes heating network. With green hydrogen produced with green electricity from an offshore windmill, we will provide heat to 150 of the 300 homes. The project also creates opportunities for engineer qualifications and gas safety registering for installing 100 percent hydrogen boilers.

These pilots are incredibly valuable to understanding how hydrogen may be used for heating in the future. In the shorter term, heat pumps, hybrids and heat networks will play a key role in the energy transition for heating.

In the residential stream, we developed our first replacement solutions, like Germany's KIT65, a unit that is placed at the back of a gas boiler and allows homeowners to connect a heat pump quickly and easily when they're ready for it. Meanwhile, the commercial systems team has begun to replace old gas-fired boilers with a hybridheating installation consisting of a BDR Thermea commercial heat pump with a cascade of BDR Therma boilers.

We have developed a calculation framework for our downstream scope 3 emissions under guidance of the GHG protocol. In 2024, we aim to improve our data reliability and validity.

Our product development teams continued to work to better understand the carbon emissions and environmental impact of our products during their lifecycle. We have performed life-cycle assessments to identify hotspots and improve products during their design phase.

To provide further transparency on the environmental impact of our products, we also have external parties verify the Environmental Product Declarations (EPDs). In 2023 we delivered and published 20 EPDs on the PEP Ecopassport platform. Alongside this, we are working together with the Chartered Institution of Building Services Engineers (CIBSE) and Nationale Milieudatabase (NMD) to give insights into the environmental footprint of our products. For all our new, and most of our existing heat pumps, we now have EPDs available.

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2. Energy Performance of Buildings Directive (europa.eu)

There are several possible decarbonisation pathways across materials, design, and technology that collectively could help mitigate a significant portion of overall greenhouse gas emissions. Some of these pathways, such as switching to renewable sources of energy for heating systems, have significant potential for reducing emissions, while others, such as reducing waste and improving circularity, are likely to mitigate a smaller proportion of emissions.

Scope 3 upstream emissions

We have begun exploring the indirect emissions generated in our supply chain. In 2023, we started work on a high-level heat map of our main supply base to help identify carbon hot spots based on industry and spend. This will help us to target high-emissions suppliers and help them create CO₂ reduction plans.

To this end, we are developing a calculation framework and a reporting mechanism for our scope 3 upstream emissions. As part of this project, we have also been studying the new EU Carbon Border Adjustment Mechanism (CBAM), which aims to put a carbon price on carbon-intensive goods produced outside of the EU (as part of the EU Green Deal). We have set up a team and a process to ensure that we are well prepared for CBAM when it takes full effect in 2026.



Note: Scope 1 and 2 total of 8 Main regions that include manufacturing, warehouses, labaratories, offices (including service & training centres)

КРІ	Result 2023	Result 2022
GHG emissions scope 1 & 2 (metric tonnes CO ₂ -e)	25,925	25,509
Delta to previous year	1.6%	-11.2%
Delta to baseline (2019)	-28.2%	-29.3%

КРІ	Result 2023	Result 2022
Total energy consumption (MWh)	133,326	142,881
Delta to previous year	-6.7%	4.6%

Approach and ambition

We aim to increase our positive contribution to limit climate change and to minimise our climate impact. We are committed to the EU's Fit for 55 package, including its goals to make Europe the world's first climate-neutral continent by 2050 through the EU Green Deal, and to reduce 55 percent of Europe's carbon emissions by 2030.

Our ambition is to achieve a 55 percent reduction in direct (scope 1) and indirect (scope 2) carbon emissions from our operations by 2030 compared to our 2019 baseline, with an average annual reduction of 5 percent. The scope of this ambition includes our eight operating companies, where production, assembly, lab testing and services take place. Increasing energy efficiency and the use of renewable energy are the drivers behind this target. We allow our local operating companies great flexibility in their action plans in achieving this target as every country faces its own challenges and opportunities in this domain. It is therefore the responsibility of our local teams to develop and implement their local reduction plans for the manufacturing process and services to achieve this ambition.

