



# **INTERIM FINANCIAL REPORT AS AT SEPTEMBER 30, 2024**

# 1 FINANCIAL STATEMENTS

## 1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position <i>(in thousand of Euro)</i>	30/09/2024	31/12/2023
<b>ASSETS</b>		
Goodwill	64,082	63,961
Other intangible assets	25,591	28,902
Property, plant and equipment	163,825	164,469
Right-of-use assets	21,460	13,476
Other tangible assets	22,471	27,467
Deferred tax assets	12,260	11,039
Investments	141	141
Other non-current assets	620	828
<b>Non-current assets</b>	<b>310,450</b>	<b>310,283</b>
Inventories	113,660	110,831
Trade receivables	105,284	87,790
Current tax assets	7,855	9,356
Current financial assets	30,136	50,387
Other current assets	5,865	4,760
Cash and cash equivalents	218,922	212,059
<b>Current assets</b>	<b>481,722</b>	<b>475,183</b>
Assets held for sale	-	-
<b>Assets held for sale</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>792,172</b>	<b>785,466</b>

<b>Consolidated Statement of Financial Position</b> <i>(in thousands of Euro)</i>	<b>30/09/2024</b>	<b>31/12/2023</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Share capital	62,704	62,704
Reserves and retained earnings (losses)	150,599	131,228
Net result for the period	25,773	29,745
<b>Shareholders' equity attributable to the Group</b>	<b>239,076</b>	<b>223,677</b>
Shareholders' equity attributable to non-controlling interests	5,753	5,554
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>244,829</b>	<b>229,231</b>
Loans	220,386	250,222
Provisions	5,702	5,735
Employee benefits obligations	5,347	5,363
Deferred tax liabilities	13,814	14,109
Other financial liabilities	15,059	14,410
<b>Non-current liabilities</b>	<b>260,308</b>	<b>289,839</b>
Trade payables	107,607	95,659
Loans	126,705	119,005
Tax liabilities	6,129	8,653
Other financial liabilities	12,753	5,155
Other current liabilities	33,841	37,924
<b>Current liabilities</b>	<b>287,035</b>	<b>266,396</b>
Liabilities held for sale	-	-
<b>Liabilities held for sale</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>792,172</b>	<b>785,466</b>

## 1.2 CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement <i>(in thousand of Euro)</i>	30/09/2024	30/09/2023
<b>REVENUES AND OPERATING INCOME</b>		
Revenues	436,811	463,520
Other operating income	1,570	929
<b>Total revenues and other operating income</b>	<b>438,381</b>	<b>464,449</b>
<b>OPERATING EXPENSES</b>		
Purchases of materials	(220,155)	(241,488)
Changes in inventories	3,818	(46)
Costs for services	(55,528)	(61,354)
Personnel costs	(99,781)	(97,958)
Net reversal/(write-downs) of financial assets	(105)	50
Other operating expenses	(2,571)	(2,419)
<b>Total operating expenses</b>	<b>(374,322)</b>	<b>(403,215)</b>
Depreciation and amortization	(23,423)	(24,300)
Gain/(Losses) on the sale of non-current assets	132	42
Write-downs on non-current assets	(226)	(180)
<b>OPERATING RESULT</b>	<b>40,542</b>	<b>36,796</b>
Financial income	6,881	3,474
Financial expense	(12,331)	(10,724)
Exchange gains (losses)	318	2,200
Gains/(Losses) from investments	-	-
<b>PRE-TAX RESULT</b>	<b>35,410</b>	<b>31,746</b>
Income taxes	(8,604)	(4,540)
<b>NET RESULT</b>	<b>26,806</b>	<b>27,206</b>
Net result attributable to non-controlling interests	1,033	1,299
<b>NET RESULT ATTRIBUTABLE TO THE GROUP</b>	<b>25,773</b>	<b>25,907</b>

