INTERIM FINANCIAL REPORT AS AT SEPTEMBER 30, 2023

1 FINANCIAL STATEMENTS

1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position *(in thousand of Euro)*	**30/09/2023**	**31/12/2022**
ASSETS		
Goodwill	64,191	64,431
Other intangible assets	29,826	34,043
Property, plant and equipment	158,067	148,742
Right of use assets	13,654	16,388
Other Property, plant and equipment	27,078	24,134
Deferred tax assets	9,463	6,992
Investments	141	141
Other non-current assets	1,275	1,332
Non-current assets	303,695	296,203
Inventories	131,853	134,237
Trade receivables	98,741	83,265
Due from the tax authorities for current taxes	9,233	9,789
Current financial assets	36,056	126,873
Other current assets	4,716	3,484
Cash and cash equivalents	184,016	177,258
Current assets	464,615	534,906
Assets held for sale	-	-
Assets held for sale	-	-
TOTAL ASSETS	768,310	831,109

Consolidated Statement of Financial Position *(in thousand of Euro)*	**30/09/2023**	**31/12/2022**
LIABILITIES AND EQUITY		
Share capital	62,704	62,704
Reserves and retained earnings (losses)	127,987	96,330
Profit (loss) of the period	25,907	47,714
Total equity of the Group	216,598	206,748
Equity attributable to non-controlling interest	4,946	4,712
TOTAL EQUITY	221,544	211,460
Loans	254,345	320,201
Provisions	5,590	5,492
Employee benefits	5,445	5,299
Deferred tax liabilities	14,481	14,955
Other financial liabilities	14,643	17,813
Non-current liabilities	294,504	363,760
Trade payables	90,854	106,587
Loans	112,942	103,265
Tax payables	5,790	8,751
Other financial liabilities	5,732	5,124
Other current liabilities	36,944	32,162
Current liabilities	252,262	255,889
Liabilities held for sale	-	-
Liabilities held for sale	-	-
TOTAL LIABILITIES AND EQUITY	768,310	831,109

1.2 CONSOLIDATED INCOME STATEMENT

Consolidated Income Statement *(in thousand of Euro)*	**30/09/2023**	**30/09/2022**	
REVENUES AND OPERATING INCOME			
Revenues	463,520	466,535	
Other revenues	929	1,122	
Total revenues and operating income	**464,449**	**467,657**	
OPERETING COSTS			
Purchase of materials	(241,488)	(290,069)	
Changes in inventory	(46)	39,051	
Costs of services	(61,354)	(61,232)	
Personnel costs	(97,958)	(93,881)	
Net reversal/ (write downs) of financial assets	50	661	
Other operating costs	(2.419)	(2,618)	
Total operating costs	**(403,215)**	**(408.088)**	
Depreciation and amortization	(24,300)	(24,140)	(*)
Gain/(Losses) on the sale of non-current assets	42	(47)	
Write-downs on non-current assets	(180)	-	
EBIT	**36,796**	**35.382**	**(*)**
Financial income	3,474	14,632	
Financial expenses	(10,724)	(7,038)	
Exchange gains (losses)	2,200	3,021	
Gains (Losses) from investments	-	9,473	
EBT	**31,746**	**55,470**	**(*)**
Income taxes	(4,540)	(10,055)	(*)
NET PROFIT (LOSS)	**27,206**	**45.415**	**(*)**
Attributable to non-controlling interests	(1,299)	(921)	
GROUP NET PROFIT (LOSS)	**25,907**	**44,494**	**(*)**

(*) figures restated in comparison with those as of 30 September 2022, pursuant to IFRS 3, to take retrospective account of the effects resulting from the definitive valuation of the fair value of the Refrion Group's buildings and trademarks at the acquisition date (values previously considered provisional, see the note "Introduction – "Purchase Price Allocation relating to the acquisition of the Refrion Group").

