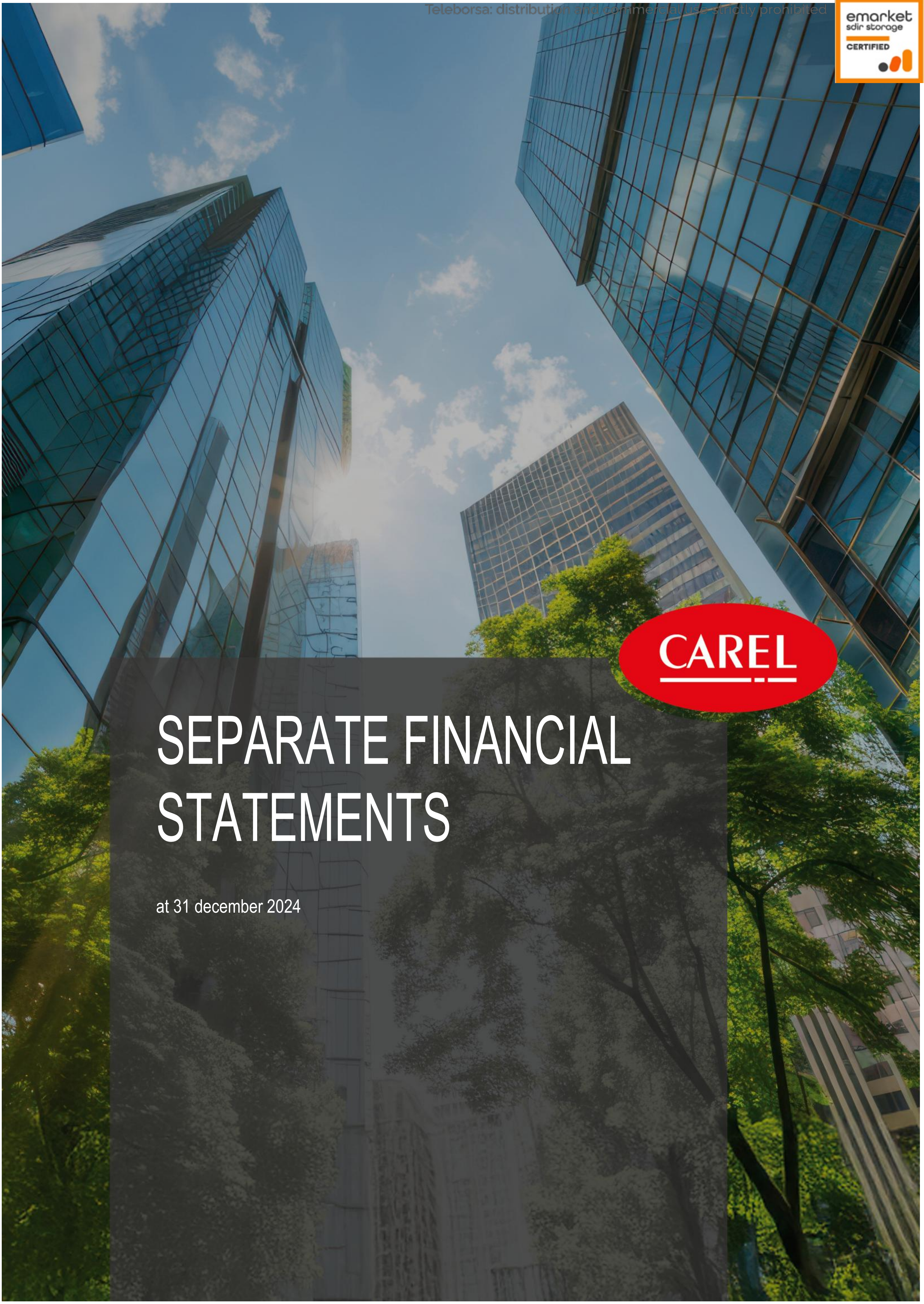

SEPARATE FINANCIAL STATEMENTS

at 31 december 2024

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CORPORATE BODIES

Board of directors	*Chairperson*	*Luigi Rossi Luciani*
	Executive deputy chairperson	*Luigi Nalini*
	Chief executive officer	*Francesco Nalini*
	Executive director	*Carlotta Rossi Luciani*
	Independent director	*Cinzia Donalisio*
	Independent director	*Marina Manna*
	Independent director	*Mario Cesari*
	Independent director	*Laura Rovizzi*
	Independent director	*Gianluigi Vittorio Castelli*
Board of statutory auditors	*Chairperson*	*Paolo Prandi*
	Standing statutory auditor	*Saverio Bozzolan*
	Standing statutory auditor	*Gianna Adami*
	Alternate statutory auditor	*Fabio Gallio*
	Alternate statutory auditor	*Elena Angela Maria Valenti*
Independent auditors		*Deloitte & Touche S.p.A.*
Audit, risk and sustainability committee	*Chairperson*	*Marina Manna*
	Member	*Cinzia Donalisio*
	Member	*Mario Cesari*
Remuneration committee	*Chairperson*	*Cinzia Donalisio*
	Member	*Marina Manna*
	Member	*Mario Cesari*
Supervisory body pursuant to Legislative decree no. 231/2001	*Chairperson*	*Alberto Berardi*
	Member	*Arianna Giglio*
	Member	*Alessandro Grassetto*

SEPARATE FINANCIAL STATEMENTS AND NOTES THERETO

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF FINANCIAL POSITION

(in Euros)	NOTE	31.12.2024	31.12.2023
Property, plant and equipment	1	37,589,160	34,804,514
Intangible assets	2	12,477,058	10,766,366
Equity investments	3	410,777,917	386,674,659
Other non-current assets	4	34,261,785	37,199,253
Deferred tax assets	5	3,922,445	3,163,322
Non-current assets		**499,028,365**	**472,608,114**
Trade receivables	6	47,034,727	56,097,211
Inventories	7	27,299,088	33,602,400
Current tax assets	8	2,245,910	1,658,017
Other current assets	9	9,549,529	7,788,315
Current financial assets	10	9,553,816	11,721,622
Cash and cash equivalents	11	28,797,275	91,619,429
Total current assets		**124,480,345**	**202,486,994**
TOTAL ASSETS		**623,508,710**	**675,095,108**
Equity	12	360,535,881	359,041,056
Equity		**360,535,881**	**359,041,056**
Non-current financial liabilities	13	95,877,160	131,713,125
Provisions for risks	14	1,319,731	1,284,506
Defined benefit plans	15	3,140,243	4,318,847
Deferred tax liabilities	16	212,206	577,108
Other non-current liabilities	17	11,203,667	17,139,948
Non-current liabilities		**111,753,007**	**155,033,534**
Current financial liabilities	13	72,449,612	60,726,077
Trade payables	18	59,007,750	66,800,047
Current tax liabilities	19	-	-
Provisions for risks	14	2,982,409	2,949,857
Other current liabilities	20	16,780,051	30,544,537
Current liabilities		**151,219,822**	**161,020,518**
TOTAL LIABILITIES AND EQUITY		**623,508,710**	**675,095,108**

STATEMENT OF PROFIT OR LOSS

(in Euros)	NOTE	2024	2023
Revenue	21	232,010,346	285,268,391
Other revenue	22	5,727,260	9,605,403
Costs of raw materials, consumables and goods and change in inventories	23	(137,752,390)	(158,970,064)
Services	24	(37,950,944)	(41,997,979)
Capitalised development expenditure	25	2,651,601	881,984
Personnel expense	26	(50,994,879)	(53,654,187)
Other expense, net	27	(1,554,203)	(1,360,817)
Amortisation, depreciation and impairment losses	28	(11,448,842)	(10,525,112)
OPERATING PROFIT		**687,949**	**29,247,619**
Net financial income	29	33,695,429	17,483,827
Net exchange gains (losses)	30	501,215	193,045
Net impairment gains on financial assets	31	(9,575,526)	2,287,870
PROFIT BEFORE TAX		**25,309,067**	**49,212,361**
Income taxes	32	(2,144,220)	(4,697,812)
PROFIT FOR THE YEAR		**23,164,847**	**44,514,549**

STATEMENT OF COMPREHENSIVE INCOME

(in Euros)	NOTE	2024	2023
PROFIT FOR THE YEAR		**23,164,847**	**44,514,549**
Items that may be subsequently reclassified to profit or loss:			
Fai value losses on hedging derivatives	12	(349,825)	(1,130,686)
Related tax	12	83,958	271,364
Total items that may be subsequently reclassified to profit or loss		**(265,867)**	**(859,322)**
Items that may not be subsequently reclassified to profit or loss:			
IAS 19 - Actuarial gains (losses) on post-employment benefits	12	16,970	(112,993)
Related tax	12	(5,018)	33,412
IAS 19 - Actuarial gains (losses) on post-term of office benefits for directors	12	(42,465)	12,404
Total items that may not be subsequently reclassified to profit or loss		**(30,513)**	**(67,177)**
COMPREHENSIVE INCOME		**22,868,467**	**43,588,050**

STATEMENT OF CASH FLOWS

(in Euros)	NOTE	2024	2023
Profit for the year		23,164,847	44,514,549
Adjustments for:			
Amortisation, depreciation and impairment losses	28 / 31	21,024,368	8,237,242
Accruals to/utilisations of provisions		6,591,791	7,477,990
Other (income) expense, net		(8,891,944)	7,109,654
Financial (income) expenses, net		(26,884,780)	(24,640,086)
Income taxes	32	2,144,220	4,697,812
Gains on the sale of non-current assets		(37,440)	(26,919)
Changes in working capital:			
Change in trade receivables and other current assets		7,605,660	(4,303,534)
Change in inventories	7	2,561,797	(5,740,128)
Change in trade payables and other current liabilities		(12,258,200)	5,200,237
Change in non-current assets		178,656	790,455
Change in non-current liabilities		(1,362,662)	(449,141)
Cash flows from operating activities		**13,836,313**	**42,868,131**
Net interest paid		(5,488,924)	(6,241,999)
Income taxes paid		(238,779)	(3,100,445)
Net cash flows from (used in) operating activities		**8,108,610**	**33,525,687**
Investments in property, plant and equipment	1	(9,146,733)	(8,701,999)
Investments in intangible assets	2	(6,455,046)	(4,596,159)
Disinvestments of property, plant and equipment and intangible assets		248,555	58,178
Investments in investees		(44,395,895)	(169,124,356)
Cash flows used in investing activities		**(59,749,119)**	**(182,364,336)**
Capital increases		-	196,468,844
Repurchase of treasury shares		-	(1,041,927)
Dividend distributions	12	(21,373,642)	(17,998,856)
Dividends collected	29	28,154,760	29,826,749
Interest collected		2,545,908	1,678,380
Increase in financial liabilities		20,726,034	261,655,241
Decrease in financial liabilities		(43,019,536)	(259,256,272)
Decrease in lease liabilities		(2,018,196)	(1,871,413)
Increase in financial assets		(3,703,367)	(19,584,695)
Decrease in financial assets		7,506,394	11,943,658
Cash flows from (used in) financing activities		**(11,181,645)**	**201,819,709**
Change in cash and cash equivalents		**(62,822,154)**	**52,981,060**
Cash and cash equivalents - opening balance		**91,619,429**	**38,638,369**
Cash and cash equivalents - closing balance	11	**28,797,275**	**91,619,429**

STATEMENT OF CHANGES IN EQUITY

(in Euros)	Share capital	Legal reserve	Hedging reserve	Actuarial reserve	Income-related reserves and other reserves	Equity-related reserves	IFRS reserve	Treasury shares	Stock grant reserve	Retained earnings	Profit for the year	Total
31 December 2022	**10.000.000**	**2.000.000**	**1.252.157**	**59.306**	**66.660.574**	**10.397.335**	**2.145.495**	**(339.490)**	**864.932**	**476.149**	**44.508.486**	**138.024.944**
Share capital increase	1.249.921					195.218.924						196.468.845
Allocation of prior year profit												
- dividend distributions					(11.543)						(17.987.313)	(17.998.856)
- other allocations					26.521.173				-	-	(26.521.173)	-
Movements in stock grant reserve									(864.932)			(864.932)
Repurchase of treasury shares								(1.041.927)				(1.041.927)
Assignment of treasury shares					(355.304)			1.220.236				864.932
Profit for the year											44.514.549	44.514.549
Other comprehensive income			(859.322)	(67.177)							-	(926.499)
31 December 2023	**11.249.921**	**2.000.000**	**392.835**	**(7.871)**	**92.814.900**	**205.616.259**	**2.145.495**	**(161.181)**	**-**	**476.149**	**44.514.549**	**359.041.056**
Share capital increase	-											-
Allocation of prior year profit												
- dividend distributions											(21.373.642)	(21.373.642)
- other allocations		249.984			22.890.923					-	(23.140.907)	-
Movements in stock grant reserve												-
Repurchase of treasury shares												-
Assignment of treasury shares												-
Reclassification of reserves				121.026	(120.838)		(188)					-
Profit for the year											23.164.847	23.164.847
Other comprehensive expense			(265.867)	(30.513)							-	(296.380)
31 December 2024	**11.249.921**	**2.249.984**	**126.968**	**82.642**	**115.584.985**	**205.616.259**	**2.145.307**	**(161.181)**	**-**	**476.149**	**23.164.847**	**360.535.881**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2024

CONTENT AND FORMAT OF THE SEPARATE FINANCIAL STATEMENTS

Carel Industries S.p.A. (the "company") is an Italian company limited by shares, with registered office in Via Dell'Industria 11, Brugine (PD). It is registered with the Padua company registrar.

Carel Industries S.p.A. provides control instruments to the air-conditioning and commercial and industrial refrigeration markets and also produces air humidification systems.

These separate financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and cover the year from 1 January to 31 December 2024.

The company prepared its separate and consolidated financial statements in accordance with the IFRS issued by the International Accounting Standards Board and endorsed by the European Union on 1 January 2015 (the transition date).

The company's board of directors approved the separate financial statements at 31 December 2024 on 13 March 2025.

The separate financial statements were prepared in accordance with the updated accounting records.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The separate financial statements at 31 December 2024 were prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission with the procedure set out in article 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

The IFRS include all the standards as well as the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC), previously called the Standing Interpretations Committee (SIC), endorsed by the European Union at the reporting date and included in the related EU regulations published at that date.

The separate financial statements include the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows and these notes. They were prepared using the historical cost principle and assuming the company will continue as a going concern. The company assumed that it could adopt the going concern assumption pursuant to IAS 1.25/26 given its strong market position, very satisfactory profits and solid financial structure.

The separate financial statements were prepared in Euros, which is the company's functional and presentation currency as per IAS 21, unless indicated otherwise.

The company availed itself of the option allowed by article 40.2-bis of Legislative decree no. 127 of 9 April 1991, as amended by Legislative decree no. 32 of 2 February 2007, which provides for the preparation of a single directors' report for the separate and consolidated financial statements of Carel Industries S.p.A..

FINANCIAL STATEMENTS SCHEDULES

Statement of financial position Assets and liabilities are presented as current or non-current as required by paragraph 60 and following paragraphs of IAS 1.

An asset or liability is classified as current when it meets one of the following criteria:

- the company expects to realise the asset or settle the liability, or intends to sell or consume it, in its normal operating cycle; or
- it holds the asset or liability primarily for the purpose of trading; or
- it expects to realise the asset or settle the liability within twelve months after the reporting period.

All other assets and liabilities are classified as non-current.

Statement of profit or loss The company has opted to present the statement of profit or loss classifying items by their nature rather than their function, as this best represents the transactions undertaken during the year and its business structure. This approach is consistent with the company's internal management reporting system and international best practices for its sector. Following adoption of revised IAS 1, the company decided to present the statement of profit or loss and other comprehensive income in two separate statements.

Statement of comprehensive income This statement, prepared in accordance with the IFRS, presents other items of comprehensive income that are recognised directly in equity.

Statement of cash flows The company prepares this statement using the indirect method. Cash and cash equivalents included herein comprise the statement of financial position balances at the reporting date. Interest expense and income taxes are included in the cash flows generated by operating activities and interest income are included in cash flow generated by investing activities. The company presents cash flows from operating activities and investing activities and changes in non-current financial position, current liabilities and current financial assets separately. If not specified, exchange gains and losses are classified in the operating activities as they refer to the translation of trade receivables and payables into Euros.

Statement of changes in equity This statement shows changes in the equity captions related to:

- the allocation of the profit for the year to non-controlling interests;
- owner transactions (repurchase and sale of treasury shares);
- each profit or loss item, net of the related tax effects, that is recognised either directly in equity (gain or loss on the repurchase/sale of treasury shares) or in an equity reserve (share-based payments), pursuant to the IFRS;
- changes in the hedging reserve, net of the related tax effects;
- the effect of any changes in the IFRS.

BUSINESS COMBINATIONS

Business combinations are treated using the acquisition method. The consideration is recognised at fair value, calculated as the sum of the acquisition-date fair values of the assets transferred and liabilities assumed by the acquirer and the equity interests issued in exchange for control of the acquiree. Transaction costs are usually recognised in profit or loss when they are incurred.

The assets acquired and the liabilities assumed are recognised at their acquisition-date fair value, except for the following items which are measured in line with the relevant IFRS:

- deferred tax assets and liabilities;
- employee benefits;
- liabilities or equity instruments related to share-based payment awards of the acquiree or share-based payment awards of the acquirer issued to replace the acquiree's awards;
- assets held for sale and disposal groups.

Goodwill is calculated as the excess of the aggregate of the consideration transferred for a business combination, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree and the net of the acquisition-date fair value of the assets acquired and liabilities assumed. Goodwill is only recognised after its recoverability has been tested by analysing its future cash flows.

If the acquisition-date fair value of the assets acquired and liabilities assumed is greater than the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, the resulting gain is recognised immediately in profit or loss.

The amount of any non-controlling interest in the acquiree at the acquisition date is the pre-combination carrying amount of the acquiree's net assets.

Contingent consideration is measured at its acquisition-date fair value and included in the consideration exchanged for the acquiree to calculate goodwill. Any subsequent changes in fair value, which are measurement period adjustments, are included in goodwill retrospectively. Changes in fair value which are measurement period adjustments are those that arise due to additional information becoming available about facts and circumstances that existed at the acquisition date and was obtained during the measurement period (that cannot exceed one year from the acquisition date). Any subsequent change in contingent consideration is included in profit or loss.

MATERIAL INFORMATION ON THE COMPANY'S ACCOUNTING POLICIES

The separate financial statements at 31 December 2024 were prepared in accordance with the IFRS issued by the IASB, endorsed by the European Union and applicable at the reporting date. They are presented in Euros, which is the company's functional currency, i.e., the currency of the primary economic environment in which it mainly operates. Amounts are rounded to the nearest unit.

The separate financial statements at 31 December 2024 present the company's financial position and performance in accordance with the IFRS.

They were prepared using the historical cost criterion, except for derivative financial instruments hedging currency and interest rate risks and available-for-sale financial assets, which were measured at fair value as required by IFRS 9 Financial instruments: recognition and measurement.

Preparation of separate financial statements under the IFRS requires management to make estimates and assumptions that affect the amounts in the financial statements and the notes. Actual results may differ from these estimates. Reference should be made to the "Use of estimates" section for details of the captions more likely to be affected by estimates.

Following its decision to adopt the IFRS starting from the separate financial statements at 31 December 2017, the company referred to the standards applicable from 1 January 2017 to prepare its separate financial statements at 31 December 2024, in accordance with the provisions of IFRS 1.

STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE TO ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2024

The company applied the following standards, amendments and interpretations for the first time starting from 1 January 2024:

- On 23 January 2020, the IASB published **Classification of liabilities as current or non-current (Amendments to IAS 1)**, while on 31 October 2022, it published **Non-current liabilities with covenants (Amendments to IAS 1)**. The intention is to clarify how to classify debt and other financial liabilities as current or non-current. The amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least 12 months is subject to meeting certain parameters (i.e., covenants).
- On 22 September 2022, the IASB published **Lease liability in a sale and leaseback (Amendments to IFRS 16)**. They require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.
- On 25 May 2023, the IASB published **Supplier finance arrangements (Amendments to IAS 7 and IFRS 7)** to add disclosure requirements for reverse factoring arrangements that enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk.

The company applied the amendments starting from 1 January 2024. The adoption of these standards and amendments did not affect the separate financial statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EU BUT NOT YET MANDATORY AND NOT ADOPTED EARLY BY THE COMPANY AT 31 DECEMBER 2024

The following IFRS accounting standards, amendments and interpretations have been endorsed by the European Union but are not yet mandatorily applicable and have not been adopted early by the company at the reporting date:

- On 15 August 2023, the IASB issued **Lack of exchangeability (Amendments to IAS 21)** to require an entity to apply a consistent methodology to determine whether a currency is exchangeable into another and, when this is not possible, how to determine the exchange rate to be used and the related disclosures. The amendments are effective for reporting periods beginning on or after 1 January 2025, but earlier application is permitted.
  The directors do not expect the amendment will significantly affect the company's separate financial statements.

STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EU

At the reporting date, the EU's relevant bodies had not yet completed the endorsement process for adoption of the following amendments and standards:

- On 9 April 2024, the IASB published a new standard, **IFRS 18 Presentation and disclosure in financial statements**, which will replace IAS 1 Presentation of financial statements. The objective of the new standard is to improve the presentation of the main financial statements schedules and introduces important changes with regard to the statement of profit or loss. Specifically, the standard requires an entity to:
  - classify income and expenses into three new categories (operating category, investing category and financing category), in addition to the income taxes and discontinued operations categories already present in the statement of profit or loss;
  - present two new sub-totals, operating profit or loss and profit or loss before interest and income taxes.

  In addition, IFRS 18:
  - requires more information on the management-defined performance measures;
  - introduces new criteria for the aggregation and disaggregation of information; and
  - introduces a number of changes to the format of the statement of cash flows, including the requirement to use the operating profit or loss subtotal as the starting point for the indirect method of reporting cash flows and removed the presentation alternatives for cash flows related to interest and dividends paid and received.

  IFRS 18 applies to annual periods beginning on or after 1 January 2027, but earlier application is allowed. The directors are currently evaluating the possible effects of the introduction of this new standard on the company's separate financial statements.

- On 9 May 2024, the IASB published a new standard **IFRS 19 Subsidiaries without public accountability: Disclosures**. The new standard introduces some simplifications with regard to the disclosures required by the IFRS Accounting Standards in the financial statements of a subsidiary that meets the following requirements:
  - it has not issued equity or debt instruments listed on a regulated market and is not in the process of issuing them;
  - its parent prepares consolidated financial statements that comply with the IFRS.

  IFRS 19 applies to annual periods beginning on or after 1 January 2027, but earlier application is allowed. The directors do not expect the amendment will significantly affect the company's separate financial statements.

- On 30 May 2024, the IASB published **Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)**. The amendments address matters identified during the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (i.e., green bonds). The amendments are effective for annual reporting periods beginning on or after 1 January 2026.
  The directors do not expect the amendments will significantly affect the company's separate financial statements.

- On 18 July 2024, the IASB published **Annual Improvements to IFRS Accounting Standards Volume 11**. The document includes clarifications, simplifications, corrections and changes to improve the consistency of several IFRS Accounting Standards. The amended standards are:

- IFRS 1 First-time adoption of International Financial Reporting Standards;
- IFRS 7 Financial instruments: Disclosures and the related implementation guidelines;
- IFRS 9 Financial instruments;
- IFRS 10 Consolidated financial statements;
- IAS 7 Statement of cash flows.

  The amendments are effective for reporting periods beginning on or after 1 January 2026, but earlier application is permitted.
  The directors do not expect these amendments to significantly affect the company's separate financial statements.

BASIS OF MEASUREMENT

Revenue and costs

Revenue is measured based on the fee contractually-agreed with the customer and does not include amounts collected on behalf of third parties. The company recognises revenue when control of the goods or services is transferred to the customer. Revenue is recognised to the extent it is probable the company will receive the economic benefits and it can be measured reliably. Most contracts with customers provide for commercial discounts and discounts based on volumes, which modify the revenue itself. In defining the amount of the variable consideration that may be included in the transaction price, the company calculates the amount of variable consideration that cannot yet be considered realised at each reporting date.

Revenue from the sale of HVAC products and services refer to sales of products for air control and humidification in the industrial, residential and commercial segment (heat ventilation and air conditioning), while refrigeration revenue refers to sales to the food retail and food service segment. The sales in both markets can be divided into the following three macro channels: (i) OEM (Original Equipment Manufacturers), (ii) Dealers and (iii) Projects. Non-core revenue is earned on products that do not make up the company's core business.

The warranties related to these categories of products are warranties for general repair and in most cases, the company does not provide extended warranties. The company recognises warranties in compliance with IAS 37 Provisions, contingent liabilities and contingent assets.

There are no significant services provided for a lengthy period of time.

Advertising and research costs are expensed in full as required by IAS 38 Intangible assets. Revenue from services is recognised when the services are rendered.

Interest

Revenue and expenses are recognised on an accruals basis in line with the interest accrued on the carrying amount of the related financial assets and liabilities using the effective interest method.

Dividends

They are recognised when the shareholder's right to receive payment is established, which normally takes place when the shareholders pass the related resolution. The dividend distribution is recognised as a liability in the separate financial statements of the period in which the shareholders approve such distribution.

Income taxes

They reflect a realistic estimate of the company's tax burden, calculated in accordance with the current regulations; current tax liabilities are recognised in the statement of financial position net of any payments on account.

Deferred tax assets and liabilities arise on temporary differences between the carrying amount of an asset or liability pursuant to the IFRS and its tax base, calculated using the tax rates enacted or reasonably expected to be enacted in future years. Deferred tax assets are only recognised when their recovery is probable while deferred tax liabilities are always recognised as required by IAS 12 Income taxes. The company does not net current and deferred taxes. Deferred tax liabilities on untaxed reserves are accounted for in the year in which the liability to pay the dividend is recognised.

Income taxes relative to prior years include prior year tax income and expense.

Translation criteria

Foreign currency financial assets and liabilities are translated into Euros using the transaction-date exchange rate. Any gains or losses when the foreign currency financial asset is collected or the financial liability settled are recognised in profit or loss.

Revenue, income, costs and expenses related to foreign currency transactions are recognised at the spot rate ruling on the transaction date. At the reporting date, foreign currency assets and liabilities are retranslated using the spot closing rate and the related exchange rate gains or losses are recognised in profit or loss. Non-monetary items are recognised using the transaction-date exchange rate.

Property, plant and equipment

They are recognised at historical cost, including ancillary costs necessary to ready the asset for the use for which it has been purchased.

Maintenance and repair costs that do not extend the asset's life and/or enhance its value are expensed when incurred; otherwise, they are capitalised.

Property, plant and equipment are stated net of accumulated depreciation and impairment losses calculated using the methods described later in this section. The depreciable amount of an asset is allocated on a systematic basis over its useful life, which is reviewed once a year. Any necessary changes are applied prospectively.

The depreciation rates of the main categories of property, plant and equipment are as follows:

	Rate
Buildings:	
- Light constructions	10.00%
- Industrial buildings	3.00%
Plant and machinery:	
- Generic plant	10.00%
- Automatic operating machinery	10.00%-15.50%
Industrial and commercial equipment	25.00%
Other items of property, plant and equipment:	
- Office furniture and equipment	12.00%-20.00%
- Hardware	20.00%
- Cars	25.00%
- Telecommunication systems	20.00%
- Other items of property, plant and equipment	20.00%
- Right-of-use assets	Contract term

Land has an indefinite useful life and therefore is not depreciated.

Assets held under lease are recognised as right-of-use assets at the present value of the lease payments.

The liability to the lessor is shown under financial liabilities. The leased assets are depreciated over the lease term.

Lease payments for short-term leases or leases of low-value assets are recognised in profit or loss over the lease term.

When the asset is sold or there are no future economic benefits expected from its use it is derecognised and the gain or loss (calculated as the difference between the asset's sales price and carrying amount) is recognised in profit or loss in the year of derecognition.

Leasehold improvements that are not economically separable from the assets in use are depreciated over the useful life of the costs incurred, from the moment they are incurred or when the asset become available for use.

Intangible assets

These are identifiable, non-monetary assets without physical substance that are controlled by the entity and from which future economic benefits are expected to flow to the entity. They are initially recognised at cost when this can be reliably determined using the same methods applied to property, plant and equipment.

These assets are subsequently presented net of accumulated amortisation and any impairment losses. Their useful life is reviewed regularly and any changes are applied prospectively. Costs incurred to internally generate an intangible asset are capitalised in line with the provisions of IAS 38.

Their estimated useful life is between three and ten years.

Gains or losses on the sale of an intangible asset are calculated as the difference between the asset's sales price and its carrying amount. They are recognised in profit or loss at the sales date.

Goodwill

This is the excess of the aggregate of the consideration transferred for a business combination, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date fair value of the assets acquired and liabilities assumed. Goodwill is not amortised but is tested annually for impairment or whenever a trigger event occurs. For the purposes of impairment testing, goodwill is allocated to each of the company's cash-generating units that is expected to benefit from the business combination.

Development expenditure

This is incurred for the development of new products and the improvement of existing products and for the development and improvement of production processes. It is capitalised in accordance with IAS 38 if the innovations introduced create processes that are technically feasible and/or marketable products provided that they are aimed at completing development projects and the resources necessary for the completion and the costs and economic benefits of such innovations can be reliably measured. The expenses that are capitalised include internal and external design costs (including personnel expense and the cost of the services and materials used) reasonably attributable to the projects. As development expenditure is an intangible asset with a finite useful life, it is amortised in line with the period in which the economic benefits are expected to be obtained, generally identified as five years. The expenses are adjusted for impairment losses that could occur after first recognition. Amortisation begins from the moment that the products become available for use. The useful life is reviewed and adjusted in line with the expected future use.

Impairment losses on non-financial assets

Assets with an indefinite useful life are not amortised but are tested for impairment once a year to check whether their carrying amount has undergone impairment.

The board of directors adopted a policy that defines the criteria for the impairment test, the controls to be carried out to guarantee the reliability of the process and the procedure to approve the test, in line with Consob (the Italian Commission for listed companies and the stock exchange) recommendation no. 0003907 of 15 January 2015.

Amortisable assets are tested for impairment whenever events or circumstances suggest that their carrying amount cannot be recovered (trigger events). In both cases, the impairment loss is the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's fair value less costs to sell and its value in use. If it is not possible to determine an asset's value in use, the recoverable value of the cash-generating unit (CGU) to which the asset belongs is calculated. Assets are grouped into the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The company calculates the present value of the estimated future cash flows of the CGU using a discount rate that reflects the time value of money and the risks specific to the asset.

If an impairment loss on an asset other than goodwill subsequently decreases or no longer exists, the carrying amount of the asset or the CGU is increased to the new estimate of its recoverable amount which will not, in any case, exceed the carrying amount the asset would have had if no impairment loss had been recognised.

Reversals of impairment losses are recognised immediately in profit or loss using the model provided for in IAS 16 Property, plant and equipment.

Equity investments

Investments in subsidiaries and associates are recognised as financial assets based on the acquisition cost criterion, including ancillary costs and are adjusted for impairment in accordance with IAS 36. Specifically, if there are indicators of potential impairment losses, an impairment test is carried out.

The carrying amount is adjusted for impairment, the effect of which is recognised in profit or loss as a reduction of the asset. If these losses no longer exist or they decrease, the carrying amount is increased in line with the new recoverable amount, which must not exceed the original cost. The reversal of impairment is recognised in profit or loss.

The fair value of any call options for the non-controlling interest in investees are included in the equity investment’s carrying amount, as required by the IFRS.

Financial assets

They are initially recognised at their fair value and subsequently measured at amortised cost. Financial assets are initially recognised at their fair value increased, in the case of assets other than those recognised at fair value through profit or loss, by ancillary costs. When subscribed, the company assesses whether a contract includes embedded derivatives. The embedded derivatives are separated from the host contract if this is not measured at fair value when the analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.

The company classifies its financial assets after initial recognition and, when appropriate and permitted, reviews this classification at the reporting date.

It recognises all purchases and sales of financial assets at the transaction date, i.e., the date on which the company assumes the commitment to buy or sell the asset.

All financial assets within the scope of IFRS 9 are recognised at amortised cost or fair value depending on the business model for managing the financial asset and the asset’s contractual cash flow characteristics.

Specifically:

- debt instruments held as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows and the related cash flows are solely payments of principal and interest on the principal amount outstanding are subsequently recognised at amortised cost;
- debt instruments held as part of a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the related cash flows are solely payments of principal and interest on the principal amount outstanding are subsequently measured at fair value through other comprehensive income (FVTOCI);
- all other debt and equity instruments are subsequently measured at fair value through profit or loss (FVTPL).

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. On the other hand, when an equity instrument measured at FVTOCI is derecognised, the cumulative gain or loss that was previously recognised in other comprehensive income is transferred to retained earnings, without affecting profit or loss.

Debt instruments subsequently measured at amortised cost or FVTOCI are tested for impairment.

Any impairment losses are recognised in profit or loss after use of the fair value reserve if this has been set up. Subsequent impairment gains are recognised in profit or loss except in the case of equity instruments for which the impairment gain is recognised in equity.

The company has zero-balance cash pooling contracts with certain European Carel Industries group companies. These instruments are intended to ensure optimal management of cash flows, allowing for the centralised management of the group's financial needs by transferring to a pooler, namely Carel Industries S.p.A., the credit and debit balances of current accounts of the individual group companies. The main aim is to use the cash surplus of one or more group companies to eliminate or reduce the bank debt exposure of the other companies. Following the transfer of the balances to the pool account, the individual companies must recognise a liability in the case of a negative balance and an asset in the case of a positive balance. Subsequently, the pooler recognises the individual transactions, sending a statement to the group companies on a regular basis. At the agreed expiry, the pooler settles the debit and credit balances.

The companies that take part in the cash pooling scheme are: Carel Industries S.p.A. (pooler) and its subsidiaries Carel U.K. Ltd, Carel France s.a.s., Carel Deutschland GmbH, Carel Control Iberica Sl; Carel Adriatic D.o.o., Alfaco Polska Sp.z.o.o, HygroMatik GmbH, Recuperator S.p.A., Enginia S.r.l. and Klingenburg International Sp. Z.o.o..

Inventories

They are measured at the lower of purchase and/or production cost, calculated using the weighted average cost method, and net realisable value. Purchase cost comprises all ancillary costs. Production cost includes the directly related costs and a portion of the indirect costs that are reasonably attributable to the products.

Work in progress is measured at average cost considering the stage of completion of the related contracts.

Obsolete and/or slow moving items are written down to reflect their estimated possible use or realisation through an allowance.

The write-down is reversed in subsequent years if the reasons therefor no longer exist.

Trade receivables

They are initially recognised at fair value, which is usually the same as their nominal amount, and subsequently measured at amortised cost and impaired, if appropriate. Their carrying amount is adjusted to their estimated realisable amount through the loss allowance. The company has adopted a policy in order to consider the "expected credit losses" in the calculation of the allowance for doubtful accounts by considering both the historical trends noted in previous years and the expectations of future realization based on the geography of the receivables' recognition

Foreign currency trade receivables are translated into Euros using the transaction-date exchange rate and subsequently retranslated using the closing rate. The exchange gain or loss is recognised in profit or loss.

Cash and cash equivalents

They include cash, i.e., highly liquid investments (maturity of less than three months) that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Employee benefits

This caption includes the Italian post-employment benefits ("TFR") and other employee benefits covered by IAS 19 Employee benefits. As a defined benefit plan, independent actuaries calculate the TFR at the end of each reporting period. The liability recognised in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period. These benefits are calculated using the projected unit credit method. Law no. 296/06 changed the Italian post-employment benefits scheme and benefits accrued after 1 January 2007 are now classified as defined contribution plans (using the terminology provided in IAS 19), regardless of whether the employee decides to have them transferred to the INPS (the Italian social security institution) treasury fund or an external pension plan. Benefits vested up until 31 December 2006 continue to be recognised as part of a defined benefit plan and are subject to actuarial valuation, excluding the future salary increase component. The company does not have plan assets. It recognises actuarial gains and losses in the period in which they arise. Pursuant to IAS 19 (revised), they have been recognised directly in other comprehensive income starting from 2015.

Provisions for risks

As required by IAS 37 Provisions, contingent liabilities and contingent assets, the company recognises a provision when (i) it has a present legal or constructive obligation to third parties as a result of a past event, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (iii) a reliable estimate can be made of the amount of the obligation. Changes in estimates from one period to another are recognised in profit or loss.

Where the effect of the time value of money is material and the payment dates of the obligation can be estimated reliably, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. Any subsequent changes arising from the passage of time are recognised as financial income or expense in the statement of profit or loss.

No provision is made for possible but not probable risks but the company provides adequate disclosure thereon in the notes.

Trade payables and other current liabilities

Trade payables and other current liabilities which fall due within normal trading terms are initially recognised at cost, which equals their nominal amount, and are not discounted. When their due date is longer than normal trading terms, the interest is separated using an appropriate market rate.

Financial liabilities

They are classified as current liabilities unless the company has an unconditional right to defer their payment for at least 12 months after the reporting date. The company removes the financial liability when it is extinguished and the company has transferred all the risks and rewards related thereto. Financial liabilities are initially recognised at their fair value and subsequently measured using the amortised cost method.

Other non-current liabilities

This caption mainly includes the derivatives liabilities for the call option for a non-controlling interest. The call option was initially measured at its fair value at the acquisition date and it is remeasured at each reporting date. Any resulting fair value gains or losses are recognised in profit or loss under financial income or expense.

The other non-current liabilities are initially recognised at cost, which is equal to their nominal amount.

Derivative financial instruments

The company solely uses derivatives to hedge currency risk on foreign currency commercial transactions and interest risk on its medium to long-term debt.

Initial recognition and subsequent measurement is at the derivatives' fair value, applying the following accounting treatments:

- Fair value hedge - if a derivative is designated as a hedge of the company's exposure to changes in fair value of a recognised asset or liability that could affect profit or loss, the gain or loss from remeasuring the hedging instrument at fair value is recognised in profit or loss as is the gain or loss on the hedged item.
- Cash flow hedge - if a derivative is designated as a hedge of the exposure to variability in cash flows of a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income; the cumulative gain or loss is reclassified to profit or loss in the same period during which the hedged forecast cash flows affect profit or loss; the gain or loss on the hedge or the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss.

When the conditions for application of hedge accounting are no longer met, the company reclassifies the fair value gains or losses on the derivative directly to profit or loss.

Use of estimates

Preparation of the separate financial statements requires management to apply accounting policies and methods that, in certain circumstances, are based on complex and subjective judgements, past experience or assumptions that are considered reliable and realistic at that time depending on the related circumstances. Application of these estimates and assumptions affects the amounts recognised in the statement of financial position, the statement of profit or loss and the statement of cash flows as well as the disclosures. Actual results may differ from those presented in the separate financial statements due to the uncertainty underlying the assumptions and the conditions on which the estimates were based.

The captions that require the greater use of estimates and for which a change in the conditions underlying the assumptions may affect the separate financial statements are:

- **allowance for inventory write-down**: slow-moving raw materials and finished goods are tested for obsolescence regularly using historical data and the possibility of their sale at below-market prices. If this test shows the need to write down inventory items, the company sets up an allowance; like for the loss allowance, this allowance is calculated considering past experience and the market. Changes in the reference scenarios or market trends could significantly modify the criteria used as a basis for the estimates;
- **leases**: the recognition of right-of-use assets and the related lease liabilities requires significant management estimates, especially in determining the lease term and the incremental borrowing rate. In determining the lease term, in addition to the contractual deadlines, the company considers any renewal options that it reasonably expects to exercise. The incremental borrowing rate is calculated by considering the type of leased asset, the jurisdictions in which it is acquired and the currency in which the lease is denominated. Any changes in the reference scenarios or market trends could require a review of the above components;
- **impairment testing**: if there are any internal or external factors that may indicate an impairment loss, the company tests property, plant and equipment, intangible assets and equity investments for impairment. Goodwill is tested for impairment at least once a year, regardless of the occurrence of any trigger events. The company calculates the recoverable amount of the CGU as the value in use using the discounted cash flow method applying assumptions, such as estimates of future increases in sales, operating costs, the growth rate of the terminal value, investments, changes in working capital and the weighted average cost of capital (discount rate).
  The value in use may change if the main estimates and assumptions made in the plan change and, hence, the impairment test. Therefore, the realisable value of the recognised assets may also change;

- **fair value**: IFRS 13 is the only reference source for fair value measurement and the related disclosures when this measurement is required or permitted by another standard. IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard replaces and extends the disclosure required about fair value measurement in other standards, including IFRS 7 Financial instruments: disclosures.
  IFRS 13 establishes a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value in hierarchical order as follows:
  - level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
  - level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;
  - level 3 inputs: unobservable inputs for the asset or liability.

  The method used to estimate fair value is as follows:
  - the fair value of quoted instruments is calculated using quoted prices (level 1);
  - the fair value of currency hedges is calculated by discounting the difference between the forward price at maturity and the forward price for the remaining term at the measurement date (the reporting date) at a risk-free interest rate (level 2);
  - the fair value of interest rate hedging derivatives is based on broker prices and is calculated considering the present value of the future cash flows discounted using the reporting-date interest rates (level 2).

  The fair value of financial instruments not quoted on an active market is calculated in accordance with valuation techniques generally adopted by the financial sector and specifically:

- the fair value of interest rate swaps (IRS) is calculated using the present value of the future cash flows;
- the fair value of forwards to hedge foreign currency risk is calculated using the present value of the difference between the contractual forward exchange rate and the spot exchange rate at the reporting date;
- the fair value of the options to hedge foreign currency risk is calculated using mathematical models that consider the contractual forward exchange rate, the spot exchange rate at the reporting date and the cost incurred to agree such option;
- reference should be made to note 10 for information on the fair value of the short-term investments.

  Reference should be made to the specific comments provided in the notes to the assets or liabilities for more information about the assumptions used to determine fair value.