## 1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of comprehensive income (in thousands of Euro)	30/09/2024	30/09/2023
<b>NET RESULT</b>	<b>26,806</b>	<b>27,206</b>
<i>Components that will not subsequently be reclassified to the Income Statement:</i>		
Actuarial gains/(losses) from employee benefits obligations	210	(23)
Tax effect	(50)	6
	<b>160</b>	<b>(17)</b>
<i>Components that will subsequently be reclassified to the Income Statement:</i>		
Exchange differences from translation of Financial Statements in foreign currency	(1,651)	(7,602)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>25,315</b>	<b>19,587</b>
Comprehensive income attributable to non-controlling interests	(1,033)	(1,299)
<b>COMPREHENSIVE INCOME ATTRIBUTABLE TO THE GROUP</b>	<b>24,282</b>	<b>18,288</b>

## 1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of changes in equity (in thousands of Euro)	Share Capital	Share Premium reserve	Legal reserve	Treasury Shares	Translation reserve	Actuarial gains/(loss) of employee benefits reserve	Other reserves	Net result for the period	Total Shareholders' equity attributable to the Group	Shareholders' equity attributable to non controlling interests	Total shareholders' equity
<b>BALANCE AS AT 01/01/2023</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 of 2022 profit											
<i>Dividends paid</i>	-	-	-	-	-	-	(8,438)	-	(8,438)	(708)	(9,146)
<i>Retained</i>	-	-	812	-	-	-	46,902	(47,714)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	(357)	(357)
Comprehensive income as at 30/09/2023	-	-	-	-	(7,602)	(17)	-	25,907	18,288	1,299	19,587
<b>BALANCE AS AT 30/09/2023</b>	<b>62,704</b>	<b>24,762</b>	<b>4,557</b>	<b>(288)</b>	<b>(21,245)</b>	<b>(25)</b>	<b>120,226</b>	<b>25,907</b>	<b>216,598</b>	<b>4,946</b>	<b>221,544</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 of 2023 profit											
<i>Dividends paid</i>	-	-	-	-	-	-	(8,883)	-	(8,883)	(812)	(9,695)
<i>Retained</i>	-	-	-	-	-	-	29,745	(29,745)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	(22)	(22)
Comprehensive income as at 30/09/2024	-	-	-	-	(1,651)	160	-	25,773	24,282	1,033	25,315
<b>BALANCE AS AT 30/09/2024</b>	<b>62,704</b>	<b>24,762</b>	<b>4,557</b>	<b>(288)</b>	<b>(19,589)</b>	<b>69</b>	<b>141,088</b>	<b>25,773</b>	<b>239,076</b>	<b>5,753</b>	<b>244,829</b>

## 1.5 STATEMENT OF CASH FLOWS

<b>Consolidated Statement of Cash Flows</b> <i>(in thousands of Euro)</i>	30/09/2024	30/09/2023
<b>A. Cash and cash equivalents at the beginning of the period</b>	<b>212,059</b>	<b>177,258</b>
Net result for the period	26,806	27,206
Adjustments for:		
- Depreciation and amortisation	23,423	24,300
- (Gains)/losses, write-downs of non-current assets	94	138
- (Gains)/losses on sales on investments	-	-
- Net financial expenses	1,147	4,520
- Income taxes	8,604	4,540
- Changes in fair value	4,575	1,629
Changes in employee benefit obligations	114	30
Changes in provisions	(33)	98
<i>Changes in trade receivables</i>	(17,494)	(15,476)
<i>Changes in inventories</i>	(3,818)	46
<i>Changes in trade payables</i>	11,948	(15,733)
<b>Changes in net working capital</b>	<b>(9,364)</b>	<b>(31,163)</b>
Changes in other receivables and payables, deferred taxes	(283)	2,332
Tax payments	(9,520)	(10,107)
Net paid financial expense	(4,187)	(4,842)
<b>B. Cash flows from (used in) operating activities</b>	<b>41,376</b>	<b>18,681</b>
Investments in non-current assets:		
- intangible assets	(1,715)	(1,905)
- property, plant and equipment	(14,035)	(25,698)
- financial assets	-	-
Net investments in short-term financial assets	15,676	89,548
<b>C. Cash flows from (used in) investing activities</b>	<b>(74)</b>	<b>61,945</b>
Repayment of loans	(110,035)	(96,475)
Proceed from new loans	91,061	40,000
Changes in other financial liabilities	(4,969)	(4,798)
Sale/(purchase) of treasury shares	-	-
Contributions/repayments of share capital	-	-
Dividends paid	(9,695)	(8,470)
Other changes	-	-
<b>D. Cash flows from (used in) financing activities</b>	<b>(33,638)</b>	<b>(69,743)</b>
Exchange differences	(1,673)	(7,959)
Another non-monetary changes	872	3,835
<b>E. Other changes</b>	<b>(801)</b>	<b>(4,124)</b>
<b>F. Net cash flows in the period (B+C+D+E)</b>	<b>6,863</b>	<b>6,759</b>
<b>Cash and cash equivalents at the end of the period (A+F)</b>	<b>218,922</b>	<b>184,017</b>
Current financial debt	109,323	82,619
Non-current financial debt	235,445	268,988
<b>Net financial debt</b>	<b>125,846</b>	<b>167,590</b>