Our achievements in 2023

To achieve our carbon ambition, all countries worked on energyrelated initiatives in 2023.

At our facility in the Netherlands, the R&D lab used to rely on gas for duration testing. Such testing helps to ensure the quality, reliability, and durability of our products. Since it uses a significant amount of energy, we decided to stop duration tests of gas boilers in the R&D labs, which saves around 575,000 m³ of natural gas per year.

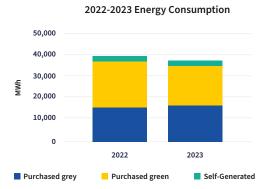
At our Bassano del Grappa site, we continued to focus on reducing the R&D lab's energy consumption. We implemented a procedure to manage all new test requests, allowing lab technicians to evaluate if a test is necessary, if it can be done another way using less energy, or if the component can be tested alone or simultaneously with other components. Additionally, one person is assigned to utilities management, optimising working hours and days (i.e., managing holidays, weekends and lunch breaks). Thanks to these measures, we achieved an annual saving of 25 percent (200 MWh/year) in electricity consumption compared to 2022, and a 38 percent reduction in natural gas (88.200 m3/year) in the R&D lab.

We take responsibility for minimising the impact of our vehicle fleet, which makes up around 39 percent of our scope 1 emissions. Our

service teams in the UK and Germany added electrical vehicles to their growing vehicle fleet. We have started a pilot in Spain (a country with low EV readiness) involving trialling one electric van in cities and rural areas. Our service team in Spain has also implemented "Service Power", a scheduling tool that optimises routes, reducing kilometres driven and CO2 emissions. The service team in France is investigating other opportunities to reduce CO2 emissions, such as optimising the spare parts stock in vans to reduce weight and fuel consumed, as well as implementing a telematics solution to help technicians drive in a more efficient way. This can lead to using less fuel to travel the same distance.

Energy consumption results

Our various energy-related actions resulted in a reduction in of 6.7 percent compared to 2022. We also generated 2,320 MWh of renewable energy through our photovoltaic (PV) solar panels in 2023 (a decrease of 1.2 percent compared to 2022).



Carbon reduction results

Our total emissions for scope 1 and 2 in 2023 were 25,925 metric tons of CO_2 -eq, which resulted in an absolute reduction of 28.2 percent compared to our 2019 baseline. This means that we are still on track to achieve our 55 percent scope 1 and 2 reduction target by 2030. Compared to 2022, this accounts for a 1.6 percent increase in carbon emissions. In the scope, we included the eight main regions and acquired companies as of 2020, without changing the baseline of 2019.

Carbon-neutral operations by offsetting our emissions (scope 1 & 2)

Since 2020, we have been offsetting our unavoidable CO₂ emissions in scope 1 and 2 to make our operations net carbon neutral. To achieve carbon neutrality in 2023, we will offset 25,925 tonnes CO₂-eq emissions.

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GHG emissions (metric tons CO ₂ -e)	Result 2019	Result 2020	Result 2021	Result 2022	Result 2023
Scope 1	26,398	22,807	24,703	23,247	22,466
Scope 2 (market based)	9,690	6,638	4,008	2,263	3,459
Total	36,088	29,445	28,711	25,510	25,925

Results in above table include the eight main regions and the mergers & acquisitions from 2020 onwards

We invest in two Gold Standard projects to achieve this goal. The first is a Uganda Biogas project that provides bio-digesters for local households, replacing the burning of firewood and fossil fuels for heat and cooking. These bio-digesters convert waste from livestock into clean biogas, leaving only organic fertilizer for further use. This project not only reduces carbon emissions but also enhances the quality of life for communities by offering a sustainable energy source next to cost savings for fertilizers. By doing so, this initiative contributes to seven SDGs (Sustainable Development Goals), including SDG 7 (Affordable and Clean Energy), SDG 1 (No Poverty) and SDG 3 (Good Health and Well-being). The second project in Turkey converts greenhouse gas emissions from waste in landfills into energy. This approach not only prevents emissions from directly entering the atmosphere but also generates sustainable energy. It also improves the quality of life of local communities by, for example, creating jobs and providing access to clean and stable electricity. By addressing the environmental impact of landfills, this project contributes to six UN SDGs, including SDG 7 (Affordable and Clean Energy) and SDG 13 (Climate Action).

