



**INTERIM
FINANCIAL
REPORT
2023**

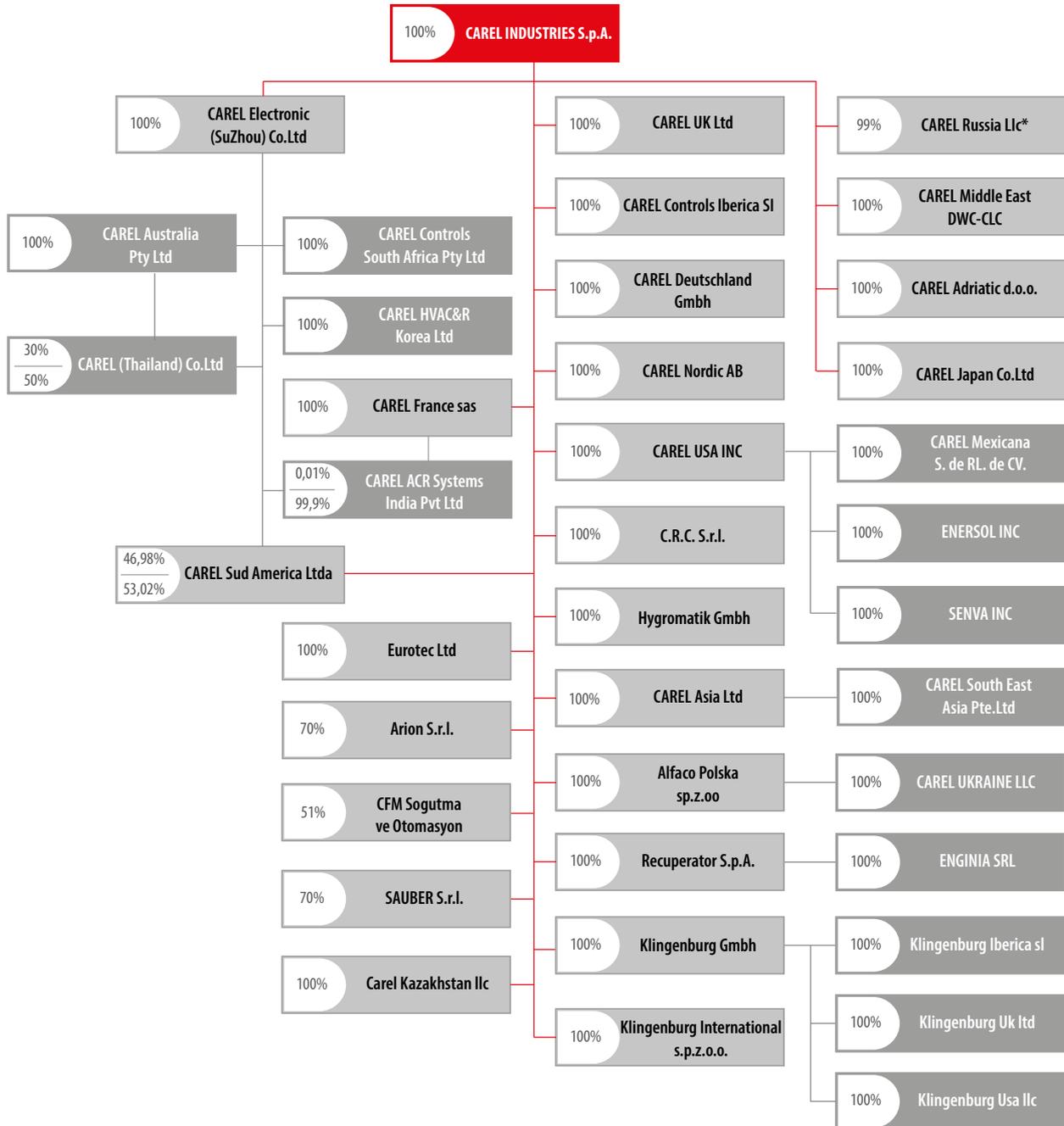


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Statement on the condensed interim consolidated financial statements pursuant to article 154-bis of Legislative decree no. 58/98 and article 81-ter of Consob regulation no. 11971 of 14 May 1999 as subsequently amended and supplemented _____	48
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GROUP STRUCTURE

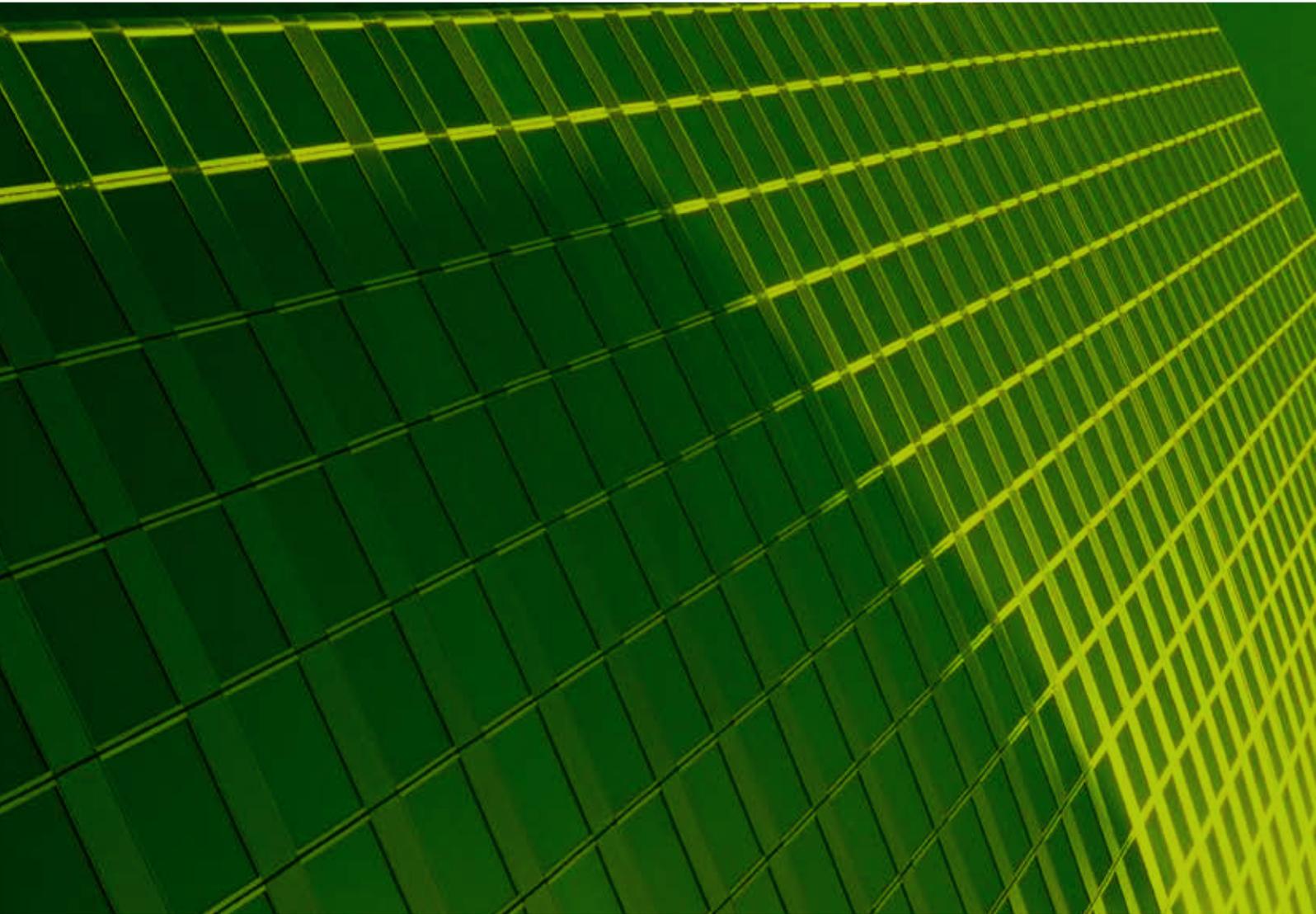
The following graph shows the group's structure at 30 June 2023:



*= 1% held by Carel France sas

CORPORATE BODIES

<i>Board of directors</i>	<i>Chairperson</i>	<i>Luigi Rossi Luciani</i>
	<i>Executive deputy chairperson</i>	<i>Luigi Nalini</i>
	<i>Chief executive officer</i>	<i>Francesco Nalini</i>
	<i>Executive director</i>	<i>Carlotta Rossi Luciani</i>
	<i>Independent director</i>	<i>Cinzia Donalizio</i>
	<i>Independent director</i>	<i>Marina Manna</i>
	<i>Independent director</i>	<i>Maria Grazia Filippini</i>
<i>Board of statutory auditors</i>	<i>Chairperson</i>	<i>Paolo Prandi</i>
	<i>Standing statutory auditor</i>	<i>Saverio Bozzolan</i>
	<i>Standing statutory auditor</i>	<i>Claudia Civolani</i>
	<i>Alternate statutory auditor</i>	<i>Fabio Gallio</i>
<i>Independent auditors</i>		<i>Deloitte & Touche SpA</i>
<i>Audit, risk and sustainability committee</i>	<i>Chairperson</i>	<i>Marina Manna</i>
	<i>Member</i>	<i>Cinzia Donalizio</i>
	<i>Member</i>	<i>Maria Grazia Filippini</i>
<i>Remuneration committee</i>	<i>Chairperson</i>	<i>Cinzia Donalizio</i>
	<i>Member</i>	<i>Marina Manna</i>
	<i>Member</i>	<i>Maria Grazia Filippini</i>
<i>Supervisory body as per Leg. dec. no. 231/2001</i>	<i>Chairperson</i>	<i>Alberto Berardi</i>
	<i>Member</i>	<i>Arianna Giglio</i>
	<i>Member</i>	<i>Alessandro Grassetto</i>



DIRECTORS' REPORT

at 30 June 2023

GROUP PERFORMANCE

STATEMENT OF PROFIT OR LOSS

The statement of profit or loss for the first half of 2023 compared with the corresponding period of the previous year is as follows.

(€'000)	First half of 2023	First half of 2022	% First half of 2023	% First half of 2022
Revenue	330,309	261,346		
Other revenue	2,612	2,023	0.8%	0.8%
Costs of raw materials, consumables and goods and changes in inventories	(145,605)	(119,010)	(44.1%)	(45.5%)
Services	(40,893)	(31,691)	(12.4%)	(12.1%)
Capitalised development expenditure	459	275	0.1%	0.1%
Personnel expense	(72,832)	(55,633)	(22.0%)	(21.3%)
Other expense, net	(1,444)	(1,203)	(0.4%)	(0.5%)
Amortisation, depreciation and impairment losses	(15,099)	(11,168)	(4.6%)	(4.3%)
OPERATING PROFIT	57,507	44,938	17.4%	17.2%
Net financial expense	(2,647)	(1,540)	(0.8%)	(0.6%)
Net exchange losses	(341)	(153)	(0.1%)	(0.1%)
Fair value gain (loss) on call options	-	-	-	-
Share of profit of equity-accounted investees	290	2,363	0.1%	0.9%
PROFIT BEFORE TAX	54,809	45,608	16.6%	17.5%
Income taxes	(12,359)	(9,756)	(3.7%)	(3.7%)
PROFIT FOR THE PERIOD	42,450	35,853	12.9%	13.7%
Non-controlling interests	2,173	1,044	0.7%	0.4%
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT	40,277	34,809	12.2%	13.3%

CONSOLIDATED REVENUE

(€'000)	First half of 2023	First half of 2022	Variation %	FX variation % *
Revenue	330,309	261,346	26.4%	27.2%

The group's revenue for the first half of 2023 soared 26.4% on the corresponding period of 2022, reaching €330,309 thousand (first half of 2022: €261,346 thousand). Calculated at constant exchange rates, the increase would have been 27.2%.