RISKS AND FINANCIAL INSTRUMENTS

The objective of IFRS 7 is to require entities to provide disclosures in their financial statements that enable users to evaluate:

- the significance of financial instruments for an entity's financial position and performance;
- the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

The principles in this standard complement the principles for recognising, measuring and presenting financial assets and financial liabilities in IAS 32 Financial instruments: presentation and IFRS 9 Financial instruments: recognition and measurement.

This section presents the supplementary disclosures required by IFRS 7.

The accounting policies applied to measure financial instruments are described in the Basis of measurement section.

The company's operations expose it to a number of financial risks that can affect its financial position, financial performance and cash flows due to the impact of its financial instruments.

These risks include:
a. credit risk;
b. liquidity risk;
c. market risk (currency risk, interest rate risk and other price risk).

The company's board of directors has overall responsibility for the design and monitoring of a financial risk management system. It is assisted by the various departments involved in the operations generating the different types of risk.

The units establish tools and techniques to protect the company against the above risks and/or transfer them to third parties (through insurance policies) and they assess the risks that are neither hedged nor insured pursuant to the guidelines established by the board of directors for each specific risk.

The degree of the company's exposure to the different financial risk categories is set out below.

CREDIT RISK

The company operates on various national markets with a high number of medium and large-sized customers, mostly regional or local distributors. Therefore, it is exposed to credit risk in conjunction with its customers' ability to generate suitable cash flows.

The company's credit risk management policy includes rating its customers, setting purchase limits and taking legal action. It obtains periodic reports to ensure tight control over credit collection.

The company has a credit manager in charge of credit collection on sales made in its markets. Coordination between the group companies active in the same market (e.g., the Italian companies) is based on the electronic exchange of information about common customers and the coordination of delivery blocks or the commencement of legal action.

The loss allowance is equal to the nominal amount of the uncollectible receivables after deducting the part of the receivables secured with bank collateral. The company analyses all the collateral given to check collectability. Impairment losses are recognised considering past due receivables from customers with financial difficulties and receivables for which legal action has commenced.

Furthermore, the company did not modify payment terms applied to customers or its credit risk management policies, while it prudently reinforced monitoring of credit positions with customers.

The following table provides a breakdown of trade receivables and related loss allowance by ageing bracket:

	31.12.2024		31.12.2023	
(in Euros)	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not yet due	26,866,314	(870,108)	31,771,968	(828,210)
Past due < 6 months	613,585	(66,543)	1,454,385	(145,291)
Past due > 6 months and < 12 months	-	-	-	-
Past due > 12 months	-	-	1,630	(1,630)
Total third parties	**27,479,899**	**(936,651)**	**33,227,983**	**(975,131)**
Total intragroup	**20,491,479**	-	**23,844,359**	-
Total	**47,971,378**	**(936,651)**	**57,072,342**	**(975,131)**

LIQUIDITY RISK

The company has a high level of liquidity and limited net financial debt. During the year, it had regular access to additional funding to support its operations. The company has shown itself to be consistently profitable and able to generate significant liquidity. Therefore, it is not believed that liquidity risk was increased by the international situation.

The company mainly deals with well-known and reputable customers. Its policy is to constantly monitor those customers that request payment extensions.

As required by IFRS 7, the next table shows the cash flows of the company's financial liabilities by maturity:

(in Euros)

31.12.2024	TOTAL	Total cash flows	Within one year	From one to five years	After five years
- Bank loans at amortised cost	23,589,788	24,025,288	-	24,025,288	-
- Amounts due to bondholders	59,507,536	67,479,000	-	26,085,200	41,393,800
- Lease liabilities	12,241,332	12,852,610	-	6,913,293	5,939,317
- Other loans and borrowings at amortised cost	98,490	98,908	-	98,908	-
- Other financial liabilities	440,014	440,014	-	440,014	-
Non-current financial liabilities	**95,877,160**	**104,895,820**	**-**	**57,562,703**	**47,333,117**
- Bank loans at amortised cost	34,245,071	35,720,429	35,720,429	-	-
- Amounts due to bondholders	371,006	1,622,000	1,622,000	-	-
- Lease liabilities	1,807,609	1,981,493	1,981,493	-	-
- Other loans and borrowings at amortised cost	195,804	197,816	197,816	-	-
- Intragroup financial liabilities	35,830,122	36,125,394	36,125,394	-	-
Current financial liabilities	**72,449,612**	**75,647,132**	**75,647,132**	**-**	**-**

(in Euros)

31.12.2023	TOTAL	Total cash flows	Within one year	From one to five years	After five years
- Bank loans at amortised cost	57,979,918	59,797,558	-	59,797,558	-
- Amounts due to bondholders	59,427,259	68,741,000	-	14,407,800	54,333,200
- Lease liabilities	13,571,639	14,317,184	-	6,838,506	7,478,678
- Other loans and borrowings at amortised cost	294,295	296,724	-	296,724	-
- Other financial liabilities	440,014	440,014	-	440,014	-
Non-current financial liabilities	**131,713,125**	**143,592,480**	**-**	**81,780,602**	**61,811,878**
- Bank loans at amortised cost	31,510,823	34,836,526	34,836,526	-	-
- Amounts due to bondholders	371,005	1,622,000	1,622,000	-	-
- Lease liabilities	1,728,489	1,909,795	1,909,795	-	-
- Other loans and borrowings at amortised cost	194,248	197,816	197,816	-	-
- Intragroup financial liabilities	26,171,512	26,970,396	26,970,396	-	-
- Other financial liabilities	750,000	750,000	750,000	-	-
Current financial liabilities	**60,726,077**	**66,286,533**	**66,286,533**	**-**	**-**

The next table shows the financial assets and liabilities recognised in accordance with IFRS 7, broken down by the categories established by IFRS 9 at 31 December 2024 and their fair value:

(in Euros)			Fair value		
31.12.2024	**IFRS 9 category**	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Intragroup financial assets	Financial assets at amortised cost	32,184,737	n.a.	n.a.	n.a.
Effective derivatives	FVTPL	167,063		167,063	
Other non-current financial assets		**32,351,800**			
Securities at FVTPL	FVTPL	3,027,997	3,027,997		
Intragroup financial assets	Financial assets at amortised cost	6,525,819	n.a.	n.a.	n.a.
Other current financial assets		**9,553,816**			
Trade receivables	Financial assets at amortised cost	**47,034,727**	n.a.	n.a.	n.a.
Total financial assets		**88,940,343**			
including:	**FVTPL**	**3,195,060**	**3,027,997**	**167,063**	**-**
	Financial assets at amortised cost	**85,745,283**	n.a.	n.a.	n.a.
Bank loans	Financial liabilities at amortised cost	(23,589,788)	n.a.	n.a.	n.a.
Amounts due to bondholders	Financial liabilities at amortised cost	(59,507,536)	n.a.	n.a.	n.a.
Other loans and borrowings	Financial liabilities at amortised cost	(538,504)	n.a.	n.a.	n.a.
Lease liabilities	Financial liabilities at amortised cost	(12,241,332)	n.a.	n.a.	n.a.
Non-current financial liabilities		**(95,877,160)**			
Bank loans	Financial liabilities at amortised cost	(34,245,071)	n.a.	n.a.	n.a.
Amounts due to bondholders	Financial liabilities at amortised cost	(371,006)	n.a.	n.a.	n.a.
Other loans and borrowings	Financial liabilities at amortised cost	(195,804)	n.a.	n.a.	n.a.
Lease liabilities	Financial liabilities at amortised cost	(1,807,609)	n.a.	n.a.	n.a.
Intragroup financial liabilities	Financial liabilities at amortised cost	(35,830,122)	n.a.	n.a.	n.a.
Current financial liabilities		**(72,449,612)**			
Trade payables	Financial liabilities at amortised cost	**(59,007,750)**	**n.a.**	**n.a.**	n.a.
Total financial liabilities		**(227,334,522)**			
including:	**Financial liabilities at amortised cost**	**(227,334,522)**	**n.a.**	**n.a.**	**n.a.**

(in Euros)			Fair value		
31.12.2023	**IFRS 9 category**	**Carrying amount**	**Level 1**	**Level 2**	**Level 3**
Intragroup financial assets	Financial assets at amortised cost	32,679,826	n.a.	n.a.	n.a.
Effective derivatives	FVTPL	516,888		516,888	
Other non-current financial assets		**33,196,714**			
Securities at FVTPL	FVTPL	3,086,331	3,086,331		
Intragroup financial assets	Financial assets at amortised cost	8,617,392	n.a.	n.a.	n.a.
Other current financial assets		**11,703,723**			
Trade receivables	Financial assets at amortised cost	**56,097,211**	n.a.	n.a.	n.a.
Total financial assets		**100,997,648**			
including:	**FVTPL**	**3,603,219**	**3,086,331**	**516,888**	**-**
	Financial assets at amortised cost	**97,394,429**	n.a.	n.a.	n.a.
Bank loans	Financial liabilities at amortised cost	(57,979,918)	n.a.	n.a.	n.a.
Amounts due to bondholders	Financial liabilities at amortised cost	(59,427,260)	n.a.	n.a.	n.a.
Other loans and borrowings	Financial liabilities at amortised cost	(734,308)	n.a.	n.a.	n.a.
Lease liabilities	Financial liabilities at amortised cost	(13,571,639)	n.a.	n.a.	n.a.
Non-current financial liabilities		**(131,713,125)**			
Bank loans	Financial liabilities at amortised cost	(31,510,822)	n.a.	n.a.	n.a.
Amounts due to bondholders	Financial liabilities at amortised cost	(371,006)	n.a.	n.a.	n.a.
Other loans and borrowings	Financial liabilities at amortised cost	(944,248)	n.a.	n.a.	n.a.
Lease liabilities	Financial liabilities at amortised cost	(1,728,489)	n.a.	n.a.	n.a.
Intragroup financial liabilities	Financial liabilities at amortised cost	(26,171,512)	n.a.	n.a.	n.a.
Current financial liabilities		**(60,726,077)**			
Trade payables	Financial liabilities at amortised cost	**(66,800,047)**	**n.a.**	**n.a.**	n.a.
Total financial liabilities		**(259,239,249)**			
including:	**Financial liabilities at amortised cost**	**(259,239,249)**	**n.a.**	**n.a.**	**n.a.**
	FVTPL	**-**	**-**	**-**	**-**

MARKET RISK

CURRENCY RISK

As the company sells its products in various countries around the world, it is exposed to the risk deriving from changes in foreign exchange rates. This risk mainly arises on purchases and sales in currencies like the US dollar, the Polish zloty and the Japanese yen.

The company agrees currency hedges to set the exchange rate in line with forecast sales and purchases volumes to protect itself against currency fluctuations with respect to its foreign currency transactions. The hedges are based on the company's net exposure using currency forwards and/or plain vanilla options in line with the group's financial policy. The hedged risk is part of the global risk and the hedges are not speculative.

INTEREST RATE RISK

This is the risk that the fair value and/or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The company is exposed to interest rate risk due to its need to finance its operating activities, both production and financial (the purchase of assets), and to invest its available liquidity. Changes in market interest rates may negatively or positively affect the company's results and, hence, indirectly the cost of and return on financing and investing activities.

The company regularly checks its exposure to interest rate fluctuations and manages such risks through the use of derivatives, in accordance with its risk management policies. With regard to such policies, the use of derivatives is reserved exclusively for the management of interest rate fluctuations connected to cash flows and they are not agreed or held for trading purposes.

It solely uses interest rate swaps (IRS), caps and collars to do so.

The company's debt mainly bears floating interest rates. When deemed significant, the company agrees hedges to neutralise fluctuations in interest rates and agrees a set future expense to cover up to 100% of its future cash outflows.

Given its ample liquidity, it has an immaterial liquidity risk with respect to its short-term deadlines and, therefore, this risk principally refers to its medium to long-term financing.

The derivatives used to hedge such risk are generally cash flow hedges in order to set the interest to be paid on financing and obtain an optimum blend of floating and fixed interest rates applied to its financing.

The counterparties are major banks.

Derivatives are measured at fair value.

OTHER MARKET AND/OR PRICE RISKS

The company is subjected to increasing competitive pressure due to the entry of new players into the OEM market (large international groups) and the development of new organised markets which constantly push prices down, especially in the electronics sector.

Demand for the group's products is also affected by fluctuations affecting the distribution channels of products and applications which, as noted, are mostly the OEM operating indirectly in the construction sector and operators linked to the food distribution sector (for the refrigeration business).

The company protects itself from the business risks deriving from its normal involvement in markets with these characteristics by focusing on technological innovation and geographical diversification and expansion leading to the company gaining international status as it is active on all the continents either directly or through exclusive third party franchisees.

The production sites in Italy, China, Brazil, the United States, Croatia, Poland and Germany aim to optimise production. They will also act as potential disaster recovery centres to deal with catastrophes that shut down production at the main site in Italy, where the company has its registered office. The company's strategy is also to base its production near its markets and customers to provide faster time-to-market services and increase its production output to serve the rapidly growing markets.

The continuing production structure reorganisation, the related cost savings, geographical diversification and, last but not least, the company's constant commitment to searching for innovative technological solutions make it easier to be competitive.

CLIMATE CHANGE AND POSSIBLE IMPACT ON THE COMPANY AND CAREL INDUSTRIES GROUP

In 2024, the group dedicated considerable efforts to addressing ESG matters and prepared a new sustainability plan for the 2025-2028 period approved by the parent's board of directors on 19 December 2024.

The group continued to identify and assess the new risks and opportunities related to climate change as they materialise, by revisiting its procedures annually.

During the year, the group mainly focused on preparing a plan to reduce both direct and indirect CO2 emissions by setting specific targets, which were also validated by the Science Based Target Initiative (SBTi) in early 2025.

In the section Corporate Sustainability Reporting (CSRD) of directors' report the above analyses and results are described in more detail.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

The changes shown below are calculated using the balances at 31 December 2023 related to the statement of financial position and for 2023 with regard to the statement of profit or loss. As already mentioned, amounts are in Euros.

PROPERTY, PLANT AND EQUIPMENT (NOTE 1)

The following table provides an analysis of the changes in property, plant and equipment over the two years:

(in Euros)	**Buildings**	**Light constructions**	**Plant and machinery**	**Industrial and commercial equipment**	**Other items of property, plant and equipment**	**Assets under construction and payments on account**	**Total**
Historical cost	2,581,759	13,389	17,360,201	36,089,783	11,090,405	1,592,681	68,728,218
Historical cost right of use	18,199,546				1,624,727		19,824,273
Accumulated depreciation and impairment losses	(128,355)	(8,504)	(11,097,770)	(30,527,775)	(7,211,567)		(48,973,971)
Accumulated depreciation and impairment losses right of use	(3,955,242)				(818,764)	-	(4,774,006)
Balance at 31 December 2023	**16,697,708**	**4,885**	**6,262,431**	**5,562,008**	**4,684,801**	**1,592,681**	**34,804,514**
Changes in 2024							
Investments	76,266	10,530	1,644,275	6,589,016	538,426	179,522	9,038,035
Investments in right-of-use assets	-	-	-	-	465,511		465,511
Restatement of right-of-use assets	79,956	-	-	-	-	-	79,956
Capitalised internal costs	-	-	-	108,698	-	-	108,698
Reclassifications	-	-	118,400	1,332,969	-	(1,451,369)	-
Termination of investments in right-of-use assets	-	-	-	-	(329,020)	-	(329,020)
Disinvestments - cost	-	(579)	(427,274)	(692,399)	(216,854)	(42,012)	(1,379,118)
Disinvestments - accumulated depreciation	-	244	421,249	543,911	216,388	-	1,181,792
Depreciation	(128,613)	(1,447)	(955,344)	(2,711,345)	(954,806)	-	(4,751,555)
Depreciation of right-of-use assets	(1,585,412)	-	-	-	(367,521)	-	(1,952,933)
Termination of investments in right-of-use assets - Acc. depr.	-	-	-	-	323,280	-	323,280
Total changes	**(1,557,803)**	**8,748**	**801,306**	**5,170,850**	**(324,596)**	**(1,313,859)**	**2,784,646**
Balance at 31 December 2024	**15,139,905**	**13,633**	**7,063,737**	**10,732,858**	**4,360,205**	**278,822**	**37,589,160**
including:							
Historical cost	2,658,025	23,340	18,695,602	43,428,067	11,411,977	278,822	76,495,833
Historical cost right of use	18,279,502	-	-	-	1,761,218	-	20,040,720
Accumulated depreciation and impairment losses	(256,968)	(9,707)	(11,631,865)	(32,695,209)	(7,949,985)	-	(52,543,734)
Accumulated depreciation and impairment losses right of use	(5,540,654)	-	-	-	(863,005)	-	(6,403,659)

The variations in the historical cost of buildings refer to:

- restatement of right-of-use assets relating to property leases for the company's production sites (€80 thousand), due to the increase in the lease payments in line with the cost-of-living index;
- leasehold improvements that are not economically separable from the leased buildings where the company operates (€76 thousand).

Plant and machinery include generic and specific plant related to production lines for a total of €7,064 thousand. Increases in generic plant include the installation of a photovoltaic system on buildings in use (€303 thousand), the replacement of boilers and heat pumps (€302 thousand), new electrical systems for the repairs, valve production and welding departments (€149 thousand) and a new fire detection system (€34 thousand).
The increases in specific plant include the purchase and upgrading of welding machines (€452 thousand).

The increase in industrial and commercial equipment mostly relates to testing machines and other production equipment. Specifically, it comprises costs for the construction of a laboratory with climatic chambers (€2,421 thousand), a compact inverter test station (€446 thousand), new product moulds (€307 thousand), a semi-automatic assembly line (€352 thousand), two new carbon dioxide dispensing machines (€313 thousand), a new washing system for printed circuits (€125 thousand) and a new screen printing machine (€70 thousand).

Increases in other items of property, plant and equipment mainly include new right-of-use assets relating to leased vehicles of €378 thousand, new furniture and fittings of €116 thousand and office and electronic equipment of €398 thousand.

Assets under construction include payments on account and self-constructed machinery not yet completed at the reporting date.

Depreciation amounts to €6,704 thousand and was calculated on all depreciable assets at 31 December 2024, applying the criteria and rates indicated in the section on Property, plant and equipment.

The company's property, plant and equipment were not mortgaged or pledged at 31 December 2024. They are suitably hedged for risks deriving from losses and/or damage thereto through insurance policies taken out with leading insurers.

Lastly, in line with previous years, the company did not capitalise borrowing costs.

INTANGIBLE ASSETS (NOTE 2)

The following table provides an analysis of the changes in intangible assets over the two years.

(in Euros)	Development expenditure	Software	Goodwill	Assets under development and payments on account	Other assets	Total
Historical cost	27,568,109	26,141,491	1,618,357	1,867,255	80,216	57,275,428
Accumulated amortisation and impairment losses	(24,449,489)	(20,719,592)	(1,259,765)	-	(80,216)	(46,509,062)
Balance at 31 December 2023	**3,118,620**	**5,421,899**	**358,592**	**1,867,255**	**-**	**10,766,366**
Changes in 2024						
Investments	-	3,681,785	-	121,660	-	3,803,445
Internal cost capitalisation	80,287	36,545	-	2,534,769	-	2,651,601
Reclassifications	82,826	1,012,732	-	(1,095,558)	-	-
Amortisation	(1,568,289)	(3,176,065)	-	-	-	(4,744,354)
Total changes	**(1,405,176)**	**1,554,997**	**-**	**1,560,871**	**-**	**1,710,692**
Balance at 31 December 2024	**1,713,444**	**6,976,896**	**358,592**	**3,428,126**	**-**	**12,477,058**
including:						
Historical cost	27,731,222	30,872,553	1,618,357	3,428,126	80,216	63,730,474
Accumulated amortisation and impairment losses	(26,017,778)	(23,895,657)	(1,259,765)	-	(80,216)	(51,253,416)

Development expenditure: in 2024, the company capitalised development expenditure of €163 thousand related to projects developed internally, of which €80 thousand related to 2024 and €83 thousand related to projects that were ongoing at the previous year end and were completed in 2024.

Amortisation is applied over the estimated useful life of five years.

Capitalised development expenditure refers entirely to the development of projects for the production of new innovative products or substantial improvements to existing products. The capitalisation is based on feasibility studies and business plans approved by management.

Software refers to management programs and network applications. Investments of the year mainly related to new implementations of the Oracle management system to support the relevant departments. Moreover, the company acquired the PLM programme (for the management of production, organisation and marketing processes) for €1,818 thousand.

Goodwill refers to the goodwill arising on the merger of the wholly-owned Carel Applico S.r.l. on 1 September 2015.

The increase in assets under development and payments on account may be analysed as follows:

- development of innovative products still in progress at the reporting date (€2,535 thousand);
- payments on account to suppliers for the implementation and launch of new management software (€64 thousand);
- payments on account to suppliers for software licences (€57 thousand);

Lastly, intangible assets were not revalued during the year, nor in previous years and the acquisition cost does not include borrowing costs.