Integrating management systems in operations

To ensure compliance with quality and local health, safety and environmental regulations, we are implementing a certification roadmap for quality (ISO 9001), environmental management (ISO 14001), and energy management (ISO 50001) systems. All our facilities have passed the yearly surveillance or renewal audits for their quality management systems.

Our ambition is to have all management systems in place at all sites in 2025, in order for Group QHSE to organise centralised monitoring and auditing for compliance with external regulation and our internal policies to ensure continuous improvement of our operational performance.

Day-to-day management of the operational environmental is coordinated by the local QHSE manager under the responsibility of the operational directors or managing directors. We strive to have

agile operations that use energy efficiently, manage resources and materials responsibly, and reduce our negative impact throughout the value chain.

All our sites are certified for quality, while only Benelux needs certification for environmental management. In 2023, Iberia implemented the 14001 certification and Italy implemented the 50001 certifications. Our sites in the UK and Germany were both certified for occupational health and safety.

Exploring opportunities on resources & materials to support systems towards circularity

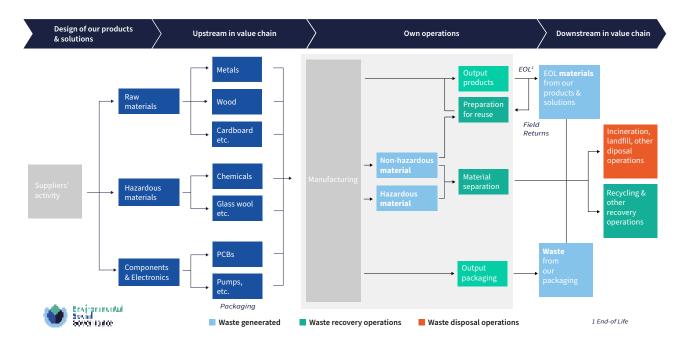
Approach and ambition for Resources & Materials

The depletion of fossil fuels, the climate emergency, and the energy crisis are driving the shift towards a circular economy. We recognize our role in this transition therefore we are focusing on the waste in our own operations by implementing waste management experiences at our manufacturing sites. We also understand that true circularity requires us to look beyond our factory walls and understand our resources flows.

We are investigating ways to support a circular economy that combines carbon emissions and environmental impact into a viable sustainable business case. In 2023, we continued diving into the materials and waste flows in our value chain, to find out if the principles of a circular economy, where resources are reused, recycled or repurposed to close the loop, could be implemented for our materials flows. With this approach we aim to encourage resource efficiency first and start with small pilot projects.

A circular approach not only conserves raw materials but also minimises the carbon footprint associated with their extraction and manufacturing. Furthermore, evolving regulatory frameworks focused on waste management and environmental conservation push us to proactively adhere to regulations.

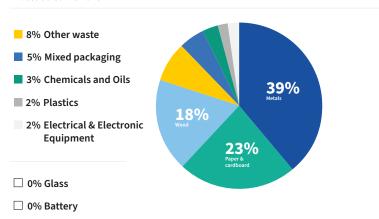
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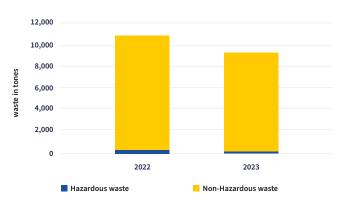
BDR THERMEA GROUP Report of the Management Board

Our biggest waste streams in operations





Ratio Hazardous/non-Hazardous



The ratio of hazardous/non-hazardous waste stayed the same (3:97) compared to 2022.