The revenue was attributable to both the ongoing huge surge in demand and the contribution of the new companies acquired during the year. A breakdown of revenue by geographical segment is as follows:

REVENUE BY GEOGRAPHICAL SEGMENT (€'000)	First half of 2023	First half of 2022	Variation %	FX variation % *
Europe, Middle East and Africa	235,038	187,103	25.6%	26.0%
APAC	44,537	36,275	22.8%	27.9%
North America	44,640	31,841	40.2%	38.9%
South America	6,093	6,127	(0.6%)	(1.6%)
Total	330,309	261,346	26.4%	27.2%

* The FX variation % is calculated as the percentage of change at constant exchange rates, i.e., using those at 30 June 2022.

The geographical segments reflect the geographical location of the countries in which the revenue is earned considering the group's marketing strategies.

All geographical segments contributed to the significant growth in consolidated revenue in the first half of 2023, with double-digit increases in EMEA (Europe, Middle East and Africa), APAC (Asia-Pacific) and the Americas.

A breakdown of revenue by market is as follows:

REVENUE BY MARKET (€'000)	First half of 2023	First half of 2022	Variation %	FX variation %
HVAC revenue	238,923	171,370	39.4%	40.0%
REF revenue	89,980	87,513	2.8%	4.1%
Total core revenue	328,903	258,883	27.0%	27.8%
Non-core revenue	1,406	2,463	(42.9%)	(41.4%)
Total revenue	330,309	261,346	26.4%	27.2%

The HVAC market remains strong and continues to grow thanks to solid global trends. In particular, heat pumps, data centres and indoor air quality solutions drove the growth in the residential segment. Geographically speaking, the first of the above trends is undoubtedly concentrated in Europe, which acts as a pathfinder in this respect. The Americas, where the data centre segment is particularly lively, also performed extremely well, while the APAC region shows a positive consolidation of the acquired businesses.

The refrigeration market continued to record a certain weakness in final demand, which had already characterised the first quarter of the year. This is mainly due to the end operators' decision to prudently postpone investments.

Despite the unfavourable market trends, the group's performance improved in the second quarter of the year thanks to the easing of tensions caused by the shortage of materials (which, conversely, had a particularly negative impact in the first part of the year) and the ability to seize some market opportunities.

MAIN FINANCIAL INDICATORS

The main financial indicators for the first half of 2023 compared with the corresponding period of the previous year are set out below.

(€'000)	First half of 2023	First half of 2022	Variation	Variation %
EBITDA ¹	72,606	56,106	16,500	29.4%
EBITDA % ²	22.0%	21.5%	n.a.	2.4%
ADJUSTED EBITDA ³	73,041	56,343	16,698	29.6%
ADJUSTED EBITDA % ⁴	22.1%	21.6%	n.a.	2.6%
Profit for the period	42,450	35,853	6,597	18.4%

The group's EBITDA % for the first half of 2023 was 22.0%, up on the same period of the previous year (21.5%). In absolute terms, EBITDA amounted to €72,606 thousand (+29.4% compared to the same period of the previous year). The rise in EBITDA is mainly due to the operating leverage and the acquisitions which took place in the second half of 2022 and became fully operative in the first half of 2023.

Costs of raw materials and goods and changes in inventories rose in absolute terms as a result of the increase in revenue, but dropped as a percentage thereof (from 45.5% to 44.1%) although some difficulties in obtaining certain components continue.

Personnel expense increased in absolute terms due to the rise in the number of employees over the past 12 months, specifically following the acquisitions that took place in the second half of 2022. As a percentage of revenue, it came to 22.0% (first half of 2022: 21.3%).

Adjusted EBITDA amounted to €73,041 thousand, compared to €56,343 thousand for the first half of 2022. The adjusted costs chiefly refer to consultancy costs for M&A activities (€435 thousand).

Amortisation and depreciation amounted to €15,099 thousand (first half of 2022: €11,168 thousand). Of this amount, €3,593 thousand (first half of 2022: €2,490 thousand) refers to the amortisation of excess cost allocated upon consolidation of the companies acquired in previous years.

Net financial expense amounted to €2,647 thousand (first half of 2022: €1,540 thousand). The increase is mainly attributable to higher interest expense on call options on non-controlling interests and earn-out.

The group tax rate is 22.5%, up from 21.4% at 30 June 2022. The increase is mainly due to the different contribution percentage of some countries.

Profit amounted to €42,450 thousand compared to €35,853 thousand in the corresponding period of the previous year, showing an increase of 18.4%.

1 EBITDA is not identified as an accounting measure under the IFRS, but the group calculates EBITDA as the sum of the profit before tax, the share of profit (loss) of equity-accounted investees, exchange differences, net financial income (expense) and amortisation, depreciation and impairment losses. It uses EBITDA to assess its operating performance

2 The EBITDA % is the ratio of EBITDA to revenue.

3 Adjusted EBITDA is not identified as an accounting measure under the IFRS, but is commonly used by both management and investors to evaluate the operating performance of the company and group. Adjusted EBITDA is EBITDA plus costs taken from the consolidated financial statements prepared in accordance with the IFRS integrated by the notes thereto.

4 The adjusted EBITDA % is the ratio of adjusted EBITDA to revenue.

MAIN STATEMENT OF FINANCIAL POSITION INDICATORS

The main statement of financial position indicators at 30 June 2023 compared with those at 31 December 2022 are set out below:

STATEMENT OF FINANCIAL POSITION	30.06.2023	31.12.2022	Variation %
(€'000)			
Non-current assets ⁵	306,509	300,499	2.0%
Net working capital ⁶	119,239	89,926	32.6%
Defined benefit plans	(8,279)	(8,129)	1.9%
Net invested capital ⁷	417,469	382,296	9.2%
Equity	234,492	221,247	6.0%
Call options on non-controlling interests and <i>earn-out</i>	75,347	65,208	15.5%
Net financial debt	107,630	95,841	12.3%
Total	417,469	382,296	9.2%

Non-current assets increased by €6,010 thousand on 31 December 2022, mainly due to the allocation of the acquisitions which took place in the second half of 2022, offset, in part, by the amortisation/depreciation charge of the period. Reference should be made to note 2 for more information on the allocation of excess cost.

Investments in property, plant and equipment amounted to €6,586 thousand, compared to €7,882 thousand in the first half of 2022. The main investments related to the expansion of the group's production capacity for specific products for heat pump applications (inverters and programmable controls). Significant investments were made, with positive ESG impacts, related to the installation of solar panels in Croatia, China and Germany. Intangible assets increased by €1,338 thousand (€1,040 thousand in the first half of 2022), net of goodwill and excess cost on the acquisition of Eurotec.

The breakdown of investments by geographical segment, net of right-of-use assets and goodwill, is as follows:

INVESTMENTS	First half of 2023	First half of 2022	Variation
Europe, Middle East and Africa	6,106	7,273	(1,167)
APAC	1,274	1,169	105
North America	528	200	327
South America	16	280	(264)
Total investments	7,924	8,922	(998)

Net working capital increased from €89,926 thousand at 31 December 2022 to €119,239 thousand at 30 June 2023. This increase was mainly due to trade receivables which rose by €26,260 thousand chiefly as a result of sales volumes and higher inventories (+€21,700 thousand) which were necessary to support the organic growth of the period. These increases are partly offset by higher trade payables (+€9,182 thousand) and other liabilities (+€10,164 thousand).

Call options on non-controlling interests and earn-out increased mainly as a result of the higher earn-out related to the acquisition of Senva as described in note 2 to the condensed interim consolidated financial statements to which reference should be made for additional information.

⁵ Net non-current assets is the sum of property, plant and equipment, intangible assets, equity-accounted investments and other non-current assets less other non-current liabilities.

⁶ Net working capital is the sum of trade receivables, inventories, tax assets, other current assets, deferred tax assets, trade payables, current tax liabilities, other current liabilities, deferred tax liabilities and provisions for risks.

⁷ Net invested capital is the sum of (i) net non-current assets, (ii) net working capital and (iii) defined benefit plans.

The net financial debt amounted to €107,630 thousand, compared to €95,841 thousand at 31 December 2022, as shown below:

(€'000)	30.06.2023	31.12.2022
Non-current financial liabilities	102,172	94,177
Current financial liabilities	62,831	78,526
Non-current lease liabilities	26,152	27,216
Current lease liabilities	6,672	5,434
Cash and cash equivalents	(85,396)	(96,636)
Current financial assets	(4,801)	(12,875)
Net financial debt	107,630	95,841
Net financial debt (excluding the effects of IFRS 16)	74,807	63,191
Net bank loans and borrowings	65,469	53,390

The net financial debt is mainly comprised of:

- current and non-current bank loans and borrowings totalling €94.4 million (€121.7 million at 31 December 2022);
- current and non-current amounts due to bondholders totalling €59.8 million (€39.6 million at 31 December 2022);
- current and non-current other loans and borrowings totalling €2.1 million (€1.6 million at 31 December 2022);
- current and non-current financial liabilities related to acquisitions totalling €8.7 million (€9.6 million at 31 December 2022);
- current and non-current lease liabilities totalling €32.8 million (€32.7 million at 31 December 2022);
- cash and cash equivalents totalling €85.4 million;
- current financial assets totalling €4.8 million.

At 30 June 2023, 52% of cash and cash equivalents and current financial assets were held by Italian group companies and approximately 13% by the Chinese subsidiary. The remaining amount was split among the other group companies.

During the period, dividends of €17,999 thousand were also distributed (30 June 2022: €14,995 thousand).

Reference should be made to the statement of cash flows for more information on changes in such caption.

MERGERS & ACQUISITIONS

Acquisition of Eurotec Ltd

In March 2023, the parent completed the acquisition of 100% of Eurotec Ltd, a New Zealand company based in Auckland which is a long-standing distributor and system integrator.

Over the past twelve months, the company generated revenue and EBITDA worth approximately €6.8 million and €0.7 million, respectively. Its net financial position amounted to roughly €0.2 million. For additional information about the assets acquired and the liabilities assumed at the acquisition date, reference should be made to the Consolidation scope section of the notes. The transaction became effective on 1 March 2023 and the consideration for the entire share capital amounted to €4.1 million, including the earn-out.

In accordance with IFRS 3, the purchase price allocation procedure is currently underway. Reference should be made to the Consolidation scope section of the notes for further information.

At the acquisition date, the company had 27 employees.

Eurotec contributed revenue of approximately €2.3 million in the first half of 2023 (1 March 2023 - 30 June 2023).

HUMAN RESOURCES

The workforce increased by 111 employees at 30 June 2023 and is broken down by geographical segment as follows:

	30.06.2023	31.12.2022	Variation
Europe, Middle East and Africa	1,717	1,652	65
APAC	399	357	42
North America	237	232	5
South America	57	58	-1
Total workforce	2,410	2,299	111

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

Risks connected to general economic conditions

The group's financial position, financial performance and cash flows may be influenced by a number of factors related to the general macroeconomic backdrop, such as changes in GDP, the cost of raw materials and the level of business confidence in the various countries in which the group operates.

Significant macroeconomic events, such as a generalised and significant increase in the price of the main raw materials, a considerable drop in demand in one of the group's main new markets, a lingering uncertainty and volatility on financial and capital markets, a negative interest rate trend and unfavourable exchange rate fluctuations in the group's main currencies, may negatively affect the group's outlook and operations, in addition to its performance figures and financial position.

The effects of such macroeconomic context may inevitably also have an impact on the other risks described below.

Risks connected to the performance of the reference market

The markets in which the group operates may be influenced to varying degrees by often unpredictable cyclical expansion and resizing. The ways in which the main customers absorb these fluctuations in demand and reflect them through the entire production chain may have a significant impact on procurement policies and inventories management and, as a result, on working capital needs and the ability to adequately absorb fixed costs.