1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income *(in thousand of Euro)*	**30/09/2023**	**30/09/2022**	
GROUP NET PROFIT (LOSS)	27,206	45,415	(*)
Components that will not subsequently be reclassified to the Income Statement of the period			
Actuarial gains/(losses) from liabilities for employee benefits	(23)	618	
Tax effect	6	(148)	
	(17)	470	
Components that will subsequently be reclassified to the Income Statement of the period:			
Exchange differences from translation of Financial Statements in foreign currency	(7,602)	8,641	
TOTAL COMPREHENSIVE INCOME (LOSS)	19,587	54,526	(*)
of which:			
Attributable to non-controlling interests	(1.299)	(921)	
ATTRIBUTABLE TO THE GROUP	18,288	53,605	(*)

(*) figures restated in comparison with those as of 30 September 2022, pursuant to IFRS 3, to take retrospective account of the effects resulting from the definitive valuation of the fair value of the Refrion Group's buildings and trademarks at the acquisition date (values previously considered provisional, see the note "Introduction – "Purchase Price Allocation relating to the acquisition of the Refrion Group").

1.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of changes in equity *(in thousands of Euro)*	Share Capital	Share Premium reserve	Legal reserve	Treasury Shares	Translation reserve	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 31/12/2021	62.704	24.762	3.555	(288)	(12.326)	(763)	66.118	23.739	167.501	4.586	172.087
Allocation profit 2021											
Dividend	-	-	-	-	-	-	(7,769)	-	(7,769)	(450)	(8.219)
Retained	-	-	190	-	-	-	23,549	(23,739)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	133	(133)	-	-	(489)	(489)
Statement of comprehensive income as at 31/03/2022	-	-	-	-	8,641	470	-	44,494 (*)	53,605 (*)	921	54,526
BALANCE AS AT 30/09/2022	62,704	24,762	3,745	(288)	(3,685)	(160)	81,765	44,494 (*)	213,337 (*)	4,568	217,905

BALANCE AS AT 31/12/2022	62,704	24,762	3,745	(288)	(13,643)	(8)	81,762	47,714	206,748	4,712	211,460
Allocation profit 2022											
Dividend	-	-	-	-	-	-	(8,438)	-	(8,438)	(708)	(9.146)
Retained	-	-	812	-	-	-	46,902	(47,714)	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	(357) (**)	(357)
Statement of comprehensive income as at 31/03/2023	-	-	-	-	(7,602)	(17)	-	25,907	18,288	1,299	19,587
BALANCE AS AT 30/09/2023	62,704	24,762	4,557	(288)	(21,245)	(25)	120,226	25,907	216,598	4,946	221,544

(*) figures restated in comparison with those as of 30 September 2022, pursuant to IFRS 3, to take retrospective account of the effects resulting from the definitive valuation of the fair value of the Refrion Group's buildings and trademarks at the acquisition date (values previously considered provisional, see the note "Introduction – "Purchase Price Allocation relating to the acquisition of the Refrion Group").

(**) The line item "Other" shows the changes in the translation reserve relating to minority interests.

