

# **INTERIM FINANCIAL REPORT AS AT MARCH 31, 2024**

# 1 FINANCIAL STATEMENTS

## 1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| <b>Consolidated Statement of Financial Position</b><br><i>(in thousand of Euro)</i> | <b>31/03/2024</b> | <b>31/12/2023</b> |
|-------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>ASSETS</b>                                                                       |                   |                   |
| Goodwill                                                                            | 64,264            | 63,961            |
| Other intangible assets                                                             | 27,909            | 28,902            |
| Property, plant and equipment                                                       | 167,511           | 164,469           |
| Right-of-use assets                                                                 | 12,489            | 13,476            |
| Other tangible assets                                                               | 24,362            | 27,467            |
| Deferred tax assets                                                                 | 11,315            | 11,039            |
| Investments                                                                         | 141               | 141               |
| Other non-current assets                                                            | 797               | 828               |
| <b>Non-current assets</b>                                                           | <b>308,788</b>    | <b>310,283</b>    |
| Inventories                                                                         | 113,748           | 110,831           |
| Trade receivables                                                                   | 106,640           | 87,790            |
| Current tax assets                                                                  | 8,810             | 9,356             |
| Current financial assets                                                            | 39,066            | 50,387            |
| Other current assets                                                                | 6,790             | 4,760             |
| Cash and cash equivalents                                                           | 245,583           | 212,059           |
| <b>Current assets</b>                                                               | <b>520,637</b>    | <b>475,183</b>    |
| Assets held for sale                                                                | -                 | -                 |
| <b>Assets held for sale</b>                                                         | <b>-</b>          | <b>-</b>          |
| <b>TOTAL ASSETS</b>                                                                 | <b>829,425</b>    | <b>785,466</b>    |

| <b>Consolidated Statement of Financial Position</b><br><i>(in thousand of Euro)</i> | <b>31/03/2024</b> | <b>31/12/2023</b> |
|-------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>LIABILITIES AND EQUITY</b>                                                       |                   |                   |
| Share capital                                                                       | 62,704            | 62,704            |
| Reserves and retained earnings (losses)                                             | 161,796           | 131,228           |
| Profit (loss) of the period                                                         | 10,695            | 29,745            |
| <b>Total equity of the Group</b>                                                    | <b>235,195</b>    | <b>223,677</b>    |
| Equity attributable to non controlling interest                                     | 5,855             | 5,554             |
| <b>TOTAL EQUITY</b>                                                                 | <b>241,050</b>    | <b>229,231</b>    |
| Loans                                                                               | 278,982           | 250,222           |
| Provisions                                                                          | 5,717             | 5,735             |
| Employee benefits obligations                                                       | 5,479             | 5,363             |
| Deferred tax liabilities                                                            | 14,034            | 14,109            |
| Other financial liabilities                                                         | 12,992            | 14,410            |
| <b>Non-current liabilities</b>                                                      | <b>317,204</b>    | <b>289,839</b>    |
| Trade payables                                                                      | 100,147           | 95,659            |
| Loans                                                                               | 124,622           | 119,005           |
| Tax liabilities                                                                     | 8,562             | 8,653             |
| Other financial liabilities                                                         | 5,159             | 5,155             |
| Other current liabilities                                                           | 32,681            | 37,924            |
| <b>Current liabilities</b>                                                          | <b>271,171</b>    | <b>266,396</b>    |
| Liabilities held for sale                                                           | -                 | -                 |
| <b>Liabilities held for sale</b>                                                    | <b>-</b>          | <b>-</b>          |
| <b>TOTAL LIABILITIES AND EQUITY</b>                                                 | <b>829,425</b>    | <b>785,466</b>    |