In the first half of 2023, demand for Carel Group products was particularly positive despite the continuing shortage of certain components and the ongoing conflict between Russia and Ukraine. The dynamics of the different markets, in terms of both their geographical size and product families, including legislative measures, were closely monitored, both in order to adjust commercial, procurement and production policies and to identify opportunities to develop new products.

Liquidity risk

The group's debt partly bears floating interest rates. 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. When deemed significant, the group agrees hedging instruments to neutralise interest rate fluctuations.

The group still has a high level of liquidity.

Credit risk

The group's credit risk management policy includes rating its customers, setting purchase limits and taking legal action. It prepares periodic reports to ensure tight control over credit collection. Each group company has a credit manager in charge of credit collection on sales made in their markets. Coordination between the 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 secured with bank collateral. Impairment losses are recognised considering past due receivables from customers with financial difficulties and receivables for which legal action has commenced. The group mainly deals with well-known and reputable customers. Its policy is to constantly monitor those customers that request payment extensions.

As already mentioned, the group has not recorded significant changes in credit management and related risks.

Risks related to the supply chain

Inadequate management of the group's strategic suppliers with reference to quality controls, delivery times and requested production flexibility would result in the risk of potential operating inefficiencies and inability to satisfy customers' needs.

In order to tackle this risk, Carel subjects its suppliers to an initial evaluation, followed by regular subsequent evaluations, particularly strategic suppliers. This evaluation measures their suitability in terms of technological and production capacity, overall quality of processes and products, ISO standards quality certifications, business and financial situation and compliance with standards of ethical behaviour.

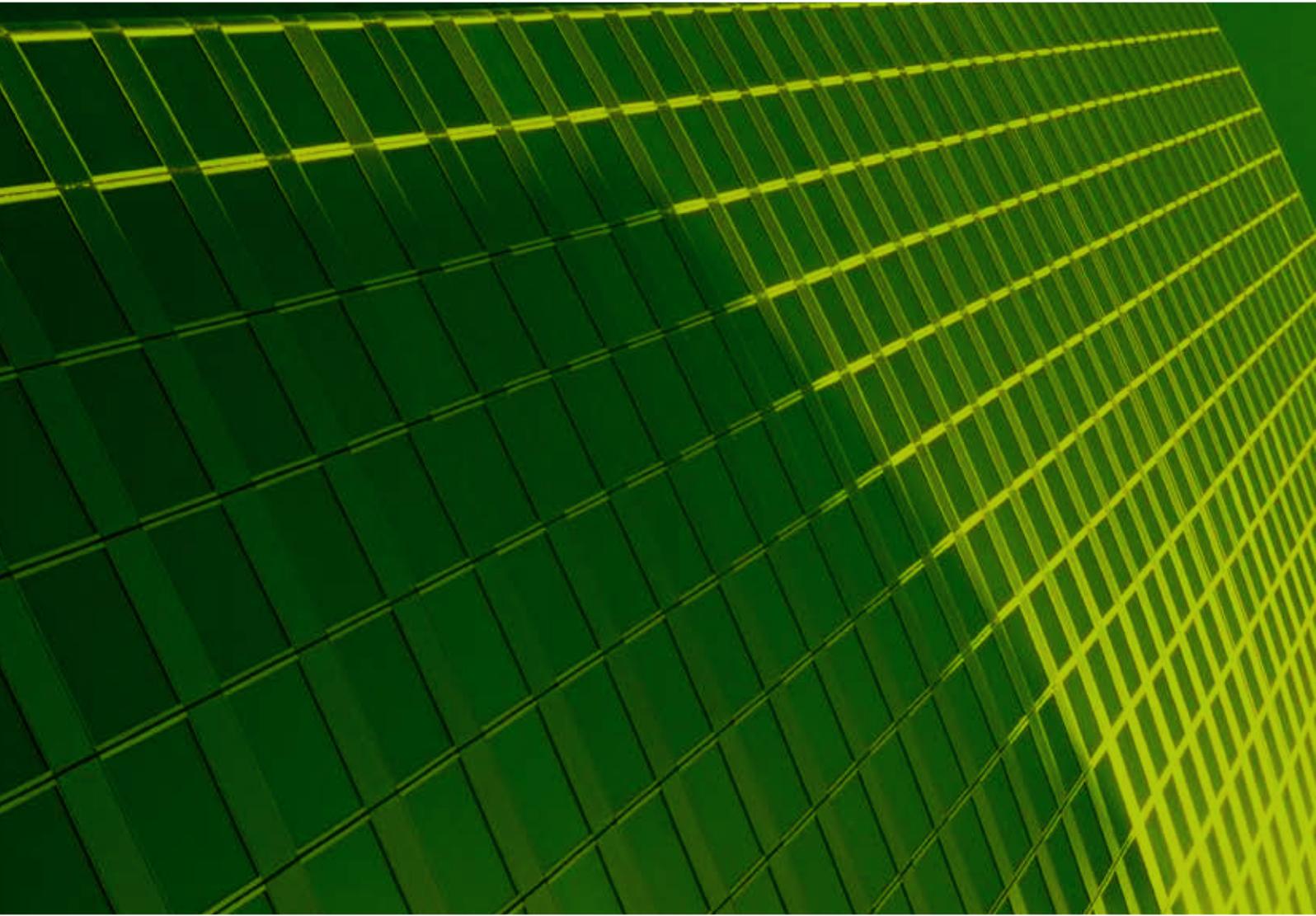
OUTLOOK

The first six months of 2023 were characterised by strong geopolitical instability mainly due to the conflict between Russia and Ukraine and trade tensions between the US and China. In economic terms, despite the slowdown recorded in the past few months, inflation remains above 5% in the Euro area. The monetary tightening by the ECB and the FED also continued, driven by interest rate hikes, with a negative impact, especially in Europe, on consumers' purchasing power and current and expected growth.

The shortage of electronic material, which has characterised the supply chain over the last 30 months, is gradually improving. However, the related benefits depend on the individual sectors.

With respect to the group, the excellent performance recorded in the air conditioning segments related to data-centre cooling and indoor air quality is expected to continue in the second half of the year. Turning to heat pumps, despite the strong structural trend, the growth rate may suffer a temporary deceleration in the coming quarters due to a number of immediate reasons which include the decision by some customers to increase inventories and the decision by some players to decrease production pending the updates to the F-Gas regulation revision on the use of propane gas. In relation to refrigeration, the weakness recorded during the first quarter of this year remained stable in the second quarter. A slow and gradual recovery is expected in the next few quarters.

Based on the above, the group expects significant growth also in the second half of the year, though with a less lively trend than in the first half. In any case, in the first nine months of the year (on a like-for-like and constant exchange rates basis), revenue is expected to increase at a percentage similar to that recorded in the first six months of the year. Organic growth is also forecast in the fourth quarter. However, at present, its extent is difficult to quantify because of the volatility of the markets and the uncertainty surrounding the macroeconomic environment.



CONDENSED INTERIM
CONSOLIDATED FINANCIAL
STATEMENTS AS AT AND FOR
THE SIX MONTHS AND NOTES
THERE TO

at 30 June 2023

STATEMENT OF FINANCIAL POSITION

(€'000)	Note	30.06.2023	31.12.2022
Property, plant and equipment	1	109,235	109,687
Intangible assets	2	187,209	181,645
Equity-accounted investments	3	1,824	1,446
Other non-current assets	4	9,740	9,769
Deferred tax assets	5	8,803	7,745
Non-current assets		316,811	310,292
Trade receivables	6	119,953	93,692
Inventories	7	128,445	106,745
Current tax assets	8	3,050	2,777
Other current assets	9	16,510	17,446
Current financial assets	10	4,801	12,875
Cash and cash equivalents	11	85,396	96,636
Current assets		358,155	330,172
TOTAL ASSETS		674,966	640,464
Equity attributable to the owners of the parent	12	218,800	205,378
Equity attributable to non-controlling interests	13	15,692	15,868
Total equity		234,492	221,247
Non-current financial liabilities	14	128,323	121,392
Provisions for risks	15	4,724	4,451
Defined benefit plans	16	8,279	8,129
Deferred tax liabilities	17	17,666	18,242
Other non-current liabilities	18	76,846	67,256
Non-current liabilities		235,839	219,471
Current financial liabilities	14	69,503	83,960
Trade payables	19	86,356	77,174
Current tax liabilities	20	8,693	4,987
Provisions for risks	15	4,657	1,401
Other current liabilities	21	35,426	32,226
Current liabilities		204,636	199,747
TOTAL LIABILITIES AND EQUITY		674,966	640,464

STATEMENT OF PROFIT OR LOSS

(€'000)	Note	First half of 2023	First half of 2022
Revenue	22	330,309	261,346
Other revenue	23	2,612	2,023
Costs of raw materials, consumables and goods and changes in inventories	24	(145,605)	(119,010)
Services	25	(40,893)	(31,691)
Capitalised development expenditure	26	459	275
Personnel expense	27	(72,832)	(55,633)
Other expense, net	28	(1,444)	(1,203)
Amortisation, depreciation and impairment losses	29	(15,099)	(11,168)
OPERATING PROFIT		57,507	44,938
Net financial expense	30	(2,647)	(1,540)
Net exchange losses	31	(341)	(153)
Fair value gains (loss) on call options	32	-	-
Share of profit of equity-accounted investees	33	290	2,363
PROFIT BEFORE TAX		54,809	45,608
Income taxes	34	(12,359)	(9,756)
PROFIT FOR THE PERIOD		42,450	35,853
Non-controlling interests		2,173	1,044
PROFIT FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT		40,277	34,809

STATEMENT OF COMPREHENSIVE INCOME

(€'000)	Note	First half of 2023	First half of 2022
PROFIT FOR THE PERIOD		42,450	35,853
Items that may be subsequently reclassified to profit or loss:			
- Fair value gains (losses) on hedging derivatives net of the tax effect		(499)	875
- Exchange differences		(7,902)	6,741
Items that may not be subsequently reclassified to profit or loss:			
- Actuarial gains (losses) on employee benefits net of the tax effect		(18)	556
Comprehensive income		34,031	44,025
attributable to:			
- Owners of the parent		32,464	42,672
- Non-controlling interests		1,567	1,353
Earnings per share			
Earnings per share (in Euros)	12	0.40	0.35

STATEMENT OF CASH FLOWS

(€'000)	Note	First half of 2023	First half of 2022 (*)
Profit for the period		42,450	35,853
Adjustments for:			
Amortisation, depreciation and impairment losses	29	15,099	11,167
Accruals to/utilisations of provisions		5,381	2,297
Non-monetary net (income) expense		1,941	(391)
Income taxes	34	12,359	9,756
Changes in working capital:			
Change in trade receivables and other current assets		(25,554)	(27,398)
Change in inventories	7	(24,924)	(20,350)
Change in trade payables and other current liabilities		10,993	6,594
Change in non-current assets		(335)	(1,959)
Change in non-current liabilities		(406)	771
Cash flows from operating activities		37,004	16,339
Net interest paid		(2,592)	(1,254)
Income taxes paid		(10,452)	(6,748)
Net cash flows from operating activities		23,960	8,337
Investments in property, plant and equipment	1	(6,587)	(7,881)
Investments in intangible assets	2	(1,338)	(1,041)
Disinvestments of financial assets	10	8,075	-
Disinvestments of property, plant and equipment and intangible assets		94	114
Interest collected		1,161	53
Investments in equity-accounted investees	3	-	-
Business combinations net of cash acquired	2	(3,553)	(932)
Cash flows used in investing activities		(2,149)	(9,687)
Capital increases		-	-
Repurchase of treasury shares		(1,041)	-
Dividend distributions	12	(17,999)	(14,995)
Dividends distributed to non-controlling interests		(1,743)	(1,583)
Investments in current financial assets		-	(3,987)
Increase in financial liabilities	14	25,050	81,950
Decrease in financial liabilities	14	(32,547)	(35,295)
Decrease in lease liabilities		(3,521)	(2,504)
Cash flows from (used in) financing activities		(31,801)	23,586
Change in cash and cash equivalents		(9,990)	22,235
Cash and cash equivalents - opening balance		96,636	100,625
Exchange differences		(1,251)	1,897
Cash and cash equivalents - closing balance		85,396	124,757

(*) For comparative purposes, the balances related to Income taxes and Income taxes paid for the six months ended 30 June 2022 were reclassified.

