

<p>Informazione Regolamentata n. 2092-9-2023</p>	<p>Data/Ora Ricezione 02 Marzo 2023 14:45:32</p>	<p>Euronext Star Milan</p>
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Societa' : CAREL INDUSTRIES

Identificativo : 172973

Informazione
Regolamentata

Nome utilizzatore : CARELINDUSN03 - Grosso

Tipologia : 1.1; REGEM

Data/Ora Ricezione : 02 Marzo 2023 14:45:32

Data/Ora Inizio : 02 Marzo 2023 14:45:43

Diffusione presunta

Oggetto : CAREL - BoDs approves FY 2022 Results

<p><i>Testo del comunicato</i></p>

Vedi allegato.



Press Release

The CAREL Industries Board of Directors has approved the consolidated results as of 31 December 2022

- Consolidated revenues of € 544.9 million, +29.6% compared to 2021 (+26.5% at constant exchange rates). On a like-for-like basis the growth would have been equal to +20.8%;
- Consolidated EBITDA of € 111.7 million (€ 7.5 million from the change in the scope of consolidation due to several acquisitions) corresponding to 20.5% of revenues. +31.0% compared to 2021; net of a number of non-recurring expenses, mainly linked to M&A activities, the consolidated EBITDA would have been equal to € 114.7 million (21.1% of revenues);
- Consolidated net income of € 62.1 million, +26.6% compared to 2021;
- Negative consolidated net financial position of € 95.8 million, compared to € 57.8 million reported on 31 December 2021, including the impact deriving from the acquisitions made in the year, equal to € 58.0 million, and including also € 32.7 million accounting effect deriving from IFRS16.
- Proposed dividend of € 0.18 per share (20% increase compared to 2021)
- Improvement in the scores of all the main ESG ratings (MSCI, Sustainalytics, CDP).

Brugine, 2 March 2023 - The Board of Directors of CAREL Industries S.p.A. ('CAREL' or the 'Company' or the 'Parent Company'), which met today, has approved the results as of 31 December 2022.

Francesco Nalini, CEO of the Group, commented: "In a scenario as complex as the one of the last three years, the Group expressed all its ability to adapt to unexpected situations and sudden changes. The year 2022 ends with record breaking consolidated revenue growth close to 30% (+18% organic), which is even more significant when added to the +27% recorded in 2021; this result, also thanks to the operating leverage factor, was reflected in the profitability, understood as EBITDA as a percentage of revenue (EBITDA margin), which stood at 20.5%, slightly higher than the previous year.

Growth and profitability positively impacted the robust cash generation, part of which was used for the development of M&A activity. Four transactions were completed during the year, enabling CAREL to strengthen its national and international presence in key sectors such as ventilation, sensors and services.

The performance just mentioned is part of a strategic framework increasingly oriented towards a sustainable vision of success, as evidenced by the adherence to the UN Global Compact and the recognition by several ESG rating companies of the improvements achieved during 2022. These improvements have enabled the Group to be included in the 'ESG leader' category by MSCI, one of the world's leading 'ESG rating providers'.

The year 2022 was therefore a complex but rewarding year and marks a substantial doubling of the size of CAREL compared to 2018, the year of listing. In less than a five-year period, we have succeeded in becoming bigger, more resilient, efficient and sustainable, and can therefore proudly celebrate our first 50 years! In 2023, in fact, CAREL will turn half a century old, half a century of innovation, development and growth. Half a century that does not represent a point of arrival but a starting point to take up and win the challenges of tomorrow."

Consolidated Revenues

Consolidated revenues came to € 544.9 million, compared to € 420.4 million for the period ended 31 December 2021, an increase of 29.6%. Net of the change in the scope of consolidation related to the acquisitions made in the last 18 months (€ 37.1 million) and the positive exchange rate effect (€ 12.9 million), the increase would have amounted to 17.7%.



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From a macroeconomic point of view, 2022 was characterised by the conflict between Russia and Ukraine, which exacerbated the inflationary phenomenon, in permanence of the shortage of electronics and energy and non-energy commodities. However, precisely because of the changed relationship with Russia, the European Union gave further impetus towards energy efficiency and electrification by approving the REPowerEU, the plan to make Europe independent of Russian fossil fuels well before 2030. This has led to further growth in sales of heat pumps (a replacement technology for gas boilers), which has reached +38% in EU countries and is set to accelerate in the coming years. Energy efficiency and environmental sustainability are also becoming central to the US administration's agenda: in September, in fact, the US Senate approved ratification of the so-called Kigali Amendment to the Montreal Protocol, while the Environmental Protection Agency (EPA) recently proposed implementing a 40% cut of the particularly greenhouse-damaging hydrofluorocarbons (HFCs) from 2024. The aforementioned trends are obviously favourable for CAREL, which also has complete and efficient control solutions for both heat pumps and end units using natural refrigerants.