## 2 CONTENT AND FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Introduction

The Interim Financial Report as at 30 September 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 30 September 2024 are the same as those adopted for the Consolidated Financial Statement as at 31 December 2023.

The Interim Financial Report as at 30 September 2024 has been prepared on the basis of the assumption of going concern.

## 2.1 REVENUES

Following a third quarter substantially in line with the same period of 2023, the total product turnover of the first 9 months of the year decreased by 5.9% (it was -8.4% at the end of the month of June) with a value of €432.8 million. Net of the drastic decrease (-71.4%) of the sales in heat exchangers for heat pumps, it should be underlined that the sales of products grew by 2.6% in the period (+6.3% only in the third quarter), despite a global market scenario showing various uncertainties. The order backlog at the end of the month of September was equal to €172.0 million (+0.6% compared to figure of the semester) with a value in line with the month of September 2023.

The Cooling System SBU with a turnover of €217.1 million (+5.3%) confirmed the positive trend already highlighted in the recent months especially in the datacenter applications, while the Components SBU, despite highlighting an improvement compared to the semester, reached a turnover equal to €215.7 million down by 15% (it was -19% in the first semester).



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

Revenues by SBU (in thousands of Euro)	2024	%	2023	%	Change	% Change
SBU COOLING SYSTEMS	217,071	50.2%	206,123	44.8%	10,948	5.3%
SBU COMPONENTS	215,695	49.8%	253,846	55.2%	(38,151)	-15.0%
<b>TOTAL PRODUCT TURNOVER</b>	<b>432,766</b>	<b>100.0%</b>	<b>459,969</b>	<b>100.0%</b>	<b>(27,203)</b>	<b>-5.9%</b>

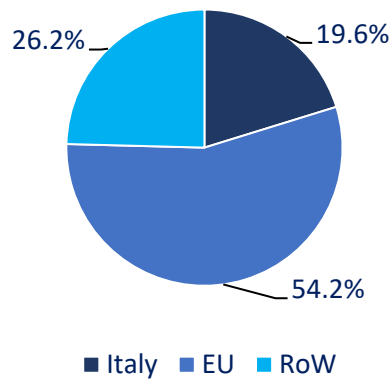
Revenues by product (in thousands of Euro)	2024	%	2023	%	Change	%
Heat exchangers	203,936	46.5%	241,331	52.0%	-15.5%	
Air Cooled Equipment	217,071	49.5%	206,123	44.4%	5.3%	
Doors	11,759	2.7%	12,515	2.6%	-6.0%	
<b>TOTAL PRODUCT TURNOVER</b>	<b>432,766</b>	<b>98.7%</b>	<b>459,969</b>	<b>99.0%</b>	<b>-5.9%</b>	
Other	5,615	1.3%	4,480	1.0%	25.3%	
<b>TOTAL</b>	<b>438,381</b>	<b>100.0%</b>	<b>464,449</b>	<b>100.0%</b>	<b>-5.6%</b>	