Smart waste management

We measure our performance on the waste ladder locally. Each site works according to their waste reduction plan. We strive to have all our sites climb up the waste ladder, as they are at different stages.

Scope: 8 main Regions included.

Waste from own operations (metric tons)	Result 2019	Result 2020	Result 2021	Result 2022	Result 2023
Prepared for reuse	N/A	N/A	N/A	432	359
Recycled	N/A	N/A	N/A	9,510	8,198
Other recovery operation	8,842	8,377	10,068	0	0
Incinerated (with energy recovery)	N/A	N/A	N/A	617	553
Incinerated (without energy recovery)	N/A	N/A	N/A	69	89
Other disposal operation	481	567	854	0	0
Landfill	N/A	N/A	N/A	149	69
Total	9,323	8,944	10,922	10,777	9,268

BDR THERMEA GROUP Report of the Management Board

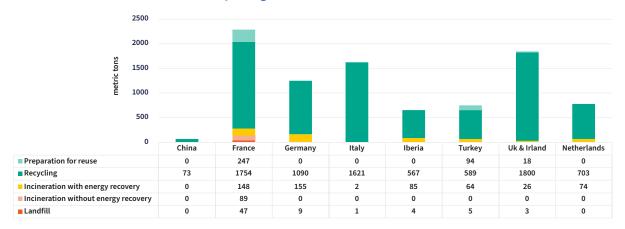
We aim for 100 percent of our operational waste to be diverted from landfill in 2030. In 2023, 99.2 percent of our total waste in operations was diverted from landfill. The data for 2023 shows an overall decline in the top three waste streams (i.e., paper/cardboard, wood and metals) from 2022 to 2030.

This indicates that the various initiatives explored and implemented by our sites have been successful in reducing waste, such as returnable packaging with suppliers and locally reusing wood pallets to reduce our paper & cardboard and wood waste streams. We have also introduced pilots to collect components returning from the field, such as printed circuit boards (PCBs), to reduce the waste stream of electronics. By optimising our manufacturing operations, we can reduce metal waste.

We also identified the division between hazardous and non-hazardous waste and the type of disposal and recovery operations. Based on these insights, we defined our approach for smart waste management at our biggest manufacturing sites, which consists of climbing up the waste ladder.

Our recycling efforts have remained consistent with the total waste recycled in comparison to 2022, as we maintained an 88 percent recycling rate. We can also see that we have reduced waste sent to landfill compared to last year by 56 percent. Furthermore, in 2023, our waste stream of electronic equipment was fully diverted away from landfill.

2023 Performance on waste ladder per region



Exploring opportunities towards circularity in 2023

As shown in our material flow mapping, apart from the actions taken in the operations, we also recognised that waste throughout our value chain could be prevented through the design of our products and their packaging.

We do not have insights on this yet, but we understand the importance of it. As such, in 2023 an Ecodesign team, with representatives from our different business development units, started to explore how we can reduce the environmental impact of our products from a design perspective. One stage of the design process is deciding the material and components used in our products, which we call the upstream value chain material flows. In the coming years, we plan to investigate the environmental and financial impact of these upstream flows.

In addition, we are also aware of current and upcoming legislations such as the CBAM, Ecodesign Directive, Packaging directive, EPS (expanded polystyrene) ban, etc. We strive to be prepared for these, which is why we have conducted LCAs on the packaging of our products, including our pulp cardboard packaging.

We also recognise our responsibility over our products' end-of-life phase, which is something to explore in the coming years.

Cardboard waste

Our goal is to reduce cardboard waste of component packaging across our sites by working with suppliers and our transport companies to implement reusable packaging. We have set a preliminary target of first reducing it by 45 percent, and the project is ongoing. Different sites initiated pilot projects to investigate reusable packaging with some of our suppliers. We rely on the cooperation of suppliers throughout our value chain, and we have already begun testing our first packaging prototype together.