STATEMENT OF CHANGES IN EQUITY

	Share capital	Legal reserve	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Profit for the period/year	Equity	Equity att. to non-controlling interests	Total equity
Balance at 01.01.2022	10,000	2,000	3,853	(51)	17,079	73,011	49,059	154,952	14,923	169,875
Owner transactions										
Allocation of prior year profit	-	-	-	-	27,145	21,914	(49,059)	-	-	-
Capital increases	-	-	-	-	-	-	-	-	-	-
Defined benefit plans	-	-	-	-	204	-	-	204	-	204
Repurchase of treasury shares	-	-	-	-	-	-	-	-	-	-
Dividend distributions	-	-	-	-	(14,995)	-	-	(14,995)	(1,583)	(16,578)
Call options on non-controlling interests	-	-	-	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-	-	-	778	778
Total owner transactions	10,000	2,000	3,853	(51)	29,433	94,925	-	140,161	14,118	154,279
Profit for the period	-	-	-	-	-	-	34,809	34,809	1,044	35,853
Other comprehensive income	-	-	6,432	875	556	-	-	7,863	309	8,172
Comprehensive income	-	-	6,432	875	556	-	34,809	42,672	1,353	44,025
Balance at 30.06.2022	10,000	2,000	10,285	824	29,990	94,925	34,809	182,833	15,471	198,304
Balance at 01.01.2023	10,000	2,000	5,848	1,252	29,232	94,925	62,124	205,379	15,868	221,247
Owner transactions										
Allocation of prior year profit	-	-	-	-	44,504	17,620	(62,124)	-	-	-
Capital increases	-	-	-	-	-	-	-	-	-	-
Defined benefit plans	-	-	-	-	-	-	-	-	-	-
Repurchase of treasury shares	-	-	-	-	(1,042)	-	-	(1,042)	-	(1,042)
Dividend distributions	-	-	-	-	(17,999)	-	-	(17,999)	(1,743)	(19,742)
Call options on non-controlling interests	-	-	-	-	-	-	-	-	-	-
Change in consolidation scope	-	-	-	-	-	-	-	-	-	-
Total owner transactions	10,000	2,000	5,848	1,252	54,695	112,544	-	186,338	14,125	200,463
Profit for the period	-	-	-	-	-	-	40,277	40,277	2,173	42,450
Other comprehensive expense	-	-	(7,296)	(499)	(18)	-	-	(7,813)	(606)	(8,419)
Comprehensive income	-	-	(7,296)	(499)	(18)	-	40,277	32,464	1,567	34,031
Balance at 30.06.2023	10,000	2,000	(1,448)	753	54,677	112,544	40,277	218,800	15,692	234,492

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONTENT AND FORMAT OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Carel Industries S.p.A. (the “parent”) heads the group of the same name and has its registered office in Via Dell’Industria 11, Brugine (PD). It is a company limited by shares and its tax code and VAT number is 04359090281. It is included in the Padua company register.

The group provides control instruments to the air-conditioning (HVAC) and commercial and industrial refrigeration (REF) markets and also produces air humidification systems. It has 15 production sites and 27 commercial companies which serve all the main markets.

The IFRS condensed interim consolidated financial statements at 30 June 2023 refer to the period from 1 January 2023 to 30 June 2023.

The Carel Group adopted the IFRS endorsed by the European Union for the first time on 1 January 2015.

The parent’s board of directors approved the condensed interim consolidated financial statements at 30 June 2023 on 3 August 2023.

The condensed interim consolidated financial statements include the results of the parent and its subsidiaries, based on their updated accounting records.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The condensed interim consolidated financial statements at 30 June 2023 have been prepared in compliance with IAS 34 Interim financial reporting issued by the International Accounting Standard Board (IASB). Pursuant to IAS 34, these notes have been prepared in a condensed format and do not include all the disclosures required for annual financial statements. They solely provide information about those captions that, due to their size, content or changes therein during the period, are key to an understanding of the group’s financial position, financial performance and cash flows. Therefore, these condensed interim consolidated financial statements shall be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2022. The condensed interim consolidated financial statements include the statement of profit or loss, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and these notes, which are an integral part thereof.

The condensed interim consolidated financial statements were prepared in thousands of Euro, which is the group’s functional and presentation currency. There may be rounding differences when items are added together as the individual items are calculated in Euros.

The condensed interim consolidated financial statements have been prepared on a going concern basis, considering the group’s financial soundness, performance for the period and outlook, in addition to its available resources, which are sufficient to cover any contractual commitments and strategic needs.

Preparation of condensed interim consolidated financial statements under the IFRS requires management to make judgements and estimates that affect the amounts presented therein and in the notes. Actual results may differ from these judgements.

CONSOLIDATION SCOPE

The condensed interim consolidated financial statements include the financial statements at 30 June 2023 of the parent, Carel Industries S.p.A., and its Italian and foreign subsidiaries.

Subsidiaries are those entities over which the parent has control, as defined in IFRS 10 Consolidated financial statements. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are consolidated starting from the date when control exists until when it ceases to exist.

Note [35] Other information lists the entities included in the consolidation scope at 30 June 2023.

During the period, Eurotec Ltd was consolidated on a line-by-line basis and, in March 2023, Carel Kazakhstan Llc, wholly-owned by Carel Industries S.p.A., was incorporated. At the reporting date, this company, which acts as an agent, was not yet operational.

Information on this acquisition is provided below.

Information on the acquisition of Eurotec

In March 2023, the parent acquired 100% of Eurotec Ltd, a long-standing distributor of Carel products which operates in New Zealand.

The entire share capital was acquired for a cash consideration of €4,115 thousand (including an earn-out of €575 thousand).

The Carel Industries Group acquired control on 1 March 2023 and thus has included the investee in the consolidation scope since such date.

As the assets acquired and liabilities assumed are a business, the transaction is considered a business combination in accordance with IFRS 3. Allocation of the consideration is still provisional. The definitive allocation of the acquisition price will be made within 12 months of the acquisition.

The assets acquired and liabilities assumed are detailed below:

EUROTEC			
(€'000)	Acquisition-date carrying amount	Allocation	Acquisition-date fair value
Property, plant and equipment	117	475	592
Intangible assets	-	1,315	1,315
Deferred tax assets	51	-	51
Non-current assets	168	1,790	1,958
Trade receivables	792	-	792
Inventories	1,739	-	1,739
Current tax assets	23	-	23
Current financial assets	-	-	-
Cash and cash equivalents	7	-	7
Current assets	2,561	-	2,561
TOTAL ASSETS	2,730	1,790	4,520
Non-current financial liabilities	-	(229)	(229)
Deferred tax liabilities	-	(368)	(368)
Non-current liabilities	-	(597)	(597)
Current financial liabilities	(42)	(246)	(288)
Trade payables	(385)	-	(385)

(€'000)	Acquisition-date carrying amount	Allocation	Acquisition-date fair value
Tax liabilities	(6)	-	(6)
Other current liabilities	(303)	-	(303)
Current liabilities	(735)	(246)	(981)
TOTAL LIABILITIES	(735)	(843)	(1,579)

When allocating the acquisition price, the group recognised €1,315 thousand attributable to customer lists in addition to the relevant deferred tax. €1,173 thousand of the difference between the consideration paid, the assets acquired and the liabilities assumed was provisionally allocated to goodwill.

BASIS OF CONSOLIDATION

The condensed interim consolidated financial statements at 30 June 2023 include the financial statements of Carel Industries S.p.A. and the Italian and foreign entities over which it has direct or indirect control. Specifically, the consolidation scope includes:

- the subsidiaries, over which the parent has control as defined by IFRS 10 Consolidated financial statements; these companies are consolidated on a line-by-line basis;
- the associates, over which the parent has the power to exercise significant influence over their financial and operating policies despite not having control; investments in these companies are measured using the equity method.

The parent adopted the following consolidation criteria:

- assets, liabilities, revenue and expenses of the consolidated entities are consolidated using the line-by-line approach where the carrying amount of the parent's investments therein is eliminated against its share of the investee's equity. Any differences are treated in accordance with IFRS 10 Consolidated financial statements and IFRS 3 Business combinations. The portions attributable to non-controlling interests are recognised at the fair value of the assets acquired and liabilities assumed without recognising goodwill;
- the group companies are excluded from the consolidation scope when control thereover ceases to exist and any effects of exclusion are recognised as owner transactions in equity;
- intragroup receivables and payables, revenue and expenses and all significant transactions are eliminated, including intragroup dividends. Unrealised profits and gains and losses on intragroup transactions are also eliminated;
- equity attributable to non-controlling interests is presented separately under equity; their share of the profit or loss for the period is recognised in the statement of profit or loss;
- the financial statements of the consolidated foreign entities using a functional currency other than the Euro are translated into Euros using the average exchange rate for the six months for the statement of profit or loss captions and the closing rate for the statement of financial position captions. Any differences between these exchange rates or due to changes in the exchange rates at the start and end of the period are recognised under equity.

ACCOUNTING POLICIES

In preparing these condensed interim consolidated financial statements, the group applied the same accounting policies as those adopted in drafting the consolidated financial statements at 31 December 2022, to which reference should be made, with the exception of that set out in the following paragraph with regard to new standards.

STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLICABLE TO ANNUAL PERIODS BEGINNING ON OR AFTER 1 JANUARY 2023

The group applied the following standards, amendments and interpretations for the first time starting from 1 January 2023:

- On 7 May 2021, the IASB published Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12) that clarifies how companies account for deferred tax on transactions that can give rise to equal amounts of assets and liabilities such as leases and decommissioning obligations. The amendments became effective on 1 January 2023. The adoption of this amendment did not affect the group's consolidated financial statements.
- On 12 February 2021, the IASB published Disclosure of accounting policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of accounting estimates (Amendments to IAS 8). The amendments improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements and help companies distinguish changes in accounting estimates from changes in accounting policies. These amendments became effective on 1 January 2023. The adoption of these amendments did not affect the group's consolidated 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 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 become effective on 1 January 2024 but earlier application is allowed. The directors do not expect these amendments to significantly affect the group's consolidated financial statements.
- 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. The amendments become effective on 1 January 2024 but earlier application is allowed. The directors do not expect these amendments to significantly affect the consolidated financial statements.
- On 23 May 2023, the IASB published International tax reform – Pillar two model rules (Amendments to IAS 12) which introduces a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes and targeted disclosure requirements for affected entities. The temporary exception applies immediately while the remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023. The directors do not expect these amendments to significantly affect the group's consolidated financial statements.
- 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 amendments are effective for reporting periods beginning on or after 1 January 2024, but earlier application is permitted. The directors do not expect these amendments to significantly affect the group's consolidated financial

statements.