APPLICATIONS (in thousands of Euro)	2024	%	2023	%	Change	%
Refrigeration	222,745	50.8%	217,057	46.7%	2.6%	
Air-conditioning	99,918	22.8%	136,341	29.4%	-26.7%	
Special application	66,218	15.1%	59,095	12.7%	12.1%	
Industrial cooling	43,885	10.0%	47,476	10.2%	-7.6%	
<b>TOTAL APPLICATION TURNOVER</b>	<b>432,766</b>	<b>98.7%</b>	<b>459,969</b>	<b>99.0%</b>	<b>-5.9%</b>	
Other	5,615	1.3%	4,480	1.0%	25.3%	
<b>TOTAL</b>	<b>438,381</b>	<b>100.0%</b>	<b>464,449</b>	<b>100.0%</b>	<b>-5.6%</b>	

At level of different application segments, the result of the special applications segment shows an outstanding result (+12.1%), driven by the great performance, above the expectations, realized in the field of heat exchangers for tumble dryers. The refrigeration segment shows signs of slightly recovery at global level in the first 9 months of the year (+2.6%), with different trends in each niche of application and a third quarter growing by 10.9% thanks to the delivery of some big projects concentrated in the summer period. The air-conditioning segment remains obviously heavily penalized by the sharp slowdown in the heat pump market (the reasons for which have been amply explained in the periodic previous reports), despite a good growth in projects related to the world of datacenter.

Mainly due to the strong downturn of sales in Germany and Italy, the incidence of the European Union on total turnover has fallen below 74% (€319.3 million), while the total share of export has reached the value of 80.4%.

The chart below shows the geographical breakdown of turnover in the first 9 months of 2024:



The turnover related to the first 10 customers confirms a percentage equal to 30.5% of total turnover, with the main customer accounts for only 4.9% of total turnover.

## 2.2 EBITDA

EBITDA was €64.1 million (14.6% of revenues) compared to €61.2 million (13.2% of revenues) in the first 9 months of 2023. No impact, in the income statement of Q3 2024, of costs not falling under ordinary management, while in the same period of 2023 the impact of cost not falling under ordinary management amounted to €1.3 million, driving the EBITDA adjusted 2023 to €62.5 million. The EBITDA variation compared to EBITDA adjusted of the first 9 months 2023 (+€1.6 million) is generated by €11.7 million for the decrease of costs of the main raw materials and other production costs, net of €2.5 million for the decrease in sale prices and of €7.6 million related to the volume effect.

## 2.3 NET INCOME

Net income of the period, negatively affected by the increase of tax rate, amounts to €26.8 million (6.1% of revenues), compared to €27.2 million for the first 9 months of 2023 (5.9% of revenues). Applying the tax effect to the net effect of the positive change in the fair value of derivatives (€4.0 million), to the net positive impact of amortized cost (€3.3 million) and the impact for the acquisition of the remaining 25% of the company Refrion S.r.l. (€0.9 million already booked in the financial report of June 2024) the net income for the first 9 months of 2024 ("Adjusted net income for the period") would have been €28.2 million (6.4% of revenues) compared to €29.2 million (6.3% of revenues) as at 30 September 2023.

## 2.4 NET FINANCIAL POSITION

The net financial position is negative by €125.8 million (€126.3 million as at 31 December 2023) with a difference of €0.5 million mainly due for €15.7 million to capital expenditures, €9.7 million to dividends, €8.4 million to the increase in operating working capital, €0.9 million to the variation of the execution price of the put and call option, €8.4 million related to changes in other payables and

receivables, €8.0 million related to the increase of the financial liabilities (IFRS 16) net of €51.6 million of positive cash flow from operations.

The net financial position as at 30 September 2023 was negative for €167.6 million (net improvement of €41.8 million). In the period 1 October 2023 – 30 September 2024 the cash flow generated, net of the non-operative components, is about €72.2 million.

## 2.5 SIGNIFICANT EVENTS DURING THE PERIOD

On 30 September, 2024 the act of merger by incorporation in LU-VE of the 100% owned companies Sest S.p.A. and Air Hex Alonte S.r.l. was stipulated, pursuant to the resolutions adopted on 24 June 2024 by the Board of Directors of LU-VE (according to Article 2505, paragraph 2 of the Civil Code and Article 16, paragraph 2 of the Articles of Association) and by the extraordinary shareholders meetings of Sest and AHA.