In this context, the Group, for the second consecutive year, achieved a revenue growth rate of almost 30% by combining both internal and external growth. From the point of view of organic growth, demand was significant across all air conditioning and refrigeration segments with a particular acceleration in certain applications, such as data-centres and end units that can be traced back to air treatment and humidification and heat pumps. This demand, however, could not be fully met due to the persistent shortage of commodities and electronic equipment. This scenario became even more complicated in the last quarter of 2022 due to the contingent and temporary impossibility of procuring certain non-replaceable components for the refrigeration sector in particular.

During the reference year, the shortage phenomenon was reflected in a continuous and general increase in procurement and transport costs, which the Group responded to through the unfolding of the effects from its previous price list increases.

The Group's most important region, EMEA (Europe, Middle East, Africa), which accounts for 70% of revenues, closed 2022 with an increase of 26.8% at constant exchange rates (on a like-for-like basis, growth would have been approximately 17%); this performance is based on the continuation of a generalised growth in demand, already recorded in 2021, to which the particularly brilliant performances in the high-efficiency heat pump, data-centre cooling and indoor air quality sectors are added. Equally positive is the growth in the Refrigeration market thanks to sustained investments in Food Retail, also due to regulation. Finally, performance in the "food service" segment was good.

APAC (Asia-Pacific), which accounts for approximately 14% of the Group's revenues, reports growth at constant exchange rates of 17.0% compared to the results recorded in 2021. The growth rate benefited from excellent performance of all countries on the Asian continent covered by the Group's activities, which accelerated further during the fourth quarter of the year. These results are even more positive taking into account that China's GDP growth was among the lowest in the last 40 years (3%). Also noteworthy is the South-Apac region, which recorded revenue growth of about 30% (at constant exchange rates).

Revenues from North America, which represent about 13% of the total, grew 38.8% at constant exchange rates (22% on a like-for-like basis) thanks mainly to good performance in both the HVAC sector (in particular, in applications related to indoor air quality and data centre cooling) and in the refrigeration sector, and more generally an excellent execution of the strategy in this region. Finally, South America (which accounts for about 3% of the Group's total turnover) reported growth of 22.8% at constant exchange rates, to which the entire region contributed, with a particularly brilliant performance in the non-Brazil regions that had been most affected by the pandemic.

As far as the individual business areas are concerned, the HVAC segment closed the year with growth close to 35% at constant exchange rates and significantly exceeding this threshold at current exchange rates, substantially confirming in the last quarter, the excellent performances recorded during the first nine months of the year. Excluding the change of scope due to the Merger & Acquisition activities amounting to about € 31 million, the increase would still be close to 23%: all applications record significant performances, with even more pronounced peaks in some sectors (in particular high-efficiency heat pumps and data-centres) and a renewed focus on solutions oriented to energy efficiency and air quality. Similarly, Refrigeration showed strong growth, +13.2% at constant exchange rates (approximately +11% net of change in scope). The positive trends that characterised 2022 were based on a sustained investment cycle in the Food retail segment (supermarkets/hypermarkets/convenience stores), also thanks to the transition to natural refrigerants and the consolidation of the recovery in the Food service sector. This is accompanied by a continuous increase in the global market share by the Group. It is important to point out that the slowdown in the Refrigeration area recorded in the latter part of the year is attributable to the resurgence of the shortage, transitory and contingent, and the effect of which is expected to fade from the second quarter of 2023.

Table 1 – Revenue by business area (*thousands of euros*)

	31.12.2022	31.12.2021	Delta %	Delta fx %
HVAC revenue	371,852	270,011	37.7%	34.4%
REF revenue	168,934	145,826	15.8%	13.2%
Total core revenue	540,786	415,837	30.0%	27.0%
Non-core revenue	4,066	4,581	-11.2%	-11.4%
Total Revenue	544,852	420,418	29.6%	26.5%

Table 2 Revenue by geographical area (*thousands of euros*)

	31.12.2022	31.12.2021	Delta %	Delta fx %
EMEA	382,730	302,311	26.6%	26.8%
APAC	78,186	62,725	24.6%	17.0%
North America	70,974	46,030	54.2%	38.8%
South America	12,962	9,352	38.6%	22.8%
Total Revenue	544,852	420,418	29.6%	26.5%

