



**INTERIM FINANCIAL REPORT AS OF 30  
SEPTEMBER 2022**

# 1 FINANCIAL STATEMENTS

## 1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position <i>(in thousand of Euro)</i>	30/09/2022	31/12/2021
<b>ASSETS</b>		
Goodwill	69,442	54,987
Other intangible assets	32,944	35,530
Property, plant and equipment	140,061	133,859
Right of use	17,669	16,739
Other Property, plant and equipment	24,073	16,996
Deferred tax assets	7,284	6,509
Equity investments	141	8
Other non-current assets	1,619	228
<b>Non-current assets</b>	<b>293,233</b>	<b>264,856</b>
Inventories	158,591	111,077
Trade receivables	101,850	74,131
Due from the tax authorities for current taxes	9,829	10,732
Current financial assets	115,042	81,946
Other current assets	4,504	3,501
Cash and cash equivalents	131,471	166,328
<b>Current assets</b>	<b>521,287</b>	<b>447,715</b>
Assets held for sale	-	-
<b>Assets held for sale</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>814,520</b>	<b>712,571</b>

<b>Consolidated Statement of Financial Position</b> <i>(in thousand of Euro)</i>	<b>30/09/2022</b>	<b>31/12/2021</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Share capital	62,704	62,704
Reserves and retained earnings (losses)	106,140	81,058
Profit (loss) of the period	44,626	23,739
<b>Total shareholders' equity of the Group</b>	<b>213,470</b>	<b>167,501</b>
Shareholders' equity attributable to non-controlling interests	4,568	4,586
<b>SHAREHOLDERS' EQUITY</b>	<b>218,038</b>	<b>172,087</b>
Loans	302,188	202,844
Provisions	5,816	5,541
Employee benefits	5,759	5,770
Deferred tax liabilities	14,365	13,909
Other financial liabilities	19,645	10,787
<b>Non-current liabilities</b>	<b>347,773</b>	<b>238,851</b>
Trade payables	112,799	114,358
Loans	90,980	151,271
Provisions	-	-
Tax payables	10,471	3,086
Other financial liabilities	4,996	5,231
Other current liabilities	29,463	27,687
<b>Current liabilities</b>	<b>248,709</b>	<b>301,633</b>
Liabilities held for sale	-	-
<b>Liabilities held for sale</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>814,520</b>	<b>712,571</b>

## 1.2 CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement <i>(in thousand of Euro)</i>	30/09/2022	30/09/2021
<b>REVENUES AND OPERATING INCOME</b>		
Revenues	466,535	357,562
Other revenues	1,122	693
<b>Total revenues and operating income</b>	<b>467,657</b>	<b>358,255</b>
<b>OPERATING COSTS</b>		
Purchase of materials	(290,069)	(224,248)
Changes in inventory	39,051	37,679
Costs of services	(61,232)	(45,177)
Personnel costs	(93,881)	(78,895)
Net write downs of financial assets	661	(406)
Other operating costs	(2,618)	(2,022)
<b>Total operating costs</b>	<b>(408,088)</b>	<b>(313,069)</b>
Depreciation and amortization	(23,956)	(22,039)
Capital gains on the sale of non-current assets	(47)	-
Write-downs on non-current assets	-	(71)
<b>EBIT</b>	<b>35,566</b>	<b>23,076</b>
Financial income	14,632	2,631 (*)
Financial expenses	(7,038)	(3,264)
Exchange gains (losses)	3,021	418
Gains (Losses) from equity investments	9,473	-
<b>EBT</b>	<b>55,654</b>	<b>22,861</b>
Income taxes	(10,107)	(4,660)
<b>NET PROFIT (LOSS)</b>	<b>45,547</b>	<b>18,201</b>
Attributable to non-controlling interests	(921)	(723)
<b>GROUP NET PROFIT</b>	<b>44,626</b>	<b>17,478</b>

(\*) The 2021 item "Net change in fair value on derivatives" (now cleared) of € 1.301 thousand was reclassified under the item "Financial income", in line with the 9 months of 2022.