## 1.2 CONSOLIDATED INCOME STATEMENT

| Consolidated Income Statement<br>(in thousand of Euro) | 31/03/2024       | 31/03/2024       |
|--------------------------------------------------------|------------------|------------------|
| <b>REVENUES AND OPERATING INCOME</b>                   |                  |                  |
| Revenues                                               | 141,569          | 151.157          |
| Other operating income                                 | 346              | 284              |
| <b>Total revenues and other operating income</b>       | <b>141,915</b>   | <b>151,441</b>   |
| <b>OPERATING EXPENSES</b>                              |                  |                  |
| Purchase of materials                                  | (71,978)         | (80.780)         |
| Changes in inventories                                 | 2,931            | 4.195            |
| Costs for services                                     | (18,729)         | (21.556)         |
| Personnel costs                                        | (33,657)         | (33.337)         |
| Net reversal/ (write downs) of financial assets        | (29)             | 84               |
| Other operating expenses                               | (839)            | (883)            |
| <b>Total operating expenses</b>                        | <b>(122,301)</b> | <b>(132,277)</b> |
| Depreciation and amortization                          | (7,742)          | (7.849)          |
| Gain/(Losses) on the sale of non-current assets        | 52               | 18               |
| Write-downs on non-current assets                      | -                | -                |
| <b>OPERATING RESULT</b>                                | <b>11,924</b>    | <b>11.333</b>    |
| Financial income                                       | 2,556            | 1.170            |
| Financial expenses                                     | (1,777)          | (4.253)          |
| Exchange gains (losses)                                | 899              | (579)            |
| Gains/(Losses) from investments                        | -                | -                |
| <b>PRE-TAX RESULT</b>                                  | <b>13,602</b>    | <b>7.671</b>     |
| Income taxes                                           | (2,565)          | (896)            |
| <b>NET RESULT</b>                                      | <b>11,037</b>    | <b>6.775</b>     |
| Of which attributable to non-controlling interests     | 342              | 445              |
| <b>Of which attributable to the GROUP</b>              | <b>10,695</b>    | <b>6,330</b>     |

### 1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Statement of comprehensive income<br><i>(in thousand of Euro)</i>                                  | 31/03/2024    | 31/03/2024   |
|----------------------------------------------------------------------------------------------------|---------------|--------------|
| <b>NET RESULT</b>                                                                                  | <b>11,037</b> | <b>6,775</b> |
| <i>Components that will not subsequently be reclassified to the Income Statement of the period</i> |               |              |
| Actuarial gains/(losses) from employee benefits obligations                                        | 40            | 200          |
| Tax effect                                                                                         | (10)          | (48)         |
|                                                                                                    | <b>30</b>     | <b>152</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                  | 792           | (2,367)      |
| <b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>                                                           | <b>11,859</b> | <b>4,560</b> |
| of which:                                                                                          |               |              |
| Attributable to non-controlling interests                                                          | (342)         | (445)        |
| <b>ATTRIBUTABLE TO THE GROUP</b>                                                                   | <b>11,517</b> | <b>4,115</b> |