Consolidated EBITDA

Consolidated EBITDA at 31 December 2022 stood at € 111.7 million, up sharply (+31.0%) compared to the € 85.3 million at 31 December 2021. Even excluding the positive contribution from the change in the scope of consolidation due to a number of companies acquired in the last 18 months, (€ 7.5 million), the increase in EBITDA would be well over 20%. Profitability, understood as the ratio of EBITDA to Revenues, stood at 20.5%, in line with the EBITDA margin recorded in 2021 (20.3%): the positive effect of the operating leverage, together with the unfolding of some increases in sales prices made in the last twelve months, partially offset the inflationary phenomenon linked to the shortage of electronic equipment and greater investments linked, among others, to digitisation. It should be recalled that the reduction in the EBITDA margin in the last quarter of the year is mainly linked to seasonal factors and also characterized the previous years. Finally, It is worth recalling that net of non-recurring expenses related to M&A transactions and equal to about € 3.0 million, the EBITDA margin would have been 21.1%.

Consolidated Net income

The consolidated net result of € 62.1 million shows a significant increase (+26.6%) compared to € 49.1 million as of 31 December 2021, thanks to the excellent operating results and to the contribution stemming from the change in scope of consolidation. The tax-rate (22.3%) increased compared to the previous year (19.6%) mainly due to a different revenue/country mix and the effects deriving from the application of changes to the tax regulations in some geographies.

Consolidated net financial position

The consolidated net financial position was negative for € 95.8 million, including the accounting effect of the application of IFRS16, equal to € 32.7 million. The increase of about € 38 million compared to the figure at 31 December 2021 is entirely attributable to the outlay resulting from the intense M&A activity carried out in 2022, which resulted in four deals with an impact of about € 58 million. In fact, the robust cash generation made it possible to amply cover the payment of dividends for the financial year 2021 in the amount of € 18 million, investments in the amount of € 27 million, and the dynamics of net working capital. The growth in the latter, amounting to about € 25 million, was lower than the figure recorded in the first nine months of 2022 (about € 40 million), and this was due to the favourable seasonal trend in receivables and the recent implementation of certain initiatives aimed at limiting the amount of inventory.



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Sustainability and European Taxonomy

The history of sustainability at CAREL is 50 years long and began with it in 1973. Over time, technologies, needs, and sensitivities have evolved, and with them the objectives and the means to achieve them, and today, even more than yesterday, the Group's strategic guidelines are increasingly integrated into a sustainable vision of success, as demonstrated by the adherence of CAREL in July 2022 to the United Nations Global Compact, an initiative that pursues the application of ten universal principles relating to human rights, labour, the environment and anti-corruption to which CAREL conforms its business. The commitment to development that also takes into account environmental protection and social issues has been recognised by several ESG rating companies, ratings that have all improved substantially during 2022. In fact, after having further increased its score in the ESG rating assigned by MSCI, obtaining 'AA' (which places it in the 'Leader' category, i.e. the category of those companies that, in their sector, best manage ESG-related risks and opportunities) and having received a silver medal from ECOVADIS (the world's largest provider of sustainability ratings with around 100,000 companies assessed), the Group has also seen its efforts in the fight against climate change recognised by CDP (formerly the Carbon Disclosure Project). The global non-profit organisation that monitors, among others, corporate performance in the fight against climate change has improved its rating on CAREL, giving it a "B-" (in 2021 the rating had been "C") and placing it in the "Management" category, i.e. within the panel of companies working to manage their impact on the environment.

Finally, also from an ESG risk management point of view, CAREL efforts were recognised by Sustainalytics, which improved its score by about 8 points (score '17') by placing it in the 'low risk' category.

In relation to the so-called 'European Taxonomy', CAREL confirms the excellent results already achieved in 2021. Specifically, out of the total revenue of € 544.9 million, € 430.1 million, or 78.2% of the total, fell within the scope of the taxonomic analysis, since part of the revenue generated by the Group derives from products purchased and resold, and furthermore, the scope of the analysis was that of January 2022 (therefore, the businesses of the companies acquired during the year were excluded).

With regard to investments, 66.5% were eligible while 50.2% were both eligible and aligned (in 2021, 66.8% were eligible of which 49.5% were both eligible and aligned); 9.4% were not eligible while the remainder were not analysed.

For further information, reference should be made to the relevant paragraph in the Consolidated Non-Financial Statements, which will be published in accordance with the law.

2022 Significant events

M&A

2022 saw the Carel Industries Group engaged in important M&A deals in line with one of the main pillars of the Group's strategy, i.e. growth through acquisitions with the aim of strengthening its core business, acquiring market shares in the geographical areas of reference and in contiguous applications.