## 1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income (in thousand of Euro)	30/09/2022	30/09/2021
<b>GROUP NET PROFIT</b>	<b>45,547</b>	<b>18,201</b>
<i>Components that will not subsequently be reclassified to the Income Statement of the period</i>		
Actuarial valuation of post-employment benefits	652	132
Tax effect	(182)	(37)
	<b>470</b>	<b>95</b>
<i>Components that will subsequently be reclassified to the Income Statement of the period:</i>		
Exchange differences from translation of Financial Statements in foreign currency	8,647	2,439
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>54,664</b>	<b>20,735</b>
of which:		
Attributable to non-controlling interests	(921)	(723)
<b>ATTRIBUTABLE TO THE GROUP</b>	<b>53,743</b>	<b>20,012</b>

## 1.4 CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Consolidated Statement of changes in shareholders' equity (in thousands of Euro)	Share Capital	Share Premium reserve	Legal reserve	Treasury Shares	Translation reserve	Postemployment benefits discounting reserve	Other reserves	Profit (loss) for the period	Total Shareholders' equity attributable to the Group	Shareholders' equity attributable to non controlling interests	Total shareholders' equity
<b>BALANCE AS AT 31/12/2020</b>	<b>62,704</b>	<b>24,762</b>	<b>3,197</b>	<b>(288)</b>	<b>(16,174)</b>	<b>(606)</b>	<b>64,110</b>	<b>9,226</b>	<b>146,931</b>	<b>3,993</b>	<b>150,924</b>
Allocation profit 2020											
Dividend paid	-	-	-	-	-	-	(5,996)	-	(5,996)	(470) (**)	(6,466)
Retained	-	-	358	-	-	-	8,868	(9,226)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	(891)	-	(891) (*)	23	(868)
Statement of comprehensive income as at 30/09/2021	-	-	-	-	2,439	95	-	17,478	20,012	723	20,735
<b>BALANCE AS AT 30/09/2021</b>	<b>62,704</b>	<b>24,762</b>	<b>3,555</b>	<b>(288)</b>	<b>(13,735)</b>	<b>(511)</b>	<b>66,091</b>	<b>17,478</b>	<b>160,056</b>	<b>4,269</b>	<b>164,325</b>
<b>BALANCE AS AT 31/12/2021</b>	<b>62,704</b>	<b>24,762</b>	<b>3,555</b>	<b>(288)</b>	<b>(12,326)</b>	<b>(763)</b>	<b>66,118</b>	<b>23,739</b>	<b>167,501</b>	<b>4,586</b>	<b>172,087</b>
Allocation profit 2021											
Dividend paid	-	-	-	-	-	-	(7,769)	-	(7,769)	(450) (***)	(8,219)
Retained	-	-	190	-	-	-	23,549	(23,739)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	133	(133)	-	-	(489) (****)	(489)
Statement of comprehensive income as at 30/09/2022	-	-	-	-	8,642	470	-	44,626	53,738	921	54,659
<b>BALANCE AS AT 30/09/2022</b>	<b>62,704</b>	<b>24,762</b>	<b>3,745</b>	<b>(288)</b>	<b>(3,684)</b>	<b>(160)</b>	<b>81,765</b>	<b>44,626</b>	<b>213,470</b>	<b>4,568</b>	<b>218,038</b>

(\*) The amount refers to the accounting effects of the exercise of the option to purchase, which took place in the first half of 2021, by the company of the LU-VE Group, Manifold S.r.l., the business unit previously owned by the company Mastercold S.r.l. and leased to Manifold S.r.l.;

(\*\*) Of which €400 thousand refer to dividends approved by the Group company SEST-LUVE-Polska Sp.zoo as at 30 September 2021 not yet paid. This amount was paid during the last quarter of 2021;

(\*\*\*) The amount refers for €450 thousand to dividends approved by the company of the SEST-LUVE-Polska Sp.zoo Group, as at 30 September 2022 not yet paid;

(\*\*\*\*) The line "Other" mainly reports the effects relating to the deconsolidation of Tecnair LV Spa: €133 thousand relating to the reversal of the severance indemnity discounting reserve to the Other Reserves and €826 thousand for the deconsolidation of related non-controlling interests, as well as the changes in the translation reserve relating to non-controlling interests for a positive €337 thousand.