Electronic waste

In February 2023, our graduate team presented the results of their research on how PCBs that ended up in the waste bin at different sites could be reused. PCBs are a crucial component in the industry in general.

Parallel to this research, in Bassano, a team combining R&D, Quality and Operations launched a pilot exploring the opportunities for the re-use and refurbishment of PCBs of our B-platform.

Packaging of our products

In 2023 we continued to work on parallel projects throughout the company to improve our packaging, focusing on increasing its circularity through better recyclability and recycled content use. For the hot water & solar business, we have developed guidelines for more sustainable packaging, focusing on four pillars: material selection, design optimisation, supplier selection and product quality.

Rethinking the end-of-life

Our manufacturing sites have also started to explore alternative end-of-life scenarios, including the recovery of products/materials through preparation for re-use or recycling. For example, the UK and Ireland launched their first reusable cardboard project which reduced their paper/cardboard waste in 2023 compared to 2022. At our site in France, a project team is exploring the potential for repurposing finished products to give them a second life.

Responsible Procurement

КРІ	Result 2022	Result 2023
% Preferred suppliers with Ecovadis score of ≥ 49	75 (60%) preferred suppliers	103 (83%) preferred suppliers

Approach and ambition

Achievements in 2023

In 2023, we continued to build our validated supply base by requiring all our preferred suppliers to have a valid Ecovadis sustainability audit score above our threshold or agree a plan with us to achieve it.

Overall, 329 suppliers out of a total of 1,272 achieved a rating on the Ecovadis platform, with another 73 with a rating in progress. From our assessed supply base, 83 percent of suppliers have a rating of "Good" or higher.

103 of our preferred suppliers have a score that is above our 2023 minimum, and 51 have an agreed plan to achieve it. Unfortunately, 37 suppliers who were unable or unwilling to meet our sustainability level targets have been removed from our preferred supplier list and will not be eligible for new business in the future.

We assessed 209 suppliers in the last 12 months with 137 achieving an improved rating over the previous year. In 2024 we will develop a new performance indicator.

Almost 50 percent of our procurement team completed the first four modules in our training academy on sustainability and the remaining are to be invited to complete it in 2024.

Training and awareness to bring a sustainable future closer

We strive to train all our employees on sustainability, equipping them to deliver sustainable solutions for customers and to help make our own operations more sustainable. Our shareholder, Stichting Aandelen Remeha (SAR), contributes to long-term employment and opportunities at the Group. Together with BDR Thermea, the SAR has defined an education strategy consisting of three pillars: external development of partners; personal development of employees; and sustainability & innovation.

For the third pillar, we have launched a sustainability education experience with the purpose of raising awareness on sustainability across the Group. Our ambition is to have 90 percent of employees trained in sustainability by 2025. In 2023, we launched the Sustainability Education Experience, starting with dialogue sessions in teams and raising awareness on the importance of the energy transition. Topics included life-cycle assessments and the challenges of moving towards a sustainable future. Around 70 percent of our employees joined the first phase of the training.

In addition, most European markets are experiencing a significant shortage of installers and technical personnel, which is a bottleneck for the acceleration of the energy transition. Therefore, we continuously educate installers at our training centres worldwide. This includes training for existing products and cross-skilling and upskilling installers to be able to install new products, such as heat pumps. In 2023, we trained around 33,500 external installers of which 15,000 have been trained on heat pumps.



Our people

Our people do meaningful work with a clear purpose: creating highend sustainable solutions that bring a zero-carbon world closer. This purpose powers our people and our performance.

We want to be an industry leader, focusing on our customers, collaborating as one team across the business, and pushing ourselves and others to solve the challenge of the energy transition. We strive to provide a safe, welcoming and inclusive environment, where people can perform to the best of their abilities and be themselves, all while being supported by our values. We want to be an employer of choice, able to attract and retain top talent.