TRANSLATION OF FOREIGN CURRENCY FINANCIAL STATEMENTS AND TRANSACTIONS

The main exchange rates (against €1) used to translate the foreign currency financial statements at 30 June 2023, 31 December 2022 and 30 June 2022 are set out below:

Currencies	Average rate		Closing rate	
	First half of 2023	First half of 2022	30.06.2023	31.12.2022
Pound sterling	0.876	0.842	0.858	0.887
Hong Kong dollar	8.471	8.556	8.516	8.316
Brazilian real	5.483	5.557	5.279	5.639
US dollar	1.081	1.093	1.087	1.067
Australian dollar	1.599	1.520	1.640	1.569
Chinese renminbi (yuan)	7.489	7.082	7.898	7.358
Indian rupee	88.844	83.318	89.207	88.171
South African rand	19.679	16.849	20.579	18.099
Russian ruble *	83.651	83.742	95.105	75.655
South Korean won	1,400.435	1,347.840	1,435.880	1,344.090
Mexican peso	19.646	22.165	18.561	20.856
Swedish krona	11.333	10.480	11.806	11.122
Japanese yen	145.760	134.307	157.160	140.660
Polish zloty	4.624	4.635	4.439	4.681
Thai baht	36.956	36.855	38.482	36.835
Croatian kuna	n.a.	7.542	n.a.	7.537
UAE dirham	3.969	4.016	3.991	3.917
Singapore dollar	1.444	1.492	1.473	1.430
Norwegian krone	11.320	9.982	11.704	10.514
Swiss franc	0.986	1.032	0.979	0.985
Ukrainian hryvnia	39.516	31.732	39.695	39.037
Canadian dollar	1.457	1.390	1.442	1.444
Turkish lira	21.566	16.258	28.319	19.965
New Zealand dollar	1.732	n.a.	1.786	n.a.
Kazakhstani tenge	488.750	n.a.	492.200	n.a.

* The average rate for the first half of 2023 and the closing rate at 30 June 2023 are those provided by the Central Bank of the Russian Federation.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

[1] PROPERTY, PLANT AND EQUIPMENT

At 30 June 2023, property, plant and equipment amounted to €109,235 thousand compared to €109,687 thousand at 31 December 2022. The following table provides a breakdown of the caption and the changes of the period.

CHANGES OF THE PERIOD						
(€'000)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other items of property, plant and equipment	Assets under construction and payments on account	Total
31 December 2022	63,065	23,425	11,737	8,251	3,209	109,687
- Historical cost	79,454	52,314	53,875	24,194	3,209	213,047
- Accumulated depreciation	(16,389)	(28,889)	(42,139)	(15,944)	-	(103,360)
Changes in 2023						
- Investments	760	1,280	1,353	906	2,287	6,586
- Investments in right-of-use assets	2,238	-	33	685	-	2,956
- Business combinations (historical cost)	149	86	-	366	-	601
- Business combinations (right-of-use assets)	300	-	-	167	-	467
- Reclassifications (historical cost)	(12)	792	420	25	(1,370)	(144)
- Impairment losses	-	-	-	-	-	-
- Sales (historical cost)	-	(757)	(194)	(422)	(54)	(1,427)
- Sales - Right-of-use assets (historical cost)	(681)	-	-	(183)	-	(865)
- Exchange differences on historical cost	(758)	(117)	(751)	(133)	(23)	(1,781)
- Exchange differences on accumulated depreciation	128	2	457	88	-	675
- Exchange differences on right-of-use assets	(95)	-	-	(10)	-	(105)
- Depreciation	(777)	(2,106)	(2,121)	(927)	-	(5,930)
- Depreciation of right-of-use assets	(2,668)	-	(55)	(571)	-	(3,295)
- Business combinations (accumulated depreciation)	(100)	(63)	-	(322)	-	(485)
- Reclassifications (accumulated depreciation)	44	36	41	19	-	140
- Restatement of right-of-use assets	(10)	-	-	(63)	-	(73)
- Sales (accumulated depreciation)	(0)	735	173	426	-	1,332
- Sales - Right-of-use assets (accumulated depreciation)	688	-	-	207	-	896
Total	(795)	(113)	(643)	258	841	(452)
Balance at 30 June 2023	62,270	23,312	11,093	8,509	4,051	109,235
including:						
- Historical cost	81,345	53,598	54,736	25,532	4,051	219,262
- Accumulated depreciation	(19,075)	(30,285)	(43,643)	(17,024)	-	(110,027)

Investments in the first half of 2023 were mainly focused on expanding the group's production capacity for specific products for heat pump applications (inverters and programmable controls) and were concentrated

in Croatia (completion of the new SMT line and installation of two lines to be specifically used for the above products), Italy (one inverter line) and China (one control line).

Significant investments were made, with positive ESG impacts, related to the installation of solar panels in Croatia, China and Germany.

The Italian group companies further invested in valves production, both in terms of capacity and process improvement. The first valve line was installed in the USA to meet local market demand. Again in Italy (mechanical production), investments were made to increase production capacity (plastic plate recuperators) and to improve the efficiency of some equipment (plastic injection moulding).

Business combinations refer to the consolidation of Eurotec.

The group did not capitalise borrowing costs, in line with previous years.

[2] INTANGIBLE ASSETS

At 30 June 2023, this caption amounted to €187,209 thousand compared to €181,645 thousand at the end of 2022. The following table presents changes in these assets:

CHANGES OF THE PERIOD						
(€'000)	Development expenditure	Trademarks, industrial patents and software licences	Goodwill	Other assets	Assets under development and payments on account	Total
31 December 2022	5,508	16,715	88,610	69,929	883	181,645
- Historical cost	28,485	38,696	88,610	82,153	883	238,827
- Accumulated amortisation	(22,977)	(21,981)	-	(12,224)	-	(57,182)
Changes in 2023						
- Investments	-	809	-	46	483	1,338
- Business combinations (historical cost)	-	-	13,842	1,315	-	15,157
- Reclassifications (historical cost)	375	80	-	2	(457)	0
- Impairment losses	-	-	-	-	-	-
- Sales (historical cost)	-	(2)	-	-	-	(2)
- Exchange differences on historical cost	(84)	(592)	(2,175)	(2,262)	(50)	(5,163)
- Exchange differences on accumulated amortisation	35	38	-	30	-	104
- Amortisation	(1,054)	(2,015)	-	(2,805)	-	(5,874)
- Business combinations (accumulated amortisation)	-	-	-	-	-	-
- Reclassifications (accumulated amortisation)	-	8	-	(4)	-	4
- Sales (accumulated amortisation)	-	-	-	-	-	-
Total	(728)	(1,674)	11,667	(3,677)	(25)	5,564
Balance at 30 June 2023	4,780	15,042	100,277	66,252	859	187,209
including:						
- Historical cost	28,777	38,991	100,277	81,254	859	250,158
- Accumulated amortisation	(23,996)	(23,949)	(0)	(15,003)	-	(62,948)

Investments amounted to €1,338 thousand. They were mainly concentrated at the parent and were related to the capitalisation of software and development projects, some of which are completed and others are under way.

As a result of the acquisition of Eurotec, the group recognised intangible assets related to the customer list and goodwill for a total of €1,315 thousand and €1,173 thousand, respectively.

Amortisation amounted to €5,874 thousand, of which €3,320 thousand refers to the allocation of the excess cost generated by the first-time consolidation of the companies acquired.

During the period, the directors did not detect any trigger events that would require testing the recoverability of such amounts recognised at 30 June 2023.

Senva allocation

During the first half of 2023, the allocation of the excess cost generated by the acquisition of Senva Inc in the second half of 2022 was updated. Specifically, compared to the amount provisionally recognised at 31 December 2022, the earn-out at 30 June 2023 amounts to USD21,666 thousand (USD12,326 thousand at 31 December 2022). Therefore, the allocated goodwill was increased by the same amount. This change reflects a more accurate analysis of the future scenarios, related to the mathematical model used, underlying the calculation of the earn-out. The resulting amount is the best estimate of the liability. Over the next few months, in order to finalise the allocation, the in-depth analyses of certain aspects, which were known at the time of the acquisition, will be completed.

Klingenburg Group allocation

During the first half of 2023, the allocation of the differential between the consideration paid for the Klingenburg Group and the related consolidated equity was updated. Compared to the provisional allocation at 31 December 2022, the risk provisions were increased by approximately €4 million against risks deemed probable and more accurately determined after the acquisition. Consequently, the positive amount generated by the comparison of the consideration paid with the adjusted equity of the above captions was allocated to goodwill for a total of approximately €4 million. This amount reflects the acquired companies' ability to generate production and strategic synergies with the other Carel group companies operating in the indoor air quality segment. Over the next few months, in order to finalise the allocation, the in-depth analyses of certain aspects, which were known at the time of the acquisition, will be completed.

[3] EQUITY-ACCOUNTED INVESTMENTS

At 30 June 2023, this caption amounts to €1,824 thousand, compared to €1,446 thousand at 31 December 2022. During the period, the investment in Free Polska s.p.z.o.o. increased by a total of €290 thousand.

[4] OTHER NON-CURRENT ASSETS

At 30 June 2023, these amount to €9,740 thousand, compared to €9,769 thousand at 31 December 2022. They mainly refer to the payment of taxes on the amounts allocated to intangible assets and goodwill arising from the allocation of the acquisition price of Enginia, Recuperator and HygroMatik, totalling €8,799 thousand.

The residual balance of this caption mainly relates to guarantee deposits.

[5] DEFERRED TAX ASSETS

At 30 June 2023, deferred tax assets amount to €8,803 thousand compared to €7,745 thousand at 31 December 2022. The group has recognised deferred tax assets and liabilities on temporary differences between the carrying amount of assets and liabilities and their tax base.

CURRENT ASSETS

[6] TRADE RECEIVABLES

At 30 June 2023, this caption amounts to €119,953 thousand compared to €93,692 thousand at 31 December 2022. It may be analysed as follows:

(€'000)	30.06.2023	31.12.2022
Gross trade receivables	122,069	95,534
Loss allowance	(2,116)	(1,841)
Trade receivables	119,953	93,692

The next table breaks down gross trade receivables by geographical segment:

(€'000)	30.06.2023	31.12.2022
Europe, Middle East and Africa	92,447	69,250
APAC	12,726	11,856
North America	14,178	11,724
South America	2,718	2,704
Total	122,069	95,534

The group does not usually charge default interest on past due receivables. A breakdown of the receivables that are not yet due and/or are past due with the relevant loss allowance is as follows:

(€'000)	30.06.2023		31.12.2022	
	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not yet due	112,641	(1,294)	85,875	(1,306)
Past due < 6 months	8,580	(251)	8,663	(153)
Past due > 6 months	389	(214)	639	(179)
Past due > 12 months	459	(357)	357	(204)
Total	122,069	(2,116)	95,534	(1,841)

The group's receivables are not particularly concentrated. It does not have customers that individually account for more than 5% of the total receivables.

The loss allowance comprises management's estimates about credit losses on receivables from end customers and the sales network. It recognises the resulting impairment losses in Other expense, net.

[7] INVENTORIES

At 30 June 2023, this caption amounts to €128,445 thousand compared to €106,745 thousand at 31 December 2022. It may be analysed as follows:

(€'000)	30.06.2023	31.12.2022
Raw materials	76,568	65,498
Allowance for inventory write-down	(6,508)	(4,406)
Semi-finished products and work in progress	6,938	6,130
Finished goods	59,743	45,503
Allowance for inventory write-down	(8,761)	(6,366)
Payments on account	465	388
Total	128,445	106,745

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

[8] CURRENT TAX ASSETS

This caption includes direct tax assets which amounted to €3,050 thousand at 30 June 2023 compared to €2,777 thousand at 31 December 2022.

[9] OTHER CURRENT ASSETS

At 30 June 2023, this caption amounts to €16,510 thousand compared to €17,446 thousand at 31 December 2022. It may be analysed as follows:

(€'000)	30.06.2023	31.12.2022
Payments on account to suppliers	1,726	1,547
Other tax assets	7,158	7,739
VAT assets	2,393	4,441
Prepayments and accrued income	3,846	2,693
Other	1,388	1,025
Total	16,510	17,446

[10] CURRENT FINANCIAL ASSETS

At 30 June 2023, this caption amounts to €4,801 thousand compared to €12,875 thousand at 31 December 2022. It may be analysed as follows:

(€'000)	30.06.2023	31.12.2022
Available-for-sale securities	2,868	2,855
Derivatives	1,071	1,791
Other financial assets	863	230
Deposit accounts	-	8,000
Total	4,801	12,875

Available-for-sale securities refer to investments, with major counterparties, aimed at managing part of the group'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 or the sales of the assets.