The transactions were as follows (for details, see the related press releases disclosed via the eMarketstorage system and published on the website www.carel.com in the Investor Relations section):

- Stake increase Arion S.r.l.
- Acquisition of the 70% of the Sauber S.r.l. share capital
- Acquisition of 100% stakes in Klingenburg GmbH e Klingenburg International Spzoo
- Acquisition of 100% of Senva Inc.

Russia/Ukraine conflict

2022 was affected by the Russia-Ukraine conflict, still ongoing, which partially reduced the growth achieved in the current year. The Group is present in both countries with two commercial branches; however, the exposure in both markets is limited; consolidated revenues in both areas are less than 5% of total revenues and, as of the date of this report, the Group has not experienced a significant impact on its economic performance or losses deriving from current assets. Non-current assets are not significant both in absolute terms and as a percentage of the Group's fixed assets.

Significant events after the end of the financial year

No significant events occurred after the end of the financial year.

Business outlook

The year 2022 was characterised by a strongly instable geopolitical framework mainly due to the conflict between Russia and Ukraine. The latter came in an already complicated context following two years of the COVID-19 pandemic and significant tensions on the global supply chain. All this caused inflationary pressures not experienced in decades (Eurozone +9.2%; US +8.0%) which, in turn, triggered strict monetary policies by the European Central Bank and the Federal Reserve. The consequences are not easy to read, but obviously could limit global growth during 2023 (ECB estimates target real GDP growth in the EU of 0.5% compared to +3.4% in 2022).

Turning our attention to CAREL, some applications continue to show significant signs of growth, such as data-centres and indoor air quality, to which is added an extreme liveliness in heat pumps, driven by the global mega-trends of energy efficiency and electrification, as well as, in Europe, the need to limit gas dependency. Refrigeration has always been more sensitive to macroeconomic variables and may, in the short term, grow at a lower rate than experienced in recent years, although secular trends driven by stringent regulations (e.g. F-gas in Europe) are also present in this segment. In addition to this, the latter part of 2022 saw the resurgence of the shortage of certain electronic components, which mainly affected the Refrigeration segment, thus limiting its growth. This phenomenon, which is already diminishing, was also present in the first two months of 2023, and will therefore not allow the Group to express its full potential in the first quarter of this year. As at 31 March 2023, high single-digit revenue growth (on a like-for-like basis) is in fact expected over the same period of the previous year. In the remainder of the year, an improvement in the above-mentioned shortage is expected and thus a better ability to fully meet demand.

OTHER BOARD OF DIRECTORS RESOLUTIONS

Consolidated non-financial information pursuant to legislative decree 254/2016, Annual Corporate Governance Report and Report on remunerations

Today, the Board of Directors approved the Disclosure of Non-Financial Information (“DNF”), at the same time as the draft of the 2022 Separated Financial statements and the 2022 Consolidated Financial Statements, prepared pursuant to Legislative Decree 254/2016 relating to the financial year 2022 (as a different document compared to Management Report).

The aim of the document is to illustrate the group's activities, results and impact, mainly in relation to environmental and social issues, relating to personnel and in compliance with human rights, to all stakeholders.

At the same session, the Board of Directors approved the Annual Report on Corporate Governance and Ownership Structure pursuant to Articles 123-*bis* of the Legislative Decree of 24 February 1998 (“TUF”) and 89-*bis* of the Issuers' Regulation 11971/99 and the Remuneration Report pursuant to Articles 123-*ter* of the Legislative Decree of 24 February 1998 and 84-*quater* of the Issuers' Regulation 11971/99.

Both the Corporate Governance Report and the Remuneration Report and the DNF will be made available to the public under the terms and conditions required by law.

Granting of shares under the 2018-2022 Performance Shares Plan: Disclosure pursuant to art. 84-*bis*, paragraph 5 of Consob Regulation.

The Board of Directors, on the proposal of the Remuneration Committee, resolved to grant, effective by 30 April 2023, a total No. 64,127 CAREL shares to No. 20 beneficiaries on the basis of the achievement of the performance targets for the 2020-2022 vesting period, and in implementation of the provision contained in the “2018-2022 Performance Share Plan” established by the Board of Directors on 1 August 2018 and subsequently approved by the Shareholders' Meeting on 7 September 2018 (the “2018-2022 Plan”). Mention should be made that the 2018-2022 Plan takes form of a multi-year incentive plan, concerning the free-of-charge granting of CAREL shares, with 3 waves (rolling) lasting 3 years each, granting its beneficiaries the right to receive, at the end of each wave, ordinary shares of CAREL provided that certain performance targets (Group Cumulative Adjusted EBITDA for each vesting period and Cash Conversion rate) have been achieved and in accordance with terms and conditions indicated in the plan regulation.