EQUITY INVESTMENTS (NOTE 3)

This caption may be broken down as follows:

(in Euros)	Subsidiaries	Associates and other companies	Total
Initial cost:	390,752,186	85,120	390,837,306
Impairment losses	(4,162,647)	-	(4,162,647)
Balance at 31 December 2023	**386,589,539**	**85,120**	**386,674,659**
Changes in 2024			
Initial cost:			
Increases	34,091,792	1,500	34,093,292
Other changes	(414,508)	-	(414,508)
Impairment gains	202,474	-	202,474
Impairment losses	(9,778,000)	-	(9,778,000)
Total changes	**24,101,758**	**1,500**	**24,103,258**
Initial cost:	424,429,470	86,620	424,516,090
Impairment losses	(13,738,173)	-	(13,738,173)
Balance at 31 December 2024	**410,691,297**	**86,620**	**410,777,917**

Changes in the carrying amount of equity investments during the year refer to the following investees:

(in Euros)	2024
Subsidiaries	
CFM Soğutma ve Otomasyon Anonim Şirketi	33,991,792
Carel RUS Llc	100,000
Sauber S.r.l.	(414,508)
Associates and other companies	
Fondazione ITS Academy "Mario Volpato"	1,500
Total increases	**33,678,784**

On 19 March 2024, the non-controlling investor in CFM Soğutma ve Otomasyon Anonim Şirketi ("CFM") exercised its put option for its 49% stake of CFM. In accordance with the agreement for the company's acquisition of a 51% investment in CFM signed in May 2021, the consideration has been calculated using a specific multiple applicable to the investee's average gross operating profit over the three years prior to the year when the option is exercised and adjusted to take into consideration the investee's net financial position.
The transaction became effective on 20 March 2024 and the consideration paid for 49% of CFM's share capital totalled €44,294 thousand. The company recognised €33,992 thousand as an increase in the investment's carrying amount while the remainder of €10,302 thousand offset the liability recognised under "Other current liabilities", which reflected the option's fair value at the option's exercise date. Specifically, the option's fair value of €12,636 thousand at 31 December 2023 was recalculated with the assistance of an independent expert on 20 March 2024 and amounted to €10,302 thousand. The company has recognised the fair value gain of €2,334 thousand under "Other financial income".
At the reporting date, the company has recognised part of the consideration agreed for the acquisition of 51% of CFM in May 2021 (€440 thousand) as a non-current financial liability as per the acquisition agreement as a warranty and to cover any possible contractual risks to be borne by the seller. This amount will be paid in instalments when certain contractually-agreed events occur.

On 30 October 2024, the company injected €100 thousand into Carel Russia LLC for a future capital increase to provide the investee with the funds necessary to meet its operating costs related to personnel costs and rents.

Under the acquisition agreement for a 70% stake of Sauber S.r.l. signed in July 2022, the investment held by the non-controlling investors is subject to mutual put and call options. Assisted by an independent expert, the company measured its option's reporting-date fair value and has recognised an asset of €908 thousand, reduced the equity investment's carrying amount by €415 thousand and recognised the difference under "Other financial income".

The directors compared the carrying amount of the equity investments to the company's share of each investee's equity. Since the carrying amount of the following equity investments that underwent impairment in previous years exceeded the company's share of their equity, the directors decided to recognise an impairment gain thereon as they believed the investees will continue to recognise a profit in the coming years:

(in Euros)	2024
Subsidiaries	
Carel Middle East DWC Llc	202,474
Total impairment gains	**202,474**

At the reporting date, the directors tested the investments, (carrying amounts of €22,044 thousand, €68,499 thousand, €176,272 thousand and €57.216 thousand respectively) in the subsidiaries Recuperator S.p.A., CFM Soğutma ve Otomasyon Anonim Şirketi, Kiona Holfing AS and HygroMatik GmbH for impairment in accordance with IAS 36 Impairment of assets, after having identified a so-called trigger event.

The recoverable amount of equity investments is determined by calculating their value in use.

The methods and assumptions underlying the impairment tests of the CGUs included:

- cash flows as per the business plans, using a three/four-year plan horizon (explicit projections), with the exception of Kiona Holding AS where a ten-year plan (explicit projections) was used as it is more representative of the evolutionary dynamics of the investee's business model, plus an estimate of the terminal value. Specifically, management used the gross margin based on past performance and its expectations about the future development of the investees' markets to prepare the plans;
- the growth rate (g) to determine the cash flows after the plan horizon, calculated specifically for the individual CGUs subject to analysis;
- the pre-tax WACC rate as the discount rate used to discount operating cash flows. Management calculated the cost of capital using the market returns of the last six months on medium to long-term government bonds of the countries/markets in which the CGUs are based, adjusted by the market risk premium of each country to account for the investment risk.

The main parameters used to test each CGU were as follows:

	Plan horizon	Growth rate	WACC
Recuperator S.p.A.	2025-2028	1.90%	9.70%
CFM Soğutma ve Otomasyon Anonim Şirketi	2025-2028	3.40%	14.40%
Kiona Holding AS	2025-2034	2.00%	12.00%
HygroMtik GmbH	2025-2028	1.90%	9.70%

The values in use, calculated using the discounted cash flows, showed the following:

- an impairment loss of €7,024 thousand on the carrying amount of the investment in CFM Soğutma ve Otomasyon Anonim Şirketi. This is mainly due to the restatement of certain operating dynamics of the investee indicated in the plan;
- an additional impairment loss of €2,754 thousand on the carrying amount of the investment in Recuperator.

The value in use, calculated using the discounted cash flows, confirm the carrying amount for Kiona Holding AS and HygroMatik GmbH. Although the directors believe that the assumptions used are reasonable and represent the most probable scenarios based on the available information, the result of the test could differ should the above assumptions significantly change.

Accordingly, stress tests were carried out, related, in particular, to:

- the gross operating profit estimated over the explicit period of the plans, assuming that the possible deterioration of the macroeconomic scenario will affect that period;
- certain variables, such as government bond yield and market risk premium, used to determine the WACC discount rate.

The stress tests show that for the following investees, the cover is reduced to zero even if the gross operating profit decrease or the WACC increases as set out below:

Subsidiaries	EBITDA +/-	WACC +/-
Kiona HoldingAS	-3.00%	0.30%
HygroMatik GmbH	-13.00%	1.25%

Therefore, there was no need to impair the above equity investment.

At 31 December 2024, the company has not accrued a provision for equity investment risks under the non-current provisions to meet its obligations to recapitalise the investees.

The following table provides a breakdown of the equity investments at the reporting date:

(in Euros)	31.12.2024 Historical cost	31.12.2024 Acc. impairment losses	31.12.2024 Carrying amount	31.12.2023 Historical cost	31.12.2023 Acc. impairment losses	31.12.2023 Carrying amount
Subsidiaries:						
Recuperator S.p.A.	25,743,625	(6,454,000)	19,289,625	25,743,625	(3,700,000)	22,043,625
Carel Deutschland GmbH	138,049	-	138,049	138,049	-	138,049
Carel Adriatic D.o.o.	7,370,289	-	7,370,289	7,370,289	-	7,370,289
C.R.C. S.r.l.	1,600,000	-	1,600,000	1,600,000	-	1,600,000
HygroMatik GmbH	57,216,335	-	57,216,335	57,216,335	-	57,216,335
Carel France Sas	91,469	-	91,469	91,469	-	91,469
Carel Sud America Ltda	5,396,848	(26,850)	5,369,998	5,396,848	(26,850)	5,369,998
Carel U.K. Ltd	1,624,603	-	1,624,603	1,624,603	-	1,624,603
Carel Asia Ltd	1,761,498	-	1,761,498	1,761,498	-	1,761,498
Carel Electronic (Suzhou) Co. Ltd	9,276,379	-	9,276,379	9,276,379	-	9,276,379
Carel Controls Iberica SL	4,330,149	-	4,330,149	4,330,149	-	4,330,149
Carel RUS Llc	260,936		260,936	160,936		160,936
Carel USA Llc	34,264,136		34,264,136	34,264,136		34,264,136
Carel Nordic AB	60,798		60,798	60,798		60,798
Carel Middle East	1,060,614	(233,323)	827,291	1,060,614	(435,797)	624,817
Alfaco Polska Sp.z.o.o.	3,820,413	-	3,820,413	3,820,413	-	3,820,413
Carel Japan Co. Ltd	475,003	-	475,003	475,003	-	475,003
CFM Sogutma ve Otomasyon A.S.	68,488,752	(7,024,000)	61,464,752	34,496,960	-	34,496,960
Arion S.r.l.	1,766,333	-	1,766,333	1,766,333	-	1,766,333
Sauber S.r.l.	2,790,496	-	2,790,496	3,205,004	-	3,205,004
Klingenburg GmbH	3,948,301	-	3,948,301	3,948,301	-	3,948,301
Klingenburg International Sp. Z.o.o.	11,844,903	-	11,844,903	11,844,903	-	11,844,903
Eurotec Limited	4,114,529	-	4,114,529	4,114,529	-	4,114,529
Carel Kazakhstan Llc	20		20	20		20
Kiona Holding AS	176,271,519	-	176,271,519	176,271,519	-	176,271,519
Carel System Spzoo	713,473		713,473	713,473		713,473
Total	424,429,470	(13,738,173)	410,691,297	390,752,186	(4,162,647)	386,589,539
Associates:						
		-	-		-	-
Total	-	-	-	-	-	-
Other companies:						
CONAI	45	-	45	45	-	45
SMACT Società Consortile per azioni	51,075	-	51,075	51,075	-	51,075
Fondazione ITS Academy "Mario Vol	15,500	-	15,500	14,000	-	14,000
Fondazione di comunita della Saccisi	20,000	-	20,000	20,000	-	20,000
Total	86,620	-	86,620	85,120	-	85,120
Total equity investments	**424,516,090**	**(13,738,173)**	**410,777,917**	**390,837,306**	**(4,162,647)**	**386,674,659**

The following table provides the information about equity investments at 31 December 2024 required by article 2427 of the Italian Civil Code:

	Registered office	Currency	Share/quota capital (in currency)	Equity (Euro)	Profit/loss for the year (Euro)	Investment percentage		Carrying amount (Euro)	Equity diff. % and carrying amount (Euro)
(valori in Euro)						Diretta	Indiretta		
Controllate:									
Carel Deutschland GmbH	Francoforte-DE	EUR	25,565	2,094,414	1,083,831	100.00%		138,049	1,956,365
Carel Adriatic d.o.o.	Labin-HR	EUR	7,246,665	46,019,834	1,350,635	100.00%		7,370,289	38,649,545
C.R.C S.r.l.	Bologna-IT	EUR	98,800	7,632,844	1,560,312	100.00%		1,600,000	6,032,844
Carel France Sas	St. Priest, Rhone-FR	EUR	100,000	3,695,389	436,459	100.00%		91,469	3,603,920
Carel Sud America Instrumentacao Eletronica Ltda	San Paolo-BR	BRL	31,149,059	8,416,556	1,910,514	53.02%	46.98%	5,369,998	(907,540)
Carel U.K. Ltd	Chessington-GB	GBP	350,000	4,154,779	1,241,705	100.00%		1,624,603	2,530,176
Carel Asia Ltd	Honk Kong-HK	HKD	15,900,000	2,809,976	644,198	100.00%		1,761,498	1,048,478
Carel Electronic (Suzhou) Co. Ltd	Suzhou-RPC	CNY	75,019,566	56,093,598	12,945,957	100.00%		9,276,379	46,817,219
Carel Controls Iberica SL	Barcellona-ES	EUR	3,005	6,564,031	916,486	100.00%		4,330,149	2,233,882
Carel RUS Llc	St. Petersburg-RU	RUB	6,600,000	69,909	(279,499)	99.00%	1.00%	260,936	(191,726)
Carel Usa Llc	Manheim-USA	USD	33,000,000	68,031,176	10,212,588	100.00%		34,264,136	33,767,040
Carel Nordic AB	Höganäs-SE	SEK	550,000	793,919	175,971	100.00%		60,798	733,121
Carel Middle East	Dubai-UAE	AED	4,333,878	827,291	156,244	100.00%		827,291	-
Alfaco Polska Sp.z.o.o.	Wrocław-PL	PLN	420,000	20,442,348	3,073,398	100.00%		3,820,413	16,621,935
Recuperator S.p.A.	Rescaldina-IT	EUR	500,000	10,313,098	509,307	100.00%		19,289,625	(8,976,527)
HygroMatik GmbH	Henstedt-Ulzburg-DE	EUR	639,115	10,630,704	3,972,957	100.00%		57,216,335	(46,585,631)
Carel Japan Co. Ltd	Tokyo-JP	JPY	60,000,000	909,253	194,693	100.00%		475,003	434,250
CFM Soğutma ve Otomasyon Anonim Şirketi	Izmir-TR	EUR	78,565	17,857,790	6,111,006	100.00%		61,464,751	(43,606,961)
Arion S.r.l	Bogare-IT	EUR	100,000	1,685,016	54,497	70.00%		1,766,333	(586,822)
Sauber S.r.l	Mantova-IT	EUR	100,000	1,873,641	610,675	70.00%		2,790,496	(1,478,947)
Klingenburg GmbH	Gladbeck-DE	EUR	38,400	4,152,555	(2,546,007)	100.00%		3,948,301	204,254
Klingenburg International Sp. Z.o.o.	Świdnica-PL	PLN	50,000	13,562,497	413,988	100.00%		11,844,903	1,717,594
Eurotec Limited	Auckland-NZ	NZD	450,000	2,044,198	(68,854)	100.00%		4,114,529	(2,070,331)
Carel Kazakhstan Llc	Almaty-KZ	KZT	10,000	901,836	455,830	100.00%		20	901,816
Kiona Holding AS	Trondheim-NO	NOK	666,360	14,898,672	1,231,096	82.40%		176,271,520	(163,995,014)
Carel System Spzoo	Warszawa-PL	PLN	3,100,000	640,785	(68,791)	100.00%		713,473	(72,688)
Totale								410,691,297	
Altre imprese minori:									
CONAI		EUR						45	-
SMACT Società Consortile per azioni		EUR						51,075	-
Fondazione ITS Academy "Mario Volpato"		EUR						15,500	-
Fondazione di comunita della Saccisica		EUR						20,000	-
Totale								86,620	
Totale Partecipazioni								410,777,917	

OTHER NON-CURRENT ASSETS (NOTE 4)

These amount to €34,262 thousand and can be analysed as follows:

(in Euros)	31.12.2024	Variation Increases	Variation Reclassification	Variation Decreases	31.12.2023
Subsidiaries	32,184,737	591,261	(1,086,350)		32,679,826
Substitute tax	1,318,869		(1,962,650)	-	3,281,519
Other tax assets	591,116	415,216	(542,854)	(2,266)	721,020
Effective hedging derivatives	167,063			(349,825)	516,888
Total	**34,261,785**	**1,006,477**		**(352,091)**	**37,199,253**

Amounts due from subsidiaries refer to:

- the interest-bearing loan of €15,504 thousand granted to Recuperator S.p.A. for a maximum amount of €17.5 million in June 2021, disbursable in instalments and expiring with a bullet repayment in June 2026. It may be fully or partly prepaid;
- the interest-bearing loan of €424 thousand (original amount €1,000 thousand) granted to Klingenburg GmbH in December 2022, with quarterly repayments and expiring in December 2027;
- the €16,184 thousand loan granted to Kiona AS in August 2023 upon completion of the acquisition of the equity investment. This interest-bearing loan is denominated in Norwegian Krones (original amount of NOK171 million) and the company may only request its bullet repayment after 31 December 2027;
- the interest-bearing loan of €73 thousand (original amount PLN300 thousand) granted to Carel System Spzoo in June 2024 and expiring with a bullet repayment in June 2029.

The substitute tax was paid by the company on the higher values allocated and recognised in the consolidated financial statements at 31 December 2018, implicit in the carrying amount of the equity investment, pursuant to article 15.10-bis of Law decree no. 185/2008. The decrease is due to the reclassification of the portion related to 2025 to current assets.

The decrease in other tax assets refers to amounts accrued during the year (Industry 4.0 – Law no. 160/2019; Maxi-amortisation and depreciation – Law no. 178/2020; Ecobonus – Law no. 296/2006; tax credit for research and development and technological innovation activities - Law no. 160/2019 as subsequently amended and supplemented, the Ministerial decree of 26 May 2020, Law no. 178/2020) that will be offset against other taxes based on the timeframes set by the relevant laws, net of the reclassification of the portion offsettable in 2025 to current assets.

The effective derivative hedges recognised under non-current financial assets include the fair value of IRSs signed to hedge the interest rate risk of the loans. Specifically:

(in Euros)

Lender	Instrument	Notional amount	Maturity	Positive fair value
MEDIOBANCA loan	Interest rate swap	20,000,000	29.06.2026	167,063
Total				**167,063**

DEFERRED TAX ASSETS (NOTE 5)

Deferred tax assets at 31 December 2024 were generated by the temporary differences between the carrying amounts of assets and liabilities and their tax bases calculated with reference to the tax rates expected to be enacted in the years in which the differences will reverse.

The company considered it appropriate to recognise the deferred tax assets arising on the temporary differences indicated below in the separate financial statements, as it is reasonably certain that they will be offset against taxable profits in the years in which the deductible temporary differences will reverse.

(in Euros)	31.12.2024		31.12.2023	
	Tax base	Deferred tax assets	Tax base	Deferred tax assets
Allowance for inventory write-down	10,774,421	2,585,861	7,032,906	1,687,897
Provision for product warranties	499,100	147,584	500,000	147,850
Provision for complaints	3,032,410	896,684	3,049,857	901,843
Provision for agents' termination indemnity and bonuses	72,468	17,392	72,468	17,392
Unrealised exchange differences	-	-	618,766	148,504
Deductible cash fees	406,592	97,581	350,323	84,077
Amortisation of goodwill - transfer	41,650	12,315	51,450	15,213
Substitute tax on goodwill (16%)	41,650	6,665	51,450	8,233
Amortisation of goodwill - merger	121,709	35,989	150,346	44,457
Substitute tax on goodwill (12%)	121,709	14,613	150,346	18,052
Amortisation of goodwill - acquisition of business unit	2,008	594	2,481	734
Difference between amortisation/depreciation for IFRS and tax pu	336,454	99,490	301,219	89,070
Tax losses	31,989	7,677	-	-
Total	**15,482,160**	**3,922,445**	**12,331,612**	**3,163,322**

Changes in deferred tax assets are presented in the table below:

(in Euros)	31.12.2024	Recognised in profit or loss	Recognised in OCI	31.12.2023
Allowance for inventory write-down	2,585,861	897,964	-	1,687,897
Provision for product warranties	147,584	(266)	-	147,850
Provision for complaints	896,684	(5,159)	-	901,843
Provision for agents' termination indemnity and bonuses	17,392	-	-	17,392
Unrealised exchange differences	-	(148,504)	-	148,504
Deductible cash fees	97,581	13,504	-	84,077
Amortisation of goodwill - transfer	12,315	(2,898)	-	15,213
Substitute tax on goodwill (16%)	6,665	(1,568)	-	8,233
Amortisation of goodwill - merger	35,989	(8,468)	-	44,457
Substitute tax on goodwill (12%)	14,613	(3,439)	-	18,052
Amortisation of goodwill - acquisition of business unit	594	(140)	-	734
Difference between amortisation/depreciation for IFRS and tax purposes	99,490	10,420	-	89,070
Tax losses	7,677	7,677	-	-
Total	**3,922,445**	**759,123**	**-**	**3,163,322**

TRADE RECEIVABLES (NOTE 6)

These amount to €47,035 thousand (€56,097 thousand at 31 December 2023) and can be broken down as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
Third parties	27,479,898	(5,748,085)	33,227,983
Subsidiaries	20,466,400	(3,349,100)	23,815,500
Subsidiaries of parents	7,268	(882)	8,150
Related parties	17,811	(2,898)	20,709
Total trade receivables	47,971,377	(9,100,965)	57,072,342
Loss allowance	(936,650)	38,481	(975,131)
Total	**47,034,727**	**(9,062,484)**	**56,097,211**

Trade receivables in foreign currency were retranslated using the closing rate, adjusting the originally-recognised amount.

Trade receivables, net of the loss allowance, refer to the following geographical segments:

(in Euros)	31.12.2024	31.12.2023
Europe, Middle East and Africa	39,002,088	44,525,393
APAC	4,809,065	7,569,098
North America	2,860,020	3,765,179
South America	1,300,204	1,212,672
Total	**47,971,377**	**57,072,342**

The company does not usually charge default interest on past due receivables. Reference should be made to the section on risks and financial instruments for details of the receivables that are not yet due and/or are past due.

The company's receivables are not particularly concentrated. It does not have third party customers that individually account for more than 5% of the total receivables at each maturity date.

The loss allowance comprises management's estimates about credit losses on receivables from end customers and the sales network. Management estimates the allowance on the basis of the expected credit losses, considering past experience for similar receivables, current and historical past due amounts, losses and collections, the careful monitoring of credit quality and projections about the economy and market conditions.