1.5 STATEMENT OF CASH FLOWS

Consolidated Statement of Cash Flows *(in thousand Euro)*		**30/09/2023**	**30/09/2022**	
A.	Cash and cash equivalents at the beginning of the period	177,258	166,328	
	Profit (loss) for the period	27,206	45,415	(*)
	Adjustments for:			
	- Depreciation and amortisation	24,300	24,140	(*)
	- Capital (Gains)/losses, write-downs of non-current assets	138	47	
	- (Gains)/losses on sales on investments	-	(9,473)	
	- Net financial expenses	4,520	6,452	
	- Income taxes	4,540	10,055	(*)
	- Changes in fair value	1,629	(14,047)	
	Changes in employee benefits	30	(11)	
	Changes in provisions	98	185	
	Changes in trade receivables	(15,476)	(24,226)	
	Changes in inventories	46	(39,051)	
	Changes in trade payables	(15,733)	(5,999)	
	Changes in net working capital	**(31,163)**	**(69,276)**	
	Changes in other receivables and payables, deferred taxes	2,332	3,948	
	Tax payment	(10,107)	(5,357)	
	Net paid financial expenses	(4,842)	(2,074)	
B.	Cash flows from (used in) operating activities	18,681	(9.996)	
	Investments in non-current assets:			
	- intangible assets	(1,905)	(3,333)	
	- property, plant and equipment	(25,698)	(18,526)	
	- financial assets	-	-	
	Investments in short-term financial assets	89,548	(19.360)	
	Net cash paid Business combination	-	(7,282)	
	Net cash flow generated from disposal of investments	-	11,444	
C.	Cash flows from (used in) investing activities	61,945	(37,057)	
	Repayment of loans	(96,475)	(149,126)	
	New loans	40,000	175,769	
	Changes in other financial liabilities	(4,798)	(4,389)	
	Sale/(purchase) of treasury shares	-	-	
	Contributions/repayments of own capital	-	-	
	Payment of dividends	(8,470)	(7,769)	
	Other changes	-	-	
D.	Cash flows from (used in) financing activities	(69,743)	14,485	
	Exchange differences	(7,959)	8,983	
	Another non-monetary changes	3,835	(11,272)	
E.	Other changes	(4,124)	(2.289)	
F.	Net cash flows in the period (B+C+D+E)	6,759	(34,857)	
	Cash and cash equivalents at the end of the period (A+F)	184,017	131,471	
	Current financial debt	82,619	(19,066)	
	Non-current financial debt	268,988	321,833	
	Net financial debt	167,590	171,296	

(*) figures restated in comparison with those as of 30 September 2022, pursuant to IFRS 3, to take retrospective account of the effects resulting from the definitive valuation of the fair value of the Refrion Group's buildings and trademarks at the acquisition date (values previously considered provisional, see the note "Introduction – "Purchase Price Allocation relating to the acquisition of the Refrion Group").

2. CONTENT AND FORM OF THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

The Interim Financial Report as at 30 September 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”.

Consolidation criteria

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

Accounting standards

Accounting standards adopted in the Interim Financial Report as at 30 September 2023 are the same as those adopted for the Consolidated Financial Statement as at 31 December 2022.

The Interim Financial Report as at 30 September 2023 has been prepared on the basis of the assumption of going concern.

2.1 INTRODUCTION

“Purchase Price Allocation” relating to the Acquisition of the Refrion Group

In March 2022, LU-VE S.p.A. acquired 75% of Refrion S.r.l., active in the production and sale of heat exchangers with adiabatic systems for applications in data centres and industrial processes. For further information on the aforementioned acquisition, please refer to the note "2.1 Introduction - Acquisition of the Refrion Group" reported in the Annual Financial Report as at 31 December 2022.

With reference to the acquisition made, please note that the Group, as at 30 September 2022, opted for the provisional allocation, as provided by IFRS 3, of the acquisition price to the assets, liabilities and intangible assets not recognized in the "financial statements of the Refrion Group”, within the limit of their fair value; this allocation revealed a "provisional" goodwill of €13.2 million.

The allocation process was therefore definitively concluded in the second half of 2022 and all the financial statements line items affected by this process have been summarized below:

- Assets subject to definitive allocation as early as 30 September 2022

- inventories, whose fair value as at 31 March 2022 was higher than its book value by €350 thousand, generating deferred tax liabilities of €98 thousand.

- Assets subject to definitive allocation as at 31 December 2022

  - trademarks, whose fair value as at 31 March 2022 was higher than its book value by €2,995 thousand, generating deferred tax liabilities of €836 thousand. This was supported as a result of a valuation report issued by an independent expert appointed by the LU-VE Group;
  - buildings, whose fair value as at 31 March 2022 was higher than its book value by €2,245 thousand, generating deferred tax liabilities of €626 thousand. This was supported as a result of a valuation report issued by an independent expert appointed by the LU-VE Group.

Following what is reported above, the provisional allocation to goodwill of €13.2 million as at 30 September 2022 become definitive for €9.4 million.