## 1.5 STATEMENT OF CASH FLOWS

Consolidated Statement of Cash Flows (in thousand Euro)	30/09/2022	30/09/2021
<b>A. Cash and cash equivalents at the beginning of the period</b>	<b>166,328</b>	<b>152,679</b>
Profit (loss) for the period	45,547	18,201
Adjustments for:		
- Depreciation and amortization	23,956	22,039
- Realized gains on non-current assets	47	71
- Realized gains on shareholdings	(9,473)	-
- Net financial income and expense	6,452	3,021
- Income taxes	10,107	4,660
- Fair value changes	(14,047)	(2,390)
Changes in post-employment benefits	(11)	(137)
Changes in provisions	185	205
Changes in trade receivables	(24,226)	(22,991)
Changes in inventories	(39,051)	(39,360)
Changes in trade payables	(5,999)	19,639
<b>Changes in net working capital</b>	<b>(69,276)</b>	<b>(42,712)</b>
Changes in other receivables and payables, deferred taxes	3,948	2,571
Tax payment	(5,357)	(5,562)
Received/paid net financial income/(expenses)	(2,074)	(2,633)
<b>B. Cash flows generated/absorbed by operating activities</b>	<b>(9,996)</b>	<b>(2,666)</b>
Investments in non-current assets:		
- intangible assets	(3,333)	(3,471)
- property, plant and equipment	(18,526)	(18,651)
- financial assets	-	-
Business combination net acquisition price (*)	(7,282)	(800)
Shareholding net sales price (**)	11,444	-
<b>C. Cash flows generated/absorbed by investing activities</b>	<b>(17,697)</b>	<b>(22,922)</b>
Repayment of loans	(149,126)	(100,736)
New loans	175,769	135,000
Changes in other financial liabilities	(4,389)	(3,118)
Changes in short-term financial assets	(19,360)	(10,223)
Sale/purchase of treasury shares	-	-
Contributions/repayments of own capital	-	-
Payment of dividends	(7,769)	(6,066)
Other changes	-	-
<b>D. Cash flows generated/absorbed by financing activities</b>	<b>(4,875)</b>	<b>14,857</b>
Exchange differences	8,983	2,462
Another non-monetary changes	(11,272)	(1,822)
<b>E. Other changes</b>	<b>(2,289)</b>	<b>640</b>
<b>F. Net cash flows in the period (B+C+D+E)</b>	<b>(34,857)</b>	<b>(10,091)</b>
<b>Cash and cash equivalents at the end of the period (A+F)</b>	<b>131,471</b>	<b>142,588</b>
Current financial debt	(19,066)	68,768
Non-current financial debt	321,833	211,607
<b>Net financial debt</b>	<b>171,296</b>	<b>137,787</b>

(\*) The amount refers to the cash flow related to the acquisition of REFRION S.r.l..

(\*\*) The amount refers to the cash flow related to the sale of TECNAIR LV S.p.A..

## 2. CONTENT AND FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Introduction

The Interim Financial Report as of 30 September 2022, not audited, has been prepared in compliance with the International Financial Reporting Standards (IFRS) and for this scope the financial statements of the subsidiaries of the Group have been duly reclassified and amended.

The Interim Financial Report has been prepared in accordance with art. 154 ter, comma 5 of D.Lgs. n. 58 dated 24/02/98 (T.U.F.) and subsequent amendments. Therefore it does not include the information required in accordance with IAS 34 "Interim Financial Reporting".

### 2. Consolidation criteria

The criteria adopted for the consolidation are the same as those adopted for preparation of Consolidated Financial Statement of 31 December 2021.

### 3. Accounting standards

Accounting standards adopted in the Interim Financial Report as of 30 September 2022 are the same as those adopted for the Consolidated Financial Statement as of 31 December 2021.

The Interim Financial Report as of 30 September 2022 has been prepared on the basis of the going concern assumption.

## 2.1 REVENUES

Turnover at the end of September was 467.7 million euros, up 30.5%, while the third quarter recorded a 14.3% increase in sales, closing with an order backlog of 196.4 million euros, up 27.6% from the corresponding period in 2021.

Both Business Units "*Components*" and "*Cooling Systems*" were confirmed to be growing again at the end of September by 36.1% (266.8 million euro sales) and 21.6% (189.9 million euro sales) respectively, despite the slowdown in demand in some application segments (particularly in products for the food retail trade and the household appliance market). On the other hand, the demand for heat exchangers for the heat pump market remains particularly buoyant, whose growth prospects in the months ahead remain extremely positive, although there is some uncertainty on the part of manufacturers as to whether they will be able to cope with the soaring demand on the one hand due to the difficulties in finding electronic components on the market and on the other hand due to the shortage of qualified personnel for field installation.