Changes in the allowance are shown in the following table:

		Variation			
(in Euros)	31.12.2024	Impairment losses	Utilisations	Reversals	31.12.2023
Loss allowance - trade receivables	936,650		(38,481)	-	975,131
Total	**936,650**	**-**	**(38,481)**	**-**	**975,131**

A breakdown of trade receivables from group companies is as follows:

(in Euros)	31.12.2024	31.12.2023
Arion S.r.l.	1,631	1,632
C.R.C. S.r.l.	65,585	59,007
Recuperator S.p.A.	192,685	181,023
Enginia S.r.l. single-member company	72,878	60,345
Sauber S.r.l.	94,833	83,442
Carel U.K. Ltd	961,444	1,366,492
Carel France s.a.s.	1,319,722	1,372,588
Carel Asia Ltd	607,031	1,424,518
Carel Sud America Instrumentacao Eletronica Ltda	1,190,730	958,039
Carel USA Llc	2,565,248	3,430,713
Carel Australia Pty. Ltd	7,404	1,418
Carel Deutschland GmbH	2,938,008	2,059,965
Carel Electronic (Suzhou) Co Ltd	2,981,433	4,580,986
Carel Controls Iberica S.L.	1,549,538	1,627,733
Carel ACR Systems India (Pvt) Ltd	376,083	404,764
Carel Controls South Africa (Pty) Ltd	97,571	4,172
Carel RUS Llc	13,960	13,960
Carel Korea Ltd	28,454	58,685
Carel Nordic AB	3,312	8,418
Carel Japan Co. Ltd	30,430	106,434
Carel Mexicana S.De.RL	286,985	332,511
Carel Middle East DWC Llc	312,765	1,752
Alfaco Polska Sp.z.o.o	2,711,962	3,015,135
Carel (Thailand) CO Ltd	3,378	4,002
Carel Adriatic D.o.o.	1,190,888	1,991,698
HygroMatik GmbH	31,236	24,747
Enersol Inc.	2,849	1,955
CFM Sogutma Ve Otomasyon San.Tic.A.S.	557,130	566,887
Klingenburg GmbH	12,132	24,000
Klingenburg International Sp. Z.o.o.	25,997	20,286
Senva Inc.	4,938	-
Eurotec Limited	5,336	-
Carel Kazakhstan Llc	221,156	-
Kiona Holding AS	-	26,159
Carel System Spzoo	1,668	2,034
Subsidiaries	**20,466,400**	**23,815,500**
Eurotest Laboratori S.r.l.	3,698	4,580
Arianna S.p.A.	3,570	3,570
Subsidiaries of parents	**7,268**	**8,150**
RN Real Estate S.r.l.	15,623	19,208
Carel Real Estate Adriatic doo	2,188	1,501
Related parties	**17,811**	**20,709**

INVENTORIES (NOTE 7)

These amount to €27,299 thousand. They are comprised as follows, net of the allowance for inventory write-down for slow-moving or obsolete items:

(in Euros)	31.12.2024	Variation	31.12.2023
Raw materials and consumables	24,466,967	(857,897)	25,324,864
Allowance for inventory write-down	(8,014,478)	(2,570,248)	(5,444,230)
Total raw materials, consumable and supplies	16,452,489	(3,428,145)	19,880,634
Work in progress and semi-finished products	1,855,404	49,170	1,806,234
Allowance for inventory write-down	(251,219)	(56,655)	(194,564)
Total work in progress and semi-finished products	1,604,185	(7,485)	1,611,670
Finished goods	11,243,609	(2,259,969)	13,503,578
Allowance for inventory write-down	(2,508,724)	(1,114,612)	(1,394,112)
Total finished goods	8,734,885	(3,374,581)	12,109,466
Payments on account	507,529	506,899	630
Total	**27,299,088**	**(6,303,312)**	**33,602,400**

Inventories, gross of the allowance for inventory write-downs, decreased by a total of €3,069 thousand. This was due to the decrease in both raw materials and semi-finished products (€858 thousand) in line with production trends and the reduction in finished goods (€2,260 thousand) due to the sales performance.

The company recognised an allowance for inventory write-downs to cover the difference between the cost and estimated realisable value of obsolete raw materials and finished goods. The write-downs were recognised in the caption Costs of raw materials, consumables and goods and change in inventories of the statement of profit or loss.

Inventories are not pledged or subject to property rights restrictions.

CURRENT TAX ASSETS (NOTE 8)

These amount to €2,246 thousand and can be broken down as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
IRES	1,833,107	372,678	1,460,429
IRAP	412,803	215,215	197,588
Total	**2,245,910**	**587,893**	**1,658,017**

The IRES (corporate income tax) and IRAP (local tax on production) assets arise from the calculation of the taxes.
The IRES asset refers to the domestic tax consolidation scheme and was calculated on the sum of the taxable profits of all participating group companies as per article 117 and following articles of the Consolidated Income Tax Act, net of withholdings paid and payments on account.

OTHER CURRENT ASSETS (NOTE 9)

These amount to €9,550 thousand (€7,788 thousand at 31 December 2023) and can be broken down as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
Other tax assets	5,517,593	1,248,109	4,269,484
Other assets	4,031,936	513,105	3,518,831
Total	**9,549,529**	**1,761,214**	**7,788,315**

A breakdown of other tax assets at year end is as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
VAT assets	2,525,011	1,649,036	875,975
Substitute tax	1,962,650	-	1,962,650
Tax assets	1,029,932	(400,927)	1,430,859
Total	**5,517,593**	**1,248,109**	**4,269,484**

VAT assets relate to the accrued VAT asset at the reporting date.

The substitute tax shows the 2025 portion of the substitute tax paid to align the higher carrying amounts recognised at the time of the December 2018 acquisition against consideration of Recuperator S.p.A. (Italy) and HygroMatik GmbH (Germany) with the relevant tax bases, as per article 15.10-bis of Decree law no. 185/2008, as subsequently amended.

Tax assets are the portion offsettable in 2025 against other taxes and levies of amounts accrued during the year. These include Industry 4.0 – Law no. 160/2019 (€25 thousand), Maxi-amortisation and depreciation – Law no. 178/2020 (€499 thousand), Ecobonus – Law no. 296/2006 (€9 thousand) and tax credit for research and development and technological innovation activities - Law no. 160/2019 as subsequently amended and supplemented, the Ministerial decree of 26 May 2020 and Law no. 178/2020 (€497 thousand).

A breakdown of other assets at year end is as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
Other prepayments	2,703,743	(278,712)	2,982,455
Other amounts due from subsidiaries	257,226	(105,849)	363,075
Advances to suppliers	83,707	(83,251)	166,958
Sundry assets	78,719	72,376	6,343
Other accrued income	366	366	-
Call options for non-controlling interests	908,175	908,175	-
Total	**4,031,936**	**513,105**	**3,518,831**

Prepayments and accrued income refer to income or charges collected/paid before or after the year to which they pertain. They are recognised regardless of the payment or collection date when the related income and charges are common to two or more years and can be allocated over time.
Other prepayments include costs pertaining to the subsequent year including €1,670 thousand for software maintenance instalments, €492 thousand for insurance premiums and €105 thousand for fairs and exhibitions.

Other amounts due from subsidiaries relate to the taxable profits and tax losses, net of withholdings paid and payments on account for IRES purposes, transferred as part of the domestic tax consolidation scheme for 2022-2024 pursuant to article 117 and following articles of the Consolidated Income Tax Act. They refer to the following investees:

(in Euros)	31.12.2024
C.R.C. S.r.l.	257,226
Total	**257,226**

Advances to suppliers refer to payments on account for services.

Call options for non-controlling interests show the fair value of the call options for the non-controlling interest in Sauber S.r.l. which will be exercised as from 2025. Reference should be made to note 3 for more details.
The derivative is remeasured at each reporting date and any resulting fair value gains or losses are recognised in profit or loss. The liability was discounted at 2.21% to approximate the cost of the company's debt. At the reporting date, the asset's fair value is €908 thousand.

CURRENT FINANCIAL ASSETS (NOTE 10)

These amount to €9,554 thousand (€11,722 thousand at 31 December 2023) and can be broken down as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
Other financial assets	3,027,997	(58,336)	3,086,333
Cash pooling arrangement	5,438,499	(1,206,452)	6,644,951
Subsidiaries	1,087,320	(903,018)	1,990,338
Total	**9,553,816**	**(2,167,806)**	**11,721,622**

Other financial assets include securities valued at FVTPL and temporary deposits of liquidity, including accrued interest income gross of tax withholdings, with major counterparties, aimed at managing part of the company's liquidity. The objective of these financial assets is the collection of contractual cash flows comprising payments of principal and interest at fixed rates at specific maturities.

The cash pooling arrangement includes the credit balances of the cash pooling account related to the cash pooling arrangements regarding the following group companies:

(in Euros)	31.12.2024	31.12.2023
Carel Adriatic Doo	-	3,547,830
Recuperator S.p.A.	628,175	1,513,395
Alfaco Polska Sp.z.o.o.	-	536,565
Klingenburg International Sp. Z.o.o.	4,810,324	1,047,161
Total	**5,438,499**	**6,644,951**

Amounts due from subsidiaries refer to:

- the current portion (€200 thousand) of the interest-bearing loan of an original amount of €1,000 thousand granted to Klingenburg GmbH in December 2022, expiring in December 2027;
- the current portion (€887 thousand) of the interest-bearing loan (original amount €887 thousand) granted to Sauber S.r.l. in March 2023 and expiring with a bullet repayment in June 2025.

CASH AND CASH EQUIVALENTS (NOTE 11)

This caption comprises temporary liquidity in bank accounts and petty cash and amounts to €28,795 thousand.

(in Euros)	31.12.2024	Variation	31.12.2023
Bank deposits	28,790,411	(62,820,521)	91,610,932
Cash and cash equivalents	6,864	(1,633)	8,497
Total	**28,797,275**	**(62,822,154)**	**91,619,429**

Cash and cash equivalents are not subject to any obligations or use restrictions by the company.

For more information about changes in such caption, reference should be made to the statement of cash flows.

EQUITY (NOTE 12)

Equity is comprised as follows and underwent the following changes:

		Variation					
(in Euros)	31.12.2024	Total changes	Allocation of prior year profit	Reclassification	Dividends	Comprehensive income	31.12.2023
Share capital	11,249,921	-				-	11,249,921
Share premium reserve	196,086,274	-				-	196,086,274
Revaluation reserves	3,424,658	-					3,424,658
Legal reserve	2,249,984	249,984	249,984			-	2,000,000
Treasury shares	(161,181)	-		-		-	(161,181)
Hedging reserve	126,968	(265,867)				(265,867)	392,835
Other reserves							
- Extraordinary reserve	115,074,608	22,686,789	22,807,627	(120,838)	-		92,387,819
- Transfer premium reserve	6,105,327	-					6,105,327
- Reserve for unrealised exchange gains	510,377	83,296	83,296	-			427,081
- IFRS FTA reserve	2,145,307	(188)		(188)			2,145,495
- Actuarial reserve	82,642	90,513		121,026		(30,513)	(7,871)
Retained earnings	476,149	-	-	-			476,149
Profit for the year	23,164,847	(21,349,702)	(23,140,907)		(21,373,642)	23,164,847	44,514,549
Total	**360,535,881**	**1,494,825**	**-**	**-**	**(21,373,642)**	**22,868,467**	**359,041,056**

The company's share capital amounts to €11,249,921, is fully paid up and consists of 112,499,205 shares without a nominal amount.
The company's shares are not pledged as guarantees or liens.

The share premium reserve is composed as follows:
- the carrying amount of €867 thousand resulting from the company's merger of the industrial and commercial business units of the former Samos S.r.l. in 2013;
- the proceeds of €195,219 thousand from the capital increase carried out in December 2023.

The revaluation reserve includes the revaluation, net of taxes, of property, plant and equipment acquired in 2009 following the transfer of the production business unit from the former parent.

The legal reserve has reached the minimum threshold set by article 2430 of the Italian Civil Code.

Treasury shares number 6,355 and are measured using the rolling FIFO method. The company did not repurchase or sell any treasury shares during the year.

The hedging reserve includes the fair value gains or losses, net of deferred taxes, on the effective portion of an IRS entered into to hedge the interest rate risk on floating-rate non-current loans entered into in 2021. The changes are shown in the following table:

(in Euros)

31 December 2023	**392,835**
Variation	
Fair value losses	(349,825)
Deferred tax	83,958
Total changes	**(265,867)**
31 December 2024	**126,968**

The increase in the extraordinary reserve is mainly due to the resolution passed by the shareholders in their meeting of 18 April 2024 which approved the separate financial statements at 31 December 2023.

The transfer premium reserve includes the residual balance of the reserve set up in May 2009 following the transfer of the operating business unit from the former parent.

In their meeting of 18 April 2024 called to approve the separate financial statements at 31 December 2023, the shareholders acknowledged the adjustment to the undistributable reserve for unrealised exchange gains as per article 2426-bis.8 of the Italian Civil Code.

The IFRS FTA reserve was set up upon the adoption of the International Financial Reporting Standards on 1 January 2015.

The actuarial reserve includes the effects of the discounting of the post-employment benefits. The reclassification is due to the full payment of the post-term of office benefits for directors during the year.

Retained earnings were recognised upon first-time adoption of the IFRS and relate to 2015 and 2016.

Equity captions are broken down by origin, possible use and distribution and their actual use in the past three years below:

TABLE PURSUANT TO ARTICLE 2427.7-BIS OF THE ITALIAN CIVIL CODE

(in Euros)	Amount	Possible use	Available portion	Distributable portion	Use in the past three years: To cover losses	Use in the past three years: Distribution of reserves
Share capital	11,249,921					
Equity-related reserves:						
Share premium reserve	196,086,274	A, B, C	196,086,274	196,086,274		
Revaluation reserves	3,424,658	A, B, C	3,424,658	3,424,658		
Transfer premium reserve	6,105,327	A, B, C	6,105,327	6,105,327		
Reserve for treasury shares	(161,181)					
Income-related reserves:						
Legal reserve	2,249,984	B	2,249,984			
Extraordinary reserve	115,074,608	A, B, C	114,913,427	109,893,518		
Reserve for unrealised exchange gains	510,377	A, B	427,081			
IFRS FTA reserve	2,145,307	B	2,145,307			
Actuarial reserve	82,642		82,642			
Hedging reserve	126,968		126,968			
Stock grant reserve	-	B	-			
Retained earnings	476,149	B	476,149			
Total (net of profit for 2024)	**337,371,034**		**326,037,817**	**315,509,777**	**-**	**-**
Profit for 2024	23,164,847					
Total equity	**360,535,881**					

Key:

A: share capital increases B: to cover losses C: dividends

Pursuant to article 2426.5 of the Italian Civil Code, start-up and capital costs and development expenditure pertaining to more than one year may be recognised as assets with the approval of the board of statutory auditors and they are amortised over not more than five years. Until the amortisation is complete, dividends may only be distributed if there are sufficient available reserves to cover the amount of non-amortised costs.
At 31 December 2024, development expenditure not yet amortised amounts to €5,019,909.

The following table provides an indication of the tax regime for the share capital and reserves at 31 December 2024 in case of their repayment or distribution:

(in Euros)	Non-distributable reserves and earnings	Taxable share capital and reserves - company	Taxable share capital and reserves - shareholders	Non-taxable share capital and reserves - company and shareholders	Total
Share capital				11,249,921	11,249,921
Share premium reserve				196,086,274	196,086,274
Revaluation reserves				3,424,658	3,424,658
Legal reserve	2,249,984				2,249,984
Treasury shares	(161,181)				(161,181)
Hedging reserve	126,968				126,968
Other reserves					
- Extraordinary reserve			115,074,608		115,074,608
- Reserve for unrealised exchange gains			510,377		510,377
- Transfer premium reserve				6,105,327	6,105,327
- IFRS FTA reserve	2,145,307				2,145,307
- Actuarial reserve	82,642				82,642
Retained earnings	476,149				476,149
Total	**4,919,869**	**-**	**115,584,985**	**216,866,180**	**337,371,034**

Earnings per share

The earnings per share are calculated by dividing the profit attributable to the owners of the company by the weighted average number of outstanding ordinary shares. At 31 December 2024, the weighted average of outstanding ordinary shares was 112,492,850.

Earnings per share and the number of ordinary shares used to calculate basic and diluted earnings per share in accordance with IAS 33 are shown below:

(in Euros)	31.12.2024	31.12.2023
Earnings per share	23,164,847	44,514,549
Average number of ordinary shares	112,492,850	101,025,880
Basic earnings per share	**0.2059**	**0.4406**

The company’s basic and diluted earnings per share are the same.

NON-CURRENT AND CURRENT FINANCIAL LIABILITIES (NOTE 13)

Non-current loans and borrowings can be broken down as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
Amounts due to bondholders	59,507,536	80,276	59,427,260
Bank loans at amortised cost	23,589,788	(34,390,130)	57,979,918
Lease liabilities	12,241,332	(1,330,307)	13,571,639
Other financial liabilities	440,014	-	440,014
Other loans and borrowings at amortised cost	98,490	(195,804)	294,294
Total	**95,877,160**	**(35,835,965)**	**131,713,125**

Current loans and borrowings can be broken down as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
Bank loans at amortised cost	34,245,072	2,736,829	31,508,243
Cash pooling arrangement	26,747,606	2,205,560	24,542,046
Other financial liabilities	-	(750,000)	750,000
Intragroup loans and borrowings	9,082,516	7,450,470	1,632,046
Lease liabilities	1,807,609	79,120	1,728,489
Other loans and borrowings at amortised cost	195,804	1,556	194,248
Amounts due to bondholders	371,005	-	371,005
Total	**72,449,612**	**11,723,535**	**60,726,077**

Amounts due to bondholders refer to the issue and placement of non-convertible bonds subscribed by funds managed by Prudential Insurance Company of America (Pricoa). These bonds are part of a private shelf agreement whereby the company can ask Pricoa, on an uncommitted basis and over the next three years, to subscribe additional bonds up to a total maximum amount of USD150 million. They are guaranteed by the company and certain subsidiaries.
Fixed interest accrues on these bonds from the subscription date and repayment of principal will take place annually starting from the fifth year on a straight-line basis, with the first and last payment dates in May 2028 and March 2033, respectively.

A breakdown of bonds, net of the interest accrued at the end of the year (€371 thousand) and the residual amortised cost by due date is provided below:

31.12.2024							
(in Euros)	Currency	Original amount	Maturity	Rate	Outstanding liabilities in Euros	Current	Non-current
Senior A bonds	EUR	20,000,000	05/2032	Fixed	19,804,428	-	19,804,428
Senior B bonds	EUR	20,000,000	05/2032	Fixed	19,804,239	-	19,804,239
Senior C bonds	EUR	20,000,000	03/2033	Fixed	19,898,869	-	19,898,869
Total					**59,507,536**	**-**	**59,507,536**

The bonds are unrated and will not be listed on regulated markets. Compliance with the following covenants is checked every six months:

- net financial debt / gross operating profit (loss) < 3.5x;
- net financial debt / equity < 1.5;
- gross operating profit (loss) / net financial expense > 5.

At 31 December 2024, such covenants were complied with.

A breakdown of bank loans and borrowings at amortised cost, net of the interest accrued at the end of the year and the residual amortised cost by due date is provided below:

	31.12.2024						
(in Euros)	Currency	Original amount	Maturity	Rate	Outstanding liabilities in Euros	Current	Non-current
Mediobanca – Banca di Credito Finanziario S.p.A. loan	EUR	20,000,000	06/2026	Floating	6,684,270	4,444,444	2,239,826
Intesa San Paolo loan	EUR	10,000,000	06/2026	Floating	4,994,997	3,333,333	1,661,664
Intesa San Paolo loan	EUR	20,000,000	06/2026	Floating	9,989,996	6,666,667	3,323,329
CREDEM loan	EUR	10,000,000	07/2026	Floating	5,415,353	3,400,058	2,015,295
Intesa San Paolo loan	EUR	5,000,000	08/2026	Floating	3,171,730	1,818,182	1,353,548
Intesa San Paolo loan	EUR	15,000,000	08/2026	Floating	9,515,189	5,454,545	4,060,644
Cassa Depositi e Prestiti loan	EUR	10,000,000	08/2026	Floating	9,979,330	5,000,000	4,979,330
CREDEM loan	EUR	15,000,000	10/2026	Floating	7,785,313	3,829,161	3,956,152
Total					**57,536,178**	**33,946,390**	**23,589,788**

During the year, the company did not enter into any new loan agreements and regularly repaid the financing instalments as per the repayment plan.

The following loans require compliance with covenants:

- Mediobanca (loan of €20,000 thousand, outstanding liability at 31 December 2024 of €6,684 thousand): Net financial debt / gross operating profit (loss) < 3.50 and gross operating profit (loss) / net financial expense ratio > 5.00 based on the figures recognised in the consolidated financial statements;
- Intesa Sanpaolo (original loans of €20,000 thousand and €10,000 thousand, outstanding liability at 31 December 2024 of €9,990 thousand and €4,995 thousand): Net financial debt / EBITDA < 3.50 based on the figures recognised in the consolidated financial statements;
- Intesa Sanpaolo (original loans of €15,000 thousand and €5,000 thousand, outstanding liability at 31 December 2024 of €9,515 thousand and €3,172 thousand): Net financial debt / EBITDA < 3.50 based on the figures recognised in the consolidated financial statements;
- Cassa Depositi e Prestiti (loan of €10,000 thousand, outstanding liability at 31 December 2024 of €9,979 thousand): Net financial debt / gross operating profit (loss) < 3.50 and Net financial debt / equity ratio < 1.5 based on the figures recognised in the consolidated financial statements.

