

February 28, 2024

Dear Shareholder,

Our Board of Directors met today for final closing of the 2023 accounts, which present as follows:

2023 TURNOVER: +4.9% AND AT CONSTANT SCOPE: -1.8%

In thousands of euros	2023	2023 constant scope*	2022	Variation 2023/2022	Variation 2023 constant scope * /2022
Total at 31 December according to IFRS 15	580,950	544 131	553,859	4.9%	-1.8%
1 st quarter	170,513	157,411	142,682	19.5%	10.3%
2 ^d quarter	153,152	141,955	144,871	5.7%	-2.0%
3 rd quarter	130,520	121,809	130,168	0.3%	-6.4%
4 th quarter	126,765	122,956	136,138	-6.9%	-9.7%

Breakdown by business:

Mecafer and Domac, equipment tools	34,164	34,164	37,327	-8.5%	-8.5%
Odrea (Dipra/Rousseau), pumps, technical plumbing accessories and taps	71,395	71,395	70,548	1.2%	1.2%
Isocel, supply of components to OEM	9,711	9,711	10,543	-7.9%	-7.9%
Aello, equipment for swimming pools	19,103	19,103	20,309	-5.9%	-5.9%
DPI*, plastic piping for wet and dry networks	41,950	5,131	9,070	-	-43.4%
Jetly, pumps, tanks and lifting stations	62,467	62,467	59,127	5.6%	5.6%
Thermador, central heating solar and domestic water accessories	96,729	96,729	102,265	-5.4%	-5.4%
PBtub	26,367	26,367	28,838	-8.6%	-8.6%
Thermacome	19,687	19,687	22,583	-12.8%	-12.8%
Heating - cooling surfaces and piping systems					
Axelair, ventilation equipment and accessories	7,226	7,226	7,199	0.4%	0.4%
Sferaco, valves, meters and connectors	79,048	79,048	73,626	7.4%	7.4%
Sectoriel, motorised valves and air compressors	29,492	29,492	29,538	-0.2%	-0.2%
Distrilabo, measure and control	6,728	6,728	6,335	6.2%	6.2%
FGinox, stainless steel connectors, flanges, valves and accessories	16,583	16,583	17,688	-6.2%	-6.2%
Syveco, international	34,742	34,742	33,950	2.3%	2.3%
Sodeco Valves, industrial valves	25,167	25,167	24,556	2.5%	2.5%
Other structures	391	391	357	9.5%	9.5%

* 2023 turnover: with acquisition of DPI on October 31, 2022 by Thermador Groupe. Its turnover has been consolidated since November 1st, 2022.

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BUSINESS AND RESULTS

2023 saw turnover fall by 1.8% to constant scope and a 5.9% average price increase passed on to our customers. This decline in volumes can be explained by a number of clearly identified factors: the tightening of the French housing improvement agency (ANAH) funding for energy renovation, which has slowed the business trajectories of virtually all players in the sector; the 22% fall in new housing starts in France; a steep decline in the swimming pool market; and poor sales by DIY stores of some of our traditional product families. Fortunately, we performed well in the industrial, HVAC and water cycle markets. This slowdown also needs to be put into context by remembering that constant scope turnover grew 21.1% in 2021 and 12% in 2022. This degree of growth is not sustainable in our businesses.

DPI, acquired on October 31, 2022, had a particularly difficult year in terms of sales due to the fall in raw material prices and the non-renewal of very large projects delivered in 2022. However, their profitability stayed steady, meaning that we will pay the €5.16m earn-out in line with our agreements.

On November 24, 2023, we announced our discussions with the shareholders of Compteur-energie.com, the leader of a group of three companies with eight employees and turnover of €2.8 million. They combine expertise in the design and marketing of remote reading systems (IoT) and electricity, water, gas, fuel oil and energy meters for professionals. We will do our utmost to complete this acquisition in the first half of 2024. Finally, consolidated turnover was €581 million, operating profit margin 13.7% and net profit margin 9.9% (on our turnover according to IAS 18).

Operating profit: +1.6% and net profit as a portion of the Group: -1.0%

In thousands of euros	2023	2023 constant scope	2022	Variation 2023 / 2022	Variation 2023 constant scope / 2022
Operating profit	80,841	78,557	79,592	1.6%	-1.3%
Portion of net profit allocated of the Group	58,299	56,598	58,899	-1.0%	-3.9%

FINANCIAL STRUCTURE AND PROSPECTS

Our inventory levels fell to 187 days of purchases, compared with 192 days at the end of December 2022. Our consolidated working capital requirement ended the year at 40% of turnover.

At December 31, 2023, we had €35.2 million in cash, €38.7 million in bank debt and €340 million in equity after distribution of profit. Our financial structure remains solid.

We maintain our rolling 10-year targets, based on average annual turnover growth of 7%, while respecting the environment and our stakeholders (pages 10, 11 and 21 of our Universal Registration Document). For further details, please refer to our extra-financial performance statement on page 62 of our Universal Registration Document.

Our initial estimate of the price impact in 2024 is less than 3%. This information will be shared with you each time we publish our sales figures.

Since September 2023, we have seen the decline in the number of building permit applications has come to a halt. If this trend continues in the coming months, the number of new housing starts may well bottom-out in the first half of 2024. An uptick in the new housing market could ensue in the first half of 2025. It should be noted, however, that this market only directly concerns 10% of our consolidated business.

The change in the rules from January 1, 2024 regarding the allocation of MaPrimeRénov state aid for energy retrofit projects is likely to disrupt this market for a few more months to come, and by contagion, the business of our largest subsidiary, Thermador. This phenomenon, on the back of the very buoyant figures for Q1 2023 (+10.3%), leads us to believe that the first half of 2024 will see a decrease in turnover. We expect a more favourable environment in the second half of the year to make up some or all of the ground lost.

DIVIDEND AND AGM

In December 2023, institutional investors held 48.6% of capital, individual shareholders 41.1% and our existing and retired employees combined, 6.7%. In line with our commitment to pay dividends to our shareholders on a regular basis, we propose to maintain the dividend at €2.08, or 32.8% of net earnings per share.

Our Annual General Meeting will be held at Musée des Confluences in Lyon on April 2, 2024 at 5 pm. We hope you will be able to attend, and that we will once again see votes cast exceed 75%. We will also be holding an information meeting **in Paris on April 4, 2024 at 4 pm at Salons Hoche.**

We would particularly like to draw your attention to resolutions 17 and 18 (pages 195 and 196 of our Universal Registration Document), which propose a free share plan reserved for employees and senior executives of the Group.

Yours faithfully,

The Chairman
Guillaume Robin



The webinar presenting our annual results will take place on Monday, March 4 at 4 pm (CET).
Register via this link: <https://www.thermador-groupe.fr/en/videos-en/>