The table below shows turnover trends by product type:

<b>Revenues by product</b> <i>(in thousands of Euro)</i>	<b>30/09/2022</b>	<b>%</b>	<b>30/09/2021</b>	<b>%</b>	<b>Change %</b>
Heat exchangers	241,687	51.7%	179,656	50.2%	34.5%
Air Cooled Equipment	175,660	37.6%	139,799	39.0%	25.7%
Doors	14,809	3.2%	12,699	3.5%	16.6%
Close Control/Data center	24,508	5.2%	20,132	5.6%	21.7%
<b>TOTAL PRODUCT TURNOVER</b>	<b>456,664</b>	<b>97.7%</b>	<b>352,286</b>	<b>98.3%</b>	<b>29.6%</b>
Other	10,993	2.3%	5,969	1.7%	84.2%
<b>TOTAL</b>	<b>467,657</b>	<b>100%</b>	<b>358,255</b>	<b>100%</b>	<b>30.5%</b>

The table below shows turnover trends by application type:

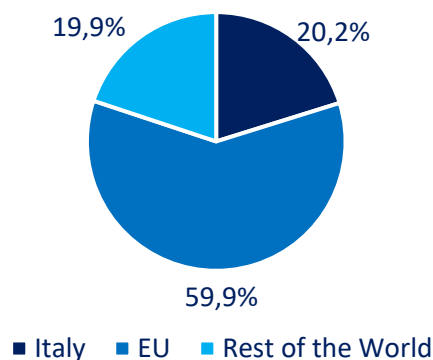
<b>APPLICATIONS</b> <i>(in thousands of Euro)</i>	<b>30/09/2022</b>	<b>%</b>	<b>30/09/2021</b>	<b>%</b>	<b>Change %</b>
Refrigeration	238,603	51.0%	210,887	58.9%	13.1%
Air-conditioning	100,928	21.6%	59,858	16.7%	68.6%
Special application	69,699	14.9%	52,466	14.6%	32.8%
Industrial cooling	47,434	10.2%	29,075	8.1%	63.1%
<b>TOTAL APPLICATION TURNOVER</b>	<b>456,664</b>	<b>97.7%</b>	<b>352,286</b>	<b>98.3%</b>	<b>29.6%</b>
Other	10,993	2.3%	5,969	1.7%	84.2%
<b>TOTAL</b>	<b>467,657</b>	<b>100%</b>	<b>358,255</b>	<b>100%</b>	<b>30.5%</b>

The analysis of sales by applications highlights the strong growth in air conditioning attributable not only to the segment related to heat pumps (+159%), but also the good performance in both the world of chillers and applications related to datacenters. Finally, a special mention for the refrigerated transport segment (+52%) thanks to the acquisition of new projects combined with the growth in overall demand.

The breakdown of turnover by SBU is given below:

<b>Revenues by SBU</b> <i>(in thousands of Euro)</i>	<b>30/09/2022</b>	<b>%</b>	<b>30/09/2021</b>	<b>%</b>	<b>Change</b>	<b>% Change</b>
<b>SBU COOLING SYSTEMS</b>	<b>189,873</b>	<b>41.6%</b>	<b>156,194</b>	<b>44.3%</b>	<b>33,679</b>	<b>21.6%</b>
<b>SBU COMPONENTS</b>	<b>266,791</b>	<b>58.4%</b>	<b>196,092</b>	<b>55.7%</b>	<b>70,699</b>	<b>36.1%</b>
<b>TOTAL PRODUCT TURNOVER</b>	<b>456,664</b>	<b>100%</b>	<b>352,286</b>	<b>100%</b>	<b>104,378</b>	<b>29.6%</b>

The chart below shows the geographical breakdown of turnover in the first 9 months of 2022:



Geographically in the face of the inevitable sharp contraction (over 30%) in sales in Russia, Ukraine, and Belarus all other geographical areas show significant growth with the American continent almost doubling the value of sales in the first nine months of the year. Italy, up more than 37%, accounts for just over 20% of total sales.

## 2.2 EBITDA

EBITDA was €59.6 million (12.7% of revenues) compared to €45.2 million (12.6% of revenues) in the first 9 months of 2021. In the income statement, €2.4 million of costs not falling under ordinary management were booked, including €0.7 million for consultancy related to the acquisition of Refrion S.r.l. and €1.7 million related to the extraordinary bonus paid to LU-VE Group employees. Net of the impact of the aforementioned costs not falling under ordinary management, adjusted EBITDA would have been €62.0 million (no impact of costs not falling under ordinary management in 2021). The change in adjusted EBITDA compared to EBITDA in the first nine months of 2021 (+16.8 million euros) is generated by €14.0 million from the contribution on additional volumes and for the remaining part from the increase in selling price for €68.1 million, net of €65.3 million in increases in raw materials costs and other production costs.