At 31 December 2024, such covenants were complied with.

Lease liabilities refer to the lease liabilities recognised following the adoption of IFRS 16.

Other non-current financial liabilities include the contingent consideration of €440 thousand due to the non-controlling investor in CFM Sogutma ve Otomasyon A.S. under the agreement for the acquisition of 51% of the investee signed in May 2021. This amount will be paid in instalments when certain contractually-agreed events occur;

Other loans and borrowings at amortised cost are broken down by due date below:

	31.12.2024						
(in Euros)	Currency	Original amount	Maturity	Rate	Outstanding liabilities in Euros	Current	Non-current
MedioCredito Centrale Progetto Horizon 2020	EUR	1,489,851	06/2026	Fixed	294,294	195,804	98,490
Total					**294,294**	**195,804**	**98,490**

The loan granted by Mediocredito Centrale refers to a research and development project accepted by the Ministry of Economic Development (“MISE”) which falls within the scope of the Horizon 2020 EU framework programme.

The cash pooling arrangement includes the debit balances of the cash pooling account related to the cash pooling arrangements regarding the following group companies:

(in Euros)	31.12.2024	31.12.2023
Carel Deutschland GmbH	2,203,219	1,889,436
HygroMatik GmbH	5,252,682	4,853,622
Carel Controls Iberica SL	3,262,305	3,384,104
Enginia S.r.l.	5,911,088	4,249,899
Carel U.K. Ltd	425,985	826,682
Carel France s.a.s.	1,256,632	1,538,651
Klingenburg International Sp. Z.o.o.	8,329,174	7,799,652
Carel Adriatic Doo	106,521	-
Total	**26,747,606**	**24,542,046**

During the year, the company settled its liabilities with the former non-controlling investor in CFM Soğutma ve Otomasyon Anonim Şirketi (€500 thousand) and the non-controlling investor in Sauber S.r.l. (€250 thousand), which were classified under other current liabilities.

Intragroup loans and borrowings relate to:
- a 6-month interest-bearing loan obtained from Carel Australia Pty Ltd for an overall amount of AUD2,650 thousand, which is tacitly renewed unless the related agreement is terminated by one of the parties;
- a one-year interest-bearing loan obtained from CFM Soğutma ve Otomasyon Anonim Şirketi for an overall amount of €7,500 thousand, which is tacitly renewed unless the related agreement is terminated by one of the parties.

The following tables show changes in current and non-current financial liabilities, comprising lease liabilities (including cash and non-cash changes):

(in Euros)	31.12.2024	Net cash flows	Fair value gains or	Reclassi-fication	31.12.2023
Bank loans and borrowings at amortised cost	23,589,788	(435,675)	-	(33,954,455)	57,979,918
Amounts due to bondholders	59,507,536	80,276	-	-	59,427,260
Other financial liabilities	440,014	-	-	-	440,014
Other loans and borrowings at amortised cost	98,490	-	-	(195,804)	294,294
Non-current financial liabilities	**83,635,828**	**(355,399)**	**-**	**(34,150,259)**	**118,141,486**

(in Euros)	31.12.2024	Net cash flows	Fair value gains or	Reclass-ification	31.12.2023
Bank loans and borrowings at amortised cost	34,245,072	(31,217,627)	-	33,954,456	31,508,243
Cash pooling arrangement	26,747,606	2,205,560	-	-	24,542,046
Other financial liabilities	-	(750,000)	-		750,000
Intragroup loans and borrowings at amortised cost	9,082,516	7,450,470	-	-	1,632,046
Other loans and borrowings at amortised cost	195,804	(194,248)	-	195,804	194,248
Amounts due to bondholders	371,005	-	-	-	371,005
Current financial liabilities	**70,642,003**	**(22,505,845)**	**-**	**34,150,260**	**58,997,588**

(in Euros)	31.12.2024	Increases	Restatement of financial liabilities	Repayments	Interest	Term-ination of contracts	31.12.2023
Lease liabilities	**14,048,941**	**465,510**	**79,955**	**(1,979,816)**	**191,213**	**(8,049)**	**15,300,128**

NON-CURRENT AND CURRENT PROVISIONS FOR RISKS (NOTE 14)

Changes to the non-current and current provisions for risks can be broken down as follows:

(in Euros)	31.12.2024	Variation Actuarial losses	Accruals	Reversals	Utilisations	Reclass-ifications	31.12.2023
Provision for agents' termination benefits	820,631	(17,624)	53,749	-	-	-	784,506
Provision for product warranties	499,100	-	-		(900)	-	500,000
Total - non-current	**1,319,731**	**(17,624)**	**53,749**	**-**	**(900)**	**-**	**1,284,506**
Provision for commercial complaints	2,982,409	-	976,542	(97,122)	(846,868)	-	2,949,857
Total - current	**2,982,409**	**-**	**976,542**	**(97,122)**	**(846,868)**	**-**	**2,949,857**
Total	**4,302,140**	**(17,624)**	**1,030,291**	**(97,122)**	**(847,768)**	**-**	**4,234,363**

The provision for agents' termination benefits, accrued for the potential risks of the termination of agency contracts, considers the estimated liabilities related to contacts in place at year end. It is calculated by an independent actuary applying the closed group approach pursuant to IAS 37.

The provision for product warranties is related to the non-current portion of the liabilities, reasonably estimated based on the guarantees contractually granted to customers and past experience, connected to costs for spare parts and labour that the company may incur in future years for assistance to be provided for products, the sales revenue of which has already been recognised in profit or loss for the year or in previous years.

The provision for commercial complaints refers to the prudent accrual for costs to be incurred for commercial complaints from customers related to products sold.
The provision increased due to the estimated larger costs that the company might occur on claims with customers.
The use during the year relates to specific customer complaints.
The company revised the estimated costs to be incurred for specific customer complaints and released a portion of the provision.

DEFINED BENEFIT PLANS (NOTE 15)

This caption consists of the company's liability for post-employment benefits and post-term of office benefits for directors. These benefits qualify as defined benefit plans pursuant to IAS 19 and the related liabilities are calculated by an independent actuary applying the closed group approach in accordance with the accrued benefits methodology using the projected unit credit method envisaged in IAS 19.

As described in the Accounting policies (basis of measurement section), the actuarial gains or losses are recognised in a specific equity reserve through other comprehensive income.

Defined benefit plans and changes therein may be analysed as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
Post-employment benefits	3,140,243	(223,269)	3,363,512
Post-term of office benefits for directors	-	(955,335)	955,335
Total	**3,140,243**	**(1,178,604)**	**4,318,847**

Post-employment benefits at year end were as follows:

(in Euros)	31.12.2024	31.12.2023
Opening balance	**3,363,512**	**3,537,494**
Accruals	2,256,891	2,135,057
Transfers to pension funds	(2,243,783)	(2,123,058)
Interest cost	103,232	121,150
Employee benefits paid	(309,531)	(408,126)
Substitute tax	(13,108)	(11,998)
Actuarial (gains) losses	(16,970)	112,993
Closing balance	**3,140,243**	**3,363,512**

Law no. 296/06 changed the Italian post-employment benefits scheme and they are now classified as defined contribution plans regardless of whether the employee decides to have them transferred to the INPS treasury fund or a supplementary pension plan. Benefits vested up until 31 December 2006 continue to be recognised as part of a defined benefit plan and are subject to actuarial valuation, excluding the future salary increase component.

The post-term of office benefits for directors at year end was as follows:

(in Euros)	31.12.2024	31.12.2023
Opening balance	**955,335**	**852,052**
Accruals	45,036	84,042
Interest cost	9,394	31,645
Benefits paid to directors	(1,052,230)	-
Actuarial (gains) losses	42,465	(12,404)
Closing balance	**-**	**955,335**

The company also performed a sensitivity analysis for the post-employment benefit liability to assess reasonable changes in the main assumptions underlying the calculations. Specifically, it assumed an increase or decrease of 0.50% in the discount rate. The resulting change in the liability would be immaterial.

DEFERRED TAX LIABILITIES (NOTE 16)

Deferred tax liabilities at 31 December 2024 were generated by the temporary differences between the carrying amount of assets and liabilities and their tax base calculated with reference to the tax rates that are expected to be enacted in the years in which the differences will reverse.

The deferred tax liabilities recognised in the separate financial statements refer to the following temporary differences:

	31.12.2024		31.12.2023	
(in Euros)	Tax base	Change in deferred	Tax base	Change in deferred
Unrealised exchange differences	-	-	1,176,157	282,278
Fair value changes on derivatives	167,063	40,095	516,888	124,053
Dividends not collected	-	-	-	-
Diff. in amort/dep. calculated under IFRS FTA	1,344	397	10,212	3,019
Diff. in amort/dep. calculated under IFRS/OIC 2015	169,141	50,014	181,504	53,670
Diff. in amort/dep. calculated under IFRS/OIC 2016	14,548	4,301	15,713	4,646
Discounting of post-employment benefits and post-term of office benefits	168,516	49,830	159,233	47,085
Discounting of agents' termination benefits	228,507	67,569	210,883	62,357
Total	**749,119**	**212,206**	**2,270,590**	**577,108**

The changes in deferred tax liabilities were as follows:

(in Euros)	31.12.2024	Recognised in profit or loss	Recognised in OCI	31.12.2023
Unrealised exchange differences	-	(282,278)	-	282,278
Fair value changes on derivatives	40,095	-	(83,958)	124,053
Diff. in amort/dep. calculated under IFRS FTA	397	(2,622)	-	3,019
Diff. in amort/dep. calculated under IFRS/OIC 2015	50,014	(3,656)	-	53,670
Diff. in amort/dep. calculated under IFRS/OIC 2016	4,301	(345)	-	4,646
Discounting of post-employment benefits and post-term of office benefits	49,830	(2,273)	5,018	47,085
Discounting of agents' termination benefits	67,569	5,212	-	62,357
Total	**212,206**	**(285,962)**	**(78,940)**	**577,108**

OTHER NON-CURRENT LIABILITIES (NOTE 17)

These amount to €11,204 thousand and can be broken down as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
Call options for non-controlling interests and earn-out	9,237,114	(6,160,082)	15,397,196
Other	1,198,571	98,798	1,099,773
Other deferred income	767,982	125,003	642,979
Total	**11,203,667**	**(5,936,281)**	**17,139,948**

Call options for non-controlling interests and earn-out relate to the fair value of the call options for the non-controlling interests and the contingent consideration for the acquisition of non-controlling interests in the following investees:

- Kiona Holding SA: the derivative is remeasured at each reporting date and any resulting fair value gains or losses are recognised in profit or loss. The liability was discounted at 3.48% to approximate the cost of the company's debt. Its fair value amounted to NOK102.7 million (€9,018 thousand) at the reporting date compared to NOK157.8 million (€14,039 thousand) at 31 December 2023. It was increased by a fair value gain of NOK55.2 million (€4,676 thousand) and an exchange gain of €660 thousand on the liability at the reporting date, which have been recognised under other financial expense and exchange gains (losses), respectively;
- Eurotec Limited: upon the investee's achievement of certain performance targets over the March 2023-2026 three-year period, the company shall pay an earn out of €534 thousand to one of the investee's former owners.

Other non-current liabilities relate to the cash award liability to the beneficiaries of the cash-settled performance plan, which is detailed below:

		Variation		
(in Euros)	31.12.2024	Accruals	Reclassifications	31.12.2023
2021-2025 LTI cash plan - 2022-2024 vesting period	-	-	(957,325)	957,325
2021-2025 LTI cash plan - 2023-2025 vesting period	1,045,686	903,238	-	142,448
2024-2028 LTI cash plan - 2023-2025 vesting period	152,885	152,885	-	-
Total	**1,198,571**	**1,056,123**	**(957,325)**	**1,099,773**

Since the liability relating to the 2022-2024 vesting period will be settled in 2025, it was reclassified to other current liabilities.

For more information, reference should be made to the section on "Cash-settled and equity-settled payment arrangements" of note 33.

Other non-current deferred income refers to the accrued portion of tax assets that will be taken to profit or loss as follows:

(in Euros)

Year	Amount
2026	310,863
2027	222,813
2028	86,596
2029	65,347
2030	56,821
2031	18,502
2032	7,040
Total	**767,982**

TRADE PAYABLES (NOTE 18)

These amount to €59,008 thousand (€66,800 thousand at 31 December 2023) and can be broken down as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
Payments on account from customers	1,943,733	293,860	1,649,873
Third parties	27,872,733	(11,003,728)	38,876,461
Subsidiaries	28,501,291	2,967,723	25,533,568
Subsidiaries of parents	46,336	(63,478)	109,814
Related parties	643,657	13,326	630,331
Total	**59,007,750**	**(7,792,297)**	**66,800,047**

Payments on account received from customers relate to supply contracts that entail future deliveries.

Trade payables relate to transactions with suppliers to purchase raw materials, consumables, processing and services. These activities are part of the normal procurement management. The decrease for the year reflects normal commercial dynamics combined with business growth.

Trade payables in foreign currency were retranslated using the closing rate, adjusting the originally-recognised amount.

Trade payables refer to the following geographical segments:

(in Euros)	31.12.2024	31.12.2023
Europe, Middle East and Africa	48,392,474	56,543,882
APAC	9,609,451	8,726,986
North America	818,305	1,268,946
South America	187,520	260,233
Total	**59,007,750**	**66,800,047**

A breakdown of trade payables to group companies is as follows:

(in Euros)	31.12.2024	31.12.2023
Arion S.r.l.	510,780	125,841
C.R.C. S.r.l.	36,832	15,719
Recuperator S.p.A.	-	4,472
Enginia S.r.l.	6,715	-
Sauber S.r.l.	437,390	164,370
Carel U.K. Ltd	400,510	300,041
Carel France Sas	3,453	7,549
Carel Asia Ltd	6,440	56,108
Carel Sud America Instrumentacao Eletronica Ltda	117,371	210,111
Carel USA Llc	197,573	610,422
Carel Australia Pty Ltd	20,662	24,441
Carel Deutschland GmbH	4,349	5,281
Carel Electronic (Suzhou) Co Ltd	9,283,430	8,305,839
Carel Controls Iberica SL	16,370	29,811
Carel ACR Systems India (Pvt) Ltd	136,285	122,584
Carel Controls South Africa (Pty) Ltd	22,986	856
Carel RUS Llc	16,393	16,393
Carel Korea Ltd	15,437	14,687
Carel Nordic AB	698,557	458,367
Carel Japan Co. Ltd	7,903	8,243
Carel Mexicana S.De.RL	4,500	4,231
Carel Middle East DWC Llc	334,117	339,530
Alfaco Polska Sp.z.o.o	20,591	17,559
Carel Adriatic Doo	15,768,602	14,311,514
HygroMatik GmbH	10,927	13,938
CFM Sogutma ve Otomasyon A.S.	225,880	153,159
Klingenburg GmbH	-	2,549
Klingenburg International Sp. Z.o.o.	23,898	22,336
Carel Kazakhstan Llc	173,340	187,617
Subsidiaries	**28,501,291**	**25,533,568**
Associates	**-**	**-**
Eurotest Laboratori S.r.l.	230	79,274
Nastrificio Victor S.p.A.	44,408	27,602
Panther S.r.l.	1,698	2,938
Subsidiaries of parents	**46,336**	**109,814**
RN Real Estate S.r.l.	613,698	610,193
Other, minor	29,959	20,138
Related parties	**643,657**	**630,331**

CURRENT TAX LIABILITIES (NOTE 19)

At 31 December 2024, the company had no outstanding income tax liabilities.

OTHER CURRENT LIABILITIES (NOTE 20)

These amount to €16,780 thousand and can be broken down as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
Other tax liabilities	1,910,997	(21,032)	1,932,029
Social security contributions	4,590,948	(194,842)	4,785,790
Call options for non-controlling interests and earn-out	-	(12,635,801)	12,635,801
Other	9,827,935	(721,573)	10,549,508
Accrued expenses and deferred income	450,171	(191,238)	641,409
Total	**16,780,051**	**(13,764,486)**	**30,544,537**

Other tax liabilities can be broken down as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
Withholdings to be paid	1,907,426	(24,603)	1,932,029
Post-employment benefits substitute tax	3,571	3,571	-
Total	**1,910,997**	**(21,032)**	**1,932,029**

Social security contributions can be broken down as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
INPS	1,769,968	115,052	1,654,916
Social security contributions on deferred remuneration	1,797,042	(408,082)	2,205,124
Social security contributions on LTI plan benefits	382,083	18,987	363,096
ENASARCO	16,839	(1,636)	18,475
Others	115,796	6,609	109,187
Pension funds	509,220	74,228	434,992
Total	**4,590,948**	**(194,842)**	**4,785,790**

In March 2024, the non-controlling investor in CFM Soğutma ve Otomasyon Anonim Şirketi ("CFM") exercised its put option for its 49% stake of CFM. Therefore, the liability for call options for non-controlling interests and earn-out recognised under Other current liabilities was settled.
With the assistance of an independent expert, the company redetermined the derivative's fair value was at the option's exercise date at €10,302 thousand. It recognised the fair value gain of €2,334 thousand under Other financial income.

Reference should be made to note 3 for more details.

Other liabilities can be broken down as follows:

(in Euros)	31.12.2024	Variation	31.12.2023
Wages and salaries	7,603,827	(1,386,139)	8,989,966
LTI cash plan - employees	1,278,351	50,560	1,227,791
Directors' fees	64,657	19,487	45,170
LTI cash plan - directors	216,731	27,087	189,644
Other amounts due to subsidiaries	638,665	563,863	74,802
Other sundry amounts	25,704	3,569	22,135
Total	**9,827,935**	**(721,573)**	**10,549,508**

Wages and salaries include €6,015 thousand related to bonuses and unused holidays at 31 December 2024. The remaining amount refers to December pay.

Other amounts due to subsidiaries relate to the taxable profits and tax losses, net of withholdings paid and payments on account for IRES purposes, transferred as part of the domestic tax consolidation scheme for 2022-2024 pursuant to article 117 and following articles of the Consolidated Income Tax Act. They refer to the following investees:

(in Euros)	31.12.2024
Recuperator S.p.A.	457,334
Enginia S.r.l.	181,331
Total	**638,665**

Accrued expenses and deferred income refer to income or charges collected/paid before or after the year to which they pertain. They are recognised regardless of the payment or collection date when the related income and charges are common to two or more years and can be allocated over time.

Other deferred income of €371 thousand refers to the accrued portion of tax assets that will be taken to profit or loss in the following year.

NOTES TO THE STATEMENT OF PROFIT OR LOSS

REVENUE (NOTE 21)

A breakdown of the caption is as follows:

(in Euros)	2024	Variation	2023
Revenue from sales and services	232,010,346	(53,258,045)	285,268,391
Total	**232,010,346**	**(53,258,045)**	**285,268,391**

Revenue from sales and services, shown net of discounts and allowances, essentially relates to the sales of products to third parties and group companies and administration-commercial-financial coordination services provided to group companies. Specifically:

(in Euros)	2024	Variation	2023
Third parties	109,400,562	(42,608,850)	152,009,412
Intragroup	122,609,784	(10,649,195)	133,258,979
Total	**232,010,346**	**(53,258,045)**	**285,268,391**

Reference should be made to the disclosures on related party transactions provided in note 33 for a breakdown of revenue from subsidiaries.

In line with the decrease in sales to third parties, intragroup sales were pushed down principally by the contraction in the demand for heat pumps in the European markets.

The drop in revenue was mainly concentrated in Europe and in the HVAC market, mostly due to the reduction in sales in the residential sector (heat pumps). This was caused by a number of factors, including the reshaping of European incentives (particularly in Germany and Italy), the high stock levels throughout the supply chain and the macroeconomic scenario characterised by high interest rates.

Revenue from sales of goods and services to third parties amounts to €109,401 thousand, down on the €152,009 thousand in 2023. A breakdown of revenue by business segment is as follows:

(in Euros)	2024	2023
HVAC revenue	74,473,051	108,294,025
REF revenue	34,404,706	42,896,198
Non-core revenue	522,805	819,189
Total	**109,400,562**	**152,009,412**

Revenue from sales and services may be broken down by geographical segment as follows:

	2024		2023	
(in Euros)		%		%
Europe, Middle East and Africa	192,655,890	83.04%	242,745,784	85.09%
APAC	20,351,958	8.77%	25,228,643	8.84%
North America	13,253,956	5.71%	12,144,442	4.26%
South America	5,748,542	2.48%	5,149,522	1.81%
Total	**232,010,346**	**100.00%**	**285,268,391**	**100.00%**

An analysis of the revenue trend is provided in the directors' report.

OTHER REVENUE (NOTE 22)

A breakdown of the caption is as follows:

(in Euros)	2024	Variation	2023
Grants related to income	890,414	(155,573)	1,045,987
Licence fees	2,541,964	(3,496,263)	6,038,227
Sundry cost recoveries	1,995,470	(219,417)	2,214,887
Compensation	16,679	(1,389)	18,068
Company canteen cost recovery	134,782	17,783	116,999
Other revenue and income	187,951	16,716	171,235
Total	**5,767,260**	**(3,838,143)**	**9,605,403**

Grants related to income relate to the tax assets accrued during the year (Industry 4.0 – Law no. 160/2019; Maxi-amortisation and depreciation – Law no. 178/2020; Ecobonus – Law no. 296/2006; tax credit for research and development and technological innovation activities - Law no. 160/2019 as subsequently amended and supplemented, the Ministerial decree of 26 May 2020, Law no. 178/2020, energy and gas tax credit - Law decree no. 144/2022 and Decree Law no. 176/2022) and taken to profit or loss based on the relevant expense caption.