In relation to the aforementioned allocation process, as set out in IFRS 3, the Group restated the comparative figures of the Income Statement for the nine months ended 30 September 2022, in order to reflect the higher amortization and depreciation deriving from the definitive fair value measurement of trademarks and buildings, as well as of the relative tax effect. The changes are reported below:

Consolidated Income Statement *(in thousand of Euro)*	**Sept 2022**	**(Building)**	**(Trademarks)**	**Total Restated**
REVENUES AND OPERATING INCOME				
Revenues	466,535			466,535
Other revenues	1,122			1,122
Total revenues and operating income	**467,657**			**467,657**
OPERATING COSTS				
Purchases of materials	(290,069)			(290,069)
Changes in inventories	39,051			39,051
Costs for services	(61,232)			(61,232)
Personnel costs	(93,881)			(93,881)
Net reversal/(write-downs) of financial assets	661			661
Other operating costs	(2,618)			(2,618)
Total operating costs	**(408,088)**			**(408,088)**
Depreciation and amortisation	(23,956)	(34)	(150)	(24,140)
Gains/(Losses) on the sale of non-current assets	(47)			(47)
Write-downs on non-current assets	-			-
EBIT	**35,566**	**(34)**	**(150)**	**35,382**
Financial income	14,632			14,632
Financial expense	(7,038)			(7,038)
Exchange gains (losses)	3,021			3,021
Gains (Losses) from investments	9,473			9,473
EBT	**55,654**	**(34)**	**(150)**	**55,470**
Income taxes	(10,107)	10	42	(10,055)
NET PROFIT (LOSS)	**45,547**	**(24)**	**(108)**	**45,415**
Profit attributable to non-controlling interests	(921)			(921)
GROUP NET PROFIT (LOSS)	**44,626**	**(24)**	**(108)**	**44,494**

2.2 REVENUES

Turnover at the end of September closed with a slight increase by 0.7%, equal to €460.0 million while the third quarter showed a decrease by 3.4% compared to the same period of 2022. The order backlog at the end of September was equal to €172 million, decreasing by 8.3% compared to the end of June 2023 due to the fact that customers are confirming sales order closer to the delivery date requested, having more assurance on delivery time.

The SBU "Components" showed a decrease in sales by 4.4%, with an amount of €255.2 million. Following the first semester 2023, the strong growth in air conditioning market (+39.3%) compensated almost completely the negative trend of heat exchangers and glass doors for refrigerated cabinets, for HORECA segment e for the other home appliances.

The SBU "Cooling Systems" showed a good growth by 7.9%, with a turnover equal to €204.9 million, once again thanks to the good results achieved in high energy efficiency refrigerated logistics centers using natural refrigerants and in heat exchangers for latest generation data centers.

The breakdown of turnover by SBU is given below:

Revenues by SBU (in thousands of Euro)	30/09/2023	%	30/09/2022	%	Change	% Change
SBU COOLING SYSTEMS	**204,874**	**44.5%**	**189,873**	**41.6%**	**15,001**	**7.9%**
SBU COMPONENTS	**255,169**	**55.5%**	**266,791**	**58.4%**	**-11,622**	**-4.4%**
TOTAL PRODUCT TURNOVER	**460,043**	**100.0%**	**456,664**	**100.0%**	**3,379**	**0.7%**

The breakdown of turnover by product type is given below:

Revenues by products (in thousands of Euro)	30/09/2023	%	30/09/2022	%	% Change
Heat exchangers	242,654	52.2%	251,982	53.9%	-3.7%
Air Cooled Equipment	204,874	44.1%	189,873	40.6%	7.9%
Doors	12,515	2.8%	14,809	3.2%	-15.5%
TOTAL PRODUCT TURNOVER	**460,043**	**99.1%**	**456.664**	**97.7%**	**0.7%**
Other	4,406	0.9%	10,993	2.3%	-59.9%
TOTAL	**464,449**	**100.0%**	**467.657**	**100.0%**	**-0.7%**