To realise this goal, we launched our People for Energy strategic project in 2022, which continued to be a key pillar of our strategy in 2023. As part of this, we focus on developing and enhancing our people function to create one global HR team; accelerating our core HR technology journey to improve global processes and solutions; maturing our total rewards processes, which includes pay equity, competitive and fair remuneration; and implementing a new performance-management system to evaluate performance and potential.

We celebrated multiple milestones in these areas in 2023. Firstly, we implemented our new HR management system, Workday, which helps us to digitalise the HR process and become more effective and professional in supporting our employees. We simplified our global talent review process to identify gaps and improvement actions in our succession pipeline. We started work on our global job architecture which we plan to finalise in 2024. This will help us provide a framework for effective workforce management and development.

We introduced a new global employee engagement survey with a high participation rate of 83 percent. Areas for improvement, priorities and actions have been discussed and rolled out across the organisation. A pulse survey in Q1 2024 and another in September 2024 will show if those actions have been effective. We will continue to listen to our employees on a regular basis to make BDR Thermea an even more attractive place to work for everyone, and achieve our ambition of becoming an employer of choice.

Culture & Values

We bring our values – Customer focus, One team, Sustainable future – to life in all that we do. To engage employees with our values worldwide, we organised Global Values Week in June, which featured over 54 sessions across the company. This week was all about reconnecting with the three values, reflecting on their importance, and strengthening our connection with each other. During Global Values Week, we recognised the employees who best live our values with a Value Award.

We also launched the Sustainable Education Experience with the aim to turn our employees into sustainability ambassadors. Over 50% of our employees participated in this event.

Our culture and values will continue to be the enablers for all our strategic projects, guiding behaviour and decision-making across the company.

Diversity, Equity & Inclusion

KPI % of women in senior	Result 2023	Result 2022
management	27.8%	23.4%

A diverse, equitable and inclusive workplace means creating an organisation where people feel included, respected and fully engaged. Diversity of backgrounds, experiences, cultures and opinions is essential if we want to make the energy transition a reality. There are many aspects of diversity, equity & inclusion (DEI) 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 our strategy, forming part of our People for Energy project and our ambition to become an employer of choice.

In 2023, we continued our efforts to create awareness and ensure everyone working at BDR Thermea Group feels included and engaged living our values every day.

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 SB and Management Board (MB). The SB will nominate SB candidates for appointment to the shareholder in accordance with this policy and will apply this policy when searching for new MB members. The MB will apply this policy to the Group Leadership Team (GLT) as well. 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. With due regard to the above, BDR Thermea Group seeks to fill vacancies based on merit, by considering candidates that bring a diversity of, among others, 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 in those years of at least 25 percent female and at least 25 percent male members. The aim for hiring processes would be 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 that the following compositions apply:

- The Supervisory Board started the year with one female and three male members, and ended the year with two female and three male members. The 2023 target was therefore met;
- The Management Board started the year with two male and two female members, and ended the year with three male and two female members. The 2023 target was therefore met;
- The Group Leadership Team (excluding Management Board) started the year with eighteen male and four female members, and ended the year with the same numbers, therefore not meeting the target. This was due to limited movement at that level of the organisation, resulting in limited possibilities to improve the female/male ratio. Efforts are underway to bring more visibility to females at all levels of the organisation, and therefore create more robust succession pipelines with identified internal (female) talents going forward.

Attracting and developing talent

We continue to work hard to attract, manage and develop talent, with the strategic ambition of being an employer of choice.

We welcomed 10 more graduates to our international graduate programme, launched in 2019. The graduates rotate in a one-year programme between our head office in the Netherlands and local entities, receiving training, on-the-job learning and mentoring.

To control costs, we had to apply a hiring freeze in late 2023 due to markets for heating systems weakening following a downturn in the economic environment.

Health & Safety

KPI Lost Time Injury Rate	Result 2023	Result 2022
	0.8	0.8

We launched several projects in 2023 to improve employees' health, safety and wellbeing.