Licence fees relate to royalties only received from group companies.

Sundry cost recoveries mainly relate to the reimbursement of transport costs by third parties and group companies.

COSTS OF RAW MATERIALS, CONSUMABLES AND GOODS AND CHANGE IN INVENTORIES (NOTE 23)

A breakdown of the caption is as follows:

(in Euros)	2024	Variation	2023
Purchases of raw materials, supplies and goods	(129,095,285)	30,347,572	(159,442,857)
Purchases of consumables	(1,846,894)	198,879	(2,045,773)
Change in raw materials and goods	(3,428,145)	(2,121,428)	(1,306,717)
Change in finished goods and semi-finished products	(3,382,066)	(7,207,349)	3,825,283
Total	**(137,752,390)**	**21,217,674**	**(158,970,064)**

Purchases of raw materials, consumables and goods refer to goods purchased for the company's normal production activities and can be broken down as follows:

(in Euros)	2024	Variation	2023
Purchases of raw materials and semi-finished products	(45,860,263)	29,881,535	(75,741,798)
Purchases of goods held for resale	(80,466,951)	(694,179)	(79,772,772)
Purchases of other materials	(2,854,324)	1,267,916	(4,122,240)
Total	**(129,181,538)**	**30,455,272**	**(159,636,810)**
Returns, markdowns, bonuses and discounts	86,253	(107,700)	193,953
Total purchases of raw materials, consumables, supplies and goods	**(129,095,285)**	**30,347,572**	**(159,442,857)**

The intragroup purchases of raw materials, consumables, supplies and goods amount to €70,696 thousand in 2024 (€72,053 thousand in 2023).

The decrease in costs for raw materials, consumables, supplies and goods is proportionate to the sales trend.

The change in raw materials and goods refers to the acquisition of goods that will mostly be transformed rather than used, net of write-downs made to reflect obsolescence and the reduced usability of the products.

The change in finished goods and semi-finished products can be broken down as follows:

(in Euros)	2024	Variation	2023
Work in progress	(16,553)	(361)	(16,192)
Semi-finished products	9,068	299,233	(290,165)
Finished goods	(3,374,581)	(7,506,221)	4,131,640
Total	**(3,382,066)**	**(7,207,349)**	**3,825,283**

SERVICES (NOTE 24)

A breakdown of the caption is as follows:

(in Euros)	2024	Variation	2023
Services	(36,816,615)	4,257,503	(41,074,118)
Use of third party assets	(1,134,329)	(210,468)	(923,861)
Total	**(37,950,944)**	**4,047,035**	**(41,997,979)**

A breakdown of services is as follows:

(in Euros)	2024	Variation	2023
Maintenance and repairs	(7,700,448)	(1,197,506)	(6,502,942)
Agency contracts	(5,129,708)	1,588,528	(6,718,236)
Transport	(5,087,026)	464,424	(5,551,450)
Consultancies	(3,997,117)	2,080,432	(6,077,549)
Outsourcing	(3,982,490)	1,028,684	(5,011,174)
Other services	(2,224,376)	(972,703)	(1,251,673)
Fees to directors, statutory auditors and independent auditors	(1,927,473)	(201,183)	(1,726,290)
Personnel expense and temporary staff costs	(1,345,068)	869,880	(2,214,948)
Utilities	(1,267,215)	324,509	(1,591,724)
Insurance	(1,220,011)	(26,936)	(1,193,075)
Certifications	(1,058,017)	(258,693)	(799,324)
Business trips and travel	(854,697)	204,741	(1,059,438)
Marketing and advertising	(626,046)	450,179	(1,076,225)
Telephone and connections	(396,923)	(96,853)	(300,070)
Total	**(36,816,615)**	**4,257,503**	**(41,074,118)**

Service costs decreased compared to the previous year. The main increases related to maintenance and repairs for the use of software licences and other service costs due to the new logistics hub in the Padua area. On the other hand, there was a reduction in consultancy fees, which are linked to the performance of mergers and acquisitions, agency costs, due to the drop in sales, outsourcing costs and temporary work, due to the organic reduction during the year.

Intragroup services totalled €5,770 thousand (€7,243 thousand in 2023), including agency and sales assistance services of €4,248 thousand, administrative services of €810 thousand and software development services of €410 thousand.

Finally, during the year, the company incurred costs for non-recurring services of €960 thousand related to assistance with mergers and acquisitions (€2,471 thousand in 2023).

A breakdown of costs for the use of third party assets is as follows:

(in Euros)	2024	Variation	2023
Car lease payments	(452,846)	(97,314)	(355,532)
Royalties on patents and trademarks	(327,269)	(53,711)	(273,558)
Other payments for the use of third party assets	(354,214)	(59,443)	(294,771)
Total	**(1,134,329)**	**(210,468)**	**(923,861)**

Car lease payments mainly include the related ancillary costs.

Other payments for the use of third party assets mostly relate to the lease of internal means of transport and electronic office equipment which are exempted from the application of IFRS 16 as they are short-term or low value leases.

CAPITALISED DEVELOPMENT EXPENDITURE (NOTE 25)

This caption refers to expenditure for the year related to development projects capitalised under intangible assets and amortised over five years for projects completed by the reporting date or recognised as assets under development if not yet completed. The remainder relates to self-constructed equipment and machinery recognised under property, plant and equipment.

A breakdown of the caption is as follows:

(in Euros)	2024	Variation	2023
Development expenditure	2,615,056	1,760,533	854,523
Software development	36,545	36,545	-
Self-constructed industrial and commercial equipment	-	(27,461)	27,461
Total	**2,651,601**	**1,769,617**	**881,984**

In 2024, the company launched new product development projects in which the entire R&D department was heavily involved.

PERSONNEL EXPENSE (NOTE 26)

A breakdown of personnel expense is as follows:

(in Euros)	2024	Variation	2023
Wages and salaries	(37,898,937)	2,526,224	(40,425,161)
Social security contributions	(10,839,075)	254,894	(11,093,969)
Defined benefit plans	(2,256,867)	(121,810)	(2,135,057)
Total	**(50,994,879)**	**2,659,308**	**(53,654,187)**

Wages and salaries include the entire personnel expense for employees, including merit increases, equity-settled and cash-settled payment arrangements, promotions, unused holidays and accruals based on laws and national labour agreements. €1,374 thousand relates to temporary staff (€3,042 thousand in 2023).

Social security contributions refer to social insurance and supplementary contributions, net of exemptions, and accident insurance. The decrease is directly related to changes in wages and salaries.

Defined benefit plans relate to the service cost accrued under IAS 19.

The workforce at 31 December 2024 and changes therein during the year are as follows:

	31.12.2023	Hires	Departures	Promotions	31.12.2024	2024 average	2023 average
Managers	26	3	(1)	2	30	28	26
Junior managers	73	1	(4)	5	75	73	68
White collars	420	31	(26)	(7)	418	422	404
Blue collars	237	2	(9)	-	230	233	242
Total	**756**	**37**	**(40)**	**-**	**753**	**756**	**740**

OTHER EXPENSE, NET (NOTE 27)

A breakdown of the caption is as follows:

(in Euros)	2024	Variation	2023
Gains on the sale of non-current assets	48,412	19,894	28,518
Prior year income	282,660	(1,312,359)	1,595,019
Other sundry income	108,698	108,698	
Other income	**439,770**	**(1,183,767)**	**1,623,537**
Accrual to the provisions for risks	(976,542)	1,171,200	(2,147,742)
Membership fees	(538,878)	(313,111)	(225,767)
Prior year expense	(200,315)	48,982	(249,297)
Other taxes and duties	(152,806)	(19,557)	(133,249)
Indemnities and compensation	(95,000)	(95,000)	-
Other costs	(19,460)	7,881	(27,341)
Losses on the sale of non-current assets	(10,972)	(9,372)	(1,600)
Impairment losses on loans and receivables	-	199,358	(199,358)
Other expense	**(1,993,973)**	**990,381**	**(2,984,354)**
Other expense, net	**(1,554,203)**	**(193,386)**	**(1,360,817)**

Prior year income relates to non-existent liabilities and the recognition of income pertaining to previous years.

Prior year expense relates to non-existent assets and the recognition of expense pertaining to previous years.

The accruals to the provisions for risks relate to the prudent accrual for costs to be incurred for complaints from customers about products sold.

AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES (NOTE 28)

A breakdown of the caption is as follows:

(in Euros)	2024	Variation	2023
Amortisation	(4,744,354)	(57,916)	(4,686,438)
Depreciation	(6,704,488)	(865,814)	(5,838,674)
Total	**(11,448,842)**	**(923,730)**	**(10,525,112)**

Depreciation includes €1,953 thousand (2023: €1,834 thousand) related to the right-of-use assets recognised under property, plant and equipment following the adoption of IFRS 16.

Reference should be made to that set out in the Accounting policies for information about amortisation, depreciation and impairment losses.

NET FINANCIAL INCOME (NOTE 29)

A breakdown of the caption is as follows:

(in Euros)	2024	Variation	2023
Income from investments in subsidiaries	28,154,760	(1,671,989)	29,826,749
Interest on loans granted to subsidiaries	1,522,227	816,152	706,075
Other financial income	9,243,045	8,057,163	1,185,882
Financial income	**38,920,032**	**7,201,326**	**31,718,706**
Interest and other financial expense to subsidiaries	(380,271)	(198,021)	(182,250)
Interest and other financial expense to others	(4,844,332)	9,208,297	(14,052,629)
Financial expense	**(5,224,603)**	**9,010,276**	**(14,234,879)**
Net financial income	**33,695,429**	**16,211,602**	**17,483,827**

Income from investments in subsidiaries refers to dividends resolved during the year amounting to:

– €8,445 thousand from Carel USA Llc, entirely collected;
- €8,036 thousand from Carel Electronic (Suzhou) Co Ltd, entirely collected;
- €4,000 thousand from HygroMatik GmbH, entirely collected;
- €2,000 thousand from C.R.C S.r.l., entirely collected;
- €2,000 thousand from Carel Deutschland GmbH, entirely collected;
- €1,078 thousand from Carel Sud America Instrumentacao Eletronica Ltda, entirely collected;
- €1,001 thousand from Carel UK Ltd, entirely collected;
- €622 thousand from Carel Nordic AB, entirely collected;
- €500 thousand from Carel Asia Ltd, entirely collected;
- €473 thousand from CFM Soğutma ve Otomasyon Anonim Şirketi, entirely collected;

Interest on loans granted to subsidiaries chiefly relates to interest accrued on the loan granted to Kiona Holding SA (€1,255 thousand) and Recuperator S.p.A. (€194 thousand).

Other financial income can be broken down as follows:

(in Euros)	2024	Variation	2023
Gains on derivatives	8,295,596	8,295,596	-
Interest income on current financial assets	535,455	(255,051)	790,506
Bank interest income	221,091	122,199	98,892
Interest income from cash pooling with subsidiaries	130,203	(23,383)	153,586
Fair value gains on financial assets	60,300		72,000
Other interest income	400	(70,498)	70,898
Total	**9,243,045**	**8,068,863**	**1,185,882**

- Gains on derivatives relate to:
  - the fair value gain of €2,333 thousand for the call option for the non-controlling interest in CFM Sogutma ve Otomasyon A.S.;
  - the fair value gain of €1,287 thousand on the call option for the non-controlling interest in Sauber S.r.l. from its initial recognition to the reporting date. Reference should be made to note 3 Equity investments for more details;
  - the fair value gain of €4,676 thousand on the call option for the non-controlling interest in Kiona Holding AS.

- Interest income on financial assets refers to interest accrued on securities valued at FVTPL and temporary deposits of liquidity with major counterparties, aimed at managing part of the company's liquidity. The objective of these financial assets is the collection of contractual cash flows comprising payments of principal and interest at fixed rates at specific maturities.
  - Interest income from cash pooling relates to the interest accrued on the credit balance of the cash pooling account in place with group companies.
  - Fair value gains on financial assets relate to securities valued at FVTPL.

Interest and other financial expense to subsidiaries mainly refer to interest accrued on the cash pooling account overrun in place with group companies.

Interest and other financial expense to others are as follows:

(in Euros)	2024	Variation	2023
Interest and other financial expense on current and non-current bank loans and borrowings	(4,326,650)	2,547,233	(6,873,883)
Losses on forwards	-	17,600	(17,600)
Lease interest expense	(183,165)	8,557	(191,722)
Losses on derivatives	-	6,586,166	(6,586,166)
Discounting expense on liabilities	(112,626)	40,169	(152,795)
Bank charges and fees	(221,731)	8,716	(230,447)
Other interest expense	(160)	(144)	(16)
Total	**(4,844,332)**	**9,208,297**	**(14,052,629)**

- Interest and other financial expense on current and non-current loans and borrowings include €1,714 thousand on bonds issued (€1,554 thousand in 2023).

NET EXCHANGE GAINS (NOTE 30)

A breakdown of exchange gains and losses is as follows:

(in Euros)	2024	Variation	2023
Realised exchange gains	1,971,933	(1,099,532)	3,071,465
Unrealised exchange gains	999,120	(474,248)	1,473,368
Exchange gains	**2,971,053**	**(1,573,780)**	**4,544,833**
Realised exchange losses	(1,892,577)	1,496,220	(3,388,797)
Unrealised exchange losses	(577,261)	385,730	(962,991)
Exchange losses	**(2,469,838)**	**1,881,950**	**(4,351,788)**
Net exchange gains	**501,215**	**308,170**	**193,045**
Net realised exchange gains (losses)	*79,356*	*396,688*	*(317,332)*
Net unrealised exchange gains	*421,859*	*(88,518)*	*510,377*

Exchange gains and losses are part of the company's normal performance.

Unrealised exchange gains and losses mainly relate to the US dollar, the Japanese yen and the Polish zloty.

Net unrealised exchange gains total €422 thousand (net unrealised exchange gains of €510 thousand in 2023).

Upon the allocation of the profit for 2023, the equity reserve distributable upon realisation as per article 2426.8-bis of the Italian Civil Code was adjusted to €510 thousand to be held until the subsequent realisation. Therefore, as part of the allocation of the profit for 2024, the company may reclassify €88 thousand from the undistributable reserve pursuant to article 2426.8-bis of the Italian Civil Code to an available reserve.

NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS (NOTE 31)

Net impairment losses of €9,576 thousand relate to:

- the €7,024 thousand impairment loss on the investment in the subsidiary CFM Soğutma ve Otomasyon Anonim Şirketi, as commented on in note 3;
- the €2,754 thousand impairment loss on the investment in the subsidiary Recuperator S.p.A. as commented on in note 3;
- the €202 thousand impairment gain on the investment in the subsidiary Carel Middle East DWC Llc. An impairment loss had been recognised since the carrying amount was deemed not to be recoverable given the investee's performance and expected profitability. In 2024, the investee reported a profit for the year. Consequently, the company recognised an impairment gain equal to the difference between the carrying amount of the investment, net of impairment losses, and its share of the investee's equity;

Note 3 provides more details about the valuation of investments in the subsidiaries.

INCOME TAXES (NOTE 32)

A breakdown of income taxes is as follows:

(in Euros)	2024	Variation	2023
Current taxes	(1,148,216)	3,038,460	(4,186,676)
Substitute tax	(1,962,650)	(1)	(1,962,649)
Change in deferred tax assets	759,123	(595,144)	1,354,267
Change in deferred tax liabilities	285,962	337,541	(51,579)
Prior year taxes	(78,439)	(227,264)	148,825
Total	**(2,144,220)**	**2,553,592**	**(4,697,812)**

With regard to deferred taxes, reference should be made to the basis of measurement section and the information provided about deferred tax assets (note 5) and deferred tax liabilities (note 16).

A reconciliation of the theoretical and effective tax expense is provided below:

(in Euros)	2024	2023
Profit before tax	25,309,067	49,212,361
Theoretical IRES	**6,074,176**	**11,810,967**
Lower taxes:		
- ACE	-	(114,943)
- other prior-year income	(30,084)	(279,896)
- personnel expense and supplementary pension funds	(21,540)	(135,997)
- dividends from equity investments and gains on the sale of equity investments	(6,503,221)	(6,889,804)
- maxi-and hyper-amortisation and depreciation	(39,048)	(105,094)
- deduction franking intangibles purchase of partecipations	(2,960,237)	(2,960,237)
- impairment gain on equity investments	(48,594)	(549,089)
- patent box	-	(604,416)
- use of provisions for risks and charges	(203,464)	(58,450)
- tax asset on research and development	(204,077)	(224,157)
- other	(330,075)	(341,434)
Higher taxes:		
- undeductible amortisation/depreciation	30,233	25,500
- accruals to provisions	234,370	515,458
- prior year expense	4,893	4,295
- impairment loss on equity investments	2,346,720	-
- write-down of inventories	897,964	793,642
- other undeductible costs	269,550	118,324
- other	308,122	220,724
- unused tax withholdings	1,322,528	2,064,603
- substitute tax	1,962,650	1,962,649
Total income taxes (IRES)	**3,110,866**	**5,252,645**
IRAP	**-**	**896,680**
Prior year taxes	**78,439**	**(148,825)**
Deferred taxes	**(1,045,085)**	**(1,302,688)**
TOTAL INCOME TAXES	**2,144,220**	**4,697,812**

OTHER INFORMATION (NOTE 33)

Agreement on the calculation of the economic contribution from the direct use of intangible assets

With reference to the application for renewal of the scheme for 2020 and following four years, in December 2024, the company signed a preliminary agreement with the competent Veneto tax office for the definition of the methods and criteria for calculating the economic contribution from the direct use of intangible assets.

The agreement defines the methods and criteria for calculating the economic contribution to the generation of profit (or loss) from the company's direct use of eligible intangible assets, with reference to 2020 and following four years.
As a result, the company filed the supplementary IRES and IRAP tax returns for 2020, recognising a greater amount of €8 thousand as tax assets. On the other hand, for the years subsequent to 2020, the company intends to file an application to the competent Veneto tax office to revise the signed agreement in order to jointly define the methods for calculating the economic contribution in the light of the changes introduced by article 6 of Legislative decree no. 146/2021, as subsequently amended by Law no. 234/2021.

Domestic tax consolidation scheme

The company and its subsidiaries Recuperator S.p.A., C.R.C. S.r.l. and Enginia S.r.l. opted to join the domestic tax consolidation scheme provided for by article 117 and following articles of the Consolidated Income Tax Act for 2022-2024 as they met all the relevant requirements of such legislation as well as those of the decree of the Italian Ministry of the Economy and Finance dated 1 March 2018. The scheme is governed by individual master agreements between the company and each subsidiary.

The company is the tax consolidator and it files a single tax return for the group of companies participating in the scheme, which thus benefits from the possibility of offsetting taxable profits with tax losses in a single tax return.

Each participating company transfers its taxable profit or tax loss for the year to the tax consolidator, which recognises an asset or a liability, respectively, with the transferor at an amount equal to the corporate income tax or benefit actually payable/offsettable calculated at group level. In turn, the transferor recognises a liability or an asset, respectively, with the company.

Equity-settled and cash-settled payment arrangements

Equity-settled performance plan

At 31 December 2024, the company does not have equity-settled performance plans.

Cash-settled performance plan

At 31 December 2024, the company has the following cash-settled performance plans:

- On 4 March 2021, the company's board of directors approved the 2021-2025 cash-settled performance plan. The plan is reserved for the executive directors, key management personnel and employees of the company and its subsidiaries who play a key role in achievement of the group's objectives. The vesting period is divided into three rolling cycles and the performance objectives are pegged to the Group's cumulative adjusted EBITDA for each vesting period (weight of 50%), cash conversion - average value of the vesting periods (weight of 30%) and ESG targets - average achievement of a number of sustainability indicators (weight of 20%).

  On 6 March 2024, when it approved the consolidated financial statements at 31 December 2023, the company's board of directors set the amount of the incentive plan due to beneficiaries at the end of the first cycle (2021-2023) at €1,649 thousand, plus social security contributions. The beneficiaries received this amount with their April remuneration, net of the amount that will vest in two years as per the plan's regulation. The company paid out €1,213 thousand, as well as the social security contributions.

- On 6 March 2024, the company's board of directors also approved:
  - the regulation for an equity-settled incentive plan involving the free assignment of the company's ordinary shares, the 2024-2028 equity-settled performance plan;
  - the regulation for the 2024-2028 cash-settled performance plan.

  Both plans are reserved for the executive directors, key management personnel and employees of the company and its subsidiaries who play a key role in achievement of the group's objectives.
  The term, vesting periods (three rolling cycles), beneficiaries and performance objectives (Group's cumulative adjusted EBITDA for each vesting period (weight of 50%), cash conversion - average value of the vesting periods (weight of 20%), ESG targets - average achievement of a number of sustainability indicators (weight of 30%)) are the same for both plans.