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The No. 20 beneficiaries of the 2018–2022 Plan, identified by name by the Board of Directors, heard the opinion of the Remuneration Committee, are the CEO, the Executive Directors, the managers with strategic responsibilities and a number of key roles located in Italy.

The characteristics of the 2018–2022 Plan are explained in detail in the Directors' report to the Shareholders' meeting of 7 September 2018 and in the information document ex. art. 84–*bis* of Issuers Regulation, available on the corporate website www.carel.com in the section IR/Shareholders meetings, as well as at the authorised storage mechanism "eMarket STORAGE" at www.emarketstorage.com.

Attached is the information required by Schedule 7 of Annex 3A to Consob Regulation n. 11971/1999 to account for the granting of shares in the context of the 2018–2022 Plan relating the 2020–2022 vesting period.

For more information on the granting of shares under the 2018–2022 Performance Shares Plan in relation to the 2018–2020 and 2019–2021 vesting period, please refer respectively to the press releases published on 4 March 2021 and on the 3 March 2022 and the Remuneration Report pursuant to Articles 123–*ter* TUF and 84–*quater* of the Issuers' Regulation 11971/99.

Proposal for the authorisation to buy and sell treasury shares

The Board of Directors approved the proposal to be submitted to the Shareholders' Meeting regarding authorisation to buy and sell treasury shares, following the revocation of the authorisation approved by the Ordinary Shareholders' Meeting of 22 April 2022.

The Board of Director's new proposal requests authorisation to buy treasury shares, in one go or several instalments, up to a maximum number which, taking into account the treasury shares in the Company's portfolio, at any given time, or those of its subsidiaries, cannot, in total, exceed 5,000,000 shares, equal to 5% of the share capital of the Company, for the purpose of: (i) complying with the obligations arising from stock option plans other allocation of shares to employees, or to members of the administrative or control bodies of the Company or its associates or subsidiaries; (ii) proceed with the purchase of treasury shares owned by employees of the Company or of its subsidiaries and assigned or subscribed pursuant to art. 2349 and 2441, par. 8, of the Italian Civil Code or deriving from compensation plans approved pursuant to art. 114–*bis* TUF (iii) carrying out transactions supporting market liquidity in order to promote the smooth operation of trading avoiding price variations decoupled with market developments; and (iv) implementing sales, exchanges, trade–ins or contribution transactions or any other acts of disposal of treasury shares through the acquisition of equity investments and/or property and/or the conclusion of agreements with strategic partners, and/or through the implementation of industrial projects or extraordinary finance transactions, which come under the expansion objectives of the company and the Carel Group.

Authorisation to buy treasury shares is requested for the maximum duration provided for by Article 2357, paragraph 2 of the Italian Civil Code, equal to eighteen months from the resolution of the meeting granting authorisation.

The purchase of treasury shares shall take place within the limits of the distributable earnings and the available reserves resulting from the latest financial statements approved at the time of each transaction, (i) at a price which is not more than 20% lower or higher than the benchmark price of the stock at the Stock Exchange session on the day prior to each individual transaction, and, in any event, (ii) at a price which is not higher than the higher price between the price of the latest independent transaction and the highest current independent takeover bid price during the trading session where the purchase is being made.

The company currently holds 30,482 treasury shares in its portfolio, equal to 0.0305% of the share capital.

The Board of Directors also requests authorisation, for the same purposes outlined above, for the possession (in full or in part, and even on several occasions) of the treasury shares in the portfolio, in accordance with Article 2357 of the Italian Civil Code, without any time constraints, even before having exhausted the maximum quantity of shares that can be purchased and to potentially buy back the actual shares to the extent that the treasury shares held by the Company and, if applicable, its subsidiaries, does not exceed the limit set by the authorisation.

For more information with regard to the proposal for authorisation to buy and sell treasury shares, refer to the report prepared pursuant to Article 124–*ter* of the TUF and Article 73 of the Issuers' Regulation, which will be made available to the public at the Company's Registered Office, at Borsa Italiana S.p.A., at the Company's website www.carel.com in the IR/Shareholders' Meetings section, as well as at the authorised storage mechanism "eMarket STORAGE" at the address www.emarketstorage.com, under the terms required by existing regulations.

Dividend

The Board of Directors resolved to submit a proposal to the Shareholders' Meeting to pay a dividend of € 0.18 per share, which will be paid on 20 June 2023 (ex-dividend date 18 June 2023 – record date 19 June 2023).