In 2023, 50 colleagues were regrettably injured in work accidents. This is 2 more than in 2022, and we are strongly committed to reducing this number.

IT strategy

In 2023, we made further progress on the four main areas of our IT strategy that we defined in 2019.

- Our multi-year Streamline programme supports the harmonisation and standardisation of BDR Thermea-wide key business processes and data across our different countries. It consolidates our wide variety of legacy IT systems into a single enterprise resource planning and field service management environment, increasing efficiency and collating together all our main business activities. During 2023, we continued to work on the Kernel development with new functionalities, implemented efficiency improvements for France, completed the fit-gap analysis for Benelux and prepared for our new factory in Slovakia, which will open in 2024.
- As part of our Develop Sales and Marketing Excellence and
 E-business projects, we defined and launched six priority projects in
 2023. This is the starting point for further development and growth
 of our e-commerce capabilities and business.
- For the new future-proof IoT Azure platform, which connects our digital and control platforms, we completed the full migration of all devices from the legacy IoT platform to the new Azure IoT. This platform is scalable, robust and secure for the hosting of future connected products.
- To protect BDR Thermea Group's intellectual property, data and IT systems against ever-increasing cybersecurity threats, we continued to invest in a range of structural improvement programmes with more advantage solutions in 2023. These multi-year projects will improve our resilience to, detection of and protection from these threats, and will include awareness-raising among end-users and penetration testing across BDR Thermea.
- To support the People for Energy strategic project, we implemented
 the BDR Thermea Human Resources solution in eight of our main
 countries in 2023. This digital foundation will continue to roll out
 to the remaining countries in the coming years, as we also add new
 enhancements and functionalities.

Risk management and compliance

Governance and management control

We use the 'three lines of defence' model for the implementation and monitoring of our management control system.

The model's starting point is that the first line – line management – is responsible for managing both strategic and operational risks within their own processes that could potentially threaten company objectives.

The second line is formed by departments that support and advise the first line. We are on a journey to strengthen the second-line function. To this end, we have continued to work closely with local SPOCs (single points of contact) in the local markets. The SPOCs' roles and responsibilities free up capacity at Group level and enable local resources to develop their expertise and leverage their knowledge to expand local internal control awareness. Having local SPOCs ensures that the risk function is close to business operations and can properly address the specific internal control environment of each local market. This is balanced by a small central team to ensure the sharing of functional best practices and knowledge.

The third line consists of Internal Audit, which assesses the operation of the risk management and control system by means of operational audits, and reports on this to the Audit Committee of the Supervisory Board.

Risk management

Our risk management activities in 2023 aligned with the execution of our strategy. The Management Board is ultimately responsible for risk management 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 Audit Committee regularly discusses management control with Management Board members, including the main risks to the company and the results of operational audits.

While accepting a certain level of risk is a prerequisite for achieving 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.

The risk appetite statement is adopted by management at different levels of the company. We categorise our risks into strategic, health & safety, operational, financial & reporting, compliance, information security, and sustainability.

Strategic risks

We continually strive to introduce innovative products and services which enable us to deepen customer engagement. We are focused on simplifying our product portfolio, building capabilities and partnering to create value, which will improve our operating model and processes to support the accelerating energy transition. All of this is focused on offering the best customer experience now and in the future.

Health and Safety risks

We emphasise a culture of safety, where health and safety risks are minimised.

Operational risks

Disruption in our supply chain could mean that we are unable to execute our strategic plans, resulting in increased cost 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.

Financial risks

Currency and interest risks

BDR Thermea Group's non-euro operations constituted approximately 39 percent (2022: 40 percent) of consolidated net revenue in 2023. 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 2023, none of our net external debt was structured as debt at fixed interest rates. Interest rates are increasing, but still considered to be at a low level.

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.