## 1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Consolidated Statement of changes in equity<br>(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 equity attributable to the Group | Equity attributable to non controlling interests | Total equity   |
|-----------------------------------------------------------------------|---------------|-----------------------|---------------|-----------------|---------------------|---------------------------------------------|----------------|------------------------------|----------------------------------------|--------------------------------------------------|----------------|
| <b>BALANCE AS AT 01/01/2022</b>                                       | <b>62,704</b> | <b>24,762</b>         | <b>3,745</b>  | <b>(288)</b>    | <b>(13,643)</b>     | <b>(8)</b>                                  | <b>81,762</b>  | <b>47,714</b>                | <b>206,748</b>                         | <b>4,712</b>                                     | <b>211,460</b> |
| Allocation profit 2021                                                |               |                       |               |                 |                     |                                             |                |                              |                                        |                                                  |                |
| Dividend                                                              | -             | -                     | -             | -               | -                   | -                                           | -              | -                            | -                                      | (72)                                             | (72)           |
| Retained                                                              | -             | -                     | -             | -               | -                   | -                                           | 47,714         | (47,714)                     | -                                      | -                                                | -              |
| Purchase of treasury shares                                           | -             | -                     | -             | -               | -                   | -                                           | -              | -                            | -                                      | -                                                | -              |
| Other                                                                 | -             | -                     | -             | -               | -                   | -                                           | -              | -                            | -                                      | (115)                                            | (115)          |
| Statement of comprehensive income as at 31/03/2022                    | -             | -                     | -             | -               | (2,367)             | 152                                         | -              | 6,330                        | 4,115                                  | 445                                              | 4,560          |
| <b>BALANCE AS AT 31/03/2023</b>                                       | <b>62,704</b> | <b>24,762</b>         | <b>3,745</b>  | <b>(288)</b>    | <b>(16,010)</b>     | <b>144</b>                                  | <b>129,476</b> | <b>6,330</b>                 | <b>210,863</b>                         | <b>4,970</b>                                     | <b>215,833</b> |
| <b>BALANCE AS AT 31/12/2023</b>                                       | <b>62,704</b> | <b>24,762</b>         | <b>4,557</b>  | <b>(288)</b>    | <b>(17,938)</b>     | <b>(91)</b>                                 | <b>120,226</b> | <b>29,745</b>                | <b>223,677</b>                         | <b>5,554</b>                                     | <b>229,231</b> |
| Allocation profit 2022                                                |               |                       |               |                 |                     |                                             |                |                              |                                        |                                                  |                |
| Dividend                                                              | -             | -                     | -             | -               | -                   | -                                           | -              | -                            | -                                      | (62)                                             | (62)           |
| Retained                                                              | -             | -                     | -             | -               | -                   | -                                           | 29,745         | (29,745)                     | -                                      | -                                                | -              |
| Purchase of treasury shares                                           | -             | -                     | -             | -               | -                   | -                                           | -              | -                            | -                                      | -                                                | -              |
| Other                                                                 | -             | -                     | -             | -               | -                   | -                                           | -              | -                            | -                                      | 22                                               | 22             |
| Statement of comprehensive income as at 31/03/2023                    | -             | -                     | -             | -               | 792                 | 30                                          | -              | 10,695                       | 11,517                                 | 342                                              | 11,859         |
| <b>BALANCE AS AT 31/03/2024</b>                                       | <b>62,704</b> | <b>24,762</b>         | <b>4,557</b>  | <b>(288)</b>    | <b>(17,146)</b>     | <b>(61)</b>                                 | <b>149,971</b> | <b>10,695</b>                | <b>235,194</b>                         | <b>5,856</b>                                     | <b>241,050</b> |

## 1.5 STATEMENT OF CASH FLOWS

| Consolidated Statement of Cash Flows<br>(in thousand Euro)         | 31.03.2024      | 31.03.2023      |
|--------------------------------------------------------------------|-----------------|-----------------|
| <b>A. Cash and cash equivalents at the beginning of the period</b> | <b>212,059</b>  | <b>177,258</b>  |
| Profit (loss) for the period                                       | 11,037          | 6,775           |
| Adjustments for:                                                   |                 |                 |
| - Depreciation and amortisation                                    | 7,742           | 7,849           |
| - (Gains)/losses, write-downs of non-current assets                | (52)            | (18)            |
| - (Gains)/losses on sales on investments                           | -               | -               |
| - Net financial expenses                                           | (635)           | 131             |
| - Income taxes                                                     | 2,565           | 896             |
| - Changes in fair value                                            | 116             | 2,952           |
| Changes in employee benefits                                       | 156             | 24              |
| Changes in provisions                                              | (18)            | 140             |
| Changes in trade receivables                                       | (18,850)        | (18,585)        |
| Changes in inventories                                             | (2,931)         | (4,195)         |
| Changes in trade payables                                          | 4,488           | (745)           |
| <b>Changes in net working capital</b>                              | <b>(17,293)</b> | <b>(23,525)</b> |
| Changes in other receivables and payables, deferred taxes          | (3,691)         | (2,851)         |
| Tax payment                                                        | (2,362)         | (1,422)         |
| Net paid financial expenses                                        | (1,220)         | (1,345)         |
| <b>B. Cash flows from (used in) operating activities</b>           | <b>(3,655)</b>  | <b>(10,394)</b> |
| Investments in non-current assets:                                 |                 |                 |
| - intangible assets                                                | (517)           | (657)           |
| - property, plant and equipment                                    | (7,587)         | (5,114)         |
| - financial assets                                                 | -               | -               |
| Investments in short-term financial assets                         | 11,464          | 22,105          |
| Net cash paid Business combination                                 | -               | -               |
| Net cash flow generated from disposal of investments               | -               | -               |
| <b>C. Cash flows from (used in) investing activities</b>           | <b>3,360</b>    | <b>16,334</b>   |
| Repayment of loans                                                 | (24,178)        | (29,752)        |
| New loans                                                          | 40,000          | 35,713          |
| Changes in other financial liabilities                             | (1,932)         | (1,865)         |
| Sale/(purchase) of treasury shares                                 | -               | -               |
| Contributions/repayments of own capital                            | -               | -               |
| Payment of dividends                                               | (10)            | (6)             |
| Other changes                                                      | -               | -               |
| <b>D. Cash flows from (used in) financing activities</b>           | <b>33,880</b>   | <b>4,090</b>    |
| Exchange differences                                               | 815             | (2,482)         |
| Another non-monetary changes                                       | (876)           | 1,778           |
| <b>E. Other changes</b>                                            | <b>(61)</b>     | <b>(704)</b>    |
| <b>F. Net cash flows in the period (B+C+D+E)</b>                   | <b>33,524</b>   | <b>9,326</b>    |
| <b>Cash and cash equivalents at the end of the period (A+F)</b>    | <b>245,583</b>  | <b>186,584</b>  |
| Current financial debt                                             | 90,715          | 16,953          |
| Non-current financial debt                                         | 291,974         | 331,047         |
| <b>Net financial debt</b>                                          | <b>137,106</b>  | <b>161,416</b>  |

