



**INTERIM FINANCIAL REPORT AS AT
MARCH 31, 2023**

1 FINANCIAL STATEMENTS

1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position <i>(in thousand of Euro)</i>	31/03/2023	31/12/2022
ASSETS		
Goodwill	64,230	64,431
Other intangible assets	32,859	34,043
Property, plant and equipment	146,692	148,742
Right of use assets	15,373	16,388
Other Property, plant and equipment	30,756	24,134
Deferred tax assets	8,478	6,992
Investments	141	141
Other non-current assets	1,301	1,332
Non-current assets	299,830	296,203
Inventories	137,571	134,237
Trade receivables	101,850	83,265
Current tax assets	9,931	9,789
Current financial assets	104,572	126,873
Other current assets	5,289	3,484
Cash and cash equivalents	186,584	177,258
Current assets	545,797	534,906
Assets held for sale	-	-
Assets held for sale	-	-
TOTAL ASSETS	845,627	831,109

Consolidated Statement of Financial Position
(in thousand of Euro)

31/03/2023

31/12/2022

LIABILITIES AND EQUITY		
Share capital	62,704	62,704
Reserves and retained earnings (losses)	141,829	96,330
Profit (loss) of the period	6,330	47,714
Total equity of the Group	210,863	206,748
Equity attributable to non-controlling interest	4,970	4,712
TOTAL EQUITY	215,833	211,460
Loans	314,571	320,201
Provisions	5,632	5,492
Employee benefits	5,123	5,299
Deferred tax liabilities	15,137	14,955
Other financial liabilities	16,476	17,813
Non-current liabilities	356,939	363,760
Trade payables	105,842	106,587
Loans	116,226	103,265
Provisions	-	-
Tax payables	9,888	8,751
Other financial liabilities	5,299	5,124
Other current liabilities	35,600	32,162
Current liabilities	272,855	255,889
Liabilities held for sale	-	-
Liabilities held for sale	-	-
TOTAL LIABILITIES AND EQUITY	845,627	831,109

1.2 CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement <i>(in thousand of Euro)</i>	31/03/2023	31/03/2022
REVENUES AND OPERATING INCOME		
Revenues	151,157	148,312
Other revenues	284	530
Total revenues and operating income	151,441	148,842
OPERATING COSTS		
Purchase of materials	(80,780)	(97,426)
Changes in inventory	4,195	19,860
Costs of services	(21,556)	(20,654)
Personnel costs	(33,337)	(30,720)
Net reversal/write downs of financial assets	84	-
Other operating costs	(883)	(732)
Total operating costs	(132,277)	(129,672)
Depreciation and amortization	(7,849)	(7,443)
Gains/(Losses) on the sale of non-current assets	18	(36)
Write-downs on non-current assets	-	-
EBIT	11,333	11,691
Financial income	1,170	4,129
Financial expenses	(4,253)	(1,407)
Exchange gains (losses)	(579)	(867)
Gains (Losses) from investments	-	9,473
EBT	7,671	23,019
Income taxes	(896)	(1,577)
NET PROFIT (LOSS)	6,775	21,442
Attributable to non-controlling interests	(445)	(393)
GROUP NET PROFIT	6,330	21,049

1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income (in thousand of Euro)	31/03/2023	31/03/2022
GROUP NET PROFIT	6,775	21,442
<i>Components that will not subsequently be reclassified to the Income Statement of the period</i>		
Actuarial gains/(losses) from liabilities for employee benefits	200	150
Tax effect	(48)	(36)
	152	114
<i>Components that will subsequently be reclassified to the Income Statement of the period:</i>		
Exchange differences from translation of Financial Statements in foreign currency	(2,367)	(5,180)
TOTAL COMPREHENSIVE INCOME (LOSS)	4,560	16,376
of which:		
Attributable to non-controlling interests	(445)	(393)
ATTRIBUTABLE TO THE GROUP	4,115	15,983