Calling of the Shareholders' Meeting

In the light of the above, the Board of Directors has resolved to call the Carel Shareholders' Meeting, in ordinary session, for 21 April 2023, in a single call, to resolve upon the following agenda:

1. Approval of the Draft Financial Statements as at 31 December 2022 and presentation of the Consolidated Financial Statements as at 31 December 2022. Allocation of the profit (loss) for the year.
 - 1.1 Approval of the Draft Financial Statements as at 31 December 2022; Resolutions pertaining thereto and resulting therefrom.
 - 1.2 Allocation of the profit (loss) for the year; Resolutions pertaining thereto and resulting therefrom.
2. Resolutions related to the Remuneration Report pursuant to Article 123-ter, Legislative decree 58/1998 and pursuant to art. 84-quarter of the Consob Regulation n. 11971/1999.
 - 2.1 Binding vote on the remuneration policy relating to the year 2023 illustrated in the first section of the Report; Resolutions pertaining thereto and resulting therefrom;
 - 2.2 Consultation on the second section of the Report, relating to the fees paid in or related to 2022; Resolutions pertaining thereto and resulting therefrom.
3. Proposal for the authorisation to buy and sell treasury shares, following the revocation of the authorisation approved by the Ordinary Shareholders' Meeting held on 22 April 2022. Resolutions pertaining thereto and resulting therefrom.

CONFERENCE CALL

The results as of 31 December 2022 will be illustrated today, 2 March 2023, at 16.30 (CET) during a conference call to the financial community, which will also be the subject of a webcast in listen-only mode on www.carel.com, Investor Relations section.

The CFO, Nicola Biondo, stated, pursuant to paragraph 2 of Article 154-bis of the Consolidated Finance Act, that the accounting information in this press release corresponds to the documented results, accounts and bookkeeping records.

The Financial Statements at 31 December 2022 will be made available to the public at the Company's Registered Office, at Borsa Italiana S.p.A., at the Company's website www.carel.com in the Investor Relations section, as well as at the authorised storage mechanism "eMarket STORAGE" at the address www.emarketstorage.com, under the terms required by existing regulations.

For further information

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CAREL

The CAREL Group is a global leader in the design, production and marketing of technologically-advanced components and solutions for excellent energy efficiency in the control of heating, ventilation and air conditioning (“HVAC”) and refrigeration equipment and systems. CAREL is focused on several vertical niche markets with extremely specific needs, catered for with dedicated solutions developed comprehensively for these requirements, as opposed to mass markets.

The Group designs, produces and markets hardware, software and algorithm solutions aimed at both improving the performance of the units and systems they are intended for and for energy saving, with a globally-recognised brand in the HVAC and refrigeration markets (collectively, “HVAC/R”) in which it operates and, in the opinion of the Company’s management, with a distinctive position in the relevant niches in those markets.

HVAC is the Group’s main market, representing 68% of the Group’s revenues in the financial year to 31 December 2022, while the refrigeration market accounted for 31% of the Group’s revenues.

The Group commits significant resources to research and development, an area which plays a strategic role in helping it maintain its position of leadership in the reference HVAC/R market niches, with special attention focused on energy efficiency, the reduction of environmental impact, trends relating to the use of natural refrigerant gases, automation and remote connectivity (the Internet of Things), and the development of data-driven solutions and services.

The Group operates through 36 branches including 15 production plants located in various countries. As of 31 December 2022, approximately 80% of the Group’s revenues was generated outside of Italy and 30% outside of EMEA (Europe, Middle East, Africa).

Original Equipment Manufacturers or OEMs – suppliers of complete units for applications in HVAC/R markets – make up the Company’s main category of customers, which the Group focuses on to build long-term relationships.

The accounting statements of the CAREL Industries Group, currently subject to independent auditing, are illustrated below.

Consolidated Financial Statements as of 31 December 2022

Consolidated Statement of financial position

(€'000)	31/12/2022	31/12/2021
Property, plant and equipment	109,687	84,403
Intangible assets	181,645	134,570
Equity-accounted investments	1,446	1,250
Other non-current assets	9,769	10,407
Deferred tax assets	7,745	7,022
Non-current assets	310,292	237,652
Trade receivables	93,692	74,455
Inventories	106,745	80,907
Current tax assets	2,777	3,886
Other current assets	17,446	9,788
Current financial assets	12,875	483
Cash and cash equivalents	96,636	100,625
Current assets	330,172	270,144
TOTAL ASSETS	640,464	507,796
Equity attributable to the owners of the parent company	205,378	154,952
Equity attributable to non-controlling interests	15,868	14,923
Total equity	221,247	169,875
Non-current financial liabilities	121,392	93,700
Provisions for risks	4,451	2,157
Defined benefit plans	8,129	8,612
Deferred tax liabilities	18,242	17,110
Other non-current liabilities	67,256	49,894
Non-current liabilities	219,471	171,473
Current financial liabilities	83,960	65,250
Trade payables	77,174	66,444
Current tax liabilities	4,987	4,775
Provisions for risks	1,401	1,907
Other current liabilities	32,226	28,073
Current liabilities	199,747	166,449
TOTAL LIABILITIES AND EQUITY	640,464	507,796