## 2 CONTENT AND FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Introduction

The Interim Financial Report as at 31 March 2024, 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”.

### Consolidation criteria

The criteria adopted for the consolidation are the same as those adopted for preparation of Consolidated Financial Statement of 31 December 2023.

### Accounting standards

Accounting standards adopted in the Interim Financial Report as at 31 March 2024 are the same as those adopted for the Consolidated Financial Statement as at 31 December 2023.

The Interim Financial Report as at 31 March 2024 has been prepared on the basis of the assumption of going concern.

## 2.1 REVENUES

As stated in the budget, sales of products in Q1 2024, equal to €141.3 million, decreased by 6.2% compared to the same period of 2023, in which in the month of March it was recorded the highest turnover in the history of the Group. The order backlog at the end of March was equal to €168.8 million, with an increase of 8.1% compared to the end of December 2023.

At SBU level, continued the growth trend (+9.5%) of the Cooling System SBU with a total turnover equal to €67.0 million mainly related to important projects in the applications linked both to Datacentre conditioning and to Industrial cooling in general.

Despite an important increase of order intake and sales in the refrigeration business, in the “mobile” applications and a recovery, more than expected, in the segment of the tumble dryers, in the first quarter the Business Unit Components suffered a decrease by 16.9% with a total turnover of €74.3 million due to the expected strong slowdown in the heat exchangers sales for heat pumps, that, in Q1 2023, reached the highest peak.



The breakdown of turnover by SBU, by product type and application are given below:

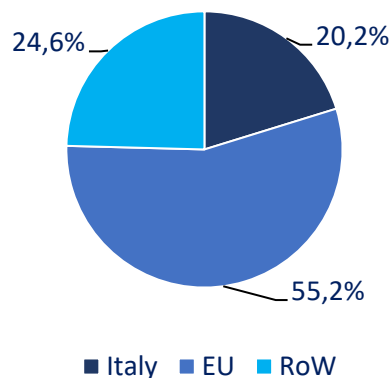
| Revenues by SBU<br>(in thousands of Euro) | Q1/2024        | %             | Q1/2023        | %             | Change          | % Change      |
|-------------------------------------------|----------------|---------------|----------------|---------------|-----------------|---------------|
| <b>SBU COOLING SYSTEMS</b>                | <b>66,964</b>  | <b>47.4%</b>  | <b>61,141</b>  | <b>40.6%</b>  | <b>5,823</b>    | <b>9.5%</b>   |
| <b>SBU COMPONENTS</b>                     | <b>74,334</b>  | <b>52.6%</b>  | <b>89,503</b>  | <b>59.4%</b>  | <b>(15,169)</b> | <b>-16.9%</b> |
| <b>TOTAL PRODUCT TURNOVER</b>             | <b>141,298</b> | <b>100.0%</b> | <b>150,644</b> | <b>100.0%</b> | <b>(9,346)</b>  | <b>-6.2%</b>  |