1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of changes in equity <i>(in thousands of Euro)</i>	Share Capital	Share Premium reserve	Legal reserve	Treasury Shares	Translation reserve	Postemployment benefits discounting reserve	Other reserves	Profit (loss) for the period	Total equity attributable to the Group	Equity attributable to non controlling interests	Total equity
BALANCE AS AT 1/1/2022	62.704	24.762	3.555	(288)	(12.326)	(763)	66.118	23.739	167.501	4.586	172.087
Allocation profit 2021											
Dividend	-	-	-	-	-	-	-	-	-	-	-
Retained	-	-	-	-	-	-	23,739	(23,739)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	(1.119)	(1.119)
Statement of comprehensive income as at 31/03/2022	-	-	-	-	(5,180)	114	-	21,049	15,983	393	16,376
BALANCE AS AT 31/03/2022	62,704	24,762	3,555	(288)	(17,506)	(649)	89,857	21,049	183,484	3,860	187,344
BALANCE AS AT 1/1/2023	62,704	24,762	3,745	(288)	(13,643)	(8)	81,762	47,714	206,748	4,712	211,460
Allocation profit 2022											
Dividend	-	-	-	-	-	-	-	-	-	(72)	(72)
Retained	-	-	-	-	-	-	47,714	(47,714)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	(115)	(115)
Statement of comprehensive income as at 31/03/2023	-	-	-	-	(2,367)	152	-	6,330	4,115	445	4,560
BALANCE AS AT 31/03/2023	62,704	24,762	3,745	(288)	(16,010)	144	129,476	6,330	210,863	4,970	215,833

1.5 STATEMENT OF CASH FLOWS

Consolidated Statement of Cash Flows (in thousand Euro)	31/03/2023	31/03/2022
A. Cash and cash equivalents at the beginning of the period	177,258	166,328
Profit (loss) for the period	6,775	21,442
Adjustments for:		
- Depreciation and amortization	7,849	7,443
- Realized (gains)/loss, impairment on non-current assets	(18)	36
- Realized gains on investments	-	(9,473)
- Net financial expenses	131	1,362
- Income taxes	896	1,577
- Changes in fair value	2,952	(3,983)
Changes in post-employment benefits	24	27
Changes in provisions	140	(11)
Changes in trade receivables	(18,585)	(25,402)
Changes in inventories	(4,195)	(19,110)
Changes in trade payables	(745)	(8,810)
Changes in net working capital	(23,525)	(53,322)
Changes in other receivables and payables, deferred taxes	(2,851)	(1,234)
Tax payment	(1,422)	(664)
Net paid financial expenses	(1,345)	(539)
B. Cash flows from (used in) operating activities	(10,394)	(37,340)
Investments in non-current assets:		
- intangible assets	(657)	(856)
- property, plant and equipment	(5,114)	(6,586)
- financial assets	-	-
Investments in short-term financial assets	22,105	(286)
Net cash paid Business combination (*)	-	(7,283)
Net cash flow generated from disposal of investments (**)	-	11,444
C. Cash flows from (used in) investing activities	16,334	(3,567)
Repayment of loans	(29,752)	(29,930)
New loans	35,713	698
Changes in other financial liabilities	(1,865)	(1,124)
Sale/(purchase) of treasury shares	-	-
Contributions/repayments of own capital	-	-
Payment of dividends	(6)	-
Other changes	-	-
D. Cash flows from (used in) financing activities	4,090	(30,356)
Exchange differences	(2,482)	(5,473)
Another non-monetary changes	1,778	3,263
E. Other changes	(704)	(2,210)
F. Net cash flows in the period (B+C+D+E)	9,326	(73,473)
Cash and cash equivalents at the end of the period (A+F)	186,584	92,855
Current financial debt	16,953	64,489
Non-current financial debt	331,047	205,663
Net financial debt	161,416	177,297

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

(**) The amount, of the previous period, refers to the cash flow related to the disposal of TECNAIR LV S.p.A..

2. CONTENT AND FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Introduction

The Interim Financial Report as at 31 March 2023, not audited, has been prepared in compliance with the International Financial Reporting Standards (IFRS) and for this scope the financial statements of the subsidiaries of the Group have been duly reclassified and amended.

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

2. Consolidation criteria

The criteria adopted for the consolidation are the same as those adopted for preparation of Consolidated Financial Statement of 31 December 2022.

3. Accounting standards

Accounting standards adopted in the Interim Financial Report as at 31 March 2023 are the same as those adopted for the Consolidated Financial Statement as at 31 December 2022.

The Interim Financial Report as at 31 March 2023 has been prepared on the basis of the assumption of going concern.