Consolidated Statement of profit or loss

(€'000)	31/12/2022	31/12/2021
Revenue	544,852	420,418
Other revenue	5,780	5,779
Costs of raw materials, consumables and goods and changes in inventories	(248,838)	(190,138)
Services	(70,234)	(51,034)
Capitalised development expenditure	705	1,249
Personnel expenses	(118,425)	(99,379)
Other expenses, net	(2,115)	(1,594)
Amortisation, depreciation and impairment losses	(24,414)	(20,844)
OPERATING PROFIT	87,311	64,457
Net financial income	(3,173)	(2,355)
Net exchange rate losses	(861)	(1,430)
Gain/Losses from valuation of options on minority interests	(2,235)	(125)
Net result from companies consolidated with Equity method	2,360	508
PROFIT BEFORE TAX	83,402	61,055
Income taxes	(18,603)	(11,967)
PROFIT FOR THE PERIOD	64,799	49,088
Non-controlling interests	2,675	29
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY	62,124	49,059

Consolidated Statement of comprehensive income

(€'000)	31/12/2022	31/12/2021
Profit for the period	64,799	49,088
Items that may be subsequently reclassified to profit or loss:		
- Fair value gains (losses) on hedging derivatives net of the tax effect	1,303	385
- Exchange differences	2,011	6,639
Items that may not be subsequently reclassified to profit or loss:		
- Discounted benefits to employees net of fiscal effect	801	(103)
Comprehensive income	68,914	56,009
attributable to:		
- Owners of the parent company	66,223	55,880
- Non-controlling interests	2,691	129

Earnings per share

Earnings per share (in euros)	0.62	0.49
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Consolidated Statement of cash flows

(€'000)	31/12/2022	31/12/2021
Profit for the period	64,799	49,088
Adjustments for:		
Amortisation, depreciation and impairment losses	24,415	20,844
Accruals to/utilisations of provisions	4,829	2,599
Non-monetary net income	3,511	1,358
Taxes	14,119	10,636
(Capital gains)/losses on fixed assets disposal	-	(367)
Changes in working capital:		
Change in trade receivables and other current assets	(15,241)	(11,887)
Change in inventories	(19,136)	(22,020)
Change in trade payables and other current liabilities	6,956	19,415
Change in non-current assets	297	(351)
Change in non-current liabilities	2,359	(241)
Cash flows generated from operations	86,908	69,075
Net interest paid	(2,271)	(2,076)
Taxes paid	(15,226)	(12,881)
Net cash flows generated by operating activities	69,411	54,118
Investments in property, plant and equipment	(22,298)	(14,890)
Investments in intangible assets	(4,501)	(3,753)
Investments/Disinvestments of financial assets	(10,613)	7,541
Disinvestments of property, plant and equipment and intangible assets	121	952
Interest collected	497	81
Investment in companies evaluated with the equity method	-	(27)
Industrial aggregation net of the acquired cash	(42,870)	(31,686)
Cash flows generated by (used in) investing activities	(79,664)	(41,783)
Dividend to Shareholders	(14,995)	(11,988)
Dividend to Minorities	(3,268)	-
Increase in financial liabilities	102,800	57,774
Decrease in financial liabilities	(72,850)	(60,011)
Decrease in financial liabilities for leasing fees	(5,473)	(4,759)
Cash flows generated by (used in) financing activities	6,214	(18,984)
Change in cash and cash equivalents	(4,038)	(6,648)
Cash and cash equivalents - opening balance	100,625	105,586
Conversion variations	50	1,687
Cash and cash equivalents - closing balance	96,636	100,625

Consolidated Statement of changes in equity

(€'000)