  On 18 April 2024, the company's shareholders approved the 2024-2028 equity-settled performance plan for the free assignment of ordinary shares to the members of the boards of directors and/or employees, as described earlier.

  On 7 November 2024, the company's board of directors resolved to execute just the LTI cash plan for the 2024-2026 vesting period as this plan is less complicated compared to the operating and tax management of the LTI share plan, both for the parent and its beneficiaries. The board of directors also established the percentage of gross annual remuneration for the cash benefit for each beneficiary for a total of approximately €2,050 thousand.

  The cash to be actually paid to each beneficiary will be calculated at the end of the 2024-2026 vesting period depending on whether they have met the performance objectives established in the plan's regulation.

Pursuant to IAS 19 Employee benefits, cash-settled incentive plans qualify as defined benefit plans and, therefore, the liability was calculated by an independent actuary using the projected unit credit method as required by the standard. This method determines the average present value of the obligations accrued for the service provided by the beneficiary up to the valuation date.

The company recognised a cost of €1,719 thousand in profit or loss in 2024 for both the expired vesting periods for which the incentives will be paid subsequently and for those vesting periods which have not yet expired for both plans.

Treasury shares

The company did not repurchase or sell any treasury shares during the year. At the reporting date, the company held 6,335 treasury shares, equal to 0.0056% of its share capital, for a total of €161 thousand.

Segment reporting

Under IFRS 8, an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Based on the group's internal reporting system, the business activities from which it earns revenue and incurs expenses and the operating results which are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated and to assess its performance, the group has not identified individual operating segments but is an operating segment as a whole.

Fees paid to directors, statutory auditors and key management personnel

The fees paid, net of expenses, to directors, statutory auditors and key management personnel during the year were as follows:

(in Euros)	2024	2023
Directors		
- Remuneration and fees	1,531,182	1,521,655
- Other non-monetary benefits	16,714	25,322
- Other fees (1)	1,052,230	-
Total	**2,600,126**	**1,546,977**
Statutory auditors		
- Fixed fees and fees for participation in committees	121,721	90,000
Total	**121,721**	**90,000**
Key management personnel		
- Remuneration and fees	1,338,443	1,522,719
- Other non-monetary benefits	25,022	21,864
- Fair value of share-based payments	-	-
- Post-term of office benefits or termination benefits (2)	119,459	-
Total	**1,482,924**	**1,544,583**

(1) The amount includes a one-off payment; post-term of office benefits

(2) In cash

Information pursuant to article 149-duodecies of Consob's Issuer Regulation

The following table highlights the fees pertaining to the year for audit and non-audit services provided by the independent auditors:

(in Euros)	2024	2023
Audit	326,640	259,549
Attestation services	91,000	49,290
Other services	-	361,000
Total	**417,640**	**669,839**

Transparency obligations required by Law no. 124/2017
(Annual market and competition law)

In 2024, other than the tax credit for research and development and technological innovation activities - Law no. 160/2019 as subsequently amended and supplemented, the Ministerial decree of 26 May 2020, Law no. 178/2020, Industry 4.0 - Law no. 160/2019, maxi-amortisation and depreciation - Law no. 178/2020, Ecobonus - Law no. 296/2006, Energy and gas tax credit - Law decree no. 144/2022 and Law decree no. 176/2022 due for the year, the company did not receive any subsidies, grants, fees for paid positions or any type of economic benefits not of a general nature and that are not consideration, remuneration or compensation from the public administration and other parties as defined by article 35 of Law no. 34 of 30 September 2019, which replaced article 1.125 of Law no. 124/2017.

Off-statement of financial position commitments and guarantees

At the reporting date, the company has issued sureties of €1,397 thousand, including €133 thousand in favour of subsidiaries.

In order to limit the administrative requirements for some investees, the company has acted as guarantor of the liabilities to third parties recognised in the financial statements of the subsidiaries Carel Deutschland GmbH, HygroMatik GmbH and Klingenburg GmbH, as required by applicable local regulations.

Indirect investees

A breakdown of the indirect investees at 31 December 2024 is as follows:

(valori in Euro)	Registered office	Parent	Currency	Share/quota capital (local currency)	Equity (deficit) (Euros)	Profit (loss) for the year (Euros)	Indirect investment (%)
Controllate:							
Enginia Srl	Trezzo Sull'Adda-IT	Recuperator S.p.A.	EUR	10,400	8,800,774	347,600	100.00%
Carel Australia Pty. Ltd	Sydney-AU	Carel Electronic (Suzhou) Co Ltd	AUD	100	4,969,190	414,345	100.00%
Carel ACR Systems India (Pvt) Ltd	Mumbay-IN	Carel Electronic (Suzhou) Co Ltd Carel France s.a.s.	INR	1,665,340	2,347,820	534,489	99.99% 0.01%
Carel Controls South Africa (Pty) Ltd	Johannesburg-ZA	Carel Electronic (Suzhou) Co Ltd	ZAR	4,000,000	3,241,732	383,533	100.00%
Carel HVAC&R Korea Ltd	Seoul-KR	Carel Electronic (Suzhou) Co Ltd	KRW	550,500,000	1,096,727	465,381	100.00%
Carel South East Asia Pte. Ltd.	Singapore-SG	Carel Asia Ltd	SGD	100,000	561,826	79,180	100.00%
Carel Mexicana S.De.RL	Guerra, Tlalpan-MX	Carel Usa Llc	MXN	12,441,149	1,432,617	668,183	100.00%
Carel (Thailand) CO Ltd	Bangkok-TH	Carel Electronic (Suzhou) Co Ltd Carel Australia Pty. Ltd	THB	16,000,000	2,244,915	335,949	50.00% 30.00%
Carel Ukraine Llc	Kiev-UA	Alfaco Polska Sp.z.o.o.	UAH	700,000	176,306	165,969	100.00%
Enersol Inc	Beloeil-CA	Carel Usa Llc	CAD	100	426,592	103,736	100.00%
Klingenburg UK Ltd	Folkstone-GB	Klingenburg GmbH	GBP	100	1,081,286	584,769	100.00%
Senva Inc	Beaverton-USA	Carel Usa Llc	USD	-	30,516,381	3,657,930	100.00%
Kiona GmbH	Berlin-DE	Kiona Holding AS	EUR	25,000	70,275	44,918	100.00%
Kiona A/S - Denmark	Copenhagen-DK	Kiona Holding AS	DKK	500,000	95,660	(1,734)	100.00%
Kiona AS	Trondheim-NO	Kiona Holding AS	NOK	100,000	3,225,840	1,034,285	100.00%
Kiona LT UAB	Kaunas-LT	Kiona Holding AS	EUR	2,500	(788)	(18,834)	100.00%
Kiona Oy	Helsinki-FI	Kiona Holding AS	EUR	2,500	262,421	26,243	100.00%
Kiona Sarl	Givisiez-CH	Kiona Holding AS	CHF	20,000	98,222	37,409	100.00%
Kiona Sp Zoo	Gdansk-PL	Kiona Holding AS	PLN	500,000	67,640	9,931	100.00%
Kiona Sweden AB	Kungsbacka-SE	Kiona Holding AS	SEK	200,000	3,683,295	306,951	100.00%

Related party transactions

In order to satisfy the disclosure requirement of article 2427.1.22-bis of the Italian Civil Code, we note the following:

a. intragroup and related party transactions performed during the year gave rise to commercial, financial and consulting relationships and were carried out on an arm’s-length basis, in the economic interests of the individual companies involved;
b. the interest rates and conditions applied to intragroup financial transactions are in line with market conditions.

The table below provides assets, liabilities, revenue and costs related to transactions with related parties performed in 2024.

31.12.2023	Assets and liabilities				Revenue and costs								
(in Euros)	Loan assets	Trade receivables/ Other assets	Financial liabilities	Trade payables/ Other financial liabilities	Sale of products	Sale of services	Total	Purchases of goods and materials	Services	Other purchases	Income from equity investments	Financial income	Financial expense
Subsidiaries													
Arion S.r.l.	-	1,631	-	510,780	397	5,016	611	2,100,367	755	-	-	-	-
C.R.C. S.r.l.	-	322,811	-	36,832	95,774	50,872	6,598	10,929	29,168	-	2,000,000	-	-
Recuperator S.p.A.	16,132,668	192,685	-	457,334	-	331,416	27,570	-	-	-	-	198,598	-
Enginia S.r.l.	-	72,878	5,911,088	188,046	6,712	200,000	36,949	345	-	-	-	-	24,543
Sauber S.r.l.	886,667	94,833	-	437,390	73,382	15,000	723	-	38,595	-	-	41,432	-
Carel U.K. Ltd	-	961,444	425,985	400,510	10,521,189	419,847	221,902	132,612	371,150	35,067	1,001,073	-	5,449
Carel France s.a.s.	-	1,319,722	1,256,632	3,453	14,349,610	106,201	285,088	33,676	-	3,045	-	-	9,789
Carel Asia Ltd	-	607,031	-	6,440	4,784,286	22,144	1,823	51,797	548	28,244	500,000	-	-
Carel Sud America Instrumentacao Eletronica Ltda	-	1,190,730	-	117,371	4,099,776	281,221	255	574,501	159,774	-	1,077,728	-	-
Carel USA Llc	-	2,565,248	-	197,573	11,937,400	778,319	1,025,647	278,948	300,942	-	8,445,495	-	64,111
Carel Australia Pty. Ltd	-	7,404	1,582,516	20,662	-	29,616	-	-	850	20,663	-	-	48,418
Carel Deutschland GmbH	-	2,938,008	2,203,219	4,349	26,794,755	232,690	489,873	24,751	-	479,154	2,000,000	-	16,106
Carel Electronic (Suzhou) Co Ltd	-	2,981,433	-	9,283,430	8,647,623	773,997	1,505,999	17,463,064	418,658	-	8,035,549	-	-
Carel Controls Iberica S.L.	-	1,549,538	3,262,305	16,370	13,120,419	85,296	262,502	12,554	154,376	901	-	-	14,075
Carel ACR Systems India (Pvt) Ltd	-	376,083	-	136,285	1,008,830	21,151	-	572	398,081	-	-	-	-
Carel Controls South Africa (Pty) Ltd	-	97,571	-	22,986	1,556,491	34,825	-	30,616	-	2,086	-	-	-
Carel RUS Llc	-	13,960	-	16,393	-	-	-	-	-	-	-	-	-
Carel Korea Ltd	-	28,454	-	15,437	548,151	17,124	-	4,299	-	-	-	-	-
Carel Nordic AB	-	3,312	-	698,557	4,866	40,120	767	1,360	1,472,394	-	621,918	-	-
Carel Japan Co. Ltd	-	30,430	-	7,903	353,925	3,263	-	-	-	-	-	-	-
Carel Mexicana S.De.RL	-	286,985	-	4,500	460,015	12,556	-	-	-	347	-	-	-
Carel Middle East DWC Llc	-	312,765	-	334,117	310,468	10,530	182	476	1,001,566	-	-	-	-
Alfaco Polska Sp.z.o.o.	-	2,711,962	-	20,591	10,394,695	123,730	1,136	-	560	1	-	1,005	20,591
Carel (Thailand) CO Ltd	-	3,378	-	-	-	13,512	-	-	-	-	-	-	-
Carel Adriatic D.o.o.	-	1,190,888	106,521	15,768,602	4,670,030	855,963	154,835	50,192,170	158,747	17,124	-	51,988	43,418
HygroMatik GmbH	-	31,236	5,252,682	10,927	746,476	66,408	76,970	21,703	-	-	4,000,000	-	28,450
Enersol Inc.	-	2,849	-	-	-	8,208	-	-	-	-	-	-	-
CFM Sogutma Ve Otomasyon	-	557,130	7,500,000	225,880	3,062,118	33,331	1,398	14,985	303,556	-	472,997	-	122,188
Klingenburg GmbH	624,674	12,132	-	-	-	72,792	-	-	-	440	-	29,471	-
Klingenburg International Sp. Z.o.o.	-	25,997	3,518,850	23,898	-	-	-	377	104	256	-	72,418	111,243
Senva Inc.	-	4,938	-	-	-	56,877	-	397	-	-	-	-	-
Eurotec Ltd	-	5,336	-	-	-	16,008	-	-	-	-	-	-	-
Carel Kazakhstan Llc	-	221,156	-	264,600	99,406	221,156	-	-	778,450	-	-	-	-
Kiona Holding AS	16,183,696	-	-	-	-	-	-	-	-	-	-	1,255,166	-
Carel System Spzoo	72,527	1,668	-	-	-	10,008	-	-	-	-	-	2,352	-
Total subsidiaries	**33,900,232**	**20,723,626**	**31,019,798**	**29,231,216**	**117,646,794**	**4,949,197**	**4,100,828**	**70,950,499**	**5,588,274**	**587,328**	**28,154,760**	**1,652,430**	**508,381**
Subsidiaries of parents													
Eurotest Laboratori S.r.l.	-	3,698	-	230	-	3,762	3,698	-	159,830	-	-	-	-
Arianna S.p.A.	-	3,570	-	-	-	5,016	-	-	-	-	-	-	-
Nastrificio Victor S.p.A.	-	-	-	44,409	-	-	-	118,816	-	-	-	-	-
Panther S.r.l.	-	-	-	1,698	-	-	-	3,873	-	-	-	-	-
Total subsidiaries of parents	**-**	**7,268**	**-**	**46,337**	**-**	**8,778**	**3,698**	**122,689**	**159,830**	**-**	**-**	**-**	**-**
Related parties													
RN Real Estate S.r.l.	-	15,624	13,126,746	613,698	-	5,016	13,074	10	-	-	-	-	150,850
Other, minor	-	4,069	440,014	564,047	-	-	2,188	1,393	21,759	-	-	-	-
Total related parties	**-**	**19,693**	**13,566,760**	**1,177,745**	**-**	**5,016**	**15,262**	**1,403**	**21,759**	**-**	**-**	**-**	**150,850**
TOTAL	**33,900,232**	**20,750,587**	**44,586,558**	**30,455,298**	**117,646,794**	**4,962,991**	**4,119,788**	**71,074,591**	**5,769,863**	**587,328**	**28,154,760**	**1,652,430**	**659,231**

Events after the reporting date

No significant events have taken place after the reporting date.

Outlook

The whole of 2024 was characterised by strong geopolitical instability, mainly due to the war between Russia and Ukraine and the Israeli-Palestinian conflict. The macroeconomic scenario was not uniform across the geographical areas where the group's presence is greatest, specifically, Europe, China and the United States.

In Europe, the inflation trajectory substantially stabilised at around 2%-2.5%, while four rate cuts were implemented between June and December for a total reduction of 100 bps. The signs from China were not particularly positive: while it achieved the GDP growth target of 5%, this was one of the lowest growth rates in decades. Finally, the US economy proved to be particularly resilient, achieving growth close to 3%.

The early months of 2025 present a year still characterised by great uncertainty, exacerbated by the prospects of trade wars with the imposition of significant reciprocal tariffs, particularly between the US and various countries.

Given this scenario, visibility about future results continues to be limited. Taking this into account and the fact that the positive trend in the order book, seen in the first few months of the year, needs some time to translate into results, the group expects revenue for the first quarter of 2025 to be close to that of the same period in 2024 and an acceleration in performance from the second quarter onwards.

However, the above expectations do not include the impact of recent and potential future developments on customs duties

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Calling of the shareholders' meeting and proposed allocation of the profit for the year

Dear shareholders,

Carel Industries S.p.A.'s separate financial statements as at and for the year ended 31 December 2024 show a profit of €23,164,847.

It should be noted that:

- the legal reserve has reached the minimum threshold set by article 2430 of the Italian Civil Code;
- the unrealised exchange gains at year end exceeded the losses by €421,859 thousand and, therefore, the company is required to adjust the specific undistributable reserve pursuant to article 2426.8-bis of the Italian Civil Code;
- unamortised development expenditure at 31 December 2024 amounts to €5,019,909 and, therefore, pursuant to article 2426.5 of the Italian Civil Code, until amortisation is complete, dividends may only be distributed if there are sufficient available reserves to cover the amount of unamortised costs.

We invite you to approve the separate financial statements and to allocate the profit for the year as follows:

- as dividends to shareholders equal to €0.165 per share outstanding at the ex-dividend date, excluding treasury shares. Total dividends are estimated at €18,561,320.25, taking into account the shares outstanding at 13 March 2025 (112,492,850);

- to pay dividends of €0.165 per share, before tax withholdings, with an ex-dividend date of 23 June 2025, with record date, pursuant to article 83-terdecies of the Consolidated Income Tax Act, of 24 June 2025 and payment date of 25 June 2025;
- the remainder to the extraordinary reserve;
- to adjust the undistributable reserve for unrealised exchange gains pursuant to article 2426.8-bis of the Italian Civil Code from €510,337 to €421,859, by reclassifying €88,518 to an available reserve.

Francesco Nalini

CEO

Statement on the separate financial statements pursuant to article 154-bis of Legislative decree no. 58/1998 and article 81-ter of Consob regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented

1. The undersigned Francesco Nalini, as chief executive officer, and Nicola Biondo, as manager in charge of financial reporting of Carel Industries S.p.A., considering the provisions of article 154-bis.3/4 of Legislative decree no. 58 of 24 February 1998, state that the administrative and accounting policies adopted for the preparation of the separate financial statements at 31 December 2024:
   - are adequate in relation to the company's characteristics and
   - have been effectively applied during the year.
2. There is nothing to report.
3. Moreover, they state that:

   3.1 the separate financial statements at 31 December 2024:

   a. have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;

   b. are consistent with the accounting ledgers and records;

   c. are suitable to give a true and fair view of the financial position, financial performance and cash flows of the issuer.

   3.2 The directors' report contains a reliable analysis of the performance results and the position of the issuer [and group companies included in the consolidation scope and a description of the main risks and uncertainties to which the company is exposed.

   3.3 the english version of the separate financial statements of Carel Industries constitute a non-official version with regard to the provisions of the Commission Delegated Regulation (EU) 2019/815.

Brugine, 13 March 2025

Chief executive officer	Manager in charge of financial reporting
Francesco Nalini	Nicola Biondo

ANNEXES TO THE SEPARATE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024

INDEPENDENT AUDITORS' REPORT

Deloitte.

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Carel Industries S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Carel Industries S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2024, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Impairment tests of the equity investments in Recuperator S.p.A., Kiona Holding AS and CFM Sogutma ve Otomasyon Anonim Sirketi (CFM)	
Description of the key audit matter	The financial statements as at 31 December 2024 include in "Equity Investments" the investments in Recuperator S.p.A for an amount of Euro 19 million, Kiona Holding AS for an amount of Euro 176 million and CFM for an amount of 61 million, net of the impairment losses of the year for Euro 10 million in total. As required by IAS 36 "impairment of assets", the Directors identified potential loss indicators defined as "trigger event", and as a consequence they performed the impairment test as at 31 December 2024, in order to test the carrying amounts related to the equity investments. In the disclosure, the Directors explain the main assumptions applied in performing the tests and provide the break-even analysis in relation to the main key factors of the impairment tests to evaluate the degree of sensitivity of the test to the changes in the key variables. The Directors explain that the process of performing the impairment test is based on assumptions related, among others, to the expectations in term of cash flows for the CGU and the determination of appropriate discount rates (WACC) and long-term growth r (g-rate). The Directors report, also, that the assumptions used are reasonable and are the most probable scenarios based on the information available, but the output of the impairment tests may be different if any of the assumptions change significantly. We have considered the significance of the amount of the equity investments mentioned, the subjectivity of the estimates underlying the determination of cash flows for the subsidiaries and the key variables of the impairment tests. As a result, we have assessed that the impairment tests represent a key audit matter for the audit of the Carel Industries financial statements. Note 3 of the financial statements provides disclosure on impairment test and the effects of sensitivity analysis resulting from the changes in the key variables used in performing the impairment tests.
Audit procedures performed	As part of our audit, among others, we performed the following audit procedures, supported by the experts belonging to our network: • understanding of the process and of the relevant controls designed and implemented by the Directors in relation to the process of performing and approving the impairment tests;

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- analysis of the main assumptions adopted to prepare the expectations in terms of cash flow, obtaining information from the Directors;
- analysis of the actual results, obtained by the subsidiaries, compared to the expectations, in order to investigate the nature of the variations and evaluate the reliability of the planning process;
- analysis of the reasonableness of the discount rates (WACC) and long-term growth (g-rate);
- test of the accuracy of the determination of the carrying amounts of the subsidiaries and comparison with the recoverable value resulting from the impairment tests.

Finally, we verified the appropriateness and the compliance of the disclosure on the impairment test to the requirements of IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

  If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

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The Shareholders' Meeting of Carel Industries S.p.A. has appointed us on April 13, 2018 as auditors of the Company for the years from December 31, 2018 to December 31, 2026.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Carel Industries S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at December 31, 2024, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2024 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Carel Industries S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Carel Industries S.p.A. as at December 31, 2024, including its their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements;

- express an opinion on the compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

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- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Carel Industries S.p.A. as at December 31, 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Sergio Di Patria
Partner

Padua, Italy
March 28, 2025

As disclosed by the Directors on page 77, the accompanying financial statements of Carel Industries S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815.

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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