| Revenues by product<br>(in thousands of Euro) | Q1/2024        | %             | Q1/2023        | %             | Change<br>%  |
|-----------------------------------------------|----------------|---------------|----------------|---------------|--------------|
| Heat exchangers                               | 70,071         | 49.4%         | 85,929         | 56.7%         | -18.5%       |
| Air Cooled Equipment                          | 66,964         | 47.2%         | 61,141         | 40.4%         | 9.5%         |
| Doors                                         | 4,263          | 3.0%          | 3,574          | 2.4%          | 19.3%        |
| <b>TOTAL PRODUCT TURNOVER</b>                 | <b>141,298</b> | <b>99.6%</b>  | <b>150,644</b> | <b>99.5%</b>  | <b>-6.2%</b> |
| Other                                         | 617            | 0.4%          | 797            | 0.5%          | -22.6%       |
| <b>TOTAL</b>                                  | <b>141,915</b> | <b>100.0%</b> | <b>151,441</b> | <b>100.0%</b> | <b>-6.3%</b> |

| APPLICATIONS<br>(in thousands of Euro) | Q1/2024        | %             | Q1/2023        | %             | Change<br>%  |
|----------------------------------------|----------------|---------------|----------------|---------------|--------------|
| Refrigeration                          | 68,200         | 48.1%         | 71,989         | 47.5%         | -5.3%        |
| Air-conditioning                       | 33,690         | 23.7%         | 47,550         | 31.4%         | -29.1%       |
| Special application                    | 23,987         | 16.9%         | 19,319         | 12.8%         | 24.2%        |
| Industrial cooling                     | 15,421         | 10.9%         | 11,786         | 7.8%          | 30.8%        |
| <b>TOTAL APPLICATION TURNOVER</b>      | <b>141,298</b> | <b>99.6%</b>  | <b>150,644</b> | <b>99.5%</b>  | <b>-6.2%</b> |
| Other                                  | 617            | 0.4%          | 797            | 0.5%          | -22.6%       |
| <b>TOTAL</b>                           | <b>141,915</b> | <b>100.0%</b> | <b>151,441</b> | <b>100.0%</b> | <b>-6.3%</b> |

At geographic level, Germany was the most penalized market by the negative trend of heat pumps market and sales in Italy, for the first time in a long time, suffered a decrease too. Very positive, instead, the trend of sales in Poland and Scandinavian countries.

The chart below shows the geographical breakdown of turnover in the first 3 months of 2024:



The total turnover doesn't depend, in a significant way, on single commercial or industrial agreements. As at March 31, 2024, sales of the first 10 customers accounted for 31.8% of total turnover and the main customer represented 4.7% of total sales.

## 2.2 EBITDA

EBITDA was €19.6 million (13.8% of revenues) compared to €19.2 million (12.7% of revenues) in the first 3 months of 2023. No impact, in the income statement of Q1 2024 and Q1 2023, of costs not falling under ordinary management. The EBITDA variation compared to EBITDA in the first three months of 2023 (+€0.4 million) was generated by €2.2 million for the decrease of costs of the main raw materials and other production costs, net of €0.5 million for the decrease in sale prices and of €1.3 million related to the volume effect.

## 2.3 NET INCOME

Net income for the period amounted to €11.0 million (7.8% of revenues), compared to €6.8 million for the first 3 months of 2023 (4.5% of revenues). Applying the tax effect to the net effect of the positive change in the fair value of derivatives (€0.3 million) and to the net positive impact of amortized cost (€1.1 million), the net income for the first 3 months of 2024 ("Adjusted net income for the period") would have been €9.6 million, 6.8% of revenues (€8.0 million last period, 5.3% of revenues).