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BDR THERMEA GROUP Report of the Management Board

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 2023 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 could 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, regulatory and reputational risks

We continued 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 Instruments

We have several tools to identify and manage all our risks:

• Top10 Risk Analysis (Top10)

The Top10 annually analyses the most important opportunities and risks associated with our strategic objectives. The Top10 transcends business units and local entities. The time horizon of the risks relates to the medium- to long term and is an integral part of BDR Thermea Group's strategic plan.

• Entity Risk Analysis (ERA)

The most relevant risks for local entities are specified in the ERA. As well as corporate risks, this consists of risks that specifically apply to the individual local entities. The time horizon of these risks is short- to medium term. This is an integral part of the local entities business plans.

• Project Risk Analysis (PRA)

Project Risk Analysis is performed during the different phases of the strategic projects and serves to support decision-making. The main project risks are identified, and corrective actions are taken within the project. The strategic projects are also evaluated to highlight which Top10 risks are addressed through each strategic project.

· Operational risks & strategic risks

Climate risks are taken into consideration in our risk identification processes. Our planned risk assessment focusing on climate and environmental risks has been deferred to 2024 in accordance with our CSRD journey timeline.

In operational, health & safety and compliance risks, the focus is on prevention through the correct application of internal management controls. To manage these risks, we have adequate existing management processes and are continually looking to further improve. Regarding strategic risks, on the other hand, the focus is on making choices, and strategic positioning with optimum resilience.

Compliance management

Compliance at 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. The purpose of compliance is 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 a first line of defence, line managers are responsible for compliance in their local market or department. The Group Risk and Compliance Department, supported by the SPOCs, has an independent role as second line of defence, and reports directly to the Management Board. Annually, our compliance progress is reported to the Supervisory Board via the Audit Committee.

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BDR THERMEA GROUP Report of the Management Board

The Code of Conduct sets out what we expect from employees in terms of integrity. The Code of Conduct 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, ethical conduct, labour and environment.

As part of our compliance programme, we continued our workshops on 'Business Ethics and Conduct' in 2023. These workshops included 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 whistleblower process remained in effect in 2023. It ensures that employees and other stakeholders can anonymously report undesirable behaviour or integrity issues. All reports are treated confidentially. There is an internal committee of inquiry that investigates reports and advises the Management Board on them.

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 executing its mission, 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 the design, implementation and operation of 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 enhance the reliability of our corporate processes. 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 2023, nor do we have any current concerns regarding their performance in 2024. 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 2024

The macro-economic developments that adversely affected the markets in 2023, are expected to continue into 2024. This results in a temporary slowdown in the pace of the energy transition, although the European heat pump market is still expected to grow by single digit in 2024. The longer term challenges on and importance of reducing carbon emissions remain invariably big, and therefore the energy transition is expected to gather speed again in the longer run.

BDR Thermea Group expects to take advantage of its complete portfolio to satisfy market demand and to grow sales in 2024. Therefore 2024 will be another pivotal year in executing our 'Grow Together with Energy' strategy. We continue building our new factory in Vranov nad Topl'ou, Slovakia, which gives us more flexibility in producing heat pumps and hot water tanks. We initiate or drive 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 'Grow Together with Energy' 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 2024.

As we enter 2024, we look forward to further progressing on our 'Grow Together with Energy' strategy and to further enabling the energy transition for our customers.

Apeldoorn, 20 March 2024

Tjarko Bouman (Chief Executive Officer)

Carolina Wielinga (Chief Financial Officer)

Peter Snel (Chief Technology Officer)

Lúcia de Lima Veiga-Ermida Moretti (Chief Commercial Officer)

Luigi La Morgia (Chief Operations Officer)



Tjarko BoumanChief Executive Officer



Carolina Wielinga
Chief Financial Officer



Peter SnelChief Technology Officer



Lúcia de Lima Veiga-Ermida Moretti Chief Commercial Officer



Luigi La MorgiaChief Operations Officer

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

Colofon

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