2.1 REVENUES

Turnover of products at the end of March 2023 was 150.6 million Euros, an increase of 4% compared to the same period of the previous year, while the order book rose to 218.6 million Euros (+15, 8% compared to the order book at December of the previous year).

At the Business Unit level, "Cooling Systems" recorded a turnover of 61.1 million Euros, an increase of 8.6% thanks to the good performance of both air conditioning and refrigeration projects, which more than offset the expected slow start of invoicing (-16.5%) in business related to the "industrial cooling" segment, which however in the period saw very strong growth (+74.8%) of orders with deliveries expected by the end of the year.

Despite exponential growth in both sales and order acquisition in the heat pump, air conditioning and data center segments, the Components Business Unit grew by only 0.9% in the first quarter, with a turnover of 89.5 million Euros. Following the performance of the second half of 2022, in fact, the demand for heat exchangers for tumble dryers suffered the expected slowdown, to which must be added the expected slow start in the HORECA and display cabinets sectors (-31%), with the latest that however has shown the first signs of recovery in recent weeks.

The table below shows turnover trends by product type:

Revenues by product (in thousands of Euro)	Q1/2023	%	Q1/2022	%	Change %
Heat exchangers	85,915	56.7%	83,174	55.9%	3.3%
Air Cooled Equipment	61,139	40.3%	56,319	37.8%	8.6%
Doors	3,574	2.4%	5,521	3.7%	-35.3%
TOTAL PRODUCT TURNOVER	150,628	99.5%	145,014	97.4%	3.9%
Other	813	0.5%	3,828	2.6%	-78.8%
TOTAL	151,441	100.0%	148,842	100.0%	1.7%

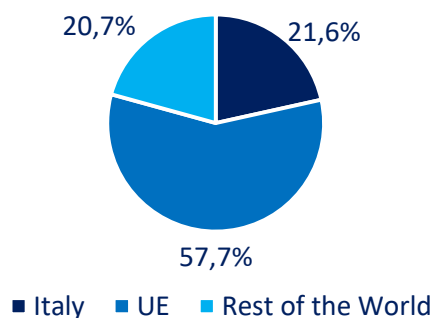
The table below shows turnover trends by application type:

APPLICATIONS (in thousands of Euro)	Q1/2023	%	Q1/2022	%	Change %
Refrigeration	73,027	48.2%	81,455	54.7%	-10.3%
Air-conditioning	47,806	31.6%	27,349	18.4%	74.8%
Special application	17,631	11.6%	21,644	14.5%	-18.5%
Industrial cooling	12,164	8.0%	14,566	9.8%	-16.5%
TOTAL APPLICATION TURNOVER	150,628	99.5%	145,014	97.4%	3.9%
Other	813	0.5%	3,828	2.6%	-78.8%
TOTAL	151,441	100.0%	148,842	100.0%	1.7%

The breakdown of turnover by SBU is given below:

Revenues by SBU (in thousands of Euro)	Q1/2023	%	Q1/2022	%	Change	% Change
SBU COOLING SYSTEMS	61,139	40.6%	56,319	38.8%	4,820	8.6%
SBU COMPONENTS	89,489	59.4%	88,695	61.2%	794	0.9%
TOTAL PRODUCT TURNOVER	150,628	100.0%	145,014	100.0%	5,614	3.9%

The chart below shows the geographical breakdown of turnover in the first 3 months of 2023:



In the first quarter, there was very strong growth in sales in Germany (which once again became the Group's first export market) and in France, mainly attributable in both cases to customers in the heat pumps sector. On the other hand, sales in Poland and the Czech Republic fell significantly for reasons already mentioned above concerning customers active in the field of household appliances. Finally, there was good performance in Italy (+13%) with an incidence on total sales for the period of over 21%.

2.2 EBITDA

At the end of first quarter 2023, EBITDA was €19.2 million (12.7% of revenues), in line with the first quarter 2022 (12.9%). In the income statement for the first quarter 2022, € 0.7 million of non-recurring costs were booked for consultancy related to the acquisition of Refrion S.r.l.: adjusted EBITDA would have been €19.9 million (no impact of costs not included in ordinary management in 2023). The change in EBITDA compared to adjusted EBITDA in the first three months of 2022 (-€0.7 million) is generated by € 1.7 million from the contribution on additional volumes and from the increase in sales prices for €2.8 million, net of €3.3 million in increases in raw materials costs and other production costs and of €1.9 million relevant to the decrease in safety stock in the first quarter.