	Share capital	Legal reserve	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Profit for the period	Equity	Equity att. to non-controlling interests	Total equity
Balance as of 1/1/2021	10,000	2,000	(2,686)	(436)	56,530	58,795	35,112	159,317	304	159,621
Owner transactions										
- Allocation of profit for the period	-	-	-	-	20,896	14,216	(35,112)	(0)	-	(0)
- Capital increase										
- Defined benefit plans	-	-	-	-	818	-	-	818	-	818
- Dividend distributions	-	-	-	-	(11,988)	-	-	(11,988)	-	(11,988)
- Options on minority stakes acquisitions	-	-	-	-	(49,075)	-	-	(49,075)	-	(49,075)
- Change in the consolidation perimeter	-	-	-	-	-	-	-	-	14,490	14,490
Total owner transactions	10,000	2,000	(2,686)	(436)	17,181	73,011	-	99,072	14,794	113,866
- Profit for the period							49,059	49,059	29	49,088
- Other comprehensive income (expenses)	-	-	6,539	385	(103)	-	-	6,821	100	6,921
Total other comprehensive income (expenses)	-	-	6,539	385	(103)	-	49,059	55,880	129	56,009
Balance as of 31/12/2021	10,000	2,000	3,853	(51)	17,079	73,011	49,059	154,952	14,923	169,875
Balance as of 1/1/2022	10,000	2,000	3,853	(51)	17,079	73,011	49,059	154,952	14,923	169,875
Owner transactions										
- Allocation of profit for the period	-	-	-	-	27,145	21,914	(49,059)	-	-	-
- Defined benefit plans	-	-	-	-	408	-	-	408	-	408
- Dividend distribution	-	-	-	-	(14,995)	-	-	(14,995)	(3,268)	(18,263)
- Options on minority interests acquisition	-	-	-	-	(1,207)	-	-	(1,207)	-	(1,207)
- Change in the consolidation perimeter	-	-	-	-	-	-	-	-	1,521	1,521
Total owner transactions	10,000	2,000	3,853	(51)	28,430	94,925	-	139,158	13,176	152,334
- Profit for the period							62,124	62,124	2,675	64,799
- Other comprehensive expenses	-	-	1,995	1,303	801	-	-	4,099	16	4,115
Total other comprehensive expenses	-	-	1,995	1,303	801	-	62,124	66,223	2,691	68,914
Balance as of 31/12/2022	10,000	2,000	5,848	1,252	29,232	94,925	62,124	205,378	15,868	221,247

INFORMATION EX FORM No. 7 OF THE ANNEX 3A – CONSOB REGULATION No. 11971/1999

COMPENSATION PLANS BASED ON FINANCIAL INSTRUMENTS

Name and Surname or category	Office (only to be specified for parties named individually)	Box 1 (Financial instruments other than <i>stock option</i>)						
		Section 2						
		Newly assigned instruments on the basis of the resolution resolved upon by the Body in charge of the implementation of the Shareholders' meeting resolution						
		Date of Shareholders' meeting resolution	Type of financial instruments	No. of financial instruments assigned by the BoD	Date assigned (*)	Instrument purchase price (if applicable)	Market price at the time of assignment (**)	Vesting period
Luigi Rossi Luciani	Chairman	7 September 2018	Shares of CAREL Industries S.p.A.	5,169	2 March 2023	N.A.	€ 25.8	1° January 2020– 31 December 2022
Luigi Nalini	Vice-Chairman	7 September 2018	Shares of CAREL Industries S.p.A.	3,722	2 March 2023	N.A.	€ 25.8	1° January 2020– 31 December 2022
Francesco Nalini	Chief Executive Officers	7 September 2018	Shares of CAREL Industries S.p.A.	14,473	2 March 2023	N.A.	€ 25.8	1° January 2020– 31 December 2022
Carlotta Rossi Luciani	Executive Director	7 September 2018	Shares of CAREL Industries S.p.A.	1,241	2 March 2023	N.A.	€ 25.8	1° January 2020– 31 December 2022
Giandomenico Lombello	Managing Director	7 September 2018	Shares of CAREL Industries S.p.A.	7,224	2 March 2023	N.A.	€ 25.8	1° January 2020– 31 December 2022
Managers with strategic respons. Of CAREL Industries S.p.A.	Executive Managers	7 September 2018	Shares of CAREL Industries S.p.A.	18,610	2 March 2023	N.A.	€ 25.8	1° January 2020– 31 December 2022
Other employees of CAREL Industries S.p.A. and its subsidiaries	Managers	7 September 2018	Shares of CAREL Industries S.p.A.	13,687	2 March 2023	N.A.	€ 25.8	1° January 2020– 31 December 2022



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Cap. Soc. € 10.000.000 i.v.
C.C.I.A.A. Padova Reg. Imp n. 04359090281
Part. IVA e Cod. Fisc. 04359090281

N. Reg. Prod. Pile: IT09060P00000903
N. Reg. Prod. AEE: IT1603000009265



(*) Shares will be made available by 30 April 2023 by the BoDs met on 2 March 2023; the Remuneration Committee made its proposal on 1 March 2023.

(**)The value indicated refers to the date of determination of the assignments by the BoDs, it being understood that the effective assignment date is deferred by 30 April 2023

Fine Comunicato n.2092-9

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