The derivatives are forwards and currency options agreed to hedge commercial transactions but which do not qualify for hedge accounting. Fair value gains and losses are recognised in profit or loss. More information is available in the paragraph on financial instruments in note [34] Other information.

The deposit accounts recognised at 31 December 2022 expired during the period. No new deposit accounts

were agreed during the first half of 2023.

[11] CASH AND CASH EQUIVALENTS

At 30 June 2023, this caption amounts to €85,396 thousand, compared to €96,636 thousand at 31 December 2022. The caption includes €26,455 thousands related to short-term time deposits held as a temporary liquidity investment. Reference should be made to the statement of cash flows for details of changes in the group's cash and cash equivalents and to the directors' report for the geographical breakdown.

(€'000)	30.06.2023	31.12.2022
Current accounts and post office deposits	85,348	96,599
Cash	48	37
Total	85,396	96,636

Current accounts and post office deposits are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to immaterial currency risk.

At 30 June 2023, the group's current account credit balances were not pledged in any way.

EQUITY AND NON-CURRENT LIABILITIES

[12] EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT

The parent's fully paid-up and subscribed share capital consists of 100,000,000 ordinary shares.

Equity may be analysed as follows:

(€'000)	30.06.2023	31.12.2022
Share capital	10,000	10,000
Legal reserve	2,000	2,000
Translation reserve	(1,448)	5,849
Hedging reserve	753	1,252
Other reserves	54,678	29,233
Retained earnings	112,540	94,921
Profit for the period/year	40,277	62,124
Total	218,799	205,377

The hedging reserve includes the fair value gains and losses on interest rate hedges.

A resolution to distribute a dividend of €0.18 per share, totalling €17,999 thousand, was made on 21 April 2023.

In April 2023, the parent assigned 64,127 treasury shares for a total of €1,220 thousand, measured using the FIFO method, to complete the third cycle of shares assigned on 2 December 2019 related to the 2020-2022 performance period.

For the purposes of the performance share plan, in March, the parent acquired an additional 40,000 treasury shares totalling €1,042 thousand. The carrying amount of treasury shares in portfolio was subsequently reduced, with the reserve for long-term incentive plans set up in previous years also reduced by the same amount as balance. The difference between the accrual to such reserve and the carrying amount of the

assigned shares was taken to the distributable income-related reserves.

The number of treasury shares in portfolio at 30 June 2023 was 6,355.

At 30 June 2023, there was no performance share plan.

At 30 June 2023, following the above-mentioned acquisitions and assignment of treasury shares, the weighted average of outstanding ordinary shares was 99,974,915.

The earnings per share were therefore as follows:

(€'000)	First half of 2023	First half of 2022
Number of shares (in thousands)	99,975	99,970
Profit for the period (in thousands of Euros)	40,277	34,809
Earnings per share (in Euros)	0.40	0.35

[13] EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

At 30 June 2023, this caption amounts to €15,692 thousand compared to €15,868 thousand at 31 December 2022 and comprises the non-controlling interests in Carel Thailand Co. Ltd (20%), CFM (49%), Arion S.r.l. (30%) and Sauber S.p.A. (30%):

(€'000)	30.06.2023	Profit for the period	Other comprehensive expense	Dividends distributed	Change in consolidation scope	31.12.2022
Equity attributable to non-controlling interests	15,692	2,173	(606)	(1,743)	-	15,868

[14] CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

These captions may be analysed as follows:

(€'000)	30.06.2023	31.12.2022
Bank loans and borrowings at amortised cost	40,112	51,784
Amounts due to bondholders	59,405	39,468
Lease liabilities	26,152	27,216
Effective hedging derivatives	-	-
Other loans and borrowings at amortised cost	373	489
Other financial liabilities	2,282	2,436
Non-current financial liabilities	128,323	121,392

(€'000)	30.06.2023	31.12.2022
Bank loans at amortised cost	53,737	69,716
Lease liabilities	6,672	5,434
Amounts due to bondholders	371	114
Bank borrowings at amortised cost	1,032	901
Derivatives held for trading at fair value through profit or loss	545	236
Other loans and borrowings at amortised cost	91	162
Other financial liabilities	7,056	7,397
Current financial liabilities	69,503	83,960

At 30 June 2023, the covenants on certain current and non-current bank borrowings were complied with. 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"). In March 2023, the parent issued an additional tranche of bonds with a nominal amount of €20,000 thousand. They are guaranteed by the parent and certain subsidiaries.

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 30 June 2023, such covenants were complied with.

Other current and non-current financial liabilities include amounts due to the non-controlling investors in CFM and Sauber and the residual amounts due the former investors in Senva and Klingenburg as deferred consideration upon acquisition in accordance with the relevant acquisition contracts.

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

The derivatives included under current financial liabilities are forwards and currency options agreed to hedge commercial transactions but which do not qualify for hedge accounting. More information is available in the paragraph on financial instruments in note 34 Other information. The effective designated derivative hedges include the fair value of IRS agreed to hedge interest rate risk.

The following tables show changes in current and non-current financial liabilities:

NON-CURRENT FINANCIAL LIABILITIES							
(€'000)	30.06.2023	Net cash flows	Fair value gains or losses	Reclassification	Change in consolidation scope	Exchange differences	31.12.2022
Bank loans and borrowings at amortised cost	40,112	110	-	(11,780)	-	-	51,784
Amounts due to bondholders	59,405	19,936	-	-	-	-	39,468
Effective hedging derivatives	-	-	-	-	-	-	-
Other loans and borrowings at amortised cost	373	(19)	-	(97)	-	-	489
Other financial liabilities	2,282	369	-	(500)	-	(23)	2,436
Non-current financial liabilities	102,172	20,396	0	(12,377)	0	(23)	94,177

CURRENT FINANCIAL LIABILITIES							
(€'000)	30.06.2023	Net cash flows	Fair value gains or losses	Reclassification	Change in consolidation scope	Exchange difference	31.12.2022
Bank loans	53,737	(27,502)	-	11,780	-	(257)	69,716
Amounts due to bondholders	371	257	-	-	-	-	114
Bank borrowings	1,032	90	-	-	41	-	901

Other loans and borrowings	91	(168)	-	97	-	-	162
Derivatives	545	308	-	-	-	-	236
Other financial liabilities	7,056	(881)	-	500	132	(92)	7,397
Current financial liabilities	62,831	(27,896)	-	12,377	173	(349)	78,526

Net Cash Flow' represents the algebraic sum of inflows and repayments of financial liabilities that occurred during the period.

A breakdown of net financial debt calculated in accordance with ESMA guideline no. 32-382-1138 of 4 March 2021 is provided below:

NET FINANCIAL DEBT			
(€'000)		30.06.2023	31.12.2022
A	Cash	58,941	96,636
B	Cash equivalents	26,455	8,000
C	Other current financial assets	4,801	4,875
D	Cash and cash equivalents (A+ B + C)	90,196	109,512
E	Current loans and borrowings	9,003	8,502
F	Current portion of non-current loans and borrowings	60,501	75,344
G	Current financial debt (E + F)	69,503	83,847
H	Current net financial position (G - D)	(20,693)	(25,665)
I	Non-current loans and borrowings	68,918	81,924
J	Debt instruments	59,405	39,582
K	Trade payables and other non-current financial liabilities	20,957	11,556
L	Non-current financial debt (I + J + K)	149,281	133,062
M	Net financial debt (H + L)	128,587	107,397

As also required by Consob warning no. 5/21 of 29 April 2021, it is noted that the group has recognised a liability subject to conditions related to the option for the non-controlling interests in CFM and Sauber, for an amount of €53,138 thousands and €1,252 thousands respectively.

In compliance with such notice, it is noted that the group recognised accruals for defined benefit plans of €8,279 thousand (note 16) and provisions for risks and charges of €9,381 thousand (note 15).

[15] PROVISIONS FOR RISKS

At 30 June 2023, provisions amount to €9,381 thousand compared to €5,852 thousand at 31 December 2022, as follows:

(€'000)	30.06.2023	31.12.2022
Provision for agents' termination benefits	766	725
Provision for legal risks	114	826

(€'000)	30.06.2023	31.12.2022
Provision for commercial complaints	97	33
Provision for product warranties	700	980
Other provisions	3,048	1,888
Total - non-current	4,724	4,451
Provision for commercial complaints	1,757	1,401
Other provisions	2,900	-
Total - current	4,657	1,401
Total	9,381	5,852

As described in note 2, the increase of approximately €4 million in provisions is due to the purchase price allocation to the Klingenburg Group which refers to risks deemed probable and identified, in particular, in the months after the acquisition.

The provisions for product warranties and commercial complaints were set up to cover liabilities arising on product defects which entail the repair or replacement of the defective parts or payment of a cash compensation to the customer. The directors estimated the provisions based on available information and past experience.

[16] DEFINED BENEFIT PLANS

This caption mainly consists of the group's liability for post-employment benefits and post-term of office benefits for directors recognised by the Italian group entities. These benefits qualify as defined benefit plans pursuant to IAS 19 and the related liabilities are calculated by an independent actuary. The remainder of the caption comprises employee benefits recognised by the foreign group companies which are immaterial both individually and collectively.

[17] DEFERRED TAX LIABILITIES

At 30 June 2023, deferred tax liabilities amount to €17,666 thousand, compared to €18,242 thousand at 31 December 2022. They mainly refer to the deferred taxes on the allocation of the excess cost arising upon the first-time consolidation of the companies acquired in prior years.

[18] OTHER NON-CURRENT LIABILITIES

This caption amounts to €76,846 thousand and may be analysed as follows:

- €53,138 thousand related to the liability measured at fair value resulting for the put and call options on the non-controlling interest in CFM;
- €20,403 thousand related to the earn-out liability for the acquisition of Senva. As described in note 2, this liability was updated during the first half of 2023 compared to the amount provisionally recognised at 31 December 2022. For additional information, reference should be made to note 2;
- €1,252 thousand related to the liability measured at fair value resulting for the put and call options on the non-controlling interest in Sauber;
- €554 thousand related to the earn-out liability for the acquisition of Eurotec.

[19] TRADE PAYABLES

At 30 June 2023, trade payables amount to €86,356 thousand, compared to €77,174 thousand at 31 December 2022. They included payables for materials and services.

Trade payables arise as a result of the different payment terms negotiated with the group's suppliers, which differ from country to country.

[20] TAX LIABILITIES

At 30 June 2023, this caption amounts to €8,693 thousand compared to €4,987 thousand at 31 December 2022. It entirely consists of direct income tax liabilities. The change during the period was mainly related to the calculation of current taxes for the period in accordance with IAS 34.

[21] OTHER CURRENT LIABILITIES

Other current liabilities are broken down in the following table:

(€'000)	30.06.2023	31.12.2022
Social security contributions	5,276	5,654
Tax withholdings	1,808	2,084
Other current tax liabilities	1,499	552
VAT liabilities	3,321	2,409
Wages and salaries, bonuses and holiday pay	19,755	18,485
Other	3,767	3,042
Total	35,426	32,226

The caption mostly includes personnel-related liabilities (wages and salaries, tax withholdings and social security contributions) and tax liabilities, specifically VAT liabilities.

NOTES TO THE STATEMENT OF PROFIT OR LOSS

[22] REVENUE

Revenue amounts to €330,309 thousand, compared to €261,346 thousand for the corresponding period of 2022 (+26.4%). It is shown net of discounts and allowances.