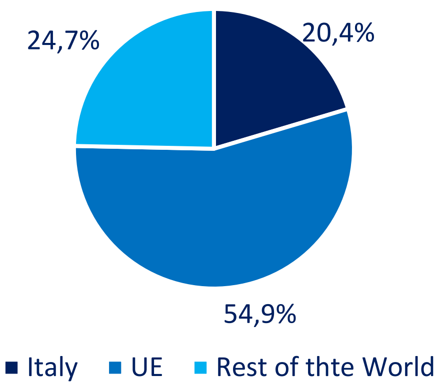
The positive trend in air conditioning (+34.7%) is confirmed notwithstanding the first signals of slowdown of order intake for heat pumps, while refrigeration (-7.9%) relieved the negative trend already showed in the first half year (-8.2%). Slight growth in industrial cooling, while special applications sales kept the negative trend (-19.2% in September compared to -19.9% at the end of June) heavily penalized by extremely negative performance of high efficiency tumble dryers.

The breakdown of turnover by application is given below:

APPLICATIONS (in thousands of Euro)	30/09/2023	%	30/09/2022	%	% Change
Refrigeration	219,154	47.2%	237,881	50.9%	-7.9%
Air-conditioning	136,302	29.4%	101,168	21.6%	34.7%
Special application	56,688	12.2%	70,182	15.1%	-19.2%
Industrial cooling	47,899	10.3%	47,433	10.1%	1.0%
TOTAL APPLICATION TURNOVER	**460,043**	**99.1%**	**456,664**	**97.7%**	**0.7%**
Other	4,406	0.9%	10,993	2.3%	-59.9%
TOTAL	**464,449**	**100.0%**	**467,657**	**100.0%**	**-0.7%**

At the end of September, sales in EU decreased by 3%, with a total amount of €346.5 million and an incidence equal to 75.3%. Germany and France confirm to be main export markets for the Group while Italy, in slight decrease, represents about 20% of total sales. Very good performance in UAE while the negative performance in tumble dryers heavily penalized the result in Poland and Czech Republic.

The chart below shows the geographical breakdown of turnover in the first 9 months of 2023:



Sales of the first 10 customers accounted for 31.3% of total sales (in reduction compared to June 2023) while the main customer represented 4.8% of total sales (compared 5.5% as at June 2023).

2.3 EBITDA

EBITDA was €61.2 million (13.2% of revenues) compared to €59.6 million (12.7% of revenues) in the first 9 months of 2022. In the income statement, €1.3 million of costs not falling under ordinary management were booked (€2.4 million as of 30 September 2022), including €1.0 million for start-up activities of the former ACC Wanbao production site and €0.3 million for supporting the people affected by the flood in Emilia-Romagna. Net of the impact of the aforementioned costs not falling under ordinary management, adjusted EBITDA would have been €62.5 million (€62 million as of 30 September 2022). The change in adjusted EBITDA compared to EBITDA in the first nine months of 2022 (+€0.5 million) was generated by €2.2 million by the increase in sales price, €2.3 million for net decrease in raw material purchases and other production costs, net of €1.9 million linked to the partial reduction of safety stocks and €2.1 million related to the volume effect and the change of the sales mix.

2.4 NET INCOME

Net income for the period amounted to €27.2 million (5.9% of revenues), compared to €45.4 million for the first 9 months of 2022 (9.7% of revenues). Applying the tax effect to costs not falling under ordinary management (€1.3 million) and to the net effect of the negative change in the fair value of derivatives and the impact of amortized cost (€1.4 million), the net income for the first 9 months of 2023 ("Adjusted net income for the period") would have been €29.2 million, 6.3% of revenues (€31.1 million last year, 6.7% of revenues).

2.5 NET FINANCIAL POSITION

The net financial position was negative by €167.6 million (€142.3 million as of December 31, 2022) with a difference of €25.3 million mainly due for €28.9 million to capital expenditures, €9.2 million to dividend distribution, €28.8 million to the increase in operating working capital, €2.1 million related to changes in other payables and receivables and derivatives, net of €43.7 million of positive cash flow from operations. Normalizing the net financial position, considering the impact of operating working capital on sales in the last 12 months, the figure as of September 30, 2023 would have been negative €138.6 million. The net financial position as of September 30, 2022 was negative by €171.3 million.