## 2.4 NET FINANCIAL POSITION

The net financial position was negative by €137.1 million (€126.3 million as at December 31, 2023) with a difference of €10.8 million mainly due for €8,1 million to capital expenditures, €0.1 million to dividends, €17.3 million to the increase in operating working capital and €3.7 million related to changes in other payables and receivables, net of €18.4 million of positive cash flow from operations. The comparison with the net financial position as at March 31, 2023 (negative for €161.4 million) shows a positive impact of €24.3 million. In the period April 1, 2023 – March 31, 2024 the cash flow generated, net of the non-operative components, was about €48.5 million.

## 2.5 SIGNIFICANT EVENTS DURING THE PERIOD

In January 2024, the Parent Company received the proceed related to the loan agreement signed with Unicredit in December 2023, amounting to €30 million. Furthermore, also in January 2024, the Parent Company signed a loan agreement with BPER, for an amount of €30 million, fully disbursed at the signing date.

The expansion works of the new Chinese production plant continued during the first quarter following the timetable and the preparatory activities were carried out for the "roll out" of SAP in India, that was successfully completed the first of April with the closing of the local fiscal year.

The performance in Q1 2024 confirms that the current fiscal year looks to be another year of consolidation of results, in terms of sales volumes, once again with significantly differentiated trends among the various applications (with the data center and "powergen" segments growing, with possible upside in applications for refrigerated display cabinets and tumble dryers, and a temporarily slowing area related to heat pump heat exchangers). Also in this context, the Group confirms its growth expectations in the medium term, in line with strategy and guidance.

Since 2018, the Group (despite the turbulence of the general context) has recorded significant growth (CAGR of turnover of 15%), even higher than the medium/long-term "guidance" communicated at the time and anticipating - especially in the two-year period 2021 and 2022 - the growth expected in subsequent years. This is a result of great satisfaction, which confirms the effectiveness of the strategy pursued in building a resilient business model (diversification of product applications in sectors with uncorrelated trends), supported by "secular trends" such as: electrification, decarbonization, digitalization and adoption of refrigerant gases with low or no environmental impact. All technological fields in which LU-VE Group has been a "first mover."

## 2.6 SIGNIFICANT EVENTS OCCURRING AFTER 31 MARCH 2024 AND BUSINESS OUTLOOK

As anticipated, the area of greatest uncertainty in the coming months is the heat pump market, which has experienced a sudden and unexpected slowdown in demand since the second half of 2023.

However, all players in the industry agree that this is a temporary phenomenon and maintain positive expectations in the medium term, as the replacement of gas boilers with heat pump technology is one of the cornerstones of the policies of the EU Repower program, of the new Energy Performance of Buildings Directive (EPBD) EU 2024/1275 and (together with "renewables," EVs and batteries) one of the "clean energy technologies" crucial for achieving "net zero emissions" targets, as clearly appears from the recent IEA (International Energy Agency) "World Energy Outlook 2023" report.

In this scenario, the Group as early as the second half of 2023 launched a series of projects to improve profitability through investments in production automation, process reorganization and cost containment (the first fruits of which are already visible in the last quarter of 2023 and in the first quarter of 2024).

These activities, amid an uncertain macroeconomic scenario, are expected to preserve and improve profitability and cash generation, even in the face of potentially higher volatility in sales trends than in the recent past.

The Group is closely monitoring the development of the crisis between Russia and Ukraine. The usual geographic diversification of sales has resulted in the Group's exposure in the area being 7.3 percent in terms of sales as of March 31, 2024.

With reference to the Italian Tax Authority audit relating to the years 2016, 2017, 2018 and 2019, no additional requests have been done.

With reference to the tax finding report about the fiscal year 2019 served in November 2023, no additional requests have been done.

As regards the tax audit to which the subsidiary LU-VE Iberica SI is subject for the fiscal years 2013, 2018 and 2019, all the documentation, requested from time to time, was delivered to the Spanish Tax Authority.

Ubaldo, May 13, 2024

On behalf of the Board of Directors  
The Chairman and 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 March 31, 2024 of LU-VE S.p.A. corresponds to the Company's records, books and accounting entries.