Revenue generated by services amounts to €6,282 thousand, compared to €1,947 thousand for the first half of 2022 as a result of the contribution of the recently acquired companies, Sauber and Klingenburg. A breakdown of revenue by market is as follows:

(€'000)	First half of 2023	First half of 2022	Variation %
HVAC	238,923	171,370	39.4%
REF	89,980	87,513	2.8%
Total core revenue	328,903	258,883	27.0%
Non-core revenue	1,406	2,463	(42.9%)
Total revenue	330,309	261,346	26.4%

There are no group entities that individually contribute more than 10% to the group's revenue.

A breakdown of revenue by geographical segment is as follows:

(€'000)	First half of 2023	First half of 2022	Variation %
Europe, Middle East and Africa	235,038	187,103	25.6%

(€'000)	First half of 2023	First half of 2022	Variation %
APAC	44,537	36,275	22.8%
North America	44,640	31,841	40.2%
South America	6,093	6,127	(0.6%)
Total	330,309	261,346	26.4%

Reference should be made to the directors' report for an analysis of trends in revenue.

[23] OTHER REVENUE

Other revenue amounts to €2,612 thousand, an increase on the €2,023 thousand balance for the corresponding period of 2022. The caption may be broken down as follows:

(€'000)	First half of 2023	First half of 2022	Variation %
Grants related to income	264	89	>100%
Sundry cost recoveries	1,734	1,277	35.8%
Other revenue and income	614	657	(6.6%)
Total	2,612	2,023	29.1%

Sundry cost recoveries mostly refer to transport and other costs.

Other revenue and income principally comprise amounts charged to suppliers and customers.

[24] COSTS OF RAW MATERIALS, CONSUMABLES AND GOODS AND CHANGES IN INVENTORIES

This caption amounts to €145,605 thousand, compared to €119,010 thousand in the first half of 2022. A breakdown of the caption is as follows:

(€'000)	First half of 2023	First half of 2022	Variation %
Costs of raw materials, consumables and goods and changes in inventories	(145,605)	(119,010)	22.3%
% of revenue	(44.1%)	(45.5%)	(3.2%)

[25] SERVICES

The group incurred costs of €40,893 thousand for services in the first half of 2023, up 29.0% on the corresponding period of the previous year. A breakdown of the caption is as follows:

(€'000)	First half of 2023	First half of 2022	Variation %
Transport	(10,418)	(10,521)	(1.0%)
Consultancies	(6,043)	(3,936)	53.5%
Business trips and travel	(2,734)	(1,473)	85.5%
Use of third party assets	(1,035)	(990)	4.5%
Maintenance and repairs	(4,901)	(4,102)	19.5%
Marketing and advertising	(1,880)	(878)	>100%
Outsourcing	(2,307)	(1,427)	61.7%
Agency commissions	(1,229)	(1,038)	18.4%
Utilities	(2,062)	(1,583)	30.3%
Fees to directors, statutory auditors and independent auditors	(1,292)	(1,192)	8.4%
Insurance	(1,170)	(817)	43.2%
Telephone and connections	(572)	(478)	19.7%
Other services	(5,251)	(3,255)	61.3%

(€'000)	First half of 2023	First half of 2022	Variation %
Total	(40,893)	(31,691)	29.0%

[26] CAPITALISED DEVELOPMENT EXPENDITURE

This caption amounts to €459 thousand, compared to €275 thousand in the first half of 2022. It is entirely related to development projects capitalised under intangible assets. The group incurred development expenditure of €11,461 thousand and €9,735 thousand in the first half of 2023 and 2022, respectively (3.5% as a percentage of revenue for the first half of 2022). Only the amounts described above can be capitalised.

[27] PERSONNEL EXPENSE

This caption amounts to €72,832 thousand for the first half of 2023 compared to €55,633 thousand for the corresponding period of the previous year. A breakdown of this caption and of the workforce by employee category is as follows:

(€'000)	First half of 2023	First half of 2022	Variation %
Wages and salaries, including bonuses and accruals	(58,131)	(43,735)	32.9%
Social security contributions	(11,352)	(9,412)	20.6%
Defined benefit plans	(1,548)	(1,490)	3.9%
Other costs	(1,802)	(996)	80.8%
Total	(72,832)	(55,633)	30.9%

	First half of 2023	First half of 2022
Managers	71	63
White collars	1,393	1,133
Blue collars	946	739
Total	2,410	1,935

[28] OTHER EXPENSE, NET

This caption amounts to €1,444 thousand for the first half of 2023, compared to €1,203 thousand for the corresponding period of the previous year. It may be broken down as follows:

(€'000)	First half of 2023	First half of 2022	Variation %
Gains on the sale of non-current assets	55	29	87.9%
Prior year income	554	401	38.2%
Other income	610	431	41.5%
Losses on the sale of non-current assets	(12)	(5)	>100%
Prior year expense	(164)	(97)	69.8%
Other taxes and duties	(767)	(603)	27.2%
Impairment losses on loans and receivables	(429)	(379)	13.2%
Accrual to the provisions for risks	(217)	(290)	(25.0%)
Credit losses	(2)	(6)	(70.5%)
Other costs	(462)	(254)	81.9%
Other expense	(2,053)	(1,633)	25.7%

(€'000)	First half of 2023	First half of 2022	Variation %
Other expense, net	(1,444)	(1,203)	20.1%

[29] AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

This caption amounts to €15,099 thousand for the first half of 2023 compared to €11,168 thousand in the first half of the previous year. This increase was mainly due to higher amortisation and depreciation arising from the purchase price allocation made upon consolidation of companies acquired in previous years:

(€'000)	First half of 2023	First half of 2022	Variation %
Amortisation	(5,874)	(4,414)	33.1%
Depreciation	(9,225)	(6,754)	36.6%
Total	(15,099)	(11,168)	35.2%

[30] NET FINANCIAL EXPENSE

Net financial expense for the first half of 2023 came to €2,647 thousand, compared to €1,540 thousand for the corresponding period of 2022, as follows:

(€'000)	First half of 2023	First half of 2022	Variation %
Gains on financial assets	700	53	>100%
Interest income	149	41	>100%
Gains on derivatives	-	15	(100.0%)
Other financial income	312	52	>100%
Dividends received	-	30	(100.0%)
Financial income	1,161	192	>100%
Bank interest expense	(987)	(278)	>100%
Lease interest expense	(428)	(231)	85.7%
Other interest expense	(706)	(134)	>100%
Losses on derivatives	(25)	(42)	(41.5%)
Other financial expense	(471)	(648)	(27.3%)
Net fair value gains (losses) on financial assets and liabilities	13	(109)	(112.1%)
Interest expense on call options on non-controlling interests	(1,203)	(290)	>100%
Financial expense	(3,808)	(1,732)	>100%
Net financial expense	(2,647)	(1,540)	71.9%

The increase in this caption is mainly due to higher interest expense on call options on non-controlling interests and other interest expense including bond-related costs.

[31] NET EXCHANGE LOSSES

This caption shows net exchange losses of €341 thousand for the first half of 2023 compared to €153 thousand for the corresponding period of 2022, as follows:

(€'000)	First half of 2023	First half of 2022	Variation %
Exchange losses	(5,688)	(6,655)	(15%)
Exchange gains	5,347	6,502	(18%)
Net exchange losses	(341)	(153)	>100%

[32] FAIR VALUE (GAIN) LOSS ON CALL OPTIONS

This caption is unchanged.

[33] SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEES

This caption shows a profit of €290 thousand and includes the revaluation of the associate Free Polska.

[34] INCOME TAXES

This caption amounts to €12,359 thousand for the first half of 2023, compared to €9,756 thousand for the corresponding period of 2022. Income taxes were calculated based on the average tax expense determined on the basis of the actual annual tax rate in accordance with the provisions of IAS 34.

[35] OTHER INFORMATION

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.

Financial instruments

The group is active on international markets and, hence, is exposed to currency and interest rate risks. Specifically, the currencies generating these risks are the US dollar, the Japanese yen, the Australian dollar and the Chinese renminbi.

The group has a hedging policy to mitigate the risks, which involves the use of derivatives, options and forwards, mostly with maturities of less than one year. Transactions in place at the reporting date involving currency hedging transactions are as follows:

(€'000) forward	30.06.2023			
	Purchases *	Sales *	Positive fair value **	Negative fair value **
CNY/USD	-	2,500	12	-
USD/CNY	-	9,300	-	(450)
JPY/EUR	-	68,952	0	(6)
USD/EUR	-	-	-	-
ZAR/USD	-	11,000	44	-
EUR/CNY	-	2,500	-	(89)
THB/USD	-	11,500	20	-
Total forwards	-	105,752	76	(545)
Options				
EUR/CNY	-	-	-	-
USD/CNY	-	-	-	-
USD/EUR	-	2,000	4	-
JPY/EUR	100,000	-	1	-

(€'000) forward	30.06.2023			
	Purchases *	Sales *	Positive fair value **	Negative fair value **
Total options	100,000	2,000	4	-
Total	100,000	107,752	81	(545)

* Amount in thousands of local currency

** Amount in thousands of Euros

The next table provides information about the interest rate swaps hedging the related risk:

(€'000)	Notional amount	Floating interest rate	Fixed interest rate	Maturity	Fair value 30.06.2023
Mediobanca	25,000	3m Euribor > -0.95% / -0.95% if 3m Euribor < -0.95%	-0.42%	04/08/2023	93
Mediobanca	20,000	3m Euribor > -0.6375% / -0.6375% if 3m Euribor < -0.6375%	-0.31%	26/06/2026	897

Derivatives hedging foreign currency assets and liabilities are recognised at fair value with any gains or losses recognised in profit or loss. They are natural hedges of the related risks, which are recognised pursuant to IFRS 9.

Categories of financial instruments and fair value hierarchy

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

(€'000)	IFRS 9 category	Carrying amount	Fair value		
			Level 1	Level 2	Level 3
Derivatives	FVTPL	1,071		1,071	
Available-for-sale securities	FVTPL	2,868	2,868		
Other financial assets	Financial assets at amortised cost	863	n.a.	n.a.	n.a.
Other current financial assets		4,801			
Trade receivables	Financial assets at amortised cost	119,953	n.a.	n.a.	n.a.
Total financial assets		124,754			
Bank loans and borrowings	Financial liabilities at amortised cost	40,112	n.a.	n.a.	n.a.
Amounts due to bondholders	Financial liabilities at amortised cost	59,405	n.a.	n.a.	n.a.
Other loans and borrowings	Financial liabilities at amortised cost	373	n.a.	n.a.	n.a.
Lease liabilities	Financial liabilities at amortised cost	26,152	n.a.	n.a.	n.a.
Other financial liabilities	Financial liabilities at amortised cost	2,282	n.a.	n.a.	n.a.
Non-current financial liabilities		128,324			
Bank borrowings	Financial liabilities at amortised cost	1,032	n.a.	n.a.	n.a.
Bank loans	Financial liabilities at amortised cost	53,737	n.a.	n.a.	n.a.
Lease liabilities	Financial liabilities at amortised cost	6,672	n.a.	n.a.	n.a.
Amounts due to bondholders	Financial liabilities at amortised cost	371	n.a.	n.a.	n.a.
Derivatives	FVTPL	545		545	

30.06.2023		Fair value				
(€'000)	IFRS 9 category	Carrying amount	Level 1	Level 2	Level 3	
Other loans and borrowings	Financial liabilities at amortised cost	91	n.a.	n.a	n.a.	
Other current financial liabilities	Financial liabilities at amortised cost	7,056	n.a.	n.a	n.a.	
Current financial liabilities		69,503				
Other non/current liabilities (*)	FVTPL	75,347			75,347	
Trade payables	Financial liabilities at amortised cost	86,356	n.a.	n.a	n.a.	
Total		359,529				

(*) the caption does not include €1,499 thousands related to long-term deferred income not in scope of IFRS7.