2.6 SIGNIFICANT EVENTS DURING THE PERIOD

In September, the subsidiary SEST-LUVE-Polska SP.z.o.o., after having won the auction, completed the acquisition of the last available lot of land within the Special Economic Zone in which it operates, for a total amount of 9.6 million of zloty (equal to €2.1 million).

In August, based on the unanimous decision of the Board of Directors, the Group donated €300,000 to the flood victims of the Emilia Romagna region for a project to rebuild a nursery schools in Sant'Agata sul Santerno.

During the summer, extraordinarily intense atmospheric events hit various production sites, particularly in Italy, causing damage to properties (roofs and doors and windows), electrical systems and photovoltaic panels, motor vehicles and finished products ready for shipping. The quantification of the damages is still in process, however it is believed to cover totally the damages thanks to the insurance policy in place.

Tax assessments are still in progress by the Italian tax authority on the parent company LU-VE S.p.A. and by the Spanish authorities on the subsidiary LU-VE Iberica S.l.

The increase in product turnover in the first 9 months of 2023 (+0.7%) is incorporated in a trend in Group sales that, since 2018, has recorded significant growth (turnover CAGR of more than 15%), even better than the medium/long-term "guidance", communicated in due course, despite the macroeconomic turbulences.

This hugely satisfying result confirms the effectiveness of the strategy pursued in constructing a resilient business model, thanks to the diversification of the applications of products in sectors with uncorrelated trends, supported by secular trends such as electrification, decarbonization, digitalization and the adoption of refrigerant gases with zero or low environmental impact, all technological developments where LU-VE Group has been a first mover.

In the last part of the third quarter, the heat pump market suffered a sudden and unexpected slowdown in demand. This situation, in a sector which is seeing massive investments throughout Europe for the creation of additional production capacity by all the main market players, appears temporary and mainly attributable to three economic factors: 1) regulatory uncertainties on incentives in various countries of European Union; 2) trend in the comparative price of gas and electricity; 3) increase in finished product inventories along the entire supply chain. Consequently, the Group expects an impact on sales of heat exchangers for this application at least for the next two quarters.

However, all analyst of the sector agree that this is a temporary slowdown and maintain very positive expectations in the medium term as the replacement of gas boilers with heat pump technology represents one of the cornerstones of the policies of the "Repower" program EU" and - together with renewables, EVs and batteries - one of the "clean energy technologies" crucial for achieving the objectives of "net zero emissions", as clearly appears from the recent IEA (International Energy Agency) report "World Energy Outlook 2023 ”

A market segment where significant growth in turnover and order book is expected in the coming months is data centers, because of the rapid expansion of cloud computing and emerging technologies such as artificial intelligence, the Internet of Things and blockchain which require more advanced and scalable infrastructures.

In a macroeconomic scenario that has deteriorated globally, characterized by heightened uncertainty, the Group works tirelessly and with great determination to preserve its profit margins, also in the presence of increased volatility of the expected results in terms of sales.

2.7 SIGNIFICANT EVENTS OCCURRING AFTER 30 SEPTEMBER 2023 AND BUSINESS OUTLOOK

Notwithstanding an order backlog slightly decreasing for the reasons abovementioned and in presence of a volatile and uncertain scenario, the Group forecasts a last quarter in overall economic and financial metrics substantially in line with the correspondent period of 2022.

The recent sad events happened in Israel generated a further disruption at international level, after the war in Russia and Ukraine. As of 30 September 2023, the Group's exposure in these last two areas was approximately 6.1% in terms of sales and 6.4% in terms of order backlog.

In October an unsecured loan agreement was entered into with Intesa Sanpaolo for €30 million with a duration of 60 months (of which 6 in the grace period).

Uboldo, November 13, 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 of September 30, 2023 of LU-VE S.p.A. corresponds to the Company's records, books and accounting entries.