## 2.3 NET INCOME

Net income for the period amounted to €45.5 million (9.7% of revenues), compared to €18.2 million for the first 9 months of 2021 (5.1% of revenues). Applying the tax effect to costs outside ordinary management (€2.4 million), gains from equity investments (€9.5 million), and the net effect of the positive change in the fair value of derivatives and the impact of amortized cost (€9.0 million), the net income for the first 9 months of 2022 ("Adjusted net income for the period") would have been €31.2 million (6.7% of revenues).

## 2.4 NET FINANCIAL POSITION

The net financial position was a negative €171.3 million (€121.9 million as of December 31, 2021) with a difference of €49.4 million mainly due for €25.2 million to capital expenditures, €8.2 million to dividend distribution, €74.9 million to the increase in operating working capital (adjusted by the values of Tecnaïr LV S.p.A. and the Refrion Group), €12.6 million to the acquisition and sale of equity investments, net of €18.8 million related to changes in other payables and receivables and

derivatives, and approximately €52.7 million in positive cash flow from operations. Normalizing the net financial position, considering the impact of operating working capital on sales in the last 12 months, the figure as of September 30, 2022 would have been negative 131.9 million euros. The net financial position as of September 30, 2021 was €137.8 million. For the period October 1, 2021 to September 30, 2022, cash flow from operations adjusted for non-operating items was approximately 33.9 million euros.

## 2.5 SIGNIFICANT EVENTS DURING THE PERIOD

As mentioned in the half-yearly financial report, at the beginning of August the purchase of the Italia Wanbao ACC S.r.l. (Borgo Val Belluna – BL) business was finalized and already at the end of September the first step of reconversion was completed with the installation and start up of the first two heat exchangers production lines. Finalization of the purchase of the plant and the installation of the third production line is expected by the end of the year.

The installation of the new release of the Group ERP SAP was successfully completed at the end of September.

With the approval of the half-yearly financial report, LU-VE Group has allocated an extraordinary bonus of €3.0 million to give support to its employees facing the significant increase in life cost and inflation. Part of this extraordinary bonus, €1.7 million, was already paid in August and September.

In July 2022 the following loans were also signed (for a total of €80 million):

- an unsecured loan agreement was entered into with Banca Nazionale del Lavoro S.p.A. for €40 million with a duration of 60 months (of which 6 in the grace period). The loan is aimed at supporting capital expenditure with positive impact in terms of environmental sustainability and foresees a decrease in pricing in case of achievement of specific sustainability target;
- an unsecured loan agreement was entered into with BPER S.p.A. for €25 million with a duration of 60 months (of which 12 in the grace period);
- an unsecured loan agreement was entered into with Intesa Sanpaolo S.p.A. for €15 million with a duration of 60 months (of which 12 in the grace period). The loan foresees a decrease in pricing in case of achievement of specific sustainability target;

## 2.6 SIGNIFICANT EVENTS OCCURRING AFTER 30 SEPTEMBER 2022 AND BUSINESS OUTLOOK

The value of the order book at the end of September makes it possible to imagine a performance in the fourth quarter of 2022 substantially in line with the trend for the year despite the already commented on slowdowns in some application segments mainly due to geopolitical uncertainty and inflation issues. The usual means of transferring cost changes to selling prices make the goal of defending average margins reasonable in the latter part of the year as well.

Tension on electronic components supplies continues, although the diversification of supply sources, the production flexibility achieved, and the use of increased safety stocks have allowed and will allow for important mitigation of the impact on production capacity.

The Group closely monitors the progress of the crisis between Russia and Ukraine. The important geographical diversification of sales means that as of September 30, 2022, the Group's exposure in this area was approximately 4.2 percent in terms of sales and 3.1 percent in terms of order backlog.

In October, Eurovent certification was obtained for carbon dioxide gas coolers.

In October an unsecured loan agreement was entered into with Deutsche Bank S.p.A. for €30 million with a duration of 72 months (of which 18 in the grace period).

Uboldo, November 14, 2022

On behalf of the Board of Directors  
CEO  
Matteo Liberali

## **Statement of the Financial Reporting Officer pursuant to Article 154-bis (2) TUF**

The Financial Reporting Officer, Eligio Macchi, declares that, pursuant to paragraph 2, Article 154-bis of Legislative Decree 58/1998 (Consolidated Financial Act), the accounting information contained in the Interim Financial Report as of September 30, 2022 of LU-VE S.p.A. corresponds to the Company's records, books and accounting entries.