Related party transactions

During the period, the group carried out commercial transactions with related parties as follows:

RELATED AT 30.06.2023								
(€'000)	Trade receivables	Loan assets	Trade payables	Financial liabilities	Revenue	Financial income	Costs	Financial expense
Free Polska s.p.z.o.o.	507	-	(2,095)	-	7	0	(5,158)	-
Total associates	507	-	(2,095)	-	7	-	(5,158)	-
RN Real Estate S.r.l.	3	-	(381)	(15,253)	3	-	-	(82)
Nastrificio Victor S.p.A.	-	-	(23)	-	-	-	(42)	-
Eurotest laboratori S.r.l.	1	-	(28)	-	3	-	(88)	-
Carel Real Estate Adriatic d.o.o.	3	-	-	(1,937)	-	-	1	(37)
Eurotec Ltd	-	-	-	-	170	-	-	-
Panther S.r.l.	-	-	(3)	-	-	-	(5)	-
Gestion A.Landry Inc	-	-	-	(22)	-	-	(5)	-
Humide Expert	-	-	-	-	-	-	(15)	-
Murat Cem Ozdemir	-	-	-	(1,555)	-	-	(16)	(14)
Bridgport S.p.A.	2	-	(192)	-	18	-	(176)	-
Brimind S.r.l.	-	-	(19)	(61)	-	-	(4)	(1)
Others	4	-	(561)	(680)	3	-	(32)	-
Total other related parties	13	-	(1,207)	(19,508)	197	-	(382)	(134)
Total	520	-	(3,302)	(19,508)	204	-	(5,540)	(134)

All the related party transactions take place on an arm's length basis.

Financial liabilities with Murat Cem Ozdemir mainly refer to the outstanding amount due to the non-controlling investor in CFM to acquire the investment.

The figures in the above table are calculated in accordance with IFRS 16. The rent paid to RN Real Estate S.r.l. and Carel Real Estate Adriatic d.o.o. during the period amount respectively to €802 thousand and €146 thousand.

Others include the earn-out pertaining to a related party of Eurotec and financial liabilities with the non-controlling investor in Sauber.

List of investees included in the condensed interim consolidated financial statements and other investees

The following table shows the investees directly and indirectly controlled by the parent as well as all the legally-required disclosures necessary to prepare the condensed interim consolidated financial statements:

LINE BY LINE	Registered office	Country	Currency	Share Capital/ quota at
				31/12/22
Parent:				
Carel Industries S.p.A	Brugine (Padova)	Italy	Euro	10,000,000
Consolidated investees:				
C.R.C. S.r.l.	Bologna	Italy	Euro	98,800
Carel Deutschland GmbH	Frankfurt	Germany	Euro	25,565
Carel France Sas	St. Priest, Rhone	France	Euro	100,000
Carel U.K. Ltd	London	GB	Pound Sterling	350,000
Carel Sud America Instrumentacao Eletronica Ltda	San Paolo	Brazil	Real	31,149,059
Carel Usa Inc	Pennsylvania	USA	Us Dollar	33,000,000
Carel Asia Ltd	Hong Kong	Honk Kong	Hong Kong Dollar	15,900,000
Carel HVAC&R Korea Ltd	Seul	South Korea	South Korean Won	550,500,000
Carel South East Asia Pte. Ltd.	Singapore	Singapore	Singapore dollar	100,000
Carel Australia PTY Ltd	Sydney	Australia	Australian Dollar	100
Carel Electronic Suzhou Ltd	Suzhou	People's Republic of China	Renminbi	75,019,566
Carel Controls Iberica Sl	Barcelona	Spain	Euro	3,005
Carel Controls South Africa (Pty) Ltd	Johannesburg	South Africa	Rand	4,000,000
Carel ACR System India (Pvt) Ltd	Mumbai	India	Rupee	1,665,340
Carel RUS LLC	St. Petersburg	Russia	Ruble	6,600,000
Carel Nordic AB	Hoganas	Sweden	Swedish Krona	550,000
Carel Middle East	Dubai	Dubai	Dirham	4,333,877
Carel Mexicana, S. DE R.L. DE C.V.	Guerra, Tlalpan	Mexico	Peso	12,441,149
Carel Adriatic D.o.o.	Rijeka	Croatia	Kuna	54,600,000
Carel (Thailand) Co. Ltd.	Bangkok	Thailand	Baht	16,000,000
Alfaco Polska Sp.z.o.o.	Wroclaw	Poland	Zloty	420,000
Carel Japan	Tokyo	Japan	Yen	60,000,000
Recuperator S.p.A.	Rescaldina (MI)	Italy	Euro	500,000
Hygromatik G.m.b.H.	Hamburg	Germany	Euro	639,115
Carel Ukraine LLC	Kiev	Ukraine	UAH	700,000
Enersol	Beloil	Canada	CAD	100
CFM Sogutma Ve Otomasyon	Izmir	Turkey	EUR	2,473
Enginia Srl	Trezzo Sull'Adda (MI)	Italy	EUR	10,400

Share Capital/ quota at	Investment %	Share/quota holder	Consolidation method	Profit for the period 30.06.2023	Profit for the period 31.12.2022
30/06/23	30/06/23			EURO	EURO
10,000,000				27,517,698	47,510,497
98,800	100%	Carel Industries S.p.A.	line by line	888,754	1,786,049
25,565	100%	Carel Industries S.p.A.	line by line	2,166,743	3,398,294
100,000	100%	Carel Industries S.p.A.	line by line	835,569	307,078
350,000	100%	Carel Industries S.p.A.	line by line	385,816	834,976
31,149,059	53,02%	Carel Industries S.p.A.	line by line	486,802	1,499,483
	-	Carel Electronic Suzhou Ltd			
33,000,000	100%	Carel Industries S.p.A.	line by line	3,936,080	4,930,312
15,900,000	100%	Carel Industries S.p.A.	line by line	428,842	1,091,645
550,500,000	100%	Carel Electronic Suzhou Ltd	line by line	362,720	152,932
100,000	100%	Carel Asia Ltd	line by line	25,945	38,375
100	100%	Carel Electronic Suzhou Ltd	line by line	298,784	755,747
75,019,566	100%	Carel Industries S.p.A.	line by line	9,696,598	12,225,823
3,005	100%	Carel Industries S.p.A.	line by line	1,116,409	1,231,800
4,000,000	100%	Carel Electronic Suzhou Ltd	line by line	354,507	887,257
1,665,340	0,01%	Carel France Sas	line by line	230,886	269,342
	-	Carel Electronic Suzhou Ltd			
6,600,000	99%	Carel Industries S.p.A.	line by line	(991,494)	661,100
	-	Carel France Sas		-	-
550,000	100%	Carel Industries S.p.A.	line by line	477,951	563,478
4,333,877	100%	Carel Industries S.p.A.	line by line	63,935	191,012
12,441,149	100%	Carel Usa LCC	line by line	(126,167)	149,880
54,600,000	100%	Carel Industries S.p.A.	line by line	3,506,164	10,081,835
16,000,000	50%	Carel Electronic Suzhou Ltd	line by line	217,230	318,849
	-	Carel Australia PTY Ltd			
420,000	100%	Carel Industries S.p.A.	line by line	1,715,612	3,781,544
60,000,000	100%	Carel Industries S.p.A.	line by line	96,544	343,809
500,000	100%	Carel Industries S.p.A.	line by line	85,497	743,392
639,115	100%	Carel Industries S.p.A.	line by line	1,919,431	3,355,354
700,000	100%	Alfaco Polska Zoo	line by line	(1,508)	(60,170)
100	100%	Carel Usa Inc	line by line	(155,494)	170,242
2,473	51%	Carel Industries S.p.A.	line by line	5,297,436	5,963,175
10,400	100%	Recuperator S.p.A.	line by line	1,208,008	812,102

LINE BY LINE	Registered office	Country	Currency	Share Capital/ quota at
				31/12/22
Arion S.r.l.	Bolgare (BG)	Italy	Euro	n.a.
Sauber S.r.l.	Mantova (MN)	Italia	EUR	n.a.
Klingenburg GmbH	Gladbeck	Germany	EUR	n.a.
Klingenburg Usa LLC	RALEIGH	USA	USD	n.a.
Klingenburg Uk Ltd	Folkestone	GB	GBP	n.a.
Klingenburg Iberica Slu	Madrid	Spain	EUR	n.a.
Klingenburg International Sp. z o.o.	Świdnica	Poland	PLN	n.a.
Senva Inc.	Oregon	USA	USD	n.a.
Eurotec Ltd	Auckland	New Zeland	NZD	n.a.
Carel Kazakhstan	Almaty	Kazakistan	KZT	-

EVENTS AFTER THE REPORTING DATE

On 24 July 2023, the parent signed a binding agreement to acquire 82.4% of Kiona Holding AS, a Norwegian prop-tech company that is a leading provider of Software as a Service ('SaaS') solutions for the optimisation of energy consumption and the digitisation of buildings in the commercial and industrial refrigeration, multi-residential, commercial and public sectors.

The consideration implies an enterprise value covering 100% of the company of €210 million on a cash free-debt free basis. The closing of the transaction is expected by the third quarter of 2023.

Furthermore, in order to maintain a flexible capital structure and enable the group to continue to pursue future growth opportunities, CAREL's board of directors will submit to its shareholders called in an extraordinary meeting a capital increase proposal (or a proxy entrusting the board of directors with the performance of such transaction) to be carried out by issuing ordinary shares to be offered as an option to shareholders, up to €200 million (including any share premium), possibly to be completed by year end, subject to market conditions and obtaining the necessary authorisations from the competent authorities.

Share Capital/ quota at	Investment %	Share/quota holder	Consolidation method	Profit for the period 30.06.2023	Profit for the period 31.12.2022
30/06/23	30/06/23			EURO	EURO
100,000	70%	Carel Industries S.p.A.	line by line	241,037	451,741
100,000	100%	Carel Industries S.p.A.	line by line	(784,687)	535,282
38,400	100%	Carel Industries S.p.A.	line by line	245,895	327,304
699,671	100%	Carel Industries S.p.A.	line by line	(105,523)	6,087
100	100%	Carel Industries S.p.A.	line by line	180,402	154,661
3,500	100%	Carel Industries S.p.A.	line by line	(20,072)	10,707
50,000	100%	Carel Industries S.p.A.	line by line	278,074	794,545
-	100%	Carel Usa Inc	line by line	242,598	31,285
450,000	100%	Carel Industries S.p.A.	line by line	155,394	n.a.
10,000	100%	Carel Industries S.p.A.	line by line	-	n.a.

STATEMENT ON THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE NO. 58/98 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., also 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 condensed interim consolidated financial statements at 30 June 2023:
 - are adequate in relation to the group's characteristics and
 - have been effectively applied during the reporting period.
2. There is nothing to report in this respect.
3. Moreover, they state that:
 - 3.1. the condensed interim consolidated financial statements:
 - 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 and the group of companies included in the consolidation scope;
 - 3.2. The directors' report includes a reliable analysis of the key events of the period and their impact on the condensed interim consolidated financial statements, as well as a description of the main risks and uncertainties for the second half of the year and information about significant related party transactions.

Brugine, 3 August 2023

Chief executive officer

Manager in charge of financial reporting

Francesco Nalini

Nicola Biondo

INDEPENDENT AUDITORS' REPORT



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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Carel Industries S.p.A. and subsidiaries (the “Carel Group”), which comprise the balance sheet as of June, 30, 2023 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange (“Consob”) for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona
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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Carel Group as at June, 30, 2023 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Cristiano Nacchi
Partner

Padua, Italy
August, 4, 2023

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.

Headquarters ITALY

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