2.3 NET INCOME

Net income for the period amounted to €6.8 million (4.5% of revenues), compared to €21.4 million for the first 3 months of 2022 (14.4% of revenues).

Applying the tax effect to non-recurring costs (€0.7 million), to the gains from equity investments relevant to the transfer of Tecnair LV S.p.A. (€9.5 million), and to the net effect of the positive change in the fair value of derivatives and the impact of amortized cost (€2.9 million) on the first quarter of 2022, and applying the tax effect to the negative change in the fair value of derivatives and the impact of amortized cost (-€1.6 million) on the first quarter of 2023, the adjusted net income for the first 3 months of 2023 would have been €8 million (5.3% of revenues) against €10.5 million (7% of revenues) of the first quarter 2022.

2.4 NET FINANCIAL POSITION

The net financial position is negative for €161.4 million (€142.3 million as at December 31, 2022) with a difference of €19.1 million mainly due to €6.2 million in capital expenditures, €22.7 million to the increase in operating working capital, €5.2 million related to changes in other payables and receivables, amortized cost and fair value of derivatives and liquidity investments, net of €15.1 million in positive cash flow from operations. Normalizing the net financial position, considering the impact of operating working capital on sales in the last 12 months with data at the end of December 2022 (18%), the net financial position as at March 31, 2023 would have been negative for €139.7 million. The comparison to the net financial position at the end of March 31, 2022 (negative for €177.3 million) shows an improvement equal to €15.9 million. For the period April 1, 2022 to March 31, 2023, cash flow from operations adjusted for non-operating items was approximately €54.1 million.

2.5 SIGNIFICANT EVENTS DURING THE PERIOD

In January 2023, the Parent Company received the second tranche, amounting to €20 million, relating to the loan agreement signed in December 2022 with BPM S.p.A.

At the end of March 2023, definitive agreements were signed with the economic special zone authority of Tianmen, China to extend the plant, with government contribution in line with those provided for at the signing of the original contract.

As announced in the press release of 23 of February, 2023, Mr. Riccardo Quattrini, the new General Manager, has started his collaboration with LU-VE Group.

With reference to the Revenue Agency audit relating to the years 2016, 2017, 2018 and 2019, some additional requests were made to which the Parent Company LU-VE S.p.A. promptly responded.

2.6 SIGNIFICANT EVENTS OCCURRING AFTER 31 MARCH 2023 AND BUSINESS OUTLOOK

The value of the order book at the end of March makes it possible to imagine a trend at the end of first semester 2023 substantially in line with the same period of 2022. The usual pass through systems suggest that the objective of defending average margins is reasonable also in the second quarter of 2023.

On 28 April 2023, the Shareholders' Meeting of the Parent Company LU-VE S.p.A.:

- examined the consolidated figures and the non-financial statement for 2022 of LU-VE Group;
- approved the 2022 statutory financial statements of LU-VE S.p.A., accompanied by the Directors' Report, as approved by the Board of Directors of LU-VE on 14 March 2023 and already communicated to the market. The profit for the year 2022, equal to €16.2 million, was allocated as follows: (i) €0.8 million to the Legal Reserve; (ii) €1.5 million to the unavailable reserve for unrealized exchange gains; (iii) €7.5 million to the unavailable fair value change reserve for financial instruments and (iv) the distribution of an ordinary gross dividend of €0.38 per each share outstanding, using Extraordinary Reserves for the remainder.
- appointed the new corporate bodies that will remain in place until the approval of the 2025 financial statements. Following the death of the founder and the Chairman of the Group, Mr Iginio Liberali at the end of December, the Board of Directors confirmed Mr Matteo Liberali as the Chairman, while the number of Members was reduced from twelve to ten with the admission of a new member representing minorities.

With reference to the Revenue Agency audit relating to the years 2016, 2017, 2018 and 2019, no further requests have been received from Parent Company.

Uboldo, May 12, 2023

On behalf of the Board of Directors
The Chairman and CEO
Matteo Liberali

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

The Financial Reporting Officer, Eligio Macchi, declares that, pursuant to paragraph 2, Article 154-bis of Legislative Decree 58/1998 (Consolidated Financial Act), the accounting information contained in the Interim Financial Report as at March 31, 2023 corresponds to the Company's records, books and accounting entries.