The civil effects of the merger will be effective from 31 December 2024 and the accounting and tax effects from 1 January 2024.

During the third quarter the expansion works of the Chinese productive plant has continued in line with the schedule.

Regarding the tax audit conducted by the Italian Tax Authority on the parent company LU-VE S.p.A. concerning the fiscal years 2016, 2017, 2018, 2019 and the tax finding report for the fiscal year 2019, no further requests have been made and there were no further activities to be undertaken by the Tax Authority.

As for the general tax audit to which the subsidiary LU-VE Iberica S.L. is subject for fiscal years 2013, 2018, and 2019, all requested documentation has been provided to the Spanish Tax Authority as needed.

Concerning the tax deed notified by the Italian Tax Authority (Udine branch) to the subsidiary Refrion S.r.l., related to the assessment of tax credits for research and development costs, during the third quarter 2024 a defense dossier was prepared that led in the first instance in a reduction of the amount under investigation and then in an adhesion by the subsidiary to the settlement submission of the Tax Authority (with the partial reimbursement of the tax receivables used and the waiver of some tax receivables in the financial statement and not yet used, with no sanctions and interests). It should be noted that, with regards to the above tax liabilities, the Group is protected by the guarantees provided by the previous shareholders of the aforementioned subsidiary.

On 31 July 2024, the Central Directorate for Large Taxpayers and International Affairs (Direzione Centrale Grandi Contribuenti e Internazionale) sent a request for information to the parent company LU-VE S.p.A., to initiate the preliminary activity concerning the application submitted on 28 December 2020 for access to the procedure aimed at concluding Advance Pricing Agreements (“APA”), as provided for by Art. 31 ter of Presidential Decree 600/73. Promptly the Parent Company submitted all the required documentation.

## 2.6 SIGNIFICANT EVENTS OCCURRING AFTER 30 SEPTEMBER 2024 AND BUSINESS OUTLOOK

On 3 October 2024, as announced in the month of July, LU-VE S.p.A. acquired the remaining 25% of the shares (for a value of €7.4 million) of the subsidiary Refrion S.r.l., with the registered office at Flumignano (Udine): the acquisition agreement included the option to purchase the remaining 25%, exercisable within the following five years. The transaction has no effect on LUVE Group's financial position or on the value of "Minority Interests", since the purchase consideration of 25% - as required by IFRS - is already counted in the calculation of the Group's financial debt.

On 24 October 2024 the expansion works of the LU-VE US productive plant started at Jacksonville, TX, USA. This expansion will accelerate our development for localizing dry coolers for data centers and power generation along with strengthening our solutions for sustainable natural refrigerants that are in ever higher demand by supermarkets, food service, food retail, and HVAC.

With reference to the tax assessments in progress (described in the significant events during the period), it should be noted that there are no other substantial developments.

The LU-VE Group continues to carefully monitor the evolution of the conflict between Russia and Ukraine. The usual geographical diversification of sales means that Group's exposure, in terms of revenues, is equal to 7.4% of turnover.

In view of the weakness and volatility of some segments of the target markets, and in particular that of heat pumps, the Group expects a contraction in sales volumes at the end of the fiscal year, but a holding up of profitability levels thanks to all the actions implemented for process efficiency and the revision of the organization globally.

The performance in the first 9 months of 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 different applications (with the data center and tumble dryer segments growing, with possible up-sides in refrigerated display case applications and a temporarily slowing area related to heat pump exchangers).

As previously reported, the heat pump market is confirmed as the area of greatest concern; however, expectations in the medium term remain cautiously optimistic pending final clarification of incentive systems at the European level as the replacement of gas boilers with heat pump technology is one of the cornerstones of the "Repower EU" program policies.

Also in this context, the Group confirms its growth expectations in the medium and long term, in line with the strategy and guidance.

Ubaldo, November 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 September 30, 2024 of LU-VE S.p.A. corresponds to the Company's records, books and accounting entries.